

HALEON



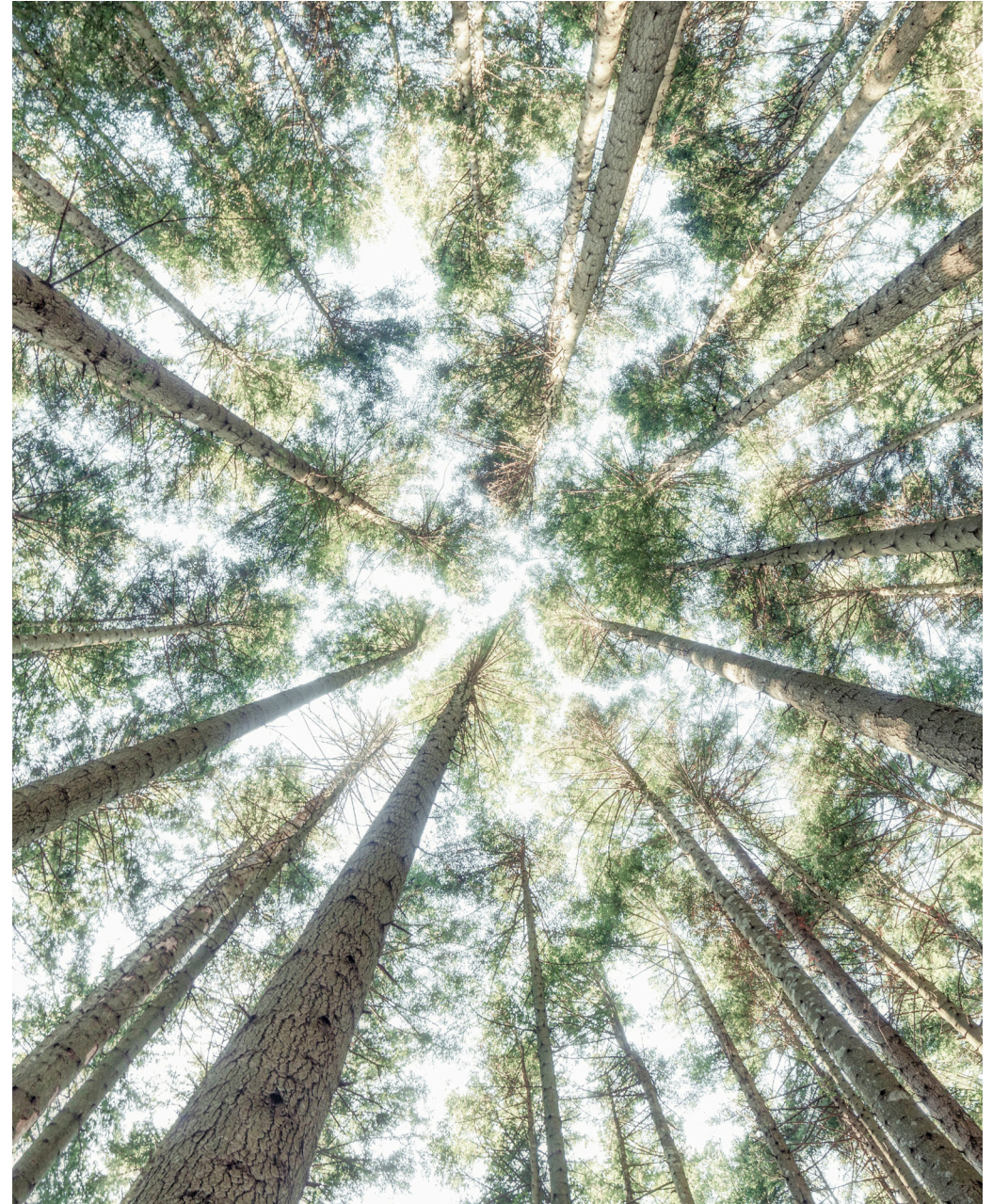
Climate Action Transition Plan

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Approval and review of the Climate Action Transition Plan

This statement has been approved by the Environmental & Social Sustainability Committee of the Board of Haleon plc on 6 March 2024.



Message from Vice President, Sustainability

Climate change has been identified by the World Health Organization (WHO) as the single biggest threat to human health, with the effects felt first and hardest by vulnerable populations and marginalised groups, compounding social and health inequities¹. Communities around the world are facing significant challenges linked to climate change – from the impact of more frequent extreme weather events, to breathing polluted air, and a rise in vector-borne illnesses, such as dengue and malaria, which are affecting more areas as weather patterns change². There is a clear need to reduce carbon emissions and tackle climate change while also providing solutions to help people mitigate the impact on their everyday health, now and in the future – ensuring the needs of vulnerable populations and marginalised groups who are disproportionately impacted are taken into account.

As a consumer health company with a purpose to deliver better everyday health with humanity, recognising and acting on these links is at the heart of Haleon's responsible business strategy, which focuses on tackling the environmental

and social barriers which stand in the way of people's better everyday health. We know that delivering on our carbon reduction goals and helping to address major social and environmental challenges is going to require bold data-driven collaboration across our value chain and systemic change.

We are making progress in decarbonising our operations, with the transition to 100% renewable electricity at our own sites from 2022. In the short-term, we will continue to decrease emissions in our direct operations by moving to renewable fuels and through the electrification of heating and cooling systems at our sites. Our upstream value chain emissions comprise the majority of our Scope 3 carbon emissions footprint – with raw and active pharmaceutical ingredients, and packaging materials being the biggest drivers. Our category and procurement teams are working with our suppliers to tackle the key drivers of their carbon emissions intensity – for example, by setting clear expectations of our suppliers to move to renewable electricity, reduce carbon emissions in the processing of materials, and

identify alternative low carbon feedstocks for key ingredient and packaging materials where the biggest driver of their footprint is the embedded carbon in the materials they are derived from.

The Haleon Climate Action Transition Plan outlines the steps the Company will take to meet our goals of reducing net Scope 1 and 2 emissions by 100% by 2030 versus a 2020 baseline³, Scope 3 emissions from source to sale by 42% by 2030 versus a 2022 baseline and achieving net zero emissions by 2040⁴ aligned to guidance from The Climate Pledge and Race to Zero. In addition to reducing our carbon emissions across Scopes 1, 2 and 3, we are seeking to make our business more resilient to the impacts of climate change. Reflecting its strategic importance to our business, our Scope 1 and 2 decarbonisation commitment has been incorporated in our long-term incentive plan in the form of an ESG Qualifier, signalling that achieving our environmental commitments is fundamental alongside delivery of Haleon's long-term financial goals.

Given the scale of challenge in tackling climate change, a system-wide shift is required to create the right enabling environment to deliver rapid decarbonisation globally. We support policy interventions for a climate-resilient future such as policies to accelerate greening of the energy grid and are collaborating with industry partners to drive collective change in shared upstream supply chains.

Progress made towards our Climate Action Transition Plan will be reported annually, and we will continue to raise awareness that taking climate action provides opportunities to both reduce emissions and deliver co-benefits for everyday health and wellbeing.

Sarah McDonald
Vice President, Sustainability

¹ We must fight one of the world's biggest health threats – climate change (2023) World Health Organization.

Available at: <https://www.who.int/news-room/commentaries/detail/we-must-fight-one-of-the-world-s-biggest-health-threats-climate-change> (Accessed: 01 March 2024).

² A Commission on climate change (2009) The Lancet. Available at: [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(09\)60922-3/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(09)60922-3/fulltext) (Accessed: 1 March 2024)

³ Our goal to reduce net Scope 1 and 2 carbon emissions by 100% by 2030 versus a 2020 baseline is underpinned by a 95% absolute reduction target and the use of up to 5% of offsets.

⁴ Our source to sale Net Zero and Scope 3 carbon emissions goals exclude categories 6, 7 and 10-15.

Introduction

Our purpose underpins our drive to tackle carbon emissions. Climate change and everyday health are deeply intertwined and there are significant co-benefits for health in taking action to combat climate change. As a leading consumer health company, acting on these linkages is critical to delivering on Haleon's purpose: **to deliver better everyday health with humanity.**

The case for action is clear and businesses have a key role to play in reducing carbon emissions. Our transition plan details the various actions we are taking to:

- Decarbonise our own operations and wider value chain.
- Mitigate and manage climate-related risks and opportunities.
- Take targeted action to reduce emissions from our raw and packaging materials footprint.
- Engage and collaborate with broader industry and suppliers.
- Act through our trusted and purposeful brands to raise awareness and galvanise action on issues that have implications for both climate change and health in line with a 1.5°C world.



Our commitments

As part of Haleon's broader environmental focus area, we are committed to tackling carbon emissions across our value chain and have set emissions reduction goals aligned to the Intergovernmental Panel on Climate Change (IPCC) pathway to 1.5°C.

In alignment with the Science Based Targets initiative (SBTi), our goal to reduce net Scope 1 and 2 carbon emissions by 100% by 2030 versus 2020 is underpinned by a 95% absolute reduction target and the use of up to 5% of offsets.

Our Scope 3 reduction target is focused on 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. We exclude use-phase emissions such as emissions associated with water use in the consumption of our products (where the key driver of the footprint is the energy used to purify and pump water to homes) to allow us to focus on the areas where Haleon can influence the most significant emissions reductions.

Of these categories, the primary focus of our strategy are the goods and services that we purchase, as these are the biggest contributors to our Scope 3 emissions.

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.

In 2022, we submitted our Scope 1 and 2, and Scope 3 reduction goals to the SBTi for validation, which were approved in August 2023. Alongside our goals, we also signalled our commitment to net zero, and will submit our target to SBTi in due course. We will re-submit our Scope 3 target with its updated 2022 baseline year for revalidation in 2024.

We have a number of projects and activities underway to support our transition to a net zero future. See Tackling Carbon Emissions in our Operations on page 10 and Tackling Carbon Emissions in our Value Chain on pages 11-15 for more detail.



Our commitments:

- Reduce our net Scope 1 and 2 carbon emissions by 100% by 2030 vs 2020¹.
- Reduce our Scope 3 carbon emissions from source to sale by 42% by 2030 vs 2022^{1,2}.
- Achieve net zero carbon emissions by 2040 aligned to guidance from The Climate Pledge and Race to Zero².
- Reduce our use of virgin petroleum-based plastic by 10% by 2025 and by a third by 2030 vs 2022¹.
- Develop solutions for all product packaging to be recycle-ready³ by 2025 and recyclable or reusable by 2030 where safety, quality and regulations permit.
- Work with partners to drive global and local initiatives to collect, sort and recycle our packaging at scale by 2030.
- All of our key agricultural, forest and marine-derived materials used in our ingredients and packaging to be sustainably sourced and deforestation-free by 2030⁴.
- Achieve TRUE certification at our manufacturing sites by 2030.
- Achieve the Alliance for Water Stewardship (AWS) standard certification at our manufacturing sites by 2025 and achieve water neutrality at our manufacturing sites in water-stressed basins⁵ by 2030.

¹ The baseline reporting period follows the calendar year.

² Our source to sale Net Zero and Scope 3 carbon emissions goals exclude categories 6, 7 and 10-15.

³ Recycle-ready means packaging that has been developed to be compatible with a targeted existing or emerging recycling infrastructure. By recycling infrastructure we mean the state-of-the-art technology and operations capable of achieving efficient collection, sorting, and processing into recycled material feedstocks.

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.

⁵ Determined using publicly available tools to identify water risk, such as the WRI Aqueduct Tool, site-specific reviews of local water risk using local data, and materiality of the risk to the business.

Our carbon emissions

Taking a life-cycle approach, we measure and disclose carbon emissions across our full value chain, working with our internal teams and suppliers to collect data. Our carbon footprint captures emissions across the Scope 1, 2 and 3 categories relevant to our business¹. We conduct our emissions data collection, calculations, measurement and reporting in line with the Greenhouse Gas (GHG) Protocol. While our Scope 3 carbon goal (see page 5) and the progress we record towards our goal is source to sale and does not include use-phase emissions, our measurement and disclosure of our entire Scope 3 carbon emissions footprint includes emissions from the use-phase (see page 7). For further information on our measurement approach, see our [Basis of Reporting](#).

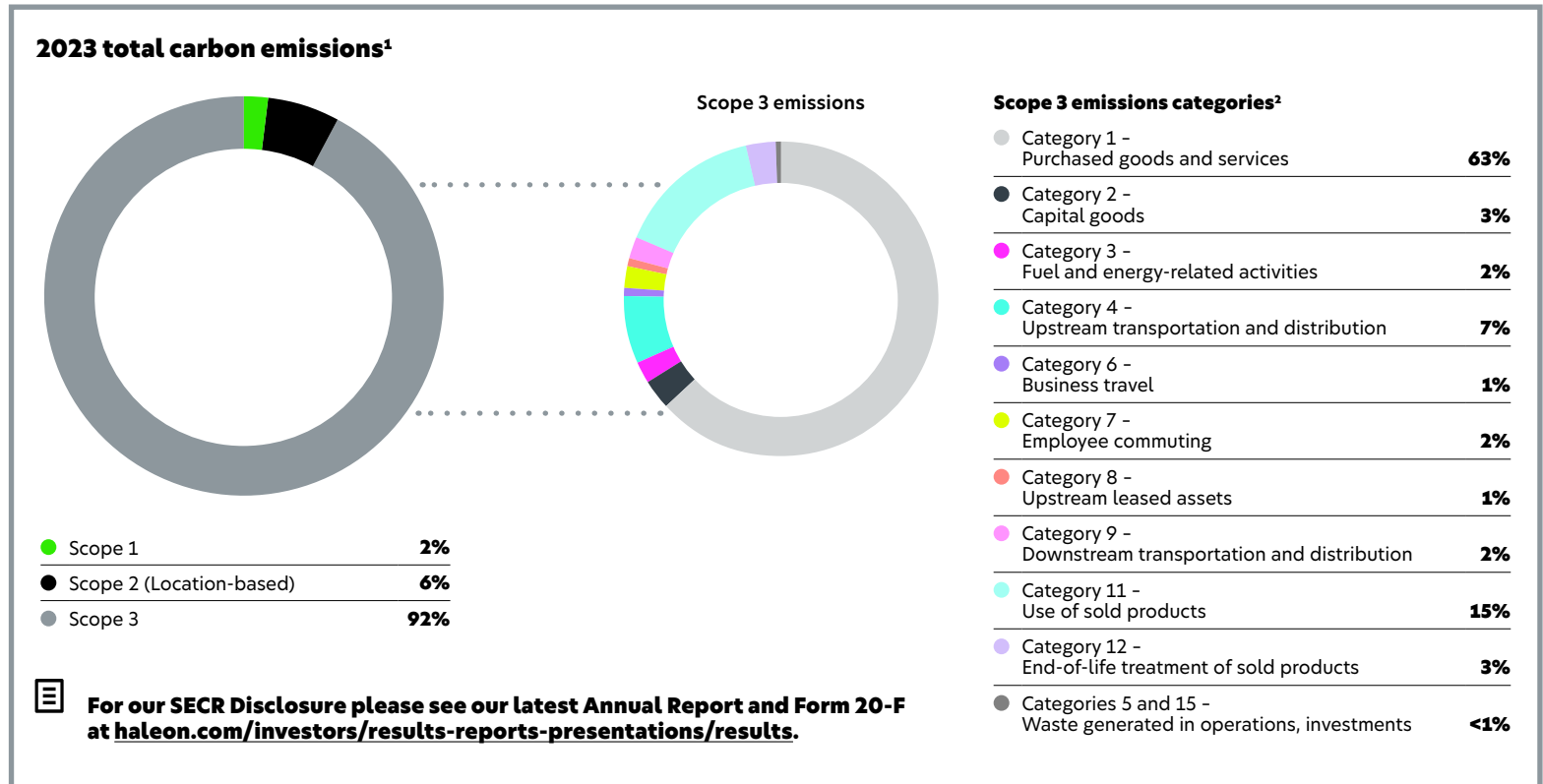
<p>Research & Development</p>	<p>Sourcing</p>	<p>Manufacturing</p>	<p>Packaging</p>	<p>Transport</p>	<p>Customers</p>	<p>Consumers</p>	<p>End of life</p>
<p>Our scientists and category teams innovating and testing new products.</p>	<p>Sourcing packaging materials and ingredients from our suppliers.</p>	<p>Manufacturing Haleon products.</p>	<p>Packaging Haleon products.</p>	<p>Distributing Haleon products.</p>	<p>Selling products in store or online.</p>	<p>Consumers practising self-care and everyday health.</p>	<p>For products and packaging.</p>

¹ We exclude Category 10 - Processing of sold products; Category 13 - Downstream leased assets; and Category 14 - Franchises.

Our carbon emissions continued

We calculate and disclose our Scope 1, 2 and 3 carbon emissions. Scope 1 and 2 emissions are disclosed in alignment with Streamlined Energy and Carbon Reporting (SECR) guidance. We used carbon emissions calculated based on 2020 data as the baseline for determining our goals related to net Scope 1 and 2 carbon emissions, and 2022 data as the baseline for determining our goals related to Scope 3 carbon emissions. While our Scope 3 carbon goal (see page 5) and the progress we record towards our goal is source to sale and does not include use-phase emissions, our measurement and disclosure of our entire Scope 3 carbon emissions footprint includes emissions from the use-phase as shown in the graphic to the right.




Combined Scope 1 and Scope 2 location-based emissions make up 8% of our 2023 carbon footprint. Scope 3 emissions are 92% of our 2023 carbon footprint, as illustrated on this page. Our raw and packaging materials fall under Category 1 - Purchased goods and services and are a key contributor to our Scope 3 emissions: over half of our carbon emissions are driven by the ingredients, packaging and services we buy and use to make our products.



¹ 2023 reporting period for Scope 1 and 2 carbon emissions is 1 December 2022 - 30 November 2023. 2023 reporting period for Scope 3 carbon emissions is 1 July 2022 - 30 June 2023.

² We exclude Category 10 - Processing of sold products; Category 13 - Downstream leased assets; and Category 14 - Franchises

Climate Action Transition Plan at a glance

-  Manufacturing
-  Products
-  Value Chain

2023 **2025** **2030** **2040+**




Short-term (0-4 years)

Decarbonisation foundations

- 
 - 100% renewable electricity in our directly owned and controlled sites.
 - Carbon pricing mechanism developed for evaluating capital expenditure.
 - Evaluating renewable fuel and heating opportunities.
- 
 - Lightweighting product packaging to reduce the absolute amount of plastic in our product packaging.
 - 10% reduction in virgin petroleum-based plastic in our product packaging by 2025 vs a 2022 baseline.
 - Using alternative non-virgin sources of plastic.
 - All packaging to be recycle-ready by 2025, where safety, quality and regulations permit.
 - Sustainability impact assessment tool (SIAT) in use to evaluate sustainability credentials of product innovation.
 - Achieving the AWS standard at our own manufacturing sites.
- 
 - Engaging with existing suppliers to support renewable electricity transition.
 - Evaluating supplier maturity on their decarbonisation journey to take targeted action in our supply chain.
 - Integrating carbon pricing into supplier tender and selection process.

Medium-term (5-9 years)




Scale & accelerate action

- 
 - Reduce net Scope 1 & 2 carbon emissions by 100% vs a 2020 baseline.
 - Scaling on-site solar energy generation and storage.
 - Scaling use of renewable fuels and electrification of heat.
- 
 - One third reduction in virgin petroleum-based plastic in our product packaging by 2030 vs a 2022 baseline.
 - All packaging recyclable or reusable by 2030, where safety, quality and regulations permit.
 - Swapping higher carbon footprint materials for lower carbon footprint alternatives, see page 14 for more details.
 - Achieving TRUE certification at our own manufacturing sites.
 - Achieving water neutrality at our own manufacturing sites in water-stressed basins.
- 
 - Key current and prospective suppliers powered by renewable electricity in their own operations.
 - Key agricultural, forest and marine-derived materials used in our ingredients and packaging purchased using globally managed spending are sustainably sourced and deforestation-free.
 - Prioritising green logistic providers.

2030

Long-term (10+ years)

Achieving net zero

- 
 - Continued energy efficiency and management programmes.
- 
 - Launching ultra-low carbon product formats and circular solutions.
 - Scaling use of bio-based feedstocks, green chemistry solutions, and materials made with renewable energy and from waste materials.
 - Innovating products that reduce consumer use-phase emissions.
- 
 - Prioritising net zero suppliers.

2040+

We aim to abate our carbon emissions as much as possible. Where it is not possible or practicable to do so. We plan to use location-based carbon offsets that are associated with carbon reductions or removals. This will be limited to 5% of Scope 1 and 2 emissions by 2030, and 10% of value chain emissions included in an SBTi-aligned net zero goal. Our criteria for offsets includes:

- **Additional:** Net carbon emissions savings or sequestration benefits of any project are over and above those that would have occurred in the absence of the project.
- **Not overestimated:** Sequestered carbon must be accurately estimated and monitored to ensure that it is not released back into the atmosphere.
- **Permanent:** The carbon sequestered or reduced must be stored for a long period of time, ideally for centuries.
- **Verifiable:** The project must be independently verified by a third party to ensure that it meets the required standards.

Plan assumptions

The delivery of our Climate Action Transition Plan and its associated goals and initiatives depends on system-wide change, including the electrification of national grids, supporting decarbonisation policy, the maturation of carbon markets, the commercialisation of innovative technologies and materials, the availability of alternate sources of materials such as non-virgin sources of plastic, and shifts in consumer preferences.

Throughout this report, 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 Scope 1, 2 and 3 emissions reduction goals by 2030.

Long-term (10+ years): Aligns to our 2040 net zero goal aligned to guidance from The Climate Pledge and Race to Zero and the UK Government's net zero target for 2050.

Impact on business and strategy

Underpinning Haleon's strategy and approach to leverage our portfolio and capabilities are four strategic pillars, one of which is to run a responsible business. See our latest Annual Report and Form 20-F [here](#) for more details.

The responsible business strategic pillar is focused on three interconnected focus areas: environment, health inclusivity, and upholding our standards. Through our strategy and delivery of our goals, we aim to reduce the impact our business activities, products and supply chains have on the environment and to improve health inclusivity. Our Climate Action Transition Plan is integrated within our wider responsible business strategy. The environment focus area of our responsible business strategy includes the actions we are taking to tackle carbon emissions as well as making our business more resilient to the impacts of climate change. With our focus on continually reducing the environmental impact of our products and operations, our environment focus area also includes key areas that intersect with our decarbonisation goals - packaging, sustainable sourcing, and water stewardship - which support our Climate Action Transition Plan.

To enhance our business resilience, in support of a net zero future, we have set goals aligned to the IPCC pathway to 1.5°C. We have established programmes and projects to drive the delivery of our goals. To learn more about how we are tackling carbon emissions in our operations and value chain, see pages 10-15 and Climate Action Transition Plan at a Glance on the previous page. The achievement of our ambitious goals and the implementation of our Climate Action Transition Plan will require the collaboration and support of all aspects of our business.

See page 24 to learn more about the capacity-building efforts we are undertaking internally to support our teams and page 16 to learn more about supplier engagement.

Climate scenario analysis is used to identify potential climate-related risks and opportunities associated with transitioning to a low-carbon economy. 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 will be used to inform strategy and financial planning, including updating our underlying cash flows for our planned actions to meet our climate ambitions. For more details, please see our Task Force on Climate-related Financial Disclosures (TCFD) in our latest Annual Report and Form 20-F [here](#).

We are working with our procurement teams to improve supplier selection by integrating carbon pricing criteria into the tender process and implementing emissions goals for our existing supplier base. This aims to incentivise current and potential suppliers to drive change in their operations. We are supporting our suppliers and engaging them on the transition journey with a supplier education forum focused on emission factors and Scope 3 carbon emissions. By working with Manufacture 2030 and Energize, we are supporting suppliers to map their carbon footprint and to switch to renewable electricity in their operations.

As a business with global scale and reach, we recognise our responsibility to mitigate our impact whilst adapting our business operations in line with a low-carbon pathway.



Tackling carbon emissions in our operations

Our goal¹

We aim to reduce our net Scope 1 and 2 carbon emissions by 100% by 2030 vs our 2020 baseline²

2023 performance

48%*
reduction vs 2020

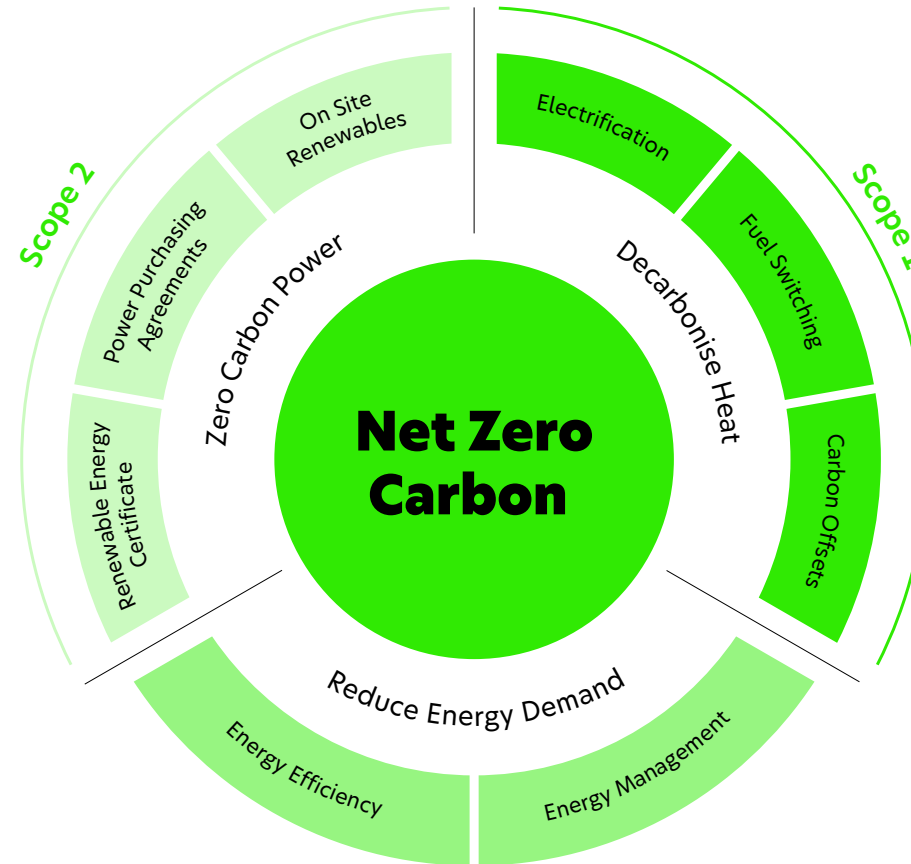
2022 performance

44%
reduction vs 2020

Reduction strategy

Our Scope 1 and 2 emissions reduction strategy is focused on three decarbonisation levers over the short and medium terms:

- Decarbonising our heat and cooling energy production through electrification, switching fuels, and abating the remaining emissions through offsets (see page 8 for offset criteria).
- Continuing to reduce our energy demand through energy efficiency and management programmes.
- Switching to renewable sources for our electricity, through the installation of solar renewable energy sources on or near our sites, or through procuring renewable electricity.



Priority actions

To reduce Scope 1 emissions, we are implementing energy-efficiency projects and have started to replace fossil-fuelled boilers with electric ones. Where this is not practicable, we aim to use renewable fuels. By procuring and investing in 100% renewable electricity in our directly owned and controlled sites through the installation of site-based solar energy systems, buying renewable energy certificates (RECs) and entering into power purchasing agreements (PPAs), we have mitigated most of our Scope 2 emissions. We will continue increasing the proportion of renewable electricity that is self-generated at our sites, while also increasing our use of dedicated, additional PPAs to increase the supply of renewable electricity and reduce our reliance on RECs and our exposure to shifts in their pricing.

* This year KPMG LLP has issued independent limited assurance over the selected data highlighted on this page with an asterisk (*), which has been extracted from Haleon's 2023 Annual Report and Form 20-F, in accordance with ISAE(UK)3000 and ISAE 3410. See KPMG LLP's limited assurance opinion and the reporting criteria in the Basis of Reporting for further information on the selected data [here](#).

¹ Our goal to reduce net Scope 1 and 2 carbon emissions by 100% by 2030 is underpinned by a 95% absolute reduction target. The 2020 baseline reporting period is the calendar year. Although the 2020 baseline was calculated prior to the demerger, it includes only the sites which became Haleon sites following the demerger from GSK. The 2023 reporting period is 1 December 2022 - 30 November 2023, and the 2022 reporting period has been updated to the calendar year.

² Calculated in accordance with methodology and data improvements and updated carbon emissions factors for our 2020 baseline, as well as the updated reporting period, and so has been restated versus the value disclosed in the 2022 Annual Report and Form 20-F. Our updated total Scope 1 and 2 emissions (market-based) 2020 baseline is 96¹ thousand tonnes CO₂e, compared to the 89 thousand tonnes CO₂e reported in 2022.

Tackling carbon emissions in our value chain

Our goal¹

We aim to reduce our Scope 3 carbon emissions from source to sale by 42% by 2030 vs our 2022 baseline²

2023 performance³

4%

increase vs 2022

Scope 3 reduction strategy

The vast majority of our source to sale Scope 3 carbon emissions are generated by the raw and active pharmaceutical ingredients, packaging, and services we buy and use to make our products. Key contributors to these carbon emissions from our purchased goods and services include multilayer laminate tubes (ABL), paper packaging, and active pharmaceutical ingredients.

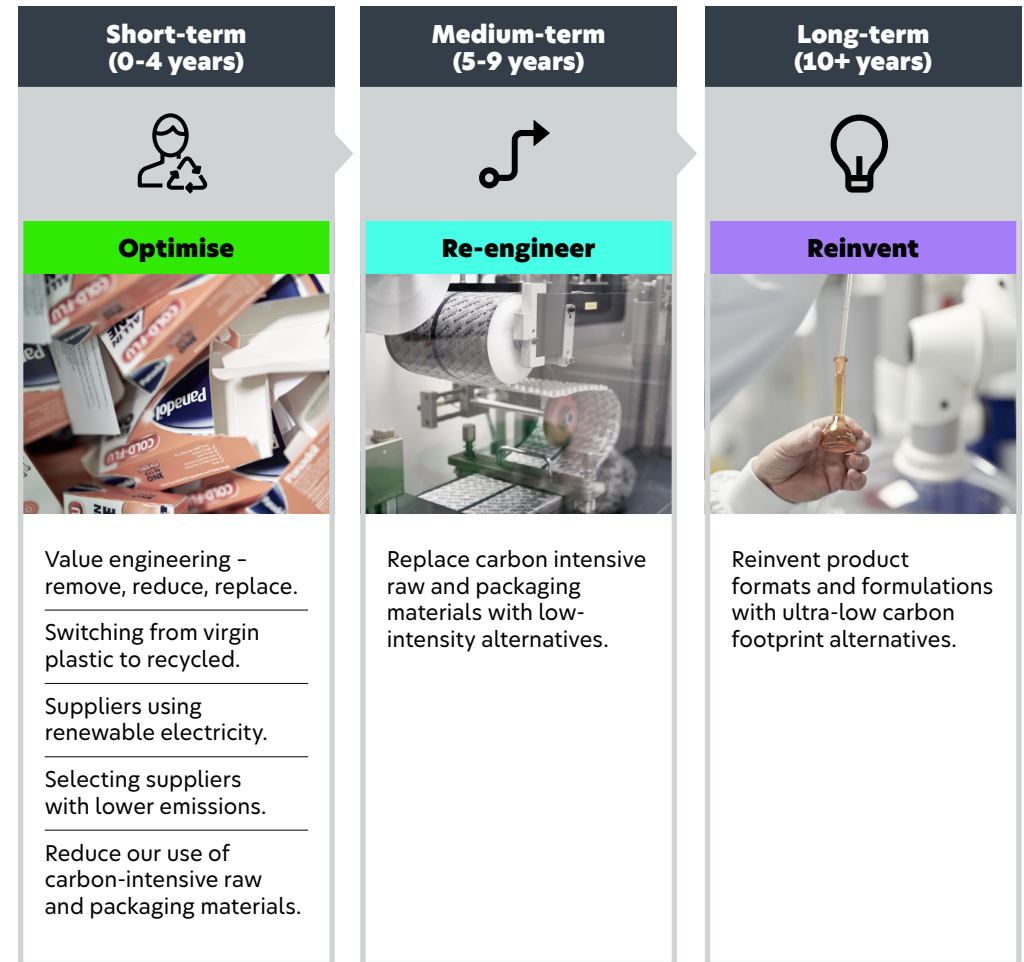
Having identified the key contributors to our Scope 3 source to sale emissions, we are focused on systematically reducing their impact. We are also focusing on decoupling emissions from future business growth.

In our 2023 reporting period, our source to sale Scope 3 emissions increased by 4% versus our 2022 baseline². This increase is driven by a mixture of volume growth, inventory holding, and mix of products sold and services purchased in the reporting period. In 2023, our focus was on developing our three-tiered strategy to reduce our Scope 3 emissions in line with our goals and establishing key programmes of work to enable this. As we begin to implement these programmes in the coming years, we plan to see this translate into reported reductions in our Scope 3 emissions.

Our Scope 3 strategy is focused on three areas:

- **Optimise:** Short-term actions we can take to decarbonise across our value chain, driven by the co-benefits of other environmental initiatives (for example, lightweighting packaging and switching from virgin plastic to recycled plastic) and by working with our suppliers to incentivise their transition to renewable electricity (see Supplier Engagement on page 16 for more details).
- **Re-engineer:** Medium-term actions we can take to reduce our use of carbon-intensive raw and packaging materials or replace them with lower-carbon alternatives.
- **Reinvent:** Long-term actions to reinvent product formats and formulations to dramatically reduce their carbon emissions footprints.

Scope 3 reduction strategy



¹ Our Scope 3 carbon emissions target spans carbon emission categories from source to sale (excluding GHG-protocol categories 6, 7 and 10-15). It covers mandatory Scope 3 upstream and downstream emissions. It excludes indirect consumer use-phase emissions, such as emissions associated with water used with our products. 2022 baseline year reporting period = 1 January 2022 to 31 December 2022.

² 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 value chain emissions has greater availability and accuracy.

³ 2023 reporting period = 1 July 2022 to 30 June 2023. For further information on our measurement approach see our Basis of Reporting [here](#).

Tackling carbon emissions in our value chain continued

We will progress our three-stage strategy to reduce our Scope 3 carbon emissions in line with our goals. Our primary focus will continue to be on the goods and services we purchase, as we continue to work on the 'Optimise' phase of the strategy. This phase involves engaging and supporting our suppliers to accelerate their transition to renewable electricity and driving forward actions which deliver co-benefits with our other environmental commitments, for example by switching from virgin plastic to recycled and bioplastic or alternative materials. In parallel, we will progress priority re-engineering programmes to swap carbon emission-intensive packaging and raw materials for lower-emission alternatives.

In our value chain, we are incentivising the transition to renewable electricity and overall emissions reduction. See pages 16-17 to learn more about supplier engagement and our partnerships with Manufacture 2030 and Energize.

Priority actions

We have agreed our strategic approach and are building a pipeline of projects to drive decarbonisation in our wider value chain across packaging, raw materials and product design. Focusing on the goods and services that we purchase, we are building joint action plans with suppliers to address our highest carbon emission-intensive raw and packaging materials aligned with our three-stage Scope 3 carbon emissions reduction strategy.



Tackling carbon emissions in our value chain continued

Materials Packaging

Across our product packaging, we are working to minimise waste and reduce our dependency on non-renewable sources. We are taking action to reduce our use of virgin petroleum-based plastic in our packaging and to transition to recycle-ready¹ packaging formats, while working with the wider industry to improve the recyclability of consumer health packaging waste. These programmes of work also bring a co-benefit of reducing our carbon emissions footprint.

To reduce our use of virgin petroleum-based plastic, we plan to increase our use of recycled and bio-based² plastic in our packaging. We will continue to identify opportunities to optimise packaging size and weight to use less plastic, for example by reducing headspace. 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.

Transitioning our packaging to recycle-ready formats by 2025 is a key milestone to achieving recyclability for our product packaging by 2030³.

Paper packaging accounts for about half of our packaging formats, the vast majority of which is recycle-ready today. For our plastic packaging, our primary focus for recycle-ready is on our products sold in tubes and bottles, as these packaging formats account for the largest share of our plastic packaging formats. Although smaller in absolute share of our plastic packaging footprint, tablet blister packs and sachets are also a key focus. By working to make our packaging recycle-ready and driving local and global initiatives to collect, sort and process healthcare waste at scale, we aim to play our part to accelerate the transition to a circular economy for consumer health, increasing the supply of high-quality recycled content and reducing the carbon footprint of consumer health packaging.

As we consider changes to product packaging, we will implement options that reduce emissions in support of our decarbonisation and packaging goals while still satisfying regulatory requirements. Due to strict safety, quality, and regulatory requirements, there are limitations to the use of mechanically recycled plastic in the packaging of over the counter (OTC) products. This influences the degree of freedom we have to reduce the use of virgin petroleum-based plastic in these product formats, and therefore to benefit from the corresponding reduction in Scope 3 emissions.

Raw materials

As forests and soils are key carbon sinks, it is important we increase the traceability of our key raw material supply chains in support of our decarbonisation efforts. Our goal is that all key agricultural, forest and marine-derived materials used in our ingredients and packaging will be sustainably sourced and deforestation-free by 2030⁴.

We are working to sustainably source the key ingredients we use in our products, helping to protect the environment, biodiversity, and ecosystems we source them from and support the communities who farm and harvest them. Our focus is on our key agricultural, forestry and marine-derived materials. These include palm oil derivatives, paper-based packaging, mint oils and flavours, soy derivatives, and corn and wheat derivatives. We prioritised these based on their use in our product portfolio and the inherent risks in those supply chains. These key materials account for approximately 85% by weight of the agricultural, forestry, and marine-derived materials used in our products and packaging which is purchased with globally managed spend.

For our key material supply chains, we use recognised global certification programmes wherever possible, for example:

- Roundtable on Sustainable Palm Oil (RSPO) Mass Balance certification for our palm oil derivatives.
- Forest Stewardship Council (FSC) for our paper packaging materials.
- Programme for the Endorsement of Forest Certification (PEFC) certification for our paper packaging materials.

These certifications help to support responsible land management associated with the materials we use and deliver co-benefits in decarbonisation.



¹ Recycle-ready means packaging that has been developed to be compatible with a targeted existing or emerging recycling infrastructure. By recycling infrastructure we mean the state-of-the-art technology and operations capable of achieving efficient collection, sorting and processing into recycled material feedstocks.

² Bio-based plastic means plastic that is wholly or partly derived from materials of biological origin, excluding materials embedded in geological formations and/or fossilised.

³ Where safety, quality and regulations permit.

⁴ 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.

Tackling carbon emissions in our value chain continued

Product impact assessment Impact assessments

To meet our Scope 3 reduction from source to sale goal of 42% by 2030 versus our 2022 baseline, we are working closely with our category teams to assess the carbon impact of our innovation pipeline and reduce emissions from our existing product formats. We also measure consumer use-phase and end-of-life initiatives and take action where relevant to encourage consumer behaviour change to reduce these emissions, for example by reminding consumers to not leave water running while they are brushing their teeth. We use different tools to conduct impact assessments on innovations and products.

Our Sustainability Impact Assessment Tool (SIAT) is used by teams developing product innovations to assess the carbon impact from the inception of the product design phase. The SIAT assesses innovations from a life-cycle perspective to identify carbon hotspots and to understand if the emissions impact is the same, better, or worse than the previous product. SIAT results help to inform our decisions in product packaging and formulation in support of our carbon reduction and packaging goals. To enable our innovation pipeline to continue to support our decarbonisation goals, we have set standards for SIAT results. Only projects scoring 'same' or 'better' should be approved unless there is a rationale for exception. In 2024, we will set and performance-manage goals to increase the percentage of projects scoring better in our enterprise and business

unit responsible business scorecards. This will help ensure we are maximising the opportunity to drive carbon reduction whenever we change our products by tracking innovation pipeline performance. We have already conducted life cycle assessments (LCA) for 11 key products to better understand and mitigate the risks associated with their life-cycle stages. Using the results of our LCAs, we have identified the major carbon impact stages across the value chain for key product formats. With the support of our suppliers, we have also gained insights on the life-cycle emissions of packaging, active pharmaceutical ingredients (APIs) and raw materials.

We have categorised our carbon-intensive raw ingredients, APIs and packaging materials based on their highest impacts across the following categories:

- Materials requiring energy-intensive processing.
- Materials with high levels of embedded carbon e.g. petrochemical derived.
- Materials that require both energy-intensive processing and have high levels of embedded carbon, which we refer to in our strategy as combination materials.

For each category, we are identifying low-carbon solutions and will be exploring lower-carbon materials such as materials manufactured with renewable electricity and/or that use bio-based feedstocks, including waste materials and green chemistry solutions.

Carbon-intensive materials

Material category

Materials requiring energy-intensive processing

Materials with high levels of embedded carbon e.g. petrochemical derived

Combination materials i.e. materials that require energy-intensive processing and which are derived from carbon-intensive feedstocks e.g. petrochemicals

Solutions

Materials manufactured with renewable electricity and energy

Bio-based feedstocks

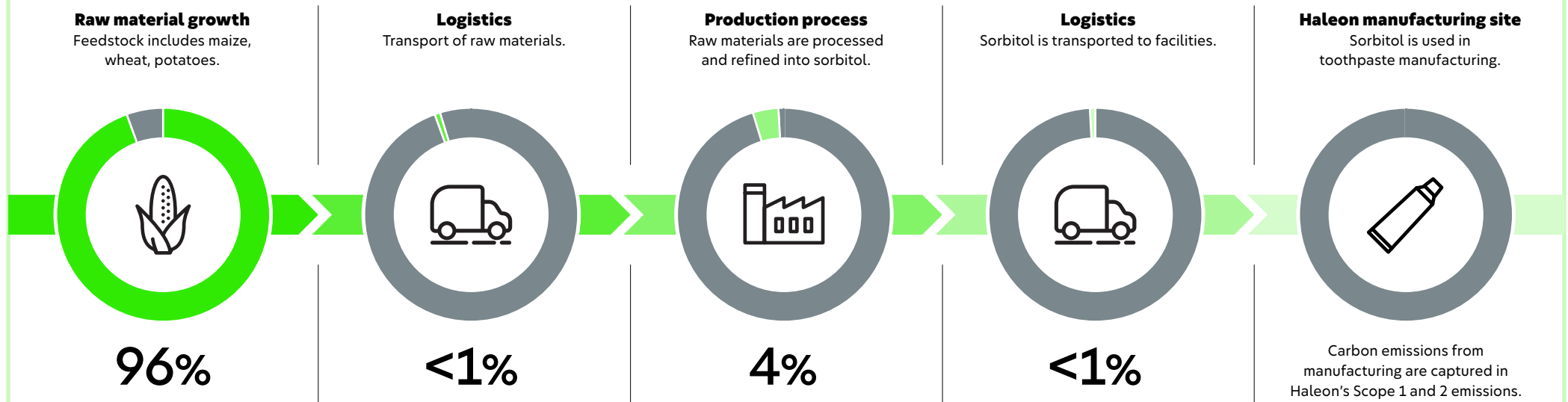
Green chemistry solutions and manufacturing with renewable electricity and energy

Tackling carbon emissions in our value chain continued

Mapping the carbon footprint of key ingredients

Oral Health is a product category that is a key contributor to our carbon footprint due to the size and scale of our business. We are working with our suppliers to obtain information specific to the ingredients we source in our supply chain. Sorbitol is a key ingredient used in toothpastes as a flavouring agent and humectant (an ingredient that prevents toothpaste from drying out). The major carbon impact stage of sorbitol is the raw material growth phase. We are exploring opportunities to source low-carbon humectants to reduce our overall emissions with our existing suppliers for use in our Oral Health products.

Sorbitol carbon footprint¹



¹ Data is based upon EcoInvent 3.0 emission factors.

Engagement strategy

We believe climate change and everyday health are deeply intertwined, and the scale of the challenge requires systemic change and collaboration. In addition to taking action in our own operations, by working together with others we can galvanise action and have a greater impact. We are committed to working with industry organisations, policymakers, and communities to catalyse action that delivers co-benefits for the climate and people's everyday health. We prioritise engagements that support the decarbonisation of emissions in our direct operations and across our value chain, while driving awareness and action on the links between climate change and health.

Supplier engagement

In 2023, we launched our Supplier ESG Expectations document, which outlines the goals that we have set our suppliers, such as moving to renewable electricity and requiring materials to be covered by industry-recognised certifications, such as Roundtable on Sustainable Palm Oil (RSPO) for palm oil derivatives, where relevant.

These goals will help suppliers to drive their own sustainability agenda while supporting our Scope 3 emissions reduction and sustainable sourcing goals.

To help our suppliers meet these expectations, we held our first supplier sustainability summit in May 2023 with attendance from our key raw and packaging material suppliers where we explained our expectations and provided guidance on how to meet them. Internal and external subject matter experts provided advice and step-by-step guides on key topics such as water and carbon reduction, human rights, and sustainable sourcing.

In January 2024, we held our second supplier summit where our procurement team set objectives for 2024 for our suppliers. This included launching a carbon pricing methodology which factors in the cost of a supplier's carbon emissions as part of our tender process and supplier scoring. We have also launched our Haleon Sustainable Supply Chain Programme Pledge where we ask our suppliers to demonstrate their shared commitments to climate action by agreeing to the criteria below:

- Assess and disclose Scope 1, 2, and 3 emissions related to Haleon's business by the end of 2024.
- Develop and submit a science-based target to the SBTi by the end of 2025.
- Transition to 50% renewable electricity in 2024 and achieve 100% renewable electricity by 2025 to get below 0.1 tonnes CO₂e per MWh (using International Energy Agency reference data).
- Work with Haleon in establishing a robust framework for collective action towards net zero, defining shared goals, responsibilities, and key milestones along the way.
- Work with their suppliers to drive decarbonisation of their supply chain.

As our Scope 3 carbon impact is largely driven by our upstream supply chain, these initiatives will accelerate our journey to net zero. We are also involved with industry initiatives - Manufacture 2030 and Energize - that are supporting our suppliers with this transition.



Engagement strategy continued

Industry engagement

Industry and peer collaboration is key to tackling carbon emissions at scale. We are members of a range of industry groups where best practice is shared and collaborative projects are enabled to drive climate action. These groups include The Climate Pledge, Zero100, and Manufacture 2030.

We are also working with leading standards and industry groups to help achieve our broader environmental aims across sustainable sourcing. This includes the RSPO and Action for Sustainable Derivatives (ASD) for sustainable sourcing of palm oil derivatives. These environmental initiatives support our decarbonisation strategy and help to deliver co-benefits in climate action.

Forum for the Future is a leading non-governmental organisation (NGO) which has expertise in galvanising systems change. We are part of Forum for the Future's Climate and Health Coalition. The Climate and Health Coalition is a multi-stakeholder initiative with a mission to mobilise and equip the private sector to play a key role in accelerating the transformation of our health and climate systems towards outcomes that deliver benefits for both people and the planet. By working through this coalition, we can collaborate with peer companies, partners and experts to contribute to wider systems-thinking on how to take action on climate and health simultaneously.



The Climate Pledge

The Climate Pledge is a cross-sector community of companies, organisations, individuals, and partners, working together to reach net zero carbon by 2040. We are a signatory of The Climate Pledge.



Zero100

We are a member of Zero100. Zero100 is a research and insights company helping bring leaders together to power growth, resilience and sustainability through digital supply chain transformation.



Manufacture 2030

Manufacture 2030 is a platform with support services to help companies' suppliers measure, manage and reduce emissions. We have requested that all key suppliers join as well to drive the consistency and transparency of their sustainability reporting. Consistent and transparent reporting of carbon emissions in our supply chain helps us achieve our aim of improving our Scope 3 emissions footprint data and enables us to take increasingly targeted action.



Energize

Energize is a programme by Schneider Electric that aims to help suppliers take action on climate change. It is designed to help accelerate renewable electricity access and adoption for pharmaceutical supply chains through education and functional support.

Sustainability in Dentistry Toolkit

The healthcare sector is responsible for around five percent of global GHG emissions¹, of which oral healthcare is a contributor. Engaging health professionals is also an important mechanism for generating co-benefits for both the climate and people's health. To help address oral health's contribution to reducing global GHG emissions, we collaborated with peer companies and the FDI (World Dental Federation) to contribute to the development of a 'Sustainability in Dentistry' toolkit. Recognising the importance of providing oral health professionals and their teams with the required resources and tools to play an active role in reducing the environmental impact of their dental practices, the resource helps dentists and their teams design and drive action plans to achieve more sustainable practices. In 2023, the toolkit had over 400 registered users, with FDI further promoting the toolkit to a wider audience of dental professionals at their 'Sustainability Summit' in June 2023.



¹ Watts, N. et al (2020) The 2020 report of The Lancet Countdown on health and climate change: responding to converging crises, The Lancet. Available at: [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(20\)32290-X/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(20)32290-X/fulltext) (Accessed: 1 March 2024)

Engagement strategy continued

Policy engagement

We are committed to working with policymakers in the interests of consumers, innovation and public health, and in compliance with local and international laws particularly in the interests of driving integrated action at scale at the intersection of climate and health. We believe that governments, policymakers, health systems and regulators should work together to address climate change and human health as deeply interconnected issues. We encourage policymakers to work with stakeholders, including industry, to:

- Build an understanding and awareness of the effects of climate change on people's health.
- Develop enabling policy frameworks to encourage investment in, and adoption of, low and zero-carbon technologies, such as renewable energy solutions.
- Participate in coalitions, adopt robust commitments, and drive collective action on private and public sector decarbonisation in pursuit of the Paris Climate Agreement's ambition to limit climate change to well below 2°C, and ideally 1.5°C, above pre-industrial levels.

COP28

We were in attendance at the first ever dedicated 'Health Day' at COP28. As a consumer health company, we recognise the importance of this inaugural event as it will further raise awareness of the climate crisis as a health crisis and serve as a catalyst for action in both public and private sectors to deliver co-benefits for the climate and people's everyday health.

For COP28, the Climate and Health Coalition released a toolkit with the aim of equipping businesses with additional and accessible tools to act on climate and health. The toolkit contains a self-assessment to understand an organisation's starting point and, based on this, various action modules and case studies to develop and put action plans into practice.

World Economic Forum's Alliance for Clean Air

We joined the World Economic Forum's Alliance for Clean Air in 2023, committing to quantify our air pollution footprint, set objectives to reduce our emissions, and act as champions to raise awareness of the impacts of air pollution on health. We have published our first Air Quality Emissions Inventory in alignment with their methodology, which you can read in our ESG Data Book [here](#).

Economist Impact's Health Inclusivity Index

In 2022, we supported the Health Inclusivity Index, developed by Economist Impact. The Index is the world's first global benchmark assessing government efforts to ensure good health is accessible to all. In 2022, phase one examined the national health policy and infrastructure of 40 countries to assess the inclusiveness of their healthcare systems, focusing on three policy areas: Health in Society, Inclusive Health Systems and People and Community Empowerment. **Phase two of the Index**, published in November 2023, evolved the research methodology and includes insight from over 42,000 individuals to understand more about their barriers and experiences while obtaining healthcare, before comparing these to the policy assessment set out in phase one. Published alongside Phase two of the Index, is the deep dive paper, '**A threat to health inclusivity: climate change exacerbates health exclusion**' which examines the impact of climate change on health inclusivity. Key research findings from the paper include how climate change, and related health effects, are not experienced equally, with low income countries facing more significant impacts and marginalised groups experiencing compounded vulnerabilities. The deep dive paper draws attention to the groups most impacted by climate change and proposes actions to make healthcare systems more resilient, increase Health Professionals' and citizens' knowledge and understanding so that they are equipped with knowledge and solutions to help them mitigate and manage the impact of climate change on everyday health.



Engagement strategy continued

Community engagement

We are using our climate ambitions to extend our influence in support of communities and health professionals acting on issues that have implications for both climate and health, such as air pollution. Through our trusted

brands, we are launching campaigns to help raise awareness of climate change impacts and simple everyday actions individuals can take to help reduce the negative impacts on their health.



Otrivin's Actions to Breathe Cleaner Programme

Air pollution is one of the biggest environmental threats to public health globally, accounting for c.7 million premature deaths every year¹. Air pollution and climate change are closely linked, with the burning of fossil fuels a key driver of both issues. Transitioning away from fossil fuels into clean, renewable electricity and energy is critical to tackling climate change and improving air quality.

Every year, evidence mounts of the impact air pollution is having on human health, with 9/10 people worldwide breathing polluted air that exceeds WHO safe limits. The impact on respiratory and cardiovascular health is clear and evidence continues to build around impacts on other aspects of health, including cognitive health. It is also an issue of social justice, impacting vulnerable communities disproportionately².

Through our respiratory brand, Otrivin, we launched the Actions to Breathe Cleaner programme to help people to mitigate the impact of air pollution on their health. The programme teaches young people about the everyday actions they can take to minimise the health impacts of air pollution, such as changing their route to school to reduce exposure.



¹ Ambient (outdoor) air pollution (2022) Who.int. Available at: [https://www.who.int/news-room/fact-sheets/detail/ambient-\(outdoor\)-air-quality-and-health](https://www.who.int/news-room/fact-sheets/detail/ambient-(outdoor)-air-quality-and-health) (Accessed: 1 March 2024).

² 9 out of 10 people worldwide breathe polluted air, but more countries are taking action (2018) Who.int. Available at: <https://www.who.int/news/item/02-05-2018-9-out-of-10-people-worldwide-breathe-polluted-air-but-more-countries-are-taking-action> (Accessed: 1 March 2024).

Governance

Board responsibilities

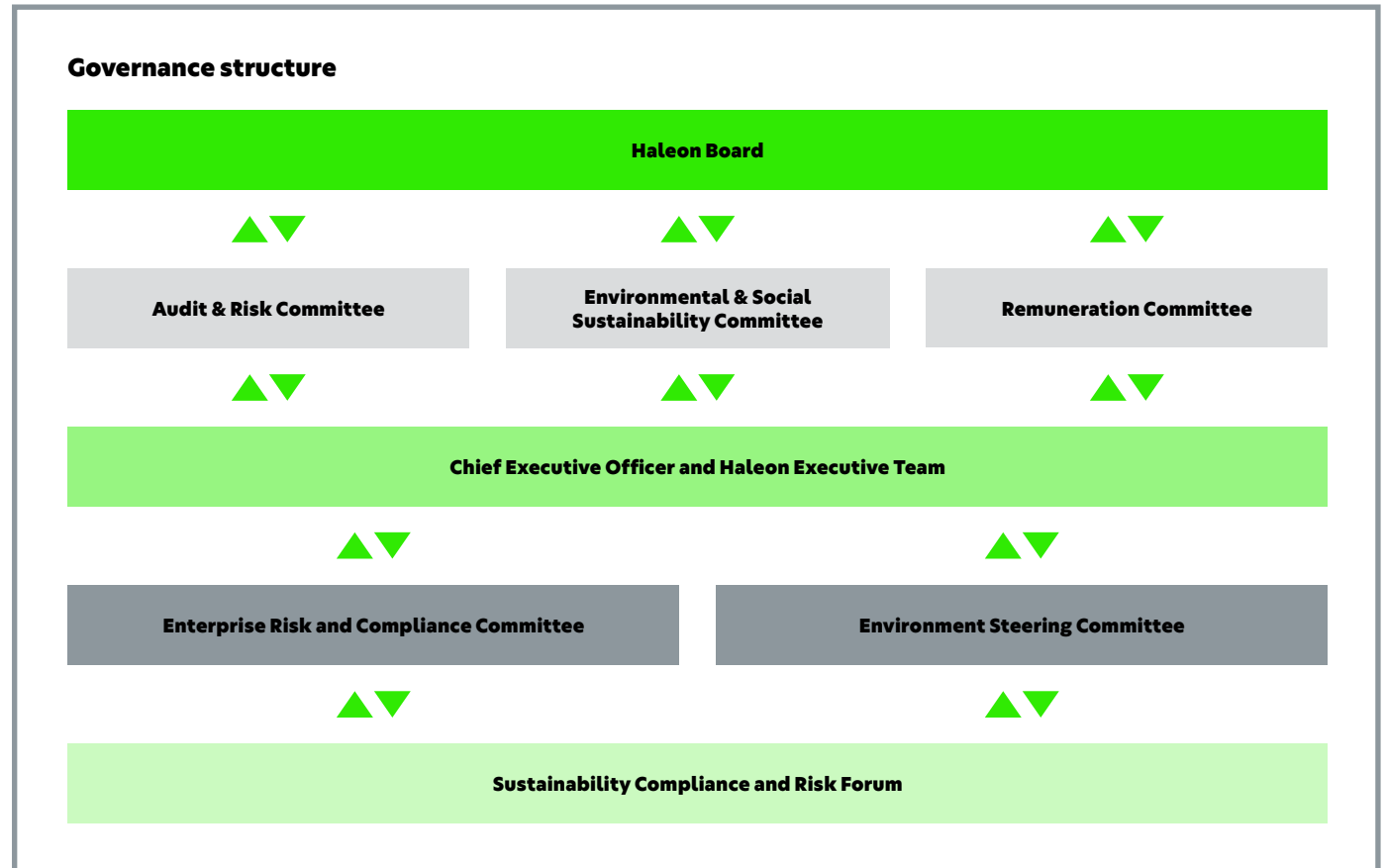
The Haleon Board has overall responsibility for the Group's responsible business strategy. In March 2023, the Board established the Environmental & Social Sustainability Committee, recognising the importance of the fourth pillar of our strategy – to run a responsible business – which we regard as a growth driver and key to achieving our purpose to deliver better everyday health with humanity.


Chaired by Marie-Anne Aymerich, the role of the Committee is to provide oversight and effective governance of progress on Haleon's environmental and social sustainability agenda, including climate change and the relevant external governance and regulatory requirements. Haleon's decarbonisation strategy and oversight of the Climate Action Transition Plan and its future updates rest with the Committee.

Environmental & Social Sustainability Committee terms of reference.

In addition to the Environmental & Social Sustainability Committee, specific climate change matters are managed by the following board committees:

- The Audit & Risk Committee oversees Haleon's principal risks, including Haleon's principal risk related to environment, social and governance (ESG), which includes climate-related risks.
- The Remuneration Committee supports Haleon's responsible business strategy, and specifically its climate strategy, by aligning Haleon's Performance Share Plan with ESG performance via the ESG qualifier, which includes our Scope 1 and 2 decarbonisation commitment.



 **Further information on Board-level committees and their roles and responsibilities can be found here in our latest Annual Report and Form 20-F.**

Governance continued

Management roles and accountability

The Global Sustainability team, which sits within our Corporate Affairs department, is responsible for managing climate change governance, strategy development and coordination, while programmes are delivered by Haleon's global functions, global category teams, and business units.

Working groups in our global functions and business units integrate responsible business principles and initiatives into our strategic planning process, day-to-day responsibilities, and in-year metrics.

Responsible business scorecards at both enterprise-wide and business unit level track responsible business metrics on a quarterly basis and include measures for percentage carbon emissions reduction in Scopes 1 and 2, and progress against our Scope 3 decarbonisation roadmap.

The Executive Team and Environmental & Social Sustainability Committee receive quarterly updates on the status of in-year metrics measured on Haleon's responsible business scorecard and progress towards Haleon's 2025 and 2030 responsible business goals. The Executive Team and regional leadership teams link scorecard performance to employees' personal objectives and performance where relevant.

In measuring effectiveness and tracking our progress transitioning to a climate-resilient future, we will continue to measure and disclose our carbon footprint annually. Internally, we use our responsible business scorecards to track against in-year targets towards delivery of our decarbonisation goals that are also related to our Climate Action Transition Plan. Our Executive Team will receive quarterly updates on progress made against our Climate Action Transition Plan alongside responsible business metrics. The delivery of carbon emissions reduction as part of our Climate Action Transition Plan is considered by our Executive Team as part of our enterprise strategic planning process.

Risk management

Haleon's principal risk related to ESG, including climate-related risks, is monitored through Haleon's risk management framework. Risk management processes are embedded into the global function and business units' day-to-day activities.

The Sustainability Compliance and Risk Forum (CRF) is responsible for monitoring, assessing and mitigating potential risks that may impact Haleon's responsible business strategy delivery, including climate change risk. The Sustainability CRF meets monthly and includes the Vice President, Sustainability and members of the Global Sustainability team.

In addition to risks associated with water supply and other impacts of extreme weather events on our operations and supply chain, the scenario analysis we carried out also identified both the potential risk, or opportunity, of changing consumer preferences and carbon taxation. Haleon is responding to changing consumer preferences by taking action to make our products less carbon intensive as described on pages 11 and 14. By taking these actions, we are also able to make substantiated consumer-facing claims and qualify our products for low-carbon ranges such as Amazon's Climate Pledge Friendly range. To respond to the potential risk of carbon taxation, we are working to reduce our exposure through our activities as outlined in this Climate Action Transition Plan, prioritising action first on carbon-intensive raw and active pharmaceutical ingredients and packaging materials.

More information on risk management, and Haleon's climate-related risks and opportunities can be found [here](#) in our TCFD disclosure in our latest Annual Report and Form 20-F.

Case study: water risk

The water crisis is inextricably linked to the climate crisis. Climate change impacts – floods, sea level rise, droughts – are threatening the global water supply which in turn increases water stress and impacts access to adequate water and sanitation¹. We recognise that water used in our operations is a local resource shared with the communities in which we operate.

As part of undertaking our climate risk assessment, we have assessed the impact of water stress on our business. We monitor the number of Haleon sites in water-stressed basins, and these sites are in scope of our water neutrality goal. Currently, this is 4/24 sites.

As members of AWS, we are taking steps to ensure our management of water is environmentally sustainable and socially equitable through AWS certification of our manufacturing sites. We achieved our first water neutral and AWS standard-certified site in 2023, at Cape Town, South Africa. We also rolled out a programme of water stewardship capability building for employees at our manufacturing sites to embed the principles of the AWS standard.

In alignment with our water goals on page 5, we will assess how water usage, efficiency and circularity can be increased at high-risk sites and implement adaptation plans to reduce site-level water consumption.

¹ Water and Climate Change (2021) Unwater.org. Available at: <https://www.unwater.org/water-facts/water-and-climate-change> (Accessed: 1 March 2024).

Governance continued

Incentives and remuneration

Reflecting its strategic importance, our Scope 1 and 2 decarbonisation commitment has been incorporated in our executive incentive structure. The Performance Share Plan (PSP) is a long-term incentive plan and is an element of Haleon's Remuneration Policy for Executive Directors and other key employees. Its purpose is to incentivise and recognise delivery of longer-term business priorities, financial growth and increases in shareholder value. The PSP has an ESG qualifier with thresholds for each of its three measures. Two of the three measures relate to the Climate Action Transition Plan - Scope 1 and 2 carbon emission reduction and recycle-ready packaging.

If any of the thresholds are missed, a reduction in the level of vesting up to 10% could be applied for each missed threshold. Moreover, 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%). Delivering on our responsible business commitments is fundamental to sustainable strong performance at Haleon and the Remuneration Committee has therefore deliberately designed a more stringent long-term incentive structure than prevailing market practice. Creating a direct and tangible link between incentive measures and emissions reduction, this structure reflects the significance of decarbonisation within Haleon's strategy.

Financing our transition

In 2022, we performed our first qualitative analysis, which we have refreshed in 2023, to quantitatively assess the climate-related risks and opportunities in greater detail and understand the impact of climate change on our existing business model. The results will be used to inform strategy and financial planning, including updating our underlying cash flows for our planned actions to meet our climate ambitions. This will be used in developing our strategic planning and budget process throughout our strategic planning cycles.

To meet our Scope 1 and 2 reduction goals by 2030, we have developed a high-level investment plan for sites in Haleon's operational control. This is divided into three areas and includes capital expenditure to:

- Reduce energy consumption at source, including the use of more energy-efficient lighting, motors, heating, and ventilation control.
- Install renewable electricity at our sites to build on the 12 of 24 manufacturing sites where renewable capacity currently exists.
- Remove and upgrade fossil-fuelled boilers and replace with electrified alternative heat sources. This is the most significant investment allocated over the next three years as we continue this programme.

- We have incorporated shadow carbon pricing into our capital approval process (£60/tCO₂e) from 2024. This will be reviewed on an annual basis and aligned with the current European Carbon Trading Scheme (ETS).

Climate-related issues are currently being considered as part of our manufacturing site network strategy and investment plans. In the next two years we aim to integrate climate-related issues more widely into Haleon's financial planning process.



For more details on the ESG qualifier, see our latest Annual Report and Form 20-F [here](#).

Culture and supporting policies



Instilling a workplace culture that aligns with our responsible business strategy and net zero ambitions is integral to achieving our goals.

Our purpose, culture and behaviours underpin our drive to be a net zero carbon company. Our long-term aim is to achieve net zero carbon emissions from source to sale by 2040, aligned to guidance from The Climate Pledge and Race to Zero.

To promote 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, provides a framework to guide our approach in delivering our strategy and business performance.

Purpose	To deliver better everyday health with humanity
Supported by our core value	Seeking to always do the right thing
Defined by our three key behaviours	<ul style="list-style-type: none"> – Go beyond – Do what matters most – Keep it human
Leadership standards	<ul style="list-style-type: none"> – Drive growth – Deeply understand our consumers and customers – Build 'one' Haleon – Motivate and unleash potential

Capacity building

In embedding the appropriate level of skills, competencies and knowledge in transitioning to net zero carbon, our internal capability platform offers two climate-specific internal training modules available to all employees. The modules cover foundational knowledge on GHG emissions, their measurement, implications on human health and climate risk as well as the Haleon strategy to reduce carbon emissions, the goals we have set, and the functions and work streams involved in achieving the goals.

To build capacity within our R&D function, we have developed the SIAT tool. To learn more about how our teams utilise this tool to assess the carbon impact of innovations, see page 14.

Our Procurement team is integral to our Scope 3 emissions reduction strategy and supporting suppliers in carbon reduction. Within our Procurement team, we have a dedicated sustainability function focused on supporting our net zero ambitions in our supply chain and reducing supplier impact. We are tracking supplier decarbonisation efforts, projects and their projected emission reductions while setting in-year pipeline targets.

The Environmental & Social Sustainability Committee received an education and assessment session for their first meeting as an established committee. The purpose of this session was to provide an independent assessment on the level of rigour of Haleon's strategy and goals, including those on climate, and to provide an education session for the members of the Committee. The session was facilitated by external subject matter experts.

As we progress the implementation of our Climate Action Transition Plan, we will continue to maintain Board awareness and education on climate change matters.

We are updating and developing codes, policies and standards to support our teams, suppliers and stakeholders in driving climate action. Our Environmental Sustainability Policy outlines standards and commitments Haleon has set

to minimise impacts on the environment. It also outlines our approach to engaging with key stakeholders on environmental topics, including the impact of climate change on health, sustainable packaging solutions, sustainable sourcing of key materials, and water stewardship. We will conduct a policy review in 2024 to ensure relevant policies that intersect with our decarbonisation goals support the delivery of our Climate Action Transition Plan.



Reporting

Data

We remain focused on further improving our data quality in the calculation of our carbon footprint. We use internal data for the calculation of our Scope 1 and 2 footprint. We currently rely to a large extent on industry standard emission factors for the calculation of our Scope 3 emissions. These emission factors are not specific to our supplier base and operations. To improve data quality and granularity, we are engaging with suppliers to obtain emission factors specific to their operations and making the provision of this specific carbon emissions data part of our supplier selection process to help drive the availability of higher quality data.

As part of this focus, we continue to improve the data collection processes used to measure and track our Scope 3 emissions footprint, as well as our 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 value chain emissions and packaging footprint has greater availability and accuracy.

Assurance and external verification

Selected ESG data points disclosed in our Annual Report are subject to independent limited assurance, including Scope 1 and 2 carbon emissions. The GHG emissions assurance is conducted in accordance with International Standard on Assurance Engagements 'ISAE (UK) 3000' and 'ISAE 3410'. KPMG LLP's limited assurance statement is available [here](#).

Transparency

Transparent reporting is fundamental to our responsible business strategy and our transition to a net zero future. This Climate Action Transition Plan has been drafted with consideration of the Transition Plan Taskforce (TPT) Framework and the Task Force on Climate-related Financial Disclosures (TCFD) transition plan guidance.

Annually, we respond to the CDP Climate Change questionnaire and disclose our Scope 1 and 2 carbon emissions in alignment with UK SECR in our Annual Report and Form 20-F. We have embedded the TCFD framework into our annual reporting to further our understanding and mitigation of climate-related impacts and risks while identifying and adopting opportunities to support our transition.

We support efforts to standardise climate reporting and we keep ourselves informed of the new requirements emerging globally. We continue to prepare the business to be actively ready to disclose against those requirements for which Haleon will fall in scope.

Performance

To measure our effectiveness in driving climate action, it is imperative that we benchmark our progress against peers and broader industry. We publicly disclose our carbon emissions performance to a range of external benchmarking organisations, ESG ratings agencies, disclosure platforms and indices that assess our performance.

Further information on ratings and rankings and our performance can be found [here](#).



- Climate Change: B
- Forests (palm oil): B
- Forests (timber): B-
- Water: B

Additional information regarding our climate reporting can be found via the following channels:

- [haleon.com/investors/results-reports-presentations/results](https://www.haleon.com/investors/results-reports-presentations/results)
- [haleon.com/our-impact/esg-reporting-hub](https://www.haleon.com/our-impact/esg-reporting-hub)
- [haleon.com/our-impact](https://www.haleon.com/our-impact)

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Sustainability Indices**

Powered by the S&P Global CSA

Haleon scored 67 (out of 100) in the Personal Products Industry in the S&P Global Corporate Sustainability Assessment and is a constituent of S&P's 2024 Global Sustainability Yearbook.

Disclaimer

This Climate Action Transition Plan contains certain statements that are, or may be deemed to be, 'forward-looking statements' (including for purposes of the safe harbor provisions for forward-looking statements contained in Section 27A of the US Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). Forward-looking statements give Haleon's current expectations and projections about future events, including strategic initiatives and future performance, and so Haleon's actual results and performance may differ materially from what is expressed or implied by such forward-looking statements. Forward-looking statements sometimes use words such as 'expects', 'anticipates', 'believes', 'targets', 'plans', 'intends', 'aims', 'projects', 'indicates', 'may', 'might', 'will', 'should', 'potential', 'could', 'looks', 'ambition', 'seeks', 'commitment', 'goal' and words of similar meaning (or the negative thereof). All statements, other than statements of historical facts, included in this Plan are forward-looking statements.

Such forward-looking statements include, but are not limited to: statements relating to future actions and delivery on strategic initiatives; statements relating to Haleon's goals, commitments, targets and responsible

business strategy of reducing its environmental impact; in particular, statements relating to commitments, targets and actions intended to reduce carbon emissions in the Group's own operations and across its value chain (including reducing emissions at the Group's factories, offices and labs as well as within its supply chain (e.g. raw materials, packaging materials, logistics and distribution)), to make our packaging more sustainable, to source our trusted ingredients sustainably, and to integrate water stewardship and waste circularity into our operations.

Any forward-looking statements made by or on behalf of Haleon speak only as of the date they are made and are based upon the knowledge and information available to Haleon on the date of this Climate Action Transition Plan. These forward-looking statements and views may be based on a number of assumptions and, by their nature, involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future and/or are beyond Haleon's control or precise estimate. Such risks, uncertainties and other factors that could cause Haleon's actual results, performance or achievements

to differ materially from those in the forward-looking statements include, but are not limited to, those discussed under the section headed 'Data' on page 25, the Plan Assumptions on page 8 and the 'Risk Factors' in our Annual Report and Form 20-F. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. Subject to our obligations under English and US law in relation to disclosure and ongoing information (including under the Market Abuse Regulations, the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Conduct Authority ('FCA')), we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should, however, consult any additional disclosures that Haleon may make in any documents which it publishes and/or files with the SEC and take note of these disclosures, wherever you are located.

No statement in this document is or is intended to be a profit forecast or profit estimate.

This document does not form part of the Haleon Annual Report and Form 20-F.