

# UK Tax Strategy - Mylan's Approach to Tax

## Introduction

Mylan N.V., along with its subsidiaries (collectively "Mylan" or "the Group"), is a leading global pharmaceutical company, which develops, licenses, manufactures, markets and distributes generic, brand name and over-the-counter ("OTC") products in a variety of dosage forms and therapeutic categories. Mylan is committed to setting new standards in healthcare by creating better health for a better world, and our mission is to provide the world's 7 billion people access to high quality medicine. To do so, we innovate to satisfy unmet needs; make reliability and service excellence a habit; do what's right, not what's easy; and impact the future through passionate global leadership. Mylan offers one of the industry's broadest product portfolios, including approximately 7,500 marketed products around the world, to customers in more than 165 countries and territories.

Our tax approach seeks to support this vision and also to balance the interests of our various stakeholders including patients, suppliers, shareholders, governments and employees. Mylan pays a range of taxes including corporate income taxes, stamp duties, withholding taxes, employment and other taxes. We also collect and pay employee taxes as well as indirect taxes such as VAT and excise duties. We seek to ensure that our tax approach is aligned with our mission, our core values and our overall strategy. We are committed to being a responsible taxpayer, being straightforward and transparent on all tax matters and acting fairly, responsibly and with integrity in all our dealings with tax authorities.

We are committed to ensuring we pay the tax we are legally required to pay in each of the territories in which we operate, we comply with all tax rules and regulations in those territories and we safeguard our reputation as a responsible taxpayer. However, we recognize we also have a responsibility to protect our stakeholders by not paying more taxes than legally required.

## Tax Governance Framework

The Head of Global Tax is directly responsible for Mylan's tax strategy which is overseen and approved by the Chief Financial Officer. Under direction of the Head of Global Tax, the strategy is implemented by the global tax team, with support from global, regional and local finance teams.

Mylan's tax status is regularly reported to the Audit Committee of the Board of Directors and the Audit Committee is responsible for monitoring any significant tax matters. Audit Committee meetings are attended by the Chief Financial Officer and Head of Global Tax.

## Tax Risk Management

We are subject to taxation throughout our supply chain. The worldwide nature of our operations means that our intellectual property, R&D and manufacturing operations are centered in a number of key locations. A consequence of this is that our cross-border supply routes, necessary to ensure supplies into numerous end markets, can be complex, leading to tax complexity and risk.

As a business, we are subject to taxation in the many countries in which we operate. The tax legislation in these countries differs and is often complex and subject to interpretation by management and the government authorities. Recent developments in the international tax arena have increased the likelihood of changes to tax systems in the countries in which we

operate and this creates added uncertainty. We are committed to complying with tax law and practice in the UK and all the territories in which we operate.

Investment, growth and acquisition opportunities result in changes in the Group structure. The Group operates a comprehensive business approvals process whereby all material transactions and proposed changes to business operations require prior approval from senior management including the Head of Global Tax.

Tax risk is managed through robust internal policies, processes, training and compliance programmes to ensure we have alignment across our business and meet our tax obligations.

As part of our quarterly financial reporting process, the global tax team requires Group companies to report and/or provide updates as to any items of tax risk or tax controversy. Material risks are notified to the Audit Committee.

## **Tax Planning**

We only engage in tax planning that directly supports our business activities. Thus, any tax planning undertaken will have commercial and economic substance and will have regard to the Group's wider vision and strategy. We will seek to minimize uncertainty, risk or disputes and we will engage external advisors as appropriate to achieve this. As such our tolerance for risk is low in this regard.

We conduct transactions between Group companies on an arm's-length basis and in accordance with current OECD principles.

We do aim to make use of those tax incentives and exemptions intentionally provided in law, for example capital allowances and credits associated with research and development expenditure.

## **Relationship with Tax Authorities**

We engage with HM Revenue and Customs ("HMRC"), with honesty, integrity and transparency in respect of all tax matters. We will work collaboratively with HMRC wherever possible to resolve disputes or where there is uncertainty in the interpretation of tax laws.

We believe that by following the principles set out above the tax function will continue to support Mylan's mission to provide 7 billion people access to high quality medicine.

***Mylan considers that the publication of this statement complies with the duty set out in Paragraph 16(2) Schedule 19 Finance Act 2016.***