

HALEON

Environment, Social and Governance (ESG)

Approach to reporting – 2022



Overview

Haleon demerged from GlaxoSmithKline (GSK) in July 2022, completing a multi-year journey to establish a world-leading, standalone global consumer health company.

Our Responsible Business reporting details the progress made by Haleon against our Responsible Business Strategy, including key environmental, social and governance (ESG) metrics for the 2022 financial year. Some responsible business metrics do not use the 2022 calendar year reporting period and footnotes are included throughout our reporting where this applies.

We will publish our progress against our Responsible Business Strategy annually. Additional content regarding environmental, social and governance (ESG) performance at Haleon can be found via the following channels:

- [Haleon 2022 Annual Report and Form 20-F](#)
- [Haleon 2022 Gender Pay Gap Reports](#)
- [Haleon 2022 Modern Slavery Act Statement](#)
- [Haleon 2022 ESG data book](#)

Please address any questions regarding our Responsible Business reporting and stated information to:

Responsible Business Team, Haleon PLC, Building 5, First Floor, the Heights, Weybridge, Surrey, KT13 0NY

Or contact us [here](#)

Frameworks and disclosures

We use external frameworks to support and structure our disclosures, focusing on those of interest to our stakeholders, including our Investors.

Global Reporting Initiative (GRI)

This report is prepared with reference to the GRI. Further information and our GRI content index can be found [here](#).

United Nations Global Compact (UNGC)

In December 2022, Haleon joined the UNGC and the UNGC Network UK. Our CEO, Brian McNamara, confirmed Haleon's commitment to support the Ten Principles of the UNGC on human rights, labour, environment, and anti-corruption.

Task Force on Climate-related Financial Disclosures (TCFD)

We use the TCFD framework to disclose our climate-related financial risks and opportunities to stakeholders, including vendors and lenders along with the actions we are taking to mitigate these risks. Our 2022 TCFD disclosures can be found in our 2022 Annual Report and Form 20-F.

Assurance and reporting criteria

Independent assurance

For the financial year ended 31 December 2022, Haleon commissioned DNV Business Assurance Services UK Ltd, to conduct limited assurance over selected data points (noted in our reporting with an *) applying the International Standard on Assurance Engagements (ISAE) 3000 (revised). DNV's limited assurance statement is available [here](#).

Reporting criteria

The reporting criteria for KPIs selected for independent assurance can be found in the [Haleon Responsible Business Basis for Reporting 2022](#).

Our Goals – Measurement approaches

Health Inclusivity

We have set ourselves the goal of empowering millions of people a year to be more included in opportunities for better everyday health, empowering 50 million people a year by 2025.

We measure and report annually against our goal based on the number of people engaging with a Haleon brand or initiative and/or through our network of health professionals, with a view to improving their self-care.

Each initiative is assessed by internal and external subject matter experts to validate that it meets strict criteria against our goal definitions and meets a threshold level of engagement.

Progress towards our 2025 goal is tracked and reported to our Health Inclusivity Steering Committee. Further information on Responsible Business Governance can be found [here](#).

Environmental

Our Environment Steering Committee reviews progress against our environment commitments using the latest quarterly data.

For our 2022 published scope 1 and 2 carbon emissions, energy, water and waste disclosures, we use data from 1 December 2021 to 30 November 2022. We cover all sites over which Haleon has full operational control and include Jacarepaguá, Brazil, which was owned by GSK in 2022 prior to transitioning to Haleon's operational control in 2023.

For 2022 published scope 3 carbon emissions, sustainable packaging and sustainable sourcing disclosures, we use data from 1 July 2021 to 31 June 2022. The reporting scope for these goals is our entire product portfolio, including products manufactured both within our own network and by third party manufacturers. The exception is sustainable sourcing data, which covers globally managed spend¹ on key materials which are agricultural, forestry, or marine derived.

For packaging and scope 3 carbon emissions, we extrapolate from our footprint within our operational control to cover products manufactured by third parties. This assumes that the type and relative share of products manufactured internally is the same as those manufactured by our third-party manufacturing suppliers. We are working with our external network of third-party manufacturers on transparency of their data so we can improve the accuracy of our estimated footprints.

For goals with a 2020 baseline, we compare our performance in the relevant latest reporting period against the 2020 calendar year.

Scope 1 & 2 emissions reduction

We use activity data from our environmental, health and safety (EHS) system to determine our annual carbon-emission footprint in tonnes. The net reduction in scope 1 and 2 carbon emissions is determined by calculating the difference in market-based carbon emissions between the latest reporting period (1 December 2021 to 30 November 2022) and 2020. To find out more, see our [Basis of Reporting 2022](#).

Scope 3 emissions reduction

We use tonnage, spend and other internal and external data to calculate our annual carbon emission footprint in tonnes in line with the GHG Protocol (Scope 3 Standard) over a 12-month period.

The volume of scope 3 carbon emissions is determined using the latest carbon emission factors from industry-standard databases such as Ecoinvent, DEFRA, and IEA. The reduction in scope 3 carbon emissions is determined by calculating the difference in scope 3 carbon emissions between the latest reporting period (1 July 2021 to 31 June 2022) and 2020 (our baseline).

Virgin plastic reduction and packaging recyclability

To inform our packaging strategy, we use tonnage, spend and specification data to calculate the amount of product packaging we use in our manufacturing sites in tonnes (the packaging footprint) in a 12-month period. We assume that we sell all packaging that we purchase.

¹ Globally managed spend covers the majority of our internal spend and expands across some of our third-party manufacturing network.

We calculate the amount of virgin petroleum-based plastic used by subtracting recycled and bio-sourced plastic from the total plastic footprint. The reduction in virgin petroleum-based plastic is determined by calculating the difference in the virgin petroleum-based plastic footprint between the latest reporting period (1 July 2021 to 31 June 2022) and 2020 (our baseline).

The percentage of recycle-ready packaging is calculated by applying an expert rating on recycle-readiness based on industry standard sources, including industry studies, governmental reports, or observations or opinions of packaging experts outside or in Haleon. This rating is applied by packaging format, packaging material classification, and packaging material type.

Sourcing trusted ingredients sustainably

We are establishing robust criteria to enable transparent reporting against our sustainable sourcing commitment. In 2022 we prioritised reporting on sustainable sourcing of palm oil derivatives due to the significant social and environmental risks associated with this supply chain and its high materiality to our business.

We use tonnage, spend and specification data to calculate the amount of the key agricultural, forest and marine-derived materials identified as in scope for our sustainable sourcing metric in tonnes (the sustainable sourcing footprint) over a 12-month period. We assume that we sell all packaging and raw materials we purchase.

We calculate performance against the goal we've set by applying sustainable-sourcing criteria to the data (for example for palm oil derivatives: RSPO mass-balance certified or not).

Integrating water stewardship and waste circularity

To inform our measurement of water and waste, we first determine the amount of water withdrawn in cubic metres and the amount of waste generated in tonnes in our operations in a 12-month period.

To assess water neutrality for sites in basins that are water-stressed, we subtract the amount of water replenished through local water restoration projects from the amount of water withdrawn. To achieve water neutrality for a site, we need to replenish an equal or greater amount of water than the amount we withdraw. For the Alliance for Water Stewardship standard, we will report the percentage of manufacturing sites achieving core level certification. All Haleon manufacturing sites are in scope of the goal to achieve this certification. We will also report the percentage of manufacturing sites achieving certification by TRUE.

Upholding Our Standards

Gender parity in leadership roles

We have set ourselves a goal to aim to reach gender parity in leadership roles by 2030

The scope of our goal includes permanent employees only and within our compensation grades 0-5. These roles include members of the Executive Team, their direct reports (excluding administration support), heads of department and other upper management. The data is based on self-disclosure in our HR portal and represent the percentage of Female employees among all self-disclosed populations at a given date. The Gender parity in leadership roles performance reported shows the performance as of 31 December 2022. To track progress throughout the year against this goal, snapshots of data are taken at the end of every quarter.