



**Reliance Worldwide Corporation Limited (RWC) - Voluntary Tax Transparency Code Report
For the year ended 30 June 2021**

RWC is a global market leader and manufacturer of water delivery, control, and optimisation systems for the modern built environment. RWC pioneers and innovates plumbing products for residential, commercial and industrial applications. RWC’s unique end-to-end meter to fixture and floor to ceiling plumbing solutions target the repair, renovation, service, new construction, and remodel markets. RWC manufactures and distributes products that disrupt and transform traditional plumbing methods by aiming to make the end user’s job quicker and easier. RWC is the leading manufacturer in the world of brass Push-to-Connect (“PTC”) plumbing fittings and a global leader in the manufacture and distribution of plastic PTC fittings and accessories.

RWC has chosen to adopt the Board of Taxation’s Voluntary Tax Transparency Code of 2016. In accordance with that code, the below disclosures have been made for the year ended 30 June 2021.

Part A

Reconciliation of accounting profit to income tax expense and income tax payable including identification of material temporary and non-temporary differences	FY21 AUD \$ millions	FY20 AUD \$ millions
Profit before tax	272.32	135.87
Tax at the Australian tax rate of 30%	81.70	40.76
Effect of tax rates in foreign jurisdictions	(18.76)	(3.78)
Benefits arising from US tax concessions ¹	0.00	(6.63)
Non-deductible expenses	3.67	5.14
Net (under)/over provision from prior years	0.35	5.89
Foreign income subject to US tax	20.33	7.48
Other	(3.22)	(2.43)
Income tax expense	84.07	46.43
Temporary differences movement		
Employee benefits	0.25	1.69
IPO costs deductible in future periods	0.00	(1.21)
Property, Plant and Equipment	0.94	(6.05)
Other provisions and accruals	2.12	4.40
Unrealised foreign exchange movements	13.59	(11.52)
Other items giving rise to deferred tax assets and deferred tax liabilities	(20.69)	(9.41)
	(3.79)	(22.10)
Other adjustments including prior year	(14.22)	7.44
Income tax payable	66.06	31.77

¹ US tax concessions available in FY2020 under the Coronavirus Aid, Relief, and Economic Securities Act (the “CARES” Act).



Effective tax rates

The effective tax rate (ETR) is the income tax expense divided by the accounting profit before tax. For the global operations, the ETR has been calculated as follows:

Accounting effective company tax rates for global operations	FY21 AUD \$ millions	FY20 AUD \$ millions
(A) Profit before tax	272.32	135.87
(B) Income tax expense	84.07	46.43
Effective tax rate (B/A)	30.90%	34.20%

Australian operations ETR

The Australian operations comprised of Reliance Worldwide Corporation Limited (parent entity) and its Australian controlled entities. The profit before tax for the Australian operations has been adjusted for the intra-group dividend income received.

Accounting effective company tax rates for Australian operations	FY21 AUD \$ millions	FY20 AUD \$ millions
Profit before tax	144.21	57.87
(Subtract) intra-group dividend income	(128.93)	(0.00)
(A) Adjusted profit before income tax expense	15.28	57.87
(B) Income tax expense	7.12	17.19
Effective tax rate (B/A)	46.58% ²	29.70%

² The FY2021 Australian Operations ETR was 34.39% after adjusting for the add back of share-based payment expenses in 2021 (nil impact in 2020).

Part B

RWC's approach to tax policy, strategy, and governance

The RWC Group's approach to tax is approved by the Board and is aligned with the Group's commercial, reputational, and business practices and its commitment to corporate responsibility. RWC maintains a comprehensive Tax Governance Framework and adopts a conservative and cautious approach to tax risk management.

The objective of RWC's tax strategy is to ensure that shareholders' best interests are served by the correct amount of taxes being paid at the right time in the countries in or through which RWC group members operate.

RWC's tax strategy principles are:

- To ensure full compliance with all its statutory tax obligations.
- To maximise shareholder value, while operating in accordance with the law.
- Managing its tax risk and tax affairs in a proactive manner.
- To maintain professional and open relations with tax authorities.
- Consideration of reputation risk and stakeholder interests in assessing tax risk.
- For international operations, profits are allocated and taxed where the value is created.

Australian tax contribution summary	2021 AUD \$ millions	2020 AUD \$ millions
Corporate Income Tax	7.5	16.5
Fringe Benefits Tax	0.1	0.2
Net GST Remitted	3.4	2.8
Payroll Tax	1.8	1.7
PAYG Withholding	9.0	8.5
Total	21.8	29.7

Information about international related party dealings

RWC conducts international business transactions with related parties in accordance with the arm's length principle in a manner consistent with OECD principles and the relevant tax laws of each jurisdiction ensuring that arm's length compensation is paid for such transactions.

RWC ensures that its international related party transactions are documented and that contemporaneous records are prepared and maintained to support the appropriateness of the arm's length pricing methodologies adopted. The main international related party transactions for RWC Australia include:

- Sale of tangible goods principally to RWC in the United States
- Inter-company funding
- Group / Head office support services are provided between Group entities where resources can be effectively shared with subsidiaries across the globe.

RWC's consolidated revenue exceeded AUD1 billion since the year ended 30 June 2019.

From the year ended 30 June 2020 onwards, RWC has reporting transparency disclosures under the Country-by-Country Reporting laws of each of the countries in which it operates. These disclosures provide each revenue authority (including the ATO) with globally consistent information about RWC's entities, their international related party dealings and the level of revenues, assets, capital, profits, taxes paid, and the number of employees in each country.