

HALEON

2024 Tax Strategy



HALEON

CFO Welcome: from **Tobias Hestler**

Chief Financial Officer

Welcome to the 2024 edition of the Tax strategy for Haleon plc (Haleon)¹.

2023 marked the first full calendar year as a standalone business and therefore, this is the second Tax strategy that we have published.

In 2023, our Adjusted² Tax charge was £512m and represents an Effective Tax Rate of 23.5%.

The Tax landscape is evolving rapidly and hence there are several potential factors that could impact our Effective Tax Rate. These are not unique to Haleon and we expect that they will similarly impact our peers. The UK, along with many jurisdictions around the world, has now enacted Organisation for Economic Co-operation and Development (OECD) Pillar Two legislation that became effective from 1 January 2024 and we continue to monitor similar legislation and guidance from around the world as it is released.

Our Tax strategy is one of compliance in all the territories in which we operate however, given Tax legislation is subject to interpretation by management and government authorities there are occasions where our filing position may be subject to challenge. Where these challenges arise we approach dialogue with Tax authorities with positive intent and seek to resolve any points of difference on a timely basis.

We are conscious of the deserved focus on the ESG agenda and the role that Tax has to play, with companies being held to account for their actions. In 2024 we will continue to focus on strong corporate governance and ethical behaviours whilst we make further progress against our responsible business strategy. 2023 was the first year Haleon was rated by several ESG indices³ and we are committed to furthering our position as a transparent and responsible Taxpayer.

For more information about Haleon please visit our website:

[Who we are – Haleon](#)

[Annual Report 2023 – Haleon](#)

[ESG Reporting Hub – Haleon](#)



Tobias Hestler

Chief Financial Officer, Haleon

Haleon's Tax Strategy Principles

In the 2024 edition of Haleon's Tax strategy, you will find information on the principles and processes that guide our approach to Tax as well as insights into our priorities as a company⁴. These principles facilitate a mutual understanding and standardised approach to Tax throughout Haleon.

Haleon is a significant contributor of Tax in each country in which we operate. We pay Tax on our profits, when we employ people and on our properties such as our many manufacturing sites and office facilities. We also collect Taxes on behalf of governments, including employee payroll taxes, sales taxes charged to our customers and environmental levies such as the UK's plastic packaging tax⁵.

As set out in this document, our Tax strategy is fundamentally one of compliance. It is however the case that keeping abreast of legislative changes and changes to interpretation is progressively more difficult due to the highly dynamic environment in which we operate.

In this document, we detail our approach to risk management and governance as the first principle of our Tax strategy.

As Tax laws change we are required to adapt with agility and efficiency. For example, the Pillar Two rules bring with them significant new compliance and data collection requirements which require investment to ensure that we have the data available to comply before the first return is due.

Our approach to Tax planning and Tax risk are outlined in Principles two and three of our Tax strategy.

We have experienced an increase in Tax controversy throughout our value chain. Maintaining a strong and cooperative relationship with Tax authorities worldwide, which is based on transparency is more important than ever and our approach to these interactions is outlined in Principle four of this document.

⁴ We consider that this publication satisfies our duties in accordance with the requirements of paragraph 16(2), Schedule 19, Finance Act 2016 for the financial year ending 31 December 2024. Our tax strategy applies to the UK and all other countries in which we operate. This publication was approved by the Haleon Audit & Risk Committee in July 2024.

⁵ Haleon participated in the PwC Total Tax Contribution survey in the UK for the 100 Group of Finance Directors for 2023.

Haleon's Principles of Tax Management

Decisions, activities and operations undertaken across our business give rise to areas of uncertainty, some of which relate to Tax. Uncertainties regarding Tax generally fall into one of three categories: (i) Tax processes and systems, (ii) interpretation of Tax law, and (iii) policy and legislative changes to Tax rules. Managing Tax risk requires an understanding of where and why these uncertainties arise and deciding how these are addressed.

As part of our Tax management process, we have four key principles, which are set out below:

Principle One:

We have a robust risk management and governance framework, which ensures that risk is highlighted to senior management as required.

Principle Two:

Our Tax team are suitably qualified to undertake their roles.

Principle Three:

We respect the spirit and the letter of the laws of each country in which we operate.

Principle Four:

We seek to maintain a low risk Tax profile and collaborate with Tax authorities with positive intent.

Principle One: We have a robust risk management and governance framework, which ensures that risk is highlighted to senior management as required

The Audit & Risk Committee has approved this Tax strategy and is accountable for Haleon's compliance with it, as well as our Tax policies and risk management arrangements as part of our wider Internal Control Framework.

At an operational level, accountability for ensuring compliance with the Tax strategy is delegated to the Head of Tax and Trade Compliance who reports to the Chief Financial Officer (CFO). Our Tax affairs are managed on a global basis by a team of highly qualified Tax professionals who work closely with the business on a day-to-day basis and are led by the Head of Tax and Trade Compliance. Haleon's Tax team is part of the finance function. The Head of Tax and Trade Compliance is a member of Haleon's finance leadership team.

Tax risk in all countries in which we operate is managed through robust internal policies, processes, training and compliance programmes. On a quarterly basis, all Tax risks are reported to the CFO, via the Risk Control Framework and escalated for Haleon Board attention as required. In addition, Tax risks are reported to the Chief Executive Officer (CEO), General Counsel and CFO in a quarterly review of enterprise risk.

All Haleon employees, including the Tax team, are required to adhere to our Code of Conduct and appropriate training is refreshed on an annual basis. Our Code of Conduct is established to encourage all employees to speak up about misconduct, possible breaches of our Code of Conduct or other company policies or procedures, and suspected violations of laws and regulations.

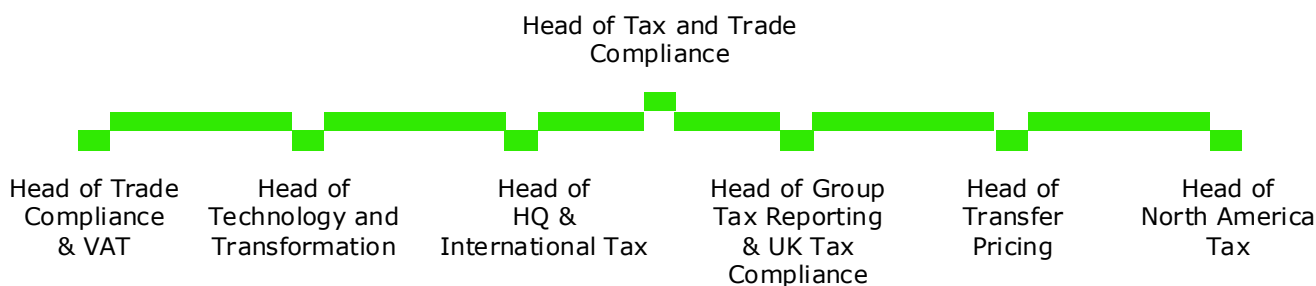


Principle Two: Our Tax team are suitably qualified to undertake their roles

The Haleon Tax team includes individuals with specific geographic, operational and technical responsibilities, including specialists in Indirect Tax, Employment Tax and Transfer Pricing.

The Head of Tax and Trade Compliance continually evaluates whether the Tax function is designed optimally in order to deliver Haleon's Tax Strategy.

Tax Leadership team



On-going training needs are supported to ensure that all individuals within the Haleon Tax team are able to provide up to date technical advice in line with their responsibilities. In house training, external training and postgraduate qualifications are available in order to ensure that the Tax team maintain the appropriate skills and knowledge. Recent examples of this include the requirement to upskill in response to new legislation surrounding Plastic Packaging Tax and Pillar Two, and preparation for Country-by-Country Reporting data potentially becoming publicly disclosed in the UK in the future.

In order to supplement the subject matter expertise of our Tax team, we partner with external advisers to deliver our global Tax compliance and statutory filings. Advisers also provide specialist input on areas of uncertainty and on significant transactions, and to review the implications of new Tax legislation as required.

Principle Three: We respect the spirit and the letter of the laws of each country in which we operate

We are subject to Tax throughout our value chain and the primary objective of the Tax team is to ensure compliance in every jurisdiction in which we operate; paying the right amount of Tax at the right time. **We recognise the importance of respecting both the spirit and the letter of the laws** of each country in which we operate.

Profits are recognised in territories by reference to the activities performed, assets owned and risks borne there. In line with current OECD guidelines, **we base our transfer pricing policy on the Arm's Length Principle** and support our transfer prices with economic analysis and contemporaneous transfer pricing reports.

Haleon acts responsibly in relation to Tax matters and does not take an aggressive approach to Tax planning. When considering how to structure an investment or transaction, this process will be driven by the wider business strategy, with the Tax impact being one of many factors considered.

We are not prescriptive on the level of Tax risk we are prepared to accept. However, **we do not take speculative Tax positions** or those that bring material Tax risk to Haleon. Where there is material uncertainty on the Tax treatment of a transaction, or where the necessary expertise is not available within the Tax team, external advice is sought. **We have a zero-tolerance approach to Tax evasion and the facilitation of Tax evasion.**

We base our transfer pricing policy on the Arm's Length Principle and OECD guidelines.

Principle Three: We respect the spirit and the letter of the laws of each country in which we operate (cont.)

We do not actively seek to avoid tax using 'Tax havens' however, we establish presence in jurisdictions which may be described as 'Tax Havens' only where there is a business reason to do so. A list of our corporate presence in jurisdictions which are often referred to as 'Tax havens', alongside the business purpose of each company is set out below:

Guernsey: We have a group insurance company in Guernsey which allows Haleon to aggregate operational risks and insure them within established Global insurance markets. This enables us to access better pricing and coverage than if every group company were to insure their own risks.

Panama: From Panama we operate an export hub to the Central American and Caribbean (CARICAM) region and provide value chain services and management services to other LATAM group entities.

Trinidad and Tobago: We have a local operating company in Trinidad and Tobago due to local legal and regulatory requirements which mean we are not able to out-source the sales and marketing operations for this country.

The above companies are all disclosed in Haleon's Country-by-Country report that is submitted to HMRC in the UK on an annual basis.



Principle Four: We seek to maintain a low risk Tax profile and collaborate with Tax authorities with positive intent

With Tax rulings supported by material business substance, financing driven by commercial purpose and no untaxed income, Haleon has a low risk Tax profile. **We seek to develop and maintain cooperative relationships with Tax authorities worldwide** built on mutual respect, transparency and trust. We meet with Tax authorities regularly to discuss our Tax affairs and provide real time business updates wherever possible. As an example, we meet quarterly with HMRC to provide an overview of our UK Tax returns and significant transactions which have taken place during the period.

We submit Tax returns according to statutory time limits and engage proactively with Tax authorities to seek to ensure our Tax affairs are up to date. In addition, where appropriate, we may seek certainty with Tax authorities through clearance applications or advanced pricing agreements. These agreements provide long-term certainty for both Tax authorities and Haleon over the Tax treatment of our business based on full disclosure of all relevant facts.



Glossary

Arm's Length Principle	The OECD defines the Arm's Length Principle as requiring all transactions between related companies to be valued as if they had been carried out between unrelated parties, each acting in their own best interest
CFO	Chief Financial Officer
Employment Tax	Comprises a combination of social security taxes and income tax that a company takes from an employee's pay and must pay to the Government
Group	Includes all directly and indirectly owned subsidiaries of Haleon plc
Haleon	Haleon plc
HMRC	His Majesty's Revenue and Customs
Indirect Tax	Taxes such as VAT or Sales Taxes and customs duties
OECD	Organisation for Economic Co-operation and Development
Pillar Two	Organisation for Economic Co-operation and Development rules on Pillar Two
Tax	The OECD definition of tax is as follows: Taxes are compulsory, unrequited payments to general government. The OECD methodology classifies a tax according to its base: income, profits and capital gains; payroll; property; goods and services; and other taxes.
Transfer Pricing	The price charged for related party transactions related to goods, services or IP