reckitt

BUILDING A CLEANER HEALTHIER WORLD

Annual Report and Accounts 2022

Reckitt Benckiser Group plc
Company no 6270876
Annual Report and Accounts 2022

CONTENTS

ABOUT THIS REPORT
This report has been produced to optimise the reading experience online.

Use these interactive symbols throughout the online report.

Links to another page in the report
Links to further reading online
Return to contents page
Move to previous or next page

STRATEGIC REPORT

02 Investment Case
03 At a Glance
05 Chair's Statement
07 Chief Executive Officer's Statement
09 Culture and Inclusion
12 Our Strategy
13 Our Business Model
14 Market Context
16 Our Sustainability Approach and Performance
18 Key Performance Indicators
20 Progress Against Our Strategy: Hygiene
23 Progress Against Our Strategy: Health
26 Progress Against Our Strategy: Nutrition
29 Focus on: Innovation
33 Focus on: Executional Resilience
36 Focus on: Digital Transformation
39 Focus on: Our Productivity Journey
41 Focus on: Human Health and Planetary Health
44 Focus on: Winning in Attractive Categories
47 Stakeholder Engagement
59 TCFD Summary
62 S172 Statement
65 Non-Financial Information Statement
68 Group Financial Review
80 Risk Management
87 Our Viability Statement

GOVERNANCE

88 Corporate Governance Report
91 Board Leadership and Company Purpose
103 Division of Responsibilities
107 Composition, Succession and Evaluation
109 Nomination Committee Report
113 Audit Committee Report
120 CRSEC Committee Report
126 Directors' Remuneration Report
156 Report of the Directors
160 Statement of Directors' Responsibilities

FINANCIAL STATEMENTS

161 Independent Auditor's Report
177 Financial Statements
241 Shareholder Information

Culture and Inclusion
For further information see page 9

Our Strategy
For further information see page 12

Our Business Model
For further information see page 13

INVESTMENT CASE

REASONS TO INVEST

RIGHT CATEGORIES

Large addressable market, attractive growth and margins

MARKET-LEADING BRANDS

Trusted and loved brands that innovate and grow across large demand spaces

HYGIENE[1]

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

HEALTH[1]

#1 globally #1 globally #1 globally #1 Europe #2 US

NUTRITION[1]

#1 globally #2 globally

ATTRACTIVE EARNINGS MODEL

High gross margin business driving a strong earnings model

ORGANIC REVENUE GROWTH

MID-SINGLE DIGIT

MEDIUM-TERM TARGET

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

MID-20s

MEDIUM-TERM TARGET

SUPERIOR EXECUTION

Relentless focus on execution

IMPROVEMENT IN CUSTOMER RELATIONSHIP SCORE

+100bps

SHARE OF MARKETS WHERE RECOGNISED AS TOP TIER BY SUPPLIER PARTNERS[2]

+6 positions

REACHING RECKITT'S HIGHEST RANK IN US KANTAR POWERRANKING SURVEY SINCE 2015[3]

SUSTAINABILITY EMBEDDED

Sustainability embedded in how the company runs

NET REVENUE FROM MORE SUSTAINABLE PRODUCTS

24.4%

REDUCTION IN ABSOLUTE CARBON EMISSIONS IN OUR OPERATIONS SINCE 2015

66%

OWNERSHIP CULTURE

Strong and evolving culture: run by owners

EMPLOYEE SHAREHOLDERS

c.50%

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

AT A GLANCE

FINANCIAL HIGHLIGHTS

LIKE-FOR-LIKE (LFL) NET REVENUE GROWTH[1]

7.6%

2021: 3.5%

IFRS NET REVENUE GROWTH

9.2%

2021: -5.4%

ADJUSTED OPERATING MARGIN EXCL. IFCN CHINA[1]

23.8%

2021: 22.9%

IFRS OPERATING MARGIN

22.5%

2021: -6.1%

ADJUSTED TOTAL EPS[1] DILUTED

341.7p

2021: 288.5p

IFRS TOTAL EPS DILUTED

324.7p

2021: -4.5p

FULL YEAR DIVIDEND

183.3p

2021: 174.6p

STRATEGIC HIGHLIGHTS

CATEGORY MARKET UNITS (CMUS) HOLDING OR GAINING MARKET SHARE

62%

2021: 62%

SHARE OF MARKETS WHERE RECOGNISED AS TOP TIER BY SUPPLIER PARTNERS[2]

+100bps

2021: +930bps

TOTAL RECKITT SHARE OF TOTAL DISTRIBUTION POINTS[3]

+70bps

2021: +110bps[4]

SUSTAINABILITY HIGHLIGHTS

NET REVENUE FROM MORE SUSTAINABLE PRODUCTS

24.4%

2021: 24.9%

ABSOLUTE REDUCTION IN GREENHOUSE GAS EMISSIONS FROM OPERATIONS SINCE 2015

66%

2021: 66%

INVESTED IN FIGHT FOR ACCESS FUND IN 2022

£32m

2021: £38m

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

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

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

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

AT A GLANCE CONTINUED

OUR GLOBAL BUSINESS UNITS

HYGIENE 41% of Group net revenue

NET REVENUE
£5,960m
-3.1% LFL net revenue growth
0.8% IFRS net revenue growth

CATEGORY PROFILE

ADJUSTED OPERATING PROFIT
£1,214m
20.4% adjusted operating profit margin

GEOGRAPHICAL PROFILE

HEALTH 42% of Group net revenue

NET REVENUE
£5,992m
14.7% LFL net revenue growth
18.6% IFRS net revenue growth

CATEGORY PROFILE

ADJUSTED OPERATING PROFIT
£1,648m
27.5% adjusted operating profit margin

GEOGRAPHICAL PROFILE

NUTRITION 17% of Group net revenue

NET REVENUE
£2,501m
22.9% LFL net revenue growth
10.2% IFRS net revenue growth

CATEGORY PROFILE

ADJUSTED OPERATING PROFIT
£577m
23.1% adjusted operating profit margin

GEOGRAPHICAL PROFILE

CHAIR'S STATEMENT

PROGRESS AND RESILIENCE IN AN EVENTFUL YEAR

CHRIS SINCLAIR
CHAIR

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

Reckitt saw strong all-round performance in 2022, delivering 7.6% LFL net revenue growth[1]. We executed effectively and delivered on our priorities, whilst advancing on our transformation journey during what was yet another challenging year

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

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

Business performance

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

With respect to our transformation, the business has now pivoted from focusing on foundational changes to enjoying the benefits of those changes already implemented Sharper execution, a more flexible and resilient supply chain, expanded capacity, better customer service and continually improving digital capabilities have all helped to deliver strong underlying performance across our portfolio of purpose-led brands.

Reckitt's Purpose to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world remains central to our future and we remain focused on delivering our strategy.

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

Talent and culture

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

Executive change

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

As Reckitt's longest-serving Non-Executive Director, Nicandro already knew our company well. This, along with his experience as a global FMCG CEO and strong track record of managing change, equipped him for the task. Nicandro is ably supported by a strong and committed leadership team.

The process for naming a new CEO is well underway with assessments of both internal and external candidates. We look forward to updating shareholders and the market as soon as we are able.

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

Changes to the Board

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

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

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

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

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

Conclusion

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

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

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

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

CHIEF EXECUTIVE OFFICER'S STATEMENT

A YEAR OF DELIVERY AND MOMENTUM

NICANDRO DURANTE
CHIEF EXECUTIVE OFFICER

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

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

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

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

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

2022, a year of strong delivery in challenging conditions
When I took over as CEO in October 2022, it was immediately clear that our growth strategy is delivering. In 2022, amid an extremely challenging environment of high inflation, consumers facing cost-of-living pressures and global supply challenges, we delivered 7.6% like-for-like net revenue growth[1], a resilient gross margin performance and strong adjusted operating margin expansion of 90bps (excluding IFCN China) to 23.8%. The Group is now 28% larger than in 2019 on a LFL net revenue basis with price/mix improvements of around 18%, and volume growth of around 10%, with broad-based growth across our three Global Business Units (GBUs).

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

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

I am particularly proud of the outstanding delivery by our Nutrition team in the US, where the supply of infant formula was a serious issue during much of the year. The team's focus on doing everything possible to put more formula on shelves, addressing concerns of parents across the US, whilst safeguarding quality and safety, was exceptional and a testament to the Reckitt 'can-do' attitude. As a result, we delivered more than 1.8 billion 8oz servings of infant formula in North America.

A firm focus on execution in 2023
Market conditions in 2023 are likely to remain challenging, with further inflation and consumers facing continued financial pressures. We are mindful of these issues; however, we have good momentum, a strong innovation pipeline and an organisation fully focused on delivering superior products.

We target another year of mid-single-digit growth in 2023, excluding the impact of the 2022 one-off gain from competitor supply issues in our US Nutrition business. This impact is approximately +2.5% on our LFL net revenue growth in 2022.

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

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

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

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

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

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

CORE CMUS GAINING OR HOLDING SHARE

62%

GROUP LFL NET REVENUE GROWTH VS 2019

28%

CULTURE AND INCLUSION

DYNAMIC, INCLUSIVE AND COLLABORATIVE

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

OUR PURPOSE

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

OUR FIGHT

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

OUR COMPASS

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

OUR LEADERSHIP BEHAVIOURS

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

Own
- 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

CULTURE AND INCLUSION CONTINUED

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

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

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

125

nationalities operating in 68 countries, spanning six continents reflects our diverse culture

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

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

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

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

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

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

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

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

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

RANJAY RADHAKRISHNAN
CHIEF HUMAN RESOURCES OFFICER

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

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

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

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

TOP EMPLOYER

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

JÉRÔME LEMAIRE
EXEC SPONSOR OF LGBTQ+ ERG AND EVP CDO HYGIENE

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

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

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

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

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

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

OUR STRATEGY

OUR GROWTH STRATEGY

STRATEGIC IMPERATIVES

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

GROW BRANDS AND INNOVATE

For further information see page 29

DRIVE SUPERIOR EXECUTION

For further information see page 33

INVEST IN CAPABILITIES

For further information see page 36

INCREASE PRODUCTIVITY

For further information see page 39

EMBED SUSTAINABILITY

For further information see page 41

ACTIVELY MANAGE THE PORTFOLIO

For further information see page 44

STRATEGIC GROWTH DRIVERS

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

1 PRODUCT PENETRATION

Increasing product usage by capturing new consumers and households

2 MARKET SHARE GAINS

Winning by serving existing consumers faster, better and more efficiently with superior and more relevant products.

3 EXPANSION INTO NEW PLACES

Taking our brands and products into new geographies and new channels

4 EXPANSION INTO NEW SPACES

Capturing new market opportunities using our brands and consumer relationships

For further information see pages 20 to 28

2030 SUSTAINABILITY AMBITIONS

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

PURPOSE-LED BRANDS

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

A HEALTHIER PLANET

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

A FAIRER SOCIETY

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

For further information see page 17

OUR BUSINESS MODEL

HOW WE CREATE VALUE

OUR ASSETS

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

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

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

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

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

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

EARNINGS GROWTH MODEL

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

PRODUCTIVITY
Embedding programmes to enhance effectiveness and efficiency in the company and to fund investment.

BRAND INVESTMENTS AND INNOVATIONS
Investing behind our brands through innovation, consumer education and advertising, amongst other activities, ensures that our brands remain relevant to our consumers, whilst making their lives incrementally better.

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

WHO WE CREATE VALUE FOR

CUSTOMERS
Ranking in top 100 consumer packaged goods companies

#28

For further information see page 47

OUR ENVIRONMENT
absolute reduction in carbon emissions from operations since 2015

66%

For further information see page 56

CONSUMERS
Net revenue from more sustainable products

24.4%

For further information see page 49

OUR PEOPLE
Gender balance across all management

50/50

For further information see page 112

SUPPLIERS For further information see page 51

SCIENTISTS For further information see page 52

INNOVATORS For further information see page 52

INDUSTRY BODIES For further information see page 53

INVESTORS For further information see page 54

COMMUNITIES For further information see page 54

MARKET CONTEXT

TACKLING FOUR BIG GLOBAL PROBLEMS

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

SUSTAINABILITY AND DIGITAL PRACTICE EMBEDDED

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

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

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

1

THE PROBLEM

POOR WATER, SANITATION AND HYGIENE CAN HAVE DEVASTATING CONSEQUENCES

2

THE PROBLEM

FORMAL HEALTHCARE SYSTEMS HAVE LIMITED RESOURCES AND ARE UNDER INCREASING PRESSURE

3

THE PROBLEM

LIMITED UNDERSTANDING AND STIGMAS AROUND INTIMATE WELLNESS DAMAGE PUBLIC HEALTH AND WELLBEING

4

See following page

THE PROBLEM

BOTH INFANTS AND THE INCREASING NUMBER OF SENIORS IN OUR SOCIETY HAVE SPECIALISED NUTRITIONAL NEEDS

1

POOR WATER, SANITATION AND HYGIENE CAN HAVE DEVASTATING CONSEQUENCES

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

OUR RESPONSE

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

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

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

2

FORMAL HEALTHCARE SYSTEMS HAVE LIMITED RESOURCES AND ARE UNDER INCREASING PRESSURE

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

OUR RESPONSE

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

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

3

LIMITED UNDERSTANDING AND STIGMAS AROUND INTIMATE WELLNESS DAMAGE PUBLIC HEALTH AND WELLBEING

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

OUR RESPONSE

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

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

4

BOTH INFANTS AND THE INCREASING NUMBER OF SENIORS IN OUR SOCIETY HAVE SPECIALISED NUTRITIONAL NEEDS

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

OUR RESPONSE

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

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

OUR SUSTAINABILITY APPROACH AND PERFORMANCE

See our latest performance on page 18
And within our Sustainability Insights

A CLEANER HEALTHIER WORLD

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

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

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

For more detail see Focusing on what matters

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

PURPOSE-LED BRANDS

SAFER AND MORE SUSTAINABLE PRODUCTS

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

ENABLING A CIRCULAR ECONOMY

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

HEALTHIER PLANET

COMBATING CLIMATE CHANGE

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

WATER POSITIVE

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

FAIRER SOCIETY

CREATING FREEDOM TO SUCCEED

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

FAIRNESS ACROSS OUR VALUE CHAIN

- Sustainable livelihoods and working conditions
- Our teams and communities throughout our value chain have livelihoods that enable their health and wellness
- Embed human rights through impact assessments and action plans in our key value chains by 2030

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

Reach half the world with brands that help people live cleaner, healthier lives

Engage two billion people in our partnerships, programmes and campaigns

Make a lasting difference in communities through our Fight For Access Fund and our programmes

Work with our partners to help deliver the UN Sustainable Development Goals

OUR 2030 AMBITIONS IN ACTION

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

PURPOSE-LED BRANDS

REDUCING PLASTIC

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

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

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

HEALTHIER PLANET

RESTORING NATURE

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

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

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

FAIRER SOCIETY

DRIVING ACCESS TO CLEAN WATER AND SANITATION

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

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

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

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

KEY PERFORMANCE INDICATORS

FINANCIAL[1]

LIKE-FOR-LIKE NET REVENUE GROWTH

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

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

ADJUSTED OPERATING PROFIT MARGIN

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

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

ADJUSTED DILUTED EARNINGS PER SHARE (EPS)

KPI: An overall indicator of success

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

FREE CASH FLOW CONVERSION

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

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

RETURN ON CAPITAL EMPLOYED

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

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

HEALTHIER PLANET

GHG EMISSIONS FROM OUR OPERATIONS

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

Target to 2030: 65% reduction against 2015 baseline (383,365 tCO_2e)[3]

WATER USE PER TONNE OF PRODUCTION

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

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

ZERO WASTE TO LANDFILL

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

Target to 2030: 100%

1. See details on our alternative performance measures on page 75
2. IFCN China disposed in 2021, and therefore not included in 2021 LFL NR Growth. 2020 figures include IFCN China (excluding IFCN China: 13.9%)
3. 2021 figures include IFCN China (excluding IFCN China: 22.9%)
4. 2018 figures are as reported within relevant periods and have not been adjusted for subsequent updates made to IFRS
5. Data restated due to removal of divested sites and data reporting improvements. See our Reporting Criteria for more detail at www.reckitt.com/sustainability/policies-and-reports

KEY PERFORMANCE INDICATORS CONTINUED

PURPOSE-LED BRANDS

PRODUCT INNOVATION

KPI: Total percentage net revenue from more sustainable products

Target to 2030: 50% of net revenue

PRODUCT FOOTPRINT

KPI: The percentage reduction of our product carbon footprint against our 2015 baseline[2]

Target to 2030: 50% reduction against 2015 baseline (11.1 million tCO_2e)[3]

PURPOSE-LED BRANDS

KPI: Total number of people engaged through our partnerships, programmes and campaigns since 2020[4]

Target to 2025: 2 billion people since 2020

FAIRER SOCIETY

GENDER DIVERSITY

KPI: Gender balance across all management levels combined[5]

Target to 2030: Gender balance at all management levels

LOST WORK DAY ACCIDENT RATE (LWDAR)

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

Target: Continued decrease in LWDAR rate

SOCIAL IMPACT INVESTMENT

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

Target to 2025: £20 million per year

1 Figures prior to 2021 exclude our Nutrition business unit
2 Excluding energy used indirectly by consumers at home
3 Data restated due to divestments and acquisitions and data reporting improvements. See our Reporting Criteria for more detail at www.reckitt.com/sustainability/policies-and-reports/
4 From 2013-2020 our programmes reached 1.8 billion people, exceeding our target of 1 billion. We introduced new targets in 2020 and now report on cumulative engagement since then
5 Figures showing percentage of women
6 Highlight figure on page 3 rounded to nearest million

PROGRESS AGAINST OUR STRATEGY

HYGIENE

VOLKER KUHN
PRESIDENT HYGIENE

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

OUR CATEGORIES

Surface & Disinfection	**Lavatory Care**
Fabric Additives	**Air Care**
Auto Dishwashing	**Pest Control**

Overview

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

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

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

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

LYSOL SHARE GAINS VS 2019

300bps

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

2 Includes adjacenc es

PROGRESS AGAINST OUR STRATEGY CONTINUED

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

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

The Hygiene GBU accounts for more than 40% of our total net revenue, and we remain a profitable business with operating margins of above 20%. This is driven by the strength of our market-leading brands and our focus on productivity.

The external environment remains unpredictable as we manage through changes in consumer behaviour post-pandemic, macroeconomic uncertainty, and unprecedented inflationary pressures. However, we have reinforced our commitment to strengthen our brand building.

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

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

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

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

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

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

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

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

Our revenue growth algorithm

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

In 2022, our Hygiene business net revenue declined by 3.7% on a like-for-like (LFL) basis. This was due to normalisation of Lysol during the year as we lapped tough, COVID-19 impacted comparatives. Excluding the impact of Lysol, the rest of the Hygiene business grew by 5.1% on a LFL net revenue basis, and in line with our medium-term growth target.

CASE STUDIES

PENETRATION

FINISH: DRIVING GROWTH THROUGH SUSTAINABLE INNOVATION

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

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

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

Reducing plastic is a priority for Reckitt. We plan to halve our use of virgin plastic by 2030. Finish has contributed to that. In 2021, it was the first dishwashing tablet brand to incorporate at least 30% recycled plastic into its packaging.

In 2022, Finish was again ahead of the competition, as the first to launch paper-based packaging. This combines paper with 75% less plastic to make a fully recyclable, stand-up container. This is ultimately expected to save 2,000 tonnes of plastic annually, equivalent to 50 million 1-litre bottles.

MARKET SHARE GAINS

VANISH: PURPOSE-LED INTERNATIONAL GROWTH

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

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

Its strategy for growth pursues this purpose with solutions that remove stains and revive clothing and by engaging with consumers to promote more sustainable fashion

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

NEW PLACES

HARPIC: IMPROVING SANITATION IN EMERGING MARKET TERRITORIES

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

The brand has been in India for over 30 years and the country is now Harpic's largest market. In that time, the Harpic brand has become synonymous with toilet hygiene. Consumers in India are increasingly more aware of the importance of toilet hygiene and Harpic presents a superior sanitisation solution. The brand has a 78% market share in the country, reflecting a 17% annual growth in this rapidly expanding market.

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

HEALTH

KRIS LICHT
PRESIDENT HEALTH

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

OUR CATEGORIES

Germ Protection

OTC

Intimate Wellness

VMS

Personal Care

Overview

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

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

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

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

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

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

Our OTC business contains a portfolio of highly efficacious and trusted brands and has grown at a compound annual growth rate (CAGR) of 12% over the last three years, with increased penetration and market share in more spaces and places. In this endemic COVID-19 environment the symptoms of COVID-19 are becoming more flu-like over time and the lines are becoming blurred between the two. I am really proud of the work our teams around the world have done to expand our OTC brands over the last couple of years to create a sustainably larger base on which to grow. A good example of how we have expanded into new spaces and places is by stretching the equity of Mucinex in the US, into the sore throat category with Mucinex InstaSoothe.

Biofreeze, our strategic entry into the pain relief category in the US, the world's largest pain relief market, saw a slower start in the first half of the year due to a combination of temporary supply issues and a wider category slowdown reflecting economic uncertainties in the US in particular. Good progress has been made in the second half of the year however, with our market share increasing as we leverage our strong infrastructure and go-to-market capabilities, in addition to launching new innovations such as overnight patches. Reflecting the slower start and short-term category slowdown, we have recognised a non-cash goodwill impairment charge of £152 million for the brand. We expect future growth to remain in line with our expectations, with double-digit growth targeted in the near and medium term, underpinned by category growth, innovation, improved execution in the US market and international roll-outs in select markets.

DETTOL SHARE GAINS VS 2019

180bps

1. Includes adjacencies

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

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

Go-to-market execution

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

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

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

Our revenue growth algorithm

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

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

CASE STUDIES

MARKET SHARE

DUREX: BUILDING A DESTINATION LIFESTYLE BRAND

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

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

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

In more conservative markets where Durex faces advertising restrictions, music helps the brand break down barriers. It worked with Vice Arabia to found Tasjeelat Durex (Durex records). This vibrant new channel taps into Arabic hip hop to reach more than 20 million people in 2022. It is empowering Saudi youth to explore their own sexuality and self-expression.

In China, Durex added to its polyurethane (PU) range, with the latest new product its most successful launch to date. Innovation will continue to be a core growth driver in the coming years.

NEW PLACES

DETTOL: LAUNCHING GERM-KILLING LAUNDRY PODS IN CHINA

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

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

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

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

NEW SPACES

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

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

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

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

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

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

NUTRITION

PAT SLY
PRESIDENT NUTRITION

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

OUR CATEGORIES

Infant & Child **Specialty & Adult**

Overview

Our Nutrition Global Business Unit (GBU) provides the highest-quality nutrition through various stages of life. The strength of this business is the leading position we occupy in infant nutrition across our key markets and the immense trust placed in us, especially by healthcare professionals and parents.

We believe infants deserve the best possible start to life. A key part of that is the nutrition they receive, whether they are breastfed, use a routine formula, one that provides support for digestive issues, or a specialised formula for those suffering from allergies. With birth rates relatively stable, demand for more specialised products in digestion and allergy has enabled us to drive continued growth in our global infant formula business.

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

#1 SELLING INFANT FORMULA BRAND GLOBALLY

Nourishing children's best start so they can thrive tomorrow

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

#1 SELLING ALLERGY BRAND GLOBALLY

Creating a world free of allergies

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

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

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

Throughout this year, our Leadership Behaviours were at the core of our work, and never more evident than in how we galvanised our global resources to respond to the needs of parents and their babies across North America during the infant formula shortage. I am incredibly proud of our entire team, from our consumer relations colleagues dealing with distraught parents to our supply colleagues who worked tirelessly to provide more formula. It demonstrated how we truly live our Purpose and deliver on the commitment we have made to our consumers.

We have leveraged the expertise we have built in the US to enhance the growth we are seeing in ASEAN and Latin America. Our renewed focus on our go-to-market strategy and execution has further accelerated our growth this year in those regions.

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

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

CASE STUDIES

PRODUCT PENETRATION

IFCN: MANAGING THE US INFANT FORMULA SHORTAGE

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

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

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

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

Following Reckitt's collaboration with the White House on its Operation Fly Formula initiative, we continued self-funding additional air freight from our state-of-the-art facility in Tuas, Singapore, delivering 2,000 metric tons of Enfamil base powder in total from Singapore. This product was aimed at lower income families who rely on the government's Women, Infant and Children (WIC) Program.

We used a fleet of trucks to import 202 metric tons of PurAmino, a specialty formula, from our facility in Delicias, Mexico. PurAmino is for infants and toddlers with severe digestive disorders and was distributed to US hospitals and other healthcare settings to feed those who were most vulnerable.

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

MARKET SHARE

ENFA: STRONG PERFORMANCE IN MEXICO

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

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

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

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

STRATEGIC IMPERATIVES:
GROW BRANDS AND INNOVATE

FOCUS ON: INNOVATION

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

ANGELA NAEF
CHIEF R&D OFFICER

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

STRATEGIC IMPERATIVES CONTINUED

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

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

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

Our Sustainability Innovation Calculator
Data output for illustration purposes only

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

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

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

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

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

CASE STUDY

A MORE SUSTAINABLE SOLUTION WITH VANISH MULTI-POWER TABS

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

Science platforms

Interconnected, foundational disciplines

Polymer science	Microbiome	Allergy and immunity
Digestive health	Sensory enrichment	Surface chemistry
Growth and cognition	Entomology	Smart release

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

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

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

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

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

CASE STUDY

DUREX: POLYURETHANE CONDOMS

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

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

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

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

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

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

CHRIS HOUSMEKERIDES
SVP R&D, HYGIENE

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

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

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

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

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

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

Several factors influence our strategic choices, including whether there are margin-accretive top-line growth opportunities, consumer needs and demand, the investment required, the likelihood of technical and commercial success, as well as non-financial elements, like IP potential, the regulatory environment and sustainability. Our strategic pipeline actions need to balance the short-, medium- and long-term value to Reckitt.

We also balance the type of innovation we undertake by combining core, adjacent and disruptive innovation projects in our portfolio. We assess their different risk profiles, timings and resource requirements against the potential opportunity and value they can generate.

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

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

STRATEGIC IMPERATIVES:
DRIVE SUPERIOR EXECUTION

FOCUS ON: EXECUTIONAL RESILIENCE

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

SAMI NAFFAKH
CHIEF SUPPLY OFFICER

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

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

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

MATTHEW LINDSEY
CUSTOMER SERVICE DIRECTOR
NORTH AMERICA

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

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

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

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

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

We manage our supply globally in a highly integrated way. Connected core capabilities leverage the strength and scale of our global network. We meet our strategic priorities through four workstreams focused on building internal capabilities and driving excellence. We underpin these capabilities with the latest technologies.

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

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

Each site monitors its performance against 11 standards, covering areas such as root cause problem solving, maintenance and waste. Ten KPIs track progress, with metrics on health and safety, quality, service levels, costs and people, and stretching targets for connected Overall Equipment Effectiveness (OEE) and waste. Collectively, the R-PS standards ensure employees have the knowledge and the tools to operate responsibly and efficiently whilst minimising our environmental footprint.

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

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

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

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

STRATEGIC IMPERATIVES CONTINUED

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

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

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

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

STRATEGIC IMPERATIVES:
INVEST IN CAPABILITIES

FOCUS ON: DIGITAL TRANSFORMATION

Our transformation into a digitally enabled and data-driven company is helping us to forge closer connections with consumers, customers and employees.

FILIPPO CATALANO
CHIEF INFORMATION & DIGITISATION OFFICER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DANIEL DE ROOIJ
SVP DIGITAL TRANSFORMATION AND CIO HYGIENE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CASE STUDY

DIGITAL AND PHYSICAL TRANSFORMATION

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

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

STRATEGIC IMPERATIVES:
INCREASE PRODUCTIVITY

FOCUS ON:
OUR PRODUCTIVITY JOURNEY

We are doing more by cutting waste and building foundational capabilities.

JEFF CARR
CHIEF FINANCIAL OFFICER

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

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

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

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

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

X-Seed marked a step-change in our approach. We focused on areas where rethinking or refining our approach could deliver global transformation. The programme initially targeted five main areas: marketing, product costs, indirect procurement, manufacturing and supply chain optimisation. In manufacturing, for example, we developed and implemented Reckitt Production System (R-PS), a solid set of common standards and manufacturing best practices. This reduced waste and boosted our operational excellence through continuous improvement actions and by reducing the time and cost spent on running our daily production cycles.

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

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

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

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

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

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

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

ILYA SELIVANOV
SVP PRODUCTIVITY AND TRANSFORMATION

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

STRATEGIC IMPERATIVES:
EMBED SUSTAINABILITY

FOCUS ON: HUMAN HEALTH AND PLANETARY HEALTH

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

FABRICE BEAULIEU
CHIEF MARKETING, SUSTAINABILITY AND CORPORATE AFFAIRS OFFICER

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

STRATEGIC IMPERATIVES CONTINUED

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

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

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

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

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

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

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

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

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

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

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

DAVID CROFT
GROUP HEAD OF SUSTAINABILITY

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

PATTY O'HAYER
GLOBAL HEAD OF EXTERNAL COMMUNICATIONS & AFFAIRS

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

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

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

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

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

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

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

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

Amplifying our impact and unlocking opportunities

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

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

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

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

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

CASE STUDY

RECKITT AT COP27: THE PLANET'S HEALTH IS OUR HEALTH

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

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

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

STRATEGIC IMPERATIVES:
ACTIVELY MANAGE THE PORTFOLIO

FOCUS ON: WINNING IN ATTRACTIVE CATEGORIES

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

NICANDRO DURANTE
CHIEF EXECUTIVE OFFICER

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

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

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

MAJOR CATEGORIES

14

HYGIENE	HEALTH	NUTRITION
6	**5**	**3**

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

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

RYAN DULLEA
VP OTC

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

CASE STUDY

LYSOL: BROADENING THE SHOULDERS OF THE BRAND

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

The brand is firmly established in the surface disinfection category with its range of sprays, wipes and multipurpose cleaners. Its strong brand equity and efficacy give Lysol the right to win in other categories.

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

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

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

Adopting a portfolio approach
A portfolio approach allows us to leverage several brands to address distinct demand spaces within the same category. For example in Hygiene, Air Wick plays well in air-care demand spaces where freshness, fragrance and wellbeing are prioritised. Botanica by Air Wick is a boutique brand with high-end appeal, attracting consumers who prefer more natural products. Lysol, prized for its thorough cleansing and recently voted the second most trusted brand in the US by decision intelligence company Morning Consult, has strong purification and disinfection characteristics. Together, these brands address the major demand spaces in air care.

Where we lack the capabilities to succeed in a strategically important demand space, we may decide to invest to develop them organically, such as through targeted R&D, to develop a product or service. In 2022, our growth was focused on organic opportunities, but we can also decide to buy in the necessary skills, brands or geographic reach through partnerships, joint ventures or acquisitions. We examine both routes for growth to maintain a strong portfolio of brands in attractive categories poised for long-term sustainable growth.

STAKEHOLDER ENGAGEMENT

BUILDING PARTNERSHIPS WITH STAKEHOLDERS

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

1. **Aligning purpose and strategy with our customers**
2. **Putting consumers first**
3. **Embedding a purpose-led culture and developing our people**
4. **Building a responsible and resilient supply chain**
5. **Expert knowledge**
6. **Partnering with innovators**
7. **Working with governments, industry partners and NGOs**
8. **Informing investors**
9. **Investing in communities**
10. **Our shared planet**

1 ALIGNING PURPOSE AND STRATEGY WITH OUR CUSTOMERS

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

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

How we engage

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

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

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

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

STAKEHOLDER ENGAGEMENT CONTINUED

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

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

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

Partnering on sustainability with purpose-led brands

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

1. Packaging innovation

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

For further details see
Plastics and packaging

2. Better ingredients

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

For further details see
Sustainable product innovation

3. Climate action and responsible sourcing

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

CASE STUDY

TEAMING UP WITH AMAZON TO DELIVER FOR CONSUMERS AND THE PLANET

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

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

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

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

For further details see
Human rights across our value chain

For further details see
Biodiversity and ecosystems

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

2 PUTTING CONSUMERS FIRST

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

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

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

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

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

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

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

For further details see
Our sustainability ambitions

3 EMBEDDING A PURPOSE-LED CULTURE AND DEVELOPING OUR PEOPLE

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

How we engage
Our diverse team of around 40,000 includes people of all ages, backgrounds, identities, and beliefs, who come from 125 nationalities. This diversity enriches our thinking and our actions. We sustain it by promoting an inclusive culture where everyone is heard, every voice matters and everyone contributes. For more on this see Culture and Inclusion on page 9.

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

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

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

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

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

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

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

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

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

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

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

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

For further details see
Our people

For further details see
Inclusion

4 BUILDING A RESPONSIBLE AND RESILIENT SUPPLY CHAIN

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

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

How we engage

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

We audit suppliers and require them to adhere to six responsible sourcing principles that prioritise sustainability They must ensure labour and human rights are respected, provide a safe and healthy work environment, source natural raw materials responsibly, protect the environment and reduce environmental impact, use ever safer and more sustainable ingredients and conduct business with honesty and integrity

Smaller suppliers don't always have the capabilities or resources to spot issues, understand their root causes or implement the changes it will take to address them Where needed we work with them through our capability building programme to help improve their processes and raise standards. We have partnered with Oxfam Business Advisory Service to create a practical toolkit to help suppliers to develop and implement site-level grievance mechanisms The toolkit was piloted with suppliers in India, Pakistan, China, Peru and the UK across the manufacturing and agricultural sectors and has now been published on our website

For further details see
Human rights across our value chain

For further details see
Biodiversity and ecosystems

CASE STUDY

WORKING WITH SMALLHOLDERS TO PROTECT ELEPHANTS

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

5 EXPERT KNOWLEDGE

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

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

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

The opening of the Reckitt Hygiene Forum in June 2022 marked the next phase in this partnership. The Forum occupies state-of-the-art hygiene research and teaching facilities in LSHTM's Keppel Street building. It aims to foster hygiene science innovation and support collaboration between industry leaders and experts in the field.

The Forum is funding two seed grants for health and hygiene research. It finances one-year research projects for early-career scientists who are examining links between hygiene and health. Over the next three years, research programme topics will include the dynamics of behaviour change, safe-surface science, and work on the mechanical transmission of disease. There are four new PhD studentships for hygiene research scientists working on projects in sub-Saharan Africa

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

6 PARTNERING WITH INNOVATORS

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

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

We work with Founders' Factory to accelerate early-stage startups. For companies at a later stage in their journey, we provide funds, resources and knowledge.

Access VC offers more than just venture capital: it's a cooperative enterprise. Purpose-driven entrepreneurs get access not just to funds but to Reckitt's experts, brands, resources, scale and global reach.

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

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

7 WORKING WITH GOVERNMENTS, INDUSTRY PARTNERS AND NGOS

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

How we engage

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

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

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

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

Corruption and illicit trade continue to threaten economic growth, innovation and sustainable development. We are active members of the Transnational Alliance to Combat Illicit Trade. We were one of the top-scoring organisations in our peer group in Transparency International's 2022 UK Corporate Anti-Corruption Benchmark assessment.

We are a member of the World Business Council for Sustainable Development (WBCSD). The WBCSD comprises nearly 200 companies which are committed to innovating to make tangible progress on tackling the triple threat of climate change, nature in crisis and mounting inequalities for a more sustainable world. We are specifically involved in work to protect and promote health as well as on plastics.

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

CASE STUDY

OH YES! NET ZERO

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

Cities can play a crucial role in energy reduction, climate protection and climate adaptation. Hull's location makes that even more important. The Humber region is one of the UK's six largest industrial clusters, responsible for around 37% of the country's CO_2 emissions.

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

8 INFORMING INVESTORS

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

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

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

In February 2022, our CEO hosted a presentation at the Consumer Analyst Group of New York Conference We also hosted an ESG investor seminar event in May, led by Group Executive Committee (GEC) members and our Group Head of Sustainability.

In addition, the Chairman had separate meetings with certain investors to discuss the CEO transition. After taking up this position, Nicandro Durante also held meetings with certain investors to set out his plans, with the emphasis on business continuity.

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

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

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

9 INVESTING IN COMMUNITIES

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

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

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

For further information see the **Social Impact Investment Report 2022**

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

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

CASE STUDY

FIGHT FOR ACCESS ACCELERATOR

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

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

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

Active where we make the biggest impact
For the biggest challenges, collaboration is key. We develop strong partnerships and invest where we can make the most difference. Examples include working with Water.org to get people clean water and sanitation services, delivering emergency relief with the British Red Cross and other national Red Cross/Red Crescent societies, and restoring water and wildflower habitats alongside WWF.

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

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

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

Our programmes focus on three main areas:

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

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

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

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

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

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

STAKEHOLDER ENGAGEMENT CONTINUED

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

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

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

For further details see
Partnering for social impact

10 OUR SHARED PLANET

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

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

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

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

We hosted events at high-profile international forums, including regional UN Climate Weeks and the COP27 summit in Egypt, exploring the relationship between planetary health and public health. These discussed the global implications of water stress, the growing threat of insect-borne disease and the effects of urbanisation. They explored the benefits of a people-centred approach to net zero transition and how coordinated action by governments, NGOs and the private sector could help build resilience. We also published a white paper that focused on how the private sector can help deliver positive outcomes for climate and health.

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

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

Improving energy efficiency is an important step on our journey to net zero. We're focused on the processes that use the most energy in our factories. On our sites, compressed air is widely used in manufacturing, but it's energy hungry. It can account for more than 10% of a site's energy use. In the Philippines, the Makati team reviewed its compressed air system and found significant energy was being lost through leaks and when it wasn't in operation. A simple, three-step remediation process yielded significant energy and cost savings, and this has been replicated at other locations.

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

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

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

Beyond our operations

This year, we signed up to Ad Net Zero, the advertising industry's initiative to reduce the combined carbon cost of developing, producing and running advertising campaigns to net zero. In committing to its five-point action plan, we added our weight to an international roster of global advertisers and leading media owners. In March 2022, we launched Oh Yes! Net Zero, our high-profile campaign to make Hull one of the UK's first net zero cities. By the end of the year, around 120 businesses employing over 40,000 people locally had signed up.

For further details see **page 53**

For further details see **Climate change and TCFD**

Water stress

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

Our progress on water reduction remained flat year-on-year due to challenges in our supply chain. Since 2015, we've reduced our water use per tonne of production by 5%. Beyond our own operations, the water footprint of our products (the water it takes to produce and use our products) increased by 17% in 2022 vs 2015 due to an increase in production volumes.

In 2022, we continued to develop our activities around water catchments to support local communities. In Hosur, India we have invested in rainwater harvesting and helped reinstate local water courses. In 2022, the site was independently certified as water neutral. We are progressing more projects in India, as well as in Pakistan and Mexico.

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

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

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

For further details see **Water**

Biodiversity

We seek to understand and mitigate our impact on ecosystems.

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

Our work with the Nature-based Insetting (NBI) team from Oxford University looks at our key value chains and their effect on ecosystems. The NBI team has developed a framework which uses science-based metrics to measure the biodiversity impacts on local ecosystems of our activities. This allows us to quantify both positive and negative impacts and develop new ways of working with suppliers and farmers that take account of this. Botanica's partnership with WWF aims to help restore wildflower habitats across the world in 10 countries, including the US, the UK, Mexico, Australia and Poland. Together, we have restored almost 2,000 hectares and conserved numerous plant species. The biodiversity plan is tailored to the needs of the local environment in each country. In the US, we focused on reseeding the Northern Great Plains, whilst in Mexico we are protecting the Monarch butterfly and other pollinators by engaging with local communities to preserve wild flowering plants on Monarch butterfly migration routes.

For further details see
Biodiversity and ecosystems

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

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

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

For further details see
Plastics and packaging

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

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

For further details see
Reducing waste

CASE STUDY

TRANSFORMING OUR LATEX WASTE INTO FLIP-FLOPS

Our focus on right-first-time-manufacturing highlights the impact of waste. Millions of pounds are wasted and tonnes of stock go to landfill every year because of material errors, batch write-offs, and rejections or returns. We continuously look at ways to reduce this through quality improvement programmes, but we are also considering ways to recycle and reuse rejected stock.

One of the huge range of transformative productivity programmes proposed this year involved flip-flops. Our site in Bangpakong, Thailand, which manufactures Durex condoms, used to send all of its unwanted latex to waste management companies for incineration. Now over a third (142+ tonnes) of our waste latex is being upcycled to make flip-flops. The first batch was donated to a local school.

OUR TCFD SUMMARY

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

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

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

For further detail see our Climate Change Insight and full TCFD report

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

We are working towards full compliance in the following areas.

- Assessment by geography and sector: our current analysis is presented for our whole business however it often considers specific geographies for supply chain risks and sectors for market-level risks and opportunities (TCFD Strategy (a))
- Assessment of climate-related issues in terms of consumer response to products, both in terms of risk and opportunity, and in different geographies we continue to evaluate the response of our consumers but due to variations from market to market and demographic to demographic, particularly in a time of cost-of-living pressures, we will continue to assess the level of risk and opportunity associated with this area Our sustainable product innovation programme does take such issues into account alongside transition risks, within our product innovation activity (TCFD Strategy (b))
- Assessment of climate related issues in terms of acquisitions or divestments. We are developing processes to strengthen our approach (TCFD Strategy (b))
- Assessment of climate-related issues in terms of access to capital where there is apparently limited initial impact (TCFD Strategy (b))
- Further development of our decarbonisation roadmap alongside the initial interim milestones noted for our 2025, 2030 and 2040 targets and ambitions (TCFD Strategy (b))
- The development of our internal carbon pricing approach and modelling which will inform future programmes (TCFD Strategy (b))

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

TCFD STATEMENT CONTINUED

Recommendation	Reference	Summary of approach and progress in 2022
Governance a. Describe the Board's oversight of climate-related risks and opportunities b. Describe management's role in assessing and managing climate-related risks and opportunities	**Governance framework, page 97** **CRSEC Report, pages 120-125** **Directors' Remuneration Report pages 126-155**	– Our approach to climate change risk falls within our governance framework. The Board, supported by the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee and the Risk, Sustainability & Compliance Committee (RSCC), has responsibility for oversight of our climate change strategy. These committees meet and report quarterly. – The strategy is delivered through our Executive Committee and management team. Our Corporate Affairs & Sustainability function leads sustainability-related strategy development and compliance, whilst programmes are implemented by our Brands, Supply Chain, R&D, and Safety, Quality and Regulatory Compliance teams. – In 2022 we introduced two new ESG measures under the LTIP to align with our 2030 Sustainability Ambitions, net revenue from more sustainable products, and reduction in Greenhouse Gas (GHG) emissions in operations. – The Board engaged on our sustainability agenda through routine review of progress via the CRSEC and through a specific Board review of sustainability activity, progress and the prevailing operating environment in its meeting in May. This reaffirmed the approach underway, and supporting a review of future carbon price mechanisms that might impact the business.
Strategy a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term b. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	**Our shared planet, pages 56-58**	– Whilst we operate five scenarios, we primarily focus our modelling and analysis on a 3°C and 1.5°C scenarios. These are considered to most highlight the variation in risks and opportunities directly, and in comparison with our climate change aims for achieving our science-based targets by 2030 and ambition for net zero by 2040. – In the short to medium term, the most significant impacts for Reckitt are likely to arise from transition risks, specifically policy-driven carbon price increases which are greatest in a 1.5°C scenario. Should such measures be applied to all Scope 1, 2 and 3 emissions by 2025, and considering additional transition factors beyond policy such as consumer preference and technological change, the impact on all businesses could be significant. A more likely, phased policy approach and changes in preference, alongside our ongoing mitigation activity in supply networks and products, would not be material for Reckitt. – In the longer term, increases in the frequency and severity of extreme weather events (physical risks), water stress and higher ambient temperatures will impact sites, supply networks and consumer value chains, whilst changes to regional climates may lead to chronic changes to costs, the availability of natural raw materials, and the nature of products that are most viable in certain regions. Our progressive work on water catchment area management, product innovation and supply chain resilience help mitigate these risks. – We have prioritised our activities associated with achieving net zero in our own operations by focusing on the sourcing of renewable energy as well as optimisation of our processes to increase energy efficiency. – We continue to use our Sustainable Innovation Calculator (SIC) to understand the impacts of our products and inform new and existing product development. This enables us to design for lower carbon and water footprints in use, helping mitigate physical risks in the marketplace and meeting emerging consumer preference. – We have also started to engage our suppliers through our partnership with Manufacture 2030 focusing on measuring, tracking and reducing supplier-related carbon emissions. – Our near-to-medium-term analysis included piloting a cumulative five-year view which supports our financial and operational planning. We focus activity through routine business and financial planning within our brands and supply chain, in annual and three-year cycles, in order to manage risks and deliver against our Sustainability Ambitions. For example, capital allocation for environmental improvements on carbon is built into current five-year planning and is within existing external disclosures. – Our targets for 50% of net revenue to be derived from more sustainable products, 50% product footprint reduction, and 65% reduction in operational carbon emissions, all by 2030, collectively enable Reckitt's brand portfolio and supply chain to become more resilient.

TCFD STATEMENT CONTINUED

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

S172 STATEMENT

OUR SECTION 172 STATEMENT

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

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

CATHERYN O'ROURKE
GENERAL COUNSEL &
COMPANY SECRETARY

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

S172 STATEMENT CONTINUED

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

S172 STATEMENT CONTINUED

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

NON-FINANCIAL INFORMATION STATEMENT

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

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

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

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

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

See www reckitt com/sustainability/performance-data/

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

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

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

1 Information not in the public domain

2 Reports available online at www reckitt com

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

Our policies

Anti-bribery and Corruption

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

Employee Policies

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

Environmental Policy

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

Product Safety Policy

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

Responsible Marketing Policy

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

Sourcing for Sustainable Growth Policy

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

Greenhouse Gas (GHG) emissions information

Metric	Unit	2022	2021[2]
Total Scope 1 emissions	tCO_2e	**121,275**	117,172
Scope 2 emissions (market-based)	tCO_2e	**9,448**	12,857
Scope 2 emissions (location-based)	tCO_2e	**237,471**	232,234
Total Scope 1 & 2 emissions (market-based)	tCO_2e	**130,723**	130,029
Total Scope 1 & 2 emissions (location-based)	tCO_2e	**358,746**	349,406
Emissions intensity[1] (market-based)	tCO_2e per tonne of production	**0.04**	0.04
Energy consumption resulting in above GHG emissions	MWh	**1,278,643**	1,257,499
Proportion of energy consumption arising from UK operations	%	**11**	13
Proportion of GHG emissions arising from UK operations	%	**11**	18

1. The scope of our GHG emissions per unit (tonne) of production KPI is for manufacturing and warehousing. Including R&D and offices the GHG emissions intensity per unit of production in 2022 and 2021 would be 0.04 tCO_2e
2. Data restated due to removal of divested sites and data reporting improvements. See our Reporting Criteria for more detail at www.reckitt.com/sustainability/policies-and-reports

Methodology and basis of calculations

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

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

For Scope 3 emissions, please refer to our **2022 Climate Change Insight**

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

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

Energy efficiency measures

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

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

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

Further detail on our energy efficiency initiatives can be found on **pages 56–57**

Further information on our 2030 Sustainability Ambitions, our sustainability KPIs and 2022 performance can be found in our **Sustainability Insight Report**

Gender diversity[1]

Definition: the percentage of women in our global workforce.

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

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

1. Diversity data is taken as of 31 December 2022 for active Reckitt employees (excluding contractors)
2. Manager Levels included: Executive Committee Member, Group Leadership Team, Senior Management Team, Middle Manager, Manager
3. 23 persons with undisclosed gender

GROUP FINANCIAL REVIEW

BIGGER BUSINESS, STRONGER BRANDS

JEFF CARR
CHIEF FINANCIAL OFFICER

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

GROUP FINANCIAL REVIEW CONTINUED

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

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

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

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

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

E-commerce net revenue grew by +14% in 2022. It has more than doubled over the past three years on an LFL basis, and now accounts for 13% of Group net revenue.

Adjusted gross margin was 57.8% (2021: 58.5% excluding IFCN China), a reduction of -70bps. The reduction in gross margin was principally driven by around 17% inflation in our cost of goods base (-660bps), significantly mitigated by productivity efficiencies (+230bps) and other factors including pricing and positive product mix (+360bps).

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

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

A non-cash goodwill impairment charge of £152m was recognised during the year, in respect of our Biofreeze acquisition, as a result of a short-term category slowdown and increased discount rates due to current macroeconomic conditions. Good progress has been made in the second half of the year and we expect continued momentum for Biofreeze in 2023 and beyond. Our growth plans remain in line with our expectations. Further details of the impairment are set out on page 195 of this statement.

The IFRS operating profit was £3,249m (2021: £804m loss). In 2022, the IFRS operating profit was impacted by the non-cash impairment of our Biofreeze acquisition. The IFRS operating loss in 2021 included a pre-tax loss of £3,353m in relation to the strategic review and disposal of IFCN China and pre-tax losses of £234m from the sale of Scholl and EnfaBebé brand in Argentina.

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

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

Free cash flow was £2,031m in 2022 (2021: £1,758m). The improvement is due primarily to growth in adjusted operating profit. Capital investment to support our growth and margin ambitions was £443m, 3.1% of Group net revenue (2021: 3.4% of Group net revenue).

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

NET REVENUE

£14.5bn

£13.2bn as of 2021

ADJUSTED OPERATING PROFIT

£3.4bn

£2.9bn as of 2021

FREE CASH FLOW

£2.0bn

£1.3bn as of 2021

GROUP FINANCIAL REVIEW CONTINUED

HYGIENE

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

In 2022, Hygiene was +24% larger than 2019 on a LFL net revenue basis (+7.6% three-year CAGR), with each of its core categories growing at mid-single to double digit CAGR.

Lysol net revenue declined around -25%, but performance improved sequentially throughout the year, and is around +45% higher than 2019 levels, driven by expansion in both core and new markets and adjacent categories over the past three years. Consumer hygiene behaviours also remain well above pre-pandemic levels. Importantly, Lysol continues to outperform the market and has gained +300bps global market share since 2019. We now have a larger, stronger portfolio, and following a year of consumption normalisation, are targeting the return to a growth trajectory in 2023.

Finish delivered low-double digit growth in LFL net revenue. Growth was particularly strong in Europe and Developing Markets driven by our continued focus on category growth through consumer preferred innovation, premiumisation, and penetration.

Air Wick is broadly holding share in a declining market post confinement. Vanish and Harpic showed strong double digit growth benefiting from innovation and improved execution, both demonstrating strong growth in our Developing Markets.

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

NET REVENUE
FY 2022

£5,960m

Volume	-12.6%
Price/Mix	+9.5%
LFL[1]	-3.1%
Net M&A	-
FX	+3.9%
Actual	+0.8%

ADJUSTED OPERATING PROFIT[1]

£1,214m

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

ADJUSTED OPERATING PROFIT MARGIN[1]

20.4%

Actual	-330bps

PERCENTAGE OF GROUP NET REVENUE IN 2022

41%

1 Adjusted measures are defined on page 75

HEALTH

2022 performance
Health net revenue grew +14.7% on a LFL basis to £5,992m for the full year. Volume increased +6.5%, with strong growth in our OTC portfolio. Price / mix improvements were +8.2%. Growth was driven by strong performances in our OTC brands, VMS and Intimate Wellness portfolio, with a stable performance from our Dettol Germ Protection portfolio.

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

62% of Core Health CMUs (weighted by net revenue) gained or held share during the year.

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

Dettol net revenue of £1.4bn was broadly flat in 2022 on a LFL basis, and around +40% above pre-pandemic levels. Innovation launches included Dettol Cool in India, and Dettol Laundry Sanitiser 4 in1 Pods in China. We increased total distribution points share by +70bps in India, with penetration building initiatives such as a tenth year of Banega Swasth ('Clean up India').

Growth in adjacent categories and new geographies have all contributed to building a larger, stronger health disinfection portfolio from which we plan to grow in 2023.

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

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

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

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

NET REVENUE FY 2022

£5,992m

Volume	+6.5%
Price/Mix	+8.2%
LFL[1]	+14.7%
Net M&A	-1.5%
FX	+5.4%
Actual	+18.6%

ADJUSTED OPERATING PROFIT[1]

£1,648m

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

ADJUSTED OPERATING PROFIT MARGIN[1]

27.5%

Actual	+290bps

PERCENTAGE OF GROUP NET REVENUE IN 2022

42%

1 Adjusted measures are defined on page 75

NUTRITION

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

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

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

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

The competitor supply shortages in the US started to reduce in Q4, which resulted in a lower benefit from WIC sales in states where Reckitt does not hold the government contract. We exit 2022 in the US with a larger, stronger business, and as the market leader in Infant Formula.

Our Developing Markets business grew net revenue mid-single digits for the year, and for the first time since the acquisition of Mead Johnson, with market share improvements in our key markets.

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

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

PERCENTAGE OF GROUP NET REVENUE IN 2022

17%

NET REVENUE FY 2022

£2,501m

Volume	+8.1%
Price/Mix	+14.8%
LFL[1]	+22.9%
Net M&A	-21.8%
FX	+9.1%
Actual	+10.2%

ADJUSTED OPERATING PROFIT[1]

£577m

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

ADJUSTED OPERATING PROFIT MARGIN[1]

23.1%

Actual	+1,280bps

ADJUSTED OPERATING PROFIT MARGIN[1] EX IFCN CHINA

23.1%

Actual	+710bps

1 Adjusted measures are defined on page 75

ADDITIONAL FINANCIAL COMMENTARY

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

Group operating profit

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

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

Net finance expense

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

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

Tax

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

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

Discontinued operations

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

Earnings per share (EPS)

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

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

Balance sheet

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

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

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

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

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

Net working capital

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

GROUP FINANCIAL REVIEW CONTINUED

Cash flow

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

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

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

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

Net debt

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

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

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

Dividends

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

Return on Capital Employed (ROCE)

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

Capital returns policy

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

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

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

We will return surplus cash to shareholders as appropriate.

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

- **Impact of business combinations** where IFRS accounting results in the recognition of certain costs that are not comparable with those for internally generated assets (although the net revenues and other costs of these business combinations are not adjusted for):
  - Amortisation of (a) acquired brands, trademarks and similar assets and (b) certain other intangible assets recorded as the result of a business combination,
  - Inventory fair value adjustments,
  - Professional and advisor costs recorded as the result of a business combination, and
  - Changes to deferred tax liabilities relating to (a) acquired brands, trademarks and similar assets and (b) certain other intangible assets recorded as the result of a business combination as the amortisation or profit on disposal of these brands would be treated as an adjusting item
- **Profits or losses relating to the sale of brands and related intangible assets** as the continued active management of our portfolio results in the recognition of profits or losses relating to disposals of brands and related intangible assets which are largely uncorrelated with the trading performance of the business
- **Re-cycled foreign exchange translation reserves** upon the sale, liquidation, repayment of share capital or abandonment of a subsidiary previously controlled by the Group, as the gain or loss relates to mainly exchange movements in previous periods rather than the current period
- **The reclassification of finance income/(expenses) on tax balances into income tax expense,** to align with the Group's tax guidance. As a result, the income/(expenses) are presented as part of income tax expense on an adjusted basis
- **Other individually material items of expense or income.** Some of these items are resolved over a period of time such that the impact may affect more than one reporting period

Adjusted measures

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

Other non-GAAP measures

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

GROUP FINANCIAL REVIEW CONTINUED

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

Other definitions and terms

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

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

	For the year ended 31 December			
Net revenue	Hygiene £m	Health £m	Nutrition £m	Group £m
2021 IFRS	5,911	5,053	2,270	13,234
M&A	–	(142)	(403)	(545)
Exchange	–	–	–	–
2021 Like-for-like	5,911	4,911	1,867	12,689
2022 IFRS	**5,960**	**5,992**	**2,501**	**14,453**
M&A	–	(90)	–	(90)
Exchange	(231)	(268)	(206)	(705)
2022 Like-for-like	**5,729**	**5,634**	**2,295**	**13,658**
Like-for-like growth	**(3.1%)**	**14.7%**	**22.9%**	**7.6%**

Adjusted measures excluding IFCN China (Group)

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

Adjusted measures excluding IFCN China (Nutrition)

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

Reconciliation of operating cash flow to free cash flow

	31 Dec 2022 £m	31 Dec 2021 £m
Cash generated from continuing operations	3,430	2,836
Less: interest paid	(209)	(222)
Less: tax paid	(831)	(915)
Less: purchase of property, plant & equipment	(362)	(373)
Less: purchase of intangible assets	(81)	(77)
Plus: proceeds from the sale of property, plant & equipment	84	9
Free cash flow	2,031	1,258
Free cash flow conversion	83%	61%

12 months Adjusted EBITDA to Net Debt

Adjusted EBITDA	31 Dec 2022 £m	31 Dec 2021 £m
Operating profit/(loss)	3,249	(804)
Less: adjusting items	190	3,681
Adjusted operating profit	3,439	2,877
Less: adjusted depreciation and amortisation	402	362
Adjusted EBITDA	3,841	3,239

Net debt	31 Dec 2022 £m	31 Dec 2021 £m
Cash and cash equivalents (inc. overdrafts)	1,156	1,259
Financing liabilities	(9,140)	(9,637)
Net debt	(7,984)	(8,378)
Adjusted EBITDA/Net debt (times)	2.1	2.6

Dividend Cover

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

ROCE Calculation

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

Net Working Capital

	31 Dec 2022 £m	31 Dec 2021 £m
Inventories	1,825	1,459
Trade and other receivables	2,082	1,926
Trade and other payable	(5,547)	(5,267)
Less: interest accrued on tax balances	105	–
Net working capital	(1,535)	(1,882)
Net working capital as percentage of 12-month net revenue	(11%)	(14%)

GROUP FINANCIAL REVIEW CONTINUED

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

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

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

Commentary on 2022 IFRS to Adjusted measures reconciliation

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

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

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

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

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

- £152 million expense relating to the impairment of Biofreeze goodwill.
- £14 million expense relating to the reorganisation of the Nutrition business subsequent to the disposal of IFCN China in 2021.
- £5 million expense relates to costs incurred regarding the Korean HS issue.

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

DocuSign Envelope ID 8A6F30C5-051B-400D-8315-8EC26F9B0F0A

GROUP FINANCIAL REVIEW CONTINUED

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISK MANAGEMENT AT RECKITT

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

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

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

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

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

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

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

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

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

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

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

Reckitt's Three Lines of Defence model

FIRST LINE OF DEFENCE	SECOND LINE OF DEFENCE	THIRD LINE OF DEFENCE
Business operations (Risk ownership)	**Oversight functions (Risk challenge)**	**Internal Audit (Risk assurance)**
Day-to-day ownership and management of risks and controls	Ensures controls and risk management processes of the First Line are working as intended	Regular, independent monitoring and assessment of the appropriateness and effectiveness of the governance, control and risk management processes
Responsible for the implementation and development of control and risk management processes	Establishes policy and frameworks and provides support, monitoring and challenge on risk and compliance-related activities	

OUR PRINCIPAL RISKS

1 PRODUCT SAFETY

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

2 SUPPLY DISRUPTION

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

3 CYBER SECURITY

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

4 EMPLOYEE HEALTH & SAFETY

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

5 SUSTAINABILITY

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

6 PRODUCT QUALITY

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

7 INNOVATION

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

8 COMMERCIAL

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

9 GEOPOLITICAL

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

10 ECONOMIC VOLATILITY

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

11 PEOPLE

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

12 TAX DISPUTES

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

13 PRODUCT REGULATIONS

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

14 LEGAL & COMPLIANCE

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

15 SOUTH KOREA HUMIDIFIER SANITISER (HS)

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

RISK MANAGEMENT CONTINUED

Grow brands and innovate | Drive superior execution | Invest in capabilities
Increase productivity | Embed sustainability | Actively manage the portfolio

PRODUCT SAFETY 1

Risk movement
No change

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

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

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

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

SUPPLY DISRUPTION 2

Risk movement
No change

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

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

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

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

CYBER SECURITY 3

Risk movement
Increasing

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

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

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

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

RISK MANAGEMENT CONTINUED

Grow brands and innovate | Drive superior execution | Invest in capabilities
Increase productivity | Embed sustainability | Actively manage the portfolio

EMPLOYEE HEALTH & SAFETY 4

Risk movement
No change

What is the risk?
Work accidents leading to death, injury or illness of Reckitt employees wherever they are working, and other workers on Reckitt premises or premises under Reckitt supervision

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

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

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

SUSTAINABILITY 5

Risk movement
No change

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

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

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

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

PRODUCT QUALITY 6

Risk movement
Decreasing

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

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

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

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

RISK MANAGEMENT CONTINUED

Grow brands and innovate | Drive superior execution | Invest in capabilities
Increase productivity | Embed sustainability | Actively manage the portfolio

INNOVATION 7

Risk movement:
No change

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

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

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

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

COMMERCIAL 8

Risk movement.
No change

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

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

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

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

GEOPOLITICAL 9

Risk movement:
New risk

What is the risk?
Adverse geopolitical events leading to unanticipated and, in some cases, rapid disruption to our business.

Potential impact
- Disruption to Reckitt's global operations, including divestment or confiscation of Reckitt's assets, caused by changes in foreign policy or changes in local regulatory environments
- Disruption to our global supply chains including shortages of critical materials and interruption to freight and logistics corridors
- Danger to and displacement of our people
- Increasing commodity prices attributed directly or indirectly to geopolitical instability
- Increasing cyber security threats
- Disruption caused by sanctions imposed as a result of geopolitical events

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

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

RISK MANAGEMENT CONTINUED

Grow brands and innovate
Drive superior execution
Invest in capabilities
Increase productivity
Embed sustainability
Actively manage the portfolio

ECONOMIC VOLATILITY 10

Risk movement
New risk

What is the risk?
The increasingly challenging economic environment in which we operate adversely impacts our cost base, pricing strategies, profitability and market share

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

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

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

PEOPLE 11

Risk movement
Increasing

What is the risk?
Inability to attract, develop and retain talent in a highly competitive market and a changing workplace environment impacting our ability to achieve our strategic objectives

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

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

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

TAX DISPUTES 12

Risk movement
No change

What is the risk?
Increasing global tax rates, alongside tax authority challenges in key markets impacting our global operating model and tax footprint

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

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

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

RISK MANAGEMENT CONTINUED

Grow brands and innovate | Drive superior execution | Invest in capabilities
Increase productivity | Embed sustainability | Actively manage the portfolio

PRODUCT REGULATIONS 13

Risk movement:
No change

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

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

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

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

LEGAL & COMPLIANCE 14

Risk movement:
No change

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

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

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

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

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

SOUTH KOREA HUMIDIFIER SANITISER (HS) 15

Risk movement:
No change

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

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

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

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

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

OUR VIABILITY STATEMENT

THE ASSESSMENT PROCESS AND KEY ASSUMPTIONS

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

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

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

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

These principal risks were aggregated to create two scenarios which model plausible downside scenarios of increasing severity based on (i) crystallisation of principal risks deemed to have the most relevant potential impact on viability (see risks mapped as likely and highly likely on page 81), and (ii) crystallisation of all principal risks and the impact of adverse movements in foreign exchange and interest rates. The principal risks that were evaluated also include the failure to address existing and emerging sustainability risks, including those relating to climate change, and the changing societal and stakeholder expectations of businesses in addressing these. Further information is contained within our TCFD Summary on page 59. The analysis indicated that even with unexpected events occurring immediately and in combination, Reckitt would still have sufficient funds to trade, settle its liabilities as they fall due, and remain compliant with financial covenants.

Viability Statement
The Board believes that the Group is well positioned to manage its principal risks successfully. The Board's belief is based on consideration of the historic resilience of Reckitt and has taken account of its current position and prospects, the actions taken to manage the Group's debt profile, risk appetite and the principal risks facing the business in unexpected and adverse circumstances. Mitigating actions, should they be required, are all within management's control and could include reduced capital expenditure or temporary suspension of dividend payments.

Conclusion
As a result of the Viability Review, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period covered in the Viability Review.

The Strategic Report, as set out on pages 2 to 87, has been approved by the Board.

On behalf of the Board

CATHERYN O'ROURKE
COMPANY SECRETARY
Reckitt Benckiser Group plc

Catheryn O'Rourke

28 February 2023

CORPORATE GOVERNANCE REPORT

CHAIR'S INTRODUCTION TO GOVERNANCE

CHRIS SINCLAIR
CHAIR

Reckitt's effective corporate governance underpins its Purpose – to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world.

Dear shareholder,
On behalf of the Board, I am pleased to present Reckitt's Corporate Governance Report for the financial year ended 31 December 2022. The Board is responsible for the effective leadership of the Group and for promoting its long-term sustainable success, generating value for shareholders and contributing to wider society.

The Board provides leadership by setting the company's Purpose, strategy and values, overseeing implementation of the strategy by management and monitoring culture to ensure its alignment with the company's Purpose and values. The Board ensures there are appropriate processes in place to manage risk, and monitors the company's financial and operational performance against objectives

Board focus and oversight
Our key areas of Board focus during the year included operational matters such as product safety, supply, cyber security and employee health and safety; strategic matters such as innovation, IT and digital transformation, sustainability and M&A activity; and financial, legal and compliance matters material to the Group.

In addition, there have been several significant events in the company's external environment this year which formed part of the Board's focus. Those included, the war in Ukraine and our humanitarian response; the infant formula shortage in the US; and the impact of raw material availability for Reckitt products. These matters were also discussed by the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee. Matters discussed and considered by the CRSEC Committee can be found in the CRSEC Committee Report from page 120 to 125.

The Board also kept under review the economic challenges that are affecting businesses and consumers, such as increasing commodity prices, most acutely energy costs; rising inflation; volatility in global trade and financial markets; and the impact of changing local economic conditions.

Further details can be found on matters considered by the Board and our activities throughout the year on pages 99 to 101.

Our approach to sustainability
During 2021, we launched our Sustainability Ambitions, for a cleaner, healthier world, which set out new ambitions to 2030. Our ambitions align with Reckitt's Purpose and our strategy for sustainable growth and focus on three areas: purpose-led brands, healthier planet and fairer society. We began our sustainability agenda in 2012 and since then we have made significant progress. But as the world's social, health, and environmental needs have intensified, so will the role we play as a business. Our approach aims to create impact for society together with impact for our business.

We engage and contribute on global issues. At COP27 we continued to emphasise the impact of climate change on people's health whilst demonstrating opportunities to address this in public health and by combating climate change through our brands, in our value chain and with consumers globally. Further details on our work on self-care, health literacy and the impacts of climate change can be found on pages 47 to 58. We recognise that collaboration is critical to building these actions and creating impact at scale. We continue to develop new and stronger partnerships with like-minded partners to drive meaningful, sustainable change. Our work with both governments and international agencies and civil society through organisations such as WWF and Water.org are examples of this. More information on our partnerships and progress towards our Sustainability Ambitions can be found on pages 16 to 17.

Culture and values
Our culture and values define the way that Reckitt does business and this starts with our employees. We aim to create the space and opportunities to help our employees make a difference and do the right thing, always. Being diverse and inclusive is not an additional principle for us, it is integral to the way we think and act. It is our collective responsibility to build inclusion into everything we do, whilst ensuring we represent the people we are and the global community we serve. Our Code of Conduct reinforces our principles of business conduct and is communicated to all employees each year with mandatory training. Our values underpin our Code of Conduct and were further enhanced in 2020 with our renewed Purpose, Fight and Compass. It sets out the level

of conduct expected from all Reckitt employees, contractors, outsourced personnel and joint ventures as well as the Board of Directors.

Culture and inclusion
We are evolving a vibrant, inclusive and collaborative culture to deliver on our Purpose We build sustained business performance by encouraging behaviours that promote and embed our purpose-led culture. In embedding inclusivity, all colleagues should feel free to participate fully bring their authentic self to work and realise their full potential Internally we are strengthening our inclusive culture by focusing on leadership, people and policy Externally, our inclusive approach to procurement brands and partnerships aligns what we do with who we are

Further details on our people, culture and inclusion can be found on pages 9 to 11 and page 50

UK Corporate Governance Code 2018
The Board considers compliance with the Code of utmost importance Any instances of non-compliance are only allowed through the authority of the Board if it can be shown that the spirit of the Code and good corporate governance within the company generally continues This Corporate Governance Report demonstrates how we have applied the principles and complied with the provisions of the Code during the year Our statement of compliance with the Code can be found on page 90

Section 172 and ESG reporting
Effective engagement with our shareholders, our employees and wider stakeholders is key to Reckitt's sustainable success. Under Section 172 of the Companies Act 2006 (CA 2006), Directors must act in a way that they consider, in good faith, would be likely to promote the success of the company for the benefit of its shareholders as a whole In its decision-making, the Board also considers wider stakeholder interests. Our key stakeholders include our employees, shareholders, customers, consumers, partners, and the communities in which we operate and the environment Our Section 172 Statement, which explains how the Directors have discharged their responsibilities during the year under review, can be found on pages 62 to 64

For further information on environmental, social and governance (ESG) matters, please see our Highlights section on page 3 and our Task Force on Climate-related Financial Disclosures (TCFD) Summary on pages 59 to 61

Board composition and succession planning
In February 2022, Alan Stewart joined Reckitt as a Non-Executive Director and member of the Remuneration Committee Alan brings significant corporate finance and accounting experience from a variety of Industries, as well as executive leadership experience within a listed company environment He replaced Mary Harris as Chair of the Remuneration Committee when she stepped down from the role at the conclusion of the 2022 Annual General Meeting (AGM) in May I would like to thank Mary for her hard work and contribution as Remuneration Committee Chair

During the year having signalled her intention to leave the business, Sara Mathew did not seek re-election as a Non-Executive Director at the AGM I would like to take the opportunity to thank Sara for her contribution to the Board and Audit Committee

Laxman Narasimhan stepped down as Chief Executive Officer (CEO) on 30 September, after three years with Reckitt Laxman decided, for personal and family reasons, to relocate back to the US On behalf of the Board, I would like to thank Laxman for his contribution to Reckitt during his tenure as CEO, he led a successful rejuvenation of the company's strategy, execution and functional capabilities and led the business through an unprecedented global health pandemic

Nicandro Durante was appointed as CEO Designate in September and became CEO on 1 October Nicandro joined Reckitt in 2013 as a Non-Executive Director and became our Senior Independent Director (SID) in 2019 He is deeply familiar with the business and its leadership function and is well positioned to lead the execution of the company's strategy and transformation. Nicandro previously held the position of CEO of British American Tobacco plc for eight years Upon his appointment as CEO Designate, Nicandro ceased to be the SID and stepped down as a member of the Nomination, Remuneration and CRSEC Committees, as a matter of good corporate governance At the same time, Andrew Bonfield a Non-Executive Director and the Chair of the Audit Committee, was appointed as SID, to hold the role for an interim period

On 1 November, we welcomed Jeremy Darroch to the Board as Non-Executive Director With effect from 1 November Jeremy became a member of the Remuneration and Nomination Committees and was also appointed as the SID, taking over from Andrew Bonfield Jeremy has substantial leadership experience and knowledge of the consumer retail sector and I am delighted that Jeremy has joined Reckitt We also announced on 1 November that Olivier Bohuon had been appointed as a member of the CRSEC Committee

On 13 December, we announced that Tamara Ingram OBE would be joining the Board and Audit Committee on 1 February 2023 Tamara has considerable expertise in advertising, marketing and digital communication and a deep understanding of consumer brands and digital strategy

Biographies of the members of our Board can be found on pages 91 to 94

Further details on the induction process for the new Non-Executive Directors can be found in the Nomination Committee Report on pages 109 to 112

CORPORATE GOVERNANCE REPORT CONTINUED

Group Executive Committee (GEC) changes
During the year there were also several changes to the GEC membership. As I reported to you in last year's Annual Report, in February 2022 Catheryn O'Rourke joined us as General Counsel & Company Secretary. In April, Fabrice Beaulieu was appointed to the role of Chief Marketing, Sustainability and Corporate Affairs Officer. In June, Miguel Veiga Pestana, Group Head of Corporate Affairs and Chief Sustainability Officer, left after five years with the company. In September, Nicandro Durante also became a member of the GEC upon his appointment as CEO Designate.

Further details on Board and GEC's succession planning, including the recruitment process and selection criteria, can be found in the Nomination Committee Report on pages 109 to 112. Biographies of the members of the GEC can be found on pages 95 to 96.

Board performance review
The Board undertakes an annual review of its own and its Committees' performance and effectiveness. Following a similar format to 2021, the Board performance review was facilitated by Lintstock Ltd, as part of its ongoing Board Development Programme. Details of this year's Board performance review, together with our progress against the outcomes from our 2021 Board performance, can be found on pages 107 to 108.

Annual General Meeting and shareholder voting
The Annual General Meeting (AGM) is an important event as it provides the Board with an opportunity to update shareholders on the company's performance and strategic priorities. It also offers an opportunity for shareholders to meet the Board and put forward any questions to the Directors.

Owing to the COVID-19 restrictions that were in place during 2020 and 2021, shareholders were restricted from attending the AGM in person. As a result of legal restrictions being lifted earlier in 2022, we held a physical AGM in May 2022 and shareholders were invited to attend the meeting in person. Shareholders were given the option to submit questions in advance of the AGM or ask questions during the meeting, enabling the Board to engage and interact directly with shareholders.

At the date of publication of this report, we intend that the 2023 AGM will be held as a physical meeting.

Conclusion
I am extremely proud of the Board and all our Reckitt employees for their continued commitment to creating value for our shareholders and for contributing to the good governance and stewardship of our business, on behalf of all our stakeholders.

CHRIS SINCLAIR
CHAIR
Reckitt Benckiser Group plc

28 February 2023

How we comply with the Code

	Page
1. Board leadership and company purpose	
Our Board of Directors	91-94
Group Executive Committee	95-96
Reckitt's approach to governance	97-98
Board activities during 2022	99-101
Our Purpose, strategy, values and culture	102
CRSEC Committee Report	120-125
2. Division of responsibilities	
How we are governed	103-106
3. Composition, succession and evaluation	
Board performance review and effectiveness	107-108
Nomination Committee Report	109-112
4. Audit, risk and internal control	
Audit Committee Report	113-119
5 Remuneration	
Remuneration Committee Report	126-155

UK Corporate Governance Code 2018 Statement of Compliance
For the year ended 31 December 2022, the company complied with all the provisions of the Code, which is available to view on the Financial Reporting Council's (FRC) website www.frc.org.uk, and the Disclosure Guidance and Transparency Rules requirements to provide a corporate governance statement.

In accordance with Section 4, Principle N, Provision 27 of the Code the Board considers that, taken as a whole, this Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

BOARD LEADERSHIP AND COMPANY PURPOSE

OUR BOARD

The Board of Reckitt: experienced, diverse and balanced.

Biographical details of the Directors as at 31 December 2022

Detailed biographies for all Board members can be found at www.reckitt.com/about-us/our-leadership/

COMMITTEE KEY

Chair
R Remuneration
N Nomination
A Audit
C Corporate Responsibility, Sustainability, Ethics and Compliance

CHRIS SINCLAIR (72)
CHAIR OF THE BOARD
N R C

Nationality American

Appointment
Appointed as a Non-Executive Director in February 2015 and as Chair of the Board and Nomination Committee in May 2018

Skills and competencies
Chris brings strong leadership skills and valuable strategic insight to the Board, through his experience as CEO and Chair of other large companies. He also has a strong understanding of international consumer-focused businesses. He is the former Chair and CEO of Mattel, Inc and previously served as CEO for various companies including Caribiner International, Quality Food Centers, Pepsi-Cola Co. and PepsiCo Foods and Beverages

Current external appointments
None

NICANDRO DURANTE (66)
CHIEF EXECUTIVE OFFICER

Nationality Brazilian/Italian

Appointment
Appointed as Chief Executive Officer in October 2022, having been appointed as a Non-Executive Director in December 2013

Skills and competencies
Nicandro has strong leadership skills, developed in various senior positions held throughout his career. He has a strong background in the consumer goods industry and has strong international business experience, bringing a global perspective to his role. He started his career at British American Tobacco in 1981, holding senior positions in the UK, Hong Kong and Brazil, and progressing to the role of Chief Executive Officer from 2011 to 2019

Current external appointments
Chair of TIM Participações S.A. and Chair of the Compensation Board

JEFF CARR (61)
CHIEF FINANCIAL OFFICER

Nationality British

Appointment
Appointed as Chief Financial Officer in April 2020

Skills and competencies
Jeff brings extensive experience across consumer and retail companies. He has a record of transformational, strategic and operational leadership, consistent performance delivery and strong capital allocation discipline, all of which lead to longer-term shareholder value creation. He was the CFO and Management Board member at Ahold Delhaize, CFO of First Group plc and easyJet plc and held senior finance roles at Associated British Foods plc

Current external appointments
Chair of the Audit Committee and Non-Executive Director of Kingfisher plc

JEREMY DARROCH (60)
SENIOR INDEPENDENT DIRECTOR N R

Nationality British

Appointment
Appointed as Senior Independent Non-Executive Director and a member of the Remuneration and Nomination Committees in November 2022.

Skills and competencies
Jeremy is an outstanding leader with considerable expertise in the consumer retail environment. He has a proven track record of driving business performance and a unique insight into what motivates consumers. He is the former Executive Chairman and Group CEO of Sky and prior to that Group Finance Director of DSG International plc. He has also held board positions with Burberry Group plc and Marks and Spencer Group plc.

Current external appointments
Chair, National Oceanography Centre

WWF Ambassador

Senior Advisor, Bain Capital and the Multichoice Group

Non-Executive Director of Ahren Acquisition Corp

ANDREW BONFIELD (60)
NON-EXECUTIVE DIRECTOR A N

Nationality British

Appointment
Appointed as a Non-Executive Director in July 2018 and as Chair of the Audit Committee in January 2019.

Skills and competencies
Andrew brings more than three decades of financial expertise to the Board. He is a strong leader, with experience gained in large, complex organisations and has a history of driving strong financial performance in the UK and globally. These skills are valuable to the Board and to his role as Chair of the Audit Committee. He is CFO of Caterpillar Inc, was Group CFO of National Grid plc, CFO of Cadbury plc and Executive Vice President and CFO at Bristol Myers Squibb.

Current external appointments
Chief Financial Officer of Caterpillar Inc.

PAM KIRBY (69)
NON-EXECUTIVE DIRECTOR C N A

Nationality British

Appointment
Appointed as a Non-Executive Director in February 2015 and as Chair of the CRSEC Committee in July 2016.

Skills and competencies
Pam brings to the Board extensive knowledge of the healthcare sector and a wealth of international business and pharmaceutical experience. These skills are highly valuable to her role as Chair of the CRSEC Committee. She has served as Chairman of SCYNEXIS, Inc., CEO of Quintiles Transnational Corporation and held senior positions in the international healthcare industry at AstraZeneca plc and Hoffman-LaRoche.

Current external appointments
Non-Executive Director of Bunzl plc

Member of the Supervisory Board of AkzoNobel N.V.

ALAN STEWART (62)
NON-EXECUTIVE DIRECTOR R N

Nationality British

Appointment
Appointed as a Non-Executive Director in February 2022 and as Chair of the Remuneration Committee in May 2022.

Skills and competencies
Alan brings to the Board significant corporate finance and accounting experience from a variety of industries, including retail, banking and travel, as well as executive leadership experience within a listed company environment. He was CFO of Tesco PLC where he played a key role in the turnaround of Tesco. Prior to this he was also CFO of Marks and Spencer Group plc, CFO of AWAS, Group Finance Director of WH Smith PLC and CEO and CFO of Thomas Cook Holdings.

Current external appointments
Non-Executive Director of Diageo plc

Non-Executive Director of Burberry Group plc

OLIVIER BOHUON (64)
NON EXECUTIVE DIRECTOR

R C

Nationality French

Appointment
Appointed as a Non-Executive Director in January 2021

Skills and competencies
Olivier is a successful leader, with many years' experience as CEO of a large, global company. Olivier has a wealth of experience in healthcare products and markets and brings great insight to the Board. He was the CEO of Smith & Nephew plc and of healthcare, cosmetology and pharmaceutical company Laboratoires Pierre Fabre, and Corporate Executive Vice President of Abbott Laboratories and President of their pharmaceutical products division

Current external appointments
Chairman of Majorelle

External Director of Takeda Pharmaceutical Company Limited

Member of the Supervisory Board of Virbac SA

Co-Founder and Board member of AlgoTherapeutix SAS

MARGHERITA DELLA VALLE (57)
NON-EXECUTIVE DIRECTOR

A

Nationality Italian/British

Appointment
Appointed as a Non-Executive Director in July 2020.

Skills and competencies
Margherita has extensive experience of financial markets and digital technologies. She is an experienced leader in business in both developed and developing markets. Prior to becoming interim CEO and Chief Financial Officer of Vodafone, she held numerous senior finance roles within the business. These skills, together with her strong leadership background, are valuable to the Board and her membership of the Audit Committee

Current external appointments
Interim CEO and Chief Financial Officer of Vodafone Group Plc

MARY HARRIS (56)
DESIGNATED NED FOR ENGAGEMENT WITH WORKFORCE

R

Nationality British/Dutch

Appointment
Appointed as a Non-Executive Director in February 2015. Mary was Chair of the Remuneration Committee and member of the Nomination Committee from November 2017 to May 2022. She remains a member of the Remuneration Committee. Mary was appointed as Designated NED for Engagement with the company's workforce in July 2019

Skills and competencies
Mary has substantial experience in consumer and retail businesses across China, Southeast Asia and Europe. She brings to the Board a top-level strategic outlook, with an international and consumer focus. Her previous experience in other Non-Executive Director roles, and as Chair of other Remuneration Committees, is invaluable to the Board and her membership of the Remuneration Committee

Current external appointments
Non-Executive Director of ITV plc

Member of the Remuneration Committee of St Hilda's College, Oxford University

Supervisory Director of HAL Holding N.V.

TAMARA INGRAM, OBE (62)
NON EXECUTIVE DIRECTOR

A

Nationality British

Appointment
Appointed as Non-Executive Director in February 2023

Skills and competencies
Tamara has had an extensive career in advertising, marketing and digital communications and has a deep understanding of consumer brands and digital strategy. She was Global Chair of Wunderman Thompson and also held various leadership roles at WPP plc. She also served as CEO of McCann Worldgroup and Saatchi & Saatchi in London

Current external appointments
Non-Executive Director of Marks and Spencer Group plc

Non-Executive Director of Intertek Group plc

Non-Executive Director of Marsh & McLennan Companies Inc

DIVERSE LEADERSHIP

MEHMOOD KHAN (65)
NON-EXECUTIVE DIRECTOR C

Nationality American/British

Appointment
Appointed as a Non-Executive Director in July 2018.

Skills and competencies
Mehmood is a highly skilled medical practitioner and researcher. Mehmood has been Chief Executive Officer of Hevolution Foundation since October 2020. He was previously CEO of Life Biosciences Inc, and before that served as Vice Chairman and Chief Scientific Officer, Global Research and Development at PepsiCo Inc. He has extensive experience in both developing and developed markets, adding value to the CRSEC Committee through his knowledge of creating sustainable initiatives and past experiences of leading research and development efforts to create breakthrough innovations.

Current external appointments
Chief Executive Officer of Hevolution Foundation

Executive Chairman of Life Biosciences Inc

Chairman of VCAT, US National Institute of Standards and Technology

ELANE STOCK (58)
NON-EXECUTIVE DIRECTOR A

Nationality American

Appointment
Appointed as a Non-Executive Director in September 2018.

Skills and competencies
Elane has held various senior leadership positions including Chief Executive Officer of ServiceMaster Brands, Group President at Kimberly-Clark International and Kimberly-Clark Professional and as a director of Yum Brands!. Elane brings great sector-relevant experience and insight of consumer goods products to the Board, particularly in personal care and wellness. She also brings vast knowledge of emerging markets and the changing channels of trade and consumer preferences.

Current external appointments
None

Other Directors who served during the year

- Laxman Narasimhan, CEO, stepped down on 30 September 2022
- Sara Mathew, Non-Executive Director resigned following AGM on 20 May 2022

BOARD MEMBERS SKILLS OVERVIEW[2]

Financial expertise

Strategy

Consumer Goods & retail

Healthcare & pharmaceuticals

Leadership

1 As at 31 December 2022

2 Board skills as at 28 February 2023

GROUP EXECUTIVE COMMITTEE

1 2 3

4 5 6

7 8 9

10 11

Detailed biographies for all Executive Committee members can be found at **www.reckitt.com/about-us/our-leadership/**

NICANDRO DURANTE (66)
CHIEF EXECUTIVE OFFICER 1

Nationality Brazilian/Italian

Experience
Nicandro was appointed as Chief Executive Officer in October 2022, having previously been appointed as a Non-Executive Director in December 2013 and as Senior Independent Director in January 2019. Nicandro started his career at British American Tobacco in 1981, holding senior positions in the UK, Hong Kong and Brazil, and progressing to the role of Chief Executive Officer from 2011 to 2019.

JEFF CARR (61)
CHIEF FINANCIAL OFFICER 2

Nationality British

Experience
Jeff joined Reckitt as CFO in April 2020. He was CFO and Management Board member at Ahold Delhaize, and held the role of CFO at First Group plc and easyJet plc and held senior finance roles at Associated British Foods plc. Jeff brings extensive experience across consumer and retail companies. He has a record of transformational strategic and operational leadership, consistent performance delivery, strong capital allocation discipline; all of which lead to longer-term shareholder value creation

KRIS LICHT (46)
PRESIDENT HEALTH &
CHIEF CUSTOMER OFFICER 3

Nationality American

Experience
Kris joined Reckitt in November 2019 as Chief Transformation Officer, and in July 2020 became President Health & Chief Customer Officer. He has held a number of senior strategic and operational positions at PepsiCo, and was a Partner at McKinsey & Company working in the consumer, health and retail practices. He brings strong operational and strategic experience

VOLKER KUHN (55)
PRESIDENT HYGIENE 4

Nationality German

Experience
Volker joined Reckitt in August 2020 as Chief Transformation Officer, and in May 2021 became President Hygiene. Prior to joining Reckitt, Volker spent 26 years with Procter & Gamble in a range of international finance, marketing, and senior general management roles

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

PAT SLY (47)
PRESIDENT NUTRITION 5

Nationality American

Experience
Pat joined Reckitt in 2017 as part of the Mead Johnson Nutrition acquisition. He was appointed as Chief Operating Officer, Nutrition in July 2021 and became President Nutrition in February 2022. Pat has more than 20 years of experience in senior leadership roles in general management, marketing and sales across North America, Europe, Asia Pacific and Latin America

RANJAY RADHAKRISHNAN (52)
CHIEF HUMAN RESOURCES OFFICER 6

Nationality Indian

Experience
Ranjay joined Reckitt as Chief Human Resources Officer in March 2020. Ranjay has 30 years' experience in the human resources function across different geographies and industries. Prior to joining Reckitt, Ranjay was the Chief Human Resources Officer at InterContinental Hotels Group plc and spent over two decades at Unilever in senior leadership roles.

FABRICE BEAULIEU (49)
CHIEF MARKETING, SUSTAINABILITY AND CORPORATE AFFAIRS OFFICER 7

Nationality French

Experience
Fabrice was appointed Chief Marketing, Sustainability and Corporate Affairs Officer in April 2022. Fabrice joined Reckitt in 1999 and has held several senior management roles in France, the UK, Benelux and Russia. He brings a wealth of experience in marketing, operations and leadership.

SAMI NAFFAKH (52)
CHIEF SUPPLY OFFICER 8

Nationality French

Experience
Sami joined Reckitt as Chief Supply Officer in July 2020 and is responsible for global supply chain operations, including planning, procurement, manufacturing and logistics. Since January 2021 he has also been responsible for Reckitt's Quality, Environmental Health & Safety and Quality Compliance teams.

He has 30 years of broad international leadership experience in fast-moving consumer goods companies.

ANGELA NAEF, PhD (47)
CHIEF R&D OFFICER 9

Nationality American

Experience
Angela joined Reckitt as Chief R&D Officer in September 2020 and is responsible for elevating Reckitt's science capability and platforms as well as for driving external partnerships. She is focused on enabling the Research & Development organisation to deliver meaningful solutions addressing the mega trends and sustainability to deliver growth

FILIPPO CATALANO (50)
CHIEF INFORMATION & DIGITISATION OFFICER 10

Nationality Italian

Experience
Filippo joined Reckitt as Chief Information & Digitisation Officer in April 2021. Filippo is responsible for building and maintaining Reckitt's competitive leading-edge IT, Data and Digital capabilities. Filippo brings to Reckitt extensive leadership experience in defining and shaping IT, digital portfolios and technology-enabled new business models across leading consumer goods organisations.

CATHERYN O'ROURKE (50)
GENERAL COUNSEL & COMPANY SECRETARY 11

Nationality American

Experience
Catheryn joined Reckitt in February 2022 and is responsible for legal matters across the Group.

She brings to Reckitt more than 20 years of professional expertise in running global legal and compliance teams, managing litigation and corporate transactions, advising on financial reporting and disclosure as well as supporting Board governance.

Other Group Executive Committee members who served in the year

- Rupert Bondy
  General Counsel & Company Secretary, joined Reckitt in January 2017 and left February 2022
- Miguel Veiga Pestana
  Head of Corporate Affairs & Chief Sustainability Officer, joined Reckitt in 2017 and left June 2022

RECKITT'S APPROACH TO GOVERNANCE

Leadership at Reckitt

There is a clear and effective leadership structure in place at Reckitt. The Board has established four Board Committees to assist in the execution of its responsibilities. These are the Nomination Committee, Audit Committee, Remuneration Committee and CRSEC Committee. Each Committee operates under terms of reference approved by the Board. The terms of reference are reviewed regularly, with the last review taking place in November 2022 and can be found on the company's website, at www.reckitt.com/investors/corporate-governance. The current Committee membership of each Director is shown on pages 91 to 94. *There are also three supporting Management* Committees: the Disclosure Committee, the Group Executive Committee (GEC), and the Risk Sustainability & Compliance Committee (RSCC).

OUR BOARD

The Board is collectively responsible for the overall leadership of the Group and for promoting its long-term sustainable success whilst focusing on its strategic direction, Purpose, values and governance with the highest regard to the principles of the Code. There is a clear division of responsibilities between the Board, its Committees and Management Committees.

NOMINATION COMMITTEE

Chaired by Chris Sinclair

Responsible for making recommendations to the Board on suitable candidates for appointment to the Board, its Committees and senior management and to regularly review and refresh their composition to ensure that they comprise a diverse group of individuals with the necessary skills, knowledge and experience to effectively discharge their responsibilities whilst keeping in mind the importance of diversity.

More details are set out in the Nomination Committee Report on **pages 109 to 112**

AUDIT COMMITTEE

Chaired by Andrew Bonfield

Responsible for monitoring the integrity of Reckitt's Financial Statements and for ensuring effective functioning of internal audit, internal financial control and risk management. It is also responsible for managing the company's relationship with its External Auditor.

More details are set out in the Audit Committee Report on **pages 113 to 119**

REMUNERATION COMMITTEE

Chaired by Alan Stewart

Responsible for assisting the Board in fulfilling its oversight responsibility by ensuring that the Remuneration Policy and practices reward fairly and responsibly, are linked to corporate and individual performance and take account of the generally accepted principles of good governance. The Committee is responsible for determining the remuneration for the Chair, Executive Directors and senior management.

More details are set out in the Remuneration Committee Report on **pages 126 to 155**

CRSEC COMMITTEE

Chaired by Pam Kirby

Responsible for supporting the Board in reviewing, monitoring and assessing the company's approach to responsible, sustainable, ethical and compliant corporate conduct and to assist the Board in upholding its values of honesty and respect.

More details are set out in the CRSEC Committee Report on **pages 120 to 125**

DISCLOSURE COMMITTEE

Chaired by Nicandro Durante or Jeff Carr

Responsible for ensuring accuracy and timeliness of disclosure of financial and other public announcements.

GROUP EXECUTIVE COMMITTEE (GEC)

Chaired by Nicandro Durante

Responsible for overseeing Reckitt's management and ensuring collaboration between GBUs, functions and in-market operations. It recommends and implements the strategy and related budget as approved by the Board. The GEC drives business and cultural transformation, reviews business performance and approves business *development plans and major investments.* It plays a critical role in talent management and development and oversees the integration of sustainability within business operations.

RISK, SUSTAINABILITY & COMPLIANCE COMMITTEE (RSCC)

Chaired by Nicandro Durante

Provides oversight of risk across the organisation and makes recommendations to the CRSEC Committee for actions to be taken in respect of the Group's legal compliance and ethics, sustainability, external affairs, employee health and safety, quality, consumer safety and regulatory *matters, including compliance strategies,* policies, programmes and key activities.

BOARD LEADERSHIP AND COMPANY PURPOSE CONTINUED

Board attendance during 2022

In 2022, there were five scheduled Board meetings. An additional five Board meetings were held during the year relating to various matters including, review and approval of the preliminary results announcement; approval of the Reckitt 2021 Annual Report and Notice of 2022 Annual General Meeting (AGM) and confirmation of AGM arrangements; updates on Reckitt's people and operations in Ukraine and Russia; review and approval of the half-year results; and approval of Board and Committee membership changes.

The formal meetings in September each year are strategy sessions which are normally held overseas, to allow the Board to immerse itself in the Group's operations, to visit local sites and meet the local workforce. This year the September 2022 strategy sessions were held in person in Amsterdam. During the three-day strategy sessions, the Board received presentations on the company's strategy, including on functional areas, innovation and transformation programmes. The Board also met informally with senior leadership from the Hygiene GBU and hosted employee engagement sessions. A fireside CEO chat was broadcast to provide Reckitt employees with an update on recent leadership changes, with an opportunity to ask the CEO questions.

Following the conclusion of each scheduled Board meeting, the Chair held a session with the Non-Executive Directors, without the Executive Directors present. There were four scheduled (and one additional) Audit Committee meetings, three scheduled (and one additional) Remuneration Committee meetings, three scheduled (and two additional) Nomination Committee meetings, and four scheduled CRSEC Committee meetings.

The following table sets out the attendance by Directors at the scheduled Board and Committee meetings that each Director was eligible to attend. Directors who were not members of individual Board Committees were also invited to attend one or more meetings of those Committees during the year. Where a Director is unavoidably absent from a Board or Board Committee meeting, they still receive and review the papers for the meeting and typically provide verbal or written input ahead of the meeting, usually through the Chair of the Board or the Chair of the relevant Board Committee, so that their views are considered at the meeting. Given the nature of the business to be conducted, some of the additional Board meetings were convened at short notice, which can make it difficult for some Directors to attend due to prior commitments and their home locations.

	Board	Audit Committee	Remuneration Committee	CRSEC Committee	Nomination Committee
	5 scheduled meetings	**4** scheduled meetings	**3** scheduled meetings	**4** scheduled meetings	**3** scheduled meetings
Andrew Bonfield	5/5	4/4			3/3
Olivier Bohuon[1]	5/5		3/3	1/1	
Jeff Carr	5/5	4/4			
Jeremy Darroch[2]	1/1		1/1		1/1
Margherita Della Valle[3]	5/5	3/4			
Nicandro Durante[4]	5/5		2/2	3/3	3/3
Mary Harris	5/5		3/3		3/3
Mehmood Khan	5/5			4/4	
Pam Kirby	5/5	4/4		4/4	3/3
Sara Mathew[5]	1/2	1/2			
Laxman Narasimhan[6]	4/4				1/2
Chris Sinclair	5/5		3/3	4/4	3/3
Alan Stewart	5/5		3/3		3/3
Elane Stock	5/5	4/4			

1. Olivier Bohuon became a member of the CRSEC Committee on 1 November 2022
2. Jeremy Darroch joined as a Non-Executive Director and member of the Remuneration and Nomination Committees on 1 November 2022
3. Margherita Della Valle was unable to attend one of the scheduled Audit Committee meetings owing to an external commitment
4. Nicandro Durante resigned as a member of the Nomination, Remuneration and CRSEC Committees on 1 September 2022
5. Sara Mathew resigned as a Non-Executive Director and Audit Committee member on 20 May 2022, when she did not stand for re-election at the AGM
6. Laxman Narasimhan resigned as CEO and left the company on 30 September 2022

BOARD ACTIVITIES DURING 2022

How Board meetings are structured
Board meetings are conducted in an open atmosphere conducive to challenge and debate Agendas are tailored to the requirements of the business and agreed in advance by the Chair and CEO with the support of the Company Secretary

The Board receives operating and financial reports from the CEO and CFO on strategic and business developments, as well as financial performance and forecasts at each meeting Specific presentations are also made by non-Board members on material matters to the Group In addition, the Chairs of the Audit, Remuneration, CRSEC and Nomination Committees update the Board on the proceedings of those meetings, including key topics and areas of concern

At the conclusion of every scheduled Board meeting, the Chair holds a session with the other Non-Executive Directors, without the Executive Directors present, providing further opportunity for the Non-Executive Directors to assess the performance of management and individual Executive Directors and help drive future agenda items Details of each Director's attendance at Board meetings can be found on page 98

The Board uses its meetings as a way of discharging its responsibilities, including as set out in Section 172 of CA 2006 to promote the success of the company for the benefit of its members as a whole

OUR ACTIVITIES DURING THE YEAR

STRATEGY AND PLANNING

Group plans and budgets
- In November, reviewed the Group's financial plan for 2023 and individually for the GBUs and supply function
- Reviewed forecasts and key performance targets, including assumptions, scenarios and projections

Strategy
- Board members met in person for a three-day meeting in September 2022 to discuss strategy and the innovation pipeline
- Received updates on competitive environment and broader market developments

Mergers and acquisitions
- Sold the E45 brand and related sub-brands to Karo Pharma as part of Reckitt's strategy to actively manage its portfolio
- Oversight of potential merger and acquisitions (M&A) activities and portfolio strategy

Business updates
- Reckitt business reviews, including at Group and GBU level, functional reviews of certain business areas and capability centres and status updates on transformation programmes
- Deep dives of functions such as Finance, HR, Supply, IT & Digital

Sustainability strategy
- Reviewed the Group's sustainability strategy and approach, including progress against delivery of our Sustainability Ambitions
- Received updates on sustainability activities and initiatives

Customers Employees Partners Communities

Government and industry associations Consumers Shareholders

FINANCIAL OVERSIGHT

Reporting
- Reviewed and approved Reckitt's Annual Report and Financial Statements including compliance with reporting requirements
- Reviewed and approved Reckitt's half-year results
- Provided results presentations to investors and employees during the year

Going concern
- Reviewed going concern and liquidity considerations

Financial resources
- Reviewed the company's financial position, Group debt and funding arrangements

Interim and final dividend payments
- Approved the final 2021 and interim 2022 dividend payments

LEADERSHIP AND GOVERNANCE

Board and Committee performance review
- Conducted the annual Board performance review, identified areas for improvement and recommended actions
- Considered and proactively addressed actions from the 2021 Board performance review

Talent, succession and board composition
- Oversight of Group talent planning and succession, including senior management succession and retention
- Considered and approved Board changes, including the appointment of CEO, SID and new Non-Executive Directors, and Committee membership changes, as detailed on page 111.

Shareholders and stakeholders
- Held the 2022 AGM as a physical meeting. Shareholders had the opportunity to pre-submit questions as well as ask them during the meeting
- Held Board and employee engagement meetings, to understand employee views, as part of September strategy meetings

Compliance
- Reviewed and approved governance matters, such as the Schedule of Matters Reserved for the Board, Committee terms of reference, Directors' conflicts of interest and compliance with the Code and best practice
- Approved Reckitt's 2021 Modern Slavery and Human Trafficking Statement, as recommended by the CRSEC Committee

RISK MANAGEMENT AND INTERNAL CONTROL

Risk appetite

- The Board is responsible for compliance with the Code and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. The sectors and environment within which Reckitt operates are dynamic and fast-moving and, in some areas, highly regulated and so controls are kept under review. The system is designed to assess and manage, rather than eliminate, risks to our business objectives. The Board relies on these controls insofar as they are able to provide reasonable, but not absolute assurance against material misstatement or loss. The Group's principal and emerging risks and mitigating actions are detailed on pages 80 to 86
- As part of our risk management process, we regularly evaluate risks to achieving objectives, and the likelihood of such risks materialising and impacting the ability of the Group to cope with the circumstances should they occur. In doing so, we are inherently considering our risk appetite through the actions taken, controls implemented and processes followed to reduce the likelihood of risk events taking place, mitigating the potential impact and ensuring that the cost of doing so is proportionate to the benefit gained

Principal risks and internal controls

- Conducted an annual review of Reckitt's principal and emerging risks and internal controls
- Reckitt is committed to maintaining strong internal controls and further enhancing these. Further information on internal control activities during the year can be found on pages 117 to 118 of the Audit Committee Report. In 2022 this included the monitoring of management's response to the 2021 investigation into the creation, utilisation and release of certain operational expenditure and trade investment accruals within the Hygiene GBU in 2020 and 2021
- Functional and operational management meet to discuss performance measured against strategic aims and goals, with risks and risk controls incorporated into the discussions. During the year, the Directors undertook a robust assessment of the principal and emerging risks facing the company, including those that could threaten Reckitt's business model, future performance, solvency and liquidity. Each principal and emerging risk is overseen by the Board or a designated Committee of the Board, and is subject to formal deep-dive reviews as appropriate at Board, GEC and GBU meetings. More details on the Group's principal strategic risks and uncertainties can be found in the Strategic Report on pages 80 to 86
- The Board confirms that reviews and monitoring of the appropriateness and effectiveness of the system of internal control and risk management throughout the financial year and up to the date of approval of the Annual Report and Accounts have been satisfactorily completed with no significant failings or weaknesses identified. Reckitt's ongoing controls transformation programme, in preparation for internal controls changes arising from the Department for Business, Energy & Industrial Strategy (BEIS) consultation, has identified certain control improvement opportunities that management is currently undertaking

Viability Statement

- Considered and approved the 2022 Annual Report Viability Statement upon recommendation of the Audit Committee

COVID-19

- Received updates on the continued consequences of COVID-19 on the business, including focus on supply and consumer demand, the workforce and risk management

Treasury policies

- Reviewed and approved the Group's Treasury policies

Climate-related risk and environmental, social and governance (ESG) matters

- The Board oversees, considers and reviews the Group's ESG strategy and has oversight of climate-related risks and opportunities. As part of the Board's annual review of our principal and emerging risks, sustainability was considered. The Board's focus included, both ESG performance, and the introduction of the Task Force on Climate-related Financial Disclosures (TCFD) climate reporting regulation that impacts the way we report key metrics. More information on sustainability can be found on pages 16 to 17. Our TCFD Statement can be found on pages 59 to 61
- The CRSEC Committee supports the Board in reviewing, monitoring, and assessing the company's approach to sustainability *which includes climate change. The CRSEC* Committee reports to the Board regularly at Board meetings, providing an update on sustainability objectives and progress against our targets. Further details on the activities of the CRSEC Committee can be found on pages 120 to 125

OUR PURPOSE, STRATEGY, VALUES AND CULTURE

Our Purpose, Fight and Compass are fundamental to Reckitt's culture and values. Our success as a business is founded on our strong, distinctive culture. We want all our employees to have a sense of belonging and take personal pride in what they do. Our approach is anchored by our Purpose: to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world. Our Compass sets out our values and behaviours. At its heart is the goal of always doing the right thing, putting consumers and people first, seeking out new opportunities, striving for excellence and building a culture of shared success.

To evolve our culture and achieve sustainable outperformance, Leadership Behaviours are key. Our Leadership Behaviours set out how we expect each of our leaders to behave and define what good leadership looks like. Reckitt's leaders are expected to Own, Create, Deliver and Care, and in doing so, live our Purpose, Fight, and Compass, actively listen, learn, seek new opportunities, and focus on what matters. We have been proactively assessing our culture, including not only the role of our leaders but also the efforts of our employees. More information on our culture can be found on pages 9 to 11 and page 50.

How the Board monitors culture
A key focus of the Board is to monitor culture and ensure alignment between our Purpose, values, and behaviours. Our culture and values at Reckitt are defined by the Board and the GEC. Regular interactions with employees help the Board monitor culture and are detailed in the table.

How we monitor culture	Board interactions and engagement to monitor culture throughout the year
Connecting directly with our employees	Board members meet with employees regularly. As part of this year's September Board meeting schedule, Board members met informally with senior leadership from the Hygiene GBU and hosted employee engagement sessions. The Board reviewed feedback from the round-table discussions.
Monitoring employee perceptions	Regular global all-employee surveys include questions to gauge employees' perceptions and understanding of leadership, inclusion and wellbeing at Reckitt, and identify areas which require greater attention. This year's survey highlighted that employees would recommend Reckitt as a place to work; they feel there is a culture of achievement at Reckitt; they are proud to work for Reckitt, and value the commitments Reckitt makes. Similar to last year, responses from the survey also identified areas that need further improvement, such as: creating an even more inclusive workplace with more transparency on equal opportunities and career progression; improving processes and automation of manual tasks; and investing in and developing people. The Board will continue to monitor progress against these areas.
Creating a forum for employees to be heard	Employee Resource Groups (ERGs) are employee networks that aim to raise the visibility of underrepresented communities. They provide a space for colleagues to connect and support each other and are also represented on the Global Inclusion Board. In addition, throughout the year, Mary Harris, the Designated NED for engagement with the company's workforce, has maintained regular engagement with various employee groups, including the ERGs.
Ensuring employees are informed	Quarterly all-employee global live-streaming results broadcasts were held by the CEO and CFO to present the company results and employees are invited to ask questions and interact directly with presenters.
Staying informed of legal & compliance matters	At each Board meeting, the CRSEC Committee reports to the Board on legal compliance and ethics matters, including the Group's Speak Up programme, which provides safe communication channels for employees wishing to raise concerns on potential violations of regulations, internal policies or any misconduct observed at Reckitt
Maintaining open communication	During the September Board meeting schedule, a fireside CEO chat was broadcast to update Reckitt employees on recent leadership changes and to provide employees with an opportunity to ask questions.

DIVISION OF RESPONSIBILITIES

HOW WE ARE GOVERNED

Defining roles and responsibilities
The Board consists of a balance of Executive and Non-Executive Directors who, together, have collective accountability to Reckitt's shareholders and stakeholders as well as responsibility for the overriding strategic, financial and operational objectives and direction of Reckitt. The Board manages the overall leadership of the Group with reference to its formal Schedule of Matters Reserved for the Board. This schedule is reviewed annually, with the last review undertaken in November 2022, and broadly covers:

- Matters which are legally required to be considered or decided by the Board, such as approval of Reckitt's Annual Report and Financial Statements, declaration of dividends and appointment of new Directors
- Matters recommended by the Code to be considered by the Board, such as terms of reference for the Board and its Committees, review of internal controls and risk management
- Compliance with regulations governing UK publicly listed companies, such as the UK Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Regulation Rules
- Matters relating to developments in, or changes to, the Group's strategic direction, material corporate or financial transactions

The full Schedule of Matters Reserved for the *Board* is available on the Reckitt website at www.reckitt.com/investors/corporate-governance

Board roles and responsibilities
To ensure the Board performs effectively, there is a clear division of responsibilities, set out in writing and agreed by the Board, between the leadership of the Board and the executive leadership of the business. The key roles are defined in greater detail below.

NON-EXECUTIVE

The Chair

- Leading the Board and taking responsibility for the Board's overall effectiveness in directing the company
- Upholding the highest standards of integrity and ethical leadership, leading by example and promoting a culture of openness and debate, based on mutual respect, both in and outside the boardroom and in line with our Purpose, values, strategy and culture
- Chairing Board, Nomination Committee and shareholder meetings and setting Board agendas
- Encouraging constructive challenge and facilitating effective communication between the Board, management, shareholders and wider stakeholders, while promoting a culture of openness and constructive debate
- Ensuring an appropriate balance is maintained between the interests of shareholders and other stakeholders
- Leading the annual performance review process for the Board and its Committees and addressing any subsequent actions
- Promoting the highest standards of corporate governance
- Building a well-balanced, diverse and highly effective Board
- Ensuring Directors receive accurate, timely and clear information
- Ensuring there are appropriate induction and development programmes for all Board members
- Ensuring the long-term sustainability of the company

The Senior Independent Director

- Acting as a sounding board for the Chair on Board-related matters
- Acting as an intermediary for other Directors as necessary
- Evaluating the Chair's performance on an annual basis
- Chairing Board and Nomination Committee meetings in the absence of the Chair
- Being available to shareholders and stakeholders to address any concerns that they have been unable to resolve through normal channels
- Leading the search and appointment process for a new Chair when necessary

Non-Executive Directors

- Providing independent input into Board decisions through constructive challenge and debate, strategic guidance and specialist advice
- Setting and approving the company's long-term strategic, financial and operational goals
- Examining the day-to-day management of the business against the performance targets and objectives set, ensuring that management is held to account
- Reviewing financial information and ensuring it is complete, accurate and transparent
- Ensuring there are effective systems of internal control and risk management and that these are continually monitored and reviewed
- Setting appropriate levels of remuneration for Executive Directors and ensuring performance targets are closely aligned with shareholder interests
- Development of succession planning and the appointment and removal of senior management
- Taking into account and responding to shareholders' views

Designated Non-Executive Director for engagement with the company's workforce

- Overseeing the Board's engagement with the company's workforce together with management, to understand more about engagement and the culture of the company
- Developing and implementing employee engagement initiatives
- Providing an employee voice in the boardroom and reporting on matters relating to company culture, purpose and improvements

EXECUTIVE

The Chief Executive Officer

- Principally responsible for the day-to-day management of Reckitt, in line with the strategic, financial and operational objectives set by the Board
- Chair of the GEC, consisting of the CEO, the CFO and senior management executives, who together are responsible for execution of the company's strategy and achieving its commercial aims
- Effective development and implementation of strategy and commercial objectives as agreed by the Board
- Maintaining relationships with investors and advising the Board accordingly
- Managing Reckitt's risk profile and establishing effective internal controls
- Ensuring there are effective communication flows to the Board and the Chair, and that they are regularly updated on key matters, including progress on delivering strategic objectives
- Regularly reviewing the organisation structure, developing a Group Executive team and planning for succession
- Providing clear leadership to promote the desired culture, values and behaviours to inspire and support the company's workforce
- Ensuring the long-term sustainability of the business

The Chief Financial Officer

- Supporting the CEO in developing and implementing the company's strategy
- Leading the global finance function, and developing key talent and planning for succession
- Responsible for establishing and maintaining adequate internal controls over financial reporting and for the preparation and integrity of financial reporting
- Ensuring the Board receives accurate, timely and clear information in respect of the Group's financial performance and position
- Developing and recommending the long-term strategic and financial plan

The Company Secretary

- Providing advice and support to the Chair and all Directors
- Advising and keeping the Board up to date on all relevant legal and governance requirements and ensuring the company is compliant
- Ensuring the Board receives high quality, timely information in advance of Board meetings to ensure effective discussion
- Facilitating an induction programme for all Board members
- Ensuring there are policies and processes in place to help the Board function efficiently and effectively
- Keeping abreast of shareholders' views

A full description of the roles and responsibilities of the Chair, Chief Executive Officer and Senior Independent Director can be found in the Corporate Governance section of our website: www.reckitt.com

How we manage conflicts of interest
Directors have a duty under the CA 2006 to avoid interests, direct or indirect, which might conflict with the interests of the Group. Under the terms of the company's Articles of Association, such conflicts can be authorised by the Board. Procedures are in place to manage and, where appropriate, approve such conflicts. Any authorisations granted by the Board are recorded by the General Counsel & Company Secretary in a Register of Conflicts, together with the date on which the conflict was authorised. Any conflicts authorised during the year are reviewed annually by the Nomination Committee and the Board. In addition, each Director certifies on an annual basis that the information contained in the Register of Conflicts is correct.

The Board considered and approved additional external commitments taken on by Mehmood Khan, Pam Kirby and Alan Stewart.

The company indemnifies the Directors and Officers of the company and any Group subsidiary to the extent permitted by the CA 2006 and the Listing Rules in respect of the legal defence costs for claims against them and third-party liabilities. The indemnity would not provide cover for a Director or Officer if that individual was found to have acted fraudulently or dishonestly. Additionally, Directors' and Officers' liability insurance cover was maintained throughout the year at the company's expense.

Managing time commitment and 'overboarding'
On appointment, Non-Executive Directors are made aware of the need to, and are required to confirm that they will, allocate sufficient time to their role to discharge their responsibilities effectively. They are also required to seek agreement from the Chair before taking on additional commitments, and to declare any actual or potential conflicts of interest. Non-Executive Directors are engaged under the terms of a letter of appointment. Initial terms of appointment are for three years with three months' notice, with all Directors standing for election or re-election at every AGM. The Board has reviewed the length of service of each Director and considers that the Chair and each Non-Executive Director standing for re-election or election at this year's AGM is independent. The Board considers all Non-Executive Directors who served during the year to be independent.

The Board and Directors are confident that each Director individually has the expertise and relevant experience required to perform the role of a Director of a listed company and to contribute effectively to the Board and Committees to which they are appointed. The company recognises the developmental advantages of an external non-executive role on a non-competitor board and Executive Directors are permitted to seek such a role, provided that they do not take on more than one non-executive directorship in, nor become the Chair of, a FTSE 100 company.

Nicandro Durante is currently Chair of TIM Participações S.A. and Jeff Carr is currently a Non-Executive Director of Kingfisher plc and Chair of its Audit Committee.

Board support
The General Counsel & Company Secretary is responsible for organising Board meetings, as well as collating any papers for the Board to review and consider. Board and Committee papers are accessible to all Directors through a secure and confidential electronic document storage facility. This facility is maintained by Reckitt's Secretariat function and additionally holds other information which the Chair, the CEO or the General Counsel & Company Secretary may deem useful to the Directors, such as press releases and pertinent company information.

All Directors have individual access to advice from the General Counsel & Company Secretary and a procedure exists for Directors to take independent professional advice at the company's expense in furtherance of their duties.

Board induction, training and development
Reckitt has a comprehensive induction programme for new Directors. The programme covers Reckitt's business, together with the legal and regulatory requirements of Directors, and includes one-to-one presentations from senior executives across the Group covering topics such as strategy, investor relations, finance, and CRSEC Committee matters, including a focus on ESG matters, supply and the company's three GBUs – Hygiene, Health and Nutrition. The induction programme has several aims and serves multiple purposes. It provides new Directors with an understanding of Reckitt, its businesses and the markets and regulatory environments in which it operates. It provides an overview of the responsibilities for Non-Executive Directors of Reckitt, and it builds links to Reckitt's people and stakeholders. Incoming Board members will also have meetings with the Group's legal and compliance teams and an open offer to meet with the Group's External Auditor.

Alan Stewart's induction included meetings with key management across the business. He attended virtual meetings with the CEO, CFO and General Counsel & Company Secretary. He also met with the Presidents of the three GBUs. In addition, he had meetings with members of the GEC, including the Chief R&D Officer, Chief Supply Officer, Chief HR Officer, Chief Information & Digitisation Officer and Head of Corporate Affairs & Chief Sustainability Officer. Alan became a member of the Remuneration Committee on appointment to the Board and had meetings with Mary Harris, Chair of the Remuneration Committee, and the Group Head of Reward.

DIVISION OF RESPONSIBILITIES CONTINUED

Jeremy Darroch's induction, following his appointment as a Non-Executive Director and as a member of both the Remuneration and Nomination Committees, included a combination of in-person and virtual meetings over several days. Jeremy met with the CEO, CFO and General Counsel & Company Secretary, as well as the Presidents of the three GBUs. Jeremy also had meetings with Mary Harris, as the Designated Non-Executive Director for engagement with the company's workforce, the Committee Chairs, the GEC members and the Group Head of Reward and SVP Head of Investor Relations.

Both Non-Executive Directors' inductions covered legal compliance matters, including disclosure of conflicts of interest and persons closely associated, the UK Market Abuse Regulation and Reckitt's share dealing code. The Directors received copies of the Board and Committee terms of reference; Reckitt Benckiser Group plc Articles of Association; past Board and Committee effectiveness review summaries; the latest Annual Report and Sustainability Report; and company policies.

We aim to have one Board strategy meeting held at an off-site business location each year. This gives new Directors an opportunity to engage directly with employees and key personnel in other jurisdictions

The Chair has overall responsibility for ensuring that the Directors receive suitable training to enable them to carry out their duties. As part of their role, Directors are also expected to personally identify any additional training requirements they feel would benefit them in performing their duties to the company. Ongoing training arranged by the company covers a wide variety of sector-specific and business issues, as well as legal and financial regulatory developments relevant to the company and the Directors. Training is also provided by way of briefing papers or presentations at each scheduled Board meeting, as well as meetings with senior executives or other external sources. The Directors may, at the company's expense, take independent professional advice and are encouraged to continually update their professional skills and knowledge of the business and wider industry. During the year, training materials have been made available for Board members to view, including materials relating to Directors' duties.

BOARD PERFORMANCE REVIEW AND EFFECTIVENESS

Performance review of the Board

The Board undertakes an annual review of its own and its Committees' performance and effectiveness, with a formal externally facilitated performance review of the Board conducted at least every three years. In 2020, we engaged Lintstock Ltd (Lintstock) to facilitate a three-year Board Development Programme, which *was extended for an extra year in 2022. In this* third year of the four-year Board Development Programme with Lintstock, a survey-based review was conducted, consisting of an online questionnaire sent to all Directors. The 2022 Board performance review considered the effectiveness of the Board, as well as that of each Board Committee and the individual Directors. The areas of focus included Board composition, stakeholder oversight, Board dynamics and support, management and focus of meetings, Board Committees, strategic oversight, risk management and internal control, succession *planning and people oversight and priorities* for change. A report, with action points and recommendations for the Board to consider, was distributed to Directors and the results of the review were subsequently discussed by the Board at its November meeting.

In addition, the Chair's performance was considered by the Senior Independent Director with input from his fellow Non-Executive Directors and discussed following the November Board meeting without the Chair present. The discussion concluded that the Chair continued to devote sufficient time to his role and continued to lead the Board constructively, demonstrating objective judgement and encouraging a culture of openness and debate.

Lintstock is independent of and has no other links with the company or its Directors in connection with the performance review. Actions taken to address the findings of the 2021 review are also outlined below.

2021 recommendations	Action taken during 2022
Board composition and succession planning The Board's composition was rated highly. Considering board composition and renewal over the next three to five years in line with Reckitt's strategic goals, the need for further digital and marketing expertise was highlighted, as was the importance of ensuring appropriate geographical representation, including UK representation on the Board.	The Nomination Committee met throughout the year to discuss and review profiles of potential new Non-Executive Directors, taking into consideration feedback from Directors and the skills required on the Board. The appointments of Alan Stewart, Jeremy Darroch and Tamara Ingram OBE have brought strong UK-based leaders onto the Board and ensured effective succession in relation to the roles of Senior Independent Director and Chair of the Remuneration Committee. The Nomination Committee also continues to have oversight of the CEO succession process.
Competitive dynamics and consumer focus The need to ensure the Board's understanding and awareness of the views and requirements of key stakeholder groups was highlighted, including on competitive dynamics and consumer choices.	During 2022, the Board received detailed briefings focusing on competitive dynamics and the perspective of consumers. In addition, in July the Board undertook Listening Sessions in relation to self-care, where the Board heard perspectives from key stakeholders, including NGOs, providers and regulatory authorities.
People and culture The importance of monitoring employee sentiment and culture throughout the organisation was highlighted.	In addition to receiving briefings on the Group's regular employee 'pulse' surveys, at the September board meeting, the Board undertook roundtable sessions with small groups of Reckitt colleagues to have Listening Sessions to further understand current employee sentiment and company culture at Reckitt. In addition, throughout the year, Mary Harris, the Designated Non-Executive Director for engagement with the company's workforce, maintained regular engagement with various employee groups, including the Group's Employee Resource Groups (ERGs).

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

2021 recommendations	Action taken during 2022
Oversight of strategy and transformation Whilst the clarity of Reckitt's strategy was highly rated overall, the benefits of ensuring more detailed oversight of the Group's transformation and productivity programmes were noted.	Throughout the year, the Board received regular updates on Group strategy and the progress of the Group's productivity and transformation programmes, in particular, in relation to the ongoing programmes relating to Supply, IT & Digital and Cyber Security
Risk management and internal controls The Board's focus on risk was generally seen to be appropriate, although the scope for more in-depth focus on specific areas of risk was noted.	During 2022, the Board received updates on the Group's principal and emerging risks and also approved the refresh of the Group's risk management framework to ensure a closer alignment with the commercial and operational activities of the business

The 2022 review of the Board's performance and that of its Committees concluded that the Board, its Committees and individual Directors were performing effectively. The composition of the Board was considered appropriate in terms of its size, range of skills and expertise and level of diversity. Board members were considered to work well together to achieve objectives, with a sufficient degree of support and challenge provided by Directors. Whilst Board composition was rated highly, it was noted that ensuring appropriate geographical representation, gender diversity and recruiting Non-Executive Directors with IT/digital and marketing experience would be beneficial to the Board. The key priorities for the Board over the coming year were identified to include talent and succession planning including CEO succession, strategy, oversight of execution and delivery, risk management, investment in the capabilities and systems to deliver the strategy, and with a particular focus on Supply, IT & Digital and Cyber Security. The principal outcomes of the review will be reviewed and reassessed as part of the Board's 2023 performance review.

NOMINATION COMMITTEE REPORT

Member	Meetings attended
Chris Sinclair (Chair) Chair and member for the whole year	3/3
Andrew Bonfield Member for the whole year	3/3
Pam Kirby Member for the whole year	3/3
Mary Harris Member until 20 May 2022	2/2
Alan Stewart Member from 20 May 2022	2/2
Jeremy Darroch Member from 1 November 2022	1/1
Nicandro Durante Member until 1 September 2022	2/2

CHRIS SINCLAIR
CHAIR OF THE NOMINATION COMMITTEE

With the departure of Laxman Narasimhan, our focus during the latter part of the year has been the smooth transition of responsibilities to Nicandro Durante, and the search to identify the best long-term candidate to take Reckitt on the next phase of its growth and transformation journey

Highlights from the year
- Alan Stewart appointed to the Board as a Non-Executive Director joined the Nomination Committee and became Chair of the Remuneration Committee
- Jeremy Darroch joined the Board as Senior Independent Non-Executive Director and member of the Remuneration and Nomination Committees
- Nicandro Durante appointed as Chief Executive Officer (CEO)
- Tamara Ingram appointed to the Board as Non-Executive Director and member of the Audit Committee, with effect from 1 February 2023

Key focus for 2023
- CFO succession planning
- Induction programme for newly appointed Non-Executive Directors
- Continue to monitor succession planning for Board members nearing their nine-year term

Committee membership
Members of the Committee are appointed by the Board. Membership comprises the Chair, the Senior Independent Non-Executive Director and the Chairs of each of the Board's Committees. In accordance with the principles of the UK Corporate Governance Code 2018 (the Code), the Committee is made up of a majority of independent Non-Executive Directors. The General Counsel & Company Secretary acted as Secretary to the Committee during the year.

The membership of the Committee is reviewed annually by the Chair as part of the annual performance review of the Committee. All Directors are required to seek election or re-election each year at the Annual General Meeting (AGM). Biographical details of the Directors, including their skills and experience, can be found on pages 91 to 94

Meetings
Meetings of the Committee are held as needed but are required to take place at least once a year. In 2022, the Committee held three scheduled meetings and two additional meetings. Meetings usually take place ahead of Board meetings and the Chair of the Committee reports formally to the Board on its proceedings. Attendance at Committee meetings is set out in the Board meeting attendance table on page 98 of the Corporate Governance Report

Role and responsibilities
The role of the Committee is to ensure that there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board and to lead the process for Board appointments. The Nomination Committee has principal responsibility for making recommendations to the Board on new appointments and the composition of the Board and its Committees. The Committee also assists the Board in succession planning for senior management. The role of the Committee includes, but is not limited to, the following matters:

- Regularly reviewing the composition (including skills, experience, independence, knowledge and diversity) of the Board and making recommendations to the Board with regards to any changes deemed necessary, taking into account the length of service of the Board as a whole and the need to regularly refresh membership

- Reviewing the composition of each of the Board Committees and evaluating the performance and effectiveness of each Director
- Keeping under review the leadership capabilities of the company, covering both executive, non-executive and senior management positions, ensuring plans are in place for orderly succession, with a view to ensuring the continued ability of the company to compete effectively in the markets in which it operates. It is noted that the Committee considers management succession planning to be so important that it is reviewed by the full Board
- Ensuring that all newly appointed Directors undertake an appropriate induction programme to ensure that they are fully informed about the strategic and commercial issues affecting the company and the markets in which it operates, as well as their duties and responsibilities as a Director of the Board and member of a Board Committee(s)
- Keeping under annual review and continually monitoring potential conflicts of interest, and, if appropriate, authorising situational conflicts of interest, whilst ensuring the risk of unacceptable influence resulting from any conflict of interest is minimised

Key activities during 2022

Chief Executive Officer (CEO) succession planning

In September, Laxman Narasimhan stepped down as CEO, having decided to relocate back to the US for personal and family reasons. Since his appointment in September 2019, Laxman led a successful rejuvenation of the company's strategy, execution and foundational capabilities. We would like to take this opportunity to thank Laxman for leading the organisation over the last three years.

Upon Laxman stepping down as CEO, Nicandro Durante, previously the Senior Independent Non-Executive Director, stepped into the role as CEO whilst the Committee identifies the best long-term candidate to take Reckitt on the next phase of its growth and transformation journey. Nicandro has a wealth of experience at Reckitt, having joined as a Non-Executive Director in December 2013 and was appointed Senior Independent Non-Executive Director in January 2019. Upon his appointment as CEO, Nicandro ceased to be Senior Independent Non-Executive Director and also stepped down from the Nomination, Remuneration and CRSEC Committees. Having worked closely with Nicandro since he joined the Board, the Committee is confident he will provide the leadership needed for Reckitt.

The Committee has commenced the search for the best long-term leader to succeed Nicandro. The Committee is overseeing the CEO succession process, internally and externally, and has instructed Egon Zehnder International Ltd, an independent search agency, to assist with the search process. Egon Zehnder undertakes a number of executive (as well as non-executive) searches for the Group and is a signatory of the Voluntary Code of Conduct for Executive Search Firms in the UK to address diversity and best practice relating to Board appointments. It does not have any connection or provide any other services to the company or its individual Directors.

Senior Independent Non-Executive Director (SID) search, appointment, and induction

In September, upon Nicandro Durante's appointment as CEO, he ceased responsibilities as SID. Andrew Bonfield was appointed as SID for an interim term, to manage responsibilities until Jeremy Darroch joined the Board in November. Upon joining the Board, Jeremy Darroch was appointed as SID. Jeremy joins the Board as former Executive Chairman and Group Chief Executive of Sky. He has extensive experience in leadership positions and the Committee was delighted at his decision to join the Board. Information on Jeremy's induction process can be found on page 106 of the Governance Report.

New Director appointment process

The process for Board appointments is led by the Committee. The Committee conducts a rigorous search for suitable candidates with the objective of ensuring there is a diverse talent pool on the Board with a mix of experience and skills required to achieve the objectives of the business. The Committee supports diversity in its widest sense and seeks to appoint Board members from different backgrounds who will contribute differing perspectives to the Board.

For new Board appointments, the Committee considers the following matters:

- The purpose, values and culture of the business and the company's strategic priorities
- The key skills and experience which may be required on the Board and its Committees
- The importance of diversity including gender, personal strengths, and social and ethnic backgrounds

Non-Executive Director succession planning

During the year, the Committee conducted a search for new Non-Executive Directors to diversify the skills and expertise of the Board. In sourcing new Non-Executive Directors, the Committee considered the tenure of the existing Board members and the impact on the composition of the Board and its Committees. The Committee identified specific desirable skills in the search for new Non-Executive Directors including the need for individuals with digital expertise, the importance of additional experience in emerging markets and increased UK representation on the Board.

We instructed Egon Zehnder to carry out a search for new Non-Executive Directors. Upon its recommendation, we reviewed a list of candidate profiles considering their skills, experience, expertise and overall fit with Reckitt's culture, and the Committee Chair had exploratory meetings with potential candidates. After shortlisting potential candidates, individual meetings were held with each of the Committee members and the CEO. During the recruitment process, the Committee followed a formal, rigorous and transparent assessment with due regard to diversity, skills, knowledge and level of experience. All potential candidates are considered with regard to potential conflicts of interest and the level of time required for other appointments, in making recommendations to the Board.

In January 2022, we announced that Mary Harris would be stepping down as Chair of the Remuneration Committee and as member of the Nomination Committee upon the conclusion of the 2022 AGM. Mary remains on the Remuneration Committee and as the Designated Non-Executive Director for engagement with the company's workforce.

We were delighted that Alan Stewart joined the Board as a Non-Executive Director and member of the Remuneration Committee in February. At the conclusion of the 2022 AGM, Alan became Chair of the Remuneration Committee and a member of the Nomination Committee. Alan brings to the Board significant corporate finance and accounting experience from a variety of industries including retail, banking and travel, as well as executive leadership experience within a listed company environment.

Sara Mathew signalled her intention not to stand for re-election at the 2022 AGM and to resign from the Board and Audit Committee upon the conclusion of the AGM. We would like to take this opportunity to thank Sara for her services since joining the company.

During the year we announced two new Non-Executive Director appointments. Jeremy Darroch became a Non-Executive Director and member of the Remuneration Committee in November, and in December we announced that Tamara Ingram OBE would be joining the Board and Audit Committee in February 2023.

Renewal of existing Directors

Non-Executive Directors are initially appointed for a three-year term and generally continue to serve one or more further terms. All Directors are nominated for appointment by the Committee which is subsequently approved by the Board. During the year, the Committee considered the renewal of existing Non-Executive Directors. The Committee recommends that all existing Board members have their appointments renewed, and as such, resolutions to this effect will be proposed to shareholders for approval at the forthcoming AGM.

Details of the specific reasons each Director contributes to and continues to be important to Reckitt's long-term success are set out in the Notice of AGM, available at www.reckitt.com/investors/annual-general-meetings

NON-EXECUTIVE DIRECTOR APPOINTMENT PROCESS

STEP 1

The Committee reviews the composition of the Board and its Committees to identify the skills, experiences and expertise required

STEP 2

The Committee outlines a role specification and engages an external consultant to conduct a search for potential candidates

STEP 3

The Committee evaluates the potential candidates and considers the shortlist for meetings and interviews

STEP 4

Following the conclusion of interviews, the Committee's recommendation is submitted to the Board for consideration

STEP 5

Once the Board has approved the recommendation, the appointment is announced in line with the FCA's Listing Rules and a formal induction process commences

Group Executive Committee (GEC) changes

The GEC changes during the year reflect the Committee's focus on succession planning and the alignment of our functional leaders with Reckitt's strategic priorities and growth opportunities. Whilst the Committee's terms of reference include management succession planning, this is considered so important as to be reviewed and overseen by the full Board.

Following the departure of Rupert Bondy, in February, we were pleased to welcome Catheryn O'Rourke as General Counsel & Company Secretary and as a member of the GEC. In her role, Cathy is responsible for legal, company secretarial and legal compliance matters across Reckitt. Cathy joins the GEC with more than 20 years of professional expertise in running global legal and compliance teams, managing litigation and corporate transactions, overseeing financial reporting and disclosure as well as supporting Board governance.

In June, Miguel Veiga Pestana, Head of Corporate Affairs & Chief Sustainability Officer, left Reckitt. Upon the announcement of Miguel's departure, in April, Fabrice Beaulieu was appointed Chief Marketing, Sustainability and Corporate Affairs Officer. In his new role, Fabrice has joined the GEC and taken on responsibility for the corporate affairs and sustainability functions as well as retaining ongoing oversight of Marketing Excellence. Fabrice brings a wealth of experience to the GEC, having joined Reckitt in 1999. He has served in *roles in France, the UK, Benelux and Russia and* has extensive knowledge of the business.

Biographical details of GEC members can be found on pages 95 to 96

Review of Committee terms of reference

The terms of reference for the Committee are reviewed on an annual basis. During the year, the Committee's terms of reference were reviewed and considered to be fit for purpose, in-line with best practice. The current terms of reference for the Nomination Committee are available on our website at www.reckitt.com

Review of potential conflicts of interest

During the year, the Committee reviewed Board members' potential conflicts of interest. The Committee reviewed a schedule of external appointments and other potential situational conflicts as disclosed by each Director. Having reviewed the schedule, the Committee concluded that the appointments did not affect any Director's ability to perform his or her duties and recommended that the Board authorises each Director to continue in each of his or her external commitments. Each Director standing for election or re-election at the forthcoming AGM of the company has individually provided assurances that they remain committed to their roles and can dedicate sufficient time to perform their duties.

Composition

The Committee regularly evaluates the Board and its Committees, and considers the composition, balance of skills and experience, diversity and how effectively Directors work together to achieve Reckitt's objectives. The Committee ensures that plans are in place for orderly succession of the Board and senior executive management, overseeing a diverse pipeline of succession. *This ensures that the Board and* GEC benefit from fresh perspectives as well as the experience of longer-serving members.

NOMINATION COMMITTEE REPORT CONTINUED

Diversity and inclusion

The Board and Committee fully recognise the importance of diversity, including gender and ethnicity, at Board and senior management level in compliance with the Code. Inclusion is core to Reckitt's purpose to 'protect, heal and nurture in the relentless pursuit of a cleaner and healthier world'. We recognise that it is critical for us to have a diverse employee population and a Board and senior management team that is reflective of the markets we operate in and the consumers we serve.

We do not have a written Board diversity policy but the Committee and the Board are committed to recruit members of the Board on the strict criteria of merit, skill, experience and cultural fit of any potential candidates, and to seek diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. This commitment is demonstrated through our Board composition which comprises six nationalities, and four women. Notably Pam Kirby is the Chair of the CRSEC Committee and Mary Harris is the Designated Non-Executive Director for engagement with the company's workforce.

I am pleased to report that as at 31 December 2022, 33% of our Board members are women, which exceeds the 25% target set by the Davies Review and we have achieved the 33% target as outlined in the Hampton-Alexander Review We also meet the requirements of the Parker Review published in October 2017. Our Board consists of one member from an ethnic minority, in line with the Parker Review recommendation

Percentage of women Board members as at 31 December 2022

Our GEC, comprising the most senior management level in the business, represents seven different nationalities from across the globe, embodying our truly multinational focus. The company's wider global leadership community holds over 49 nationalities between them, representing a broad background of collective skills, cultures and experience. This widens our understanding of our consumers, who themselves come from the broadest possible backgrounds allowing us to be best placed in serving their needs

As at 31 December 2022, representation of women within the GEC was just under 20%, and within the GEC and their direct reports was 28% While progress has been made, we are cognisant of the gap in performance towards the 40% for women in leadership within the GEC as detailed in the Hampton-Alexander Review (and in Provision 23 of the Code). We are working to improve this and gender balance at all management levels.

We recognise that women's representation at our most senior levels needs improvement, and the Committee continues to make a commitment to increase women's representation at this level.

We were delighted that in February, Catheryn O'Rourke joined the company and the GEC as General Counsel & Company Secretary.

As at 31 December 2022, women employees accounted for 44% of our global workforce and make up 50% of our manager population.

We are committed to equality of opportunity in all areas of employment and business, regardless of personal characteristics. We always recruit the best and most suitable candidates for any role, and we strive for a well-balanced representation of backgrounds, nationalities, cultures, skills and experiences, at all levels across the Group. Ultimate responsibility and sponsorship for this policy rests with the GEC. Senior management is accountable, and all Reckitt employees are responsible for ensuring that our diversity policies and programmes are actively implemented and followed.

We continue to put diversity and inclusion at the core of everything we do. Further details can be found at pages 9 to 11 and in our stakeholder engagement section from page 47.

Performance review

Committee performance review

This year, the Committee participated in the main Board performance review conducted by Lintstock Ltd. Further details on the Board evaluation process can be found on pages 107 to 108.

AUDIT COMMITTEE REPORT

ANDREW BONFIELD
CHAIR OF THE
AUDIT COMMITTEE

During the year, the Committee continued to focus its oversight of the enhancement of internal controls and risk management framework, to ensure readiness for the anticipated corporate governance and audit reforms.

On behalf of the Board, I am pleased to present the Audit Committee Report for the financial year ended 31 December 2022.

This report details how the Committee has discharged its role, duties and performance during the year under review in relation to internal control, financial and other reporting, risk management, the internal audit function and our relationship and interaction with the External Auditor

Committee priorities for 2023

- Maintaining oversight and providing assurance to the Board on Reckitt's risk management and internal control procedures, including monitoring key areas in the context of risk and control such as IT and tax
- Sustaining a strong culture of risk management and embedding and strengthening internal controls across the Group
- Holistically monitoring potential legislative and regulatory changes which may affect the work of the Committee, including as a result of the Department for Business, Energy & Industrial Strategy (BEIS) consultation
- Keeping abreast of emerging risks, both domestic and international, arising from the current geopolitical and economic landscape

Committee membership

The Chair of the Committee is a Chartered Accountant with recent and relevant financial experience. He is currently Chief Financial Officer of Caterpillar Inc. and has previously held CFO roles for other listed companies

- All Committee members are independent Non-Executive Directors who have financial economics and/or business management expertise in large companies
- As Chair of the CRSEC Committee, Pam Kirby's membership of the Audit Committee ensures that relevant issues, such as risk, whistle-blowing and compliance are shared and coordinated between the two Committees
- Committee members are expected in particular to have an understanding of:
- The Group's operations, policies and internal control environment
- The principles of, and recent developments in financial reporting
- Relevant legislation, regulatory requirements and ethical codes of practice
- The role of internal and external audit and risk management

The Board is satisfied that, in compliance with the UK Corporate Governance Code 2018 (the Code), Committee members as a whole have competence relevant to the company's sector (consumer goods). The relevant financial and sectoral experience of each Committee member is summarised in the table on page 114

During the year, Sara Mathew did not stand for re-election at the AGM in May 2022, and accordingly stepped down as a Director and as a member of the Committee on that date We announced in December 2022 that Tamara Ingram OBE would be joining the Committee on her appointment as a Director of the company on 1 February 2023 Tamara is an outstanding leader with considerable expertise in global marketing services, and a deep understanding of consumer brands and digital strategy.

Committee appointments are generally made for a three-year period Members of the Committee are appointed by the Board on the recommendation

Committee membership

Composition	Member from	Meetings attended[1]	Recent and relevant financial experience	Sectoral experience relevant to Reckitt's operations
Andrew Bonfield (Chair)	July 2018	4/4	– Financial expert – Chartered Accountant – Currently CFO of a global US Fortune 100 company – Has held numerous CFO roles at other large companies, including those in the consumer goods sector	– Consumer goods – Pharmaceuticals/ healthcare
Pam Kirby	March 2016	4/4	– Sits on another FTSE 100 company's Audit Committee	– Pharmaceuticals/ healthcare – Technology
Margherita Della Valle[2]	July 2020	3/4	– Financial expert – Currently interim CEO and CFO of a FTSE 100 company – Holds a Master's degree in Economics – Has held senior finance roles and CFO roles at other large companies	– Consumer goods – Technology
Elane Stock	October 2021	4/4	– Holds Master's degrees in Finance	– Consumer goods – Emerging markets
Sara Mathew[3]	July 2019 to May 2022	1/2	– Financial expert – Holds Master's degrees in Finance and Accounting – Has held senior finance roles and CFO roles at other large companies	– Consumer goods – Pharmaceuticals/ healthcare

1 There were five (four scheduled and one additional) Committee meetings during the year

2 Margherita was unable to attend one meeting owing to a prior commitment

3 Sara did not stand for re-election as a Director at the Company's AGM on 20 May 2022 and therefore retired as a Director (and as a member of the Committee) on the same date

of the Nomination Committee, which reviews membership in terms of skills, experience, knowledge and diversity of gender, social and ethnic backgrounds, and cognitive and personal strengths. On joining the Committee and during their tenure, members receive additional training tailored to their individual requirements. Such training includes meetings with management covering internal audit, risk management, legal, tax, treasury and financial matters, as well as meetings with the External Auditor.

All members of the Committee receive regular briefings from management on matters covering governance and legislative developments, accounting policies and practices, and tax and treasury.

During the year, the Head of Secretariat acted as Secretary to the Committee.

Meetings
During 2022, the Committee held five meetings at times aligned to the company's reporting cycle. Of the five meetings held during the year, one non-scheduled meeting was held via videoconference, as permitted by the company's Articles of Association and the Committee's terms of reference. Committee meetings usually take place ahead of Board meetings and the Committee Chair provides an update to the Board on the key issues discussed at each meeting. Committee papers are provided to all Directors in advance of each meeting, including a copy of the Committee minutes.

Meetings are attended by senior representatives of the External Auditor, and by the Group Head of Audit, Chief Financial Officer (CFO) and SVP Corporate Controller. The Chair of the Board and the Chief Executive Officer are also invited to attend. Other management attend when deemed appropriate by the Committee. Time is allocated at the end of each meeting for private discussion with the internal audit team and the External Auditors without other invitees being present, as well as a private session of the Committee members. Committee member meeting attendance during the year is set out in the table opposite.

Role and responsibilities
The Committee is part of the Group's governance framework and supports the Board in fulfilling its oversight responsibilities in ensuring the integrity of the Group's financial reporting, internal controls and overall risk management process, and relationship with the company's External Auditor. There were no significant changes to the Committee's role and responsibilities during the year. The Committee's role and responsibilities are set out in its terms of reference, which are available on our website at www.reckitt.com.

Committee meetings cover matters set out in its terms of reference related to the reporting and audit cycle, including: half- and full-year results; internal and external audit work plans and reports; and regular updates from financial management and the External Auditor.

Activity during the year
Standing agenda items reviewed by the Committee throughout the year

- Received reports from the SVP Corporate Controller, internal audit function and External Auditor
- Considered tax and treasury matters, including provisioning for uncertain tax positions and compliance with statutory reporting obligations
- Considered legal matters, including provisioning and compliance risk

AUDIT COMMITTEE REPORT CONTINUED

- Kept abreast of changes in financial reporting and governance matters by way of technical updates throughout the year
- Annual review of risk management and internal controls including in-depth review of risks across Group functions, and of integrated risk management framework
- Monitored the Group's risk assessment processes
- Received regular reports on internal controls and the company's controls transformation programme

Other items considered by the Committee at meetings during the year

- Review of the 2021 preliminary results announcement, draft unaudited Financial Statements and recommendation for approval by the Board
- Review of the 2021 Annual Report and Accounts, the going concern basis of preparation and Viability Statement, including whether the Committee could recommend that the Board approve the 2021 Annual Report and Accounts
- KPMG's 2021 audit findings report, observations on Reckitt's internal controls for the 2021 financial year, management representation letter and report on the 2021 Annual Report and Accounts
- KPMG's final non-audit fees for 2021 and approval of KPMG's 2022 audit fees
- Review of the 2022 half-year results announcement, including the going concern basis of preparation, and recommendation for approval by the Board
- KPMG's half-year review report findings to 30 June 2022 and management representation letter
- KPMG's assessment of its objectivity and independence
- KPMG's strategy for the 2022 audit
- KPMG's interim IT control findings relating to the 2022 audit cycle and audit strategy update
- Work undertaken in respect of the 2021 internal audit plan and monitoring the 2022 internal audit plan
- Annual review of IT general controls, cyber security and IT operations
- Annual review of legal and compliance controls
- Review of risk management and business continuity
- Annual review and approval of Group Treasury policies
- Review of the Committee's 2023 standing agenda and terms of reference
- Results of the performance reviews of the Committee, the internal audit function and external audit

Significant and key financial reporting matters
The key matters reviewed and evaluated by the Committee during the year were as follows

The Committee is responsible for reviewing and approving the appropriateness of the interim and annual Financial Statements and related announcements, including:

- Recommending that, in the Committee's view, the Financial Statements are fair, balanced and understandable. In addition to the detailed preparation and verification procedures in place for the 2022 Annual Report and Financial Statements, management continued its focus on narrative reporting and clear written and visual messaging to communicate the Group's strategy
- Reviewing the appropriateness of the accounting policies, judgements and estimates used as set out from page 181 to 188 and concluding that the judgements and assumptions used are reasonable
- Reviewing the Group's policy relating to, and disclosure of, alternative performance measures (APMs)

Areas of significant financial judgement
The areas of significant financial judgements in relation to the 2022 Group Financial Statements considered by the Committee, together with a summary of the actions taken, were as follows:

Recoverability of goodwill and other intangible assets
Under International Financial Reporting Standards (IFRS), goodwill and indefinite-life assets must be tested for impairment on at least an annual basis. Impairment testing is inherently judgemental and requires management to make multiple estimates, for example around future price and volume growth, future margins, terminal growth rates and discount rates. The Group's impairment testing utilised cash flow projections included within one-year budgets and three- to five-year strategic plans. Cash flows beyond the five-year period were projected using terminal growth rates

As a result of impairment testing performed in 2022, management recorded a £167 million impairment charge in relation to goodwill, comprising a charge of £152 million relating to its Biofreeze cash-generating unit (2021: no impairment charge) and £15 million (2021: no impairment charge) relating to other CGUs. Management determined that the Group's other goodwill and indefinite-lived intangible assets remained recoverable at 31 December 2022 and no other impairment charges were required (2021: no impairment charges)

In November 2022 and February 2023, the Committee reviewed the detailed results of the impairment testing for Biofreeze, and challenged the key assumptions which underpinned the Biofreeze recoverable amount, including anticipated market share improvement, the commercial success of new product launches and international market expansion. The Committee confirmed the key judgements and estimates made by management including market expansion and discount rate, and reviewed the sensitivity of the Biofreeze impairment model to changes in key assumptions

Following the impairment of Biofreeze, no headroom exists between its recoverable amount and carrying value. As required under IFRS, management has included disclosures in the Financial Statements in relation to its Biofreeze impairment assessment. The disclosures for Biofreeze includes the key estimates underpinning the Biofreeze recoverable amount, and the sensitivity of the Biofreeze recoverable amount to reasonable changes in key estimates. The Committee has reviewed these disclosures, included within Note 9, and considers them appropriate

Tax provisioning
From time to time, the Group may be involved in disputes in relation to ongoing tax matters in a number of jurisdictions around the world where

AUDIT COMMITTEE REPORT CONTINUED

the approach of the local authorities is particularly difficult to predict. The amount of uncertain tax position liabilities recorded in relation to these investigations is an area where management and tax judgement are important. The Committee reviewed the key judgements made with management, including relevant professional advice that may have been received in each case, and considers the level of uncertain tax position liabilities recognised to be appropriate.

As required under IFRS, management has included disclosure in the Financial Statements outlining the amount of uncertain tax position liabilities and the methodology by which they have been recognised and the sources of estimation uncertainty in relation to these uncertain tax position liabilities or the rationale for why sensitivity disclosure is not meaningful and has not been provided in the Financial Statements. The Committee has reviewed these disclosures, included within Notes 1 and 22, and considers them appropriate.

Trade spend accruals
Trade spend is a significant cost for the Group, with the principal accounting judgements relating to trade accruals, specifically the timing of recognition and the determination of management's best estimate of the amount of trade spend which will ultimately be incurred.

The Audit Committee focused on the level of trade spend accruals at the year end to ensure they are sufficient and appropriate. In addition, the Committee evaluated the accuracy of management's estimation of trade spend accruals through reviewing the subsequent utilisation of trade spend accruals which were originally recorded in the 2021 Financial Statements, in part due to the continuing increased uncertainty and judgement in the estimation of trade spend accruals since the COVID-19 pandemic.

Legal liability provisioning
At 31 December 2022 a provision of £221 million (2021: £180 million) was held on the Group's Balance Sheet in relation to regulatory, civil and criminal investigations as well as litigation proceedings, including a provision in respect of the South Korea Humidifier Sanitiser (HS) issue. The Committee has reviewed the status of potential legal and constructive liabilities during the year, and at the year end, in relation to the HS issue, Necrotizing Enterocolitis (NEC) and other significant matters. The Committee challenged management on legal judgements made in determining the level of provisions recognised and was satisfied with the level of provisioning and associated disclosure for the HS issue, Necrotizing Enterocolitis (NEC) and other significant matters.

Other key financial reporting matters
Other key matters reviewed and evaluated in relation to the 2022 Group Financial Statements considered by the Committee, together with a summary of the actions taken, were as follows.

Going concern and Viability Statement
A viability review was undertaken by management, encompassing its going concern review. The Committee reviewed and challenged the key assumptions used by management in its Viability Review and going concern assessment, as well as the scenarios applied and risks considered. Based on its review, the Committee considers that the application of the going concern basis for the preparation of the Financial Statements was appropriate and confirmed the suitability of the Viability Statement covering a five-year period, as set out on page 87. The use of a five-year period for the Viability Review is the period of the Group's long-term forecasting process and covers the various business cycles.

Fair, balanced and understandable
The Committee reviewed the 2022 Annual Report and Financial Statements to ensure that it is fair, balanced and understandable and provides sufficient information to enable shareholders to assess the Group's position, performance, business model and strategy.

The Annual Report project team was primarily comprised of individuals in Reckitt's company secretarial, finance, investor relations, internal audit, reward, corporate communications and sustainability teams. Individuals from those teams with sufficient knowledge and experience undertook the drafting of the relevant sections of this Annual Report. The overall governance and coordination of the Annual Report was managed by an Annual Report Project Manager, in conjunction with the corporate communications team. The project team held regular meetings in person and via telephone or videoconference and accountability was ensured by obtaining internal sign-off from key stakeholders in the project team for the section(s) they were responsible for. Each section was drafted in accordance with an agreed standard operating procedure, ensuring that facts, figures and statements contained within the Annual Report were verified. The Committee determined that the preparation and verification processes were robust.

The Directors, individually and collectively, were provided with drafts of the Annual Report at key stages. The Disclosure Committee met three times to ensure sufficient oversight of the preparation and verification processes and to review drafts ahead of these being reviewed by the Board.

The Committee reviewed the form, content and consistency of narrative within the 2022 Annual Report and Financial Statements, the disclosures contained in the Financial Statements and the underlying processes and controls, which were confirmed as appropriate. The Committee also reviewed KPMG's audit findings report, draft audit opinion and draft management representation letter. Following the Committee's review, the Committee was satisfied that the 2022 Annual Report and Financial Statements, taken as a whole, met its objectives and accordingly we recommended to the Board that the 2022 Annual Report and Financial Statements be approved and we supported the Board in making its statement on page 160

Financial Reporting Council correspondence
During 2022, correspondence was received from the Financial Reporting Council (FRC) which confirmed that the FRC had conducted a review of the Group's Annual Report and Financial Statements for the year ended 31 December 2021.

The FRC did not raise any formal comments which required a response from the company. Instead the FRC noted certain matters which the company should consider in the preparation of its Annual Report and Financial Statements for the year ended 31 December 2022.

The company has considered the matters noted by the FRC and has included certain additional information and disclosures, where material and relevant, in the 2022 Annual Report and Financial Statements. The Committee reviewed management's response to the matters noted by the FRC, and considers the additional information and disclosure included in the 2022 Annual Report and Accounts to be appropriate.

Risk management
The Committee supports the Board in fulfilling its oversight responsibilities in ensuring the integrity of the Group's financial reporting (including the Annual Report and Financial Statements), internal controls and overall risk management process, and the relationship with the External Auditor. The Committee makes recommendations to the Board in relation to approval of the Annual Report and Financial Statements. In monitoring the adequacy and effectiveness of the system of risk management and internal controls, the Committee reviewed compliance procedures and Reckitt's overall risk framework (including the Group's whistle-blowing arrangements) and considered financial, operational risk and internal control processes at Group, Global Business Unit (GBU), corporate and functional levels.

There were no significant failings or weaknesses during the year meriting disclosure in this report. As outlined below (see Internal Controls) Reckitt's ongoing controls transformation programme in preparation for internal controls changes arising from the BEIS consultation has identified certain control improvement opportunities that management is currently undertaking. The Committee reported to the Board in February 2023 that it considers the internal control framework to be functioning appropriately, to enable the Board to meet its obligations under section 4 of the Code, to maintain sound risk management and internal control systems, and to report to shareholders on these in the Annual Report (see page 101). The Committee also reviewed the 'three lines of defence' framework and the Group's principal and emerging risks.

Reckitt's finance function, headed by the CFO, has implemented policies, processes and controls to enable the company to review and fully comply with changes in accounting standards and relevant financial regulations. These policies, processes and controls are kept under review on an ongoing basis to ensure both internal and external developments are reviewed and responded to.

The basis for the preparation of the Group Financial Statements is set out on page 181 under Accounting policies.

The company's External Auditor's report, setting out its work and reporting responsibilities, can be found on pages 161 to 176. The terms, areas of responsibility and scope of the External Auditor's work are agreed by the Committee and set out in the External Auditor's engagement letter.

More information on the Group's principal and emerging risks and strategy for growth and achieving targeted goals is detailed in the Strategic Report, which can be found on pages 80 to 86.

The Viability Statement can be found on page 87.

The Statement of Directors' Responsibilities on page 160 details the going concern statement as required by the Listing Rules and the Code and the Directors' responsibility for the Financial Statements, for disclosing relevant audit information to the External Auditor and for ensuring that the Annual Report is fair, balanced and understandable.

Internal controls
Internal control processes are implemented through clearly defined roles and responsibilities, supported by clear policies and procedures, delegated to the Group Executive Committee (GEC) and senior management. Reckitt operates a 'three lines of defence' model in monitoring internal control systems and managing risk.

1. Management in the first line ensures that controls, policies and procedures are followed in dealing with risks in day-to-day activities. Such risks are mitigated at source with controls embedded into relevant systems and processes. Supervisory controls, either at management level or through delegation, ensure appropriate checks and verifications take place, with any failures dealt with promptly. Throughout Reckitt, a key responsibility for any line manager is to ensure the achievement of business objectives with appropriate risk management and internal control systems.
2. Each function and GBU has its own management which acts as a second line of oversight. This second line sets the local level policies and procedures, specific to its own business environment, subject to Group policy and authorisation. The second line further acts in an oversight capacity over the implementation of controls in the first line. The financial performance of each function and GBU is monitored against pre-approved budgets and forecasts ultimately overseen by the executive management and the Board. As part of the second line, the corporate control team identifies financial risks and mitigates these with appropriate internal controls, set out through minimum expected financial control requirements. The effectiveness of the global financial control framework is reviewed annually. Further, the Group's compliance controls include the operation of an independent and anonymous 'Speak Up' whistle-blowing hotline, annual management reviews and the provision of training specific to individual needs within the business.
3. The third line of defence is provided by the internal audit team which provides independent and objective assurance to the Committee and management on the adequacy and effectiveness of risk management systems and internal controls operated by the first and second lines of defence. Internal audit also facilitates the integrated risk management process.

Reckitt's internal control framework provides assurance that business objectives are achieved, that business is conducted in an orderly manner and in compliance with local laws, that records are accurate, reliable and free from material misstatement, and that risks are understood and managed.

The corporate control team is accountable for managing global control policies and frameworks and for monitoring the effectiveness of the Group's internal control environment. Local markets conduct an annual controls self-assessment comprising over 150 system-agnostic controls across key financial processes. Corporate control is responsible for reporting and monitoring controls at local, GBU and global levels, working with markets to improve risk and controls capability and to support the development of remediation plans and corrective actions for control weaknesses.

In preparation for internal control changes from the BEIS consultation the company has established a multi-year controls transformation programme. In 2022 the controls transformation programme has developed an updated standardised and risk-focused controls framework for financial and IT general controls. This framework has been tested in three pilot markets during the year ahead of global roll-out in 2023. In future periods, assurance over the operating effectiveness of controls in the revised framework will be

AUDIT COMMITTEE REPORT CONTINUED

provided by controls testing conducted by the financial second line of defence team.

At each meeting, the Committee reviews a report outlining the status of the controls transformation programme, and other notable controls activity since the previous meeting. In 2022 this included the Committee's monitoring of management's response to the 2021 investigation into the creation, utilisation and release of certain operational expenditure and trade investment accruals within the Hygiene GBU in 2020 and 2021. The Committee reviewed management's response plan, including its comprehensive communication and training programme, targeted balance sheet assurance programme, enhancement of the finance second line and acceleration of the company's existing record-to-report and controls transformation programmes. The Committee satisfied with the progress made in 2022.

Internal audit

The Committee is responsible for reviewing and monitoring the effectiveness of the internal audit function. The Group Head of Audit reports to the Chair of the Committee and to the CFO for administrative matters and updates the Committee at each meeting. The internal audit function is responsible for impartially assessing the key risks of the organisation and appraising and reporting on the adequacy and effectiveness of Reckitt's risk management and internal controls in financial, information systems and other business and operational areas in order to develop and improve the effectiveness of the Group's risk management control and governance processes and strategies. The independence of the Group Head of Audit and the internal audit function is considered as part of the annual internal audit effectiveness review. Further details can be found on page 119.

The internal audit plan is prepared on a half-yearly basis under an agreed rotation and scope policy and reflects a risk-based approach. Audit locations are selected based on a number of factors including the risks related to the business as well as the period since the last audit. Information systems, change programmes and activities of Group functions also fall within internal audit's remit and are subject to audit. Following each audit, findings are reviewed and reported to management and to the Committee, together with recommendations and updates. Resulting management actions are tracked until they are satisfactorily closed.

In 2022 internal audit retired the series of 'operational resilience reviews' adopted in response to the COVID-19 pandemic and reinstated its pre-pandemic approach of on-site, where permitted, risk-based scope audits of Reckitt's commercial businesses and manufacturing facilities. Routine internal audit work delivered audits which covered £5.5 billion (by net revenue) of Reckitt's global commercial business and £549 million (by industrial sales) of global manufacturing facilities. Internal audit also continued with IT audits, programme assurance and risk-based process reviews, designed to provide broader assurance on a top-down/thematic basis. Audits that identified significant weaknesses in the control environment normally receive a follow-up audit within six to 18 months as appropriate.

External Auditor

The Committee is responsible for maintaining the relationship with the External Auditor on behalf of the Board. The company's External Auditor is KPMG LLP (KPMG). Following a competitive tender undertaken in 2017, KPMG was formally appointed as the Group's External Auditor by shareholders in 2018. The company will be required to conduct its next external audit tender no later than 2027. For the year ended 31 December 2022, the company has complied with the Competition and Markets Authority Order: The Statutory Services for Large Companies Market Investigation (Mandatory use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

The Committee considers and makes a recommendation to the Board in relation to the appointment, reappointment and removal of the External Auditor, taking into account independence, effectiveness, lead audit partner rotation and any other relevant factors, and oversees the tendering of the external audit contract. The Committee approves the External Auditor's terms of engagement and remuneration and reviews the strategy and scope of the audit and the work plan. The Committee also monitors the rotation of the lead audit partner every five years in accordance with the FRC's Ethical Standard. The current lead audit partner, Andrew Bradshaw, has completed his first year as lead audit partner.

During the year, KPMG's reports to the Committee included the following matters:

- Audit strategy, materiality and scope (and regular updates)
- Audit findings and half-year review findings (and any updates) including identification of any significant risks to the audit and other key accounting and reporting matters
- Review of going concern and the Viability Statement
- Draft audit opinion
- Draft management representation letters
- Draft engagement letter
- Review of KPMG's 2022 Audit Quality Inspection Report issued by the FRC
- Analysis of non-audit services provided
- IT and other control findings

Besides the annual evaluation of the External Auditor, the Committee continually reviews the External Auditor's effectiveness through means such as the monitoring of its progress against the agreed audit plan and scope. KPMG reports to the Committee annually with an audit quality scorecard, providing a holistic view of, and their investment in, audit quality and how they measure their audit quality progress.

The Committee reviews the nature and level of non-audit services undertaken by the External Auditor during the year to satisfy itself that there is no impact on its independence. The Committee is required to approve all non-audit services. The Board recognises that in certain circumstances the nature of the service required may make it timelier and more cost-effective to appoint an auditor that already has a good understanding of Reckitt. The total fees paid to KPMG for the year ended 31 December 2022 were £23.0 million, of which £3.5 million related to non-audit and audit-related work (to which KPMG was appointed principally for the above reasons). The Group's internal policy on non-audit fees (effective 1 January 2017) states that, on an annual basis, non-audit fees shoud not exceed 50% of the Group's external audit and audit-related fees for the year. The Board confirms that, for the year ended 31 December 2022, non-audit and audit-related fees were 17.9% of the audit fees. Details of services provided by the External Auditor are set out in Note 4 on page 190.

AUDIT COMMITTEE REPORT CONTINUED

Reckitt has a formal policy in place to safeguard the External Auditor's independence. In addition, as part of its audit strategy presentation to the Committee in May 2022, KPMG identified its own safeguards in place to protect its independence and confirmed its independence in February 2023 to the Committee.

The Group has a policy that restricts the recruitment or secondment of individuals employed by the External Auditor into positions that provide financial reporting oversight where they could exercise influence over the financial or regulatory statements of the Group or the level of audit and non-audit fees.

The External Auditor is a key stakeholder in helping the Committee fulfil its oversight role for the Board. The Committee remains satisfied with the External Auditor's independence and effectiveness and believes KPMG is best placed to conduct the company's audit for the 2023 financial year. KPMG has expressed a willingness to continue as External Auditor of the company. Following a recommendation by the Committee, the Board concluded, on the Committee's recommendation, that it was in the best interests of shareholders to appoint KPMG as the company's External Auditor for the financial year ending 31 December 2023. In accordance with Section 489 of the Companies Act 2006, resolutions to propose the reappointment of KPMG as the company's External Auditor and to authorise the Committee to fix its remuneration will be put to shareholders at the AGM on 3 May 2023.

Other than the provision of advisory services to a Director in their personal capacity, KPMG had no connection with the Directors during the financial year.

Governance

Committee performance review

This year, a performance review of the Committee was conducted as part of the Board's external performance review, conducted by Lintstock Ltd.

The performance review of the Committee *utilised a bespoke questionnaire sent to* Committee members. Matters evaluated by Committee members included time management and composition, Committee processes and support, and the work of the Committee and its priorities for change. All areas received 'good' or 'excellent' scores overall, with reporting to the Committee scoring the highest.

The Board, having had sight of the results of the Committee's performance review, considers the Committee to be operating effectively.

Internal audit evaluation

The annual internal audit effectiveness review was conducted in two parts. An internal audit and risk management survey was circulated to internal stakeholders including Committee members, the GEC and GBL, functional and regional leadership teams. The internal audit team also performed a peer review for audits completed during the year to request feedback.

The evaluation of the internal audit function covered the following areas: risk management – objectives, skills and experience, process and key opportunities, and internal audit – skills and experience, quality, audit scope, audit cost, audit communication, independence, change catalyst and key opportunities. The effectiveness review reported strong, positive feedback which *demonstrated that the internal audit function was* trusted and respected. Key highlights are that the internal audit function has a broad range of skills and expertise, provides clear, concise and consistent audit reports with opportunities to share learnings and good practices across the business, and has opportunities to continue to deepen business understanding and awareness. It is also noted that the integrated risk management framework is driving a better understanding of risk, with an opportunity for the internal audit function to use this 'risk intelligence' to move towards a risk-based approach and broader range of strategic and operational audits.

The independence of the Group Head of Audit and the internal audit function was confirmed.

The Committee considered the effectiveness *review and the work carried out by the* internal audit function as reported at every Committee meeting and concluded that it is an effective operation, and the Committee remains satisfied that the resourcing, quality, experience and expertise of the function is appropriate for the company.

External audit evaluation

The annual evaluation of the External Auditor was carried out in early 2022 and the results reported to the Committee in May 2022. The assessment of the External Auditor was conducted using a survey circulated to the Board, Group Executive Committee, GBL, finance and other functional leadership, and local finance management. The survey covered the four competency areas in the FRC's Guidance on Audit Quality practice aid for Audit Committees (published in December 2019): Judgement, Quality Control, Skills and Knowledge, and Mindset and Culture.

Overall, The Committee remains satisfied with the External Auditor's independence, effectiveness, review and challenge and believes KPMG is best placed to conduct the company's audit for the 2023 financial year.

ANDREW BONFIELD
CHAIR OF THE AUDIT COMMITTEE
Reckitt Benckiser Group plc

28 February 2023

CORPORATE RESPONSIBILITY, SUSTAINABILITY, ETHICS AND COMPLIANCE COMMITTEE REPORT

Member	Meetings Attended
Pam Kirby (Chair) Chair and member for the whole year	4/4
Nicandro Durante Member until 1 September 2022	3/3
Mehmood Khan Member for the whole year	4/4
Chris Sinclair Member for the whole year	4/4
Olivier Bohuon Member from 1 November 2022	1/1

On behalf of the Board, I am pleased to present the Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee Report for the financial year ended 31 December 2022.

This report details how the Committee has discharged its role and responsibilities during the year in relation to monitoring and assessing the company's approach to responsible, sustainable, ethical and compliant corporate conduct in accordance with the company's Purpose, Compass, culture and values, the Group's purpose-led strategy and societal responsibility.

PAM KIRBY
CHAIR OF THE CORPORATE RESPONSIBILITY, SUSTAINABILITY, ETHICS AND COMPLIANCE COMMITTEE

In our continued commitment to good corporate governance – and doing the right thing, always – the Committee reviewed a broad range of CRSEC topics throughout the year and provided robust challenge.

Committee priorities for 2023

- Oversee and make recommendations to the executives and the Board for actions to be taken in respect of the Group's corporate responsibility and sustainability, ethics and compliance strategies, policies, programmes and activities
- Take a proactive approach in anticipating and preparing for legislative or regulatory changes and reviewing processes to ensure compliance
- Review our sustainability objectives and chart progress against our targets, including overseeing the Group's conduct with regard to its corporate and societal obligations as a responsible global citizen on behalf of all stakeholders
- Monitor and review the processes for risk assessment as regards corporate responsibility (including human rights and product safety), sustainability and compliance matters (including regulatory and quality risk assurance and restrictive trade practices) and ethical conduct
- Continue focus on delivering the safety, quality, and compliance agenda
- Maintain responsiveness to global events impacting consumers, where Reckitt can provide support and assistance
- Keep abreast of market access conditions and maintenance of products, given the current UK political and wider economic landscapes

Committee membership
Members of the Committee are appointed by the Board on the recommendation of the Nomination Committee, which reviews membership in terms of skills, knowledge, diversity and experience. The Board is satisfied that each member of the Committee is independent and that Committee members collectively have competence relevant to the company's sector and the industries in which it operates. On joining the Committee and during their tenure, members receive additional training tailored to their individual requirements. Such training includes meetings with internal management covering CRSEC matters. All members of the Committee receive regular briefings from senior executives on matters covering governance, regulatory and legislative developments, product safety and corporate responsibility, sustainability and ethics-related matters, and Reckitt practices and policies in these areas.

During the year, the Assistant Company Secretary acted as Secretary to the Committee.

Meetings
The Committee is expected to meet at least three times per year. In 2022, the Committee held four meetings. Meetings usually take place ahead of Board meetings and the Chair of the Committee reports formally to the Board on the Committee's proceedings. The CEO, CFO, Chief R&D Officer, Group Head of Audit, General Counsel & Company Secretary, Chief Supply Officer, Group Chief Ethics and Compliance Officer, Global Head of External Communications & Affairs, Group Head of Sustainability, Chief Safety Officer, SVP Head of Global Quality and the Global Director of Health & Safety, Quality and Compliance and Corporate Security regularly attend meetings. Other Board members are invited to attend all meetings. Other senior management attend when deemed appropriate by the Committee. Time is allocated at each meeting for private discussion with the Chief R&D Officer, Group Chief Ethics and Compliance Officer, Chief Supply Officer, Global Head of External Communications & Affairs, Group Head of Sustainability and Group Head of Audit without other invitees being present, as well as a private meeting of the Committee members. All Board members are provided with copies of Committee papers and minutes.

In addition to reviewing matters at Committee meetings, the Committee Chair held regular meetings with our CEO, Chief R&D Officer, Chief Supply Officer, Global Head of External Communications & Affairs, Group Head of Sustainability and Group Chief Ethics and Compliance Officer, to review progress against the strategy and to represent the Board in supporting the efforts in these critical areas.

Role and responsibilities
The Committee is part of the Group's governance framework and supports the Board in fulfilling its oversight responsibilities in ensuring the integrity of the Group's corporate responsibility and sustainability, ethics and compliance strategies, policies, programmes and activities. Its role and responsibilities are set out in its terms of reference, which can be found at www.reckitt.com. We review our terms of reference annually. During the year, the Committee's terms of reference were reviewed and considered to be fit for purpose, in-line with best practice.

The Audit Committee has a monitoring function in respect of risk management and internal control systems, especially financial controls, which also includes the assurance framework established by management to identify and monitor risks identified by the CRSEC Committee. The Committee liaises with the Audit Committee and the Chair of the CRSEC Committee is a member of the Audit Committee.

Standing agenda items reviewed by the Committee throughout the year
The Committee has several standing agenda items which it considers in-line with its terms of reference.

- Reviewing the constitution, terms of reference and performance of the Committee
- Assessment, benchmarking and recommendations on policies, processes and procedures for corporate responsibility, sustainability and compliance and ethical conduct
- Overseeing the Group's conduct with regard to its corporate and societal obligations as a responsible global citizen on behalf of all its stakeholders, including reviewing the company's statement on Modern Slavery and Trafficking
- Reviewing and monitoring implementation and compliance with the company's Speak Up! Policy and review of reports
- In conjunction with the Audit Committee, reviewing the company's whistle-blowing, fraud and compliance arrangements, including the adequacy and security for the workforce to raise concerns, procedures for detecting fraud, systems and controls for the prevention of bribery and modern slavery
- Monitoring and reviewing processes for risk assessment for corporate responsibility, sustainability, and compliance and ethical conduct
- Agreeing targets and KPIs for corporate responsibility, sustainability and compliance and ethical conduct. Reviewing internal and external reports on progress towards set targets and KPIs
- Receiving reports from management committees in respect of corporate responsibility, sustainability, ethics, and compliance and investigating and taking action in relation to issues raised or reported

Specific matters which were considered by the Committee at its meetings during the year include:

- Product safety evaluation and product lifecycle management
- Regulatory matters review and remediation programmes
- Quality performance and risks
- Employee health and safety performance and risks
- Assets safety
- Supply chain resilience and continuity risks
- Market access and maintenance of products, including raw material sourcing
- 2022 compliance and ethics priorities
- Ethics and compliance maturity evolution and communication plan
- Annual compliance training and Code of Conduct
- Data privacy maturity assessment
- Trade sanctions compliance
- External affairs activity, including public policy and advocacy and issues and crisis management

- Reporting on social impact and gender pay gap
- Ukraine and our humanitarian response
- IFCN progress, including position on sugars and response to the US infant formula shortage
- Sustainability matters and target tracking, including sustainable sourcing programme, the environment and climate change programme activity, product stewardship, plastics and packaging

Some of the key achievements in the reporting period follow.

Other items considered by the Committee during the year

Sustainability

2022 saw further development of our environmental social and governance (ESG) and sustainability agenda. We continued work across the three pillars of our 2030 Sustainability Ambitions: purpose-led brands, a healthier planet and a fairer society. We also shared our priorities and various roadmaps on activity such as climate change with different stakeholders in our first ESG-focused capital markets day in May 2022.

Our ambitions on sustainable products, climate action, inclusion and human rights contribute to delivering the United Nation's Sustainable Development Goals (SDGs), helping to address the premise of both our double materiality approach and our business agenda, impact on issues that matter for our company and for wider society. They are supported by significant partnerships such as those with WWF and the Fair Rubber Association, helping us achieve greater scale and impact.

We have continued to work with governments and international agencies to raise awareness of the impact of climate change on people's health. This is at the heart of our business and was particularly visible at COP27 in Egypt. Our programme engaged many governments, the World Health Organisation, our peers, and both civil society and academic partners with contributions from those we are already working with including Water.org and the London School of Hygiene & Tropical Medicine. Our business' engagement through our brands in helping to protect people's health against the impact of climate change continues to gather importance.

COP27 also saw the further development of our work on ecosystems and biodiversity. Our programme with Nature-based Solutions Initiative at the University of Oxford measured the biodiversity and carbon impacts within key value chains for latex and more recently palm oil. This work also led us to be invited to join the established Taskforce on Nature-related Financial Disclosures. We have also continued our established partnership with Risilience at the Cambridge Centre for Risk Studies. This partnership has contributed to a further review of climate-related financial risk and our updated disclosures in this Annual Report

Our climate change programme continued use of renewable electricity and evaluated further fuel-switching to reduce carbon impact. Examples include the use of landfill gas instead of natural gas in our Evansville, US site and our pilot of recycled vegetable oil as a replacement for diesel fuel in road haulage in the UK. Future implementation will be evaluated based on the ongoing relative cost as, during 2022, we and many others experienced fuel supply volatility which demanded a pragmatic response. We continue to develop our decarbonisation roadmap and are prioritising projects by impact for implementation over the remainder of this decade and beyond.

For our science-based target on product carbon footprint, we continue to expand the use of our Sustainable Innovation Calculator (Calculator). This led to new Nutrition business innovations that are more sustainable. Whilst our overall revenue from more sustainable products did not increase due to changes in product mix, the foundations for future growth have been strengthened by this broader use of the Calculator in assessing the environmental footprints of new products for our global brands.

In 2022,we maintained our sustainable sourcing activity with a focus on key ingredients including palm oil and latex. We increased our use of certified sustainable palm oil and saw the first deliveries of Fair Rubber Association certified latex. Our Durex brand will carry labelling to this effect beginning in 2023. These programmes complement our biodiversity agenda.

Our ESG and sustainability agenda was a continuing element of the Committee's work, but also supported wider Board engagement with a detailed update on the overall sustainability programme.

Safety, quality, regulatory and compliance

R&D

Functional integration between regulatory and safety

Over the past years, we have transformed our organisational structure, elevating the safety and regulatory functions in the organisation. In 2022 we further strengthened the set-up by integrating the safety and regulatory functions to ensure optimal corporate oversight and seamless collaboration between core compliance and risk management organisational units. A new SVP for Regulatory Affairs & Global Safety Assurance, Jan Vindberg-Larsen, with extensive leadership experience from the pharmaceutical, biotech and ingredients industries, was onboarded in September.

Reckitt 'Human Harm Risk Manual'

In November 2022 we launched the Reckitt 'Human Harm Risk Manual'. This describes and guides our teams at all levels on how we control and reduce the risk of human harm from our products throughout the product lifecycle – how we keep our consumers safe. Overall, this will bolster our alertness to potential safety issues and misuse of products as well as help ensure all levels within the organisation take the right action to reduce risks.

Investing in safety assurance in Nutrition

In 2022 we continued to implement new Safety Standards in our Nutrition business unit, which enabled us to demonstrate the safety of imported infant formula mixes to the US authorities. Overall, product safety evaluations within the Nutrition business have been upgraded and made more robust.

Strengthening our regulatory intelligence efforts

A new, proactive regulatory intelligence programme was launched, capturing both legislative initiatives and trends in enforcement practice. This is fundamental for our ambition of compliance 'anytime and anywhere' and has ensured passing all competent authority regulatory inspections during the year.

Product Lifecycle Management (PLM)

PLM is the capability to manage the formulation and packaging details of Reckitt products and automates the flow of product information into the supply manufacturing systems to ensure products are manufactured as designed. PLM has been deployed across 14 sites and associated Global Functions and has completed a successful upgrade. Learnings from the deployments are being applied to the implementation design programme approach moving forward to ensure that Reckitt's cross-functional process, data and technology landscape is constructed to enable end-to-end compliance benefits and wider business value creation opportunities

Supply

- **Quality**. QualityOne has now been launched for change and deviation management. As planned, work has commenced on scoping the next phases of the programme – documentation and supplier and audit management. Progress continues on both leading and lagging indicators across business units
- **Transformation in Consumer Relations**: this reached its conclusion in Q1 2022 and has provided us with data from our consumers to drive improvements
- **Employee health and safety**: we continue to make progress embedding enhanced programmes at factories maintaining strong performance, with good performance and growing maturity across R&D. An improving risk position and solid progress continues across asset protection

Legal and compliance

During 2022 we strengthened processes or took actions to mitigate specific compliance risks, in particular

- Risk of non-compliance with trade sanctions where we operate
- Risk of third-party non-compliance leading to operational disruption, legal liabilities and reputational damage against Reckitt
- Risk of bribery and corruption, including in the context of interactions with healthcare professionals and healthcare entities
- Risk of non-compliance with increasingly stringent data privacy laws and with individuals' expectations of their privacy rights
- Risk of non-compliance with competition laws given the inflationary environment in some markets

Mitigation progress in 2022

The ethics and compliance programme has been strengthened through the implementation of controls or actions across the risk areas noted above

Risk of third party non compliance

In 2022, we concluded the roll out of our enhanced third-party compliance risk management process. The process tailors our preliminary due diligence assessments to the inherent risk profile of the third parties who we are considering engaging with and allows for additional follow-up when necessary

We understand that the execution of third-party due diligence assessments is only one of the components of an effective third-party risk management programme. To further augment our ability to mitigate the risk of third party non-compliance, we are beginning to use automation to screen third parties

Risk of non-compliance with trade sanctions

In February 2022, the US, EU, UK and other countries implemented sanctions against Russia. Actions taken in response to this situation include

- Issuance of communications to the employee base with guidance for trade sanctions compliance
- *Implementation of a cross-functional operating* model to address questions and provide operational advice related to complying with sanctions
- Screening third parties against sanctions lists, reviewing red flags and terminating engagements in compliance with sanctions

Risk of bribery and corruption

We continued to take action to counter the risk of bribery and corruption in our dealings with government officials and third parties. Notable efforts undertaken include:

- Issuing several reminders to our employees on the risks involved in exchanging gifts and entertainment throughout the year, which drove a 46% increase in the number of gift *and entertainment disclosures from the* previous year
- Rolling out training on how to manage bribery risks in the context of interactions with healthcare professionals and healthcare entities
- Benchmarking our anti-corruption programme by taking part in Transparency International's Corporate Anti-Corruption benchmark assessment
- Strengthening the processes through which job applicants, employees and third parties are asked to disclose conflicts of interests in their dealings with Reckitt

Risk of non-compliance with data privacy laws

To counter the risk of non-compliance with data privacy laws, we

- Strengthened our privacy operating model in Europe, extending our privacy lawyers' remit across all business units. The team is responsible for proactively assessing potential privacy risks *arising from the business' activities and* recommending suitable safeguards to mitigate stated risks 'by design'
- Continued roll-out of our data privacy programme globally with focus on jurisdictions such as Europe and Brazil, adopting new and/or more stringent laws
- Assessed more than 100 projects to identify privacy risks and recommend data protection controls to manage stated risks from the onset
- Worked with our marketing excellence function to establish Responsible Consumer Data Principles (for deployment in early 2023) to help ensure that personal data is handled in-line with individuals' expectations of their privacy rights and our ethical values

Risk of non-compliance with competition law

In addition, we deployed training and guidance notes regarding price negotiations and competition law compliance in Europe and North America in response to market conditions

Increased maturity of our baseline controls

Further to taking action to manage and mitigate our principal compliance risks, we also improved ways of working across the ethics and compliance programme. Notable efforts included

- Drafting updated and simplified ethics and compliance policies with supporting infographics to better illustrate compliance and other requirements (for release in 2023)
- Strengthening our culture of integrity through the release of updated mandatory training modules on Code of Conduct, Anti-Bribery and Corruption, Competition Law, Data Privacy, Cyber Security and Product Safety

- Executing an ethics and compliance communications plan to remind employees of how to mitigate against our principal risks
- Building our compliance monitoring capabilities, for example by beginning to use data analytics techniques

Speak Up! service
Throughout 2022, we continued to raise awareness of our confidential Speak Up! service, which encourages employees and third parties to ask questions and raise concerns about potential misconduct. We investigate issues promptly and independently. Substantiated investigations can lead to both changes in working practice and disciplinary action.

External affairs
Policy and advocacy
Social impact 2022
Our social impact report for 2022 has shown that we have achieved our greatest ever social impact. We have invested the equivalent of £32 million across 45 countries and donated over 19 million products. With this, in 2022 alone we have delivered educational messaging to more than 500 million people, brought high quality hygiene education to an additional 8.9 million pupils and have made measurable improvements to health and school attendance through our global school programmes. This also means we have met our goal of investing the equivalent of 1% adjusted net profit in social impact programmes and committed almost twice the average of our peers. Specific examples of where these investments have gone include:

- Increasing access to water and sanitation for over 1.8 million people, in partnership with Water.org
- Educating over 28 million students on hand hygiene
- Launching the Fight for Access Accelerator globally, with 18 enterprises being supported in six countries

COP27
For nearly three decades, the United Nations (UN) has brought together almost 200 countries for annual global climate summit, known as the Conference of the Parties, or 'COP'. COP27 took place in Egypt in November. We built on the momentum established during COP26, to continue profiling our commitment to sustainability and maintain our place at the forefront of the conversation on climate and health. We hosted six events, including working closely with the WHO and UAE government, which are the incoming hosts of COP28. COP28 will take place in 2023 and for the first time ever it is expected to make health a formal part of the conference agenda, with a dedicated 'Health Day'. This represents a significant step forward in the argument Reckitt has been making that climate and health are intrinsically linked and that planetary health is public health.

Board Listening Sessions
In line with Section 172 of the Companies Act 2006 (CA 2006), we undertake Listening Sessions with the Board each year. From 2022 onwards, we have focused on the world's biggest problems as featured in our business strategy. The sessions are designed to seek insight and perspectives from four key external stakeholders: consumers; retailers; subject matter experts; and customers and conclude with recommendations and guidance on what we can do to be more effective with regards to the societal challenges under discussion. In 2022 we focused on self-care.

Our commitment to Hull
In March, Reckitt launched the Oh Yes! Net Zero initiative in Hull, supporting economic growth for the Humber region, with our founding partners – Hull City Council, Hull University and Marketing Humber. The campaign supports the government's net zero and 'levelling up' priorities for the UK economy. As of December 2022, more than 130 companies have joined our campaign. One element of the campaign is an education project (designed to address the lack of climate change resources in schools) that has been rolled out to 13 secondary schools in Hull which accounts for around 16,000 pupils. In addition, we have partnered with Citizens Advice Hull & East Riding (CAHER) to support more pupils in Hull through the cost of living and energy crises.

United Nations General Assembly (UNGA) and Reckitt's presence
The 77th session of UNGA took place in September, at the UN New York headquarters. This was the first time that Reckitt was both heavily involved and hosted key sessions, bringing together world leaders to debate various issues and highlighting the crucial role we play to overcome these. Partnering with key stakeholders including the UN and WHO, we:

- Relaunched our partnership with Water.org. Together with our co-founders, we have enabled access to clean water and sanitation to 1.8 million people across India, Kenya and Indonesia
- Announced the launch of the Women and NFTs for Health – WiNFund. Further information on WiNFund is provided below
- Accelerated access to water, sanitation and hygiene (WASH) as we talked through the launch of the Reckitt's Fight for Access Accelerator

WiNFund and non-fungible tokens (NFTs)
Reckitt and Health Innovation Investment Exchange (HIEx) co-founded and launched the WiNFund at UNGA in September. This initiative accelerates social business, improving access to health and hygiene in Reckitt priority countries.

The WiNFund employs innovative finance leveraging NFTs and philanthropic capital to invest in women-led, health startups leveraging innovation to improve healthcare access in communities. Our first African inspired NFT collection is designed in collaboration with Rwandan artist, Christella Bijou, and weaves in key health themes. Upon launching the open call for innovators to apply, we have received over 300 applications from more than seven African countries. We aim to launch the public mint on International Women's Day on 8 March 2023. We strive to improve access to health to 1.5 million people across the globe.

Greater transparency
Gender pay reporting
In 2020, Reckitt became one of the first FTSE companies to go beyond UK gender pay reporting requirements, increasing its scope to five markets: China, India, Mexico, the UK and the US. In 2021 and 2022, we expanded to nine global markets (in addition to the UK) representing almost 70% of our global Reckitt workforce. This year we will expand to include the work on diversity and inclusion profiling our ERGs (Employee Resource Groups on diversity, disabilities etc.). We wish to be more transparent and foster greater trust with our external stakeholders from government to media and from retail partners to potential recruits.

Workforce Disclosure Initiative (WDI)
In 2022, Reckitt was one of over 170 companies that took part in the WDI, leading the way on transparency around workforce issues. It represents the fifth year Reckitt has submitted data to WDI. The latest annual scorecard puts Reckitt well above average in terms of disclosure across all comparative groups (our sector, the UK, all companies and companies taking part in the WDI for the same number of years).

2022 Annual Report
External affairs is supporting production of Reckitt's 2022 Annual Report in a digital-first way, to make reading it online easier. We are doing this through interactive sections, streamlined language and landscape, rather than portrait, orientation.

Tax reporting
Reckitt recognises the increasing complexity of tax regulation around the world and supports efforts to increase trust in and understanding of the tax system. In December, we published our annual tax strategy, including voluntary tax disclosures regarding our operations in India and Malaysia.

FTSE4Good continued accreditation
In June, FTSE4Good confirmed our continued accreditation, with an improvement in our ESG rating to 4.4 (out of 5). We have been accredited by this prestigious index since 2003.

Responsible business practices
IFCN marketing practices
As part of our governance mandate and ensuring that we monitor the proper implementation of Reckitt's policy and procedures on the marketing of breast-milk substitutes (BMS Policy), at each Committee meeting, we are apprised on progress and developments in the marketing of our BMS products.

In 2022 we again undertook independent verifications of our IFCN marketing practices in two countries. The reports for Vietnam and Peru, as well as our response and corrective action plan, are available on our website.

Good progress on sugar commitment
In October 2020, we outlined our specific commitments on sugar for our IFCN portfolio, to be implemented by March 2024. As of December 2022, we have achieved 92% of our commitments, with plans in place to meet our original target of full compliance by March 2024.

Reckitt's response to the US infant formula crisis
Reckitt colleagues and partners stepped up to support parents and caregivers, in response to the infant formula crisis early in 2022, as a result of another IFCN manufacturer's product recall and US factory closure. We are a major contributor to ending the crisis. Please refer to the case study on page 28 for a snapshot of our response. Our actions, contributions and details of how we are making a difference are further highlighted on a dedicated page on our website, www.reckitt.com

Reckitt Ukraine humanitarian response
We have donated £1.03 million in cash (including match-funded employee donations) in response to the war in Ukraine. This includes £600,000 in corporate donations to the British Red Cross and a range of smaller donations to other Red Cross societies and other responding organisations both in the Ukraine and surrounding countries. We have also donated over £890,000 in product donations. The Red Cross Ukraine Crisis Appeal has provided vital support to over five million people affected by conflict within Ukraine and neighbouring countries.

Committee performance review
In 2022, a performance review of the Committee was conducted as part of the Board's external performance review, conducted by Lintstock Ltd.

The performance review of the Committee utilised a bespoke questionnaire, sent to Committee members. The 2022 performance review focused on the Committee's time management and composition, processes and support, work carried out and its priorities for change. Positive feedback was received in all areas. Meetings were managed well in line with the annual cycle of work. Committee meeting reports and papers were rated highly by Committee members.

The Board, having had sight of the results of the Committee's evaluation, considers the Committee to be operating effectively.

PAM KIRBY
CHAIR OF THE CORPORATE RESPONSIBILITY, SUSTAINABILITY, ETHICS AND COMPLIANCE COMMITTEE
Reckitt Benckiser Group plc

28 February 2023

DIRECTORS' REMUNERATION REPORT

ALAN STEWART
CHAIR OF THE REMUNERATION COMMITTEE

Contents of Directors' Remuneration Report

126 Letter from the Chair
129 Reckitt's remuneration at a glance
132 Remuneration Committee governance
134 Annual Report on Remuneration
150 Additional remuneration disclosures

Central to our remuneration philosophy are the principles of pay for performance and shareholder, as well as strategic, alignment.

The members of the Committee meetings attended during the year were:

Member	Meetings Attended
Alan Stewart (Chair) Member of the Committee from 1 February 2022 and Chair from 20 May 2022	3/3
Nicandro Durante Member until 1 September 2022	2/2
Olivier Bohuon Member for the whole year	3/3
Mary Harris Member for the whole year	3/3
Chris Sinclair Member for the whole year	3/3
Jeremy Darroch Member from 1 November 2022	1/1

LETTER FROM THE CHAIR

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2022.

Firstly, I would like to thank shareholders for their approval of our new Directors' Remuneration Policy at our AGM on 20 May 2022, which received a vote in favour of 92%. In addition, our Annual Report on Remuneration was approved at the AGM with a strong vote in favour of 92%. I would also like to thank shareholders for their time taken in providing feedback to the Committee as we consulted with them ahead of the 2022 AGM, and to shareholders whom I met in October to understand their views in my new role as Remuneration Committee Chair.

Context for executive remuneration at Reckitt
Reckitt strives for leading global performance. Our management team is multinational, and we compete for talent against global peers. Our remuneration philosophy continues to be based on the principles of pay for performance and shareholder, as well as strategic, alignment. Combined with Reckitt's Compass and business model, these principles define how decisions are made, how people act and how we assess and reward them.

The majority of the Executive Directors' remuneration packages continue to be made up of variable at-risk pay, which are linked to stretching financial and environmental, social and governance (ESG) targets that align with our strategy and shareholder value creation and are largely delivered in Reckitt shares. In addition, we continue to have market-leading shareholding requirements for executives. This approach is cascaded throughout our senior leadership.

Changes to the Board
During the year, Reckitt announced several changes to the Board. As announced in September 2022, Nicandro Durante, who had served as a Non-Executive Director since 2013, was appointed as CEO to succeed Laxman Narasimhan who stepped down as CEO on 30 September 2022. Nicandro ceased to be the Senior Independent Director and stepped down from the Nomination, Remuneration and CRSEC Committees of the Board on 1 September 2022, following which he was appointed as CEO Designate on 2 September 2022 and took over as CEO on 1 October 2022.

Jeremy Darroch and I joined the Board and the Remuneration Committee during 2022, and I was appointed to the position of Remuneration Committee Chair at the 2022 AGM. I would like to extend the Board's and my thanks to Mary Harris, who had been Chair of the Remuneration Committee since 2017. Mary will continue to be a member of the Remuneration Committee.

The remuneration arrangements for outgoing and incoming directors are in line with the Remuneration Policy approved by shareholders. The remuneration for the new CEO was disclosed at the time of the announcement. On appointment as CEO Designate, Nicandro received a salary of £1,100,000 p.a. He did not receive a salary increase in 2023. He does not receive any pension allowance, and the APP opportunity and LTIP award levels are the same as for the former CEO. Laxman Narasimhan received salary, benefits and pension up to 30 September 2022. All his unvested incentive awards lapsed in full. There was no payment in lieu of notice or other payments associated with Laxman's departure, and he will be subject to the post-employment shareholding guideline in line with our policy. Further detail is set out in the Annual Report on Remuneration.

Annual bonus in respect of 2022 performance
Reckitt operates an annual bonus plan that is strongly aligned to performance, measured against stretching targets of net revenue and adjusted profit before income tax

From a financial perspective, 2022 marked a very strong year of growth and profit delivery for Reckitt, with 7 6% like-for-like (LFL) net revenue growth, outperforming market expectations and ahead of the peer group average We also saw continued momentum, with two consecutive years of mid-single-digit revenue growth from 70% of the portfolio less sensitive to COVID-19 dynamics, and market share growth with 62% of our Core CMUs holding or gaining share

The adjusted operating profit margin was 23.8%, in line with guidance, and ahead of our peer group with our operating profit at £3 4 billion The proposed dividend is 183 3p, an increase of 5% on last year, as we aim to deliver sustainable dividend growth in future years As set out in further detail on pages 135 to 138, these results reflect very strong performance ahead of expectations and demonstrate the success of the transformation programme over the past three years

Subsequently performance exceeded the targets set and the 2022 annual bonus for the CEO and CFO is 100% of maximum, in line with all other employees on the same Group-wide measures

The bonus for Nicandro is pro-rated for the period as an Executive Director. One-third of bonus payments to Executive Directors is deferred into Reckitt shares

Vesting of the 2020-2022 LTIP
The Reckitt LTIP is designed to align participants with shareholders through making awards with stretching performance conditions denominated in both performance share options and performance share awards Vesting of awards under the 2020 LTIP was dependent on stretching LFL net revenue growth, earnings per share (EPS) and Return on capital employed (ROCE) targets which, as set out in the 2021 Directors Remuneration Report, were adjusted for the disposal of IFCN China, given the size of that transaction, to ensure that the new targets were no harder or easier to achieve than the original targets

As set out on page 139 the resultant vesting is that 100% of the total award vests, with vesting in respect of each element reflecting outperformance of the stretching targets set This outturn follows two years of zero vesting and one year of 21 5% vesting in the last three years

In line with our policy, there is a further two-year holding period attached to Jeff Carr's LTIP award As set out earlier, Laxman's 2020 LTIP award lapsed when he stepped down as CEO

Assessment of incentive outcomes
The Committee also carried out a thorough evaluation of the performance of both the Group and the Executive Directors in the round and with regard to broader circumstances to assess whether the formulaic incentive outturns are appropriate and justified The framework which the Committee applied is set out on page 133 In addition to the financial operating performance as summarised above, as in every year, this year's assessment included, amongst others, the following areas

Strategic delivery: The Committee has recognised that we entered 2023 as a strengthened business with enhanced financial, operational and brand resilience, and continued growth momentum After three years of successful transformation, we are a bigger business with stronger brands, and are now realising the benefits of our reinvigorated innovation pipeline and operational improvements, including a more agile supply chain and improved customer relationships. 2022 was a year of delivery, ending the year as a business 28% larger than 2019 on a LFL net revenue basis. Despite cost inflation of almost 20%, in 2022 we grew our adjusted operating margin by 90bps (excl China IFCN) This enabled us to grow adjusted EPS by 18 4%, significantly exceeding market expectations, and to increase our free cash flow by 61% to over £2 billion The Group enters 2023 as a stronger, more resilient business and is well placed to deliver its stated medium-term ambition of mid-single-digit growth

Competitive performance: The Committee reviewed financial and market share performance against competitors In both cases Reckitt has performed strongly There has been strong market share growth during 2022 with 62% of our Core CMUs holding or gaining market share. Reckitt's LFL net revenue growth of 7 6% is very strong and is markedly ahead of market expectations On a three-year basis, for LTIP purposes, our growth of 26 8% is equivalent to 8 7% p a and is better than the peer group upper quartile.

People and culture Last year we continued to embed our culture change agenda and made progress on wellbeing and inclusion, recognition, and Leadership Behaviours We continued to host our Stronger Together conversations with an emphasis on mental health and race and ethnicity We also implemented a mid-year global initiative to support our people in navigating increasingly difficult personal circumstances due to the cost of-living increases, with an overall spend of an additional £15 8 million across c 18,000 employees We were proud to be named a Top Employer 2023 in the UK, the US, Spain, Italy, Canada, China and South Africa, by the Top Employers Institute

Sustainability: We improved our performance in the Dow Jones Sustainability Index with a household products sector leading score and presence in the world group and gold class In the key ratings of MSCI and Sustainalytics, our performance was broadly maintained, ranking at AA and 22 respectively, positioning Reckitt well above average for our industry group. We continued our ESG and sustainability agenda, following the 2021 launch of our Sustainability Ambitions for 2030 including our first ESG-focused capital markets day in May 2022 and a programme to engage on the impact of climate change on health at COP27 in Egypt

Challenges: The Committee also reviewed the challenges that the business faced during the year and how leadership responded to them This included unprecedented cost inflation, with commodity and freight cost inflation in the high-teens, as well as COVID-19 restrictions in China and the ongoing Europe energy crisis as a result of the Russia-Ukraine conflict. The Committee also noted the positive revenue impact of the US Nutrition competitor supply issue and the work involved to respond to this.

Taking all of the above into account, as well as the wider stakeholder experience, the Committee concluded that the level of annual bonus payout and the total vesting level of the LTIP are appropriate and justified in this context and that no discretion would be applied

2023 remuneration
Salaries for 2023 are £1,100,000 and £760,000 for the CEO and CFO, respectively There was no salary increase for the CEO and a 5 4% increase for the CFO. The increase for the CFO was determined

taking into account Group and individual performance, and salary increases for the wider workforce. This was below the salary increase budget of 6% for the UK employee population.

There are no changes to the bonus opportunity for the CEO and CFO, remaining at 120% and 100% of salary at target respectively. Performance measures and weightings for the 2023 annual bonus will be the same as for 2022, being net revenue and adjusted profit before tax, with the addition of a downwards modifier based on net working capital (NWC). The NWC measure will act as a downward modifier only and is intended to hold executives more formally accountable for, and incentivise delivery of, cash conversion as a key element of Reckitt's earnings model. NWC has been used as a bonus metric for a number of years for a significant proportion of the business and the Committee is of the view that aligning the bonus measures for our Executive Directors, as well as other senior leaders, with other areas of the Group, is appropriate. In line with prior years, the Committee has set the performance targets at a stretching level having considered the internal business plan and external expectations. As in prior years, the Committee will carry out a thorough assessment of performance in the round taking into account a wide range of factors before determining bonus payouts.

There are also no changes proposed to LTIP award levels for 2023, which have been reviewed in light of share price performance, Group performance and individual performance. Nicandro's 2023 LTIP award will consist of 150,000 performance share options and 75,000 performance shares and Jeff's award will be 80,000 performance share options and 40,000 performance shares. These awards are expected to be made following the AGM in May 2023. There are no proposed changes to the performance measures or weightings.

During the year, the Chairman and Non-Executive Director (NED) fees have been reviewed, taking into account the time commitment required to meet the scope and responsibilities of the roles, the increases given to the wider workforce and market practice. The fee for the Chairman has been increased to £660,000, effective from 1 January 2023, which is now positioned around the median of the FTSE 30. This is a 5.3% increase, which was below the budgeted increase of 6% for the broader UK workforce.

The basic NED fee was increased by 4.1% to £102,000, with effect from 1 January 2023. 25% of the fee continues to be paid in shares. There are no changes to the additional fees for the role of Senior Independent Director (SID), Committee Chair, Committee member, or Designated Non-Executive Director for engagement with the company's workforce.

Context for remuneration of the wider workforce
During the year, we continued to develop and improve the workforce initiatives that have been introduced over the last few years and also developed a global framework to address the difficulties that the increasing cost of living has had for our people.

Faced with the particularly challenging economic environment last year, we implemented a mid-year global initiative to support markets in providing additional financial reward (one-off appreciation bonus or salary increase) to our people to recognise their ongoing commitment, demonstrate our care for them, and acknowledge the increasingly difficult personal circumstances of cost-of-living increases. 34 markets participated in the framework with an overall spend of an additional £15.8 million across c.18,000 employees below senior management level. In addition, the 2023 global pay review budget was 70% higher than that for 2022.

We have been an accredited Living Wage Employer in the UK since 2020. In 2021 and 2022, we went beyond just the Living Wage and developed our Sustainable Livelihood Framework to capture broader work on providing a working environment that promotes health and wellbeing, equality, employment rights, long-term financial security, and skills development to support ongoing career development for our people. We now pay all our employees the Living Wage in our top 10 markets, which covers 67% of our total full-time employee population. In 2023 this will be extended to cover all our employees.

We continued to have strong take-up in our all-employee share plans from the most recent launch and 45% of our people globally are participating in one of the plans. Our efforts in building inclusive and accessible launch campaigns last year have been recognised as we were short-listed for the best communication of an employee share plan at the 2022 ProShare Annual Awards.

We continued to monitor gender equality within the organisation and again we have voluntarily disclosed the gender pay gap for our 10 largest markets by workforce in our 2022 report. We hosted a number of Stronger Together conversations throughout the year that focused on diversity and inclusion (D&I) and belonging topics that matter most to our people. In partnership with Hintsa, we offered personal Wellbeing Performance Coaching to all People Leaders as part of our global wellbeing programmes. Our people were highly engaged in providing feedback and we had a response rate of 83% for our latest all-employee survey, which showed an improved 'recommend' score of 76% recommending Reckitt as a great place to work. Through the Global Compass Awards, we also celebrated role models in excellence of living our Compass and Leadership Behaviours which we established and rolled out in 2021.

During the year we also communicated to the wider workforce details of how executive pay is set, its alignment with the company's approach to the wider company pay policy and how decisions are made by the Committee, giving employees the opportunity to ask any questions on these topics.

Lastly, whilst no longer the Remuneration Committee Chair, Mary Harris continues in the role of the designated Non-Executive Director for engagement with the company's workforce. In this role she has been involved in key conversations with the workforce allowing her to feed back employees' views to the Remuneration Committee as well as the Board.

Further information on wider workforce remuneration, and how this compares to the remuneration of our Executive Directors, is set out on pages 143 to 146.

Conclusion
I trust that you will find this report a clear account of the way in which the Committee implemented the Remuneration Policy during 2022 and intends to implement it for 2023, and I look forward to your support at the upcoming AGM. I will be available to answer any questions shareholders may have at the company's AGM on 3 May 2023.

ALAN STEWART
CHAIR OF THE REMUNERATION COMMITTEE
Reckitt Benckiser Group plc

28 February 2023

RECKITT'S REMUNERATION AT A GLANCE

To reinforce our philosophy, the majority of the Executive Directors' remuneration packages are made up of variable at-risk pay, linked to stretching targets that align with our strategy and shareholder value creation, and are largely delivered in Reckitt shares. In addition, we have market-leading shareholding requirements for executives. This approach is cascaded throughout our senior leadership.

As discussed in the Chair's letter, Reckitt strives for leading global performance. Our management team is multinational, and we compete for talent globally. Central to our remuneration philosophy are the principles of pay for performance and shareholder, as well as strategic, alignment. Combined with Reckitt's Compass and business model, these principles define how decisions are made, how people act and how we assess and reward them.

Context for remuneration at Reckitt
Reckitt's Compass

Reckitt's strategic priorities

- Target mid-single-digit top-line growth
- Achieve sustainable increased medium-term earnings growth
- Maintain disciplined capital allocation
- Embed Sustainability Ambitions
- Deliver sustained shareholder value creation

Reckitt's remuneration philosophy

Combining Reckitt's Compass, strategy and remuneration philosophy drives Reckitt's remuneration principles

1

HIGH PROPORTION OF VARIABLE PAY

Note: Value of the CEO's target and maximum 2023 package. Target illustrates fixed remuneration plus target payout of annual bonus and threshold vesting of the LTIP. Maximum illustrates fixed remuneration plus full payout of the annual bonus and full vesting of the LTIP awards including 50% share price growth.

2

MARKET-LEADING SHARE OWNERSHIP POLICY

	In-employment shareholding requirement		
	Number of shares	Value of shares[1]	% of 2022 annual salary
CEO	200,000	£11,644,000	1050%
CFO	100,000	£5,822,000	800%

	Post-employment shareholding requirement[2]		
	Number of shares	Value of shares[1]	% of 2022 annual salary
CEO	100,000	£5,822,000	525%
CFO	50,000	£2,911,000	400%

1 Based on the average closing share price in Q4 2022 of £58.22

2 Reflecting 50% of in-employment shareholding requirement

3

ATTRACT AND RETAIN THE BEST GLOBAL TALENT

- Engage highly performance-driven individuals
- Reflect global competitive practice across our industry peer group

4

ENSURE ALIGNMENT WITH STRATEGY ACROSS THE BUSINESS

- Alignment of performance metrics with strategic priorities
- Alignment across the business of metrics and ownership

DIRECTORS' REMUNERATION REPORT CONTINUED

Summary of our Remuneration Policy

The table below summarises the current Directors' Remuneration Policy which can be found on page 160 to 167 of the 2021 Annual Report and is also available on our website in the Corporate Governance section. The Committee is of the view that the current remuneration framework remains fit for purpose and therefore no changes to the Policy were proposed for 2023

Element	Key features of operation of policy	How we will implement for 2023	Link to strategy	2023	2024	2025	2026	2027	2028
Salary, benefits and pension	– Salary increases and pension contribution set in context of wider workforce – Salaries and benefits set competitively against peers	– Zero salary increase for CEO. CFO increase of 5.4%, below that of the wider UK workforce – CEO does not receive a pension. CFO pension contribution of 10% of salary in line with the wider workforce in the UK	– To enable the total package to support recruitment and retention						
Annual bonus (APP)	– Target bonus of 120% of salary for CEO and 100% for CFO – One-third deferred into awards over Reckitt shares for three years – Malus and clawback provisions apply (in circumstances including material misstatement of financial results, gross misconduct, corporate failure)	– Targets set for net revenue and adjusted profit before income tax – Net working capital target to act as a downward modifier – Threshold performance results in zero payout, with maximum of 3.57x target for truly exceptional performance on both metrics – Remuneration Committee assessment of performance in the round	– To drive strong performance, with significant reward for overachievement of annual targets linked to Reckitt's strategic priorities – Use of deferral for longer-term shareholder alignment		Cash APP paid			Deferred APP vests	
LTIP Performance shares and performance share options	– Three-year performance period and two-year holding period – Malus and clawback provisions apply (in circumstances including material misstatement of financial results, gross misconduct, corporate failure) until two years after vesting – Options have seven years to exercise post vesting	– Targets set for LFL net revenue growth (40% weighting); ROCE (25% weighting); relative TSR (25% weighting); ESG (10% weighting, split equally between two metrics) – Performance conditions are applied to both performance share options and performance shares – Remuneration Committee assessment of performance in the round	– To incentivise and reward long-term performance and align the interests of Executive Directors with those of shareholders – Two-year holding period for longer-term shareholder alignment	Award granted			Award vests		Holding period ends
Shareholding requirements	– CEO: 200,000 shares – CFO: 100,000 shares	– Period of eight years from appointment to achieve – Two-year shareholding requirement post-departure	– Promotes long-term alignment with shareholders – Promotes focus on management of corporate risks						

Summary of performance achieved vs targets

Annual performance plan

Long-Term Incentive Plan

Pay outcomes for current Executive Directors in the year

Annual performance plan

The performance outcome for the annual bonus was 100% of maximum A third of the bonus is deferred, by way of an award over Reckitt shares.

1 The APP for Nicandro Durante is a pro rated amount for the period from 2 September 2022 as an Executive Director

Long-Term Incentive Plan

The 2020 Long-Term Incentive Plan has vested at 100% of maximum for the CFO, against the performance conditions over the three year period

2022 single figure

Remuneration Committee governance

Who's on the Committee

The Remuneration Committee is made up entirely of Non-Executive Directors who are appointed by the Board on the recommendation of the Nomination Committee. Membership of the Remuneration Committee during the year was as follows

Alan Stewart[1] (Chair), Olivier Bohuon, Jeremy Darroch[2], Nicandro Durante[3], Mary Harris[4], Chris Sinclair

1 Joined the Board as a Non-Executive Director on 1 February 2022 and was appointed to the Remuneration Committee on the same date. Appointed to the position of Remuneration Chair upon confirmation at the 2022 AGM on 20 May 2022

2 Joined the Board as a Non-Executive Director on 1 November 2022 and appointed to the Remuneration Committee on the same date

3 Stepped down as a member of the Remuneration Committee on 1 September 2022 before being appointed the CEO Designate on 2 September 2022

4 Stepped down as Chair of the Remuneration Committee on 20 May 2022 but remains a member of the Committee

Our role

The Committee's purpose is to assist the Board of Directors in fulfilling its oversight responsibility by ensuring that the Remuneration Policy and practices reward fairly and responsibly, are designed to support the strategy and long-term success of the company and take account of the generally accepted principles of good governance

On behalf of, and subject to approval by, the Board of Directors, the Committee primarily

- regularly reviews and provides feedback on the company's overall remuneration strategy,
- in respect of the Chair of the Board, the Executive Directors and members of the Group Executive Committee, sets, reviews and approves
  - remuneration policies, including annual bonuses and long-term incentives,
  - individual remuneration arrangements,
  - individual benefits including pension arrangements,
  - terms and conditions of employment including the Executive Directors' service agreements,
  - participation in any of the company's bonuses and LTIPs, and
  - the targets and outcomes for any of the company's performance-related bonuses and LTIPs
- reviews wider workforce remuneration and related policies and the alignment of incentives and reward with culture, taking these into account when setting the policy for Executive Director remuneration and when determining variable pay outcomes,
- takes into account employees' views on remuneration; and
- when determining Directors' Remuneration Policy and practices, considers the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture

The Executive Directors and the Chair of the Board are responsible for evaluating and making recommendations to the Board of Directors on the remuneration of the Non-Executive Directors

Meetings

During the year the Committee held three scheduled meetings. The attendance of members at meetings is set out in the table on page 126. In addition, during the year the Committee considered ad hoc topics between meetings such as the exit terms for Laxman Narasimhan and the package for Nicandro Durante, as CEO.

The Chief Human Resources Officer was Secretary to the Committee throughout the year. Meetings were also attended by the CEO, CFO, General Counsel & Company Secretary and Group Head of Reward by invitation. Deloitte was the appointed advisor to the Committee throughout the year

Members of the Remuneration Committee and any person attending its meetings do not participate in any discussion or decision on their own remuneration

The key activities at the Committee's meetings in 2022 are summarised below

Meeting	Topic
February 2022	- Reviewed final feedback from shareholders in relation to the Directors' Remuneration Policy - Approved the Directors' Remuneration Policy - Reviewed performance to 2021 in respect of bonus outcomes and LTIP vesting - Carried out assessment of wider performance of the company and Executive Directors - Final approval of 2021 bonus payout - Final approval of 2019-2021 LTIP vesting - Approved 2022 LTIP award and performance targets - Approved changes to the 2020 and 2021 LTIP targets to reflect M&A activity - Approved APP deferral arrangements for the Group Executive Committee

DIRECTORS' REMUNERATION REPORT CONTINUED

Meeting	Topic
July 2022	– Reviewed 2022 AGM voting – Reviewed wider market trends – Considered assessment of performance to date for the 2022 bonus and 2020-2022 LTIP – Reviewed wider workforce remuneration arrangements – Reviewed how ethics and compliance are considered in the design of incentives – Approved changes to the all-employee share plan rules
November 2022	– Reviewed updates to shareholder guidelines and corporate governance – Determined 2023 remuneration packages for the Executive Directors – Determined 2023 remuneration packages for Group Executive Committee members – Determined 2023 bonus measures and targets – Agreed 2023 LTIP award date, performance measures and weightings – Reviewed current shareholdings for senior employees with share ownership requirements – Approved awards under all-employee share plans for participants outside the UK – Approved Remuneration Committee terms of reference – Reviewed Remuneration Committee effectiveness – Considered assessment of performance to date for the 2022 bonus and 2020-2022 LTIP

Assessment of incentive outcomes

The Committee thoroughly evaluates the performance of both the company and the Executive Directors in the round to assess whether the formulaic level of annual bonus payout and long-term incentive vesting are appropriate and justified. The Committee has formalised its approach to this assessment and the framework which is applied is illustrated below

WHAT IS THE FORMULAIC OUTCOME?

Committee to consider year-on-year change, whether this reflects performance trend and impact on the single figure outcome

Consider the quality of earnings

Committee to review the results to ensure they reflect the underlying performance and also consider any exceptional items

Compare outcome against the shareholder experience

Committee to consider absolute and relative shareholder return over the relevant periods, the dividend payment(s) and the likely shareholder response to results based on broker feedback

Compare outcome with overall company performance

For example, market share, competitor benchmarking, sustainability, people & culture, strategic progress, wider stakeholder experience and analyst feedback

Consider any events and other input

For example, reputation/risk related, any change of accounting standards etc
Draw on input from CRSEC Committee, Audit Committee and management functions and consider the impact of any external head or tailwinds

Compare with historical use of discretion

In addition, consider whether bonus and LTIP outcomes are consistent

FINAL APP AND LTIP OUTCOMES

Committee to agree whether adjustments are required to formulaic results and determine the final outcomes for APP payouts and LTIP vesting

Reckitt's Remuneration Policy and the Corporate Governance Code
Reckitt's Remuneration Policy reflects the philosophy of pay for performance, shareholder alignment and strategic alignment over the short, medium and long term. When determining the current Policy, Provision 40 of the UK Corporate Governance Code was taken into account as follows:

Clarity	Arrangements are transparent, and reflect shareholder alignment and Reckitt's strategic priorities, thereby effectively engaging with the wider workforce and shareholders. The Committee consulted with shareholders as part of the design phase of the Policy and communicated to the wider workforce details of how executive pay is set, its alignment with the company's approach to the wider pay policy, and how decisions are made by the Committee; it also gave employees the opportunity to ask any questions on these topics.
Simplicity	The Policy is simple and clear, comprising fixed pay, such as salary and benefits, pension schemes that are offered to most of the workforce, plus variable pay which incorporates the annual bonus, LTIP (performance share options and performance share awards), and a clear Share Ownership Policy for senior members of the business. Variable pay is set against financial targets to incentivise short- and long-term financial performance and alignment with shareholders.
Risk	The malus and clawback provisions which apply to annual bonus and LTIP awards encourage the right behaviours, which lead to long-term shareholder alignment and sustained value creation. The Committee has discretion to adjust the formulaic bonus and LTIP outcomes both upwards and downwards.
Predictability	The total of fixed pay and variable pay (target and maximum) illustrated in the scenarios of total remuneration in our Policy provide an estimate of the potential future remuneration of the Executive Directors, including the total remuneration if a 50% share price growth is achieved.
Proportionality	There is a clear link between pay for performance and business strategy, with stretching financial targets applied to annual bonus payouts and LTIP vesting.
Alignment to culture	Financial targets apply to the annual bonus and LTIP awards across the wider workforce to drive business performance. These targets are reviewed on an annual basis. Malus and clawback provisions apply to annual bonus and LTIP, and together with deferred annual bonus, holding periods and share ownership for the Executive Directors (and any other relevant senior employees), drive the right behaviours expected within Reckitt. The remuneration arrangements of the wider workforce reinforce employee engagement.

ANNUAL REPORT ON REMUNERATION

The rest of this report sets out how we have implemented our Remuneration Policy in 2022, and how we intend to implement the Policy in 2023.

2022 performance and remuneration outcomes
In reviewing Executive Director remuneration, the Remuneration Committee also took into account remuneration decisions for the wider workforce and individual performance of the Directors. The Committee also reviewed market practice, primarily against the FTSE 30 (excluding financial services companies), and took into account an international remuneration peer group, comprising 21 companies as set out below. The latter peer group is the same group used to benchmark remuneration of senior managers across the company. The companies included are Abbott Laboratories, Bayer, Campbell Soup, Church and Dwight, Clorox, Coca-Cola, Colgate, Danone, GSK, Henkel, Johnson & Johnson, Kellogg, Kimberly-Clark, Kraft Heinz, Nestlé, Novartis, PepsiCo, Pfizer, Procter & Gamble, Sanofi and Unilever. From 2023 this will include Haleon.

Arrangements for Nicandro Durante
Upon appointment as CEO Designate on 2 September 2022, Nicandro received a salary of £1,100,000 p a. He receives benefits in line with Reckitt's Remuneration Policy, however he does not receive a pension allowance. As Nicandro moved to the UK, he is eligible for relocation benefits He is eligible to participate in the company's annual bonus plan with a target opportunity of 120% of salary; in line with our Remuneration Policy this has a maximum of 3.57 times target, with one-third of any bonus deferred into Reckitt shares for a period of three years. He received an LTIP grant of 75,000 performance shares and 150,000 performance share options, for the three-year performance period 2022-2024, followed by a two-year holding period. In line with the Remuneration Policy, bonus payments and LTIP awards will be pro-rated for time employed.

His share ownership requirement is 200,000 shares and there is a formal post-employment shareholding requirement, for two years after departure. There were no buyout awards or sign-on bonuses for Nicandro.

Leaving arrangements for Laxman Narasimhan
As set out elsewhere in this report, Laxman stepped down as CEO on 30 September 2022. Laxman was paid salary, benefits and pension until 30 September 2022. There was no payment in lieu of notice or any other payments made in connection with his departure Laxman is not eligible for a 2022 APP award and all unvested deferred bonus shares and LTIP awards have lapsed in full. These are set out in detail on pages 153 and 154.

Laxman is subject to the post-employment shareholding requirement for two years following cessation of employment (to 30 September 2024).

Base salary

Base salaries are reviewed taking into account the salary increases for the wider workforce and Group and individual performance. During 2022, the Remuneration Committee reviewed salaries for 2023. The CEO did not receive a salary increase and the Remuneration Committee determined that there would be a 5.4% salary increase for the CFO in 2023, below the salary increase budget for the UK wider workforce. The 2023 salary increase budget for the UK employee population was 6%.

The table below sets out annual base salaries with effect from 1 January 2023:

Executive Director	Annual base salary 2022	Annual base salary from 1 January 2023	Percentage increase
Nicandro Durante	£1,100,000	£1,100,000	0%
Jeff Carr	£721,000	£760,000	5.4%

Annual bonus in respect of 2022 performance

Executive Director 2022 bonus opportunity

In line with the Remuneration Policy, the CEO and the CFO had target bonus opportunities of 120% of salary and 100% of salary, respectively. Actual payments can range from zero to 3.57x target depending on performance against the stretching performance ranges as follows:

- For each performance measure a range is set
- A performance multiplier is calculated for each measure, calculated by the extent to which the performance for that measure is achieved. These multipliers can be up to 1.89x for outperformance of the stretching range set by the Committee
- The two individual multipliers are then multiplied together to provide the total performance multiplier

Net revenue *multiplier* (up to 1.89x)	x	Adjusted profit before tax multiplier (up to 1.89x)	=	Performance multiplier	(Threshold = 0x *Target = 1.0x* Max = 3.57x)

- The total performance multiplier can range from zero for performance at threshold or below to 3.57 for truly exceptional performance. The 3.57 multiplier will only be awarded if maximum performance is achieved on both metrics (i.e. 1.89 x 1.89)
- This total performance multiplier is then applied to the target bonus opportunity to calculate the overall formulaic bonus outcome. This is different to usual UK market practice whereby performance measures are assessed independently and payment under one metric may result in payout regardless of performance in other metrics. In Reckitt the two measures combine to give the resultant payout

											Cash		Shares
Base salary	x	Target bonus	x	Performance multiplier	=	Final bonus outcome	▶				2/3	+	1/3

- The effect of the multiplicative approach means that a high-performance multiplier can only be achieved for outperformance on both top-line and bottom-line performance
- Similarly, underperformance in one of the performance metrics will reduce the overall bonus payout, even in the case of outperformance of the other
- For example, if we grow net revenue above the stretching requirement for maximum performance but fail to meet the profit threshold, the bonus payout will be zero (i.e. 1.89 x 0)
- One-third of any APP is deferred into an award over Reckitt shares, to strengthen alignment with shareholders

2022 performance targets

The Remuneration Committee set targets for the Executive Directors prior to the 2022 financial year. These were based on net revenue and adjusted profit before income tax targets, both measured in GBP at a constant exchange rate. They were primarily based on the business plan at the time, with reference also being made to external expectations of performance and market practice of companies in a similar stage of the business cycle to Reckitt.

At the time the Committee finalised the targets, consensus expectations were 2.1% for like-for-like net revenue growth. In setting the targets, the Committee also had regard to competitor performance with average three- and five-year like-for-like growth in net revenue amongst our peers being 3.3% and 3%, respectively.

During the year, the Committee reviewed the targets in light of the strategic disposals of E45 and Dermicool. In line with our current shareholder-approved Remuneration Policy and shareholder views on adjusting targets, the APP targets were adjusted where needed to ensure that participants are no better or worse off and in line with shareholder expectations.

2022 financial performance against APP targets

As stated earlier in the Annual Report, 2022 marked a year of very strong growth and profit delivery. LFL net revenue growth was 7.6% resulting in the bonus metric of £13.66 billion (on a constant foreign exchange basis), outperforming more than three times market expectations when the targets were set. This was also a year of strong market share growth with 62% of our Core CMUs holding or gaining share.

For 2022, operating margin was 23.8%, in line with guidance, resulting in the bonus metric of adjusted profit before income tax (on a constant foreign exchange basis) of £2.94 billion which reflects performance exceeding the top end of the target range set by the Committee at the start of the year.

The chart below illustrates this performance compared to the targets:

As illustrated above, 2022 net revenue and adjusted profit before income tax both exceeded the maximum level of the performance ranges set for the 2022 annual bonus resulting in a formulaic bonus multiplier of 3.57x of target (100% of maximum).

These results reflect very strong 2022 performance, ahead of expectations, with two consecutive years of mid-single-digit revenue growth from 70% of the portfolio less sensitive to COVID-19 dynamics, and double-digit adjusted operating profit growth. E-commerce net revenue grew by +14% in 2022. This business has more than doubled over the past three years, and now accounts for 13% of Group net revenue. Total adjusted diluted EPS was 341.7p in 2022, +18.4% over 2021, with free cash flow at £2,031 million in 2022, increasing from £1,258 million in 2021. After three years of our successful transformation programme we are a bigger, strengthened business, with stronger brands nearly 30% larger than in 2019 The 2022 proposed full-year dividend of 183.3p represents a 5% increase versus 2021, as we aim to deliver sustainable dividend growth in future years.

Overall Group performance taken into consideration
As it does every year, the Committee thoroughly evaluated the performance of both the Group and the Executive Directors in the round to assess whether the level of annual bonus payout is both appropriate and justified. The framework that the Committee applies is set out on page 133 and more details are set out below:

Competitor performance
Top-line performance significantly better than peers

1. Peer group data based on latest data publicly available for FY2022

Continued strong growth in majority of our portfolio
Two consecutive years of mid-single-digit growth from 70% of the portfolio less sensitive to COVID-19 dynamics

Adjusted operating margin ahead of peers

1. Peer group data based on latest data publicly available for FY2022

Strong market share performance
62% of Core CMUs holding or gaining share

Double-digit growth on adjusted diluted EPS

1. Peer group data based on latest data publicly available for FY2022

The Remuneration Committee also reviewed the progress on delivery of the strategy and wider people, culture and sustainability, a summary of which is provided below

Strategic delivery

Continued strong progress on our strategic objective of rejuvenating sustainable growth
- Delivered LFL net revenue growth of 7.6% with broad-based growth across most of our categories, offset by the expected normalisation in our Lysol disinfectant, which was lapping high, COVID-19 related comparatives

Strong market share performance
- 62% of our top Category Market Units (CMUs) held or gained share

A bigger, stronger business, well placed for further growth
- Strong delivery in 2022 has enabled us to create a business 28% larger (on a LFL net revenue basis) than in 2019
- The business enters 2023 stronger and more resilient, and is well placed to deliver its stated medium-term ambition of mid-single-digit growth (excluding the lapping impact of the competitor supply disruption in our US Nutrition business in 2022)

Continued operational progress
- Improved customer service – 100bps improvement in customer Advantage Group 2022 survey of retailers scores and multiple customer awards
- Improved execution – 70bps increase in share of total distribution points
- Further productivity efficiencies – £800m of productivity savings delivered, enabling us to reach our £2bn target 12 months early
- Stronger, larger innovation pipeline
- Improved agility and resilience in our supply chain with a significant step-up in output on our OTC and US Nutrition products in the face of unprecedented demand

People and culture

Pay and recognition
- Implemented a mid-year global initiative to support our people in navigating increasingly difficult personal circumstances of cost-of-living increases, in those countries hardest hit, 34 markets participated, providing a one-off appreciation bonus or salary increase, with an overall spend of an additional £15.8m across c.18,000 employees below senior management level
- Our January 2023 global pay review budget was 70% higher than that of the previous year
- Continued to be an accredited Living Wage Employer and paying at least the Living Wage of £10.90 in 2023 to all our UK employees and contractors
- Reviewed Reckitt's top 10 markets covering 25,665 employees (67% of the total full-time employee population). Of these only 38 employees were paid below the Living Wage for their country, and all were within 4% at the time of the study. We have addressed this and in 2023 we will roll out the approach further to all our markets

Inclusion and wellbeing
- Continued with our Stronger Together conversations series focusing on mental health and race and ethnicity, which have attracted more than 1,000 participants each time
- New Global Disability Employee Resource Group (ERG) launched in 2022 and together with other ERGs are represented on the Global Inclusion Board and provide input on consumer perspectives which informs our innovation process
- 1in4 of our people have undertaken the Conscious Inclusion programme that focuses on the role we all play in building an inclusive culture
- Continued to embed our 'Future of Work' approach and encourage the hybrid working model, and build a welcoming office environment that enables our people to Connect, Create, Coach and Collaborate

Sustainability

Sustainability Ambitions for 2030
- Continued work across the three pillars of Our Ambitions: purpose-led brands, a healthier planet and a fairer society following 2021 launch of 'For a Cleaner, Healthier World'
- Held our first ESG-focused capital markets day in May 2022 sharing priorities developed from a new double materiality study together with various roadmaps on activity including climate change with different stakeholders
- Our Sustainability Ambitions on sustainable products, climate action, inclusion and human rights contribute to delivering the United Nation's Sustainable Development Goals (SDGs) whilst also creating opportunities with consumers and increased resilience to contribute to our business strategy for growth

Raising awareness of the impact of climate change on health
- Continued to work with governments and international agencies to raise awareness of the impact of climate change on people's health
- Attended COP27 in Egypt with a programme that engaged governments, the World Health Organization, peers, and partners including Water.org and the London School of Hygiene and Tropical Medicine

Further development of our work on ecosystems and biodiversity
- Our programme with Nature-based Solutions at the University of Oxford has measured the biodiversity and carbon impacts within key value chains for latex and more recently palm oil
- Invited to join the established Taskforce on Nature-related Financial Disclosures and contribute to the emerging guidance based on our landscape and nature-based insetting activity

Climate change
- Continued use of renewable electricity with more on-site generation together with evaluation of fuel-switching from gas to reduce carbon impact
- Used renewable landfill gas alongside instead of natural gas in our spray-drying process at our Evansville infant formula site plant and evaluated ways to increase this for further decarbonisation

DIRECTORS' REMUNERATION REPORT CONTINUED

Strategic delivery

A year of delivery
- Despite cost inflation of almost 20% we grew our adjusted operating margins by 90bps (from 22.9% to 23.8% excl China IFCN). This was driven by a combination of positive mix, productivity initiatives and pricing
- The very strong top-line growth and margin expansion enabled us to grow adjusted EPS by around 18% in 2022 at actual FX rates, exceeding market expectations at the beginning of the year by over 10%
- Cash conversion of our earnings delivery was also strong. Free cash flow was over £2bn, an increase of 61% year on year, and a cash conversion of 82%
- Delevered the Balance Sheet during the year to 2.1x adjusted EBITDA, a level which is highly sustainable

Dividend increase recommended
- The Board is recommending a 5% increase in the dividend this year, and announced its aim to deliver sustainable dividend growth in future years, subject to any significant internal or external factors

People and culture

People development
- Focused on embedding and bringing to life our Leadership Behaviours of Own, Create, Deliver and Care, and celebrated role models in excellence of living our Leadership Behaviours and Compass through the Global Compass Awards
- Expanded the moment of learning and development for our people by launching four more functional academies, helping us build functional capabilities at scale

Employee engagement
- Ran a full Employee Engagement Survey in August 2022 with an 83% response rate and an improved 'recommend' score +1 compared to the previous and in line with the external benchmark
- We were proud to be named a Top Employer 2023 in the UK, the US, Spain, Italy, Canada, China and South Africa, by the Top Employers Institute

Sustainability

- Piloted the use of recycled vegetable oil as a replacement for diesel fuel in road haulage in the UK

Continued sustainable sourcing activity
- Continued focus on key ingredients including palm oil and latex with increased use of certified sustainable palm oil and the first deliveries of Fair Rubber Association certified latex Our Durex brand will carry labelling to this effect beginning in 2023 and the approach has gained recognition from Amazon's Climate Pledge Friendly programme
- Continued collaboration on landscape programmes with our suppliers and with other Consumer Goods Forum members including partner Earthworm Foundation

External benchmarks of progress
- Reckitt improved its performance in the Dow Jones Sustainability Index with a household products sector leading score and presence in the world group and gold class
- Secured Reckitt's ongoing position in the FTSE4Good index
- In the key ratings of MSCI and Sustainalytics, our performance was broadly maintained, ranking at AA and 22 respectively
- CDP rankings were Climate Change B, Water A-, Forests (Timber, Palm Oil B) (Cattle Products, Soy B-)

Decision on 2022 bonus outcomes

Taking into account the very strong year of financial performance, significantly ahead of expectations, amidst continued challenging and dynamic market conditions, and the wider assessment of performance as described above and in the Remuneration Cha r's letter, which shows the benefits of three years of successful transformation, the Committee concluded that the formulaic APP payout based on performance against targets is justified and no discretion will be applied

Under the Remuneration Policy, one-third of the annual bonus will be delivered by way of an award over Reckitt shares and deferred for a three-year period. The bonuses are as follows:

	Base salary	×	Target bonus	×	Performance multiplier	=	Total bonus	=	Cash	Deferred into shares
Nicandro Durante	£363,044	x	120%	x	3 57	=	£1,555,279	=	£1,036,853	£518,426
Jeff Carr	£721,000	x	100%	x	3 57	=	£2,573,970	=	£1,715,980	£857,990

Nicandro was eligible for an APP award pro-rated for the period he was an Executive Director. Laxman Narasimhan was not eligible for a 2022 APP award following his resignation as CEO

DIRECTORS' REMUNERATION REPORT CONTINUED

Vesting of the 2020 LTIP – performance versus targets

The Reckitt LTIP is designed to align participants with shareholders through making awards with stretching performance conditions denominated in both performance share options and performance share awards. Jeff Carr's award was granted under the previous Remuneration Policy on 1 May 2020. Laxman Narasimhan was also granted an award at this time, however, this award lapsed (along with his 2021 and 2022 LTIP awards) when he stepped down as CEO. Nicandro Durante was not granted a 2020 LTIP award as he was a Non-Executive Director at the time of grant.

2020 performance targets

Vesting of awards under the 2020 LTIP was dependent on the performance conditions set out in the table below. The targets were adjusted for the disposal of IFCN China during 2021 and were disclosed in detail in the 2021 Directors' Remuneration Report.

Assessment of performance versus targets

The chart below illustrates performance compared to the targets. As set out below, the strong performance against all the performance measures over the three-year performance period results in 100% vesting in respect of each element, and therefore the total award.

Vesting of the LTIP in the last three years is shown below

2017-2019	2018-2020	2019-2021	2020-2022
0%	0%	21.5%	100%

Overall Group performance taken into consideration

As it does every year, the Committee thoroughly evaluated the performance of both the Group and the Executive Directors in the round to assess whether the level of vesting under the LTIP is both appropriate and justified. The framework that the Committee applies is set out on page 133. The Committee took into account the progress on delivery of the strategy and wider people, culture and sustainability in 2022 as disclosed on pages 137 and 138 of this report and over the performance period of the 2020 LTIP, as disclosed in previous Annual Reports, as well as the shareholder experience.

26.8% increase in NR for 2020-2022 LTIP

1 Peer group data based on latest data publicly available for FY2022

Decision on 2020 LTIP vesting outcome

The Committee is satisfied that this outcome is aligned with the shareholder experience and the wider assessment of performance over the last three years and concluded that the overall vesting level is justified and appropriate in this context and that no discretion will be applied.

Based on the performance assessment above, the 2020 LTIP award to the CFO will vest as detailed below. As mentioned previously, Laxman Narasimhan's award lapsed on his resignation as CEO. These awards did not accrue dividends during the vesting period.

	Interests held	Exercise price	Vesting %	Interests vesting	Share price[1]	Estimated value
CFO awards – Jeff Carr						
Performance shares	40,000	n/a	100%	40,000	£58.22	£2,328,800
Performance share options	80,000	£65.20	100%	80,000	£58.22	£0

1 As the share price on the date of vesting is unknown at the time of reporting, the value is estimated using the average market value over Q4 2022 of £58.22. The actual value at vesting will be disclosed in the 2023 Annual Report.

There is a further two-year holding period attached to Jeff Carr's LTIP award which means that vested performance shares (net of tax withholding) will not be released to the CFO until 1 January 2025, and the resultant shares (net of any tax withholding and the exercise cost as appropriate) from the exercise of any vested performance share options will not be released to Jeff until 1 January 2025.

DIRECTORS' REMUNERATION REPORT CONTINUED

Single total figure of remuneration for Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 December 2022, based on the information set out in the previous sections. This is compared to the prior year figure.

	Executive Directors				Former Executive Director	
	Nicandro Durante[1]		Jeff Carr		Laxman Narasimhan[2]	
	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Base salary	363,044	-	721,000	700,000	756,000	979,000
Taxable benefit[3]	199,346	-	16,817	16,756	86,821	95,322
Pension benefit[4]	-	-	72,100	70,000	75,600	97,900
Annual bonus[5]	1,555,279	-	2,573,970	2,282,000	0	3,829,848
LTIP[6,7]	-	-	2,328,800	-	0	1,006,523
Fixed remuneration	562,390	-	809,917	786,756	918,421	1,172,222
Variable remuneration	1,555,279	-	4,902,770	2,282,000	0	4,836,371
Total	2,117,669	-	5,712,687	3,068,756	918,421	6,008,593

1. Appointed CEO Designate on 2 September 2022 and CEO effective from 1 October 2022. Remuneration shown relates to services as an Executive Director only. Fees relating to his tenure as a Non-Executive Director are detailed on page 152
2. Stepped down as CEO and from the Board on 30 September 2022. Remuneration is shown to this date. As detailed elsewhere in this report, all unvested share awards for Laxman lapsed on his leaving Reckitt. This included his deferred bonus awards disclosed in previous annual reports as totalling £2.9m. These shares are set out in detail on pages 153 and 154
3. Benefits for Nicandro Durante in 2022 primarily consist of one-off relocation costs including temporary accommodation, home leave benefits such as flights, the use of a car and healthcare. For Jeff Carr the benefits include a car allowance and healthcare. Laxman Narasimhan's benefits included the use of a car, healthcare and tax filing support. Where relevant the costs above include a gross-up for tax
4. The company paid Jeff Carr and Laxman Narasimhan a cash allowance in respect of pension provision to the value shown in the table above. These payments reflect the full pension provision outlined in the Policy Table. Directors are only entitled to pension on a defined contribution (or cash allowance) basis, with no defined benefit accrual. Nicandro Durante does not receive a pension allowance
5. Annual bonus reflects financial performance at the maximum level of the performance ranges set for the 2022 bonus; the Committee's assessment of performance of both the company and the Executive Directors in the round; and the Committee's determination of the level of annual bonus payout at 100% of the maximum level in line with the formulaic outcome is appropriate as set out on pages 135 to 138. One-third of this is deferred into share awards for three years and will vest subject to continued employment
6. Reflects the estimated value of LTIP performance share options and performance shares granted to Jeff Carr in May 2020, which are due to vest in May 2023 at 100% of maximum. Valued using an average share price over Q4 2022 of £58.22. See the relevant section on pages 139. For more details. None of this is attributable to share price growth over the vesting period. The Committee did not apply discretion in determining the remuneration resulting from the 2020 LTIP vesting
7. The value of the 2021 LTIP vesting for Laxman Narasimhan has been restated from last year, which used an average share price of £59.84 over Q4 2021 to estimate the value of the vesting. The actual value shown above is based on the share price on the date of vesting of £62.42 on 20 May 2022. None of this value is attributable to share price growth over the vesting period

Shareholding of Executive Directors compared to requirements

The bar chart below illustrates the Executive Directors' shareholding compared to the company's shareholding requirements. Executives have a period of eight years from appointment to achieve the requirements of 200,000 shares for the CEO and 100,000 for the CFO and both Executive Directors are showing good progress towards meeting these requirements as reflected below

1. Current shareholding value based on the average closing share price in Q4 2022 of £58.22
2. Includes shares owned outright and shares subject to post-vesting holding restrictions
3. This is the estimated number of shares under the Deferred Bonus Plan after tax, including those to be deferred from the 2022 annual bonus
4. For Jeff Carr this is an estimate of the number of shares vesting in May 2023 under the 2020 LTIP, after tax

DIRECTORS' REMUNERATION REPORT CONTINUED

Executive Directors' shareholding requirements (audited)
Executive Directors are expected to acquire significant numbers of shares over eight years and retain these until retirement from the Board, with a portion required to be retained post-employment as described below.

These shareholding requirements (200,000 shares for the current CEO and 100,000 shares for the current CFO) are the most demanding in the market and are equivalent to c 1050% and c 800% of salary for the CEO and CFO, respectively (based on a share price of £58 22) These requirements are also more than double the current annual LTIP award (using a Black-Scholes valuation of 10% for the performance share options)

We also have post-employment shareholding requirements for a further two years The post-employment shareholding requirement is enforced through a restriction on Executive Directors' vested shares, held by our external share plan administrator, which requires company permission before these shares can be sold This restriction excludes shares purchased by the Executive Directors

The two-year post-employment shareholding requirement is 50% of the shareholding requirement (or actual shareholding on leaving if lower) This represents more than c 525% of salary for the CEO and c.400% for the CFO and is more stretching than almost all other UK companies' in-employment shareholding requirements, it is also greater than the current annual LTIP award.

The table below shows the current shareholding of each Executive Director against their respective shareholding requirements as of 31 December 2022

				Performance shares		Options held		
	Shareholding requirement (number of shares)	Total beneficial interests (number of shares)[1]	Shares awarded under the Deferred Bonus Plan[2]	To vest in 2023[3]	Unvested, subject to performance	Vested but not exercised	To vest in 2023	Unvested, subject to performance
Nicandro Durante	200,000	1,105	4,719	–	75,000	–	–	150 000
Jeff Carr	100,000	30,000	19,625	21 200	80,000	–	80,000	160 000
Laxman Narasimhan[4]	100,000	66,074	0	0	0	32,250	0	0

1 'Total beneficial interests' includes shares owned outright and shares subject to post-vesting holding restrictions

2 'Shares awarded under the Deferred Bonus Plan' shows the estimated number of shares awarded under the Deferred Bonus Plan after tax, including an estimate of those to be deferred from the 2022 annual bonus

3 This is an estimate of the number of shares vesting to Jeff Carr in May 2023 under the 2020 LTIP after tax as detailed on page 139

4 Laxman Narasimhan's shareholding immediately following cessation of employment on 30 September 2022 Since stepping down from the role of CEO on 30 September 2022, Laxman Narasimhan has been subject to the post-employment shareholding requirements of 100,000 shares (or his actual holding on leaving if lower) for two years following cessation of employment (to 30 September 2024) Shares purchased by Laxman Narasimhan and those delivered through his buyout awards are not subject to the post-employment shareholding requirement

The Remuneration Committee has confirmed that Laxman is compliant with his post-employment shareholding requirement.

The Executive Directors are also eligible to participate in the all-employee Sharesave Scheme. Details of options held under this plan are set out on page 154

2022 LTIP awards (audited)

The table below sets out the LTIP awards which were made to Nicandro Durante, Jeff Carr and Laxman Narasimhan. Dividend equivalents accrue on performance shares during the performance period, but will only pay out on vested performance shares. Vesting of these awards in full requires achievement of stretching performance conditions over the three-year period. In line with the Directors' Remuneration Policy, for Executive Directors there is a further two-year holding period commencing after the end of the three-year performance period. Following his resignation from the role of CEO, Laxman Narasimhan's award lapsed in full.

	Date of grant	Shares over which awards granted	Market price at date of award[1]	Exercise price[2]	Face value[3]	Face value less exercise price[3]	Performance period	Exercise/vesting period	Holding period
Performance shares									
Nicandro Durante	6 Sep 2022	75,000	£64.58	n/a	£4,843,500	n/a	1 Jan 2022–31 Dec 2024	May 2025	1 Jan 2027
Jeff Carr	20 May 2022	40,000	£62.42	n/a	£2,496,800	n/a	1 Jan 2022–31 Dec 2024	May 2025	1 Jan 2027
Laxman Narasimhan[4]	20 May 2022	75,000	£62.42	n/a	£4,681,500	n/a	1 Jan 2022–31 Dec 2024	May 2025	1 Jan 2027
Performance share options									
Nicandro Durante	6 Sep 2022	150,000	£64.58	£64.77	£9,687,000	£0	1 Jan 2022–31 Dec 2024	May 2025–Sep 2032	1 Jan 2027
Jeff Carr	20 May 2022	80,000	£62.42	£63.32	£4,993,600	£0	1 Jan 2022–31 Dec 2024	May 2025–May 2032	1 Jan 2027
Laxman Narasimhan[4]	20 May 2022	150,000	£62.42	£63.32	£9,363,000	£0	1 Jan 2022–31 Dec 2024	May 2025–May 2032	1 Jan 2027

1. The market price at date of award is the closing share price on the date of grant.
2. The exercise price is based on the average closing share price over the five business days prior to the date of grant.
3. For performance shares, the face value is based on the share price at the date of award and assumes the stretching performance criteria are met to achieve full vesting. For performance-based share options the face value in the table above is calculated as the number of share options multiplied by the market price at date of award. However, the actual value to a participant at the time of exercise will be the difference between market price at that time and the exercise price for the number of share options vesting after the assessment of performance against the stretching performance criteria set. It should be noted that the 'face value' shown above would therefore only be realised if the stretching performance conditions are met in full and the share price at the time of exercise is double the exercise price. As at 31 December 2022, as a result of the share price being below the exercise price, the value of the share options if vesting at this date would be £0.
4. Following his resignation from the role of CEO, awards granted to Laxman Narasimhan lapsed in full.

As disclosed in the 2021 Annual Report, the performance measures and weightings used for the 2022 LTIP were refreshed from the 2021 LTIP award. The 2022 LTIP awards are based 40% on net revenue, 25% on Return on capital employed (ROCE), 25% on relative total share return (TSR) and 10% on ESG measures.

Net revenue continues to be measured as like-for-like growth over three years. ROCE is measured based on the final year of the performance period and is a measure of how efficient the Group is at converting its capital into earnings. ROCE is measured in the final year of the performance period and is a measure of how efficient the Group is at converting its capital into earnings. For LTIP purposes ROCE is measured on a constant currency basis. In addition, LTIP targets include impairments prior to the start of the performance period, whereas in the calculation elsewhere in the annual report total assets have been adjusted to add back impairments of Goodwill, except where the impaired asset has been disposed or partially disposed. If there are any impairments during the performance period, the Committee will ensure that this does not lead to an increase in the vesting by adjusting the capital employed accordingly and to ensure a like-for-like comparison to the targets. Relative TSR is measured against a peer group comprising 19 relevant peer companies. The targets associated with the 2022 LTIP awards were disclosed in the 2021 Annual Report on Remuneration.

Wider workforce pay arrangements

Reckitt cascades its reward policy fairly and consistently throughout the organisation and the Remuneration Committee takes into account the arrangements for the wider workforce when setting Executive Director remuneration. During the year, the Committee considered workforce remuneration and related policies on several occasions, as well as the alignment of incentives and rewards with culture

Information reviewed by the Remuneration Committee includes salary structures, bonus design and targets, the LTIP, share ownership, our global mobility policies, provision of benefits and Reckitt's all-employee share plans. The Committee is pleased to note from this review that the company's remuneration policies continue to be aligned with those of the Executive Directors, with a cascade throughout the organisation

As mentioned in the Chair's letter, we continue to pay our employees in the UK the Living Wage and further developed our Sustainable Livelihood Framework to capture broader input on providing a working environment that promotes health and wellbeing, equality, employment rights, long-term financial security, and skills development to support ongoing career development for our people. During the year we also rolled out a global framework to support markets in providing additional financial reward (one-off appreciation bonus or salary increase) to our people to recognise their ongoing commitment, demonstrate our care for them, and acknowledge the increasingly difficult personal circumstances of cost-of-living increases

We continued to have strong take-up in our all-employee share plans from the most recent launch and 45% of our people globally are participating in one of the plans. Our efforts in building inclusive and accessible launch campaigns this year have been recognised as we were short-listed for the best communication of an employee share plan at the 2022 ProShare Annual Awards.

In addition, we continued to implement and develop many of our workforce initiatives that have been introduced previously. We continued to review and monitor the gender pay gap of our workforce closely. To increase transparency on this issue, Reckitt voluntarily discloses the gender pay gap for our 10 largest markets by workforce size, which including the UK, make up around 70% of our global permanent workforce. We have also continued with the Stronger Together conversation series, focusing on mental health, race and ethnicity topics this year, and established a new Global Disability Employee Resource Group (ERG), whose senior leaders and sponsors, together with those from other ERGs and the CEO as the Chair, lead the diversity and inclusion (D&I) board that focuses on the strategic agenda across Reckitt

In partnership with Hintsa Performance, we continued to offer personal Wellbeing Performance Coaching to all people leaders. Hintsa Performance Coaches share information on relevant health and wellbeing topics in our monthly Wellbeing Boosters and People Leader Q&As that are available to all our people. We also launched a pilot Caregiver Support Network in the UK in partnership with Heart On My Sleeve, to support caregivers faced with the mental health challenges of the people they care for. In August 2022 *we ran a full Employee Engagement Survey with an 83% response rate and an improved 'recommend'* score +1 and in line with the external benchmark. In the markets where it was possible to do so, 85% of people answered voluntary questions about their diversity. This has helped us better understand our people and inform our inclusion strategy

As set out earlier in the Annual Report, we continue to focus on maintaining an open, transparent culture by promoting continuing dialogue across the company. During 2022, Mary Harris's activity as the Designated Non-Executive Director for engagement with the company's workforce has allowed her to feed back the views of the workforce to the Remuneration Committee as well as the wider Board. Each year the company holds several round-table discussions with employees and organises site visits during which townhall meetings and smaller group discussions with our people take place. Details of this engagement are set out in the Section 172 Statement, which can be found on pages 62 to 64

The table below summarises the remuneration structure for the wider workforce:

Implementation below the Board	Comparison with Executive Director remuneration
Salary	
Salary increases are determined by line managers based on factors such as individual performance ratings, talent ratings and local market practice. Country-specific conditions such as inflation are also taken into account. The budget salary increase for our UK workforce for 2023 was 6% The average total pay during 2022 to all employees across the Group is £53,175 and we review pay ratios of the Chief Executive Officer's total remuneration to the remuneration of UK employees, as set out on page 147 of this report. In the UK, Reckitt has been voluntarily paying the Living Wage for a number of years and is accredited by the Living Wage Foundation as paying a Living Wage to employees and contractors. This certifies our commitment to employees and staff that they will receive a wage that not only exceeds the minimum wage but also recognises the actual cost of living in the UK. We have developed a framework that captures the broader work we are doing to provide a working environment that promotes health and wellbeing, equality, employment rights, long-term financial security, and skills development to support ongoing career development for our people. In line with our 2030 Sustainability Ambitions, this is how we are articulating how we are enabling sustainable livelihoods. In 2022, we reviewed our top 10 markets which covered 25,665 employees (67% of the total full-time employee population). Of these only 38 employees were identified to be paid below Living Wage for their country and all were within 4% at the time of the study. We have addressed this and going forward we will roll out the approach in all our markets.	Salary increases are normally aligned with those of the wider workforce, which take into account performance Salaries are also set competitively against peers in support of the recruitment and retention of Executive Directors The salary increase for the CFO for 2023 was 5.4% which is lower than the budgeted salary increase for the wider workforce in the UK The CEO did not receive a salary increase for 2023
Annual bonus	
Our Annual Performance Plan (APP) is operated consistently across the organisation and has approximately 16,000 employees participating. As employees progress and are promoted their target bonus and maximum multiplier typically increase In common with the Executive Directors, bonus payouts are based on Reckitt's financial performance, with all employees being incentivised on net revenue and a profit measure, which varies based on role. In addition, some roles have a third measure, typically related to net working capital or innovation. We also operate local bonus plans, for example for employees in sales and factories	Annual bonuses for Executive Directors are directly related to Reckitt's financial performance measured by net revenue and adjusted profit before income tax targets, as well as a net working capital (NWC) measure from 2023 which will act as a downward modifier only These measures also apply to other Group employees who participate in the APP. The bonus for all participants in the APP operates on a multiplicative basis, in the same way as for the Executive Directors. One-third of annual bonus payments for Executive Directors are subject to a three-year deferral into awards over Reckitt shares. We have malus and clawback and other safeguards in place in order to manage any potential risk that may arise from the use of the APP

Implementation below the Board	Comparison with Executive Director remuneration
Long-term incentives	
Reckitt grants LTIP awards to members of the Group Executive Committee, Group Leadership Team and senior management team to support the remuneration philosophy of incentivising superior long-term business results and shareholder value creation. Awards are also made to selected high-potential employees below these levels The 2023 awards will continue to use the same performance measures and three-year performance period as for the Executive Directors. Awards are made as a fixed number of share options and shares, with grants applied consistently depending on an employee's level in the organisation. Adjustments can be made to the award level based on performance and managers can also recommend additional awards to key employees	Executive Directors' LTIP grants comprise performance share options and performance share awards (based on a fixed number), which for the 2023 awards will vest subject to the achievement of LFL net revenue, ROCE, relative TSR and ESG performance targets. In addition to the LTIP's three-year performance period, Executive Directors are subject to an additional two-year holding period commencing at the end of the performance period
Pension	
A pension/gratuity scheme is offered to more than 80% of our global employees. Exceptions to this are countries where pension provision is not prevalent in the local market and/or is provided by the state In the UK, all Reckitt employees are eligible to receive a company pension contribution of at least 10% of pensionable salary, irrespective of any personal contribution made.	Under the Policy, our Executive Directors are eligible to receive a company pension contribution of 10% of salary, in line with the wider workforce in the UK. They are eligible to take this as a cash alternative. The current CEO is not eligible for a pension contribution
All-employee share plans	
We operate a global all-employee share plan to foster our culture of ownership amongst employees. This gives employees the opportunity to save over a three-year period to purchase Reckitt shares at a discount to the share price. As well as ensuring individuals feel a sense of ownership, Reckitt is keen to ensure that the plans are inclusive and accessible to all colleagues, with the plan being offered on equivalent terms to all eligible employees globally, subject to local regulation 45% of Reckitt employees have signed up to one of our three share plans. Over the last three-year period, 2020-2022, around 4,500 employees saved in one of our plans, making a gain of c.23% over the period[1], which was a gain of £1,580 per employee on average. Someone saving the maximum allowed under the plan would have made a gain of £4,086 In order to encourage take-up and ensure that the plans are inclusive and accessible to all employees, we utilise around 100 local champions and provide communications in 26 languages. Champions are responsible for local communications throughout the offices and factories. Examples include desk drops, webinars, virtual drop-in sessions with specific contacts at each site for support. These led to another successful launch and strong employee take-up, and we were short-listed for the best communication of an employee share plan at the 2022 ProShare Annual Awards Further, in line with Reckitt's commitment to diversity and inclusiveness, Reckitt has included and promoted a 12-month savings sabbatical for employees on maternity leave	Executive Directors are eligible to participate in the all-employee Sharesave Scheme on the same basis as all employees

DIRECTORS' REMUNERATION REPORT CONTINUED

Implementation below the Board	*Comparison with Executive Director remuneration*
Share ownership	
Reckitt is proud of our ownership culture. In addition to the market-leading participation rates in our all-employee share plans, members of the Group Executive Committee and Group Leadership Team have shareholding requirements in order to further align the interests of management and shareholders. These requirements are amongst the most demanding in the market and we expect participants to meet them within eight years of appointment. There is an annual review of progress by the Remuneration Committee. Amongst the Group Executive Committee, the total shareholding requirement is around £41m[1] and the average shareholding requirement among this group excluding the CEO is c 530% of salary. The aggregate actual holding for the Group Executive Committee is £15m[1], equivalent to an average of 230% of salary, which reflects good progress towards the requirement given the changes to the Group Executive Committee over the past three years. Overall the total shareholding requirement for all employees with requirements is £79m[1], equivalent to an average of 400% of salary. The current actual holding is £51m[1] and the actual average holding is 260% of salary. This also reflects good progress towards the requirement given the number of new appointments made in light of the company's strategic transformation goals and reorganisation of structure.	The Executive Directors have shareholding requirements of 200,000 shares for the CEO and 100,000 for the CFO, the most demanding requirements in the UK market[2]. These are equivalent to c 1050% and c 800% of salary[1] respectively. Executive Directors are additionally subject to a post-employment shareholding requirement which is enforced through restrictions put in place by our share plan administrator. The table on page 140 sets out the progress of the Executive Directors towards their shareholding requirements.
Benefits	
Reckitt regularly reviews the core benefits it provides in each country to ensure they remain appropriate, equally inclusive and in line with our philosophy of providing market-competitive benefits. In addition to aligning with the local market Reckitt ensures that there is a core level of benefits provided to all employees. These include: – Life insurance for all of our global employee population. All of our employees are insured for at least two times base salary – Global parental leave policy which provides for at least 26 weeks paid and 26 weeks unpaid maternity leave, and four weeks paid and four weeks unpaid paternity leave, for all employees. Some markets, such as the US, provide a market-leading higher benefit of 16 weeks paternity leave. The policy recognises that today's families come in all shapes and sizes, so the same principles apply to all LGBTQ+ employees, as well as adopting and surrogacy families – An Employee Assistance Programme is provided in every country, providing valuable assistance to our employees during the pandemic and beyond – Reckitt also provides health insurance, where it is not adequately provided for by the state, for most of our global employee population. In the UK and US our healthcare insurer provides access to a video GP. This allows our employees to speak to a doctor whenever they want. In a number of markets this also extends to cover spouse and/or children Reckitt's unique International Transfer Policy is key to ensuring global mobility, which is a critical part of Reckitt's career development and our culture. Employees transfer consistently on a local terms basis, to remove inequities of home/host practices. Depending on the type of international move additional benefits such as international healthcare, international pension, school fees, tax return support and home leave may be provided to foster ongoing mobility.	Executive Directors receive benefits which consist primarily of the provision of a company car/allowance, risk insurances and healthcare. In addition, Executive Directors are eligible for the benefits available to the wider UK workforce, as described in this table.

1 Based on the average closing share price in Q4 2022 of £58.22
2 Compared against constituents of the FTSE 30

Gender pay gap

The Board reviews the company's gender pay gap and publishes an annual gender pay report that can be found on our website under the Fairer Society heading of our Sustainability section To increase transparency on this issue Reckitt voluntarily discloses the gender pay gap for our 10 largest markets by workforce size, including the UK, which together make up around 70% of our global permanent workforce

As disclosed in our gender pay gap report, Reckitt has set targets to increase the number of women in senior leadership positions and has a number of initiatives to increase this representation

A summary of the gender pay statistics is also included below.

- The gender pay gap in the UK for the year to April 2022 is -10 8% at median and 2 4% at mean
- This compares to the year to April 2021 when the gender pay gap was -7 4% at median and 5.0% at mean

Further data and information on the initiatives Reckitt is taking on diversity and inclusion are set out in our gender pay gap report

CEO pay ratio

The table below provides pay ratios of the Chief Executive Officer's total remuneration to the remuneration of UK employees at the lower quartile, median and upper quartile. This is in line with UK reporting requirements

For 2022, the total pay and benefits paid to both Nicandro Durante and Laxman Narasimhan whilst in the role of CEO have been combined to calculate the total CEO pay for 2022

CEO	Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
	2022	Option A	1:82	1:61	1:34
	2021	Option A	1:170	1:121	1:78
	2020	Option A	1:244	1:177	1:100
	2019	Option A	1:158	1:115	1:70

The calculations reflect the application of Reckitt's reward policy across the organisation as set out in the section on wider workforce pay arrangements

In particular, the Remuneration Committee believes the pay ratio is consistent with the Group's wider policies on employee pay, reward and progression Reckitt ensures that employees are paid fairly for their role, based on the location they work in and their performance in role As such, the base salary, annual bonus and benefits are based on the same principles for the identified employees as they are for the CEO. The median pay ratio has decreased in line with the reduction in the CEO's single total figure of remuneration as set out on page 140.

In calculating the ratio we have used Option A, in line with shareholder guidelines The employees used in the calculations were selected on 23 February 2023, following the end of the financial year

For identifying the three employees at the lower quartile, median and upper quartile, the following methodology has been used:

- All UK employees' total remuneration as at 31 December 2022 has been considered, excluding leavers and employees who were absent for more than 20 days during the financial year, as these would distort the ratio
- Full-time equivalent salary, variable pay, allowances and benefits (using the part-time values and converting these to full-time equivalent values) have been calculated In order to calculate the value of taxable benefits we have taken the P11D value, due to ease of accessing data Actual pension contributions have been used, and, where appropriate, converted to full-time equivalents

The table below summarises the identified employees in 2022

	25th percentile	Median pay	75th percentile
Total employee pay and benefits	£36,998	£49,842	£88,128
Salary component	£25,580	£42,025	£58 062

In addition Note 5 to the Financial Statements sets out the total employment costs and average number of employees globally, during 2022 Based on these, the average global pay during 2022 was £53,175 and consequently the pay ratio between the CEO and average global employee was 1:57

Implementation of Directors' Remuneration Policy for 2023 outcomes

Salary

As set out earlier in this report, the CEO did not receive a salary increase for 2023 and there was a 5 4% increase in the CFO's salary for 2023, taking into account Group and individual performance. This is below the budgeted average increase of 6% for the UK workforce. The CEO's salary for 2023 will be £1,100,000 and the CFO's will be £760,000.

Pension

The CFO is eligible to receive a pension contribution, or equivalent cash allowance, of 10% of salary, which is equivalent to the company's level of contribution for all UK employees The current CEO does not receive a pension contribution

Annual bonus in respect of 2023 performance

There are no changes to the bonus opportunity for the CEO and CFO, remaining at 120% and 100% of salary at target, respectively. Bonuses for 2023 will remain based on Reckitt's net revenue and adjusted profit before income tax targets, measured in GBP at a constant exchange rate, with the outcome under each of the measures combined multiplicatively to give a maximum bonus outcome of 3.57x the target bonus opportunity if both targets are met.

In addition, for 2023, a NWC metric will be introduced to the annual bonus. The NWC measure will act as a downward modifier only (applying on a multiplicative basis to the combined outcome of the net revenue and adjusted profit before income tax targets, with a maximum multiplier of 1x) and is intended to hold executives more formally accountable for, and incentivise delivery of, cash conversion as a key element of Reckitt's earnings model. NWC has been used as an APP metric for a number of years for a significant proportion of the business and the Committee is of the view that aligning the bonus measures for our Executive Directors, as well as other senior leaders, with other areas of the Group is appropriate. The NWC metric for APP purposes is an Operating NWC and is calculated as a 12-month average.

One-third of any bonus earned will be deferred into Reckitt shares for three years.

As previously noted in the Chair's letter, as it does every year, the Committee will continue to evaluate the performance of both the Group and the Executive Directors in the round and with regard to broader circumstances to assess whether the level of annual bonus payout is appropriate and justified, before determining the final bonus payout.

We have not disclosed the performance target ranges for 2023 as we consider them to be commercially sensitive. However, we commit to retrospectively disclosing the performance ranges in the Directors' Remuneration Report for the year ending 31 December 2023.

2023 LTIP awards

Award levels

There are no changes to the LTIP award levels for the CEO or CFO for 2023. These have been reviewed in light of share price performance, Group performance and individual performance. Nicandro Durante's 2023 LTIP award will consist of 150,000 performance share options and 75,000 performance shares and Jeff Carr's award will be 80,000 performance share options and 40,000 performance shares These awards are expected to be made following the AGM in May 2023.

Performance conditions

The LTIP performance metrics and their associated weightings are unchanged from the 2022 LTIP awards and are as follows

- LFL net revenue growth (40% weighting)
- ROCE (25% weighting)
- Relative TSR (25% weighting)
- ESG (10% weighting)

The Committee went through a robust process when setting these targets, taking into account a number of factors and different reference points, and the Committee considers that the targets set are very stretching. Awards granted in 2023 will vest in line with the descriptions below, which require significant outperformance of targets.

LFL net revenue growth

Net revenue is measured as LFL growth over three years. As set out earlier in the report, we are a 28% larger business on a LFL net revenue basis since 2019, including a c.2.5% positive impact from the US Nutrition competitor supply issue detailed elsewhere, meaning that 2022 is a larger, stronger base year for this award. At the time these targets were set, market consensus was for c.2% LFL net revenue growth for 2023 and our stated ambition for LFL net revenue growth is mid-single-digits, excluding the lapping impact of the competitor supply disruption in our US Nutrition business in 2022. In this context, the Remuneration Committee believes that the performance ranges are appropriately stretching and incentivise management to deliver outperformance. 20% of this element will vest for achieving 2.0% per annum growth increasing to full vesting for achieving 5 0% per annum growth.

ROCE

ROCE is measured in the final year of the performance period and is a measure of how efficient the Group is at converting its capital into earnings. For LTIP purposes ROCE is measured on a constant currency basis. In addition, LTIP targets include impairments prior to the start of the performance period, whereas in the calculation elsewhere in the annual report total assets have been adjusted to add back impairments of Goodwill, except where the impaired asset has been disposed or partially disposed.
If there are any impairments during the performance period, the Committee will ensure that this does not lead to an increase in the vesting by adjusting the capital employed accordingly and to ensure a like-for-like comparison to the targets 20% of this element will vest for achieving 14.0% increasing to full vesting for achieving 16 0%

Relative TSR

Relative TSR directly aligns LTIP participants with the shareholder experience and will only reward for TSR outperformance against our peers

As it does every year, the Committee reviewed the constituents of the peer group to ensure that they remain appropriate to assess performance against and also considers whether any additional peers should be added The outcome of this review was that all of the current peer companies remain appropriate and that Haleon (which was listed as an independent business in 2022) should be added to the peer group

Therefore, the peer group for the 2023 LTIP awards comprises 20 companies with which we compete for capital and to which shareholders compare us, and is also an appropriate group against which to incentivise LTIP participants to outperform The peer companies are primarily drawn from the constituents of the MSCI World House & Personal Products Index, with others forming part of the broader 'Fast Moving Consumer Goods' industry which are subject to similar industry dynamics and market challenges as Reckitt. The constituents will be reviewed on an annual basis and, in particular, as new comparators come to the market The TSR peer group for the 2023 LTIP award is set out below

Beiersdorf	Danone	Henkel	Lindt	Procter & Gamble
Church & Dwight	Essity	JDE	L'Oreal	Shiseido
Clorox	Estée Lauder	Kao	Mondelēz	Unicharm
Colgate Palmolive	Haleon	Kimberly-Clark	Nestlé	Unilever

Under the relative TSR measure, 20% of the award will vest for TSR at the median of the peer group, increasing to full vesting for upper quartile performance or above, in line with shareholder guidance, a common currency will be used for TSR purposes

ESG

ESG measures were introduced from the 2022 LTIP to align participants with, and incentivise delivery of, our 2030 Sustainability Ambitions. There are two equally weighted metrics for the 2023 LTIP award The ESG targets are based on rigorous methodology, are independently assured and, in the case of our carbon emissions, support our delivery of externally validated science-based targets on emissions reduction. Targets are based on achievement in the final year of the performance period and take into account the plans that we have to achieve the Sustainability Ambitions The measures and targets are as follows:

i. **Percentage of net revenue from more sustainable products** – this has been an annual reporting KPI since 2012 and supports our ambition of 50% of net revenue being from more sustainable products by 2030 This is measured using our Sustainable Innovation Calculator (SIC) The calculator evaluates the sustainability impact of every new product versus existing products and established benchmarks. It helps measure carbon, water, plastics, ingredients and packaging footprints in new products for our global brands, targeting their reduction to enable more sustainable products in the future It includes Scope 3 product emissions (including the carbon and water impact from consumer use) which is the most impactful lifecycle stage of our products We achieved 24.4% of net revenue from more sustainable products in 2022 and have set the targets for this measure based on the Plan to 2030, such that 20% of this element will vest for achieving 32% of net revenue from more sustainable products increasing to full vesting for achieving 35% in 2025

ii. **Percentage reduction in GHG emissions in operations** – this supports the delivery of our externally validated science-based targets for 2030 to help maintain global warming at less than 1 5°C, including a 65% reduction in GHG emissions in operations against our 2015 baseline For the purposes of reward outcomes, any offsetting activities will not count towards achievement of these targets A total of 20% of this element will vest for achieving a 66% reduction in GHG emissions in operations by 2025, increasing to full vesting for achieving a 69% reduction The threshold of a 66% reduction is above the goal that we set for ourselves by 2030, with the maximum target of a 69% reduction significantly beyond this, requiring us to exceed our 2030 science-based target ahead of schedule These targets are considered stretching taking into account internal forecasts and in the context of a 2022 actual of 66%

Summary of 2023 LTIP targets

Performance will be assessed for each measure, at the end of the three-year performance period, on a sliding scale as set out below

	Threshold (20% vesting)	Maximum (100% vesting)
LFL net revenue growth (3-year CAGR) (40% weighting)	2 0%	5 0%
ROCE (final year) on a constant foreign exchange basis (25% weighting)	14 0%	16 0%
Relative TSR (25% weighting)	Median	Upper quartile
ESG: % of net revenue from more sustainable products (final year) (5% weighting)	32%	35%
ESG: % reduction in GHG emissions in operations (final year) (5% weighting)	66%	69%

ADDITIONAL REMUNERATION DISCLOSURES

Percentage change in the remuneration of Directors

We are required to publish the annual percentage change in remuneration (salary or fees, benefits and annual bonus) for each Director compared to the annual average percentage change in remuneration for the employees (excluding Directors) of the Parent Company. Since the CEO is the sole employee of Reckitt Benckiser Group plc, this statutory disclosure is not possible. In the table below we are therefore voluntarily disclosing the percentage change in remuneration for all UK employees in order to provide a representative comparison.

The company considers UK employees to be an appropriate comparator group as the Executive Directors' remuneration arrangements are similar in structure to the majority of these employees and it reflects the economic environment where the Executive Directors are employed. The analysis is based on a consistent set of employees for each comparison, i.e. the same individuals or roles appear in the 2021/22 comparison, and similarly for the 2020/21 and 2019/20 comparisons.

	2021/22			2020/21			2019/20		
	Salary/fee	Benefits	Bonus	Salary/fee	Benefits	Bonus	Salary/fee	Benefits	Bonus
All UK employees[1]	4.1%	2.1%[2]	15.6%	5.9%	6.2%[2]	-8.9%	4.5%	1.5%[2]	505.4%
Chris Sinclair (Chair of the Board)	10.0%	–	–	3.6%	–	–	10.0%	–	–
Andrew Bonfield[3]	6.2%	–	–	2.4%	–	–	4.1%	–	–
Olivier Bohuon[4]	2.6%	–	–	–	–	–	–	–	–
Jeff Carr (CFO)[5]	3.0%	0.4%	12.8%	41.5%	37.3%	29.3%	–	–	–
Jeremy Darroch[6]	–	–	–	–	–	–	–	–	–
Nicandro Durante (CEO)[7]	178.0%	–	–	1.9%	–	–	14.1%	–	–
Mary Harris	-3.8%	–	–	2.0%	–	–	14.4%	–	–
Mehmood Khan	2.6%	–	–	2.7%	–	–	4.7%	–	–
Pam Kirby	2.0%	–	–	2.0%	–	–	7.3%	–	–
Sara Mathew[8]	-57.2%	–	–	2.7%	–	–	109.3%	–	–
Laxman Narasimhan (Former CEO)[9]	-22.8%	-8.9%	-100.0%	3.1%	-62.1%	-5.9%	117.3%	-23.4%	1747.2%
Alan Stewart[10]	–	–	–	–	–	–	–	–	–
Elane Stock	2.6%	–	–	2.7%	–	–	4.7%	–	–
Margherita Della Valle[11]	2.6%	–	–	105.4%	–	–	–	–	–

1 The percentages for 'All UK employees' reflect the average percentage change in full time equivalent salary, taxable benefits and allowances, and bonus for colleagues based in the UK between 2019/20, 2020/21 and 2021/22. It only includes colleagues employed in both years in the comparison.

2 The percentage change in taxable benefits for all UK employees excludes international transfer benefits as this is volatile from year to year based on each individual's circumstances.

3 Andrew Bonfield held the role of Senior Independent Director on an interim basis from 1 September to 31 October 2022. The additional fees for this period are included above.

4 Olivier Bohuon was appointed to the Board on 1 January 2021 and so no comparison is shown for 2020/21 and 2019/20.

5. Jeff Carr joined on 9 April 2020 so no comparison is shown for 2019/20. The percentage change shown for 2020/21 reflects actual remuneration received during 2020 for service from Jeff Carr's appointment on 9 April 2020 to 31 December 2020.

6 Jeremy Darroch was appointed to the Board on 1 November 2022 and so no comparisons are shown.

7 Nicandro Durante was appointed as an Executive Director from 2 September 2022, having stepped down as a Non-Executive Director on 1 September 2022. The percentage change figures for 2021/22 reflect an aggregate of remuneration paid for both his Executive and Non-Executive roles during 2022.

8 Sara Mathew was appointed to the Board in July 2019 and the comparison for 2019/20 reflects that the 2019 fee was only received for part of the year. Sara Mathew stepped down from the Board on 20 May 2022 and the comparison for 2021/22 reflects that the 2022 fee was only received for part of the year.

9 The percentage change for 2019/20 for Laxman Narasimhan reflects actual salary received during 2019 for service from his appointment on 16 July to 31 December 2019. Laxman stepped down from the Board on 30 September 2022 and the comparison for 2021/22 reflects actual remuneration received during 2022 to this date. Laxman was not eligible for an annual bonus in 2022 and this is reflected in the comparison shown.

10 Alan Stewart was appointed to the Board on 1 February 2022 and so no comparisons are shown.

11 Margherita Della Valle joined on 1 July 2020 so no comparison is shown for 2019/20. The comparison for 2020/21 reflects that the 2020 fee was only received for part of the year.

Relative importance of spend on pay

The table below shows shareholder distributions (i.e. dividends) and total employee pay expenditure for 2021 and 2022, along with the percentage change in both

	2022 £m	2021 £m	% change 2021/22
Total shareholder distribution[1]	**1,249**	1,246	0.2
Total employee expenditure[2]	**2,408**	2,276	5.8

1 Details of shareholder distribution are set out in Note 28 to the Financial Statements

2 Details of employee expenditure are set out in Note 5 to the Financial Statements

Exit payments made in the year (audited)

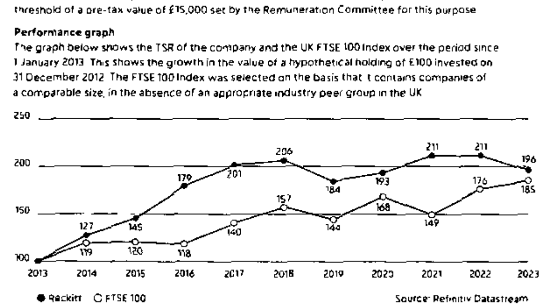
Details of Laxman's leaving arrangements are provided earlier in this report

Payments to past Directors (audited)

No other benefits or payments were delivered to former Directors in the year in excess of the minimum threshold of a pre-tax value of £15,000 set by the Remuneration Committee for this purpose

Performance graph

The graph below shows the TSR of the company and the UK FTSE 100 Index over the period since 1 January 2013. This shows the growth in the value of a hypothetical holding of £100 invested on 31 December 2012. The FTSE 100 Index was selected on the basis that it contains companies of a comparable size, in the absence of an appropriate industry peer group in the UK



Source: Refinitiv Datastream

The table below sets out the single figure of total remuneration for the role of CEO over the last 10 years

(£000) CEO single figure of remuneration	Nicandro Durante	Laxman Narasimhan	Rakesh Kapoor	Annual bonus (as a percentage of maximum)	LTIP vesting (as a percentage of maximum)
2013			£6,840	100%	40%
2014			£12,787	72%	40%
2015			£25,527	100%	80%
2016			£15,289	0%	50%
2017			£8,999	0%	50%
2018			£14,314	84%	65%
2019		£4,599[1]	£938	12%[2]	0%[3]
2020		£8,434[1]		100%	0%[3]
2021		£5,967		91%	21.5%
2022	£2,118	£918		100%[4]	100%[5]

1 Includes buyouts in respect of legacy arrangements from previous employer

2 Zero for Rakesh Kapoor

3 Laxman Narasimhan was not with the Group at the time these awards were granted

4 Laxman Narasimhan was not eligible for a 2022 APP following his resignation as CEO

5 Nicandro Durante was a Non-Executive Director at the time these awards were granted and therefore did not receive an award and Laxman Narasimhan's award lapsed following his resignation as CEO

Single total figure of 2022 remuneration for Non-Executive Directors and implementation for 2023 (audited)

The following Non-Executive Director fee policy will apply from 1 January 2023. The table also sets out the fees that were in place for the year ended 31 December 2022

	2023 fees		2022 fees	
Role	Cash fee	Fee delivered in Reckitt shares	Cash fee	Fee delivered in Reckitt shares
Base fees				
Chair of the Board	**£495,000**	**£165,000**	£470,250	£156,750
Non-Executive Director	**£76,500**	**£25,500**	£73,500	£24,500
Additional fees				
Chair of Committee	**£35,000**	-	£35,000	–
Member of Committee	**£20,000**	-	£20,000	–
Designated Non-Executive Director for engagement with the company's workforce	**£20,000**	–	£20,000	–
Senior Independent Director	**£30,000**	-	£30,000	–

DIRECTORS' REMUNERATION REPORT CONTINUED

The fee for the Chair of the Board has been increased to £660,000, an increase of 5.3%. The base fee for NEDs has been increased to £102,000, an increase of 4.1%. These increases are below the salary increase budget across the UK workforce. The proportion delivered in Reckitt shares continues to be 25% of the base fee, being £165,000 for the Chair and £25,500 for the NEDs.

In addition, NEDs are eligible to receive support from the company to complete a UK tax return, if required.

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2022 and the prior year:

	2022 fees			2021 fees		
	Cash	Shares	Total	Cash	Shares	Total
Chris Sinclair	£470,250	£156,750	£627,000	£427,500	£142,500	£570,000
Andrew Bonfield[1]	£113,500	£24,500	£138,000	£106,250	£23,750	£130,000
Olivier Bohuon	£93,500	£24,500	£118,000	£91,250	£23,750	£115,000
Jeremy Darroch[2]	£24,667	£0	£24,667	–	–	–
Nicandro Durante[3]	£95,667	£0	£95,667	£141,250	£23,750	£165,000
Mary Harris	£119,750	£24,500	£144,250	£126,250	£23,750	£150,000
Mehmood Khan	£93,500	£24,500	£118,000	£91,250	£23,750	£115,000
Pam Kirby	£128,500	£24,500	£153,000	£126,250	£23,750	£150,000
Sara Mathew[4]	£49,167	£0	£49,167	£91,250	£23,750	£115,000
Alan Stewart[5]	£94,458	£22,458	£116,916	–	–	–
Elane Stock	£93,500	£24,500	£118,000	£91,250	£23,750	£115,000
Margherita Della Valle	£93,500	£24,500	£118,000	£91,250	£23,750	£115,000

1. Andrew Bonfield held the role of Senior Independent Director on an interim basis from 1 September to 31 October 2022 The additional fees for this period are included above
2. Jeremy Darroch joined the Board on 1 November 2022. Fees shown are paid from this date
3. Nicandro Durante stepped down as a Non-Executive Director on 1 September 2022 and was appointed CEO Designate on 2 September 2022 and CEO effective from 1 October 2022. Remuneration shown relates to services as a Non-Executive Director only. Fees relating to his tenure as an Executive Director are detailed on page 140
4. Sara Mathew stepped down from the Board on 20 May 2022. Fees shown are paid to this date
5. Alan Stewart joined the Board on 1 February 2022. Fees shown are paid from this date

Travel and expenses for Non-Executive Directors are incurred in the normal course of business; for example, in relation to attendance at Board and Committee meetings. The costs associated with these are all met by the company.

Summary of shareholder voting at the 2022 AGM

The following table shows the results of the voting on the 2020 Directors' Remuneration Report at the 2022 AGM and 2022 Directors' Remuneration Policy at the 2022 AGM:

	Votes for	For %	Votes against	Against %	Total	Votes withheld
Approve the 2022 Directors' Remuneration Report	491,189,710	92%	44,291,555	8%	535,481,265	6,993,427
Approve the Directors' Remuneration Policy	493,637,970	92%	45,472,574	8%	539,110,544	3,364,148

The Remuneration Committee had extensive dialogue with shareholders during 2021 on the proposed 2022 Remuneration Policy, including engaging with shareholders representing more than 50% of our shareholder register. The majority of shareholders and advisory bodies providing input were supportive of the changes we are making to our Remuneration Policy and this was demonstrated by the high levels of support received for both the Policy and Annual Report on Remuneration at the 2022 AGM. Following his appointment as Chair of the Remuneration Committee, Alan Stewart met with a number of major shareholders.

Directors' service contracts

Non-Executive Directors have letters of engagement which set out their duties and time commitment expected They are appointed for an initial three-year term, subject to election and annual re-election by shareholders. Appointments are renewable for subsequent three-year terms by mutual consent. Details are set out below:

		Length of service as at 31 December 2022	
Name	Date of appointment	Years	Months
Chris Sinclair	10 February 2015 (appointed Chair of the Board on 3 May 2018)	7	11
Olivier Bohuon	1 January 2021	2	0
Andrew Bonfield	1 July 2018	4	6
Jeremy Darroch	1 November 2022	0	2
Mary Harris	10 February 2015	7	11
Mehmood Khan	1 July 2018	4	6
Pam Kirby	10 February 2015	7	11
Alan Stewart	1 February 2022	0	11
Elane Stock	1 September 2018	4	4
Margherita Della Valle	1 July 2020	2	6

The CEO has been appointed on a contract which is terminable by either party with six months' notice. The CFO's service contract contains a 12-month notice period. Nicandro Durante was appointed as CEO Designate on 2 September and as CEO from 1 October 2022. Jeff Carr was appointed to the Board as CFO on 9 April 2020. Directors' service contracts and letters of engagement are available for inspection at the registered office.

DocuSign Envelope ID: 8A6F30C5-051B-400D-8315-8EC26F9B0F0A

Advisors

Deloitte LLP (Deloitte) was appointed by the Remuneration Committee as independent advisor effective from 1 January 2014 following a review of the advisor in late 2013. The Committee undertakes due diligence periodically to ensure that Deloitte remains independent of the company and that the advice provided is impartial and objective. Deloitte is a founding member of and signatory to the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. During 2022, Deloitte LLP also provided the Group with advice and compliance support in numerous areas, including corporate, indirect and employment taxes, global mobility, and advisory and technology consulting.

These services were provided under separate engagement terms and the Committee is satisfied that the provision of these services did not impair Deloitte's ability to advise the Committee independently. Deloitte's total fees for the provision of remuneration services were £251,350 on the basis of time and materials. It should be noted that although we are only required to disclose the value of fees for services which materially assisted the Remuneration Committee, as with previous years, we have disclosed the full value of remuneration services from Deloitte, which includes advice to management and to the Remuneration Committee.

Directors' interests in shares and options under the LTIP[1] (audited)

	Grant date	At 01.01.22	Granted during the year	Exercised/vested during the year (including dividend shares)[2]	Lapsed during the year	At 31.12.22	Option price (£)	Market price at date of award (£)	Market price at date of exercise/vesting (£)	Exercise/vesting period
Nicandro Durante										
Performance-based share options	06.09.22	–	150,000	–	–	150,000	64.77	–	–	May 2025-Sep 2032
Performance-based share awards	06.09.22	–	75,000	–	–	75,000	–	64.58	–	May 2025
Jeff Carr										
Performance-based share options	01.05.20	80,000	–	–	–	80,000	65.20		–	May 2023-May 2030
	28.05.21	80,000	–	–	–	80,000	64.67	–	–	May 2024-May 2031
	20.05.22	–	80,000	–	–	80,000	63.32	–	–	May 2025-May 2032
Performance-based share awards	01.05.20	40,000	–	–	–	40,000	–	65.70	–	May 2023
	28.05.21	40,000	–	–	–	40,000	–	63.68		May 2024
	20.05.22	–	40,000	–	–	40,000	–	62.42	–	May 2025
Laxman Narasimhan										
Performance-based share options	05.08.19	150,000	–	32,250	117,750	–	63.72	–	62.42	May 2022-Aug 2029
	01.05.20	150,000	–	–	150,000	–	65.20	–	–	May 2023-May 2030
	28.05.21	150,000	–	–	150,000	–	64.67	–	–	May 2024-May 2031
	20.05.22	–	150,000	–	150,000	–	63.32	–	–	May 2025-May 2032
Performance-based share awards	05.08.19	75,000	–	16,125	58,875	–	–	59.72	–	May 2022
	01.05.20	75,000	–	–	75,000	–	–	65.70	–	May 2023
	28.05.21	75,000	–	–	75,000	–	–	63.68	–	May 2024
	20.05.22	–	75,000	–	75,000	–	–	62.42	–	May 2025

1 Vesting of these awards is subject to performance conditions set by the Remuneration Committee and the awards are subject to an additional two-year holding period commencing at the end of the performance period.

2 Dividend equivalents accrue on performance shares during the vesting period for 2022 LTIP awards, and will be disclosed on vesting.

Directors' interests in shares in the Deferred Bonus Plan[1] (audited)

	Grant date	At 01 01 22	Granted during the year	Exercised/vested during the year	Lapsed during the year	At 31 12 22	Option price (£)	Market price at date of award (£)	Market price at date of vesting (£)	Vesting period
Jeff Carr										
Deferred Bonus Plan	25.03 21	9,163	–	–	–	9,163	–	64 22	–	Mar 2024
Deferred Bonus Plan	21 03 22	–	13,131	–	–	13,131	–	57 92	–	Mar 2025
Laxman Narasimhan										
Deferred Bonus Plan	23 03 20	1,259	–	–	1,259	–	–	58 35	–	Mar 2023
Deferred Bonus Plan[2]	23 03 20	3,832	–	–	3,832	–	–	58.35	–	Mar 2023
Deferred Bonus Plan	25.03 21	21,124	–	–	21,124	–	–	64.22	–	Mar 2024
Deferred Bonus Plan	21 03 22	–	22,038	–	22,038	–	–	57 92	–	Mar 2025

1 One-third of the annual bonus is delivered in the form of conditional share awards which are deferred for three years

2 One-third of the payment made by Reckitt in respect of the PepsCo bonus that was forfeited by joining Reckitt. The award was made on the same terms as the other awards under the Deferred Bonus Plan

3 Dividend equivalents accrue on deferred bonus shares during the vesting period and will be disclosed on vesting

Executive employees may also participate in the all-employee Sharesave Scheme on the same basis as all other employees. The table below details options held

Sharesave Scheme	Grant date	At 01.01 22	Granted during the year	Exercised during the year	Lapsed during the year	At 31 12 22	Option price (£)	Market price at exercise (£)	Exercise period
Jeff Carr	31.08 21	403	–	–	–	403	44.56	–	Feb 25-Jul 25
Laxman Narasimhan	02 09 19	379	–	–	379	–	47 44	–	Feb 23-Jul 23

There have been no changes to the Directors' interests as set out in the above tables between 31 December 2022 and 28 February 2023.

Directors' interests in the share capital of the company (audited)

The Directors in office at the end of the year and those in office at 28 February 2023 had the following beneficial interests in the ordinary shares of the company.

	28 February 2023	31 December 2022	31 December 2021
Chris Sinclair	12,733	12,733	11,328
Olivier Bohuon	931	931	711
Andrew Bonfield	873	873	639
Jeff Carr	30,000	30,000	30,000
Jeremy Darroch[1]	0	0	–
Nicandro Durante	1,105	1,105	1,105
Mary Harris	3,017	3,017	2,784
Mehmood Khan	833	833	594
Pam Kirby	5,219	5,219	4,998
Sara Mathew[2]	–	487	487
Laxman Narasimhan[3]	–	66,074	56,917
Alan Stewart[4]	191	191	–
Elane Stock	2,732	2,732	2,487
Margherita Della Valle	504	504	296

1 Jeremy Darroch was appointed to the Board on 1 November 2022

2 Sara Mathew stepped down from the Board on 20 May 2022 and her interest in shares is shown up to this date. Sara Mathew held her shares in the form of 2,436 American Depositary Receipts (ADR). Five ADRs are equivalent to one ordinary share in the company

3 Laxman Narasimhan stepped down from the Board on 30 September 2022 and his interest in shares is shown up to this date

4 Alan Stewart was appointed to the Board on 1 February 2022

5 No person who was a Director (or a Director's connected person) on 31 December 2022 and at 28 February 2023 had any notifiable share interests in any subsidiary

6 The company's Register of Directors' interests (which is open to inspection) contains full details of Directors' shareholdings and options to subscribe for shares

As approved and signed on behalf of the Board of Directors

ALAN STEWART
CHAIR OF THE REMUNERATION COMMITTEE
Reckitt Benckiser Group plc

28 February 2023

This Directors' Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The report meets the requirements of the FCA Listing Authority's Listing Rules and the Disclosure Guidance and Transparency Rules. In this report we describe how the principles of good governance relating to Directors' remuneration, as set out in the UK Corporate Governance Code (July 2018) (the Code), are applied in practice. The Remuneration Committee confirms that throughout the financial year the company has complied with these governance rules and best practice provisions.

REPORT OF THE DIRECTORS

Introduction
The Directors present their report, together with the Financial Statements of the Group for the year ended 31 December 2022, in accordance with Section 415 of the Companies Act 2006 (CA 2006). In accordance with Section 414C (11) of CA 2006 certain matters required to be included in this Directors' Report are included in the Strategic Report on pages 2 to 87. The Strategic Report includes an indication of the likely future developments of the business, research and development activities of the Group and details of important events affecting the company. The Corporate Governance Report can be found on pages 88 to 108 and is deemed to be incorporated into this Directors' Report by reference.

Further disclosure requirements contained in CA 2006, Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Part 3 of the Companies (Miscellaneous Reporting) Regulations 2018, the Financial Conduct Authority's (FCA) Listing Rules and the Disclosure Guidance and Transparency Rules, which are deemed to form part of the management report can be found on the following pages of the Annual Report for the year ended 31 December 2022, and are incorporated into this Directors' Report by reference:

Acquisitions and disposals	220-221
Awards under employee share schemes and long-term incentive schemes	215-219
Corporate Governance Statement including internal control and risk management statements	80-90
Statement of Directors' Responsibilities, including disclosure of information to the Auditor	160
Disclosure of Greenhouse Gas (GHG) emissions	67
Employment policy and employee involvement	158
Engagement with employees, suppliers, customers and others	47-58; 62-64
Environmental, social and governance (ESG) matters	41-43; 47-61
Financial risk management and financial instruments	200-206
Future developments in the business	2-87
Post Balance Sheet events	221
Research and development activities	29-32
Shareholder information	268-270
Sustainability and corporate responsibility	41-43; 47-61
Viability Statement	87
Charitable donations	41-43
Subsidiary undertakings (including overseas branches)	229-240

Information on the Board's stakeholder engagement and activities is set out in the s172 Statement, which can be found on pages 62 to 64

There is no additional information requiring disclosure under Listing Rule 9.8.4R.

Results and dividends
The Consolidated Income Statement can be found on page 177. The profit for the year attributable to equity shareholders of the company amounted to £2,330 million.

The Directors resolved to pay an interim dividend of 73.0 pence per ordinary share (2021: 73.0 pence), which was paid to shareholders on 14 September 2022.

The Directors recommend a final dividend for the year of 110.3 pence per share (2021: 101.6 pence) which, together with the interim dividend, makes a total dividend for the year of 183.3 pence per share (2021: 174.6 pence). During the year no shareholders waived their right to receive dividend payments.

The final dividend, if approved by the shareholders at the forthcoming Annual General Meeting (AGM) of the company, will be paid on 24 May 2023 to shareholders on the register at the close of business on 11 April 2023.

Directors
Details of the company's Directors who served during the financial year ended 31 December 2022 can be found on pages 91 to 94.

The rules governing the appointment and retirement of Directors are set out in the company's Articles of Association (the Articles) and all appointments are made in accordance with the UK Corporate Governance Code 2018 (the Code). Under the terms of reference of the Nomination Committee, all Director appointments must be recommended by the Nomination Committee for approval by the Board of Directors. All Directors must submit themselves for re-election each year at the AGM. At the 2023 AGM all Directors will offer themselves for election or re-election in compliance with the Code. Details of the Directors standing for election or re-election can be found in the 2023 Notice of AGM. Information on the service agreements of Executive Directors can be found in the Directors' Remuneration Report on pages 126 to 155. The letters of appointment of the Non-Executive Directors are available for inspection at the company's registered office.

Powers of Directors
The Board of Directors is responsible for the management of the business of the company and may exercise all powers of the company subject to the provisions of the company's Articles and CA 2006.

The Articles contain specific provisions and restrictions regarding the company's power to borrow money. Powers relating to the alteration of share capital are also included in the Articles and shareholders are asked to renew such authorities each year at the AGM. A copy of the Articles is available on the company's website at www.reckitt.com or can be obtained upon written request from the Company Secretary or the UK Registrar of Companies, Companies House.

Directors' Insurance and indemnities
The company indemnifies the Directors and Officers of the company and any Group subsidiary to the extent permitted by Section 236 of CA 2006 in respect of the legal defence costs for claims against them and third-party liabilities. The indemnity would not provide cover for a Director or Officer if that individual was found to have acted fraudulently or dishonestly. The Directors' and Officers' liability insurance cover was maintained throughout the year ended 31 December 2022 at the company's expense.

Directors' interests
A statement of Directors' interests in the share capital of the company is shown on page 155 of the Directors' Remuneration Report. Details of Executive Directors' options to subscribe for shares in the company are included on pages 153 and 154 in the audited part of the Directors' Remuneration Report

During the year, none of the Directors had a material interest in any derivative or financial instrument relating to the company's shares Details of the Directors' remuneration are disclosed in the Directors' Remuneration Report on pages 126 to 155

No Director has a material interest in any 'contract of significance' (as defined by the FCA) to which the company, or any of its subsidiary undertakings, is a party as at 31 December 2022.

Share capital
As at 31 December 2022, the company's issued share capital consisted of 736,535,179 ordinary shares of 10 pence each of which 715,763,966 were with voting rights and 20,771,213 ordinary shares were held in Treasury. Each share carries the right to one vote at general meetings of the company Details of changes to the ordinary shares issued and of options and awards granted during the year are set out in Notes 24 and 25 to the Financial Statements. The rights and obligations attached to the ordinary shares are contained in the company's Articles. There are no restrictions on the voting rights attached to the company's ordinary shares or the transfer of securities in the company except in the case of transfers of securities.

- That certain restrictions may from time to time be imposed by laws and regulations (for example insider trading laws)
- Pursuant to the Listing Rules of the United Kingdom Listing Authority whereby certain employees of the company require the approval of the company to deal in the company's ordinary shares

No person holds securities in the company which carry special voting rights with regard to control of the company The company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights

Allotment of shares
At the 2022 AGM, authority was granted to the Directors under Section 551 of CA 2006 to allot shares or grant rights to subscribe for, or convert any security into shares of the company The authority granted to the Directors will expire at the conclusion of this year's AGM. At the 2023 AGM, a resolution will be proposed to the shareholders to renew the Directors' authority to allot equity shares representing approximately one-third of the company's issued share capital as at the latest practicable date prior to the publication of the Notice of AGM

In accordance with the Investment Association Share Capital Management Guidelines, Directors will once again seek authority to allot further ordinary shares, in connection with a pre-emptive offer by way of a rights issue, up to a further one-third of the company's existing issued share capital on the same date The authorities sought would, if granted, expire at the earlier of six months after the company's next accounting reference date, or at the conclusion of the AGM of the company held in 2024, whichever is the sooner

Under Section 561 of CA 2006, shareholders have a right of first refusal in relation to certain issues of new shares. A special resolution will also be proposed to renew the Directors' power to allot shares in the capital of the company without complying with the pre-emption rights in the CA 06 in certain circumstances up to a maximum of 10% of the company's issued share capital

This disapplication authority sought is in line with institutional shareholder guidance and, in particular, with the Pre-Emption Group Principles issued in November 2022

This authority will maintain the company's flexibility in relation to future share issues, including issues required to finance business opportunities, should appropriate circumstances arise

Authority to purchase own shares
Authority was granted to the Directors at the 2022 AGM for the purposes of Section 701 of CA 2006 to repurchase shares in the market and this authority remains valid until the conclusion of this year's AGM. There were no share repurchases during 2022

At the 2023 AGM, the Directors will seek to renew the authority granted to them. Such authority, if approved, will be limited to a maximum of 71,590,000 ordinary shares, representing less than 10% of the company's issued ordinary share capital (excluding treasury shares) calculated as at the latest practicable date prior to publication of the Notice of AGM and sets the minimum and maximum prices which may be paid

Change of control and significant agreements
There are a number of agreements that take effect, alter or terminate upon a change of control of the company following a takeover, such as commercial contracts, bank agreements, property lease arrangements and employee share plans. The shareholder agreement between the company and JAB Holdings B.V. (JAB) at the time of the merger in 1999 entitled JAB to nominate Board Directors. A holding in excess of 20% or 10% of the company's ordinary shares entitles JAB to nominate two Directors or one Director respectively. JAB's current holding is below this amount and there is currently no nominated Director on the Board. None of these are deemed to be significant in terms of their potential impact on the business of the Group as a whole

There are no significant agreements between the company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid, except that provisions of the company's share plans may cause options and awards granted under such plans to vest on a takeover, and if the employment of an Executive Director or other employee is terminated by the company following a takeover then there may be an entitlement to appropriate notice and/or compensation as provided in applicable contracts or terms of employment

There is no information that the company is required to disclose about persons with whom it has contractual or other arrangements with, which are essential to the business of the company

REPORT OF THE DIRECTORS CONTINUED

Employees
During 2022, the Group employed an average of 40,000 (2021: 41,800) employees worldwide, of whom 4,870 (2021: 4,670) were employed in the UK. The Group is committed to the principle of equal opportunity in employment: no applicant or employee receives less favourable treatment on the grounds of nationality, age, gender, religion, race, ethnicity, disability, sexual orientation or any other protected characteristics.

Employment applications are considered on the basis of a person's aptitude and ability, and fair consideration is given to all applications regardless of nationality, age, gender, religion, race, ethnicity, disability, sexual orientation, or any other protected characteristics. Where an employee has an existing disability or becomes disabled during their employment, every practical effort is made to assist the employee in continuing their employment and arranging appropriate training. All employees, including those with a disability, are treated in a fair and inclusive way throughout their careers, whether that means accessing training, development opportunities or when seeking career progression. Further details of our Inclusion and Anti-Harassment policies can be found at www.reckitt.com.

It is essential to the continued improvement in performance, efficiency and productivity throughout the Group that each employee understands the Group's strategies, policies and procedures. Open and regular communication with employees at all levels is an essential part of the organisational performance management process. The Group operates multi-dimensional two-way internal communications programmes which include the provision of a Group intranet and the publication of regular Group newsletters.

Opinions of employees are sought on a variety of issues through mechanisms including global surveys, opinion polls, team meetings and feedback forums. Further information on the Group's employee engagement activities is included on pages 9 to 11 and pages 62 to 64.

A continuing programme of training and development reinforces the Group's commitment to employee development. The Group provides all employees with equal opportunities and the Freedom to Succeed at work and recognises the importance of employee health and wellbeing. Reckitt's Leadership Behaviours create an inclusive environment for employees to act with integrity, responsibility and consistency in line with our renewed Purpose, Fight and Compass set out on pages 9 to 11.

Employee matters, incentives and share ownership
Group incentive schemes reinforce financial and economic factors affecting the performance of the business. Employees typically have three to five performance objectives which are directly linked to their job and their specific contribution to the overall performance of the Group. In addition, presentations, videos and Q&A sessions are held for employees around the world on publication of the Group's financial results to provide employees with awareness of the financial and economic factors affecting the company's performance, and so that employee views are fed back to management and taken into account when decisions are made.

The company operates three all-employee share plans. Through these schemes, the Board encourages employees to become shareholders and to participate in the Group's employee share ownership schemes, should they so wish. Savings-related share plans covering most of the world give employees the opportunity to acquire shares in the company by means of making regular savings. We currently have 45% of eligible employees participating. Further details on our all-employee share plans and awards made under executive share plans can be found in Note 25 on pages 215 to 219 of the Financial Statements.

Political donations
During the year, the company and its subsidiaries did not make any political donations or incur any expenditure, nor were any contemplated. In keeping with previous practice, at the forthcoming AGM shareholders will be asked in accordance with Sections 366 and 376 of CA 2006 to approve, on a precautionary basis, for the company and its subsidiaries to make political donations and incur political expenditure for the period ending 31 December 2023.

Financial instruments and risk
The financial risk management objectives and policies of the Group are set out in Note 15, from page 200 of the Financial Statements. The Note sets out information on the company's policy for hedging each major type of forecasted transactions for which hedge accounting is used, and our exposure to currency, price risk, credit risk, liquidity risk and cash flow risk in relation to the use of financial instruments.

Amendment to Articles of Association
The Articles of the company were adopted in 2012 and amended in 2015 and 2021. Any amendments to the Articles may be made in accordance with the provisions of CA 2006 by special resolution of the shareholders.

Independent Auditor
The External Auditor, KPMG LLP (KPMG), has indicated its willingness to continue in office and a resolution proposing the reappointment of KPMG, and to authorise the Audit Committee to determine its remuneration for the financial year ending 31 December 2023, will be proposed at the forthcoming AGM. In accordance with Section 418(2) of the CA 2006, each of the Directors holding office at the date of this report confirm that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he or she has taken all reasonable steps to ascertain any relevant audit information and to ensure that the company's auditor is aware of that information.

REPORT OF THE DIRECTORS CONTINUED

Substantial shareholdings
As at 31 December 2022, pursuant to DTR 5 of the FCA's Disclosure Guidance and Transparency Rules and in accordance with Section 13(C) of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the company had received the following notices of substantial interests (3% or more) in the total voting rights of the company.

Holder	Date of last TR-1 notification	Nature of interest	% of voting rights
Massachusetts Financial Services Company	16 January 2013[1]	Indirect	5.00
Morgan Stanley Investment Management Limited	20 October 2022	Direct	4.99

1. Under a Section 793 CA 2006 request, Massachusetts Financial Services Company confirmed on 23 January 2023 that its aggregate holding had increased. The voting percentage was not disclosed.

As at 28 February 2023, the company has not received any further notifications under DTR 5 of the Disclosure Guidance and Transparency Rules.

Application of the UK Corporate Governance Code 2018
We report against the requirements of the Code issued by the Financial Reporting Council. Details of how the company has applied the Code principles and provisions can be found in the Corporate Governance Report on pages 88 to 108.

Annual General Meeting (AGM)
The forthcoming AGM of Reckitt Benckiser Group plc will be held on 3 May 2023 at 2pm at London Heathrow Marriott Hotel, Bath Road, Hayes, Middlesex, UB3 5AN.

A separate Notice of Meeting, setting out the resolutions to be proposed to shareholders, is available at www.reckitt.com/investors/annual-general-meeting/. The Board considers that each of the resolutions is in the best interests of the company and the shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions, as they intend to do so in respect of their own beneficial holdings.

By Order of the Board

DocuSigned by:
Catheryn O'Rourke

CATHERYN O'ROURKE
COMPANY SECRETARY
Reckitt Benckiser Group plc
103-105 Bath Road
Slough, Berkshire
SL1 3UH

Company registration number: 6270876

Legal Entity Identifier: 5493003JFSMOJG48V108

28 February 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and Parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company Financial Statements for each financial year. Under that law they have elected to prepare the Group Financial Statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Group, in addition to complying with its legal obligation to apply UK-adopted international accounting standards, has also applied IFRSs as issued by the International Accounting Standards Board.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period.

In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable, relevant and reliable and, in respect of the Parent Company Financial Statements only, prudent
- For the Group Financial Statements, state whether they have been prepared in accordance with UK-adopted international accounting standards and, due to a requirement of the US SEC, state they have been prepared in accordance with IFRSs as issued by the IASB;
- For the Parent Company Financial Statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
- Assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the Financial Statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report of these Financial Statements provides no assurance over the ESEF format.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

On behalf of the Board

CATHERYN O'ROURKE
COMPANY SECRETARY
Reckitt Benckiser Group plc
103-105 Bath Road
Slough, Berkshire
SL1 3UH

Catheryn O'Rourke

28 February 2023

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RECKITT BENCKISER GROUP PLC

1. Our opinion is unmodified
In our opinion

- the financial statements of Reckitt Benckiser Group plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022, and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards,
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Additional opinion in relation to IFRS as issued by the IASB
- As explained in Note 1 to the Group Financial Statements, the Group, in addition to complying with its legal obligation to apply UK-adopted international accounting standards, has also applied IFRSs as issued by the International Accounting Standards Board ("IASB").
- In our opinion the Group Financial Statements have been properly prepared in accordance with IFRS as issued by the IASB

What our opinion covers
We have audited the Group and Parent Company financial statements of Reckitt Benckiser Group plc ("the Company") for the year ended 31 December 2022 ("FY22") included in the Annual Report, which comprise

Group (Reckitt Benckiser Group plc and its subsidiaries)	Parent Company (Reckitt Benckiser Group plc)
Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet, Group Statements of Changes in Equity, Group Cash Flow Statement and Notes 1 to 31 to the Group financial statements, including the accounting policies in note 1	Parent Company Balance Sheet, Parent Company Statement of Changes in Equity and Notes 1 to 12, including the accounting policies in Note 1 to the Parent Company Financial Statements

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities

2 Overview of our audit
Factors driving our view of risks
Following our FY21 audit, and considering developments affecting the Group since then, we have updated our risk assessment

The macro-economic environment continues to drive our risk assessment as the uncertainty which arose during the COVID-19 pandemic has evolved into increasing consumer spending pressures associated with rising inflation and interest rates. As the world started to recover from the Omicron variant in early 2022, the conflict between Russia and Ukraine led to further geopolitical uncertainty which increased pressure on areas such as inflation, raw material prices and supply chain disruptions. The level of judgment required to be exercised by the Group in key estimates such as in trade spend arrangements, uncertain tax positions and recoverability of goodwill and indefinite life intangible asset assumptions, continue to be a focus area

Our risk assessment also considered compliance with laws and regulations, specifically those that could reasonably be expected to have a material effect on the financial statements

Key Audit Matters	vs FY21	Item
Revenue recognition in relation to trade spend arrangements and associated accruals	◀▶	4.1
Recoverability of goodwill and indefinite life intangible assets		4.2
Biofreeze	New	
IFCN	▼	
Provisions for uncertain tax positions	◀▶	4.3
Contingent liabilities arising from the amendment to the South Korean Humidifier Sanitiser (HS) law	◀▶	4.4
Recoverability of the Parent Company's investment in Reckitt Benckiser Limited	◀▶	4.5

Audit Committee interaction
During the year, the Audit Committee met five times. KPMG are invited to attend all Audit Committee meetings and are provided with an opportunity to meet with the Audit Committee in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the Audit Committee in section 4, including matters that required particular judgement for each

The matters included in the Audit Committee Chair's report on page 113 are materially consistent with our observations of those meetings

2. Overview of our audit continued

Our independence

We have fulfilled our ethical responsibilities and remain independent of the Group in accordance with UK ethical requirements, including the FRC Ethical Standard as applied to listed public interest entities.

Apart from the matters noted below, we have not performed any non-audit services during the year ended FY22 or subsequently which are prohibited by the FRC Ethical Standard.

During 2023, we identified that certain KPMG member firms had provided preparation of local GAAP financial statement services and, in some cases, foreign language translation of those financial statements over the period 2019 to 2022. Some of those entities to whom services were provided are and have been in scope for the group audit. The services, which have been terminated, were administrative in nature and did not involve any management decision-making or bookkeeping. The work in each case had no direct or indirect effect on Reckitt Benckiser Group plc's consolidated financial statements.

In our professional judgement, we confirm that based on our assessment of the breach, our integrity and objectivity as auditor has not been compromised and we believe that an objective, reasonable and informed third party would conclude that the provision of this service would not impair our integrity or objectivity for any of the impacted financial years. The audit committee concurred with this view.

We were first appointed as auditor by the shareholders for the year-ended 31 December 2018. The period of total uninterrupted engagement is for the 5 financial years ended 31 December 2022.

The Group engagement partner is required to rotate every 5 years. As these are the first set of the Group's financial statements signed by Andrew Bradshaw, he will be required to rotate off after the FY26 audit.

The average tenure of partners responsible for component audits as set out in section 7 below is 3 years, with the shortest being 1 and the longest being 5.

Total audit fee	£19.5m
Audit related fees (including interim review)	£0.8m
Other services	£2.7m
Non-audit fee as a % of total audit and audit related fee %	17.9%
Date first appointed	3rd May 2018
Uninterrupted audit tenure	5 years
Next financial period which requires a tender	FY28
Tenure of Group engagement partner	1 year
Average tenure of component signing partners	3 years

Materiality

(item 6 below)

The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement

We have determined overall materiality for the Group financial statements as a whole at £130m (FY21 £135m) and for the Parent Company financial statements as a whole at £65m (FY21 £65m)

Consistent with FY21, we determined that normalised profit before tax from continuing operations (PBTCO) remains the benchmark for the Group. Reckitt Benckiser Group plc is well established and operates in a stable environment across multiple geographies. Therefore, users of the financial statements will be primarily interested in the profitability of the Group and its ability to generate a return for shareholders, of which the most relevant benchmark is normalised PBTCO. As such, we based our Group materiality on normalised PBTCO, of which it represents 4 % (FY21. 5%)

Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company total assets of which it represents 0.45% (FY21 0.59%).

2 Overview of our audit continued

Group scope
(item 7 below)
We have performed risk assessment and planning procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, the type of procedures to be performed at these components and the extent of involvement required from our component auditors around the world

The Group operates in more than 60 countries across six continents with the largest market being the United States of America. The Group is organised into three Global Business Units being Hygiene, Health and Nutrition.

We scoped the audit by obtaining an understanding of the Group and its environment and assessing the risk of material misstatement at the Group and component level

We have considered components on the basis of their contribution to Group Net Revenue, total profits and losses that made up Group profit before tax and Group total assets

Of the Group's 406 (FY21 422) reporting components, we instructed 53 components (FY21 47) across 23 overseas countries (FY21 20 countries) to perform full scope audits for Group purposes, one component was scoped in for specified audit procedures (FY21 0) and there were no components subject to audit of account balances (FY21 1)

The components within the scope of our work accounted for the percentages illustrated opposite

As shown in the graphs, our scoping provided 79% coverage of net revenue (FY21 76%), 85% coverage of total assets (FY21 84%), and 77% of Group profits and losses that made up Group profit/(loss) before tax (FY21 83%)

In addition, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components

We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion

Coverage of Group financial statements

The impact of climate change on our audit
In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business and its financial statements. The Group has set out its targets as part of their 2030 Sustainability Ambitions, which include energy, emissions, water, waste and packaging related metrics. This includes targets to reduce absolute Scope 1 and 2 GHG emissions by 65%, absolute Scope 3 GHG emissions by 50% both by 2030 from a 2015 base year. Additionally, the targets aim to reduce product carbon footprint and increase the use of renewable electricity to 100% by 2030, alongside a target for 100% of plastic packaging to be recyclable or reusable by 2025. Further information is provided in the Strategic Report on page 16 and in the TCFD sections on pages 59 to 61

Whilst the Group has set these targets, in note 1 to the Consolidated Financial Statements the Directors have stated that they have considered the impact of climate change risks and that they do not believe that there is a material impact on the financial reporting judgements and estimates and as a result the valuations of the Group's assets and liabilities have not been significantly impacted by these risks as at 31 December 2022.

As a part of our audit we have performed a risk assessment to determine if the potential impacts of climate change may materially affect the financial statements and our audit. We did this by making enquiries of management and inspecting internal and external reports in order to independently assess the climate-related risks and their potential impact. We held discussions with our own climate change professionals to challenge our risk assessment

The most likely potential impact of climate risk and plans on these financial statements would be on the forward-looking assessments of non-current assets

2. Overview of our audit continued

We have considered the sensitivity of the assumptions used in the impairment testing of goodwill and indefinite-life intangible assets. Given that the climate change related assumptions are not considered a major source of estimation uncertainty, the carrying amounts of these assets in the financial statements are not considered to be materially sensitive to the impact of risks arising from climate change. We have also considered the impact of climate change targets on the fair value of pension assets, however given the nature of the assets being primarily bonds and insurance contracts, this has not been considered to be a key assumption in the valuation. As a result of this, and any other long-term assets which could be impacted by climate change risks, we determined that climate related risks do not have a significant impact on our audit and there is no significant impact of these risks on our key audit matters. We have also considered the costs and consumer preferences impact of climate change as part of our consideration of the going concern basis of preparation.

We have also read the Group's disclosures of climate related information in the Strategic Report and Group's TCFD Summary on pages 59 to 61 and considered consistency with the financial statements and our audit knowledge

3. Going concern, viability and principal risks and uncertainties

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Going concern

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Parent Company's available financial resources and metrics relevant to debt covenants over this period were:

- The current inflationary environment, and the economic uncertainty it is causing, disruption at a number of the Group's key production facilities, the viability of key suppliers and customers, and the impact on consumer demand for the Group's brands;
- A significant product safety issue leading to reputational damage with customers, consumer or regulators; and
- The impact of a significant business continuity issue, outside of those risks presented by the inflationary environment, affecting the Group's manufacturing facilities or those of its suppliers.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

Our procedures also included an assessment of whether the going concern disclosure in note 1 to the Financial Statements gives a complete and accurate description of the Directors' assessment of going concern.

Accordingly, based on those procedures, we found the directors' use of the going concern basis of preparation without any material uncertainty for the Group and Parent Company to be acceptable. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Our conclusions:

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- The related statement under the Listing Rules set out on page 160 is materially consistent with the financial statements and our audit knowledge.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

3. Going concern, viability and principal risks and uncertainties continued

Based on those procedures, we have nothing material to add or draw attention to in relation to

- the directors' confirmation within the Viability Statement (page 87) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity,
- the Principal and Emerging Risks disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated, and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement set out on page 87 under the Listing Rules

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer term viability

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge

4. Key audit matters

What we mean

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us including those which had the greatest effect on

- the overall audit strategy,
- the allocation of resources in the audit, and
- directing the efforts of the engagement team.

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters

4.1 Revenue recognition in relation to trade spend arrangements and associated accruals

Financial Statement Elements

	FY22	FY21
Trade spend accruals	**£1,137m**	£1,137 m

Our assessment of risk vs FY21

	Vs FY21
We have not identified any significant changes to our assessment of the level of risk relating to trade spend arrangements and associated accruals compared to FY21	◀▶

Our results

FY22: Acceptable

FY21 Acceptable

Description of the Key Audit Matter

The risk, subjective estimate

The Group regularly enters into complex arrangements providing pricing, placement and other promotional rebates and allowances to its customers. These trade spend arrangements can vary in complexity by market, product category and customer

Revenue is measured net of outflows arising from such arrangements which, for agreements or practices spanning a period end, requires an estimate of the extent and value of future activity. These estimates can be subjective and require the use of assumptions that are susceptible to management bias and fraud

The Group operates a variable compensation scheme with outturns directly linked to financial performance against targets. Strong financial performance could create an incentive to defer revenues into the next financial year by overstating trade spend accruals. Weaker financial performance may also create a bias to misstate trade spend accruals. Whilst the risk of a material misstatement in an individual market is remote, there is a risk that unacceptable judgements in multiple markets may, in aggregate, materially misstate the Group Financial Statements

The effect of these matters is that, as part of our risk assessment, we determined that trade spend accruals carry a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Group Financial Statements as a whole

4. Key audit matters continued

Our response to the risk

Our procedures included.

Accounting policies: We critically assessed the appropriateness of the Group's accounting policies relating to trade spend.

Historical comparisons: We, through instruction of our component teams, assessed the accuracy of the Group's accruals by comparing, for a selection of the more judgemental accruals, those recognised in the prior year to the actual trade spend incurred. Where we identified significant differences between the expected and final quantum of outflow, we considered whether such differences were as a result of a change in estimate or error in order to respond to the fraud risk. We performed an assessment of whether an overstatement of accruals identified through these procedures was material.

Tests of detail: We focused our testing on those trade spend accruals we considered to be more judgemental or potentially subject to management bias or fraud and performed procedures to a precision level sufficient to address the risk of fraud. For a sample of these trade spend accruals, our component teams:

- reperformed the calculation to assess whether it was mathematically accurate;
- identified the key assumptions in the calculation of each accrual selected, such as forecast sales volumes, rebate structure and settlement mechanism;
- agreed those key assumptions to relevant documentation, such as invoices received after the balance sheet date, customer agreements or third-party consumption data; and
- assessed whether the key assumptions were consistent with external data points and the Group's historic experience of comparable trade spend arrangements.

Assessing transparency: We assessed the adequacy of the Group's disclosures in relation to the degree of estimation involved in arriving at the trade spend accruals and the resulting amount of trade spend deducted in determining Net Revenue.

We performed the detailed tests above rather than seeking to rely on any of the group's controls because our knowledge of the design of these controls and related IT controls indicated that we would not be able to obtain the required evidence to support reliance on controls.

Communications with the Reckitt Benckiser Group plc's Audit Committee

Our discussions with and reporting to the Audit Committee included

- Our approach to the audit of the trade spend accruals including details of our planned substantive procedures and the extent of our control reliance
- Our assessment of findings from our component team's retrospective reviews of FY21 accruals, including our consideration of whether any release of accruals in relation to trade spend was material
- Our assessment of findings from our component team's audits, including our consideration of whether the FY22 accruals in relation to trade spend were acceptable

Areas of particular auditor judgement

We performed an assessment of whether the Groups' overall estimate considering the Group's accounting policies, and the complex nature of the agreements entered into, is acceptable. We also considered whether an unadjusted misstatement identified through our procedures directly related to the key audit matter was material

Our results

We found the trade spend accruals recognised to be acceptable (FY21 result: acceptable)

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 113 for details on how the Audit Committee considered revenue recognition in relation to trade spend arrangements and associated accruals as an area of significant attention, page 183 for the accounting policy on revenue recognition in relation to trade spend arrangements and associated accruals, and page 209/note 21 for the financial disclosures.

INDEPENDENT AUDITOR'S REPORT CONTINUED

4. Key audit matters continued

4.2 Recoverability of goodwill and indefinite life intangible assets (Biofreeze and IFCN)

Financial Statement Elements

	FY22	FY21
Goodwill and indefinite life intangible assets (Biofreeze and IFCN)	**£7,038m**	£6,521m
Impairment charge (Biofreeze)	**£152m**	£nil

Our assessment of risk vs FY21

	Vs FY21
We have assessed the recoverability of the "Biofreeze CGU" to be part of the key audit matter in the period in light of ongoing geopolitical and economic events.	**New**
"IFCN CGU" – The risk in relation to this key audit matter has decreased in the year due to the business performance of the CGU.	▼

Our results

FY22: Acceptable
FY21: Acceptable

Description of the Key Audit Matter

The risk: the forecast-based valuation

The recoverability of goodwill and indefinite life intangible assets 's assessed using forecast financial information within a discounted cash flow model ("the model").

Our risk is focussed on two cash generating units (CGUs); Biofreeze and IFCN. This is due to the level of headroom and sensitivity of key assumptions within these CGUs, particularly in light of current levels of uncertainty in relation to geopolitical and economic events. We also identified a fraud risk related to recoverability of goodwill and intangible assets in response to possible pressures to realise value from significant acquisitions.

In the current year the Group recognised an impairment charge to Biofreeze goodwill of £152m (FY21:nil), reflecting the current macroeconomic environment, which has introduced uncertainty into the Biofreeze cashflows resulting in an increase to the pre-tax discount rate. The IFCN CGU is sensitive to reasonable changes in key assumptions albeit business performance alongside temporary competitor supply shortages in the US has reduced the risk over this CGU from prior year.

The recoverable amount of the two CGUs, and consequently the impairment charge, is therefore subject to a high degree of estimation uncertainty with a range of possible outcomes in excess of materiality and as such, we consider there to be a significant risk over the valuation of goodwill and indefinite life intangible assets.

Key assumptions in the models include the discount rate, forecast financial performance, in particular net revenue and margin growth; as well as external factors such as forecast growth of the relevant categories and terminal growth rates.

Our response to the risk

Our procedures included:

Sensitivity analysis: We considered the sensitivity of the goodwill and intangible asset valuation to reasonably possible changes in assumptions and focused our attention to those assumptions which we considered the most critical to the valuation.

Benchmarking assumptions: In response to the risk of fraud, we evaluated the Net Revenue growth assumptions in the model with reference to historic performance and external market data relating to projected growth for the relevant categories. For Biofreeze, we critically challenged the Group on its assumptions relating to price and volume growth through comparison to external market data sources. For IFCN, we challenged the Group's assumptions relating to the market share assumptions considering competitor supply issues, and inflationary effects including through comparison to external market data sources.

We benchmarked margin assumptions against actual margin achievement, external market volume and cost inflation growth forecasts, our assessment of the Group's ability to achieve productivity savings and the Group's historic ability to pass on cost inflation through price rises. We also benchmarked the long-term growth rate assumptions against market forecasts.

Personnel interviews: We compared judgements made centrally to direct discussions with the relevant members of global business units and country management. We considered and challenged the group's assumptions and corroborated these views with the groups' in-market teams.

Valuation expertise: We engaged internal valuation specialists to challenge the appropriateness of the key assumptions underlying the CGU valuations, principally the discount rates and long-term growth rates used. We also benchmarked the recoverable amount of the CGUs using implied earnings multiples to comparative companies and the historic transactions within the industry, and for Biofreeze to acquisition multiples, as well as considering latest market conditions.

Assessing transparency: We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the recoverable amount of goodwill and indefinite life intangible assets.

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

4. Key audit matters continued

Communications with the Reckitt Benckiser Group plc's Audit Committee
Our discussions with and reporting to the Audit Committee included

- Our approach to the audit of the valuation of the CGUs including details of our planned substantive procedures and the extent of our control reliance
- For the recoverable amounts, an indication of whether and where the Group's estimate lay within our reasonable range
- The adequacy of the disclosures, particularly as they relate to the sensitivity of the recoverable amount to key assumptions e.g. revenue growth, margin growth and discount rate

Areas of particular auditor judgement
We identified an area of particular auditor judgment to be the assessment of whether the Directors' overall estimate for Biofreeze, considering key assumptions including net revenue, gross margin, discount rate and long-term growth rate, fell within an acceptable range

Our results
We found the Group's conclusion that there is no impairment of goodwill and indefinite life intangible assets relating to the IFCN CGU to be acceptable (FY21 result acceptable), and for the Biofreeze CGU we found the goodwill and indefinite life intangible assets balance, and the related impairment charge, to be acceptable (FY21 result not applicable, as this was not a key audit matter)

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 113 for details on how the Audit Committee considered recoverability of goodwill and indefinite life intangible assets relating to the Biofreeze and IFCN CGUs as an area of significant attention, page 183 for the accounting policy on recoverability of goodwill and indefinite life intangible assets and page 194/note 9 for the financial disclosures

4.3 Provisions for uncertain tax positions
Financial Statement Elements

	FY22	FY21
Uncertain tax positions	£722m	£770m

Our assessment of risk vs FY21

	vs FY21
We have not identified any significant changes to our assessment of the level of risk relating to provisions for uncertain tax positions compared to FY21.	◀▶

Our results

FY22: Acceptable
FY21 Acceptable

Description of the Key Audit Matter
The risk: subjective estimate
Due to the Group operating across a number of different tax jurisdictions, and the complexities of transfer pricing and other international tax legislation, it is subject to periodic challenge by local tax authorities on a range of tax matters arising in the normal course of business.

These challenges by the local tax authorities include but are not limited to:

- transfer pricing arrangements relating to the Group's operating model;
- transfer pricing arrangements relating to the ownership of intellectual property rights that are used across the Group;
- deductibility of interest on intra-Group borrowings;
- the European Commission's ongoing State Aid investigations into transfer pricing ruling practices of certain member states.

Provision for uncertain tax positions requires the Directors to make judgements and estimates in relation to tax issues and exposures where the Group may be challenged by local tax authorities on its interpretation of tax legislation. Auditor judgement is required to assess whether the Directors' overall estimate falls within an acceptable range. This takes into account the method and assumptions underpinning exposures calculated such as: the clarity of relevant legislation and related guidance; advice from in-house specialists; opinions of professional firms; past experience; and precedents set by a particular tax authority.

The effect of these matters is that, as part of our risk assessment, we determined that the estimates of uncertain tax positions has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Group Financial Statements as a whole and possibly many time that amount.

Our response to the risk
Our procedures included:
Our tax expertise: We used our own international and local tax specialists to assist us to:

- Inspect and assess the Group's centrally prepared transfer pricing policies to determine whether they reflect the risks, activities and substance of each of the entities within the supply chain; and
- Assess the Group's tax positions, its correspondence with the relevant tax authorities, and to analyse and challenge the assumptions used to determine provisions for tax uncertainties based on our knowledge and experiences of the application of tax legislation

4. Key audit matters continued

Historical comparisons: We assessed the historical accuracy of the provision level following any recent tax authority audits and results of those, considered the impact on the remaining provision

Assessing transparency: We assessed the adequacy of the Group's disclosures in respect of uncertain tax positions

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Communications with the Reckitt Benckiser Group plc's Audit Committee

Our discussions with and reporting to the Audit Committee included.

- Our approach to the audit of the uncertain tax positions including details of our planned substantive procedures and the extent of our control reliance
- For the uncertain tax positions, an indication of whether and where the Group's estimate lay within our reasonable range
- The adequacy of the disclosures, particularly as it relates to the sensitivity of the uncertain tax position to possible *changes in key assumptions*

Areas of particular auditor judgement

We identified an area of particular auditor judgment to be the clarity of the associated disclosure in relation to the estimation uncertainty associated with uncertain tax positions

Our results

We found the level of uncertain tax provisioning to be acceptable (FY21 result acceptable)

Further information in the Annual Report and Accounts See the Audit Committee Report on page 113 for details on how the Audit Committee considered provisions for uncertain tax positions as an area of significant attention, page 188 for the accounting policy on provisions for uncertain tax positions, and page 210/note 22 for the financial disclosures

4.4 Contingent liabilities arising from the amendment to the South Korean Humidifier Sanitiser (HS) law

Our assessment of risk vs FY21

	vs FY21
We have not identified any significant changes to our assessment of the level of risk relating to contingent liabilities arising from the amendment to the South Korean Humidifier Sanitiser (HS) Law compared to FY21	◀▶

Our results

FY22: Acceptable
FY21: Acceptable

Description of the Key Audit Matter

The risk: dispute outcome

The Group is involved in an ongoing litigation relating to the HS issue in South Korea The HS law amendment enacted on 25 September 2020 significantly altered the legal framework under which HS claims were previously made and settled. As a result, judgement is needed to assess whether the recognition criteria for a provision have been met for additional litigation under the HS law amendment The Group must assess the likelihood and extent of any future economic outflow arising from the HS law amendment. The amounts involved are potentially significant, and the application of accounting standards to determine the amount, if any, to be provided for, is inherently subjective Given the uncertainty relating to the amount and timing of any possible outflow, there is a risk over the presentation of any contingent liability and the transparency of disclosures therein

Our response to the risk

Our procedures included:

Enquiry of lawyers: We enquired of the Group's internal and external counsel to obtain an understanding of developments, in particular the progress of litigations and the establishment of a mediation panel between HS companies and claimant groups.

We made inquiries of the Group's external legal counsel to understand developments in the matter. We requested and received formal correspondence directly from the Group's external counsel that evaluated the current status of legal proceedings, the probability of economic outflow in relation to the 2020 law amendment, and the ability to reliably estimate any economic outflow

We corroborated the consistency of the judgement made by the Directors to enquiries with both internal and external legal counsel

Assessing transparency: We assessed the adequacy of the Group's disclosures of contingent liabilities related to the HS law amendment in Note 20 of the Group Financial Statements, particularly the uncertainties relating to the amount and probability of outflow

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described

4. Key audit matters continued

Communications with the Reckitt Benckiser Group plc's Audit Committee
Our discussions with and reporting to the Audit Committee included

- Our approach to the assessment over the ongoing litigations relating to the HS issue in South Korea
- Our conclusions on the appropriateness of the Group's methodology and accounting policies
- The adequacy of the disclosures, particularly as it relates to the uncertainties in relation to the amount and probability of outflow

Areas of particular auditor judgement
We identified an area of particular auditor judgement to be consideration of whether the contingent liability disclosure is sufficiently transparent in respect of the uncertainties that exist in relation to the amount and timing of any resulting outflow

Our results
We found the Group's treatment of the impact of the HS law amendment as contingent liabilities and transparency of disclosure to be acceptable

Further information in the Annual Report and Accounts See the Audit Committee Report on page 113 for details on how the Audit Committee considered contingent liabilities arising from the amendment to the South Korean Humidifier Sanitiser (HS) law as an area of significant attention, page 188 for the accounting policy on contingent liabilities arising from the amendment to the South Korean Humidifier Sanitiser (HS) law, and page 208/note 20 for the financial disclosures

4.5 Recoverability of the Parent Company's investment in the subsidiary, Reckitt Benckiser Limited (Parent Company)
Financial Statement Elements

	FY22	FY21
Parent Company Investment	**£15,078m**	£15,001m

Our assessment of risk vs FY21

	Vs FY21
We have not identified any significant changes to our assessment of the level of risk relating to the recoverability of the Parent Company's investment in the subsidiary, Reckitt Benckiser Limited, compared to FY21	◀▶

Our results

FY22: Acceptable

FY21 Acceptable

Description of the Key Audit Matter
The risk: low risk, high value
The carrying amount of the Parent Company's investment in its subsidiary, Reckitt Benckiser Limited represents 99.6% (FY21: 99.5%) of the Parent Company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the Parent Company Financial Statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit

Our response to the risk
Our procedures included:
Comparing valuations. We compared the carrying amount of the investment to the market capitalisation of the Group as Reckitt Benckiser Limited, either directly or indirectly, owns all other subsidiaries of the Group

We performed the test above rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described

Communications with the Reckitt Benckiser Group plc's Audit Committee
Our discussions with and reporting to the Audit Committee included

- Our approach to the assessment of the carrying amount of the parent company's investment in the subsidiary
- For the carrying amount, our conclusion on the valuation being acceptable

Our results
We found the Company's conclusion that there is no impairment of its investment in the subsidiary to be acceptable (FY21 result acceptable).

Further information in the Annual Report and Accounts See the Audit Committee Report on page 113 for details on how the Audit Committee considered recoverability of the Parent Company's investment in the subsidiary, Reckitt Benckiser Limited as an area of significant attention, page 225 for the accounting policy on recoverability of the Parent Company's investment in the subsidiary, Reckitt Benckiser Limited, and page 226/note 2 of Parent Company accounts for the financial disclosures

5. Our ability to detect irregularities, and our response

Fraud – Identifying and responding to risks of material misstatement due to fraud

Fraud risk assessment

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Consultation with our own forensic specialists to assist us in identifying fraud risks based on their experience of comparable businesses, similar sector, as well as of the geographies in which the Group operates. The forensic specialists participated in the initial fraud risk assessment discussions and were consulted throughout the audit when further guidance was deemed necessary;
- Enquiry of directors, operational managers, the General Counsel, the Chief Ethics and Compliance Officer and members of the internal audit function as well as inspection of minutes of meetings of the Board, Audit Committee, Executive Committee and Corporate Responsibility, Sustainability, Ethics and Compliance (CRSEC) Committee,
- Inspection of the Group's policies and procedures to prevent, detect and respond to the risks of fraud, internal audit reports issued during the year and reports to the Group's whistleblowing hotline and the responses to those reports including those concerning investigations,
- Consideration of the Group's results against performance targets and the Group's remuneration policies

Risk communications

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group to component audit teams of relevant fraud risks identified at the Group level and request to all component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group

Fraud risks

As required by auditing standards, and after considering the impact of the Group's results against performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We assessed that there is an inherent risk that Group and component management may be in a position to make inappropriate accounting entries, and risk of bias in accounting estimates and judgements. We determined that these risks would most likely manifest themselves in two key areas being

- Trade spend and other accruals may be manipulated to alter the timing of recognition of revenue and profit, and
- Management bias in the recoverability of goodwill and indefinite life intangible assets arising from possible external pressure to realise value in relation to IFCN and the recent acquisition of Biofreeze

Link to Key Audit Matters

Further detail in respect of the fraud risks is set out in the key audit matter disclosures in section 4 of this report

Procedures to address fraud risks

We performed procedures including

- For all components within scope, identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual journal entries associated with trade spend and other operational expenditure accruals
- Increase in the number of in-scope components from 48 to 54 as well as six unannounced components where out of scope component teams performed interim analytics, trade spend and other operational expenditure accruals procedures, and journal entry testing
- Reduction in performance materiality from 75% to 65% for the Group and component audits

We discussed with the Audit Committee matters related to actual or suspected fraud and considered any implications for our audit. See Key Audit Matters section for procedures performed in response to the fraud risks which are related to the key audit matters

Actual or suspected fraud discussed with Audit Committee

In the prior year, we discussed with the Audit Committee matters related to actual or suspected fraud, which included the results of an investigation commissioned by the Directors to assess evidence supporting the creation, utilisation and release of certain operational expenditure and trade investment accruals within the Hygiene GBU (page 137), and considered any implications for our audit. As part of FY22 audit procedures, we have continued to discuss this risk with the Audit Committee and the directors and our response to it

Laws and regulations – Identifying and responding to risks of material misstatement relating to compliance with laws and regulations

Laws and regulations risk assessment

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience. We held enquiries with the Directors and other management (as required by auditing standards), and inspected regulatory and legal correspondence received by the Group. We held enquiries with the Group's external legal counsel where considered necessary, and we also inspected the policies and procedures regarding compliance with laws and regulations.

5. Our ability to detect irregularities, and our response continued

Risk communications

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to all component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

Direct laws context and link to audit

The potential effect of these laws and regulations on the Financial Statements varies considerably.

The Group is subject to laws and regulations that directly impact the Financial Statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation (direct and indirect). We assessed the extent of compliance with these laws and regulations as part of our procedures on the related Financial Statement items.

Most significant indirect law/ regulation areas

We identified the following areas as those most likely to have such an effect:

- Employee health and safety, reflecting the nature of the Group's production and distribution process;
- Anti-bribery and corruption, reflecting that the Group operates in a number of countries where there is an opportunity to engage in bribery given more limited regulation;
- Interaction with healthcare professionals, reflecting the nature of the Group's products in the Health and Nutrition Global Business Units;
- Global competition laws, reflecting the nature of the Group's business and certain market share positions;
- Consumer product law such as product safety, quality standards and product claims, reflecting the nature of the Group's diverse product base;
- Data privacy laws, reflecting the Group's growing amounts of personal data held, and
- Intellectual property legislation, reflection the potential of the Group to infringe trademarks, copyright and patents.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

The Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Financial Statements, for instance through the imposition of fines or litigation or the loss of the Group's permission to operate in countries where the non-adherence to laws could prevent trading in such countries.

Link to Key Audit Matters

Further detail in respect of the effect of ongoing litigation relating to the HS Law Amendment in South Korea is set out in the key audit matter disclosures in section 4 of this report.

Context

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole

Materiality for the group financial statements as a whole
£130m
(FY21: £135m)
What we mean
A quantitative reference for the purpose of planning and performing our audit

Basis for determining materiality and judgements applied
Our Group materiality of £130m (FY21: £135m) was determined by applying a percentage to the normalised profit before tax from continuing operations (PBTCO). When using a benchmark of normalised profit before tax to determine overall materiality, KPMG's approach for listed entities considers a guideline range of 3% – 5% of the measure. In setting overall Group materiality, we applied a percentage of 4% (FY21: 5%) to the benchmark.

Consistent with FY21, we determined that normalised profit before tax from continuing operations (PBTCO) remains the benchmark for the Group. Reckitt Benckiser Group plc is well established and operates in a stable environment across multiple geographies. Therefore, users of the financial statements will be primarily interested in the profitability of the Group and its ability to generate a return for shareholders, of which the most relevant benchmark is normalised PBTCO

We normalised PBTCO (FY21: normalised PBTCO) by adding back adjustments that do not represent the normal, continuing operations of the Group. The items we adjusted for the impairment of goodwill, and other adjusting items as disclosed on pages 78 to 79 in the table reconciling the Group's IFRS measures to its adjusted measures for the year ended 31 December 2022, totalling £90 million net (FY21: £2,854 million, adjustments related to loss on disposal of brands, disposal of IFCN China, reclassified foreign exchange translation on liquidation of subsidiaries and other adjusting items as defined on pages 78 and 79).

Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company total assets of which it represents 0.45% (FY21: 0.59%). The Parent Company's principal activity is holding the investment in Reckitt Benckiser Limited, and therefore the total assets are the most relevant benchmark to the users of the financial statements, as this reflects the value of the investment

Performance materiality
£85m
(FY21: £100m)
What we mean
Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole

Basis for determining performance materiality and judgements applied:
We have considered performance materiality at a level of 65% (FY21: 75%) of materiality for Reckitt Benckiser Group plc financial statements as a whole to be appropriate. This therefore has been set at £85m (FY21: £100m). We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies during the prior period.

The Parent Company performance materiality was set at £49m (FY21: £49m) which equates to 75% (FY21: 75%) of materiality for the Parent Company financial statements as a whole. We applied this percentage in our determination of performance materiality to remain consistent with the Group

Audit misstatement posting threshold
£5m
(FY21: £6m)
What we mean
This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.

This is also the amount above which all misstatements identified are communicated to Reckitt Benckiser Group plc's Audit Committee

Basis for determining the audit misstatement posting threshold and judgements applied
We set our audit misstatement posting threshold at 3.9% (FY21: 4.4%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds

The overall materiality for the Group financial statements of £130m (FY21: £135m) compares as follows to the main financial statement caption amounts:

	Total Group RH Revenue		Group profit before tax		Total Group Assets	
	FY22	FY21	FY22	FY21	FY22	FY21
Financial statement Caption	**£14,453m**	£13,234m	**£3,067m**	£(260)m	**£28,742m**	£26,946m
Group Materiality as a percentage of caption	**0.9%**	1.0%	**4.2%**	51.9%	**0.5%**	0.5%

7 The scope of our audit

Group scope

What we mean

How the Group audit team determined the procedures to be performed across the Group

We have performed risk assessment and planning procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, the type of procedures to be performed at these components and the extent of involvement required from our component auditors around the world

The Group operates in more than 60 countries across six continents with the largest market being the United States of America The Group is organised into three Global Business Units being Hygiene, Health and Nutrition.

We scoped the audit by obtaining an understanding of the Group and its environment and assessing the risk of material misstatement at the Group and component level

We have considered components on the basis of their contribution to Group Net Revenue, total profits and losses that made up Group profit before tax and Group total assets

Of the Group's 406 (FY21: 422) reporting components, we instructed 53 components (FY21 47) across 23 overseas countries (FY21 20 countries) to perform full scope audits for Group purposes, one component (FY21 none) to performed specified audit procedures and there were no components subject to audit of account balances (FY21 1) Please see table below for a summary

Scope	Number of components	Range of materiality applied
Full scope audit	53	£8m – £75m
Specified audit procedures	1	£64m

The Group audit team has performed audit procedures on the testing of General IT Controls on behalf of the components These items were audited by the Group team because these they are managed centrally The Group team communicated the results of these procedures to the component teams

In addition, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components

The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal control over financial reporting

The work on 51 of the 54 components (FY21: 46 of the 48 components) was performed by component auditors and the rest, including the audit of the parent company, was performed by the Group team

Group audit team oversight

What we mean

The extent of the Group audit team's involvement in component audits.

The Group audit team is required to instruct the component teams about their responsibilities in relation to the consolidated Group audit and to understand the approach taken by component auditors to meet these responsibilities. The Group audit team is also required to understand the conclusions reached by component auditors and to review and challenge the work they have performed to reach these conclusions.

Unlike in previous years the Group audit team were able to physically visit 19 countries in November and December FY22 to attend management balance sheet reviews ahead of the year end (FY21: 0, as a result of COVID-19 travel restrictions). The Group audit team were therefore able to have face to face communications with both our KPMG component teams and local Reckitt management.

As well as physical visits, we had regular contact with our component auditors throughout the year, including:

- Issuing instructions to component auditors on the scope of their work including specifying minimum procedures to perform in their audit of trade spend and other operational accruals;
- Approval by the Group audit team of the component materiality for all components, which ranged from £8 million to £75 million (FY21: £8 million to £100 million), having regard to the mix of size and risk profile of the Group across the components, including considering the benchmark for each component;
- Attendance by senior members of the Group audit team and relevant component auditors at management's balance sheet reviews for all in-scope component locations;
- Risk assessment and challenge sessions with each component audit team in the planning and final phases of the audit led by a senior member of the Group audit team;
- Attendance by members of the Group audit team and relevant component auditors at year end clearance meetings where the findings reported to the Group audit team were discussed in more detail and any further work required by the Group audit team was then performed by the component auditors; and
- Inspection of component audit teams' key working papers within component audit files (using remote technology capabilities) to evaluate the quality of execution of the audits of the components, with a particular focus on the minimum procedures instructed in relation to our key audit matter, trade spend arrangements and other operational accruals.

INDEPENDENT AUDITOR'S REPORT CONTINUED

8 Other information in the annual report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information

Our responsibility

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Our reporting

Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic report and directors' report

Our responsibility and reporting

Based solely on our work on the other information described above we report to you as follows:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

Our responsibility

We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Our reporting

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance disclosures

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

Our reporting

Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.

Our responsibility

We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

Our reporting

We have nothing to report in this respect.

Other matters on which we are required to report by exception

Our responsibility

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Our reporting

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 160, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

ANDREW BRADSHAW (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF KPMG LLP, STATUTORY AUDITOR
Chartered Accountants
15 Canada Square
London

28 February 2023

GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

GROUP INCOME STATEMENT

For the year ended 31 December	Note	2022 £m	2021 £m
CONTINUING OPERATIONS			
Net Revenue	2	**14,453**	13,234
Cost of sales		**(6,092)**	(5,558)
Gross profit		**8,361**	7,676
Gain/(loss) on disposal of intangible assets and related businesses	29	**14**	(3,518)
Other net operating expenses	3	**(5,126)**	(4,962)
Total net operating expenses		**(5,112)**	(8,480)
Operating profit/(loss)	2	**3,249**	(804)
Foreign exchange net gain on liquidation of subsidiaries	6	**69**	766
Other net finance expense	6	**(230)**	(219)
Net finance (expense)/income	6	**(161)**	547
Impairment of equity-accounted investments	11	**(19)**	–
Share of loss of equity-accounted investments, net of tax	11	**(2)**	(3)
Profit/(loss) before income tax		**3,067**	(260)
Income tax (charge)/credit	7	**(711)**	208
Net income/(loss) from continuing operations		**2,356**	(52)
Net (loss)/income from discontinued operations	30	**(7)**	31
Net income/(loss)		**2,349**	(21)
Attributable to non-controlling interests		**19**	11
Attributable to owners of the parent company		**2,330**	(32)
Net income/(loss)		**2,349**	(21)
Basic earnings/(loss) per ordinary share			
From continuing operations (pence)	8	**326.7**	(8.8)
From discontinued operations (pence)	8	**(1.0)**	4.3
From total operations (pence)	8	**325.7**	(4.5)
Diluted earnings/(loss) per ordinary share			
From continuing operations (pence)	8	**325.7**	(8.8)
From discontinued operations (pence)	8	**(1.0)**	4.3
From total operations (pence)	8	**324.7**	(4.5)

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Note	2022 £m	2021 £m
Net income/(loss)		**2,349**	(21)
Other comprehensive income/(expense)			
Items that have or may be reclassified to the Income Statement in subsequent years			
Net exchange gain/(loss) on foreign currency translation, net of tax	7, 26	**1,065**	(374)
Reclassification of foreign currency translation reserves on disposal or liquidation of foreign operations, net of tax	7, 26	**(56)**	(550)
(Losses)/gains on net investment hedges, net of tax	7, 26	**(115)**	84
Gains on cash flow hedges, net of tax	7, 26	**2**	30
		896	(810)
Items that will not be reclassified to the Income Statement in subsequent years			
Remeasurements of defined benefit pension plans, net of tax	7	**24**	133
Revaluation of equity instruments, net of tax	7	**(87)**	(1)
		(63)	132
Other comprehensive income/(expense), net of tax		**833**	(678)
Total comprehensive income/(expense)		**3,182**	(699)
Attributable to non-controlling interests		**20**	11
Attributable to owners of the parent company		**3,162**	(710)
Total comprehensive income/(expense)		**3,182**	(699)
Total comprehensive income/(expense) attributable to owners of the parent company arising from:			
Continuing operations		**3,169**	(741)
Discontinued operations		**(7)**	31
		3,162	(710)

GROUP BALANCE SHEET

As at 31 December	Note	2022 £m	2021 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets	9	**20,203**	18,868
Property, plant and equipment	10	**2,473**	2,178
Equity instruments	11	**86**	194
Deferred tax assets	12	**244**	197
Retirement benefit surplus	23	**294**	355
Other non-current receivables	14	**157**	149
Total non-current assets		**23,457**	21,941
Current assets			
Inventories	13	**1,825**	1,459
Trade and other receivables	14	**2,082**	1,926
Derivative financial instruments	15, 17	**59**	61
Current tax recoverable		**155**	155
Cash and cash equivalents	16	**1,157**	1,261
Total current assets		**5,278**	4,862
Assets held for sale	29	**7**	143
Total assets		**28,742**	26,946
LIABILITIES			
Current liabilities			
Short-term borrowings	17	**(1,721)**	(2,485)
Provisions for liabilities and charges	18	**(227)**	(191)
Trade and other payables	21	**(5,547)**	(5,267)
Derivative financial instruments	15, 17	**(55)**	(52)
Current tax liabilities	22	**(791)**	(93)
Total current liabilities		**(8,341)**	(8,088)
Non-current liabilities			
Long-term borrowings	17	**(7,163)**	(7,078)
Deferred tax liabilities	12	**(3,037)**	(2,806)
Retirement benefit obligations	23	**(240)**	(318)
Provisions for liabilities and charges	18	**(59)**	(44)
Derivative financial instruments	15, 17	**(249)**	(71)
Non-current tax liabilities	22	**(54)**	(826)
Other non-current liabilities	21	**(116)**	(262)
Total non-current liabilities		**(10,918)**	(11,405)
Total liabilities		**(19,259)**	(19,493)
Net assets		**9,483**	7,453

As at 31 December	Note	2022 £m	2021 £m
EQUITY			
Capital and reserves			
Share capital	24	**74**	74
Share premium		**254**	253
Merger reserve		**(14,229)**	(14,229)
Other reserves	26	**(294)**	(1,189)
Retained earnings		**23,638**	22,490
Attributable to owners of the parent company		**9,443**	7 399
Attributable to non-controlling interests		**40**	54
Total equity		**9,483**	7,453

The accompanying notes form part of these Financial Statements. The Financial Statements on pages 177 to 221 were approved by the Board of Directors and signed on its behalf on 28 February 2023 by:

CHRISTOPHER SINCLAIR
DIRECTOR
Reckitt Benckiser Group plc

Chris Sinclair

NICANDRO DURANTE
DIRECTOR
Reckitt Benckiser Group plc

Nicandro Durante

GROUP STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £m	Share premium £m	Merger reserves[1] £m	Other reserves[2] £m	Retained earnings £m	Total attributable to owners of the parent company £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2021		**74**	**252**	**(14,229)**	**(379)**	**23,397**	**9,115**	**44**	**9,159**
Comprehensive income									
Net (loss)/income		–	–	–	–	(32)	(32)	11	(21)
Other comprehensive (expense)/income		–	–	–	(810)	132	(678)	–	(678)
Total comprehensive (expense)/income		–	–	–	**(810)**	**100**	**(710)**	**11**	**(699)**
Transactions with owners									
Treasury shares reissued	24	–	1	–	–	79	80	–	80
Purchase of ordinary shares by employee share ownership trust		–	–	–	–	(5)	(5)	–	(5)
Issuance of shares to non-controlling interest		–	–	–	–	–	–	7	7
Share-based payments	25	–	–	–	–	30	30	–	30
Cash dividends	28	–	–	–	–	(1,246)	(1,246)	(17)	(1,263)
Transactions with non-controlling interests		–	–	–	–	135	135	–	135
Disposal of non-controlling interest in IFCN China		–	–	–	–	–	–	9	9
Total transactions with owners		–	**1**	–	–	**(1,007)**	**(1,006)**	**(1)**	**(1,007)**
Balance at 31 December 2021		**74**	**253**	**(14,229)**	**(1,189)**	**22,490**	**7,399**	**54**	**7,453**
Comprehensive income									
Net income		–	–	–	–	2,330	2,330	19	2,349
Other comprehensive income/(expense)		–	–	–	895	(63)	832	1	833
Total comprehensive income		–	–	–	**895**	**2,267**	**3,162**	**20**	**3,182**
Transactions with owners									
Treasury shares reissued	24	–	1	–	–	53	54	–	54
Issuance of shares to non-controlling interest		–	–	–	–	–	–	1	1
Share-based payments	25	–	–	–	–	78	78	–	78
Tax on share awards	7	–	–	–	–	(1)	(1)	–	(1)
Cash dividends	28	–	–	–	–	(1,249)	(1,249)	(35)	(1,284)
Total transactions with owners		–	**1**	–	–	**(1,119)**	**(1,118)**	**(34)**	**(1,152)**
Balance at 31 December 2022		**74**	**254**	**(14,229)**	**(294)**	**23,638**	**9,443**	**40**	**9,483**

1. The merger reserve relates to the 1999 combination of Reckitt & Colman plc and Benckiser N.V. and a Group reconstruction in 2007 treated as a merger under Part 27 of the Companies Act 2006
2. Refer to Note 26 for an explanation of other reserves

GROUP CASH FLOW STATEMENT

For the year ended 31 December	Note	2022 £m	2021 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		3,067	(260)
Net finance expense/(income)		161	(547)
Share of loss and impairment of equity-accounted investments		21	3
Operating profit/(loss) from continuing operations		3,249	(804)
(Profit)/loss on sale of property, plant and equipment and intangible assets		(82)	3,442
Depreciation, amortisation and impairment		607	481
Share-based payments		78	30
Increase in inventories		(254)	(57)
Increase in trade and other receivables		(23)	(130)
Decrease in payables and provisions		(145)	(126)
Cash generated from continuing operations		3,430	2,836
Interest paid		(243)	(251)
Interest received		34	29
Tax paid		(831)	(915)
Net cash flows attributable to discontinued operations	30	7	(2)
Net cash generated from operating activities		2,397	1,697
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(362)	(373)
Purchase of intangible assets		(81)	(77)
Proceeds from the sale of property, plant and equipment		84	9
Proceeds from sale of intangible assets and related businesses, net of cash disposed		247	1,622
Acquisition of businesses		(12)	(915)
Other investing activities		(15)	(27)
Net cash (used in)/generated from investing activities		(139)	239

For the year ended 31 December	Note	2022 £m	2021 £m
CASH FLOWS FROM FINANCING ACTIVITIES			
Treasury shares reissued	24	54	80
Purchase of ordinary shares by employee share ownership trust		–	(5)
Proceeds from borrowings	17	2,274	38
Repayment of borrowings	17	(3,807)	(1,044)
Dividends paid to owners of the parent company	28	(1,249)	(1,246)
Dividends paid to non-controlling interests		(35)	(17)
Other financing activities[1]		383	(92)
Net cash used in financing activities		(2,380)	(2,286)
Net decrease in cash and cash equivalents		(122)	(350)
Cash and cash equivalents at beginning of the year		1,259	1,644
Exchange gains/(losses)		19	(35)
Cash and cash equivalents at end of the year		1,156	1,259
Cash and cash equivalents comprise:			
Cash and cash equivalents[2]	16	1,157	1,261
Overdrafts	17	(1)	(2)
		1,156	1,259

1 Cash flows from other financing activities are principally composed of cash receipts and payments on derivative contracts used to hedge foreign exchange gains or losses on non-Sterling financing assets and financing liabilities between the Group's treasury company and fellow Group subsidiaries

2 Included within cash and cash equivalents is £276 million of cash (2021: £66 million) which is restricted for use by the Group but is available on demand and freely available for use within the relevant subsidiary (see Note 16)

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies
The principal accounting policies adopted in the preparation of these Financial Statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

Basis of preparation
These Financial Statements have been prepared in accordance with the recognition, measurement and presentation requirements of UK-adopted International Accounting Standards and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss or other comprehensive income. A summary of the Group's accounting policies is set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services

The preparation of Financial Statements that conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the Balance Sheet date and revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge at the time, actual amounts may ultimately differ from those estimates

New standards, amendments and interpretations
The following amended standards and interpretations were adopted by the Group during the year ending 31 December 2022. These amended standards and interpretations have not had a significant impact on the consolidated Financial Statements.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020

The following new and amended standards are effective for annual periods beginning on or after 1 January 2023. The Group has not early adopted the new or amended standards, where applicable, in preparing these consolidated Financial Statements. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- COVID-19 Related Rent Concessions beyond 30 June 2021: Amendment to IFRS 16 Leases

Going concern
Having assessed the principal risks and other matters discussed in connection with the Viability Statement, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated Financial Statements. When reaching this conclusion, the Directors took into account the Group's overall financial position, exposure to principal risks and future business forecasts. At 31 December 2022, the Group had cash and cash equivalents of £1.2 billion. The Group also had access to committed borrowing facilities of £4.5 billion, which were undrawn at year end and of which £4.45 billion are not subject to renewal until 2025 onwards. Further detail is contained within the Viability Statement on page 87

Basis of consolidation
The consolidated Financial Statements include the results of Reckitt Benckiser Group plc, a company registered in the UK, and all its subsidiary undertakings made up to the same accounting date. Subsidiary undertakings are those entities controlled by Reckitt Benckiser Group plc. Control exists where the Group is exposed to, or has the rights to variable returns from its involvement with, the investee and has the ability to use its power over the investee to affect its returns

Intercompany transactions, balances and unrealised gains on transactions between Group companies have been eliminated on consolidation. Unrealised losses have also been eliminated to the extent that they do not represent an impairment of a transferred asset. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with accounting policies adopted by the Group

Climate change
In preparing the Financial Statements, management have considered the impact of climate change, specifically with reference to the disclosures included in the Strategic Report and the Group's 2030 Sustainability Ambitions. These factors have not had a significant effect on the Group's critical accounting estimates and judgments made with respect to the current year

Foreign currency translation
Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated Financial Statements are presented in Sterling, which is the Group's presentational currency

1 Accounting Policies continued

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of foreign currency denominated monetary assets and liabilities are recognised in the Income Statement, except where hedge accounting is applied.

The Financial Statements of subsidiary undertakings with a non-Sterling functional currency are translated into Sterling on the following basis:

- Assets and liabilities: at the rate of exchange ruling at the year end date
- Income Statement items: at the average rate of exchange for the year

Exchange differences arising from the translation of the net investment in subsidiary undertakings with a non-Sterling functional currency, and of borrowings and other currency instruments designated as hedges of such investments, are recorded in equity on consolidation.

Business combinations

The acquisition method is used to account for the acquisition of subsidiaries and businesses. Identifiable net assets acquired (including intangible assets) in a business combination are measured initially at their fair values at the acquisition date.

Where the measurement of the fair value of identifiable net assets acquired is incomplete at the end of the reporting period in which the combination occurs, the Group will report provisional fair values. Final fair values are determined within a year of the acquisition date and retrospectively applied.

The excess of the consideration transferred and the amount of any non-controlling interest over the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities acquired is recorded as goodwill.

The consideration transferred is measured at the fair value of the assets given, equity instruments issued (if any), and liabilities assumed or incurred at the date of acquisition.

Acquisition-related costs are expensed as incurred.

The results of the subsidiaries and businesses acquired are included in the consolidated Financial Statements from the acquisition date.

Assets held for sale and disposal groups

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale and presented separately in the Balance Sheet when the following criteria are met: the Group is committed to selling the asset or disposal group, it is available for immediate sale in its current condition; an active plan of sale has commenced and been approved in line with Group policy, and in the judgement of Group management it is highly probable that the sale will be completed within 12 months.

Immediately before the initial classification of the assets and disposal groups as held for sale, the carrying amounts of the assets (or all the assets and liabilities in the disposal groups) are measured in accordance with the applicable accounting standards. Goodwill (including cost and accumulated impairment) is allocated to the disposal group using a relative value approach, unless a different method better reflects goodwill associated with the disposal.

Assets held for sale and disposal groups are subsequently measured at the lower of their carrying amount and fair value less costs of disposal. Impairment losses on initial classification as held for sale, and subsequent gains and losses on remeasurement to fair value less costs of disposal, are recognised in the Income Statement. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Disposals of intangible assets and subsidiaries

The financial performance of subsidiaries and businesses are included in the consolidated Financial Statements up to the point at which the Group ceases to have control over that subsidiary. Intangible assets not disposed of through the sale of shares in subsidiaries are treated as disposed at the point that the Group ceases to control the asset.

The difference between the fair value of the consideration (net of costs) and the carrying value of the assets and liabilities disposed is recognised as a gain or loss in the Income Statement. Any amounts previously recognised in other comprehensive income in respect of that subsidiary or asset, including exchange gains or losses on foreign currency translation, are accounted for as if the Group had directly disposed of related assets and liabilities. This results in a reclassification of amounts previously recognised in other comprehensive income to the Income Statement and included within the loss on disposal of intangible assets and related businesses.

Where the assets and liabilities disposed represent a partial disposal of a cash generating unit to which goodwill has been allocated, goodwill is allocated using a relative value approach to the disposal group, unless a different method better reflects goodwill associated with the disposal.

Where the tax base will not be transferred with the disposed assets, the deferred tax balances relating to the intangible assets are not considered part of the assets disposed and are instead credited or charged to the Income Statement within income tax expense.

Liquidation of subsidiaries

The Group liquidates subsidiaries that are no longer required in order to simplify the Group structure. As part of this process, the Group ensures any outstanding matters relating to the subsidiary are resolved before liquidation. Any amounts previously recognised in other comprehensive income in respect of that subsidiary, including exchange gains and losses on foreign currency translation, are reclassified to the Income Statement on disposal which is typically on entering liquidation. The amounts previously recognised in other comprehensive income are included within net finance (expense)/income in the Income Statement.

1 **Accounting Policies** continued

Non-controlling interests
On an acquisition-by-acquisition basis, the non-controlling interest is measured at either fair value or a proportionate share of the acquiree's net assets.

Purchases of non-controlling interests are accounted for as transactions with the owners and therefore no goodwill is recognised as a result of such transactions

Revenue
Revenue from the sale of products is recognised in the Group Income Statement as and when performance obligations are satisfied by transferring control of the product or service to the customer

Net Revenue is defined as the amount invoiced to external customers during the year and comprises, as required by IFRS 15, gross sales net of trade spend, customer allowances for credit notes, returns and consumer coupons The methodology and assumptions used to estimate credit notes, returns and consumer coupons are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions

Trade spend, which consists primarily of customer pricing allowances, placement/listing fees and promotional allowances, is governed by sales agreements with the Group's trade customers (retailers and distributors) Trade spend also includes reimbursement arrangements under the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), payable to the respective US state WIC agencies

Accruals are recognised under the terms of these agreements to reflect the expected activity level and the Group's historical experience These accruals are reported within trade and other payables

Value-added tax and other sales taxes are excluded from Net Revenue

Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Committee

Research and development
Research expenditure is expensed in the year in which it is incurred

Development expenditure is expensed in the year in which it is incurred, unless it meets the requirements of IAS 38 to be capitalised and then amortised over the useful life of the developed product

Income tax
Income tax on the income/(loss) for the year comprises current and deferred tax Income tax is recognised in the Income Statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, respectively

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted in each jurisdiction at the Balance Sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting nor taxable profit or loss at that time Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the Balance Sheet date and are expected to apply when the deferred tax asset or liability is settled Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the investor is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities within the same tax jurisdiction are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where there is an intention to settle these balances on a net basis

Goodwill and other intangible assets
(i) Goodwill
Goodwill is allocated to the cash generating unit (CGU), or group of CGUs (GCGU), to which it relates and is tested annually for impairment Goodwill is carried at cost less accumulated impairment losses

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting Policies continued

(ii) Brands

Separately acquired brands are shown at cost less accumulated amortisation and impairment. Brands acquired as part of a business combination, and that are separately identifiable, are recognised at fair value and amortised over their useful economic life as determined at the acquisition date (up to 20 years), except when their life is determined as being indefinite.

Applying indefinite lives to certain acquired brands is appropriate due to the stable long-term nature of the business and the enduring nature of the brands. A core element of the Group's strategy is to invest in building its brands through an ongoing programme of product innovation and continuing marketing investment. Within the Group, a brand typically comprises an assortment of base products and more innovative products. Both contribute to the enduring nature of the brand. The base products establish the long-term positioning of the brand while a succession of innovations attracts ongoing consumer interest and attention. Indefinite life brands are allocated to the CGUs or GCGUs to which they relate and are tested annually for impairment.

The Directors also review the useful economic life of brands annually, to ensure that these lives are still appropriate. If a brand is considered to have a finite life, its carrying value is amortised over its remaining estimated useful economic life.

(iii) Software

Expenditure relating to the acquisition of computer software licences and systems are capitalised at cost. The assets are amortised on a straight-line basis over a period of seven years for systems and five years or less for all other software licences.

(iv) Distribution rights

Payments made in respect of product registration, acquired and reacquired distribution rights are capitalised where the rights comply with the above requirements for recognition of acquired brands. If the registration or distribution rights are for a defined time period, the intangible asset is amortised over that period. If no time period is defined, the intangible asset is treated in the same way as acquired brands.

(v) Customer contracts

Acquired customer contracts are capitalised at cost. These costs are amortised on a straight-line basis over the period of the contract.

(vi) Customer relationships

Customer relationships are shown at cost less accumulated amortisation and impairment. Customer relationships acquired as part of a business combination, and that are separately identifiable, are recognised at fair value and amortised over their useful economic life as determined at the acquisition date (up to 10 years).

(vii) Acquired intellectual property

Intellectual property rights acquired as part of the business and that are separately identifiable are recognised at fair value and amortised over their useful economic life as determined at the acquisition date (up to 20 years).

Amortisation of intangible assets in (ii) to (vii) is charged to cost of goods sold or net operating expenses depending on the use of the asset.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment, with the exception of freehold land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. Except for freehold land and assets under construction, the cost of property, plant and equipment is depreciated on a straight-line basis over the period of the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

- freehold buildings: not more than 50 years;
- leasehold land and buildings: the lesser of 50 years or the life of the lease; and
- owned plant and equipment: not more than 15 years (except for environmental assets and spray dryers which are not more than 30 years).

In general, production plant and equipment and office equipment are depreciated over 10 years or less and motor vehicles and computer equipment over 5 years or less.

Assets' residual values and useful lives are reviewed, and adjusted if necessary, at each Balance Sheet date. Property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be appropriate. Freehold land is reviewed for impairment on an annual basis.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the asset's carrying value with any sale proceeds and are included in the Income Statement.

Leases

The Group has various lease arrangements for buildings (such as offices and warehouses), cars, and IT and other equipment. Lease terms are negotiated on an individual basis locally and subject to domestic rules and regulations. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for consideration, in which case it is identified as a lease. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Low value leases are those with an underlying asset value of USD 5,000 or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

1 Accounting Policies continued

Right of use assets

At commencement date, right of use assets are measured at cost which comprises the following.

- the initial measurement of the lease liability,
- prepayments before commencement date of the lease,
- initial direct costs; and
- costs to restore

Subsequent to initial recognition right of use assets are depreciated on a straight-line basis over the duration of the contract. Right of use assets are assessed for impairment where indicators of impairment are present.

Lease liabilities

At commencement date, lease liabilities are measured at the present value of lease payments not yet paid including:

- fixed payments excluding lease incentive receivables,
- future contractually agreed fixed increases, and
- payments related to renewals or early termination, when options to renew or for early termination are reasonably certain to be exercised

Subsequent to initial recognition lease liabilities are increased by the interest costs on the lease liabilities and decreased by lease payments made. Lease liabilities held are remeasured to account for revised future payments

Impairment of assets

Assets that have indefinite lives, including goodwill and brands, are tested annually for impairment at the level where cash flows are considered to be largely independent. This testing is performed at either the CGU or GCGU level. All CGUs and GCGUs are tested for impairment if there is an event or circumstance that indicates that their carrying value may not be recoverable. If the carrying value exceeds its recoverable amount an impairment loss is recognised in the Income Statement. The recoverable amount is the higher of the CGU's or GCGU's value-in-use and its fair value less costs of disposal

Value-in-use is calculated with reference to the future and terminal cash flows expected to be generated by each CGU or GCGU (or group of assets where cash flows are not identifiable to specific assets). The discount rates used in the impairment reviews are based on weighted average cost of capital (WACC) specific to each CGU and GCGU, with the WACC converted to the implied pre-tax rates

Fair value less costs of disposal is calculated using a discounted cash flow approach prepared on a market participant basis, with a post-tax discount rate applied to projected risk-adjusted post-tax cash flows and terminal value

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and an appropriate portion of overhead expenses (based on normal operating capacity) required to get the inventory to its present location and condition. Inventory valuation is determined on a first in, first out (FIFO) basis. Net realisable value represents the estimated selling price less applicable selling expenses.

Trade and other receivables

Trade and other receivables are initially recognised at the fair value of consideration less transaction costs and subsequently held at amortised cost, less provision for discounts and doubtful debts. Allowance losses are calculated by reviewing lifetime expected credit losses using historic and forward-looking data on credit risk

Trade and other payables

Trade and other payables are initially recognised at fair value including transaction costs and subsequently carried at amortised cost

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and other deposits with a maturity of less than three months when deposited

For the purpose of the Cash Flow Statement, bank overdrafts that form an integral part of the Group's cash management, and are repayable on demand, are included as a component of cash and cash equivalents. Bank overdrafts are included within short-term borrowings in the Balance Sheet

Borrowings

Interest-bearing borrowings are recognised initially at fair value less, where permitted by IFRS 9, any directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis

Cash flows relating to interest are presented within operating cash flows. Proceeds and repayment of principal amounts are presented as financing cash flows and are presented gross, except for borrowings with maturities of less than three months (including commercial paper) which are presented net

Derivative financial instruments and hedging activity

The Group may use derivatives to manage its exposures to fluctuating interest and foreign exchange rates. These instruments are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting Policies continued

At the inception of designated hedge relationships, the Group documents its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows or fair values of hedged items.

The Group designates certain derivatives as either:

- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedges); or
- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges).

Derivatives designated as cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the hedging reserve. Any gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised. For all other transactions, the amounts accumulated in the hedging reserve are recycled to the Income Statement in the period (or periods) when the hedged item affects the Income Statement.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated, or is exercised, then hedge accounting is discontinued prospectively. The amount that has been accumulated in the hedging reserve remains in equity until it is either included in the cost of a non-financial item or recycled to the Income Statement.

Derivatives designated as fair value hedges

Fair value hedges are used to manage the currency and/or interest rate risks to which the fair value of certain assets and liabilities are exposed. Changes in the fair value are recognised in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If such a hedge relationship no longer meets hedge accounting criteria, fair value movements on the derivative continue to be taken to the Income Statement while any fair value adjustments made to the underlying hedged item to that date are amortised through the Income Statement over its remaining life using the effective interest rate method.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Income Statement.

Net investment hedges

Gains and losses on those hedging instruments designated as hedges of the net investments in foreign operations are recognised in other comprehensive income to the extent that the hedging relationship is effective. Gains and losses accumulated in the foreign currency translation reserve are recycled to the Income Statement when the foreign operation is disposed of.

Equity investments

Equity investments are investments that are neither held for trading nor classified as investments in subsidiaries, associates or joint arrangements. Subsequent to their initial recognition, equity investments are stated at their fair value. Gains and losses arising from subsequent changes in the fair value are recognised in the Income Statement or in other comprehensive income on a case-by-case basis. Accumulated gains and losses included in other comprehensive income are not recycled to the Income Statement. Dividends from other investments are recognised in the Income Statement.

Investment in associates

Investments in associates are accounted for using the equity method. An associate is an entity over which the Group has significant influence, being the power to participate in the investee's financial and operating policy decisions without control or joint control.

Interests in associates are stated in the consolidated Balance Sheet at cost, adjusted for the movement in the Group's share of their net assets and liabilities. The Group's share of the profit or loss after tax of associates is included in the Group's consolidated profit before taxation. Unrealised intragroup profits or losses from transactions are offset against the carrying amount of the investment on a pro-rata basis during consolidation, if material.

When the Group's share of losses exceeds its interest in an associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Financial Statements of the companies accounted for using the equity method are prepared in accordance with uniform accounting and measurement methods throughout the Group.

Employee share schemes

Incentives in the form of shares are provided to employees under share option and conditional award schemes vested in accordance with non-market conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Balance Sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Additional employer costs, including social security taxes, in respect of options and awards are charged to the Income Statement over the same period with a corresponding liability recognised.

1 Accounting Policies continued

Repurchase and reissuance of ordinary shares

When shares recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Repurchased shares are classified as Treasury shares and are presented in retained earnings. When Treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and any resulting surplus is presented within share premium or deficit presented within retained earnings.

Pension commitments

Group companies operate defined contribution and (funded and unfunded) defined benefit pension plans.

The cost of providing pensions to employees who are members of defined contribution plans is charged to the Income Statement as contributions are made. The Group has no further payment obligations once the contributions have been paid.

The deficit or surplus recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Balance Sheet date less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows by the yield on high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have a maturity approximating to the terms of the pension obligations. The costs of providing these defined benefit plans are accrued over the period of employment. Actuarial gains and losses are recognised immediately in other comprehensive income.

Past service costs are recognised immediately in the Income Statement.

The net interest amount is calculated by applying the discounted rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset.

The net pension plan interest is presented as other finance income/other finance expense.

Post-retirement benefits other than pensions

Some Group companies provide post-retirement medical care to their retirees. The costs of providing these benefits are accrued over the period of employment and the liability recognised in the Balance Sheet is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related asset is deducted.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation, and the amount can be reliably estimated. Provisions are valued at the present value of the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date. Where it is possible that an outflow of resources may be required to settle the obligation or it is not possible to make a reliable estimate of the estimated financial impact, appropriate disclosure is made but no provision recognised.

Share capital transactions

When the Group purchases equity share capital, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Purchased shares are either held in Treasury, in order to satisfy employee options, or cancelled and, in order to maintain capital, an equivalent amount to the nominal value of the shares cancelled would be transferred from retained earnings.

Dividend distribution

Dividends to owners of the parent company are recognised as a liability in the period in which the dividends are approved by the company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

Dividend payments are recorded at fair value. Where non-cash dividend payments are made, gains arising as a result of fair value remeasurements are recognised in the Income Statement in the same period.

Accounting estimates and judgements

In preparing these consolidated Financial Statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts and results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Over the course of the year, management has made a number of critical judgements in the application of the Group's accounting policies. These include the following:

- Management has identified matters (including the Korea Humidifier Sanitiser and Necrotizing Enterocolitis issues) that may incur liabilities in the future but does not recognise these liabilities when it is too early to determine the likely outcome or make a reliable estimate (Note 18, Note 20).
- The continuing enduring nature of the Group's brands supports the indefinite life assumption for certain of these assets (Note 9).
- Assumptions are made as to the recoverability of tax assets especially as to whether there will be sufficient future taxable profits in the same jurisdictions to fully utilise losses in future years (Note 12).

1 Accounting Policies continued

Key sources of estimation uncertainty

Each year, management is required to make a number of assumptions regarding the future. The related year end accounting estimates will, by definition, seldom equal the final actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Goodwill and indefinite life intangible assets:

Under IFRS, goodwill and other indefinite life intangible assets must be tested for impairment on at least an annual basis. As disclosed further in Note 9, this testing generally requires management to make multiple estimates, for example around individual market pressures and forces, future price and volume growth, future margins, terminal growth rates and discount rates.

In 2022, the Group recognised impairment losses of £167 million (2021: £nil), of which £152 million related to the Biofreeze CGU. The recoverability of the Group's goodwill and indefinite-lived intangible assets in relation to Biofreeze is sensitive to reasonably possible changes in key assumptions. Further information on key estimates and assumptions, including details on the sensitivities of the value-in-use estimates to reasonable changes in key assumptions, is included in Note 9.

Tax:

The actual tax paid on profits is determined based on tax laws and regulations that differ across the numerous jurisdictions in which the Group operates. Assumptions are made in applying these laws to the taxable profits in any given period in order to calculate the tax charge for that period. Where the eventual tax paid or reclaimed is different to the amounts originally estimated, the difference is charged or credited to the Income Statement in the period in which it is determined (Note 7).

The Group operates in an international tax environment and is subject to tax examinations and uncertainties in a number of jurisdictions. The issues involved can be complex and disputes may take a number of years to resolve. Each uncertainty is separately assessed and management applies judgement in the recognition and measurement of the uncertainty based on the relevant circumstances. The exposure recognised is calculated based on the expected value method or the most likely outcome method, depending on whether there are a wide range of possible outcomes or if resolution of the uncertainty is concentrated on one outcome. In particular, the range of possible outcomes relating to transfer pricing exposures can be wide and, in these scenarios, the expected value method is employed. The accounting estimates and judgements considered include:

- status of the unresolved matter;
- clarity of relevant legislation and related guidance;
- pre-clearances issued by taxing authorities;
- advice from in-house specialists and opinions of professional firms,
- resolution process and range of possible outcomes,
- past experience and precedents set by the particular taxing authority;
- decisions and agreements reached in other jurisdictions on comparable issues;
- unutilised tax losses, tax credits and availability of mutual agreement procedures between tax authorities; and
- statute of limitations.

Management is of the opinion that the carrying values of the uncertain tax positions made in respect of these matters represent its best estimate once all facts and circumstances have been taken into account. Nevertheless, the final amounts paid to discharge the liabilities arising (either through negotiated settlement or litigation) may be different from the position recognised. The net liabilities recognised in respect of uncertain tax positions as at 31 December 2022 are £722 million (2021: £770 million) (Note 22).

Trade spend:

The Group provides for amounts payable to our trade customers for promotional activity and government reimbursement arrangements. Where an activity spans the year end, an accrual is reflected in the consolidated Financial Statements based on our estimation of customer and consumer uptake during the relevant period and the extent to which temporary funded activity has occurred. As there is a timing difference between that initial estimation and final settlement of trade spend with our customers, differences can result on final settlement. As at 31 December 2022, the Group recognised total accruals of £1,137 million (2021: £1,137 million) in respect of amounts payable to trade customers and government bodies for trade spend. The Group's trade spend arrangements vary considerably by market and category, and the Group's trade spend accruals are made up of many individually small accruals. Therefore, an aggregated disclosure of sensitivity analysis on the key inputs to trade spend accrual estimates would not be practicable nor meaningful. Nevertheless, a 11% (2021: 12%) difference between those initial estimates and final settlement would cause a material charge or credit to the Income Statement in the next financial year. During 2022, adjustments to trade spend accruals as at 31 December 2021, due to changes in accounting estimates, were not material.

Legal provisions:

The Group recognises legal provisions when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that there will be an outflow of resources to settle that obligation; and the amount can be reliably estimated. The level of provisioning in relation to civil and/or criminal investigations is an area where management and legal judgement are important, with individual provisions being based on best estimates of the possible loss, considering all available information, external advice and historical experience. As at 31 December 2022, the Group recognised legal provisions of £221 million (2021: £180 million) in relation to a number of historical regulatory and other matters in various jurisdictions.

2 Operating Segments

The Group's operating segments comprise the Hygiene, Health and Nutrition business units reflecting the way in which information is presented to and reviewed by the Group's Chief Operating Decision Maker (CODM) for the purposes of making strategic decisions and assessing Group-wide performance

The CODM is the Group Executive Committee This Committee is responsible for the implementation of strategy (approved by the Board), the management of risk (delegated by the Board) and the review of Group operational performance and ongoing business integration

The Group Executive Committee assesses the performance of these operating segments based on Net Revenue from external customers and segment profit being adjusted operating profit Intercompany transactions between operating segments are eliminated Finance income and expense are not allocated to segments, as each is managed on a centralised basis

The segment information for the operating segments for the year ended 31 December 2022 and 31 December 2021 is as follows

Year ended 31 December 2022	Hygiene £m	Health £m	Nutrition £m	Adjusting items £m	Total £m
Net revenue	5,960	5,992	2,501	–	14,453
Depreciation and amortisation	(135)	(177)	(90)	(35)	(437)
Operating profit	1,214	1,648	577	(190)	3,249
Net finance expense					(161)
Impairment of equity-accounted investments					(19)
Share of loss of equity-accounted investments, net of tax					(2)
Profit before income tax					3,067
Income tax charge					(711)
Net income from continuing operations					2,356

Year ended 31 December 2021 (restated)[1]	Hygiene £m	Health[1] £m	Nutrition[1,2] £m	Adjusting items £m	Total £m
Net revenue	5,911	5,053	2,270	-	13,234
Depreciation and amortisation	(111)	(155)	(96)	(61)	(423)
Operating profit/(loss)	1,401	1,242	234	(3,681)	(804)
Net finance income					547
Share of loss of equity-accounted investments, net of tax					(3)
Loss before income tax					(260)
Income tax credit					208
Net loss from continuing operations					(52)

1 Segmental information for the year ended 31 December 2021 has been restated to reflect the Group's current operating segments, the composition of which changed with effect from 1 January 2022 when the Vitamins, Minerals and Supplements (VMS) business was moved from Nutrition to Health

2 Following the start of the strategic review of IFCN China, the CODM also reviewed financial information for net revenue and adjusted operating profit excluding IFCN China (which was disposed in September 2021 see Note 29) In the year ended 31 December 2021, Nutrition net revenue based on current operating segments and excluding IFCN China was £1,887 million and Nutrition adjusted operating profit excluding IFCN China was £301m llion

Financial information for the Hygiene, Health and Nutrition operating segments is presented on an adjusted basis which excludes certain cash and non-cash items These items have a pattern of recognition that is largely uncorrelated with the trading performance of the business Financial information on an adjusted basis is consistent with how management reviews the business for the purpose of making operating decisions. Further detail on adjusting items is included on pages 75 to 79

2 Operating Segments continued

The company is domiciled in the UK. The split of Net Revenue from external customers and Non-current assets (other than equity instruments, deferred tax assets and retirement benefit surplus assets) between the UK, the US (being the biggest country outside the country of domicile) and that from all other countries is

2022	UK £m	US £m	All other countries £m	Total £m
Net Revenue	778	4,603	9,072	14,453
Goodwill and other intangible assets	1,875	10,905	7,423	20,203
Property, plant and equipment	314	828	1,331	2,473
Other non-current receivables	22	54	81	157

2021	UK £m	US £m	All other countries £m	Total £m
Net Revenue	739	3,873	8,622	13,234
Goodwill and other intangible assets	1,843	9,905	7,120	18,868
Property, plant and equipment	316	669	1,193	2,178
Other non-current receivables	29	63	57	149

Major customers are typically large grocery chains, multiple retailers and e-commerce platforms. The Group's customer base is diverse with no individual customer accounting for more than 10% of net revenue (2021: one customer accounting for £1,337 million of net revenue across all segments)

3 Analysis of Other Net Operating Expenses

	2022 £m	2021 £m
Distribution costs	(3,438)	(3,460)
Research and development costs	(325)	(313)
Other administrative expenses	(1,205)	(1,190)
Impairment of goodwill	(167)	-
Other net operating income	9	1
Other net operating expenses	(5,126)	(4,962)

A net foreign exchange loss of £13 million (2021: loss of £2 million) has been recognised through the Income Statement.

Other administrative expenses include a gain of £59 million (2021: £nil) on sale and leaseback of a factory site in the Philippines.

Impairment of goodwill principally comprises a charge of £152 million from the impairment of goodwill related to the acquisition of Biofreeze (see Note 9). Biofreeze is reported in the Health operating segment.

4 Auditor Remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the company's Auditor and its associates

	2022 £m	2021 £m
Audit services pursuant to legislation		
Audit of the Group's Annual Report and Financial Statements	8.4	6.4
Audit of the Financial Statements of the Group's subsidiaries	11.1	9.5
Audit-related assurance services	0.8	0.5
Total audit and audit-related services	20.3	16.4
Fees payable to the company's Auditor and its associates for other services		
Other assurance services	2.7	0.1
Total non-audit services	2.7	0.1
	23.0	16.5

5 Employee Costs

Total employee costs, including those for Directors, were

	Note	2022 £m	2021 £m
Wages and salaries		1,988	1,935
Social security costs		281	251
Other pension costs	23	61	60
Share-based payments	25	78	30
Total staff costs		2,408	2,276

Executive and Non-Executive Directors' aggregate emoluments are disclosed on pages 140 and 152 of the Directors' Remuneration Report, respectively. Compensation awarded to key management (defined as the members of the Group Executive Committee and the Non-Executive Directors) was

	2022 £m	2021 £m
Short-term employee benefits	26	25
Post-employment and other long-term benefits	-	-
Share-based payments	15	10
	41	35

5 Employee Costs continued

Staff numbers

The monthly average number of people employed by the Group, including Directors, during the year was

	2022 '000	2021 '000
North America	**5.1**	5 0
Europe/ANZ	**14.3**	14 8
Rest of world	**20 6**	22 0
	40.0	41 8

6 Net Finance (Expense)/Income

	2022 £m	2021 £m
Foreign exchange net gain on liquidation of subsidiaries		
Gains on liquidation	**69**	1,048
Losses on liquidation	**-**	(282)
Total foreign exchange net gain on liquidation of subsidiaries	**69**	766
Other finance income		
Interest income on cash and cash equivalents	**29**	29
Pension net finance income	**5**	1
Movement on put option liability	**-**	14
Finance income on tax balances	**26**	1
Other finance income	**1**	–
Total other finance income	**61**	45
Other finance expense		
Interest payable on borrowings	**(233)**	(244)
Foreign exchange losses on intercompany financing, net of hedging	**(24)**	–
Other finance expense	**(34)**	(20)
Total other finance expense	**(291)**	(264)
Other net finance expense	**(230)**	(219)
Net finance (expense)/income	**(161)**	547

As a result of the simplification of the Group's legal entity structure, a number of entities have been liquidated. Upon liquidation, the cumulative foreign exchange reserves were recycled to the Income Statement, resulting in a net foreign exchange gain of £69 million (2021 gain of £766 million), principally from the liquidation of intermediate financing and holding companies

7 Income Tax Expense

	2022 £m	2021 £m
Current tax	**766**	711
Adjustment in respect of prior periods	**(23)**	53
Total current tax	**743**	764
Origination and reversal of temporary differences	**(20)**	(1,089)
Impact of changes in tax rates	**(5)**	185
Total deferred tax	**(25)**	(904)
Cumulative foreign exchange on deferred tax balances reclassified to the Income Statement	**(7)**	(68)
Income tax charge/(credit)	**711**	(208)

Current tax includes tax incurred by UK entities of £177 million (2021 £133 million) This is comprised of UK corporation tax of £126 million (2021, £55 million) and overseas tax suffered of £51 million (2021 £78 million) UK current tax is calculated at 19% (2021 19%) of the estimated assessable profit for the year, net of relief for overseas taxes where available Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions

Cash tax paid in the year was £831 million (2021: £915 million) The variance from the current year tax charge of £766 million is attributable to movements on uncertain tax positions (shown in Note 22) and timing differences arising between the accrual and payment of current Income tax liabilities.

Origination and reversal of temporary differences includes adjustments in respect of prior periods of £19 million benefit (2021: £86 million benefit)

Cumulative foreign exchange on deferred tax balances reclassified to the Income Statement relates to deferred tax on assets disposed in the year (see Note 29)

7 Income Tax Expense continued

The total tax charge on the Group's profit/(loss) for the year can be reconciled to the notional tax charge calculated at the UK tax rate as follows

Continuing operations	2022 £m	2021 £m
Profit/(loss) before income tax	**3,067**	(260)
Tax at the notional UK corporation tax rate of 19% (2021 19%)	**583**	(49)
Effect of		
Overseas tax rates	**114**	112
Movement in provision related to uncertain tax positions	**(58)**	(43)
Net impact of divestments and assets reclassified to held for sale	**(25)**	(264)
Unrecognised tax losses, other unrecognised tax assets and deferred tax liability on unremitted earnings	**71**	68
Cumulative foreign exchange on deferred tax balances reclassified to the Income Statement	**(7)**	(68)
Withholding and local taxes	**47**	43
Reassessment of prior year estimates	**(42)**	(33)
Impact of changes in tax rates	**(5)**	185
Non-taxable foreign exchange gain arising from legal entity simplification (Note 6)	**(13)**	(146)
Other permanent differences	**46**	(13)
Income tax charge/(credit)	**711**	(208)

Our effective tax rate in any given financial year reflects a variety of factors that may not be present in succeeding financial years, and may be affected by variations in profit mix and changes in tax laws, regulations and related interpretations

In December 2021 the OECD published the Pillar Two GloBE rules, which seek to ensure multinationals pay a minimum tax of 15% in each jurisdiction The Group is within the scope of these rules and has operations in countries where the tax rate is currently below 15%. The impact of Pillar Two, now expected to be effective from 1 January 2024, is not expected to be material to the Group's Financial Statements

OECD member governments are in the process of introducing the Pillar 2 rules, however, the Group does not consider that this legislation has been substantively enacted by any participating country as at the end of the reporting period Accordingly, the tax accounting impact will be considered when the Pillar Two GloBE rules are translated into domestic legislation, expected during 2023

The effect of overseas tax rates represents the impact of profits arising outside the UK that are taxed at different rates to the UK rate

The net impact of divestments and assets reclassified to held for sale in 2022 represents the net tax effect of the sale of Dermicool and E45 (2021: sale of IFCN China, Scholl, EnfaBebé and reclassification of E45 to held for sale). The bases on which tax charges are calculated differ from the accounting bases.

Withholding and local taxes suffered in the year are adjusted for previously accrued deferred tax liabilities on unremitted earnings.

The reassessment of prior year estimates includes settlements reached following conclusion of tax authority review and differences between final tax return submissions and liabilities accrued in these Financial Statements.

The impact of changes in tax rates in 2021 primarily resulted from the revaluation of deferred tax assets following substantive enactment of the increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) on 24 May 2021

UK deferred tax assets and liabilities have been calculated based on the substantively enacted rate of 25% after factoring in the expected timing of reversal of the related temporary differences (2021: 25%). This tax rate change will increase the company's future tax charge on profits arising in the UK.

We conduct business operations in a number of countries, and are therefore subject to tax and intercompany pricing laws in multiple jurisdictions. We have in the past faced, and may in the future face, audits and challenges brought by tax authorities, and we are involved in ongoing tax investigations in a number of countries. If material challenges were to be successful, our effective tax rate may increase, we may be required to modify structures at significant costs to us, we may also be subject to interest and penalty charges and we may incur costs in defending litigation or reaching a settlement. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

EC State Aid

With regard to the European Commission's (EC's) challenge to certain aspects of the Gibraltar tax system a judgement was received in April 2022. This judgment was partially favourable to the Group and was not appealed and the judgment therefore stands. The amounts involved were not material. On 31 October 2022, in a new development, the EU Commission issued a press release announcing its intention to extend the scope of its ongoing in-depth inquiry into Gibraltar's corporate tax regime which focuses on MJN Gibraltar. This matter will remain under review as the investigation progresses.

On 8 June 2022, the General Court delivered its judgment in the state aid case concerning the UK CFC Group Financing Exemption. This judgement ruled in favour of the EC on all arguments but has subsequently been appealed. Although not a direct applicant in the case, the Group remains an interested party. We believe that the matter is finely balanced and have therefore now appropriately provided for the matter The amounts are not material to the Group.

7 Income Tax Expense continued

The tax credited/(charged) relating to components of other comprehensive income is as follows

	2022			2021		
	Before tax £m	Tax (charge)/credit £m	After tax £m	Before tax £m	Tax (charge)/credit £m	After tax £m
Net exchange gains/(losses) on foreign currency translation	1,065	–	1,065	(374)	–	(374)
Reclassification of foreign currency translation reserves on disposals or liquidation of foreign operations	(56)	–	(56)	(550)	–	(550)
(Losses)/gains on cash flow and net investment hedges	(112)	(1)	(113)	118	(4)	114
Remeasurement of defined benefit pension plans (Note 23)	29	(5)	24	179	(46)	133
Revaluation of equity instruments – FVOCI	(109)	22	(87)	(1)	–	(1)
Other comprehensive income/(expense)	817	16	833	(628)	(50)	(678)
Current tax		13			–	
Deferred tax (Note 12)		3			(50)	
		16			(50)	

The tax (charged)/credited directly to the Statement of Changes in Equity during the year is as follows

	2022 £m	2021 £m
Current tax	(1)	4
Deferred tax (Note 12)	–	(4)
	(1)	–

8 Earnings Per Share

	2022 pence	2021 pence
Basic earnings/(loss) per share		
From continuing operations	326.7	(8.8)
From discontinued operations	(1.0)	4.3
Total basic earnings/(loss) per share	325.7	(4.5)
Diluted earnings/(loss) per share		
From continuing operations	325.7	(8.8)
From discontinued operations	(1.0)	4.3
Total diluted earnings/(loss) per share	324.7	(4.5)

Basic

Basic earnings per share is calculated by dividing the net income/(loss) attributable to owners of the parent company from continuing operations (2022: £2,337 million income, 2021: £63 million loss) and discontinued operations (2022: £7 million loss, 2021: £31 million income) by the weighted average number of ordinary shares in issue during the year (2022: 715,284,629; 2021: 713,758,909).

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive ordinary shares. The company has the following categories of potentially dilutive ordinary shares: Executive Share Awards (including Executive Share Options and Executive Conditional Awards) and Employee Sharesave Scheme Options. The options only dilute earnings when they result in the issue of shares at a value below the market price of the share and when all performance criteria (if applicable) have been met. As at 31 December 2022, there were 14,219,133 (2021: 10,683,109) Executive Share Awards excluded from the dilution because the exercise price for the options was greater than the average share price for the year or the performance criteria have not been met.

	2022 average number of shares	2021 average number of shares
On a basic basis	715,284,629	713,758,909
Dilution for Executive Share Awards[1]	1,858,996	–
Dilution for Employee Sharesave Scheme Options outstanding[1]	350,982	–
On a diluted basis	717,494,607	713,758,909

1 As there was a loss in 2021, the effect of potentially dilutive shares was anti-dilutive.

9 Goodwill and Other Intangible Assets

	Brands £m	Goodwill £m	Software £m	Other £m	Total £m
Cost					
At 1 January 2021	17,673	11,408	490	185	29,756
Additions	5	–	72	-	77
Arising on business combinations	596	370	-	76	1,042
Disposals	(4,494)	(1,543)	(2)	–	(6,039)
Reclassifications to held for sale	(112)	(28)	–	–	(140)
Exchange adjustments	(220)	5	(13)	5	(223)
At 31 December 2021	**13,448**	**10,212**	**547**	**266**	**24,473**
Additions	–	–	77	4	81
Arising on business combinations	–	(2)	–	7	5
Disposals	(59)	(6)	(3)	-	(68)
Reclassifications	-	-	16	(16)	–
Exchange adjustments	1,136	832	16	17	2,001
At 31 December 2022	**14,525**	**11,036**	**653**	**278**	**26,492**
Accumulated amortisation and impairment					
At 1 January 2021	449	6,039	190	99	6,777
Amortisation and impairment	39	-	66	27	132
Disposals	(143)	(1,176)	(2)	-	(1,321)
Exchange adjustments	(3)	21	(2)	1	17
At 31 December 2021	**342**	**4,884**	**252**	**127**	**5,605**
Amortisation and impairment	21	167	68	19	275
Disposals	-	-	(1)	–	(1)
Reclassifications	–	–	8	(8)	-
Exchange adjustments	16	376	8	10	410
At 31 December 2022	**379**	**5,427**	**335**	**148**	**6,289**
Net book value					
At 31 December 2021	**13,106**	**5,328**	**295**	**139**	**18,868**
At 31 December 2022	**14,146**	**5,609**	**318**	**130**	**20,203**

The amount stated for brands represents the fair value of brands acquired since 1985 at the date of acquisition. Other includes product registration, distribution rights, capitalised product development costs and customer contracts

Software includes intangible assets under construction of £40 million (2021 £28 million).

The net book values of significant brand intangible assets acquired through business combinations are as follows

Acquisition	Acquisition year	2022 £m	2021 £m
Mead Johnson Nutrition Company	2017	**4,740**	4,352
SSL International	2010	**1,918**	1,831
Boots Healthcare International	2006	**1,440**	1,387
Adams Respiratory Therapeutics	2008	**1,275**	1,138
Schiff Nutrition International	2012	**1,088**	971
L&F Household	1994	**877**	786
Lanai Holdings	2021	**680**	609
American Home Products Corporation	1990	**459**	418
Bristol-Myers Squibb OTC	2013	**338**	287
K-Y	2014	**280**	280

The majority of brands, all of goodwill and certain other intangible assets are considered to have indefinite lives (see Note 1) and therefore are subject to an annual impairment review The MJN global brand and acquired customer relationships are deemed to have a finite life and are amortised accordingly Amortisation is recognised in net operating expenses or cost of goods sold depending on the use of the asset

The net book values of indefinite and finite life intangible assets are as follows

Net book value	2022 £m	2021 £m
Indefinite life assets		
Brands	**14,034**	12,983
Goodwill	**5,609**	5,328
Other	**65**	39
Total indefinite life assets	**19,708**	18,350
Finite life assets		
Brands	**112**	123
Software	**318**	295
Other	**65**	100
Total finite life assets	**495**	518
Total net book value of intangible assets	**20,203**	18,868

9 Goodwill and Other Intangible Assets continued

Cash Generating Units

Goodwill and other intangible assets with indefinite lives are allocated to either individual cash generating units (CGUs), or groups of cash generating units (together GCGUs). The goodwill and intangible assets with indefinite lives are tested for impairment at the level at which identifiable cash inflows are largely independent. Generally, this is at a GCGU level, but for certain intangible assets this is at a CGU level.

After considering all the evidence available, including how brand and production assets generate cash inflows and how management monitors the business, the Directors have concluded that for the purpose of impairment testing of goodwill and other intangible assets, the Group's GCGUs are Health, Hygiene and IFCN, with the Group's CGUs being VMS and Biofreeze.

An analysis of the net book value of indefinite life assets and goodwill by GCGU/CGU is shown below.

	2022			2021		
GCGU/CGU	Indefinite life assets £m	Goodwill £m	Total £m	Indefinite life assets £m	Goodwill £m	Total £m
Health	**5,779**	**3,556**	**9,335**	5,455	3,350	8,805
Hygiene	**1,924**	**45**	**1,969**	1,760	45	1,805
IFCN	**4,661**	**1,570**	**6,231**	4,260	1,408	5,668
VMS	**1,089**	**277**	**1,366**	971	248	1,219
Biofreeze	**646**	**161**	**807**	576	277	853
	14,099	**5,609**	**19,708**	13,022	5,328	18,350

Within the Health GCGU, the cash flows of certain brands are separately identifiable. As a result, the carrying values of the associated indefinite life assets have been tested for impairment as CGUs. This is in addition to the impairment testing over the Health GCGU. The CGUs tested separately are shown below.

Indefinite life assets excluding goodwill	2022 £m	2021 £m
Intimate Wellness	**2,213**	2,124
Oriental Pharma	**52**	51

Annual Impairment Review

Goodwill and other indefinite life intangible assets must be tested for impairment on at least an annual basis. An impairment loss is recognised when the recoverable amount of a GCGU or CGU falls materially below its net book value at the date of testing.

The determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose, is inherently judgemental and requires management to make multiple estimates, for example around individual market pressures and forces, future price and volume growth, future margins, terminal growth rates and discount rates.

When forecasting the annual cash flows that support the recoverable amount, the Group generally uses its short-term budgets and medium-term strategic plans, with additional senior management and Board-level review. Cash flows beyond the five-year period are projected using terminal growth rates. These rates do not exceed the long-term average growth rate for the products and markets in which the GCGU or CGU operates.

The cash flows are discounted back to their present value using a pre-tax discount rate considered appropriate for each GCGU and CGU. These rates have been derived from management's views on the relevant weighted average cost of capital, subsequently converted to the pre-tax equivalent discount rate.

For the Health, Hygiene and IFCN GCGUs, and the Intimate Wellness and VMS CGUs, any reasonably possible change in the key valuation assumptions would not imply possible impairment. The recoverable amount for each of these GCGUs and CGUs was determined utilising the value-in-use basis (2021: value-in-use basis) with key assumptions including a pre-tax discount rate of 9% for Health, Hygiene, IFCN and Intimate Wellness (2021: 9% for Health, Hygiene and Intimate Wellness, 10% for IFCN) or 10% for VMS (2021: 10%), and a terminal growth rate of either 2.5% for Health, Intimate Wellness and VMS (2021: 2.5%), or 2.0% for Hygiene and IFCN (2021: 2%).

Biofreeze

On 12 July 2021, the Group acquired 100% of the equity interests in Lanai Holdings, owner of the Biofreeze and TheraPearl brands, for cash consideration of $1,060 million (£766 million). Biofreeze is a leader in over-the-counter topical pain relief, with a strong footprint in the North America retail and clinical channels and a growing international presence.

2022

During 2022, Biofreeze performed below expectations following a short-term category slowdown, in part due to the current macroeconomic conditions. The outlook for the category remains positive and the Group remains confident in the long-term potential for Biofreeze.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 Goodwill and Other Intangible Assets continued

This underperformance, together with the current macroeconomic environment, has introduced additional uncertainty into future Biofreeze cash flows. To reflect this uncertainty, management has increased the pre-tax discount rate used to determine value-in-use to 12.0%. This resulted in the book value of the Biofreeze CGU exceeding its recoverable amount at 31 December 2022, therefore management has recorded a goodwill impairment of £152 million to record Biofreeze at its recoverable amount of £698 million ($843 million).

The recoverable amount for the Biofreeze CGU at 31 December 2022 has been determined on a value-in-use basis using a discounted cash flow approach, with future cash flows derived from a detailed five-year plan. Cash flows beyond the five-year plan have been projected using a terminal growth rate of 2.5%.

The determination of the recoverable amount for Biofreeze at 31 December 2022 incorporates certain key assumptions, some of which are subject to considerable uncertainty. These assumptions include but are not limited to anticipated market share improvement, the commercial success of new product launches and international market expansion. As no headroom exists between the Biofreeze recoverable amount and net book value, any changes to these assumptions, or any deterioration in other macroeconomic or business-level assumptions supporting the Biofreeze recoverable amount could necessitate the recognition of impairment losses in future periods.

The key assumptions used in the estimation of value-in-use of Biofreeze are outlined below.

	2022
Pre-tax discount rate	12.0%
Terminal growth rate	2.5%
Net revenue compound annual growth rate (CAGR) for the period 2022-2027	11%
Gross margin CAGR for the period 2022-2027	14%

The key estimates incorporated within the determination of the Biofreeze recoverable amount are summarised below:

Key estimates	Commentary
Net Revenue	In the short to medium term, the valuation model assumes a five-year CAGR of 11%, to be delivered through category growth and market share growth driven by a mix of innovation arising from format expansion of existing products and international expansion.
Margins	In the short to medium term, the valuation model assumes Biofreeze margins (both gross and operating) to increase from current levels as the temporary factors which impacted margins in 2022 unwind and Biofreeze benefits from productivity initiatives on integrating into Reckitt.
Discount rate	Management determined the Biofreeze-specific weighted average cost of capital (WACC) and the implied pre-tax discount rate with the support of a third-party expert. For valuation purposes management used the upper end of the calculated range to reflect uncertainty in certain key assumptions.
Terminal growth rate	Management is satisfied with the reasonableness of the terminal growth rate when compared against independent market growth projections and long-term country inflation rates.

The table below shows the sensitivity of the 2022 recoverable amount to reasonably possible changes in key assumptions. The table assumes no related response by management (for example, to drive further cost savings) and is hence theoretical in nature.

	2022 £m
Expected Net Revenue growth rates (2023 to 2027) adjusted by 100bps	+40/-35
Expected EBIT growth rates (2023 to 2027) adjusted by 100bps	+25/-25
Terminal growth rate (applied from 2028) adjusted by 50bps	+25/-25
Pre-tax discount rate adjusted by 50bps	+40/-35

2021

At 31 December 2021, management determined that the Biofreeze recoverable amount was consistent with the acquisition price, such that at the end of 2021 there was no headroom between the recoverable amount and the carrying value of the Biofreeze CGU. Given the proximity to acquisition, the recoverable amount for Biofreeze was calculated using the income approach on a fair value less costs of disposal basis utilising a post-tax discount rate of 11% and a 2.5% terminal growth rate. The fair value measurement of Biofreeze was categorised within level 3 of the fair value hierarchy, based on inputs into the valuation technique used

10 Property, Plant and Equipment

	Land and buildings £m	Plant and equipment £m	Right of use assets £m	Assets under construction £m	Total £m
Cost					
At 1 January 2021	1,245	2,101	409	332	4,087
Additions	20	61	110	292	483
Arising on business combinations	5	15	-	–	20
Disposals	(81)	(210)	(50)	(8)	(349)
Reclassifications (including held for sale)	51	151	–	(207)	(5)
Exchange adjustments	(20)	(45)	(8)	(1)	(74)
At 31 December 2021	**1,220**	**2,073**	**461**	**408**	**4,162**
Additions	26	80	137	256	499
Disposals	(19)	(75)	(58)	(6)	(158)
Reclassifications (including held for sale)	91	168	(1)	(293)	(35)
Exchange adjustments	91	122	41	29	283
At 31 December 2022	**1,409**	**2,368**	**580**	**394**	**4,751**
Accumulated depreciation and impairment					
At 1 January 2021	431	1,301	122	-	1854
Charge for the year	58	168	71	–	297
Disposals	(33)	(105)	(34)	–	(172)
Impairment	38	8	1	5	52
Reclassifications (including held for sale)	(2)	1	(1)	-	(2)
Exchange adjustments	(10)	(32)	(3)	–	(45)
At 31 December 2021	**482**	**1,341**	**156**	**5**	**1,984**
Charge for the year	62	184	83	–	329
Disposals	(12)	(66)	(45)	(4)	(127)
Impairment	–	1	–	2	3
Reclassifications (including held for sale)	(6)	(18)	(3)	-	(27)
Exchange adjustments	30	69	15	2	116
At 31 December 2022	**556**	**1,511**	**206**	**5**	**2,278**
Net book value					
As at 31 December 2021	**738**	**732**	**305**	**403**	**2,178**
As at 31 December 2022	**853**	**857**	**374**	**389**	**2,473**

At 31 December 2022, the Group's right of use assets included land and buildings of £350 million (2021: £284 million) and other assets of £24 million (2021: £21 million). The Group recognised depreciation of £70 million (2021: £58 million) on the land and buildings and depreciation of £13 million (2021: £13 million) on the other assets.

The Group has commitments to purchase property, plant and equipment of £76 million (2021: £80 million).

11 Equity Instruments

	2022 £m	2021 £m
Equity investments	82	171
Investments in associates accounted for using the equity method	4	23
Total equity instruments	**86**	194

Equity investments at 31 December 2022 and 2021 is composed of a number of listed and unlisted equity investments in which the Group has a minority stake. This includes 13% of the outstanding units in Packable Holdings LLC, which were revalued to £nil during 2022 (31 December 2021: £114 million).

Investments accounted for using the equity method relate predominantly to the Group's investment in Your MD AS (trading as Healthily). The Group's share of the result of Healthily amounts to a loss of £2 million (2021: loss of £3 million). The Group has also recognised an impairment charge of £19 million (2021: £nil) within the Group Income Statement with respect to this investment. There are no gains or losses recognised within other comprehensive income with respect to this investment.

12 Deferred Tax

Deferred tax	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
At 1 January 2022	(49)	(3,023)	442	27	(6)	(2,609)
Credited/(charged) to the Income Statement	2	1	16	15	(9)	25
Credited/(charged) to other comprehensive income	-	-	8	-	(5)	3
Exchange differences	(7)	(252)	37	4	6	(212)
At 31 December 2022	(54)	(3,274)	503	46	(14)	(2,793)

2022	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
Deferred tax assets	20	(36)	221	28	11	244
Deferred tax liabilities	(74)	(3,238)	282	18	(25)	(3,037)
Deferred tax	(54)	(3,274)	503	46	(14)	(2,793)

12 Deferred Tax continued

Deferred tax	Accelerated capital allowances £m	Intangible assets £m	Short term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
At 1 January 2021	(55)	(3,766)	427	52	38	(3,304)
Credited/(charged) to the Income Statement	3	864	59	(24)	2	904
(Charged) to other comprehensive income	-	-	(4)	–	(46)	(50)
(Charged) directly to equity	-	-	(4)	–	-	(4)
Arising on business acquisitions/disposals	4	(151)	(31)	–	-	(178)
Exchange differences	(1)	30	(5)	(1)	-	23
At 31 December 2021	(49)	(3,023)	442	27	(6)	(2,609)

2021	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
Deferred tax assets	(2)	(37)	189	24	23	197
Deferred tax liabilities	(47)	(2,986)	253	3	(29)	(2,806)
Deferred tax	(49)	(3,023)	442	27	(6)	(2,609)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority

Unrecognised deferred tax assets

Deferred tax assets on certain corporation tax losses and other short-term temporary differences totalling £3,029 million gross (2021 £2,091 million gross) have not been recognised at 31 December 2022 as the likelihood of future economic benefit is not sufficiently assured These assets will be recognised if utilisation of the losses and other temporary differences become probable

Unrecognised deferred tax liabilities

The aggregate amount of gross temporary differences associated with investments in subsidiaries, branches and associates and interest in joint ventures, for which deferred tax liabilities have not been recognised at 31 December 2022 is £7,630 million (2021: £7,900 million)

Deferred tax on short-term temporary differences of £503 million (2021 £442 million) are comprised of accrued expenses deductible for tax on a cash basis of £418 million (2021 £337 million), other short-term temporary differences of £143 million (2021 £135 million) and net of deferred tax liabilities on unremitted earnings of £58 million (2021 £30 million)

13 Inventories

	2022 £m	2021 £m
Raw materials and consumables	**471**	383
Work in progress	**88**	70
Finished goods and goods held for resale	**1,266**	1,006
Total inventories	**1,825**	1,459

The total cost of inventories recognised as an expense and included in cost of sales amounted to £5,810 million (2021: £5,292 million) This includes inventory write-offs and losses of £184 million (2021 £191 million)

The Group inventory provision at 31 December 2022 was £164 million (2021 £151 million)

14 Trade and Other Receivables

Amounts falling due within one year	2022 £m	2021 £m
Trade receivables	**1,766**	1,587
Less: Provision for impairment of receivables	**(42)**	(36)
Trade receivables – net	**1,724**	1,551
Other receivables	**264**	291
Prepayments and accrued income	**94**	84
Trade and other receivables	**2,082**	1,926

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

Currency analysis	2022 £m	2021 £m
US dollar	**678**	574
Euro	**289**	302
Sterling	**165**	167
Brazilian real	**132**	128
Other currencies	**818**	755
Trade and other receivables	**2,082**	1,926

The maximum exposure to credit risk at the year end is the carrying value of each class of receivable mentioned above.

a Trade receivables
Trade receivables consist of amounts due from customers. The Group's customer base is large and diverse and consequently there is limited concentration of credit risk. Credit risk is assessed at a subsidiary and Group level and takes into account the financial positions of customers, past experience, future expectations and other relevant factors. Individual credit limits are established based on those factors.

The following table provides an ageing analysis of trade receivables at year end:

Ageing analysis	2022 £m	2021 £m
Not overdue	**1,543**	1,318
Up to 3 months overdue	**157**	219
Over 3 months overdue	**66**	50
Trade receivables	**1,766**	1,587

At 31 December 2022, a provision of £42 million (2021: £36 million) was recorded against certain trade receivables based on a forward-looking assessment of the lifetime expected credit loss as required by IFRS 9. This assessment considered the ageing profiles of specific trade receivable balances along with the risk of future customer defaults.

As at 31 December 2022, trade receivables of £181 million (2021: £233 million) were past due but not impaired. These receivables were not impaired because having considered their nature and historical collection, recovery of the unprovided amounts is expected in due course.

b Other receivables
Other receivables includes recoverable indirect tax of £191 million (2021: £212 million). This contains £1 million (2021: £2 million) of impaired assets all aged over three months from a broad range of countries within the Group.

c Other non-current receivables
Other non-current receivables at 31 December 2022 of £157 million (2021: £149 million) includes non-current recoverable sales tax and long-term prepayments.

d Financial instruments (Note 15)
At 31 December 2022, £2,071 (2021: £1,926 million) of the current and non-current receivables totalling £2,239 million (2021: £2,075 million) are financial assets. These mainly related to amounts owed from customers or government bodies and are typically non-interest bearing. Amounts that are not financial assets are mostly prepayments and employee benefit assets.

15 Financial Instruments and Financial Risk Management

Financial instruments by category

		At 31 December 2022					At 31 December 2021				
	Note	Amortised cost £m	Derivatives used for hedging £m	Fair value through the Income Statement £m	Equity instruments £m	Carrying value total £m	Amortised cost £m	Derivatives used for hedging £m	Fair value through the Income Statement £m	Equity instruments £m	Carrying value total £m
Assets as per the Balance Sheet											
Current and non-current trade and other receivables	14d	2,071	–	–	–	2,071	1,926	–	–		1,926
Derivative financial instruments – FX forward exchange contracts	17	–	34	25	–	59	–	41	21	–	62
Equity instruments	11	–	–	–	82	82	–	–	–	171	171
Cash and cash equivalents	16	1,157	–	–	–	1,157	1,261	–	–	–	1,261
Liabilities as per the Balance Sheet											
Borrowings (commercial paper, loans and overdrafts)[1]	17	1,252	–	–	–	1,252	37	–	–	–	37
Lease obligations	19	389	–	–	–	389	328	–	–	–	328
Bonds	17	5,874	–	–	–	5,874	7,969	–	–	–	7,969
Senior notes	17	1,369	–	–	–	1,369	1,229	–	–	–	1,229
Derivative financial instruments – FX forward exchange contracts	17	–	22	34	–	56	–	16	36	–	52
Derivative financial instruments – Interest rate swaps	17	–	164	–	–	164	–	22	–	–	22
Derivative financial instruments – Cross currency interest rate swaps	17	–	84	–	–	84	–	49	–	–	49
Current and non-current trade and other payables	21	5,344	–	–	–	5,344	5,193	–	–	–	5,193

1. The categories in this disclosure are determined by IFRS 9. Lease obligations are outside the scope of IFRS 9 but they remain within the scope of IFRS 7, and therefore have been shown separately. Borrowings largely relate to commercial paper. As at 31 December 2022, the Group had commercial paper in issue amounting to €841 million (nominal value) at rates between 0.92% and 2.74% with maturities ranging from 6 January 2023 to 30 June 2023, and $550 million (nominal value) at rates between 4.55% and 4.95% with maturities ranging from 3 January 2023 to 23 March 2023.

The fair value measurement hierarchy levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

  Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2). If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3)

15 Financial Instruments and Financial Risk Management continued

The following table categorises the Group's financial assets and liabilities held at fair value by the valuation methodology applied in determining their fair value

	At 31 December 2022				At 31 December 2021			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets as per the Balance Sheet								
Derivative financial instruments – FX forward exchange contracts	–	59	–	59	–	62	–	62
Equity instruments	29	–	53	82	14	114	43	171
Liabilities as per the Balance Sheet								
Derivative financial instruments – FX forward exchange contracts	–	56	–	56	–	52	–	52
Derivative financial instruments – Interest rate swaps	–	164	–	164	–	22	–	22
Derivative financial instruments – Cross currency interest rate swaps	–	84	–	84	–	49	–	49

The fair value of forward foreign exchange contracts was determined using forward exchange rates derived from market sourced data at the Balance Sheet date, with the resulting value discounted back to present value (level 2 classification). The fair value of the interest rate swap contracts and the cross currency interest rate swaps was calculated using discounted future cash flows at floating market rates (level 2 classification).

The fair value of equity instruments at 31 December 2022 was determined using both quoted share price information (level 1 classification) and other non-market information (level 3 classification). At 31 December 2021, the fair value of the investment in Packable Holdings LLC (previously Pharmapacks) was calculated using a publicly available valuation from the latest funding round (level 2 classification).

Except for the bonds and senior notes, the fair values of other financial assets and liabilities at amortised cost approximate their carrying values. The fair value of the bonds as at 31 December 2022 is a liability of £5,612 million (2021 £8,238 million) and the fair value of the senior notes as at 31 December 2022 is a liability of £1,250 million (2021 £1,400 million). The fair value of the bonds and senior notes was derived using quoted market rates in an active market (level 1 classification).

Offsetting financial assets and financial liabilities

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In certain circumstances – for example, when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not currently have any legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default event.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

At 31 December 2022	Gross amounts of recognised financial assets/liabilities in the Balance Sheet £m	Related financial instruments that are not offset £m	Net amount £m
Financial assets			
FX forward exchange contracts	59	(36)	23
Other financial assets	1,157	–	1,157
	1,216	(36)	1,180
Financial liabilities			
FX forward exchange contracts	(56)	36	(20)
Other financial liabilities	(249)	–	(249)
	(305)	36	(269)

At 31 December 2021	Gross amounts of recognised financial assets/liabilities in the Balance Sheet £m	Related financial instruments that are not offset £m	Net amount £m
Financial assets			
FX forward exchange contracts	62	(32)	30
Other financial assets	1,261	–	1,261
	1,323	(32)	1,291
Financial liabilities			
FX forward exchange contracts	(52)	32	(20)
Other financial liabilities	(73)	–	(73)
	(125)	32	(93)

15 Financial Instruments and Financial Risk Management continued

Financial risk management

The Group's multinational operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates (foreign exchange risk), market prices, interest rates, credit risks and liquidity. The Group has in place a risk management programme that uses foreign currency financial instruments, including debt, and other instruments, to limit the impact of these risks on the financial performance of the Group.

The Group's financing and financial risk management activities are centralised into Group Treasury (GT) to achieve benefits of scale and control. GT manages financial exposures of the Group centrally in a manner consistent with underlying business risks. GT manages only those risks and flows generated by the underlying commercial operations; speculative transactions are not undertaken.

The Board of Directors reviews and agrees policies, guidelines and authority levels for all areas of Treasury activity and individually approves significant activities. The GT function is subject to periodic independent reviews and audits, both internal and external.

1. Market risk

(a) Currency risk

The Group operates internationally and enters into transactions in many currencies and as such is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's policy is to align interest costs and operating profit of its major currencies in order to provide some protection against the translation exposure on foreign currency profits after tax. The Group may undertake borrowings and other hedging methods in the currencies of the countries where most of its assets are located.

It is the Group's policy to monitor and, where appropriate, hedge its foreign currency transaction exposure. These transaction exposures arise mainly from foreign currency receipts and payments for goods and services and from the remittances of foreign currency dividends and loans. Where the Group enters into hedges and applies hedge accounting, hedges are documented and tested for effectiveness on an ongoing basis with any ineffectiveness recorded in the Income Statement.

The local business units enter into forward foreign exchange contracts with GT to manage these exposures where practical and allowed by local regulations. GT matches the Group exposures, and hedges the position where possible, using spot and forward foreign currency exchange contracts.

The Group's strategy is to minimise Income Statement volatility by monitoring foreign currency balances, external financing, and external hedging arrangements. The Group's hedging profile is regularly reviewed to ensure it is appropriate and to mitigate these risks as far as possible.

The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2022 was £5,395 million receivable (2021: £7,036 million) and £5,376 million payable (2021: £7,027 million)

The Group held forward foreign exchange contracts designated as cash flow hedges primarily in Euro, Sterling, US dollar, Canadian dollar, Australian dollar, Mexican peso and Turkish lira. The notional value of the payable leg resulting from these financial instruments was as follows.

Cash flow hedge profile	2022 £m	2021 £m
Euro	**343**	327
Sterling	**247**	310
US dollar	**218**	273
Canadian dollar	**96**	113
Australian dollar	**92**	107
Mexican peso	**74**	51
Turkish lira	**73**	42
Other	**394**	434
	1,537	1,657

These forward foreign exchange contracts are mainly expected to mature over the period January 2023 to December 2023 (2021: January 2022 to December 2022). Of the total amount, £20 million (2021: £11 million) is due between January 2024 and January 2026 (2021: January 2023 and January 2024).

Cash flow hedging is applied with the economic relationship and expected effectiveness being assessed at inception, with any ineffectiveness recognised in the Income Statement. The ineffective portion recognised in the Income Statement arising from cash flow hedges is immaterial (2021: immaterial).

Gains recognised in other comprehensive income and the hedging reserve on forward exchange contracts in 2022 of £2 million gain, net of tax (2021: £30 million gain, net of tax) are recognised in the Income Statement in the periods in which the hedged forecast transaction affects the Income Statement.

At 31 December 2022, the Group had forward contracts used for cash flow hedging with total fair value of £12 million asset (2021: £15 million asset). These contracts are denominated in a diverse range of currency pairings, where a fluctuation of 5% in any one of the contract pairings, with all others remaining constant, would have a maximum effect of £7 million (2021: £6 million) on shareholder equity, until the point at which the contracts mature and the forecast transaction occurs. The four largest contract pairings in order of nominal value were Euro/Polish zloty, Euro/Sterling, Euro/Turkish lira and US Dollar/Mexican peso.

Where the Group is exposed to currency risk on its borrowings, the Group seeks to minimise the impact of foreign exchange on the Income Statement through placing debt within a net investment hedge or using financial instruments.

15 Financial Instruments and Financial Risk Management continued

As at 31 December 2022, the Group had designated a 2023 US dollar bond totalling $500 million (2021: $500 million), 2030 Euro bond totalling €850 million (2021: €850 million) and commercial paper totalling €750 million (2021: €nil) as the hedging instruments in a net investment hedge relationship. During the year forward currency swap contracts of €750 million (2021: €750 million) were also in a hedge relationship. As the forward currency swap contracts matured during the year, this relationship was ended and it was replaced with the commercial paper. Possible sources of ineffectiveness include any impairments to the Group's net investments in Euros. The hedges are documented and are assessed for effectiveness on an ongoing basis.

The net gain or loss under these arrangements is recognised in other comprehensive income. The net effect on other comprehensive income for the year ended 31 December 2022 was a £115 million loss (2021: £84 million gain). If Sterling weakens by 5% against the US dollar and Euro, the maximum impact on shareholders' equity due to the net investment hedging on US dollar bond and Euro bond/commercial paper would be £22 million loss and £75 million loss respectively.

In 2020, the Group issued a €850 million bond due in 2026. Concurrent with the issue of the bond, the Group entered into a €850 million cross currency interest rate swap on similar terms to the 2026 bond to mitigate foreign exchange currency risk, for which hedge accounting has been applied. Sources of ineffectiveness on this hedge relationship will come from a difference in credit ratings between the counterparties and modifications to the terms of either hedged item or instrument. At 31 December 2022 no material ineffectiveness (2021: no material ineffectiveness) has been recognised in the Income Statement as the effect is not material. The interest rate element of the swap is discussed in interest rate risk below.

The remaining major monetary financial instruments (liquid assets, receivables, interest and non-interest bearing liabilities) are directly denominated in the functional currency of the Group or are transferred to the functional currency of the local entity through the use of derivatives.

The gains and losses from fair value movements on derivatives held at fair value through the Income Statement, recognised in the Income Statement in 2022, was a £443 million gain (2021: £6 million gain). These derivatives are used to hedge foreign exchange gains and losses on non-Sterling financing assets and financing liabilities between the Group's treasury company and fellow Group subsidiaries.

(b) Cost inflation risk

Due to the nature of its business the Group is exposed to commodity, freight and other inflation risks. Short-term volatility in pricing of these products is mitigated through medium-term contracts, inventories of key materials and financial hedging. Over the medium and long term, the Group mitigates the impact of inflation through implementing pricing and revenue growth management, identifying productivity and efficiencies, and improving sales mix.

(c) Interest rate risk

The Group has both interest-bearing and non-interest bearing assets and liabilities. The Group monitors its interest income and expense rate exposure on a regular basis. The Group sets its desired level of fixed and floating rate exposure as part of its interest risk management strategy. The mix of fixed and floating exposure on interest-bearing assets is managed by using a mixture of fixed and floating rate deposits. The fixed/floating mix on liabilities is managed by using a mixture of fixed and floating rate borrowings as well as by using derivatives to swap fixed to floating rate.

In 2020 the Group issued two €850 million bonds due in 2026 and 2030. In order to maintain a level of floating rate debt in line with the Group's interest management strategy the Group entered into a €850 million cross currency interest rate swap on similar terms to the 2026 bond and an interest rate swap on the coupon payments due on the 2030 bond. The accounting for the foreign exchange element of the cross currency swap is described above. The interest rate element swaps the fixed coupon payments on the bond for floating rate (the cross currency interest rate swap with reference to adjusted reference rates following GBP LIBOR cessation, and the interest rate swap with reference to EURIBOR). The interest rate swaps have been placed into a fair value hedge relationship with the related bonds. Sources of ineffectiveness on this hedge relationship will come from a difference in credit ratings between the counterparties and modifications to the terms of either the hedged item or the hedging instrument. At 31 December 2022 no material ineffectiveness (2021: no material ineffectiveness) has been recognised in the Income Statement.

Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on the Income Statement of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies, calculated on a full-year and pre-tax basis.

The scenarios are only run for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on the Income Statement of a 50 basis-point shift in interest rates would be a maximum increase of £13 million (2021: £10 million) or decrease of £13 million (2021: £10 million), respectively for the liabilities covered. The simulation is done on a periodic basis to verify that the maximum loss simulated is within the limit given by management.

(d) Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks was undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform').

In 2021, the Group amended its financial instruments and credit facilities that referenced impacted IBORs such that they incorporated new benchmark rates or included clauses that automatically switched impacted IBORs to the equivalent fall back rates. No further amendments were required in 2022 to conform to the new benchmark rates.

15 Financial Instruments and Financial Risk Management continued

As announced by the Financial Conduct Authority (FCA) in early 2022, the panel bank submissions for US dollar LIBOR will cease in mid-2023. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). At 31 December 2022, the Group has no external US dollar referencing financial instrument.

At 31 December 2022, the Group had contracts of cross currency interest swap liabilities with a carrying value of £84 million referenced to the official ISDA fallback rate Secured Overnight Financing Rate (SOFR) (2021: unreformed contracts of cross currency interest swap liability of £49 million).

The Group's EURIBOR interest rate swap is unaffected as EURIBOR is not impacted by IBOR reform.

2. Credit risk

The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures to customers. The assessment of lifetime expected credit losses relating to trade and other receivables is detailed in Note 14. Financial institution counterparties are subject to approval under the Group's counterparty risk policy and such approval is limited to financial institutions with a BBB rating or above. The Group uses BBB and higher rated counterparties to manage risk and only uses sub-BBB rated counterparties by exception. The amount of exposure to any individual counterparty is subject to a limit defined within the counterparty risk policy, which is reassessed annually by the Board of Directors. Derivative financial instruments are only traded with counterparties approved in accordance with the approved policy. Derivative risk is measured using a risk weighting method.

The Group has counterparty risk from asset positions held with financial institutions. This is comprised of short-term investments, cash and cash equivalents and derivatives positions. For risk management purposes the Group assesses the exposure to major financial institutions by looking at the deposits, cash and cash equivalents and a percentage of the nominal amount of derivative contracts taking into account the time to maturity and the nature of the product. The following table summarises the Group's assessment of its exposure. The financial institutions listed in the tables are not comparable year on year.

	2022		
Counterparty	**Credit rating**	**Limit £m**	**Exposure £m**
Financial institution A	**A+**	**250**	**187**
Financial institution B	**A+**	**250**	**179**
Financial institution C	**A+**	**250**	**162**
Financial institution D	**A+**	**250**	**145**
Financial institution E	**A**	**200**	**108**
Financial institution F	**A**	**200**	**100**
Financial institution G	**A+**	**250**	**87**
Financial institution H	**BBB+**	**125**	**83**
Financial institution I	**AA-**	**275**	**63**
Financial institution J	**A**	**200**	**59**

	2021		
Counterparty	Credit rating	Limit £m	Exposure £m
Financial institution A	A+	250	210
Financial institution B	A+	250	160
Financial institution C	A+	250	147
Financial institution D	A+	250	127
Financial institution E	A+	250	115
Financial institution F	A	200	115
Financial institution G	A	200	102
Financial institution H	AAA	300	83
Financial institution I	A	200	70
Financial institution J	A+	250	54

3. Liquidity risk

Liquidity risk is the risk that the Group cannot repay financial liabilities as and when they fall due. The Group's liquidity risk is concentrated towards bond and senior note principal repayments due between 2023 and 2044

15 Financial Instruments and Financial Risk Management continued

At the end of 2022, the Group had long-term debt excluding lease liabilities of £6,852 million (2021 £6,812 million), of which £5,196 million (2021 £6,445 million) is repayable in more than two years In addition, the Group has committed borrowing facilities totalling £4,500 million (2021 £4,500 million), of which £4,450 million (2021 £4,500 million) expires after more than two years These facilities are provided by high-quality international banks, are undrawn at year end and contain a financial covenant which is not expected to restrict the Group's future operations The committed borrowing facilities, together with central cash and investments, are considered sufficient to meet the Group's projected cash requirements

All borrowing facilities are at floating rates of interest.

The facilities have been arranged to cover general corporate purposes including support for commercial paper issuance All facilities incur commitment fees at market rates

The Group's borrowing limit at 31 December 2022 calculated in accordance with the Articles of Association was £28,329 million (2021 £22,197 million)

The following table analyses the Group's financial liabilities and derivatives into relevant maturity groupings based on the remaining period at the Balance Sheet date to the contractual maturity date The amounts disclosed in the table are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant Balance Sheet date, including interest to be paid.

At 31 December 2022	Total £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Commercial paper	(1,200)	(1,200)	–	–	–
Bonds	(6,650)	(554)	(1,757)	(3,026)	(1,313)
Senior notes	(2,017)	(59)	(59)	(747)	(1,152)
Trade payables	(2,366)	(2,366)	–	–	–
Other payables	(2,978)	(2,904)	(74)	–	–

At 31 December 2021	Total £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Bonds	(8,642)	(2,552)	(496)	(2,430)	(3,164)
Senior notes	(1,855)	(53)	(53)	(690)	(1,059)
Trade payables	(2,064)	(2,064)	–	–	–
Other payables	(3,129)	(3,048)	(81)	–	–

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period between the Balance Sheet date and the contractual maturity date The amounts disclosed in the table are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant Balance Sheet date

At 31 December 2022	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
FX forward exchange contracts				
Outflow	(5,356)	(7)	(13)	–
Inflow	5,376	7	12	–
Cross currency interest rate swap				
Outflow	(25)	(25)	(785)	–
Inflow	3	3	758	–
Interest rate swap				
Outflow	(21)	(21)	(63)	(53)
Inflow	6	6	17	17

At 31 December 2021	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
FX forward exchange contracts				
Outflow	(7,016)	(10)	(1)	–
Inflow	7,024	11	1	–
Cross currency interest rate swap				
Outflow	(9)	(9)	(770)	–
Inflow	3	3	723	–
Interest rate swap				
Outflow	(3)	(3)	(9)	(10)
Inflow	5	5	16	21

Cash flow forecasting is performed by the local business units and on an aggregated basis by GT. GT monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Funds over and above those required for short-term working capital purposes by the local businesses are generally remitted to GT The Group uses the remittances to settle obligations, repay borrowings, or, in the event of a surplus, invest in short-term instruments issued by institutions with a BBB rating or above

15 Financial Instruments and Financial Risk Management continued

4. Capital management

The Group considers capital to be net debt plus total equity. Net debt is calculated as total financing liabilities less cash and cash equivalents and short-term deposits. Total equity includes share capital, reserves and retained earnings as shown in the Group Balance Sheet.

	Note	2022 £m	2021 £m
Cash and cash equivalents including overdrafts		1,156	1,259
Financing liabilities	17	(9,140)	(9,637)
Net debt		7,984	8,378
Total equity		9,483	7,453
		17,467	15,831

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital.

In 2022, the Group provided returns to shareholders in the form of dividends. Refer to Note 28 for further details.

The Group monitors net debt and at year end the Group had net debt of £7,984 million (2021: £8,378 million). The Group seeks to pay down net debt using cash generated by the business to maintain an appropriate level of financial flexibility.

Supply chain finance

The Group participates in a supply chain finance programme (SCF) under which certain suppliers to the Group are able to access an SCF arrangement that enables them to fund their working capital. The principal purpose of this programme is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to a bank before their due date. The Group does not incur any additional interest towards the bank on the amounts due to the suppliers. As part of this facility the Group has confirmed to certain financial institutions that it will make payments of £330 million (2021: £372 million) to these suppliers as they fall due. These amounts are recorded within trade payables on the Balance Sheet and all cash flows associated with the programme are included within operating cash flows as they continue to be part of the normal operating cycle of the Group and their principal nature remains operating, being payments for the purchase of goods and services.

16 Cash and Cash Equivalents

	2022 £m	2021 £m
Cash at bank and in hand	662	587
Short-term bank deposits	495	674
Cash and cash equivalents	1,157	1,261

The Group operates in a number of territories where there are either foreign currency exchange restrictions, or where it is difficult for the Group to extract cash readily and easily in the short-term. As a result, £276 million (2021, £66 million) of cash included in cash and cash equivalents is restricted for use by the Group, yet available for use in the relevant subsidiary's day-to-day operations.

17 Financial Liabilities – Borrowings

Current	Note	2022 £m	2021 £m
Bank loans and overdrafts[1]		40	22
Commercial paper		1,190	–
Bonds		413	2,401
Lease liabilities	19	78	62
Total short-term borrowings		1,721	2,485
Bonds		5,461	5,568
Senior notes		1,369	1,229
Other non-current borrowings		22	15
Lease liabilities	19	311	266
Total long-term borrowings		7,163	7,078
Total borrowings		8,884	9,563
Derivative financial instruments		257	76
Less overdrafts presented in cash and cash equivalents in the Cash Flow Statement		(1)	(2)
Total financing liabilities		9,140	9,637

1. Bank loans are denominated in a number of currencies, all are unsecured and bear interest based on market short-term interest rates

17 Financial Liabilities – Borrowings continued

The Group uses derivative financial instruments to hedge certain elements of interest rate and exchange risk on its financing liabilities. The split between these items and other derivatives on the Balance Sheet is shown below.

2022 (£m)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current
Derivative financial instruments (financing liabilities)	25	–	(34)	(248)
Derivative financial instruments (non-financing liabilities)	34	–	(21)	(1)
At 31 December 2022	**59**	**–**	**(55)**	**(249)**

2021 (£m)	Assets Current	Assets Non-current[1]	Liabilities Current	Liabilities Non-current
Derivative financial instruments (financing liabilities)	31	–	(36)	(71)
Derivative financial instruments (non-financing liabilities)	30	1	(16)	–
At 31 December 2021	61	1	(52)	(71)

1 Included within Other non-current receivables on the Balance Sheet

Reconciliation of movement in financing liabilities to Cash Flow Statement	2022 £m	2021 £m
At 1 January	9,637	10,598
Proceeds from borrowings	2,274	38
Repayment of borrowings[1]	(3,807)	(1,044)
Other financing cash flows	383	(92)
Total financing cash flows	**(1,150)**	(1,098)
New lease liabilities	134	109
Exchange, fair value and other movements	519	28
Total non-cash financing items	**653**	137
At 31 December	**9,140**	9,637

1 In 2021, £1,190 million proceeds from borrowings with maturities greater than three months are presented net within repayment of borrowings above. In 2022, the equivalent amounts are presented gross between proceeds from and repayment of borrowings.

Maturity of borrowings (excluding lease liabilities)	2022 £m	2021 £m
Bank loans and overdrafts repayable:		
Within one year or on demand	**40**	22
Other borrowings repayable:		
Within one year		
Commercial paper	**1,190**	–
Bonds	**413**	2,401
After one year and in less than five years		
Bonds	**4,381**	2,546
Senior notes	**636**	572
After five years or longer		
Bonds	**1,080**	3,022
Senior notes	**733**	657
Other non-current borrowings	**22**	15
	8,455	9,213
Gross borrowings (unsecured)	**8,495**	9,235

18 Provisions for Liabilities and Charges

	Legal provisions £m	Other provisions £m	Total provisions £m
At 1 January 2021	232	60	292
Charged to the Income Statement	39	10	49
Utilised during the year	(69)	(4)	(73)
Released to the Income Statement	(15)	(11)	(26)
Exchange adjustments	(7)	–	(7)
At 31 December 2021	**180**	**55**	**235**
Charged to the Income Statement	62	15	77
Utilised during the year	(8)	(3)	(11)
Released to the Income Statement	(17)	(12)	(29)
Reclassification	(3)	5	2
Exchange adjustments	7	5	12
At 31 December 2022	**221**	**65**	**286**

18 Provisions for Liabilities and Charges continued

Provisions have been analysed between current and non-current as follows

	2022 £m	2021 £m
Current	**227**	191
Non-current	**59**	44
	286	235

Provisions are recognised when the Group has a present or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation, and the amount can be reliably estimated As at 31 December 2022, the Group recognised legal provisions of £221 million (2021: £180 million) in relation to a number of historical regulatory and other matters in various jurisdictions

These provisions relate to matters where the Group is currently involved with, or potentially will be involved in, litigation The provision represents the Group's best estimate of the likely settlement. Due to the uncertain nature of the resolution of the majority of these matters £184 million (2021. £144 million) is recorded as a current provision as it is possible the matters could be settled in the next 12 months, however, it is possible that they may not be. Legal provisions includes £77 million (2021 £75 million) relating to the Humidifier Sanitiser (HS) issue in Korea (see Note 20).

Other provisions include environmental and other obligations throughout the Group, the majority of which are expected to be utilised within five years

19 Lease Liabilities

Maturity analysis – contractual undiscounted cash flows	2022 £m	2021 £m
Within one year	**80**	64
Later than one and less than five years	**253**	222
After five years	**135**	140
Total undiscounted lease liabilities at 31 December	**468**	426
Lease liabilities included in the statement of financial position at 31 December	**389**	328
Current	**78**	62
Non-current	**311**	266

Interest charged on lease liabilities amounted to £16 million (2021 £13 million).

20 Contingent Liabilities and Assets

Humidifier Sanitiser Issue

The Humidifier Sanitiser (HS) Issue in South Korea was a tragic event. The Group continues to make both public and personal apologies to the victims who have suffered lung injury as a result of the Oxy HS product and the role that the Oxy HS product played in the issue.

As previously reported, over the last several years the South Korean government has designated a number of diseases as HS injuries, in addition to the HS lung injury for which Reckitt Korea's compensation plan was established. These include asthma, toxic hepatitis, child interstitial lung disease (ILD), bronchitis, upper airway disease, pneumonia, skin disease (accompanied by respiratory injuries) and depression (accompanied by respiratory injuries). On 29 October 2021, the Ministry of Environment (MOE) published a report that concluded epidemiological correlation exists between HS use and asthma, ILD and pneumonia. On 24 October 2022, the MOE published a second edition of the EC report which updated the epidemiological studies supporting asthma, ILD and pneumonia, while designating two new HS injuries, bronchiectasis and acute upper respiratory inflammation. Our expert advisors are currently reviewing the second edition EC report, but their initial assessment remains that it does not clearly support causation between HS use and the above injuries.

The Korean National Assembly passed a bill on 6 March 2020 to amend the HS law. The amendment became effective on 25 September 2020. The main changes in the amendment relate to: (i) the definition of HS injury (removing the requirement for 'substantial causation' with HS exposure); (ii) the legal presumption of causation (shifting the burden of proof for causation to the defendant if the plaintiff demonstrates 'epidemiological correlation' between HS exposure and their injury), and (iii) amendments to the fund set up by the government and funded by the government and HS companies (the Special Relief Fund (SRF), now called the Injury Relief Fund (IRF)) to provide expanded support payments to HS victims (which would cover all elements of court awarded damages except mental distress, aside from KRW 100 million consolation payments for death cases, and partial lost income). The government can also impose on HS manufacturers an additional levy for the IRF up to the amount previously collected for the SRF. In December 2022, the MOE began the process to review the second IRF levy and the levy notice was issued to Reckitt Korea on 27 February 2023.

The pending civil actions filed by HS claimants against Reckitt Korea has also been impacted by the amended HS law, for example due to the lowered causation standard of 'epidemiological correlation'. Thus, we have seen the number of civil claimants increase, primarily seeking awards for mental distress and lost income (for portions not already covered by the IRF) Recently, however, the trend has steadily declined to about two to four new civil actions per month, which we expect to continue.

20 Contingent Liabilities and Assets continued

The HS mediation committee (HSMC) was established in October 2021 and has been meeting with claimant groups and HS companies to discuss various issues related to designing a comprehensive mediation plan to cover all HS victims. In March 2022, the HSMC communicated a mediation proposal to the HS industry, including Reckitt Korea. Reckitt Korea has rejected the mediation proposal as it did not provide a comprehensive resolution to the HS issue. In addition, Reckitt Korea could not accept this or any future mediation proposals from HSMC without financial support from the Group.

The Group currently has a provision of £77 million (2021: £75 million) in relation to the HS issue in South Korea. In addition, there are further potential costs that are not considered probable and cannot be reliably estimated at the current time. The impact of the HS law amendments will require further monitoring and analysis, in particular those which will be subject to court interpretation, such as the new epidemiological correlation standard, any limitation applied by courts to damage awards, the interest rate applied by individual courts to damage awards and external factors such as the rate of future IRF applications/recognitions. Accordingly, it is not possible to make any reliable estimate of liability for individuals recognised by the government as having HS injuries.

Necrotizing Enterocolitis (NEC)

Product liability actions relating to NEC have been filed against the Group, or against the Group and Abbott Laboratories, in state and federal courts in the United States. The actions allege injuries relating to NEC in pre-term infants. Plaintiffs contend that human milk fortifiers (HMF) and preterm formulas containing bovine-derived ingredients cause NEC, and that preterm infants should receive a diet of exclusively breast milk. The Company has denied the material allegations of the claims. It contends that its products provide critical tools to expert neonatologists for the nutritional management of preterm infants for whom human milk, by itself, is not nutritionally sufficient. The products are used under the supervision of medical doctors. Any potential costs relating to these actions are not considered probable and cannot be reliably estimated at the current time.

Other

From time to time, the Group is involved in discussions in relation to ongoing tax matters in a number of jurisdictions around the world. Where appropriate, the Directors make provisions based on their assessment of each case (see Note 7).

21 Trade and Other Payables

	2022 £m	2021 £m
Trade payables	**2,366**	2,064
Other payables	**123**	100
Other tax and social security payable	**172**	155
Interest accrued on tax balances	**105**	–
Accruals	**2,781**	2,948
Trade and other payables	**5,547**	5,267

Included within accruals is £1,137 million (2021: £1,137 million) in respect of amounts payable to trade customers and government bodies for trade spend.

Interest accrued on tax balances has been presented as a current liability (2021: non-current) following the reassessment of uncertain tax positions to reflect that there is not an unconditional right to defer settlement of these liabilities (see Note 22).

Other non-current liabilities

	2022 £m	2021 £m
Interest accrued on tax balances	–	135
Indemnity provisions for disposed businesses	**51**	45
US employee-related payables	**42**	46
Other	**23**	36
Other non-current liabilities	**116**	262

Financial instruments (Note 15)

At 31 December 2022, £5,344 million (2021: £5,193 million) of the current and non-current payables totalling £5,663 million (2021: £5,529 million) are financial liabilities. These mainly relate to amounts owed to suppliers in respect of goods or services and are typically non-interest bearing. Amounts that are not financial instruments comprise employee-related liabilities, social security liabilities and accrued interest.

22 Current and Non-current Tax Assets and Liabilities

	2022 £m	2021 £m
Current tax liabilities	791	93
Non-current tax liabilities	54	826
Total current and non-current tax liabilities	**845**	**919**

Certain tax positions taken by us are based on industry practice, tax advice and drawing similarities from our facts and circumstances to those in case law. In particular, international transfer pricing is an area of taxation that depends heavily on the underlying facts and circumstances and generally involves a significant degree of judgement. Tax assets and liabilities are offset where there is a legally enforceable right to do so

Included within current tax liabilities is an amount of £722 million (2021: £770 million) relating to uncertain tax positions primarily in respect of transfer pricing. Within this, £194 million (2021: £155 million) relates to amounts recognised using the most likely outcome method, where the resolution of the uncertainty is concentrated on one binary outcome. There is no individual tax uncertainty calculated with this method that is material to the Financial Statements.

Also within uncertain tax positions is an amount of £528 million (2021: £615 million) recognised using the expected value method. The liabilities calculated using this method are not material in isolation, are individually assessed and cover multiple jurisdictions and issues. Therefore, it is not meaningful to provide aggregated sensitivity estimates. The sources of estimation uncertainty underlying this amount are shown in Note 1.

The recognition of uncertain tax positions is reviewed regularly for changes in circumstances and estimates are updated as potential resolutions for the tax uncertainties are encountered through specific audits or wider case law. As a result, given the size, possible range of outcomes and timing of resolution, there is a significant risk of material adjustment to the aggregate carrying amount of these liabilities within the next financial year.

The disputes underlying the liability recognised in respect of uncertain tax positions may take several years to resolve (see Note 1). Notwithstanding this, the presentation of corporation tax liabilities has been reassessed to reflect that there is not an unconditional right to defer settlement of these liabilities and the carrying amount of £722 million (2021: £770 million) has been presented as a current liability (2021: non-current). The associated interest accrued on uncertain tax positions of £105 million (2021: £135 million) has also been presented as a current liability (2021: non-current; see Note 21).

The remaining non-current tax liability in 2022 relates to the US transition tax (introduced as part of the 2017 Tax Cuts and Jobs Act) on non-US earnings and profits not previously taxed in the US as of 31 December 2017. The Group has a right to defer this liability until after 31 December 2023.

23 Pension and Post-Retirement Commitments

Plan details

The Group operates a number of defined benefit and defined contribution pension plans around the world covering many of its employees, which are principally funded. The Group's most significant pension plan (UK) is set up under Trust and is a separate entity from the Group. It has two sections, a defined contribution section which remains open and a defined benefits section, which closed to accrual from 31 December 2017. Members have a normal retirement age of 65. Trustees of the plan are appointed by the Group, active members and pensioner membership, and are responsible for the governance of the plan, including paying all administrative costs of the defined benefit section and compliance with regulations. The defined benefit section of the plan is funded by the payment of contributions as required, following each Triennial Valuation.

For the principal UK plan, a full independent actuarial valuation is carried out on a triennial basis. The most recent valuation was carried out as at 5 April 2022 and as the plan was in surplus on its technical provisions funding basis, no contributions are required to be paid by the Group in 2023 (2022: £nil). Funding levels are monitored on an annual basis.

The Group continues to monitor the impact of UK High Court rulings clarifying the requirements to equalise the Guaranteed Minimum Pension element of benefits for men and women within the UK Pension schemes from Guaranteed Minimum Pension accrued from post 17 May 1990 pensionable service. Discussions are ongoing with the pension trustees from all defined benefit schemes in the UK, but no final agreement on the method of calculation has yet been reached.

The Group also operates a number of other post-retirement plans in certain countries. The two major plans are the US Retiree Health Care Plan and the Mead Johnson & Company, LLC Medical Plan (together, the US (Medical) plans). In the US Retiree Health Care Plan, salaried participants become eligible for retiree healthcare benefits after they reach a combined 'age and years of service rendered' figure of 70, although the age must be a minimum of 55. This plan closed to new members in 2009. In the Mead Johnson & Company, LLC Medical Plan, acquired as part of the acquisition of MJN on 15 June 2017, participants become eligible for retiree healthcare benefits if they leave employment after the age of 65, leave after the age of 55 and have completed 10 years of service, or have their employment involuntarily terminated after the age of 55. A Benefits Committee is appointed by the Group for both of these plans, responsible for the governance of the US plans, including paying all administrative costs and compliance with regulations. Both of these plans are unfunded.

For the US (Medical) plans, a full independent actuarial valuation is carried out on an annual basis. The most recent valuation was carried out on 1 January 2023. For both of these plans, funding levels are monitored on an annual basis with contributions made equal to the claims made each year. It is expected that the combined contributions in 2023 will be £7 million (2022: £7 million).

23 Pension and Post-Retirement Commitments continued

For the purpose of IAS 19, the projected unit valuation method was used for the UK and US plans, as per the principal UK plan triennial valuation results (at 5 April 2022) and the US (Medical) plan valuations to 31 December 2022. The UK plans have a weighted average duration of the deferred benefit obligation of 13 5 years (2021: 17 0 years). This decrease is predominantly driven by significant rises in bond yields over the year to 31 December 2022

Significant actuarial assumptions

The significant actuarial assumptions used in determining the Group's obligation for the UK and US (Medical) plans as at 31 December were

	2022		2021	
	UK %	US (Medical) %	UK %	US (Medical) %
Rate of increase in pensionable salaries	**5.4**	–	5 4	–
Rate of increase in deferred pensions during deferment	**3 4**	–	3 4	
Rate of increase in pension payments	**3.25**	–	3 25	
Discount rate	**5 0**	**5.2**	1 9	2 7
Inflation assumption – RPI	**3.4**	–	3 4	–
Annual medical cost inflation	–	**5.0-8.0**	–	5 0-8 0

Assumptions regarding future mortality experience are set in accordance with published statistics and experience in each territory The expected lifetime of a participant aged 60 and the expected lifetime of a participant who will be aged 60 in 15 years (20 years in the US) are detailed below

	2022		2021	
	UK years	US years	UK years	US years
Number of years a current pensioner is expected to live beyond 60:				
Male	**27.5**	**25 2**	27.5	25 1
Female	**29.0**	**27 3**	28.9	27 2
Number of years a future pensioner is expected to live beyond 60:				
Male	**28.8**	**26.9**	28 7	26 8
Female	**30.4**	**28.9**	30 2	28 8

For the principal UK plan, the mortality assumptions were based on the standard SAPS mortality table 3NMA for males (scaled by 98%) and table 3NFA for females (scaled by 117%) Allowance for future changes is made by adopting the 2021 edition of the CMI series with a long-term improvement trend of 1 5% per annum from 2013 onwards For the US plan the mortality assumptions were determined using the Pri-2012 Total Dataset and projected with Mortality Improvement Scale MP-2021

While COVID-19 has had an impact on mortality in the year ended 31 December 2022, the long-term impact on future mortality trends is currently unknown and consequently no adjustment has been made to mortality assumptions in this regard.

Amounts recognised on the Balance Sheet

The amounts recognised on the Balance Sheet are as follows

	2022 £m	2021 £m
Balance Sheet liability for:		
US (Medical)	**(81)**	(107)
Other	**(159)**	(211)
Liability on Balance Sheet	**(240)**	(318)
Balance Sheet assets for:		
UK	**241**	298
Other	**53**	57
Asset on Balance Sheet	**294**	355
Net pension asset	**54**	37

The UK surplus of £241 million (2021 £298 million) relates mainly to the Reckitt Benckiser Pension Fund This surplus has been recognised as the Group has concluded it has an unconditional right to a refund of any surplus once all member benefits have been paid The Group's judgement is based on legal advice that the Trustees would be unable to unconditionally wind up the plan or enhance members' benefits without the Group's consent

23 Pension and Post-Retirement Commitments continued

The funded and unfunded amounts recognised on the Balance Sheet are determined as follows

	2022				2021			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
Present value of funded obligations	(941)	–	(373)	(1,314)	(1,486)	–	(481)	(1,967)
Fair value of plan assets	1,186	–	426	1,612	1,788	–	496	2,284
Surplus/(liability) of funded plans	245	–	53	298	302	–	15	317
Present value of unfunded obligations	–	(81)	(159)	(240)	–	(107)	(169)	(276)
Irrecoverable surplus	(4)	–	–	(4)	(4)	–	–	(4)
Net pension surplus/(liability)	241	(81)	(106)	54	298	(107)	(154)	37

Group plan assets are comprised as follows.

	2022				2021			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
Equities	134	–	92	226	178	–	202	380
Government bonds	167	–	157	324	215	–	230	445
Corporate bonds	265	–	135	400	356	–	25	381
Real estate/property – unquoted	82	–	19	101	113	–	19	132
Insurance contracts	272	–	–	272	388	–	–	388
Other assets – unquoted	266	–	23	289	538	–	20	558
Fair value of plan assets	1,186	–	426	1,612	1,788	–	496	2,284

In 2021 and 2020, the Trustees of three of the UK pension plans entered into annuity buy-in agreements which cover, in aggregate, £272 million of pension liabilities valued under IAS 19 at 31 December 2022 (£388 million of pension liabilities valued under IAS 19 at 31 December 2021). The agreements involved the purchase of bulk annuity policies under which the insurer will pay the UK pension funds amounts equivalent to the benefits payable to members. These purchases were conducted by the trustees to ensure the pension fund had an asset that would match its obligation to members. The policies are valued in accordance with IAS 19 by the plans' actuary such that the fair value on the annuity policies is deemed to be the present value of the related obligation measured using the assumptions underpinning the valuation of the defined benefit obligation. The pension liabilities remain with, and the matching annuity policies are held within, the UK pension funds. As this was an investment decision by the trustees, the immaterial reduction in the valuation of plan assets (due to the difference between the purchase price of the annuity policy and the accounting value of the buy-in asset) arising on each buy-in was recorded within other comprehensive income. The Trustees have not entered any such buy-in agreements in 2022.

At 31 December 2022 the Group has not committed to any buy-out arrangements in respect of any of the UK pension schemes.

Included in other assets are £235 million (2021, £466 million) relating to liability driven investment funds. This is a bespoke pooled investment vehicle with underlying listed bonds, equities and structured notes. The fair value of the vehicle is provided by the fund manager based on the underlying value of the securities held within the vehicle. The Trustees purchased these investments in 2021 to lower risk within the portfolio without reducing potential returns. These investments have a low leverage percentage and sufficient capital collateral in place. As a result, no collateral calls were made against the investments during the year to 31 December 2022 despite the significant volatility experienced in gilt markets. The remaining other assets are cash.

The present value of obligations for the combined UK plans and the US (Medical) plans at last valuation date is attributable to participants as follows:

	2022		2021	
	UK £m	US (Medical) £m	UK £m	US (Medical) £m
Active participants	(1)	(34)	(1)	(45)
Participants with deferred benefits	(307)	(1)	(646)	(1)
Participants receiving benefits	(633)	(46)	(839)	(61)
Present value of obligation	(941)	(81)	(1,486)	(107)

23 Pension and Post-Retirement Commitments continued

The movement in the Group's net surplus/(deficit) is as follows:

	Present value of obligation				Fair value of plan assets			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
At 1 January 2021	1,547	125	719	2,391	(1,754)	–	(510)	(2,264)
Current service cost	–	1	9	10	–	–	–	–
Administrative costs	2	–	–	2	–	–	–	–
Interest expense/(income)	23	3	9	35	(26)	–	(5)	(31)
	25	4	18	47	(26)	–	(5)	(31)
Remeasurements								
Return on plan assets, excluding amounts included in interest income	–	–	–	–	(76)	–	(30)	(106)
Losses/(gains) from changes in demographic assumptions	1	(6)	4	(1)	–	–	–	–
Gains from change in financial assumptions	(27)	(5)	(33)	(65)	–	–	(1)	(1)
Experience losses/(gains)	8	(3)	4	9	–	–	–	–
	(18)	(14)	(25)	(57)	(76)	–	(31)	(107)
Exchange differences	–	–	(5)	(5)	–	–	4	4
Contributions – employers	–	–	–	–	–	(8)	(11)	(19)
Payments from plans								
Benefit payments	(68)	(8)	(57)	(133)	68	8	57	133
As at 31 December 2021	**1,486**	**107**	**650**	**2,243**	**(1,788)**	**–**	**(496)**	**(2,284)**
Current service cost	–	1	8	9	–	–	–	–
Administrative costs	3	–	–	3	–	–	–	–
Interest expense/(income)	27	4	12	43	(34)	–	(14)	(48)
	30	5	20	55	(34)	–	(14)	(48)
Remeasurements:								
Return on plan assets, excluding amounts included in interest income	–	–	–	–	565	–	96	661
(Gains) from changes in demographic assumptions	(2)	(11)	–	(13)	–	–	–	–
(Gains) from change in financial assumptions	(518)	(22)	(151)	(691)	–	–	(2)	(2)
Experience (gains)/losses	16	(3)	3	16	–	–	–	–
	(504)	(36)	(148)	(688)	565	–	94	659
Exchange differences	–	12	54	66	–	–	(41)	(41)
Contributions – employers	–	–	–	–	–	(7)	(13)	(20)
Payments from plans								
Benefit payments	(71)	(7)	(44)	(122)	71	7	44	122
As at 31 December 2022	**941**	**81**	**532**	**1,554**	**(1,186)**	**–**	**(426)**	**(1,612)**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23 Pension and Post-Retirement Commitments continued

Amounts recognised in the Income Statement

The charge for the year ended 31 December is shown below

	2022 £m	2021 £m
Defined contribution plans	**49**	48
Defined benefit plans (net charge excluding interest)		
UK	**3**	2
US (Medical)	**1**	1
Other	**8**	9
Total pension costs included in operating profit (Note 5)[1]	**61**	60
Pension net finance income included in net finance expense (Note 6)	**(5)**	(1)
Income Statement charge included in profit before income tax	**56**	59
Remeasurement gains/(losses) for[2]:		
UK	**(61)**	94
US (Medical)	**36**	14
Other	**54**	56
	29	164

1 The Income Statement charge recognised in operating profit includes current service cost past service cost and administrative costs

2 Remeasurement gains excludes £nil (2021: £15 million) recognised in OCI for irrecoverable surplus

Sensitivity of significant actuarial assumptions

The sensitivity of the UK defined benefit obligation to changes in the principal assumptions is shown below:

2022	Change in assumption	Change in defined benefit obligation
Discount rate	**Increase 0.1%**	**Decrease by 1.3%**
Discount rate	**Increase 1.0%**	**Decrease by 11.5%**
RPI increase	**Increase 0.1%**	**Increase by 0.7%**
RPI increase	**Increase 1.0%**	**Increase by 9.2%**
Life expectancy	**Members live 1 year longer**	**Increase by 3.2%**

2021	Change in assumption	Change in defined benefit obligation
Discount rate	Increase 0.1%	Decrease by 1.6%
RPI increase	Increase 0.1%	Increase by 0.9%
Life expectancy	Members live 1 year longer	Increase by 4.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Impact of medical cost trend rates

A 1% change in the assumed healthcare cost trend rates would have an immaterial impact on the service cost, interest cost and post-retirement benefit obligation.

Risk and risk management

Through its defined benefit pension plans and post-employment medical plans, the Group is exposed to a number of risks, the most significant of which are detailed as follows:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit/reduce the surplus. The US plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short-term. However, the Group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the plans efficiently.

Changes in bond yields: A increase in government and corporate bond yields will decrease plan liabilities, although this will be partially offset by an decrease in the value of the plans' bond holdings. Following the increase in market bond yields in the year ended 31 December 2022, the UK plans' liabilities reduced by £545 million, offset by a reduction in the plans' bond holdings by £602 million, resulting in a £57 million net decrease to the plans' surplus.

23 Pension and Post-Retirement Commitments continued

Inflation risk: Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). In order to manage inflationary risks, the Trustees' investment strategy within the UK plan provides a high level of protection against higher expected long-term inflation through investments in index-linked gilts, liability driven investments and insurance contracts. In the US plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member. Whilst the plans allow for an increase in life expectancy, increases above this assumption will result in an increase in the plans' liabilities. This is particularly significant in the UK plan, where inflationary increases to benefits result in higher sensitivity to improvements in life expectancy. In 2020 the principal UK scheme reduced its exposure by purchasing an insurance product that will pay the pensions of some of the plan's pensioners. In 2021 two other UK pension schemes purchased a similar insurance policy covering 100% of their members' benefits.

Change in regulations: The Group is aware that future changes to the regulatory framework may impact the funding basis of the various plans in the future. The Group's pensions department monitors the changes in legislation and analyses the risks as and when they occur.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A portion of assets consists of unit linked insurance policies with underlying investments in quoted equities and quoted bonds, although the Group also invests in property and cash. The Group believes that quoted equities offer the best returns over the long term with an acceptable level of risk. The Trustees of all the UK funds have moved the majority of their assets to low-cost investment funds in consultation with the Group whilst maintaining prudent diversification and appropriate interest and inflation hedging. The Trustees and the Group are engaged in ongoing discussions to align their goals in respect of climate risk. At present, the Trustees have noted that the diversified asset profile of the UK plans should reduce exposure to climate risks.

24 Share Capital

Issued and fully paid	Equity ordinary shares number	Nominal value £m
At 31 December 2021	736,535,179	74
At 31 December 2022	**736,535,179**	**74**

The holders of ordinary shares (par value 10 pence) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the parent company.

Allotment of ordinary shares and release of treasury shares

During the year nil ordinary shares (2021 nil ordinary shares) were allotted and 1,351,767 ordinary shares were released from Treasury (2021 1,677,112) to satisfy vesting/exercises under the Group's various share schemes as follows:

Ordinary shares of 10p	2022		2021	
	Number of shares	Consideration £m	Number of shares	Consideration £m
Executive Share Options – exercises	**372,711**	**18**	860,697	41
Conditional Awards – vesting	**313,293**	**-**	164,867	–
Total under Executive Share Option and Conditional Award Schemes	**686,004**	**18**	1,025,564	41
Savings-related Share Option Schemes – exercises	**665,763**	**36**	651,548	39
Total	**1,351,767**	**54**	1,677,112	80

In 2022, 1,351,767 Treasury shares were released (2021 1,677,112), leaving a balance held at 31 December 2022 of 20,771,213 (2021 22,122,980). Proceeds received from the reissuance of Treasury shares to exercise share options were £54 million (2021 £80 million).

25 Share-based Payments

The Group operates a number of incentive schemes including a Long-Term Incentive Plan, and various other share schemes. All schemes are equity-settled. The total charge for share-based payments for the year was £78 million (2021 £30 million).

Executive share awards

Executive share awards, comprising both Share Options and Conditional Awards, are granted to the senior management team. Share Options are granted at an exercise price determined on the grant date and become payable on exercise – following satisfaction of performance criteria. Conditional Awards entitle the recipient to receive shares at no cost following satisfaction of both the following performance criteria and continued employment (Performance Shares), or just continued employment (Time-vested Shares).

For awards granted between December 2017 and May 2019

Adjusted earnings per share growth over three years (%)	<6%	6%	Between 6% and 10%	≥10%
Proportion of awards vesting (%)	Nil	20%	Straight-line between 20% and 100%	100%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25 Share-based Payments continued

For awards granted in May 2019

	Weighting	Threshold (20% vesting)	Maximum (100% vesting)
Adjusted EPS growth at actual FX rates (three-year CAGR)	25%	4%	9%
Adjusted EPS growth at constant FX rates (three-year CAGR)	25%	4%	9%
Net Revenue growth (three-year CAGR)	25%	2%	6%
Return on Capital Employed (in final year)	25%	10.8%	12.8%

For awards granted in May 2020[1]

	Weighting	Threshold (20% vesting)	Maximum (100% vesting)
Net Revenue growth (three-year CAGR)	50%	1.9%	4.9%
Return on Capital Employed (in final year)	25%	13.5%	14.8%
Adjusted EPS at actual FX rates (in final year)	12.5%	283p	318p
Adjusted EPS at constant FX rates (in final year)	12.5%	304p	341p

1 Targets adjusted in 2021 following the disposal of IFCN China, with the objective of ensuring that the new targets are no harder or easier to achieve than the original targets

For awards granted in May 2021[1]

	Weighting	Threshold (20% vesting)	Maximum (100% vesting)
Like-for-like Net Revenue growth (three-year CAGR)	50%	0.9%	4.9%
Return on Capital Employed (in final year)	25%	13.7%	15.4%
Adjusted EPS at actual FX rates (in final year)	12.5%	289p	360p
Adjusted EPS at constant FX rates (in final year)	12.5%	308p	382p

1 Targets adjusted in 2021 following the disposal of IFCN China, with the objective of ensuring that the new targets are no harder or easier to achieve than the original targets

For awards granted in May 2022:

	Weighting	Threshold (20% vesting)	Maximum (100% vesting)
Like-for-like Net Revenue growth (three-year CAGR)	40%	2%	5%
Relative Total Shareholder Return	25%	Median	Upper quartile
Return on Capital Employed (in final year)	25%	13.2%	15.2%
Percentage of net revenue from more sustainable products	5%	30%	33%
Percentage reduction in Greenhouse Gas (GHG) emissions in operations	5%	65%	69%

The cost is spread over the three years of the performance period. For the Executive Committee and members of the Group Leadership Team, vesting conditions must be met over the three-year period and are not retested.

For the remaining members of the senior management team, for awards granted prior to 2021, the targets can be retested in years four or five of the scheme. If any target has not been met, any remaining shares or options which have not vested will lapse. For awards granted in May 2021 and thereafter, vesting conditions must be met over the three-year period and are not retested.

Other share awards

Other share awards represent SAYE Schemes (offered to all staff within the relevant geographic area) and a number of Senior Executive Share Ownership Policy Plan (SOPP) awards. Other share awards have contractual lives of between three and eight years and are generally not subject to any vesting criteria other than the employee's continued employment.

Individual tranches of these other share awards are not material for detailed disclosure and therefore have been aggregated in the tables following.

Summary of shares outstanding

All outstanding Executive and other share awards as at 31 December 2022 and 31 December 2021 are included in the tables following which analyse the charge for 2022 and 2021. The Group has used the Black-Scholes model to calculate the fair value of one award on the date of the grant of the award. Awards that are subject to Total Shareholder Return (TSR) performance conditions, have been valued by a third-party specialist using the Monte Carlo model.

25 Share-based Payments continued

Table 1 Fair value

The most significant awards are share options and conditional awards, details of which have been provided below

				Black-Scholes model assumptions						
Award	Grant date	Exercise price at grant £	Modified exercise price £	Performance period	Share price on grant date £	Volatility %	Dividend yield %	Life years	Risk-free interest rate %	Fair value of one award £
Share options										
2013	3 December 2012	39 14	38 06	2013–15	39 66	20	4 3	4	0 61	3 29
2014	11 December 2013	47 83	46 51	2014–16	46 69	19	3.7	4	0 76	3 85
2015	1 December 2014	50.57	50 57	2015–17	52 40	17	4 0	4	1.03	4 34
2016	2 December 2015	63.25	63 25	2016–18	64 15	18	2 9	4	1 07	6 75
2017	1 December 2016	67 68	67.68	2017–19	66 28	18	3.0	4	0 46	5 54
2018	30 November 2017	64 99	64 99	2018–20	64 86	18	3 4	4	0 68	5 58
2019	10 May 2019	60 83	60 83	2019–21	61 45	20	3.7	4	0.83	5.89
2020	1 May 2020	65 20	65 20	2020–22	65 70	21	2 6	4	0.55	7 96
2021	28 May 2021	64 67	64 67	2021–23	63 68	22	2 1	4	0.20	7.84
2022	20 May 2022	63.32	63 32	2022-24	62.42	22	2 2	4	1 31	7.94
Conditional awards										
2018	30 November 2017	–	–	2018–20	64 86	18	3 4	4	0 68	56 71
2019	10 May 2019	–	–	2019–21	61 40	19	3 7	4	0 83	53 02
2020	1 May 2020	–	–	2020–22	65 70	21	2 6	4	0.55	59 17
2021	28 May 2021	–	–	2021-23	63 68	22	2 1	4	0 20	58 65
2022	20 May 2022	–	–	2022-24	62 42	22	2 2	4	1 31	43 64

25 Share-based Payments continued

Table 2. Share awards movements 2021 and 2022

Award	Options outstanding at 1 January 2021 number	Granted/ adjustments number	Lapsed number	Exercised/vested number	Options outstanding at 31 December 2021 number	Granted/ adjustments number	Lapsed number	Exercised/ vested number	Options outstanding at 31 December 2022 number
Share options[1]									
2012	151,411	–	(2,057)	(149,354)	–	–	–	–	–
2013	247,750	–	–	(79,343)	168,407	–	–	(166,350)	2,057
2014	457,296	–	(13,350)	(159,136)	284,810	–	(1,029)	(56,412)	227,369
2015	742,966	–	(15,000)	(295,000)	432,966	–	(2,000)	(70,968)	359,998
2016	1,120,802	–	(383,399)	(169,850)	567,553	–	(76,902)	(59,326)	431,325
2017	573,907	–	(82,376)	(850)	490,681	–	(96,305)	–	394,376
2018	1,837,548	–	(839,095)	–	998,453	–	(86,068)	–	912,385
2019	2,086,058	–	(261,796)	–	1,824,262	8,076	(733,733)	(24,542)	1,074,063
2020	2,595,052	–	(378,529)	–	2,216,523	(2,400)	(349,416)	–	1,864,707
2021	–	3,075,575	(205,846)	–	2,869,729	(4,800)	(441,576)	–	2,423,353
2022	–	–	–	–	–	3,104,325	(248,505)	–	2,855,820
Performance shares[1]									
2016	124,863	–	(124,863)	–	–	–	–	–	–
2017	175	–	(175)	–	–	–	–	–	–
2018	835,823	–	(389,368)	–	446,455	–	(44,129)	–	402,326
2019	1,029,136	–	(175,064)	(26,354)	827,718	10,708	(369,341)	(172,917)	296,168
2020	1,160,465	–	(180,520)	–	979,945	1,700	(171,370)	–	810,275
2021	–	1,348,016	(97,716)	–	1,250,300	(1,200)	(218,689)	–	1,030,411
2022	–	–	–	–	–	1,397,186	(120,539)	–	1,276,647
Time-vested shares[1]									
2016	–	–	–	–	–	–	–	–	–
2017	–	–	–	–	–	–	–	–	–
2018	14,036	16,997	–	(30,033)	1,000	–	–	(1,000)	–
2019	85,750	(13,884)	(2,600)	(31,383)	37,883	–	(2,330)	(30,553)	5,000
2020	243,912	7,242	(15,362)	(84,995)	150,797	(3,385)	(12,036)	(71,713)	63,663
2021	–	390,137	(28,549)	(27,836)	338,752	(180)	(48,080)	(40,355)	250,137
2022	–	–	–	–	–	384,508	(35,511)	(12,080)	336,917
Other share awards									
UK SAYE	738,410	383,424	(148,654)	(102,653)	870,527	201,068	(127,428)	(102,359)	841,808
US SAYE	672,995	439,679	(95,794)	(65,747)	951,133	223,811	(130,809)	(243,691)	800,444
Overseas SAYE	2,302,103	930,727	(673,300)	(482,826)	2,076,704	368,031	(260,638)	(313,144)	1,870,953
SOPP	156,300	92,800	(33,403)	(14,597)	200,800	29,600	(30,376)	(22,624)	177,400
Weighted average exercise price (share options)	£60.97	£64.67	£64.05	£47.80	£62.58	£63.31	£63.29	£47.11	£63.21

1. Grant date and exercise price for each of the awards are shown in Table 1

25 Share-Based Payments continued

For options outstanding at the year end, the weighted average remaining contractual life is 4 56 years (2021 4 58 years) Options outstanding at 31 December 2022 that could have been exercised at that date were 1,631,807 (2021. 1,946,341) with a weighted average exercise price of £57 54 (2021 £57 03)

The assumptions made in determining the share-based payments charge, in respect to the achievement of performance criteria, are based on the Directors' expectations in light of the Group's business model and relevant published targets

Under the terms of the schemes, early exercise may only be granted in exceptional circumstances and therefore the effect of early exercise is not incorporated into the calculation

No material modifications have occurred requiring revision to the share-based payment charges for the outstanding awards.

An estimate of future volatility is made with reference to historical volatility over a similar time period to the performance period or the contractual life as appropriate Historical volatility is calculated based on the annualised standard deviation of the Group's daily share price movement, being an approximation to the continuously compounded rate of return on the share

National insurance contributions are payable in respect of certain share-based payment transactions and are treated as cash-settled transactions

The weighted average share price for the year was £61 09 (2021 £61.60)

Options and conditional awards granted during the year

Options and conditional awards granted during the year which may vest or become exercisable at various dates between 2023 and 2028 are as follows

	Price to be paid £	Number of shares under option
Executive share option and conditional award schemes		
LTIP – options	63 32	3,104,325
LTIP – performance shares	–	1,397,186
LTIP – time-vested shares	–	384,508
Group Senior Executive Share Ownership Policy Plan	–	29,600
Total		**4,915,619**
Savings-related share option schemes		
UK Scheme	53 01	201,068
US Scheme	53 01	223,811
Overseas Scheme	53 01	368,031
Total		**792,910**

Options and conditional awards outstanding

Options and conditional awards which have vested or may vest at various dates between 2023 and 2029 are as follows

	Price to be paid £		Number of shares under option	
	From	To	2022	2021
Executive share option and conditional award schemes				
LTIP – options	38 06	78 00	10 545,453	9,853,384
LTIP – performance shares	–	–	3,815,827	3,504,418
LTIP – time-vested shares	–	–	655,717	528,432
Group Senior Executive Share Ownership Policy Plan	–	–	177,400	200,800
Total			**15,194,397**	**14,087,034**
Savings-related share option schemes				
UK Scheme	44.56	62 44	841,808	870,527
US Scheme	44 56	62 44	800,444	951,133
Overseas Scheme	44 56	62 44	1,870,953	2,076,704
Total			**3,513,205**	**3,898,364**

26 Other Reserves

Attributable to owners of the parent	Hedging reserve £m	Foreign currency translation reserve £m	Total other reserves £m
Balance at 1 January 2021	(19)	(360)	(379)
Other comprehensive income/(expense)			
Gains on cash flow hedges, net of tax	30	–	30
Net exchange losses on foreign currency translation, net of tax	–	(374)	(374)
Gains on net investment hedges, net of tax	–	84	84
Reclassification of foreign currency translation reserves on disposal or liquidation of foreign operations, net of tax	–	(550)	(550)
Total other comprehensive income/(expense) for the year	30	(840)	(810)
Balance at 31 December 2021	11	(1,200)	(1,189)
Other comprehensive income/(expense)			
Gains on cash flow hedges, net of tax	2	-	2
Net exchange gains on foreign currency translation, net of tax	-	1,064	1,064
Losses on net investment hedges, net of tax	-	(115)	(115)
Reclassification of foreign currency translation reserves on disposal or liquidation of foreign operations net of tax	-	(56)	(56)
Total other comprehensive income for the year	**2**	**893**	**895**
Balance at 31 December 2022	**13**	**(307)**	**(294)**

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedge transactions that are extant at year end.

The foreign currency translation reserve contains the accumulated foreign exchange differences from the translation of the Financial Statements of the Group's foreign operations arising when the Group's entities are consolidated. The reserve also contains the translation of liabilities that hedge the Group's net exposure in a foreign currency.

During the year ended 31 December 2022, a net gain of £56 million (2021: £550 million net gain) was reclassified to the Income Statement from foreign currency reserves following the disposal or liquidation of foreign operations, of which a net gain of £69 million (2021: £766 million net gain) related to the liquidation of subsidiaries (see Note 6 for further details) offset by a loss of £13 million (2021: £216 million) comprised of £20 million (2021: £284 million) arising from the disposal of certain businesses (see Note 29), less related tax credits of £7 million (2021: £68 million) (see Note 7).

27 Related Party Transactions

The Group has related party relationships with its Directors and key management personnel (Note 5)

28 Dividends

	2022 £m	2021 £m
Cash dividends on equity ordinary shares:		
2021 Final paid: 101.6p (2020: Final 101.6p) per share	726	725
2022 Interim paid: 73p (2021: Interim 73p) per share	523	521
Total dividends for the year	**1,249**	1,246

The Directors are proposing a final dividend in respect of the financial year ended 31 December 2022 of 110.3 pence per share which will absorb an estimated £789 million of shareholders' funds. If approved by shareholders it will be paid on 24 May 2023 to shareholders who are on the register on 11 April 2023, with an ex-dividend date of 6 April 2023.

29 Acquisitions and Disposals

During the year ended 31 December 2022, the Group completed several disposals. In each case, 100% of the businesses were disposed, unless stated otherwise. In the year ended 31 December 2021, the Group completed several business acquisitions and disposals.

Acquisitions

During 2022, the Group did not complete any acquisitions.

On 12 July 2021, the Group acquired 100% of the equity interests in Lanai Holdings, owner of the Biofreeze and TheraPearl brands, for cash consideration of $1,060 million (£766 million). Total identifiable net assets of £495 million and goodwill of £271 million were recognised in 2021.

Disposals

The Group completed the disposals of Dermicool and E45 on 25 March 2022 and 1 April 2022, respectively, with combined net cash proceeds of £243 million. The net assets disposed primarily comprised goodwill and other intangible assets at a book value of £204 million. In addition, cumulative foreign exchange losses of £10 million have been reclassified to the Income Statement.

The Group recognised a net pre-tax gain of £14 million upon disposal of these brands, recorded within net operating expenses in the Income Statement. Both Dermicool and E45 formed part of the Health operating segment. At 31 December 2021, £140 million of intangible assets (including £28 million of goodwill) associated with the sale of E45 were presented within assets held for sale.

29 Acquisitions and Disposals continued

During 2021, the Group completed three disposals for a total consideration, net of disposal costs, of £1,704 million, resulting in a total pre-tax loss on disposal of £3,518 million reported within total net operating expenses.

- On 9 September 2021, the Group completed the sale of IFCN China to Primavera Capital Group for total consideration, net of disposal costs, of £1,436 million. The consideration was principally represented by cash of £1,513 million and a 8% shareholding in the purchaser's acquisition entity. The net assets disposed primarily comprised goodwill and other intangible assets at a book value of £4,276 million. On completion of the disposal, the Group recognised a pre-tax loss on disposal of £3,284 million included within total net operating expenses.
- The Group completed the disposals of the Scholl and EnfaBebe brands on 1 June 2021 and 1 November 2021, respectively, with combined net cash proceeds of £268 million.

Other

On 13 April 2022, the Group announced it had begun a process aimed at transferring ownership of its Russian business, which may include a transfer to a third party or to local employees. The net assets of the Russian business at 31 December 2022 were £230 million and on disposal, foreign exchange losses of £114 million would be recycled to the Income Statement. The Russian business contributed 2% to the Group's revenue in 2022 (2021: 2%). At 31 December 2022, the assets and liabilities had not met the criteria to be reclassified within assets held for sale.

30 Discontinued Operations

The loss from discontinued operations of £7 million (2021: £31 million income) relates to the Group's disposal of the RB Pharmaceuticals business (now Indivior plc).

31 Post Balance Sheet Events

There have been no events subsequent to the Balance Sheet date which require disclosure.

FIVE YEAR SUMMARY (UNAUDITED)

The five-year summary below is presented on an IFRS basis. The years ending 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022 show the results for continuing operations.

Income Statement	2022 £m	2021 £m	2020 £m	2019 £m	Restated[1] 2018 £m
Net Revenue	**14,453**	13,234	13,993	12,846	12,597
Operating profit/(loss)	**3,249**	(804)	2,160	(1,954)	3,058
Net finance (expense)/income	**(161)**	547	(286)	(153)	(338)
Share of loss and impairment of equity-accounted investees, net of tax	**(21)**	(3)	(1)	-	-
Profit/(loss) before income tax	**3,067**	(260)	1,873	(2,107)	2,720
Income tax (charge)/credit	**(711)**	208	(720)	(665)	(536)
Attributable to non-controlling interests	**(19)**	(11)	(16)	(13)	(20)
Net income/(loss) attributable to owners of the parent company from continuing operations	**2,337**	(63)	1,137	(2,785)	2,164
Balance Sheet					
Net assets	**9,483**	7,453	9,159	9,407	14,771
Key Statistics – IFRS basis					
Operating margin	**22.5%**	(6.1%)	15.4%	(15.2%)	24.3%
Diluted earnings per share, continuing	**325.7p**	(8.8p)	159.3p	(393.0p)	305.2p
Declared total dividends per ordinary share	**183.3p**	174.6p	174.6p	174.6p	170.7p

1. Restated for the adoption of IFRS 15

PARENT COMPANY BALANCE SHEET AND STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY BALANCE SHEET

As at 31 December	Notes	2022 £m	2021 £m
Fixed assets			
Investments	2	**15,078**	15,001
Current assets			
Debtors due within one year	3,6	**40**	45
Debtors due after more than one year	4,6	**21**	25
		61	70
Current liabilities			
Creditors due within one year	5,6	**(7,846)**	(10,898)
Net current liabilities		**(7,785)**	(10,828)
Total assets less current liabilities		**7,293**	4,173
Creditors due after more than one year	5	**–**	(42)
Provisions for liabilities and charges	7	**(44)**	(41)
Net assets		**7,249**	4,090
EQUITY			
Share capital	8	**74**	74
Share premium		**254**	253
Retained earnings		**6,921**	3,763
Total equity		**7,249**	4,090

The Financial Statements on pages 223 to 240 were approved by the Board of Directors and signed on its behalf on 28 February 2023 by

CHRISTOPHER SINCLAIR
DIRECTOR
Reckitt Benckiser Group plc

Company Number 06270876

DocuSigned by:
Chris Sinclair

NICANDRO DURANTE
DIRECTOR
Reckitt Benckiser Group plc

DocuSigned by:
Nicandro Durante

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 January 2021	**74**	**252**	**4,983**	**5,309**
Comprehensive income				
Loss for the financial year	–	–	(78)	(78)
Total comprehensive loss	**–**	**–**	**(78)**	**(78)**
Transactions with owners				
Treasury shares reissued	–	1	79	80
Share-based payments	–	–	4	4
Capital contribution in respect of share-based payments	–	–	26	26
Purchase of ordinary shares by employee share ownership trust	–		(5)	(5)
Cash dividends	–	–	(1,246)	(1,246)
Total transactions with owners	**–**	**1**	**(1,142)**	**(1,141)**
Balance at 31 December 2021	**74**	**253**	**3,763**	**4,090**
Comprehensive income				
Profit for the financial year	–	–	4,276	4,276
Total comprehensive income	**–**	**–**	**4,276**	**4,276**
Transactions with owners				
Treasury shares reissued	–	1	53	54
Share-based payments			1	1
Capital contribution in respect of share-based payments	–	–	77	77
Cash dividends	–	–	(1,249)	(1,249)
Total transactions with owners	**–**	**1**	**(1,118)**	**(1,117)**
Balance at 31 December 2022	**74**	**254**	**6,921**	**7,249**

Reckitt Benckiser Group plc has £6,182 million (2021 £3,102 million) of its retained earnings available for distribution. Details of Treasury shares and other equity transactions are included in Note 24 of the Group Financial Statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1 Parent Company Accounting Policies
The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting
Reckitt Benckiser Group plc is a company incorporated in the United Kingdom, registered in England and Wales under the Companies Act 2006, and is a public limited company. The address of the registered office is given on page 243.

The Company is the parent of Reckitt Benckiser Group plc and its principal activity is to act as a holding company for the Group. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 2 to 87.

New standards, amendments and interpretations
The following amended standards and interpretations were adopted by the Company during the year ending 31 December 2022. These amended standards and interpretations have not had a significant impact on the Company Financial Statements.

- Amendments to FRS 102 Interest rate benchmark reform

Statement of compliance
The Financial Statements have been prepared under the historical cost convention and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) and the Companies Act 2006.

The functional currency of Reckitt Benckiser Group plc is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

As permitted by s408 of the Companies Act 2006, a Statement of Comprehensive Income is not presented for Reckitt Benckiser Group plc.

Going concern
The Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Company Financial Statements.

Having assessed the principal risks and other matters discussed in connection with the Group's Viability Statement as set out on page 87 of the Group Annual Report, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Company Financial Statements. When reaching this conclusion, the Directors took into account the Company's overall financial position and exposure to principal risks.

Financial Reporting Standard 102 – Reduced Disclosure Exemptions
FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following exemptions:

(i) from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and the Group Cash Flow Statement, included in these Financial Statements, includes the Company's cash flows; and

(ii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

The Company's results are included in the publicly available consolidated Financial Statements of Reckitt Benckiser Group plc and these Financial Statements may be obtained from 103-105 Bath Road, Slough, Berkshire SL1 3UH or at www.reckitt.com.

Foreign currency translation
Transactions denominated in foreign currencies are translated using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Taxation
The tax charge/credit is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are provided for in full and deferred tax assets are recognised to the extent that they are considered recoverable.

A net deferred tax asset is considered recoverable if it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is measured on an undiscounted basis.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

1 Parent Company Accounting Policies continued

Fixed asset investments

Fixed asset investments are stated at the lower of cost or their recoverable amount which is determined as the higher of net realisable value and value-in-use. A review of the potential impairment of an investment is carried out by the Directors if events or changes in circumstances indicate that the carrying value of the investment may not be recoverable. Such impairment reviews are performed in accordance with FRS 102 Section 27 'Impairment of assets'.

Employee share schemes

Incentives in the form of shares are provided to employees under share option and conditional award schemes which vest in accordance with non-market conditions.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Balance Sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in comprehensive income or expense such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Additional employer costs in respect of options and awards are charged, including social security taxes, to the Statement of Comprehensive Income over the same period, with a corresponding liability recognised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the Company Financial Statements.

Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual obligations of the instrument.

(i) Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts. Such assets are subsequently carried at amortised cost.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in comprehensive income or expense.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future payments. Debt instruments are subsequently carried at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Derivative Financial Instruments

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently re-measured at their fair value.

The Company designates certain derivative financial instruments as fair value hedges against certain debtors in USD. Gains or losses arising from changes in the foreign exchange retranslation of the hedged item and instrument are netted in profit or loss in the period in which they arise.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation; and the amount can be reliably estimated. Provisions are valued at the present value of the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date. Where it is possible that a settlement may be reached or it is not possible to make a reliable estimate of the estimated financial impact, appropriate disclosure is made but no provision recognised.

Where a company enters into a financial guarantee contract to guarantee the indebtedness of other companies within its Group, the Company treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Company will be required to make a payment under the guarantee.

Share capital transactions

When the Company purchases equity share capital, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Purchased shares are either held in Treasury in order to satisfy employee options, or cancelled and, in order to maintain capital, an equivalent amount to the nominal value of the shares cancelled is transferred from retained earnings.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

1 Parent Company Accounting Policies continued

Repurchase and reissuance of ordinary shares

When shares recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Repurchased shares are classified as Treasury shares and are presented in retained earnings. When Treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus is presented within share premium.

Dividends

Dividends payable are recognised when they meet the criteria for a present obligation (i.e. when they have been approved).

Accounting estimates and judgements

In preparing these Financial Statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts and results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Each year, management is required to make a number of assumptions regarding the future. The related year end accounting estimates will, by definition, seldom equal the final actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Tax provisions

Current tax liabilities include an amount of £132 million (2021, £38 million, presented in non-current tax liabilities) relating to uncertain tax positions in respect of tax deductibility of management expenses. The exposure recognised is calculated based on the expected value method and the most likely amount method. The accounting estimates and judgements considered include:

- status of the unresolved matter;
- clarity of relevant legislation and related guidance;
- advice from related party specialists and unrelated third parties;
- range of possible outcomes, and
- statute of limitations

The recognition of uncertain tax positions is reviewed regularly for changes in circumstances and estimates are updated as potential resolutions for the tax uncertainties are encountered through specific audits or wider case law. As a result, given the size possible range of outcomes and timing of resolution, there is a significant risk of material adjustment to the aggregate carrying amount of these liabilities within the next financial year

Legal provisions

The Company recognises legal provisions in line with the Company's provisions policy The level of provisioning in relation to civil and/or criminal investigations is an area where management and legal judgment is important, with individual provisions being based on best estimates of the probable loss, considering all available information, external advice and historical experience. As at 31 December 2022, the Company recognised legal provisions of £44 million (2021 £41 million) in relation to a number of historical regulatory matters Refer to Note 7 of the Company Financial Statements for further information.

The Company's Directors are of the opinion that there are no other judgements and no further key sources of estimation uncertainty in applying the Company's accounting policies.

2 Investments

	Shares in subsidiary undertakings £m
Cost	
At 1 January 2021	14,975
Additions during the year	26
At 31 December 2021	15,001
Additions during the year	77
At 31 December 2022	**15,078**
Provision for impairment	
At 1 January 2021	–
At 31 December 2022	–
Net book amounts	
At 31 December 2021	15,001
At 31 December 2022	**15,078**

The Directors believe that the carrying value of the investments is supported by their underlying net assets

The subsidiary undertakings as at 31 December 2022, all of which are included in the Group Financial Statements, are shown in Note 12 of the Company Financial Statements

2 Investments continued

With the exception of Reckitt Benckiser Limited, none of the subsidiaries are directly held by Reckitt Benckiser Group plc. All subsidiaries have a financial year ending 31 December with the exception of: Reckitt Benckiser (India) Private Limited, Reckitt Benckiser Healthcare India Private Limited, Mead Johnson Nutrition (India) Private Limited, RB Hygiene Home India Private Limited and Reckitt Piramal Private Limited which have a year ending 31 March, Reckitt Benckiser Health Kenya Limited which has a year ending 30 April; Reckitt Benckiser (Czech Republic) spol. s r.o which has a year ending 31 May, Lloyds Pharmaceuticals which has a year ending 24 August, Reigate Square Holdings Sàrl which has a year ending 31 August; RBHCR Health Reckitt Costa Rica Sociedad Anónima which has a year ending 30 September, Pt Reckitt Benckiser Indonesia which has a year ending 29 October, and Reckitt Benckiser Healthcare (Ireland) Limited which has a year ending 30 November.

Additions during the year, and in 2021, relate to the grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group.

3 Debtors Due Within One Year

	2022 £m	2021 £m
Amounts owed by Group undertakings	30	36
Other debtors	10	9
	40	45

Amounts owed by Group undertakings are unsecured, interest free and are repayable on demand (2021: same).

4 Debtors Due After More Than One Year

	2022 £m	2021 £m
Deferred tax assets	1	1
Other receivables	20	24
	21	25

Deferred tax assets consist of short-term timing differences.

5 Creditors

Creditors due within one year:

	2022 £m	2021 £m
Amounts owed to Group undertakings	7,707	10,896
Taxation and social security	133	1
Derivative liabilities	2	-
Other creditors	4	1
	7,846	10,898

Included in the amounts owed to Group undertakings is an amount of £7,609 million (2021: £10,889 million) which is unsecured, carries interest at the official ISDA fallback rate and is repayable on demand (2021: carries interest at the 3M LIBOR equivalent fallback rate). All other amounts owed to Group undertakings are unsecured, non-interest bearing and are repayable on demand (2021: same).

Included within taxation and social security creditors is an amount recognised in respect of uncertain tax positions, which may take several years to resolve (Note 1). Notwithstanding this, the presentation of corporation tax liabilities has been assessed to reflect that there is not an unconditional right to defer settlement of these liabilities and the carrying amount of £132 million (2021: £38 million) has been presented as a current liability (2021: non-current).

Creditors due after more than one year:

	2022 £m	2021 £m
Non-current tax liabilities	–	38
Other creditors	–	4
	-	42

6 Financial instruments

	2022 £m	2021 £m
Financial assets		
Financial assets measured at amortised cost	60	69
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	(2)	–
Financial liabilities measured at amortised cost	(7,711)	(10,901)
	(7,713)	(10,901)

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

7 Provisions for Liabilities and Charges

	Legal provisions £m	Total provisions £m
At 1 January 2021	43	43
Charged to the Statement of Comprehensive Income	6	6
Utilised during the year	(8)	(8)
At 31 December 2021	41	41
Charged to the Statement of Comprehensive Income	14	14
Utilised during the year	(7)	(7)
Released to the Statement of Comprehensive Income	(4)	(4)
At 31 December 2022	**44**	**44**

Provisions have been analysed between current and non-current as follows

	2022 £m	2021 £m
Current	43	39
Non-current	1	2
	44	41

Provisions relate to legal provisions in relation to a number of historical matters

8 Share Capital

Issued and fully paid	Equity ordinary shares	Nominal value £m
At 1 January 2022	736,535,179	74
At 31 December 2022	**736,535,179**	**74**

The holders of ordinary shares (par value 10 pence) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Parent Company

The allotment of ordinary shares and release of Treasury shares are disclosed in Note 24 of the Group Financial Statements.

9 Related Party Transactions

There were no transactions with related parties other than wholly owned companies within the Group.

10 Contingent Liabilities

The Company has issued a guarantee to the trustees of the Reckitt Benckiser Pension Fund covering the obligations of certain UK subsidiaries of the Group who are the sponsoring employers of the UK defined benefit pension fund. The guarantee covers any amounts due to the pension fund from these subsidiaries if they fail to meet their pension obligations.

The Company issued a guarantee on behalf of Reckitt Benckiser Treasury Services plc in relation to the issuance of a $5,000 million bond (2021: $8,250 million bond), made up of one tranche of $2,500 million, one tranche of $2,000 million and one tranche of $500 million (2021: two tranches of $2,500 million, one tranche of $2,000 million, one tranche of $750 million and one tranche of $500 million). The Company has issued a further guarantee in relation to the issuance of a £500 million bond (2021: £500 million), as well as the issuance of €833 million Euro commercial paper (2021: €nil Euro commercial paper) and $546 million US dollar commercial paper (2021: $nil US dollar commercial paper). Details are included in Note 15 of the Group Financial Statements.

The Company issued a guarantee on behalf of Reckitt Benckiser Treasury Services plc in relation to committed borrowing facilities totalling £4,500 million (2021: £4,500 million). Details of the facilities are included in Note 15 of the Group Financial Statements.

The Company issued a guarantee on behalf of Mead Johnson Nutrition Company in relation to outstanding senior notes of $1,550 million (2021: $1,550 million) issued by Mead Johnson Nutrition Company prior to acquisition. The senior notes consist of one tranche of $750 million, one tranche of $500 million and one tranche of $300 million (2021: same).

The Company has also issued a guarantee on behalf of Reckitt Benckiser Treasury Services (Nederland) BV in relation to the issuance of two €850 million bonds (2021: two €850 million bonds). Details are included in Note 15 of the Group Financial Statements

The Company has provided a guarantee to certain subsidiary undertakings to exempt them from audit under Section 479a of the Companies Act 2006. The companies to which a guarantee has been issued for this purpose are highlighted in Note 12.

Other contingent liabilities are disclosed in Note 20 of the Group Financial Statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

11 Post Balance Sheet Events

There are no events subsequent to the balance sheet date that require disclosure

12 Subsidiary Undertakings

In accordance with Section 409 of the Companies Act 2006 and Schedule 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, a full list of related undertakings as at 31 December 2022, including their registered office address, country of incorporation and the percentage of share ownership, is disclosed below. All undertakings are indirectly owned by Reckitt Benckiser Group plc, unless otherwise stated

From time to time, management reviews the Group structure and seeks to remove redundant, dormant or non-trading entities. During the year ended 31 December 2022, 17 legal entities were dissolved, liquidated or otherwise disposed of, and one legal entity was placed into liquidation (2021: 14 legal entities and one partnership). The removal of legal entities ultimately allows management to focus on the core business, reduces compliance obligations and cost, and improves transparency of the Group to external parties

All subsidiary undertakings of Reckitt Benckiser Group plc are included in the consolidated Financial Statements of the Group. The subsidiary undertakings marked with* are exempt from the Companies Act 2006 (the 'Act') requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act, as Reckitt Benckiser Group plc has guaranteed them under Section 479C of the Act

Name	Holding	Registered office and share class
103-105 Bath Road Limited	100%	5, 1
2309 Realty Corporation	99.995%	18, 2
Access VC Limited	100%	5, 1
Airwick Industrie SAS	100%	26, 1
Anhui Gulong Pharmaceutical Trading Company Limited	100%	72, 5
Apenas Boa Nutrição Indústria de Alimentos Ltda	100%	79, 1
Beleggingsmaatschappij Lemore B.V.	100%	134, 1
Benckiser	100%	34, 1, 6
Biofreeze IP Holdings, LLC	100%	27, 9
Bi'sa LLC	100%	27, 1
Canterbury Square Holdings S.à r.l.	100%	2, 2
Central Square Holding B.V.	100%	134, 1
Crookes Healthcare Limited*	100%	5, 1, 6
Capal Limited*	100%	5, 1, 6
Dakin Brothers Limited*	100%	5, 1, 6
Dorincourt Holdings (Ireland) Limited	100%	30, 1
Durex Limited	100%	5, 1
eRB Trading Limited	100%	5, 1
Exponential Health LLC	100%	27, 1
Fenla Indústria, Comércio e Administração Ltda	100%	124, 1
FF Homecare & Hygiene Limited	100%	107, 7
Gainbridge Investments (Cyprus) Limited	100%	1, 1
Glasgow Square Limited*	100%	5, 1, 6
Green,Young & Company Limited*	100%	5, 1, 6
Grosvenor Square Holding B.V.	100%	134, 1
Gulong Health Technology (Anhui) Co., Limited	100%	72, 5
Gulong Pharmaceutical (Anhui) Company Limited	100%	88, 5
Gulong Pharmaceutical (Anhui) Co. Ltd - Xiamen branch^		147
Harpol Limited*	100%	5, 1, 6
Harpol NL B.V.	100%	134, 1
Helpcentra Limited*	100%	5, 1, 6
Howard Lloyd & Company Limited*	100%	5, 1
Kukident GmbH	100%	84, 4
Lanai Holdings 1 S, Inc	100%	27, 4
Lanzhou Keshi Xaili Healthcare Technologies Co. Ltd	80%	91, 1
LI Pensions Trust Limited	100%	5, 7
Linden Germany A Limited	100%	5, 1
Linden Germany B Limited	100%	5, 1

12 Subsidiary Undertakings continued

Name	Holding	Registered office and share class
Lloyds Pharmaceuticals*	100%	5, 1, 6
London International Group Limited*	100%	5, 2
London International Trading (Asia) Limited	100%	130, 1
LRC North America Inc	100%	21, 4, 7
LRC Products Limited	100%	5, 1
LRC Secretarial Services Limited*	100%	5, 1
Maddison Square Holding B V	100%	134, 1
Manufactura MJN, S de R.L de C V.	100%	47, 1
Mead Johnson & Company LLC	100%	19, 1
Mead Johnson do Brasil Comércio e Importação de Produtos de Nutrição Ltda	100%	53 1
Mead Johnson Do Brasil Comércio E Importação De Produtes De Nutrição Ltda *		123
Mead Johnson Nutricionales de México, S de R L de C V	100%	48 1
Mead Johnson Nutrition (Asia Pacific) Pte Ltd	100%	7, 1
Mead Johnson Nutrition (Australia) Pty Ltd	100%	92 1
Mead Johnson Nutrition (Canada) Co	100%	139, 4
Mead Johnson Nutrition (Dominicana) S A	100%	27, 1
Mead Johnson Nutrition (Dominicana), S.A **		51
Mead Johnson Nutrition (India) Private Limited	100%	152, 1
Mead Johnson Nutrition (Malaysia) Sdn Bhd	100%	97, 1
Mead Johnson Nutrition (Panama), S de R L	100%	45, 1
Mead Johnson Nutrition (Philippines), Inc	99.9%	18, 1
Mead Johnson Nutrition (Poland) Sp z o o	100%	145, 10
Mead Johnson Nutrition (Puerto Rico) Inc	100%	27, 1
Mead Johnson Nutrition (Puerto Rico) Inc **		98

Name	Holding	Registered office and share class
Mead Johnson Nutrition (Singapore) Pte Ltd	100%	7, 1
Mead Johnson Nutrition (Thailand) Ltd	100%	103, 4
Mead Johnson Nutrition (Venezuela) LLC	100%	27, 1
Mead Johnson Nutrition Venezuela SCA**		21
Mead Johnson Nutrition (Vietnam) Company Limited	100%	150, 5
Mead Johnson Nutrition Colombia Ltda	100%	64, 1
Mead Johnson Nutrition Company	100%	19, 1
Mead Johnson Nutrition Holdings (Singapore) Pte Ltd	100%	7, 1
Mead Johnson Nutrition Nominees LLC	100%	27, 9
Mead Johnson Nutrition Trading Poland S p z o o	100%	145, 9
Mead Johnson Nutrition Venezuela, S C.A	100%	153, 10
Mead Johnson One C V	100%	17, 9
Mead Johnson Two C V	100%	17, 9
Medcom Marketing and Prodazha Ukraine LLC	100%	31, 11
MJ UK Holdings Limited	100%	5, 1
MJ USA Holdings LLC	100%	27, 1
MJN Asia Pacific Holdings LLC	100%	27, 1
MJN Global Holdings B V	100%	134, 1
MJN Holdings (Netherlands) B V	100%	134 1
MJN Innovation Services B V	100%	134, 1
MJN International Holdings (UK), Ltd *	100%	5 1
MJN U S Holdings LLC	100%	27, 1
New Bridge Holdings B V	100%	134, 1
Norwich Square Holdings S L U	100%	67, 1
Nurofen Limited	100%	5 1

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

12 Subsidiary undertakings continued

Name	Holding	Registered office and share class
Optrex Limited*	100%	5, 1
Oriental Medicine Company Limited	100%	130, 1
Oxy Reckitt Benckiser LLC	100%	20, 5
Pharmalab Limited*	100%	5, 1, 6
Propack Produkte für Haushalt und Korperpflege GmbH	100%	120, 1
PT Mead Johnson Indonesia	90.1%	143, 1
PT Reckitt Benckiser Indonesia	100%	143, 1
PT Reckitt Benckiser Trading Indonesia	100%	90, 1
PT Reckitt Benckiser Hygiene Home Indonesia*	100%	142, 1
PT Reckitt Benckiser Hygiene Home Trading Indonesia*	100%	142, 1
Qingdao London Durex Co. Limited	100%	105, 1
Qingdao New Bridge Corporate Management Consulting Company Limited	100%	105, 1
R&C Nominees Limited*	100%	5, 1
R&C Nominees One Limited	100%	5, 1
R&C Nominees Two Limited	100%	5, 1
RB & Manon Business Co. Limited	75%	126, 5
RB & Manon Business Limited	75%	149, 1
RB & Manon Hygiene Home (Shanghai) Limited*	100%	11, 1
RB & Manon Hygiene Home Limited	80%	127, 1
RB (China Trading) Limited	100%	5, 1
RB (China) Holding Co. Limited	100%	129, 5
RB (Health) Colombia S.A.S	100%	64, 1
RB (Health) Malaysia Sdn Bhd	100%	151, 1
RB (Home Hygiene) Poland Sp. z o.o	100%	108, 1
RB (Home Hygiene) Romania S.R.L	100%	135, 1

Name	Holding	Registered office and share class
RB (Hygiene Home) Australia Pty Limited	100%	96, 1
RB (Hygiene Home) Czech Republic, spol. s r.o.	100%	157, 1
RB (Hygiene Home) Hungary Kft	100%	56, 1
RB (Hygiene Home) New Zealand Limited	100%	94, 1
RB (Hygiene Home) Slovakia spol. s r.o.	100%	75, 1
RB (Suzhou) Co. Ltd	100%	104, 5
RB Asia Holding Limited	100%	5, 1
RB Health (Canada) Inc	100%	137, 4
RB Health (US) LLC	100%	71, 1
RB Health Ecuador Cia. Ltda	100%	46, 1
RB Health Manufacturing (US) LLC	100%	71, 1
RB Health México, S.A. de C.V.	100%	48, 2
RB Health Nordic A/S	100%	154, 1
RB Health Nordic A/S, filial^^		62
RB Health Nordic, NUF^^		85
RB Health Nordic A/S sivuliike Suomessa^^		89
RB Health Peru S.R.L	100%	65, 1
RB Health Services, S.A. de C.V.	100%	48, 1
RB Holding Europe Du Sud SAS	100%	26, 1
RB Holdings (Luxembourg) S.à r.l	100%	2, 7
RB Holdings (Nottingham) Limited*	100%	5, 1, 6
RB Holdings Luxembourg (2018) S.à r.l	100%	2, 1
RB Hygiene Home (Thailand) Limited	99.6%	103, 4
RB Hygiene Home Arabia FZE	100%	95, 1
RB Hygiene Home Austria GmbH	100%	82, 1

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

12 Subsidiary Undertakings continued

Name	Holding	Registered office and share class
RB Hygiene Home Belgium SA	100%	15, 1
RB Hygiene Home Deutschland GmbH	100%	73, 5
RB Hygiene Home France SAS	100%	26, 1
RB Hygiene Home India Private Limited	100%	74, 1
RB Hygiene Home Netherlands BV	100%	134, 1
RB Hygiene Home Nordic A/S	100%	154, 1
RB Hygiene Home Nordic NUF*^		85
RB Hygiene Home Nordic A/S, filial*^		158
RB Hygiene Home Nordic A/S, sivuliike Suomessa*^		89
RB Hygiene Home Switzerland AG	100%	119, 1
RB Investment Company Limited	100%	148, 2
RB Ireland Hygiene Home Commercial Limited	100%	41, 1
RB LATAM Holding B.V	100%	134, 1
RB Luxembourg (2016) Limited*	100%	5, 1
RB Luxembourg (TFFC) S.à.r.l	100%	2, 1
RB Luxembourg Holdings (TFFC) Limited	100%	5, 1
RB Luxembourg Holdings (TFFC) S.à.r.l*^		2
RB Manufacturing LLC	100%	21, 1
RB Mexico Investments Limited*	100%	5, 1
RB NL Brands B.V.	100%	134, 1
RB Reigate (2019) Ltd.	100%	5, 1
RB Reigate (UK) Limited	100%	5, 1, 4
RB Salute Mexico S.A. de C.V.	100%	66, 1
RB Square Holdings (Spain) S.L.	100%	67, 2
RB UK Commercial Limited	100%	5, 1

Name	Holding	Registered office and share class
RB UK Hygiene Home Commercial Limited	100%	5, 1
RB USA (2019) Ltd	100%	5, 1
RB USA Holdings LLC	100%	21, 1
RB Winchester (Ireland) Unlimited Company*	100%	30, 1
RBHCR Health Reckitt Costa Rica Sociedad Anónima	100%	132, 4
Reckitt & Colman (Guangzhou) Limited	100%	101, 1
Reckitt & Colman (Jersey) Limited*	100%	87, 1
Reckitt & Colman (Overseas) Health Limited	100%	5, 1
Reckitt & Colman (Overseas) Hygiene Home Limited	100%	5, 1
Reckitt & Colman (Overseas) Limited*	100%	5, 1
Reckitt & Colman (UK) Limited*	100%	5, 1, 13
Reckitt & Colman Capital Finance Limited*	100%	87, 2
Reckitt & Colman Holdings Limited*	100%	5, 1, 6
Reckitt & Colman Pension Trustee Limited	100%	5, 1
Reckitt & Colman Sagrotan Verwaltungsgesellschaft GmbH	100%	73, 4
Reckitt & Sons Limited*	100%	5, 1
Reckitt Benckiser (Australia) Pty Limited	100%	96, 1, 7
Reckitt Benckiser (Bangladesh) PLC	82.9%	36, 1
Reckitt Benckiser (Belgium) SA/NV	100%	15, 1
Reckitt Benckiser (Brands) Limited	100%	5, 1
Reckitt Benckiser (Brasil) Comercial de Produtos de Hygiene, Limpeza e Cosméticos Ltda	100%	53, 1
Reckitt Benckiser (Brasil) Comercial de Produtos de Hygiene, Limpeza e Cosméticos Ltda. – Branch Embu*		77
Reckitt Benckiser (Brasil) Comercial de Produtos de Hygiene, Limpeza e Cosméticos Ltda – Branch Extrema*		78

DocuSign Envelope ID: 8A6F30C5-051B-400D-8315-8EC26F9B0F0A

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

12 Subsidiary Undertakings continued

Name	Holding	Registered office and share class
Reckitt Benckiser (Brasil) Comercial de Produtos de Hygiene, Limpeza e Cosméticos Ltda – Branch Serra*		122
Reckitt Benckiser (Brasil) Ltda	100%	124, 1
Reckitt Benckiser (Brasil) Ltda – Branch Itupeva*		121
Reckitt Benckiser (Canada) Inc	100%	12, 4
Reckitt Benckiser (Cayman Islands) Limited	100%	117, 1
Reckitt Benckiser (Centroamérica) S A	100%	132, 1
Reckitt Benckiser (Channel Islands) Limited*	100%	61, 1
Reckitt Benckiser (Czech Republic) spol s r o	100%	157, 10
Reckitt Benckiser (ENA) B V	100%	133, 1
Reckitt Benckiser (España), S L U	100%	67, 1
Reckitt Benckiser (Granollers) SL	100%	67, 1
Reckitt Benckiser (Grosvenor) Holdings Limited*	100%	5, 1, 6
Reckitt Benckiser (Health) Holdings Limited	100%	5, 1
Reckitt Benckiser (Hygiene Home) Holdings Limited	100%	5, 1
Reckitt Benckiser (India) Private Limited	100%	74, 4
Reckitt Benckiser (Lanka) Limited	99.9%	106, 1
Reckitt Benckiser (Latvia) SIA	100%	136, 1
Reckitt Benckiser (Latvia) SIA Eesti filiaal**		83
Reckitt Benckiser (Latvia) SIA LT filialas**		156
Reckitt Benckiser (Malaysia) Sdn Bhd	100%	97, 1
Reckitt Benckiser (Near East) Limited	100%	39, 1
Reckitt Benckiser (New Zealand) Limited	100%	14, 1
Reckitt Benckiser (Poland) S A	100%	144, 1
Reckitt Benckiser (Portugal) S A	100%	131, 1

Name	Holding	Registered office and share class
Reckitt Benckiser (Romania) S R L	100%	86, 10
Reckitt Benckiser Romania, representative office**		16
Reckitt Benckiser (RUMEA) Limited	100%	5, 1
Reckitt Benckiser (RUMEA) Limited – Dubai Branch**		110
Reckitt Benckiser (Singapore) Pte Limited	100%	7, 1
Reckitt Benckiser (Slovak Republic), spol s r o	100%	75, 10
Reckitt Benckiser (South America) Holding B V	100%	134, 1
Reckitt Benckiser (Spain) B V	100%	134, 1
Reckitt Benckiser (Switzerland) AG	100%	119, 1
Reckitt Benckiser (Thailand) Limited	99.9%	103, 1
The Representative Office of Reckitt Benckiser (Thailand) Ltd in Ho Chi Minh City**		138
Reckitt Benckiser (UK) Limited	100%	5, 1
Reckitt Benckiser (USA) Limited	100%	5, 1
Reckitt Benckiser AG	100%	119, 1
Reckitt Benckiser Arabia FZE	100%	95, 1
Reckitt Benckiser Arabia*		24
Reckitt Benckiser Arabia Trading LLC	48.7%	44, 1
Reckitt Benckiser Argentina S A	100%	58, 1
Reckitt Benckiser Asia Pacific Limited	100%	5, 1
Reckitt Benckiser Asia Pacific Limited**		25
Reckitt Benckiser Austria GmbH	100%	82, 1
Reckitt Benckiser Bahrain W L L	100%	59, 1
Reckitt Benckiser Brands Investments B V	100%	134, 1
Reckitt Benckiser BY LLC	100%	109, 11

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

12 Subsidiary Undertakings continued

Name	Holding	Registered office and share class
Reckitt Benckiser Calgon BV	100%	134, 1
Reckitt Benckiser Chartres SAS	100%	4, 1
Reckitt Benckiser Chile S.A.	100%	54, 1
Reckitt Benckiser Colombia S.A.	100%	68, 1
Reckitt Benckiser Commercial (Italia) Srl	100%	155, 12
Reckitt Benckiser Corporate Services Limited	100%	5, 1
Reckitt Benckiser d.o.o.	100%	146, 1
Reckitt Benckiser Detergents GmbH	100%	73, 1
Reckitt Benckiser Deutschland GmbH	100%	73, 4
Reckitt Benckiser East Africa Limited	99.9%	115, 1
Reckitt Benckiser Ecuador S.A	100%	113, 1
Reckitt Benckiser Egypt Limited	100%	118, 1
Reckitt Benckiser Ev ve Hijyen Urünleri A.Ş	100%	114, 5
Reckitt Benckiser Ev ve Hijyen Ürünleri Levent Şubesi†		76
Reckitt Benckiser Expatriate Services Limited*	100%	5, 1
Reckitt Benckiser Fabric Treatment B.V	100%	134, 1
Reckitt Benckiser Finance (2005) Limited	100%	5, 1, 6
Reckitt Benckiser Finance (2007)*	100%	5, 1
Reckitt Benckiser Finance (2010) Limited*	100%	5, 1
Reckitt Benckiser Finance Company Limited*	100%	5, 1
Reckitt Benckiser Finish B.V	100%	134, 1
Reckitt Benckiser France SAS	100%	26, 1
Reckitt Benckiser FSIA B.V	100%	134, 1
Reckitt Benckiser Global R&D GmbH	100%	120, 4
Reckitt Benckiser Health Argentina S.A	100%	58, 1

Name	Holding	Registered office and share class
Reckitt Benckiser Health Comercial Ltda	100%	53, 1
Reckitt Benckiser Health Comercial Ltda†		49
Reckitt Benckiser Health Kazakhstan LLP	100%	55, 11
Reckitt Benckiser Health Kenya Limited	100%	9, 1
Reckitt Benckiser Health Limited	100%	5, 1
Reckitt Benckiser Healthcare (Central & Eastern Europe) Limited*	100%	5, 1
Reckitt Benckiser Healthcare (CIS) Limited	100%	5, 1
Reckitt Benckiser Healthcare (Ireland) Limited*	100%	30, 1
Reckitt Benckiser Healthcare (Italia) SpA	100%	155, 1
Reckitt Benckiser Healthcare (MEMA) Limited	100%	5, 1
Reckitt Benckiser Healthcare (Philippines), Inc.	99.9%	28, 4, 7
Reckitt Benckiser Healthcare (UK) Limited	100%	5, 1
Reckitt Benckiser Healthcare Australia Pty Limited	100%	96, 1
Reckitt Benckiser Healthcare B.V.	100%	134, 1
Reckitt Benckiser Healthcare France SAS	100%	26, 1
Reckitt Benckiser Healthcare India Private Limited	99.9%	74, 1
Reckitt Benckiser Healthcare International Limited	100%	5, 1
Reckitt Benckiser Healthcare LLC	100%	29, 11
Reckitt Benckiser Healthcare Manufacturing (Thailand) Limited	100%	38, 1, 7
Reckitt Benckiser Healthcare S.A.U	100%	67, 2
Reckitt Benckiser Healthcare, Lda	100%	131, 12
Reckitt Benckiser Hellas Healthcare S.A.	100%	42, 1
Reckitt Benckiser Hellas Hygiene Home S.A	100%	42, 1
Reckitt Benckiser Holding (Thailand) Limited	100%	103, 4, 7
Reckitt Benckiser Holding GmbH & Co KG	100%	73, 5

12 Subsidiary Undertakings continued

Name	Holding	Registered office and share class
Reckitt Benckiser Holdings (Channel Islands) Limited*	100%	116, 1, 6
Reckitt Benckiser Holdings (Channel Islands) Limited**		5
Reckitt Benckiser Holdings (Italia) Srl	100%	155, 12
Reckitt Benckiser Holdings (Luxembourg) Limited	100%	5, 1
Reckitt Benckiser Holdings (Overseas) Limited*	100%	5, 1
Reckitt Benckiser Holdings (TFFC) Limited*	100%	5, 1, 6
Reckitt Benckiser Holdings (USA) Limited	100%	5, 1
Reckitt Benckiser Holdings (USA) Limited**		2
Reckitt Benckiser Home Chemical Products Trading (Shanghai) Co. Limited	100%	63, 1
Reckitt Benckiser Hong Kong Limited	100%	130, 1
Reckitt Benckiser HK Limited Taiwan branch**		40
Reckitt Benckiser Household and Health Care Ukraine LLC	100%	23, 11
Reckitt Benckiser Household Products (China) Company Limited	100%	102, 5
Reckitt Benckiser Hygiene Home Brands B.V.	100%	134, 1
Reckitt Benckiser Hygiene Home Egypt Limited*	100%	60, 1
Reckitt Benckiser Hygiene Home Ukraine LLC	100%	23, 11
Reckitt Benckiser Investments (No. 1) S.à r.l.	100%	2, 1
Reckitt Benckiser Investments (No. 2) S.à r.l.	100%	2, 1
Reckitt Benckiser Investments (No. 4) S.à r.l.	100%	2, 1
Reckitt Benckiser Investments (No. 5) S.à r.l.	100%	2, 1
Reckitt Benckiser Investments (No. 7) S.à r.l.	100%	2, 1
Reckitt Benckiser Investments (No. 8) S.à r.l.	100%	2, 1
Reckitt Benckiser Investments Limited	100%	5, 1, 6
Reckitt Benckiser IP LLC	100%	29, 11
Reckitt Benckiser Ireland Limited	100%	30, 1
Reckitt Benckiser Italia SpA	100%	155, 1
Reckitt Benckiser Japan Ltd	100%	140, 1
Reckitt Benckiser Jersey (No. 3) Limited	100%	87, 1
Reckitt Benckiser Jersey (No. 3) Limited**		5
Reckitt Benckiser Jersey (No. 5) Limited	100%	87, 1
Reckitt Benckiser Jersey (No. 5) Limited**		5
Reckitt Benckiser Jersey (No. 7) Limited	100%	87, 1, 14
Reckitt Benckiser Kazakhstan LLP	100%	111, 1
Reckitt Benckiser Kereskedelmi Kft	100%	6, 10
Reckitt Benckiser Laundry Detergents (No. 1) B.V.	100%	134, 1
Reckitt Benckiser Laundry Detergents (No. 2) B.V.	100%	134, 1
Reckitt Benckiser Lime-A-Way B.V.	100%	134, 1
Reckitt Benckiser Limited*	100%	5, 1
Reckitt Benckiser LLC	100%	21, 1
Reckitt Benckiser LLC	100%	35, 11
Branche of Reckitt Benckiser LLC in city Klin, Moscow region, Russia*		93
Reckitt Benckiser Luxembourg (2010) Limited*	100%	5, 1
Reckitt Benckiser Luxembourg (No. 1) Limited*	100%	5, 1
Reckitt Benckiser Luxembourg (No. 2) Limited*	100%	5, 1
Reckitt Benckiser Luxembourg (No. 3) Limited	100%	5, 1, 6
Reckitt Benckiser Luxembourg (No. 4) Limited	100%	5, 1, 6
Reckitt Benckiser Management Services Unlimited Company	100%	30, 2
Reckitt Benckiser Marc B.V.	100%	134, 1
Reckitt Benckiser Mexico, S.A. de C.V.	100%	48, 3
Reckitt Benckiser Morocco SARL(AU)	100%	37, 1

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

12 Subsidiary Undertakings continued

Name	Holding	Registered office and share class
Reckitt Benckiser N.V.	100%	134, 1
Reckitt Benckiser N.V.**		2
Reckitt Benckiser Nigeria Limited	100%	8, 1
Reckitt Benckiser Oven Cleaners BV	100%	134, 1
Reckitt Benckiser Pakistan Limited	98.7%	141, 1
Reckitt Benckiser Pars PJSC	100%	13, 1
Reckitt Benckiser Peru S.A.	100%	50, 1
Reckitt Benckiser Pharmaceuticals (Proprietary) Limited	100%	43, 1
Reckitt Benckiser Porto Alto Lda	100%	80, 12
Reckitt Benckiser Power Cleaners B.V.	100%	134, 1
Reckitt Benckiser Production (Poland) SP Z o.o.	100%	144, 1
Reckitt Benckiser S.à r.l.	100%	2, 2
Reckitt Benckiser Service Bureau Limited*	100%	5, 1
Reckitt Benckiser Services (Kenya) Limited	100%	99, 1
Reckitt Benckiser Services S.A. de C.V.	100%	69, 1
Reckitt Benckiser South Africa Health Holdings (Pty) Limited	100%	43, 1
Reckitt Benckiser South Africa Proprietary Limited	100%	43, 1
Reckitt Benckiser Tatabánya Kft	100%	56, 1
Reckitt Benckiser Temizlik Malzemesi Sanayi ve Ticaret A.S.	100%	76, 5
Reckitt Benckiser Tiret B.V.	100%	134, 1
Reckitt Benckiser Treasury (2007) Limited	100%	5, 2
Reckitt Benckiser Treasury Services (Nederland) B.V.	100%	133, 1
Reckitt Benckiser Treasury Services (Nederland) B.V.**		5
Reckitt Benckiser Treasury Services plc	100%	5, 1
Reckitt Benckiser USA (2010) LLC	100%	21, 1
Reckitt Benckiser USA (2010) LLC**		5
Reckitt Benckiser USA (2012) LLC	100%	21, 9
Reckitt Benckiser USA (2013) LLC	100%	21, 1
Reckitt Benckiser USA (2013) LLC**		5
Reckitt Benckiser USA Finance (No. 1) Limited*	100%	5, 1
Reckitt Benckiser USA Finance (No. 2) Limited*	100%	5, 1
Reckitt Benckiser USA Finance (No. 3) Limited*	100%	5, 1
Reckitt Benckiser Vanish B.V.	100%	134, 1
Reckitt Benckiser Venezuela S.A.	100%	52, 1
Reckitt Colman Chiswick (OTC) Limited*	100%	5, 1, 6
Reckitt Health Pain (US) LLC	100%	27, 1
Reckitt Piramal Private Limited	99.9%	152, 1
Reckitt Sanabil for Trading Co LLC	51%	112, 1
Reckitt Seton Limited*	100%	5, 1, 15, 16
Reckitt Sonet (UK) Limited*	100%	5, 1
Reigate Square Holdings S.à r.l.	100%	2, 1
Relcamp Ale*	100%	81, 1
Scholl Consumer Products Limited	100%	5, 1
Servicios Nutricionales Mead Johnson S. de R.L. de C.V.	100%	48, 1
Sonet Investments Limited*	100%	5, 1, 6
Sonet Overseas Investments Limited	100%	5, 1, 6
Sonet Prebbles Limited*	100%	5, 1
Sonet Products Limited	100%	5, 1
Sonet Seton UK Limited*	100%	5, 1
Sphinx Holdings Company Inc	95.5%	18, 4

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

12 Subsidiary Undertakings continued

Name	Holding	Registered office and share class
SSL (HG) Polymers Limited*	100%	5, 1
SSL (RB) Products Limited*	100%	5, 1
SSL Australia Pty Ltd	100%	96, 1
SSL Capital Limited	100%	33, 1
SSL Healthcare (Shanghai) Limited	100%	125, 1
SSL Healthcare Manufacturing S.A.U*	100%	100, 1
SSL Healthcare Sverige AB	100%	57, 1
SSL Holdings (USA) Inc	100%	21, 1
SSL International plc	100%	5, 1
SSL Manufacturing (Thailand) Limited	99.9%	3, 2
SSL New Zealand Limited	100%	14, 5
SSL Products Limited	100%	5, 6
Suffolk Finance Company Limited*	100%	5, 1, 8
Suffolk Insurance Limited	100%	70, 4
Tai He Tai Lai Culture Communication Co Limited	100%	128, 1
TheraPearl LLC	100%	27, 1
Tubifoam Limited	100%	5, 1, 6
UpSpring LLC	100%	37, 9
W Woodward, Limited	100%	5, 1

- Branch
- In liquidation
- Interest held directly by Reckitt Benckiser Group plc
- Country of incorporation different to registered address

Footnotes for Note 12

Share Class

1 Ordinary
2 Ordinary A/B/C/D/E/F/G/H/I/J/K
3 Ordinary – Fixed/Variable
4 Common/Equity
5 Capital Contribution
6 Bonus
7 Preference/Preferred
8 Deferred
9 Membership Interest
10 General Partner/Partnership Interest
11 Charter Capital
12 Quota
13 Irredeemable Cumulative Preference
14 Redeemable Preference – Class A/C/D
15 Cumulative Preference
16 Convertible

Registered Offices

1 1 Lampousas Street P.C. 1095 Nicosia Cyprus
2 1 rue de la Poudrerie, Leudelange, L-3364 Luxembourg
3 100 Moo 5 Bangsamak Sub-District Bangpakong District, Chachoengsao Province 24180 Thailand
4 102 rue de Sours, 28000, Chartres, France
5 103-105 Bath Road, Slough, Berkshire SL1 3UH, United Kingdom
6 1113 Bocskai ut 134-146, Budapest Hungary
7 12 Marina Boulevard #19-01 Marina Bay Financial Centre 018982, Singapore
8 12, 11th Floor Heritage Place 21 Lugard Avenue Ikoyi, Ikoyi, Lagos State, Nigeria
9 14 Riverside Drive, Arlington Building 3rd Floor Nairobi, 209/19, Kenya
10 15a, Office 302, Micro District 1 Koktem, Bostandyk District, Almaty City Kazakhstan
11 16/F Xu Jia Hui International Plaza, No 1033 Zhao Jia Bang Road, Shanghai, China
12 1680 Tech Avenue Unit 2 Mississauga ON L4W 5S9 Canada
13 1st Floor unit 1, No 88 Baran Building Sayed Road, Opposite Mellat Park, Vali-e-Asr Avenue Tehran, Islamic Republic of Iran
14 2 Fred Thomas Drive Takapuna Auckland, 0622 New Zealand
15 20 Allee de la Recherche Anderlecht, 1070 Brussels Belgium
16 22 Zlaten rog Street Floor 3, Office 4 District of Lozenets, City of Sofia Bulgaria

12 Subsidiary Undertakings continued

17 225 North Canal Street, Floor 25, Chicago IL 60606, United States

18 2309 Don Chino Roces Avenue Extension, Makati City, PH 1231, Philippines

19 2400 W. Lloyd Expressway, Evansville IN 47721, United States

20 24th Floor, Two IFC, 10 Gukjegeumyung-ro, Youngdeungpo-gu, Seoul 07326, Republic of Korea

21 251 Little Falls Drive, Wilmington DE 19808, United States

22 2711 Centreville Road, Suite 400, Wilmington DE 19808, United States

23 28A Stepana Bandery Prospect, Bld G, Office 80, Kiev, 04073, Ukraine

24 309, Floor 3, Dubai Science Park Laboratory Complex, Dubai, United Arab Emirates

25 3-20-14 Higashi Gotanda, Shinagawa-ku, Tokyo, 141-0022, Japan

26 38 rue Victor Basch, 91300, Massy, France

27 399 Interpace Parkway, Parsippany New Jersey, NJ 07054-1115, United States

28 3rd Floor, Mead Johnson Nutrition Philippines Inc., 2309 Don Chino Roces Extension, Makati City, 1231 Philippines

29 3rd Floor 4 Shluzovaya emb., Zamoskvorechye Municipal district, Moscow 115114, Russia

30 3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland

31 40-Richchia Zhovtnia avenue, 120, 1 Block, Kyiv 03127, Ukraine

32 4209 S Industrial Drive, Suite 200, Austin TX 78744, United States

33 44 Esplanade, St Helier, JE4 9WG, Jersey

34 4th Floor, 115 George Street, Edinburgh, EH52 4JN, Scotland

35 52/1 Kosmodamianskaya emb. 115054, Moscow, Russian Federation

36 58-59 Nasirabad Industrial Area, Chittagong 4209, Bangladesh

37 59 Boulevard Zerktouni Residence Les Fleurs 6eme étage, Casablanca, Morocco

38 65 Moo 12 Lardkrabang-Bangplee Road, Bangpleeyai Sub-district, Bangplee District, Samutprakarn, 10540, Thailand

39 6A Hangar Street, PO Box 6440, I.Z., Neve Ne'eman B, Hod Hasharon, 457703, Israel

40 6F, No. 136, Sec. 3, Ren-Ai Rd., Da-An Dist., Taipei City 10, 10657, Taiwan

41 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland

42 7 Taki Kavalieratou Street, Kifissia, 145 64, Greece

43 8 Jet Park Road, Gauteng, Elandsfontein 1406, South Africa

44 Al Seer Corporate Office, Behind Al Tayer motors, Sheikh Zayed Road, Al Quoz Industrial Area 3, Dubai 31587, United Arab Emirates

45 Apartment 6G, 6th Floor, Edificio Bladex, Calle Avenida La Rotonda, Business Park, Corregimiento de Juan Diaz, Urbanización Costa Del Este, Provincia De Panamá, Distrito de Panama, Panama

46 Av Coruña N27-88 y Orellana, Edificio Coruña Plaza 7mo Piso, Quito, 170150, Ecuador

47 Av de las Granjas 972, Col. Santa Barbara, Azcapotzalco, CDMX, 02230, Mexico

48 Av. Ejército Nacional No 769, Corporativo Miyana Torre B, Piso 6, Alcaldia Miguel Hidalgo, Colonia Granada, CP 11520, Mexico

49 Av. Portugal, nº 1 100, Setor Rua 6 Parte A17, Bairro Itaqui, Itapevi, São Paulo, 06696-060, Brazil

50 Av. Republica de Panama # 2577, Urb. Santa Catalina, La Victoria, Lima, Peru

51 Av. Winston Churchill No. 1099 Torre Acrópolis, Piso 12, Santo Domingo, República Dominicana

52 Avenida Mara con Calle San José, Centro Comercial Macaracuay Plaza, Nivel C3, Locales 5 y 12, Urb. Colinas de la California, Caracas, Bolivarian Republic of Venezuela

53 Avenida Presidente Juscelino Kubitschek, nº 1909, 24º andar, Parte C, Torre Norte, Condomínio São Paulo Corporate Towers, Vila Nova Conceição, Sao Paulo, CEP 04 543-907, Brazil

54 Avenida Presidente Kennedy Lateral 5454, Oficina 1602, Vitacura, Región Metropolitana, Chile

55 Bld. 15/A, Koktem 1, Almaty, 050040, Kazakhstan

56 Bocskai ut 134-146, Budapest, H-1113, Hungary

57 Box 190, 101 23 Stockholm, Sweden

58 Bucarelli 2608 PB 'A', Ciudad Autonoma de Buenos Aires, Argentina

59 Building 330, Road 1506, Block 115, Bahrain International Investment Park, Hidd, Kingdom of Bahrain, Bahrain

60 Building A1, Second Floor, Plot KA14b01, Cairo Festival City, First District, Fifth Settlement, New Cairo, Cairo, Egypt

61 c/o Grant Thornton Limited, St James Place, St James Street, St Peter Port, GY1 2NZ, Guernsey

62 c/o Reckitt Benckiser Nordic A/S, Danmark Filial, Regeringsgatan 29, 111 53, Stockholm, Sweden

63 C6-8 Site 6F, No 333 Futexi Road, Waigaoqiao Free Trade Zone, Shanghai City, China

64 Calle 76 No 11-17, Oficina 301, Bogota, CO, Colombia

65 Calle Dean Valdivia No. 148, Torre 1, Ofic. 501, Urb. Jardin, San Isidro, Lima, Peru

66 Calzada de Tlalpan No. 2996, Col. Ex Hacienda Coapa, Del. Coyoacán, Cd. de México, C.P. 04980, Mexico

67 Carrer de Mataró, 28, 08403, Granollers, Barcelona, Spain

68 Carrera 6 #45-105, Cali, Colombia

69 Circuito Dr Gustavo Baz, 7, No. 7, Fracc Industrial El Pedregal, Atizapan de Zaragoza, Edomex, Mexico

70 Clarendon House, Church Street, Hamilton HM11, Bermuda

71 Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle DE 19808, United States

72 Dangtu Economic Development District, Maanshan City, Anhui Province, China

73 Darwinstrasse 2-4, 69115, Heidelberg, Germany

74 DLF Cyber Park, 6th & 7th Floor (Tower C), 405 B, Udyog Vihar Phase III, Sector 20, Gurugram, Haryana, 122016, India

75 Drieňová 3, Bratislava 821 08, Slovakia

76 Esentepe Mahallesi Büyükdere Caddesi Tekfen, Tower No. 209 A Blok D 2 34394 4., Levent, Şişli, İstanbul, Turkey

DocuSign Envelope ID 8A6F30C5-051B-400D-8315-8EC26F9B0F0A

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

12 Subsidiary Undertakings continued

77 Est Dona Maria Jose Ferraz Prado 1481, Cond Dist Park Embu Brazil
78 Estr Maria Margarida Pinto Dona Belinha 742, Galpao3 Bloco I/A, Brazil
79 Estrada Fukutaro Yida n 930 Bairro Cooperativa, Sao Bernardo Do Campo Sao Paulo 09852-060, Brazil
80 Estrada Malhada dos Carrascos, 12, Porto Alto 2135-061, Samora Correia Portugal
81 Fray Carbo, 24, 08400, Granollers Spain
82 Guglgasse 15 1110, Vienna, Austria
83 Harju maakond, Rae vald, Rae küla, Raeküla tee 3, 75310, Estonia
84 Heinestrasse 9 69469, Weinheim, Germany
85 Henrik Ibsens gate 60A, 0255 Oslo Norway
86 Iancu de Hunedoara Boulevard, Nr 48, 11th Floor, Crystal Tower Building, 1st District, Bucharest, 011745, Romania
87 IFC 5 St Helier, JE1 1ST, Jersey
88 Intersection of Hongqi Road and Hingzhu Road, Dangtu Economic Development Zone, Maanshan City Anhui Province, China
89 Itsehallinnonkuja 6 02600 Espoo, Finland
90 Jl Raya Narogong, Chamber A I, Kel Pasirangin Kec Cileungsi, Kab Bogor Provinsi Jawa Barat 16820 Indonesia
91 Kelian Aquatic Science and Technology Industrial Park, No 3949 Kunlunshan Avenue Lanzhou New Area, Lanzhou City, Gansu Province, China
92 King & Wood Mallesons, Governor Philip Tower' Level 61 1 Farrer Place, Sydney NSW 2000, Australia
93 Klin City, Tereshkovoy Street, 1, 141600 52/1, Moscow Region, Russian Federation
94 Level 1, 2 Fred Thomas Drive, Takapuna, Auckland, 0622, New Zealand
95 Level 27, Tower B JAFZA One, Jebel Ali Free Zone, Dubai, PO Box 16834, United Arab Emirates
96 Level 47, 680 George Street, Sydney NSW 2000, Australia
97 Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights 50490, Wilayah Persekutuan Kuala Lumpur, Malaysia
98 Los Frailes Industrial Park, Ave Esmeralda Calle C # 475 Guaynabo 00969 Puerto Rico
99 LR NO 1870/1/569 2nd Floor, Apollo Centre, Ring Road Westlands, Kenya
100 No 151, Avda Can Fatjo Rubi Barcelona, Spain
101 No 3 Cangtian 1 Road, EFDZ, Guangzhou China
102 No 34 East Beijing Road, Jingzhou, Hubei, 434001, China
103 No 388 Room No 1903 Floor 19th Floor Exchange Tower Sukhumvit Road Sub-District Klongtoey, District Klongtoey, Bangkok, 10110, Thailand
104 No 99, Changjiang Da Road Fuqiao Town Taicang City China
105 No 1-13 Shangma Aodong Road, High-tech Industrial Development Zone, Qingdao City Shandong Province, China
106 No 25 Shrubbery Garden, Colombo-04 Sri Lanka
107 Northcliffe House Young Street, London W8 5EH United Kingdom
108 Nowy Dwór Mazowiecki, ul Okunin 1 05-100 Poland
109 of 166, 66, K Liebknechta st Minsk 220036, Belarus
110 Office 1801, 1803, 1804, Emaar Real Estate Burj Khalifa Dubai, United Arab Emirates
111 Office 302, Building 15a Koktem 1, Micro District, Almaty City Kazakhstan
112 Office Number 51, Fifth Floor Hakmar Plaza Center, Al Hamra District Palestine Street, Jeddah City, Kingdom of Saudi Arabia
113 Oficina 4C, Av 12 de Octubre #26-48 y Orellana, Edificio Mirage, Piso 4, Quito, 170525 Ecuador
114 Orta Mahallesi Demokrasi, Caddesi Benckiser Sitesi No 92, Tuzla, Istanbul, Turkey
115 Plot 209/2462 Likoni Road, Nairobi Kenya
116 PO Box 285, 1st and 2nd Floors Elizabeth House, Les Ruettes Brayes, St Peter Port GY1 4LX, Guernsey
117 PO Box 309, Ugland House Grand Cayman, KY1-1104, Cayman Islands
118 Polyom Building, 22 Off Road 90, Fifth District Fifth Settlement, New Cairo, Cairo Egypt
119 Richtistrasse 5 8304, Wallisellen Switzerland
120 Robert-Koch-Straße 1, 69115, Heidelberg, Germany
121 Rod Dom Gabriel Paulino Bueno Couto, 1606, Brazil
122 Rod Governador Mario Covas 7270 KM 264 Parte RR Brazil
123 Rodovia Antonio Heil, SC 486, km 4 Bairro Itaipava Armazém 18' Itajaí São Paulo CEP 88316-003, Brazil
124 Rodovia Raposo Tavares, 8015 km 18, 1º andar Sala 2 Jardim Arpoador, Sao Paolo CEP 05577-900 Brazil
125 Room 1605, No 660 Shangcheng Road Shanghai Pilot Free Trade Zone, China
126 Room 1701, No 1033, Zhao Jia Bang Road, Xuhui District, Shanghai, China
127 Room 2001 20/F Greenfield Tower, Concordia Plaza No 1 Science Museum Road, Tsim Sha Tsui, Kowloon Hong Kong
128 Room 2109, Floor 2, No 10 Chaoyangmenwai Street, Chaoyang District, Beijing City, China
129 Room 801 Unit 2, Tower 9 Dongdaqiao Road, Chaoyang District, Beijing, China China
130 Rooms 2206-11, 22 Floor Chubb Tower, Windsor House, 311 Gloucester Road Causeway Bay Hong Kong
131 Rua D Cristóvão da Gama, n º 1, 1º, C/D 1400-116, Lisboa Portugal
132 San Jose-Escazu En Escazu Corporate Center Setimo Piso, Costado Sur De Multiplaza Escazu, Costa Rica
133 Schiphol Boulevard 267, 1118 BH Schiphol, The Netherlands
134 Siriusdreef 14, 2132 WT, Hoofddorp, The Netherlands
135 Str Grigore Alexandrescu 89-97 Aripa Vest Et 5 Finishroom, Sect 1, Bucuresti 010624 Romania
136 Strēlnieku iela 1A-2, Riga, LV-1010, Latvia
137 Suite 2300 550 Burrard Street Vancouver BC V6C 2B5, Canada

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

12 Subsidiary Undertakings continued

138 Suite 402, 4th Floor, No. 235 Dong Khoi Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

139 Suite 600, 1741 Lower Water Street, Halifax NS B3J 0J2, Canada

140 Sumitomo Fudosan Takanawa Park Tower 14F 3-20-14 Higashi-Gotanda, Shinagawa-ku, Tokyo, 141-0022, Japan

141 Tenancy 04 & 05, 3rd Floor, Corporate Office Block, Dolmen City, HC Block 4, Scheme 5, Clifton, Karachi 75600, Pakistan

142 Treasury Tower 59th Floor District 8, SCBD Jalan Jendral Sudirman Kav. 52-53 Jakarta, 12190 Indonesia

143 Treasury Tower District 8, Level 58, SCBD Lot 28 Jalan Jend Sudirman Kav. 52-53, Kel. Senayan, Kec. Kebayoran Baru, Kota, Adm Jakarta Selatan, Provinsi, DKI Jakarta, 12190 Indonesia

144 *Ul. Okunin 1 05-100 Nowy Dwór, Mazowiecki, Poland*

145 Ul. Wołoska 22, 02-675, Warsaw, Poland

146 Ulica Grada Vukovara 269d 10 000 Zagreb, Hrvatska, Croatia

147 Unit 02, 11/F, Tower A Heconic Center, 6 Songyue Road, Siming District, Xiamen, China

148 Unit 05, Level 3 Gate Village Building 04, Dubai International Financial Centre, PO BOX 677, United Arab Emirates

149 Unit 2001 20/F, Greenfield Tower Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong

150 Unit 401, 4th Floor, Metropolitan Building, No. 235 Dong Khoi Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

151 Unit No. 50-8-1, 8th Floor, Wisma UOA Damansara 50 Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia

152 Unit No. 54 5th Floor, Kalpataru Square, Andheri-Kurla Road, Andheri (East), Mumbai, Maharashtra, 400059, India

153 Urb. Las Mercedes Av. Orinoco cruce con Mucuchies Torre Nordic, Piso 1, Oficina 1 y 2, Municipio Baruta Caracas, Bolivarian Republic of Venezuela

154 Vandtårnsvej 83 A, 2860, Søborg, Denmark

155 Via Spadolini 7 20141, Milano, Italy

156 Vilniaus m. sav. Vilniaus m. Olimpiečių g. 1A, Lithuania

157 Vinohradská 2828/151 130 00 Praha 3-Žižkov, Czech Republic

158 Vretenvägen 2, 4th Floor 17154 SOLNA Sweden

SHAREHOLDER INFORMATION

Annual General Meeting
Our Annual General Meeting (AGM) will be held on Wednesday 3 May 2023 at 14 00 at the London Heathrow Marriott Hotel, Bath Road, Hayes, Middlesex UB3 5AN

The Notice convening the meeting, together with the business to be considered at the meeting, is contained in a separate document for shareholders and is available on our website at www reckitt com/investors/annual-general-meetings

2023 financial calendar and key dates

Announcement of Quarter 1 trading statement	26 April 2023
Annual General Meeting	3 May 2023
Record date for 2022 final dividend	11 April 2023
Payment of 2022 final ordinary dividend	24 May 2023
Announcement of 2023 interim results	26 July 2023
Record date for 2023 interim dividend	4 August 2023
Payment of 2023 interim ordinary dividend	15 September 2023
Announcement of Quarter 3 trading statement	25 October 2023

Dividend
The Directors recommend a final dividend of 110 3 pence per share for the year ended 31 December 2022 Subject to shareholder approval at the 2023 AGM, payment of the final dividend will be made on 24 May 2023 to all shareholders on the register as at 11 April 2023. The latest date for receipt of new applications to participate in the Dividend Reinvestment Plan (DRIP) in respect of the 2022 final dividend is 2 May 2023 Details on how to join the DRIP can be found below

Dividend Reinvestment Plan (DRIP)
Shareholders participating in the DRIP receive additional shares purchased in the market instead of receiving a cash dividend You can elect to join the DRIP by registering on the Computershare Investor Centre at www investorcentre co uk Alternatively, you can request a DRIP mandate form and terms and conditions by contacting Computershare on +44 370 703 0118

Mandatory direct credit
We no longer pay dividends by cheque Instead, cash dividends are now paid directly to shareholders' bank accounts. This is known as 'mandatory direct credit'. Receiving dividends this way means that shareholders receive dividend funds quicker It also means the company reduces its environmental impact, incurs lower administration costs and reduces the risk of cheque fraud

To have your dividends paid directly into your bank account, please provide your bank details to our Registrar, Computershare, either by accessing Computershare's Investor Centre at www investorcentre.co.uk or by telephone on +44 370 703 0118 We will hold your dividends for you until you provide valid bank details and charges may be applied to reissue any outstanding dividend payments

If you are based overseas, you may choose to have your dividends paid to your account in your local currency by using Computershare's Global Payment Service (GPS) To view the terms and register to the GPS, please join our DRIP This is also available via Investor Centre

Share dealing facility
The company's shares can be traded through most banks, building societies, stockbrokers or 'share shops' In addition, UK-based shareholders can buy or sell the company's shares using a share dealing facility made available by Computershare, which includes internet and postal share dealing

Internet share dealing
Internet share dealing is available to shareholders residing in the UK This service offers shareholders a straightforward way to buy or sell the company's shares on the London Stock Exchange The commission is 1 4%, subject to a minimum charge of £40 In addition, stamp duty, currently 0.5%, is payable on purchases Real-time dealing is available during UK market hours (08 00 to 16 30) In addition, you can place a sale instruction outside of market hours.

To access the service, log on to www-uk computershare com/Investor/#ShareDealingInfo Shareholders must have their Shareholder Reference Number (SRN) available The SRN appears on share certificates Internet share dealing is only available to residents in either the UK, Channel Islands or Isle of Man.

Postal share dealing service
The postal share dealing service offers a way to sell or purchase shares (subject to availability) To use the service you must be a resident of the UK or one of the permitted jurisdictions A full list of permitted jurisdictions can be found at www-uk computershare com/Investor/#ShareDealingInfo If you wish to use the service, you can download a postal share dealing form and the terms and conditions at www-uk computershare com/Investor/#ShareDealingInfo The fee for this service is 1.4% of the value of each sale or purchase and is subject to a minimum charge of £40 Stamp duty of 0 5% may be payable on purchases

Detailed terms and conditions for both internet and postal dealing are available upon request by calling +44 370 702 0000

Electronic shareholder communications
We encourage all shareholders to receive an email notification when shareholder documents become available online, to reduce our impact on the environment. An election to receive electronic shareholder communications will:

- result in cost savings to the company since less paper documentation will need to be produced and posted,
- allow for quicker and more effective communications with shareholders, and
- support Reckitt's corporate responsibility profile

Shareholders can register for electronic communications by registering at www.investorcentre.co.uk For each new shareholder who does so, £1 will be donated to the Woodland Trust. For more information on the Woodland Trust, please visit its website at www.woodlandtrust.org.uk

Shareholders who have elected for electronic communications will receive an email whenever shareholder documents are available on the company's website. Shareholders who have elected by deemed consent, in accordance with the Companies Act 2006, will receive a hard copy notice of availability of a document on the company's website and are entitled to request a hard copy of any such document, at any time, free of charge from Computershare. Shareholders can revoke their consent to receive electronic communications at any time by contacting Computershare

The company's 2022 Annual Report and Notice of the 2023 AGM are available to view at www.reckitt.com. The Investor section of the website also contains up-to-date information for shareholders to view throughout the year, including

- detailed share price information;
- financial results
- regulatory announcements,
- dividend history, payment dates and amounts,
- access to shareholder documents including the Annual Report and Notice of AGM, and
- share capital information

Analysis of shareholders as at 31 December 2022

Distribution of shares by type of shareholder	No. of holdings	Shares
Nominees and institutional investors	3,137	727,823,859
Individuals	10,450	8,711,320
Total	**13,587**	**736,535,179**

Size of shareholding	No. of holdings	Shares
1–500	7,672	1,466,892
501–1,000	2,131	1,547,450
1,001–5,000	2,150	4,459,918
5,001–10,000	326	2,306,865
10,001–50,000	596	14,889,862
50,001–100,000	214	14,977,724
100,001–1,000,000	381	119,490,025
1,000,001 and above	117	577,396,443
Total	**13,587**	**736,535,179**

American Depositary Receipts (ADRs)
ADRs are dollar-denominated securities that represent the ownership of ordinary shares in a non-US company, quoted and traded in US dollars in the US securities market. ADRs facilitate the purchase, holding and sale of non-US shares by US investors. Dividends are paid to investors in US dollars

Reckitt Benckiser Group plc ADRs are traded on the over-the-counter (OTC) market under the symbol RBGLY. Five ADRs represent one ordinary Reckitt share. J.P. Morgan Chase Bank N.A. is the Depositary. The table below provides details of the identification of Reckitt securities on the US market place and the London Stock Exchange

Symbol	Security	Listing/Trading	CUSIP/ISIN
RBGLY	US security (ADR)	OTC Pink	756255204
RKT.L	Ordinary share	London Stock Exchange	GB00B24CGK77

ADR Depositary Bank
J.P Morgan Chase Bank N.A sponsors and administers the Reckitt ADR facility
J P Morgan ADR shareholder services can be contacted as follows

J P Morgan Chase Bank N.A
383 Madison Avenue, Floor 11, New York, NY 10179

Telephone number for general queries +1 800 990 1135
Telephone number from outside the US +1 651 453 2128

Website www shareowneronline com

Company Secretary
Catheryn O'Rourke

Registered office
103-105 Bath Road, Slough, Berkshire SL1 3UH, United Kingdom
Telephone +44 1753 217800
Registered in England and Wales No 6270876

Company status
Public Limited Company

Auditor
KPMG LLP

Solicitors
Slaughter and May

Registrar
The company's Registrar, Computershare, is responsible for maintaining and updating the shareholder register and making dividend payments to shareholders If you have any queries relating to your shareholding, please contact Computershare.

Computershare Investor Services PLC
The Pavilions, Bridgwater Road, Bristol BS99 6ZZ

Shareholder helpline
Telephone, +44 370 703 0118
Website www.computershare com/uk

Charity donation
ShareGift is a UK registered charity (No 1052686) which specialises in realising the value locked up in small shareholdings for charitable purposes The resulting proceeds are donated to a wide range of charities, reflecting suggestions received from donors If you have only a small number of Reckitt shares which are uneconomic to continue holding, you may wish to consider donating them to ShareGift Please visit www sharegift org/donate-shares or telephone +44 207 930 3737 for more information

Unsolicited mail
We are legally obliged to make our register of shareholders available to the public subject to a proper purpose test. As a result, some shareholders might receive unsolicited mail Shareholders wishing to limit the amount of such mail should write to the Mailing Preference Service, MPS FREEPOST 29 LON20771, London W1E 0ZT or register online at www mpsonline org uk

Share fraud and 'boiler room' scams
Share fraud is a deceptive practice that induces investors to make sales and purchases based on inaccurate information and in violation of security laws In boiler room scams, fraudsters will entice investors into scams through increased persuasion and high-pressure tactics through cold calling or random contact

Reckitt is aware of these deceptions and urges shareholders who are offered unsolicited investment advice, discounted shares, a premium price for shares, or free company or research reports to investigate thoroughly before making any decision

If you receive any form of unsolicited investment advice, please take the following steps

- Confirm the name of the person and/or organisation
- Check the Financial Conduct Authority's (FCA) Financial Services Register at register fca org uk/ to ensure they are authorised
- Use the details on the Financial Services Register to contact the firm
- Call the FCA Consumer Helpline on +44 800 111 6768 (freephone) or 0300 500 8082 (from the UK), if there are no contact details on the Register or if they are out of date
- Search the FCA's list of unauthorised firms and individuals at www.fca org uk/consumers/unauthorised-firms-individuals to avoid doing business with reported offenders
- If you are approached by fraudsters please contact the FCA using its helpline, or share fraud reporting form
- Consider getting independent financial advice

Using an unauthorised firm to buy or sell shares or other investments will prohibit access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) should the investment be unsuccessful Remember if it sounds too good to be true, it probably is If you think you have been a victim of these scams, the matter should be reported to the Police and to Action Fraud For more information, please visit the Serious Fraud Office website at www sfo gov uk/contact-us/reporting-serious fraud-bribery-corruption

SHAREHOLDER INFORMATION CONTINUED

Cautionary note concerning forward-looking statements

This Annual Report and Financial Statements contains statements with respect to the financial condition, results of operations and business of Reckitt Benckiser Group plc and the Reckitt group of companies (the Group) and certain of the plans and objectives of the Group that are forward-looking statements. Words such as 'intends', 'targets', or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including targets for Net Revenue, operating margin and cost efficiency, are forward-looking statements. Such statements are not historical facts, nor are they guarantees of future performance.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including many factors outside the Group's control. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: the general economic, business, political, geopolitical and social conditions in the key markets in which the Group operates; the Group's ability to innovate and remain competitive; the Group's investment choices in its portfolio management; the ability of the Group to address existing and emerging environmental and social risks and opportunities; the ability of the Group to manage regulatory, tax and legal matters, including changes thereto; the reliability of the Group's technological infrastructure or that of third parties on which the Group relies including the risk of cyber-attack; interruptions in the Group's supply chain and disruptions to its production facilities; economic volatility including increases in the cost of labour, raw materials and commodities; the execution of acquisitions, divestitures and business transformation projects; product safety and quality, and the reputation of the Group's global brands; and the recruitment and retention of key management.

These forward-looking statements speak only as of the date of this Annual Report and Financial Statements. Except as required by any applicable law or regulation, Reckitt expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Any information contained in the 2022 Annual Report and Financial Statements on the price at which shares or other securities in Reckitt Benckiser Group plc have been bought or sold in the past, or on the yield on such shares or other securities, should not be relied upon as a guide to future performance.

Printed by a carbon neutral company to the EMAS standard and Environmental Management System certified to ISO 14001. This document is printed on paper made of material from well-managed, FSC®-certified forests and other controlled sources

This publication has been manufactured using 100% offshore wind electricity sourced from UK wind

100% of the inks used are vegetable oil based, 95% of press chemicals are recycled for further use and, on average 99% of any waste associated with this production will be recycled and the remaining 1% used to generate energy

This is a certified climate neutral print product for which carbon emissions have been calculated and offset by supporting recognised carbon offset projects. The carbon offset projects are audited and certified according to international standards and demonstrably reduce emissions. The climate neutral label includes a unique ID number specific to this product which can be tracked at www.climatepartner.com, giving details of the carbon offsetting process including information on the emissions volume and the carbon offset project being supported