

## **Vectura Fertin Pharma Laboratories Ptd. Ltd.**

### **Tax Governance Policy**

#### **Introduction**

Philip Morris International (“PMI”), a company incorporated in the United States of America is leading a transformation in the tobacco industry to create a smoke-free future and ultimately replace cigarettes with smoke-free products to the benefit of adults who would otherwise continue to smoke, to society, the company and its shareholders.

Vectura Fertin Pharma Laboratories (“VFPL”), ultimately owned by PMI, is a Singapore-based preclinical Contract Research Organisation (CRO) conducting non-clinical safety assessment studies. VFPL specializes in aerosol sciences and inhalation toxicology, and with more than 12 years of preclinical research experience, VFPL is in a unique position to offer pharmaceutical and biotech clients a diverse repertoire of highly customized laboratory services ranging from proof-of-concept to Good Laboratory Practice (GLP) compliant studies.

PMI and its group of companies (including VFPL) has Tax Principles and Practices, including Tax Compliance Program which outlines the following:

- The Company’s commitment to comply with tax laws and regulations
- The Company’s view on tax
- Governance structure for managing tax risks
- Approach to tax risk management

This Tax Governance Policy relates to the tax governance standards of VFPL, which are aligned with PMI’s global Tax Principles and Practices.

#### **Compliance with Tax Laws**

PMI and its group of companies are committed to conducting business in compliance with all applicable tax laws and has established tax policies and guidelines intended to ensure compliance with the relevant laws and regulations in all the jurisdictions in which PMI operate. We review our policies and procedures when necessary to reflect updates in tax laws and regulations. Legal obligations and societal expectations require that our transactions are based on sound tax strategies and that we act in good faith in all dealings with tax authorities and other stakeholders.

PMI’s Code of Conduct (the “Guidebook for Success”) outlines the fundamental beliefs and attributes underpinning the way in which PMI conducts its business and requires all employees to make decisions that are ethical and in line with the PMI’s values. Our tax strategy and principles are aligned with the PMI’s values and purpose, Code of Conduct, business strategy and sustainability strategy.

PMI and its group of companies engage in tax planning that are driven by commercial considerations, strong business rationale and which have genuine substance. The business structures and transactions are reviewed and assessed from the tax compliance risk perspective.

PMI and its group of companies conduct all transactions on an arm’s length basis in accordance with current OECD principles, and we support the move towards greater transparency.

## **Governance Structure for Managing Tax Risks**

The Board of VFPL is informed of the Tax Governance Policy which is communicated within the company. On an operational level, accountability for ensure compliance with the tax strategy and principles is delegated to the Vice President Tax and its direct and indirect report within the PMI Tax Department. In the event that tax risk is substantial or has the potential to impact the Company's reputation, it will be highlighted to the Board of VFPL for further discussion.

PMI and its group of companies have implemented governance arrangements which set out clear accountabilities for the management of tax compliance risk and tax planning. Our tax strategy is to maintain a comprehensive, effective and practical risk management program, shared best practices, a structured and documented control framework, appropriate planning, and coordinated decision making, in order to ensure high standards of tax compliance wherever PMI operates, such as VFPL in Singapore.

PMI's mandatory practices include:

### **a. Roles and responsibilities**

Clear definition of roles and responsibilities have been formalised within the VFPL in accordance with PMI's internal Tax Compliance Program. PMI has a long established and experienced in-house tax team (the PMI Tax Department) responsible for managing PMI's tax affairs. In Singapore, this is supported by qualified and trained tax professionals, with a direct reporting line to the PMI Tax Department.

### **b. Escalation & Involvement of PMI Tax Department**

In accordance with PMI's internal policies, the VFPL consult internally (with the PMI Tax Department) on all material transactions including significant or recurring new transactions, business structures or operations with other PMI affiliates or unrelated parties, and determining positions, exposures or actions regarding material, non-routine tax or customs matters. Where there is sufficient uncertainty over the tax treatment of a particular transaction or there is a potentially material impact, external advice is obtained.

### **c. Tax reporting and procedures**

PMI's Tax Standards and Guidelines are implemented with the objective of ensuring that effective and predictable tax compliance and control measures are in place. In accordance with these internal policies, the VFPL must ensure that all Singapore tax filing obligations (internal and external) are accurately completed on a timely basis, and in accordance with applicable laws and regulations.

### **d. Documentation and tax records**

In accordance with PMI's internal policies, the VFPL is obliged to ensure the appropriate creation and retention of all records and data impacting or supporting tax matters.

#### **e. Monitoring and reviewing business activities**

In accordance with PMI's internal policies, business structures and transactions must be continually monitored and reviewed to identify key tax issues for attention. The PMI Tax Department is actively involved in all key commercial and operational transactions and there is a clear allocation of responsibilities between the PMI Tax Department and the VFPL tax team, who remain responsible for tax compliance in Singapore.

In light of an ever changing domestic and international tax landscape, the VFPL's tax affairs and tax risk management procedures are regularly reviewed to ensure that processes and measures are up-to-date so that we are able to identify, assess, manage and mitigate tax risk as well as being aligned with PMI's business strategy and governance framework.

Processes relating to different taxes are allocated to appropriate specialist functions within the finance and tax team who, in conjunction with our Risk and Control specialists, carry out regular reviews of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for changes within the business and the legislative environment and, where required, processes and controls are updated accordingly. In addition, the Global Risk and Compliance team independently tests design and operational effectiveness of the controls to assess their reliability and suggest process and control improvements and efficiencies in the control execution.

#### **Relationship with Tax Authorities**

We interact in an open and timely manner with IRAS. We seek to build sustainable relationships with IRAS that are collaborative and based on mutual trust and respect. We are transparent with IRAS, we provide complete and accurate response when reply to tax queries from IRAS. We voluntarily disclose and rectify any errors in our routine compliance review of tax filings. Where there are misunderstandings of facts or law, we will seek to work with IRAS, where possible, to identify the issues, seek clarification and explore options to resolves the misunderstandings or disputes, in order to achieve agreement.