

GALDERMA

EST. 1981

Galderma UK Tax Strategy

Scope

This strategy applies to Galderma (UK) Limited and Proactiv Skin Health Limited (together “Galderma UK”) for the year ending 31 December 2020 in accordance with Schedule 19 to the Finance Act 2016 and is being published in accordance with paragraph 22(2) of the Schedule.

References to “UK Taxation” are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to “tax”, “taxes” or “taxation” are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the Group has legal responsibilities.

Aim

Galderma Group is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. The Group’s tax affairs are managed in a way which takes into account the Group’s wider corporate reputation in line with Galderma Group’s core values and principles as outlined in the Code of Ethics.

Governance in relation to UK taxation

- Ultimate responsibility for Galderma Group’s tax strategy and compliance rests with the Board of the Galderma Group;
- Galderma Group’s Board ensures that tax is considered when making investments and significant business decisions and during internal governance forums where tax issues and risks are highlighted and escalated;
- Executive management of the Group’s tax strategy and compliance is delegated by the Board to the Chief Financial Officer (“CFO”) of the Galderma Group who has further delegated the day-to-day management of Galderma Group’s tax affairs to the Group Head of Tax;
- Day-to-day management of Galderma UK’s tax affairs is delegated to the Finance Director of Galderma UK, who reports to the General Manager of Galderma UK and for tax matters on a dotted line to the Group Head of Tax;
- The Group’s tax function and Galderma UK’s finance team are staffed with appropriately qualified individuals.

Risk management

- Galderma Group operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to the group’s financial reporting, which includes any changes required due to changes in business operations or tax legislations;
- Galderma Group seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations;
- Processes relating to different taxes are allocated to appropriate process owners.
- Appropriate training is carried out for staff outside tax team who manage, or process matters which have tax implications.

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Attitude towards tax planning and appetite for tax risk

Galderma Group manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax in line with our Code of Ethics.

When entering into commercial transactions, Galderma Group seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation. Galderma Group does not undertake tax planning unrelated to such commercial transactions.

Intercompany transactions take place on arm's length terms in line with OECD transfer pricing guidelines.

The level of risk which Galderma Group accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the Group's tax affairs. At all times Galderma Group seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the Board is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question.

Advice is sought from external advisers where appropriate to gain certainty on tax treatment and assist with compliance obligations.

Relationship with HMRC

Galderma UK seeks to have a transparent and constructive relationship with HMRC through regular meetings and communication with respect to developments in Galderma UK's business, current, future and retrospective tax risks, and interpretation of the law in relation to relevant taxes. Galderma UK ensures that HMRC is kept aware of significant transactions and changes in the business. When submitting tax computations and returns to HMRC, Galderma UK discloses relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain. Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

London, 06/07/2021