Teri Lyng – Head of Sustainability

Haleon: Running a responsible business; integral to all we do

Welcome back.

Hello, my name is Teri Lyng and I am Head of Sustainability. Prior to this role I was the Head of Quality for GSK Consumer Healthcare. I have over 30 years’ experience in pharmaceutical and healthcare companies, with over a decade in Consumer Healthcare in companies such as Wyeth, Merck, and Novartis.

As Brian has already discussed, our purpose is to deliver better everyday health with humanity. I am going to take you through our ESG strategy, how it aligns with our purpose, and why being a responsible business is truly integral to all we do.

Haleon: Our purpose and brands position us to have positive impact

The health of the world socially and environmentally directly affects the health of the people.

Therefore, the focus of our ESG strategy is to play a positive role in tackling the environmental issues and social barriers to better everyday health. People can’t truly enjoy better everyday health if their living environment is unhealthy, or they are living in a social environment with exclusion or bias.

Our purpose and brands bring distinct and meaningful solutions to everyday health, meaning that we are strongly placed to have a positive impact.

Our science heritage and extensive quality and compliance experience give us an environmentally strong foundation, and we also have a relatively small carbon and plastic footprint.

We are well positioned to make a difference in health inclusivity.

Supporting colleagues and communities’ health and wellbeing is a clear focus for us, and this includes ambitious targets for Inclusion, Equity and Diversity.

All while being committed to building strong corporate governance.

Our purpose: To deliver better everyday health with humanity

Brian has already spoken on our purpose, and this puts us in a strong position to have a positive impact in relation to ESG.

Our brands position us to have positive impact

The impact our brands have on the environment and in society matters. Consumers are expecting brands to take action on issues they care about, and we have a powerful portfolio of exceptional brands that deliver better everyday health.

Structurally advantaged environmental footprint
As Brian shared earlier, when compared to our HPC global peers, we have a structurally advantaged position, and our environmental footprint is lower on key carbon metrics for both footprint and intensity. And, we have a far lower plastic packaging footprint as well.

This means that we can have a dual focus: continue to mitigate any environmental impact of our operations, and focus on positive impacts and opportunities. Our portfolio is made of precisely dosed, small sized, premium products, bought and used over an extended period of time.

We are less exposed to agricultural ingredients, so our products have a relatively low resource intensity compared with peers. As a result, we have potentially lower financial exposure to carbon taxation, plastic regulations or taxation, and energy costs.

**Tackling environmental issues impacting everyday health**

Given our experience in a highly regulated industry and our strong trust foundations, we have been taking action to protect the environment for many years. This slide illustrates some examples of progress being made across our five priority areas.

Firstly, we have reduced carbon use by installing solar power at 12 out of our 24 manufacturing sites and in 2022 we will reach 100% renewable electricity across our operations.

Secondly, we have improved the sustainability of our packaging. In 2021, we launched 40 million recycle-ready toothpaste tubes in Europe, this was part of our ambition to make over a billion toothpaste tubes recyclable by 2025. We have increased circularity of our packaging and our key Oral Health brands in Europe are now in recycled board cartons, with around 80% cartons having recycled fibre content. We are also committed to reducing the virgin petroleum-based plastic used in our packaging.

Thirdly, we are focused on trusted Ingredients, sustainably sourced. Currently, 80% of glycerine, our most material palm oil derivative, is RSPO certified. We have also introduced a Trust Index across all our ingredients.

Our final two priority areas concern operational waste and water usage at our sites. All our sites are now Zero to Waste Landfill and are improving waste circularity.

In Oak Hill New York, toothpaste waste is being recycled into cement mix, and in Suzhou China, product waste is being recycled into lime ash to make building bricks.

At our manufacturing sites in water-stressed basins, we have reduced our water usage by 29% since 2016, including our site in Cape Town, where we reduced municipal water use by over 50%, and expect to achieve water neutrality by the end of this year.

**Our Environmental Commitments**

While our environmental footprint is modest compared to peers, we are taking meaningful steps to mitigate our operating environmental impact.

On carbon we are firmly committed to continuing to reduce our footprint. We aim to reduce our net Scope 1 & 2 carbon by 100%, and our Scope 3 carbon from source to sale by 42% by 2030. Both of these are aligned with the 1.5 degree pathway set out by the Science Based Targets initiative. As a standalone company we will set a longer-term, 2040 Carbon Net Zero goal, informed by the latest SBTi guidance.
Secondly, on packaging we will reduce virgin petroleum-based plastic by one third by 2030, with a 10% reduction by 2025. We will also develop solutions for all product packaging to be recyclable or reusable by 2030. As we cannot achieve these targets alone, we will work with partners to globally, and locally, collect, sort, and recycle Consumer Healthcare packaging at scale by 2030.

And thirdly, to ensure we use trusted ingredients that are sustainably sourced, all of our agricultural, forest, and marine derived materials will be sustainably sourced and deforestation free by 2030, ensuring ingredients in our products consistently have a strong trust profile.

Embedding environmental sustainability across our business

I’d like to share a few examples of our sustainability initiatives in our markets.

For German consumers, plastic waste is a key concern, and the share of eco-active shoppers is continuously growing, particularly among the younger demographic. At Dr. Best, we introduced a bamboo toothbrush and plastic free packaging addressing this, and capitalising on Dr. Best’s reputation of scientific expertise and product performance.

Our VoltaNatura innovation incorporated trusted natural ingredients, to appeal to consumers looking for alternative pain therapies, broadening our consumer reach.

As part of the Pulpex consortium with Diageo, Unilever, and PepsiCo we are exploring a first-of-its-kind pulp packaging solution. The scalable paper bottle is 100% PET-free, made from sustainably sourced pulp, meets food safety standards, and will be recyclable in standard paper waste streams.

Turning to our supply chain and retail partners. We are proud to be participating in Action for Sustainability Derivatives, an industry-led collaboration aimed at achieving responsible production and sourcing of palm oil derivatives.

Our sustainability commitments are also driving strong engagement with our retail partners.

Tackling inclusivity barriers standing in the way of everyday health

Everyday health is directly impacted by social exclusion. For example, people with disabilities are more than twice as likely to report finding healthcare provider skills inadequate, and nearly three times more likely to report being denied care.

People experiencing discrimination are 2 to 3 times less trusting of healthcare workers and systems, they delay seeking healthcare, and are less likely to follow medical recommendations.

Educating and empowering people to take more active self care, can relieve some of the burden on over stretched healthcare systems, by equipping people to manage self-treatable conditions themselves, and encouraging more preventive care.

In our recent study, 8 out of 10 people agreed managing their health is their own responsibility, but only 2 out of 10 felt very confident in doing so. When people are more engaged in self care, they spend more on healthcare products and services, with a US IRI study in January 2022 showing that those most proactive consumers spend 12.5% more than the average on GSK Consumer Healthcare products.

Our health inclusivity commitments
As a world leading consumer healthcare company, we want to help overcome the social barriers that continue to put better everyday health out of reach for too many of the world’s citizens.

We aim to empower millions of people a year, to be more included in opportunities for better everyday health – we plan to reach 50 million people a year by 2025.

We will do this: through thought leadership, to better understand the drivers of health inclusivity, and inform actions on our own; and in partnerships, on programmes and policy to improve health inclusivity.

We will do this: through educating and empowering self care, delivering health literacy and educational programmes directly to individuals; and to Healthcare professionals, to help people understand how to look after their everyday health, and feel confident in doing so.

And, we will do this through: our brands, providing inclusive products, services, and resources that help more people to access the care and support they need; and purpose into action programmes which tackle specific barriers to better everyday health.

**Shaping policies, attitudes and beliefs: Inclusivity Health Index with The Economist Group**

As part of thought leadership work on inclusivity, we are partnering with the Economist Intelligence Unit and leading academics at University College London, to create the Health Inclusivity Index, which will launch July 2022.

It is intended to facilitate meaningful dialogue with key stakeholder groups, who share an interest in improving health inclusivity, particularly policymakers, healthcare providers, external experts, and investors, as well as the media, consumers and customers.

It will be supported by an interactive hub, through which users will be able to engage with the findings and analysis. The results will provide insights to inform our own actions and to help identify opportunities for partnerships and wider coalitions of action in the medium to longer term to measurably improve health inclusivity.

**Educating and empowering people to take better self care**

To educate and empower people to take better self care, we are providing trusted, expert information to consumers and Healthcare professionals. With consumers, our products and brand experiences make it easier to take active control of health, to adopt better health behaviours, and importantly sustain them.

We work with dentists, doctors, and pharmacists, to support consumers with everyday health needs, providing tools and insights for trusted advice, raising condition awareness, and increasing knowledge for patients.

We also work with our retailers. With Tesco, and the Aquafresh Shine Bright programme, we educated children in schools, and in store, on improved oral health habits, driving a 20% sales uplift, ahead of the children’s oral health category.

We continue to champion the importance of self care and as a leading member of the Global Self-Care Federation we supported the development of the Self-Care Readiness Index in collaboration with the WHO.

**Leveraging our brands: To have a positive impact on everyday health: Otrivin**
Let’s talk about leveraging our brands to have a positive impact on everyday health and Otrivin. Its purpose goes beyond fulfilling a seasonal need to unblock one’s nose. We want to make sure that we are educating people, to understand the health impacts of impure air and air pollution, and talk about clean breathing - this goes beyond the seasonal need to unblock your nose, and in tandem creates a business opportunity.

We have created programmes to raise awareness that air pollution affects almost everyone, such as the Air bubble that was seen at COP26. We have developed expert programmes, to help pharmacists give easy-to-adopt advice, which includes regular use of Otrivin Breathe Clean, amplified by our partnership with Walgreens Boots Alliance.

We are planning category creation pilots, with retailers in key markets, to drive trial and repeat, tailored to local needs, such as traffic pollution in the UK, or dust in India.

In the UK, the Otrivin Actions to Breathe Cleaner (ABC) school programme, started in Nov 2021, educating on pollution, and working to mitigate this across 27 schools participating, and over 1,000 children. A global rollout is planned for 2022.

**Leveraging brands to have a positive impact: Fighting for a flu safe world**

Moving on to Theraflu. Its clear purpose is fighting for a flu safe world. But what if you don’t have the resources to recover. We want to make sure that we are educating people to understand what it means to live in a flu-safe world. It’s impossible to have a flu-safe world if people continue to work while sick.

We have partnered with the Good+ Foundation to create the “Rest & Recover” fund – a $150,000 fund, to provide 1,000 one-time Rest Pay micro-grants, to support people battling the financial and logistical challenges of taking a day to rest and recover, when faced with unexpected mild illness.

We have launched an awareness campaign, to amplify the ‘recovery’ message, whilst driving awareness of the Theraflu mission. This has resulted in a 17% increase in Theraflu brand favourability since the campaign launch, and a 7% increase in likelihood for consumers to recommend Theraflu.

**Committed to positively contributing to society**

We are committed to contributing positively to society, through our strategic social impact partnerships and the work we do to support our colleagues and the communities we source from.

Examples include our partnerships with Smile Train and Forum for the Future. As part of our partnership, Forum for the Future, and other partners including Walgreens Boots Alliance, published a special report at the 2021 Climate Week NYC on the inherent link between planetary health and human health.

The report includes a call to action for businesses, with detailed steps they can take to reduce their own impacts on climate change.

Within our supply chain, we are committed to responsible sourcing and supply chain transparency. Our suppliers must comply with all laws and regulations, as well as adopt our anti-bribery and corruption, and human rights principles.

We have joined Manufacture 2030, a platform to drive consistency and transparency of supplier sustainability reporting.
Collaborations such as Energize, increase access to renewable energy for suppliers in the pharmaceutical sector.

We are a member of multiple supplier diversity advocacy organisations, such as WEConnect, leveraging insights and resources to inform the design, effectiveness and performance of our supplier diversity programmes.

Focusing on our people, we are building on GSK’s current I&D goals, of at least 45% female representation in senior roles by 2025, and at least 30% and 18% ethnically diverse leaders in our VP and above roles by 2025, in the US and UK respectively.

Leveraging these strong foundations to create a truly differentiated and best in class Inclusion, Equity and Diversity approach in Haleon. We expect to provide an update on these targets in due course.

We are committed to equitable and fair pay across the business, and as a UK business, we will measure and report our progress transparently on Gender Pay Gap.

**Committed to building strong corporate governance**

We are also building strong corporate governance, to monitor and control, as outlined by Brian earlier. With the announcement of Sir Dave Lewis, as Chairman Designate, and further board and committee appointments underway, you can expect to see transparent reporting and disclosure from us in the future, as well as adherence to a robust code of conduct, and risk management.

Our Business Performance and Responsible Business Scorecards are part of regular performance monitoring, at the group level, and for our 14 business units. As Brian also shared earlier, doing the right thing is fully embedded in our culture.

**Haleon: Our purpose and brands position us to have positive impact**

We have ambitious environmental and social goals, intrinsically linked to our purpose, to deliver better everyday health with humanity.

This purpose is embedded in our operational practices and processes, at all levels, and we have a strong and structurally advantaged environmental foundation to make a difference.

We are strongly placed to have a positive impact, given our purpose and brands, and have a compelling opportunity to make a difference in health inclusivity.

We are setting ambitious targets for Inclusion, Equity and Diversity, all while being committed to building strong corporate governance.

With that I would now like to hand over to Tobias.