Directors' Remuneration Report continued

Directors' Remuneration Policy

This section of the report sets out the Remuneration Policy for Executive Directors and Non-Executive Directors, which shareholders will be asked to approve at the 2025 AGM on 8 May 2025 and, if approved, will take effect from this date. Until this time, the Policy approved by shareholders on 20 May 2022 will continue to apply.

The Committee has undertaken a thorough review of the remuneration arrangements over the course of the last year. Input was received from Remuneration Committee members, the Chair of the Board, other Non-Executive Directors and management (including the CEO, CFO, CHRO), and other key stakeholders, whilst ensuring that conflicts of interest were suitably mitigated. Input was also provided by the Committee's appointed independent advisors throughout the process. The Committee believes that the current Policy remains fit for purpose and supports our updated strategy. Therefore there are no structural changes to the Policy. Minor changes have been made to the Policy to clarify its intentions.

The previous Policy received strong support from shareholders with a vote of 92% in favour. As part of this Policy review, the Committee consulted with shareholders representing over 40% of Reckitt's ownership as well as key proxy advisors. The Committee was pleased to note that overall, shareholders were supportive of the Policy.

Executive Director Remuneration Policy Table

Fixed pay policy for Executive Directors

Component purpose and link to strategy	Operation	Opportunity
Base salary To enable the total package to support recruitment and retention	Base salaries are normally reviewed annually, typically with effect from 1 January. An exceptional review may take place to reflect a change in the scale or scope of a Director's role. Salary levels/increases take account of a number of factors including (but not limited to): • Salary increases awarded across the Group as a whole • Individual performance • Scope of the role and experience The Committee also currently reviews market data for the FTSE 30 excluding financial services and a global sector peer group.	Salary increases for Executive Directors will not normally exceed those of the wider workforce. Increases may be made above this level to take account of individual circumstances, which may include (but are not limited to): • Increase in the size or scope of the role or responsibilities • Increase to reflect the individual's development and performance in the role – for example, where a new incumbent is appointed on a below-market salary • A significant change in the market competitiveness of salary Salaries in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration. Where increases are awarded in excess of those to the wider employee population, the Committee will provide the rationale in the relevant year's Annual Report on Remuneration.
Pension To provide appropriate levels of retirement benefit	Executive Directors may receive contributions into a defined contribution pension scheme, a cash allowance or a combination thereof. Base salary is the only element of remuneration that is pensionable.	The maximum pension contribution or allowance for Executive Directors will normally be in line with that available to UK employees or to participants in the country where they are employed, if different. Contributions are currently set at 10% of salary, in line with the current UK employee contribution rate.
Benefits To enable the total package to support recruitment and retention	Executive Directors receive benefits which consist primarily of the provision of a company car/allowance, healthcare and tax support including preparing tax returns, although the package can include other benefits that the Committee deems appropriate, for example, (but not limited to) the cost of legal fees. The provision of a car and driver for business use includes travel from home to office. Relocation allowances and international transfer-related benefits may also be paid, where required. Where appropriate, benefits may include any tax thereon. Executive Directors are also eligible to participate in all-employee share plans on the same basis as all employees.	Whilst there is no maximum level of benefits prescribed, they are generally set at an appropriate market-competitive level determined by the Committee. Benefits in respect of the year under review, and participation in the all-employee share plans, are disclosed in the Annual Report on Remuneration.

Directors' Remuneration Report continued

Variable pay policy for Executive Directors

Component purpose and link to strategy	Operation	Opportunity	Performance measures
Annual bonus To drive strong performance, with significant reward for overachievement of annual targets Use of deferral for longer-term shareholder alignment	Targets are typically set by the Committee around the start of the year. At the end of the year, the Committee determines the extent to which these have been achieved. Performance is normally assessed on an annual basis. Normally one-third of bonus payouts are deferred into share awards (in the form of options or conditional awards) for a period of three years. The Committee has discretion to adjust the formulaic bonus outcomes both upwards and downwards (including to zero) to ensure alignment of pay with performance. Annual bonuses and deferred bonus awards are subject to malus and clawback provisions.	Maximum target opportunity: 120% of salary Maximum opportunity of 3.57x target (428% of salary) 2025 target opportunity • CEO: 120% of salary • CFO: 100% of salary 2025 maximum opportunity • 3.57x target • CEO: 428% of salary • CFO: 357% of salary Dividend equivalents accrue on deferred share awards during the deferral period.	Performance measures may be a mix of financial, non-financial and/or individual measures. For 2025 the bonus is based on 100% financial measures. Financial performance will be assessed against one or more key metrics of the Business determined on an annual basis. The weighting between different metrics will be determined each year according to Business priorities. For performance below threshold, the bonus payout will be nil. Further details, including the performance measures for the current financial year, are disclosed in the Annual Report on Remuneration.
LTIP (performance share options and performance share awards) To incentivise and reward long-term performance, and align the interests of Executive Directors with those of shareholders	The LTIP comprises grants of performance share options and/or performance share awards (based on a fixed number), which vest subject to the achievement of stretching performance targets. Awards will normally be granted annually with a performance period of at least three years. Additionally, there is normally a two-year holding period following the end of the performance period. The performance conditions are reviewed before each award cycle to ensure they remain appropriately stretching. The Committee has discretion to adjust the formulaic LTIP outcomes both upwards and downwards (including to zero) to improve the alignment of pay with performance. Awards granted under the LTIP are also subject to malus and clawback provisions.	The Committee normally calibrates LTIP share and option grant sizes as a fixed number to provide full alignment with investors, with a robust adjustment mechanism in place to ensure that the value of an Executive Director's total remuneration is appropriate. The award size is determined by the Committee taking into account performance, the prevailing share price, market data and our pay positioning philosophy. Notwithstanding the above, the normal limit on the number of options and shares that can be granted to an individual in respect of any financial year will be 200,000 options and 100,000 shares (and 300,000 options and 150,000 shares in exceptional circumstances). Details of the LTIP opportunity in respect of each year will be disclosed in the Annual Report on Remuneration. Dividend equivalents may accrue on performance share awards that vest. Neither dividends nor dividend equivalents accrue on unvested or vested performance share options before they are exercised.	Performance measures may be a mix of financial and non-financial measures (including Sustainability). For 2025 the LTIP is based on 90% financial measures and 10% on Sustainability measures. Threshold performance will normally result in 20% of maximum vesting. The vesting level will increase on a sliding scale from this threshold to 100% vesting for stretch levels of performance. Further details, including the performance targets attached to the LTIP in respect of each year, are disclosed in the Annual Report on Remuneration.

Directors' Remuneration Report continued

Notes to the Policy Table

Performance measure selection and approach to target setting

The measures used under the annual bonus are selected to reflect the Group's main priorities for any given financial year. With regard to the LTIP, the Committee regularly reviews the performance measures to ensure that they align well with the Company's strategy and with our shareholders' interests. A combination of net revenue growth, ROCE, relative TSR and Sustainability are considered the most appropriate 2025 LTIP performance measures for a number of reasons:

- They are aligned to the Company's strategic priorities
- They combine a focus on top-line growth and profitability, also capturing how efficient profit generation has been
- They provide well-recognised and accepted measures of the Company's underlying financial performance
- They include focus on shareholder value creation
- They provide a link to our 2030 Sustainability Ambitions
- They are measures that the plan participants can directly impact

Targets applying to the bonus and LTIP are reviewed annually, based on a number of internal and external reference points including the internal business plan, shareholder expectations, and market practice.

Malus and clawback

The Committee has the discretion to apply malus and/or clawback in the event of the following circumstances in relation to awards under the annual bonus, Deferred Bonus Plan or the LTIP in the circumstances set out in the relevant plan rules and award documentation which currently includes:

- A material misstatement of the Company's financial results
- Gross misconduct by a participant (or serious misconduct in relation to malus). This includes reputational damage as a result of the misconduct
- An erroneous calculation in assessing the number of shares subject to an award or the payout/vesting outcome
- Corporate failure of the Company

In these circumstances, the Committee may adjust the amount of cash bonus payable and/or operate clawback of the annual bonus for up to three previous years. Deferred bonus awards are subject to malus and clawback until the third anniversary of grant and the clawback period applicable to LTIP awards ends on the fifth anniversary of the date of grant.

Shareholder alignment

The Committee recognises the importance of aligning Executive Directors' and shareholders' interests through executives building up significant shareholdings in the Company. Executive Directors are expected to acquire a significant number of shares over a period of eight years and retain these until retirement from the Board of Directors.

The shareholding requirement for the CEO is currently 200,000 shares and for the CFO is currently 100,000 shares. The shareholding requirement for new Executive Directors will be determined at the time of appointment, taking into account a number of factors, including (but not limited to) the LTIP award levels, share price at the time of appointment and market practice. Details of the Executive Directors' personal shareholdings will be provided in the Annual Report on Remuneration.

A formal post-employment shareholding requirement applies to Executive Directors. They are required to hold the lower of 50% of their shareholding requirement or their actual shareholding at departure, for a period of two years. The Committee is of the view that this is appropriate on the basis that the in-employment requirements are amongst the highest when compared to other UK-listed companies.

The Committee retains discretion to amend the shareholding requirements in exceptional circumstances (for example, in the case of ill health).

Remuneration Policy for other employees

Reckitt's approach to setting remuneration is consistent across the Group, with consideration given to the level of experience, responsibility, individual performance and remuneration paid for comparable roles in comparable companies. Reckitt is committed to fair and consistent reward policies for its employees, aligned with our Compass, remuneration philosophy and our culture.

The principles that apply to Executive Directors are cascaded to other employees. Currently, approximately 16,000 employees are eligible to participate in an annual bonus scheme with similar metrics to those used for the Executive Directors, in order to drive alignment and a focus on results. Opportunities and specific performance conditions vary by organisational level, with business area-specific metrics incorporated where appropriate. The Group Leadership Team is also required to build up significant shareholdings in Reckitt. The current shareholding requirement levels are between 7,200 and 40,000 shares which generally represents between c.1x to 4x base salary. Senior managers who comprise c.500 employees are eligible to participate in the LTIP with performance conditions the same as the Executive Directors, although award sizes vary by organisational level. For 2025 we are reducing the short-term leverage for our middle managers and increasing the long-term incentives with an award of restricted shares to further enhance our culture of ownership.

All UK employees are eligible to participate in the Company's all-employee share plans on identical terms, with similar plans also operated for employees working outside of the UK.

Directors' Remuneration Report continued

Legacy arrangements and other terms

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out in this report where the terms of the payment were agreed (i) before the Policy came into effect (provided that the commitment to make the payment complied with any applicable Remuneration Policy of the Company at the time it was agreed) or (ii) at a time when the relevant individual was not a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration, and an award over shares is 'agreed' at the time the award is granted.

The Committee may make minor amendments to the Policy to aid its operation or implementation without seeking shareholder approvals (e.g. for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) provided that any such change is not to the material advantage of the Director.

All discretions available under share plan rules will be available under this Policy, except where explicitly limited under this Policy. Share awards can be settled in cash or ADRs at the discretion of the Committee. The Committee may waive or change performance conditions in accordance with its terms or if the Board considers it reasonable and appropriate. The same principles apply to the annual bonus scheme.

In the event of a variation of capital in the Company which impacts the value of a share, which may include, but is not limited to, a capitalisation or rights issue, consolidation, subdivision or reduction of capital, stock-split or demerger, then:

- The maximum number of share awards and options which may be granted under the LTIP may be adjusted to ensure that the overall maximum value of awards would be the same immediately before and after any such event
- The maximum number of shares subject to an award granted under the LTIP or the Deferred Bonus Plan, the option price (where applicable), and the performance condition may be adjusted in accordance with the rules of the plan, as the Committee considers appropriate

Non-Executive Director remuneration

Non-Executive Directors do not have service agreements but are engaged on the basis of a letter of appointment. In line with the UK Corporate Governance Code guidelines, all Directors are currently subject to re-election annually at the AGM.

It is the policy of the Board of Directors that Non-Executive Directors are not eligible to participate in any of the Company's bonus, long-term incentive or pension schemes. An element of the basic fee is, however, currently paid in Reckitt shares.

Details of the policy on fees paid to our Non-Executive Directors are set out in the table below:

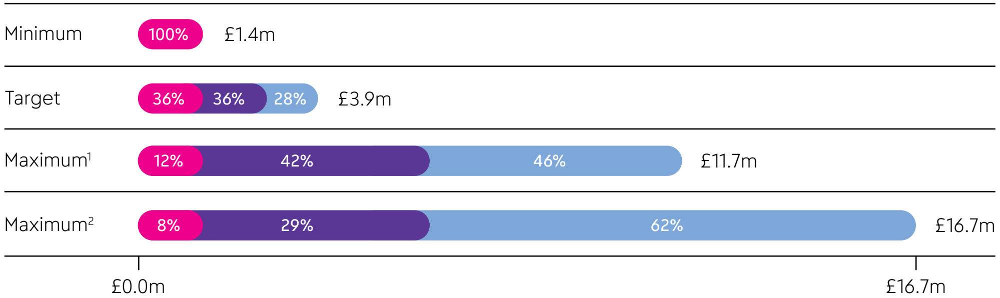
Component and objective	Approach of the Company
Fees (cash and shares) To attract and retain Non-Executive Directors of the highest calibre with broad commercial experience relevant to the Company	The fees paid to Non-Executive Directors are determined by the Board of Directors, with recommendations provided by the Chair of the Board and CEO. The fees of the Chair of the Board are determined by the Remuneration Committee. Additional fees may be payable for acting as the Senior Independent Non-Executive Director, as Chair and/or a member of a Committee or for other additional responsibilities or increased time commitments on a one-off or ongoing basis (including the Designated NED for engagement with the Company's workforce). Fee levels may be reviewed annually, with any adjustments normally effective from 1 January. Fees are reviewed by taking into account external advice on best practice and competitive levels, in particular at FTSE 30 companies. Time commitment and responsibility are also taken into account. Non-Executive Director fees are normally delivered partly in cash and partly in Reckitt shares or equivalent (e.g. ADRs) which must normally be held until leaving the Company. The fees paid to the Chair of the Board and Non-Executive Directors in respect of the year under review (and for the following year), including the split between cash and shares, are disclosed in the Annual Report on Remuneration. Aggregate fees are limited by the Company's Articles of Association. Travel and expenses for Non-Executive Directors (including the Chair of the Board) are incurred in the normal course of business, for example, in relation to attendance at Board and Committee meetings. The costs associated with these are all met by the Company. The Company may also cover any additional costs incurred in association with the role (including tax thereon), for example in relation to providing tax support including tax return assistance to Non-Executive Directors.

Directors' Remuneration Report continued

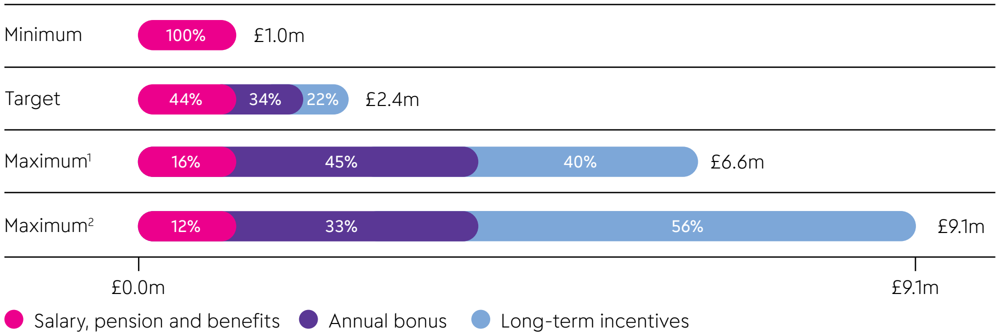
Scenarios of total remuneration

The charts below provide an estimate of the potential future total remuneration for the Executive Directors. Four scenarios of potential outcomes are provided based on underlying assumptions shown in the notes to the chart.

CEO



CFO



1 Excluding share price growth
2 Including 50% share price growth

Notes
The scenarios in the chart above have been calculated on the following assumptions:
The 'Minimum' scenario reflects base salary, pension and benefits (i.e. fixed remuneration), being the only elements of the Executive Directors' remuneration package not linked to performance. This is based on the base salary and pension allowance as at 1 January 2025 and an illustrative value of the benefits, based on amounts paid in 2024, excluding one-off benefits.
The 'On-target' scenario illustrates fixed remuneration as above, plus target payout of annual bonus and threshold vesting of the LTIP.
The 'Maximum excluding 50% share price growth' scenario sets out fixed remuneration, plus full maximum payout of the annual bonus and full vesting of the LTIP awards.
The 'Maximum including 50% share price growth' scenario sets out fixed remuneration, plus full maximum payout of the annual bonus, full vesting of the LTIP awards and 50% share price growth.
As LTIP awards are set as a fixed number of shares and options, the LTIP value is based on the number of shares and share options to be granted to the Executive Directors in 2025. The value has been calculated using the three-month average share price to the end of 2024 of £47.81. Under the disclosure requirements the first three scenarios above exclude share price appreciation; share options have therefore been valued using a Black-Scholes option pricing model with assumptions aligned to the expected life of the options, at 15% of the assumed share price at grant. The final scenario includes a 50% share price growth assumption, over the performance period, in line with legislation. It should be noted that if the share price appreciation over the performance period is greater than that assumed then the actual total remuneration may be more than that shown in the above charts.

External appointments

With the approval of the Board of Directors in each case, and subject to the overriding requirements of the Company, Executive Directors may accept external appointments as a Non-Executive Director of another Company and retain any fees received.

Consideration of conditions elsewhere in the Company

Across Reckitt, remuneration is reviewed regularly with the intention that all employees are paid appropriately in the context of their local market and given their role, experience and performance. The Company seeks to promote and maintain good relations with employee representative bodies – including trade unions and works councils – as part of its employee engagement strategy, and consults on matters affecting employees and business performance as required in each case by law and regulation in the jurisdictions in which the Company operates.

The Company publishes annually to all employees details of executive remuneration and also invites employees to ask any questions or provide any feedback they may have on the topic. As part of the recent review of remuneration arrangements and in the development of the Directors' Remuneration Policy over the past year, the Committee took into account the views of a selection of our employees. Our NED with designated responsibility for workforce engagement, Elane Stock, also met with various groups of colleagues over the year to discuss a variety of topics, with feedback received presented to the Board.

The Committee reviews the overall pay framework of the Group including internal relativities, gender pay and participation in all-employee share plans. The Company encourages share ownership amongst employees.

Consideration of shareholder views

The Committee considers shareholder views received during the year and at the Annual General Meeting each year, as well as guidance from shareholder representative bodies more broadly, in shaping the Remuneration Policy. The Committee Chair speaks with many of the Company's largest shareholders on the subject of executive remuneration and the Committee is grateful for all of the feedback which is provided. As set out in the Chair's Letter, in developing this Policy, the Company received the benefit of feedback or engagement with approximately 40% of Reckitt's ownership as well as key proxy advisors. The vast majority of shareholders that we engaged with were supportive of the Company's philosophy and policy on remuneration, and the Committee will continue to keep its Remuneration Policy under regular review, to ensure it continues to reinforce the Company's long-term strategy and aligns closely with shareholders' interests. The Committee will continue to consult our major shareholders before making any significant changes to our Remuneration Policy.

Directors' Remuneration Report continued

Approach to recruitment remuneration

External appointment

In cases of hiring or appointing a new Executive Director from outside the Company, the Remuneration Committee may make use of all existing components of remuneration, as follows:

Component	Approach
Base salary	The base salaries of new appointees will be determined by reference to relevant market data, experience and skills of the individual and internal relativities. Where new appointees have initial base salaries set below market, or below the previous incumbent's salary, the shortfall may be managed with subsequent increases subject to their development in the role.
Pension	The maximum pension contribution or allowance for new appointees will normally be in line with that available to UK employees or to participants in the pension plan relevant to the country where they are employed, if different. For UK employees this is currently 10% of base salary.
Benefits	New appointees will be eligible to receive benefits which may include (but are not limited to) the provision of a car allowance or car and driver, healthcare and any necessary relocation expenses or allowances in line with the ongoing Remuneration Policy (including tax thereon).
Annual bonus	The structure described in the Policy Table will apply to new appointees with the relevant maximum opportunity.
LTIP	New appointees will be granted awards under the LTIP with a structure in line as described in the Policy Table. LTIP grants can take the form of performance share awards, performance share options or a combination of the two.

The overall limit of variable remuneration will be as set out in the Policy Table, taking into account the maximum value of the annual bonus and the maximum awards of options and share awards under the LTIP.

The Committee may make awards in respect of a new appointment to 'buy-out' remuneration arrangements forfeited on leaving a previous employer or engagement, including by utilising Listing Rule 9.4.2, i.e. over and above the approach outlined in the table above. In doing so, the Committee will consider relevant factors including any performance conditions attached to any forfeited awards and the likelihood of those conditions being met, with the intention that the value awarded would be no higher than the expected value of the forfeited arrangements and would be made on a like-for-like basis.

Internal promotion

In cases of appointing a new Executive Director by way of internal promotion, the policy will be consistent with that for external appointees, as detailed above; except that where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements even in instances where they would not otherwise be consistent with the prevailing Directors' Remuneration Policy at the time of appointment.

Recruitment of a new Non-Executive Director

In recruiting a new Non-Executive Director, the Remuneration Committee will normally use the policy as set out in the table on page 106. A base fee in line with the prevailing fee schedule will be payable for membership of the Board of Directors, with additional fees payable for acting as Senior Independent Non-Executive Director, as Chair or member of a Committee, or for other additional one-off or ongoing responsibilities (including the Designated NED for engagement with the Company's workforce). Fees will normally be delivered partly in cash and partly in Reckitt shares to be held until retirement from the Company.

The fee for a new Non-Executive Chair of the Board will be set with reference to the time commitment and other requirements of the role and the experience of the candidate. To provide context for this decision, appropriate market data would also be referenced.

Other elements may be included in the following circumstances:

- An interim appointment being made to fill an Executive Director role on a short-term basis
- If exceptional circumstances require that a Non-Executive Director takes on an executive function on a short-term basis

Service contracts and exit payment policy

Executive Director service contracts, including arrangements for early termination, are carefully considered by the Committee. In accordance with general market practice, each of the current Executive Directors has a rolling service contract which is terminable on 12 months' notice and it is expected this practice will also apply for any new Executive Directors. In such an event, the compensation commitments in respect of their contracts could amount to up to one year's remuneration based on base salary and benefits in kind, and pension rights, during the notice period. Termination payments may take the form of payments in lieu of notice and/or provision of benefits. In appropriate circumstances, the Committee may agree that certain benefits (such as medical insurance and tax support) may be continued following termination of employment. The Company may provide a leaving gift for a departing Director (including payment of any tax thereon) where the Committee feels that it is appropriate to do so and the value of any gift is proportionate and not excessive. Copies of Executive Director service contracts are available to view at the Company's registered office.

The Committee may agree exit payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or in settlement of any claim arising in connection with the cessation of a Director's office or employment. This may include the provision of outplacement support. The Group may also pay reasonable fees for a departing Director to obtain independent legal advice in relation to their termination arrangements and nominal consideration for any agreement to any contractual terms protecting the Company's rights following termination.

The Company's policy on any termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms in the Executive's service contract and the circumstances of the termination. The table overleaf summarises how awards under the annual bonus (including deferred bonus awards) and LTIP are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion as provided under the rules of the plan.

Directors' Remuneration Report continued

Reason for cessation	Timing of vesting/payment	Calculation of vesting/payment
Annual bonus		
Voluntary resignation or termination with 'cause'	Not applicable.	No bonus to be paid for the financial year.
All other circumstances	Following the end of financial year.	Bonuses will be paid only to the extent that the objectives have been met. Any such bonus will normally be paid on a pro-rata basis up to the termination date and will typically be subject to deferral requirements where applicable.
Deferred bonus share awards		
Voluntary resignation or termination with 'cause'	Not applicable.	Unvested awards lapse, unless the Committee, in its discretion, decides otherwise.
All other circumstances	Subject to the original time horizons, unless the Committee, at its discretion, decides these will vest on cessation of employment.	Awards vest in full.
LTIP		
Gross misconduct Any other reason except those set out below.	Not applicable.	Unvested awards normally lapse. Vested but unexercised options lapse. Vested share awards and any awards or shares in the holding period are normally retained on the terms of the LTIP, with the holding period continuing to apply (unless the Committee decides that they will be released early).
Ill health, injury, permanent disability, retirement with the agreement of the Company, the participant's employing entity ceasing to be under the control of the Company, transfer of the undertaking in which the participant works outside the Group, redundancy or any other reason that the Committee determines in its absolute discretion.	Awards will vest in line with the original performance, vesting and holding periods (unless the Committee decides that they will be released early, in the case of awards in the holding period).	Unvested awards normally vest based on the extent to which performance conditions have been achieved (and subject to adjustment of formulaic outcomes as described above) and reduced to reflect the proportion of the performance period worked. The holding period will normally still apply.
Death	As soon as practicable after date of death (which could be at the end of the relevant financial year). No holding period will apply.	Unvested awards will normally vest as soon as practicable after date of death, and, unless the Committee deems otherwise, will normally be subject to the performance condition (and to adjustment of formulaic outcomes as described above) and reduced to reflect the proportion of the performance period worked.
Change of control	On change of control.	Awards will vest to the extent that any performance conditions have been satisfied and subject to adjustment of formulaic outcomes as described above (unless the Committee determines otherwise). Awards will also normally be reduced to take into account the proportion of the performance period not completed, unless the Committee decides otherwise. Awards may alternatively be exchanged for new equivalent awards in the acquirer or another Company where appropriate.