

Chair's statement



Sir Dave Lewis
Chair

2024: another year of good progress

The evolution of Haleon from a division of a pharmaceuticals business to a leading FMCG business continues at pace. The Executive Team, led by Brian, delivered a strong performance, with progress made against each of our key strategic priorities.

There are significant opportunities ahead and our performance over the last two years represents an encouraging start. In the upcoming year, Brian and his leadership team will share more on our future ambitions at a Capital Markets Day.

Disciplined capital allocation

Our strong performance, cash generation and active portfolio management has allowed us to significantly lower the leverage in the business and begin a disciplined share buyback programme.

The disposal of ChapStick and our Nicotine Replacement Therapy business outside the US realised c.£0.8bn. We invested £0.5bn in our OTC joint venture in China, raising our participation from 55% to 88%.

Our first share buyback programme, which together with the off-market purchase of a portion of Pfizer's shares and dividend payments, saw us return more than £1bn to shareholders.

Consistent with this approach and reflecting our confidence in the strength of cash generation, we have announced an allocation of £500m of capital to share buybacks in 2025.

The Board is proposing a total dividend increase of 10% to 6.6p per ordinary share, which represents an increase in the pay-out ratio to approximately 37% of 2024 adjusted earnings. This includes a final dividend of 4.6p per ordinary share. The Board remains focused on driving shareholder returns.

Corporate governance

During the year, we continued to focus on strong corporate governance, our purpose and the evolution of Haleon's culture. In 2024, we conducted our first external Board performance review, which noted that the Board had a good breadth and mix of skills and experience to support the business and its strategic objectives. A number of areas were highlighted for the Board and Committees to consider going forwards and these will form part of the action plan for 2025.

The Board has overall responsibility for Haleon's Responsible Business strategy. We made good progress in 2024 against each of our targets to reduce our environmental impact, make everyday health more inclusive, and operate with ethical, responsible, and transparent behaviours and standards of conduct.

In line with our commitment to being a leading employer, we are implementing initiatives that aim to provide equal opportunities and create an inclusive culture. While we are pleased with progress in this area to date, we also recognise that there is still more we can do to develop our culture. This agenda will remain a key priority for the Board in 2025 and beyond.

Board developments

The Board recognises the important role it plays in supporting the Executive Team to anticipate and navigate external challenges and change. We regularly conduct deep dives into our key categories and functions and visit key markets. In 2024 we conducted a full Board visit to China.

We maintain an active review of the Board skills matrix and in 2024 we added more global FMCG, financial and digital technology experience to the Board. To this end, we were delighted to welcome Dawn Allen as Chief Financial Officer. Dawn joined the

Board on 1 November 2024 and brings extensive global FMCG and finance experience. We also welcomed Alan Stewart and Nancy Avila as independent Non-Executive Directors, adding a wealth of global consumer and technology experience to Haleon.

In addition, Bláthnaid Bergin, Chief Financial Officer of J Sainsbury plc, joined the Board in February 2025. Bláthnaid has deep consumer and finance expertise.

Following Pfizer's reduction in shareholding over the past six months, David Denton and Bryan Supran stepped down from the Board in December 2024 and February 2025 respectively.

Finally, I would like to extend my thanks to David, Bryan, Deirdre Mahlan and Tobias Hestler for their significant contributions to the Board over the last few years and wish them well for the future.

Looking ahead to 2025

The Board has the following priorities for the coming year:

- Continued transformation of Haleon into an agile, consumer-focused business, including building bespoke processes and systems that support a global FMCG business.
- Further evolving our strategy and culture so we are primed to capitalise on the significant opportunities ahead.
- Generating value through disciplined capital allocation that maximises shareholder returns.
- Maintaining strong corporate governance and ethical behaviours.

Thank you

On behalf of the Board, I would like to thank the Executive Team for their leadership and dedication throughout the year. I would also like to recognise the hard work and commitment of all Haleon employees globally in delivering against our strategic objectives and purpose. While we are still on a journey with more to achieve, the strong momentum over 2024 gives us confidence that we are on the right course to realise the full potential of this business in 2025 and beyond.