The Estée Lauder Retirement Savings and Investment Plan

Statement of Investment Principles – Effective April 2024

1. Introduction

This document constitutes the Statement of Investment Principles ("the Statement") applicable to The Estée Lauder Retirement Savings and Investment Plan ("the Plan").

The Plan's benefits are provided on a money purchase (defined contribution) basis for individual Plan members ("the Members"). There is also a Guaranteed Minimum Pension (GMP) underpin in place in respect of pre-6 April 1997 benefits due to the Plan contracting out on a GMP basis during that time. The Plan's assets are held under the legal control of the Plan's trustee company, the Estée Lauder Trustee Company Limited ("the Trustee") under a trust constituted between Estée Lauder Cosmetics Limited, Whitman Laboratories Limited (collectively "the Company"), and the Trustee. The operation of the Plan is governed by the Definitive Trust Deed and Rules dated 1 July 2010 and subsequent Deeds of Amendment.

The purpose of this Statement is to document those investment principles, guidelines and procedures, which are appropriate for the Plan, in a manner conforming to the Pensions Act 1995 and 2004, the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and subsequent legislation (collectively referred to as the "Pensions Acts").

As required under the Pensions Acts, in preparing and revising the Statement, the Trustee has received written advice from Mercer Limited ("Mercer"). Mercer are reasonably believed by the Trustee to be qualified for this purpose by their ability in, and practical experience of, financial matters, and to have the appropriate knowledge and experience of the management of occupational pension plans established under trust. The Trustee in preparing this Statement has also consulted the Company in particular on the Trustee's objectives.

The Trustee will seek to maintain a good working relationship with the sponsoring Company and will discuss any proposed changes to this Statement with the Company. However, the Trustee's fiduciary obligations to the Members will take precedence over the Company wishes, should these ever conflict. The advice received in choosing investments and arrangements implemented are, in the Trustee's opinion consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

The Trustee notes that, according to the law, it has ultimate power and responsibility for all aspects of the operation of the Plan including this Statement. A separate Investment Implementation Policy Document ("IIPD") details the specifics of the Plan's investment arrangements and is available on request.

This Statement remains the property of the Trustee. Reproduction of any kind is not permitted by other parties without prior permission of the Trustee.

2. Fund Governance

The Trustee has appointed a firm of professional consultants (Mercer) to provide relevant advice to the Trustee. As well as obtaining investment advice from Mercer, the Trustee also takes advice as appropriate from other professional advisers.

The fund range offered to members is accessed through a bundled platform provided by FIL Life Insurance Limited ("Fidelity"). The Trustee accesses the investment platform via a long-term insurance contract with Fidelity. Legacy With-Profit arrangements are provided by Prudential Plc.

The underlying investment managers of the funds (the “Investment Managers”) are responsible for day-to-day management of the Plan’s assets and have discretion to buy, sell or retain individual securities in accordance with the relevant pooled fund prospectuses.

A custodian is responsible for the safekeeping of the Plan’s assets, both individual securities and holdings in collective vehicles, and for performing the associated administrative duties such as trade settlement, dividend collection, corporate actions, tax reclamation and proxy voting. As the Plan’s investments are held in pooled vehicles, the custodians used are those appointed by the pooled fund managers. As such, the custodian relationship is of an indirect nature. The Trustee accepts this to be a satisfactory arrangement.

3. Plan Overview and Characteristics

3.1 Benefits Provided by the Plan

The benefits provided by the Plan are related to the value of members’ defined contribution accounts at the time of retirement. There is a Guaranteed Minimum Pension (GMP) underpin that was in place between the Plan’s inception date (1 January 1995) to 6 April 1997 due to the Plan contracting out on a GMP basis during that time. After a member has left active service, the GMP earned by a member is increased each year in line with (fixed rate) statutory requirements between leaving and State Pension Date.

Prior to retirement, a member has the option of transferring their account value to another appropriate pension arrangement.

Lump sum benefits and spouse’s/children’s pensions are payable on death in service. Both benefits are insured by the payment of a premium to an insurance company.

In addition, members may make Additional Voluntary Contributions (AVCs) which are separately invested by the Trustee and are used to provide additional benefits, also on a defined contribution basis.

4. Investment Objectives and Risk Management

4.1 Objectives

The Trustee recognises that members have differing investment needs and that these may change during the course of members’ working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee’s objective is to make available a range of investments which offers sufficient flexibility for members to access funds and strategies which reflect their own circumstances and intentions at retirement.

However, the Trustee recognises that members may not believe themselves able to make investment decisions. As such, the Trustee makes available lifestyle strategies which are pre-determined investment arrangements that manage members’ investments up to retirement, one of which is the default investment option.

If members wish to, they can opt to choose their own investment strategy or one of the alternative lifestyle strategies on joining, but also at any other further date.

The Trustee undertakes to review the Plan’s fund choices offered to members and the investment manager arrangements at least every three years or after significant changes in the membership of the Plan.

4.2 Risk

The Trustee has considered risk from a number of perspectives. Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative rather than quantitative manner as part of each formal strategy review.

The list below is not exhaustive but covers the main risks that the Trustee consider and how they are managed.

<table>
<tr><th>Type of Risk</th><th>Risk</th><th>Description</th><th>How the risk is monitored and managed</th></tr>
<tr><td rowspan="5">Market risk</td><td>Inflation risk</td><td>The risk that returns over the members' working lives does not keep pace with inflation and will not, therefore, secure an adequate income in retirement.</td><td rowspan="5">The Trustee makes available a range of funds, across various asset classes, with the majority expected to keep pace with inflation.

The Trustee monitors performance on a quarterly basis.

Members are able to set their own investment allocations, in line with their risk tolerances.

Within active funds, management of many of these market risks is delegated to the investment manager.

The Trustee offers lifestyle strategies which aim to reduce overall investment risk such as volatility, drawdown risk and benefit conversion risk as the member approaches retirement.</td></tr>
<tr><td>Interest rate risk</td><td>The risk that fluctuations in market interest rates cause the value of investments to fluctuate.</td></tr>
<tr><td>Currency risk</td><td>The risk that fluctuations in foreign exchange rates causes the value of overseas investments to fluctuate.</td></tr>
<tr><td>Credit risk</td><td>The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.</td></tr>
<tr><td>Equity, property and other price risk</td><td>The risk that market movements leads to a substantial reduction in the value of a member's savings.</td></tr>
<tr><td colspan="2">Liquidity risk</td><td>The risk that the Plan's assets cannot be realised at short notice in line with members' or Trustee's demands.</td><td>The Plan invests in daily dealt and daily priced pooled funds.</td></tr>
<tr><td colspan="2">Investment manager risk</td><td>The risk of the appointed investment managers not meeting their objectives, fail to carry out operational tasks, do not ensure safe-keeping of assets or breach agreed guidelines.</td><td>The Trustee measures risk in terms of the performance of the funds compared to relevant benchmarks on a quarterly basis, along with monitoring any significant issues with the investment managers that may impact their ability to meet their performance targets.

This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.</td></tr>
<tr><td colspan="2">Benefit conversion risk</td><td>The risk that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.</td><td>The Trustee makes available a number of funds, which allow members to plan for their specific retirement benefit. This includes two alternative lifestyle strategies</td></tr>
</table>

Type of Risk	Risk	Description	How the risk is monitored and managed
			which enable member to de-risk towards specific retirement income decisions. The default strategy is a lifestyle strategy which automatically switches member assets suitable for taking pension savings as a cash lump sum.
Environmental, Social and Corporate Governance (“ESG”) risk		The risk that ESG concerns, including climate change, have a financially material impact on the return of the Plan’s assets.	The management of ESG-related risks is the responsibility of the investment managers. See section 7 of this Statement for the Trustee’s responsible investment and corporate governance statement.

The risks identified in the table in the previous page are considered by the Trustee to be ‘financially material considerations’. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member’s age and their selected retirement age. It is for this reason that three lifestyle strategies are available to members.

The Trustee believes that the investment strategy outlined in section 5 is appropriate for meeting the risks outlined above. In particular, for members who do not wish to take an active role in the investment decisions, the Trustee offers a default investment option to members with lifestyling designed to help them manage the risks outlined above.

The Trustee pays close regard to the risks which may arise from the lack of diversification of investments. The Trustee believes that the choice of funds in place provides an adequately diversified distribution of assets and offers members a variety of investment choices to help meet their individual requirements.

5. The Investment Options, Diversification, Realisation and Monitoring

5.1 Investment Options

Based on the characteristics of the Plan as described in section 3 and the Trustee objectives as described above, the Trustee has selected a range of investment options for members. All open investment options are facilitated through an Investment Platform administered and operated by Fidelity. The Platform hosts a range of funds managed by investment management firms. The relationship that the Trustee has is with Fidelity rather than the underlying managers. Legacy With-Profit arrangements are operated by Prudential Plc.

In choosing investments it is the policy of the Trustee to consider:

- The potential risk and rewards of a range of asset classes including alternative asset classes;
- How members might take their benefits in retirement and make available options to prepare for this;
- The suitability of each asset class in the lifestyle strategies;
- The suitability of different styles of investment management and the need for investment manager diversification;
- The need for appropriate diversification both across and within asset classes.

The Trustee makes available a range of options including equity, bonds, diversified growth and money market funds with both active and passive management options offered depending on asset class. The Trustee believe this range provides appropriate choices for members' different saving objectives, risk profiles and time horizons.

Members determine the balance between different kinds of investments they hold. This will also determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerances. Each of the available funds is considered to be diversified across an appropriate number of underlying holdings / issuers.

The Trustee expects the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth.

The long-term returns on diversified growth funds are expected to be lower than equities but higher than bonds and cash. However, diversified growth funds are expected to experience lower volatility due to their exposure to a diversified range of investments.

The long-term returns on the bond and cash options are expected to be lower than those options that are either predominantly or entirely exposed to growth investments (equity or diversified growth options for example). However, bond funds, which are expected to experience lower volatility relative to annuity prices than growth investments, should help reduce the potential mismatch in relation to the price of annuities (assuming a member opts to access their DC savings via annuity purchase). The Trustee appreciates that bonds cannot provide a complete hedge against factors that contribute to the movement in annuity prices.

Money market is expected to provide protection against changes in short-term capital values, and may be appropriate for members receiving part of their retirement benefits in the form of tax-free cash.

5.1.1 **Self-Select fund range**

A range of funds is made available to members for those individuals who wish to select their own mix of investment funds according to their own circumstances. The funds available are described in detail in the Plan literature and summarised in the Plan's IIPD.

While no single option is likely to be sufficient to manage the different risks associated with defined contribution investment, the range is designed to be wide enough to enable individuals to manage the risks identified as they become relevant, according to their individual criteria.

If members wish to, they can opt to choose their own investment strategy or one of the alternative lifestyle strategies on joining, but also at any other further date.

5.1.2 **Lifestyle Strategies**

For members who do not wish to undertake an active role in managing their pension investments, the Trustee makes available three lifestyle strategies which have pre-determined investment paths.

Under the lifestyle strategies, a member's investments are automatically switched between funds targeting long term growth to lower risk funds, as the member approaches their target retirement date. The movement of investments over the de-risking phase of each lifestyle strategy reflects the changing nature of the risks over the period to retirement. The Trustee believes that members can use these options to manage the risks identified in 4.2.

A choice of three lifestyle strategies targeting cash, annuity or drawdown is offered by the Trustee. Each lifestyle strategy is designed to target the outcome (benefit selection) that the Member will choose to receive when they draw upon their pension savings.

Should a member fail to specify either self-select fund choices, or one of the three Lifestyle Strategies, the default investment option is the Cash Target Lifestyle Strategy.

Should a member select a Lifestyle Strategy but fail to nominate a target retirement age, the default target retirement age is age 65.

Full details of the three lifestyle strategies are described in detail in the Plan literature and summarised in the Plan's IIPD.

All decisions regarding the lifestyle strategies are made by the Trustee, including the funds that are used, the relative proportions held in each fund and the ages at which changes are made.

5.2 Default Investment Option

A proportion of members will actively choose the default option because they feel it is most appropriate for them. However, the vast majority of Plan members do not make an active investment decision and are invested in the default option.

Objectives of the default option

The Trustee, supported by written advice from their Investment Consultant, has selected the Cash Lifestyle Strategy as the 'default investment option' for the Plan as it reflects the option that is considered likely to be the most appropriate for members who are unable to decide how they wish to take their retirement benefits.

Taking into account the demographics of the Plan's membership and the Trustee views of how the membership might behave at retirement, the Trustee believes that the current default option is appropriate and is invested in the best interests of the members investing in it. The Trustee will continue to review the default regularly, and more strategically at least triennially, or after significant changes to the Plan's demographic or investment policy, if sooner.

The Trustee objectives in relation to the default option, and ways in which it seeks to achieve these, 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 members' 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.

Policies in relation to the default investment option

- The Cash Lifestyle Strategy makes use of a "lifestyle approach" to manage risk throughout a member's lifetime in the Plan. The reduction of investment risk in the run up to retirement is expected to reduce the chance of market shocks producing unfavourable outcomes for members at retirement.

- If the member is more than fifteen years away from retirement, their investments are invested in the Estée Lauder Passive Global Equity Fund which invests in a diversified portfolio of equities. Between fifteen and eight years to retirement, members are gradually switched into the Estée Lauder Blended Growth Fund which invests in a diversified range of assets (equities, fixed income securities and non-traditional assets) with the objective of providing long-term growth with less volatility than a pure equity portfolio.

- Eight years before target retirement date (or Normal Retirement Date if no target has been selected), member assets will gradually be switched into a cash fund suitable for taking the full pension savings as cash lump sum.

- All funds within the default investment option are daily-dealt pooled investment arrangements, with assets mainly invested on regulated markets. Both active and passive management funds are used within the default investment option, depending on asset class. The underlying investment managers have the responsibility for buying and selling the assets in the underlying funds, this includes all Environmental, Social and Governance (“ESG”) decisions. The Trustee expects the underlying investment managers (within the constraints of their mandates) to evaluate ESG factors, including climate change considerations in the selection, retention and realisation of investments.

- A range of asset classes are included within the default investment option, including: developed market equities, emerging market equities, diversified growth funds and money markets funds.

- In designing the default investment option and the appropriate balance between different kinds of investments, the Trustee has explicitly considered the trade-off between risk and expected returns. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In particular, when reviewing the default investment strategy, the Trustee considers risk quantitatively in terms of the variability of investment returns and potential retirement outcomes for members. Any investment in derivative instruments contributes to risk reduction, or efficient portfolio management.

- Assets in the default investment option are invested in the best interests of members and beneficiaries, taking into account the profile of members and investment objectives as set out in section 4.1 and 5.1 of this statement.

- Assets in the default investment option are invested in a manner which aims to provide security, quality, liquidity and profitability of a member’s portfolio as a whole.

Assets in the default investment option are invested in long-term insurance contracts. The assets underlying the insurance contracts are daily traded pooled funds which hold highly liquid assets. The Trustee regard “risk” as the likelihood of failing to achieve the objectives set out above and seeks to minimise these risks, so far as is possible. In arriving at their investment strategy for the default investment option and the production of this Statement, the Trustee has considered the following risks:

Type of Risk	Risk	Description	How the risk is monitored and managed
Market risk	Inflation risk	The risk that returns over the members’ working lives does not keep pace with inflation and will not, therefore, secure an adequate income in retirement.	The Trustee monitors performance on a quarterly basis. The default investment option is set with the intention of diversifying these risks to reach a level of risk deemed appropriate. This is set with advice from the investment adviser.
	Interest rate risk	The risk that fluctuations in market interest rates cause the value of investments to fluctuate.	

Type of Risk	Risk	Description	How the risk is monitored and managed
	Currency risk	The risk that fluctuations in foreign exchange rates causes the value of overseas investments to fluctuate.	Within the diversified growth funds, which are component of the default investment option, management of many of these market risks is delegated to the investment managers. The default is a lifestyle strategy which automatically and gradually reduces the level of investment risk members are exposed to as they approach retirement.
	Credit risk	The risk that the issuer of a financial asset, such as a bond, fails to make the contractual payments due.	
	Equity, property and other price risk	The risk that market movements leads to a substantial reduction in the value of a member's savings.	
Liquidity risk		The risk that the Scheme's assets cannot be realised at short notice in line with members' or Trustee's demands.	The default investment option invests in daily dealt and daily priced pooled funds.
Investment manager risk		The risk of the appointed investment managers not meeting their objectives, fail to carry out operational tasks, do not ensure safe-keeping of assets or breach agreed guidelines.	The Trustee measures risk in terms of the performance of the funds compared to relevant benchmarks on a quarterly basis, along with monitoring any significant issues with the investment managers that may impact their ability to meet their performance targets. This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.
Benefit conversion risk		The risk that the member is invested in a strategy that does not reflect the way in which they intend to take their benefits at retirement.	The default investment option is a lifestyle strategy which automatically switches member assets into investments suitable for accessing the pension savings as cash lump sum. As part of the triennial default strategy review, the Trustee ensures the default destination remains appropriate.
Environmental, Social and Corporate Governance ("ESG") risk		The risk that ESG concerns, including climate change, have a financially material impact on the return of the Scheme's assets.	The management of ESG related risks is the responsibility of the investment managers. The Trustee also considers how ESG, climate change and stewardship is integrated within investment processes in appointing new investment managers and monitoring existing investment managers. See section 7 of this Statement for the Trustee's responsible investment and corporate governance statement.

The items listed above in section 5.2 of this Statement are in relation to what the Trustee considers 'financially material considerations' with regards to the default investment option. The Trustee believes the appropriate time horizon for which to assess these considerations should be viewed at a member level. This will be dependent on the member's age and when they expect to retire.

5.3 Realisation of investments

All funds, including those in the default investment strategy, are daily-dealt pooled investment arrangements. These pooled investment arrangements are themselves regulated and underlying investments are mainly invested in regulated markets. Where pooled investment arrangements do not invest assets in regulated markets these are not expected to account for a material proportion of assets. Therefore, assets should be realisable at short notice, based on member or Trustee demand.

5.4 Monitoring

The Trustee expects the investment managers always to maintain appropriate monitoring systems to ensure compliance with the investment manager agreements. However, the Trustee, in conjunction with Mercer, will also monitor the performance and the composition of the options available. The Trustee receives regular reports from Mercer each quarter which covers performance of the underlying funds.

The Trustee regularly reviews the nature of the fund options and considers all relevant factors in determining whether the associated risks highlighted in this Statement remain appropriate.

5.5 Policy in relation to illiquid assets

The Trustee considers illiquid assets as assets of a type which cannot easily or quickly be sold or exchanged for cash; including where such assets are invested as a component of a daily-dealing multi-asset fund. The Plan's default investment option includes no direct allocation to illiquid investments or to investments via a collective investment scheme.

The Plan has indirect exposure to illiquid assets through its investment in the Estée Lauder Blended Growth Fund. This is a multi-asset fund that includes an allocation of c.2.5% to illiquid assets as at 31 December 2023. This comprises of exposure to the following illiquid assets: UK Physical Property (c.2%) and Private Market Credit (c.0.5%). Members gain exposure to the Estée Lauder Blended Growth Fund during the de-risking phase of the default investment option. Further details of this can be found in the IIPD. The other funds used within the default investment option do not invest in any underlying illiquid assets as at 31 December 2023.

In selecting investments for the default investment option, the Trustee uses both qualitative and quantitative analysis to consider the expected impact of different strategic allocation mixes. For any future investment, the Trustee carefully considers whether the investment provides value for members, taking account of the return potential and associated risks. It is the Trustee's policy to review the allocation of the default investment option on at least a triennial basis. Such reviews will include whether the incorporation of illiquid asset investments is appropriate.

The Trustee understands the potential for higher returns and benefits of diversification relative to more traditional asset classes (such as bonds or equities) that illiquid assets can offer. While these potential benefits are recognised by the Trustee, the Trustee are also aware of the risks of illiquid assets to members. Given the potential for valuations of illiquid assets to not reflect their true value at a given time, as well as concerns over liquidity management and platform compatibility; the Trustee considers direct investment into an illiquid asset fund as not currently suitable for members of the Plan. However, the Trustee will continue to discuss the inclusion of illiquid assets. The Trustee remains comfortable with the funds used in the default investment option, and annually assesses whether the funds used provide value for members.

6. AVC Investments

The Plan permits members to provide additional benefits for themselves through the defined contribution investment options available by paying AVCs. Members are able to pay AVCs into the range of funds, or follow a Lifestyle Strategy as described in section 5.1.2.

7. Environmental, Social, Governance (“ESG”) and Stewardship considerations

The Trustee applies the following beliefs to the whole Plan including the default investment option.

The Trustee believes that Environmental, Social, and Governance (ESG) factors do have a material impact on investment risk and return outcomes, and that good stewardship helps create and preserve value for companies and markets as a whole.

The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

Given the investments are in pooled funds on the Fidelity platform, the Trustee expects the underlying managers to evaluate ESG factors, including climate change considerations, and exercising voting rights obligations attached to the Plan’s investments.

With regards to stewardship, the Trustee wishes to encourage best practice in terms of corporate activism. It therefore encourages its investment managers to discharge their responsibilities in respect of investee companies in accordance with relevant legislation and codes.

The Trustee has delegated the exercise of voting rights to the investment managers through the contract with Fidelity, on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the investment managers have produced written guidelines of their process and practice in this regard.

The Trustee wishes to encourage best practice in terms of active engagement with entities in which they invest. The Trustee expects the underlying investment managers to undertake engagement activities and encourages the Plan’s investment managers to discharge their responsibilities in respect of investee companies in accordance with the principles underlying the UK Corporate Governance Code and the UK Stewardship Code, in respect of all resolutions at annual and extraordinary meetings. The Trustee will review the investment managers’ policies and engagement activities (where applicable) on an annual basis. The Trustee has determined the following key themes as the basis for the Plan’s “most significant votes” in respect of the investment manager engagement activities:

- Climate change: low-carbon transition and physical damages resilience.
- Pollution and natural resource degradation: air, water and land (forests, soils and biodiversity).
- Human rights: Modern slavery, pay and safety in workforce and supply chains, and abuses in conflict zones.
- Diversity, Equity and Inclusion: inclusive & diverse decision making.

Where investments are made on a passive basis, whilst the manager has no discretion over the selection of individual shares or bond issues (as the manager seeks to match the composition of the benchmark index as closely as possible) the Trustee expects managers to have good stewardship over the investments and vote in line with their own corporate governance policy.

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes when appointing new investment managers and monitoring existing investment managers. ESG ratings are included as part of the quarterly reporting in order for the Trustee to understand the level of ESG integration within the Plan.

Following the triennial review of the Plan’s investment strategy that was implemented in March 2024, the Plan incorporated a fund with strong ESG principles into the default investment option as well as the alternative lifestyle strategies.

8. Member views

Member views have not explicitly been taken into account with regards to non-financial matters in the selection, retention and realisation of investments, although feedback received from members is welcomed and considered by the Trustee.

9. Investment Manager Appointments

Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class in which they invest.

The Trustee considers its Investment Adviser's forward-looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on an assessment of the manager's idea generation, portfolio construction, implementation and business management in relation to the particular investment fund that the Plan invests in.

The Trustee will consider how ESG and stewardship are integrated into the investment process as well as ensuring fees are competitive within the asset class. The Trustee considers the Investment Adviser's manager research ratings when taking decisions on selection and retention of manager appointments.

If the investment objective for a particular manager's fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

As the Trustee invests in pooled investment vehicles, it accepts that it has no ability to specify the risk profile and return targets of the manager, but appropriate mandates have been selected to align with the overall investment strategy.

10. Evaluating Investment Managers

The Trustee receives regular investment manager performance reports on a quarterly basis, which present performance information over a variety of time periods. The Trustee review the absolute and relative performance (against a suitable benchmark index), and against the manager's stated performance target.

The Trustee maintains a focus on long term performance. It may review a manager's appointment if the manager has extended periods of underperformance, there is a material change in personnel or there is other news that may severely impact the outcome of the investment.

Manager fees are calculated as a percentage of assets under management. If managers fail to meet their performance objectives, the Trustee may ask managers to review their fee. As part of the annual Value for Money assessment, the Trustees review the investment manager fees.

The Trustee may meet with investment manager if they are dissatisfied with their performance or engagement activity, and may choose to terminate the relationship with the manager if they see fit.

11. Portfolio Turnover Costs

The Trustees ask investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustees. The Trustees consider portfolio turnover costs as part of the annual value for money assessment

12. Investment Manager Turnover

The Trustee is a long-term investor and is not looking to change investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement. The Fund Range and Default Strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.

13. Review of Statement

The Trustee will monitor compliance with this Statement regularly and in any event will review this Statement at least every three years and immediately following any significant change in investment policy.

The Investment Options available and the Investment Managers shall be reviewed at such time as considered appropriate.

Trustee **Trustee**

Date **Date**

For and on behalf of The Estée Lauder Retirement Savings and Investment Plan