

Reckitt Benckiser Sustainability Report 2010

Reporting Criteria

This document sets out the principles and methodologies we have used in reporting sustainability performance data for 2010 in our Sustainability Report 2010 ("the Sustainability Report"); it should be read in conjunction with:

- *the Basis of Reporting stated in the Sustainability Report*
- *the Carbon20 Basis of Reporting 2010 for the year ended 31st December 2010, at: www.carbon20.com*

1 - Our general reporting principles

We have sought to ensure that:

- the reported data accurately reflects our performance and serves the general needs of the Sustainability Report's users.
- the data is meaningful and consistent with:
 - the definitions, scope and boundaries stated in these Reporting Criteria
 - the Basis of Reporting stated in the Sustainability Report
 - the Carbon20 Basis of Reporting 2010 (dated August 2011), at: www.carbon20.com
- any specific, material exclusions are stated and explained.
- we use consistent methodologies year-to-year wherever possible and unless otherwise stated, to allow for sustainability performance comparison over time; any material changes in measurement methodologies versus the previous reporting year are made clear.
- we are clear regarding the use of assumptions we make and regarding our measurement and calculation methods.
- we report transparently such that the Sustainability Report's users can have confidence in the integrity of the data and information we report.

Uncertainty and estimates, assumptions & extrapolations

Every effort has been made to capture all relevant data globally, however it is not always feasible or practical to capture every single item of data across or relevant to our global operations, particularly in connection with some parts of the 'Scope 3' elements of our global products lifecycle carbon footprint which are outside of our direct / indirect control, in relation to our Carbon20 programme measurement system. Where we have made estimates, assumptions or extrapolations to cover such occasions we make this clear in the Sustainability Report and / or in the Carbon20 Basis of Reporting 2010 at www.carbon20.com

Restatement of reported data

We undertake continual, year-on-year improvement in our sustainability reporting processes and controls. Where it makes data and performance trends between years more comparable, and/or where any variance in prior years data has been identified, we restate that data in the Sustainability Report.

As stated in Basis of Reporting in the Sustainability Report, we do therefore include some revised numbers in our Sustainability Report 2010 for several parameters for several previous years, however:

- most of those revisions are of less than +/- 1% of the number previously reported for our annual performance of a parameter;
- one of those revisions, for non-hazardous waste, is material (i.e. a +/- variance of 5% or more of the number previously reported for our annual performance of a parameter). The hazardous waste volume for 2009 in this Report is 6.4% lower than stated in our Sustainability Report 2009,
- another is for Carbon20. We continually improve our Carbon20 methodology, data and assumptions. For 2010, we have reviewed how we collect and collate packaging data from our suppliers as part of the 2010 footprint calculation; and the assumptions made around certain consumer use categories based on outcomes of commissioned consumer use studies.

With regard to Carbon20, we have reviewed:

- how we collect and collate packaging data from our suppliers as part of the 2010 footprint calculation; and
- assumptions made around certain consumer use categories based on outcomes of commissioned consumer use studies.

This has resulted in some changes to the methodology. We have also applied newly available “All scopes” or “life cycle” emission factors for transport which have not previously been available but better reflect the holistic nature of the Carbon20 calculation. Consequently, we have re-stated figures previously reported for our total carbon footprint (Carbon20) for 2007, the baseline year, and 2008 and 2009 figures to enable these to be comparable with the 2010 figures.

Reporting Boundaries

Our Sustainability Report 2010 provides data and information for the period 1 January 2010 to 31 December 2010 across all Reckitt Benckiser Group companies globally, as follows:

· Environment: the 43 manufacturing facilities and 9 R&D centres over which we had operational control on 31 December 2010; and, in terms of our global products lifecycle carbon footprint, as reported for our Carbon20 programme, the ‘Scope 1, 2 & 3’ greenhouse gas emissions in terms of carbon dioxide equivalents (CO₂e) associated with all stages of our global products lifecycle footprint, in line with the principles of PAS2050 and the GHG Protocol (see Carbon20 Basis of Reporting 2010 at www.carbon20.com). We do not currently collect environmental data for all of our warehouses and have not included them in the Sustainability Report.

· Health & Safety: the 51 manufacturing facilities, 9 R&D centres and 12 warehouses over which we had operational control for one or more months during 2010.

· Social: all Group companies and facilities as at 31 December 2010, unless explicitly stated.

The rule applied concerning data from new acquisitions/new facilities is as follows:

- Environment: data is included for the first full calendar year of RB ownership/control (e.g. data from a manufacturing facility purchased in November is included from the 1st January of the following year).
- Health & Safety: data is included from the date of purchase (e.g. data from a manufacturing facility purchased in November is included from the date of purchase)
- Social: data, as held in the Companies Human Resources database, is included as at the 31st December of the year being reported (e.g. data from a manufacturing facility purchased in November is included as at 31st December of the reporting year).
- Economic: all Group companies and facilities, for our financial (calendar) year 2010, excluding Zimbabwe (see Basis of Consolidation on page 34 of our Annual Report and Financial Statements 2010).

The rule applied concerning data from site disposals/closures is as follows:

- Environment: data is included up until the last full month of RB ownership/control (e.g. data from a manufacturing facility sold in November is included up to the end of October).
- Health & Safety: data is included up until the date of sale/closure, as far as practical (e.g. data from a manufacturing facility sold in November is included up until the date of sale).
- Social: data, as held in the Companies Human Resources database, is included as at the 31st December of the year being reported (e.g. data from a manufacturing facility sold in November is not included as at 31st December of that reporting year).

2 - Reporting specifics and methodology

2.1 – Environment (excluding Carbon20)

Parameter: Energy use at manufacturing and R&D facilities

- Definition: energy consumption from our global manufacturing and research & development (R&D) operations.
- Scope: energy consumed within the calendar year at facilities under management control of the Group; including the energy consumed by onsite CHP plants and excluding the energy generated by those onsite Combined Heat and Power (CHP) plants.
- Units: Giga Joules (GJ).
- Method: Energy data is collected using an established environmental reporting form. To ensure consistency this can be reported in the same units as the invoiced quantity. This is then converted to kWh using standard factors from the WRI/WBCSD Greenhouse Gas Protocol (GHG Protocol). The final stage is conversion to GJ
- Source: Data is taken from on-site or 3rd party meter readings or invoiced quantities.

Consumer units are reported by the sites to Group using the Environmental reporting template (excel spreadsheet). Consumer units are measured at the site. The following measurement methods have been identified (though more methods may be in place):

- Automatic scanning of labels on the production line
- Counting the number cases at the end of the production line

The number of consumer units produced are fed into the JDEdwards system (linked to the financial reporting system).

A Consumer Unit is defined as: The normal unit of product purchased by the end-consumer (e.g. a single box, bottle, can, etc). A case of products produced at a factory will normally contain several consumer units (e.g. 6 aerosols in a case = 6 consumer units). Where several consumer units are combined together into a single pack (e.g. promotions/gift packs), each individual consumer unit is reported. To avoid double counting, if the site combines consumer units into a single pack it should only report each consumer unit if they are made on site - any consumer unit produced in another site should not be reported as the other site would have already reported these.

Parameter: Greenhouse gas (GHG) emissions from manufacturing energy use

- Definition: Greenhouse gas (GHG) emissions arising from energy consumption at our global manufacturing facilities, in Carbon Dioxide equivalents (CO₂e). Where GHG's comprise, in line with the GHG Protocol Corporate Accounting and Reporting Standard (WRI & WBSD, 2004), the six gases listed in the Kyoto Protocol (carbon dioxide (CO₂); methane (CH₄); nitrous oxide (N₂O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF₆).
- Scope: Scope 1 and Scope 2 CO₂e emissions from energy consumption within the financial / calendar year at manufacturing facilities under the management control of the Group.
- Units: Tonne CO₂e.
- Method: Calculated by multiplying the reported energy quantities in kWh by the conversion factors derived from the most recently currently available international sources outlined below.
- Source: CO₂e emissions are calculated using internationally recognised methodologies from the WRI/WBCSD Greenhouse Gas Protocol (GHG Protocol) and International Energy Authority (IEA). With addition of IPCC to account for CH₄ & N₂O.

Parameter: Water use at manufacturing and R&D facilities

- Definition: water consumption at our global manufacturing and R&D facilities.
- Scope: water consumed on-site, within the calendar year, inclusive of operational water use, water included in our products and domestic water use at facilities under management control of the Group. Water that is drawn from rivers and other natural bodies only for cooling purposes, and that is then discharged back into the water source, is not included as this water is not classed as consumed.

- Units: Cubic Metres
- Method: this is collected using the environmental reporting form. The quantities can be reported in units to suit the user and are automatically converted into cubic metres.
- Source: this is extracted from internally managed databases derived from direct meter readings or 3rd party meter readings and invoiced quantities.

Parameter: Water discharges at manufacturing and R&D facilities

- Definition: water discharged from our global manufacturing and R&D facilities.
- Scope: water discharges arising from our facilities under management control of the Group, excluding water used on-site for irrigation purposes. Water that is drawn from rivers and other natural bodies only for cooling purposes, and that is then discharged back into the water source, is not included as this water is not classed as consumed.
- Units: Cubic Metres
- Method: this is collected using the environmental reporting form. The quantities can be reported in units to suit the user and are automatically converted into cubic metres.
- Source: this is extracted from internally managed databases and where possible this information is based on invoiced quantities or direct measurement, where discharges are not metered, or are partially metered, water balance assumptions are made by the reporting site.

Parameter: Total waste at manufacturing and R&D facilities

- Definition: total non-hazardous and hazardous waste generated from our global manufacturing and R&D operations.
- Scope: Waste materials generated from our facilities within the calendar year (excluding pallet waste, construction and demolition wastes), under management control of the group and removed from site for either recycling or ultimate disposal by 3rd party waste contractors.
- Units: Metric Tonnes
- Method: Using the environmental form all wastes are reported and, where required, the quantities are converted to Metric Tonnes. Volumes of liquids are converted to metric tonnes using an assumed density of 1 (i.e. 1 Cubic Meter is 1 Metric Tonne).
- Source: This data comes from internal or 3rd party databases and is derived from invoiced quantities / direct measurement, derived from waste transfer notes.

Note: Pallet waste has been recorded internally in respect of 2010, but it is considered that quality of information for the quantities of pallet waste are not currently sufficiently high for it to be included within reported waste data. We shall continue to collect this information with the expectation of reporting pallet waste within waste data in the future.

Parameter: Hazardous waste at manufacturing and R&D facilities

- Definition: hazardous waste, defined as: wastes which exhibit one or more hazardous characteristics, (such as being flammable, oxidising, poisonous, infectious, corrosive, ecotoxic) which cause them to be classed or considered by relevant regulators as hazardous). This is a component of the Total Waste and is reported separately also.
- Scope: Hazardous wastes materials generated from our facilities within the calendar year, excluding construction and demolition wastes, and removed from site for either recycling or ultimate disposal by 3rd party waste contractors.
- Units: Metric Tonnes
- Method: Using the environmental form all wastes are reported and, where required, the quantities are converted to Metric Tonnes. Volumes of liquids are converted to metric tonnes using an assumed density of 1 (i.e. 1 Cubic Meter is 1 Metric Tonne).
- Source: This data comes from internal or 3rd party databases and is derived from invoiced quantities / direct measurement, derived from waste transfer notes.

Note: During the preparation of the report we identified a data quality issue with one element of waste reporting at our Johannesburg site in South Africa. We have removed all waste data from this site from 2010 and all prior years. We hope to resolve the data issue and restate the numbers in the future.

Parameter: Top five raw materials used

- Definition: Quantities of each of the top five materials by volume at the Company's global manufacturing facilities in the financial / calendar year.
- Scope: Raw materials used by facilities under management control of the Group; including the materials consumed by onsite CHP, but excluding packaging materials and water (which is reported separately).
- Units: Metric Tonnes.
- Method: Data is collected using an established environmental reporting form and, where required, the quantities are converted to Metric Tonnes. Volumes of liquids are converted to metric tonnes using an assumed density of 1 (i.e. 1 Cubic Meter is 1 Metric Tonne).
- Source: Data is taken from on-site purchase / inventory records, and / or invoiced quantities.

2.2 - Carbon20 / Global Product Lifecycle Carbon Footprint**Parameter: the Carbon20 global product lifecycle carbon footprint**

See also: the Carbon20 Basis of Reporting 2010 (dated August 2011), at: www.carbon20.com

- Definition: The total carbon footprint is a measure of a direct and indirect greenhouse gas (GHG) emissions (GHG Protocol Scope 1, 2 & 3 emissions) that Reckitt Benckiser's products have, in terms of the amount of carbon dioxide equivalent (CO₂e) GHG emissions associated with their entire life cycle, during the calendar year (1 Jan 2010 to 31 Dec 2010). Where GHG's comprise, in line with the GHG Protocol Corporate Accounting and Reporting Standard (WRI & WBCSD, 2004), the six gases listed in the Kyoto Protocol (carbon dioxide (CO₂); methane (CH₄); nitrous oxide (N₂O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF₆).
- Scope: GHG Protocol Scope 1, 2 & 3 emissions (i.e. those associated with the raw and packaging material supply chain, through product manufacturing, distribution, retail sale and consumer use, to subsequent disposal/recycling of the product and its packing).
- Units: Lifecycle CO₂e emissions per unit dose of products sold in the financial / calendar year. A Dose is the amount of each individual RB product required to deliver that product's intended service, either for a single use or for a defined period of time e.g. one Finish automatic dishwashing tablet for one load of dishwashing, the recommended number of Nurofen tablets for 24 hours of pain relief etc. In Lifecycle Assessment (LCA) terminology a Dose is the 'functional unit' of consumer use. The number of Doses per year is not comparable to other measures of sales or production volume used in either our financial or non-financial reporting.
- Method: We have adopted a methodology that is based on and aligned with the principles of:
 - PAS2050:2008 specification for the assessment of the life cycle greenhouse gas emission of goods and service (October 2008); and,
 - the GHG Protocol Corporate Accounting and Reporting Standard (2004) WRI/WBCSD.

See: the Carbon20 Basis of Reporting 2010 (dated August 2011), at: www.carbon20.com

Our GHG emissions are calculated by multiplying publically available emission factors by amounts of materials brought, used and disposed of, energy used and distances travelled. Whilst the basic methodology remains consistent year on year, we continue to seek ways to improve either data processing or data sources. Key improvements in the 2010 calculations have streamlined data collection and collation methods for packaging and commissioned studies to provide better consumer use data for certain consumer use categories.

- Source: Our GHG emissions are calculated by multiplying publically available emission factors by amounts of materials brought, used and disposed of, energy used and distances travelled. We have endeavoured to apply complete coverage of our global emissions based on the scope and boundaries defined in the standards referenced. However, there are limited, specific and (in terms of our global products' overall life cycle carbon footprint) non-material exclusions from the scope of the reported data, which includes business travel by forms other than air (i.e. in company cars, use of private cars for business travel and train travel). GHG emissions associated with these sources were estimated for 2006 and found to be less than 0.1% of our global products' carbon footprint, therefore we exclude business travel by forms other than air from regular reporting on the basis of non-materiality.

2.3 – Product Quality

Parameter: Number of Consumer Recalls

- Definition: The number of consumer recalls (the recall of a product from the consumer) of the Company's own-brand products in the financial year, where a consumer recall comprises the recall of one or more variants / SKU's (Stock Keeping Units) of an individual product brand from the consumer within the financial year.
- Scope: All Company own-brand products globally.
- Units: Number of consumer recalls
- Method: The number of consumer recalls is a key KPI of the business.
- Source: KPI tracking by the Global Quality function.

Parameter: Number of Trade Recalls

- Definition: The number of trade recalls of the Company's own-brand products in the financial year, where there has been a formal communication to trade requesting return of products or withdrawal of product from multiple customer outlets.
- Scope: All Company own-brand products globally.
- Units: Number of trade recalls
- Method: The number of trade recalls is a key KPI of the business.
- Source: KPI tracking by the Global Quality function.

Parameter: Number of Other Principal quality issues

- Definition: The number of product quality issues in the financial year, that cost £100,000 or more to correct (cost of scrapped/reworked materials or finished goods). This excludes quality issues classified as "consumer recalls and "trade recalls" as defined above.
- Scope: All Company own-brand products globally.
- Units: Number of other principal quality issues.
- Method: The number of other principal quality issues is a key KPI of the business.
- Source: KPI tracking by the Global Quality function.

2.4 – Social Performance

Parameter: Nationalities

- Definition: The number of nationalities in the top-four bands of management of the Company (the Board, the Executive Committee, the Top 40 and the Top 400) and amongst all employees globally, on the last day of the Company's financial year (31st December).
- Scope: All full or part time permanent employees (i.e. excludes contract employees).
- Units: Number of different nationalities (i.e. employee's self-stated nationality, as determined in line with the United Nations current list of global countries).
- Method: The number of employee self-stated nationalities. Where an employee states that they have two or more nationalities, the nationality that they state first (or in the case of the Board and Executive Committee, that they asked to be taken as their principal nationality) is the nationality which is used.
- Source: The Company's global HR database system

Parameter: Gender split

- Definition: The percentage of female employees in the top-four bands of management of the Company (the Board, the Executive Committee, the Top 40 and the Top 400) and amongst all employees globally, on the last day of the Company's financial year (31st December).
- Scope: All full or part time permanent employees (i.e. excludes contract employees).
- Units: Percentage (%)
- Method: Percentage - calculated as the number of female employees divided by the total number of employees to give a percentage of the total population for which data is reported (i.e. for the top-four bands of senior management of the Company and for all employees).
- Source: The Company's global HR database system.

2.5 - Health & Safety at Work

Health and safety data comprises the data reported to and by Reckitt Benckiser's manufacturing facilities, R&D centres and warehouses.

Parameter: Lost Work Day (LWD) Accident

- Definition: A work-related accident/incident during the reporting period which resulted in an employee (including contract labour/temporary employees) being unable to undertake/complete their duties on the following scheduled work day/shift. This includes work-related travel but excludes travel to and from an employees normal place of work.
- Scope: Covers RB employees and contract labour/temporary employees at our manufacturing sites, warehouses and R&D sites over whom we have management control (but not: (i) contractors who visit the facility for a short period of time to complete a specific task such as the repair of a wall or testing of the site's electrical system, over which we do not have management control; or (ii) "permanent" on-site contractors over which we do not have management control, such as those who may run the site canteen, who manage their own area and staff).
- Units: Number of accidents.
- Method: N/A (absolute number).
- Source: Global, facility-level monthly health & safety reporting; and, global, facility-level annual H&S data reporting/assurance process.

Parameter: Lost Work Day (LWD) Accident Frequency Rate (FR)

- Definition: Number of LWD accidents suffered per 100,000 hours worked. Working hours include standard hours and overtime and exclude absence through sickness, holiday and approved leave.
- Scope: Covers RB employees and contract labour/temporary employees over whom we have management control (but not: (i) contractors who visit the facility for a short period of time to complete a specific task such as the repair of a wall or testing of the site's electrical system, over which we do not have management control; or (ii) "permanent" on-site contractors over which we do not have management control, such as those who may run the site canteen, who manage their own area and staff).
- Units: Rate per 100,000 hours worked.
- Method: Number of LWD accidents per 100,000 hours worked.
- Source: Global, facility-level monthly health & safety reporting; and, global, facility-level annual H&S data reporting/assurance process.

Parameter: Severe Accidents

- Definition: A work-related accident/incident during the reporting period which resulted in permanent disability of an employee (incl. contract/temporary labour) on site or whilst on company business (including business travel) e.g. amputations or any permanent loss of sensory or motor dexterity (e.g. loss of a finger tip).
- Scope: Covers RB employees and contract labour/temporary over whom we have management control (but not: (i) contractors who visit the facility for a short period of time to complete a specific task such as the repair of a wall or testing of the site's electrical system; or (ii) "permanent" on-site contractors, such as those who may run the site canteen, who manage their own area and staff).
- Units: Absolute number.
- Method: N/A (absolute number).
- Source: Global, facility-level monthly health & safety reporting; and, global, facility-level annual H&S data reporting/assurance process.

Parameter: Fatality

- Definition: A work related accident/incident during the reporting period which resulted in the death of an employee (incl. contract labour/temporary) on-site or whilst on company business (incl. business travel), or of a contractor/visitor whilst on-site.

- Scope: Covers RB employees and contract labour/temporary over whom we have management control, plus contractors who visit the site for a short time to complete a specific work task, plus “permanent” contractors who manage their own area and staff, plus visitors to the site.
- Units: Absolute number
- Method: N/A (absolute number).
- Source: Global, facility-level monthly health & safety reporting; and, global, facility-level annual H&S data reporting/assurance process.

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