

Givaudan



Tax strategy Givaudan SA

December 2017





1. Introduction

Givaudan is the global leader in the creation of Flavours and Fragrances. In close collaboration with food, beverage, consumer product and fragrance partners, Givaudan develops taste and scent solutions that delight consumers the world over. With a passion to understand consumers' preferences and a relentless drive to innovate, Givaudan is at the forefront of creating flavours and fragrances that 'engage your senses'.

The company operates two business divisions, Flavour and Fragrance, which create, produce and distribute products covering multiple segments within the global food and consumer product industries. In the Flavour business, these segments are Dairy, Beverages, Savoury, Snacks and Sweet Goods, whilst in Fragrance, we serve personal, home and laundry care brands as well as prestige perfumes and cosmetics. Our customers include global, regional and local companies who are present in these segments and Givaudan is operating through more than 100 locations worldwide and more than 45 manufacturing sites.

Givaudan has its Group Headquarter in Vernier, Switzerland and Givaudan is a publicly listed company, on the SIX Swiss Stock Exchange, since 2000. Givaudan SA is the parent company of the Givaudan group. The list of major operating entities of the Givaudan Group can be found in the Annual Report of the Group at www.givaudan.com.



Figures are from the 2017 full year results



2. Tax governance and organisation

2.1 Tax policy

The Group Chief Financial Officer (CFO) maintains overall ownership of the Tax Policy, although the policy is developed by the Group Head of Tax. The Audit Committee, a sub-committee of the Board of Directors, approves the Tax Policy based on the recommendation of the Group CFO.

Setting governance and sustainability at the centre of our tax obligations management contributes to the Group's overall strategy while aligning with the diverse and fast changing tax environment.

Givaudan is operating its Tax activities and objectives in line with the Group's Tax Policy and the overall Governance structure of the Group. The activities of Group Tax and the wider organisation are also governed by the Group's business conduct policies, internal control guidelines and external Corporate Governance, finance and accounting regulations as appropriate.

2.2 Tax objectives

The Group Tax function aims to assure tax compliance across the Group and to develop and implement efficient and sustainable tax platforms to enable and support the broader growth objectives of the Group. The Group Tax organisation, under the leadership of the Group Head of Tax, has a primary mandate to define policies and procedures, which adhere to these objectives and are aligned with the underlying business objectives of the Group.

2.3 Roles and responsibilities

The Tax policy and the application thereof requires clarity over the respective roles and responsibilities within the organisation. Givaudan operates Tax under a Global Centre of Excellence structure, which is centrally led at Group Level, with execution support being evident across the finance organisations within the affiliate network and with Givaudan Finance Services.

The Group Head of Tax has the operational responsibility for execution of the Tax Policy, both at central and affiliate level as well as for ensuring that adequate controls are established across the Tax activities.



Title	Principal roles and responsibilities
Board of Directors	<ul style="list-style-type: none"> – Approval of the Tax Strategy of the Group
Audit Committee	<ul style="list-style-type: none"> – Approval of the Group Tax Policy – Risk Monitoring of Tax Risks
Group CFO	<ul style="list-style-type: none"> – Execution of Tax Strategy as approved by the Board – Setting Targets & Monitoring Performance of Tax Function – Approval of any exceptions to the application of the Group Tax Policy
Group Head of Tax	<ul style="list-style-type: none"> – Definition of the Group Tax Policy – Implementation of the Group Tax Strategy & the Tax Policy – Establishment of appropriate controls & Reporting structures to support Tax Activities – Cascading Targets & Performance goals within the Tax team
Group Tax Function	<ul style="list-style-type: none"> – Operational Execution of the Group Tax Policy
Tax Accounting / Controlling	<ul style="list-style-type: none"> – Tax Operational and Risk Management Reporting – Tax Accounting Implementation and Monitoring with respect to International Accounting Standards – Accounting advice & support to assess accounting impact of various Tax activities
Affiliates / Givaudan Finance Services	<ul style="list-style-type: none"> – Execution of defined activities under the overall Group Tax Policy



3. Tax strategy & risk management

The long term tax strategy developed by the Group and approved by the Board, has compliance and sustainability at the core. It is the intention of the Group to respect the compliance obligations under both international and domestic principles and laws. The tax strategy takes a long term view and strives to create a robust and sustainable platform for the Group. It relies on the following key pillars:

- Enterprise Model Design lies at the heart of the tax structure of the Group and is designed to create an efficient and compliant tax structure through which to execute the business activities of the Group. The ownership of the Enterprise Model is at HQ level, with the principles and structures implemented consistently on a worldwide basis;
- Transfer Pricing Structure, in accordance with OECD and local country requirements, as well as the operational execution of Transfer Pricing activities falls under the ownership of the Tax function. Whilst recognising and considering the different impacts which transfer pricing may have in other areas (eg customs duties) the tax function will take a Group view in developing and implementing the appropriate measures. As far as possible, the transactional execution of transfer pricing across the Group will be performed by the Givaudan Finance Services organisation, under the supervision of the Group Tax function, making use of the integrated and automated dynamic transfer pricing system as far as that is deployed;
- Allied to the Enterprise Model design and as a major component of the Group's transfer pricing philosophy, we will strive to reach transparent and bi-lateral advance pricing agreements (APA's) between Switzerland and the other jurisdictions in which we operate. These multi-year agreements provide security and predictability around the tax position of the Group and its affiliates. Where APA's are not an available tool to secure agreement with the tax authorities, the Group ensures that the transfer pricing aspects of our activities are very well documented and that we proactively engage in building a constructive and transparent dialogue with the relevant tax authorities;
- Tax Planning activities within the Group are managed on a progressive basis using a consistent methodology and supported by Givaudan Finance Services. It is the intention of the Group to fully adhere to our over-arching tax strategy and in doing so ensure that we guide our affiliate results appropriately;
- The Group aims to avoid tax controversy however will take appropriate and reasonable measure to protect our interests where tax controversy may arise. At the same time the Group will maintain a prudent position when it comes to the assessment and reporting of tax risks, whether at central or affiliate level;
- Group Tax manages its activities in line with the Group defined Internal Control Framework. Whilst the nature of the activities tends to be less transactional and system driven, it is important that all decision making processes have appropriate audit trail, authorisations, managerial and monitoring framework facilitating transparency and identification and measurement of financially relevant aspects of tax activities within the Group;
- In relationship with the tax authorities in the countries where we operate, the Group may be subject to external reporting obligations under regulations relating to the country level Tax Laws and is committed to adhere to those requirements in a compliant and efficient manner.