



Reliance Worldwide Corporation Limited (RWC) – Voluntary Tax Transparency Code Report

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 2019.

Part A

Reconciliation of accounting profit to income tax expense and income tax payable including identification of material temporary and non-temporary differences		\$ millions
Profit before tax		176.74
Tax at the Australian tax rate of 30%		53.02
Effect of tax rates in foreign jurisdictions		(9.73)
Non-deductible expenses		1.67
Employee share incentive scheme		1.12
Changes in estimates related to prior years		(3.79)
Other		1.43
Income tax expense		43.72
Current income tax – adjustment for prior years		0.63
Temporary differences – deferred tax balance movements		3.44
Temporary differences – adjustment for prior years		(2.52)
Income tax payable		45.27
Accounting effective company tax rates for Australian and global operations (pursuant to AASB guidance)		
Global operations	Australian operations	
24.7%	30.9%	

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

	\$ millions
Corporate Income Tax	15.6
Fringe Benefits Tax	0.2
Net GST Remitted	2.1
Payroll Tax	1.7
PAYG Withholding	8.7
Total	<u>28.3</u>

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 enters into formal agreements with international related parties to ensure related party transactions are documented and 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
- Provision of credit guarantee
- R&D contract services
- Group / Head office support services are provided between Group entities where resources can be effectively shared with subsidiaries across the globe.