



Chanel Limited

UK Tax Policy

2022

Introduction

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 2021 and is also applicable to all of Chanel Limited's ("the Company") UK subsidiaries ("CHANEL or CHANEL"). Its publication is regarded as satisfying the statutory obligation under Part 2, Schedule 19, Finance Act 2016. The strategy defines the approach of CHANEL towards risk management, the approach to tax planning, the level of risk that CHANEL is willing to tolerate and the approach in dealing with HRMC or any other tax authorities.

CHANEL's overall objective on tax matters is to maintain a net positive tax contribution in all jurisdictions where it operates in line with the economic value created in each country, not just in terms of corporate taxes, but also employment and property taxes, customs duties and other types of levies.

In doing so, CHANEL seeks to have a sustainable, positive impact on society and the environment consistent with CHANEL's corporate social responsibilities.

Approach to Tax

CHANEL adopts a sustainable approach to taxes and recognises that taxes are a crucial source of funding for governments in every country in which it operates and that they finance important public programs.

CHANEL follows a number of internal tax principles that ensure its commitment to support the governments through its tax payments.

A. Coherence

CHANEL tax principles ensure **coherence** between its business operations and the policy intent of international and local tax legislation. CHANEL does not invest in a country, for example, without a clear business purpose or put in place any schemes, arrangements or tax planning that could be perceived as contrived or artificial in nature. CHANEL follows reasonable and unambiguous interpretations of tax laws as well as the policy intent of tax legislation. It only uses efficiencies foreseen in tax legislation if they apply to all taxpayers without selectivity and would seek up-front certainty with tax authorities, only if coherence with its tax principles and policy prevails.

Please find below an exhaustive list of countries where CHANEL has incorporated entities and the main nature of the activities deployed by all the entities in every jurisdiction:

2021	Research and Development	Purchasing or Procurement	Manufacturing or Production	Sales, Marketing or Distribution	Administrative, Management or Support Services	Internal Group Finance	Holding Shares of Companies	Non-Trading	Real Estate Activities	Holding or Managing Intellectual Property	Insurance
Argentina											
Australia											
Austria											
Belgium											
Bolivia											
Brazil											
Canada											
Colombia											
Costa Rica											
Czech Republic											
Denmark											
France											
Germany											
Hong Kong S.A.R.											

CHANEL

Tax

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India											
Ireland											
Italy											
Japan											
Luxembourg											
Macao S.A.R.											
Mainland China											
Malaysia											
Mexico											
Monaco											
Mongolia											
Netherlands											
New Zealand											
Norway											
Panama											
Poland											
Portugal											
Russia											
Singapore											
South Africa											
South Korea											
Spain											
Sweden											
Switzerland											
Taiwan Region											
Thailand											
Turkey											
Ukraine											
United Arab Emirates											
United Kingdom											
United States											
Vietnam											

As noted, CHANEL does not operate in low-tax jurisdictions unless there are commercial activities being carried out there, supported by people, assets and business in that country. CHANEL has four



entities in Panama which is on the EU's list of non-cooperative jurisdictions¹ and which, for decades, has been the location of CHANEL's regional headquarters and distribution centre for Latin America and the Caribbean. CHANEL also operates two retail boutiques in Panama, supported by certain real estate assets. CHANEL also operates a fashion boutique and a watch and fine jewellery boutique in Monaco which is on the OECD's list of un-cooperative tax havens². CHANEL currently employs 137 people in Panama and has 26 employees in Monaco.

B. Alignment

CHANEL strives, through its tax principles, to align its global profit allocation with economic value creation within CHANEL and to apply the arm's length principle, taking into account the location of its main intangible assets and functions related to their development. None of the Company's subsidiaries (direct or indirect) operate in low-tax jurisdictions unless there are commercial activities being carried out there, supported by people, assets and business in that country.

C. Compliance

CHANEL ensures the highest level of compliance when applying its tax principles. It files all tax-related returns, declarations, reports and related documentation under local legislation/rules. Where there is significant complexity in relation to a tax matter, CHANEL seeks advice from external advisors to ensure that an appropriate filing position is adopted.

CHANEL always maintains an open and constructive relationship with tax authorities, committed the principles of openness and transparency in its approach to dealing with HMRC, with the objective of minimising tax uncertainties. Chanel does not take positions on tax matters that may create reputational risk or jeopardise its good-standing with local tax authorities with the UK or global tax authorities.

¹ List adopted by EU Council on 24th of February 2022.

² List published on 18th of April 2002.

Tax Contribution

In 2021, the CHANEL's total taxes paid amounted \$1.9 billion, exclusive of taxes collected on the behalf of others (e.g. VAT and certain employee taxes). The make-up of the taxes paid is set out below, with corporation income taxes representing over half of the total amount of taxes paid.

