

CHANEL LIMITED – UK TAX POLICY

Chanel is one of the world's leading designers, developers, manufacturers, and marketers of luxury fragrance and beauty, fashion, watch and fine jewellery products. Chanel is known for its original and sophisticated designs and commitment to quality in everything that it does. Chanel's fragrance and beauty products are sold mainly in high-end department and specialty stores and other carefully selected points of sale operated primarily by third parties. Its fashion, watch and fine jewellery products are sold mostly in Chanel-owned or operated boutiques, but also in a limited number of department stores, watch specialists and fine jewellers. Paying the right amount of taxes, in the right places, at the right times, is core for Chanel and its commitment to being a responsible business.

The following tax strategy is applicable for the financial year ending 31 December 2019 and is also applicable to all of Chanel Limited's UK subsidiaries.

1. *Commitment to compliance*

Chanel's tax strategy is compliance-based; its strategy is to account for tax on an accurate and timely basis and to pay taxes within the due dates. Compliance for Chanel also means disclosing all relevant facts and circumstances to the tax authorities, and claiming reliefs and incentives where available.

2. *Effective risk management*

When considering the structure of its business activities, Chanel takes into account consideration of the UK's tax laws when looking to maximise value on a sustainable basis for shareholders. Chanel does not put into place any schemes, arrangements or tax planning that could be perceived as being contrived or artificial in nature. Given the peculiarities of its business and the volume of tax obligations, Chanel is inevitably exposed to tax uncertainties, which Chanel actively seeks to identify, evaluate, monitor and manage. Where there is significant complexity in relation to a tax issue, Chanel seeks external, expert advice.

3. *Approach to dealing with HMRC*

Chanel is committed to the principles of openness and transparency in its approach to dealing with HMRC, with the objective of minimizing tax uncertainties. Chanel does not take positions on tax matters that may create reputational risk or jeopardise its good standing with the UK tax authority. However, Chanel is, if necessary, prepared to defend its positions where it disagrees with a ruling or decision of a tax authority, having always first sought to resolve the disputed matter through active and transparent discussions.

4. *Board ownership and oversight*

This document, approved by the Board of Directors of Chanel Limited, Croydon Logistics Limited and Trochair Limited, sets out Chanel's policy and approach to conducting its tax affairs and dealing with tax risk, and is made available to all of Chanel's stakeholders. The Finance and Legal teams will periodically review this document and the Board of Directors of Chanel Limited will approve any amendments to it. This tax policy is aligned with "Ethics at Chanel" (Chanel's Global Code of Conduct). Its publication is regarded as satisfying the statutory obligation under Part 2, Schedule 19, Finance Act 2016.