Reckitt Benckiser Group plc – AGM statement 3 May 2018

Statement from UK Railways Pension Scheme

Mr Chairman

My name is Jocelyn Brown, and I am a representative of RPMI Railpen, the investment arm of the UK Railways Pension Scheme.

Two years ago RPMI Railpen spoke at the 2016 AGM where we began by noting that Reckitt Benckiser is a company that the Railways Pension Scheme would like to hold over the long-term. That was true then and is still the case today.

In the past year there have been significant positive governance changes. We applaud you and the Board for responding to the concerns we and other shareholders have raised, and welcome the opportunity to engage with the new Board Chairman and new Chairs of the Audit and Remuneration Committees. That said there is one observation, and one question, which I would like to make today.

Board diversity is important to us. We are a long-standing supporter of the 30% Club and incorporate diversity in our voting decisions. Despite meeting the Parker review recommendation, the Board currently does not meet our voting threshold for gender representation. However, we see that the Board has noted the conclusions of the Hampton-Alexander Review and look forward to further progress in this area.

On pay, we appreciate the Remuneration Committee's use of discretion in reducing the LTIP payout, for the decision to keep Mr Kapoor's base pay unchanged and to pay no bonus in 2017. However, ultimately it is hard to see how total compensation of nearly £12.5 million can be justified in a year where the share price has declined by 30%. This is an outcome we were not comfortable to support, and so we voted against the remuneration report.

Looking forward, we recognise the Remuneration Committee has sought to address the issue of quantum by making a one-third reduction in the number of shares and options awarded to the CEO for 2018 to 2020. We acknowledge the effort the company has made to engage with us and other shareholders and we commend them for taking action on this topic.

We note that the LTIP paid out in the year under review straight after the vesting period, while best practice is a three-year performance period followed by a two-year holding period. The current policy falls short of this, which is one of the reasons we voted against it in 2016. The next time the policy will be put to shareholders will be in 2019 – will the Board commit to addressing this as part of their next consultation?