

## Chief Executive's introduction

### Delivering our purpose

Our purpose is to make a difference by giving people innovative solutions for healthier lives and happier homes. It is the cornerstone of everything we do and gives meaning to our work. We are defined by the benefit our brands have on people's lives, and as a purpose-led business we recognise the responsibility we have to make a lasting and meaningful impact on society. In 2017 we have made real progress with further embedding sustainability into our core business practices and strategies.



**Rakesh Kapoor**  
Chief Executive Officer

### Transforming RB

RB's acquisition of Mead Johnson Nutrition (MJN) in 2017 was the most significant transformation we have ever been through. The successful integration of MJN better positions us to deliver our purpose through the creation of an Infant and Child Nutrition (ICN) division. This addition to our business has given us the opportunity to join the global fight against child malnutrition and we have added the Sustainable Development Goal (SDG) of Zero Hunger to our key priorities.

To support the combination of two great companies we introduced *Responsibility* as a core value, enhancing our existing values of *Ownership, Entrepreneurship, Partnership and Achievement*. Responsibility means doing the right thing, even when it is hard. Our values set out the ways we are to act. They are what bind us together wherever we operate in the world and help to shape our corporate culture. During the year, initiatives took place across the business to refocus our attention on our five core values and demonstrate the ways in which they are being lived.

Diversity at RB has also been high on the agenda. Only by attracting, retaining and developing a diverse and inclusive workforce can we fulfil our potential for outperformance. The number of

female senior managers at RB increased in 2017, and we have raised the bar even higher by setting a strategic goal to double the number of talented women in senior roles.

In the 14th year of our partnership with Save the Children we increased our support for the charity, bringing the total invested over the course of our work together to over £33 million. The positive impact that we have been able to generate through our social programmes has led us to develop and launch a new strategy that focuses on three of the world's greatest unmet needs: sexual health and wellbeing; malnutrition and stunting; and health and hygiene. We are setting ambitious goals around each of these areas and an overall total impact measurement to monitor our success. As part of the development of our new strategy, we will be undertaking a broader review of our strategic partnerships during 2018. Our work to date has already led to over half a million people having better access to cleaner water and two million people developing a better knowledge of hygiene, and our new strategic approach will continue to develop our programmes and improve the lives of many more people.

Our greatest positive impact comes from our brands that exist to make lives healthier and homes happier

## Reorganising for growth

Following RB's acquisition of Mead Johnson Nutrition and sale of the Food Business, we have restructured into two business units.

Learn more in our Annual Report or at [rb.com](http://rb.com)

and cleaner. Education programmes and health and hygiene campaigns supplement our products, making a positive impact on people across the world. This can be teaching the importance of safe sex, building toilets for communities or eliminating preventable diseases like malaria and dengue. In 2017 alone we reached over 200 million people through our messaging and campaigns, bringing the total to over 568 million since 2013. This means we have achieved our 2020 goal to reach 400 million people ahead of schedule and will now evaluate new challenging targets to work towards.

2017 also saw significant enhancements to our Human Rights and Responsible Business programme. We established a dedicated Human Rights team to review not only our internal focus, but also to work with our suppliers and partners to enhance human rights across the value chain. With increased supply chain due diligence, over 100 audits were conducted. We also supported supplier capability building workshops in the United Arab Emirates and India to make our expectations as a business clear. Internally, we launched mandatory Human Rights training for all management which was completed by over 11,873 colleagues.

In 2012 we set ambitious 2020 goals to reduce our environmental footprint and have made great progress in reducing energy consumption, carbon emissions and waste production at our operations. The early achievement of these goals led us to push ourselves harder, replacing them with even more challenging targets. To deliver against our revised targets, this year we signed our first power purchase agreement (PPA) to buy exclusively renewable electricity from a solar plant in India for our Mysore facility.

### A challenging environment

To ensure we continue to grow and develop as a business, we must reflect on and learn from the challenges that we have faced. The environmental accomplishments of our operations have been somewhat overshadowed by the disappointing progress made in reducing the carbon and water impacts of our products, which account for the

majority of our environmental footprint. Although providing products beneficial to health and hygiene does increase our carbon footprint and water impact, we do not believe in shying away from our commitments. We remain determined to find innovative ways of improving the environmental profile of our products. Encouragingly, we have continued to increase the amount of our Net Revenue that comes from products that are 'more sustainable' to 19% this year, and remain on track to achieve our one-third goal by 2020.

We were disappointed to narrowly miss inclusion in the Dow Jones Sustainability Index (DJSI), having been a constituent for the past three years. We are working to address the areas identified for improvement as well as increasing transparency, for example by enhancing our disclosures on tax. We look forward to demonstrating our progress in the next DJSI assessment.

### The year ahead

This year, we committed to joining RE100 – a programme that unites global businesses in using 100% renewable electricity. We are reassessing our energy and carbon emission goals, informed by Science Based Targets and recommendations made by the Task Force on Climate-related Financial Disclosures, to ensure we are playing our part in keeping global warming below the critical two degree Celsius level.

We are driven by the belief that business success and a healthier, cleaner world go hand-in-hand – a formidable win-win situation. A healthier, happier world remains at the heart of our business model and strategy. Through the power of our purpose-led brands and the passion of our people, we will keep making the world better.

### Rakesh Kapoor

Chief Executive Officer

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