# Introduction

Valeant Pharmaceuticals International Inc. (the “Company” or “Group”) is a multinational, specialty pharmaceutical and medical device company, continued under the laws of the Province of British Columbia, that develops, manufactures, and markets a broad range of branded, generic and branded generic pharmaceuticals, over-the-counter (“OTC”) products, and medical devices (contact lenses, intraocular lenses, ophthalmic surgical equipment, and aesthetics devices) which are marketed directly or indirectly in over 100 countries.

# Tax strategy

Valeant Pharmaceuticals International Inc. (the “Company” or “Group”) regards the publication of this tax strategy as complying with its duty under paragraph 16(2) of Schedule 19 of the Finance Act 2016 to publish its Group tax strategy in the current financial year.

Taking each of the requirements of paragraph 16 (2) of Schedule 19 in turn:

# Approach of the UK Group to risk management and governance arrangements in relation to UK taxation

* 1. **Governance**

Responsibility for the tax strategy, the supporting governance framework and management of tax risk ultimately sits with the Company’s Chief Financial Officer. Day-to-day responsibility for each of these areas sits with the Company’s Senior Vice President of Tax.

The Group's tax strategy aligns to the Group's wider risk and control framework. Key risks and issues related to tax are escalated to and considered by the Group Audit Committee quarterly and with the overall Board on an as-needed basis.

# Tax risk management

The Company’s approach is to manage tax risks and costs in a manner consistent with applicable regulatory requirements and with shareholders’ best long term interests, taking into account operational, economic and reputational factors.

# Tax compliance and reporting risks

# The Group maintains established policies and compliance processes to ensure the integrity of the Company’s tax returns, documentation of inter-company transactions (both within the same country or cross-border), and timely and accurate tax payments in all countries in which we operate.

# Transactional risks

The Group maintains controls processes and documentation surrounding key tax functions (e.g. transfer pricing). The Group Audit Committee also receives regular updates on a quarterly basis concerning all substantive inter-company transactions. Finally, our global tax professionals have the necessary education, credentials, and professional training to manage our global tax positions appropriately.

# Reputational risks

Non-financial tax risks that may have an impact on the firm’s relationships with shareholders, clients, tax authorities and the general public.

* + - * The firm aims to manage tax risk in a similar way to any area of operational risk across the Group. The business is supported by oversight functions, including Corporate Tax and Internal Audit
			* The firm has looked at the activities and responsibilities of the Group Tax function and is continually increasing the level of resources available to it. The firm will continue to look at resourcing and will assess headcount within the function as the scale and complexity of the business evolves
			* Where appropriate, the firm looks to engage with tax authorities to disclose and resolve issues, risks and uncertain tax positions. The subjective nature of global tax legislation means that it is often not possible to mitigate all known tax risks. As a result, at any given time, the Group may be exposed to financial and reputational risks arising from its tax affairs

# Attitude of the Group to tax planning (so far as affecting UK taxation)

Substantive business transactions, such as acquisitions, divestitures, intragroup trade and expansion in global markets, determine the Company’s approach to tax planning and consequent tax liabilities.

The Company recognizes it has a responsibility to pay an accurate amount of tax in each of the principal jurisdictions in which it operates. The Company aims to balance this with its responsibility to its shareholders to structure its affairs in an efficient manner.

# Level of risk in relation to UK taxation that the Group is prepared to accept

The Group’s tax risk appetite generally requires that, where tax law is unclear or subject to interpretation, its adopted tax position is at least more likely than not to be allowable under applicable tax laws. The Company maintains a global transfer pricing policy ensuring related party pricing is set at the beginning of the tax year with annual adjustments made at year-end to achieve arm’s length results for each affiliates within the Group. Further, the Group prepares contemporaneous transfer price documentation on an annual basis. This documentation will encompass a Master File and local file (inclusive of regional or local benchmarking as required) for the majority of the Group’s affiliates. All transfer price documentation requires review and sign-off by the local Controller, Director of Transfer Pricing, and the Senior Vice President of Tax.

# Approach towards dealings with HMRC

The firm seeks to comply with its tax filing, tax reporting and tax payment obligations globally. Group tax is required to foster good relationships with HMRC. The Company seeks to pro-actively manage the Company’s relationship with HMRC with the aim of minimizing the risk of challenge, dispute or damage to its credibility.

This tax strategy was approved by the Board of Bausch & Lomb U.K. Limited.