



# Water Stewardship

Our Haleon policy position



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## Background

Water is a vital resource, which underpins the health of humans and healthy functioning ecosystems. Water is used across our whole value chain. We are dependent on water in our manufacturing processes, for cleaning and sanitation, which ensures that the products we produce are manufactured in full accordance with regulatory requirements where we operate. Water also plays an important role across our products' lifecycle: from the production and supply of raw materials, and the manufacture of products, to the use of our products by consumers. We have calculated that 74.4% of the total volume of Haleon's water use comes from consumer use (majority in toothpaste use), 25.2% comes from our upstream supply chain and 0.4% comes from our manufacturing operations.

For too many people, a lack of equitable and sustainable access to water and poor water quality remain significant barriers to better everyday health. Today, 1 in 4 people – 2 billion people – around the world lack safely managed drinking water.<sup>i</sup> Almost half of the global population, 3.6 billion people, lack safely managed sanitation.<sup>i</sup> Contaminated water and poor sanitation are linked to transmission of diseases<sup>ii</sup> and absent, inadequate, or inappropriately managed water and sanitation services expose individuals to preventable health risks.<sup>ii</sup>

## Our commitment to water stewardship

The United Nations Sustainable Development Goal 6 calls for “Ensuring the availability and sustainable management of water and sanitation for all”.<sup>iii</sup> We aim to align our strategy and targets with that ambition.

We recognise the human right to safe and clean drinking water and sanitation that is essential for good health, the full enjoyment of life and all human rights.<sup>iv</sup> We are committed to the sustainable and equitable management of water resources, recognising our own impacts on this shared resource, by setting targets to:

- achieve Alliance for Water Stewardship (AWS) standard certification at our manufacturing sites by 2025; and
- achieve water neutrality at our manufacturing sites in water-stressed basins<sup>1</sup> by 2030.

Haleon became a member of the AWS in August 2022. AWS is a global membership collaboration comprising businesses, NGOs and the public sector. AWS members contribute to the sustainability of local water-resources through the adoption and promotion of a universal framework for the sustainable use of water – the International Water Stewardship Standard, or AWS Standard – that drives,

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<sup>1</sup> Determined using publicly available tools to identify water risk such as the WRI Aqueduct Tool, site-specific reviews of local water risk using local data and a materiality of the risk to the business.

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recognizes and rewards good water stewardship performance. AWS defines water stewardship as “*the use of water that is socially and culturally equitable, environmentally sustainable and economically beneficial, achieved through a stakeholder-inclusive process that includes both site- and catchment-based actions*”.<sup>v</sup>

## **Delivering our water strategy**

Underpinning our strategy to achieve our global water targets is a programme that includes the following actions:

- Our manufacturing sites in water stressed areas have already made significant progress year on year since 2021 in reducing the amount of water they use, and we will continue to do so. We have year on year water reduction targets, and we are establishing water efficiency measures for all our sites, setting limits and monitoring performance against those targets to ensure we maintain a high level of performance.
- We focus our water neutrality efforts on our Haleon manufacturing sites which are located in water-stressed areas including recycling of water and water efficiency measures. We do this in a way that responds to the local risk and opportunities. While doing this, we will seek to ensure that our approach to water stewardship is inclusive of local stakeholders. We will identify challenges that we share with those local communities, taking individual and collective action to address those shared challenges.
- We provide access to clean water and sanitation facilities in the workplace. As a global company, we aim to support Water, Sanitation and Hygiene (WASH)<sup>vi</sup> initiatives and efforts to provide safe, clean, accessible and affordable drinking water and sanitation for the communities in which we operate manufacturing sites where WASH is identified as a heightened risk.
- As part of our water stewardship approach and target to achieve water neutrality in water stressed basins by 2030, we will prioritise projects that aim to restore the function of ecosystems and highlight the benefits including benefits to biodiversity and to people’s health. Water is an ecosystem service. Well-functioning ecosystems such as wetlands provide services that are vital to meet water management goals such as flood and drought protection.
- When managing our wastewater, at a minimum we seek to preserve the water quality where we operate through compliance with local laws and regulations. Several of our products contain active pharmaceutical ingredients, which are subset of the known micropollutants found in our environment. Pharmaceutical ingredients can enter the environment at various stages of their lifecycle, including manufacturing, use and disposal.

We are committed to playing our part in tackling the issue of Pharmaceuticals in the Environment across all phases of our products' lifecycle and beyond.

*For more information, please see our **position on pharmaceuticals in the environment**.*

- We expect our suppliers and Third Party Manufacturing Organisations to operate in accordance with the principles of good water stewardship. We will work with them to help them improve their performance because collaboration will be key to having impact at scale.
- Through our Taskforce for Climate-Related Financial Disclosures (TCFD) and water footprint analysis, we assess our value chain to understand current and future water risks and see how they impact our business. This enables us to take action to address those risks by incorporating that information into our sustainability strategy.
- We are committed to helping tackle climate change through delivering on our carbon reduction goal, aligned with the Science Based Targets initiative pathway to limit climate change to below 1.5°C. We know that action to use water more efficiently will positively impact our carbon footprint.

## **Our approach and partnerships**

Water is a shared resource, which means that stakeholders from across the whole system need to work together to ensure it is managed sustainably and equitably. At Haleon, we play our part by partnering with organisations who can help galvanise collective action on water stewardship, both locally and globally:

- In August 2022 we became members of the **Alliance for Water Stewardship (AWS)**<sup>vii</sup>, which provides a credible framework for addressing water sustainability, and a peer network to facilitate action in support of our shared vision of water stewardship.
- In December 2022 we became members of the **CEO Water Mandate**<sup>viii</sup>, which is a UN Global Compact initiative that mobilizes business leaders on water, sanitation, and the Sustainable Development Goals. As endorsers of the CEO Water Mandate, we commit to continuous progress against six core elements of stewardship and in so doing understand and manage our own water risks.

Companies that endorse the Mandate agree to continuous improvement in six core areas of their water stewardship practice:

- Direct Operations

- Supply Chain & Watershed Management
- Collective Action
- Public Policy
- Community Engagement
- Transparency

Governance over progress of Haleon’s environmental and social sustainability agenda is overseen by the Environmental and Social Sustainability Committee of the Board, chaired by a non-Executive Board Director. Water-related issues are included in their scope.

For information on our approach to water quality, please click here for ***our positions on Pharmaceuticals in the Environment*** and ***Trusted Ingredients, Sustainably Sourced***.

### **Case Study: Our journey towards water neutrality in Cape Town**

Our manufacturing site in Cape Town, South Africa, which produces pain relief products such as *Grand-pa*, is in a water-stressed basin and is central to our water efficiency efforts.

#### ***Taking action at our site***

Over the past 13 years, we have implemented water-saving initiatives at this site, including:

- recycling water used on site for use in cooling towers and toilets;
- capturing and treating rainwater for reuse;
- installing more energy-efficient water utilities; and
- raising awareness of water efficiency among the local community through behaviour change programmes.

As a result, in 2021 we reduced municipal water use at the site by 53% since 2010.

#### ***Partnering for greater impact***

We've partnered with WWF South Africa to support its water replenishment activities in the Western Cape. Water replenishment projects are vital to South Africa, where demand for water is projected to exceed supply by 17% in 2030.<sup>ix</sup>

The project is focused on removing non-native plants from the local water catchment area, as the presence of these plants can reduce the amount of freshwater available in affected areas. The project aims to restore 250 hectares in the local catchment area by 2025. It will establish a community-run nursery growing native plant species that will be used as part of the river restoration activities, benefiting the local ecosystem and community.

Through our actions at our Cape Town site, as well as through our partnership with WWF South Africa, we are learning how to be better stewards of local water resources. This will support the delivery of our goal for all our Haleon manufacturing sites to achieve good water stewardship by 2025, with sites in water-stressed basins becoming water neutral by 2030.



<sup>i</sup>[Progress on household drinking water, sanitation and hygiene, 2000-2020: Five years into the SDGs - UNICEF DATA](#)

<sup>ii</sup> [Drinking-water \(who.int\)](#)

<sup>iii</sup> [Goal 6 | Department of Economic and Social Affairs \(un.org\)](#)

<sup>iv</sup> <https://www.unwater.org/water-facts/human-rights-water-and-sanitation>

<sup>v</sup> [Home - Alliance for Water Stewardship \(a4ws.org\)](#)

<sup>vi</sup> [Water, Sanitation and Hygiene \(WASH\) | UNICEF](#)

<sup>vii</sup> [About the Alliance for Water Stewardship - Alliance for Water Stewardship \(a4ws.org\)](#)

<sup>viii</sup> [CEO Water Mandate – Sign the Business Pledge for Water Stewardship](#)

<sup>ix</sup> [South Africa - 2030 Water Resources Group \(2030wrg.org\)](#)