



HALEON

2023 Tax Strategy



HALEON

CFO Welcome: from **Tobias Hestler**

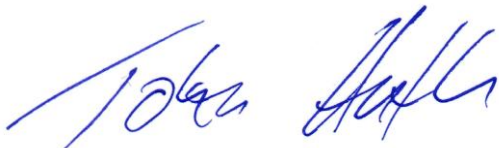
Chief Financial Officer

Welcome to this publication setting out the Tax strategy for Haleon plc (Haleon)¹. We are a global leader in consumer health with a clear purpose to **deliver better everyday health with humanity**. Centred around our core value of seeking to always do the right thing, our culture is defined by three key behaviours – Keep it human, Do what matters most and Go beyond. Our purpose and our key behaviours underpin the principles set out in this Tax strategy. **This includes paying the right amount of Tax, in the right place, at the right time.** This ethos is core to this Tax strategy and the ways of working of our Global Tax Team.

For more information about Haleon please visit our website:

[Who we are – Haleon](#)

[Annual Report 2022 - Haleon](#)



Tobias Hestler

Chief Financial Officer, Haleon

Introduction: from **Gemma Beck**

Head of Tax and Trade Compliance

In this 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 company. As we have been an independent company since 18 July 2022 this is the first year we have published our Tax strategy².

In this document we outline our approach to:

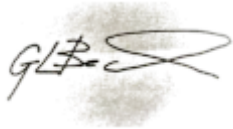
> **Tax management
and governance**

> **Tax planning**

> **Tax risk**

> **Dealings with UK
And other tax authorities**

We're committed to improving our Tax reporting and welcome feedback on this report.



Gemma Beck

Head of Tax and Trade Compliance,
Haleon

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 1:

We have a robust risk management and governance framework

Principle 2:

Our Tax team are suitably qualified

Principle 3:

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

Principle 4:

We seek to maintain a low risk Tax profile

Principle 1: We have a robust risk management and governance framework

The Audit and Risk Committee has approved this Tax strategy and is ultimately 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, and 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 Management Control Board and escalated for Haleon Board attention as required.

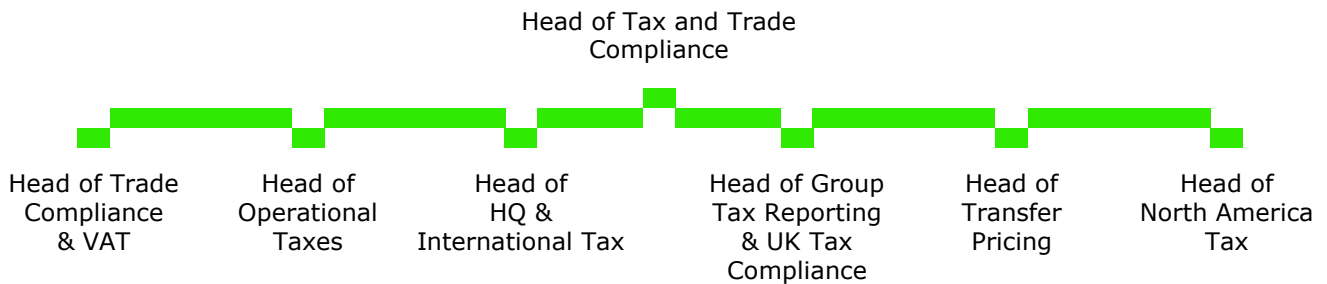
All Haleon employees, including the Tax team are required to adhere to our Code of Conduct and appropriate training is refreshed on an annual basis. Our Code of Conduct is established to encourage all employees to speak up about misconduct, possible breaches of our Code of Conduct or other company policies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

Principle 2: Our Tax team are suitably qualified

Prior to the demerger from GSK, a new tax team dedicated to Haleon was created. This team has been fully operational since Q1 2022 following a rigorous recruitment and knowledge transfer process.

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

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 all available.

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 3: 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 there and the value they generate. To ensure the profits recognised in jurisdictions are aligned to the activity undertaken and are in line with current Organisation for Economic Co-operation and Development (OECD) guidelines, **we base our transfer pricing policy on the Arm's Length Principle** and support our transfer prices with economic analysis and contemporaneous reports.

Haleon acts responsibly in relation to Tax matters and does not take an aggressive approach to Tax planning. 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 have a zero-tolerance approach to Tax evasion and the facilitation of Tax evasion.

Principle 3: 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' and only establish presence in these territories 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. This means 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 4: We seek to maintain a low risk Tax profile

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
GSK	GlaxoSmithKline plc and its subsidiaries
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
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 charges for related party transactions related to goods, services or IP