

Our approach to sustainability continued

Task Force on Climate-related Financial Disclosures (TCFD)

Our purpose underpins our drive to tackle carbon emissions. We aim to achieve net zero carbon emissions from source to sale by 2040 aligned to guidance from The Climate Pledge and Race to Zero.

In accordance with TCFD guidance, we have conducted a comprehensive analysis to assess the risks and opportunities linked to climate change that may have an impact on our business. This statement highlights the most significant risks identified, along with any financial implications, and outlines the corresponding actions we are undertaking in response.

Compliance statement

In accordance with the FCA's Listing Rule 9.8.6R(8), Companies Act 2006, S414CB(A1) and (2A), and the SEC's Guidance Regarding Disclosure Related to Climate Change (2010), we present our TCFD compliance statement and confirm that we have made climate-related financial disclosure for the year ended 31 December 2023 which is consistent with the TCFD Recommendations and Recommended Disclosures, on pages 24 - 31.

>> We also include further climate-related disclosures throughout the Annual Report, including information on our principal risk related to ESG on page 56, key performance indicators on pages 32-33, Notes 1 and 12 of the Financial Statements on page 123 and from page 133, and a breakdown of our GHG emissions on page 189.

Governance

Governance over climate-related risks and opportunities is consistent with the governance structures in place across Haleon, comprising of the Board, Board subcommittees, executive and management-level governance committees, and specialist working groups (see diagram below, with arrows indicating flow of information).

The Board takes overall accountability for risk and opportunity management, including climate change. The Board delegates specific matters related to climate change to subcommittees in the following ways:



- The Environmental & Social Sustainability Committee (ESS) reviews progress against Haleon's environmental and social governance (ESG) metrics and reviews delivery against its key environmental and net zero priorities. The Committee meets at least twice a year and is composed of three Non-Executive Directors. In their first meeting, the Committee received an 'Education and Assessment' session, facilitated by external experts, to evaluate Haleon's responsible business strategy and goals, including those on climate.
- The Audit & Risk Committee meets at least four times a year and oversees Haleon's principal risks, including Haleon's principal risk related to ESG, which covers climate change (page 56).
- The Remuneration Committee meets at least four times a year and supports Haleon's climate strategy by aligning Haleon's Performance Share Plan with ESG performance via the ESG qualifier. This includes our Scope 1 and 2 decarbonisation commitment (page 83).

The Chief Executive Officer and the Executive Team are responsible for the delivery of Haleon's responsible business strategy, and they are supported by various governance forums to monitor the climate strategy, including the management of climate-related risks and opportunities.

- The Environment Steering Committee governs progress against Haleon's environment strategy and commitments, including climate change commitments. The Committee meets at least quarterly and makes strategic recommendations on managing our environmental footprint for approval by the Executive Team and the Board. It also monitors climate-related risks and opportunities. It is chaired by the Vice President of Sustainability and Executive Team members include the Chief Corporate Affairs Officer, the Chief Supply Chain Officer, and the Chief R&D Officer.
- The Enterprise Risk and Compliance Committee (ERCC) consists of members of the Executive Team and Heads of Audit and Risk, and of Ethics and Compliance. The ERCC meets quarterly and ensures that principal risks are managed effectively, reviewing them twice a year. This includes Haleon's

principal risk related to ESG, which covers climate-related risks (see page 56). The principal risk is owned by the Chief Corporate Affairs Officer and monitored through Haleon's risk management framework, described from page 53.

- Compliance and Risk Forums (CRF) are conducted by our functional teams, categories and business units, to embed risk management in day-to-day business operations. The Sustainability CRF meets at least bi-monthly and is responsible for monitoring, assessing, and mitigating potential risks that may impact Haleon's responsible business strategy delivery, including risks associated with climate change. Membership includes the Vice President of Sustainability and members of the sustainability team.
- Working groups in our global functions, global categories and business units integrate responsible business targets, principles and initiatives (including climate change) into Haleon's strategic business planning process, capital planning and budgeting, evaluation of potential divestments or acquisitions, day-to-day responsibilities and metric management.

Responsible business scorecards, at both enterprise-wide and business unit level, track in-year targets against our responsible business commitments, including targets tracking carbon emissions reduction. The ESS Committee and the Executive Team receive progress updates against these quarterly, including performance against our climate commitments, alongside other information as a tool to inform decision-making.

Responsible business targets are tied to employee personal objectives and performance evaluations where relevant, including climate-related objectives for executive management. Executive remuneration incorporates specific responsible business-related KPIs. For the year ended 2023, this included climate-related objectives (see pages 33 and 88).

Strategy and risk management Identifying, assessing, and managing climate-related risks

The process for identifying, assessing and managing climate-related risks is consistent with Haleon's four-step enterprise risk management process described from page 53. This ensures that accountability for the identification, assessment, mitigation and monitoring of risks is aligned with Haleon's strategic objectives. At the corporate level, ESG and the integration of sustainability and climate-related risks into our Business and investment decisions was identified as a principal risk 56, reflecting the level of enterprise prioritisation.

The Sustainability CRF leads the climate risk identification and assessment process, which is formally conducted on an annual basis. Risks are assessed by taking into consideration the likely impact (considering both financial and reputation impacts), the probability of the risk, and

the controls that are in place to manage the risk, in line with Haleon's risk management framework outlined from page 53. This helps to identify where management should focus its effort.

Continuous evaluation and management of risk is embedded in our strategy to ensure an appropriate, measured and timely response. Risk owners are assigned to climate risks and continually monitor and assess each risk. A combination of internal knowledge and external factors, such as horizon scanning, legal and regulatory developments, and emerging climate science, are considered to determine whether to mitigate, transfer or accept climate-related risks. In some cases, it may be deemed appropriate to transfer the risk, for example by discharging costs or liability to another party in our value chain. Part of the risk assessment process is also acceptance: establishing a level of comfort with the risk, considering our existing control strategies, and considering them currently sufficient.

We also use scenario analysis and stakeholder input to identify, assess and manage climate-related opportunities, and consider these in our strategy accordingly.

The most significant climate-related risks and opportunities are described in detail on pages 27 to 31 along with our plans to manage these, with an impact summary on page 123. These are considered to have the most significant impact on our business, strategy and financial planning. Risk and mitigation plans undergo a formal review at least once a year. Haleon will conduct a climate-related risk and opportunity assessment using scenario analysis at least every three years.

Our approach to sustainability continued

Task Force on Climate-related Financial Disclosures (TCFD) continued

Our resilience to climate change

As outlined in the climate-related risks on pages 27 - 31, the quantitative scenario analysis indicates that our business is not at high risk of significant financial impacts arising from climate-related risks in the short-term. Any climate-related risks with a medium-risk financial impact are either projected to occur in the long-term or have already been addressed through our mitigating actions. As a result, we do not anticipate the need for major changes to our strategy in order to respond to these risks.

In the medium and long-term, we will need to consider transition risks. The transition to a low-carbon economy could have financial implications for Haleon, as consumer preferences shift towards sustainable products, potentially impacting our market share and brand reputation. Additionally, increased carbon taxes on emissions across our operations and supply chain could also have financial impacts. However, these risks can be mitigated if we achieve our carbon reduction targets for emissions across all scopes. We have already conducted life-cycle assessments for 11 key products to better understand and mitigate the risks associated with their life-cycle stages. You can read more in our Climate

Action Transition Plan, which is consistent with the strategy outlined in this disclosure, and goes into further detail.

In the long-term, we need to be aware of the impacts of physical risks. Our key facilities could be affected by flooding and heatwaves, leading to disruption and damage. Our Oral Health product line could also be impacted by disruptions in the supply of raw materials, particularly wheat and corn, which are at a higher risk of yield impact due to long-term climate change. While we already have a resilient sourcing strategy for these key crops, we need to continue monitoring the situation.

The transition to a low-carbon economy also presents an opportunity for Haleon, as consumer preferences shift towards more sustainable products. In order to capitalise on this opportunity, we need to improve the sustainability of our products and make consumers aware of these changes through substantiated consumer messaging. See page 123 for more information on how the impact of climate change was considered in financial planning.

Climate-related scenario analysis

Climate-related scenario analysis is used to assess the potential impact of

climate-related risks and opportunities. In 2022, we performed our first qualitative analysis which we refreshed in 2023, both qualitatively and quantitatively, to assess the risks and opportunities in greater detail and understand the impact of climate change on our existing business model. The results have been used to inform our strategy and financial planning, including updates to our underlying cash flows for our planned actions to meet our climate ambitions.

We worked with a climate analytics company, Resilience, to quantify the potential financial impact of our physical and transition climate risks and opportunities. Resilience used a 'Digital Twin', which is a data-driven digital representation of our business and value chain. This used data from our business including current and approved financial projections, market breakdown, key facilities, raw materials and GHG footprint, to stress test and quantify the potential financial impact of climate risks and opportunities under different scenarios.

The climate scenarios used as part of the analysis are outlined below. We also modelled a 2.5°C warming trajectory but are disclosing the results with the highest potential impact.

Warming trajectory by 2100 Climate scenario

Warming trajectory by 2100	Climate scenario	Rationale behind climate scenario analysis selection
1.5°C	Paris Ambition: Rapid transition to a low-carbon economy with orderly emissions reductions and rapid consumer preference change.	<p>Enables us to test our business strategy against the most optimistic scenario from a climate-transition perspective.</p> <p>Aligns with our target to be a net zero business by 2040, aligned to guidance from The Climate Pledge and Race to Zero.</p> <p>Aligns with TCFD and IPCC¹ recommendations to include a 2°C or lower scenario, with 1.5°C scenario recommended as the '2°C or lower', aligning with the latest scientific research from the IPCC.</p> <p>This scenario represents the 'worst case'/highest potential for transition risk for our business.</p>
>4°C	No Policy: Reversal of emissions reductions and abolishment of climate policy leading to extreme warming.	<p>Enables us to test business strategy against the worst-case scenario from a physical risk perspective.</p> <p>This scenario was used in our qualitative analysis in 2022.</p>

A number of assumptions were made in carrying out the analysis:

- Current mitigating actions were not modelled for any of the scenarios.
- All scenarios were modelled independently, i.e., no correlation was assumed between different risks and opportunities.

- Investment costs required to realise opportunities were not taken into account.

While many scenario models and techniques are advanced, we recognise that knowledge in this area is growing, and we expect models and pathways to

evolve with time. Models also have limitations, and there are certain areas which are challenging to model. Additionally, in certain situations, different models can project contrasting results. In these situations, we have considered how different outcomes would impact our businesses.

¹ We used the IPCC Representative Concentration Pathways (RCPs) to assess physical climate risk. RCPs are commonly used by climate scientists to assess physical climate risk, with each pathway representing a different GHG concentration trajectory which can then be translated into global warming impacts. We used climate data from the World Climate Research Programmes Coupled Model Intercomparison Project - Phase 6 (CMIP 6 - adjusted for spatial resolution and bias corrected) to do this translation. RCPs feed into climate, crop and flood models. There are four RCP pathways with RCP8.5 representing the worst case scenario.

Impact of climate-related risks and opportunities and resilience of our strategy

For 2023, we have updated the time horizons used to consider the impact of climate risks and opportunities. The length of the time horizons was reduced to allow greater alignment to modelling capabilities

for quantitative scenario analysis and to reduce the risk of modelling uncertainties associated with using time horizons beyond 2050. This provides more accurate results compared to using longer time horizons and aligns with our business risk cycles, allowing us to use the analysis for strategic decision making.

We define short, medium and long-term horizons as follows:

- **Short-term (0-4 years):** aligns to our financial planning and risk management framework.
- **Medium-term (5-9 years):** aligns to our interim Scopes 1, 2 and 3 emissions reduction targets of 2030.
- **Long-term (10+ years):** aligns to our net zero target of 2040 and the UK Government’s net zero target of 2050.

The following climate risks and opportunities have been identified as those with the potential to be significant to our business over the short, medium and long-term. For each risk and opportunity, further details are only provided for the scenario analysis with the most significant impact to Haleon. The risks and opportunities as presented integrated several components of TCFD: strategy, risks, and metrics and targets.

Physical risks

Risk	Impact analysis	Management of risk
<p>Impact of extreme weather events on operations and supply chain</p> <p>The revenue and cost impact of damage and disruption to key facilities from the following climate hazards: riverine, coastal and flash flooding, heatwaves, water stress, and temperate and tropical windstorms.</p> <p>Paris Ambition (1.5°C)</p> <p>S <input type="checkbox"/> M <input type="checkbox"/> L <input type="checkbox"/></p> <p>No Policy (4°C)</p> <p>S <input type="checkbox"/> M <input type="checkbox"/> L <input checked="" type="checkbox"/></p>	<p>Potential impacts included in our Paris Ambition (1.5°C) and No Policy (4°C) scenario analysis included:</p> <ul style="list-style-type: none"> – Revenue disruption from the interruption of supply of electricity, gas and water, due to heatwaves and flooding. – Inefficiencies in production due to disrupted employee travel, e.g., caused by flooding. – Increased facility and operational down time, due to damaged transport infrastructure. – Direct damage to stock, buildings, and contents from flood and windstorms. <p>Under a No Policy (4°C) scenario, the hazards with the greatest potential to impact our business are riverine and flash flooding, and heatwaves, over the long-term time horizon. Three of our sites, Guayama (Puerto Rico), Tianjin (China) and Dungarvan (Ireland), are at greatest risk of property damage from riverine flooding owing to their close proximity to rivers.</p> <p>Sites in the US, southern Europe and eastern China are located in regions that could experience a rapid increase in heatwave probability driven by global average temperatures and the likelihood of prolonged extreme temperature events. Heatwaves have the potential to cause disruption through interrupting our supply chain (such as from infrastructure damage to the road and rail network) as well as reducing the productivity of our workforce through human health impacts.</p> <p>The risk of water stress is considered to be low with 0.4% of annual revenue from our owned sites being potentially impacted in the long-term (by 2050).</p> <p>Assumptions:</p> <ul style="list-style-type: none"> – 2023 financial values are kept constant up to 2050 and acute physical risk shocks were applied to these values. – The revenue share for our sites was assumed to be site revenue as a proportion of total revenue. The remaining revenue share was split proportionally across third-party manufacturers’ sites. – Meteorological conditions that could lead to water stress (i.e., severe drought) were considered. Local geological conditions were excluded from the analysis. 	<p>Actions:</p> <ul style="list-style-type: none"> – Production sites are included within a loss-prevention survey programme and are routinely visited to ensure appropriate resilience measures are in place, including flood, wind and storm protection. – Our manufacturing sites have emergency plans, disaster recovery plans, and business continuity plans (BCPs), which we continuously improve to further enable our sites to withstand extreme weather events. – Our BCPs include options for multiple sourcing for manufacturing of our products. This is achieved by using a combination of Haleon or third-party manufacturing organisations’ sites, spread across different geographies. – We conducted value-chain water footprint analysis to better understand potential water-related risks in specific geographies and prioritise actions. – All our manufacturing sites are implementing the AWS standard to address local water-related risks and opportunities. In 2023, our Cape Town site was recommended for certification; it also became water neutral following water replenishment activities, which began in 2022 with WWF South Africa. <p>Metrics and targets:</p> <ul style="list-style-type: none"> – All our manufacturing sites in water-stressed basins to be water neutral by 2030. We consider water neutral achieved when the amount of water replenished in the catchment exceeds the site’s water withdrawal. – AWS certifications at our manufacturing sites by 2025. – We aim to introduce additional metrics from 2024 to further track owned and third-party sites’ exposure to extreme weather events.

Key Time horizon for impact

- S Short-term 0-4 years M Medium-term 5-9 years L Long-term 10+ years

Financial impact of risk or opportunity

- Low risk £10m-£40m Medium risk £40m-£80m High risk >£80m Opportunity

Our approach to sustainability continued

Task Force on Climate-related Financial Disclosures (TCFD) continued

Physical risks continued

Risk	Impact analysis	Management of risk
<p>Reduced availability of raw materials due to chronic weather impact</p> <p>The financial impacts on ingredient production due to chronic climate change induced by changing temperature and precipitation patterns. The following raw materials were considered for the analysis: corn, wheat, mint, palm oil and soybean.</p> <p>Paris Ambition (1.5°C)</p> <p>S <input type="checkbox"/> M <input type="checkbox"/> L <input type="checkbox"/></p> <p>No Policy (4°C)</p> <p>S <input type="checkbox"/> M <input type="checkbox"/> L <input checked="" type="checkbox"/></p>	<p>Potential impacts included in our Paris Ambition (1.5°C) and No Policy (4°C) scenario analysis included:</p> <ul style="list-style-type: none"> Reduction in crop yields leading to supply and demand implications and price volatility. Supply shortages which could prevent or limit the production of key product lines and lead to a loss in revenue. Increased costs due to long-term chronic drought affecting crop supply and implementation of adaptation measures such as irrigation solutions. <p>Scenario analysis was conducted to assess the financial impact of crop yield fluctuations caused by long-term climate change for our key crops. Changes in rainfall and temperature were assessed using data on crop sourcing locations and crop vulnerability. The effects of sudden hazards like heatwaves and droughts on crops were also assessed, considering the sourcing locations with a high likelihood or increasing probability of such events.</p> <p>Changes in long-term precipitation and temperature patterns under the No Policy (4°C) scenario are likely to affect wheat and corn sourcing, with wheat experiencing the largest average percentage yield decline of c.37% between 2023 and 2050. Our key sourcing regions for these crops (France, US and UK) could also be impacted by extreme weather events, such as drought or severe heatwave events, further reducing crop yields.</p> <p>In our Oral Health products, corn is a crucial ingredient. However, the projected impact on corn yields in 2050 is anticipated to be minimal, accounting for less than 3% of the total revenue generated by Oral Health products in 2023.</p> <p>Under the No Policy (4°C) scenario, certain areas of central US may see corn yields decline as a result of precipitation variation.</p> <p>Assumptions:</p> <ul style="list-style-type: none"> 2023 financial values are kept constant up to 2050 and acute physical risk shocks are applied to these values. The impact of climate conditions on raw material supply is limited to temperature and precipitation. Other conditions, such as soil quality, were excluded from the analysis. Revenue impacts were considered in terms of reduced crop yields leading to production limitations. Price fluctuations were not considered in the analysis. 	<p>Actions:</p> <ul style="list-style-type: none"> Seek to assess feasibility of substituting raw materials with lower-risk alternatives, for example replacing corn-derived ingredients with alternatives to reduce exposure to yield and cost fluctuations. We have a robust sustainable sourcing strategy in place (see page 23). Our sourcing strategy involves multiple sourcing options from different geographies and holding materials' safety stocks where feasible. Continuity of supply is a priority for our procurement team. Haleon has defined and launched its Supplier ESG Expectations, which outlines the targets we have set our suppliers, such as requiring materials to be covered by industry-recognised certifications where relevant. Sustainability requirements are embedded into tender processes. <p>Metrics and targets:</p> <ul style="list-style-type: none"> We aim for all of our key agricultural, forest, and marine-derived materials to be sustainably sourced and deforestation-free by 2030¹. For the key material supply chains in scope of this goal, we use recognised global certification programmes wherever possible, for example Roundtable on Sustainable Palm Oil (RSPO) Mass Balance certification for our palm oil derivatives, and Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) certifications for our paper packaging materials. Where these are not available, we are working with independent experts to define clear standards and processes for sustainable sourcing based on the specific issues and opportunities for each material.

¹ Scope includes Haleon's globally managed spend on key materials that are agricultural, forest, or marine-derived. Globally managed spend covers the majority of our internal spend and expands across some of our third-party manufacturing network.

Key Time horizon for impact

S Short-term 0-4 years **M** Medium-term 5-9 years **L** Long-term 10+ years

Financial impact of risk or opportunity

Low risk £10m-£40m **Medium risk** £40m-£80m **High risk** >£80m **Opportunity**

Transition risks

Risk	Impact analysis	Management of risk
<p>Policy: carbon pricing</p> <p>The financial impacts of carbon taxes on emissions across our operations and supply chain.</p> <p>Paris Ambition (1.5°C)</p> <p>S  M  L </p> <hr/> <p>No Policy (4°C)</p> <p>Not applicable</p>	<p>Potential impacts included in our Paris Ambition (1.5°C) scenario analysis included the following (the No Policy (4°C) scenario was not relevant):</p> <ul style="list-style-type: none"> – Direct increase to overhead costs from Scope 1 and 2 emissions (e.g., cost of electricity and fuel). – Increased cost of raw materials from upstream suppliers passing through increased costs from Scope 3 emissions. – Reduction in sales from passing the costs from carbon taxes on to consumers. <p>Under a Paris Ambition (1.5°C) scenario where global carbon prices are expected to grow significantly from 2023, the potential impact is a medium risk if we do not reach our SBTi-aligned target for Scope 1 and 2 emissions. However, if we meet our SBTi target, the risk is significantly reduced as we aim to achieve at least 95% absolute Scope 1 and 2 emissions reduction by 2030 (vs a 2020 baseline).</p> <p>Indirect Scope 3 emissions account for the majority of our exposure to carbon costs, particularly upstream emissions associated with farming and processing, which could be passed on by our suppliers. We have limited ability to influence these costs as they will depend on the extent to which suppliers reflect carbon tax expenditure within prices. The risk of indirect Scope 3 costs will be greatly reduced if we are able to meet our commitment to reduce Scope 3 emissions by 42% by 2030 (vs a 2022 baseline) and deliver our net zero target by 2040, aligned to guidance from Race to Zero and Amazon Climate Pledge.</p> <p>Assumptions:</p> <ul style="list-style-type: none"> – Business as usual emissions trajectory where emissions grow proportionally to revenue growth. – Linear trajectories were used between scenario data points to estimate climate pricing data for intervening years. – All global emissions are subject to carbon pricing and no border adjustments were included in the analysis. – No risk is assumed under a No Policy (4°C) scenario. This is due to this scenario representing a reversal of current policies including currently implemented carbon prices. – Carbon price used in the analysis (2027 weight average carbon price (USD/tonne): \$83.45. Carbon prices used in analysis were collated from sources such as the IMF, IEA and NGFS. 	<p>Actions:</p> <ul style="list-style-type: none"> – Delivery of our carbon emissions reduction targets for Scopes 1, 2 and 3 carbon emissions as outlined in our Climate Action Transition Plan will mitigate our operations' exposure to future carbon pricing and environmental taxation. – We work with our suppliers and through industry groups like Manufacture 2030 and Energize to help suppliers map their carbon emissions and take actions to reduce their carbon footprint. <p>Metrics and targets:</p> <ul style="list-style-type: none"> – Reduce absolute Scope 1 and 2 carbon emissions by 95% by 2030 vs a 2020 baseline. – Reduce Scope 3 carbon emissions from source to sale by 42% by 2030 vs a 2022 baseline¹. – Achieve net zero carbon emissions from source to sale by 2040, aligned to guidance from the Climate Pledge and Race to Zero¹.

¹ Our net zero and Scope 3 carbon emissions targets span carbon emission categories from source to sale (excluding GHG protocol categories 6, 7 and 10-15).

Key Time horizon for impact

S Short-term 0-4 years **M** Medium-term 5-9 years **L** Long-term 10+ years

Financial impact of risk or opportunity

 Low risk £10m-£40m  Medium risk £40m-£80m  High risk >£80m  Opportunity

Our approach to sustainability continued

Task Force on Climate-related Financial Disclosures (TCFD) continued

Transition risks continued

Risk	Impact analysis	Management of risk
<p>Changing consumer preferences</p> <p>The financial impact of taking no action towards the sustainability of our products, and consumer purchasing shifting towards more sustainable brands (e.g., products with less plastic or more recyclable packaging).</p> <p>Paris Ambition (1.5°C)</p> <p>S <input type="checkbox"/></p> <p>M <input checked="" type="checkbox"/></p> <p>L <input checked="" type="checkbox"/></p> <hr/> <p>No Policy (4°C)</p> <p>S <input type="checkbox"/></p> <p>M <input type="checkbox"/></p> <p>L <input type="checkbox"/></p>	<p>Potential impacts included in our Paris Ambition (1.5°C) and No Policy (4°C) scenario analysis included:</p> <ul style="list-style-type: none"> Reduction in product sales and loss in market share. Reputational damage and reduction in brand loyalty. <p>Under a Paris Ambition (1.5°C) scenario, it is expected that consumers will rapidly shift towards more sustainable products. The unmitigated potential risk to our business is considered to be medium. The majority of potential revenue loss is driven by our Oral Health products which represent the largest share of total revenue. Oral Health product consumers in the US are likely to see a rapid shift towards more sustainable products.</p> <p>Assumptions:</p> <ul style="list-style-type: none"> Buying preferences will vary at differing rates across global regions. To model demand shifts of our products, consumer-led demand for sustainable packaging was used as a proxy. The risk was modelled under a scenario where we do not act to improve the sustainability of our products, in order to analyse the unmitigated impact of consumer demand shifts. 	<p>Actions:</p> <ul style="list-style-type: none"> To meet or exceed the expectations of Haleon's key stakeholders, including consumers, we are committed to deliver on our responsible business strategy and targets (page 23). We have carried out life-cycle assessments for 11 key products to better identify the risks and opportunities across the life-cycle stages. Haleon's sustainability impact assessment tool enables our R&D teams to calculate, analyse and compare the impact of product and packaging design decisions on key environmental-impact parameters (including carbon footprint and packaging). We are participating in externally verified sustainable choice ranges such as Amazon's 'Climate Pledge Friendly' programme as well as making substantiated statements in relation to our products' sustainability credentials. With a focus on health inclusivity, our brands seek to tackle specific barriers that stand in the way of better everyday health. This includes empowering consumers and Health Professionals to better understand the impact of climate change on health and equip both with tools and solutions to manage and mitigate the impact on everyday health. <p>Metrics and targets:</p> <ul style="list-style-type: none"> Haleon has set targets with an aim to respond to changing consumer preferences, for example our aims for 100% of product packaging to be recycle-ready by 2025 and recyclable by 2030 where safety, quality and regulations permit, and to reduce our use of virgin petroleum-based plastic packaging by 10% by 2025 and by a third by 2030 vs a 2022 baseline. See page 23 for our performance. Where relevant, we incorporate environmental credentials into consumer-facing statements or listings in retailers' sustainable choices ranges.

Key Time horizon for impact

S Short-term 0-4 years **M** Medium-term 5-9 years **L** Long-term 10+ years

Financial impact of risk or opportunity

Low risk £10m-£40m Medium risk £40m-£80m High risk >£80m Opportunity

Transition opportunities

Opportunity	Impact analysis	Management of opportunity
<p>Changing consumer preferences</p> <p>The financial impacts of taking action towards the sustainability of our products, and consumer purchasing shifting towards more sustainable brands (e.g., products with less plastic or more recyclable packaging).</p> <p>Paris Ambition (1.5°C)</p> <p>S  M  L </p> <p>No Policy (4°C)</p> <p>S  M  L </p>	<p>Potential impacts included in our Paris Ambition (1.5°C) and No Policy (4°C) scenario analysis included:</p> <ul style="list-style-type: none"> – Changing consumer demand to low-carbon alternatives leading to a gain in market share and an increase in product sales. – Positive reputational impacts and increasing brand loyalty. <p>The potential market opportunity for more sustainable products could be significant under a Paris Ambition (1.5°C) scenario, equating to 2.6% additional revenue in 2032, compared to baseline projected revenues. Consistent with the risk above, the greatest potential for upside is driven by our Oral Health products.</p> <p>The size of the potential opportunity decreases in the long term, as more products align with consumer preferences and take actions to meet future climate targets. Therefore, the opportunity reduces for product groups which have already seen a sustainable shift.</p> <p>Assumptions:</p> <ul style="list-style-type: none"> – Buying preferences will vary at differing rates across global regions. To model demand shifts for Haleon's products, consumer-led demand for sustainable packaging was used as a proxy. – The opportunity was modelled under a future where we work to improve the sustainability of our products in order to understand the potential financial gains that could be realised. 	<p>Actions:</p> <ul style="list-style-type: none"> – Our actions are consistent with management of the risk of changing consumer preferences. <p>Metrics and targets:</p> <ul style="list-style-type: none"> – Haleon has set targets with an aim to respond to changing consumer preferences, for example our aims for 100% of product packaging to be recycle-ready by 2025 and recyclable by 2030 where safety, quality and regulations permit, and to reduce our use of virgin petroleum-based plastic packaging by 10% by 2025 and by a third by 2030 vs a 2022 baseline. See page 23 for our performance. Where relevant, we incorporate environmental credentials into consumer-facing statements or listings in retailers' sustainable choices ranges.

Metrics and targets

We have made significant progress in establishing our standalone responsible business strategy as a separately listed company (following listing in July 2022). This has included the development of targets, associated delivery plans to meet targets, and performance and risk management forums and processes. As outlined in this disclosure, we have developed metrics alongside our scenario analysis which are used to monitor certain risks and opportunities. This includes cross-industry metrics and targets recommended by TCFD, which can be found mapped to risks and opportunities on pages 27-31, in key performance indicators on pages 32-33, in our Scope 1, 2 and 3 emissions set out in line with the UK Government's guidance on Streamlined Energy and Carbon Reporting (SECR) on pages 188-189, and built into our ESG Qualifier as described on pages 33 and 83.

In August 2023, the Science Based Targets initiative validated our near-term target to reduce absolute Scope 1 and 2 GHG emissions by 95% by 2030 from a 2020 base year⁴. We are also committed to reducing absolute Scope 3 GHG emissions from purchased goods and services, capital goods, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, upstream leased assets and downstream transportation and distribution by 42% versus our 2022 baseline within the same time frame. This target, based on its original 2020 baseline, was also validated by the Science Based Targets initiative. As described on page 22, we have updated the baseline year for our carbon Scope 3 and virgin plastic reduction goals from 2020 to 2022. We will re-submit our Scope 3 target with its updated 2022 baseline for revalidation this year.

Our 2023 performance is described on pages 22-23. Performance against these targets, along with additional environmental metrics and reporting methodologies, can be found on our website.

Priorities for 2024

After completing our quantitative scenario analysis at the end of 2023, our main focus for the upcoming year will be interpreting the findings and determining the appropriate mitigating actions and associated metrics and targets.

In line with our journey to meet our net zero ambition, as published within our Climate Action Transition Plan, we continue to develop and refine metrics to track and manage our transition risks and opportunities. It is Haleon's plan to continue to evolve on this journey and publish additional metrics in 2024. We will also continue to develop our Climate Action Transition Plan over time to include a costed plan for our transition.

>> More information on our Climate Action Transition Plan is available at www.haleon.com/our-impact/esg-reporting-hub

⁴ The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.

Key	Time horizon for impact	Financial impact of risk or opportunity
S	Short-term 0-4 years	 Low risk £10m-£40m
M	Medium-term 5-9 years	 Medium risk £40m-£80m
L	Long-term 10+ years	 High risk >£80m
		 Opportunity