## Climate change

# CLIMATE CHANGE

2024 was the warmest year on record, with temperatures exceeding 1.5°C above pre-industrial levels.[1] Every rise in global warming increases the impact on our lives, economies and planet. The impacts of climate change range from biodiversity loss and water stress, to impacts on health and increasing inequalities. All aspects of Reckitt's value chain will be susceptible to climate-related risks to varying degrees as extreme weather events become more common. We recognise and embrace the need for urgent action in our pursuit of a cleaner, healthier world.

### Our commitment

Achieving net zero across our value chain by 2040

### Our targets

| | |
|---|---|
| 65% reduction in Scope 1 and 2 emissions by 2030 (vs 2015)[2]* | Achieved |
| 100% renewable electricity by 2030 | On track |
| 50% reduction in Scope 3 emissions by 2030 (vs 2015)[2]* | On track |

**Supporting SDG 13** – to limit and adapt to climate change

* Science-based target

1. World Meteorological Organisation
2. From a 2015 baseline
3. Quantitative risk assessment of the effects of climate change on selected causes of death, 2030s and 2050s (who.int)
4. Health and Climate Change (worldbank.org)

### The impacts of climate change on health and hygiene

Climate change poses a significant threat to human health with almost half of the world's population at risk.

Extreme weather events, air pollution, wildfires and compromised water, land, and food security – are already contributing to many lives lost and affected by infectious diseases and heat-related illnesses.

One in four deaths can be attributed to preventable environmental causes, and the World Health Organisation (WHO) estimates an additional 250,000 deaths per year due to climate change.[3]

The World Bank estimates up to 132 million people will enter poverty by 2030 as a result of the direct health impacts of climate change and an estimated 1.2 billion people will be displaced by 2050.[4]

As part of our Purpose to help build a cleaner and healthier world, we aim to minimise our impact on the planet by making our operations, and our value chain, more sustainable.

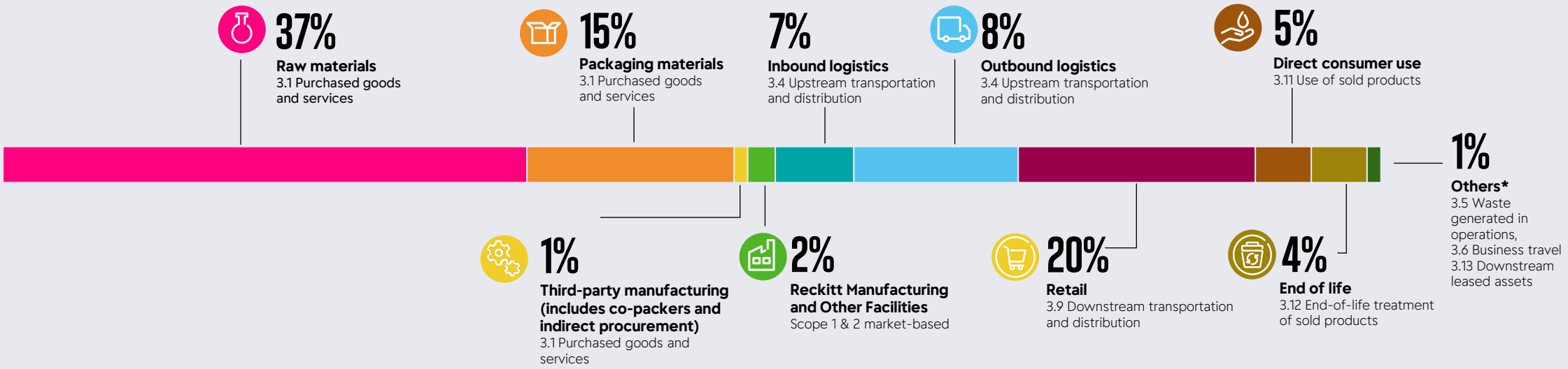
### Our climate disclosures

| Information | Location |
|---|---|
| Climate-related risks and opportunities (including the TCFD recommendations) | Published in our annual report, pages 218-222 |
| Plans and targets to transition towards net zero | This document, page 26 |
| Progress against our transition plans and targets | Published in our annual report, pages 46-47 |
| Additional climate disclosures | CDP disclosure, published online and via the CDP website |

## **Climate change** continued

# OUR GHG EMISSIONS

**GHG emissions in scope of our Net Zero by 2040 ambition**
(% in 2024)




Emissions occur across our value chain, both directly from the manufacturing of our products, and indirectly from the materials we source, how and where our products are distributed, used and disposed of.

Our value chain comprises multiple interdependent parts and cutting carbon emissions in one part of the chain might increase them in another. For example, we could manufacture a product in a more concentrated form that reduces packaging and lowers carbon emissions from transport. But consumers may then have to use or heat more water to use the product, losing some or all of the environmental gains. We manage these trade-offs by using our Sustainable Innovation Calculator to think through these issues when designing new products or modifying existing ones.

Notes:
Figures do not equal 100 due to rounding.
Reckitt calculates Scope 3 emissions across our value chain i.e. 'Raw materials'. The corresponding GHG Protocol Scope 3 category is indicated as follows i.e. '3.1 Purchased goods and services'.
*Excludes capital goods, upstream leased assets, processing of sold products, franchises and investments which are not applicable or relevant to Reckitt. For more detail on the methodology and exclusions in our Scope 3 calculations, see our Basis of Reporting.

## **Climate change** continued

# RECKITT'S CLIMATE TRANSITION PLAN

### 1. Our net zero ambition

Our ambition is to achieve net zero across our value chain (excluding indirect consumer use emissions) by 2040.

### 2. Our near-term GHG reduction targets

We have set near-term GHG reduction targets which cover emissions from our operations as well as our value chain.

- **Our operations (Scope 1 and 2)**
  Reduce our absolute Scope 1 and 2 GHG emissions 65% by 2030, from a 2015 base year* (SBTi validated as 1.5 °C-aligned). Increase annual sourcing of renewable electricity from 5% in 2015 to 100% by 2030
- **Our value chain (Scope 3)**
  Reduce absolute Scope 3 GHG emissions from purchased goods and services (associated with ingredients and packaging materials), direct emissions from use of sold products and end-of-life treatment of sold products by 50% by 2030, from a 2015 base year (SBTi validated)

Our Scope 3 targets include direct consumer use only. This is in line with the GHG Protocol and SBTi guidance and helps us focus on the things within our control.

Direct Consumer Use: products that require fuels and feedstocks or that directly consume energy (fuels or electricity) during use, or products that contain or form GHGs that are emitted during use, for example an Air Wick plug-in or aerosol.

Indirect Consumer Use: products that indirectly consume energy or emit GHGs, calculated with a use-phase profile (i.e. modelling how the product would typically be used, such as running a dishwasher for Finish dishwasher tablets). Indirect emissions are not included in our targets.

### 3. Our emissions reduction plan

We are working to reduce our GHG emissions in line with our 2030 reduction targets for Scopes 1, 2 and 3, and our commitment to achieving net zero by 2040.

We remain committed to delivering our science-based targets and continue to push for climate action across our value chain to achieve net zero by 2040. Our Sustainability Ambitions are supported by specific targets and metrics to drive disciplined execution across the business. They are underpinned by investment in more energy efficient equipment and green energy, lower carbon materials, and existing and broader action on issues such as deforestation which also contribute to climate change. Specifically, in 2024 we have invested around £5 million in activity to decarbonise our value chain, including ongoing R&D, sustainable product innovation and brand activities, CAPEX items and purchasing green electricity.

The complexity of our global value chain means we need to work together with our suppliers, customers and other partners to find innovative, sustainable ways to decarbonise, particularly across raw materials and packaging. This helps us mitigate the risks to our business from a changing climate, but also presents opportunities as we adapt to a low-carbon economy.

We prioritise reducing the footprint of our operations and products and we do not currently use carbon offsets. Our principle remains to abate first and offset last. In preference, we will consider carbon insetting solutions within our value chain over other carbon offsets.

**Our path to net zero focuses on the following key action areas:**

**1. Product design**
Developing more sustainable products with a lower carbon footprint

Leveraging technology to drive decarbonisation efforts at scale

See page 28

**2. Raw materials**
Switching to low-carbon ingredients

Reducing the GHG intensity of our key chemical ingredients

See page 28

**3. Packaging**
Redesigning packaging for recycling and lower carbon intensive solutions

Increasing post-consumer recycled content in packaging

See page 28

**4. Our operations**
Reducing GHG emissions from our operations

Investing in more efficient equipment, alternative low carbon processes and renewable energy sources

See page 27

**5. Logistics**
Improving our logistics network

Driving load and route optimisation, intermodal and alternative fuels and sustainable logistics partnerships

See page 29

**6. Supplier performance**
Expanding and further developing our Supplier Environmental Performance Programme

See page 29

**7. Nature-based solutions**
Sustaining and scaling our approach to nature-based solutions

See page 29

Notes:
*The target boundary includes biogenic emissions and removals from bioenergy feedstocks.
SBTi criteria (version 4.1). We will retire our current targets once our new Scope 1, 2 and 3 emissions reduction targets have been submitted to and validated by the Science Based Targets Initiative (SBTi) within the mandatory 5-year resubmission timeframe.

## **Climate change** continued

# RECKITT'S CLIMATE TRANSITION PLAN

### Our operations (Scope 1 and 2)

We've already surpassed our initial target to reduce emissions in our operations, achieving our near-term Scope 1 and 2 emissions reduction target nine years early. In 2024, we achieved a 69% emissions reduction vs 2015 by increasing our use of renewable energy, optimising high energy manufacturing processes and investing in longer-term renewable electricity generation.

**Key actions:**

We've been reducing GHG emissions in our operations since 2012. Over the next three years, we plan to invest in decarbonising our operations focused on the following areas:

**Long-term renewable electricity solutions**

- Extending on-site energy generation and storage
- Implementing local power purchase agreements (PPAs)

**Pursuing zero-carbon technologies and low-carbon energy**

- Progressively replacing fossil fuels with alternatives
- Replacing combined heat and power (CHP) with electrical/biogas alternatives in priority locations
- Replacing heating, ventilation and air conditioning (HVAC) systems with low-carbon alternatives like air source heat pumps
- Evaluating and optimising spray drying

**Energy use**

Driving energy efficiencies in parallel with switching to renewable energy is fundamental to our strategy. Specifically we are:

- Optimising processes to reduce absolute carbon emissions, continuing to target efficient use of gas and evaluating thermal energy alternatives
- Optimising existing technologies to drive energy efficiencies, prioritising gas for carbon reduction rather than electricity where it is already renewable

SPOTLIGHT

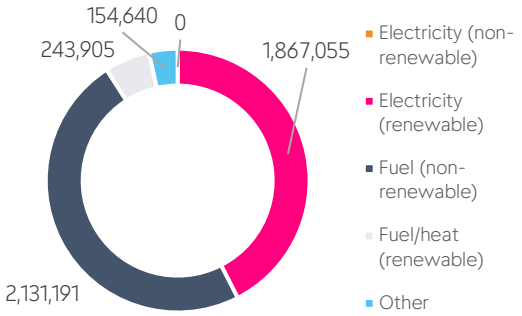
## INVESTING IN ON-SITE RENEWABLE ENERGY

### One-third of our sites now generate some of their own renewable energy

During the year we completed the expansion of solar installations at our Taicang and Chonburi sites. Further installations are planned at our Tatabanya, Chittagong and Mauripur sites in 2025.

A great example of on-site renewable thermal energy generation is our Tuas site in Singapore. The site has reduced emissions and delivered cost savings by installing solar thermal collectors to produce hot water, eliminating the need for gas.

**Energy use in operations (GJ)**




SPOTLIGHT

## DECARBONISING OUR SITES

### Replacing CHP and HVAC systems with low-carbon alternatives

A key focus in decarbonising our operations is reducing our use of natural gas by switching to alternative energy sources, such as electricity, and de-commissioning combined heat and power systems. For example, our Bangpakong site in Thailand has successfully converted its steam drying assets to electric and de-commissioned its CHP system, achieving a 99% reduction in emissions.

HVAC systems are common in manufacturing sites. They're essential to ensuring good working and production conditions however older systems can have a significant impact in energy use and GHG emissions. Our Nowy Dwor site in Poland has installed air source heat pumps for its HVAC system – replacing the use of natural gas to generate heat. Air source heat pumps use electricity which, for Nowy Dwor, is renewable and makes the switch truly sustainable.

## **Climate change** continued

# RECKITT'S CLIMATE TRANSITION PLAN

### Our value chain (Scope 3)

Our plan to achieve our near-term Scope 3 GHG emissions reduction targets has six priority action areas. We focus on the largest emitting categories and the areas in which we have greatest influence. Raw materials and packaging account for more than half of our carbon emissions which is why we're prioritising action in these areas.

## 1. Product innovation

**Key actions:**

**Developing more sustainable products that meet growing consumer demand**

Our Sustainable Innovation Calculator evaluates the environmental impacts of our products by measuring five metrics: Carbon (including our Scope 3 emissions and product carbon footprint), Water, Plastics, Packaging, and Ingredients.

We're designing our products so that they have a lower carbon footprint and also need less energy and/or water to use. For example, we encourage people to use their washing machines at lower temperatures with products such as Vanish, which we've designed to be just as effective at 20°C. Lower temperatures mean less energy.

More concentrated formulas can help reduce the water in products which reduces their packaging footprint. Product concentrates and refills not only reduce packaging but also lessen the carbon impact from logistics.

## 2. Raw materials

**Key actions:**

**Switching to low-carbon ingredients**

Upstream emissions from raw materials and packaging account for over half of Reckitt's scope 3 emissions and is a priority area for carbon reduction.

25 key raw materials comprise 80% of our ingredients and packaging carbon footprint which is where we target our efforts.

Our innovation and science platforms focus on reducing $CO_2e$ in materials by exploring low-carbon alternatives, developing and scaling our green chemistry programme and progressively transitioning from fossil-derived feedstocks to renewable feedstocks. We are evaluating the potential of carbon capture ingredients through initiatives like the Flue2Chem project, which aims to cut $CO_2$ emissions by converting industrial waste gases into chemicals to create more sustainable consumer products.


## 3. Packaging

**Key actions:**

**Increasing our use of recycled and recyclable materials**

About 98% of virgin single-use plastic is made from fossil fuels[1], which account for more than 75%[2] of global GHG emissions and nearly 90%[2] of carbon dioxide emissions.

Recycling plastic avoids 30-80%[3] of the carbon emissions that virgin plastic production produces, helping to reduce Scope 3 GHG emissions.

Our targeted switch to 25% PCR content, using less virgin plastic and progressive plastic replacement will deliver $CO_2e$ savings across our value chain. PCR is recycled plastic made from waste plastic from households and businesses.

Sources:

1. weforum.org
2. un.org
3. imperial.ac.uk

# **Climate change** continued

## 4. Logistics

Outbound logistics account for almost 10% of our Scope 3 emissions. The majority of these emissions are from road transport between our factories and distribution centres, and to our customers – 76% road, 11% ocean freight, 8% intermodal (rail) and 5% air.

### Key actions:

**Green logistics**

In 2023 we took the opportunity to re-evaluate, prioritise and build greater capacity in our green logistics programme and its contribution to our Scope 3 emissions reduction target. Through this we have been engaging with our customers, suppliers and distribution centres to evaluate low-carbon road and sea-freight options, including:

- **Intermodal change:** increasing road to rail and short sea transport, and reducing air freight usage
- **Fuel change and use of biofuels:** exploring fuel switches in ocean freight and road transport
- **Electric Vehicles (EVs):** trialling and scaling EV HGVs where diesel is heavily taxed and green solutions are incentivised, for example in Europe
- **Productivities:** targeting fuel efficiencies and more efficient transportation by optimising transport loads

In 2024, we advanced our reporting capabilities to pull primary data from transport management systems and launch an internal carbon accounting and modelling tool to track outbound logistics emissions by market. This has enabled us to further direct focus to the markets, modes and supply routes with the most intense emissions footprints, and has informed our roadmap for action towards our 2030 and 2040 ambitions.

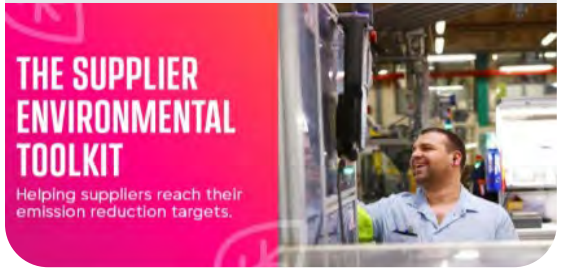
In Europe, we continued to increase the volume of rail and short sea transport versus prior years.

Reckitt is also now part of the Zero Emissions Maritime Buyers Alliance (ZEMBA) which aims to accelerate more sustainable, scalable and economic solutions within the maritime sector. For 2025, Reckitt has committed volumes on key shipping routes in Latin America, which will help us reduce emissions from ocean freight in this region.

SPOTLIGHT

### SUPPORTING THIRD-PARTY MANUFACTURERS

We partnered with Manufacture 2030, Ricardo plc and Haleon to create the Supplier Environmental Toolkit. Designed to help suppliers improve resource efficiency and reduce environmental impact in their operations, the toolkit covers topics such as carbon, water and waste. It builds awareness of environmental standards and shares good practice and guidance.




## 5. Supplier performance

### Key actions:

**Engaging suppliers**

Our focus is on high spend raw material and packaging suppliers, as well as some suppliers of GHG emissions intensive commodities like soap noodles. We have identified around 50 priority suppliers who we are actively working with to decarbonise.

We continued to work with more than 200 third-party manufacturers through our Supplier Environmental Performance programme. Our ongoing partnership with Manufacture 2030 helps us engage on climate matters, and supports these suppliers to measure, track and progressively reduce their emissions, and develop performance improvement plans. We're also supporting suppliers to proactively reduce their carbon, water and waste footprint and improve in areas like energy efficiency.

**Improving data collection**

We have started collecting carbon footprint data directly from priority suppliers of raw materials. This improved visibility will support more detailed analysis of our Scope 3 carbon footprint, enabling progress and performance monitoring and more impactful interventions, including collaborations with suppliers to target carbon reductions.

In addition, our partnership with CO2 AI and Quantis means we can now target specific materials and suppliers that account for around 80% of our raw material and packaging footprint.

For more information, see our **Annual Report**

## 6. Nature-based solutions

### Key actions:

Through our work with Nature-based Insights we're exploring the potential positive impacts that different nature-based solutions could have. This work will guide how we help to protect and restore biodiversity and ecosystems, while addressing GHG emissions, and do so in ways that enhance the livelihoods of local communities. Specifically we're looking at:

- Developing nature-based insetting and regenerative agriculture programmes in key raw material value chains that also strengthen biodiversity
- Brand sponsored ecosystem programmes, for example, the Air Wick and Finish partnerships with WWF (more on page 36)
- Developing biodiversity and ecosystem metrics that measure ecosystem protection in landscape programmes with our partners on the ground
- Ensuring deforestation conversion free raw materials

For more detail on our approach to nature-based solutions, including afforestation projects, see **Biodiversity and Ecosystems**

- Water management programmes and catchment area development. We look to optimise both social and environmental benefits through targeted interventions. For example, from rainwater harvesting in schools and increasing access to safe water, sanitation and hygiene, to water course and forest restoration projects

For more information, see **Water**

## **Climate change** continued

# RECKITT'S CLIMATE TRANSITION PLAN

### Advocating for global action

Since COP26 in 2021, Reckitt has advocated to put health at the heart of the climate conversation. We've worked to build awareness of the impact of climate change on people's health at international forums including New York Climate Week and COP. In 2023, we saw health become an increasingly important part of the global sustainability conversation, including at the first ever dedicated health day on the COP agenda.

## Climate and health

The climate crisis is a health crisis, and the healthcare sector is responsible for 5% of global emissions.

Resilient health systems are the backbone of health equity, but climate change is exacerbating pressures, widening health inequalities and access.

The consequence of inaction is enormous, for our planet, and our health. And these challenges are too big for any one organisation to tackle alone.

**Sustainable Markets Initiative**

Reckitt is part of the Sustainable Markets Initiative Health Systems Taskforce, a public-private partnership accelerating the delivery of net zero healthcare. In partnership with Bupa and others, we are developing a scalable approach to preventative healthcare interventions at the city level, to improve health, reduce pressures on health systems, and decarbonise the patient care pathway. Specifically, the partnership is focused on:

- A pilot in the London borough of Camden to improve air quality and respiratory health by mobilising the private sector and large employers. Camden's vision is to be a clean air borough, yet asthma related hospital admissions are four times higher and its air quality is poorer than the UK average, falling below the WHO's standard for safe, breathable air
- A framework for action and programme of work, to scale preventative healthcare solutions in cities. Our aim is to empower cities to take sustainable action, improving public health and decarbonising healthcare systems

More details in our **Social Impact Report**

## Supporting a Just Transition

**Oh Yes! Net Zero**

'Oh Yes! Net Zero' is our ongoing city-wide collaboration in Hull, the most carbon intensive industrial region in the UK.

In 2024, 'Oh Yes! Net Zero' was showcased at the international Smart City Expo in Barcelona, alongside other globally significant climate action initiatives. It was highlighted as a business-led example of a city driving action to combat climate change, with a key focus on the campaign's work to bring companies and organisations of all sizes together to collaborate and reduce their carbon emissions. The event attracted 25,000 attendees, from 850-plus cities across the globe, ranging from government leaders, to global experts and opinion formers.


Discover more at **reckitt.com – Oh Yes! Net Zero**

**Gender equity in climate finance**

As part of our commitment to advancing women's health and economic empowerment, we joined the Climate Gender Equity Fund (CGEF) in 2023.

We are investing $3 million to build solutions to tackle the impacts of climate change. These will help mitigate and adapt to climate change, especially through women-led organisations and where inequity increases the risk people face.