

Varian Medical Systems Tax Strategy

Varian Medical Systems is a US-based multinational group who focuses energy on saving lives and is the world's leading manufacturer of medical devices and software for treating and managing cancer. Integrity and good conduct are central to what we do and to our approach to risk management. We aim to comply with both the spirit and letter of the law in tax matters. We understand that we have a corporate responsibility to pay the appropriate amount of tax in all jurisdictions in which we operate.

This tax strategy applies to all Varian group companies and specifically to our two group companies in the UK; Varian Medical Systems UK Holdings Ltd., and Varian Medical Systems UK Ltd.

Governance of Tax Matters

- Responsibility for the tax strategy, the supporting governance framework and management of tax risk ultimately rests with the Chief Financial Officer (CFO). Day-to-day responsibility for each of these areas sits with the VP of Tax. The VP of Tax reports to the Treasurer who reports to the CFO.
- Varian's tax strategy is reviewed by the Audit Committee periodically. Monitoring and reporting of tax risks and controls is mostly governed by Varian's tax department. The tax department is supported by finance and legal personnel employed in various group companies around the world. Key risks and issues related to tax are escalated to executive management and the Audit Committee on a periodical basis.

Management of Tax Risk

- As a large multi-national organization, with operations in more than 30 countries, Varian is exposed to a variety of tax risks. These can be grouped as follows:
 1. **Tax compliance and reporting risks**, which cover risks associated with compliance failures such as submission of late or inaccurate returns, the failure to submit claims and elections on time or where finance or operational systems and processes are not sufficiently robust to support tax compliance and reporting requirements.

2. **Transactional risks**, which arise where transactions are carried out or actions are taken without appropriate consideration of the potential tax consequences or where advice taken is not correctly implemented.
 3. **Reputational risk** looks beyond financial risks to the wider impact tax risk may have on our relationships with our stakeholders, including shareholders, clients, tax authorities and the general public.
- We look to manage tax risk in a similar way to any area of operational risk across the Company. Outside the US, business and finance personnel will generally take the lead role in identifying, managing and monitoring tax risks within the business. Business and finance leaders and managers are supported by the tax department and, if needed, Internal Audit.
 - The tax department is made up of a team of tax professionals based in Palo Alto, California. In addition to their oversight role, they provide advice to Varian on tax-related issues, undertake or assist with tax filings, manage relationships with tax authorities and assist with various forms of tax and financial reporting. Internal controls and escalation procedures are put in place with the aim of identifying, quantifying and managing key risks.
 - Where appropriate, we look to engage with tax authorities to disclose and resolve issues, risks and uncertain tax positions. The subjective nature of many tax rules does however mean that it is often impossible to mitigate all known tax risks. Indeed, in certain situations, an element of tax risk may be maintained, where we believe our approach is consistent with the principles set out in our tax strategy and where the range of potential outcomes is in accordance with the Company's risk appetite. As a result, at any given time, Varian may be exposed to financial and reputational risks arising from their tax affairs.

Tax Compliance and Relationship with Tax Authorities

- We seek to comply with our tax filing, tax reporting and tax payment obligations globally.
- We look to maintain open and transparent relationships with the tax authorities in the key jurisdictions in which we operate. This may take the form of discussing key developments in our business and the potential impacts of those developments. Equally, it may involve disclosing and seeking to resolve a known issue prior to the filing of the relevant tax return.
- From time to time, our views (or those of our advisors) on the appropriate tax treatment in any given case may differ from those of the tax authorities. Where such circumstances arise, we will work constructively and proactively with the tax authorities in question with a view to achieving an early resolution to any tax matters arising.

Tax Planning

- Varian recognizes that it has a responsibility to pay an appropriate amount of tax in each of the key jurisdictions in which it operates. We aim to balance this with our responsibility to our shareholders and clients to structure our affairs in an efficient manner. Accordingly, we may utilize tax incentives or opportunities for obtaining tax efficiencies where these:
 - are not considered to carry significant reputational risk or significant risk of damaging our relationship with the tax authorities in the jurisdictions in which we operate,
 - are aligned with the intended policy objectives of the governments which introduced the incentives, and
 - are aligned with our business or operational objectives.
- External advice may be sought in relation to tax planning or areas of complexity or uncertainty to support Varian in complying with its tax strategy.
- Remuneration packages for employees and directors are structured so that Varian reasonably believes that the proper amounts of tax and social security contributions are paid on the rewards of employment.

Transparency

- We support initiatives to improve international transparency on taxation matters, including OECD measures on country-by-country reporting and automatic exchange of information.
- We will continue to demonstrate our commitment to transparency by disclosing all the taxes that Varian bears or collects and the regions in which these taxes are borne or collected in accordance with OECD guidelines.
- We do not tolerate tax evasion, nor do we tolerate the facilitation of tax evasion by any person(s) acting on Varian's behalf.

Varian regards the publication of this tax strategy as complying with the duty under paragraph 16(2) of Schedule 19 of the UK Finance Act 2016 to publish the group tax strategy in the current financial year.