



Reckitt Benckiser Group Plc 2016 AGM – 5th May 2016

Statement from UK Railways Pension Scheme

Mr Chairman

My name is Deborah Gilshan and I am a representative of the Railways Pension Scheme, a long-term shareholder of Reckitt Benckiser Group.

We want to invest the capital of our beneficiaries in companies that provide long-term sustainable returns and consider corporate governance to be of paramount importance to us as long-term shareholders.

Reckitt Benckiser has strong fundamentals and on that basis is a company that the Railways Pension Scheme would like to hold over the longer term.

However we have significant concerns about the quality of board governance at the company.

The Board has undergone a lot of change in recent years, and we recognise that board refreshment is not without its challenges. However, certain non-executive directors who were only appointed in 2014 are not seeking re-election at this annual meeting, for which no specific explanation is provided.

In contrast Ms Sprieser and Mr Hydon remain on the board, despite each serving 12 years and you remain as Board Chair, despite serving 16 years.

Ms Sprieser and Mr Hydon are Chairs of the Remuneration and Audit Committees respectively and should be demonstrably independent, in line with the principles of the UK Corporate Governance Code.

Previous annual reports have indicated that Ms Sprieser and Mr Hydon would be stepping down from their roles and now, at the 2016 annual meeting, they are seeking re-election again. It is unclear how long they will remain as non-executive directors.

We are not opposed to longer serving directors per se; it is also about their effectiveness. In Ms Sprieser's case, we have been underwhelmed by her stewardship and oversight on remuneration.

We support remuneration structures that deliver pay outcomes appropriately commensurate with long-term performance but we have long held concerns that such a structure does not exist at Reckitt Benckiser. This is because so called long term incentive awards become payable immediately after only a three year performance period. For the performance cycle ending in 2015 the award provides an amount equivalent to 20 times salary for the CEO.

We question the logic of the Remuneration Committee in determining the appropriate level of pay to motivate and incentivise the CEO.

It is a pity the Remuneration Committee, under Ms Sprieser's leadership, has failed to address these concerns in the new pay policy for which approval is sought in resolution 2. We are, again, voting against this binding resolution and the advisory resolution on remuneration in resolution 3.

We are also, again, voting against Ms Sprieser's re-election as well as other members of the Remuneration Committee who served during the year, of which you are one.

Having raised the substance of these issues in the past with you, as Chairman, we are now conveying them to the Board as a whole.

Will the Board commit to addressing these material risks to the strong underlying performance of the company?