SOLVE ON.

Incyte UK Tax Strategy

Incyte is a global biopharmaceutical company engaged in the discovery, development and commercialization of proprietary therapeutics. Incyte Corporation is the global parent company of the Incyte Group, which is publicly traded on the NASDAQ, and is incorporated in the State of Delaware, USA.

The Incyte Group is focused on two therapeutic areas that are defined by the indications of our approved medicines and the diseases for which our clinical candidates are being developed. One therapeutic area is Hematology/Oncology, which comprises Myeloproliferative Neoplasms (MPNs), Graft-Versus-Host Disease (GVHD), solid tumors and hematologic malignancies. The other therapeutic area is Inflammation and Autoimmunity (IAI), which includes our Dermatology commercial franchise.

The purpose of this document is to meet the requirements under Paragraph 19(2) of Schedule 19 of the Finance Act 2016 (UK), which applies to Incyte Group affiliated entities in the UK.

Incyte's approach to tax risk management and governance

Incyte is committed to complete compliance with all of its statutory tax obligations in the UK, including all necessary disclosures to the UK authority (HMRC), as required by law.

Incyte maintains a robust governance structure to ensure compliance with tax laws and regulations as it pertains to its UK operations. To ensure the appropriate tax compliance activities are undertaken in a timely manner, as well as to keep abreast of any new tax regulations or changes to existing legislation, Incyte employs qualified tax professionals in-house and engages with external tax advisors.

In this respect, Incyte has implemented tax policies related to ensuring that taxes are accurately calculated and paid on time. This applies to Incyte's global operations, including its UK tax activities.

Incyte's attitude to tax planning

Incyte's general approach to tax planning is to adhere to the arm's length principle as espoused by the Organisation for Economic Co-operation and Development (OECD) in the *OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations*, which is routinely updated. The arms' length principle is applicable under UK transfer pricing regulations.

On a global basis, including its UK operations, Incyte seeks to ensure that taxes are paid on the basis of economic value, including with reference to the functions, assets and risks attributable to its affiliated entities in the jurisdictions it operates in.

Incyte is also subject to Country-by-Country Reporting (CbCR) requirements. Incyte prepares an annual CbCR that discloses, for each jurisdiction in which it has constituent entities, key data points including revenue, profit before tax, taxes paid and number of employees. Incyte provides its Country-by-Country Report to tax authorities as required under OECD guidance/local requirements.

Incyte's level of tax risk appetite

Incyte seeks to minimize tax risk through full compliance with UK tax laws and regulations. Incyte looks to manage potential tax risks proactively to prevent unnecessary disputes and to maintain a cooperative relationship with HMRC.

Incyte does not enter into any artificial tax arrangements, nor does it seek to avoid tax in the UK.

Incyte's approach to dealing with HMRC

Incyte is committed to maintaining an open and transparent relationship with HMRC.

Incyte files its tax returns in line with local requirements and deadlines. In the event where unintentional errors and/or omissions are made in a tax filing, Incyte commits to filing a full disclosure and correction with HMRC as soon as possible.

Incyte commits to engaging with HMRC regarding any material changes to its UK operations as well as to responding to any queries received in relation to its tax filings and compliance activities in a timely manner.

This document has been approved by the UK Board of Directors and the Incyte Group Tax Department.