2023 highlights

Revenue by geography

North America	£4.2bn	**37%**
EMEA & LatAm	£4.5bn	**40%**
APAC	£2.6bn	**23%**

Revenue by market category

Oral Health	£3.1bn	**28%**
VMS	£1.6bn	**15%**
Pain Relief	£2.7bn	**23%**
Respiratory Health	£1.7bn	**15%**
Digestive Health and Other	£2.1bn	**19%**

Revenue

£11.3bn

(2022: £10.9bn)

Revenue growth

4.1%

(2022: 13.8%)

Organic revenue growth[1]

8.0%

(2022: 9.0%)

Operating profit

£2.0bn

(2022: £1.8bn)

Operating profit margin

17.7%

(2022: 16.8%)

Operating profit growth

9.4%

(2022: 11.4%)

Adjusted operating profit[1]

£2.5bn

(2022: £2.5bn)

Adjusted operating profit margin[1]

22.6%

(2022: 22.8%)

Organic operating profit growth[1]

10.8%

(2022: 5.9%)

Diluted earnings per share

11.3p

(2022: 11.5p)

Adjusted diluted earnings per share[1]

17.3p

(2022: 18.4p)

Total dividend per ordinary share[2]

6.0p

(2022: 2.4p)

Net cash inflow from operating activities

£2.1bn

(2022: £2.1bn)

Free cash flow[1]

£1.6bn

(2022: £1.6bn)

Net debt/adjusted EBITDA[1]

3.0x

(3.6x as at 31 December 2022)

1 We use certain non-IFRS alternative performance measures to provide additional information about the Company's performance. Non-IFRS measures may be considered in addition to, but not as a substitute for or superior to, information presented in accordance with IFRS. Non-IFRS measures are defined and reconciled to the nearest IFRS measure, see from page 43 for more details.

2 Includes the interim dividend of 1.8p paid on 5 October 2023, and the proposed final dividend of 4.2p per ordinary share. The total dividend represents a payout ratio of c.35% of adjusted earnings (2022: c.30%). For 2022, the payout ratio reflects a proportion of adjusted earnings for the period since listing.

Driving growth through innovation

In 2023, we launched 68 new innovations, including Sensodyne Pronamel Active Shield and Sensodyne Sensitivity & Gum, which were named as the top two innovations in the US toothpaste market. New packaging innovations included Otrivin Nasal Mist, which dispenses a fine mist to bring greater comfort to consumers.

68
new innovations

Evolving into an agile consumer health company

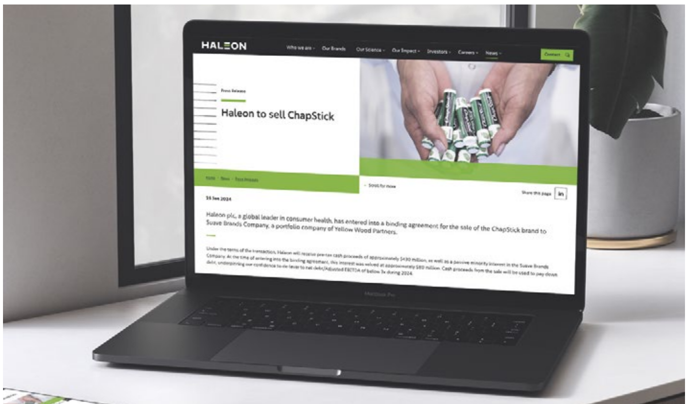
During 2023, Haleon introduced a three-year productivity programme. We took proactive steps to streamline the business by optimising our processes and structures, and removing duplication across functions. This is expected to deliver annualised gross cost savings of c.£300m, largely in 2024 and 2025.

c.£300m
annualised gross cost savings

Health inclusivity

During 2023, in line with our purpose and responsible business goals, we leveraged our brands to empower over 41m people globally by helping to break down the barriers to health inclusivity for marginalised groups. For example, our ‘Advil Pain Equity Project’ in the US championed equitable and accessible pain relief, by highlighting pain inequity in Black communities.

41m+
people empowered



Proactively managing our portfolio

To reduce complexity across the business, we disposed of Lamisil for £235m and recently announced the disposal of ChapStick for $430m. This included receiving a passive minority stake in Suave Brands Company (valued at $80m at the time of the transaction), allowing Haleon to derive long-term value creation from ChapStick. We also reached a licensing agreement with Futura Medical to exclusively commercialise the first FDA approved topical erectile dysfunction treatment for OTC use in the US.

£0.6bn
proceeds from announced disposals

Chair's statement

Sir Dave Lewis
Chair

2023: a year of delivering everyday health with humanity

2023 marked our first full calendar year as a standalone business, during which we made good progress in establishing our position as a world-leading global consumer health company, with strong foundations to support long-term growth.

While we recognise we have much more to achieve, it was good to see the business demonstrate continued momentum. We delivered meaningful progress across all elements of our strategy to drive sustainable growth and shareholder returns, giving us confidence that we are on the right course to achieve medium and long-term success.

The transformation into a global consumer health company continues and the Board and I were encouraged by visits to Haleon's regional operations. The opportunities ahead of Haleon are significant.

Strong financial performance

Haleon's financial performance is driven by deep human understanding and investment in trusted science, coupled with strong execution and financial discipline.

By harnessing these competitive advantages, Haleon achieved organic revenue growth of 8.0% (reported 4.1%), ahead of our medium-term guidance. Adjusted operating profit at constant currency also grew strongly at 10.4% (reported operating profit +9.4%).

Consistent with the priorities set out at the time of listing, we have rapidly de-levered to 3.0x net debt/adjusted EBITDA as at 31 December 2023. Strong cash generation enabled us to accelerate debt repayment and we now expect to operate at leverage of around 2.5x over the medium-term. This underpinned our decision to announce a capital allocation of £500m for share buybacks in 2024.

Dividend

The Board is proposing a total dividend of 6.0p per ordinary share which represents a pay-out ratio of approximately 35% of 2023 adjusted earnings. This includes a final dividend of 4.2p per ordinary share.

In line with our capital allocation priorities to invest for growth, explore acquisitions and return surplus capital to shareholders, our current intention is to grow the dividend at least inline with adjusted earnings.

Importance of governance, purpose and culture

One of my priorities as Chair is to ensure Haleon's continued commitment to good corporate governance, which supports both our purpose and culture.

During 2023, we actively engaged with, and responded to, UK regulatory consultations on corporate governance, reporting and disclosure reforms.

Our first digitally enabled AGM was held in April 2023. We will continue to embrace technology to maximise participation, and will broadcast this year's AGM from Haleon's offices in London.

We also embedded the Environmental & Social Sustainability Committee, which is focused on providing oversight and effective governance over Haleon's environmental and social sustainability agenda, and the external governance and regulatory requirements relevant to these areas. This included approving a baseline year update for our virgin plastic and Scope 3 carbon reduction goals from 2020 to 2022, to align with better data availability and accuracy.

Further progress was also made in ensuring that our growth correlates with our sustainability goals. For example, 70% of packaging for Haleon products is recycle-ready, so we remain on track to make all packaging recyclable or reusable by 2030. We have also taken steps to further enhance our safeguards around modern slavery and the protection of human rights, as they relate to Haleon's operations around the world.

In terms of building our culture, we continued to embed our diversity, equity and inclusion (DEI) principles across the business, with a focus on ethnicity and gender.

Priorities for 2024

The Board considers the following to be our priorities for the year ahead:

- Increasing agility and productivity across the business, by continuing to optimise and evolve existing processes and structures.
- Driving performance quality, by focusing on the strategic pillars which underpin our business.
- Creating shareholder value through effective capital allocation to maximise shareholder returns.
- Continued focus on strong corporate governance and ethical behaviours.

Thank you

On behalf of the Board, I would like to thank the Executive Team and all Haleon employees globally for their hard work throughout the year. Their dedication has enabled the business to achieve strong financial performance, while delivering on our strategic objectives and building strong foundations for the future.

While we are pleased with the progress made to date, we look forward to building on these foundations and delivering on future growth opportunities in 2024, and beyond.

Chief Executive Officer's review

Brian McNamara
Chief Executive Officer

Building a track-record for growth
I am very pleased with Haleon's performance in 2023, which despite the challenging economic backdrop, saw Haleon deliver strong financial results; a testament to the strength of our category-leading brands.

During the year, we advanced our ambition to become more dynamic and agile, driven by our purpose to deliver better everyday health with humanity. As I reflect on 2023 and look to 2024 and beyond, I am confident about our ability to continue building a business that creates value for all our stakeholders.

Our strategy is delivering
In 2023, we delivered organic revenue growth of 8.0% (reported 4.1%), and adjusted operating profit growth of 10.4% at constant currency (reported operating profit +9.4%). Importantly, this was underpinned by growth in both price and volume, reflecting the quality and resilience of our brands. Haleon continued to drive consumer preference, with 58% of our brands maintaining or growing market share. We also maintained our attractive financial profile, delivering free cash flow of £1.6bn, enabling us to de-lever faster than expected to 3.0x leverage as at 31 December 2023.

Strong delivery against strategic pillars
Our four strategic pillars underpin our growth ambitions. Highlights last year included:

- Increasing household penetration, with market share gains for many of our category-leading brands. Sensodyne performed well, as more consumers sought the therapeutic benefits of the brand's sensitivity toothpastes. For example, Sensodyne Sensitivity & Gum and Sensodyne Pronamel Active Shield were named as the top two innovations in the US toothpaste market. Panadol also performed well, boosted by addressing specialist need states such as migraine and body pain.
- Capitalising on new and emerging opportunities, by innovating and delivering our brands to more consumers in more markets, and increasing channel penetration. For example, we expanded the Centrum global footprint by entering new markets in Sweden, the Middle East and Africa. Our e-commerce sales also grew, increasing 17% over the year to account for 10% of total sales globally.
- Maintaining strong execution and financial discipline, with operating profit growing ahead of revenue growth in 2023, delivering margin expansion at constant currency and positive operational leverage.
- Running a responsible business, with the business making good progress against its ethical standards, environmental and health inclusivity goals. During 2023, we empowered over 41m people to be more included in opportunities for better everyday health. We met our aim for producing 1bn recycle-ready toothpaste tubes two years ahead of schedule and were recognised by the Dow Jones Sustainability Index Europe 2023. We also progressed our Diversity, Equity and Inclusion (DEI) ambitions, including the launch of our diverse talent programme.

Building a more agile and dynamic business
We are focused on ensuring that Haleon is best placed to deliver consistent outperformance over the long-term. As an independent company, we have a unique opportunity to re-evaluate how the business operates, ensuring we deliver as effectively and efficiently as possible.

Our three-year productivity programme is on track, delivering efficiencies and greater agility, while supporting continued investment. The programme is expected to result in gross annualised cost savings of c.£300m, largely in 2024 and 2025, with around one third of the benefit expected in 2024 and the remainder in 2025.

We also continue to actively manage our portfolio, exploring opportunities for divestments and bolt-on acquisitions that offer strategic and commercial benefits.

Recent examples include the completion of the Lamisil disposal in October 2023 and the disposal of ChapStick announced in January 2024. These divestments allow us to reduce complexity and focus on higher growth brands, while providing optionality in capital allocation, consistent with the allocation of £500m for share buybacks in 2024, announced with full-year results.

Changes to our leadership team
During the year, we continued to build our Executive Team to ensure the right mix of capabilities and experience to drive Haleon's future growth and success. Namrata Patel was appointed as Chief Supply Chain Officer, together with Ed Petter as Chief Corporate Affairs Officer, and Björn Timelin as Head of Strategy. Each bring strong leadership credentials and experience with global consumer-facing companies.

Confidence in delivering on growth ambitions
I am confident in the strength of our business and brand portfolio and remain committed to our medium-term growth targets. During 2024, we expect to deliver organic revenue growth of 4-6% and organic profit growth ahead of revenue growth. Together with our focus on continued strong cash generation and effective capital allocation, we expect to drive value and attractive returns for our shareholders.

Thank you
I'd like to thank all Haleon employees for their enormous contribution during a period of significant transformation. I'm incredibly proud to work with such a talented and dedicated global team. On behalf of the Executive Team, I'd also like to thank the Board for their ongoing support and guidance.

Our business environment

Industry overview and competitive landscape

The global consumer healthcare market is one of the largest, most resilient and fastest-growing segments across the consumer staples space, reaching £190bn[1] in global value.

The definition of consumer healthcare varies across competitors and industry data sources. We define it as consisting of Oral Health, VMS and OTC. The US is the largest market, representing over 25%[1] of the total market, with emerging markets, notably China, India and Brazil, presenting attractive penetration opportunities.

Brands differentiate through scientific claims, innovation, premiumisation and distinguished branding. The Oral Health market is relatively consolidated with the top five players making up nearly 65%[1] of the market. Haleon is the third largest competitor in this market with approximately 11%[1] market share, though is the number one player in Therapeutic Oral Health with c.50%[1] market share in this sub-category. VMS, in contrast, is highly fragmented, with the largest player having approximately 3%[1] market share. Haleon is amongst the largest players though market definitions can significantly vary to include, amongst others, food and sports nutrition alongside multivitamins.

The OTC category is distinct, defined primarily by its regulated status. OTC medicines are available in retail distribution channels (including pharmacies) without prescription. OTC comprises several categories defined by specific consumer needs, with competition at category level. These include, amongst others, Respiratory Health, Pain Relief, Digestive Health, Skin Health and Smokers' Health. Respiratory Health is the category most impacted by seasonal demand which is heightened from October to January in North America and Europe from elevated flu incidences, which are typical during that period.

[1] Source: Nicholas Hall (2023) and Haleon analysis of third-party data.

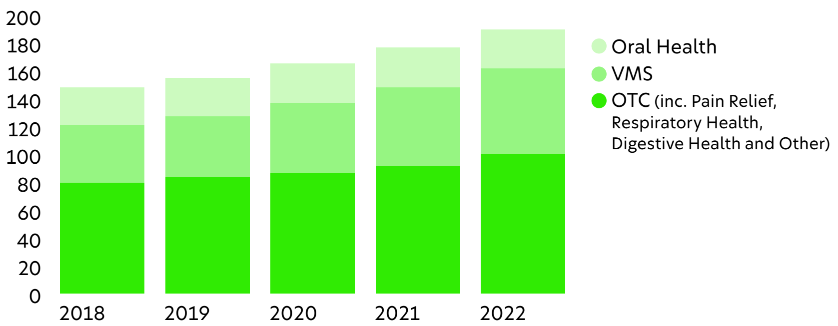
Broader industry dynamics

Historically, large consumer health businesses have existed as divisions within a larger pharmaceutical group. Haleon's history reflects this, having been formed by the combination of three consumer health businesses over the last decade, and prior to its listing in 2022, being part of GSK. There is an increasing trend in the sector for parent pharmaceutical companies to consider improving shareholder value via a demerger of consumer health divisions. In 2023, the former consumer health division of Johnson & Johnson separated to form a new listed consumer health business, Kenvue. Additionally, Sanofi announced in 2023 its intention to separate its consumer health division via the creation of a publicly listed company. Other businesses in the sector include Bayer, Church & Dwight, Colgate-Palmolive, Nestle, Proctor & Gamble, Reckitt, and Unilever, along with local players.

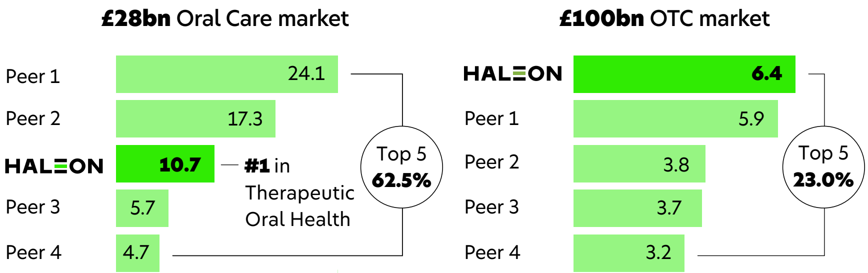
The overall consumer health industry is highly competitive. Haleon has been able to differentiate itself through its purpose, driving innovation, supported by investment in scientific and commercial capabilities, technology and digital.

>> See also our business model on page 8.

Consumer healthcare market 2018-2022 (£bn)[1]



Strong global market share positions[1]



Market drivers

The consumer health industry has attractive fundamentals. Understanding the environment and influences upon it informs our strategy, which allows us to be prepared for, and respond to, change in the market, and drive long-term stakeholder value.

Long-term market drivers of population growth and a growing middle class represent a strong growth driver for the consumer health industry. At the same time, ageing populations and the rising costs of healthcare are putting pressure on global health systems. Broad trends indicate a shift towards self-care with consumers taking a more active role in their health, supported by advances in digital technologies. All of these point towards favourable dynamics for the consumer healthcare market. Notably, the industry has been resilient despite challenges during the COVID-19 pandemic, along with macroeconomic and inflationary pressures. However, the macroeconomic environment remains uncertain, including geopolitical conflict leading to inflation, commodity and input cost increases. Whilst some of the impacts are starting to dissipate, pressures on the consumer remain, including increased cost of living. We indicate how Haleon is responding to these drivers in our strategy and market categories sections from page 12.

Global economic shifts towards emerging markets Source: WHO	**2bn people** approximate increase in global population by 2050	Population growth and rising wealth in emerging markets continues to fuel economic growth. The global population is expected to increase by almost 2bn people by 2050, with the growth fastest in developing countries. China and India are expected to account for approximately half of the economic growth, with a total population close to 3bn, and c.40% of global consumer spending expected within the next 20 years. This represents a long-term growth driver for the consumer healthcare market, with strong buying power driving increased per capita spend and usage in these economies.
Ageing populations Source: WHO	**1.4bn** Share of population aged 60 years and over by 2030	The proportion of people aged 60 years and over is expected to increase from 1bn in 2020 to 1.4bn by 2030, and to almost double to 2.1bn by 2050. Population ageing – which started in high-income countries (e.g. Japan where 30% of the population is over 60 years old), is now moving towards low- and middle-income countries with two thirds of the global population who are 60 years and over expected to live in low- and middle-income countries by 2050. This brings with it an increased need for preventative care and self-care.
Consumer focus on health and wellness Source: McKinsey	**79%** of consumers believe wellness is important	Consumers are increasingly taking ownership of their health, adopting more holistic and personalised approaches. McKinsey note a substantial increase in consumer prioritisation of wellness over the past two-to-three years. This continues to evolve along with our understanding of how the climate change impacts human health, which brings a broad spectrum of new and unanticipated healthcare needs and opportunities. The documented effects of climate degradation include infectious diseases, respiratory ailments, as well as mental health and neurological issues. This represents a sizeable growth opportunity for the healthcare industry.
Increasing pressure on public health systems Source: CHPA	**$7.33** saved by US healthcare system for every $1 spent on OTC medicine	OTC products in particular provide affordable and accessible healthcare options for consumers and lower the overall costs to health systems. Globally, public health systems are under pressure to meet increasing demand from patients against the backdrop of financial constraint. In the US, consumer spend on OTC medicines is estimated to save the US healthcare system $167bn from a combination of drug cost savings and unneeded doctor visits.
Sizeable unmet consumer needs Sources: Deloitte's Centre for Health Solutions; and Global U&A Refresh 2022 Clear	**53%** of adults suffer from gum problems and over 60% don't use a health toothpaste	Targeted innovation across the consumer healthcare industry provides a means to address emerging trends as well as premiumisation (where consumers switch purchases to premium alternatives). In addition, emerging technologies can be harnessed to allow consumers to directly manage their own health. Technology is offering new options for education, coaching, engagement and patient support to improve health outcomes. These trends are driving an important evolution in preventative and self-care for consumers. In addition, advances in artificial intelligence (AI) and digitalisation provide opportunities to drive greater efficiencies in testing and innovation.

Our business model

Haleon's competitive advantage is derived from combining deep human understanding with trusted science.

Key resources:

Employees | Raw materials | Suppliers | Manufacturing capabilities | Sales & distribution | Advertising & promotion | Research & development | Regulatory expertise

Our competitive strengths:

Deep human understanding

We invest in a suite of proprietary assets to generate deep human understanding to support brand innovation, and enhance our engagement with Health Professionals to help educate consumers. This includes dedicated shopper research centres, consumer knowledge and social listening data, all designed to generate and test new insights and identify consumer needs.

+

Trusted science

We leverage the technical and scientific expertise that comes from our scientists with strong regulatory understanding, underpinned by clinical trials and extensive studies. During the year, we delivered 86 publications supporting our expert engagement and product claims. We continue to invest in research and development (R&D) to support our innovation.

Guided by our purpose, we:

Innovate

Through innovation, we address unmet consumer needs and emerging trends, target products towards a particular demographic and improve delivery mechanisms for existing products which drive consumer preference for our products.

+

Create meaningful and distinctive brands

Our investment in advertising and promotion (A&P) activities such as paid media, in-store promotions, TV and print, coupled with a strong focus on digital capabilities, has enhanced our brand equity with brands consumers trust, thereby empowering more people to self-care.

+

Drive Health Professional advocacy

We have direct and trusted relationships with more than 3m Health Professionals, together with access to the largest network of pharmacies in the world, who recognise the strength and efficacy of our products which they recommend to consumers, bringing new users to our brands and categories.

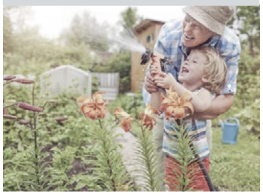
Our market categories:

Over-the-Counter (OTC)

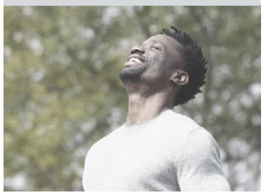
Oral Health

Vitamins, Minerals and Supplements (VMS)

Pain Relief



Respiratory Health

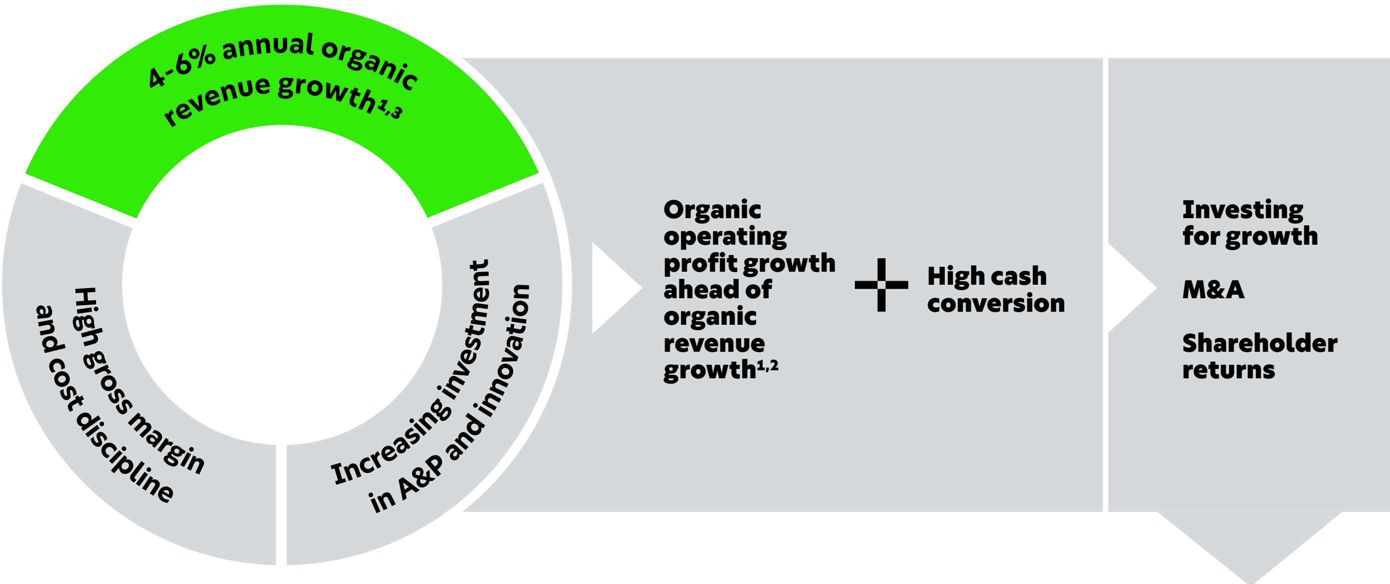


Digestive Health and Other

Driving value – our financial model

A sustainable growth model

Our competitive strengths combined with our ability to innovate, build brands and drive expert advocacy creates a sustainable model for growth, and deliver attractive returns.



Reinvest in business

Focused reinvestment to drive sustainable growth.

Capital expenditure: **£336m**[3]

(3.0% of revenue)

Pay down of debt

Since demerger, we have reduced net debt by over £2bn. We finished the year with leverage of 3.0x net debt/ adjusted EBITDA (vs c.4x at point of demerger in July 2022). We are now targeting to operate with leverage of around 2.5x net debt/adjusted EBITDA over the medium term.

Shareholder returns

Haleon has a dividend policy that looks to balance all its stakeholders' interests while ensuring the long-term success of the Company. The Board has proposed a final dividend of 4.2p, taking the total 2023 dividend to 6.0p, representing approximately 35% of 2023 adjusted earnings. (2022: 30%). Including this dividend, Haleon will have returned £0.8bn to shareholders since demerger, and going forward, expects to grow its ordinary dividend at least in line with adjusted earnings. In addition, Haleon will allocate £500m to share buybacks during 2024.

Delivering value

Consumers	Customers	Employees	Governments and industry regulators	Health Professionals	Investors	Suppliers

>> See also our key stakeholders, 2023 Business review and approach to risk sections on pages 10, 34 and 53.

[1] Over the medium-term.
[2] Definitions and calculations of non-IFRS measures can be found from page 43.
[3] Includes purchase of Property, Plant and Equipment (PP&E) and intangible assets.

Our key stakeholders

A strong understanding of, and proactive engagement with, our key stakeholders is fundamental to our long-term performance and success.

Haleon has ongoing engagement with its stakeholders at all levels of the organisation, through a variety of mechanisms. We value our stakeholder interactions, the insights they give and monitor outcomes.

Engagement occurs predominantly at senior leadership and operational level, with the Board providing oversight. Directors also engage with stakeholders directly, principally with investors and customers.

>> This section should be read in conjunction with the ensuing pages, and also our Board activities disclosure from page 68, including our Section 172 statement and communication with shareholders disclosure.

Consumers

- Consumers want brands they trust, that understand their needs and care about the environment and society.
- Our consumers are at the heart of everything we do. We aim to provide products that better meet their needs.

Customers

- Our customers want safe, innovative and accessible products that enable consumers to improve their everyday health and which have sustainability at their heart.
- Customers, such as mass market pharmacies, drug stores and e-commerce retailers, are central to our business as they provide our products to consumers.

Suppliers

- Suppliers value trust-based relationships, underpinned by responsible practices, values and policies.
- Maintaining healthy long-term relationships with our suppliers helps us protect business continuity and achieve our environmental ambitions.

Employees

- Employees want to be part of a purpose led, inclusive company where they can be themselves, and are supported to thrive in their careers.
- Our employees ensure our business operates effectively. It's essential we attract and retain the best people, and keep each other safe, healthy and well.

Investors

- Investors want sustainable performance for long-term shareholder value, strong corporate governance and commitment to the management of responsible business issues.
- We are committed to creating long-term sustainable growth and attractive returns for both our debt and equity investors delivered through the Group's strategy.

Governments and industry regulators

- Effective, safe and accessible products help reduce the burden of healthcare costs and increase opportunities for innovation and business investment.
- Governments and industry regulators set the legal and regulatory environment in which we operate. We work with them to advance everyday health and manage risks.

Health Professionals

- Health Professionals want effective and safe products supported by reliable scientific information and responsible sales and marketing practices.
- Our engagement with Health Professionals, such as doctors, dentists and pharmacists, drives performance through recommendations and help us understand long-term trends.

Key

- What matters to our stakeholders (dark arrow)
- Why they matter to Haleon (green arrow)

Stakeholder	Examples of how we engage	Examples of outcomes	Examples of measurement
Consumers	– Marketing campaigns, brand launches and promotions. – Regular consumer surveys on better everyday health. – Community Investment Programmes. – Consumer enquiries handled by our Global Consumer Relations team.	– Launched purpose-driven campaigns, such as the 'Advil Pain Equity Project'. – Supported phase two of Economist Impact's Health Inclusivity Index. – Signed multi-year agreement with Direct Relief to expand access to everyday health. – Direct customer service feedback.	– Brand incremental share growth and equity scores. – Index scores and consumer insights. – Monetary and in-kind donations. – Level of consumer interactions. – Level of positive testimonials.
Customers	– Interactive visits to our shopper research centres. – Customer engagement days – providing strategy and brand updates. – Sector and customer collaboration supporting underprivileged consumers.	– Shopper insights and tools to drive sales. – Co-created new flavours, including for our Tums brand. – Charitable donation and awareness campaign with major UK retailer.	– Customer retention. – Growth in share of shelf and distribution points. – Supplier awards and surveys e.g. Advantage Group Survey. – Number of products donated to charity.
Employees	– Annual employee engagement survey. – Global employee broadcasts. – Board and Executive Team site visits. – Employee policies, programmes and resources. – Employee Resource Groups (ERGs).	– 2023 employee engagement score of 78%. – Introduced a simplified global learning offering for all employees. – Launched new initiatives including myWellbeing. – Held 10 global flagship ERG events and 150 local events.	– Monitoring employee engagement survey results. – Number of employees joining global broadcasts. – Number of employees engaged in volunteering and adopting intranet resources. – Level of participation in ERG events.
Governments and industry regulators	– Collaboration with regulators and industry bodies to establish product and claims standards. – Direct and indirect engagement on legislation reform. – Regular meetings and events for key Government stakeholders with senior leadership. – Health authority site inspections.	– Supportive product evaluation and claims environment for Haleon products. – Membership of, and leadership positions within industry trade associations. – Held Health Inclusivity Index Congressional Briefing (US). – 100% of sites rated satisfactory.	– Publication of supportive products and claims standards by regulators. – Progress on legislation and proportionate regulatory frameworks. – Number of Government engagements. – Site inspection success rate.
Health Professionals	– Research initiatives and campaigns. – Expansion of the Health Partner Portal to cover more than 50 markets with over 665k users. – Expanded Centre for Human Sciences. – 122 webinars, with 91k hours of content in 2023.	– Launched global surveys, including 2023 Haleon Pain Index. – Activated local initiatives, such as a micronutrient deficiency campaign in India. – Launched Centre for Human Sciences in Australian pharmacies.	– Number of Health Professionals participating in our surveys and campaigns. – Level of Health Partner portal users. – Level of engagement with our Centre for Human Sciences.
Investors	– Roadshows, 'fireside' chats, webcasts, conferences and 1:1 meetings. – 'Haleon Highlights' Oral Health investor event and brand video series. – AGM, stock exchange announcements and results briefings.	– Regular updates to the Board and Executive Team on investor, shareholder and analyst perceptions. – Review of strategy and responsible business agenda incorporating investor feedback.	– Investor and analyst surveys. – Feedback from investors and analysts, including on results. – Level of analyst and investor participation in webcasts and other events.
Suppliers	– Workshops and events on responsible business, innovation and productivity. – Our Supplier ESG Expectations document. – Our Supplier Diversity Programme. – Liaised with suppliers on the UK Prompt Payment Code.	– New product and innovation ideas. – Defined ESG supplier targets. – Invoices for UK small and medium sized enterprises (SMEs) paid within 60 days.	– Number of suppliers attending our events and feedback scores. – Number of suppliers meeting our requirements and expectations. – New business opportunities for under-represented communities. – Proportion of SME suppliers paid according to the Code.

Our strategy

Our strategy is designed to grow our portfolio of leading brands and market categories. We target sustainable above-market growth and attractive returns, with our purpose and culture bringing focus and clarity to the strategic decisions we make.

The Board and Executive Team review updates on strategy throughout the year, including deep dive sessions on our strategic choices, to ensure continued focus on market drivers, relevance to our business model, and that capital is appropriately allocated. Using our competitive strengths of deep human understanding and trusted science, we are well placed to meet the growing demand for self-care and the opportunities to serve unmet consumer needs. Haleon does this by increasing condition awareness, building brand relevance and its innovation pipeline, and capitalising on new and emerging trends. We are mindful of the challenging consumer environment and pressures on people, and how this may impact self-care. The Company monitors and mitigates inflationary cost pressures with initiatives such as early forward buying, value engineering and supply chain improvements. We remain focused on balancing price and volume with net revenue management alongside cost and cash management.

Our strategy should be read in conjunction with the ensuing pages, where we give details of how our strategic pillars have been incorporated into our activities.

Underpinning the way we run our business are four strategic pillars:

1
Increase household penetration

Maximise significant growth opportunities across our categories by applying our proven approach to penetration-led growth.

Key focus areas

- Meaningful and distinctive brands
- Innovation
- Expert advocacy
- Commercial excellence

2
Capitalise on new and emerging opportunities

Increase growth of our brands across channels, routes to market and geographies.

Expand our portfolio through new and emerging consumer trends and by pursuing Rx-to-OTC switches.

Key focus areas

- Channel expansion: e-commerce
- Geographic expansion
- Portfolio expansion: emerging consumer trends
- Rx-to-OTC switches

3
Maintain strong execution and financial discipline

Focus on driving efficiency, effectiveness and agility to make every investment count.

Key focus areas

- Quality and supply chain (QSC)
- Marketing execution
- Commercial execution
- Cash and cost control

4
Run a responsible business

Make everyday health more inclusive.

Protect the environment and address social sustainability barriers to everyday health.

Embed strong governance and ethical business behaviours.

Key focus areas

- Health inclusivity
- Environment
- Upholding our standards

>> See also our approach to sustainability, key performance indicators, 2023 Business review, approach to risk and Board activities sections on pages 22, 32, 34, 53 and 68.

Strategic pillars

1 Increase household penetration

2 Capitalise on new and emerging opportunities

3 Maintain strong execution and financial discipline

4 Run a responsible business

Market drivers

- Global economic shifts towards emerging markets
- Ageing populations
- Consumer focus on health and wellness
- Increasing pressure on public health systems
- Sizeable unmet consumer needs

Our market categories

Oral Health

2023 revenue

£3,136m

+6.1% growth

+10.6% organic growth

Global market share[1]

10.7%

>> See page 40 for further information on performance during the year.

Our 2023 focus areas	Strategic pillar	Market driver
– Raised condition awareness and relevance through meaningful and distinctive brands, and expert advocacy.	1 2	
– Drove innovation across our Therapeutic Oral Health products.	1 2	
– Continued to build on previous launches and roll-outs into new markets.	1 2	
– Further optimised processes across our supply chain and infrastructure.	3	
– Continued developing solutions for all our product packaging to be recycle-ready by 2025 (where safety, quality and regulations permit).	4	

Our 2023 achievements

- Launched Pronamel Active Shield in the US. Strong activation with increased dentist recommendations. During the launch period, Pronamel contributed 22% of all US toothpaste market growth[2].
- Launched parodontax Active Gum Repair into new markets, which has been clinically proven to help bleeding, swollen and inflamed gums to repair, target and help reverse early gum problems.
- Rolled-out Polident Max Hold Plus denture fixative range to new markets, after its launch in 2022. This drove strong growth of fixatives with market share gains in this segment.
- Launched Polident 'Smiles Can't Wait' programme which supports access to dentures, improving lives in economically weaker areas of Thailand and the Philippines.
- Developed and initiated our Healthy Mint Supply Chain strategy, aimed at upholding health and safety standards, improving farmers' livelihoods, supporting health and gender empowerment and reducing environmental impacts of mint production.

What's next

- Drive growth through focus on increasing consumer penetration on therapeutic solutions, leveraging our deep human understanding and trusted science competitive advantage.
- Further progress our innovation agenda with the roll-out of Sensodyne Clinical White toothpaste. This combines sensitivity protection with clinically proven teeth whitening ingredients.
- Continue to progress our responsible business agenda for all oral health packaging to be recycle-ready by 2025, including our recycle-ready toothpaste tubes.

The importance of Oral Health

The World Health Organization recognises oral health diseases as highly prevalent with more than 3.5bn people affected[3]. Our aim is for our products to help eradicate preventable oral health problems. We are focused on therapeutic oral health – sensitivity and gum disease are widespread therapeutic oral health conditions, with around 45-50% of consumers experiencing these conditions[4]. Treatment rates are low with only a third of users using a specialist toothpaste[4].

Our position

We have a clearly defined position and strategy as a premium, specialist, therapeutic oral health player with a number one position in sensitivity with Sensodyne, and a number two position in gum health with parodontax. Moreover, we have a strong leadership position in denture care. While we have a broad geographic presence, emerging markets comprise around a third of our revenue vs nearly 50% for category, and this provides an opportunity for us.

A key focus area remains driving increased household penetration of our brands. We continue to innovate to meet therapeutic needs with the consumer having four oral health conditions on average.

[1] Source: Euromonitor (2023) and Haleon analysis of third-party market data.
[2] Source: IRI sales data.
[3] Source: UN World Health Organization Global Health Status Report 2022.
[4] Source: Clear U&A, December 2022 (US, India, Turkey, Italy and Germany).

Brands

SENSODYNE parodontax POLIDENT

Our market categories continued

Vitamins, Minerals and Supplements (VMS)

2023 revenue

£1,640m

(2.1)% growth

+0.9% organic growth

Global market share[1]

3.1%

>> See page 40 for further information on performance during the year.

Our 2023 focus areas	Strategic pillar	Market driver
– Leveraged our science capabilities to drive strong claims which resonate with consumers.	1 2	
– Drove further innovation across our brands through different delivery formats, that targeted a younger demographic.	1 3	
– Continued to build on previous launches and roll-outs into new markets.	1 2	
– Increased the recyclability of our packaging, reducing the use of virgin petroleum-based plastics.	4	
– Ran condition awareness initiatives to improve consumers' health literacy and self-care.	4	

Our 2023 achievements

- We continued to leverage our trusted science focus through third-party clinical studies on Centrum Silver, with positive results on cognitive function, which provided a new claim for the product. This was activated across a number of markets leading to share gains in the US and China, as well as across Europe and Latin America.
- Having launched Centrum in India through the e-commerce channel in 2022, with a campaign to build awareness around multivitamin deficiency, we further expanded the portfolio to include Benefit Blends. In Egypt, we continued to gain market share helped by strong awareness campaigns using both traditional and non-traditional channels. We also expanded the Centrum global footprint with new market entries into Sweden, Libya and Iraq.
- We continued to attract new users to Caltrate's Soft Chews, through its 'easy absorption' benefit using the Douyin app in China to engage with consumers.
- We used our deep human understanding to evolve delivery formats and new use occasions. In the US, we launched Emergen-C crystals, a 'no water needed' solution delivering key immune-supporting nutrients which has had strong consumer feedback and driven market outperformance. We also continued the expansion of the Centrum gummies format, particularly in APAC, North America, and Europe.
- Launched Centrum products in the US with bottle packaging utilising up to 100% post-consumer recycled plastic.

What's next

- Further build out our capabilities and range with superior science-backed solutions.
- Collaborate with experts and key opinion leaders globally to raise awareness of micronutrient deficiency and how Centrum can fill nutritional gaps.
- Continue to expand Centrum's geographic footprint via new market entries and brand migration opportunities.
- Further activate marketing across our new Emergen-C crystal range.
- Continue to reduce the use of virgin petroleum-based plastic in the packaging of our products.

The importance of VMS

Globally, one third[2] of the population have a micronutrient deficiency, which increases the risk of developing chronic disease. In addition, a number of trends including inequality in healthcare, sedentary lifestyles, poor nutrition and climate-change factors, are contributing to the growth of this category. Consumers are looking to be more proactive in their wellness regime and are using a variety of approaches to look after their health and overall wellness. Using VMS is seen as a way to gain control and have confidence that they are doing what they can to stay healthy and well.

Our position

The VMS category is highly fragmented with the top 20 players accounting for around 23%[1] of the market. Haleon has the leading position, with c.3%[1] share. The vast majority of our revenues are derived from three brands: Centrum – the world's leading multivitamin; Caltrate – a leader in calcium/bone health in China; and Emergen-C – a leader in immunity in the US. This portfolio is complemented by smaller Local Growth brands, which are leaders in their respective markets/sub-categories.

1 Source: Nicholas Hall (2023) and Haleon analysis of third-party market data.
2 Source: The Lancet Discovery Science.

Brands

Centrum

Emergen-C

Caltrate

Over-the-Counter (OTC)
Pain Relief

2023 revenue
£2,652m

+4.0%
growth

+7.4%
organic growth

Global market share[1]
13.5%

>> See page 40 for further information on performance during the year.

Our 2023 focus areas	Strategic pillar	Market driver
– Responded and delivered to market demand in China following the cessation of COVID-19-related restrictions.	1 2	
– Drove further innovation across our brands through natural variants that target a younger demographic.	1 3	
– Continued to build on previous launches and roll-outs into new markets.	1 2	
– Published the 5th Haleon Pain Index, designed to help Health Professionals better understand health inclusivity barriers to pain management.	4	

Our 2023 achievements

- Panadol achieved strong growth in EMEA & LatAm as a result of the success of the new 'Release Starts Here' campaign. This campaign addressed specialist need states such as migraine, body pain and headache.
- We launched natural variants across a number of markets to expand our reach. Our variants are designed to engage with a younger consumer base. Recent launches included Panadol PanaNatra, which we launched in Australia.
- We further extended the range of Advil Dual Action to back pain, the third most common pain indication, and an underserved consumer need with only 20%[2] of consumers currently 'very satisfied' with current back pain treatments. The product has received positive early feedback with convenience, value and back pain efficacy highlighted by users.
- In China, Haleon was able to meet increased consumer demand for Fenbid following the lifting of COVID-19 related restrictions, despite tight labour conditions arising from COVID-19. We doubled our manufacturing output at our Tianjin facility to ensure adequate supplies of these products to Chinese consumers and hospitals. Strong collaboration with our suppliers ensured raw material supply to our facility.
- Initiated in 2022 and concluded in 2023, Haleon worked closely with the Canadian government following the surge in respiratory syncytial virus (RSV) and incidences of cold and flu cases in children with Children's Advil.
- Voltaren launched liquid capsules in Italy and expanded its penetration of 24-hour patches globally. In addition, the brand launched 'Movement Coach' in the UK, a digital health tool for people in pain, and 'HaltungsCheck,' an AI-powered posture check tool built in conjunction with physiotherapists, in Germany.

What's next

- We are fuelling the growth of Panadol by increasing our household penetration and accessibility, and expanding systemic presence in other markets.
- We are also rebuilding relevance for Voltaren Topical and increasing penetration of Advil by upweighting investment, innovation, and brand relevance.

The importance of Pain Relief

Pain is a universal condition with the vast majority of the population experiencing pain and, on average, people experience two pain conditions per year. With ageing populations, sedentary lifestyles and the impact of climate change on consumer health, pain incidence and frequency continues to rise.

Our position

At a global level, the top five players account for c.35%[1] of the category, and Haleon is the market leader. Our portfolio spans systemic and topical sub-categories, led by three Power Brands – Panadol, Advil and Voltaren – and complemented by a number of Local Growth brands including Excedrin, Fenbid and Grandpa.

1 Source: Nicholas Hall (2023) and Haleon analysis of third-party market data.
2 Source: Nielsen IQ.
3 Source: British Pain Society.

Brands

Panadol
Advil
Voltaren
Fenbid
Grand-Pa
Excedrin

Our market categories
continued

Over-the-Counter (OTC)
Respiratory Health

2023 revenue
£1,736m

+9.9% growth

+13.7% organic growth

Global market share[1]
5.9%

>> See page 41 for further information on performance during the year.

Our 2023 focus areas	Strategic pillar	Market driver
– Responded to increased global market demand following the cessation of COVID-19-related restrictions.	1 2	
– Drove further innovation across our brands through naturals that target a younger demographic.	1 3	
– Educated consumers on health impacts of air pollution and actions they can take to help mitigate them.	4	
– Co-ordinated response to FDA advisory committee on the efficacy of phenylephrine as a nasal decongestant when consumed in tablet form.	3	

Our 2023 achievements
- Launched Otrivin Nasal Mist in three European markets – Poland, Portugal and Greece. This is a new technology exclusive to Haleon that delivers a more comfortable experience, with the release of a wide, gentle mist, and an easier side-actuation method which aids consumers with hand dexterity challenges.
- Supported the innovation and strong in-market commercial execution of Theraflu. Theraflu Max+ saw particularly strong growth and now accounts for c.25% of Theraflu sales in the US. We also continued to see strong uplift from natural products launched in previous years, such as Theraflu ProNatural and have expanded the range into the UAE.
- In allergy, we enhanced our offering with Flonase Nighttime Allergy Relief.
- We expanded our Robitussin range with Robitussin Medi-Soothers, a dual-action liquid-filled lozenge that soothes sore throats and treats coughs.
- Continued development and expansion of Otrivin's 'Actions to Breathe Cleaner' programme to educate children on air pollution and actions they can take to mitigate the impact on their health.
- The Theraflu 'Rest & Recover' campaign in the US and Poland raised awareness of the barriers to sick leave for working mothers. In the US, Theraflu advocated for a policy change to have access to paid sick leave.

What's next
- We are looking to maintain growth of the portfolio and selectively expand into key sub-categories.
- Drive growth and penetration by launching Otrivin Nasal Mist in additional markets.

The importance of Respiratory Health
Respiratory conditions are prevalent globally, with annual incidence rates tending to be high for cold and nasal congestion[1], lower for flu[1] and allergy[1], with c.70%[2] of sufferers claiming to treat themselves for these conditions. Consumers rely heavily on OTC medicines to provide treatment.

Our position
The Respiratory Health category is fragmented globally. The top five players account for 27%[1] of the global market. Haleon is the largest global player in this category with c.6%[1] share. Our portfolio consists of a mixture of Power Brands, such as Otrivin and Theraflu, along with a number of Local Growth brands, including Flonase, Robitussin and Contac.

1 Source: Nicholas Hall (2023) and Group analysis of third-party market data.
2 Source: UN World Health Organization.

Brands
Otrivin
Theraflu
Flonase Allergy Relief
Robitussin

Over-the-Counter (OTC)
Digestive Health and Other

2023 revenue

£2,138m

+2.0% growth

6.5% organic growth

Global market share[1]

5.4%

>> See page 41 for further information on performance during the year.

Our 2023 focus areas	Strategic pillar	Market driver
– Drove further innovation across our brands through naturals that target a younger demographic.	1 3	
– Launched products across the category that address additional unmet consumer needs.	1 2	
– Continued to build on previous launches and roll-outs into new markets.	1 2	

Our 2023 achievements

- Launched Tums + Sleep to target the 63% of US adults with occasional heartburn and sleep issues. Tums + Sleep is a chewy bite containing melatonin that addresses not only heartburn but also helps consumers fall asleep.
- Further drove innovation with the launch of ENO Chewy Bites in Tangy Lemon and Zesty Orange flavours. This innovation is tailored to the modern lifestyle, offering fast and effective relief from acidity. The product contains natural ingredients and provides fast relief.
- Rolled-out a natural proposition of Fenistil across Central Eastern Europe to bring new users into the itch-relief category.

What's next

- Drive further innovation with the launch of new products addressing unmet need states and formats.
- Further our responsible business agenda, including continuing to shift our laminate packaging for ENO into recycle-ready sachets.

The importance of Digestive Health and Other

Digestive health issues are prevalent, with 60-80%[2] of the population affected, and sufferers having around five episodes per month on average. Symptoms include acid reflux/heartburn, bloating, flatulence, indigestion, constipation and diarrhoea. Sufferers frequently experience more than one symptom at a time.

Our position

Haleon has the leading position in Digestive Health driven by strong positions in immediate-relief antacids. We have a focused geographic presence in Digestive Health across US, India and Brazil, underpinned by our Local Growth brands. This category also includes our smoking-cessation brands such as Nicorette, which has been helping consumers quit smoking for over 40 years. In addition, we have a number of Skin Health brands including Bactroban, the leading wound-healing brand in China, and Zovirax and Abreva, the world's two leading cold sore treatments. During the year, we reached agreements to divest both ChapStick and Lamisil, which will allow Haleon to reduce complexity in the business and focus more resources on higher growth brands.

[1] Source: Nicholas Hall (2023) and Group analysis of third-party market data.
[2] Source: Proceedings of the Nutrition Society.

Brands

TUMS, Fenistil, ENO, PREPARATION H

Our culture and people

To ensure the long-term success of Haleon, we are focused on our purpose led culture. We reinforce this through our core value, key behaviours and leadership standards. In addition, a range of responsible business standards, policies and practices, including our Code of Conduct, provide a framework to guide our approach in delivering our strategy and business performance.

Our purpose:
To deliver better everyday health with humanity

Our core value:
Seeking to always do the right thing

Our key behaviours:
→ Go beyond
→ Do what matters most
→ Keep it human

Our leadership standards:
→ Drive growth
→ Deeply understand our consumers and customers
→ Build 'one' Haleon
→ Motivate and unleash potential

>> See also our business model, key stakeholders, strategy, approach to risk and financial statement sections on pages 8, 10, 12, 53 and from page 97.

[1] Non-completion due to leavers during the period.

Our culture is supported by our governance and organisational structure. The Board is responsible for, and monitors, our culture, including adherence to our core value and behaviours to ensure they are embedded and aligned to our strategy and purpose. The Directors receive regular reports on all aspects of culture, including reports from our Speak Up channel and results from our employee survey. The CEO and Executive Team are responsible for embedding our culture on a day-to-day basis, as well as for implementing our strategy, monitoring the Group's performance, and providing updates to the Board on overall performance, risk management and our system of internal controls. We have 14 business units, alongside global category and brand teams, who are responsible for delivering our strategy, innovation agenda and global brand campaigns. They are supported by global functions, in key areas including ethics and compliance, corporate affairs, sustainability, finance, human resources, legal, marketing and R&D.

During 2023, we embarked on a three-year productivity programme to transition to an organisation focused on efficiency and agility ensuring we deliver our purpose and strategy. This has resulted in structural changes and severances, which we have aimed to handle sensitively and in compliance with all applicable laws and regulations. Inevitably, this has had a short-term impact on our culture as we embed our new structure and ways of working. Additional details are in Note 6 to the Consolidated Financial Statements.

>> Further details about our governance structure and Board activities, including consideration of culture are in the Corporate Governance section from page 61.

Measuring our culture

Measuring and tracking our culture is crucial to ensuring we deliver our purpose and strategy, and remain a trusted company. We have a range of indicators including consumer, customer and supplier feedback forums mentioned in our stakeholder section, and not limited to the examples below:

- Annual mandatory Code of Conduct training including anti-bribery and corruption and keeping data secure for all the Board, Executive Team, employees and third-party temporary workers, with a 98%[1] completion rate in 2023. It is also part of onboarding requirements for new starters.
- A framework of internal financial and operational controls, audit and assurance programmes that monitor the Company's compliance with regulations and internal procedures and policies. Reports are sent to senior management, the Executive Team and the Audit & Risk Committee for monitoring, review and discussion. Where required, corrective measures are put in place to reinforce appropriate procedures. During 2023, no unsatisfactory rated internal audit reports were issued.
- Haleon encourages anyone, whether working for the Company or not, to speak up about misconduct, breaches of policy or procedures, and suspected violations of laws and regulations. Concerns are managed independently and can be raised in 35 languages via web form, email, telephone, or post. All cases are handled in accordance with Haleon's investigatory principles: humanity, confidentiality, proportionality and non-retaliation. Regular updates and investigation reports are reviewed by senior management and the Audit & Risk Committee, and learnings are converted into recommendations and updated training.

- Our annual employee survey measures both employee engagement and our wider culture. Our 2023 results showed 78% of employees felt that Haleon fulfils its core engagement values, and 78% feel that it fulfils its core cultural objectives. Areas where we do well include our customer focus, commitment to the environment, society and business ethics, whereas we need to continue to focus on our work processes and how we collaborate.
- We measure our environmental, health and safety performance across the Company and conduct risk-based audits that the Executive Team and Board monitor. Metrics include, but are not limited to, our reportable injury and illness rate, which in 2023 was 0.14 per 100,000 hours worked*[1], and there were no fatalities*[2].
- We conduct regular conversations and year-end reviews with employees, which include them demonstrating their actions and contributions during the year against our core value and behaviours, and where applicable, leadership standards.

>> See also our key stakeholders and key performance indicator sections on pages 10 and 32.
>> See also the Audit & Risk Committee Report from page 72.

* KPMG LLP has issued independent limited assurance over the selected data indicated using assurance standard ISAE(UK)3000.
[1] Includes employees and third-party temporary workers.
[2] Includes employees, third-party temporary workers and contractors.

Our people

Our people comprise of permanent and fixed-term direct employees. Our business is also supported by third-party temporary workers and contractors.

We aspire to have people policies that provide equal opportunities, create an inclusive culture and support our purpose, strategy and long-term success. Our initiatives and policies reflect relevant employment law, including the provisions of the Universal Declaration of Human Rights and International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

Attracting, fostering and developing talent

During 2023, we worked to strengthen our recruitment approach so that we consistently attract leading talent, maintain a diverse employee-base and provide opportunities for career and skills development to retain our existing talent. New hires were made in roles and locations strategically important to business success, and we made incremental improvements in key performance areas. However, there remain significant opportunities to optimise our hiring processes and experiences for candidates and stakeholders. We are focused on this as part of our three-year productivity programme.

Development and learning at Haleon has three objectives: build the right competencies to stay safe and compliant within our regulatory environment; develop strategic capabilities; and provide employees with opportunities to grow and reach their potential. In 2023, we introduced a simplified global learning offering to all employees through our internal development portal and external content libraries with a range of development courses, videos and articles, and supported by a mini-MBA in deep human understanding.

To embed our leadership standards, build capabilities and develop leadership behaviours, we established a global leadership development programme. In addition, a suite of self-serve, leader-led sessions were launched to support all new teams as the business continues to transform, which will be expanded in 2024. We also launched a simplified approach to talent management based on our Leadership Standards, including holding talent reviews throughout the year to understand our talent landscape and the strategic capabilities needed to drive business growth. Furthermore, we evolved and simplified our approach to assessing and rewarding employee performance. Through regular conversations, employee performance is reviewed against objectives, and performance outcomes are calibrated across the business.

Employee health and wellbeing

Supporting our employees' health and wellbeing, building a culture that allows them to be at their best and thrive is a priority for us. Building on the initiatives we already offer and as outlined in our 2022 Annual Report, in 2023 we focused on the following:

- MyWellbeing, a holistic energy-management and resilience course that equips participants with skills and tools to optimise their own wellbeing.
- Micro-learnings, themed webinars and resources to increase capability for oneself and others.
- A health, safety and wellbeing leadership programme available to all our site leadership and business unit leadership teams, which we will embed into our wider leadership curriculum in 2024.
- Developing a respectful workplace training module, focused on preventing harassment and retaliation.

Looking ahead, we plan to review and refresh our preventative health programme, which gives employees and their eligible dependants access to a core set of healthcare services. We also expect to launch a new occupational health and wellbeing standard to improve governance and oversight of our initiatives, and refresh and relaunch our existing Mental Health Matters training for line managers.

Workplace environment

During 2023, we opened new offices in both London, UK, and Bengaluru, India, with sensory rooms and green and open spaces in which to connect, create and collaborate. Our Bengaluru office was awarded a 'Gold' accessibility score by Mobility Mojo for offering a safe environment for employees with disabilities and neurodivergence.

Where possible, employees are able to embrace our 'Hybrid at Haleon' philosophy, which empowers managers and teams to trust each other and find the right approach to drive performance. For those working remotely, we have enhanced controls and systems to ensure our Company data is secure, including awareness campaigns as part of our wider commitment to the responsible use, storage and protection of Company and personal data. Important data is safeguarded from corruption, compromise or loss and we have appropriate data retention schedules to guide us as to when to delete data.

>> See also our cyber-security disclosure on page 21.
>> Further details about employees can be found across the Report including our workforce engagement disclosure on page 70, and Note 7 on page 128.

Our culture and people continued

Championing diversity, equity and inclusion (DEI)

We are committed to creating a diverse, inclusive and respectful workplace, and view this as key to delivering our purpose and strategy. We acknowledge that this is an area for continual improvement, including further strengthening our diversity data and ensuring it is integrated into our culture. Our position statement applies to all employees and third-party temporary workers. Our ambition is focused on delivering three strategic priorities:

1. **Employee belonging:** workplace inclusion - create a work environment that is inclusive and accessible where all employees feel like they belong, are valued and have tools to thrive.
2. **Diverse representation:** workforce diversity - attract, recruit, promote and retain the best talent that reflects a diverse workforce at all levels and areas of the business.
3. **Societal change:** community impact - leverage our expertise to enable health inclusivity through our business relationships, brands and research.

Company gender diversity

As at 31 December 2023	Men	Women	Other	Non-disclosed	Total
Directors	6	5	–	–	**11**
Executive Team[1]	8	7	–	–	**15**
Executive Team direct reports	51	48	–	1	**100**
Senior managers[2]	908	739	–	5	**1,652**
All employees	13,516	11,768	5	119	**25,408**

1 At 15 March 2024, the Executive Team comprised 8 men, 4 women and 12 members overall.
2 Comprises Leadership roles as defined in our glossary.

Our global DEI council is sponsored by the Chief Human Resources Officer and chaired by the Global Head of Talent. The council meets quarterly to discuss priorities, drive accountability, and initiate, fund and oversee the implementation of Haleon's global DEI activities.

We have made progress against our DEI goals in 2023 with several initiatives that incorporate key areas of diversity, including ethnicity, disability, LGBTQ+ and gender.

- Our diversity dashboard provides insights around gender, allowing us to track progress, and proactively communicate findings and recommendations back to the business.
- We are piloting an athlete career transition (ACT) programme to support attracting and hiring diverse talent.
- Our people-management development programme develops DEI capabilities, including how we address unconscious bias. We launched our diverse talent programme, designed to accelerate leadership potential and career progression, and have five cohorts set up for 2024.

In addition, our four global ERGs successfully delivered 10 flagship events in 2023, with c.2,000 participants and 150 local events. Our ERGs help build our inclusive culture and are instrumental in providing different perspectives.

>> See also our Nominations & Governance Committee Report on page 78.

Upholding our standards

We are committed to transparency, integrity, consumer satisfaction, safety and compliance with all relevant laws and regulations. We have standards and policies in place to ensure we uphold the highest business ethics, including consumer and pharmacovigilance policies and processes. Our products undergo extensive quality testing and controls as part of our manufacturing processes. In addition, we have portals for consumers to get product information and report adverse reactions.

Code of Conduct

Our Code promotes ethical business conduct, and provides guidance to our Board and Executive Team, employees and third-party temporary workers. Failing to comply with our Code is deemed to be misconduct and can result in disciplinary action, including dismissal. Our suppliers, distributors, agents, consultants and contractors are also subject to many of its principles.

- 19 principles.
- Available in 17 languages.
- Mixture of written standards and a decision tree approach to making the right choices and guidance on when to ask for advice.

Anti-bribery and corruption (ABAC)

Our ABAC Policy sets out our global principles, standards, requirements and zero-tolerance approach. All employees and third-party temporary workers must observe and uphold the policy.

- Regular checks are run internally as part of our financial control procedures, and due diligence checks are performed on all high-risk suppliers.
- During 2023, an update on the state of implementation of the policy was reported to the Executive Team and Audit & Risk Committee.

Human rights

Our Human Rights Policy sets out how we integrate human rights into our business operations and our relationships with suppliers. We seek to align our human rights procedures with international agreements and guidelines, such as the UN Guiding Principles on Business and Human Rights (UNGPs) and the Organisation for Economic Co-Operation and Development's (OECD) Guidelines for Multinational Enterprises. We are committed to upholding the Universal Declaration of Human Rights and the core labour standards set out by the ILO.

- Our Human Rights Steering Committee comprised of members of our Executive Team and senior management, provide oversight and support on key issues. It is responsible for approving and monitoring our human rights strategy and action plan, which is reported to the Environmental & Social Sustainability Committee annually.
- We have key actions across three workstreams: building our capacity to understand human rights risks; strengthening due diligence processes; and investing in business relationships to prevent and mitigate risks and remediate impacts.
- During 2023, we initiated a saliency assessment of human rights risks in Haleon's value chain to enable us to focus on issues important to our business.

- We developed an e-learning module, translated into 15 languages, which we launched in 2023 and will roll-out further in 2024. A facilitators' pack was also developed for use at manufacturing sites where workers have no access to computers.
- We developed an incident response and communications plan, and ran workshops for employees across key business functions.

Responsible suppliers

Haleon's supply chain has significant scale and complexity with a mixture of direct and indirect supplies and services such as raw materials and logistics. We are a member of Manufacture 2030, a platform to drive consistency and transparency of supplier sustainability reporting.

- Our Supplier Code of Conduct establishes the minimum environmental, social and ethical standards to be met by any entity that supplies products or services to Haleon.
- We follow set processes for contracting with new suppliers, and those we continue to work with, including due diligence processes and using approved buying channels.
- In 2023, we launched our Supplier ESG Expectations outlining targets that we want our suppliers to meet, such as moving to renewable electricity and ensuring certain materials are covered by industry-recognised certifications.
- Our third-party risk management process seeks to assess risks across our supply chain, and where necessary we undertake targeted in-depth due diligence. We use a combination of EcoVadis and Sedex assessments and Pharmaceutical Supply Chain Initiative audits to assess risks to drive improvements.

Health and safety

We continue to embed our Environment, Health, Safety and Wellbeing Policy and three-year strategy to develop a zero-harm culture and reduce significant incidents. We have an environment, health and safety (EHS) management system and are focused on three pillars: to strengthen our health and safety culture and capability; prevent harm; and make it easier. Each pillar is supported by annual targets and objectives to drive continuous improvement, which has helped reduce the number of reportable and serious incidents.

- We run risk-based health and safety training for employees and third-party temporary workers, which includes how to identify measures to reduce workplace risks.
- All contractors working at Haleon sites receive induction training and instruction on working safely.
- During 2023, we focused on refreshing and integrating our global EHS and engineering standards, reinforcing our 12 Life Saving Rules and deploying our Leading with Care programme to senior leaders across the Company.
- Looking ahead, we are focused on risk assessment training, and further embedding our Leading with Care programme and suite of EHS and engineering standards.

>> See also our statement of compliance on page 60 with links to our standards and policies, including our Code of Conduct and Modern Slavery Statement.

Cyber-security

As detailed in our approach to risk and risk factors, there is a risk that a cyber-security attack could compromise our ability to manufacture, distribute and sell our products and services to our customers. Our commitment to cyber-security is reflected in our ongoing investment into this area, which includes the use of advanced technologies and engagement of third-party experts to provide additional support and guidance. We have a dedicated cyber-security threat intelligence function focused on the threat landscape and attack vectors that are targeting healthcare providers, including ransomware threats. Cyber intelligence is integrated into our cyber-security risk management and governance processes. Haleon's Chief Information Security Officer is responsible for the cyber-security function, and provides frequent updates including current threats, operational key risk indicators, and cyber-security maturity improvements to the Executive Team and Audit & Risk Committee, who have oversight of our information security and cyber risk strategy. Cyber-security risk updates are shared with the wider Board by the Committee.

- Our Chief Information Security Officer has over 25 years of information technology and security experience.
- External consultants are engaged to assess our cyber-security maturity against the US National Institute of Standards and Technology Cybersecurity Framework (NIST CSF). They help guide our plans and processes to best protect Haleon from threats including a framework for data controls which covers our digital supply chain.
- We have a third-party risk management process in place ensuring that inherent risk assessments are completed for third-party suppliers with additional due diligence assessments completed for higher-risk suppliers. Processes include identification and mitigation of risks, risk assessments, adherence to information and control standards, and incident notification requirements in contracts.
- We constantly look to mature our cyber-security systems and controls to keep pace with the threat landscape. Our preparedness activities include testing our response procedures and processes by performing simulations and crisis management exercises, and penetration testing to develop our response to potential incidents, such as ransomware attacks. Vulnerability management, monitoring and alerting processes are in place to help protect the Company against cyber attacks.
- Our annual awareness campaigns promote our global cyber-security policies and procedures, handling of confidential data, social media and cyber-security practices, and remind employees of resources available to protect themselves, Haleon and consumers. Internal policies for protecting Company assets include protection of information, acceptable use of technology resources, AI and related procedures. We are focused on minimising risks through fostering secure practices and behaviours, for example, constant programmes aimed at recognising and reporting suspicious online behaviour or phishing.
- During 2023, Haleon did not identify any significant cyber-security incidents.

>> See also our approach to risk, Audit & Risk Committee Report and Risk factors on pages 53, 72 and 193.

Our approach to sustainability

As a global leader in consumer healthcare, we believe Haleon is well placed to understand and help address several of the social and environmental barriers holding people back from achieving better everyday health.

Our responsible business strategy is committed to making everyday health more inclusive, reducing our environmental impact, and operating with ethical and responsible standards of business conduct. In 2023, we established the Environmental & Social Sustainability Committee (ESS), reflecting the strategic importance of this area.

Progress against our responsible business strategy was externally recognised in 2023, our first year of rating by several ESG indices. Haleon received a low-risk rating by Sustainalytics and was recognised as one of their 2024 ESG Top-Rated Companies. We were also added to the Dow Jones Sustainability Index Europe (DJSI) 2023, and S&P's 2024 Global Sustainability Yearbook, based on our score in the top decile of the Personal Products Category.

Health inclusivity

In 2023, we empowered over 41 million people to be more included in opportunities for better everyday health[1], through inclusive products, education programmes and services. We aim to empower 50 million people a year by 2025. We track the number of people engaging with a Haleon brand or expert initiative to improve their self-care. Our focus includes those who are discriminated against because of disability, age, race and ethnicity, gender and sexuality. We take action to improve health inclusivity by driving change through our brands, empowering self-care, investing in research and action, and building healthier communities through our community investment programmes.

During 2023 we focused on:

- The launch of 'The Advil Pain Equity Project' with a long-term aim to help address the bias and prejudice that Black people in America experience when they seek pain management.
- In Thailand and the Philippines, Polident's 'Smiles Can't Wait' provided free dentures to over 1,500 people who otherwise were not able to afford them, and also provided accessible oral health check-ups, samples, and educational kits to over 50,000 people.
- We expanded the reach of, and content available on, the Haleon Health Partner portal, an online database which includes tools and materials to support Health Professionals when they have conversations with patients.
- We continued to support Economist Impact in their publication of the second phase of the Health Inclusivity Index (Index). Phase two of the Index included the measurement of experience of health inclusion across 42,000 people in 40 countries. The Index found that more than three in five people worldwide experience health exclusion, with vulnerable and younger populations the worst affected.
- Following earthquakes in Turkey and Syria, Haleon worked with Direct Relief to sponsor dental clinics in the affected areas, which provided treatment for more than 10,000 people.

Environment

Haleon is focused on continually reducing the environmental impact of its products and operations. We are using leading industry standards and working with industry groups, peers and suppliers to achieve our environmental aims.

We have set greenhouse gas (GHG) emissions reduction goals aligned to the Intergovernmental Panel on Climate Change (IPCC) pathway to 1.5°C and aim to achieve net zero carbon emissions from source to sale by 2040, aligned to guidance from The Climate Pledge and Race to Zero. Haleon also works to raise awareness of the linkages between climate change, air pollution and health, and has joined the Alliance for Clean Air.

We continue to improve the data collection processes used to measure and track our Scope 3 emissions and virgin petroleum-based plastic footprint. We have updated our baseline year from 2020 to 2022, when we became a standalone business, as the 2022 data used to calculate and substantiate our packaging footprint and value chain emissions has greater availability and accuracy. Our virgin plastic reduction goal is calibrated considering limitations in the use of mechanically recycled plastic for healthcare products. We are working with suppliers to access bioplastics and chemically recycled resins suitable for healthcare products, whilst introducing mechanically recycled plastics in some product formats where permitted.

>> More information, including all ESG indices ratings, is available at **www.haleon.com**/our-impact/esg-reporting-hub
>> More information on the Health Inclusivity Index is available at **www.impact.economist.com**/projects/health-inclusivity-index

[1] Reporting period = 1 December 2022 – 30 November 2023. Where actual data on initiatives contributing to the goal has not been accessible, extrapolations have been applied in a conservative manner to determine indicative results.

Our aims	2023 Performance[1]
Empower millions of people a year to be more included in opportunities for better everyday health, empowering 50 million people a year by 2025.	**41m+** (2022: 22m+)
Reduce our net Scope 1 and 2 carbon emissions by 100% by 2030 vs a 2020 baseline[2].	**48%*** reduction (2022: 44% reduction)
Reduce our Scope 3 carbon emissions from source to sale by 42% by 2030 vs a 2022 baseline.	**4%** increase in our estimated Scope 3 emissions footprint
Reduce our use of virgin petroleum-based plastic by 10% by 2025, and a third by 2030 vs a 2022 baseline[3].	**3%** increase in our estimated virgin petroleum-based plastic footprint
Develop solutions for all product packaging to be recycle-ready by 2025, as part of our goal to make all packaging recyclable or reusable by 2030, where safety, quality and regulations permit.	**70%*** recycle-ready packaging (2022: 65% recycle-ready)
All key agricultural, forest and marine-derived materials used in our ingredients and packaging to be sustainably sourced and deforestation-free by 2030[4].	**91%** of palm oil derivatives (2022: 92% of palm oil derivatives)
	48% of paper-based packaging

In 2023, our Scope 3 emissions and virgin petroleum-based plastic footprints have increased in the reporting period due to a mixture of volume growth, inventory holding, and the mix of products sold. We remain confident in our future delivery based on our pipeline of reduction projects that will contribute towards achievement of these aims.

We achieved our goal of producing one billion recycle-ready toothpaste tubes since their initial launch in 2020, two years ahead of our aim to achieve this by 2025. We are also driving global and local initiatives to collect, sort and recycle our packaging. In 2023, Haleon worked with Colgate-Palmolive, New Jersey-based Mazza Recycling and San Francisco-based AI company Glacier to improve the sorting of toothpaste tubes within waste at recycling centres in New Jersey, US. This is part of our larger industry combined efforts to increase recycling of toothpaste tubes.

As part of our aim to source key ingredients and packaging materials more sustainably, we increased the number of materials in scope for sustainable sourcing reporting in 2023, with a focus on also increasing our percentage of sustainably sourced paper materials.

As members of the Alliance for Water Stewardship (AWS), we are taking steps to enable more environmentally sustainable and socially equitable management of water. This includes certifying our manufacturing sites with the AWS certification by 2025 and aiming for water neutrality for sites in water-stressed basins by 2030. We achieved our first water neutral site and our first site recommended for AWS certification in 2023, at Cape Town, South Africa.

>> Further details are in our TCFD and SECR disclosures from pages 24 and 188, our principal risk related to ESG on page 56, and Notes 1 and 12 to the Consolidated Financial Statements on pages 123 and 133.

* KPMG LLP has issued independent limited assurance over the selected data indicated using assurance standards ISAE(UK)3000 and ISAE3410.

1 The 2023 reporting period for Scope 1 and 2 carbon emissions (market-based) and health inclusivity is 1 December 2022 - 30 November 2023. The 2023 reporting period for Scope 3 emissions, packaging and sustainable sourcing is 1 July 2022 - 30 June 2023. The 2020 and 2022 baseline reporting periods are the calendar years. The 2022 reporting period for Scope 1 and 2 carbon emissions (market-based) and health inclusivity is the calendar year, and for packaging and sustainable sourcing is 1 July 2021 - 30 June 2022. Scope 1, 2 and 3 emissions calculated in line with the GHG Protocol. Scope 1 and 2 are emissions from Haleon's direct operations. Scope 3 includes all indirect emissions from Haleon's value chain, and our source to sale commitments include GHG Protocol categories except 6, 7 and 10-15.

2 Calculated in accordance with methodology and data improvements and updated carbon emissions factors for our 2020 baseline, and so the 2022 value differs from the value disclosed in the 2022 Annual Report and Form 20-F. Our updated total scope 1 & 2 emissions (market-based) 2020 baseline is 96 thousand tonnes CO_2e, from the 89 thousand tonnes CO_2e reported in 2022*.

3 Scope includes product packaging and some devices, including toothbrushes. The calculation is based on our internal manufacturing data and does not include data on third-party manufacturing.

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

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, Risilience, to quantify the potential financial impact of our physical and transition climate risks and opportunities. Risilience 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 2.5ºC warming trajectory but are disclosing the results with the highest potential impact.

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.	Enables us to test our business strategy against the most optimistic scenario from a climate-transition perspective. Aligns with our target to be a net zero business by 2040, aligned to guidance from The Climate Pledge and Race to Zero. Aligns with TCFD and IPCC[1] 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. This scenario represents the 'worst case'/highest potential for transition risk for our business.
>4°C	**No Policy:** Reversal of emissions reductions and abolishment of climate policy leading to extreme warming.	Enables us to test business strategy against the worst-case scenario from a physical risk perspective. This scenario was used in our qualitative analysis in 2022.

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 of extreme weather events on operations and supply chain

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.

Paris Ambition (1.5°C)

S
M
L

No Policy (4°C)

S
M
L

Impact analysis

Potential impacts included in our Paris Ambition (1.5°C) and No Policy (4°C) scenario analysis included:

- 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.

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.

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.

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).

Assumptions:

- 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.

Management of risk

Actions:

- 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.

Metrics and targets:

- 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

Reduced availability of raw materials due to chronic weather impact

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.

Paris Ambition (1.5°C)

S
M
L

No Policy (4°C)

S
M
L

Impact analysis

Potential impacts included in our Paris Ambition (1.5°C) and No Policy (4°C) scenario analysis included:
- 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.

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.

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.

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.

Under the No Policy (4°C) scenario, certain areas of central US may see corn yields decline as a result of precipitation variation.

Assumptions:
- 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.

Management of risk

Actions:
- 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.

Metrics and targets:
- We aim for all of our key agricultural, forest, and marine-derived materials to be sustainably sourced and deforestation-free by 2030[1]. 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

Policy: carbon pricing

The financial impacts of carbon taxes on emissions across our operations and supply chain.

Paris Ambition (1.5°C)

S
M
L

No Policy (4°C)

Not applicable

Impact analysis

Potential impacts included in our Paris Ambition (1.5°C) scenario analysis included the following (the No Policy (4°C) scenario was not relevant):

- 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.

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).

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.

Assumptions:

- 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.

Management of risk

Actions:

- 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.

Metrics and targets:

- 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 baseline[1].
- Achieve net zero carbon emissions from source to sale by 2040, aligned to guidance from the Climate Pledge and Race to Zero[1].

[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
Changing consumer preferences 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). **Paris Ambition (1.5°C)** S: Low risk M: Medium risk L: Medium risk **No Policy (4°C)** S: Low risk M: Low risk L: Low risk	**Potential impacts included in our Paris Ambition (1.5°C) and No Policy (4°C) scenario analysis included:** – Reduction in product sales and loss in market share. – Reputational damage and reduction in brand loyalty. 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. **Assumptions:** – 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.	**Actions:** – 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. **Metrics and targets:** – 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
Changing consumer preferences 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). **Paris Ambition (1.5°C)** S Opportunity M Opportunity L Opportunity **No Policy (4°C)** S Opportunity M Opportunity L Opportunity	**Potential impacts included in our Paris Ambition (1.5°C) and No Policy (4°C) scenario analysis included:** – 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. 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. 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. **Assumptions:** – 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.	**Actions:** – Our actions are consistent with management of the risk of changing consumer preferences. **Metrics and targets:** – 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 year[4]. 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
- 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 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	
Organic revenue growth[1,2] 1 2 3 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.	**2023 8.0%** 2022 9.0% 2021 3.8%[2] 2020 2.8%[2]
Adjusted operating profit[1] 1 2 3 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.	**2023 £2.5bn** 2022 £2.5bn 2021 £2.2bn 2020 £2.1bn
Free cash flow[1] 3 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.	**2023 £1.6bn** 2022 £1.6bn 2021 £1.2bn 2020 £2.0bn
Net debt/adjusted EBITDA[1] 3 Achieve less than 3x net debt/ adjusted EBITDA during 2024[3].	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.	**2023 3.0x** 2022 3.6x
Business gained/maintained share 1 2 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.	**2023 58%** 2022 66%
Carbon reduction[4] 4 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.	**2023 48%*** 2022 44%

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.

1 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.

2 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.

3 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	
Recycle-ready packaging[5] **4** 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.	A key priority and commitment for Haleon is to play its part to accelerate the transition to a circular economy. We track the percentage of recycle-ready packaging in market.	Continue to transition our packaging to recycle-ready formats using mono-materials designed for recycling. 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.	**2023** **70%*** 2022 65%
Gender diversity **4** Achieve gender parity (48-52%) in leadership roles[6] globally by 2030.	We believe diversity is a key source of competitive advantage and an important consideration for employees and investors. Calculated as a percentage of employees who self-identify as female compared to overall number of permanent employees.	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.	**2023** **44.9%*** 2022 43.7%
Employee engagement **4** Build a company where employees are proud to work, feel inspired, challenged, supported and have a sense of personal accomplishment.	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.	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.	**2023** **78%** 2022 80%

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

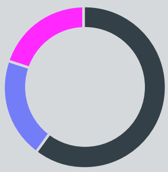
Elements of our Executive Director remuneration are linked to the delivery of specific KPIs that are considered the most relevant in assessing business performance and our commitment to our stakeholders.

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

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

4 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.

5 Reporting period runs from 1 July 2022 to 30 June 2023.

6 Leadership roles' is defined in our glossary.

2023 Business review

Chief Financial Officer's review

Tobias Hestler
Chief Financial Officer

I am pleased to report strong financial performance for 2023 demonstrating the continued resilience of our business. Since 2021, the business has added £1.8bn of additional revenue, £1.0bn of adjusted gross profit and £0.4bn of adjusted operating profit driving strong cash generation. This meant we reached the initial leverage target outlined at our Capital Markets Day in February 2022, one year ahead of our expectation. We have therefore updated our capital allocation priorities and plan to return £500m to shareholders through buybacks in 2024.

Haleon is now on a journey to become more agile and consumer focused with a leading portfolio. During 2023, we examined our processes to ensure that they were fit for purpose and restructured where necessary. Additionally, we proactively managed our portfolio and agreed to divest both Lamisil and ChapStick which will drive more focus to our key growth areas.

I would like to thank everyone at Haleon for all their efforts across the business.

Profitable growth

For 2023, we reported revenue of £11.3bn (+4.1%), delivering organic revenue growth of 8.0%. Foreign exchange reduced revenue by (3.8)% and net M&A by (0.1)%. We saw broad-based organic growth demonstrating the long-term attractiveness of our brands and geographic footprint. Our strong execution in market meant that we were able to increase prices to help offset inflationary cost pressures, whilst also preserving volume growth.

Our growth was profitable, with operating profit of £1,996m (+9.4%) and adjusted operating profit up 10.4% at constant currency reflecting strong operating leverage across the business. This drove adjusted operating margin growth of 50bps at constant currency. Margin was down 20bps at actual exchange rates. EPS was 11.3p, and adjusted EPS was 17.3p, down 6.0% reflecting the annualisation of our interest charge given 2023 was our first full year as a standalone company.

Investments

We continued to ensure the business remains fully invested whilst being focused on cost discipline to deliver value. This included investments into our systems, processes and sales force. Our A&P spend was flat and up 3% at constant currency for the year. We drove further efficiencies in spend through agency consolidation and in-house production. Spend was targeted across advertising and expert engagement which delivered strong ROI. Advertising spend increased in key areas including Oral Health and VMS, and in important growth markets such as India and China.

Adjusted R&D expenditure totalled £297m (2022: £303m), representing a healthy level of spend into innovation. Our gross capital expenditure was £336m (2022: £328m) with spend focused on sales and marketing, manufacturing sites and technology, particularly in automation.

Becoming agile and consumer focused

During the year, we announced a programme to increase agility and productivity across the business which will result in annualised gross cost savings of c.£300m, largely in 2024 and 2025. We are on-track to deliver this through initiatives including restructuring. As a result, a number of employees have left the business as we de-layer functions, increase the speed of decision making and route to market.

Haleon is also focused on proactively managing its portfolio and will remain rigorous and disciplined where there are opportunities. During 2023, we disposed of Lamisil for £235m, and reached an agreement to sell ChapStick for approximately $430 million, and a passive minority interest in Suave Brands Company, allowing Haleon to participate in further value creation of the brand. Both Lamisil and ChapStick are strong brands in their own right, but divesting allows us to reduce complexity, accelerate revenue growth, reduce debt and drive shareholder returns.

Driving shareholder returns

Since demerger, our strong free cash flow generation has allowed us to reduce net debt by over £2bn, finishing the year at £8.5bn with over £1bn of cash on hand. Our debt is staggered and secured at attractive rates. During 2023, we repaid $300m of our 2024 notes, one year early. We next have $700m due in March 2024 with $1.75bn due in March 2025, both of which we expect to fund largely from our operational cash flows.

Our leverage at the end of 2023 stood at 3.0x net debt/adjusted EBITDA. Hence, leverage of less than 3x is in sight to be achieved during 2024. Given this, we have updated our capital allocation priorities. Haleon is now targeting to operate at around 2.5x net debt/adjusted EBITDA over the medium term. We believe that this is the right leverage to enable the business to appropriately balance our capital allocation priorities of continued investment for growth, explore acquisitions and return surplus capital to shareholders through dividends and share buybacks.

Given these priorities, the Board has proposed a final dividend for 2023 of 4.2p per ordinary share and a total dividend of 6.0p per ordinary share, which represents approximately 35% of our 2023 adjusted earnings. As a result, since demerger, Haleon will have returned £0.8bn in dividends to shareholders. Going forward, Haleon expects to grow its ordinary dividend at least in line with adjusted earnings. In addition, we expect to allocate capital of £500m to share buybacks in 2024. This reflects expected savings from our productivity programme, cash proceeds from announced disposals and accelerated progress in de-leveraging.

Looking ahead

I am encouraged by the strength and resilience of our business model to deliver superior shareholder returns. There is more to do as we become more agile and consumer focused. Nevertheless, I am confident Haleon will deliver another year of strong performance. This, combined with our capital allocation framework, will drive value for all our stakeholders.

Income statement summary

	2023 £m	2022[2] £m	% change
Revenue	**11,302**	10,858	4.1
Revenue growth	**4.1%**	13.8%	
Organic revenue growth[1]	**8.0%**	9.0%	
Gross profit	**6,747**	6,577	2.6
Adjusted gross profit[1]	**7,001**	6,772	3.4
Operating profit	**1,996**	1,825	9.4
Adjusted operating profit[1]	**2,549**	2,472	3.1
Net finance costs	**(368)**	(207)	77.8
Profit before tax	**1,628**	1,618	0.6
Adjusted profit before tax[1]	**2,181**	2,265	(3.7)
Profit after tax attributed to shareholders of the Group	**1,049**	1,060	(1.0)
Adjusted profit after tax attributed to shareholders of the Group[1]	**1,607**	1,700	(5.5)
Earnings per ordinary share			
Diluted (pence)	**11.3**	11.5	(1.7)
Adjusted[1] (pence)	**17.3**	18.4	(6.0)

1 Definitions and calculations of non-IFRS measures can be found from page 43.
2 For a discussion of the Group's financial and operating performance for the year ending 31 December 2021 and 31 December 2022, see Haleon's 2022 Annual Report and Form 20-F, pages 36-45, filed with the SEC on 20 March 2023.
3 Net M&A (predominately the disposal of Lamisil) includes the impact of Manufacturing Service Agreements (MSAs).

Revenue

Revenue increased 4.1% to £11,302m (2022: £10,858m). Adverse foreign exchange had a 3.8% impact on total revenue. This was largely driven by the Pound Sterling strengthening against the Argentine Peso, the Chinese Renminbi and other emerging market currencies. The net impact of M&A[3] had a 0.1% adverse impact largely from the disposal of Lamisil which was completed in November 2023. Revenue grew 8.0% organically for 2023.

Gross profit

Reported gross profit increased by 2.6% to £6,747m (2022: £6,577m) with gross margin down 90bps to 59.7%. Adjusted gross profit increased by 3.4% or 7.3% at constant currency to £7,001m (2022: £6,772m) with adjusted gross margin of 61.9% (2022: 62.4%).

Adjusted gross profit was driven by pricing and ongoing supply chain, and manufacturing efficiency benefits. This helped offset higher commodity-related costs and cost inflation which particularly impacted performance in the first half. During the second half of the year, these headwinds eased resulting in growth in adjusted gross profit margin in the fourth quarter.

Operating profit

Operating profit increased by 9.4% to £1,996m (2022: £1,825m) and operating profit margin increased 90bps to 17.7% (2022: 16.8%). Adjusted operating profit increased by 3.1% to £2,549m (2022: £2,472m) or 10.4% at constant currency.

Adjusted operating profit growth at constant currency was driven by strong revenue growth, partly offset by higher A&P spend and investments into our systems, processes and sales force. In addition, adjusted operating profit was impacted by higher commodity and raw material costs, and cost inflation.

Net finance costs

Net finance costs were £368m (2022: £207m). This reflected finance costs of £402m (2022: £258m), primarily related to the annualisation of interest on the issuance of £9.2bn in notes in March 2022 and finance income of £34m (2022: £51m).

Tax charge

The statutory tax charge of £517m (2022: £499m) represented an effective tax rate on reported results of 31.8% (2022: 30.8%). The 2023 tax charge includes a £155m non-cash charge related to intragroup transfers. The 2022 tax charge included a £102m non-cash charge due to the revaluation of US deferred tax liabilities given the increase in the blended rate of US state taxes that applies due to the demerger.

The tax charge on an adjusted basis was £512m (2022: £506m) and the effective tax rate on an adjusted basis was 23.5% (2022: 22.3%).

Profit after tax and earnings per share

Profit after tax attributable to shareholders of the Group was £1,049m (2022: £1,060m), and adjusted profit after tax attributable to shareholders was £1,607m (2022: £1,700m), down 5.5% at AER and up 2.5% at constant currency. The increase at constant exchange rates was driven by 10.4% growth in adjusted operating profit which was partly offset by the annualisation of interest costs and the higher tax rate described above.

This resulted in diluted earnings per share of 11.3p (2022: 11.5p) and adjusted diluted earnings per share of 17.3p (2022: 18.4p).

2023 Business review continued

Geographical segment performance

Revenue by geographical segment for the year ended 31 December

	Revenue (£m)		Revenue change (%)				
	2023	2022	Reported	Constant currency[1]	Organic[1]	Price[1]	Vol/Mix[1]
North America	**4,195**	4,116	1.9%	2.7%	2.7%	3.6%	(0.9)%
EMEA & LatAm	**4,545**	4,270	6.4%	12.4%	12.6%	12.8%	(0.2)%
APAC	**2,562**	2,472	3.6%	9.0%	9.0%	2.7%	6.3%
Group	**11,302**	10,858	4.1%	7.9%	8.0%	7.0%	1.0%

[1] Price and volume/mix are components of organic revenue growth. Definitions and calculations of non-IFRS measures can be found from page 43.

Adjusted operating profit by geographical segment for the year ended 31 December

	Adjusted operating profit[1] (£m)		YoY change	YoY constant currency[1]
	2023	2022	**2023**	2023
Group operating profit	**1,996**	1,825	**9.4%**	19.1%
Reconciling items between adjusted operating profit and operating profit[2]	**553**	647	**(14.5)%**	(14.1)%
Group adjusted operating profit[3]	**2,549**	2,472	**3.1%**	10.4%
North America	**1,107**	1,070	**3.5%**	4.7%
EMEA & LatAm	**1,010**	977	**3.4%**	12.6%
APAC	**541**	506	**6.9%**	17.8%
Corporate and other unallocated	**(109)**	(81)	**34.6%**	6.1%
Group adjusted operating profit	**2,549**	2,472	**3.1%**	10.4%

[1] Definitions and calculations of non-IFRS measures can be found from page 43.
[2] Reconciling items for these purposes are the adjusting items, which are defined under Use of non-IFRS Measures. A reconciliation between operating profit and adjusted operating profit is included under Use of non-IFRS Measures.
[3] On a segment basis, adjusted operating profit is the measure of segment profit or loss reviewed by the Company's chief operating decision maker. Adjusting items are not allocated by segment, as these items are managed centrally by the Group, and therefore are not part of the measure of segment profit or loss reviewed by the Company's chief operating decision maker.

Geographical segment performance

North America

	2023 £m	2022 £m	change (%) YoY	Constant currency[1]	Organic[1]	Price[2]	Vol/Mix[2]
Revenue	**4,195**	4,116	1.9%	2.7%	2.7%	3.6%	(0.9)%
Adjusted operating profit[1]	**1,107**	1,070	3.5%	4.7%	4.8%	n/a	n/a
Adjusted operating profit margin[1]	**26.4%**	26.0%	0.4%	0.5%	0.5%	n/a	n/a

[1] Definitions and calculations of non-IFRS measures can be found from page 43.
[2] Price and volume/mix are components of organic revenue growth.
[3] In 2024, Haleon will consider organic profit growth as a KPI replacing adjusted operating profit; See page 33.

Revenue was £4,195m (2022: £4,116m), a growth of 1.9% on a reported basis which included the negative effect of exchange rates of (0.8)%. There was no impact from net M&A. As a result, revenue grew 2.7% on an organic basis with +3.6% price and (0.9)% volume/mix.

Excluding the impact of foreign exchange and net M&A, Oral Health revenue was up high-single digit in the year, with double digit growth in Sensodyne underpinned by strong performance from Sensodyne Pronamel Active Shield and Sensodyne Sensitivity & Gum. VMS declined mid single digit driven by weakness in the immunity subcategory resulting in a double digit decline in Emergen-C. Centrum declined low-single digit, largely driven by performance in the fourth quarter from retailer stocking patterns. Centrum Silver continued to see strong performance following the activation of cognitive function claims.

Respiratory Health revenue grew high-single digit reflecting a strong cold and flu season at the start of the year combined with a normal seasonal sell-in and good consumption in the second half. Pain Relief grew low-single digit with strength in Excedrin and Voltaren partly offset by lower growth in Advil given the tough comparative from strength last year in Canada. Digestive Health and Other revenue was flat reflecting low-single digit growth in Digestive Health offset by a decline in Skin Health.

Adjusted operating profit increased 3.5% at AER and 4.7% at constant currency driven by pricing, strong cost management and a one-time tax credit which more than offset significant cost inflation in material and labour costs across the region. Adjusted operating profit margin expanded 40bps at AER and 50bps at CER to 26.4%.

Revenue growth

1.9%

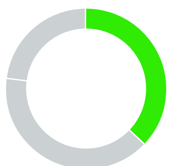
Organic revenue growth[1]

2.7%

Organic profit growth[3]

4.8%

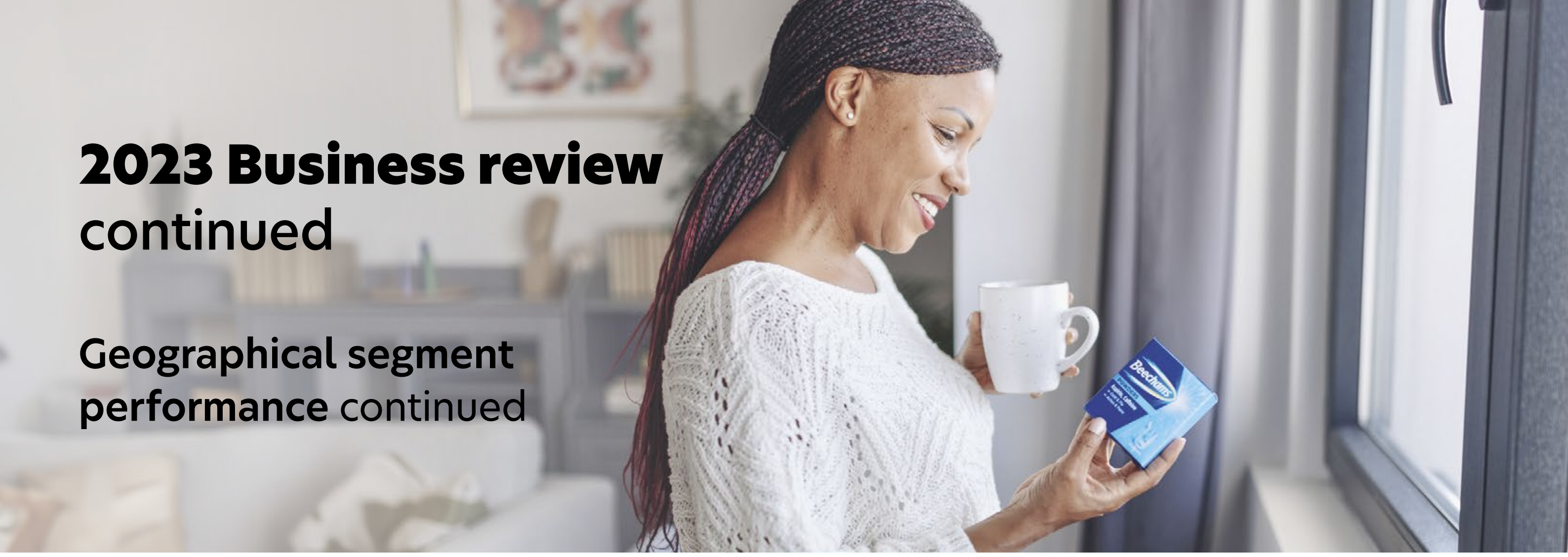
2023 Revenue



North America **37%**

2023 Business review continued

Geographical segment performance continued



Europe, Middle East & Africa (EMEA) and Latin America (LatAm)

	2023 £m	2022 £m	change (%) YoY	Constant currency[1]	Organic[1]	Price[2]	Vol/Mix[2]
Revenue	**4,545**	4,270	6.4%	12.4%	12.6%	12.8%	(0.2)%
Adjusted operating profit[1]	**1,010**	977	3.4%	12.6%	13.4%	n/a	n/a
Adjusted operating profit margin[1]	**22.2%**	22.9%	(0.7)%	0.1%	0.2%	n/a	n/a

1 Definitions and calculations of non-IFRS measures can be found from page 43.
2 Price and volume/mix are components of organic revenue growth.
3 In 2024, Haleon will consider organic profit growth as a KPI replacing adjusted operating profit; See page 33.

Revenue was £4,545m (2022: £4,270m), a growth of 6.4% on a reported basis which included the negative effect of foreign exchange (6.0)% and net M&A impact of (0.2)%. As a result, revenue grew +12.6% on an organic basis with +12.8% price and (0.2)% volume/mix. There was a c.3% impact to revenue from pricing in Turkey and Argentina, which impacted the overall Group by c.1%.

Excluding the impact of foreign exchange and net M&A, Oral Health, Respiratory Health, Digestive Health and Other all grew double digit.

In Oral Health, revenue was supported by double digit growth across all three Power Brands, Sensodyne, parodontax and Polident/Poligrip. VMS saw low-single digit growth with double digit growth in Centrum partly offset by a decline in some Local Growth brands.

Pain Relief increased high-single digit driven by double digit growth in Panadol given strength in Northern and Central & Eastern Europe, and low-single digit growth in Voltaren due to good growth in Middle East & Africa and Southern Europe. Respiratory Health saw strong demand in Theraflu particularly in Central & Eastern Europe as well as double digit growth in Otrivin due to growth in Middle East and Africa and Central and Eastern Europe. In Digestive Health and Other, there was double digit growth in Digestive Health, Smokers Health and Skin Health. In Digestive Health, ENO was particularly strong, and in Skin Health Zovirax also saw strong growth.

Geographically, Latin America, Middle East & Africa and Central and Eastern Europe all saw strong double digit revenue growth which was driven by price. Southern Europe was up high single digit with strength in Italy. Northern Europe was up mid-single digit with particularly strong performance in UK and recovered performance in Germany.

Adjusted operating profit increased 3.4% at AER and 12.6% at constant currency driven by pricing and operational efficiency improvements that more than offset inflationary cost pressures. The impact of divestments was most pronounced in this region, negatively impacting adjusted operating profit growth by 80bps. Adjusted operating profit margin decreased by 70bps at AER to 22.2% and increased 10bps at CER.

Revenue growth

6.4%

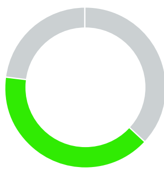
Organic revenue growth[1]

12.6%

Organic profit growth[3]

13.4%

2023 Revenue



EMEA & LatAm **40%**

Asia Pacific (APAC)

	2023 £m	2022 £m	change (%) YoY	Constant currency[1]	Organic[1]	Price[2]	Vol/Mix[2]
Revenue	**2,562**	2,472	3.6%	9.0%	9.0%	2.7%	6.3%
Adjusted operating profit[1]	**541**	506	6.9%	17.8%	17.6%	n/a	n/a
Adjusted operating profit margin[1]	**21.1%**	20.5%	0.6%	1.7%	1.6%	n/a	n/a

[1] Definitions and calculations of non-IFRS measures can be found from page 43.
[2] Price and volume/mix are components of organic revenue growth.
[3] In 2024, Haleon will consider organic profit growth as a KPI replacing adjusted operating profit; See page 33.

Revenue was £2,562m (2022: £2,472m), a growth of 3.6% on a reported basis which included the negative impact of exchange rates of (5.4)%. As a result, revenue grew +9.0% on an organic basis with +2.7% price and +6.3% volume/mix.

Excluding the impact of foreign exchange and net M&A, Respiratory Health and Pain Relief saw double digit growth. There was strong demand for Contac and Fenbid during the first half of the year, following the cessation of COVID-19-related lockdowns in China. Inventory in both these products were pro-actively managed in the second half of the year to normal pre-pandemic levels. In Pain Relief, performance was supported by Voltaren and Panadol with strong results in China and Australia respectively.

Oral Health grew mid-single digit driven by mid-single digit growth in Sensodyne, with double digit growth in India and mid-single digit growth in China. parodontax also delivered double digit growth. VMS grew mid-single digit with Centrum and Caltrate both up mid-single digit. Digestive Health and Other increased mid-single digit.

Geographically, performance was particularly strong in China, and up double digit given strength in Fenbid and Contac at the start of the year. India saw high-single digit growth driven by continued strong growth in Sensodyne. Australia and New Zealand was up mid-single digit underpinned by Panadol performance and South East Asia & Taiwan also saw mid-single digit growth.

Adjusted operating profit increased 6.9% at AER and 17.8% at constant currency driven by positive operating leverage from strong revenue growth combined with operational efficiencies which more than offset inflationary cost pressure. Adjusted operating profit margin increased by 60bps at AER to 21.1% or 170bps at CER.

Revenue growth

3.6%

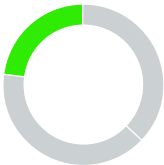
Organic revenue growth[1]

9.0%

Organic profit growth[3]

17.6%

2023 Revenue



2023 Business review
continued

Revenue by market category

Revenue by market category for the year ended 31 December

	Revenue (£m)		Revenue change (%)		
	2023	2022	Reported	Constant currency[1]	Organic[1]
Oral Health	**3,136**	2,957	6.1%	10.6%	10.6%
VMS	**1,640**	1,675	(2.1)%	1.0%	0.9%
Pain Relief	**2,652**	2,551	4.0%	7.3%	7.4%
Respiratory Health	**1,736**	1,579	9.9%	13.7%	13.7%
Digestive Health and Other	**2,138**	2,096	2.0%	6.0%	6.5%
Group revenue	**11,302**	10,858	4.1%	7.9%	8.0%

1 Price and volume/mix are components of organic revenue growth. Definitions and calculations of non-IFRS measures can be found from page 43.

Oral Health
Revenue was £3,136m (2022: £2,957m), a growth of +6.1% on a reported basis which included the negative effect of exchange rates of (4.5)%. This resulted in 10.6% organic growth.

Growth in revenue excluding the impact of foreign exchange was driven by Sensodyne with North America, Middle East and Africa, LatAm and India, all seeing double digit growth. Parodontax benefited from particularly healthy growth in Middle East and Africa and US. Denture Care growth was underpinned by strong performance from innovations such as Polident Max Hold+ and some recovery from the COVID-19 pandemic. Elsewhere, Aquafresh saw mid-single digit growth driven by strong execution in-market.

VMS
Revenue was £1,640m (2022: £1,675m), a decrease of (2.1)% on a reported basis which included the negative effect of exchange rates of (3.0)%. This resulted in 0.9% organic growth.

Growth in revenue excluding the impact of foreign exchange and net M&A was driven by low-single digit growth with double digit growth in Centrum partly offset by a decline in some Local Growth brands. Centrum increased mid single digit with LatAm and China both up double digit. This partly offset a slight decline in North America driven mainly by weakness in the first half of the year. Caltrate increased mid-single digit driven by a similar level of growth in China. As expected, Emergen-C declined double digit in North America given the immunity category reversion to pre-COVID-19 levels, although the brand saw improved performance in Q4 up low single digit in the region.

Pain Relief
Revenue was £2,652m (2022: £2,551m), a growth of + 4.0% on a reported basis which included the negative effect of exchange rates of (3.2)% and net M&A impact of (0.2)%. This resulted in 7.4% organic growth.

Growth in revenue excluding the impact of foreign exchange and net M&A was driven by double digit growth in Panadol due to strength in Middle East and Africa and Australia supported by improved capacity. Voltaren grew mid-single digit with strong growth in the US, Central and Eastern Europe and Middle East and Africa.

Advil grew low single digit and was impacted by more competitive market conditions in the second half of the year and a tough comparative from strong demand in Canada last year following the RSV surge and resulting surge in medication needs for children with Children's Advil.

Fenbid grew over 50% due to exceptional growth in H1 2023 due to the cessation of COVID-19 lockdown restrictions, with inventory levels normalising in H2. Revenue declined in Q4 due to lapping the tough comparatives for Fenbid given strong growth in the prior year as COVID-19 lockdowns ended in China.

Respiratory Health

Revenue was £1,736m (2022: £1,579m), a growth of +9.9% on a reported basis which included the negative effect of exchange rates of (3.8)%. This resulted in organic growth of 13.7%.

Growth in revenue excluding the impact of foreign exchange, resulted from a strong cold and flu season at the start of the year. Following a normal seasonal sell-in in Q3, cold and flu products saw low single digit organic growth in North America and double digit growth in EMEA & LatAm during the fourth quarter. Contac sales were particularly strong, mainly due to significant growth in China in H1 following the end of lockdowns at the end of 2022.

Allergy sales grew low single digit for the year. Theraflu and Otrivin both increased double digit, with strength in Central & Eastern Europe and Middle East & Africa.

Digestive Health and Other

Revenue was £2,138m (2022: £2,096m), a growth of +2.0% on a reported basis which included (4.0)% negative effect of exchange rates and (0.5)% from net M&A. This resulted in organic growth of 6.5%.

Revenue excluding the impact of foreign exchange, was driven by mid single digit growth across the three areas in this product category comprising c.50% Digestive Health, c.25% Skin Health and c.25% Smoking Cessation brands.

Growth in Digestive Health was underpinned by strength in Tums, which was particularly strong in the fourth quarter following a recall in the same period in 2022. Eno also saw double digit growth that was partially offset by a decline in Nexium. In Skin Health, double digit growth in Bactroban was a key growth driver.

2023 Business review continued

Indebtedness, liquidity and financial risk management

Indebtedness

At 31 December 2023, the Group's total borrowings were £9,456m (2022: £10,440m), and the Group's net debt was £8,514m (2022: £9,868m).

Long-term financing consists of $8,448m in USD bonds, as well as €2,350m Euro bonds and £700m GBP bonds issued in March 2022 under a £10,000m Euro Medium Term Note programme. $302m of bond debt was repaid early in 2023 using cashflows from operations. Bond financing includes the $700m USD bond due March 2024, now classified as short-term debt on the balance sheet.

As at 31 December 2023, the Group's long-term and short-term credit ratings were Moody's: Baa1/P-2 and S&P: BBB/A-2.

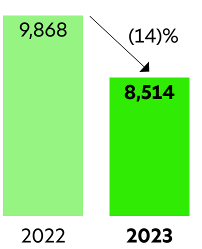
Total borrowings/profit after tax was 8.3x and net debt/adjusted EBITDA was 3.0x as at 31 December 2023. Haleon expects to operate with leverage of around 2.5x net debt/adjusted EBITDA over the medium term.

Cash generation

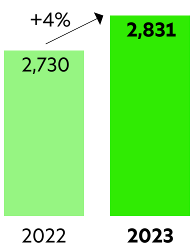
Net cash from operating activities totalled £2,100m in 2023 (2022: £2,063m). Free cash flow was £1,575m, a £4m decrease versus 2022, driven by an increase in operational cashflows and reduction in separation costs which were offset by a full year of interest costs and increased restructuring costs.

De-leveraging through a combination of net debt reduction and adjusted EBITDA growth

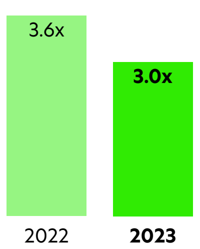
Net debt¹ (£m)



Adjusted EBITDA¹ (£m)

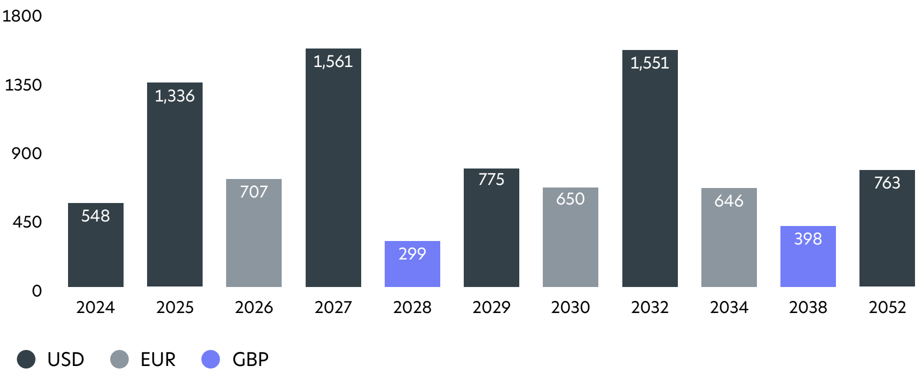


Net debt/ adjusted EBITDA¹

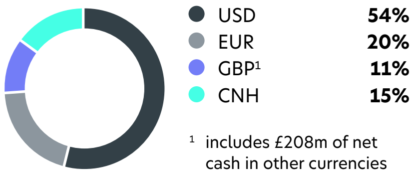


1 Definitions and calculations of non-IFRS measures can be found from page 43.

Bond debt maturity profile (£m)

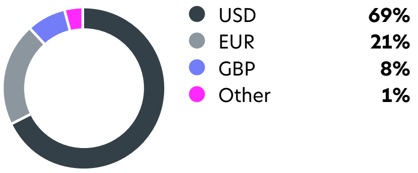


Currency mix of net debt (including swaps)



1 includes £208m of net cash in other currencies

Currency mix of total borrowings (as issued)



Liquidity

At 31 December 2023, the Group had total liquidity of £2,914m comprising £1,920m of bank facilities and £1,044m of cash and cash equivalents, less £50m of bank overdrafts. The Group has undrawn credit facilities of $1,300m (2022: $1,400m) with maturity date of September 2024 and £900m (2022: £1,000m) with maturity date of September 2026. As at 31 December 2023, no amounts were drawn under these facilities (2022: nil).

The Group uses short-term financing to manage working capital requirements and has access to a $10,000m US commercial paper programme and a £2,000m Euro commercial paper programme. There was no commercial paper outstanding as of 31 December 2023 (2022: £302m).

Management believes that the Group has sufficient working capital for present requirements and to minimise liquidity risk, the Group has policies to limit the amount of debt maturing in any year. In addition, policies require the Group to always maintain a minimum available liquidity, including undrawn revolving credit facilities and available cash, less commercial paper issued.

Interest rate risk

The Group's strategic priorities are to minimise interest costs and minimise income statement volatility arising from interest rates.

The Group has a policy to limit the amount of floating rate debt it holds to manage the amount of income statement volatility. The Group will regularly assess its interest rate profile in light of changes to market interest rates.

At 31 December 2023, 77% of debt was fixed with the balance being exposed to floating rates.

Foreign exchange translation risk

The Group's policy is to manage Group net debt such that the currency mix of debt broadly aligns with the currency mix of earnings, considering relative interest costs and practical implications. The currency mix of debt includes the impact of foreign exchange and cross-currency swaps.

Use of non-IFRS measures

We use certain alternative performance measures (APMs) to make financial, operating, and planning decisions and to evaluate and report performance.

We believe these measures provide useful information to investors and as such, where clearly identified, we have included certain alternative performance measures in this document to allow investors to better analyse our business performance and allow greater comparability. To do so, we have excluded items affecting the comparability of period-over-period financial performance. Adjusted results and other non-IFRS measures may be considered in addition to, but not as a substitute for or superior to, information presented in accordance with IFRS and may not be directly comparable with similar measures used by other companies. Additionally, we are unable to present reconciliations of forward-looking information for non-IFRS measures because we are unable to forecast accurately certain adjusting items required to present a meaningful comparable IFRS forward-looking financial measure.

Changes to APMs

In 2023, we introduced organic operating profit growth as a new APM. Organic operating profit growth differs from our presentation of adjusted operating profit growth as it is further adjusted for the effects of acquisitions, divestments, MSAs, and exchange rates. Management believes that presenting organic operating profit growth contributes to the understanding of the Group's performance in a meaningful and consistent way as well as aligning with our organic revenue growth measure. The new APM was effective from 1 January 2023 but we have presented alongside 2022 comparatives.

Beginning in 2024, our organic revenue growth calculation will cap pricing in excess of 26 percent per annum for countries experiencing hyperinflation. For Haleon, this will apply to Argentina and Turkey. Corresponding adjustments will be made to all income statement related lines when calculating organic growth changes.

Additionally, we are no longer presenting free cash flow conversion and net capital expenditure as APMs since they are simply a mathematical derivation of free cash flow in proportion to profit after tax and an aggregation of cash flow line items, respectively.

Adjusted results

Adjusted results comprise adjusted cost of sales, adjusted gross profit, adjusted gross profit margin, adjusted selling, general and administration (SG&A), adjusted research and development (R&D), adjusted other operating income/(expense), adjusted operating expenses, adjusted operating profit, adjusted operating profit margin, adjusted net finance costs, adjusted profit before tax, adjusted income tax, adjusted effective tax rate, adjusted profit after tax, adjusted profit attributable to shareholders and adjusted diluted earnings per share.

Adjusted results exclude net amortisation and impairment of intangible assets, restructuring costs, transaction-related costs, separation and admission costs, and disposals and others, in each case net of the impact of taxes (where applicable) (collectively, the adjusting items).

We believe that adjusted results, when considered together with the Group's operating results as reported under IFRS, provide investors, analysts and other stakeholders with helpful complementary information to understand the financial performance and position of the Group from period to period and allow the Group's performance to be more easily comparable.

Adjusted results include the benefits of restructuring programmes but exclude significant costs (such as significant legal, restructuring and transaction items). They should not be regarded as a complete picture of the Group's financial performance, which is presented in the Group's reported results. The exclusion of other adjusting items may result in adjusted results being materially higher or lower than reported results. In particular, when significant impairments, restructuring charges and legal costs are excluded, adjusted results will be higher than reported results.

Adjusting items

Adjusted results exclude the following items (net of the impact of taxes, where applicable):

Net amortisation and impairment of intangible assets
Net impairment of intangibles, impairment of goodwill and amortisation of acquired intangible assets, excluding computer software. These adjustments are made to reflect the performance of the business excluding the effect of acquisitions.

Restructuring costs
From time to time, the Group may undertake business restructuring programmes that are structural in nature and significant in scale. The cost associated with such programmes includes severance and other personnel costs, professional fees, impairments of assets, and other related items.

Transaction-related costs
Transaction-related accounting or other adjustments related to significant acquisitions including deal costs and other pre-acquisition costs when there is certainty that an acquisition will complete. It also includes costs of registering and issuing debt and equity securities and the effect of inventory revaluations on acquisitions.

Use of non-IFRS measures continued

Separation and admission costs
Costs incurred in relation to and in connection with separation, UK admission and registration of the Company's ordinary shares represented by the Company's American Depositary Shares (ADSs) under the US Exchange Act of 1934 and listing of ADSs on the NYSE (the US Listing). These costs are not directly attributable to the sale of the Group's products and specifically relate to the foregoing activities, affecting comparability of the Group's financial results in historical and future reporting periods.

Disposals and others
Includes gains and losses on disposals of assets, businesses and tax indemnities related to business combinations, legal settlement and judgements, impact of changes in tax rates and tax laws on deferred tax assets and liabilities, retained or uninsured losses related to acts of terrorism, significant product recalls, natural disasters and other items.

These gains and losses are not directly attributable to the sale of the Group's products and vary from period to period, which affects comparability of the Group's financial results. From period to period, the Group will also need to apply judgement if items of unique nature arise that are not specifically listed above.

The following tables set out a reconciliation between IFRS and adjusted results for the year ended 31 December 2023:

2023 £m	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Transaction-related costs[3]	Separation and admission costs[4]	Disposals and others[5]	Adjusted results
Revenue	11,302	–	–	–	–	–	11,302
Gross profit	6,747	224	26	–	4	–	7,001
Gross profit margin %	*59.7%*						*61.9%*
Operating profit	1,996	224	169	2	120	38	2,549
Operating profit margin %	*17.7%*						*22.6%*
Net finance costs	(368)	–	–	–	–	–	(368)
Profit before tax	1,628	224	169	2	120	38	2,181
Income tax	(517)	(53)	(35)	–	(29)	122	(512)
Effective tax rate %	*31.8%*						*23.5%*
Profit after tax for the year	**1,111**	**171**	**134**	**2**	**91**	**160**	**1,669**

The following table shows the adjusting items to reconcile cost of sales to adjusted cost of sales:

2023 £m	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Transaction-related costs[3]	Separation and admission costs[4]	Disposals and others[5]	Adjusted results
Cost of sales	(4,555)	224	26	–	4	–	(4,301)
Cost of sales	**(4,555)**	**224**	**26**	**–**	**4**	**–**	**(4,301)**

The following table shows the adjusting items to reconcile operating expenses to adjusted operating expenses among the relevant components thereof:

2023 £m	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Transaction-related costs[3]	Separation and admission costs[4]	Disposals and others[5]	Adjusted results
Selling, general and administration	(4,413)	–	129	2	116	6	(4,160)
Research and development	(311)	–	14	–	–	–	(297)
Other operating income/(expense)	(27)	–	–	–	–	32	5
Operating expenses	**(4,751)**	**–**	**143**	**2**	**116**	**38**	**(4,452)**

The following table shows the adjusting items used to reconcile diluted earnings per share to adjusted diluted earnings per share:

2023 £m	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Transaction-related costs[3]	Separation and admission costs[4]	Disposals and others[5]	Adjusted results
Profit attributable to shareholders (£m)	1,049	171	134	2	91	160	1,607
Weighted average number of shares (millions)	9,263						9,263
Diluted earnings per share (pence)	**11.3**	**1.8**	**1.4**	**–**	**1.1**	**1.7**	**17.3**

1 **Net amortisation and impairment of intangible assets:** includes impairment of intangible assets of £185m and amortisation of intangible assets excluding computer software of £39m.
2 **Restructuring costs:** includes amounts related to business transformation activities.
3 **Transaction-related costs:** includes amounts related to acquisition of a manufacturing site.
4 **Separation and admission costs:** includes amounts incurred in relation to and in connection with the separation and listing of the Group as a standalone business.
5 **Disposals and others:** includes net losses on disposals of assets and businesses totalling £38m. The tax effect includes a £155m deferred tax charge related to intragroup transfers.

The following tables set out a reconciliation between IFRS and adjusted results for the year ended 31 December 2022:

2022 £m	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Transaction-related costs[3]	Separation and admission costs[4]	Disposals and others[5]	Adjusted results
Revenue	10,858	–	–	–	–	–	10,858
Gross profit	6,577	172	19	–	4	–	6,772
Gross profit margin %	*60.6%*						*62.4%*
Operating profit	1,825	172	41	8	411	15	2,472
Operating profit margin %	*16.8%*						*22.8%*
Net finance costs	(207)	–	–	–	–	–	(207)
Profit before tax	1,618	172	41	8	411	15	2,265
Income tax	(499)	(37)	(7)	(2)	(55)	94	(506)
Effective tax rate %	*30.8%*						*22.3%*
Profit after tax for the year	**1,119**	**135**	**34**	**6**	**356**	**109**	**1,759**

The following table shows the adjusting items to reconcile cost of sales to adjusted cost of sales:

2022 £m	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Transaction-related costs[3]	Separation and admission costs[4]	Disposals and others[5]	Adjusted results
Cost of sales	(4,281)	172	19	–	4	–	(4,086)
Cost of sales	**(4,281)**	**172**	**19**	**–**	**4**	**–**	**(4,086)**

The following table shows the adjusting items to reconcile operating expenses to adjusted operating expenses among the relevant components thereof:

2022 £m	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Transaction-related costs[3]	Separation and admission costs[4]	Disposals and others[5]	Adjusted results
Selling, general and administration	(4,483)	–	25	8	407	44	(3,999)
Research and development	(300)	–	(3)	–	–	–	(303)
Other operating income/(expense)	31	–	–	–	–	(29)	2
Operating expenses	**(4,752)**	**–**	**22**	**8**	**407**	**15**	**(4,300)**

The following table shows the adjusting items used to reconcile diluted earnings per share to adjusted diluted earnings per share:

2022 £m	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Transaction-related costs[3]	Separation and admission costs[4]	Disposals and others[5]	Adjusted results
Profit attributable to shareholders (£m)	1,060	135	34	6	356	109	1,700
Weighted average number of shares (millions)	9,239						9,239
Diluted earnings per share (pence)	11.5	1.4	0.4	0.1	3.8	1.2	18.4

1 **Net amortisation and impairment of intangible assets:** includes impairment of intangible assets of £129m and amortisation of intangible assets excluding computer software of £43m.
2 **Restructuring costs:** includes amounts related to business transformation activities.
3 **Transaction-related costs:** includes amounts related to acquisition of a manufacturing site.
4 **Separation and admission costs:** includes amounts incurred in relation to and in connection with the separation and listing of the Group as a standalone business.
5 **Disposals and others:** includes net gains on disposals of assets and business changes totalling £20m, offset by other items including a provision with respect to PPI litigation. The tax effect includes a £102m deferred tax charge related to the revaluation of US deferred tax liabilities due to the increase in the blended rate of US state taxes expected to apply as a result of the demerger.

Use of non-IFRS measures continued

The following tables set out a reconciliation between IFRS and adjusted results for the year ended 31 December 2021:

2021 **£m**	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Transaction-related costs	Separation and admission costs[3]	Disposals and others[4]	Adjusted results
Revenue	9,545	–	–	–	–	–	9,545
Gross profit	5,950	8	44	–	–	–	6,002
Gross profit margin %	*62.3%*						*62.9%*
Operating profit	1,638	16	195	–	278	45	2,172
Operating profit margin %	*17.2%*						*22.8%*
Net finance costs	(2)	–	–	–	–	–	(2)
Profit before tax	1,636	16	195	–	278	45	2,170
Income tax	(197)	8	(36)	–	(47)	(197)	(469)
Effective tax rate %	*12.0%*						*21.6%*
Profit after tax for the year	**1,439**	**24**	**159**	**–**	**231**	**(152)**	**1,701**

The following table shows the adjusting items used to reconcile cost of sales to adjusted cost of sales:

2021 **£m**	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Transaction-related costs	Separation and admission costs[3]	Disposals and others[4]	Adjusted results
Cost of sales	(3,595)	8	44	–	–	–	(3,543)
Cost of sales	**(3,595)**	**8**	**44**	**–**	**–**	**–**	**(3,543)**

The following table shows the adjusting items to reconcile operating expenses to adjusted operating expenses among the relevant components thereof:

2021 **£m**	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Transaction-related costs	Separation and admission costs[3]	Disposals and others[4]	Adjusted results
Selling, general and administration	(4,086)	–	150	–	278	76	(3,582)
Research and development	(257)	8	1	–	–	–	(248)
Other operating income/(expense)	31	–	–	–	–	(31)	–
Operating expenses	**(4,312)**	**8**	**151**	**–**	**278**	**45**	**(3,830)**

The following table shows the adjusting items used to reconcile diluted earnings per share to adjusted diluted earnings per share:

2021 **£m**	IFRS results	Net amortisation and impairment of intangible assets[1]	Restructuring costs[2]	Transaction-related costs	Separation and admission costs[3]	Disposals and others[4]	Adjusted results
Profit attributable to shareholders (£m)	1,390	24	159	–	231	(152)	1,652
Weighted average number of shares (millions)	9,235						9,235
Diluted earnings per share (pence)	**15.1**	**0.2**	**1.7**	**–**	**2.5**	**(1.6)**	**17.9**

1 **Net amortisation and impairment of intangible assets:** includes impairment of intangible assets of £12m, reversal of impairment of £36m and amortisation of intangible assets excluding computer software of £40m.
2 **Restructuring costs:** includes amounts related to business transformation activities.
3 **Separation and admission costs:** includes amounts incurred in relation to and in connection with the separation and listing of the Group as a standalone business.
4 **Disposals and others:** includes net gains on disposals of assets and businesses totalling £31m, offset by tax indemnities related to business combinations and other expense items totalling £76m. Income tax includes a £164m tax credit related to an uplift of the tax basis of certain intragroup brand transfers.

Constant currency

The Group's reporting currency is Pound Sterling, but the Group's significant international operations give rise to fluctuations in foreign exchange rates. To neutralise foreign exchange impact and to better illustrate the change in results from one year to the next, the Group discusses its results both on an 'as reported basis' or using actual exchange rates (AER) (local currency results translated into Pound Sterling at the prevailing foreign exchange rate) and using constant currency exchange rates (CER). To calculate results on a constant currency basis, prior year exchange rates are used to restate current year comparatives. The principal currencies and relevant exchange rates in the key markets where the Group operates are shown below.

Average rates:	2023	2022	2021
USD/£	**1.24**	1.24	1.38
Euro/£	**1.15**	1.17	1.16
CNY/£	**8.81**	8.31	8.86

Organic revenue growth and organic operating profit growth

Our organic growth measures take our adjusted results and further exclude the impact of divestments, acquisitions, MSAs relating to divestments and closure of production sites, and the impact of foreign currency exchange movements from one period to the next. The Group believes discussing organic revenue growth and organic operating profit growth contributes to the understanding of the Group's performance and trends because it allows for a year-on-year comparison of revenue and operating profit in a meaningful and consistent manner.

Organic measures are calculated period to period as follows, using prior year exchange rates to restate current year comparatives:

- Current year organic measures exclude revenue and operating profit from brands or businesses acquired in the current accounting period.
- Current year organic measures exclude revenue and operating profit attributable to brands or businesses acquired in the prior year from 1 January to the date of completion of the acquisition.
- Prior year organic measures exclude revenue and operating profit in respect to brands or businesses divested or closed in the current accounting period from 12 months prior to the completion of the disposal or closure until the end of the prior accounting period.
- Prior year organic measures exclude revenue and operating profit in respect to brands or businesses divested or closed in the previous accounting period in full.
- Prior year and current year organic measures exclude revenue and operating profit attributable to MSAs relating to divestments and closure of production sites taking place in either the current or prior year, each an organic adjustment. These adjustments are made because these agreements are transitional in nature and, with respect to production site closures, include a ramp-down period in which revenue and operating profit attributable to MSAs gradually reduces several months before the production site closes.

To calculate organic growth for the period, organic measures for the prior year are subtracted from organic measures in the current year and divided by organic measures in the prior year.

Organic revenue growth by individual geographical segment is further discussed by price and volume/mix changes, which are defined as follows:

- Price: defined as the variation in revenue attributable to changes in prices during the period. Price excludes the impact to organic revenue growth due to (i) the volume of products sold during the period and (ii) the composition of products sold during the period. Price is calculated as current year net price minus prior year net price multiplied by current year volume. Net price is the sales price, after deduction of any trade, cash or volume discounts that can be reliably estimated at point of sale. Value added tax and other sales taxes are excluded from the net price.
- Volume/mix: defined as the variation in revenue attributable to changes in volumes and composition of products sold in the period.

Use of non-IFRS measures continued

The following tables reconcile reported revenue growth and reported operating profit growth to organic revenue growth and organic operating profit growth, respectively, for the periods presented.

Geographical segments

	North America	EMEA & LatAm	APAC	Total
2023 vs 2022 (%)				
Revenue growth	**1.9**	**6.4**	**3.6**	**4.1**
Organic adjustments	–	0.2	–	0.1
Effect of exchange rates	0.8	6.0	5.4	3.8
Organic revenue growth	**2.7**	**12.6**	**9.0**	**8.0**
Price	**3.6**	**12.8**	**2.7**	**7.0**
Volume/mix	**(0.9)**	**(0.2)**	**6.3**	**1.0**

	North America	EMEA & LatAm	APAC	Corporate and other unallocated	Total
2023 vs 2022 (%)					
Operating profit growth	**–**	**–**	**–**	**–**	**9.4**
Adjusting items	–	–	–	–	(14.5)
Adjusted operating profit growth	**3.5**	**3.4**	**6.9**	**34.6**	**3.1**
Effect of exchange Rates	1.2	9.2	10.9	(28.5)	7.3
Adjusted operating profit growth (CER)	**4.7**	**12.6**	**17.8**	**6.1**	**10.4**
Organic adjustments	0.1	0.8	(0.2)	–	0.4
Organic operating profit growth	**4.8**	**13.4**	**17.6**	**6.1**	**10.8**

	North America	EMEA & LatAm	APAC	Total
2022 vs 2021 (%)				
Revenue growth	**16.8**	**10.1**	**15.4**	**13.8**
Organic adjustments	0.3	0.9	(1.0)	0.2
Effect of exchange rates	(11.2)	(0.1)	(3.8)	(5.0)
Organic revenue growth	**5.9**	**10.9**	**10.6**	**9.0**
Price	**2.9**	**6.4**	**2.6**	**4.3**
Volume/mix	**3.0**	**4.5**	**8.0**	**4.7**

	North America	EMEA & LatAm	APAC	Corporate and other unallocated	Total
2022 vs 2021 (%)					
Operating profit growth	**–**	**–**	**–**	**–**	**11.4**
Adjusting items	–	–	–	–	21.2
Adjusted operating profit growth	**29.2**	**1.8**	**9.8**	**5.2**	**13.8**
Effect of exchange rates	(17.9)	(0.6)	(4.2)	5.2	(7.8)
Adjusted operating profit growth (CER)	**11.3**	**1.2**	**5.6**	**–**	**6.0**
Organic adjustments	0.2	1.3	(3.4)	–	(0.1)
Organic operating profit growth	**11.5**	**2.5**	**2.2**	**–**	**5.9**

	North America	EMEA & LatAm	APAC	Total
2021 vs 2020 (%)				
Revenue growth	**(6.7)**	**(4.5)**	**4.3**	**(3.5)**
Organic adjustments	2.4	3.4	2.0	2.7
Effect of exchange rates	5.6	4.6	2.8	4.6
Organic revenue growth[1]	**1.3**	**3.5**	**9.1**	**3.8**
Price				**2.2**
Volume/mix				**1.6**

	North America	EMEA & LatAm	APAC	Corporate and other unallocated	Total
2021 vs 2020 (%)					
Operating profit growth	**–**	**–**	**–**	**–**	**2.5**
Adjusting items	–	–	–	–	12.2
Adjusted operating profit growth	**(7.7)**	**12.0**	**22.3**	**36.3**	**4.7**
Effect of exchange rates	6.5	7.6	2.9	3.6	6.4
Adjusted operating profit growth (CER)	**(1.2)**	**19.6**	**25.2**	**39.9**	**11.1**
Organic adjustments	7.1	3.1	4.7	–	5.3
Organic operating profit growth	**5.9**	**22.7**	**29.9**	**39.9**	**16.4**

[1] Organic revenue growth for the year ended 31 December 2020 excludes revenue attributable to brands acquired as part of the Pfizer Transaction for the period 1 January 2020 to 31 July 2020 and includes revenue attributable to these brands for the period 1 August 2020 to 31 December 2020. Sales patterns during these two periods were materially impacted by the COVID-19 pandemic, with increased sales during the former period driven by accelerated purchases by consumers, combined with increased consumption and sales during the latter period negatively impacted by a reduction in consumer inventories and weak cold and flu incidence.

Use of non-IFRS measures continued

Market categories

	Oral Health	VMS	Pain Relief	Respiratory Health	Digestive Health and Other	Total
2023 vs 2022 (%)						
Revenue growth	**6.1**	**(2.1)**	**4.0**	**9.9**	**2.0**	**4.1**
Organic adjustments	–	–	0.2	–	0.5	0.1
Effect of exchange rates	4.5	3.0	3.2	3.8	4.0	3.8
Organic revenue growth	**10.6**	**0.9**	**7.4**	**13.7**	**6.5**	**8.0**

	Oral Health	VMS	Pain Relief	Respiratory Health	Digestive Health and Other	Total
2022 vs 2021 (%)						
Revenue growth	**8.6**	**11.6**	**14.0**	**39.5**	**7.4**	**13.8**
Organic adjustments	(0.3)	(0.2)	(0.4)	–	2.2	0.2
Effect of exchange rates	(2.7)	(6.4)	(4.7)	(6.9)	(6.7)	(5.0)
Organic revenue growth	**5.6**	**5.0**	**8.9**	**32.6**	**2.9**	**9.0**

	Oral Health	VMS	Pain Relief	Respiratory Health	Digestive Health and Other	Total
2021 vs 2020 (%)						
Revenue growth	**(0.8)**	**0.5**	**2.1**	**(12.8)**	**(9.8)**	**(3.5)**
Organic adjustments	–	0.3	0.3	6.4	7.6	2.7
Effect of exchange rates	5.2	3.4	4.1	4.6	5.3	4.6
Organic revenue growth[1]	**4.4**	**4.2**	**6.5**	**(1.8)**	**3.1**	**3.8**

[1] Organic revenue growth for the year ended 31 December 2020 excludes revenue attributable to brands acquired as part of the Pfizer Transaction for the period 1 January 2020 to 31 July 2020 and includes revenue attributable to these brands for the period 1 August 2020 to 31 December 2020. Sales patterns during these two periods were materially impacted by the COVID-19 pandemic with increased sales during the former period driven by accelerated purchases by consumers combined with increased consumption and sales during the latter period negatively impacted by a reduction in consumer inventories and weak cold and flu incidence.

Adjusted EBITDA

Adjusted EBITDA is calculated as profit after tax excluding income tax, finance income, finance expense, adjusting items (as defined on page 43), depreciation of property, plant and equipment and right of use assets, amortisation of computer software, impairment of property, plant and equipment, right of use assets and computer software net of impairment reversals. Adjusted EBITDA does not reflect cash expenditures, or future requirements for capital expenditures or contractual commitments. Further, adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs, and although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised are likely to be replaced in the future and adjusted EBITDA does not reflect cash requirements for such replacements.

Adjusted EBITDA eliminates differences in performance caused by variations in capital structures (affecting net finance costs), tax positions (such as the availability of net operating losses against which to relieve taxable profits), the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortisation expense). As a result, we believe that adjusted EBITDA provides useful information to understand and evaluate the Group's operating results.

The reconciliation between profit after tax for the year and Adjusted EBITDA for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 is provided below:

£m	2023	2022	2021
Profit after tax	**1,111**	**1,119**	**1,439**
Add back: Income tax	**517**	499	197
Less: Finance income	**(34)**	(51)	(17)
Add back: Finance expense	**402**	258	19
Operating profit	**1,996**	**1,825**	**1,638**
Net amortisation and impairment of intangible assets	**224**	172	16
Restructuring costs	**169**	41	195
Transaction-related costs	**2**	8	–
Separation and admission costs	**120**	411	278
Disposals and others	**38**	15	45
Adjusted operating profit	**2,549**	**2,472**	**2,172**
Add back: Depreciation of property, plant and equipment	**152**	142	139
Add back: Depreciation of right of use assets	**49**	38	35
Add back: Amortisation of computer software	**69**	64	54
Add back: Impairment of property, plant and equipment, rights of use assets and computer software net of impairment reversals	**12**	14	13
Adjusted EBITDA	**2,831**	**2,730**	**2,413**

Use of non-IFRS measures continued

Free cash flow

Free cash flow is calculated as net cash inflow from operating activities plus cash inflows from the sale of intangible assets, the sale of property, plant and equipment and interest received, less cash outflows for the purchase of intangible assets, the purchase of property, plant and equipment, distributions to non-controlling interests and interest paid.

We believe free cash flow is meaningful to investors because it is the measure of the funds generated by the Group available for distribution of dividends, repayment of debt or to fund the Group's strategic initiatives, including acquisitions. The purpose of presenting free cash flow is to indicate the ongoing cash generation within the control of the Group after taking account of the necessary cash expenditures for maintaining the capital and operating structure of the Group (in the form of payments of interest, corporate taxation and capital expenditure).

The reconciliation of net cash inflow from operating activities to free cash flow for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 is provided below:

£m	2023	2022	2021
Net cash inflow from operating activities	**2,100**	2,063	1,356
Purchase of property, plant and equipment	**(234)**	(304)	(228)
Proceeds from sale of property, plant and equipment	**–**	–	12
Purchase of intangible assets	**(102)**	(24)	(70)
Proceeds from sale of intangible assets	**246**	36	137
Less: Distributions to non-controlling interests	**(58)**	(48)	(35)
Less: Interest paid	**(404)**	(163)	(15)
Add: Interest received	**27**	19	16
Free cash flow	**1,575**	**1,579**	**1,173**

Net debt

Net debt at a period end is calculated as short-term borrowings (including bank overdrafts and short-term lease liabilities), long-term borrowings (including long-term lease liabilities), and derivative financial liabilities less cash and cash equivalents and derivative financial assets.

We analyse the key cash flow items driving the movement in net debt to understand and assess cash performance and utilisation in order to maximise the efficiency with which resources are allocated.

The analysis of cash movements in net debt allows management to more clearly identify the level of cash generated from operations that remains available for distribution after servicing the Group's debt. In addition, the ratio of net debt to adjusted EBITDA is used by investors, analysts and credit rating agencies to analyse our operating performance in the context of targeted financial leverage.

The reconciliation of net debt to the different balance sheet items as at 31 December 2023 and 31 December 2022 is provided below:

£m	2023	2022
Short-term borrowings	**(656)**	(437)
Long-term borrowings	**(8,800)**	(10,003)
Derivative financial liabilities	**(190)**	(206)
Derivative financial assets	**88**	94
Cash and cash equivalents	**1,044**	684
Net debt	**(8,514)**	**(9,868)**

Our approach to risk

We understand the challenges and uncertainties we face and take a proactive approach to risk management to maximise opportunities, drive informed commercial decision-making, and protect our people and assets.

Risk management framework

At Haleon, management of risk is firmly embedded in our strategy to achieve our long-term goals. We have a diverse range of risks and have appropriate processes and tools to identify risks before they materialise.

We have simplified and embedded the risk management framework within the strategy and planning cycle, which ensures accountability for the identification, assessment, mitigation and monitoring of risks aligned with our strategic objectives. The framework supports information flow and open communication between the Board, the Audit & Risk Committee (ARC), the Executive Team, our functions, business units, markets and sites.

Our framework defines the essential elements of the Group's approach to risk management and compliance programmes, ensuring risks associated with conducting business activities are effectively controlled, in line with the Board's risk appetite and compliance with regulatory requirements.

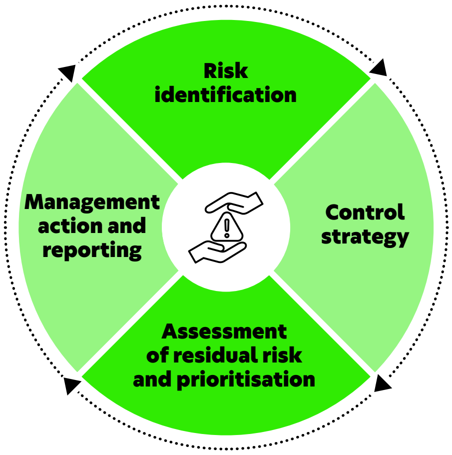
The framework is aligned to the three lines model which assigns roles and responsibilities for the management of risks within Haleon.

Risk governance

The Board has ultimate accountability for managing the Group's risks and setting our risk appetite in line with our strategic objectives. The Board ensures appropriate oversight through various mechanisms, including strategy meetings, management reports and reviews of selected risk areas.

To assist the Board in discharging its responsibilities, the ARC is responsible for reviewing and assessing the effectiveness of the Group's risk management and internal control systems, covering the Group's enterprise risks, financial and operational controls and procedures.

Risk management at Haleon



Top down
- Board/Board Committees
- Enterprise Risk & Compliance Committee
- Annual enterprise risk assessment

Bottom up
- Expert risk & control functions
- Business unit and function ongoing risk/control strategy review
- Business unit and function annual risk assessment

Internal inputs
- Internal data and insights
- Strategic objectives
- Internal audit outcomes

External inputs
- UK Corporate Governance Code, laws and regulations
- External partners
- External audit outcomes

Three lines

	Board	Accountability to stakeholders for organisational oversight
	Board Committees Audit & Risk | Environmental & Social Sustainability Nominations & Governance | Remuneration	
	Enterprise Risk & Compliance Committee	
3 **Third line**	**Internal Audit**	Independent and objective assurance and advice on all matters related to the achievements of objectives
2 **Second line**	**Enterprise Risk Management** **Expert Risk & Control Functions**	Expertise, support, monitoring and challenge on risk-related matters
1 **First line**	**Business units** | **Functions**	Leads and directs actions and applications of resources to achieve the objectives of the organisation

Our approach to risk continued

The Executive Team is joined by the Heads of Audit & Risk and Ethics & Compliance to form the Enterprise Risk and Compliance Committee (ERCC). The ERCC meets quarterly and ensures that risks are adequately managed, and the risk management framework is effectively deployed throughout the Group. The ERCC discusses enterprise and emerging risks, reviews industry trends, regulatory developments, high-profile incidents and critical audit findings. Each enterprise risk is owned by an ERCC member, who is accountable for designing and implementing risk mitigation strategies and regularly reporting risk updates to the ARC and ERCC.

At a functional, business unit, market and site level, regular risk review meetings ensure a more granular review of risk and operationalisation of strategic priorities.

These governance forums provide the ERCC with a bottom-up view of risks and issues along with oversight of how the key risks are being managed. Open communication and adequate reporting remain essential to ensure Haleon's leaders maintain a sound risk culture and are kept informed to allow for swift decisions and meaningful actions.

An annual management confirmation review across each business unit and function ensures key risks are well managed and that corrective and preventative actions are in place to address any significant gaps.

Assessing risk

We continuously assess and evaluate the risks posed by the changing environments in which we operate to ensure an appropriate, measured, and timely response by considering potential impacts and most likely scenarios.

The annual enterprise risk assessment (ERA) for 2023 included a risk survey and interviews with the Board, Executive Team and business unit general managers to identify and evaluate both current and emerging risks, and to inform the 2024 internal audit plan. The ERA outcome also reflects on whether we think the impact and likelihood associated with each of our enterprise risks are increasing or decreasing.

The top-down process is complemented by horizon scanning to identify external trends, and inputs from risk review meetings at all levels of the organisation help us identify opportunities and/or emerging risks.

The ERA results have been shared with the ARC and the Board to confirm the principal risks and agree on the Group's risk management priorities for 2024.

Our principal risks

Our principal risks are a subset of our enterprise risks and are deemed by the Board to be the most significant risks faced by the Group, including those that can materially impact our performance and/or reputation and could threaten our long-term business model or liquidity.

Our principal risks remain unchanged from the previous year and are not listed in any particular order and do not comprise an exhaustive list of risks associated with the business. While a robust assessment of these risks has been undertaken, additional risks not known to the Board or assessed to be less significant may also materialise and result in an adverse effect on the business. Haleon also faces other enterprise risks that we manage as part of our integrated risk management framework and include health and safety, product quality, product user safety, financial, and legal and compliance.

Principal risk and link to strategy	Description and risk development	Mitigation
1 2 3 4 **Growth model** Our success depends on our ability to identify and explore business opportunities to deliver organic growth. ⇔	Failure to meet our medium-term organic growth objectives due to inadequate strategic and/or financial planning, lack of innovation, and deficient execution could result in erosion of shareholder value and damage to our reputation. The potential room for growth given the limited penetration of some categories and the fit of consumer health care with the consumer's needs and social demographic trends will continue to attract competitors at a global and local level. This exposes us to the risk of our product portfolio not being aligned to consumer needs or demands, and innovation not being responsive to competitor offerings, changes in consumer preference or market structure. In addition, the risk of increasing customer concentration, market consolidation and shifts in sales channel structures can lead to increasing pressure on pricing and margins. This risk remains unchanged from 2022. >> See also our business model on page 8.	We have implemented a clear strategy to achieve our organic growth objectives by increasing household penetration and capitalising on new and emerging opportunities. This is underpinned by a granular understanding of consumer's habits and needs. We continuously review and benchmark our performance against competitors, analysing internal and external data when performing our annual business planning and budgeting process, and monthly business reviews. Our business unit leaders remain aligned to execute our growth strategy, capitalise on our Power Brands, expanding them across geographies and leading markets, and build our local strategic brands in markets. We follow an integrated forecast and demand planning process while keeping discipline in pricing drivers across markets and driving efficient commercial execution. Global and local teams are mobilised and functioning to deliver effective growth across all product portfolio categories. We remain resilient in our value proposition across sales channels, exploring opportunities to further enhance routes to market, profitability, market share and growing our digital capabilities.

Strategy key

- 1 Increase household penetration
- 2 Capitalise on new and emerging opportunities
- 3 Maintain strong execution and financial discipline
- 4 Run a responsible business

Trend key

- ↑ Increasing risk
- ↓ Decreasing risk
- ⇔ Unchanged
- △ New risk

Principal risk and link to strategy	Description and risk development	Mitigation
3 4 **People and organisation** Talent attraction and retention is pivotal to the success of Haleon as is the effectiveness of our operating structures. ⇔	Inability to attract, develop and retain a diverse range of skilled employees as we deliver a fit for the future organisation in a highly competitive market, which could have an impact on our ability to achieve our strategic objectives. If we do not execute effective talent management processes, including career progression and driving people engagement, we will not be successful in establishing a strong employer brand and ultimately affect our ability to have a workforce that is realising its full potential. Failing to pursue a fit for the future, efficient organisation in a fast-paced environment could impair the achievement of our objectives. This risk remains unchanged from 2022. >> See also our culture and people section from page 18.	We continuously work to attract and retain the best talent. Our annual Haleon employee survey continued to show high-level participation (84%) and provided valuable insights that will drive our actions and improve our reputation as a desirable workplace. We continue our activities enhancing leadership standards, implementing a new performance management process and embedding our culture. Our employer value proposition initiatives through social media channels continue to further develop our corporate brand and reputation. We remain active in strengthening our talent acquisition processes. We remain committed to being a modern employer, with a DEI strategy and investment in employee experience activities. We continue to develop our structures in a way that will deliver a fit for the future, fast-paced consumer organisation that is capable of enabling growth.
2 4 **Trusted ingredients** Haleon's brands must reflect trusted science and ingredients to consumers. ↑	Loss of customer confidence due to not pursuing best-in-class science or not monitoring and responding to emerging ingredient data and changes in consumer perception of product ingredients could negatively impact our brands and our reputation. The regulatory and public scrutiny of the safety, efficacy, purity and potential environmental impact of ingredients in healthcare products remains a key area of focus. Failure to actively monitor ingredient-related risks and address emerging ingredient regulations and industry and market trends can negatively impact our business and reputation. Our priority areas include: responsible practices to address active pharmaceutical ingredients in the environment; appropriate use of titanium dioxide inclusive of nanomaterials; and monitoring the potential for nitrosamine formation in our products. We take these responsible business actions to ensure our products are safe when used as directed and compliant with existing regulations. This risk has increased in 2023 to reflect the rapidly increasing pressure and scrutiny from governments, regulators, NGOs and consumers over the safety and efficacy of ingredients within consumer healthcare products.	Our approach and success as a global consumer health company is underpinned by our understanding of the evolving science of ingredients and deep human understanding of consumer needs and preferences. We have extensive controls in place designed to evaluate benefits and risks and identify potential concerns about ingredients. Whenever we introduce a new ingredient into our portfolio, we conduct an independent evidence-based review of the ingredient's safety. We manage ingredient-related risks through an established trusted ingredients framework, enabling us to collect intelligence from multiple external sources, anticipating and detecting early signals to inform our approach and action plans to tackle ingredient risk. We have cross-functional dedicated resources across Haleon that provide expertise in informing our choices of active ingredients and excipients/additives. We actively participate in industry associations to gain insights and to impact the environment we operate in for the benefit of consumers.

>> Haleon may incur liabilities or be forced to recall products as a result of real or perceived product quality or other product-related issues, see page 196.
>> More information is available at **www.haleon.com**/our-impact/environment/sourcing-trusted-ingredients-sustainably

Strategy key

1 Increase household penetration
2 Capitalise on new and emerging opportunities
3 Maintain strong execution and financial discipline
4 Run a responsible business

Trend key

↑ Increasing risk
↓ Decreasing risk
⇔ Unchanged
△ New risk

Our approach to risk continued

Principal risk and link to strategy	Description and risk development	Mitigation
1 2 3 4 **Supply chain resilience** Continued challenges to our supply chain capacity test our resilience to ensure we meet increasing customer demand. ↑	Disruption or constraints in our global sourcing and supply network due to external or internal factors or insufficient capacity leading to the inability to meet consumer demand and desired service levels. The end-to-end supply chain has also been impacted by rising commodity and energy costs and remains a key area of focus. This risk has increased in 2023, mainly in anticipation of the impact from ongoing and potential geopolitical and environmental factors.	We continue to focus on optimising our capacity to respond to future needs and deliver to customers and consumers efficiently, while adhering to local regulations and safety standards. We continue to invest in internal and third-party capacity and alternate raw material suppliers to support demand especially for Panadol, Emergen-C, Theraflu and Otrivin. We continue to expand dual sourcing for the most critical raw materials to increase supply chain resilience and accommodate changes in our portfolio and geopolitical and market conditions. Crisis and business continuity management plans are in place and tested every year with different scenarios enabling teams to respond to incidents and identify opportunities for continuous improvement. We rely on transparent team communication to support swift decision-making towards recovering critical business functions and assets in the event of a disruption.
2 4 **Environmental, social and governance** Sustainability and climate-related risks are integrated into our business and investment decisions. ↔	Failure to address existing and emerging environmental, social and governance risks could materially damage our reputation leading to significant financial losses. Responsible performance is critical to our investors, customers, consumers and employees. We are partially reliant on infrastructure changes and external factors to achieve our goals. Important dependencies include: the pace at which global energy supplies switch to renewables; the recycling industry developing technology to recycle small formats; the availability of responsibly and sustainably sourced or recycled materials; and the rapidly changing regulatory and legislative environment. The uncertain nature of climate change, governmental response and consumer behaviour bring additional challenges and opportunities. While we continue to operate in a fast-moving external reporting and regulatory environment, the risk remains unchanged from 2022. >> See also our approach to sustainability from page 22, including our TCFD disclosure.	Being a responsible business is central to Haleon's strategy and purpose, and is underpinned by robust Executive Team sponsorship, governance processes and overseen by the Environmental & Social Sustainability Committee. Our responsible business goals and policies cover the areas of highest impact materiality for Haleon, namely: carbon emissions; plastics and packaging; product quality; safety and health inclusivity. Our goals in these areas and for sustainable sourcing, waste and water are set using detailed analyses, benchmarking, and materiality assessments to ensure they are ambitious, relevant, and achievable. Our health inclusivity initiatives empower people to be more included in opportunities for better everyday health and strengthen our brand and corporate reputation with consumers, customers and other key stakeholders. We maintain and continue to develop collaborative relationships with external partners and organisations to find solutions for complex interconnected issues which require wider systems change. We closely monitor changes in consumer attitudes and behaviours, policy and regulatory developments and update our climate risk modelling and action plan regularly through our TCFD programme of work and disclosures.

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Principal risk and link to strategy	Description and risk development	Mitigation
4 **Cyber-security** Haleon's operations depend on robust and secure IT systems and information management. ↑	Major disruption to our IT systems, including through cyber attacks, could materially impact our operations, harm our reputation and lead to significant financial losses. We see cyber attacks increasing in scope, scale and sophistication as geopolitical competition and conflict mounts. As our activities rely on digital services, such adversity could disrupt our global business, our research and development, supply chain and sales, and ultimately impact our results and reputation. The likelihood of such threats continues to be on the rise due to our public profile, use of third parties who support various activities, the increasingly dynamic geopolitical situation and our manufacturing processes relying on end-of-life equipment for some critical processes. Thus, cyber-security continues to be a key risk and we respond accordingly. This risk has increased since 2022 due to an increase in cyber attacks, phishing incidents and enhancements needed to Haleon's infrastructure in order to comply with the US National Institute of Standards and Technology Cybersecurity Framework (NIST CSF).	Our focus remains on ensuring Haleon operates with secure, resilient IT systems and manages information adequately. We operate and continuously improve the maturity of our technology control framework. We continue to enhance our strategy in relation to identity and access management to optimise the usage of tools, simplify workflows and consistently apply key cyber-security concepts and capabilities. Our focus remains on ensuring our operational technology is superior and robust to support Haleon's business needs and to facilitate targeted intervention as necessary. We engage leading external organisations to optimise our cyber defences and the maturity of our operating practices. This includes regular assurance of our cyber maturity, independent security and penetration testing and crisis management exercises.
2 **3** **4** **Geopolitical instability** Changes in the geopolitical landscape are continuously monitored. ↑	Failure to monitor and respond to the increasing geopolitical tensions destabilising key markets can impair our ability to deliver our growth and strategic objectives, leading to commercial, financial and reputational losses, challenging the exchange of products and services, and restricting the movement of talent. Increased sanctions, other supranational guidelines and the imposition of tariffs raise our risk profile and could lead to severe trade disruptions, cash flow constraints, and restricted opportunities for strategic growth. International cooperation remains under pressure, including the increasingly complex political relationship between China and the US, our two largest markets, which may hinder the prospects of current trade deals and increase retaliation. This risk has increased in 2023 as a result of increasing protectionist policies. Looking forward into 2024, it is expected to be an important year with many countries around the world heading into government elections.	We remain vigilant in monitoring the geopolitical trends and how they are likely to impact our business from a people, cash flow and access to products perspective. Geopolitical risks are considered and managed within our continuity planning for both our internal resilience and the resilience of our extended supply chain. We assess and depend on the robustness of crisis management and business continuity plans which are in place for all key markets and sites. Scenario analysis is applied in our planning processes to assess potential impacts. Our trade compliance and sanctions teams monitor upcoming changes in regulation and oversee import and export activities. We are deeply concerned about ongoing crises in various parts of the world. Our response to these situations is led by our purpose to deliver better everyday health with humanity, putting our employees' safety, security and wellbeing first. We remain focused on ensuring access to our essential health products and providing humanitarian support, including areas impacted by crises and conflict.

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- ↓ Decreasing risk
- ↔ Unchanged
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Our approach to risk continued

Emerging risks

Emerging risks are uncertainties or potential disruptors that have not yet crystallised into specific risks and whose potential impact is difficult to predict. They are reviewed by the Board alongside our enterprise risks.

Emerging risk and link to strategy	Description and risk development	Outlook
2 3 4 **Macroeconomic uncertainty** Haleon's operations benefit from a stable macroeconomic environment.	Macroeconomic uncertainty represents challenging conditions that affect the economies where we operate. For instance, significant increases in energy costs and inflationary pressures, including materials, wages and transportation costs, may adversely impact consumer behaviours and our cost structure. The continuation of higher interest rates could result in higher financing costs and cash outflows. Changes to fiscal and monetary policies may lead to unexpected tax exposures for the Group. Fluctuations between trading currencies introduce exposure to transactional and translational currency risks.	Macroeconomic volatility in key markets remains on the horizon for 2024. We remain proactive and vigilant in monitoring the financial conditions and assessing the potential impact of these scenarios on our business model and financial targets.
2 3 4 **Mass Generative AI** Haleon could utilise AI in a controlled, and risk-conscious manner to find efficiency gains or add new business capabilities. New risk	AI has the potential to both significantly disrupt the industry within which we operate and create opportunities to drive competitive advantage. Adoption of AI within the business is still at nascent stages with regulatory guidelines still evolving. Unclear use of AI may cause a misalignment with the organisation's culture, generate unreliable outputs and may also impact potential business growth.	AI capabilities and expectations continue to grow rapidly. We are actively monitoring the progress in this area including changes to the regulatory landscape and continue to assess AI's impact on Haleon and Haleon's AI adoption goals.

>> See also our culture and people, approach to sustainability (including our TCFD disclosure), Audit & Risk Committee Report and risk factors sections on pages 18, 22, 72 and 193.

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Increasing risk
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Viability statement

In accordance with Provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the viability of the Group by considering the activities and principal risks together with factors likely to affect the Group's future development, performance, financial position, cash flows, liquidity position and borrowing facilities, as described in the Annual Report.

The Directors' assessment of viability has been made over a three-year period, which corresponds to the Group's planning cycle. Additionally, the Directors believe this presents the readers of the Annual Report with a reasonable degree of confidence over the period assessed.

The assessment considered the Group's prospects related to revenue, operating profit and free cash flow. The Directors considered the maturity dates for the Group's debt obligations and its access to public and private debt markets, including its committed credit facilities. The Directors also carried out a robust review and analysis of the principal risks facing the Group, including those risks that could materially and adversely affect the Group's business model, future performance, solvency and liquidity.

Stress testing was performed on a number of scenarios, including the potential impact of severe but plausible scenarios over the viability period for each potential combination of principal risks identified below. In total, four individual scenarios have been created incorporating a combination of principal risks, with a fifth collective scenario, which combines all the individual scenarios. Mitigating actions for such scenarios include reducing A&P spend, reducing capital spend, pausing M&A activity and cancelling shareholder dividends.

Based on the assessment described above and considering the Group's current financial position, debt maturity profile, stable cash generation, access to liquidity, geographic diversification and lack of concentration of supply, the Directors have a reasonable expectation that the Group is well positioned to manage principal risks and potential downside impacts of such risks materialising. As a result, the Directors expect that the Company will be able to continue in operation and meet its liabilities as they fall due over the assessment period.

Scenario modelled	Key assumptions	Link to principal risks
Scenario 1: A climate event results in a major manufacturing site shutdown for 18 months, causing disruption to the supply chain increasing commodity, freight and labour costs and a Group-wide cyber event which would cause lost sales for two weeks.	– Decrease in net revenue and gross profit as a result of a loss of product sales. – Increase in commodity, freight and labour costs of other manufacturing sites.	– Supply chain resilience. – Trusted ingredients. – Environmental, social and governance. – Cyber-security.
Scenario 2: No sales price increases or volume growth over the forecast period across all product categories to reflect slower economic growth and competitor activity.	– No price increases and forecasted growth, with a corresponding impact on cost of goods sold due to lower volumes.	– Growth model. – Geopolitical instability. – Macroeconomic uncertainties (emerging risk).
Scenario 3: Inability to access capital market, inflationary pressure, foreign currency volatility, interest and tax risks, and geopolitical risks.	– Failure to further issue commercial paper. – Double interest costs on floating rate debt bonds. – Depreciation of major local currencies where the Group generates its profits by 5% against pound sterling. – No revenue and operating profit generated from countries involved in armed conflict across the plan period.	– Geopolitical instability. – Macroeconomic uncertainties (emerging risk).
Scenario 4: A significant incident that leads to a product recall and reputational damage for a key brand resulting in nil sale of products from this brand for six months.	– 75% decrease in sales and operating profit for a Power Brand for six months. – Significant legal fine (5% of group turnover) – Write off all inventories relating to the product of the above Power Brand. – Additional investment in A&P to rebuild the brand.	– Growth model. – Supply chain resilience. – Trusted ingredients.
Scenario 5: Combination of all the above scenarios together with mitigating actions that could reasonably be implemented.	– Reduced A&P spend, reduced capital spend, and cancellation of shareholder dividends.	– All the above.

Statement of compliance

Section 172 statement

Details relevant to how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006 can be found across the Report, including, but not limited to, the Chair's statement and CEO review on pages 4 and 5, culture and people from page 18, and our approach to sustainability from page 22. The Section 172 statement is provided on page 69.

Non-financial and sustainability information statement

Non-financial and sustainability information, including a description of policies, due diligence processes, outcomes and risks and opportunities can be found in the Annual Report as set out below. Internal verification and disclosure controls apply to all the information covered in these areas. Our Climate-related Financial Disclosures are contained in the TCFD disclosure on pages 24 to 31 and, for item (h), also on pages 32, 188 and 189.

>> Further information about our responsible business assurance activities can be found at **www.haleon.com**/our-impact/esg-reporting-hub

Our key policies and positioning statements, including our Code of Conduct can be found on Haleon's website:

Environment	**www.haleon.com**/our-impact/environment **www.haleon.com**/who-we-are/Governance/codes-policies-and-standards **www.haleon.com**/who-we-are/our-policy-positions **www.haleon.com**/our-impact/esg-reporting-hub
Employees	**www.haleon.com**/our-impact/upholding-our-standards **www.haleon.com**/who-we-are/Governance/codes-policies-and-standards **www.haleon.com**/who-we-are/our-policy-positions **www.haleon.com**/our-impact/gender-pay-gap **www.haleon.com**/our-impact/esg-reporting-hub
Social matters and business conduct	**www.haleon.com**/our-impact/upholding-our-standards **www.haleon.com**/who-we-are/Governance/codes-policies-and-standards **www.haleon.com**/who-we-are/our-policy-positions **www.haleon.com**/our-impact/esg-reporting-hub
Human rights and modern slavery	**www.haleon.com**/our-impact/upholding-our-standards **www.haleon.com**/who-we-are/Governance/codes-policies-and-standards **www.haleon.com**/our-impact/esg-reporting-hub Our Modern Slavery Act Statement can be found at **www.haleon.com** under RESOURCES
Anti-corruption and anti-bribery	**www.haleon.com**/who-we-are/Governance/codes-policies-and-standards

The Strategic Report on pages 2 to 60 was approved by the Board on 15 March 2024.

Amanda Mellor
Company Secretary