

# Corporate Governance



## Rituparna

Global R&D, Analytical Science

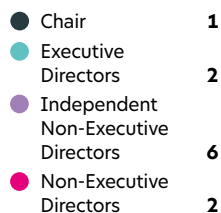
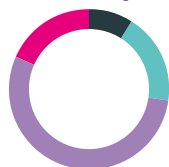
Rituparna is one of our scientists based in our global R&D site in Richmond, USA. As part of the Analytical Science team, Rituparna works closely on our US-based Theraflu and Advil brands. Sold since 1960 and winner of the Consumer Healthcare Products Association (CHPA) 2022 People's Choice Award, Theraflu was the fastest growing of the top four global cold and flu brands.

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# Our Board of Directors

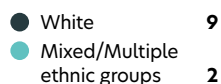
## Board composition



## Gender



## Ethnicity



## Board and Committee membership key:

- Committee Chair
- A Audit & Risk
- N Nominations & Governance
- R Remuneration
- E Environmental & Social Sustainability

## Chair and Executive Directors



**Sir Dave Lewis**  
Chair

**N**

**Appointed:** 23 May 2022

**Skills and experience:** Dave was Group Chief Executive Officer of Tesco plc from 2014 until September 2020. Prior to joining Tesco, he spent 28 years at Unilever plc, holding a variety of leadership roles in Europe, Asia and the Americas, including President Americas and Global President for Personal Care.

### Other significant appointments:

- PepsiCo Inc. (Non-Executive Director)
- World Wildlife Fund UK (Chairman)



**Brian McNamara**  
Chief Executive Officer

**Appointed:** 23 May 2022

**Skills and experience:** Brian joined GSK's Consumer Healthcare business as Head of Europe and the Americas in 2015. He was previously at Novartis AG where he held senior leadership roles, including serving as OTC Division Head and a member of the Novartis Executive Committee. He began his career at Procter & Gamble, where he gained extensive experience in product supply, brand marketing, and customer leadership.

### Other appointments:

- The Consumer Goods Forum (Board Member)



**Tobias Hestler**  
Chief Financial Officer

**Appointed:** 23 May 2022

**Skills and experience:** Tobias joined GSK's Consumer Health Joint Ventures as CFO in 2017. He has previously held a number of local and global finance leadership roles at Novartis in the US and Europe, culminating in the position of CFO at Sandoz, the generics division of Novartis AG.

### Other appointments:

- No external appointments

## Independent Non-Executive Directors



**Manvinder Singh (Vindi) Banga**  
Senior Independent Non-Executive Director (SID)

**A N R**

**Appointed:** 18 July 2022

**Skills and experience:** Vindi spent 33 years at Unilever plc, culminating in becoming President of the Global Foods, Home and Personal Care businesses and executive board member. He has subsequently held a range of non-executive directorships, including at GSK plc (as Senior Independent Director), Marks & Spencer plc (as Senior Independent Director), the Confederation of British Industry (CBI) and Thomson Reuters Corp.

### Other significant appointments:

- Clayton Dubilier & Rice LLC (Operating Partner)
- UK Government Investments Limited (Chairman)
- Marie Curie Trust (Chairman)



**Tracy Clarke**  
Independent Non-Executive Director

**A N R E**

**Appointed:** 18 July 2022

**Skills and experience:** Tracy held a range of senior executive positions during her 30-year tenure at Standard Chartered Bank, where her last role was Private Bank CEO and Regional CEO, Europe & Americas. Tracy's prior non-executive roles include Chair of the Remuneration Committees of Sky plc and Eaga plc and Remuneration Committee member of Inmarsat plc.

### Other significant appointments:

- TP ICAP plc (Non-Executive Director and Remuneration Committee Chair)
- Starling Bank Limited (Non-Executive Director and Remuneration Committee Chair)



**Deirdre Mahlan**  
Independent Non-Executive Director

**A N R**

**Appointed:** 18 July 2022

**Skills and experience:** Deirdre is a qualified accountant and held a number of senior finance and general management roles during her 27-year career at Diageo, including President, Diageo North America and Chief Financial Officer of Diageo plc. Prior to Diageo, she held senior finance roles in Joseph Seagram and Sons, Inc. and PwC. Deirdre was a non-executive director of Experian plc from 2012 to 2022.

### Other significant appointments:

- Duckhorn Portfolio, Inc. (Non-Executive Director and Audit Committee Chair)
- Kimberly-Clark Corporation (Non-Executive Director)

## Independent Non-Executive Directors



**Marie-Anne Aymerich**  
Independent Non-Executive Director

**E**

**Appointed:** 18 July 2022

**Skills and experience:** Marie-Anne previously led the worldwide Oral Care category at Unilever plc where she developed a portfolio of new premium brands. Prior to that, Marie-Anne was Brand General Manager of LVMH Group's Dior Perfume and Beauty business. Before joining LVMH, Marie-Anne was Managing Director for Unilever's Home and Personal Care business in France.

**Other significant appointments:**

- Pierre Fabre Group (Non-Executive Director)
- Academy of St Martin in the Fields (Trustee, Member of Nomination Committee)



**Dame Vivienne Cox**  
Independent Non-Executive Director

**A R E**

**Appointed:** 18 July 2022

**Skills and experience:** Vivienne worked for BP plc for 28 years, holding senior leadership roles including Executive Vice President and Chief Executive of BP's gas, power and renewable business. Vivienne's previous non-executive directorships include GSK plc, where she was Workforce Engagement Director, BG Group plc, Rio Tinto plc, Pearson plc and the UK Government's Department for International Development.

**Other significant appointments:**

- Victrex plc (Chair)
- Stena AB (Non-Executive Director)
- Montrose Associates (Advisory Board member)



**Asmita Dubey**  
Independent Non-Executive Director

**Appointed:** 18 July 2022

**Skills and experience:** Asmita has over 25 years of experience working in consumer businesses and is currently Chief Digital & Marketing Officer of L'Oreal Groupe. She has extensive experience of working and building joint business partnerships in China and served on GSK's Consumer Healthcare Digital Advisory Board for two years from March 2020 to March 2022.

**Other significant appointments:**

- L'Oreal (Chief Digital & Marketing Officer and Member of Executive Committee)

## Company Secretary



**Amanda Mellor**  
Company Secretary

**Appointed:** 23 May 2022

**Skills and experience:** Amanda brings extensive experience in company secretarial, corporate governance, investor relations and investment banking.

**Other appointments:**

- Volusion Group plc (Senior Independent Director).

## Non-Executive Directors (Nominated by Pfizer Inc.)



**David Denton**  
Non-Executive Director

**Appointed:** 1 March 2023

**Skills and experience:** Dave is Chief Financial Officer and Executive Vice President for Pfizer Inc. providing strategic global financial leadership. He has over 25 years of finance and operational expertise including more than 20 years in the healthcare sector. Prior to joining Pfizer in 2022, he was CFO and Executive Vice President of Lowe's Companies Inc. from 2018. Previously he was executive vice president and CFO of CVS Health Corporation.

**Other significant appointments:**

- Pfizer Inc. (Chief Financial Officer and Executive Vice President)
- Tapestry Inc. (Board member)



**Bryan Supran**  
Non-Executive Director

**Appointed:** 18 July 2022

**Skills and experience:** Bryan is SVP & Deputy General Counsel for Pfizer Inc. with responsibility for counselling Pfizer management and directors on strategic initiatives and business development transactions. During his tenure at Pfizer, he also has led Pfizer's intellectual property and international legal teams and provided legal support for Pfizer's R&D and manufacturing organisations. Previously, Bryan worked at Ropes & Gray LLP.

**Other significant appointments:**

- Pfizer Inc. (Senior Vice President and Deputy General Counsel)

John Young served as Non-Executive Director nominated by Pfizer from 18 July 2022 to 28 February 2023.

### Skills and experience (excluding Executive Directors)

This table shows the number of Directors with each relevant skill/experience.

Consumer	7
Healthcare	5
International	9
Supply chain	3
Technology	1
Digital/innovation	2
Regulatory	3
Finance	3
M&A/transformation	7
Sustainability/responsible business	5
Employee engagement	2
Governance/investor	5

>> Full biographies can be found on our website at: [www.haleon.com](http://www.haleon.com)

# Our Executive Team

## Gender



● Men 7  
● Women 6

## Ethnicity



● White 11  
● Mixed/Multiple ethnic groups 2

In addition to Brian McNamara and Tobias Hestler, the Executive Team comprises:



**Keith Choy**  
President, Asia Pacific

**Appointed:** 16 December 2021

**Skills and experience:** Keith has almost 30 years' experience in the consumer-packaged goods and health industries and joined GSK's Consumer Healthcare business in 2019. He was previously President, International Markets for Pfizer Consumer Healthcare. Keith has also held roles at Wyeth Pharmaceutical and Gillette.



**Bart Derde**  
Chief Supply Chain Officer

**Appointed:** 16 December 2021

**Skills and experience:** Bart has over 30 years' experience in the consumer goods industry and joined GSK's Consumer Healthcare business in 2018. He was previously Head of Quality, Safety Sustainability and Compliance at Reckitt Benckiser Group plc after holding various roles in the organisation's global health supply chain. Prior to that, he held various roles at Unilever plc.



**Amy Landucci**  
Chief Digital and Technology Officer

**Appointed:** 16 December 2021

**Skills and experience:** Before joining GSK's Consumer Healthcare business in 2017, Amy spent more than a decade at Novartis AG, where she was most recently the Global Head of Digital Medicines and prior to that, Chief Information Officer for the Novartis OTC Division. Amy began her career at Accenture plc. She previously served on the Board of Directors for HealthyWomen.



**Filippo Lanzi**  
President, EMEA and LatAm

**Appointed:** 16 December 2021

**Skills and experience:** Filippo joined GSK in 2015 holding leadership roles in South and Central Eastern Europe prior to becoming APAC Regional Head. He then became Head of EMEA in 2019, prior to leading LatAm too. Before GSK he worked for Novartis OTC as General Manager in Italy and Greece. Previously, Filippo worked at Johnson & Johnson and Nestlé S.A.



**Jooyong Lee**  
Head of Strategy and Office of the CEO

**Appointed:** 16 December 2021

**Skills and experience:** Before joining GSK's Consumer Healthcare business in 2019, Jooyong oversaw market strategy across all global markets at Diageo plc. Before that she was Vice President of Strategy for InterContinental Hotels Group. Jooyong is a former management consultant with McKinsey & Company, having started her career at Procter & Gamble.



**Teri Lyng**  
Head of Transformation and Sustainability

**Appointed:** 16 December 2021

**Skills and experience:** Teri led the transformation office managing the integration of the Pfizer Consumer Healthcare business and the subsequent programme to demerge Haleon. Previously, Teri led the Quality function for GSK's Consumer Healthcare business and had also held similar roles in Novartis's OTC business and the consumer health divisions of both Wyeth, LLC and Merck Group.



**Mairéad Nayager**  
Chief Human Resources Officer

**Appointed:** 1 March 2022

**Skills and experience:** Mairéad was Chief Human Resources Officer at Diageo plc for six and a half years until January 2022, having previously held a number of HR leadership roles across Diageo's businesses in Europe and Africa during her 16-year tenure. Prior to joining Diageo, Mairéad spent three years at the Irish Business and Employers' Confederation (IBEC).



**Lisa Paley**  
President, North America

**Appointed:** 16 December 2021

**Skills and experience:** Prior to joining GSK's Consumer Healthcare business in 2019, Lisa spent a decade at Pfizer Consumer Healthcare where she was most recently President, North America. She was previously Vice President of Sales at Johnson & Johnson and also held various roles at Pfizer Consumer Health/Warner Lambert.



**Franck Riot**  
Chief R&D Officer

**Appointed:** 16 December 2021

**Skills and experience:** Franck has over 20 years' experience leading R&D in consumer-led industry. Prior to joining GSK's Consumer Healthcare business in 2019, he was Vice President of Research and Innovation for the Essential Dairy and Plant-Based Division, Danone S.A. Before this, he was Group R&D Director at Nomad Foods and previously held a variety of R&D leadership roles at Danone.



**Tamara Rogers**  
Chief Marketing Officer

**Appointed:** 16 December 2021

**Skills and experience:** Tamara has 30 years of experience in FMCG. Prior to joining GSK's Consumer Healthcare business in 2019, Tamara spent nearly 25 years at Unilever plc, most recently as Executive Vice President, Personal Care, North America and prior to that, SVP Global Deodorants. Tamara is a Board Member of the Global Self-Care Federation.



**Bjarne Philip Tellmann**  
General Counsel

**Appointed:** 16 December 2021

**Skills and experience:** Prior to joining GSK's Consumer Healthcare business in 2020, Bjarne was General Counsel of Pearson plc, before which he held a range of legal leadership roles at The Coca-Cola Company in the US, Europe and Asia and at Kimberly-Clark Corporation. Bjarne began his career in private practice at Sullivan & Cromwell LLP and White and Case LLP.

>> Full biographies can be found on our website at:  
[www.haleon.com](http://www.haleon.com)

# Letter from the Chair



**Sir Dave Lewis**  
Chair

Following the demerger from GSK plc on 18 July 2022, Haleon listed on the London and New York stock exchanges.

The work required by the team to deliver this was considerable but in doing so they provided a strong platform for Haleon's future.

We have established a capable, experienced and diverse Board. Women represent 83% of the Independent Non-Executive Directors and 45% of the total Board. Two of our Directors are ethnically diverse. Women have been appointed as Chair to Board Committees and to the role of Workforce Engagement Director.

This Governance report covers the 19 week period from the Board's formal appointment since the listing of Haleon plc in July 2022 to the end of the 2022 financial year.

The Board has covered much ground in the period from its formal appointment since the listing of Haleon plc in July 2022 to the end of the 2022 financial year. This includes reviewing and agreeing as appropriate matters relating to financial performance, strategy, the organisational model and governance as well as completing a tender process for the external auditor. Information on the Board and Committees' activities is set out on the following pages.

## Building the Board and Governance

I joined as designate Chair in January 2022, attracted by Haleon's purpose, its business model and position as a leading global consumer health business, the quality of its brand portfolio and its strategy for growth.

My first priority was to establish a Board with Non-Executive Directors (NEDs) in readiness for the demerger and for Haleon's life as a listed company. This was a unique opportunity to establish a Board and governance framework that would reflect the nature of Haleon's business and best support its strategic ambitions and management. Key amongst the experiences, skills and attributes required for the Board was extensive consumer/FMCG, international, innovation, digital, strategic and listed company experience. Equally important was to bring together a truly diverse group of individuals with different and new perspectives.

We are pleased to have established such an experienced and diverse Board for Haleon. Valuable continuity for the business was ensured with the appointment of two experienced Independent NEDs from GSK, including our Senior Independent NED, Vindi Banga and our Workforce Engagement Director, Dame Vivienne Cox. We secured two experienced Committee Chairs with the appointments of Tracy Clarke as Chair of Remuneration and Deirdre Mahlan as Chair of Audit & Risk and we welcomed two first-time Independent NEDs to a FTSE 100 Board with the appointments of Marie-Anne Aymerich and Asmita Dubey. We also welcomed two NEDs, Bryan Supran and John Young, as representative directors of Pfizer Inc. John stepped down from the Board on 28 February 2023 and was succeeded by David Denton on 1 March 2023.

## Pre demerger

The Directors all undertook an extensive onboarding programme in the months leading up to the demerger and listing to understand the business, its key risks as well as their responsibilities as Directors for approving the Prospectus, and for serving on the Board of a listed company.

## Life as a listed company

We also needed to establish our Board governance framework, Board Committees, processes and ways of working, both as a Board and with the wider business.

Since July, the Board has focused on the Company's strategy, brand portfolio, medium-term plan and operating model, the evolution of its culture and responsible business agenda as well as approving our external reporting and governance-related matters. We also completed an audit tender process for the external auditor resulting in the recommendation to appoint KPMG LLP (UK) as statutory auditor for the financial year ending 31 December 2023, subject to shareholder approval at the Annual General Meeting (AGM). Detail on the wide range of issues covered is provided on page 70 and you can read more about our decision-making on page 71 in our Section 172 Statement.

While the whole Board engaged on responsible business matters during 2022, we recently set up an Environmental & Social Sustainability Committee, chaired by Marie-Anne Aymerich to focus on this important area. Further information is provided on page 81. We agreed a plan in relation to employee engagement and detail on the progress achieved to date is set out on page 72.

## Our AGM

We are looking forward to hosting our first AGM which will provide investors with a valuable opportunity to communicate with the Board. This will be digitally enabled as we believe it provides a more engaging forum, and enables greater participation and wider accessibility for Haleon's global investor base. Information on how to participate electronically will be provided in our Notice of Meeting. I look forward to hearing from you all then.

The Board is encouraged by the strong performance delivered to date and is optimistic for the potential of the business. Our priorities now are to support the execution of the growth strategy, the development of world-leading competitive capabilities in branding and innovation and to ensure the evolution of our culture, values and purpose to set Haleon up for success over the longer term.

# Governance structure

## The Board

The Board's main role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. It sets the Company's purpose, values, strategy and long-term objectives.

>> Matters reserved for the Board and the Committees' terms of reference are available at [www.haleon.com](http://www.haleon.com)

>> The Chair, CEO and SID's role descriptions are also available at [www.haleon.com](http://www.haleon.com)

### Audit & Risk Committee

>> See page 74

The role of the Committee is to ensure the integrity of the financial reporting and audit process and to oversee the maintenance of sound internal control and risk management systems. The Committee monitors the effectiveness of internal and external audit and reviews concerns about financial fraud and whistleblowing.

### Nominations & Governance Committee

>> See page 80

The role of the Committee is to lead the process for appointments to the Board and senior management positions, ensuring plans are in place for orderly succession and to oversee the development of a diverse pipeline. The Committee also has a role to ensure that the Company is managed to high standards of corporate governance.

### Remuneration Committee

>> See page 81

The role of the Committee is to set the broad structure for the Company's remuneration policy and to determine the remuneration of the Board, Company Secretary and Executive Team. The Committee is also responsible for reviewing the related policies and the alignment of incentives and rewards with the Company's culture.

### Environmental & Social Sustainability Committee (established March 2023)

The role of the Committee is to provide oversight and effective governance over progress with the environmental and social sustainability agenda and the external governance and regulatory requirements relevant to these areas.

## Chief Executive Officer (CEO) is responsible for:

- Developing Haleon's strategic direction for consideration by the Board.
- Implementing the strategy and reporting on progress.
- Day-to-day management of the Company, communicating expectations in relation to Company culture and ensuring responsible business conduct across the business.
- Providing effective leadership, co-ordination and performance management of the Executive Team.

## Executive Team is responsible for:

- Supporting the CEO on the delivery of Haleon's strategy.
- Providing input into strategic and operational decisions aligned to business priorities, and supporting on the delivery of actions.
- Supporting the CEO in implementing decisions made by the Board.

## Board and Committee meeting attendance during 2022

Director	Board	Audit & Risk Committee	Nominations & Governance Committee	Remuneration Committee
<b>Chair and Executive Directors</b>				
Sir Dave Lewis	4/4		1/1	
Brian McNamara	4/4			
Tobias Hestler	4/4			
<b>Independent Non-Executive Directors</b>				
Vindi Banga	4/4	4/4	1/1	4/4
Marie-Anne Aymerich	4/4			
Tracy Clarke	4/4	4/4	1/1	4/4
Dame Vivienne Cox <sup>1</sup>	3/4	3/4		3/4
Asmita Dubey	4/4			
Deirdre Mahlan	4/4	4/4	1/1	4/4
<b>Non-Executive Directors</b>				
Bryan Supran	4/4			
John Young <sup>2</sup>	4/4			

<sup>1</sup> Received white papers and provided comments in advance of the meetings.

<sup>2</sup> Stepped down from the Board on 28 February 2023.

# Board activities

## Overview and activities pre-listing

Pre demerger and listing, the priority was to ensure that all Directors received a thorough induction and onboarding in order to carry out their responsibilities as Directors. Given the scale and complexity of this transaction, multiple Board sessions were arranged to cover the business and its operations, the principal risks, significant structural agreements and contracts, key areas of regulation, listing and governance, and Directors' duties.

In addition to the onboarding programme, the Board worked on implementing governance frameworks in readiness for our life as a listed company. We considered the design and membership of Board Committees and the scope of each.

The designate Remuneration Committee worked with management to build a robust, transparent remuneration structure. We considered employee engagement and appointed a Workforce Engagement Director (WED) in line with the recommendation of the UK Corporate Governance Code. The Board also considered oversight of responsible business matters and agreed that the whole Board should be engaged on this important area during 2022 until Haleon's approach was more established. Having discussed a variety of ESG-related topics and approved our sustainability strategy and targets during 2022, we have now established an Environmental & Social Sustainability Committee.

It was important for us to establish a robust governance framework for the wider business to support management's interactions with the Board. This involved reviewing all the critical processes required to support Board and Committee activities and ensure that Directors would have the right information and sufficient time to fulfil their duties. We agreed our Board ways of working, terms of reference, the frequency and operating of meetings, forward agendas and key matters, internal controls and Board authorities.

## Key areas of Board discussion since July 2022 listing

<b>Group strategy</b>	<ul style="list-style-type: none"> <li>– Reviewed and approved the 2023-2025 Corporate Plan as a basis for preparing the 2023 budget.</li> <li>– Discussed the brands, brand strategy and progress made against the strategic priorities.</li> <li>– Reviewed the strategic and operational performance of the business by brand, categories and regions.</li> <li>– Deep dives covering supply chain, and R&amp;D and innovation.</li> <li>– Discussed and approved the sustainability strategy.</li> </ul>
<b>Financials and performance</b>	<ul style="list-style-type: none"> <li>– Approved and reviewed the 2023-25 Corporate Plan and 2023 budget.</li> <li>– Monitored Haleon's financial performance.</li> <li>– Approved the half-year, third-quarter and full-year results.</li> <li>– Considered the approach to capital management and returns.</li> <li>– Reviewed the approach to dividend.</li> <li>– Received updates on and discussed investor relations matters.</li> <li>– Discussed peer benchmarking against performance.</li> <li>– Reviewed outcome of audit tender process and approved appointment of KPMG LLP as statutory auditor.</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>– Reviewed and discussed regular risk reports from the Head of Internal Audit and Risk.</li> <li>– Undertook in-depth reviews of key areas of risk in relation to operations and litigation.</li> <li>– Approved the Company's insurance policies.</li> </ul>
<b>People, culture and values</b>	<ul style="list-style-type: none"> <li>– Reviewed and discussed plans for employee engagement with the WED.</li> <li>– Reviewed the Haleon People strategy, the plans to build a team of industry-leading talent, the employee value proposition, the new performance management approach and the organisation and cultural priorities for Haleon.</li> <li>– Discussed and reviewed Haleon's culture and considered aspects of Haleon's global employee engagement survey.</li> <li>– Considered Haleon's DEI strategy and global DEI initiatives and approved the Board Diversity and Inclusion Policy.</li> <li>– Reviewed the Haleon Gender Pay Gap Report for 2022.</li> <li>– Approved Haleon's first Modern Slavery Statement for 2022.</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>– Reviewed and approved the sustainability strategy and associated targets.</li> <li>– Discussed progress on the sustainability agenda and agreed to establish the Environmental &amp; Social Sustainability Committee to focus on the key elements of our responsible business agenda.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>– Received reports at each scheduled meeting from the Committee Chairs on key areas of discussion and focus.</li> <li>– Discussed feedback from the 2022 Board and Committee effectiveness reviews and agreed the 2023 actions.</li> </ul>
<b>Shareholder and stakeholder engagement</b>	<ul style="list-style-type: none"> <li>– Engaged with key investors, held meetings with brokers and discussed the views of institutional shareholders.</li> <li>– Discussed support provided to customers and employees before and after demerger.</li> <li>– Received updates from Investor Relations, including share price and valuation analysis, market engagement and ownership analysis and sell-side sentiment.</li> <li>– Reviewed the plans for engaging with employees and discussed progress against these.</li> </ul>

## Section 172 Statement

The Board considers that, during the year under review, it has acted to promote the long-term success of the Company for the benefit of its members while having due regard to the factors set out in Section 172(1)(a) to (f) of the Companies Act 2006. The Board recognises the importance of understanding and considering the views and interests of the Company's key stakeholders, and this forms an important element of Directors' discussions and decision-making. The Directors are aware that in making some decisions, stakeholder interests may be conflicted, however, the detail provided below and the example on page 81 illustrate how they understand and consider the key issues in order to carry out their s172 duties.

Meeting agendas, agreed in advance by the Chair, CEO, members of the Executive Team and Company Secretary, include a number of regular standing items, including updates on operations and

financial performance and a number of detailed topics for discussion or approval. Deep dives on specific areas of operation have also been covered in additional sessions with Board members. All Board papers include a section outlining the potential impact of the matter under discussion on key stakeholders and how this links to the Company's business model and strategic pillars. A CEO Report is discussed at each meeting. This covers a wide range of issues and includes insights into consumer behaviours, the external environment, customer relationships, supply chain, employees and investors. Regular updates have been shared on: the Company's responsible business activities, sustainability, Modern Slavery statement, DEI strategy; compliance, conduct and Speak Up, internal controls, risk management and employee engagement. The Chair and Committee Chairs meet regularly with members of the Executive Team ahead of Board and Committee meetings.

Most engagement with stakeholders occurs at senior leader and operational level, (see page 14), with the Board receiving updates about stakeholders' interests and issues in Board reports. Directors have also directly interacted with investors and employees. The Chair met with key investors before and following the listing of the Company, the Remuneration Chair met with investors and shareholder representatives as part of the consultation on the Remuneration Policy, and the WED and other Directors met with employee groups. Detail on the work of the WED is provided on page 72. The Chair has also responded to letters from investors on Haleon's response to the cost of living crisis, climate change as well as changes to investor voting policies on Governance and capital allocation.

### Relevant S172 factors

<b>A</b> Long term	<b>C</b> Business relationships	<b>E</b> Business conduct
<b>B</b> Employees	<b>D</b> Community and environment	<b>F</b> Members of the Company

### Sustainability



**A B C D E**

- Reviewed and approved the sustainability strategy and the KPIs to be adopted.
- Considered Haleon's progress in reducing carbon emissions and steps required to deliver Company targets.
- Debated the role of offsetting and provided guidance on the importance of using carbon-only, science-based targets. Discussed investor expectations in relation to these important targets and provided guidance on this.
- Considered the packaging strategy, the regulatory environment, recycling targets and the challenges to the recycling of post-consumer recycled product.
- Reviewed the sourcing of our trusted ingredients.
- Discussed the engagement across industry-wide initiatives to support our strategy.
- Discussed suppliers, the Supplier Code of Conduct and the work in progress in relation to Human Rights.
- Considered the actions being taken in relation to health inclusivity to support Haleon's purpose-led ambitions and plans for engaging the leadership and Haleon's employee community.

### Investors



**A F**

- Received regular updates on and discussed the investor and financial market engagement pre and post listing and noting the analyst engagement and coverage.
- Reviewed feedback from investor and analysts.
- Reviewed the Haleon share register and discussed its evolution and forward engagement programme.
- Reviewed investor communications and presentations.
- Reviewed communications to retail shareholders ahead of joining Haleon share register following demerger.
- Reviewed details in relation to management of the share register and ADR programme.

### Culture



**A B E**

- Reviewed the work undertaken to develop Haleon's culture and the different cultural traits of pharmaceutical vs consumer companies.
- Reviewed the People Strategy and Company purpose and discussed the behaviours, ways of working, as well as organisation and cultural priorities for Haleon.
- Reviewed steps being taken around employee proposition and how the Company assesses and develops talent and drives a performance-focused culture.

### Customers & Health Professionals



**A C**

- Reviewed the customer model and macro and consumer trends.
- Discussed support provided to customers pre and post demerger.
- Discussed the feedback received from customers and Health Professionals on Haleon's brand and performance as an independent company.

### Supply Chain



**C D E**

- Reviewed the end-to-end supply chain and the technology footprint to deliver the product portfolio.
- Reviewed regulatory considerations, materials, packaging and suppliers, internal manufacturing and key sites, contract manufacturing operations, warehousing network and freight.
- Reviewed performance and key benchmarks, including employee health and safety, product quality and sustainability.

# Board activities continued



**Dame Vivienne Cox**  
Workforce Engagement Director

Since July 2022 I have engaged with the same group of employees who helped shape the engagement plan, and also with a second group of employees from our customer and consumer-focused teams.

Discussion has focused on the role our brands play in building our reputation and how Haleon's brand and purpose resonates with customers. The group engagement has also highlighted a number of areas where we might leverage our human understanding advantage and brand heritage. In addition, the group also discussed Company progress since demerger.

From our conversations, our responsible business strategy is seen as a key area of differentiation and the group highlighted the support for the Company's external position on sustainability, and the opportunity to build understanding across the employee community as to what this means for them. This feedback was shared and discussed with the Board during the year.

Looking ahead, in 2023 I will be seeking to engage on a wide range of topics including responsible business, performance and remuneration.

## Workforce engagement

### Approach

The Board values the opportunity to engage with the Company's employees. This has been especially important following Haleon's demerger and listing and the focus on building a Haleon culture. It is essential to understand the issues that are important to our employees across Haleon's markets and regions, learn about their experience of working at Haleon and be aware of any challenges that need to be addressed.

Ahead of the demerger, the Board reflected on how it might best engage with its new stakeholders, especially Haleon's employees, and the Board's responsibilities under the UK Corporate Governance Code (Code). For the purposes of the Code, Haleon considers its employees to comprise permanent and fixed-term direct employees.

Having considered the Code and various options for employee engagement, the Board agreed to designate a Non-Executive Director as our Workforce Engagement Director and appointed Dame Vivienne Cox to this role given her experience in this area. As part of her role, Dame Vivienne is responsible for gathering and explaining employees' views to the Board.

### Engagement plan

In line with the Code requirement to establish a mechanism to bring the employee voice and key insights into the Boardroom, Dame Vivienne and our Chief Human Resources Officer, Mairéad Nayager, hosted a session with a cross-business group of culturally diverse employees from across our markets and functions to understand the meaningful and innovative ways for the Board to engage with employees on our purpose, strategy, performance and culture.

Dame Vivienne then met the same group again, and another cross regional group of employees from our customer and consumer-focused teams, to get their input and thoughts on relationships, and how Haleon is building its brand and leveraging its portfolio. Both meetings were held without senior leadership present.

The Board considered the feedback and agreed a number of principles to guide its approach to employee engagement, recognising its importance in supporting the Board's discussions and decisions, including those relating to remuneration.

As a result, the Board established a plan which it considers will:

- deliver meaningful insights on all aspects of the business from Haleon's diverse group of employees,
- utilise existing engagement opportunities, groups and technologies to our best advantage, and
- create an environment where employees feels comfortable being open and transparent with the Board.

### Continued engagement

The Board received regular verbal updates in 2022, and will continue to receive them going forward, along with a detailed summary at the end of each financial year, and an update on employee survey results. The employee engagement plan will be reviewed annually and an employee engagement dashboard is in progress for 2023.

- >> see our stakeholder engagement, people, remuneration, and employee engagement disclosures on pages 14, 27, 103 and 197.

## Board development, effectiveness and performance

### Board training and development

The Board participated in a number of deep dives to enhance its understanding of key business areas. Since demerger, sessions have been held on:

- Research & Development (R&D) and innovation: covering Haleon's R&D capabilities, the R&D external ecosystem, the external market, R&D investment, the strategic framework supporting our innovation strategy, the innovation operating model and performance, innovation pipeline and longer-term ambition.
- Supply chain: covering an overview of the end-to-end supply chain, the technology footprint to deliver the product portfolio, regulatory considerations, materials, packaging and suppliers, internal manufacturing and key sites, contract manufacturing operations, warehousing network and freight, the customer model, performance and key benchmarks, including employee health and safety, product quality and ambitions in relation to this and sustainability.

The Board also had a detailed strategy session ahead of its review of the 2023-2025 corporate plan covering Haleon's market perimeter, macro and consumer trends and the consumer, the Haleon portfolio and insight into our categories and ambition.

Further deep dives are planned for the year ahead. A tailored induction programme for our newest Non-Executive Director, David Denton, is underway.

### Board effectiveness

Given that the Board of Haleon plc was only appointed with effect from the date of listing on 18 July 2022, the Board agreed to adopt a questionnaire-based evaluation process conducted by the Company Secretary. The goal was to highlight those areas where we might need to adjust our practices, as well as identify the areas that are already working well.

The questionnaire for the Board and each of the Board Committees was circulated to Board and Committee members and other attendees as required. Board members were also able to discuss their responses via a meeting if preferred. Findings on the Committees were shared with the Chair of each Committee. Findings on the Board and Committees were shared with the Nominations & Governance Committee before coming to the Board for discussion. Actions were agreed for the Board and each Committee. These will be tracked during 2023.

### Group Chair performance

The Chair review process was led by the Senior Independent Non-Executive Director. He sought feedback from the Non-Executive Directors separately, without the Chair present. He also took into account the views of the Executive Directors. The feedback was collated and shared with the Chair.

### Directors' performance

Evaluation of individual Director performance was carried out by the Chair. These performance reviews are used as the basis for recommending the re-election of Directors by shareholders at the AGM. The Chair had one-to-one discussions with each NED to discuss, among other things:

- their performance and individual effectiveness,
- their time commitment to Haleon, including the potential impact of outside interests,
- their ongoing development
- the Board's composition, taking into account Non-Executive Director succession plans, and
- current and future Committee membership and structure.

Each of the Directors is considered to be an effective member of the Board and all Directors as at the date of this Report will seek re-election at the AGM.

### Key findings

Recognising that the Board and its Committees had yet to complete one full annual cycle, the Directors concluded the Board and Committees had made a good start and covered a lot of ground. While the Board and Committees were considered to be operating effectively, a number of actions were agreed and these are set out in the table below.

### Action plan

<b>Board</b>	<ul style="list-style-type: none"> <li>– Focus on delivery of strategic objectives, driving performance and shareholder returns.</li> <li>– Build on Talent agenda and continue to support development of the Haleon culture and world-class team.</li> <li>– Continue to develop director induction and ensure opportunities for market visits and further engagement with Haleon's employees, brands and business model.</li> </ul>
<b>Audit &amp; Risk Committee</b>	<ul style="list-style-type: none"> <li>– Continue oversight and focus on key areas of the Committee's remit.</li> <li>– Continue focus on key areas such as IT and cyber security.</li> <li>– Ensure effective ways of working and assurance with specific focus on the transition to KPMG LLP as auditor, and the 2023 internal audit plan.</li> </ul>
<b>Nominations &amp; Governance Committee</b>	<ul style="list-style-type: none"> <li>– Recommend the creation of the Environmental &amp; Social Sustainability Committee, committee membership and associated terms of reference.</li> <li>– Ensure ongoing training on key areas of governance.</li> <li>– Support development and succession of key leadership.</li> </ul>
<b>Remuneration Committee</b>	<ul style="list-style-type: none"> <li>– Continue oversight and focus on key areas of the Committee's remit.</li> <li>– Review executive remuneration structures and targets to ensure balance with Company-wide offering.</li> <li>– Review the effectiveness and transparency of disclosures and reporting.</li> </ul>

# Audit & Risk Committee Report



**Deirdre Mahlan**  
Chair

## Letter from the Chair

As Chair of the Audit & Risk Committee, I am pleased to present the Committee's Report for the period ended 31 December 2022 in accordance with the UK Corporate Governance Code.

The purpose of this Report is to describe how the Committee conducted its responsibilities during the year. Our core objectives include ensuring the integrity of the Group's financial reporting process, the effectiveness of the external audit and ensuring that the Company has an effective control environment to manage risks. Since its formation the Committee has ensured it had oversight of these areas with particular focus on the establishment of an appropriate internal control framework ahead of and following the demerger and listing on both the London and New York exchanges.

At our first meeting, we commenced a tender process for the audit of the Company's financial statements for the year ending 31 December 2023. As a result of this process, we are proposing the appointment of KPMG LLP as the sole external auditor and this will be subject to shareholder approval at the forthcoming AGM. Further information on this and our other activities are set out later in this report.

On behalf of the Committee, I would like to thank the firms for the quality and professionalism of their submissions. We would like to thank Deloitte LLP for their service as well as their support during the demerger last year. Subject to shareholder approval at the AGM, we look forward to working with KPMG in their new capacity in the future.

## Key duties and responsibilities

The Committee's responsibilities include monitoring and reviewing:

- The integrity of financial reporting of the Company's Financial Statements including reviewing significant judgements and the adequacy of related disclosures.
- The external and internal audit process and performance of the internal audit function and the external auditor.
- The effectiveness of the Company's system of internal control.
- The process for the management of related party transactions.
- The Group's risk management system, and the identification and management of risks.
- The Company's process for monitoring compliance with legal and regulatory requirements and ethical codes of practice.

## Membership and meetings

The Committee comprises solely Independent Non-Executive Directors. Their names are set out on pages 64 and 65, together with details of their attendance at meetings during the period on page 69. The experience, skills and qualifications of Committee members are on pages 64 and 65.

The Board has confirmed that it is satisfied:

- that the Committee members collectively possess an appropriate breadth of recent and relevant financial expertise and experience in the consumer health industry; and
- that Deirdre Mahlan possesses the relevant attributes to be the designated Audit Committee Financial Expert in accordance with US federal securities laws and regulations.

The Company Secretary is secretary to the Committee. The Chief Financial Officer, General Counsel, Group Financial Controller, Head of Audit & Risk, and a representative of the external auditors attend meetings on a regular basis. The Chair, Chief Executive Officer and other members of management attend for all or part of any meeting, as and when appropriate. The Committee also met without management present and met privately with the audit partners and with the Head of Audit & Risk.

## Committee effectiveness

Details of the Committee effectiveness review are set out on page 73.

## Committee activities

### External reporting

- Discussed and recommended to the Board for approval the quarterly trading statements and half- and full-year Financial Statements and the combined 2022 Annual Report and Accounts and Form 20-F.
- Reviewed the Group's policy on the use of non-IFRS measures and adjusting items including disclosure and presentation.
- Examined and recommended to the Board the submission of Form F1 to the SEC and the proposed external disclosures as required under the Registration Rights Agreement.
- Reviewed the condensed consolidated interim Financial Statements under IAS 34 and recommended them to the Board.
- Reviewed and challenged the going concern assumptions for 2022 and the principles underpinning the longer-term Viability Statement.
- Reviewed and challenged the treatment of key accounting matters and judgements including the estimation of the recoverable amount of indefinite life brands, and accounting and disclosures related to litigation disputes and uncertain tax positions.
- Considered tax and treasury matters, including provisioning for uncertain tax positions and compliance with statutory reporting obligations.
- Assessed whether the Annual Report, as a whole, was considered fair, balanced and understandable.

### Internal and external audit

- Approved the statutory audit engagement letter for Deloitte LLP in respect of Haleon plc and its UK subsidiaries for the period ended 31 December 2022.
- Affirmed the appointment of KPMG LLP to audit the Company's financial statements for the period ended 31 December 2022 under the rules of the SEC and US Public Company Accounting Oversight Board and approved the audit engagement letter for KPMG LLP.
- Held periodic meetings with external auditors without management present.
- Conducted a tender for the external audit for the year ended 31 December 2023.
- Reviewed and agreed policies and processes designed to safeguard auditor independence.
- Approved the internal audit charter and 2023 internal audit plan.
- Received regular internal audit updates from the Head of Audit and Risk, and met regularly with him without management present.

### Internal controls

- Received regular updates on internal controls, including the results of testing, and discussed instances where the effectiveness of internal controls was considered to be insufficient.
- Reviewed the assessment to determine the Company's status as a Foreign Private Issuer.
- Considered the financial controls assurance plan in readiness for the Group's first Sarbanes-Oxley 404 evaluation and certification of internal controls over financial reporting in 2023.

### Related-party transactions

- Reviewed and considered related parties for IFRS purposes as part of the year-end process.

### Risk management

- On behalf of the Board, reviewed the processes by which the Group's principal risks are identified and managed and received periodic reports of the status of principal risks; reported any issues arising from these reports to the Board.
- Undertook detailed reviews of key risk areas and processes including: digital and technical infrastructure; cyber-security and portfolio ingredients.
- Reviewed tax and treasury policies and considered consistency with the risk appetite of the Company.
- Reviewed the Group's insurance policy and insurance programmes.
- Reviewed the effectiveness of the risk management and internal control systems.

### Compliance

- Had regular discussion of legal issues with the General Counsel.
- Monitored fraud reporting, confidential hotline, and whistleblowing arrangements and discussed trends with management.
- Reviewed reports from the Chief Ethics & Compliance Officer, including updates on the rollout and embedding of the Haleon Code of Conduct.

# Audit & Risk Committee Report continued

## Significant reporting matters in relation to the financial statements considered by the Committee during 2022

Accounting area	Committee's conclusion and response
<b>Recoverable amount of indefinite life brands</b>	<p>As at 31 December 2022, the Group had approximately £19,333m of intangible assets that are indefinite life brands. The Group tests at least annually whether indefinite life brands have suffered any impairment. Impairment testing is inherently judgemental and requires management to make multiple estimates, including those related to the future revenue growth of each brand, terminal growth rates, profit margins, and discount rates. The Committee reviewed information on the impairment tests performed, focusing on the critical assumptions as well as any changes from the prior year.</p> <p>In 2022, the Group recognized non-cash impairment charges totalling £129 million, principally related to the Preparation H brand, as it was determined the carrying value was less than the estimated recoverable amount. The Committee noted the decrease in the recoverable amount of the Preparation H brand was mainly driven by an increase in the discount rate due to changes in macroeconomic factors. The Committee also reviewed and challenged sensitivity analyses provided by management to understand the impact of changes in key assumptions. The Committee was satisfied with the assumptions utilised by management and also considered and reviewed the Group's relevant impairment disclosures. Refer to Note 14 of the Consolidated Financial Statements.</p>
<b>Legal and other disputes</b>	<p>The Group may become involved in significant legal proceeding for which it is not possible to determine whether a potential outflow is probable. Management makes a judgement of whether it is remote, possible or probable that an outflow of resources will be required to settle legal obligations. Throughout 2022, the Committee reviewed the status of potential legal and contingent liabilities, including those related to Zantac litigation, Proton Pump Inhibitor (PPI) litigation, and German Competition litigation. The Committee challenged management on judgements made in determining the level of provisions recognised and reviewed the Group's relevant disclosures. The Committee was satisfied with the level of provisioning and associated disclosure. Refer to Note 22 of the Consolidated Financial Statements.</p>
<b>Taxation</b>	<p>Where it is considered that a dispute with tax authorities may arise, or where a dispute is already ongoing management makes a judgement as to whether any provision needs to be made. This assessment considers the specific circumstances of each dispute and relevant external advice, is inherently judgmental and could change substantially over time as each dispute progresses and new facts emerge. As at 31 December 2022, the Group had recognised provisions of £159m related to uncertain tax positions. The Committee debated the key judgements made with management, including relevant professional advice that may have been received in each case, and considered the level of tax provisions recognised and the associated disclosures to be appropriate. Refer to Note 9 of the Consolidated Financial Statements.</p>
<b>Annual accounts and US Foreign Private Issuer Reporting</b>	<p>Since the Group was formed via demerger on 18 July 2022, this year represents the Group's first set of annual accounts and its initial SEC Form 20-F filing. Significant effort has been deployed on the part of management to ensure accurate and timely externally reporting. During the year, the Committee dedicated a considerable amount of time reviewing key reporting and accounting issues related to the demerger, focusing on the integrity of the financial statements, compliance with UK and US requirements and whether the Annual Report taken as whole presented a fair, balanced and understandable assessment of the Group's performance. Refer to Notes 1 and 23 of the Consolidated Financial Statements.</p>

### Financial and narrative reporting

The Committee reviewed and recommended approval of the quarterly and half- and full-year financial statements during the year, taking into account matters including key judgement areas, going concern and viability statements, the impact of litigation and impairment reviews, as appropriate.

At the request of the Board, the Committee assessed whether the Annual Report and Form 20-F, taken as a whole, was fair, balanced and understandable and contained the necessary information for shareholders to assess the Group's position, performance, business model and strategy. To support the assessment, management established a clear process to ensure consistency of disclosures and presentation of results was put in place to address key financial reporting risks and to manage the coordination of Group-wide inputs into the documents. A wide range of functions were included in the process including members of finance,

communications, investor relations, legal and corporate secretariat. The ARC received a near-final draft of the Annual Report at its final meeting in February, together with a full description of items to consider in assessing fair, balanced and understandable. The external auditors also supported the Committee's review of fair, balanced, and understandable as part of regular year end reporting.

The Committee reviewed and discussed key disclosures and reporting requirements on a regular basis throughout the period. The structure and content of the document was subsequently reviewed to ensure that the key messages were consistently communicated. The Committee also considered the assumptions supporting impairment testing, deferred tax assets, going concern and viability assessments as well as the disclosure of climate-related matters.

In addition to its regular updates on the control environment and the integrity of the financial reporting process, the Committee also received a report from management on the verification process for the Annual Report, including management's checklist confirming compliance with the relevant regulatory requirements. The Committee also received reports from the external auditors on the outcome of their audit work, highlighting the key audit matters as set out in their reporting (see pages 109 to 121).

The Committee made a recommendation to the Board which also reviewed the report as a whole, confirmed the assessment and approved the Annual Report for publication.

## Internal audit

The internal audit function provides independent, objective assurance to the Board, the Committee and senior management on the adequacy and effectiveness of the internal control framework, which combines risk management, governance and compliance systems. The Head of Audit and Risk reports to the Committee Chair and provides regular reports to the Committee on the function's activities. The effectiveness of the internal audit function including its quality, experience and expertise relative to the size of the business was continually monitored through reports received by the Committee during the period. These provided key internal audit observations and described proposed improvement measures and related timeframes given to management.

The Committee has approved the Internal Audit Charter and annual work plan which includes risk-based reviews of financial, operational, strategic and governance risks, reviews of emerging risks and business change activity, together with work for compliance purposes. The 2023 internal audit plan will be reviewed and updated as required to reflect evolving assurance requirements and priorities.

## Internal control and risk management

The Board is responsible for establishing procedures to manage risk and oversee the Group's Internal Control Framework including setting risk appetite in line with the Group's strategic objectives, and ensuring appropriate oversight through various mechanisms, including strategy meetings, management reports and reviews of selected risk areas.

On behalf of the Board, the Committee is responsible for reviewing and assessing the effectiveness of the Group's risk management and internal control systems.

A fundamental part of the work carried out since demerger included the review of the Group's principal risks and its financial and operational controls and procedures. The Committee regularly obtains and discusses information on risk mitigation plans, internal control maturity and areas for improvement.

The Group's approach to risk management and internal controls as an independent entity continues to evolve and develop, and will continue to be refined throughout 2023. The risk management framework is designed to actively manage, rather than eliminate, the significant risks and uncertainties the Group may face. Consequently, the Group's internal control system can only provide reasonable, but not absolute, assurance over its principal risks.

In 2022, we undertook a top-down enterprise risk assessment to review and prioritise the Group's principal risks, assess the magnitude of risk exposure, and highlight any emerging risks. In parallel, a bottom-up risk identification was performed across various business units, markets, sites and functions. The Committee reviewed the findings, agreed on the principal risks and concluded that management's approach to risk and risk appetite was satisfactory.

➤ Further information is set out in the 'Our Approach to risk section' from page 56.

The Committee has reviewed and endorsed a range of policies and programmes, including:

- The Company's Code of Conduct and its purposeful standard of 'Always doing the right thing', applicable to all our internal and external stakeholders. This Code supports and encourages good judgment while maintaining a culture of risk accountability.
- The mandatory Anti-Bribery and Anti-Corruption training, completed by all employees.
- The annual confirmation process from business units and functions general managers, attesting their governance responsibility and the effectiveness of the Internal Control Framework, including issue response through corrective and preventative actions.
- Internal controls discussing opportunities to further simplify and evolve the framework in line with our strategy and operating model.
- The grant of authority and charters for risk governance boards, including the Enterprise Risk and Compliance Committee and the Compliance and Risk Forums meetings.
- The Security, Crisis and Continuity Management procedures.
- Speak-up line reporting and data analysis measuring traction and progress.
- Risk deep-dives over principal risks, including trusted ingredients, cyber security (and IT infrastructure), other

enterprise risk areas such as treasury, tax and trade compliance, and risk transfer strategy and insurance.

Based on the Committee's activities performed throughout the year, and its annual effectiveness review, the Committee confirms the effectiveness of the Group's system of internal control and risk management under the statutory provisions of the UK Corporate Governance Code for the financial year covered by this report and up to the date of approval of the Annual Report and Accounts.

## Sarbanes-Oxley 404 readiness

Since this was the Group's first year in existence, the Group was not required to report on the design and operating effectiveness of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act. However, management was required to ensure the proper disclosure and control procedures under Section 302 of the Sarbanes-Oxley Act and to maintain internal controls to the standards required by the UK Corporate Governance Code.

The Group and the Committee are committed to having a strong internal control environment and understand the benefit that a comprehensive and well-designed set of controls has on ensuring the reliability of the Group's financial statements. As such, while not explicitly required under Section 404, during 2022, the Group maintained a consistent and continuous approach to internal control procedures and activities including those related to IT systems.

Furthermore, internal controls were continuously monitored throughout the period and certain technology systems and the associated infrastructure were identified for further focus and consideration by the Committee, including those related to the cloning of IT systems and data migration as a result of the demerger, cyber-security, and infrastructure privilege access management. Where necessary, the Group has developed robust action plans and is in the process of implementing remediation actions.

# Audit & Risk Committee Report continued

## External audit

### Appointment of external auditors

In light of UK and US rules on audit firm independence, prior to the demerger, the Directors appointed two external auditors, which we subsequently agreed and confirmed at our first meeting following listing. Deloitte LLP was engaged in respect of the statutory audit of Haleon plc and its subsidiaries; Claire Faulkner was appointed the audit partner for the period ended 31 December 2022. KPMG LLP (US) was appointed to audit the Group's Financial Statements for the period ended 31 December 2022 under the rules and standards of the SEC and US Public Company Accounting Oversight Board.

The appointment of two external auditors was a short-term solution for the period and the Committee immediately commenced a tender process for the audit of the Company's Financial Statements for the year ending 31 December 2023. The Committee considers that the Company has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the period ended 31 December 2022.

During the period, the Committee approved the plans for the external audits, the proposed audit fees and terms of engagement. It has reviewed the audit process and quality and experience of the audit partners engaged in the audit and has also considered the extent and nature of the challenge demonstrated by the external auditors in their work and interactions with management.

In considering the independence of each firm, the Committee received a statement of independence from the auditor, a report describing the arrangements to identify, report and manage any conflicts of interest, and reviewed the extent of non-audit services provided to the Group. The Committee confirmed its satisfaction with the effectiveness and independence of the audit firms with respect to their engagements in their respective jurisdictions.

### Audit tender process

As indicated in the Prospectus, the Committee agreed to put the external audit services to tender for the year ending 31 December 2023. A range of firms were approached, including members of the 'big four' firms and mid-tier firms. Two firms were not approached due to independence constraints and one firm declined to participate due to resourcing issues.

Each firm that participated in the process was given extensive access to documentation, met with the Committee Chair, members of senior management and the finance team and were requested to submit a written proposal to the Committee. The firms then gave presentations to the Committee and were judged against a number of objective criteria determined in advance of the process.

The Committee concluded that KPMG LLP (UK) (KPMG) was the preferred firm

to conduct the audit engagement judged against the selection criteria including: the firm's independence to perform both the statutory audit of Haleon plc and its UK subsidiaries and the audit of the Company's financial statements under the rules of the SEC and US Public Company Accounting Oversight Board; and the quality of the proposed team and firm (including industry experience and experience of UK and US-listed groups) and the approach to managing the audit. The Committee recommended two firms to the Board, with KPMG identified as the first choice for appointment as the Company's auditor, commencing with the financial year ending 31 December 2023. The Board agreed with the recommendation and the Company will seek shareholder approval of the appointment of KPMG at the forthcoming AGM.

>> See page 211 for further disclosure under Item 16F of Form 20-F

### External audit tender timeframe



#### July 2022

Committee review and approval of the audit tender process.



#### October 2022

Request for proposal submitted to audit firms.



#### October/November 2022

Participating audit firms met with Committee Chair and key finance management team members.



#### December 2022

Presentations to Committee Chair, members of the Committee, other Directors and members of management.



#### February 2023

Decision made and communicated to participants and via regulatory information service. A resolution to appoint KPMG will be recommended to shareholders for approval at the AGM.

### Non-audit services

The Committee has adopted a policy designed to safeguard the independence and objectivity of the external auditors. This policy, which complies with the FRC's 2019 Revised Ethical Standard and the Sarbanes-Oxley Act of 2002, sets out a framework for determining whether it is appropriate to retain the external auditors for non-audit services and for pre-approving non-audit fees.

The policy includes a list of permitted non-audit services in line with the relevant regulations. Any service not on this list is prohibited.

The Committee has pre-approved the use of an external auditor for non-audit services where:

- They are included in the policy's list of permitted non-audit services; and
- They are approved by the Group Financial Controller, or their designate in certain defined circumstances, when do not exceed £100,000; or
- They are approved by the CFO and the Chair of the ARC when they exceed £100,000.

The total fee for non-audit services provided by the external auditors is reported to the Audit and Risk Committee on a quarterly basis. Management's approval based on monetary limits is not a delegation of authority for approval by the Audit & Risk Committee, but rather a confirmation of adherence to the policy for permissible non-audit services.

During the period ended 31 December 2022, the external auditors undertook non-audit work in relation to other assurance services, tax compliance, corporate finance and other services and were paid a total of £9m. Details of the fees paid to the external auditors are in Note 6 to the Financial Statements.

### Looking ahead

The Committee will focus on its key areas of responsibility, with a particular emphasis on the approach to financial reporting, including the Group's first Sarbanes-Oxley 404 evaluation and certification of internal control over financial reporting, the transition to KPMG LLP as the external audit firm, the further development of the Group's enterprise risk management framework and compliance programmes, and IT matters, including the regular review of the maturity of IT processes and controls following demerger including cybersecurity and infrastructure privileged access management.

# Nominations & Governance Committee Report



**Sir Dave Lewis**  
Chair

## Letter from the Chair

I am pleased to present the Nominations & Governance Committee's Report for the period ended 31 December 2022. While the Committee held only one formal meeting during the period under review, members were closely involved ahead of the demerger providing input on Board and Committee structure, skills and membership, and terms of reference.

Prior to admission, we engaged the external search firm Heidrick & Struggles to help us build a Board ready for the demerger and listing of Haleon. This firm had no connections with the Company or individual Directors.

Working with a clear plan of the skills and experiences needed to support Haleon as a large independent, listed consumer health business and the governance requirements of this, we established a designate director group with extensive experience in consumer, healthcare, international business, M&A, supply chain management, regulatory affairs, responsible business matters, governance and finance.

We are delighted to have attracted such a strong and diverse group of individuals and one where women represent over 83% of the Independent Non-Executive Directors, 45% of the total Board and the key roles of Chair of Audit & Risk Committee, Chair of Remuneration Committee, Chair of the newly-created Environmental & Social Sustainability Committee and Workforce Engagement Director. Furthermore, two members of the Board are ethnically diverse.

## Key duties and responsibilities

The Committee's responsibilities include:

- Leading the process for appointments to the Board.
- Ensuring plans are in place for orderly succession to both the Board and senior leadership positions.
- Overseeing the development of a diverse pipeline for succession.
- Reviewing and recommending the Board diversity policy.
- Monitoring, and where appropriate, recommending changes to the Company's corporate governance framework.

## Membership and meetings

The Committee comprises solely Independent Non-Executive Directors.

Their names are set out on pages 64 and 65, together with details of their attendance at the one formal meeting held during the period under review on page 69.

## Committee effectiveness

Details of the Committee effectiveness review are set out on page 73.

## Committee activities

A summary of the Committee's activities during the period is set out in the table opposite.

## Establishing and onboarding the Board

The designate Nominations & Governance Committee discussed and agreed Board committee composition and associated terms of reference and the most suitable approach to workforce engagement, recognising the recommendations of the UK Corporate Governance Code.

Ahead of the demerger and listing, the designate directors undertook a comprehensive onboarding, covering an induction on the business model and operations, director duties in the UK and US, and the Haleon governance framework, and provided input ahead of publication of the prospectus in June 2022.

## Board skills' matrix and succession planning

Since Haleon's listing in July, the Committee has reviewed the composition and diversity of the Board. To support our succession planning, we have developed a Board skills' matrix which maps the areas of experience we believe we need to support Haleon's strategy against those of the Non-Executive Directors. The matrix also captures data in relation to diversity and ethnicity as well as tenure. The Committee discussed succession for the Non-Executive Directors and, recognising that the Non-Executive Directors were all newly appointed, considered the implications for tenure and longer-term Board succession.

The Committee also considered the executive and leadership needs of the Company reviewing the Executive Team as well as the people strategy and talent agenda more broadly. It discussed potential succession, acknowledging that given the newness of the Company this would evolve in the future.

## Looking ahead

The Committee will continue to focus on its key areas of responsibility with a particular emphasis on the induction programme for David Denton, who joined the Board on 1 March 2023, deep dives into key governance matters and leadership development and succession planning.

### Decision to set up the Board Environmental & Social Sustainability Committee

In readiness for life as a listed company, it was agreed that the whole Board should be engaged on the oversight of responsible business matters until Haleon's approach was more established. As part of the Board and

Committees effectiveness review, the Nominations & Governance Committee discussed the feedback in relation to the responsible business strategy, and recommended that it would be appropriate to set up a dedicated Board environmental and social sustainability committee in 2023. When reaching its decision to

implement this recommendation, the Board was also mindful of comments on environmental and sustainability matters shared by investors and shareholder representative bodies and of employees, who, as set out page 72, view Haleon's responsible business strategy as a key area of differentiation.

## Committee activities

### Non-Executive Directors succession planning

- Reviewed and discussed the Board matrix of Director experiences and skills developed to support Non-Executive Directors, along with diversity metrics and tenure.

### Senior management talent review and succession planning

- Discussed the Haleon people strategy, current targeted talent priorities and the direction being taken to identify, assess and develop talent.
- Reviewed the composition of the Executive Team and discussed key experiences and strengths, development areas, performance and succession coverage.

## Governance

- Discussed and approved the Board's Diversity, Equity and Inclusion policy.
- Reviewed the Company's Code of Conduct.
- Discussed feedback from the 2022 Board effectiveness review and the action plans for the Board and Committees.
- Recommended the creation of an Environmental & Social Sustainability Committee.

### Board diversity, equity and inclusion

At Haleon, we have built a Board with a diverse mix of gender, social and ethnic backgrounds, knowledge, personal attributes, skills and experience. We strive to reflect Haleon's aspirations in relation to its employees and its values and to position Haleon as a leader in these areas. This diversity provides a mix of perspectives which we believe contributes to effective Board dynamics.

#### Board objectives

- Meeting the recommendations of the FTSE Women Leaders Review on gender diversity, with an aspiration to keep gender balance between 40 and 60%.
- Meeting the Parker Review objective on ethnic minority representation.
- Ensuring that the Board is reflective of Haleon as a truly international company.
- Ensuring that the Board is comprised of a good balance of skills, experience, knowledge, perspective and varied backgrounds.
- Only engaging search firms which are signed up to the Voluntary Code of Conduct for Executive Search firms.
- Reporting annually on the diversity of the executive pipeline as well as the diversity of the Board, including progress being made on reaching the Board's gender and ethnicity aspirations.

As part of its considerations, the Committee discussed the Board's and Company's ambitions in relation to diversity and ethnicity and recommended the Board's Diversity, Equity & Inclusion Policy (Policy) to the Board for approval. The Policy sets out the approach to diversity on the Board. It sits alongside Haleon's Code of Conduct which applies to the Board and all employees. It is available on the Haleon website in line with the requirements of the Disclosure and Transparency Rules.

The Haleon Board ambition on diversity is clear: we have established a strong gender balance, and currently have 45% women representation. We will seek to maintain this between 40-60%, as well as strong ethnic diversity. While no woman occupies any of the roles of Chair, SID, CEO or CFO, we have women in the roles of Chair of three of four Board committees, (Audit & Risk, Remuneration, and the newly-created Environmental & Social Sustainability Committees) and Workforce Engagement Director.

The Board supports the recommendations of the FTSE Women Leaders Review on gender diversity and the Parker Review on ethnic diversity, and meets the Parker Review objective. The Board recognises, however, that periods of change in Board composition may result in temporary periods when these are not achieved. All Board appointments are based on merit with each candidate assessed against objective criteria, with the prime objective to maintain and enhance the Board's overall effectiveness.

The Committee will monitor progress against these commitments as part of its oversight of the balance of skills, knowledge, experience and diversity on the board and succession planning for appointments to the Board and Executive Team.

# Directors' Remuneration Report



**Tracy Clarke**  
Chair

## Letter from the Chair

I am delighted to present the first Directors' Remuneration Report for Haleon plc, following one of the most significant demergers in the history of the FTSE and Haleon's successful admission to the London and New York Stock Exchange on 18 July 2022.

Haleon established its Remuneration Committee ahead of the demerger to put in place a remuneration framework for its Executive Team that aligned with the Company's strategic ambition and compelling purpose – to deliver better everyday health with humanity. The Committee disclosed the key features of the Directors' Remuneration Policy (Policy) in the Prospectus published in June 2022. The full Policy, as set out in this report, will be submitted to shareholders for approval at our 2023 AGM.

Haleon's policies and processes are compliant with all applicable regulatory requirements and consistent with the UK Corporate Governance Code. We will continue to take into consideration the broader environment and context in making decisions in respect of the Executive Directors' pay throughout the lifetime of this Policy.

## Our Directors' Remuneration Policy

Haleon's Remuneration Committee believes that our Policy will reward performance that delivers, at a minimum, Haleon's investment case and also critically drive growth in a sector with great potential. Haleon has a real opportunity to improve the lives of millions of people, which cannot happen without a management team that is committed to delivering consistently strong performance, while creating a sustainable, values and purpose-led company.

## Alignment of incentives to strategy and our responsible business commitments

With the intent to create a direct and tangible link between incentive measures and strategic business priorities, the Committee identified the following key measures for use in the 2022 incentives: organic sales growth, adjusted operating profit and individual business objectives (IBOs) for the Annual Incentive Plan (AIP), with a prominent weighting of the sales measure reflecting the significance of sales growth to delivering our investment case, and cumulative free cash flow and net debt/adjusted EBITDA for the 2022 Performance Share Plan (PSP). The Committee regards these measures as critical to the successful execution of Haleon's strategy and reflecting the priorities of the Company following demerger.

Delivering on our responsible business commitments is fundamental to sustainable strong performance at Haleon and the Committee has therefore deliberately designed a more stringent long-term incentive structure than prevailing market practice. The PSP includes an ESG qualifier, whereby the level of vesting against the financial targets for the 2022 awards could be reduced if performance against three key milestones is not met: 1) carbon reduction, 2) recycle-ready packaging, and 3) gender diversity.

This structure reflects the significance of responsible business within Haleon's strategy whilst ensuring that financial targets remain paramount.

>> Further information about the measures and targets set for the 2022 incentives is provided on pages 97-100.

## Rewarding 2022 performance

In line with the financial performance outcomes described in the Strategic report, organic sales growth and adjusted operating profit were achieved at 82.5% and 45.0% of maximum, respectively. Combined with the performance against the IBOs, this led to an overall AIP outcome of 72.3% of maximum for Brian McNamara and 71.8% of maximum for Tobias Hestler. No discretion has been exercised in respect of payments to the Executive Directors for 2022. The full details of the 2022 remuneration paid to Directors and the basis for its determination are set out on pages 95-98.

## 2023 remuneration arrangements

The current remuneration framework has been effective since July 2022. For 2023, remuneration arrangements for Executive Directors will remain consistent with this framework since the primary strategic drivers remain unchanged. Therefore, the AIP and PSP measures and weightings will remain unchanged for 2023. It is worth noting that the 2022 and 2023 PSP awards do not include a relative measure, given the inability to provide a full year reference point for the share price. The Committee remain open to incorporate a relative measure in future PSP grants. 2023 salaries for Executive Directors and fees for Non-Executive Directors and the Chair will remain unchanged from 2022 levels which applied on demerger. However, the Committee reserves the right to award salary increases in the future to allow for appropriate pay progression over time. For reference, an average increase of 6% will be awarded to UK employees.

### Remuneration decisions related to the demerger of Haleon

On demerger, the Committee implemented remuneration arrangements for Executive Directors in line with Haleon's Directors' Remuneration Policy, as per the Prospectus.

The remuneration levels, benefits and contractual terms for the Executive Directors were set in recognition of the scope of roles in the newly listed company, the international scale of the business and the current talent market. The changes also ensure alignment with UK corporate governance best practice. Details of remuneration payable to Executive Directors are set out on pages 95-98. Executive Directors were appointed as Directors of Haleon on 23 May 2022. However, their Haleon employment and remuneration terms were effective from 18 July 2022.

In addition, Executive Directors (as well as former GSK employees) held GSK share awards prior to demerger. Participants were treated as good leavers, and their awards were time pro-rated at the point of demerger. The Committee agreed that it should make "Refill" share awards to the impacted employees, including the Executive Directors, to replace the expected value of the awards forfeited and these will vest no sooner than the original vesting dates of the original GSK awards.

➤➤ Award details for the Executive Directors are set out on page 89 and 101.

### Workforce reward and benefits post-demerger

The Committee is intent on paying close attention to the terms and conditions of the broad employee base at Haleon when considering pay for Executive Directors, and especially at a time of economic turmoil across the many markets in which Haleon operates. In select countries, the Company has taken action by offering cash payments or pay increases to its employees. Additionally, Consumer Prices Index (CPI) trends was one of the factors taken into account when setting pay budgets for 2023. Furthermore, Haleon became UK Living Wage accredited in September 2022.

On 6 October 2022 all permanent Haleon employees at the date of demerger (excluding Executive Directors and members of the Executive Team) were granted a Haleon "Ownership Award" of 100 ordinary shares or 50 ADSs. These awards were granted with a desire that every employee should have the opportunity to become an owner of Haleon with shared responsibility for growing the Company. These awards are expected to vest on 18 July 2025, subject to continued employment.

In addition, Haleon announced the launch of its Global Parental Leave policy to coincide with its first day as an independent company, as outlined on page 27. All employees are entitled to 26-weeks fully paid parental leave following the arrival of a child. Consistent with its commitment to drive health inclusivity, this policy is available to all employees, regardless of gender or sexuality and covers biological birth, surrogacy and adoption.

### Shareholder engagement

I have been very pleased with the feedback and input on the Directors' Remuneration Policy, with a large majority of shareholders and advisory bodies being supportive of our policy and of the arrangements that we have implemented for 2022. In particular, investors have welcomed the alignment of our incentive measures with Haleon's strategy and endorsed the implementation of the ESG qualifier in the 2022 PSP.

### Looking ahead to 2023

On behalf of the Committee, I would like to thank shareholders and advisory bodies for their engagement and valuable feedback, which we have considered carefully prior to finalising the proposed policy.

I remain available for any shareholders who wish to discuss the proposed policy, or any of the content set out in this report, ahead of the 2023 AGM.

# Directors' Remuneration Report continued

## Key duties and responsibilities

The Remuneration Committee's principal responsibilities are:

- Making recommendations to the Board on remuneration principles and policy as applied to Executive Directors.
- Setting, reviewing and approving individual remuneration arrangements for the Chair of the Board, Executive Directors, senior leadership and the Company Secretary, and such other executives as required.
- Designing remuneration policies and practices that support the Company's strategy and promote its long-term sustainable success, ensuring that performance conditions are transparent, stretching and rigorously applied and enabling the use of discretion over outcomes and the recovery and withholding of awards where the Committee deems this to be appropriate.

- Making recommendations to the Board concerning the introduction of any new share incentive plans which require approval by the Board or by shareholders.
- Reviewing employee remuneration and key related policies and the alignment of incentives and rewards with the Company's culture and taking these into account when determining the policy for executive remuneration.

## Membership and meetings

The Committee comprises solely Independent Non-Executive Directors. Their names are set out on page 69, together with details of their attendance at meetings during the period. The experience, skills and qualifications of Committee members are on pages 64-65. The Company Secretary is secretary to the Committee. The Chair, Chief Executive Officer, Chief Human Resources Officer and Global Head of Reward attend

meetings on a regular basis. Other members of management attend for all or part of any meeting, as and when appropriate. The Committee also meets without management present.

## Committee effectiveness

>> Details of the Committee effectiveness review are set out on page 73.

## Committee activities

### Key decisions taken pre-demerger by the Remuneration Committee designate

Post-demerger remuneration arrangements	<ul style="list-style-type: none"> <li>– Approving remuneration arrangements for the Haleon Executive Directors, Executive Team and the Company Secretary, including changes to contractual terms.</li> <li>– Discussing the key elements of the Directors' Remuneration Policy to be included in the Prospectus.</li> <li>– Approving performance measures for the 2022 incentive plans.</li> </ul>
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### Key activities of the Remuneration Committee post-demerger

Directors' Remuneration Policy	– Discussing the Directors' Remuneration Policy to be included in this Directors' Remuneration Report.
Operation of share plans post-demerger	<ul style="list-style-type: none"> <li>– Approving the operation of all-employee share plans.</li> <li>– Approving Haleon Refill awards compensating the value of the lapsed portion of GSK share awards for Haleon participants.</li> <li>– Approving the first annual grant of Haleon share awards and associated disclosures.</li> </ul>
Shareholder engagement	<ul style="list-style-type: none"> <li>– Considering and approving shareholder engagement timeline and materials.</li> <li>– Considering feedback received from shareholders when making decisions on remuneration.</li> </ul>
Governance	– Considering and approving relevant documents, policies and delegated authorities to allow the Committee to effectively discharge its responsibilities.

## Remuneration at a glance

### Summary of the Directors' Remuneration Policy application in 2022 and 2023

Element	2022	2023	2024	2025	2026	2027	Application for 2022	Application for 2023
Base Salary	→						Base salaries from Admission: – CEO: £1,250,000 – CFO: £700,000	2023 base salaries: – CEO: £1,250,000 – CFO: £700,000
Benefits	→						To facilitate the CEO's employment arrangements being moved from an international assignee package, a one-off payment of £300,000 was made to him in 2022.	Benefits will operate in line with the Policy
Pension arrangements	→						Employer contributions: – CEO: 7% of salary – CFO: 7% of salary	No change from the Policy which applied on Admission
Annual Incentive Plan (AIP)	→	Deferral period					Maximum AIP opportunities from Admission: – CEO: 200% of salary – CFO: 200% of salary  2022 performance measures: – 60% Organic sales growth – 20% Adjusted operating profit – 20% Individual Business Objectives (IBOs)  50% of any AIP earned will be deferred for three years	No change from the Policy which applied on Admission  No changes to performance measures for 2023
Performance Share Plan (PSP)	Vesting period			Holding period			2022 PSP award levels: – CEO: 450% of salary – CFO: 350% of salary  2022 performance measures: – 50% Cumulative free cash flow – 50% Net debt/Adjusted EBITDA – ESG qualifier	No change from the Policy which applied on Admission  No changes to performance measures for 2023
Share ownership requirements	→						Share ownership requirements: – CEO: 450% of salary – CFO: 350% of salary	No change from the Policy which applied on Admission

### What performance means for Executive Directors' pay in 2022

At Haleon, remuneration packages are designed to ensure strong alignment between pay and performance. 2022 saw the Company perform strongly against its financial and strategic objectives which has been appropriately reflected in the incentive outcomes, as set out in the Annual Report on Remuneration. The total fixed and variable remuneration for the Executive Directors is shown below:

#### CEO



● Fixed Pay  
● Variable Pay

£1,336k  
£1,014k

#### CFO



● Fixed Pay  
● Variable Pay

£481k  
£518k

# Directors' Remuneration Report continued

## Directors' Remuneration Policy

This section sets out the Directors' Remuneration Policy (Policy) proposed for shareholders' approval at the 2023 AGM. The key elements of the Policy were disclosed in the Company's Prospectus published on 1 June 2022.

Subject to receiving shareholder approval, the Policy is intended to apply immediately from the 2023 AGM for three years to the end of the 2026 AGM, although we may seek shareholders' approval for a new policy during this period, depending on regulatory developments, changes to our strategy or competitive pressures.

>> The Policy can be found on the Company's website: [www.haleon.com](http://www.haleon.com).

### Committee process to determine the Policy

The process the Committee went through in determining the Policy included the following steps:

- reviewed the link between Haleon's strategic priorities and external commitments and Executive Directors' remuneration and sought to align the Policy with the strategy;
- sought advice from its independent remuneration adviser on the impact of the UK Corporate Governance Code, regulations and current investor sentiment in formulating the Policy; and
- consulted with the Chair, CEO and CFO on the proposed Policy.

The Committee was mindful in its deliberations on the new Remuneration Policy on where there were potential conflicts of interest (for example the need for directors to be excluded from any discussions about their own remuneration) and sought to minimise them through an open and transparent process internally and externally by seeking independent advice and through the involvement of the main stakeholders.

The Company's approach was to establish a Policy that:

- drives the success of Haleon and the delivery of its business strategy for the benefit of consumers and other key stakeholders;
- creates shareholder value;
- provides an appropriately competitive package to attract, retain and motivate executive talent for a standalone consumer staples business, which will source talent globally; and
- is aligned with the Company's business priorities, culture, wider employee pay policies, and best practice.

### Principles underlying the Policy

When determining the Policy, the Committee had regard to a number of key principles as outlined below:

Factor	How this has been addressed
Clarity	The Committee has consulted with the Company's largest shareholders and their advisers on the Policy. Details on Executive Directors' pay are clearly set out in the Annual Report on Remuneration on page 95.
Simplicity	The Committee has aimed to incorporate simplicity and transparency into the design of our first Directors' Remuneration Policy. The remuneration arrangements for Executive Directors are simple, comprising fixed pay (salary, benefits, pension/pension allowance), an Annual Incentive Plan (AIP) and a Performance Share Plan (PSP).
Risk	The Policy includes defined maximum limits for both the short- and long-term incentive plans.  The remuneration arrangements include deferral of the AIP and holding periods within the PSP. Malus and clawback provisions apply to all incentives.  The Committee reserves the right to adjust the formulaic outcomes (either up or down) to ensure that the overall outcome reflects underlying business performance over the vesting/performance period for both the AIP and PSP.
Predictability	Disclosure in this report should allow shareholders to understand the range of potential values which may be earned under the remuneration arrangements. The policy clearly sets out relevant limits and potential scope for discretion.
Proportionality	A significant part of Executive Directors' reward is linked to business performance and delivery of external commitments.  Additionally, the Committee commits to setting stretching performance targets and will only pay maximum for outstanding performance.  The pay arrangements for Executive Directors are consistent with those of the senior leadership team.
Alignment to culture	The purpose, values and strategy of the Company are reflected within the incentive arrangements and performance measures.  New and existing Executive Directors are offered pension benefits aligned with the core level of employer pension contribution available to UK employees.  The vesting period attached to the long-term incentives reflects the time horizon of the business plan.  The additional post-vesting holding period and post-employment shareholding requirement strengthens the alignment of interests between Executive Directors and other stakeholders.

## Directors' Remuneration Policy table

### Fixed pay

Element	
<b>Base salary</b>	
<b>Purpose and link to strategy</b>	To attract, retain and develop key talent by being market competitive and rewarding ongoing contribution to role.
<b>Operation</b>	<p>Base salaries for Executive Directors are set at a level appropriate to secure and retain the high calibre individuals needed to deliver Haleon's strategic priorities.</p> <p>The individual's role, experience and performance, and independently sourced data for relevant comparator groups, will be considered when determining salary levels.</p> <p>In line with market practice, the Committee will review Executive Directors' base salaries annually.</p> <p>Should a new Executive Director have a base salary set below the previous incumbent's level or below market level, the Committee reserves the right to make phased increases, which may be above the wider employee level, subject to the individual's development in role.</p>
<b>Opportunity</b>	There is no formal maximum limit and, ordinarily, salary increases will be broadly in line with the average increases for wider Haleon employees. However, increases may be higher to reflect a change in the scope of an individual's role, responsibilities or experience. Salary adjustments may also reflect wider market conditions in the geography in which an individual operates.
<b>Benefits</b>	
<b>Purpose and link to strategy</b>	To provide market-competitive and cost-effective benefits.
<b>Operation</b>	<p>Executive Directors are eligible to receive benefits in line with the policy for other employees which may vary by location. These may include, but are not limited to:</p> <ul style="list-style-type: none"> <li>- private healthcare (including eligibility for the Executive Director's spouse or partner and eligible dependent children);</li> <li>- life assurance/death in service benefit;</li> <li>- membership of a Group Income Protection plan;</li> <li>- personal tax and financial planning;</li> <li>- Directors' and Officers' liability insurance maintained by the Company; and</li> <li>- any contractual post-retirement benefits.</li> </ul> <p>Executive Directors can be entitled to a car travel benefit or car allowance and home security services. Other benefits include expenses properly incurred in the ordinary course of business, which are deemed to be taxable benefits on the individual. They also benefit from the indemnity provided by the Company in the form provided to all Directors. Executive Directors in the UK are also eligible to participate in any all-employee share schemes established by the Group, on the same terms as other employees.</p> <p>In line with the policy for other employees, Executive Directors may be eligible to receive overseas relocation allowances and international transfer-related benefits when appropriate.</p> <p>The Company covers any associated tax and social security contributions due on selected benefits.</p>
<b>Opportunity</b>	There is no formal maximum. Benefit provision is tailored to reflect market practice in the geography in which the Executive Director is based, and different policies may apply if current or future Executive Directors are based in a different country.
<b>Pension</b>	
<b>Purpose and link to strategy</b>	To provide cost-effective, market-competitive post-retirement benefits.
<b>Operation</b>	<p>The approach to pension arrangements for Executive Directors is in line with the broader workforce.</p> <p>Executive Directors are eligible to participate in the Group's defined contribution pension plan or receive a cash allowance in lieu of employer's pension contribution.</p>
<b>Opportunity</b>	<p>In the UK, employees contribute a core amount equal to 2% of their base salary. The Company contributes a core amount equal to 7% of their base salary and matches additional employee contributions up to 3% of their base salary.</p> <p>To the extent that any relevant cap on tax-advantaged contributions applies, or where the Executive Director does not participate in the Haleon pension plan, the proportion of the Company's contribution of 7% of base salary not paid into that pension plan is paid to that Executive Director as a cash allowance.</p> <p>The maximum opportunity may change over time if the rate provided to the majority of the wider UK employee population changes.</p>

# Directors' Remuneration Report continued

## Directors' Remuneration Policy continued

### Variable pay

Element	
Annual Incentive Plan (AIP)	
Purpose and link to strategy	To incentivise and recognise execution of the business strategy on an annual basis.
Operation	<p>Performance measures, weightings and targets are set annually by the Remuneration Committee. Appropriately stretching targets are set by reference to the business plan and historical and projected performance for the Company. The level of award is determined with reference to Haleon's overall financial and strategic performance and individual performance.</p> <p>Executive Directors are required to defer 50% of any bonus earned into an award over Haleon Shares or Haleon ADSs under the Haleon plc Deferred Annual Bonus Plan (DABP), which will normally vest on the third anniversary of grant, subject to continued employment.</p> <p>DABP awards are eligible for dividend equivalent payments in respect of dividends that would have been paid on the shares or ADSs up to the date the awards vest.</p> <p>The Remuneration Committee may apply judgement in making appropriate adjustments to bonus outcomes (either up or down) to ensure they reflect underlying business performance.</p> <p>The proportion of any bonus satisfied in cash will be subject to the malus and clawback provisions. The period during which any cash award may be recovered will be two years from the date the relevant bonus is paid. The proportion of any bonus deferred into a DABP award will be subject to the leaver and malus and clawback provisions (see 'Payment for loss of office' and 'Malus and clawback' sections).</p> <p>Normally, 25% of the maximum bonus will be payable for threshold performance and 50% of the maximum bonus will be payable for on-target performance.</p>
Opportunity	The maximum bonus opportunities for outstanding performance are 200% of salary.
Performance measures	Performance measures are based on a combination of financial targets (at least 50% of the AIP) and individual business objectives, with the weighting of measures determined by the Remuneration Committee each year according to business priorities. Performance is measured over one year.
Element	
Performance Share Plan (PSP)	
Purpose and link to strategy	To incentivise and recognise delivery of longer-term business priorities, financial growth and increases in shareholder value.
Operation	<p>Under the PSP, awards may be granted in the form of conditional share awards or nil-cost options. These awards to Executive Directors are subject to performance conditions set by the Remuneration Committee. Awards are granted annually to Executive Directors under the PSP and normally have a three-year performance period and a further post-vesting two-year holding period.</p> <p>The Remuneration Committee may adjust the formulaic vesting outcome (either up or down) to ensure that the overall outcome reflects underlying business performance over the vesting period.</p> <p>Awards are eligible for dividend equivalent payments in respect of dividends that would have been paid on the shares or ADSs that vest under the PSP awards up to the date the awards vest.</p> <p>Awards will be subject to the leaver and malus and clawback provisions (see 'Payment for loss of office' and 'Malus and clawback' sections below).</p> <p>Normally, 25% of the award will vest if threshold level of performance is achieved. Straight-line interpolation is applied for performance between threshold and maximum.</p>
Opportunity	The normal maximum awards that may be granted under the PSP in respect of any financial year are 450% of salary for the CEO and 350% of salary for the CFO (these amounts are exclusive of any 'Refill awards' described below).
Performance measures	<p>Performance may be assessed against a combination of financial (at least 50%) and non-financial (including strategic and/or ESG-related) measures which are aligned to the Company's strategic plan.</p> <p>The Remuneration Committee has discretion to amend the performance measures in exceptional circumstances if it considers it appropriate to do so, e.g. in cases of accounting policy changes, merger and acquisition activities or disposals. Any such amendments would be fully disclosed and explained in the following year's Annual Report on Remuneration.</p>

## Element

### PSP Refill awards (to be granted in 2023 only)

Purpose and link to strategy	To provide a fair replacement for the portion of awards lapsed due to time pro-ratation on demerger.
Operation	<p>In addition to any ordinary course annual awards made under Haleon's discretionary share plans following the demerger, Haleon employees who held awards under the GSK plans are eligible to receive an award (referred to as a 'Refill award') under Haleon's equivalent plans, over Haleon shares on substantially equivalent terms and with a value equivalent to the value of GSK shares subject to the relevant GSK award that vested early and was time pro-rated.</p> <p>Refill awards to the Executive Directors will be made once, in H1 2023, under the rules of the PSP. These awards will be subject to performance conditions set by the Remuneration Committee and disclosed on page 101. Awards will generally vest on the normal vesting dates of the original GSK awards. Detailed description of the awards is presented on page 101.</p> <p>Awards are eligible for dividend equivalent payments in respect of dividends that would have been paid on the shares or ADSs that vest under the PSP Refill awards up to the date the awards vest.</p> <p>Awards will be subject to the leaver and malus and clawback provisions (see 'Payment for loss of office' and 'Malus and clawback' sections below).</p> <p>25% of the award will vest if threshold level of performance is achieved. Straight-line interpolation is applied for performance between threshold and maximum.</p>
Opportunity	The PSP Refill awards will be made at the level of 434,906 ADSs for the CEO and 60,878 ordinary shares for the CFO.
Performance measures	<p>Performance will be assessed against a combination of financial and non-financial (including strategic and/or ESG-related) measures which are aligned to the Company's strategic plan, as set out on page 101.</p> <p>The Remuneration Committee has discretion to amend the performance measures in exceptional circumstances if it considers it appropriate to do so, e.g. in cases of accounting policy changes, merger and acquisition activities or disposals. Any such amendments would be fully disclosed and explained in the following year's Annual Report on Remuneration.</p>

## Share ownership requirements

### Element

Purpose and link to strategy	To align Executive Directors' interests with those of shareholders.
Operation	<p>Executive Directors are required, subject to personal circumstances, to build and maintain significant holdings of shares in the Company over time. The requirements for the CEO and CFO are 450% and 350% of salary respectively.</p> <p>Until the relevant share ownership requirements have been met, Executive Directors are required to hold all Haleon shares acquired under the PSP and/or DABP (net of income tax and National Insurance contributions).</p> <p>Executive Directors are required to comply with shareholding requirements for two years after departure, at a level equal to the lower of their shareholding requirement immediately prior to departure or their actual shareholding on departure. During this period, former Directors will be required to seek permission to deal from the Company Secretary, to ensure they comply with the requirement.</p>

## Malus and clawback

### Element

Purpose and link to strategy	To align Executive Directors' interests with those of shareholders and prevent payment for failure.
Operation	<p>The Committee may apply malus and clawback at any time prior to the second anniversary of the date the cash element of an annual bonus is paid, or a share award vests.</p> <p>The Committee may only invoke these malus and clawback provisions in accordance with the Haleon malus and clawback policy from time to time, in circumstances such as a material misstatement of results; a failure of risk management resulting in material financial loss; an error or material misstatement which results in an overpayment (such as in the assessment of performance); a corporate failure of the Company; employee misconduct; or material reputational damage to the Company.</p>

# Directors' Remuneration Report continued

## Directors' Remuneration Policy continued

### Notes to the policy table

#### Approach to selecting performance measures

Performance targets are set to be stretching, yet achievable, and take into account the Company's strategic priorities and business environment. The Committee sets targets based on a range of reference points including the business plan, analysts' consensus and historical and projected performance for the Company. A combination of financial and non-financial measures has been chosen to ensure that executive remuneration is aligned with the key performance indicators we use as a business to monitor performance against our strategic priorities. The table below sets out incentive measures and weightings used in 2022 and 2023:

Strategic priorities		AIP measures	PSP measures
Growth	Annual organic revenue growth of 4-6%	Organic sales growth (60% weighting)	
	Continued investment for growth in the business		
Financial discipline	Sustainable moderate margin expansion	Adjusted operating profit (20% weighting)	
	Net debt to Adjusted EBITDA ratio < 3x		Net debt/Adjusted EBITDA (50% weighting)
	Strong cash generation		Cumulative free cash flow (50% weighting)
Responsible business	ESG commitments		ESG qualifier

The weighting of the organic sales growth measure reflects the strategic importance of driving sales growth in line with the external guidance issued by the Company. This weighting is balanced by the adjusted operating profit measure in the AIP and the strong cash focus in the PSP. Further details of the performance measures under the 2022 AIP and the 2022 PSP awards, and how they are aligned with Company strategy and the creation of shareholder value, are set out on pages 97-100 of this Directors' Remuneration Report.

#### Differences in policy from the wider employee population

The structure of the reward package for the wider employee population is based on the principle that it should be sufficient to attract and retain the best talent and be competitive within our broader industry, remunerating employees for their contribution linked to our holistic performance. It is driven by local market practice as well as level of seniority and accountability, reflecting the global nature of Haleon's business.

There is clear alignment in the pay structures for Executives and the wider employee population, in the way that remuneration principles are followed as well as the mechanics of the salary review process and incentive plan design, which are broadly consistent throughout the organisation. Most of the performance measures under the AIP and the PSP are the same for Executives and other eligible employees. Under Haleon's policies, there is a strong focus on performance-based incentives, with appropriate levels of differentiation to ensure that reward is invested in the talent that will make the biggest contribution to the execution of Haleon's strategy. Where possible, the Company also encourages employee share ownership through a number of share plans that allow employees to benefit from the Company's success.

The remuneration approach for Executive Directors is consistent with the reward package for members of the Executive Team and the senior management population. Generally speaking, a much higher proportion of total remuneration for Executive Directors is linked to business performance, compared to the rest of the employee population, so that remuneration will increase or decrease in line with business performance and to align the interests of Executive Directors and shareholders.

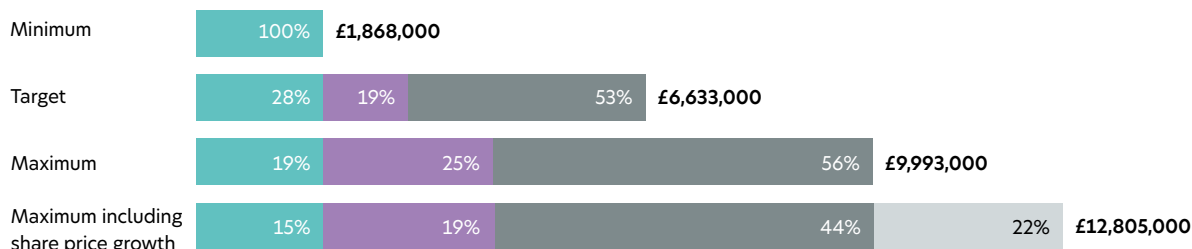
#### Consideration of employment conditions elsewhere in the Company

The Committee, along with setting the remuneration packages of Executive Directors, also has purview over the reward arrangements of the wider employee population. Although the Committee did not specifically consult employees when setting policy, employment conditions and remuneration arrangements applicable for the wider employee population are taken into account by the Committee when making decisions on executive remuneration (including workforce salary increases and bonus outcome). The Committee will also consider the CEO pay ratio and the wider Board will consider the gender pay gap.

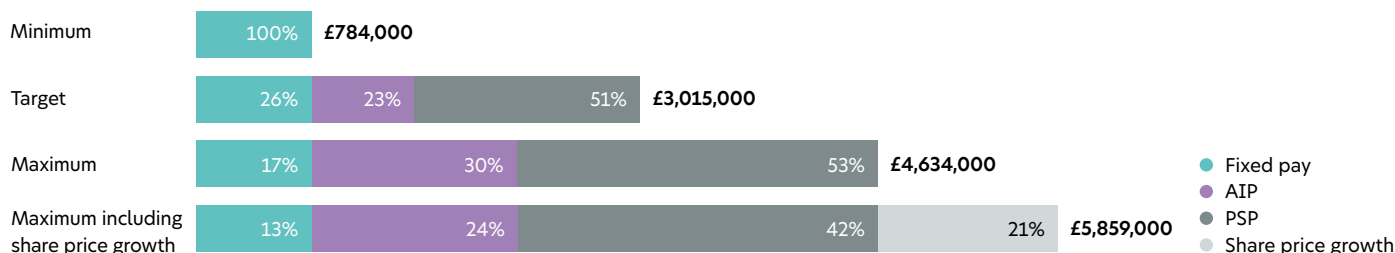
### Projected total remuneration scenarios

The charts below illustrate scenarios for the projected total remuneration of Executive Directors at four different levels of performance: minimum, target, maximum, and maximum including assumed share price appreciation of 50%. The impact of potential share price movements is excluded from the other three scenarios. These charts reflect projected remuneration for the 2023 financial year.

#### CEO



#### CFO



#### Basis of calculation and assumptions:

- the 'Minimum' scenario shows fixed remuneration only, i.e. base salary applicable from 1 April 2023, total value of taxable benefits for 2022, and the pension benefits to be accrued over the year ending 31 December 2023. These are the only elements of the Executive Directors' remuneration packages that are not subject to performance conditions.
- the 'Target' scenario shows fixed remuneration as above, plus a target payout under the AIP (50% of the maximum annual bonus) and mid-point performance vesting for long-term incentive awards at 62.5% of the maximum award.
- the 'Maximum' scenario reflects fixed remuneration, plus full payout of annual and long-term incentives.
- the 'Maximum including share price growth' scenario reflects fixed remuneration, plus full payout of annual and long-term incentives, including for the latter an assumed 50% share price appreciation over the performance period.

### Payments under the policy in force prior to demerger

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the Policy, where the terms of the payment were agreed (i) under a previous policy which was in force prior to the demerger, in which case the provision of that policy shall continue to apply until such payments have been made; (ii) before the policy or the relevant legislation came into effect; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

### Consideration of shareholder views

The Committee greatly values the continued dialogue with Haleon's shareholders and regularly engages with shareholders and representative bodies to take their views into account when setting and implementing the Company's remuneration policies.

In 2022, the Committee considered shareholders' feedback received following the publication of the Prospectus ahead of the Company's admission to the London and New York Stock Exchanges which contained details on the structure and quantum of remuneration. The Committee Chair led discussions with the Company's largest shareholders on the Directors' Remuneration Policy and 2022 incentive measures.

Feedback provided by shareholders was considered by the Committee at its regular meetings and was taken into account in discussions on the 2022 and 2023 remuneration arrangements. The majority of our shareholders were supportive of the Company's proposed approach to pay, and the Committee will continue to review this Policy to ensure it is fit for purpose. The Committee will consult major shareholders before making significant changes to the Policy.

# Directors' Remuneration Report continued

## Directors' Remuneration Policy continued

### Recruitment policy

The remuneration package of new Executive Directors (both external hires and internal promotions) will be determined on a case-by-case basis, in line with the provisions of this Directors' Remuneration Policy.

Element	Approach
Fixed pay	<p>Base salaries of new Executive Directors will be determined by the individuals' role, experience, their existing remuneration package and independently sourced data for relevant comparator groups.</p> <p>Pension and benefits will be set in line with the policy in force for other Executive Directors.</p> <p>The Company may provide relocation support where appropriate.</p>
AIP	<p>The structure described in the Policy for other Executive Directors will apply to new appointees with the relevant maximum opportunity.</p>
PSP	<p>New appointees will be granted awards under the PSP on the same terms as other Executive Directors, as described in the Policy. The maximum level of award that may be offered for the year of recruitment is in line with the maximum award under the Policy.</p>
Buyout	<p>The Committee is mindful of the sensitivity relating to recruitment packages and, in particular, the 'buying out' of rights relating to previous employment.</p> <p>The intent is to seek to minimise such arrangements. However, in certain circumstances, the Committee may determine that such arrangements are in the best interests of the Company and its shareholders, and such arrangements will, where possible, be on a like-for-like basis with the forfeited remuneration terms.</p> <p>In doing so, the Committee will consider relevant factors including any performance conditions attached to these awards and the likelihood of those conditions being met. The aim of any such award would be to ensure that as far as possible, the expected value and the structure of the award will be no more generous than the amount forfeited.</p> <p>The Committee retains the discretion to rely on the exemption under the FCA Listing Rule 9.4.2 to make such an award, or to utilise any other incentive plan operated by the Group.</p> <p>For the avoidance of doubt, buyout awards will be excluded from the maximum incentive opportunities stated above.</p>
Other elements	<p>The Committee reserves the right to make any remuneration payments notwithstanding that they are not in line with the policy set out above, where the terms of the payment were agreed at a time when the relevant individual was not a Director of the Company, or under a prior approved policy and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company.</p> <p>For an overseas appointment, the Committee will have discretion to offer cost-effective benefits and pension provisions which reflect local market practice and relevant legislation.</p>

### Payment for loss of office

Element	Approach
Fixed pay	<p>The Company's policy is that Executive Directors' service contracts will not require the Company to give an executive more than 12 months' notice without prior shareholder approval. In the event of termination, the Executive Directors' service agreements provide for payments of base salary, pensions and benefits over the notice period or for immediate termination on making a payment (or phased payments) in lieu of notice equivalent to base salary only for the notice period (or the remainder of such period). The Company will have regard to the need to mitigate the costs for the Company, such that payments would be reduced or cease if departing Executive Directors secure alternative paid employment during the notice period.</p> <p>Notice (or payment in lieu) will not be payable in certain circumstances, including where an Executive Director is guilty of (i) wilfully neglecting their duties, or (ii) committing any serious or persistent breach of their service agreement or (iii) gross misconduct.</p>
AIP	<p>There is no contractual right to any bonus in the event of a notice of termination being given or received on or before the date on which the bonus would otherwise have been paid, although the Remuneration Committee may exercise its discretion to pay such a bonus, taking into account the time worked in the performance year and based on the individual's contribution.</p>
PSP	<p>There is no contractual right to any long-term incentive award in the event of a notice of termination being given or received on or before the date on which the long-term incentive award would have been made, although the Remuneration Committee may exercise its discretion to make such an award, taking into account the time worked in the performance period and based on the individual's contribution.</p>

Element	Approach
<b>Unvested DABP awards</b>	<p>A DABP award will vest in full on the normal vesting date as if the participant had not ceased to be an employee or Director unless the Committee determines that the DABP award will vest in its entirety on a different date.</p> <p>If a participant leaves for gross misconduct or is summarily dismissed, any DABP awards they hold will immediately lapse.</p>
<b>Unvested PSP awards</b>	<p>PSP awards are governed by the plan rules.</p> <p>An unvested PSP award will usually lapse when a participant ceases to be an employee or Director.</p> <p>If, however, a participant ceases to be an employee or Director because of their death, ill-health, injury, disability, redundancy, retirement, the sale of the participant's employing company or business out of the Company or in other circumstances at the discretion of the Committee (i.e. they leave as a "good leaver"), their PSP award will normally continue to vest (and be released) on the date when it would have vested (and been released) if they had not ceased to be an employee or Director subject to pro-rating for time, unless the Committee determines otherwise.</p> <p>The extent to which PSP awards vest in these circumstances will be determined by the Committee, taking into account the satisfaction of any performance conditions applicable to PSP awards measured over the original performance period.</p> <p>The Committee retains discretion, however, to allow the PSP award to vest (and be released) on the individual's cessation of office or employment or such other date as it decides, taking into account any applicable performance conditions measured up to such point as it decides. Unless the Committee decides otherwise, the extent to which a PSP award vests will also take into account the proportion of the performance period (or, in the case of a PSP award not subject to performance conditions, the vesting period) which has elapsed on the cessation.</p> <p>If a participant ceases to be an employee or Director during a holding period in respect of a PSP award their PSP award will normally be released at the end of the holding period.</p>
<b>Post-departure benefits</b>	<p>Executive Directors can be provided certain benefits after departure for those who depart under good leaver provisions, in accordance with the terms of the policy.</p> <p>Benefits may include, but are not limited to, medical coverage, home security, tax return preparation assistance and legal expenses.</p>
<b>Other</b>	<p>Awards under the all-employee share plans will be treated in line with the plan rules.</p> <p>Where an Executive Director has been relocated as part of their employment, the Committee retains the discretion to pay the repatriation costs. This may include, but is not restricted to, airfare, accommodation, shipment, storage, utilities, and any tax and social security that may be due in respect of such benefits.</p> <p>Except in the case of gross misconduct or resignation, an Executive Director may also receive reasonable retirement gifts.</p> <p>The Committee retains the discretion to make payments (including professional and outplacement fees) in connection with an Executive Director's cessation of office or employment. This may include payments that are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of that Executive Director's office or employment.</p>
<b>Change of control</b>	<p>In the event of a change of control, outstanding awards will be treated in line with the provisions set out in the respective plan rules.</p>

### Service contracts

The table below sets out the dates of Executive Directors' service contracts, which are available for inspection at the Company's registered office and included as exhibits to this Annual Report and Form 20-F.

Name	Position	Contract date	Notice period
Brian McNamara	Chief Executive Officer	9 May 2022	12 months
Tobias Hestler	Chief Financial Officer	10 May 2022	12 months

# Directors' Remuneration Report continued

## Directors' Remuneration Policy continued

### Non-Executive Directors' unexpired terms of appointment

The Non-Executive Directors and the Chair were each appointed by a letter of appointment. In each case, either party may terminate the appointment on three months' written notice, or, if earlier, with the consent of the Board.

Name	Position	Date of appointment to the Board	Current letter of appointment expires
Sir Dave Lewis	Haleon Director / Haleon Chair	23 May 2022 / 18 July 2022	2025 AGM
Manvinder Singh (Vindi) Banga	Senior Independent Non-Executive Director	18 July 2022	2025 AGM
Marie-Anne Aymerich	Independent Non-Executive Director	18 July 2022	2025 AGM
Tracy Clarke	Independent Non-Executive Director	18 July 2022	2025 AGM
Dame Vivienne Cox	Independent Non-Executive Director	18 July 2022	2025 AGM
Asmita Dubey	Independent Non-Executive Director	18 July 2022	2025 AGM
Deirdre Mahlan	Independent Non-Executive Director	18 July 2022	2025 AGM
Bryan Supran	Non-Executive Director	18 July 2022	2025 AGM
John Young <sup>1</sup>	Non-Executive Director	18 July 2022	2025 AGM

#### Note

<sup>1</sup> John Young stepped down from the Board with effect from 28 February 2023. John is succeeded as Non-Executive Director and representative of Pfizer by David Denton with effect from 1 March 2023.

### Fees for Chair of the Board and Non-Executive Directors

Element	Details
Purpose and link to strategy	To provide fees at an appropriate level to attract individuals of the highest calibre with relevant experience to develop, monitor and oversee the Company's strategy.
Operation	<p>The fees for each Non-Executive Director and the Chair are reviewed annually (but with no obligation to increase them). Non-Executive Directors are not eligible to participate in any pension or share scheme operated by the Company or to receive any bonus. Additional fees may be payable to reflect additional Board responsibilities, such as committee chairship and membership, or the role of Senior Independent Director or Workforce Engagement Director.</p> <p>Each Non-Executive Director including the Chair is entitled to be reimbursed for reasonable and properly documented expenses necessarily incurred in the proper performance of their duties.</p> <p>Each Non-Executive Director and the Chair has the benefit of:</p> <ul style="list-style-type: none"> <li>- a personal accident insurance policy maintained by the Company;</li> <li>- Directors' and Officers' liability insurance maintained by the Company; and</li> <li>- the indemnity provided by the Company in the form provided to all Directors.</li> </ul> <p>The Company covers associated tax and social security contributions due on reimbursed expenses that are deemed taxable.</p> <p>Each Non-Executive Director and the Chair is subject to confidentiality undertakings and a non-compete restrictive covenant.</p> <p>Non-Executive Directors and the Chair are encouraged to build up a personal holding in the shares of the Company equal to the value of one year of their annual base fee.</p>
Opportunity	When reviewing the level of fees, the assessment will normally consider whether, individually and in aggregate, they remain competitive and appropriate in light of changes in roles, responsibilities and/or time commitment of the Non-Executive Directors, and to ensure that individuals of the appropriate calibre are retained or appointed.

# Annual Report on Remuneration

## Planned implementation for 2023

Content within a box indicates that all the information in the panel is planned for implementation in 2023.

### 'Single figure' of remuneration - Executive Directors (audited)

The following table shows a single total figure of remuneration for each Executive Director in respect of qualifying services for the 2022 financial year. This covers the period between their appointment (23 May 2022) and the end of the financial year (31 December 2022). Given that the Haleon demerger took place on 18 July 2022, no comparable prior year data could be provided. The table below includes fixed remuneration paid to Brian McNamara and Tobias Hestler before the demerger (23 May-17 July 2022) when their remuneration arrangements were aligned with the GSK policies.

£000	Brian McNamara <sup>1</sup>	Tobias Hestler
Salary	719	410
Benefits	530	35
Pension	87	36
<b>Total fixed remuneration</b>	<b>1,336</b>	<b>481</b>
AIP <sup>2</sup>	1,014	518
PSP <sup>3</sup>	-	-
<b>Total variable remuneration</b>	<b>1,014</b>	<b>518</b>
<b>Total remuneration</b>	<b>2,350</b>	<b>999</b>

#### Notes

<sup>1</sup> Pre-demerger remuneration for Brian McNamara was set in US Dollars and has been converted to GBP in the table above, using the average 2022 exchange rate of 1.24.

<sup>2</sup> 2022 AIP value shown above has been pro-rated for the period between Directors' appointment (23 May 2022) and the end of the financial year (31 December 2022).

<sup>3</sup> There were no Haleon PSP awards vesting in 2022. The first PSP awards were made on 6 October 2022 and are expected to vest in Q1 2025.

### Salary (audited)

2022 annual salary levels for the Executive Directors applied from the date of demerger. Salary levels applicable for the period prior to the demerger were set under the GSK policies and reflected the seniority and the scope of the role of each individual.

The CEO's post-demerger salary level takes into account the fact that he was localised on a UK contract and that his prior remuneration package included international assignment benefits and a US pension, both of which ended under the new arrangement. The CFO's post-demerger salary has been set to reflect the significant additional responsibilities that he took on post-separation.

Executive Director	Annual base salary as of 23 May 2022 <sup>1</sup>	Annual base salary as of 18 July 2022	Total base salary paid in 2022
Brian McNamara	£1,008,065	£1,250,000	£719,307
Tobias Hestler	£592,250	£700,000	£410,464

#### Notes

<sup>1</sup> Pre-demerger salary for Brian McNamara was set in US Dollars at \$1,250,000 per annum and has been converted to GBP in the table above, using the average 2022 exchange rate of 1.24.

### 2023 salaries

The Committee carefully considered whether any increases should be awarded to Executive Directors' salaries in 2023. Factors that have been taken into account when considering pay review for Directors included investors' expectations and external environment, company performance, planned salary increases for the wider employee population, personal performance of the executives and competitive market positioning of the current salaries and total remuneration packages against the main peer groups. In 2022 these included constituents of the FTSE 30 excluding financial services and a bespoke group of large international FMCG companies.

The Committee noted that Executive Directors' salaries were reviewed on demerger to recognise the scope and scale of their roles as Directors of a large, listed company. On this basis, it resolved that 2023 salaries would remain unchanged from 2022 levels which applied on demerger. However, the Committee reserves the right to award salary increases to the Executive Directors in the future to allow for appropriate pay progression over time. For reference, an average increase of 6% will be awarded to the wider workforce in the UK.

Executive Director	Annual base salary from 1 April 2023	% increase
Brian McNamara	£1,250,000	Nil
Tobias Hestler	£700,000	Nil

# Directors' Remuneration Report continued

## Annual Report on Remuneration continued

### Benefits (audited)

2022 benefits for Executive Directors included private healthcare (including spouse or partner and eligible dependent children), life assurance/death in service benefit, membership of a Group Income Protection plan, personal tax and financial planning, car travel, reimbursement of expenses properly incurred in the ordinary course of business, which are deemed to be taxable benefits, and (for CEO only) home security services.

In addition, to facilitate Brian McNamara's employment arrangements being moved from an international assignment package to a standard, local market, basis, a one-off payment of £300,000 (subject to deductions for tax and National Insurance contributions) was made to him in 2022.

The 2022 single figure for the CEO shows the value of benefits including those provided to him as an international assignee under the GSK policies, which account for c. £85,000 of the total value of benefits. In addition, in line with the remuneration arrangements which applied at GSK pre-demerge, the CEO was entitled to his tax liability being equalised to his US tax position in line with the GSK policy for the wider workforce. This policy applied to his 2022 remuneration received until 18 July 2022 and the proportion of his 2022 AIP earned pre-demerge. The total benefit to the individual attributable to the period between 23 May and 18 July 2022 has been estimated at c. £85,000. This value will be restated in the next Directors' Remuneration Report, when the actual cost to the Company will be confirmed. This arrangement is not part of Haleon's Directors' Remuneration Policy.

Executive Directors are eligible to participate in the HM Revenue and Customs (HMRC) approved Haleon Share Save Plan and Share Reward Plan. Details of Executive Directors' rights under the Share Save Plan are set out in the 'Outstanding share options' table.

### 2023 benefits

Benefits for 2023 remain in line with the Policy.

### Pension

From the date of Admission both Executive Directors received pension contributions at the rate of 7% of annual base salary which included contributions to the pension plans as well as cash allowances.

Prior to Admission, pension arrangements aligned with the GSK policies were as follows:

- Tobias Hestler was eligible for a core pension contribution of 15% of his annual base salary;
- Brian McNamara was employed by a US entity whilst on assignment in the UK and received contributions into the Executive Supplemental Savings Plan (ESSP) and Executive Pension Credits (fixed discretionary credit paid by the Company).

All these arrangements are based on defined contributions. Executive Directors do not participate in defined benefit pension plans.

Executive Director	US pension contributions <sup>1</sup>	UK pension contributions	Total 2022 pension contributions <sup>2</sup>
Brian McNamara	£47,101	£39,824	£86,925
Tobias Hestler	–	£36,227	£36,227

#### Note

<sup>1</sup> US pension contributions for Brian McNamara were made in US Dollars. This value has been converted to GBP in the table above, using the average 2022 exchange rate of 1.24.

<sup>2</sup> Pension contributions for Brian McNamara include ESSP (£10,291), Executive Pension Credits (£36,810) and a cash allowance (£39,824). Pension contributions for Tobias Hestler include the UK pension plan contributions (£1,731) and a cash allowance (£34,496).

### Pension for 2023

Pension for 2023 remains in line with the Policy.

## 2022 Annual Incentive Plan (AIP) awards (audited)

The 2022 AIP awards were based on performance for the year ended 31 December 2022. 80% of the bonus opportunity is determined by financial performance and 20% is based upon the achievement of Individual Business Objectives (IBOs). AIP awards were based on Haleon's performance for the full 2022 financial year.

As part of the wider remuneration structure review for the Executive Directors, the maximum AIP opportunity increased on demerger from 170% of salary to 200% of salary for the CEO and from 90% of salary to 200% of salary for the CFO. The increased opportunities only applied to the period after the demerger.

The figures below represent the total 2022 AIP awards to be paid, including the portion payable in cash in 2023, and the portion deferred into shares for a further three years to be released in 2026, subject to continued employment and malus and clawback provisions. Deferral provisions apply to 50% of the 2022 AIP value earned between 18 July and 31 December 2022 when the new remuneration arrangements were put in place for the Executive Directors.

Performance measures	Weighting	2022 AIP targets			2022 AIP outcome		AIP outcome (% of max per element)	
		Threshold (25% of max)	Target (50% of max)	Maximum (100% of max)	Actual	Outcome (% of max)	Brian McNamara	Tobias Hestler
Organic sales growth	60%	-0.4%	5.1%	10.5%	9.0%	82.5%	49.5%	49.5%
Adjusted operating profit <sup>1</sup>	20%	£2,207m	£2,335m	£2,461m	£2,310m	45.0%	9.0%	9.0%
IBOs - Brian McNamara	20%	See table below					13.8%	-
IBOs - Tobias Hestler	20%						-	13.3%

### Note

<sup>1</sup> Adjusted operating profit is measured at budget rate which differs from the reporting rate.

## Allocation of AIP Award

The table below shows the allocation of the 2022 AIP award for Executive Directors in relation to the period pre- and post-demerger.

Performance measures	AIP award	
	Brian McNamara	Tobias Hestler
Total (% of max)	72.3%	71.8%
2022 AIP award pre-demerger (23 May-17 July 2022)	£190,485	£58,906
2022 AIP award post-demerger (18 July-31 December 2022)	£823,729	£458,628
Total 2022 AIP award (23 May-31 December 2022)	£1,014,215	£517,534

2022 was a year of strong financial and strategic performance. Organic sales growth was achieved at 9.0% relative to the target of 5.1%, and Adjusted operating profit was achieved at £2,310m at budget rate, which is broadly in line with the target level. On this basis, the Committee was comfortable that the 2022 AIP outcomes reflect the underlying business performance and as such, no discretion was exercised to adjust the formulaic outcome.

## Achievement of 2022 Individual Business Objectives (IBOs) (audited)

20% of the Executive Directors' 2022 AIP is linked to the achievement of IBOs. The IBOs were set ahead of admission and were focused on key strategic objectives for 2022. Apart from the deliverables outlined in the bonus, it is an expectation that the Executive Directors will each demonstrate the required high leadership standards and behaviours of the Company and that there will be no Code of Conduct issues.

At the end of the year, the Committee considered the performance of each Executive Director against pre-set objectives. At its meeting in February 2023, it concluded that 2022 had seen progress in the execution of strategic objectives, as described in the Strategic Report. This included successful stand up of the Haleon business, no business interruption and developing strategy to deliver on Capital Markets Day commitments. These achievements reflect Executive Directors' high level of performance against their 2022 IBOs showing a significant contribution to the achievement of Group strategy and external commitments during 2022.

# Directors' Remuneration Report continued

## Annual Report on Remuneration continued

The table below summarises performance against the key 2022 IBOs for the current Executive Directors:

### Brian McNamara

Objective	Description of performance	Level of performance achieved
On track for medium-term Capital Markets Day strategic commitments	<ul style="list-style-type: none"> <li>- Expect to deliver on all Capital Markets Day commitments: organic annual sales growth of 4 to 6% p.a., moderate operating margin expansion at constant currency, high and stable cash flow conversion and net debt de-leverage.</li> <li>- Responsible business plans in place to deliver on ESG commitments across environmental (plastics, renewable energy, zero Scope 1 and 2 carbon) and social goals (Diversity and Inclusion, Health Inclusivity).</li> </ul>	Achieved
No business interruption post separation and employee engagement maintained in the upper quartile	<ul style="list-style-type: none"> <li>- Despite an extremely complex system cutover, there was no business interruption, enabling strong financial delivery in 2022.</li> <li>- There was significant focus on driving engagement through leadership sessions, townhalls, with engagement measured at a Business Unit and functional level in the scorecards, which resulted in an 80% engagement score.</li> </ul>	Exceeds target

Recognising Mr McNamara's very strong performance against his IBOs during 2022, the Committee judged that 13.8% of a maximum of 20% attributable to IBOs was appropriate.

### Tobias Hestler

Objective	Description of performance	Level of performance achieved
Successful stand up of Haleon business to create Haleon plc, achieving performance on track for medium-term Capital Markets Day financial commitments	<ul style="list-style-type: none"> <li>- Strong sales growth exceeding expectations, with organic growth of 9%.</li> <li>- Profit broadly in line with business plan, with pricing and efficiency initiatives fully offsetting inflationary pressures.</li> <li>- Strong cash generation, with repayment of £1.5bn term loan.</li> <li>- Strategic plan established and reviewed by the Board demonstrating confidence to deliver steady organic sales growth annually over medium-term with sustainable moderate margin expansion at constant exchange rates, strong cash conversion and de-leveraging, fully delivering on Capital Markets Day commitments.</li> </ul>	Exceeds target
Establishment of fully operational central Finance functions and reporting processes	<ul style="list-style-type: none"> <li>- All new functions set up successfully in advance of the demerger with stable operating on Haleon's fully separated infrastructure (systems, people and processes).</li> <li>- New leaders integrated and operating effectively.</li> </ul>	Achieved
Successful closing of H1 and Q3 reporting for Haleon	<ul style="list-style-type: none"> <li>- Completed successfully, including establishment of new governance processes, with ongoing streamlining and efficiency improvements.</li> <li>- Positive feedback from engagement with auditors, analysts and investors.</li> </ul>	Over-achieved

Recognising Mr Hestler's very strong performance against his IBOs during 2022, the Committee judged that 13.3% of a maximum of 20% attributable to IBOs was appropriate.

### Deferral policy

In line with the policy, 50% of the 2022 AIP awards earned after the demerger have been deferred for three years into conditional awards over Haleon shares, subject to continued employment and malus and clawback provisions.

## 2023 AIP awards

In line with the Policy, for 2023 the target and maximum AIP opportunities for our Executive Directors will be:

Executive Director	Target opportunity (% of salary)	Maximum opportunity (% of salary)
Brian McNamara	100%	200%
Tobias Hestler	100%	200%

Performance will be based on Group financial performance targets aligned to the Group's KPIs, as well as IBOs. The measures and percentage weightings will remain unchanged from 2022:

- Organic sales growth (60%);
- Adjusted operating profit (20%); and
- Individual Business Objectives (20%).

2023 AIP targets are considered commercially sensitive and will be disclosed in the 2023 Annual Report.

In line with the Policy, 50% of all 2023 AIP awards will be deferred for three years into conditional awards over Haleon shares, subject to continued employment, malus and clawback provisions.

## Performance Share Plan awards vesting

No Haleon long-term incentive awards vested in 2022. The first grant of awards under the Haleon Performance Share Plan took place in October 2022, as set out in the section below.

## Performance Share Plan awards made in 2022 (audited)

Brian McNamara and Tobias Hestler were granted an award with a face value of 450% of salary and 350% of salary respectively.

The following table sets out details of awards made on 6 October 2022:

Executive Director	End of the performance period	Type of award	Nature of award	Number of shares subject to award	Grant price <sup>1</sup>	Face value at grant
Brian McNamara	31 December 2024	PSP	Conditional shares	2,049,305	£2.74	£5,625,000
Tobias Hestler	31 December 2024	PSP	Conditional shares	892,587	£2.74	£2,450,000

### Note

<sup>1</sup> Grant price is calculated as the average closing share price over the three business days immediately preceding the grant date.

## Performance measures for the PSP awards granted in 2022

The 2022 PSP performance measures are:

Measure	Weighting	Target ranges	
		Minimum (25% vesting) <sup>1</sup>	Maximum (100% vesting) <sup>1</sup>
<b>Cumulative free cash flow</b> (Measured on a cumulative basis over the performance period FY 22-24)	50%	£4.557bn	£5.557bn
<b>Net debt/Adjusted EBITDA</b> (Measured as a ratio at year end 2024)	50%	3.0x	2.4x

### Note

<sup>1</sup> Straight-line interpolation is applied for performance between minimum and maximum.

Responsible business is a strategic priority for Haleon and is core to our purpose. The Company has made commitments on carbon reduction, recycle-ready packaging and diversity. These commitments have been incorporated in our incentive structure, such that the Remuneration Committee will apply an ESG qualifier at vesting of the 2022 PSP award.

In designing the ESG qualifier, the Remuneration Committee has set thresholds for each of the three measures and, at the end of the performance period, if any of the thresholds are missed, a reduction in the level of vesting of 10% could be applied for each missed threshold. In addition, if the metrics are static or go backwards compared to the 2021 baseline, a 25% reduction in the level of vesting could be applied for each measure (i.e., a potential overall reduction of up to 75%).

# Directors' Remuneration Report continued

## Annual Report on Remuneration continued

The ESG qualifier thresholds for the 2022 PSP are as follows:

Measure	Threshold
<b>Carbon reduction</b> (Measured for 12 months to Nov 2024)	at least 30% reduction in Scope 1 and 2 carbon emissions from the 2020 level
<b>Recycle-ready packaging</b> (Measured for 12 month to June 2024)	at least 68% of packaging should be recycle-ready
<b>Diversity</b> (Quarterly average in 2024)	at least 44.5% of Leadership roles should be female

In determining the vesting levels and any adjustment which should apply, the Committee will also consider wider factors, including whether broader plans to meet Haleon's responsible business commitments are on track.

Details of performance against each of the thresholds and level of reduction applied by the Committee, if applicable, will be fully disclosed in the 2024 Directors' Remuneration Report.

The awards are in respect of the 1 January 2022-31 December 2024 performance period and will vest following the announcement of the FY 2024 results. A two-year post-vesting holding period will apply to these awards.

### 2023 PSP awards

Brian McNamara and Tobias Hestler will each be granted an award with a face value of 450% of salary and 350% of salary respectively.

For the 2023 award, the following performance measures will be used:

Measure	Weighting	Target ranges	
		Minimum (25% vesting) <sup>1</sup>	Maximum (100% vesting) <sup>1</sup>
<b>Cumulative free cash flow</b> (Measured on a cumulative basis over the performance period FY 23-25)	50%	£4.520bn	£5.520bn
<b>Net debt/Adjusted EBITDA</b> (Measured as a ratio at year end 2025)	50%	2.7x	2.3x

#### Note

<sup>1</sup> Straight-line interpolation is applied for performance between minimum and maximum.

An ESG qualifier is also included within the 2023 PSP design, to reflect commitments that the company has made on carbon reduction, recycle-ready packaging and diversity.

In designing the ESG qualifier, the Committee has set thresholds for each of the three measures and, at the end of the performance period, if any of the thresholds are missed, a reduction in the level of vesting of 10% could be applied for each missed threshold. In addition, if the metrics are static or go backwards compared to the 2022 baseline, a 25% reduction in the level of vesting could be applied for each measure (i.e., a potential overall reduction of up to 75%).

The ESG qualifier thresholds for the 2023 PSP are as follows:

Measure	Threshold
<b>Carbon reduction</b> (Measured for 12 months to Nov 2025)	at least 48% reduction in Scope 1 and 2 carbon emissions from the 2020 level
<b>Recycle-ready packaging</b> (Measured for 12 months to June 2025)	at least 80% of packaging should be recycle-ready
<b>Diversity</b> (Quarterly average in 2025)	at least 45% of Leadership roles should be female

In determining the vesting levels and any adjustment which should apply, the Committee will also consider wider factors, including whether broader plans to meet Haleon's responsible business commitments are on track.

### PSP Refill awards

As described in the Prospectus published on 1 June 2022, in-flight GSK Performance Share Plan (PSP) and Share Value Plan (SVP) awards received “accelerated vesting” following the demerger, on a time pro-rated basis. The portion of PSP and SVP awards that lapsed due to the application of time pro-rating will be replaced by Haleon Refill PSP and SVP awards which vest on the original vesting dates. Refill PSP awards will be granted in H1 2023 after performance testing and accelerated vesting of the GSK PSP awards. PSP Refill awards will be converted using the “Refill conversion factor” which is based on the average share prices for GSK and Haleon in the first five days after the demerger.

Executive Director	GSK award	Treatment applied
Brian McNamara	2020 GSK PSP award (lapsed portion)	Refill awards for Mr McNamara’s 2020 and 2021 GSK PSP awards were grouped to allow a consistent performance period for all awards. Both awards will vest in H1 2024 and will be linked to performance ending on 31 December 2023.  To ensure consistency, awards will be made in the same form (ADSs) as the original GSK awards held by Mr McNamara.
	2021 GSK PSP award (lapsed portion)	
Tobias Hestler	2021 GSK PSP award (lapsed portion)	A Haleon PSP Refill award will be made in H1 2023 with the performance period ending on 31 December 2023 and which will vest in H1 2024.  In line with the Haleon SVP rules, Executive Directors are not eligible to participate in the SVP. Therefore, Mr Hestler will receive a Haleon PSP Refill award to compensate the value of the lapsed portion of his GSK SVP award which had no performance conditions attached to it. As such, the SVP award will be converted into a PSP award on an expected value basis, taking into account performance conditions which apply to the PSP award.
	2021 GSK SVP award (lapsed portion)	

The following table sets out details of awards to be made in H1 2023:

Name	Haleon Refill awards			
	Number of shares / ADSs	Award type	Share type	Vesting date
Brian McNamara	91,030	2023 PSP Refill	ADS	10 Feb 2024
	343,876	2023 PSP Refill	ADS	10 Feb 2024
Tobias Hestler	23,614	2023 PSP Refill	ORD	10 Feb 2024
	37,264	2023 PSP Refill	ORD	10 Feb 2024

Performance measures for the PSP Refill awards will be aligned with the measures for the annual 2022 PSP awards, being cumulative free cash flow (50%) and net debt/adjusted EBITDA (50%). Performance targets will be aligned with the 2022-2023 targets within the 2022-2024 performance period for the 2022 PSP awards made on 6 October 2022. Despite the timing of grant coinciding with the 2023 PSP awards, Refill awards refer back to the previous performance cycle which ends in 2023, so the Committee concluded that it would be more appropriate to use targets aligned with the 2022-2024 business plan. When determining the vesting level of the Refill awards, the Remuneration Committee will also consider progress made during 2023 on carbon reduction, recycle-ready packaging and diversity.

Due to the short-term nature of the targets they are deemed commercially sensitive. The targets and the level of performance achieved against those targets will be disclosed in the 2023 Directors’ Remuneration Report.

### Payments for loss of office and to past Directors (audited)

There were no payments to Directors for loss of office and no payments to past Directors during 2022.

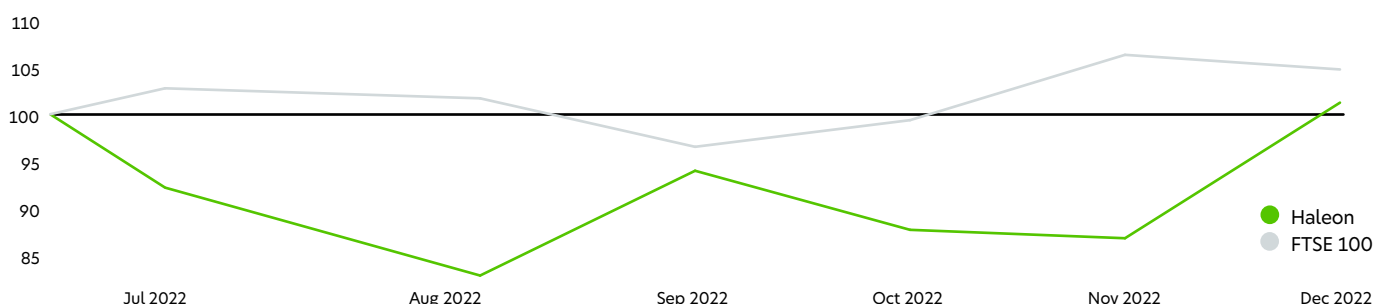
# Directors' Remuneration Report continued

## Annual Report on Remuneration continued

### Total shareholder return (TSR)

The chart shows the monthly value, from the time of demerger to 31 December 2022, of £100 invested in Haleon shares on 18 July 2022, compared to £100 invested in the FTSE 100 on the same date. The FTSE 100 Index was chosen as the comparator because the Company is a constituent of this index.

#### Total shareholder return



### Chief Executive Officer - historical remuneration information

The table below shows the remuneration of the Chief Executive Officer in place at the time over the same period. As this is the Company's first remuneration report, there is no prior years' data.

Year	2022
Chief Executive Officer	Brian McNamara
Single figure of total remuneration (£'000) <sup>1</sup>	2,350
AIP outcome (% of maximum) <sup>2</sup>	72%
PSP vesting (% of maximum) <sup>3</sup>	N/A

#### Notes

<sup>1</sup> Pre-demerger remuneration for Brian McNamara was set in US Dollars and has been converted to GBP in the table above, using the average 2022 exchange rate of 1.24.

<sup>2</sup> 2022 AIP value has been pro-rated for the period between Directors' appointment (23 May 2022) and the end of the financial year (31 December 2022).

<sup>3</sup> There were no PSP awards vesting in 2022. The first PSP awards were made on 6 October 2022 and will vest in Q1 2025.

### Relative importance of spend on pay

As this is the Company's first remuneration report, there is no year-on-year comparison. A comparison of spend on pay in 2022 and 2023 will be made in the 2023 Directors' Remuneration Report.

Year	2022
Total staff costs <sup>1</sup>	£1,835m
Dividends <sup>2</sup>	£11,930m

#### Notes

<sup>1</sup> Total staff costs are presented in line with the note 7 to the financial statements.

<sup>2</sup> Dividends are presented in line with the note 10 to the financial statements.

### Chief Executive Officer's pay compared with employee pay

The table below compares the CEO's 'single figure' of total remuneration to that received by three representative UK employees during the same period in 2022. The total remuneration for each quartile employee, and the salary component within this, is also outlined below.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022 <sup>1,2</sup>	Option B	65:1	33:1	24:1

#### Notes

<sup>1</sup> 2022 CEO single figure does not include any long-term incentive component as the first Haleon PSP award was made to the CEO in 2022 and will be disclosed as part of the 2024 single figure of remuneration. An indicative estimate of Haleon's 2024 CEO pay ratio is 64:1, based on the current salary and benefits, target bonus outcome (100% of salary) and mid-point vesting of the PSP award at the current level (450% of salary).

<sup>2</sup> The total remuneration for employees is based on earnings between 23 May 2022 and 31 December 2022 and the 2022 bonus pro-rated for that period.

Year	25th percentile £000	Median £000	75th percentile £000
2022 salary <sup>1</sup>	£28,586	£38,754	£53,467
2022 total remuneration <sup>1</sup>	£36,107	£71,266	£97,211

#### Note

<sup>1</sup> Remuneration shown in the table above is based on earnings between 23 May 2022 and 31 December 2022 and the 2022 bonus pro-rated for that period.

## Methodology

We have chosen to use Option B as our preferred methodology to calculate the CEO pay ratio. Given the complexity of the pay arrangements for different categories of UK employees at Haleon, this approach allows us to leverage the existing gender pay gap calculations and thus presents a practical and efficient approach, using robust and meaningful data that is representative of the remuneration levels for UK employees.

The Company used data from the 2022 gender pay gap calculation to determine employees positioned at each pay quartile and excluded those employees who left the Company before 31 December 2022. Remuneration was calculated in line with the methodology used to determine the single total figure of remuneration for the CEO, as presented in this report. Remuneration figures are determined with reference to the financial year ending on 31 December 2022. The remuneration covers salary, benefits and pension contributions from 23 May to 31 December, pro-rated bonus in respect of 2022 which will be paid in March 2023, and share awards without performance conditions granted in 2022. No components were omitted from the calculation and no adjustments were made to any of the pay elements. Where required, actual remuneration was converted into a full-time equivalent by pro-rating earnings to reflect full-time contractual working hours.

The Committee determined that the identified employees are reasonably representative, since the structure of their remuneration arrangements is in line with that of the majority of employees in the UK. The Committee believes that the median pay ratio for the 2022 financial year is consistent with the pay, reward and progression policies for the Company's UK employees as a whole. It should be noted, however, that the CEO's 2022 remuneration does not include any long-term incentives vesting and as such, the pay ratio may change in future years. Given that the Haleon demerger took place on 18 July 2022, no comparable prior year data could be provided.

## Percentage change in remuneration

As this is the Company's first Remuneration Report, there is no year-on-year comparison. A comparison of remuneration in 2022 and 2023 will be made in the 2023 Directors' Remuneration Report.

## Consideration of workforce pay and approach to engagement

The Board receives verbal updates on employee engagement quarterly, with a detailed update, including employee survey results, presented annually. In addition, employee engagement is covered on page 72, which includes commentary on how the views of employees were considered by the Board. Dame Vivienne Cox, a member of the Remuneration Committee, has been appointed as the Company's designated Non-Executive Workforce Engagement Director and in 2022 she and Mairéad Nayager (Chief Human Resources Officer) hosted a session with a dynamic group of culturally diverse employees from across markets and functions to hear ideas on the most meaningful and innovative ways for the Board to engage and hear employees' thinking on purpose, strategy, performance and culture.

>> More detail on employee engagement is disclosed on page 72.

To ensure that the remuneration-related decisions are fair and appropriate, the Committee considered employees' pay increases when determining the appropriate salary levels for the Executive Directors and fees for the Chair. In addition, the Committee was provided with an update on bonus outcomes for the wider employee population, which were taken into account to ensure that the bonus outcomes are appropriately reflecting business performance at all levels in the organisation. Furthermore, the Committee approved the implementation of Haleon's all-employee share plans and agreed the terms and details of the 2022 share awards made to the executives and the wider workforce population.

The Company regularly engages with employees on reward. A number of sessions with different groups of employees have taken place to date to explain the operation of reward at Haleon. The Company's intention is to continue this engagement, including, in future, remuneration arrangements applicable to Executive Directors.

## Remuneration Committee advisers

During 2022, PwC was the independent remuneration adviser to the Committee. PwC was appointed by the Committee in August 2022. As part of this process, the Committee considered the services that PwC provided to other FTSE 100 companies and Haleon's competitors, as well as other potential conflicts of interest. PwC is a member of the Remuneration Consultants' Group and voluntarily operates under their code of conduct when providing advice on executive remuneration in the UK. PwC regularly meets with the Chair of the Committee without management present. The Committee is comfortable that the PwC engagement partner and team providing remuneration advice to the Committee do not have connections with Haleon or its individual Directors that may impair their independence and objectivity. The total fees paid to PwC for the provision of independent advice to the Committee in 2022 were £89,200 charged on a fixed fee as well as time and materials basis. During 2022, PwC also provided other services to Haleon entities, including tax advice, internal audit and assurance, controls (e.g. SOX and cyber security assessments), general management consultancy, advice relating to group-wide projects, such as the separation of Haleon from GSK, short and medium secondees, deals and transactions work. Remuneration advice is provided by an entirely separate team within PwC.

## Statement of voting at the Annual General Meeting (AGM)

The statement of voting at Haleon's first AGM will be disclosed in the 2023 Directors' Remuneration Report.

# Directors' Remuneration Report continued

## Annual Report on Remuneration continued

### 2022 Non-Executive Directors' remuneration

The Chair is entitled to receive a fee of £700,000 per annum. The base fee for each other Non-Executive Director is £95,000 per annum. Bryan Supran is a Pfizer employee and does not receive any fees as a Non-executive Director of Haleon plc. Additional fees are payable as follows:

- £50,000 per annum for the Senior Independent Director;
- £30,000 per annum for the Workforce Engagement Director;
- £40,000 per annum for chairing the Audit & Risk Committee; and
- £40,000 per annum for chairing the Remuneration Committee.

The Board established the Environmental and Social Sustainability Committee with effect from 9 March 2023. The fee for chairing the Committee has been set at £30,000 per annum.

### 'Single figure' of remuneration - Non-Executive Directors (audited)

The table below shows the actual fees paid to our Non-Executive Directors in 2022. Given that the Haleon demerger took place on 18 July 2022, no comparable prior year data could be provided.

Non-Executive Director <sup>2</sup>	2022 fees (£000) <sup>1</sup>	2022 benefits (£000)	2022 total remuneration (£000)
Sir Dave Lewis	426	2.9	429
Manvinder Singh (Vindi) Banga	66	0.6	67
Marie-Anne Aymerich	43	0.5	44
Tracy Clarke	61	0.6	62
Dame Vivienne Cox	57	1.3	58
Asmita Dubey	43	1.3	45
Deirdre Mahlan	61	2.6	64
Bryan Supran	-	4.9	5
John Young <sup>3</sup>	43	0.5	44

#### Notes

<sup>1</sup> Remuneration shown in the table above includes fees and benefits for the period between 23 May-31 December 2022 for Sir Dave Lewis and 18 July-31 December 2022 for all other Directors, in line with their appointment dates.

<sup>2</sup> In addition to the Directors listed in the table above, prior to separation and demerger, Victoria Whyte and David Redfern were appointed as administrative directors on 20 October 2021 and resigned on 23 May 2022. They were not remunerated for these duties.

<sup>3</sup> John Young stepped down from the Board with effect from 28 February 2023. John is succeeded as Non-Executive Director and representative of Pfizer by David Denton with effect from 1 March 2023.

### Statement of Directors' shareholding and share interests (audited)

Total shareholding of Directors on 31 December 2022 is shown below.

	Director	Shares beneficially owned <sup>1</sup>	Shares not subject to performance	Options not subject to performance	Shares subject to performance	Total interest	Share ownership as % of 2022 salary/fee <sup>2</sup>	Share ownership requirement met
<b>Chair</b>	Sir Dave Lewis	63,151	-	-	-	63,151	26%	n/a
<b>Executive Directors</b>	Brian McNamara	244,330	-	-	2,049,305	2,293,635	56%	No
	Tobias Hestler	11,497	-	7,919	892,587	912,003	5%	No
<b>Non-Executive Directors</b>	Manvinder Singh (Vindi) Banga	169,800	-	-	-	169,800	508%	n/a
	Marie-Anne Aymerich	8,334	-	-	-	8,334	25%	n/a
	Tracy Clarke	12,504	-	-	-	12,504	37%	n/a
	Dame Vivienne Cox	-	-	-	-	-	-	n/a
	Asmita Dubey	-	-	-	-	-	-	n/a
	Deirdre Mahlan	80,000	-	-	-	80,000	239%	n/a
	Bryan Supran	50,000	-	-	-	50,000	n/a	n/a
	John Young	80,541	-	-	-	80,541	241%	n/a

#### Notes

<sup>1</sup> Beneficial interest also includes shares held indirectly through Haleon ADSs and shares/ADSs held by connected persons.

<sup>2</sup> Share ownership as % of 2022 salary/fee is based on the average share price between 18 July and 31 December 2022 of £2.84.

With the exception of 31,476 shares purchased by Sir Dave Lewis and 19,550 shares purchased by Marie-Anne Aymerich on 3 March 2023, there were no changes to Directors' interests in ordinary shares or ADSs between 31 December 2022 and 10 March 2023 (being the latest practicable date).

Non-Executive Directors including the Chair are encouraged to build up a personal holding in the shares of the Company equal to the value of one year of their annual base fee. Executive Directors are required to build and maintain significant holdings of shares in Haleon over time (450% of salary for the CEO and 350% of salary for the CFO). Until these requirements have been met, Executive Directors are required to hold all Haleon shares acquired under the PSP and/or DABP (net of income tax and National Insurance contributions). Executive Directors are required to comply with shareholding requirements for two years after leaving the Company, at a level equal to the lower of their shareholding requirement immediately prior to departure or their actual shareholding on departure. During this period, former Executive Directors will be required to seek permission to deal from the Company Secretary.

### Outstanding share options

The following table sets out the share options held by Executive Directors in the Haleon Share Save Plan as at the end of the period. No other Directors participated in any option scheme.

	Date of grant	Exercise price	Market price at 31 Dec 2022	Exercise period		Number of options						
				Beginning	End	Beginning of period	Granted	Exercised	Cancelled	Forfeited	Lapsed	End of period
Tobias Hestler <sup>1,2</sup>	22 Dec 22	£2.2728	£3.2735	1 Feb 26	31 Jul 26	Nil	7,919 <sup>3</sup>	Nil	Nil	Nil	Nil	7,919

#### Notes

<sup>1</sup> No gain was made by Directors in 2022 on the exercise of these options.

<sup>2</sup> No price was paid for the award of any option.

<sup>3</sup> The total number of shares under option is calculated based on a three-year savings period with contributions of £500 per month. The exercise price represents a 20% discount from the share price at the time the invitations were sent to UK employees. The total face value of the award based on the share price on 31 December 2022 of £3.2735 is £7,925.

### Additional disclosures

Further information is provided on compensation and interests of Directors and senior management. For the purpose of this disclosure this group includes the Executive and Non-Executive Directors and the Haleon Executive Team.

The following table sets out aggregate remuneration for this group for 2022.

2022 remuneration	£000
Total compensation paid	29,292
Aggregate increase in accrued pension benefits (net of inflation)	-
Aggregate payments to defined contribution schemes	1,316

During 2022, members of this group were awarded shares and ADSs under the Company's share plans, as set out in the table below. To align the interests of senior management with those of shareholders, Executive Directors and Executive Team members are required to build and maintain significant holdings of shares in Haleon over time. Selected Executive Team members are required to hold shares to an equivalent multiple of three times their base salary.

	Awards		Dividend equivalents	
	Shares	ADSs	Shares	ADSs
Performance Share Plan	7,245,326	906,942	-	-
Share Value Plan <sup>1</sup>	169,252	106,845	-	-
Deferred Investment Awards <sup>1,2</sup>	618,528	-	-	-

#### Notes

<sup>1</sup> Executive Directors are not eligible to receive Deferred Investment Awards or participate in the Share Value Plan.

<sup>2</sup> Deferred Investment Award made in 2022 represents a conversion of the legacy GSK Deferred Investment Award into Haleon shares.

At 10 March 2023 (being the latest practicable date), this group and persons closely associated with them had the following interests in shares and ADSs of the Company. Interests awarded under the various share plans are described in Note 26 to the Financial Statements, 'Employee share schemes' on page 176.

Interests as at 10 March 2023	Shares	ADSs
Owned	522,896	219,021
Unexercised options	23,757	-
Deferred Annual Bonus Plan	-	-
Performance Share Plan	7,245,326	906,942
Share Value Plan <sup>1</sup>	169,252	106,845
Deferred Investment Awards <sup>1,2</sup>	618,528	-

#### Notes

<sup>1</sup> Executive Directors are not eligible to receive Deferred Investment Awards or participate in the Share Value Plan.

<sup>2</sup> Deferred Investment Award made in 2022 represents a conversion of the legacy GSK Deferred Investment Award into Haleon shares.

# Compliance with the UK Corporate Governance Code

The Board considers that the Company has complied fully with the provisions set out in the 2018 UK Corporate Governance Code (Code) for the period from 18 July 2022 to 31 December 2022.

The table below summarises how the principles of the Code have been applied throughout this period. It should be read in conjunction with the Strategic Report and Governance section, including the Directors' Remuneration Report.

- >> See also our summary statement outlining differences between the Group's UK corporate governance practices from those of US companies on page 221.
- >> The Code is published on the FRC website: [www.frc.org.uk](http://www.frc.org.uk)

Code principle	Page(s)
<b>Board leadership and company purpose</b>	
<b>A</b> Following an internal effectiveness review, the Board was determined to have operated effectively, leveraging the diverse range of skills and experience of all Directors. Long-term sustainable success of the Company influences decision-making. The Board is mindful of the need to manage conflicts, particularly those that may arise from having Directors representing the controlling shareholder. Directors have recused themselves from certain Board discussions where appropriate during the period.	64, 65, 73, 196
<b>B</b> The Board has agreed the strategic direction of the Group and monitored the strategy, medium plans and evolution of the culture and values at its meetings since July 2022.	70
<b>C</b> The Board monitors performance and KPIs through regular updates, presentations and deep dives into key areas. The Company's controls and risk management processes are overseen by the Audit & Risk Committee.	70, 77
<b>D</b> Stakeholder engagement activities during the period include meetings with major institutional shareholders, shareholder representative bodies and employees (through the Workforce Engagement Director).	71, 72
<b>E</b> The Board received updates on policies and practices throughout the period. Any employee can raise matters of concern confidentially through the Speak Up programme which is overseen by the Audit & Risk Committee.	70, 75
<b>Division of responsibilities</b>	
<b>F</b> The Chair, who was independent on appointment, has led the Board effectively during 2022 and ensured that appropriate onboarding programmes, governance frameworks and working practices were put in place and evolved.	64
<b>G</b> There is an appropriate balance of Executive, Independent Non-Executive and Non-Executive Directors. There is a clear division of responsibilities between the Chair and the Chief Executive.	64, 65, 68, 80
<b>H</b> The Non-Executive Directors have diverse backgrounds and skillsets. The Board effectiveness review concluded that all Non-Executive Directors are effective and devote appropriate time to their duties. The Chair meets regularly with Non-Executive Directors without Executive Directors present.	64, 65, 73, 80
<b>I</b> The Chair and Company Secretary ensure the Board and its Committees receive timely, accurate and clear information.	68
<b>Composition, success and evaluation</b>	
<b>J</b> Appointments to the Board are led by the Nominations & Governance Committee save where Pfizer nominates non-executive directors under the relationship agreement. Directors are subject to annual re-election.	80
<b>K</b> A Board skills matrix has been set up and is maintained by the Nominations & Governance Committee. The Committee reviews membership of Board Committees on a regular basis.	80
<b>L</b> The Board effectiveness review concluded that the Board operates effectively. The Senior Independent Director led the review of the Chair's performance.	73
<b>Audit, risk and internal control</b>	
<b>M</b> The Audit & Risk Committee is responsible for assessing the independence and effectiveness of the external auditors and the internal audit function. It has reviewed all of the Group's published financial statements.	78
<b>N</b> The Board is satisfied that the Annual Report, taken as a whole is fair, balanced and understandable. The viability and going concern statements specifically cover the Board's assessment of the current and future prospects of the Group.	61, 76, 108, 200
<b>O</b> The Board and, as appropriate, the Audit & Risk Committee (in line with its terms of reference) has reviewed the principal risks, monitors risk appetite and oversees the internal control framework.	70, 77
<b>Remuneration</b>	
<b>P</b> The Remuneration Committee has developed a policy on Executive Director remuneration which will be submitted to shareholders for approval at the AGM.	86
<b>Q</b> No Directors are involved in deciding their own remuneration outcomes. The Remuneration Committee followed a clear process while developing the Directors' remuneration policy.	86
<b>R</b> The Remuneration Committee exercises independent judgement and considers the application of discretion permitted when determining the outcome of performance-related Executive remuneration.	88, 97