

INNOVATION IS A KEY ENABLER FOR SUSTAINABLE GROWTH



As a business, we work to solve some of the world's largest problems. Through research and development, science and partnership, we make products that people have trusted for generations.

Innovation at Reckitt is delivering purpose-driven, sustainable products that protect, heal and nurture, to make a meaningful difference to people's lives. We earn the continuing loyalty and trust of our consumers with differentiated products that offer superior solutions to meet their evolving needs. We want to make a difference to the world through our brands.

But innovation at Reckitt doesn't begin and end with product solutions. Innovation is a mindset, it's rooted in our culture. There's a restless energy here; we always want to improve. Sometimes that drives top-line growth with new products and better solutions. Sometimes it spurs process improvements that extend our manufacturing capacity or drive up productivity.

SUPPORTING INNOVATION THROUGH FOCUSED R&D

Our global R&D function has a strong commercial orientation, prioritising high-return strategic projects. It aims to bring differentiated products to market that are safe, effective and compliant and to achieve that at scale and at pace.

An international team of more than 3,000 scientists, engineers, technologists and experts operates in nine centres of excellence at 40 regional labs across our markets. Reckitt's global hubs drive scale and concentrate our expertise. Our local operations keep us close to our consumers, customers and markets and allow us deliver targeted solutions at pace.

Since 2019 we have invested an additional £100 million in our R&D capability. This is already delivering results through the growth we are seeing in our product pipeline, a 50% increase from 2021 to 2022 with projects fully resourced for execution and continued momentum through to 2024.

And, we are improving the quality. We are delivering three times more value in the pipeline from disruptive innovation; that is, innovations which represent breakthrough solutions to meet consumers unmet needs. We have increased our patent filings by 30%, indicative of a more inventive and differentiated pipeline.



Our R&D function spurs innovation in three specific ways: We generate additional revenue streams by creating new products and strengthening their utility; our process innovations enhance productivity and add manufacturing capacity; and by ensuring we deliver safe and effective solutions, R&D helps us manage risk and protect base performance.

OUR INNOVATION CAPABILITY ENABLERS

Consumer insights

Our entire approach to innovation is founded on combining our rich human understanding with trusted science to develop solutions which meet consumer needs. This is not just about identifying consumer preferences; we drill down to unearth the fundamental science and behavioural factors driving their preferences and concerns. Our sensory and consumer science labs use human insight and behavioural analytics to enrich our understanding of the problems worth solving and ensure that consumers' overall experience is designed into our products. For example, we are delivering more occasions for intimate wellness by expanding into new materials like polyurethane condoms that deliver a different experience of size and fit, creating more choice for consumers.

We also look beyond specific brands to develop other opportunities for serving consumer needs within a specific category. Our category development teams research underserved segments within their category to develop our brand offerings into new spaces. Durex, for example, was traditionally seen as a condom brand. The brand's addressable market is considerably greater when viewed as part of the intimate wellness category.

In Nutrition, we are adding a whole new area of growth, by taking insights from our IFCN business to disrupt the adult nutrition category. In Hygiene, we are responding to shifting consumer expectations, such as on-the-go disinfection and cooler temperatures in the auto-dish segment. In Health, a deeper understanding of functional and emotional benefits for consumers is yielding innovations for delivery systems, and new pharmaceutical actives. We are also creating more choice and accessibility for consumers in line with regulatory changes, from prescription medicines to OTC.

MICROBIOME SCIENCE PLATFORM

Microbiome science has exploded over the last few years. Scientists have effectively discovered an entirely new organ. Its impact on human health, animal health and the environment is vast. The microbiome, the microbes that live in us, on us and around us, is enabling entirely new growth areas.

Our microbiome science team targets six biome areas:

- Upper respiratory and ear, nose and throat (ENT) biome
- Built environmental biome
- Vaginal biome and reproductive health
- Skin biome
- Gut biome
- Baby biome

What makes the microbiome science platform so powerful is that the science really cuts across all areas. By building connections between them, we are creating better insights and further utility for future innovations.

The foundational research and development we are generating means we can incorporate this into products now, while innovating for the future.

Vaginal biome insights have guided our focus on female intimate wellness. Our Queen V brand helps to restore a balanced microbiome for women using active ingredients and delivery systems. With supplements we are helping to drive the vaginal microflora from the inside out.

Research in the baby biome shows that seeding a healthy infant microbiome in the precious first thousand days of life has lasting health benefits for allergy and immunity.

The built environmental biome studies the microbes that are around all of us every day. Our research here has far-reaching implications that underpin the importance of hygiene as the foundation of health. We are applying insights about maintaining a healthy balance between good and bad germs to drive innovations for bio-based disinfectants, for instance, in the laundry segment with laundry sanitisers.

CASE STUDY

Science and knowledge

Our ability to apply our science and technical knowledge to consumer needs ensures our innovations are built on firm foundations. This is at the heart of how we deliver ownable product differentiation. Our focus on science and technology platforms spanning the breadth of our portfolio allows us to unlock more value across the Group. We concentrate our scientific research on nine interconnected, foundational disciplines that span our categories. These science and technology platforms have been selected to deepen the scientific rigour in areas that span across our categories and brands. A globally coordinated team of technical experts and scientists drive each platform.

This approach to our science and technology disciplines allows us to deliver more differentiation and maximises the benefits. Breakthroughs in polymer science, for instance, can lead to more sustainable packaging solutions that are widely applicable.

Packaging is often the first experience the consumer has. Is it easy to open? How safe is the product inside? Is it good for the environment? We are now able to use novel film technology to down gauge and light weight packaging.

We're also introducing consumer recycled polymers for Finish and Enfamil brands. The introduction of more sustainable packaging for Finish is an early real-world example of a polymer-science-led application. The iconic stand-up pouch for Finish tablets is now made from 30% recycled (PCR) plastic and we anticipate PCR being progressively incorporated into other brands in future. This innovation stems directly from a two-year project in polymer science investigating the interaction of multiple materials.

For Gaviscon and Harpic we're using surface modification through coating technologies to improve shelf life. And it's also about the

product inside, for example, we're combining smart-release technology and advanced polymer design to help deliver extended pain relief with Nurofen 12HR Ibuprofen 300mg modified release tablets.

Science and technology platforms:

Nine interconnected, foundational disciplines with wide-ranging applications and underlying benefit to our overall portfolio:



Polymer science



Microbiome



Allergy and immunity



Growth and cognition



Digestive health



Sensory enrichment



Surface chemistry



Entomology



Smart release

External partnerships

The pace of play in science and technology has never been faster; and consumers understand the benefit of science more than ever. We believe there are great new ideas happening in many areas around the world, impactful innovation concepts can come from anywhere. Through our external partnering ecosystem we are able to access leading-edge science and technologies. Digitalisation and collaborative networks can amplify and magnify them into

successful globally disruptive innovations. We reach out and forge partnerships with academics, startups, suppliers and many others to share our strengths and augment our capabilities. We set out to be a committed commercial partner that co-develops, co-creates, and ultimately launches new solutions.

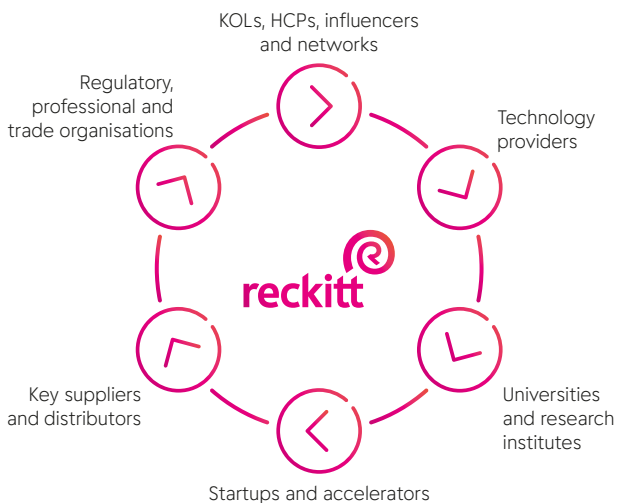
Building scale at pace, launching in multiple markets and creating superior product experiences are key differentiators for Reckitt. Our ecosystem is diverse. We draw on the latest developments, scientific inventions and capabilities. Our strategic supplier programme gives us access to innovative new ingredients which can impact how our products are used.

Changing regulatory conditions can influence our portfolio of brands. We see regulatory intelligence as a source of competitive advantage. We are using our regulatory and medical advantage to open new markets and create new differentiated claims. Across the portfolio, we keep abreast of developments by maintaining close relationships with regulatory, professional and trade associations. We work with technology providers and forge links with key opinion leaders, healthcare professionals and their networks.

We collaborate with thought leaders to shape and advance scientific understanding around consumer needs. At the University of Naples for example, where one of the top thought leaders on food and milk allergy is aiding the science of our Nutramigen products and helping to create new medical insight and evidence.

We are highly focused on enhancing our science and technology driven innovation by attracting high quality ideas and developing more partnerships. This will be further cemented with the launch of our external partnering platform in 2022.

Diverse ecosystem of partnerships



Sustainable innovation

Sustainability is at the heart of our innovation process. We want every innovation to be more sustainable than its predecessor, whether it's a small incremental change or a major new launch, everything counts.

This isn't always straightforward. Sustainability impacts are multi-dimensional and every innovation has trade-offs.

To help us to understand and evaluate these choices, we've developed a purpose-built Sustainable Innovation Calculator (SIC). The calculator evaluates the sustainability impact of every new product versus existing products and established benchmarks. Each potential innovation is rated on things like reformulation, packaging, ingredient quality, device optimisation and consumer use.

There are always benefits and drawbacks to innovations and we weigh the impact of our decisions carefully. For example, a natural ingredient may score highly on one aspect of sustainability, but it could also have a higher water impact than a synthetic ingredient; or, plastic packaging may actually have a lower carbon footprint than a composite equivalent. This is what makes the SIC so powerful – it looks at all of these elements. We then use that data to inform our overall decisions, fully understanding the impact of a product innovation and its implications for our sustainability ambitions.

We want consumers to trust our brands and to feel confident that our products are safe and cause no harm to the ecosystems or the people that they touched during their lifecycle. By actively encouraging an innovation culture which embeds sustainability as a fundamental criterion, ensuring it is always considered and improvements both big and small are made at every opportunity, we believe we will be able to deliver against our ambitions.

NUROFEN 12HR

In 2021 we launched Nurofen 12HR in partnership with an external company using a modified release technology fuelled by patented technologies which enable us to unlock enhanced consumer benefits in OTC.

Working closely with our external partner, we were able to create a tablet that provides both fast and extended pain relief over 12hrs in one dose. Specially-formulated ibuprofen is rapidly released through disintegration from the outer surface of the pill to provide fast pain relief but also slowly diffuses through the polymer-based tablet allowing for elongated dissolution over a 12hr period.

This type of scientific application demonstrates how we can translate novel physical and chemical performance into consumer benefit and illustrates the power of our external partnering programme as we can combine our capabilities with those of our partners to create new innovations which directly address the needs of people around the world. In creating this scientific technology, we will be able to scale and increase the positive impact across our portfolio of medicines to drive superior and differentiated innovations in other formats.

CASE STUDY