

## **2018 RB basis of preparation for sustainability performance indicators selected for independent assurance**

### **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 report's users.
- The data is meaningful and consistent with the definitions, scope and boundaries stated in these Reporting Criteria.
- 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 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 and water use footprints which are outside of our direct/indirect control. Where we have made estimates, assumptions or extrapolations to cover such occasions we make this clear in the report.

Where it has been necessary to apply assumptions and extrapolations during calculation of our global products lifecycle carbon and water use footprint (i.e. where appropriate primary or secondary data sources have not been available), information or data for assumptions has been sourced in a clear order of priority: e.g. seeking reputable publicly available data sources (e.g. IEA emission factors), then market research, before general publicly available data. Where assumptions and extrapolations have been required, these have been applied in a conservative manner. The same principle has been applied to the application of emission / water factors for calculation of CO<sub>2</sub>e emissions and water use associated with the manufacture of raw and packaging materials, and disposal of waste. Where two or more factors for a material have been available and an uncertainty as to the correct factor to apply has existed, the highest factor in terms of CO<sub>2</sub>e or litres per unit of material has typically been applied, to prevent under-reporting.

As a process of continuing improvement, and in line with on-going developments of data availability on carbon and water footprints of individual materials, companies and processes for example, the quality of the data used in the carbon, water use and water impact footprint will by nature improve further going forward. Although overall it does comprise the best information currently available, both internally and externally, at the time of reporting.

#### **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 on the basis that any variances in prior years are identified (e.g. errors in prior year data), we restate that data in our reports, are transparent about having done so and the reasons that drove the change.

## 2018 Reporting Criteria

### Reporting boundaries

Our 2018 report provides data and information for the period 1 January 2018 to 31 December 2018 across all Reckitt Benckiser Group plc companies globally, as follows:

- Environment: 55 manufacturing facilities, 11 stand-alone R&D centres and 6 warehouses over which we had operational control at the start of 2018; and, in terms of our global products lifecycle carbon and water use footprint, the 'Scope 1, 2 & 3' greenhouse gas emissions in terms of carbon dioxide equivalents (CO<sub>2</sub>e) and direct and indirect freshwater use (litres) and water impact (e litres) associated with all stages of our global products lifecycle footprint, in line with the principles of PAS2050, the GHG Protocol and the Water Footprint Assessment Manual
- Health & Safety: 55 manufacturing facilities, 11 stand-alone R&D centres and 6 warehouses over which we had operational control for one or more months during 2018.
- HR: all Group companies and facilities as at 31 December 2018, unless explicitly stated. Our employee and diversity figures are based on data for 36,788 global Group employees, which is 87% of the average number of people RB employs or contracts with globally.

### Total carbon footprint and water impact

In line with the method changes identified for our 2014 numbers, it has not been possible to collect and process data (e.g. litres used, sales volumes) for the full calendar year (1 January 2018 to 31 December 2018) in sufficient time for inclusion in the 2018 Report. Where this is the case, actual data for the period 1 January 2018 to 30 September 2018 has been collected and combined with forecast data for the final quarter of 2018 to calculate our product footprint. This approach is consistent with the approach adopted in previous years.

### Total net revenue from more sustainable products

We continue to report on a 12-month period of net revenue. For 2018, this covers 1<sup>st</sup> October 2017 through to 30<sup>th</sup> September 2018. IFCN (Infant Formula and Child Nutrition) net revenue remains excluded from this metric as we have not yet rolled out the systems and processes to allow inclusion. This is due to our 2018 focus being on establishing the scope 1-3 impacts for this business to inform which material aspects to consider for IFCN products.

### **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 1 January of the following year). Where a reduction target has been set in relation to a baseline year, and data from previous years or a baseline year is not available for IFCN, annual performance data is presented excluding IFCN in order to ensure year on year comparison with the baseline. In these cases, a separate entry for the reporting year will provide the total performance data including IFCN data.
- Product: unless specified otherwise, 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 1 January of the following year). Where a reduction target has been set in relation to a baseline year, and data from previous years or a baseline year is not available for IFCN, annual performance data is presented excluding IFCN in order to ensure year on year comparison with the baseline. In these cases, a separate entry for the reporting year will provide the total performance data including IFCN data.

## 2018 Reporting Criteria

- 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 ownership (June)).
- HR and Diversity: data as held in the Company's Human Resources database on 31 December of the year being reported is included (e.g. data from a manufacturing facility purchased in November is included).
- Social metrics: 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 1 January of the following year).
- Economic: all Group companies and facilities for our financial (calendar) year 2018. See Basis of Consolidation on page 143 of our Annual Report and Financial Statements 2018.

### 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, as far as practical (e.g. data from a manufacturing facility sold in November is included up to the end of October).
- Product: data is included up until the last full month of RB ownership / control, as far as practical (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).
- HR and Diversity: data, as held in our Human Resources database, on 31 December of the year being reported is included (e.g. data from a manufacturing facility sold in November is not included as at 31 December of that reporting year).
- Social metrics: data is included up until the last full month of RB ownership / control, as far as practical (e.g. data from a manufacturing facility sold in November is included up to the end of October).
- Economic: all Group companies and facilities for our financial (calendar) year 2018 (see Basis of Consolidation on page 143 of our Annual Report and Financial Statements 2018).

## 2 – Reporting Specifics and Methodology

### 2.1 – Environment (from manufacturing, warehouses R&D and offices where applicable)

#### Parameter: Energy use at manufacturing and warehouse facilities

- Definition: energy consumption from our global manufacturing and warehouse facilities.
- Scope: energy consumed within the calendar year at facilities under management control of the Group; including the energy consumed from Combined Heat and Power (CHP) plants. Where RB owns and operates a CHP plant and surplus energy is sold back to the local or national grid, then only the energy consumed by the manufacturing site is included, i.e. the energy returned to the grid is excluded. This is because RB's key performance metric is the energy intensity of the manufacturing process.
- Units: gigajoules (GJ).
- Method: Energy data is collected using Enablon, the Company's EHS database. To ensure consistency this can be reported in the same units as the invoiced quantity. This is then converted to kWh using standard factors. The final stage is conversion to GJ.

## 2018 Reporting Criteria

- Source: Data is taken from on-site or third-party meter readings or invoiced quantities. Consumer units are reported by the sites to Group using Enablon. 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 of cases at the end of the production line.

### **Parameter: Greenhouse gas (GHG) emissions from energy use in manufacturing, R&D, offices and warehouse facilities**

- Definition: Greenhouse Gas (GHG) emissions arising from energy consumption at our global manufacturing, R&D, offices, and warehouse facilities, in carbon dioxide equivalents (CO<sub>2</sub>e).

Where, GHGs 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 (CO<sub>2</sub>); methane (CH<sub>4</sub>); nitrous oxide (N<sub>2</sub>O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF<sub>6</sub>).

- Scope: Scope 1 and Scope 2 CO<sub>2</sub>e emissions from energy consumption within the calendar year at manufacturing, R&D, offices and warehouse facilities under the management control of the Group. Scope 2 emissions are reported on both a location and market based approach in line with the GHG Scope 2 Guidance (WRI & WBCSD, 2015).
  - The location based approach is as follows:
    - All grid electricity is converted to CO<sub>2</sub>e by applying national/state average electricity grid conversion factors relevant to the countries where we operate (i.e. IEA emission factors 2014).
    - Any power or heat purchased directly through a third-party CHP is converted to CO<sub>2</sub>e by applying the appropriate conversion rate supplied by the third-party.
  - The market based approach is as follows:
    - For operations in markets where contractual instruments are available, purchased renewable electricity, which is supported by appropriate evidence from the energy provider (i.e. renewable energy certificates, Guarantees of Origin or similar), and that meets the 'quality criteria' outlined in the GHG Protocol Scope 2 Guidance, is converted to CO<sub>2</sub>e by applying contractually specific emission factors
    - All purchased electricity which is not renewable or supported by appropriate evidence, is converted to CO<sub>2</sub>e by applying 'Residual Mix' emission factors.
    - Non-renewable electricity which is purchased in countries where 'Residual Mix' emission factors were not available, is converted to CO<sub>2</sub>e by applying average national/state grid emission factors (i.e. IEA emission factors) for the relevant country.
- CO<sub>2</sub>e. Units: tonnes CO<sub>2</sub>e.

## 2018 Reporting Criteria

- Method: calculated by multiplying the reported energy quantities in kWh by the CO<sub>2</sub>e emissions conversion factors derived from the most recently currently available location or market based sources outlined above and local factors where available.
- Source: CO<sub>2</sub>e emissions are calculated in line with the WRI/WBCSD Greenhouse Gas Protocol (GHG Protocol) and GHG Protocol Scope 2 Guidance, except as discussed otherwise above. Conversion factors applied are sourced directly, the UK Government's DEFRA, International Energy Authority (IEA), Reliable Disclosure Organization (RE-DISS) and Green -e Energy (US Regional Residual Mix Rates).

### Parameter: Water use at manufacturing and warehouse facilities

- Definition: water use at our global manufacturing and warehouse facilities.
- Scope: water used on-site, within the calendar year, inclusive of operational water consumption, water included in our products and domestic water use at facilities under management control of the Group.
- Units: cubic metres.
- Method: this is collected using Enablon. 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 third-party meter readings and invoiced quantities.

### Parameter: Water discharges at manufacturing and warehouse facilities

- Definition: water discharged from our global manufacturing and warehouse facilities.
- Scope: water discharges arising from our facilities under management control of the Group, excluding water reuse and recycling and water used on-site for irrigation purposes.
- Units: cubic metres.
- Method: this is collected using Enablon. 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: Waste at manufacturing and warehouse facilities

- Definition: total non-hazardous and hazardous waste generated from our global manufacturing and warehouse facilities.
- Scope: waste materials generated from our facilities within the calendar year (excluding construction, demolition wastes and whole wooden pallets returned to suppliers), under management control of the Group and removed from site for either recycling or ultimate disposal by third party waste contractors.
- Units: metric tonnes.

## 2018 Reporting Criteria

- Method: using Enablon 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 metre is 1 metric tonne).
- Source: this data comes from internal or third-party databases and is derived from invoiced quantities/direct measurement, derived from waste transfer notes.

### **Parameter: Waste to landfill from manufacturing and warehouse facilities**

- Definition: % of total non-hazardous and hazardous waste generated from our global manufacturing and warehouse facilities that is sent to landfill. 'Sent to landfill' is defined as waste which is disposed of by landfill.
- Scope: waste materials generated from our facilities within the calendar year (excluding construction and demolition wastes), under management control of the Group and removed from site for landfill.
- Units: % sent to landfill
- Method: using Enablon 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 metre is 1 metric tonne).
- Source: this data comes from internal or third-party databases and is derived from invoiced quantities/direct measurement, derived from waste transfer notes.

### **Parameter: Hazardous waste at manufacturing and warehouse 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 total waste and is also reported separately.
- 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 third-party waste contractors.
- Units: metric tonnes.
- Method: using Enablon all wastes are reported and, where required, the quantities are converted to metric tonnes. Volumes of liquids are converted to metric tonne using an assumed density of 1 (i.e. 1 cubic metre is 1 metric tonne).
- Source: this data comes from internal or third-party databases and is derived from invoiced quantities/direct measurement, derived from waste transfer notes.

### **Parameter: Units of Production** (Denominators for GHG emissions, Energy, Water, Waste and Hazardous waste per 1000 consumer units (CU))

- Definition: A consumer unit is defined as: the normal unit of product purchased by the end-consumer (e.g. a single box, bottle, can). A case of products produced at a factory will normally contain several consumer units (e.g. six aerosols in a case = six consumer units). Where several

## 2018 Reporting Criteria

consumer units are combined into a single pack (e.g. promotions / gift packs), each individual consumer unit is reported, with consumer units made at another RB site not included. To avoid double counting, where site receives finished goods from another RB site these consumer units are excluded and reported by the original site which has produced them.

- Scope: Consumer units produced by RB manufacturing facilities
- Units: Consumer units (CU)
- Source: The number of consumer units produced is obtained from our JD Edwards or SAP system (linked to the financial reporting system).

**Parameter: Environmental and occupational safety prosecutions and fines** (not part of the RB sustainability data assurance process)

- Definition: total number of **environmental and occupational safety prosecutions and fines** resulting from an EHS incident, permit breach or legal non-compliance.
- Scope: total number of **environmental and occupational safety prosecutions and fines** recorded in 2018.
- Units: number of prosecutions and fines.
- Method: All are reported in line with the Global RB Procedure for Internal Reporting of Environment, Health & Safety and Human Rights incidents and, where appropriate, the material spilled, the volume and any other relevant information.
- Source: this data comes from internal or third-party databases. Data is input by site level EHS co-ordinators.

## 2.2 – Our Carbon Footprint & Our Water Footprint

**Parameter: global product lifecycle carbon footprint**

- Definition: the total carbon footprint is a measure of direct and indirect greenhouse gas (GHG) emissions associated with RB products sold during the calendar year (1 January 2018-to 31 December 2018). GHGs comprise, in line with the GHG Protocol Corporate Accounting and Reporting Standard (WRI & WBSD, 2004), (carbon dioxide (CO<sub>2</sub>); methane (CH<sub>4</sub>); nitrous oxide (N<sub>2</sub>O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>). The performance is reported based in carbon dioxide equivalent (CO<sub>2</sub>e).
- Scope: GHG Protocol Scope 1, 2 & 3 emissions (i.e. those associated with the entire lifecycle of RB products sold including the raw and packaging material supply chain, product manufacturing, distribution, retail operations, consumer use, and subsequent disposal/recycling of the product and its packaging). This includes the lifecycle GHG emissions associated with products manufactured at the Company's own manufacturing facilities as well as those manufactured by external third-party facilities producing products for RB under contract. In 2017, RB acquired Mead Johnson Nutrition which is now integrated into RB as our Infant Formula and Child Nutrition (IFCN) business. In line with the rules set out above, IFCN is included in our reporting. Where a reduction target has been set in relation to a baseline year,

## 2018 Reporting Criteria

and data for previous years or a baseline year is not available, annual performance data is presented excluding the new acquisition in order to ensure year on year comparison with the baseline. Data for the 2012 baseline year is not available for Mead Johnson Nutrition, so a separate entry will provide performance data including the new acquisitions or facilities separately for the reporting year only.

- Units: lifecycle CO<sub>2</sub>e emissions per unit dose of products sold in the calendar year. A dose is defined as 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, one hard skin file (which lasts for 12 months) 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 makes reference to the following standards and guidance:
  - PAS 2050:2011, Specification for the assessment of the lifecycle greenhouse gas emissions of goods and services, Final version, September 2011;
  - Greenhouse Gas Protocol, Corporate Value Chain (Scope 3) Accounting and Reporting Standard, September 2011; and
  - Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard, March 2004<sup>1</sup>.
- Whilst the core methodology remains consistent year on year, we continue to seek ways to improve data processing, data sources and assumptions. On a year on year basis we review and increase the number of 'Representative Products' used to calculate raw and packaging material consumption to ensure it remains appropriate for our ever-changing portfolio. In addition, we update data on consumer use to ensure relevance and accuracy.
- Source: our GHG emissions are calculated by multiplying publicly available emission factors sourced from Ecoinvent or the IEA, by amounts of materials and packaging included in products sold, energy used and distances travelled. Where available, primary data has been sourced directly from RB's product libraries, environmental reporting and other business management systems and its suppliers/contractors. Where this has not been available, secondary data has been obtained from sources including publicly available LCA databases, journal articles and sources of industry/product/consumer use data. Where available and relevant, this data is region-specific to account for differences in regional production. Sales data has been sourced from RB's ICE management information system.

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<sup>1</sup> PAS2050 was developed to assess the carbon footprint of individual goods and services; however, RB's Total Carbon and Water Measurement System applies PAS2050 to determine the carbon footprint contribution of all key stages in the product lifecycle of its global product portfolio on an annual basis. As a result of this difference between intended use and the actual use in the context of RB's Measurement System, direct application of every single element of PAS2050 across the whole lifecycle of RB's global products has by nature not been appropriate on every single occasion although overall the Measurement System is in line with the PAS2050 specification.



## 2018 Reporting Criteria

The footprint methodology used to calculate Raw Material and Packaging Material impacts is based on approximately 510 footprint assessments of 'Representative Products' (RPs). These RPs have been selected to reflect RB's product portfolio. In selecting the RPs, the following has been considered:

- product grouping has been carried out at a level which delivers relative formulation and packaging homogeneity
- any differences in product sizes within a group are accounted for in the scaling

The impact of these RPs is then scaled up by 2018 sales data across our countries and brands.

For the purpose of the metric we assume that the period in which our products are used is consistent with the period in which our products are sold. In a limited number of cases, we apply adjustments where we are aware that the time period of our sales and the use of our products are not aligned. This is done to ensure our metric most accurately reflects the footprint of our products used in the reporting period.

The footprint methodology to calculate Consumer Use impacts is based on approximately 155 consumer use models. The models have been built up from primary research, literature and the knowledge of internal experts to represent the impacts from how our customers use our RPs around the world. The impacts are calculated per dose of product used and scaled up to the global portfolio using the number of doses sold.

RB's product portfolio contains a number of products, which are "additives" (e.g. fabric softeners, dishwasher rinse aids) and used in conjunction with products which are the primary "driver" (detergents, dishwasher tablets) of specific consumer activities. While the raw material, packaging, manufacturing and disposal impact of these additives is included within our footprint, the carbon impact associated with the consumer use activity has not been incorporated (or double counted) on the basis that it has already been accounted for in the use of the "driver" product.

Where specific product information was not available, we have applied proxy data sets based on comparable products, which we believe to be sufficiently similar to enable the calculation of a representative footprint.

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 lifecycle 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 (business travel) and found to be less than 0.1% of our global products' carbon footprint, therefore we exclude these from regular reporting on the basis of non-materiality. No sources were knowingly excluded without initial quantification and assessment to confirm that they did not make a material contribution to the Total Carbon Footprint either in isolation or in aggregate.

## 2018 Reporting Criteria

### Parameter: Global product lifecycle water use footprint

- Definition: the total water use footprint is a measure of direct and indirect water use associated with RB products sold during the calendar year (1 January 2018 to 31 December 2018). Water use comprises rainwater used in growing materials such as paper, cotton, leather i.e. consistent with the principles of 'green' water in water footprinting terms; and freshwater including water abstracted from surface and groundwater, municipal water i.e. consistent with the principles of 'blue' water in water footprinting terms. The use of non-freshwater (i.e. sea water) has been excluded.
- Scope: direct and indirect water use (i.e. those associated with the entire lifecycle of RB products sold including the raw and packaging material supply chain, product manufacturing, distribution, retail operations, consumer use, and subsequent disposal/recycling of the product and its packaging). This includes the lifecycle water use associated with products manufactured at the Company's own manufacturing facilities as well as those manufactured by external third-party facilities producing products for RB under contract. In 2017, RB acquired Mead Johnson Nutrition and in line with the rules set out above, this is included in our reporting. Where a reduction target has been set in relation to a baseline year, and data for previous years or a baseline year is not available, annual performance data is presented excluding the new acquisition in order to ensure year on year comparison with the baseline. Data for the 2012 baseline year is not available for Mead Johnson Nutrition, so a separate entry will provide performance data including the new acquisitions or facilities separately for the reporting year only. Water associated with the provision of energy (i.e. cooling water used in the power station, water used in extraction of oil, coal) has been excluded from the scope of the water use footprint across all lifecycle stages.
- Units: lifecycle water use (litres) per unit dose of products sold in the calendar year. A dose is defined as 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, one hard skin file (which lasts for 12 months) etc. In Life Cycle 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: the water use measurement methodology has been developed with reference to the following recognised water accounting guidance document:
  - The Water Footprint Assessment Manual: Setting the Global Standard (Hoekstra, A.Y., Chapagain, A.K., Aldaya, M.M. and Mekonnen, M.M.) 2011

Direct application of every element of the water footprint assessment manual has not been applied to every element of the water use footprint. Most significantly the water footprint concept in the literature was introduced as an indicator of freshwater consumed both directly or indirectly to produce the goods and services consumed by any well-defined group of consumers (e.g. individual country or nation) or producers (e.g. a public organisation). The total water use footprint calculates the 'water use' and not 'water consumption'.

The total water use footprint calculates the 'water use', which is the amount of water withdrawn, rather than the approach more often taken for water footprinting which considers only the amount of water

## 2018 Reporting Criteria

that does not return to the catchment from which it was withdrawn. This approach and deviation from the water footprint definition/methodology is driven by the desire to drive behaviour change across all life cycle stages particularly within product Research & Development, new product innovation and consumer use of products. Water pollution and water quality impacts (referred to as grey water in water footprinting terms) have also not been included in the measurement system and water pollution is monitored through other corporate programmes.

Whilst the basic methodology remains consistent year on year, we continue to seek ways to improve data processing, data sources and assumptions. On a year on year basis we review and increase the number of 'Representative Products' used to calculate raw and packaging material consumption to ensure it remains appropriate for our ever-changing portfolio.

- **Source:** our water use is calculated by multiplying publicly available water factors by volumes of materials and packaging included in products sold, as well as accounting for product water use in manufacturing and consumer use of our products.
- **Data:** where available, primary data has been sourced directly from RB's product libraries, environmental reporting and other business management systems and its suppliers/contractors. Where this has not been available, secondary data has been obtained from sources including publicly available LCA databases, journal articles and sources of industry/product/consumer use data. Where available and relevant, this data is region-specific to account for differences in regional production. Sales data has been sourced from RB's ICE management information system.
- **Method:** the footprint methodology used to calculate Raw Material and Packaging Material impacts is based on approximately 510 footprint assessments of 'Representative Products' (RPs). These RPs have been selected to reflect RB's product portfolio. In selecting the RPs the following has been considered:
  - product grouping has been carried out at a level which delivers relative formulation and packaging homogeneity
  - any differences in product sizes within a group are accounted for in the scaling

The footprint methodology to calculate Consumer Use impacts is based on approximately 155 consumer use models. The models have been built up from primary research, literature and the knowledge of internal experts to represent the impacts from how our customers use our products around the world. The impacts are calculated per dose of product used and scaled up to the global portfolio using the number of doses sold.

RB's product portfolio contains a number of products which are "additives" (e.g. fabric softeners, dishwasher rinse aids) and used in conjunction with products which are the primary "driver" (detergents, dishwasher tablets) of specific consumer activities. While the raw material, packaging, manufacturing and disposal impact of these additives is included within our footprint, the water impact associated with the consumer use activity has not been incorporated (or double counted) on the basis that it has already been accounted for in the use of the "driver" product.

Where specific product information was not available, we have applied proxy data sets based on comparable products which we believe to be sufficiently similar to enable the calculation of a representative footprint.

## 2018 Reporting Criteria

We have endeavoured to apply complete coverage of our global water use based on the scope and boundaries defined in the standards referenced. However, there are limited, specific and (in terms of our global products' overall lifecycle water use footprint) non-material exclusions from the scope of the reported data, which includes direct water use in transport (e.g. vehicle washing) and waste disposal. These have been excluded from regular reporting on the basis of non-materiality. No sources were knowingly excluded without initial quantification and assessment to confirm that they did not make a material contribution to the total water use footprint either in isolation or in aggregate.

### Parameter: Global product lifecycle water impact

- Definition: water use factored to consider local water scarcity.
- Scope: impact associated with direct and indirect water use (i.e. those associated with the entire lifecycle of the Group's global operations and product portfolio from raw and packaging material supply chain, through product manufacturing, distribution, retail operations and consumer use, to subsequent disposal / recycling of the product and its packaging). This includes the lifecycle water impact associated with products manufactured at the Company's own manufacturing facilities as well as those manufactured by external third-party facilities producing products for RB under contract. Water impact associated with the provision of energy (i.e. cooling water used in the power station, water used in extraction of oil, coal) has been excluded from the scope of the water impact footprint across all lifecycle stages.
- Units: lifecycle water impact litre equivalents (e litres) per dose of products sold in the calendar year. A dose is defined as 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, one hard skin file (which lasts for 12 months) 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: the water use measurement methodology has been developed with reference to the following recognised water accounting guidance document:
  - The Water Footprint Assessment Manual: Setting the Global Standard (Hoekstra, A.Y., Chapagain, A.K., Aldaya, M.M. and Mekonnen, M.M.) 2011

Unlike carbon footprinting, in water footprinting and accounting, understanding the location of the water use is as important (if not more so) as understanding the amount used. This is because the impacts of water are local rather than global as with GHG (CO<sub>2</sub>e). Understanding only the number of litres water used is of limited value if there is no consideration of geographical spread and the water resource availability in the area in which the water is consumed or used. In line with these principles, and to be able to measure, monitor and minimise the impacts to global water resources as a result of the manufacture and use of RB's global product portfolio, a measure of 'water scarcity' has been incorporated into the water use calculation to numerically account for the global variations in water availability and allow the quantification of 'water impact'.

Water impact litres equivalents (e litres per dose) is calculated by multiplying water use (litres per dose) by a scarcity factor relevant to the location of where the water is used. For water

## 2018 Reporting Criteria

used by our customers this factor is based on the country of sale. For water associated with other stages of the lifecycle we apply a global average scarcity factor.

- Source: data regarding water scarcity has been sourced at both a country and watershed level from the Water Footprint Network.
  - Chapagain, A.K. and Hoekstra, A.Y. (2004) Water Footprints of Nations, Value of Water Research Report Series No.16, UNESCO-IHE. Appendix XXI
  - Hoekstra, A.Y. and Mekonnen, M.M. (2011) Global Water Scarcity: Monthly Blue Water Footprint Compared to Blue Water Availability for the World's Major River Basins, Value of Water Research Report Series No.53, UNESCO-IHE, Appendix IX

In the past 20 years, many metrics have been developed to evaluate water scarcity and stress. It is considered that the most recent water scarcity indicators published by the Water Footprint Network, comparing water footprint to water availability, provided the most appropriate measure at the time the RB target was set. However, research in this area has evolved and we anticipate that the methodology and the water scarcity data will reflect this in future.

### Parameter: Net revenue from more sustainable products

- Definition: Reckitt Benckiser Group plc net revenue attributable to 'more sustainable' products during a 12-month period. RB defines 'more sustainable' as a product that scores 'better' on one of the four parameters in the table below without scoring a 'worse' when compared to a previous product version or category average where no previous version exists.

	<b>Carbon</b> g CO <sub>2</sub> e / dose 	<b>Water</b> Effective water L / dose 	<b>Packaging</b> Effective packaging g / dose 	<b>Ingredients</b> Self declaration 
<b>Better</b> (More sustainable)	> 10% savings per dose	> 10% savings per dose	> 10% savings per dose	Complies with RSL + one new 'Preferred Sustainability Credential'
<b>Same</b> (No significant difference)	-1.5 – 10% savings	-1.5 – 10% savings	-1.5 – 10% savings	Complies with RSL
<b>Worse</b> (Less sustainable)	> 1.5% increase per dose	> 1.5% increase per dose	> 1.5% increase per dose	Does not comply with RSL (or variance)

- Scope: Reckitt Benckiser Group plc net revenue (excluding IFCN business net revenue<sup>1</sup>) attributable to sales from 'more sustainable' products during a 12-month period. 'More sustainable' products are measured by RB's Sustainable Innovation Calculator (SIC), a streamlined Life Cycle Assessment (LCA) tool that models the environmental impacts of products.
- Units: £ million
- Method: The RB sustainability team compile and validate a master list of 'more sustainable' products using the RB SIC. The methodology applied is consistent with that set out for the carbon, and water footprints. Carbon and water factors are applied to the raw material and packaging data of the selected products. These publicly available emission factors are sourced from Ecoinvent or the IEA and were updated during 2018 to reflect additional data-sets and more accurate data that had become available (e.g. Ecoinvent 3.4). When considering the Ingredients parameter, we

<sup>1</sup> Net revenue from our IFCN business remains excluded as updates to the SIC are required in order to take into account the material life cycle stages of our IFCN products.

## 2018 Reporting Criteria

assess compliance with RB's Restricted Substances List (RSL) which sets out raw materials which RB is seeking to reduce and/or eliminate based on reviews of safety, sustainability and public concern considerations. To score a 'better' on Ingredients, the product must comply with RB's RSL and have a least one 'preferred sustainability credential' which are attributes that are positive for sustainability but difficult to quantify; such as Forest Stewardship Council (FSC) certification or packaging sourced from certified sources. Net revenue generated by the RB group for the 'more sustainable products' is obtained from the RB finance team for all relevant countries in which the relevant products are sold and consolidated.

- Source: Net revenue generated by the RB group for the 'more sustainable products' is obtained from the RB financial management system ICE.

### 2.3 – HR Performance

**Parameter: Nationalities** (not part of the RB sustainability data assurance process)

- Definition: the number of nationalities at Board level; in the next-three bands of management of the Group (the Executive Committee, the Group Leadership Team and the Senior Management Team) and amongst the 87% of all employees globally for whom data is available, on the last day of the Company's financial year (31 December).
- Scope: all full or part time permanent employees (i.e. excludes contract employees).
- Units: number of different nationalities (i.e. employees' 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 Group's global HR database system, myRB.

**Parameter: Gender split**

- Definition: the percentage of female employees at: Board level; in the next three bands of management of the Group (the Executive Committee, the Group Leadership Team and the Senior Management Team); and amongst the 87% of all employees globally for whom data is available, on the last day of the Company's financial year (31 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 of that population for which data is reported (i.e. the board; the next three bands of management of the Company; and for all employees).
- Source: the Group's global HR database system, myRB.

## 2018 Reporting Criteria

### 2.4 – Health & safety at work

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

#### Parameter: Lost Work Day (LWD) Accidents

- Definition – a work-related accident/incident during the reporting period which resulted in an employee (including contract labour/temporary employees/contractors while on-site) 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 employee's normal place of work unless this is transport organised by RB.
- 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 – number of accidents.
- Method – absolute number reported.
- Source – global, facility-level monthly health & safety reporting; and, global, facility-level annual health & safety data reporting process.

#### Parameter: Lost Work Day Accident Frequency Rate

- 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: same scope as LWD Accident (above).
- 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 health & safety data reporting process.

#### Parameter: Severe Accidents

- Definition – a work-related accident/incident during the reporting period which resulted in permanent disability of an employee (including contract labour/temporary employees) on site or while on company business (including business travel), or of a contractor/visitor while on-site. For example, amputations or any permanent loss of sensory or motor dexterity (such as the loss of a fingertip).
- Scope – same scope as LWD Accident (above).
- Units – absolute number.
- Method – absolute number reported.
- Source – global, facility-level monthly health & safety reporting; and global, facility-level annual health & safety data reporting process.

#### Parameter: Fatality

- Definition – a work-related accident/incident during the reporting period which resulted in the death of an employee (including contract labour/temporary employees) on-site or while on company business (including business travel), or of a contractor/visitor while on-site.
- Scope – same scope as LWD Accident (above). Units: absolute number.
- Method – absolute number reported.
- Source – global, facility-level monthly health & safety reporting; and, global, facility-level annual health & safety data reporting process.

# 2018 Reporting Criteria

## **2018 RB basis of preparation for brand social sustainability performance indicators selected for independent assurance**

**(RB brand social goal stated in 2018 report: helping 1 Billion people to improve their health & hygiene behaviour by 2025)**

**Target to 2025\*: Inform 1 billion people through health and hygiene educational programmes and behaviour change communications**

### **1. Introduction**

ERM CVS has been appointed to provide limited assurance of selected brand social sustainability performance indicators. This Basis of Preparation document sets out how these brand social sustainability performance indicators, described in Section 2 below, have been prepared and reported, including their reporting periods.

This document has been prepared to align with our wider business goals and processes. As there are no mandatory guidelines or requirements applicable to the information in scope, we have captured all data through our internal data collection processes. These have been established in accordance with common industry practice, including where appropriate, estimates and assumptions.

### **2. Scope**

This document summarises the definition, organisational reporting boundary and data preparation for the performance indicators listed below.

We have made all endeavours to prepare a complete, accurate and consistent dataset, which reflects true performance and is meaningful to the user of the information. This is a relatively new area of reporting for RB, and our data collection processes are emerging. Where any assumptions or estimations have been required, or specific exclusions are made, we have outlined these within this document. As with all our data processes, we aim for transparency and strive for continuous improvement.

#### **2.1. Brand social sustainability performance indicators**

The below brand social goals have been aligned to RB's wider business goals and strategy.

<b>Brand social goal</b>	<b>Brand social sustainability performance measured</b>
<b>Dettol/Lysol</b> (also including <i>Sagrotan and Napisan brands</i> )  Enable healthier & happier lives through better hygiene practices	Number of people reached by brand educational programmes on better hygiene practices since 2013 (incl. handwashing, food hygiene and home hygiene).
<b>Durex</b>  Reduce incidences of sexually transmitted infections and unwanted	Number of people reached by brand educational programmes on sexual health since 2013.





## 2018 Reporting Criteria

pregnancies by educating people about safe sex.	
<p><b>Mortein</b> (also including SBP, Shieldtox and Pif Paf brands)</p> <p>Reduce incidence of mosquito-borne diseases through education on prevention &amp; protection methods against malaria &amp; dengue</p>	Number of people reached by brand educational programmes on malaria/dengue prevention since 2013.
<p><b>Harpic</b></p> <p>Reduce incidence of diarrhoeal diseases through promoting and facilitating access to clean &amp; hygienic toilets</p>	Number of people reached by brand educational programmes on importance of sanitation & stopping open defecation practices coupled with education on hygienic maintenance of toilets since 2013.
<p><b>Combined Dettol &amp; Harpic programme; Veet programme</b></p>	Number of people reached by BSI (Banega Swachh India plus Bangladesh, Sri Lanka and Hoga Saaf Pakistan) joint brand educational programme on importance of hygiene practices & proper sanitation; Veet female empowerment school education programme
<p><b>RB</b></p> <p>Help 1 billion people people to improve their Health &amp; Hygiene behaviour by 2025</p>	Inform 1 billion people through health and hygiene educational programmes and behaviour change communications (brands listed in this table)

### 2.2. Definitions

#### Brand educational programme

Brand educational programme is defined as a brand-sponsored programme delivering health / hygiene related brand specific messages (e.g. personal & home hygiene education for Dettol) to specific brand target audience (e.g. new mums and schoolchildren for Dettol).

The reported figures therefore measure the number of people reached via these sponsored campaigns.

#### Reach

Reach is the total number of people encouraged to improve their health & hygiene behaviour as a result of brand educational programmes. The definition includes both 'direct reach' and 'indirect reach' programmes.

## 2018 Reporting Criteria

**Total reach** is calculated as the total number of direct reach and indirect reach per brand educational programme

**Direct reach** is defined as an individual who has (in person) attended a programme with at least one of the following interactive elements: an educational video, a presentation, a lecture by a health professional, a talk by a presenter, a play/show or a road show. The interactive element must include the benefits of health & hygiene behaviour, as well as demonstrations regarding health and hygiene. Some programmes use the distribution of educational materials, such as booklets, comic cartoon books and product samples, where there is implied endorsement via delivery from a professional (e.g. health professional).

**Indirect reach** is defined as an individual who has engaged with a programme via the following means:

- Watching educational video content (the video must have educational format and focus on health & hygiene information). PLEASE NOTE: Short product ads, even containing health & hygiene information, do not qualify. Only non-duplicate reach is counted.
- Accessing educational content on brand website - e.g. health & hygiene tips (for example, Your Family, Illness & Prevention, Healthy homes and Personal Hygiene sections on Dettol website), malaria prevention tips for Mortein or consuming educational content on the Durex website; only unique visits counted and only if the visit was at least 60 seconds long.
- Online Engagement with an educational campaign or an eCRM campaign: pledging support to the cause, or voting / participating in a campaign (e.g. pledges on websites for Global Handwashing Day)
- Sufficient Engagement with educational content placed on social platforms (e.g. content placed on Facebook, Weibo, VKontakte). See criteria below.

What counts?

- Online video views supported by a report from an agency, Google, Facebook etc
- Digital Campaign: Votes, pledges, sign up
- Facebook: comment, share NOT likes as this is not counted as substantial enough engagement
- Instagram: Comments / repost
- Twitter: Retweet
- Opening an educational content email in an eCRM campaign

When a programme involves a combination of the above interaction opportunities, only one of the above listed channels is to be counted (the one with higher count), to avoid multiple counting. There is a risk of multiple counting over the indirect reach reported by Durex programmes in some markets due to a large volume of marketing activity in 2018, so the approach (detailed in the two points below) has been taken to mitigate the multiple counting risk.

- In markets where indirect reach is estimated from the number of video views, the duplicate reach has been removed by dividing the total view count by the number of campaigns in 2018, and then by the number of online videos that were included as part of that campaign.

## 2018 Reporting Criteria

Full listing of 2018 brand educational programmes are listed below

Brand	Programme	Target Audience	Countries or regions in scope for 2018	Type of reach and assumptions/estimates used
Dettol	<b>New Mums Programme</b> provides hygiene education to new mothers	New mothers	Argentina, China, Germany, India, Indonesia, Kenya, Kuwait, Malaysia, Mexico, Nigeria, Oman, Pakistan, Saudi Arabia, Singapore, South Africa, UAE, UK, USA	<p><b>Direct:</b> face-to-face talks with health professionals (usually accompanied by samples and educational brochures); group presentations in hospital to new mums.</p> <p><b>Indirect:</b> digital content via online newsletters; distributed brochures and samples; digital content delivered via mum forums.</p>
	<b>School Programme</b> teaches kids about basic hygiene, including handwashing with soap	School-aged children	Australia, Germany, Malaysia, Mexico, Nigeria, Pakistan, Singapore, South Africa, UAE, USA	<p><b>Direct:</b> lessons on hygiene delivered in schools</p> <p><b>Indirect:</b> includes provision of educational materials to teachers to deliver in schools (incl. lesson plans and hand-outs for kids)</p>
Durex	<b>International Conferences:</b>  One Young World 2018 (Booth, samples)	Young people (under 25 years old)	Global	<b>Direct:</b> Activities at conferences to engage delegates at the booth/during conferences
	<b>Durex RED</b> Sexual Health awareness campaign to support HIV awareness for World Aids Day	All	Denmark, Sweden, Norway, Finland, Poland, UK, Canada, Thailand, South Africa	<p><b>Direct:</b> Distribution of educational materials in South Africa</p> <p><b>Indirect:</b> includes provision of educational materials, video views and campaigns</p>
	<b>Point of Market Entry (POME)</b> programmes drove the safe sex conversation through education about	All	Russia, China, Mexico, Nigeria	<b>Indirect:</b> includes provision of educational materials, video views and campaigns



## 2018 Reporting Criteria

	contraception and STI's			
	<b>ConnectED</b> delivers sexual health education in schools	School-aged children	South Africa	<b>Direct:</b> Lessons on sexual health delivered in schools  <b>Indirect:</b> Received information through posters, booklets, videos, etc.
	<b>Local NGO's</b> On the Ground Reach	All	Mexico, Taiwan	<b>Direct:</b> Sampling, Marital Guidance Programme, Social campaign Uno por Uno (MEXFAM)
<b>Mortein / SBP</b>	Malaria Prevention campaigns	All	Brazil, Nigeria	<b>Direct:</b> In school education, in-person education about protecting yourself from mosquitos  <b>Indirect:</b> digital media campaigns
<b>Harpic</b>	<b>Toilet demonstrations</b>	Urban population	India, Indonesia, Pakistan, Nigeria, Bangladesh, Sri Lanka	<b>Direct:</b> In person hygiene demonstrations  <b>Indirect:</b> digital media campaigns
	<b>More than a Toilet</b>	All	India, Mexico, Peru, UK, Colombia, Kenya, Saudi Arabia, UAE, South Africa, Ecuador, USA, Brazil, Ireland, Netherlands	<b>Indirect:</b> Digital media campaign
<b>Dettol / Harpic</b>	<b>Banega Swachh</b>	All	India, Bangladesh, Sri Lanka	<b>Direct:</b> Hygiene education modules delivered at schools, community hygiene and handwashing  <b>Indirect:</b> digital media campaigns
<b>Dettol / Harpic / Mortein</b>	<b>Hoga Saaf Pakistan</b>	All	Pakistan	<b>Direct:</b> Hygiene education modules delivered at schools, community hygiene and handwashing  <b>Indirect:</b> digital media campaigns
<b>Veet</b>	<b>School's Programme</b>	All	Pakistan	<b>Direct:</b> Female Empowerment education programme delivered in schools

# 2018 Reporting Criteria

## Organisational reporting boundary

The countries 'in scope' of this performance measure are all countries where RB has established commercial and brand operations.

## Performance data preparation

Each individual attending one of the brand educational programmes is logged (accounted for) and consolidated into the total number of direct & indirect reach per programme in each 'in scope' country.

## Assumptions

Where different brand educational programmes are run in the same regions, exposure to more than one brand educational programme could happen. Where this occurs, we exclude direct contacts reached according to the following policy:

- Direct reach of a programme run in the same area as another programme which meets the behaviour change criteria to a lesser degree will be excluded.
- Where two programmes are run in the same area and both meet behaviour change criteria to the same degree, the programme with lower reach (by direct contact) is excluded.

## 3. Data sources

Our objective is to gather and report reliable and robust data. We are committed to providing transparency on the quality of the data where we consider there are matters which are material to users of the information. The information we report is subject to internal review processes.

### 3.1. Continuous improvement of data

Our data reporting systems for brand social sustainability targets and performance are evolving and we continue to work to align data recording and reporting methods across the RB organisation. This includes working with third parties where we rely on their data to provide input and support our performance.