



UK TAX STRATEGY

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Introduction

Chugai Pharma Europe Limited (“CPE”) and Chugai Pharma UK Limited (“CPU”) are limited liability companies registered in England and Wales. CPU is a wholly owned subsidiary of CPE which is a wholly owned subsidiary of Chugai Pharmaceutical Co Ltd. resident in Japan. The ultimate parent company is the Roche Group resident in Switzerland.

The Chugai Group’s strategy is to dedicate itself to adding exceptional value through the creation of innovative medical products and services for the benefit of the medical community and human health around the world.

- CPE is the European headquarters of Chugai’s commercial and medical operations in the EU as well as participating in the global development programmes of Chugai.
- CPU is involved in the sales and marketing of branded prescription medicines in the UK and Ireland.

Our business activities incur a substantial amount and variety of business taxes including corporate income taxes, employment and other taxes. In addition, we collect and pay employee taxes and indirect taxes such as Value Added Tax (VAT). We operate policies and governance to ensure compliance with UK tax law.

Chugai is committed to transparency, and our strategy is in accordance with paragraph 17(4) of Schedule 19 to the Finance Act 2016. Publication is in accordance with paragraph 16(2) of the Schedule and references to “UK taxes” are to the taxes and duties set out in Paragraph 15(1) of the schedule which includes income tax, corporation tax, PAYE, NIC, VAT, Insurance premium tax and stamp duty land tax.

This document sets out:

- Our approach to governance, risk management and compliance with UK tax laws
- Our approach to tax planning as affecting UK taxation
- The level of UK tax risk we are prepared to accept
- Our approach towards dealings with the HMRC

Governance, Risk Management and Compliance with UK Tax Laws

We are committed to compliance with all statutory obligations and full disclosure to the HMRC. Tax compliance for us means paying the right amount of tax at the right time. It involves disclosing all relevant facts and circumstances to HMRC and claiming reliefs and incentives where available and in accordance with applicable legislation.

Governance for the correct application of and compliance with UK tax law is a responsibility of the Board of Directors of each company and the specific responsibility of the respective Finance and Corporate Services Directors.

We have established and maintain robust processes to ensure that taxes are calculated correctly, paid in a timely manner and risk of error is minimised.

Tax procedures are continually monitored and updated, and employees involved are provided with appropriate training and professional support. An annual review of tax processes and procedures is undertaken to comply with the requirements of preparing the legal requirement to file a Senior Accounting Officer certificate.

Our Approach to Tax Planning as Affecting UK Taxation

The companies plan their taxes with reference to current relevant legislation. When entering into commercial transactions, we seek to take advantage of available tax incentives, reliefs and exemptions, where appropriate, in line with UK tax legislation – for example R&D tax credits.

We do not undertake tax planning unrelated to commercial transactions.

Reliance is placed upon external tax advisors where there is need for specialist guidance and support, for example benchmarking analysis to support transfer pricing arrangements.

We apply the OECD transfer pricing guidelines to intercompany transactions.

The Level of UK Tax Risk We Are Prepared to Accept

The level of UK tax risk we accept is consistent with the companies' and Group's broader business risk management, compliance and transparency framework. We adopt risk management training for employees; covering all relevant aspects of good and compliant business practice.

In relation to any specific issue or transaction, the Boards of Directors are 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 amounts and obligations in question.

There are no pre-defined limits as to the amount for acceptable tax risk; it is judged on an issue by issue basis. Where the applicable laws and regulations are subject to interpretation, we seek appropriate assurance regarding the position taken; through the use of professional advisors and where appropriate direct from HMRC.

Our Approach Towards Dealings with HMRC

We are committed in maintaining a transparent and open relationship with HMRC.

As such, we ensure that HMRC, through their appointed Customer Compliance Manager (CCM) is kept aware of significant transactions and changes in the business and the companies seek to discuss any related tax issues as soon as possible.

Any inadvertent errors in submissions made to HMRC are fully disclosed and corrected as soon as is reasonably practicable.

Where HMRC takes a different interpretation of the tax impact of a particular business transaction, we seek to resolve this issue through open dialogue in a prompt and responsible manner.