



2022 Voluntary Tax Transparency Report

Date of issue – 8 June 2023

Reliance Worldwide Corporation Limited (RWC)

About RWC



RWC is a global market leader and manufacturer of water delivery, control and optimization 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.

About this report

RWC has chosen to adopt the Board of Taxation's Voluntary Tax Transparency Code of 2016. This report covers the financial year ended 30 June 2022 and the prior comparative period is the financial year ended 30 June 2021. The report provides an overview of the Australian tax contributions made by RWC.

RWC changed its reporting currency from Australian dollars to United States (US) dollars with effect from 1 July 2021. Consolidated financial results for the 2022 financial year, including half year earnings, are now reported in US dollars. This change better reflects RWC's business revenue, cost base and earnings mix, with the US market the largest in terms of sales revenue and operating earnings.¹

All the financial data presented in this report is reported in US Dollars unless otherwise stated. The tax return of the Australian tax consolidated group is lodged in Australian Dollars. The average AUD/USD² exchange rate in FY2022 for earnings translation was 0.7258. For the FY2021 comparatives, the average exchange rate was AUD/USD exchange rate was 0.7468 for the earnings translation.

1. Per page 34 of the Reliance Worldwide Corporation Limited's 2022 Annual Report.

2. AUD – Australian dollar, USD – US dollar.

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Part A

Reconciliation of accounting profit to income tax expense and income tax payable

In accordance with the Code, the below disclosures have been made for the year ended 30 June 2022.

Reconciliation of accounting profit to income tax expense and income tax payable including identification of material temporary and non-temporary differences	FY22 USD \$ millions	FY21 USD \$ millions
Profit before tax	195.84	203.35
Tax at the Australian tax rate of 30%	58.75	61.01
Effect of tax rates in foreign jurisdictions	(14.92)	(14.06)
Non-deductible expenses	2.22	2.75
Net (under)/over provision from prior years	(1.38)	0.26
Foreign income subject to US tax	16.33	15.20
Other	(2.60)	(2.78)
Income tax expense	58.40	62.38
Temporary differences movement		
Employee benefits	0.54	0.18
Property, Plant and Equipment	(7.48)	(0.56)
Other provisions and accruals	(2.02)	1.91
Unrealised foreign exchange movements	0.19	10.35
Other items giving rise to deferred tax assets and deferred tax liabilities	(11.29)	(14.72)
	(20.06)	(2.84)
Other adjustments including prior year	(0.70)	(10.62)
Income tax payable	37.64	48.92

Part A

Effective tax rates – Global operations

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	FY22 USD \$millions	FY21 USD \$millions
(A) Profit before tax	195.84	203.35
(B) Income tax expense	58.40	62.38
Effective tax rate (B/A)	29.80%	30.70% ³

3. For FY2021, the reported effective tax rate was 30.90% which was calculated in Australian dollars. The reinstatement of the prior year FY2021 effective tax rate in USD was 30.70%. This minor variation is due to the foreign exchange translation.

Part A

Effective tax rates – Australian operations

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	FY22 USD \$millions	FY21 USD \$millions
Profit before tax	57.13	107.31
(Subtract) intra-group dividend income	(47.98)	(96.15)
(A) Adjusted profit before income tax expense	9.15	11.16
(B) Income tax expense	4.18	5.26
Effective tax rate (B/A)	45.64% ⁴	47.11% ⁵

4. The FY2022 Australian operations ETR was 30.40% after adjusting for the add back of share-based payment expenses in 2022. The FY2021 Voluntary Tax Transparency Report reported an equivalent ETR of 34.39% which was calculated in Australian dollars.

5. For FY2021, the reported effective tax rate was 46.58% which was calculated in Australian dollars. The reinstatement of the prior year FY2021 effective tax rate in USD was 47.11%. This minor variation is due to foreign exchange translation.

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 tax where the value is created.

Australian tax contribution summary	2022 USD \$millions	2021 USD \$millions	YoY USD Variance
Corporate Income Tax	4.21	5.60	(1.39)
Fringe Benefits Tax	0.07	0.07	0.00
Net GST Remitted	2.25	2.54	(0.29)
Payroll Tax	1.57	1.37	0.20
PAYG Withholding	7.40	6.72	0.68
Total	15.50	16.30	(0.80)

Part B

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 OECD⁶ 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.

6. OECD – Organisation for Economic Co-operation and Development.

RWC

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