

UK TAX STRATEGY STATEMENT

UK Tax Strategy

This document has been prepared in accordance with the requirements of Schedule 19 Finance Act 2016 for GUERLAIN LTD (“the Company”) to publish its UK tax strategy online and sets out the Company’s approach to tax for the year to 31 December 2017.

Overview

The Company UK tax strategy adopts the principles set out in LVMH Code of Conduct which is published on LVMH institutional website. The LVMH Code of conduct provides a common framework, a set of principles that inspire the Group in the conduct of its businesses and guide LVMH peoples in the exercise of their responsibilities.

Respect for national and international laws, regulations and decisions and the application of best practices are essential prerequisites for the credibility of our policy. LVMH is committed to respecting both the letter and the spirit of these key texts and to translating its values and principles into responsible behavior.

As a subsidiary of a group that is a globally renowned retailer of luxury goods (“LVMH Group”), our business has a strong focus on corporate responsibility and we consider the due administration of our tax obligations to be a key responsibility. Our approach reflects that of the LVMH Group globally.

Furthermore, we recognise the importance of being transparent in respect of the taxes we pay.

Risk management and governance arrangements

We are committed to ensure that our tax affairs are transparent and compliant with UK tax legislation and recognise that the tax compliance obligations for UK companies are becoming increasingly complex.

Ultimate responsibility for the tax affairs of the company sits with the Company’s board of directors.

The Board has set out the Company’s tax objectives and guiding principles as follows:

- To comply with all applicable tax laws and regulations;
- To seek to utilise available tax reliefs and incentives, where available, in a manner which is consistent with the government’s policy objectives;
- To meet its compliance obligations in a timely and accurate manner; and,
- To collaborate with HMRC to resolve any issues.

The day-to-day management of tax matters rests with the Company’s financial management team, which can be assisted by UK tax advisors or professional accountants whose reputation and seniority are coherent with the high standard of the LVMH Group.

The Company is obliged to nominate a Senior Accounting Officer (“SAO”) who is personally responsible for ensuring that the Company has taken reasonable steps to establish and maintain tax accounting arrangements that enable the tax liabilities to be calculated accurately in all material respects.

The Company receives support in the matter of Corporation Tax compliance from external accounting firm or experts. The returns are prepared based on information supplied by the Company and the return is reviewed and approved by the Company prior to submission to HMRC.

The reporting and payment of Indirect tax and Payroll tax are subject to the system and controls approved by the SAO as appropriate tax accounting arrangements.

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The Company also receives support from the LVMH Group. The Group provides an additional level of supervision and tax technical expertise to the Company and is in charge of monitoring important UK developments with the help of external UK advisers, evaluating their impact on the Group and disseminating instructions to the Company. The Group also monitors the tax compliance status of the Company and provides additional resource where necessary to ensure that any outstanding items are resolved in a timely manner.

It is the Company's policy to seek advice from external tax experts in respect of non-routine transactions or exceptional items (e.g. an acquisition or disposal of assets) to ensure that the tax consequences are identified and appropriately reported. Any significant transactions would also have the oversight of the Group.

Tax planning

The LVMH group takes a conventional approach to a tax planning and the Company's policy reflects this.

Any operation and project undertaken by the Company must be aligned to its commercial transactions and the economic activity of the wider Group.

It is the policy of the Company to make use of available Government tax incentives and reliefs.

Attitude towards Risk

The Company is not prepared to accept anything other than immaterial levels of risk in respect of UK legislation.

The Board considers compliance with tax legislation to be key to managing the Company's tax risk and does not engage in artificial tax schemes. As explained above, the company benefits from Group oversight on tax matters and makes use of the expertise of external tax advisers to manage its tax risk exposure.

Tax legislation is often complex and subject to interpretation. Consequently, if uncertainty arises in relation to a significant or complex tax position, the Company may seek to minimise any uncertainty by entering a dialogue with HMRC.

The Company's approach towards its dealings with HMRC

The Company seeks to maintain an open, cooperative and professional working relationship with HMRC and its CRM.

The LVMH Group Tax team meets on an annual basis with the CRM to provide a group-wide business update, to receive feedback from HMRC in respect of HMRC's risk assessment of the Group and to follow up on any individual issues which relate to the Company.

It is the Company's intention to promptly advise HMRC of any tax compliance discrepancies which have been identified and to regularise the situation.

The Company employs the services of professional tax advisers to act as its agents, and where appropriate, they liaise with HMRC on its behalf on a real-time basis.