

HALEON PLC

AUDIT & RISK COMMITTEE TERMS OF REFERENCE

1. Role

The Audit & Risk Committee (the "Committee") is a committee of the Board of Haleon plc (the "Board"), from which it derives its authority and to which it reports on a regular basis.

The role of the Committee is to provide oversight and effective governance over:

- the appropriateness of financial reporting of Haleon plc (the "Company") and, where relevant, its subsidiaries, including the integrity of the Company's financial statements and adequacy of related disclosures,
- the external and internal audit process and performance of the internal audit function and the external auditor,
- the effectiveness of the Company's system of internal controls,
- the process for the management of related party transactions,
- the Group's risk management system, the identification and management of risks, and
- the Company's process for monitoring compliance with legal and regulatory requirements and ethical codes of practice.

2. Membership

- (a) The Committee shall comprise at least three members, all of whom shall be independent Non-Executive Directors of the Company, in accordance with the provisions of the UK Corporate Governance Code and US federal securities laws and regulations. At least one member shall have recent and relevant financial experience and the Committee as a whole will be financially literate and have competence relevant to the sector in which the Company operates. The Chair of the Board shall not be a member of the Committee.
- (b) Appointments to the Committee are made by the Board on the recommendation of the Nominations & Governance Committee.
- (c) The Board shall appoint the Committee Chair. In the absence of the Committee Chair and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.
- (d) At least annually the Board shall consider whether to designate one or more of the Committee members as "audit committee financial experts" as such term is defined in Form 20-F under the United States Securities Exchange Act of 1934.
- (e) Only members of the Committee have the right to attend Committee meetings. However, the Chief Financial Officer, General Counsel, Corporate Financial Controller, Head of Internal Audit & Assurance, the VP, Global Head Ethics and Compliance and a representative of the external auditor will be invited to attend meetings on a regular basis, although the Committee may meet without any executives of the Company being present. The Chair of the Board, the Chief Executive and others may be invited to attend for all or part of any meeting as and when appropriate.
- (f) At least once a year the Committee shall meet separately with the external auditor, the Head of Internal Audit & Assurance and the VP, Global Head Ethics and Compliance without the Executive Directors and other management being present.

3. Quorum

The quorum of the Committee will be two members.

4. Secretary

The Company Secretary, or their nominee, shall act as the secretary of the Committee (the "Secretary") and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

5. Meetings

- (a) The Committee shall meet at least four times a year and otherwise as required. The external auditor or any Committee member may request a meeting if they consider one is necessary.
- (b) The Secretary shall minute the proceedings and decisions of all Committee meetings. Once approved, minutes will be available to all Board directors as appropriate, unless in the opinion of the Committee Chair it would be inappropriate to do so, taking into account any conflicts of interest which may exist.

6. Engagement with Shareholders

The Committee Chair should attend the annual general meeting to answer any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

7. Responsibilities

In relation to the following areas of responsibility, the Committee shall, on behalf of the Company:

7.1 Financial Reporting

- (a) Monitor and assess the Company's financial statements and information, including those contained in its Annual Report and Form 20-F, interim and preliminary results announcements and any other formal statements relating to its financial performance or condition, prior to their approval by the Board, and in particular focus on:
 - i) the integrity of the Company's financial statements, including the strategic report and statements relating to audit and risk management;
 - ii) the application and appropriateness of significant accounting policies and financial reporting judgements and any changes to them;
 - iii) the methods used to account for significant or unusual transactions, where different approaches are possible;
 - iv) whether the Company has made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;
 - v) significant adjustments resulting from the external audit and any unadjusted items identified during the external audit;
 - vi) the clarity and completeness of disclosures in the financial statements and the context in which statements are made, including viability statements and the appropriateness of adopting the going concern assumptions as to the Company's ability to continue to operate and meet its liabilities, taking account of its current position and principal risks; and
 - vii) compliance with relevant UK and US legal and regulatory requirements and financial reporting standards.

- (b) Where requested by the Board, review the content and advise on whether, taken as a whole, the annual report and accounts (and, as applicable, relevant interim and other price sensitive public records to regulators) is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under the UK Corporate Governance Code.
- (c) Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.
- (d) In relation to the Company's dividend proposals, review and consider whether sufficient distributable reserves would be available when a dividend is proposed to be paid and whether sufficient reserves would remain to continue to meet the Company's needs.

7.2 Internal Controls

- (a) Review the Company's internal financial controls systems that identify, assess, manage and monitor financial risks and other internal control and risk management systems.
- (b) Have oversight of the Company's compliance with section 404 of the US Sarbanes-Oxley Act of 2002.
- (c) Have oversight of the process for the management of related party transactions.
- (d) Consider management's response to any material external or internal audit recommendations
- (e) Review and advise the Board on the relevant statements to be included in the Annual Report and Form 20-F concerning internal control and risk management, including the assessment of principal risks and emerging risks, and the viability statement.

7.3 Compliance, Speaking-up & Fraud

- (a) Ensure that procedures are established and monitored for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal control or auditing matters, misconduct and possible breaches of the Company's Code of Conduct and any other relevant matter.
 - (ii) the confidential and anonymous submission by Company employees of concerns regarding accounting, auditing or other matters. The Committee shall ensure that these procedures allow proportionate and independent investigation of such matters and appropriate follow-up action.
- (b) Review the Company's procedures for detecting fraud.
- (c) Review throughout the year the Company's procedure for compliance with any applicable sanctions regimes.
- (d) Review the Company's systems and controls for the prevention of bribery and receive reports of non-compliance.
- (e) Consider any material breaches or exposure to breaches of applicable regulatory requirements or of ethical codes to which the Company subscribes which could have a material effect on the financial position of contingent liabilities of the Company.

7.4 Risk Management

- (a) Monitor the Company's risk management system and at least annually review its effectiveness and advise the Board on the relevant statement included in the Annual Report.
- (b) Review the principal and emerging risks facing the Company in achieving its long-term strategic objectives, including the management and mitigation of those risks. The Committee shall monitor the Enterprise Risk Map of all the Company's Enterprise Risks and the process by which they are prioritised.
- (c) Advise the Board, based on the assessment of the Company's financial position and principal risks, on how the prospects of the Company may be impacted.
- (d) Review and assess the Company's risk appetite and associated stress testing.
- (e) Consider the findings of major internal investigations and management's response and make recommendation for further action to mitigate identified risks as appropriate.

7.5 Internal Audit

- (a) Approve the appointment or termination of appointment of the Head of Internal Audit & Assurance.
- (b) Review and approve the role and mandate of internal audit and as part of this:
 - (i) Meet with the Head of Internal Audit & Assurance without the presence of management to discuss the effectiveness of the function;
 - (ii) Consider, review and approve the annual internal audit work plan;
 - (iii) Receive a report on the results of the internal audit function's work;
 - (iv) Determine whether it is satisfied that the quality, experience, and expertise of internal audit is appropriate for the business; and
 - (v) Review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function.
- (c) Monitor the effectiveness of the internal audit function in the overall context of the Company's risk management system and the work of compliance, finance and the external auditor.
- (d) Ensure internal audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate and is equipped to perform in accordance with appropriate professional standards for internal auditors.
- (e) Ensure the Head of Internal Audit has direct access to the Board Chair and to the Committee Chair, providing independence from the Executive and accountability to the Committee.
- (f) Obtain an independent and objective external quality assessment of the internal audit function as a whole at appropriate intervals.

7.6 External Audit

- (a) Consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor, including initiating and supervising any related tender

process for the appointment of the external auditor in accordance with applicable legal and regulatory requirements.

- (b) Oversee the relationship with the external auditor. In this context the Committee shall:
 - (i) approve their remuneration, including both fees for audit and non-audit services, ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the FRC's Ethical Standard;
 - (ii) approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (iii) approve the appointment of the lead external audit engagement partner;
 - (iv) assess annually the qualifications, expertise and resources, and independence of the external auditor; and
 - (v) if an external auditor resigns, investigate the issues leading to this and decide whether any action is required.
- (c) Ensure that appropriate plans are in place for the annual audit at the start of each annual audit cycle and consider the nature and scope of this, having regard to materiality, resources and expertise of the audit team.
- (d) Review the activities, findings, conclusions and recommendations of the external auditor, including any major resolved or unresolved issues that arose during the course of the audit and the level of errors identified. Review any representation letter(s) requested by the external auditor before signing by management. Review the management letter and management's response to the auditor's findings and recommendations.
- (e) Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit and any difficulties encountered during the course of the audit, including restrictions on activities or access to information and any significant disagreements with management.
- (f) Review the effectiveness of the external audit process, including an assessment of the quality of the external audit, the handling of key judgments by the external auditor, the external auditor's response to questions from the Committee and any audit problems or difficulties and management's response.
- (g) Ensure that a Group policy on the provision of non-audit services by the external auditor is in place, including a procedure for the prior approval of non-audit services.
- (h) Taking into account the policy on the provision of non-audit services, assess annually the external auditor's independence and objectivity taking into account professional and regulatory requirements and the Company's relationship with the auditor as a whole, including the provision of any non-audit services.
- (i) Agree with the Board a policy on the employment of current and former employees of the external auditor, taking into account the FRC's Ethical Standard and legal requirements, and monitor the application of this policy.
- (j) Review and discuss with the external auditor any significant issues arising from any regulatory inspections of the external auditor to the extent relevant to the Company, including the external auditor's response to any identified accounting deficiencies.

8. Reporting

The Committee shall:

- (a) Report to the Board after each Committee meeting on its activities and on how it has discharged its responsibilities.
- (b) Provide advice to the Remuneration Committee on any risk weightings to be applied to performance objectives incorporated in the incentive structure for executive remuneration and make recommendations to the Remuneration Committee on clawback provisions.
- (c) Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (d) Oversee and produce a report to be included in the Company's annual report describing the work of the Committee, including:
 - (i) the significant issues that the Committee considered in relation to the financial statements and how these were addressed;
 - (ii) an explanation of how the Committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; and
 - (iii) an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services, having regard to matters communicated to it be the auditor and all other information requirements set out in the UK Corporate Governance Code.

9. Other Matters

The Committee shall:

- (a) Give due consideration to all relevant laws and regulations, the provisions of the UK Corporate Governance Code and published guidance, the requirements of the FCA's Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules sourcebook, the applicable listing standards of any US national securities exchange on which the Company's securities are listed and any other applicable rules, as appropriate.
- (b) Ensure periodic reviews of its own performance and at least annually, and as required in response to any changes in regulation, regulatory guidance and developing best practice, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- (c) Have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.
- (d) Ensure appropriate training for its members, both in the form of an induction programme for new members and on an ongoing basis as discussed with the Committee.
- (e) The Committee is authorised (at the Company's expense) to take professional advice as necessary and, in particular, from the Company's external auditors, brokers and legal advisers. In discharging its duties, the Committee shall have full access to all of the Company's books, records, facilities and personnel.

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| Approved by the Board on: | 23.05.2022 |
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