

TAX STRATEGY for THE ESTEE LAUDER COMPANIES INC. MULTINATIONAL GROUP'S UK COMPANIES

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The following information is provided in compliance with the requirements of Finance Act 2016, Section 161, Schedule 19, paragraph 19(2). This information applies to each of The Estee Lauder Companies Inc. multinational group entities in the UK as of 30 June 2023.

A - Our approach to risk management and governance arrangements

The wholly owned subsidiaries of The Estee Lauder Companies Inc. (U.S.A.) in the UK comprise a UK sub-group that is aligned with the principles, the code of conduct and the tax policies of the wider The Estee Lauder Companies Inc. and Subsidiaries multinational group (hereinafter the “group”).

The group’s objective is to achieve long term, sustainable growth and increase its profitability by focusing on continual improvement in the way it does business. It aspires to be the best in the prestige beauty industry and to operate sustainably and responsibly at all times, a theme which is also reflected in the group’s approach to its tax strategy.

The group’s Corporate Tax department oversees and is responsible for tax governance and strategy in the UK through coordinated assistance from UK sub-group Board members and supportive finance professionals pursuant to a delegation of these respective roles by the Chief Financial Officer. The Corporate Tax Department, led by the Senior Vice President Tax and Trade Compliance, together with Board members, provide oversight and involvement in managing tax risk and ensuring compliance with group tax policy. Day to day responsibility for managing tax matters is delegated to appropriately qualified, in-house finance professionals that are supported by in-house tax professionals based in Europe and the United States. These professionals identify, manage and, where possible, eliminate tax risk. Where there is a need for specialist guidance, for example, in connection with corporation tax, we rely on external tax advisers. However, responsibility for tax decisions remains in-house.

Our tax strategy is supported by a robust framework of U.S. based Sarbanes-Oxley regulatory internal controls, which govern all areas of our business operations and are subject to annual review by the group’s internal audit department and our independent auditors.

In addition, the in-house finance and tax professionals:

- Carry out due diligence and apply professional judgement when evaluating the tax risk of significant business transactions. This includes seeking technical guidance from external tax and legal professionals to obtain assurances for positions taken.

- Ensure that employees in all relevant areas of the business have appropriate knowledge and training on any tax related matters which impact their role.

- Are provided with mandatory group ethics and compliance training modules which include conflicts of interest, retaliation and reporting and the group code of conduct.

- Keep up to date with the UK tax environment and new legislation through a combination of reading technical bulletins and attending relevant professional training courses.
- Carry out risk reviews for all new areas as necessary.

B - Our approach to tax planning

We are committed to paying the right amount of tax at the right rate and at the right time with respect to our business in accordance with the spirit as well as the letter of the law. This means that we report and pay all appropriate taxes whilst reasonably evaluating and using legally available incentives and reliefs in efficiently managing our tax expense.

As a large business, we are exposed to tax risk as one of the commercial risks inherent in the size and complexity of our organisation. Our in-house finance and tax professionals aim to manage this tax risk by ensuring that the correct amount of tax is paid and that all tax disclosure and reporting requirements are timely met.

Our finance and tax professionals consider the tax implications of all significant business transactions and seek clear advice, where needed, to prudently allow for tax efficiency whilst complying with applicable laws and practice. Areas of uncertainty are clarified by seeking second opinions from external tax advisers or by entering into dialogue with HMRC.

Any tax planning that is undertaken is based on business activity. We do not attempt to avoid tax or defeat the purpose of tax legislation by setting up so-called artificial arrangements, whose sole purpose is to avoid, defer or reduce tax, as we determine and pay tax in the UK by attending to the substance as well as form of our business operations.

C – The level of tax risk that the business is prepared to accept

Our internal governance framework and code of conduct do not prescribe acceptable levels of tax risk. Decisions on tax treatment for significant business transactions are reached on an individual, issue by issue basis. A combination of in-house finance and tax professionals, senior management and, if necessary, external advisers are engaged in such decisions to ensure that reasonable assurance is obtained for all material tax positions to maintain compliance and minimize tax risk.

Decision making takes into account financial materiality but we also consider corporate social responsibility to ensure that we have taken a responsible approach to our tax treatment, and that we continue to build a trusted brand, reputation and relationships.

External stakeholders have not sought to influence our level of acceptable tax risk although we regard the tax authority as a stakeholder and always consider the potential impact on our relationship with HMRC when assessing the tax risk of a transaction.

D – Our approach to dealings with HMRC

Meeting the requirement to work constructively with HMRC

We maintain a constructive relationship with HMRC and hold meetings annually for a wide ranging discussion of material tax affairs concerning the principal business operations of the UK sub-group. This includes maintaining an open dialogue on current tax issues, financial forecasts and developments within our business throughout the year, as appropriate.

How we work with HMRC on current, future and past tax risks, events and interpretation of tax law

We place value on working in a transparent and highly cooperative manner with HMRC and freely provide information to agree tax positions in real time, where possible. We have been proactive in seeking HMRC clarification from various specialist departments to ensure that we apply the correct tax treatment in interpreting the law under specific scenarios.

We recognise that, at times, applicable regulations could be inadvertently misinterpreted, or minor errors are identified. Upon such occasions, we maintain an honest relationship with HMRC to ensure that we act in a forthright manner to disclose and rectify as soon as is reasonably possible.

Our in-house finance and tax professionals have participated in HMRC led events covering specific areas of taxation and we have also invited HMRC specialists to provide in-house training for certain teams. We also provide input into surveys and consultations which impact our business to help HMRC to shape future tax laws and regulations. Our UK Senior Tax Manager is a member of the HMRC Taxpayer Data Standards Forum, representing the retail industry nationally.