



## AbbVie – UK Tax Strategy

### *Our approach to taxes<sup>1</sup>*

AbbVie is a global biopharmaceutical company formed in 2013 following separation from Abbott Laboratories. We employ approximately 29,000 people worldwide and deliver medicines to patients in more than 170 countries. Our mission is to develop and market advanced therapies that address some of the world's most complex and serious diseases. AbbVie's financial performance, including management of tax expense and risk, enables that mission. We are committed to achieving our goals while operating responsibly and delivering meaningful contributions to the communities where we live and work.

Our business activities around the world incur a substantial amount and variety of business taxes. We pay corporate income taxes, customs duties, excise taxes, stamp duties, property taxes, sales and use taxes, value added taxes (VAT), employment and other business taxes at the relevant levels in all jurisdictions where applicable. The taxes we pay represent a significant contribution to the communities in which we operate.

### *Tax governance*

Our tax function is managed by the corporate tax department and led by the Vice President of Tax, who reports directly to the Chief Financial Officer. The VP and CFO periodically report to the audit committee of the Board of Directors. AbbVie's approach to the management of tax risk is grounded in proactively monitoring and complying with the relevant tax laws and regulations in the jurisdictions in which AbbVie operates in order to ensure that the correct amount of taxes are identified and paid at the correct time. Our business tax processes are subject to internal controls, AbbVie's Global Code of Business Conduct<sup>2</sup> and external audit review.

### *Tax function*

Our tax function supports the business needs of the company. Thus, business transactions and activities circumscribe our approach to taxes. We ensure that the tax positions taken are consistent with the relevant tax laws in all affected jurisdictions, and aligned with the economic substance of the business transactions to which they relate.

To address patient needs around the world, AbbVie's operating business requires a robust global supply chain. That supply chain necessitates structures, contracts and transactions among AbbVie's affiliated companies. Those intercompany relationships must satisfy local and international tax requirements, which are not always clear or consistent. We manage that complexity by conducting rigorous analyses, often

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<sup>1</sup> We prepared this tax policy statement for AbbVie Ltd. and its subsidiaries to comply with the new UK requirements under paragraph 19(2), schedule 19, Finance Act 2016, and for AbbVie UK Holdco Limited, AbbVie UK Ltd., AbbVie UK Biopharmaceuticals Ltd., AbbVie Biotherapeutics Limited and AbbVie Investments Limited to comply with paragraph 22(2), schedule 19, Finance Act 2016

<sup>2</sup> Available at <https://www.abbvie.com/our-company/ethics-compliance/abbvie-code-of-business-conduct.html>.



supported by external opinions, to ensure compliance with relevant tax laws. AbbVie adheres to the arm's-length principle in its intercompany dealings, consistent with OECD guidelines and local tax laws.

### *Level of tax risk we are prepared to accept*

While we do not have a prescriptive level of risk, we aim to minimise the risk as far as possible. Tax risks can arise for a number of reasons, including ambiguities in local tax laws, difficulties interpreting those laws in the context of a specific transaction, or disagreements among tax authorities as to their respective rights to tax the profits associated with a particular transaction. We mitigate those risks in three principal ways. First, our tax processes, policies and governance function to ensure compliance with tax laws in the jurisdictions in which we operate. Second, when we identify a difficulty in determining the correct application of a tax law to our situation, we seek advice from external advisors to ensure that any tax positions taken are well supported. Finally, we engage with tax authorities to ensure that they have timely access to any information needed to evaluate our tax positions and rationales.

### *Approach to interacting with tax authorities*

We are committed to creating and maintaining open and positive relationships with governments and tax authorities worldwide. We seek to identify and resolve any disagreements in a collaborative and proactive manner, including via participation in continuous audit programmes and advance pricing agreements, where available and appropriate. These programmes provide certainty for both AbbVie and tax authorities over the tax treatment of AbbVie's business.