



2023 Voluntary Tax Transparency Report

Date of issue – 27 June 2024

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 metre 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 is publicly listed on the Australian Securities Exchange (ASX) and its global operating headquarters are in Atlanta, Georgia, USA, and its regional headquarters are in Brisbane, Australia and London, United Kingdom.



Plumbing Matters. We Make It Better.

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 2023 and the prior comparative period is the financial year ended 30 June 2022. The report provides an overview of the Australian tax contributions made by RWC.

All the financial data presented in this report is reported in US Dollars unless otherwise indicated. RWC has reported its financial results in US dollars since FY2022. This change is expected to reduce the impact of foreign currency movements on reported results.¹

The tax return of the Australian tax consolidated group is lodged in Australian Dollars. The average AUD/USD² exchange rate in FY2023 for earnings translation was US\$0.6738. For the FY2022 comparatives, the average exchange rate was AUD/USD exchange rate was US\$0.7258 for the earnings translation.

1. Per page 46 of the Reliance Worldwide Corporation Limited's 2023 Annual Report.

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

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 (including a reconciliation below):

| Accounting effective company tax rates for global operations | FY23 USD \$millions | FY22 USD \$millions |
|--|---------------------------|---------------------------|
| (A) Profit before tax | 191.16 | 195.84 |
| (B) Income tax expense | 51.51 | 58.40 |
| Effective tax rates (B/A) | 26.90% | 29.80% |

| Reconciliation of accounting profit to income tax expense and income tax payable including identification of material temporary and non-temporary differences | FY23 USD \$ millions | FY22 USD \$ millions |
|---|----------------------------|----------------------------|
| Profit before tax | 191.16 | 195.84 |
| Tax at the Australian tax rate of 30% | 57.35 | 58.75 |
| Effect of tax rates in foreign jurisdictions | (14.24) | (14.92) |
| Non-deductible expenses | 1.68 | 2.22 |
| Net (under)/over provision from prior years | (4.27) | (1.38) |
| Foreign income subject to US tax | 15.11 | 16.33 |
| Other | (4.12) | (2.60) |
| Income tax expense | 51.51 | 58.40 |
| Temporary differences movement | | |
| Employee benefits | (0.71) | 0.54 |
| Property, Plant and Equipment | (1.89) | (7.48) |
| Other provisions and accruals | 1.12 | (2.02) |
| Unrealised foreign exchange movements | (0.21) | 0.19 |
| Other items giving rise to deferred tax assets and deferred tax liabilities | (8.56) | (11.29) |
| | (10.25) | (20.06) |
| Other adjustments including prior year | (1.98) | (0.70) |
| Income tax payable | 39.28 | 37.64 |

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 | FY23 USD \$millions | FY22 USD \$millions |
|--|---------------------------|---------------------------|
| Profit before tax (Subtract) intra-group dividend income | 118.18 (117.61) | 57.13 (47.98) |
| (A) Adjusted profit before income tax expense | 0.57 ³ | 9.15 |
| (B) Income tax expense | N/A | 4.18 |
| Effective tax rate (B/A) | 0% ⁴ | 45.64% ⁵ |

3. In FY23, adjusted profit before income tax expense was impacted by lower Australian housing commencements, higher input costs, lower manufacturing recoveries, and changes to manufacturing operations in Australia and the USA.

4. 0% has been disclosed due to a negative income tax expense in FY23. This was a result of lower adjusted profit before income tax expense, and prior year income tax return amendments.

5. The FY22 Australian operations ETR was 30.40% after adjusting for the add back of share-based payment expenses in 2022.

Part B

RWC's approach to tax policy, tax 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 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.

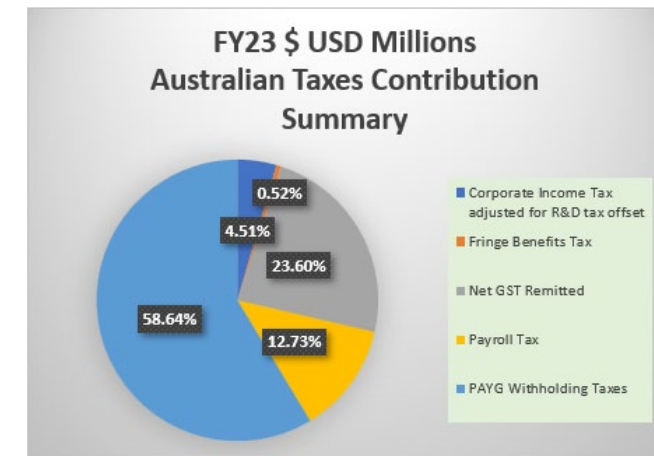
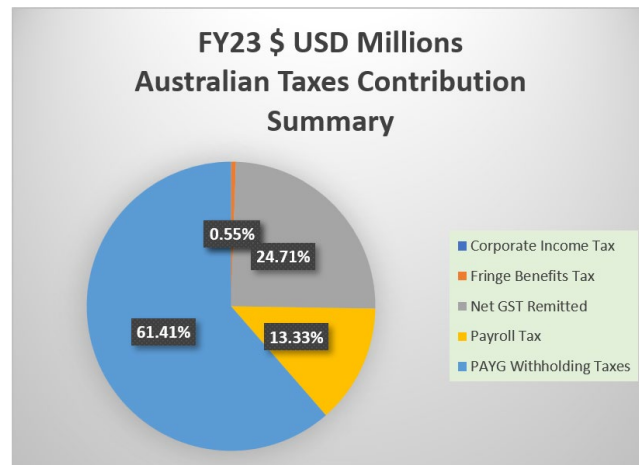
Part B

RWC's approach to tax policy, strategy and governance (continued)

The below tables summarises the amount of RWC's Australian tax contributions prior and post to the application of the R&D tax offset including the year over year (YoY) variance.

| Australian tax contribution summary | 2023 USD \$millions | 2022 USD \$millions | YoY USD Variance |
|-------------------------------------|---------------------|---------------------|------------------|
| Corporate Income Tax | 0.00 | 4.21 | (4.21) |
| Fringe Benefits Tax | 0.07 | 0.07 | 0.00 |
| Net GST Remitted | 3.17 | 2.25 | 0.92 |
| Payroll Tax | 1.71 | 1.57 | 0.14 |
| PAYG Withholding | 7.88 | 7.40 | 0.48 |
| Total | 12.83 | 15.50 | (2.67) |

| Australian tax contribution summary | 2023 USD \$millions | 2022 USD \$millions | YoY USD Variance |
|--|---------------------|---------------------|------------------|
| Corporate income tax adjusted for the R&D tax offset | 0.61 | 5.08 | (4.47) |
| Fringe Benefits Tax | 0.07 | 0.07 | 0.00 |
| Net GST Remitted | 3.17 | 2.25 | 0.92 |
| Payroll Tax | 1.71 | 1.57 | 0.14 |
| PAYG Withholding | 7.88 | 7.40 | 0.48 |
| Total | 13.44 | 16.37 | (2.93) |



Part B

Information about international related party dealings

RWC conducts international business transactions with related parties in accordance with the arm's lengths 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 to related parties, principally in the United States, the United Kingdom, and New Zealand.
- Purchase of tangible goods from related parties, principally in the United Kingdom and New Zealand.
- Recharge of costs and payment of service fees in relation to management and group support services with a related party in the United States which organises and provides resources to group entities across the globe.

RWC's consolidated revenue exceeded AUD 1 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

Plumbing Matters. We Make It Better.