

# Reckitt Benckiser Doing business the right way

## 1 The need for socially responsible business

In today's extremely competitive business environment, the term **Corporate Social Responsibility (CSR)** is used extensively. But have you ever stopped to think what the phrase really means? A **socially responsible** business recognises the impact its business activities have on society and takes this into account when making decisions. The attitudes and values of the individual owners and managers of a business are reflected in the stance they take on ethical, social and environmental issues.

Reckitt Benckiser (RB) is one such company that understands how important it is to have the confidence and trust of its customers on such sensitive issues. If they limit their **corporate citizenship** to merely obeying laws or honouring contracts, and put profits ahead of people and the environment, the public will soon realise and take their business elsewhere.

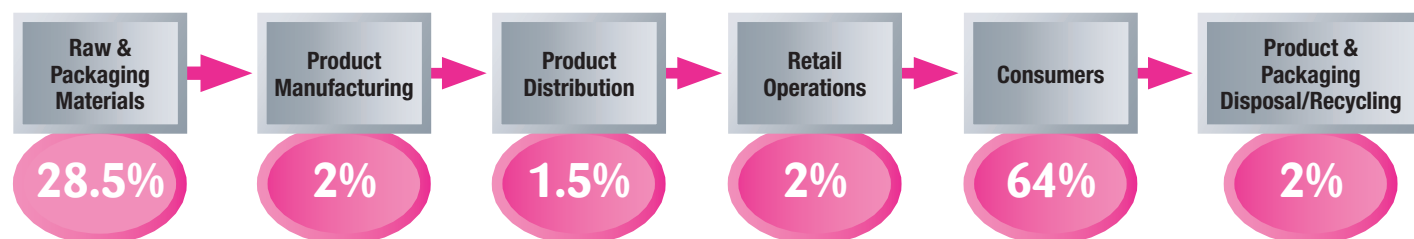
Businesses do not work in a vacuum and cannot ignore the society in which they operate. They need to satisfy the interests of all stakeholders, although it can be difficult to pursue both economic and social goals at the same time. Society now expects more from the organisations they do business with. As consumers, we want safe and reliable products, but not at the expense of the delicate natural environment. As employees in a modern industrialised country, we demand good working conditions, and are becoming more conscious of how employees are treated in other less developed nations. If businesses break the law or behave unethically, we demand that our lawmakers hold them accountable for their actions.

Apart from being the right thing to do, RB recognises that social responsibility makes good business sense. Customers will reward socially responsible businesses by buying more of its products. Similarly, people feel more comfortable to invest in, and employees will want to work for, companies with a strong CSR focus. This is also of interest to the financial stakeholders of RB.

As a world leader in household, health and personal care products, RB is focused on CSR and business sustainability. By this it means a business that operates effectively today with as little environmental, social and ethical cost to the future as possible. The business has undertaken the following three global initiatives as a way to improve its **environmental footprint**.

- Trees for Change
- Carbon 20
- Our Home Our Planet.

Diagram 1: Where is our total carbon footprint?



Business practices at RB have been adapted to ensure companies in the supply chain value the same social responsibility principles. Policies are in place to support a safe and healthy work environment and the business is committed to returning some of the wealth they create to those who are in most need of help.

## 2 Creating successful policies

To ensure their social responsibility goals are achieved, RB has developed a Corporate Responsibility Framework. This governs how they act in conducting the Company's business and encompasses their Code of Business Conduct along with Environmental and Community Involvement policies amongst others. Formalised policies and reporting strategies allow everyone in the company to work towards common goals while remaining accountable for their actions.

Reliable standardised information is necessary to enable a company's performance to be compared to its peers. To accomplish this, RB participates in several **benchmarking** indices including a Corporate Responsibility Index and the Dow Jones Sustainability Index. These indices publicly demonstrate a company's commitment to continually reviewing its impact on society. The structured reporting framework allows RB to plan their business activities more confidently and identify areas for improvement.

## 3 Improving our global footprint

RB is committed to running its business in a responsible, environmentally sound and sustainable manner. They recognise that their supply chain, processes and products have both a direct and indirect environmental impact. In an attempt to eliminate or reduce their global environmental footprint, RB has developed an Environmental Policy with a series of objectives. These centre on placing the environment at the forefront of any business decision that is made. Other key goals of the policy include minimising waste and encouraging recycling through the education of their customers.

One of RB's initiatives, Trees for Change, is a major forestation venture designed to offset four-years of greenhouse gas emissions from RB's global manufacturing energy use. This means that more than 16 billion products created in their worldwide factories from 2006 to 2009 will be effectively 'carbon neutral' in terms of their manufacture. This ambitious project involves planting more than four million native trees on previously deforested land in British Columbia, Canada.

Global warming is currently one of the most significant environmental, social and economic issues. The public expects governments and businesses to put into place programs to deliver real reductions in carbon emissions. Like most large businesses, RB has developed initiatives to actively reduce its contribution to greenhouse gases. Termed "Carbon 20", their ambition is to reduce their products' Total Carbon Footprint by 20 percent per unit by 2020;

however, their approach is quite unique. RB has decided to review the total carbon footprint from 'cradle to grave' which means not only reducing energy consumption in manufacturing operations but also looking at ways to reduce the much larger carbon emissions embedded in the raw and packaging materials received from suppliers and enabling finished products and



packaging to be recycled by consumers. They have also reviewed company practices and have installed state of the art video conferencing facilities around the globe as a way to reduce unnecessary travel.

RB's third initiative, Our Home Our Planet is directed towards helping consumers to use products in a way that limits the effects that some products have on the environment. This initiative is about providing tips for consumers such as:

- No need to rinse dishes before stacking in the dishwasher
- After using Harpic toilet cleaner, there is no need to flush to remove the product
- Select a short cycle for washing and add Napisan Vanish for faster, cleaner results.

In addition to the tips, RB is also committed to removing unnecessary ingredients above and beyond regulatory requirements in order to continually improve the environmental and safety profile of their products. By systematically removing specific ingredients from product formulas and packaging/device component specifications, where 'better' alternatives exist, any unnecessary energy and waste can be eliminated from the production process.

## 4 Part of the community

RB recognises its responsibility to the community in which it operates and actively seeks to support and enrich these communities. As such, they have developed a Community Involvement Policy that sets out the broad principles through which they support community work throughout their global operations. One of the main objectives of the policy is to build on RB's reputation as a socially responsible company, encouraging support for their brands and interest from potential high quality employees. To aid their efforts, the business has established a number of specific programs aimed at giving back to the community.

The company works with a number of charitable organisations to help address the unique health, social or counselling needs of specific populations. RB

has found that contributing to the local community is a way of motivating employees through an increased sense of pride in their workplace. Staff volunteer programs and workplace giving, accompanied by cash and product donations from the business assist areas of need in local communities. Monies raised by employees at RB are matched dollar-for-dollar by the Company to double the total contribution towards the cause.

RB also work in partnership with Save the Children, a worldwide charity that seeks to improve the lives of children who suffer from poverty, disease and violence. RB has committed to raising enough money to save the lives of 100,000 children through support for basic health and hygiene. RB raised a significant amount through sponsorship for an awareness-raising team trek by RB employees from around the globe together through the Himalayas, along with a myriad of fundraising events worldwide.

## 5 Conclusion

With more than two million trees planted to date, a reduction in carbon emissions of over thirty percent, and millions of dollars donated to local and global charities, RB have certainly taken their role as a socially responsible corporate citizen seriously. Their commitment to the development and review of formal strategies and participation in external benchmarking indices has further strengthened their position as a world leader in their industry both in terms of business success and CSR.

# GLOSSARY

**Benchmarking** A process whereby a business uses key performance indicators to compare its performance against objectives, or other similar businesses or industry best practice.

**Corporate Social Responsibility (CSR)** The obligations or responsibility an organisation has to a specified group such as the local community, employees and the like and/or to a wider cause or issue such as the environment. Often referred to as corporate citizenship.

**Corporate citizenship** The obligation or responsibility an organisation has to a specific group such as the local community, employees and the like and/or to a wider cause or issue such as the environment.

**Environmental footprint** The environmental impact any company or entity makes as it performs any activity. A footprint is determined by how well raw materials or by-products are (or aren't) absorbed by the surrounding environment.

**Socially responsible** Activities of business that are seen to not just have benefit for that business (such as adding to shareholder value) but have measurable benefit for the broader society.

**Stakeholders** A person or group who has an interest in how a business operates or functions. Examples include management, owners, employees, customers, shareholders, the local community and government.

Questions and Extension Activities for Reckitt Benckiser are on [www.afrbiz.com.au](http://www.afrbiz.com.au)

You will also find links to the Reckitt Benckiser website [www.rb.com](http://www.rb.com)