



Enterprise Risk Management Policy

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Introduction

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 business.

Management of risk is firmly embedded in our strategy to achieve our long term goals. We have **simplified** and **embedded** the risk management framework within the **strategy and planning cycle**, ensuring the accountability for the identification, management / mitigation, assessment and monitoring of risks aligned with our strategic objectives.

The framework supports **information flow** and **open communication** between the Board, the Audit and Risk Committee (ARC), HET, functions and business units.

Our framework defines the essential elements of the Groups approach to risk management ensuring risks associated with conducting **business activities** are **effectively controlled**, in line with the Boards appetite and compliance with legal, regulatory and ethical expectations.

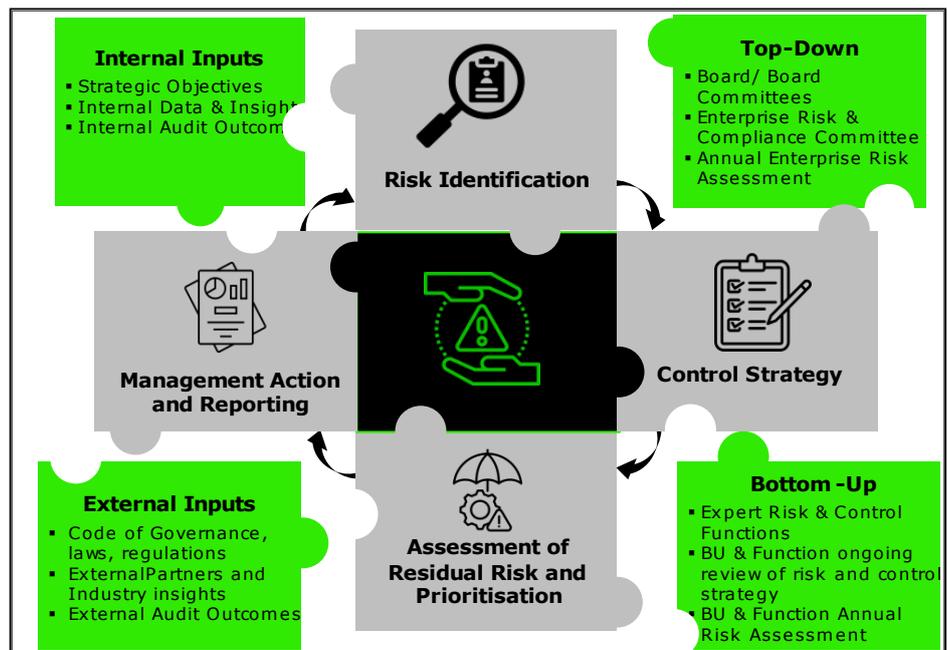
The framework is **aligned** to the **'Three Lines model – Protecting our Business'** which assigns roles and responsibilities for the management of risks within Haleon.

This document outlines the key risk management requirements along with roles and responsibilities for execution of these requirements.

Risk Management Framework

— Haleon Risk Management framework

- ✓ Simplified Risk Management Framework
- ✓ Embedded within the Strategy and Planning Cycle
- ✓ Robust bottom-up and top-down view of the risks across the organization
- ✓ Annual assessment of Enterprise and Emerging risks with HET and Board



Risk Identification - What could impact the business and the achievement of its objectives?

Leadership Teams (HET, Business Unit and Functional) **identify** and **review** the **most significant risks** with the potential to impact the business and the achievement of its objectives. The assessment is completed at least **annually** in line with the company’s strategy and planning cycle.

Control Strategy – What are we doing to manage the risk?

Leadership Teams (HET, Business Unit and Functional) review and assess how each risk is managed to **ensure** it is **appropriate and controls are operating as intended**.

Assessment of Residual Risk and Prioritisation - How comfortable are we with the level of risk?

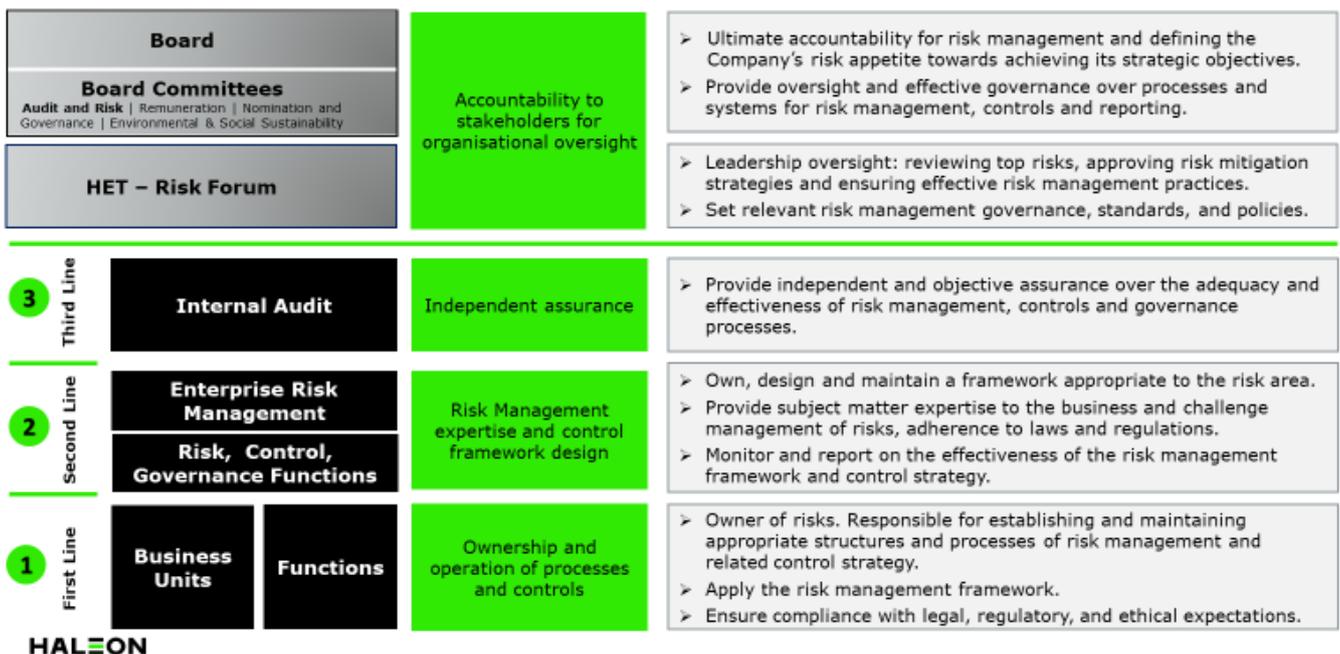
Considering the controls we have in place to manage each risk, **Leadership Teams** (HET, Business Unit and Functional) **assess** the **probability** that the risk will materialise, the potential **impact** and **whether more should be done** to manage or mitigate the risk (i.e. in line with their risk appetite). A decision to act will be based on how **comfortable** Leadership Teams are with the way each risk is being managed and mitigated and their appetite to further reduce the risk.

Management Action and Reporting – What more do we need to do?

Having identified areas of highest risk that require attention **action plans** are developed by Leadership Teams (HET, Business Unit and Functional) **to manage** and **mitigate** the risk **to an acceptable level**. Significant risks are discussed within Leadership forums at a HET, BU and Functional level.

Risk Governance

– Three Lines Model – Protecting our business



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 Groups Enterprise Risks, financial and operational controls and procedures.

The Executive Team is joined by the Heads of Risk and Audit and Ethics and Compliance to for the HET Risk Forum. The **HET Risk Forum** meets quarterly to **ensure that risks are adequately managed**, and the **risk management framework is effectively deployed** throughout the Group. The HET Risk Forum discusses Enterprise and Emerging risks, reviews industry trends, regulatory developments, high profile incidents and critical audit findings. Each Enterprise Risk is owned by a HET member, who is accountable for designing and implementing risk mitigation strategies and regularly reporting risk updates to the ARC and HET Risk Forum.

Functional and Business Unit **Leadership Teams** regularly **review risks** that could impact the **achievement of business objectives** and operationalisation of **strategic priorities**.

These governance forums provide the HET Risk Forum with a bottom-up view of risks along with oversight of how key risks are being managed. Open communication and adequate reporting remain essential to ensure 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.

The **Annual Enterprise Risk Assessment (ERA)** includes a risk survey and interviews with Board, HET and Business Unit GMs to identify and evaluate (likelihood and impact) both current and emerging risks, to include any change in risk profile (increasing or decreasing).

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

<p>Our risks</p> <p>At Haleon, continual assessment and management of risk is embedded in our strategy and forms an integral part of the achievement of our long-term goals. The nature of these risks is diverse, and we need to have appropriate processes and tools in place to help us identify risks before they materialise.</p>	<p>Enterprise Risks Risks that we actively manage across Haleon</p> <p>Business Unit and Functional Risks Distinct risks within a broad or complex risk area that require specific attention</p>	<p>Principal Risks Reported Externally The most significant risks we face, including those that can materially impact our performance and/or reputation and that could threaten our long-term business model or liquidity</p>	<p>Emerging Risks Reported Externally Uncertainties or potential disruptors that have not yet crystallised into specific risks, and whose potential impact is difficult to predict</p>
<p>Risk factors Disclosure of risks and uncertainties considered to be material (Comprehensive list of risks to satisfy US disclosure requirements in Form 20-F, owned by Legal)</p>		<p>22</p>	

Glossary

Enterprise Risk Management	Enterprise Risk Management is an integrated approach to the management of the risks, effected by an entity's board of directors, management and employees, applied in activities across the enterprise, designed to identify potential events that may affect an organisation, and manage risk to be within its Risk appetite, to provide reasonable assurance regarding the achievement of organisation's objectives.
Event	The occurrence or change of a particular set of circumstances. An event can have one or more occurrences and can have several causes and several consequences; an event can also be something that is expected which does not happen, or something that is not expected but does happen. An event can sometimes be referred to as an 'incident' or an 'accident'. An event without consequences can also be referred to as a 'near-miss', 'incident', 'near hit' or 'close call'.
Issue	A risk event that has materialised. Issues and 'Incidents' are related. Issues may be events that are ongoing in nature, whereas an incident is a discrete event. An issue may also refer to a problem, point or matter in question or in dispute, or a point or matter that is not settled and is under discussion or over which there are opposing views or disagreements.
Likelihood	The chance of something happening.
Probability	Measure of the chance of occurrence.
Residual Risk	The level of risk left over at a point in time, after consideration of the effect of controls and other factors beyond an organisation's control.
Risk	A measure of the extent to which an entity is threatened by a potential circumstance or event, and typically a function of: (i) the adverse impacts that would arise if the circumstance or event occurs; and (ii) the likelihood of occurrence.
Risk Appetite	Amount and type of risk that an organisation is willing to pursue or retain.
Risk Management	Coordinated activities to direct and control an organisation with regard to risk.
Risk Management Framework	Set of components that provide the foundations for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk Owner	A person or entity with accountability and authority to manage a risk.