

# Chair's statement

## I'm pleased to present Haleon's first Annual Report and Form 20-F



**Sir Dave Lewis**  
Chair

In July 2022, Haleon successfully demerged from GSK plc, completing a multi-year journey to establish a world-leading, standalone global consumer health company. I'm honoured to serve as Haleon's first Chair and, along with the newly established Board, am committed to ensuring we deliver superior value for all our stakeholders.

### **A compelling investment proposition**

Haleon is an impressive business, with a clear strategy to drive sustainable above-market growth and attractive shareholder returns. Our ability to deliver consistently strong performance is driven by deep consumer understanding and investment in trusted science, coupled with strong operational focus and financial discipline.

Over the medium-term, the Board is confident that Haleon can deliver annual organic revenue growth of 4-6% while achieving sustainable moderate Adjusted operating margin expansion (at constant currency) and strong cash generation. We expect to reduce net debt/Adjusted EBITDA down to less than 3x during 2024.

### **An experienced Board**

One of my priorities as Designate Chair ahead of the demerger was to appoint Haleon's first Board of Directors and I'm delighted with the strength and calibre of the exceptionally talented and diverse Board we now have in place. Together, we have over 250 years of executive experience across c.30 listed companies, and over 70 years of non-executive experience across c.20 listed companies. We have two Pfizer Inc. non-independent board members, Bryan Supran and David Denton (who replaced John Young from 1 March 2023) and, with the appointment of Marie-Anne Aymerich and Asmita Dubey to our Board, introduced two new non-executive directors to the FTSE.

Alongside significant experience in governance and the global consumer sector, in selecting the Board we looked for specific skills to support and constructively challenge the Executive Team. This included a mix of skills across capital markets, digital, innovation and brand building in a Fast Moving Consumer Goods (FMCG) context, as well as first-hand experience of operating in the US, China, Asia and Europe.

>> See the skill set and diversity of our Board on page 64.

### **Building robust corporate governance**

The Board is committed to ensuring that Haleon continues to build robust corporate governance. We have taken some important initial steps to achieve this. First, each member of the newly formed Board undertook a comprehensive induction on being appointed. As well as a deep-dive into Haleon, its strategy and operating model, the induction covered directors' duties, regulations, and Haleon's Code of Conduct, which all members of the Board are subject to.

Secondly, we established the necessary Board committees ahead of demerger, in accordance with the UK Corporate Governance Code.

Finally, we ensured that Haleon's internal and external operational governance links directly to Board-level governance, enabling rapid escalation and visibility. This includes a focus on key performance indicators, principal risks and quality requirements, internal employee training and the use of responsibility scorecards to promote the right behaviours.

>> See our Corporate Governance Report from page 63.

### **Priorities for 2023 and beyond**

In what will be our first full calendar year as a standalone business, the Board's agenda will focus on three key areas:

- Constructively supporting and challenging the Executive Team to allow for the successful delivery of Haleon's strategy.
- Continuing to embed the new Haleon corporate capabilities.
- Shaping Haleon's medium- and long-term strategic vision as we look to solidify Haleon's position as a leading consumer health company.

In addition, the Board will continue to have a relentless focus on instilling best practice corporate governance and providing guidance to the Executive Team as they navigate the uncertain macroeconomic environment.

### **Dividend**

Consistent with our previous guidance, the Board has declared a final full year 2022 dividend of 2.4p per ordinary share, which represents approximately 30% of Adjusted earnings for the period since listing. In line with our capital allocation priorities to invest for growth, strengthen the balance sheet, explore acquisitions and return surplus capital to shareholders, our current intention is to maintain our pay-out ratio around the current level, subject to Board approval.

### **Thank you**

Finally, the Board would like to thank Brian McNamara, the Executive Team and all employees across the company for their hard work over the last 12 months. A demerger is a significant undertaking and Haleon has executed it successfully, steering through the challenges we have all felt across the world whilst delivering consistently strong results.