

## Daiichi Sankyo Group Approach to Tax

Daiichi Sankyo Group believes that tax transparency is an essential aspect of corporate social responsibility. We understand that paying an appropriate amount of tax payment in accordance with relevant laws and regulations in the countries or territories we operate has an impact on consequence to their economic and social development. We believe that setting forth our approach to tax will instill confidence in both the public and in local governments that we take aim for transparency and compliance at all levels of our operations.

We recognize that arbitrary tax evasion and lack of tax compliance not only have direct financial impacts such as tax litigation and penalty, but also have indirect consequences such as reputation risks and harming our relationship with, and exacerbating the economic and social development of, the countries, territories and markets in which we manage our business.

We pursue an open and constructive relationship with tax authorities in which we operate. In today's dynamic multi-jurisdictional tax environment, our objective as a multinational company is to meet evolving requirements in a timely manner by closely and constantly reviewing our tax obligations across the globe as well as our organizational structure.

1. **Building trust and cooperative relationship with tax authorities:**

We believe in active dialogue with tax authorities that are fostered by transparency and disclosure of all relevant facts and circumstances. In order to provide clarity regarding our long-term tax position, our objective is to ensure that tax is paid, tax returns are filed on time and requested information is submitted in each jurisdiction in accordance with relevant laws and regulations. Further, we seek to engage tax authorities upfront by entering arrangements such as Advance Ruling Systems.

2. **Promoting international tax transparency:**

We understand that the OECD, as well as its Base Erosion Profit Shifting (BEPS) project, is essential both in preventing tax evasion and abusive use of tax planning and in promoting tax transparency. Following the BEPS initiative, we have been actively engaged particularly with the issues of transfer pricing and tax havens:

➤ **Transfer pricing**

We believe that our profits should be allocated according to the value we create in each country. To this end, we support the arm's length principle and have developed our transfer pricing models and have made tax payments in full compliance with both domestic and international standards, including the OECD Transfer Pricing Guidelines.

➤ **Tax havens**

We unreservedly denounce the use of secrecy jurisdictions and so-called 'tax havens'. We recognize the deleterious impact that such zero or low-tax jurisdictions, creating a race to the bottom whereby no country can effectively impose and collect taxation. We furthermore aim for substance in the countries in which we operate and therefore avoid the use of artificial arrangements to secure undue tax advantages.