





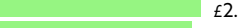
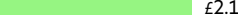









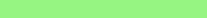


# Our key performance indicators

We have several enterprise metrics monitoring performance across the business, from which we select our key performance indicators (KPIs). These are the most applicable in tracking our strategic performance, sustainability and commitment to our key stakeholders. The Board and Executive Team monitor our KPIs to ensure continued alignment to our strategy and, where applicable, they are linked to Executive Directors' remuneration. Having demerged from GSK in 2022, we are still in the process of building up five years of data.

>> See also the Directors' Remuneration Report from page 80, and forward-looking statements on page 218.

KPI	Relevance and calculation	Future focus	
<b>Organic revenue growth<sup>1,2</sup></b> ● <b>1 2 3</b> Delivery on our 4-6% guidance.	Measures the strength of our existing portfolio. Data is derived directly from our Financial Statements.	Continue to deliver on our guidance prioritising driving growth from recently launched innovations.	<b>2023</b>  <b>8.0%</b> <b>2022</b>  <b>9.0%</b> <b>2021</b>  <b>3.8%<sup>2</sup></b> <b>2020</b>  <b>2.8%<sup>2</sup></b>
<b>Adjusted operating profit<sup>1</sup></b> ● <b>1 2 3</b> Continued profitable growth.	Our adjusted operating profit is an important indicator of the strength of our business model. Data is derived directly from our Financial Statements.	Drive positive operating leverage in the business whilst at the same time ensuring healthy investment to drive top-line growth. In 2024, this KPI will be replaced by organic profit growth to provide a more direct representation of the Company's performance.	<b>2023</b>  <b>£2.5bn</b> <b>2022</b>  <b>£2.5bn</b> <b>2021</b>  <b>£2.2bn</b> <b>2020</b>  <b>£2.1bn</b>
<b>Free cash flow<sup>1</sup></b> ● <b>3</b> A key component in measuring the viability of our business.	Provides the business with capacity to invest in the business, pay down debt and make shareholder returns. Data is derived directly from our Financial Statements.	Drive free cash flow through a combination of working capital management and efficiencies across the business.	<b>2023</b>  <b>£1.6bn</b> <b>2022</b>  <b>£1.6bn</b> <b>2021</b>  <b>£1.2bn</b> <b>2020</b>  <b>£2.0bn</b>
<b>Net debt/adjusted EBITDA<sup>1</sup></b> ● <b>3</b> Achieve less than 3x net debt/adjusted EBITDA during 2024 <sup>3</sup> .	Reducing our leverage strengthens our balance sheet and maintains our Investment-Grade credit rating. Data is derived directly from our Financial Statements.	Operate a strong Investment-Grade balance sheet with medium-term leverage of c.2.5x net debt/adjusted EBITDA. In 2024, this will no longer be a KPI given expected delivery of less than 3.0x leverage during the year.	<b>2023</b>  <b>3.0x</b> <b>2022</b>  <b>3.6x</b>
<b>Business gained/maintained share</b> <b>1 2</b> Drive market share gains through brand building, innovation and increased investment in A&P and R&D.	The attractiveness of our products is key for all our stakeholders, giving them confidence in our ability to increase household penetration and capitalise on new and emerging opportunities. Based on Haleon's analysis of third-party market revenue data, including IQVIA, IRI and Nielsen data.	Ensure healthy investment in A&P through numerous media campaigns and drive innovation through investment in R&D.	<b>2023</b>  <b>58%</b> <b>2022</b>  <b>66%</b>
<b>Carbon reduction<sup>4</sup></b> ● <b>4</b> Reduce our net Scope 1 and 2 carbon emissions by 100%, versus our 2020 baseline by 2030.	Decarbonising our operations is a key focus area and helps protect against climate-related transition risks. We track the percentage change in total tonnes of market-based net Scope 1 and 2 GHG emissions versus 2020.	We are focused on addressing our remaining Scope 1 emissions by transitioning to renewable-energy-powered systems for heating and cooling.	<b>2023</b>  <b>48%*</b> <b>2022</b>  <b>44%</b>

## Executive Director Remuneration

- Performance Share Plan
- Annual Incentive Plan

## Strategic pillars



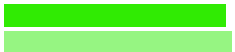
- 1** Increase household penetration
- 2** New and emerging opportunities
- 3** Strong execution and financial discipline
- 4** Responsible business

\* KPMG LLP has issued independent limited assurance over the selected data indicated using assurance standards ISAE(UK)3000 and ISAE 3410.

<sup>1</sup> Organic revenue growth, adjusted operating profit, free cash flow and net debt are non-IFRS measures. Definitions and calculations of non-IFRS measures can be found from page 43.

<sup>2</sup> Haleon portfolio revenue growth in 2020 and 2021 was 4.9% and 3.9% respectively which illustrates the performance of the brands that make up the portfolio at the time of the demerger.

<sup>3</sup> In February 2022, Haleon expected to reach leverage of less than 3x net debt/adjusted EBITDA by the end of 2024 (as presented at its Capital Markets Day).

KPI	Relevance and calculation	Future focus	
<b>Recycle-ready packaging<sup>4</sup></b> <p>Develop recycle-ready solutions for all product packaging by 2025, as part of our goal to make all packaging recyclable or reusable by 2030, where safety, quality and regulations permit.</p>	<p>A key priority and commitment for Haleon is to play its part to accelerate the transition to a circular economy.</p> <p>We track the percentage of recycle-ready packaging in market.</p>	<p>Continue to transition our packaging to recycle-ready formats using mono-materials designed for recycling.</p> <p>This will no longer be a KPI in 2024 given our commitment will complete in 2025. This KPI will be replaced by reduction in virgin petroleum-based plastic packaging.</p>	<p><b>2023</b>  <b>70%*</b> 2022 65%</p>
<b>Gender diversity<sup>4</sup></b> <p>Achieve gender parity (48-52%) in leadership roles<sup>6</sup> globally by 2030.</p>	<p>We believe diversity is a key source of competitive advantage and an important consideration for employees and investors.</p> <p>Calculated as a percentage of employees who self-identify as female compared to overall number of permanent employees.</p>	<p>Our 2024 goal is 45.5%, which we are working towards through targeted initiatives, and aiming to ensure that our hiring, pipeline and development processes are bias free.</p>	<p><b>2023</b>  <b>44.9%*</b> 2022 43.7%</p>
<b>Employee engagement<sup>4</sup></b> <p>Build a company where employees are proud to work, feel inspired, challenged, supported and have a sense of personal accomplishment.</p>	<p>Ensuring employees feel Haleon is fulfilling its core engagement index measures is fundamental to our long-term success. We track responses to our core engagement index measures in our annual employee survey.</p>	<p>Continue to focus on strengthening our work processes to enhance productivity, allow for greater agility and deliver better performance. Initiatives include improving our communications on change and future direction.</p>	<p><b>2023</b>  <b>78%</b> 2022 80%</p>

Following the strong strategic progress made since our de-merger, Haleon has reviewed its KPIs given a number of targets are within sight of delivery. Net debt/adjusted EBITDA will no longer be a KPI in 2024 given expected delivery of less than 3.0x leverage during 2024. The Company has a commitment to maintain an Investment-Grade balance sheet and operate at c.2.5x net debt/adjusted EBITDA over the medium term. Additionally, given Haleon's commitment to active portfolio management and the recently announced disposals of Lamisil and ChapStick, the Board will now consider adjusted operating profit growth and adjusted operating margin on an organic basis (i.e. excluding the impact of acquisitions and divestments, and at constant currency) which will give a more direct representation of the Company's performance. In addition, from 2024 we will focus on adjusted diluted EPS growth at constant currency to ensure value creation across the business. In responsible business, given our commitment on recycle-ready packaging will complete in 2025, we will replace this metric with reduction in virgin petroleum-based packaging, which will be included as part of the ESG qualifier in Haleon's 2024-2026 Performance Share Plan (PSP) awards.

## Our KPIs and Executive Director remuneration in 2023

Elements of our Executive Director remuneration are linked to the delivery of specific KPIs that are considered the most relevant in assessing business performance and our commitment to our stakeholders.

### ESG qualifier

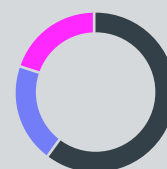
The PSP has an ESG qualifier with thresholds set for three responsible business KPIs. If any of the thresholds are missed, a reduction in the level of vesting of up to 10% could be applied for each missed threshold. If the metrics are static or go backwards compared to the baseline, a 25% reduction in the level of vesting could be applied for each measure (i.e. a potential overall reduction of up to 75%).

### Performance Share Plan



- 50% linked to net debt/Adjusted EBITDA
- 50% linked to cumulative free cash flow

### Annual Incentive Plan



- 60% linked to organic revenue growth
- 20% linked to adjusted operating profit
- 20% linked to individual business objectives

>> KPMG LLP's limited assurance statement and Haleon's reporting criteria are available at [www.haleon.com/our-impact/esg-reporting-hub](http://www.haleon.com/our-impact/esg-reporting-hub)

\* KPMG LLP has issued independent limited assurance over the selected data indicated using assurance standards ISAE(UK)3000 and ISAE 3410.

<sup>4</sup> The reporting period runs from 1 December 2022 to 30 November 2023. Carbon offsets account for 25% of our market-based Scope 1 and 2 carbon emissions. Calculated in accordance with methodology and data improvements, and updated carbon emissions factors for our 2020 baseline, hence the 2022 result differs from the value disclosed in the 2022 Annual Report and Form 20-F.

<sup>5</sup> Reporting period runs from 1 July 2022 to 30 June 2023.

<sup>6</sup> Leadership roles' is defined in our glossary.