

HOUSEHOLD GOODS

Squeeze and X-trim to better Business

Reckitt Benckiser



Sustainability is defined at Reckitt Benckiser (RB) through understanding how the world is changing and the inevitable effects for the business. The rise of emerging markets, higher consumer expectations, climate change and pressure on natural resources are four key issues that RB is adapting its business to thrive in. Their strategy epitomises forward-looking management teams looking at generating long-term shareholder value.

A market leader in household cleaning products and selected health and personal care products, sustainability epitomises how RB operates. Utilising energy and natural resources wisely, eliminating and minimising waste where practical, and reusing and recycling where it is sensible to do so has increased efficiency whilst reducing cost of production.

The CEO has specific responsibility for sustainability and such a push for sustainability is by no means a simple PR green-washing campaign. Tangible benefits have been realised and since 2000, overall energy consumption has been reduced by 9%, an impressive 43% per unit of production. During the same time period, total greenhouse gas emissions have fallen 48% per unit of production with seven sites now using combined heat and power plants and a further seven sites using renewable energy sources such as hydroelectricity or solar power.

Water use and waste generation have decreased by 16% and 7% per unit of production respectively since 2000.

Management have had a long-running cost reduction programme called 'Squeeze',

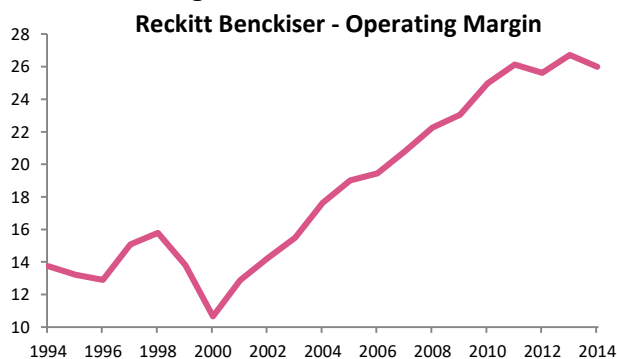
aiming to drive out non-value adding cost by changing and standardising existing finished good designs and specifications without any consumer perceived reduction in quality.

Such small changes add up to significant savings. Finish Quantum dish washing capsules are now made from PVOH – a material that dissolves in the dishwasher. This process has been patented by RB and reduces the weight of each capsule from 2.8g to 2.2g. When scaled up to the millions produced by RB, a significant saving in material and transport cost is produced.

Such innovation has been applied to all products, increasing margin and generating shareholder value.

Alongside this, a program called X-trim has been underway, aiming to enhance gross margin by improving their manufacturing and logistic processes. For example in 2008, RB introduced double-decked trailers able to carry up to 67% more pallets than comparable single-decked trailers. This offers a 40% saving in CO2e per unit transported (i.e. savings on fuel).

Such projects have led to a year-on-year increase in the operating margin of RB since the millennium, a trend management are of course looking to continue.

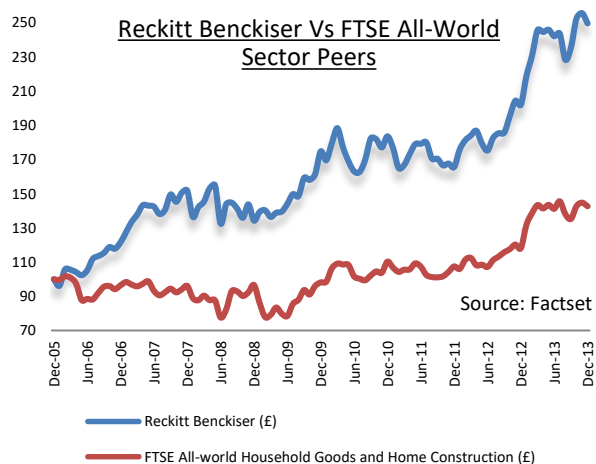


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Nowy Dwór Mazowiecki, Poland

The largest RB site producing approximately one tenth of all their products globally.

An 18 month project came to fruition, reducing energy consumption of the plant by 25%, generating an annual cost saving of £300,000 in energy bills alone. Most importantly, by utilising this combined heat and power system, it has reduced the risk of energy shortages halting all activity at the plant – significant due to the plants importance in its global manufacturing process.



RB is pushing to be one of the most sustainable companies in the market and has so far been relatively successful in its endeavour. Being led from the top, sustainability is integral to the RB business plan, leaving it in a strong position for the future.

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OSMOSIS MODEL OF RESOURCE EFFICIENCY

Osmosis measures resource efficiency by assessing the observed amounts of energy, water and waste disclosed by a public company relative to the amount of revenue it generates.

It's an objective and quantifiable metric for identifying well managed forward thinking organizations that understand the challenges that resource constraint poses to their business.

Resource efficient companies tend to produce greater shareholder value. The reasons for this are less about resource efficiency and more about the characteristics that resource efficiency highlights; features like greater ROE and ROA and higher operating margins.

IMPORTANT INFORMATION

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