Chair's Annual Governance Statement for the year 1 July 2023 to 30 June 2024

Introduction

This statement has been prepared by the Trustee of the Estée Lauder Retirement Savings & Investment Plan in accordance with The Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 by the Occupational Pension Schemes (Charges and Governance) 2015 (together 'the Regulations') (as amended). It describes how the Trustee has met the statutory governance standards in relation to:

- The default investment arrangements and governance as well as underlying asset allocation;
- The process of core financial transactions;
- Net investment returns;
- Disclosure of costs and charges (including transaction costs);
- An illustration of the cumulative effect of these costs and charges;
- A 'value for members' assessment;
- The requirement for trustee knowledge and understanding.

As Chair of the Trustee, it is my pleasure to report to you on how the Trustee has embedded these standards over the year 1 July 2023 to 30 June 2024 (the Plan period).

A copy of this statement is available at https://www.elcompanies.co.uk/en-gb/uk-and-ireland-corporate-statements as well as on the Fidelity website at https://retirement.fidelity.co.uk/costs-and-charges/esla and is signposted to members via their annual benefit statements.

Default investment arrangements

The Trustee is responsible for setting the Plan's investment strategy and for appointing investment managers to carry out that strategy. They must also establish a default investment arrangement for members who do not select their own investment options from the fund range that is available.

The Trustee, aided by advice and input from their Investment Advisor, Mercer Limited, reviews the default investment arrangement and performance of the default arrangements regularly and at least every three years. Each regular review focusses, in particular, on the extent to which the return on investments relating to the default arrangement (after deduction of any costs and charges which are relevant to those investments) is consistent with the Trustee's aims and objectives in respect of the default arrangements (as recorded in the Statement of Investment Principles). The Trustee may also at times undertake reviews of specific aspects of the SIP and the performance of the default arrangements.

The last formal review of the default strategy was concluded on 6 September 2023. This involved analysis of the member demographics and Plan experience, review of the lifestyle target and review of the objectives and performance of the underlying managers. As part of this review, the Trustee agreed to implement several changes to the default investment arrangement which we implemented in March 2024;

- Firstly, members who are more than 15 years from their Target Retirement Age (TRA) will now be solely invested in the Estée Lauder Passive Global Equity Fund, rather than the previous combination of Estée Lauder Passive Global Equity Fund (49%) and Estée Lauder Blended Growth Fund (51%).
- Secondly, the new approach will gradually incorporate the Estée Lauder Blended Growth Fund from 15 years to retirement as members approach their TRA and the Estée Lauder Passive Global Equity Fund will be sold out of at 8 years to TRA.

Further, the Trustee agreed to make changes to the underlying components of the Estée Lauder Passive Global Equity Fund, the table below summarises these changes.

Allocation (%)	Previous Underlying Funds	Allocation (%)	Current Underlying Funds
100	BlackRock Aquila Connect Currency Hedged Global Equity (10:80:10) Fund	45	BlackRock MSCI Currency Hedged World Index Fund
		45	BlackRock ACS World ESG Equity Tracker Fund (Unhedged) Fund
		10	BlackRock Emerging Markets Equity Fund

In addition to the changes made to the default investment arrangement, the Trustee also agreed to make changes to the alternative lifestyle strategies and self-select fund range, summarised below;

- The Annuity Target Lifestyle, which assumes members take 25% of savings as tax-free cash at retirement and use the rest to buy an annuity underwent the same changes as the Cash Target Lifestyle, detailed above.
- The Drawdown Target Lifestyle, which assumes members take 25% of savings as tax-free cash at retirement and then transfer the rest into an appropriate 'drawdown' policy, underwent the same changes as the Cash Target Lifestyle. In addition, the LGIM Retirement Income Multi-Asset (RIMA) Fund was introduced 8 years from members' TRA with cash now being introduced 3 years from members' TRA instead of 8 years.
- Finally, the Trustee agreed to make the following changes to the self-select fund range; update the underlying fund composition of the Estée Lauder Active UK Equity Fund and to add the HSBC Islamic Global Equity Index Fund to the range of investment options.

The Cash Target Lifestyle Strategy targets members taking all of their Pension Account as a cash lump sum. The following funds are used in the Plan's default arrangement:

- Estée Lauder Blended Growth Fund
- Estée Lauder Global Equity Passive Fund
- Fidelity BlackRock Cash Fund

The Strategy initially invests 100% of the member's account in the Estée Lauder Global Equity Passive Fund up to fifteen years prior to a member's TRA at which point the Estée Lauder Blended Growth Fund is gradually introduced. As members start to approach retirement, the Strategy manages investment and other risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. Assets are invested in a manner which aims to provide security, liquidity, and profitability of a member's portfolio as a whole.

From eight years before the member's TRA, the investments start to be automatically transferred on a quarterly basis towards the Fidelity BlackRock Cash Fund to reduce risk. On behalf of the Trustee, the Plan administrator, FIL Investment Management Ltd (Fidelity), writes to members automatically at this time to advise how this affects a member's pension savings. The letter also states that this may not be the best option for the member and that they have a choice to self-select funds or choose a different lifestyle strategy. Full details of the asset class split during the Lifestyle de-risking phase can be obtained from Fidelity's PlanViewer website (www.planviewer.co.uk).

The Trustee, along with their advisors, monitors the performance of the funds that form the default arrangement on a quarterly basis. If a fund has not been adequately performing over the longer term, i.e. 1-3 years, the Investment Committee will ascertain the reasons and determine whether further time should be given for recovery or whether a replacement fund or alternative options should be considered.

The Plan's Statement of Investment Principles (SIP) records details of the strategy; underlying funds and investment objectives for the current default investment arrangement. A copy of the latest Plan SIP (signed on April 2024) can be found at the end of this statement and online: https://media.elcompanies.com/files/e/estee-lauder-companies/uk/our-commitments/working-with-our-suppliers/uk-corporate-statements/rsip-sip-april-2024.pdf The objectives of the default investment arrangement, as stated in the SIP, are as follows.

- The default investment option's growth phase invests in a diversified portfolio of equities up to fifteen years before retirement to provide long-term real growth. As members approach retirement, adverse investment returns will have a greater impact on member outcomes. Therefore, the Trustee believes that the default investment option that seeks to reduce investment risk as the member approaches retirement is appropriate. This is known as the de-risking phase.
- The asset allocation at retirement is in line with how the Trustee estimates a typical member will take their retirement savings. This does not mean that members have to take their benefits in this format at retirement - it merely determines the default investment asset allocation that will be in place pre-retirement. Members who intend to take their retirement benefits through other formats have the option of switching to alternative lifestyle strategies prior to retirement or even choosing their own investment strategy via the self-select fund range.
- Based on the Trustee's understanding of the Plan's membership, an investment strategy that targets a high risk/return profile in the growth phase, a balanced risk/return profile in the de-risking phase and targets 100% cash withdrawal (up to 25% of a member's pot can be taken tax-free) at retirement is likely to meet a typical member's requirements. Members who intend to take their retirement savings by other means are able to choose their own investment options.

The Trustee Board also makes available two further Lifestyle Strategies and nineteen funds from which employees can choose their own investment strategies.

Default asset allocation disclosure

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 ("the 2023 Regulations") introduced new requirements for trustees and managers of certain occupational pension schemes.

For the first scheme year that ends after 1 October 2023, trustees or managers of relevant occupational pension schemes are required to disclose their full asset allocations of investments from their default arrangements.

In order that members invested in the Plan's default arrangement can see how their savings were invested as at 30 June 2024, the table below show the percentage of each of the main asset classes held by the Cash Target Lifestyle Strategy for members at different stages of the glidepath.

Default investment arrangement	% Allocation 25 years	% Allocation 45 years	% Allocation 55 years	% Allocation 65 years
Cash	0.0	0.0	2.0	100.0
Corporate Bonds	0.0	0.0	11.4	0.0
Government Bonds	0.0	0.0	14.1	0.0
Other Bonds	0.0	0.0	0.0	0.0
Listed Equities	100.0	100.0	63.6	0.0
Private Equity	0.0	0.0	0.6	0.0
Infrastructure	0.0	0.0	3.8	0.0
Property/Real Estate	0.0	0.0	1.3	0.0
Private Debt/Credit	0.0	0.0	0.5	0.0
Other	0.0	0.0	2.7	0.0
Total	100.0	100.0	100.0	100.0

Source: Fidelity and underlying investment managers as at 30 June 2024 and Mercer calculations.

Notes: a member's target retirement age is assumed to be age 65, members have the option of selecting their own retirement date.

The following describes the types of investments covered by the above asset classes:

- Cash – Cash and assets that behave similarly to cash e.g. treasury bills. It only includes invested cash and not the cash balance held by the Scheme or accounting values such as net current assets.
- Bonds – Loans made to the bond issuer, usually a government or a company, to be repaid at an agreed later date. The term refers generically to corporate bonds or government bonds (such as gilts).
- Listed Equities – Shares in companies that are listed on a stock exchange and can be bought and sold on that stock exchange.
- Private Equity – Unlisted equities that are not publicly traded on stock exchanges. Private equity funds can encompass a broad range of investment styles.
- Infrastructure – Physical structures, facilities, systems, or networks that provide or support public services including water, gas and electricity networks, roads, telecommunications facilities, schools, hospitals, and prisons
- Property – Real estate, potentially including offices, retail buildings which are rented out to businesses.
- Private Debt – Non-bank lending to companies not issued or traded publicly. They are other forms of loan that do not fall within the definition of a 'Bond'.
- Other – Any assets that do not fall within the above categories.

The Processing of Core Financial Transactions

As required by the Administration Regulations, the Trustee Board must ensure core financial transactions are processed promptly and accurately. These include:

- Investment of contributions paid to the Plan;
- Transfer of members' assets into and out of the Plan;
- Transfers of members' assets between different investments within the Plan;
- Payments from the Plan to, or in respect of, members.

The Trustee operates an outsourced operational model with the Plan's administration being undertaken by Fidelity. Management of the Plan Bank account is delegated between two entities. Fidelity for payment of benefits from the Plan, receipt of assets transferred in and transfers of assets between investments and for the payment of contributions to the Plan and payment of any Plan expenses. The Trustee has agreed timescales with its administrators for the processing of all member-related services, including core financial functions relating to contribution handling, quoting benefits, and paying benefits. These timescales are well within any applicable statutory timescale.

Fidelity records all member transactions and benefit processing activities in a work management system which assigns the relevant timescale to the task.

Fidelity's administration reports disclose the providers' performance against these agreed timescales. These disclosures are considered by the Trustee at their bi-annual meetings and are reviewed against the targets set. The Trustee requires additional disclosures in respect of any transactions and benefit processing activity that has not been completed within the agreed timescales including the cause of the delay, the extent to which agreed timescales were breached and the remedial measures taken or proposed.

As a wider review of the Plan administrator in general, the Trustee receives Fidelity's assurance report on internal controls.

The table below sets out the Plan's core financial transactions and the controls that existed during the Plan Year to ensure accuracy and promptness. Overall, the Trustee is satisfied that the administrator's controls to process transactions promptly and accurately functioned well during the year.

The Trustee is confident that the processes and controls in place with Fidelity are robust and will ensure that the financial transactions which are important to members are dealt with properly.

The Trustee receives reports about the administrator's performance and compliance with the Service Level Agreements; using information provided by the administrators, the Trustee is satisfied that over the period covered by this statement.

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately during the Plan year.

Core financial transaction	Key internal control
Payment of monthly contributions	Promptness The Schedule of Contributions states contributions shall fall due on the last day of each calendar month in respect of that month and shall be paid by the 19th of the subsequent month or by the 22nd of the subsequent month if paid electronically. However, the Trustee and Employers can agree for payments to be made earlier if appropriate and, if so, the date of payment will become the due date. The Administrator must report all breaches of Schedule of Contributions within five working days of the breach being identified. Data on any events that breached the target timescale, including the amount of time it took to complete are referred to the Trustee. The Trustee reviews the timing of contributions paid by the Employer and that contributions are paid as soon as possible once the payroll they relate to is completed.
	Accuracy The Members are encouraged to check that the contributions shown on their benefit statements reconcile with pay slips.
Investment of monthly contributions following receipt by Trustee	Promptness The Administrator's agreed timescale for investing contributions is two days from date of receipt of contributions. Data on any events that breached the target timescale, including the amount of time it took to complete are referred to the Trustee. Contributions are processed via an automated straight through process to ensure speed.
	Accuracy The monthly contribution cycle includes a reconciliation of contributions deducted through payroll against contributions invested with Fidelity.
Investment switches requested by members	Promptness The Administrator's timescales for switching investments is 5 to 7 working days from date of request. Data on any events that breached the target timescale, including the amount of time it took to complete, are referred to the Trustee.

	Accuracy The Administrator's timescales for switching investments is 5 to 7 working days from date of request. All switches are reconciled with manager transaction statements.
Payment of benefits to members	Promptness The timescales for core benefit transactions (retirements, deaths, and transfers) help ensure that member wishes are known well in advance of benefit payment date. Clear authorizations exist for the payment of transactions, balancing the need for promptness on the one hand with senior oversight on the other. Data on any events that breached the target timescale, including the amount of time it took to complete, are referred to the Trustee.
	Accuracy The Administrator operates peer review system for all benefit calculations. Data accuracy is subject to regular evaluation and updating.

Net investment returns

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 introduced new reporting requirements for trustees of 'relevant' occupational pension schemes. From 1 October 2021, trustees of all relevant pension schemes, regardless of asset size, are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges.

The Trustee has had regard to the statutory guidance in preparing this section of the statement.

The Trustee has processes in place to publish information on net investment returns publicly online and will remind members about this in their annual benefit statements. The information is posted on the following webpage - https://retirement.fidelity.co.uk/costs-and-charges/esla.

The tables below set out annualised net performance (net of transaction costs and charges) for the 1, 3, and 5-year periods to the Plan year end, 30 June 2024, for the Plan's default, the Cash Target Lifestyle Strategy (for age 25, 45, and 55) and for the self-select fund range.

Default Lifestyle

Age of member on 30/06/2024	1 year 30/06/2023 to 30/06/2024	3 years 30/06/2021 to 30/06/2024	5 years 30/06/2019 to 30/06/2024
25	15.83%	4.90%	6.49%
45	15.83%	4.90%	6.49%
55	11.28%	3.51%	5.64%

Source: Fidelity
Performance shown net of all charges and transaction costs. Performance has been calculated based on a fixed weighted average of underlying fund performance in the lifestyle, with the weightings as at the ages shown

Self-Select Fund Range

Fund	1 year (%)	3 years (% p.a.)	5 years (% p.a.)
Estee Lauder Blended Growth Fund	6.11%	0.99%	1.69%
Estee Lauder Passive Global Equity Fund	19.60%	6.90%	9.89%
Fidelity BlackRock Cash Fund	5.14%	2.70%	1.66%
Estee Lauder Active Global Equity Fund	14.77%	3.83%	9.63%
Estee Lauder UK Equity Fund	8.88%	1.78%	2.89%
L&G Retirement Income Multi Asset Fund*	-	-	-

Estee Lauder Passive Global Sustainable Fund	21.20%	9.73%	-
Fidelity BlackRock World (ex UK) Equity Fund	22.32%	9.87%	12.14%
Fidelity HSBC Islamic Global Equity Index Fund*	-	-	-
Fidelity L&G World Emerging Markets Fund	13.00%	-1.19%	3.34%
Fidelity BlackRock European Equity Fund	12.70%	6.01%	7.87%
Fidelity BlackRock Japanese Equity Fund	12.80%	4.96%	6.53%
Fidelity BlackRock Pacific Rim Equity Fund	7.15%	-0.56%	3.51%
Fidelity BlackRock UK Equity Fund	11.82%	6.26%	4.75%
Fidelity BlackRock US Equity Fund	26.80%	12.25%	14.69%
Fidelity L&G UK Smaller Companies Fund	13.89%	-0.20%	5.97%
Fidelity BlackRock Corporate Bond Index Fund All Stocks	9.67%	-4.14%	-0.91%
Fidelity BlackRock Over 15 Years UK Gilt Index Fund	2.36%	-16.41%	-9.11%
Fidelity BlackRock Over 5 Years Index Linked Gilts Fund	-0.21%	-14.30%	-7.57%
Fidelity L&G Future World Annuity Aware Fund	8.53%	-9.45%	-4.28%

Source: Fidelity
Performance shown net of all charges and transaction costs.
* Performance not available as funds were added to the Plan in March 2024.

Member-borne charges and transaction costs

The Trustee is required to report on the charges and transaction costs for the investments used in the default arrangement and self-select fund range and their assessment of the extent to which these charges and costs represent good value for members. When preparing this statement, the Trustee has taken account of statutory guidance when producing this section.

The table below shows the Total Expense Ratio (TER) of funds underlying the Plan's default investment arrangement (the Cash Target Lifestyle Strategy). In accordance with the Pensions Act 2014, the overall charge being deducted from a member's fund, which reflects the member's allocations in each of the underlying funds, is below the charge cap of 0.750% per annum. The TER is at its highest at eight years to retirement (currently at 0.61% p.a.), falling during the eight years prior to Target Retirement Age, to reflect the automated transition of assets to the Fidelity BlackRock Cash Fund which has a lower TER. The Plan comfortably complied with regulations on charges during the year to 30 June 2024.

Transaction costs are those incurred by fund managers as a result of buying, selling, lending, or borrowing investments. These costs are taken into account by the fund managers when calculating the unit price for each of the funds. The transaction costs shown are calculated on a methodology known as 'slippage cost'. This compares the price of the stocks being traded when a transaction was executed, with the price at which the transaction was requested. Market movements during any delay in transacting, may be positive or negative and may also outweigh other explicit transaction costs. For this reason, overall transaction costs calculated on the slippage method can be negative as well as positive.

The charges and transaction costs have been supplied by Fidelity who are the Plan's platform provider. The transaction cost data includes data provided by other third parties, for example L&G, BlackRock, Nordea and others.

When preparing this section of the statement the Trustee has taken account of the relevant statutory guidance.

For the period covered by this statement, annualised charges and transaction costs are set out in the table below.

The charges deducted from each of the funds in the Plan's Default Option are set out below:	Active/Passive	TER	Transaction costs*
Estée Lauder Blended Growth Fund	Active	0.61%	0.09%
Estée Lauder Passive Global Equity Fund	Passive	0.32%	0.02%
Fidelity BlackRock Cash Fund	Active	0.30%	0.02%

Each of the funds in the default investment arrangement is also available to members on a self-select basis. Additionally, further funds are available to self-select members, as shown in the table below.

	Active/Passive	TER	Transaction costs*
Fidelity BlackRock Over 15 Years UK Gilt Index Fund	Passive	0.20%	0.02%
Fidelity BlackRock Over 5 Years Index Linked Gilt Fund	Passive	0.20%	0.00%
Fidelity L&G Future World Annuity Aware Fund	Passive	0.36%	0.00%
Fidelity BlackRock Corporate Bond Index Fund All Stocks	Passive	0.25%	0.00%
Estée Lauder Active Global Equity Fund	Active	0.91%	0.29%
Estée Lauder Active UK Equity Fund	Active	0.82%	0.06%
Fidelity BlackRock European Equity Index Fund	Passive	0.35%	0.01%
Fidelity BlackRock Japanese Equity Index Fund	Passive	0.35%	0.01%
Fidelity BlackRock Pacific Rim Equity Index Fund	Passive	0.35%	0.00%
Fidelity BlackRock UK Equity Index Fund	Passive	0.30%	0.11%
Fidelity BlackRock US Equity Index Fund	Passive	0.35%	0.01%
Fidelity BlackRock World (ex-UK) Equity Index Fund	Passive	0.35%	0.02%
Fidelity L&G UK Smaller Companies Fund	Passive	0.75%	0.22%
Fidelity L&G World Emerging Markets Equity Index Fund	Passive	0.52%	0.14%
Fidelity Estée Lauder Passive Global Sustainable Equity Fund	Passive	0.26%	0.06%
Fidelity HSBC Islamic Global Equity Index Fund	Passive	0.45%	0.00%
L&G Retirement Income Multi Asset Fund	Active	0.56%	0.08%

* The transaction costs illustrated are an average of per annum costs over the period 1 April 2023 to 31 March 2024.

The TER consists principally of the investment manager's annual charge for managing and operating a fund, but also includes the costs for other services paid for by the fund, such as the legal costs, registration fees and custodian fees. However, they exclude costs that are implicit and are also member borne and which can therefore have a negative effect on investment performance such as transaction costs.

Example of the effect of costs on an average member’s investments

Over a period, the charges and transaction costs that are taken out of a member’s pension savings can reduce the amount available to the member at retirement. The Trustee has set out below the illustrations of the impact of charges and transaction costs on different investment options. The illustrations below show how the fund costs could affect the growth of a typical member’s pension pot. The illustrations cover the default investment arrangement, cheapest and most expensive fund, and the highest and lowest growth funds. The illustrations have been prepared in accordance with the DWP’s statutory guidance on “Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes” on the projection of an example member’s pension savings.

Default Investment arrangement, the Cash Target Lifestyle Strategy

Fund value at end of year	Starting fund: £0 Future contribution: £500pm		Starting fund: £29,000 Future contribution: £500pm		Starting fund: £29,000 Future contribution: £0pm	
	No costs	After all costs	No costs	After all costs	No costs	After all costs
1	£6,040	£6,030	£36,000	£35,900	£29,900	£29,800
3	£18,700	£18,600	£50,800	£50,400	£32,000	£31,700
5	£32,300	£32,000	£66,600	£65,700	£34,300	£33,700
10	£70,600	£69,300	£111,000	£108,000	£40,500	£39,200
20	£169,000	£163,000	£226,000	£216,000	£56,700	£53,000
30	£307,000	£289,000	£386,000	£361,000	£79,400	£71,700
40	£474,000	£435,000	£579,000	£526,000	£105,000	£91,300
50	£517,000	£454,000	£619,000	£538,000	£101,000	£83,600
	Reduction in yield: 0.5%		Reduction in yield: 0.5%		Reduction in yield: 0.4%	

Cheapest & Highest Expected Growth Fund - Fidelity BlackRock Over 5 Years Index Linked Gilt Fund

Fund value at end of year	Starting fund: £0 Future contribution: £500pm		Starting fund: £29,000 Future contribution: £500pm		Starting fund: £29,000 Future contribution: £0pm	
	No costs	After all costs	No costs	After all costs	No costs	After all costs
1	£6,070	£6,060	£36,300	£36,200	£30,200	£30,200
3	£19,000	£18,900	£52,000	£51,700	£32,900	£32,700
5	£33,100	£32,900	£69,100	£68,500	£35,900	£35,500
10	£74,200	£73,400	£118,000	£117,000	£44,500	£43,600
20	£188,000	£184,000	£256,000	£249,000	£68,400	£65,700
30	£363,000	£350,000	£468,000	£449,000	£105,000	£99,100
40	£633,000	£601,000	£794,000	£751,000	£161,000	£149,000
50	£1,040,000	£979,000	£1,290,000	£1,200,000	£248,000	£224,000
	Reduction in yield: 0.2%		Reduction in yield: 0.2%		Reduction in yield: 0.2%	

Most Expensive Fund – Estée Lauder Global Equity Active Fund

Fund value at end of year	Starting fund: £0 Future contribution: £500pm		Starting fund: £29,000 Future contribution: £500pm		Starting fund: £29,000 Future contribution: £0pm	
	No costs	After all costs	No costs	After all costs	No costs	After all costs
1	£6,040	£6,000	£36,000	£35,600	£29,900	£29,600
3	£18,700	£18,400	£50,800	£49,300	£32,000	£30,900
5	£32,300	£31,300	£66,600	£63,600	£34,300	£32,200
10	£70,600	£66,200	£111,000	£102,000	£40,500	£35,900
20	£169,000	£148,000	£226,000	£193,000	£56,700	£44,600
30	£307,000	£250,000	£386,000	£305,000	£79,400	£55,300
40	£500,000	£376,000	£611,000	£445,000	£111,000	£68,600
50	£771,000	£533,000	£926,000	£618,000	£155,000	£85,000
	Reduction in yield: 1.2%		Reduction in yield: 1.2%		Reduction in yield: 1.2%	

Lowest Expected Growth Fund – Estee Lauder Blended Growth Fund

Fund value at end of year	Starting fund: £0 Future contribution: £500pm		Starting fund: £29,000 Future contribution: £500pm		Starting fund: £29,000 Future contribution: £0pm	
	No costs	After all costs	No costs	After all costs	No costs	After all costs
1	£5,910	£5,890	£34,700	£34,500	£28,800	£28,600
3	£17,600	£17,400	£46,200	£45,400	£28,500	£27,900
5	£29,200	£28,700	£57,500	£56,100	£28,200	£27,300
10	£57,800	£55,800	£85,500	£81,600	£27,600	£25,700
20	£113,000	£105,000	£139,000	£128,000	£26,200	£22,800
30	£165,000	£149,000	£190,000	£169,000	£25,000	£20,200
40	£215,000	£188,000	£239,000	£206,000	£23,800	£18,000
50	£263,000	£223,000	£285,000	£239,000	£22,700	£15,900
	Reduction in yield: 0.7%		Reduction in yield: 0.7%		Reduction in yield: 0.7%	

Notes

1. The illustrations are provided by Fidelity but includes data provided by other third parties, for example L&G, BlackRock, Nordea and others, based on data as at 30 June 2024.
2. The illustrations are not personal pension projections. Please refer to your annual account statement for an estimate of your pension.
   All the figures illustrated above are only examples and are not guaranteed-they are not minimum or maximum amounts. For additional illustrations covering different funds and alternative lifestyle arrangements please visit: https://retirement.fidelity.co.uk/costs-and-charges/esla
3. Reduction in Yield (RIY) is a way of expressing the impact of all charges on a pension policy over a period. It sets out the annual reduction in return that would otherwise have been provided if the fund carried no charges at all.
4. The illustrations are in today's terms and do not need to be reduced further for the effect of future inflation.
5. For the default investment arrangement, the projections take into account the changing proportion invested in the different underlying funds over time.
6. The projections assume that no withdrawals are made prior to Plan Normal Retirement Age.

Assumptions

1. Inflation is assumed to be 2.5% each year.
2. Where on-going contributions are assumed, these increase in line with inflation each year.
3. The starting fund value used is representative of the average for the Plan based on all members having holdings in the Plan (subject to a minimum of £1,000).
4. The future contribution used is representative of the average for the Plan based on the number of members currently contributing into the Plan (subject to a minimum of £100).
5. All pension schemes now use assumed growth rates that are based on how quickly the value of a fund goes up and down over the previous five years, this is known as volatility. The assumed growth rates for each of the funds included in the illustrations are as follows:

Funds	Assumed Growth Rate (net of charges)
Default Investment Arrangement:	
Estee Lauder Blended Growth Fund	1.3%
Estee Lauder Global Equity Passive Fund	5.7%
Fidelity BlackRock Cash Fund	1.7%
Self-Select:	
Fidelity BlackRock Over 5 Years Index Linked Gilt Fund	6.8%
Estée Lauder Global Equity Active Fund	4.8%
Estee Lauder Blended Growth Fund	1.3%

Value for members assessment

Underpinning the Trustee's assessment of value is the belief that value is about using the resources at its disposal effectively to help members achieve a good outcome for life after work. Also, while some measures of value should be scrutinised carefully over the short-term (for example, the performance of the Plan administrator), the Trustee believes that others, such as the suitability and performance of investment funds, span several years. Additionally, some components of member value can be assessed quantitatively, but those that impact on members' experience of the Plan and its services often require a more qualitative assessment.

When assessing the charges and transaction costs which are payable by members, the Trustee is required to consider the extent to which these represent good value for members. The Trustee notes that value for members does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment.

Over the period in question, the Trustee has considered the value provided to members in relation to the following aspects of the Plan, via the external assessment:

- Benchmarking of fees against schemes of comparable size.
- Investment performance against stated benchmarks and/or targets.
- Investment manager ratings provided by the Plan's investment consultant representing their research view of the likelihood of the funds achieving their objectives.
- Plan governance and management.
- Assessing administration efficiency by consideration of service levels over the year.
- The availability and quality of online access and member tools; and
- Quality of member communications.

Each investment manager will incur underlying transaction costs associated with purchasing and selling individual securities (such as equities or bonds). These costs are included in the value for members' assessment, however, there remains a number of challenges with assessing transaction costs, such as; there is no industry-wide benchmark for transaction costs. Transaction costs are already taken into account when investment returns are reported.

The Trustee concluded that the Plan's overall benefits and options represent good value for members against the criteria noted above. The reasons underpinning this conclusion include:

- Benchmarking by our investment consultant has shown investment and provider charges to be good value for the majority of the Plan's funds.
- The Plan's default investment arrangement complies comfortably with the charge cap of 0.75% per annum (ranging from 0.30% – 0.61% per annum, depending on a member's term to retirement).
- Most of the funds used in the default investment arrangement (where c.95% of members are invested) have performed in line with their benchmark over the five-year period to 30 June 2024.
- Self-select fund performance has been mixed. While most passive funds performed in line with their

benchmarks, most of the active funds underperformed their benchmark and targets over the 5-year period to 30 June 2024. The Trustee aims to take a long-term view, as not all strategies are successful all of the time. Underperforming funds are discussed by the Trustee at quarterly meetings and a formal review is conducted at least every 3 years.

- Additionally, our investment consultants assign high conviction ratings to the majority of the Plan's funds.
- Wider member-borne Plan services were deemed to provide good value.

The Trustee also assessed the value for members of the AVC arrangements. The Prudential With-Profits Fund offers good value for money relative to other with-profits providers.

Overall, the Trustee believes that in general members receive good value across a range of factors; price, performance and productivity.

The requirement for trustee knowledge and understanding

The Pensions Act 2004 requires individual trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts and the investment of the assets.

A corporate trustee, such as the Estée Lauder Trustee Company Ltd, must ensure that its directors have appropriate knowledge and understanding as if they were individual trustees.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the trustee director to exercise the function in question.

Trustees must also be conversant with the Plan's own documentation. These are described in legislation as the Trustee's Memorandum and Articles of Association, trust deed and rules and statement of investment principles. Trustee directors must also be conversant with any other document recording current policy relating to the administration of the Plan generally. The Pensions Regulator interprets 'conversant' as having a working knowledge of those documents such that the trustees are able to use them effectively when they are required to do so in the course of carrying out their duties on behalf of the Trustee.

The table below shows how these requirements have been met during the year.

Requirement	How met
Trustees must describe how; through the scheme year the trustees have demonstrated a working knowledge of the trust deed and rules.	The Trustee is conversant with and has demonstrated a working knowledge of the Trust Deed and Rules by having access to the documents on their online directory and providing decisions in line with the Rules. If there are any ambiguities over the interpretation of the Rules legal advice is sought from the Plan's lawyers (Sackers). The Trustee confirms that the current Board has an appropriate level of knowledge and understanding and Plan specific understanding to be able to represent as the Trustee of the Plan.
Trustees must describe how; through the scheme year the trustees have demonstrated a working knowledge of the current SIP.	The Trustee is conversant with, and has a working knowledge of, the current SIP (dated April 2024). The Trustee undertakes regular training on investment matters. The Trustee has sufficient knowledge of investment matters to be able to challenge their advisor. The SIP was updated and signed in April 2024 to include the Trustee's policy on illiquid investments and to reflect the changes to the Plan's investment strategy.
Trustees must describe how; through the scheme year the trustees have demonstrated a working knowledge of all documents setting out the trustee's current policies.	The Trustee operates a governance framework which includes policies on how the Trustee will deal with conflicts, manage risk, ensure key tasks are completed in time and deal with member complaints. The main documents to support the Trustee's governance framework are the Trustee's Integrated Risk Dashboard, DC Code of Standards Self-Assessment, and the Trustee's 'Compliance Checklist' Each of these documents is reviewed on an annual basis or more frequently. The Trustee is conversant with and has demonstrated a working knowledge of the Plan documents which has been achieved through the

Requirement	How met
	maintenance of an online directory which contains all the relevant documents and policies. The Trustee with its knowledge and understanding of pension schemes, the issues faced and their governance framework, when working alongside its advisors is able to properly exercise its functions to act properly and effectively in members' best interests and deliver good member outcomes for the contributions made.
Trustees must describe how; through the scheme year the trustees have demonstrated that they have sufficient knowledge and understanding of the law relating to pensions and trusts.	The Trustee's advisors, Mercer, attend each meeting and give the Trustee an overview of market and legislative developments, including the Trustee's duties and requirements for strong governance. In addition, Mercer provide specific training on any relevant aspect ahead of any Plan reviews or new legal requirements.
Trustees must describe how; through the scheme year the trustees have demonstrated that they have sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes.	The Trustee reviews its training needs on a regular basis. Trustee Directors attended various training sessions throughout the year to maintain sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes. As at 30 June 2024, the majority of the Trustee Directors had completed the Pension Regulator's online training programme.
Trustees must describe how, through the scheme year the trustees have demonstrated that their combined knowledge and understanding, together with available advice, enable them to properly exercise their functions.	The Trustee receives professional advice from Mercer and Sackers to support them in reviewing the performance of the Plan and in governing the Plan in line with the Trust Deed and Rules, and the relevant skills and experience of those advisors is a key criterion when evaluating advisor performance or selecting new advisors. The advice received by the Trustee along with their own experience allows them to properly exercise their function as Trustee. The Trustee also receives ad hoc training from the DC platform manager Fidelity, for example on member communication or on new developments in the industry. The employer covers the cost of the Trustee and its advisors who attend each Trustee meeting and are available to support the Trustee at any time during the year and answer any queries or concerns they may have.

The Trustee is required to have a robust training programme in place for newly appointed Trustee Directors. For the Plan, upon appointment, a Trustee Director is required to undertake an induction process. This includes a two-day training session with Mercer Ltd, as well as completion of the Pensions Regulator's online training programme. The training session should ideally be completed ahead of the Trustee's first formal Trustee's meeting, with the Trustee toolkit completed within six months of appointment. All training and attendance at appropriate seminars for all Trustee Directors are logged in the Trustee training log. Any knowledge gaps are discussed at the Trustee meetings and appropriate training provided.

This statement has been prepared in accordance with Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 as amended by the Occupational Pension Schemes (Charges and Governance) 2015 (together 'the Regulations') and I confirm that the above statement has been produced by the Trustee to the best of my knowledge.

Signed on behalf of the Trustee Board

S Leaverland
Chair of the Trustee Board

Date: 16/01/2025