

The Rezidor Hotel Group – Tax Strategy

This document sets out the Group Tax Policy and approach to Tax Governance and Tax Risk Management of The Rezidor Hotel Group. The document is approved by the Board of Directors of the Rezidor Hotel Group and will be periodically reviewed.

Group Tax Policy

Rezidor's tax strategy is approved by Board of Directors and aligned with the Group's business plan. The head of Group tax, reporting to the CFO, is responsible for optimizing the tax charge within the framework of applicable tax laws, regulations and disclosure requirements in the different jurisdictions in which the Group entities operate. The Tax Department takes all necessary measures that the Group's tax strategy is at all times in line with the business strategy of the Group.

Through adequate diligence, policies and procedures, the Group ensures that appropriate controls are in place to effectively manage its tax charge, comply with all regulatory filing requirements and to ensure that associated risks are properly managed.

Rezidor seeks to develop and sustain a constructive and transparent relationship with tax authorities based on mutual trust and cooperation.

Governance and Tax Risk Management

Rezidor Tax Department is responsible for identifying and assessing tax risks within the group. Our governance is based on the principle of reasonable care and materiality. To allow a diligent approach in assessing and managing tax risks the Tax Department not only reviews on, a daily basis, legislative changes through newsflashes, tax updates and newsletters of advisory firms and subscriptions to databases, but also seeks written advice from advisors in case of uncertainty on the application or interpretation of tax law.

For each tax position, the Tax Department prepares a memorandum with the relevant facts and description of the tax position, the applicable local law, and an analysis from a Rezidor perspective of the tax position. In preparing such memorandum the Tax Department is in case of uncertainty assisted by outside council or advisors. Based on technical merit, i.e., upon the facts and circumstances of the tax position, local law and external confirmation, the tax position is then shared with the Group's CFO, Executive Committee, Audit Committee or Board of Directors for formal approval depending on the complexity and financial impact of the position. All tax positions taken are centrally registered and evaluated on a quarterly basis.

The Rezidor Tax Department has furthermore put various risk management processes in place to ensure the Group Tax Policy is complied with. These processes include a close cooperation with Regional and Country Finance Directors which are jointly responsible for identifying tax risks, review or preparation of all local tax filings by third party advisors and close cooperation with the external financial auditors of the Group at the occasion of their review on tax positions taken. In addition, the Rezidor Tax Department gives an overview of initiatives and positions taken to the Audit Committee on a quarterly basis.

By adhering to the above outlined processes, the Rezidor Hotel Group strives to maintain a low tax risk level considering not only the Group's financial risk but also its values and ethics policy, corporate reputation and social responsibility.

Tax Planning

Any tax planning or structuring is strictly made within the legal framework of the jurisdictions the Group is operating in and within generally accepted international tax principles such as OECD guidelines. The Group will not engage in any artificial transactions aimed at reducing tax for which there are no underlying business objectives or which could impact the Group's reputation, corporate and social responsibilities or relationship with the tax authorities.

Relationship with Tax Authorities

Rezidor seeks to develop and sustain a constructive relationship with tax authorities. Rezidor is committed to an open, transparent and collaborative approach in its dealings with tax authorities around the world. Rezidor strives to comply with all compliance requirements in the countries it operates and proactively raises areas of uncertainty with the tax authorities seeking certainty and reducing its overall tax risk. In case of disputes, Rezidor aims at resolving these quickly and cooperatively, in an honest and transparent manner.

The Rezidor Hotel Group and HMRC's Large Business Tax Compliance Package

Further to the December 9, 2015 published new large business tax compliance package, The Rezidor Hotel Group confirms adhering to the published draft, and in particular commits to:

- Seek external advice in case of uncertainty and interpret relevant tax laws in a reasonable way;
- Engage in a full and open dialogue with HMRC to discuss tax planning and tax risks;
- Accurately and timely file corporate tax returns and respond within the legal delay to any queries and information requests raised by HMRC;
- To resolve disputes, if any, quickly and collaborative while being open and transparent.

