



RB – Our Tax Strategy 2020



RB's Tax Highlights 2017-2019

NET REVENUE

2019:

£12.8bn

2018:

£12.6bn

2017:

£11.5bn

ADJUSTED PROFIT BEFORE TAX

2019:



2018:



2017:



ADJUSTED INCOME TAX EXPENSE

2019:



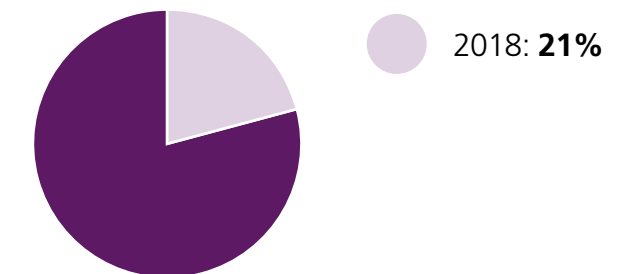
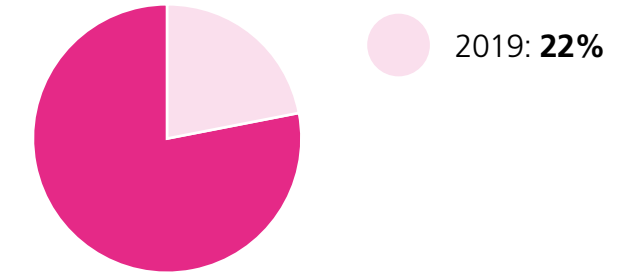
2018:



2017:



ADJUSTED EFFECTIVE TAX RATE



<https://www.rb.com/media/5852/annual-report-2019.pdf>



CFO Introduction

Welcome to RB's 2020 Tax Strategy, my first as CFO. With the emergence of the COVID-19 pandemic, 2020 has been a year like no other for the world and also RB, given the essential role our products play in supporting health and hygiene at times like these.

The tax team has been key to RB's response to the pandemic. They have been involved in key supply chain changes that have helped us better meet customer and consumer product demand. They have also been actively involved in RB's approach to the COVID-19 support measures put in place by governments around the world – please see page 14.

A key area of focus of the tax team has also been in supporting RB's rejuvenating sustainable growth business strategy, announced in February 2020. This has seen the Company moving to three category-focused business units with full profit and loss accountability. These are Hygiene – effectively our old Hygiene Home business – Health and Nutrition. China and eCommerce have also been elevated to an integrated unit that will work across the three category business units.

The tax team has been able to navigate these restructuring challenges successfully, based on the clear Tax Principles set out in this document and our new purpose and Compass – please see page 3 overleaf.

Tax is a fundamental aspect of doing business globally, and the international tax landscape continually evolves. It is critical that all tax changes are understood to ensure compliance with new rules and that we can explain their impact to stakeholders.

Our tax team plays an essential role in monitoring these proposals and other developments in international tax policy. Only by doing so can we understand their impact on the RB Group at the earliest opportunity.

We hope this publication aids your understanding of RB's Tax Strategy. Each year we will use it to highlight key changes to the tax environment and how the business is responding.

The report will also look to cover our broader societal impact, for example, the 2030 ambitions we will be announcing next year. Plus work with external partners such as the Danish Institute of Human Rights (DIHR) on how we benefit value chains in developing markets over and above the tax contributions we make locally.



Jeff Carr
Chief Financial Officer



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Our Purpose, Fight And Compass

Our Purpose

Under Laxman Narasimhan's leadership, RB's purpose is to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. Today, our brands like Dettol, Lysol, Harpic, Finish, Durex, Nurofen, Mucinex, Enfamil and Move Free, among others, fight at the frontlines to give our consumers a better life.

Why we exist – our purpose, our soul – is clear. Each word matters. They speak to our portfolio and the categories in which we play.

Relentless pursuit captures RB's entrepreneurial and can-do spirit, all in service of creating a cleaner, healthier world.

Our Fight

Our Company is inspired by the fight of making access to the highest quality hygiene, wellness and nourishment a right, not a privilege.

Access has multiple platforms: quality products that are available, with attractive price points, along with awareness and advocacy, are all part of how we make high quality accessible.

Our Compass

Underpinning RB's purpose is a new set of behaviours to guide us, which we call our Compass.

At its heart is the goal of doing the right thing, always. Around it are the principles of putting consumers and people first, seeking out new opportunities, striving for excellence and building a culture of shared success.

Our new culture celebrates what has made RB successful, and has been evolved for what is required for sustainable growth and success in the future.



To find out more, visit:

www.rb.com/about-us/our-purpose-and-compass





RB's 2020 Tax Strategy

Our approach to tax aligns with our overall purpose and Compass. With a clear Tax Strategy our business is enabled to do the right thing in pursuit of its purpose. In this Tax Strategy publication launched December 2020, we outline RB's approach to:

- Tax Principles
- Tax Transparency
- Tax Planning
- Tax Risk Management And Governance
- Working With The UK And Other National Tax Authorities

Our comments regarding tax in this report apply to all of the taxes we are responsible for, including UK taxes. RB supports the requirement for large UK companies to publish their tax strategies. We agree with HMRC's policy objective of improving tax transparency.

Part of increasing trust in the tax system is through better understanding. We hope this publication aids understanding of our business and our approach to tax.

In line with greater tax transparency, this year we have included in our Tax Strategy:



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Page 16

While RB's corporate headquarters are in the UK, we operate globally. This Tax Strategy applies to all of RB's operations worldwide.

We consider that this publication satisfies our duty under paragraph 16(2), Schedule 19 Finance Act 2016 to publish the Group's Tax Strategy for the financial year ending 31 December 2020.





RB's Tax Principles

Our Approach To Tax

As a Company, we are guided by the following seven Tax* Principles:

**Tax includes corporation taxes, duties, payroll and employment taxes, and also indirect taxes such as sales tax and VAT levied on products sold to customers.*

1

We support efforts to increase trust and understanding of the tax system. We encourage greater tax transparency by businesses.

2

We act in accordance with and seek to comply with all relevant tax laws and obligations in all the countries in which we do business.

3

We abide by tax laws, guidelines and standards (including both those determined by countries' laws in which we operate and by international treaties and conventions). We monitor, adjust and review our Tax Policy on a regular basis to ensure we remain compliant as tax laws change.

4

We are committed to paying the taxes determined by the laws in each country where we do business. The taxes we pay are in accordance with where value is created, considering agreed transfer pricing principles.

5

We do not engage in tax evasion, nor planning that aims to achieve results that are contrary to the clear intention of legislation. We do not engage in transactions that are artificial or contrived, nor seek to exploit shortcomings within the relevant legislation.

6

We believe in an open and constructive dialogue with tax authorities and we seek to maintain cooperative and trusted relationships at all times. We will be transparent in all our dealings with tax authorities and other regulators.

7

We take appropriate steps to demonstrate that we are a compliant business with effective tax management processes and controls. The Group works with tax authorities in a timely and constructive manner to resolve disputes should they arise.



Our Tax Policy

RB has a multinational footprint, characterised by different tax regimes and practices in the countries where we operate. Changing laws and differing interpretations of laws may result in potential tax risks.

We operate in accordance with a Tax Policy agreed by our Board of Directors. The policy is in line with the overall strategy and operation of our business and applies to all the taxes we incur – including not just corporate taxes but also employment taxes, VAT and sales taxes, duties and other levies.

Our Tax Policy's goal is to ensure that:

Full consideration is given to all potential taxes which may impact on a transaction before the transaction is entered into.

Local tax legislation is fully complied with and all appropriate documentation is prepared at the required time, and filed with the respective authorities in advance of any deadlines.

The International Accounting Standards on tax, in particular IAS 12, are complied with and the reporting of tax (Current and Deferred) is coherent, timely and accurate.

Accurate and timely information on the tax status of all entities in the Group is communicated to the RB Corporate Headquarters (CHQ) tax department so the Group's overall tax position is fully understood.

RB's reputation for the highest level of corporate governance and responsibility is maintained.

The RB CHQ tax team based in Slough, UK, is part of the Group finance function and reports to the Chief Financial Officer (CFO). The CFO receives frequent updates throughout the year from the tax team.

RB's Senior Vice President (SVP) Tax leads a team of in-house tax professionals, who hold a combination of accounting, tax and legal qualifications, and a range of specialisms that ensure we are equipped to deal with the rapidly evolving international tax landscape. The CHQ tax team comprises experts in VAT and custom duties, international taxes, transfer pricing, intellectual property, compliance and reporting. We also have a significant tax team in New Jersey, USA.

In order to ensure RB is fully tax compliant, in certain jurisdictions where we have significant operations or local tax law is complex, local finance teams also include tax professionals who work closely with the CHQ tax team.

Our CFO acts as the Senior Accounting Officer (SAO) in the UK and each year signs off the SAO obligations as required under UK tax legislation.

The Group Audit Committee receives regular reports from the Group's Corporate Controller, including tax matters, with further updates provided by RB's CHQ tax function as required.

Sometimes international tax laws are unclear and subject to a broad range of interpretations leading to uncertainty. In such instances we may seek advisory and technical tax support from either large accounting firms or specific law firms. The use of any given adviser is assessed on a case-by-case basis in line with the Group's audit independence policy. This approach ensures that the ongoing independence of our external auditor is not compromised.

In accordance with the SAO legislation in the UK, our CFO is required to confirm on an annual basis to HMRC that RB is operating appropriate tax processes and controls in the UK.

What is the SAO legislation?

This is UK legislation which ensures that companies over a particular size, take reasonable steps to establish and maintain appropriate tax accounting arrangements.

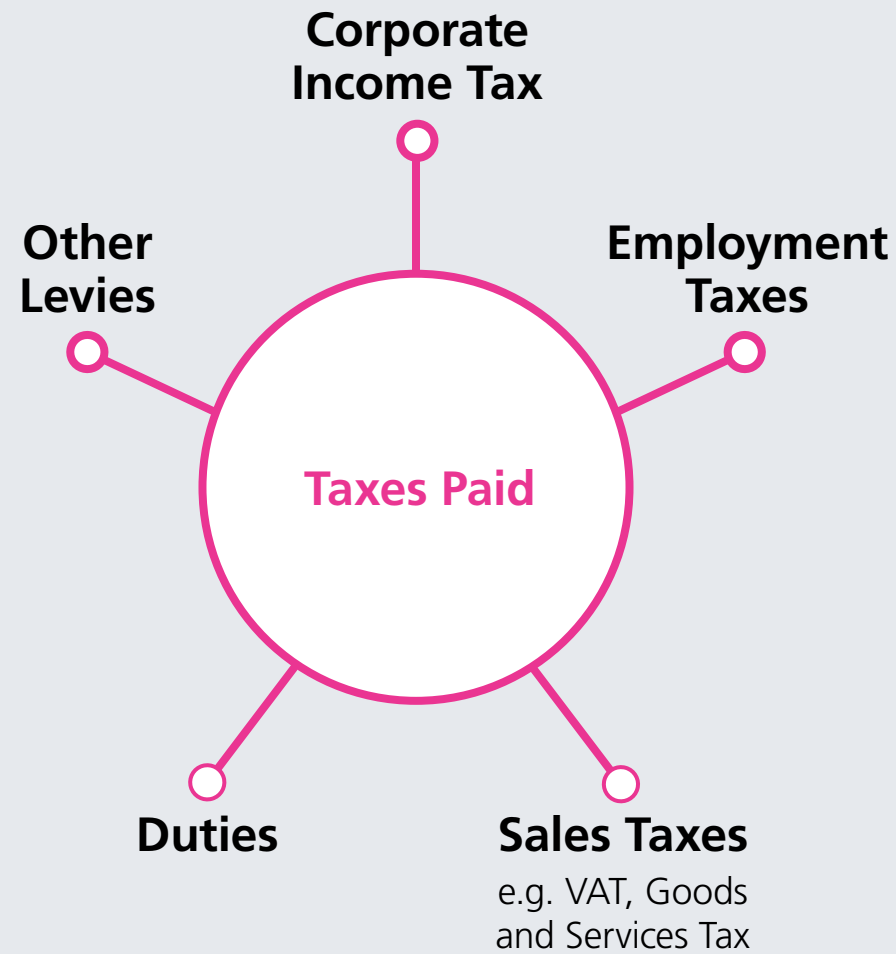


RB's Tax Contribution

Our business generates a significant amount of tax revenues for the governments of the countries in which we operate. This includes not just corporate income tax, but also employment taxes, sales taxes, duties and other levies.

In the year ended 31 December 2019, the Group paid **£647m¹** in corporate income tax worldwide.

In addition to the taxes generated, RB also contributes to the economy by employment creation, developing skills of the workforce, capital investments, the purchase of goods and services (including from local suppliers) as well as direct social impact investments. See China case study on page 16 as an example.



¹ Reference 2019 Annual Report <https://www.rb.com/media/5852/annual-report-2019.pdf>, page 156



Increasing Trust And Understanding In The Tax System

We recognise the increasing complexity of tax regulation around the world.

RB supports efforts to increase trust and understanding in the global tax system. We are open to a dialogue with all those who seek to better understand our business policies. For example, when Oxfam published a report on our tax affairs in 2017 we immediately engaged with them to explain our approach to tax and worked together on our first Tax Strategy document. More recently, as part of our partnership with the DIHR, we have engaged with the DIHR on tax and how this is linked to our human rights responsibilities. This has resulted in a greater understanding and emphasis being placed on how the RB tax team supports effective tax systems. We have detailed these activities in the "How We Work With Tax Authorities" section on page 15.

In accordance with the Organisation for Economic Co-operation and Development's (OECD's) reporting requirement, RB filed its third Country by Country Report (CbCR) in respect of the year ended 31 December 2018 with HMRC in December 2019. The submitted report disclosed key components of our profit and loss account, including revenues earned, taxes paid, and the number of employees we have in all the markets in which we do business. We are currently compiling our CbCR for the year ended 31 December 2019 which we will submit before the end of year deadline.

RB supports the establishment of a globally consistent framework for universal CbCR and the automatic sharing of information between tax authorities. We believe that CbCR is an effective way to improve tax transparency, build trust in the international tax system and tackle international tax avoidance.

We continue to support the call on governments to take the necessary steps to accelerate public country by country reporting and to create a level playing field for all businesses irrespective of where they are headquartered. We would encourage the UK Government to play a leading role in this respect.





Meeting Our Tax Obligations

RB is committed to paying the taxes determined by the laws in each country where we do business.

The RB CHQ tax team partners with Company colleagues in the markets where we do business to provide timely, appropriate advice and guidance on all aspects of tax. This allows tax risks to be managed, enables full compliance with local tax laws and facilitates good investment decisions taking into account future associated tax costs.

RB will analyse the tax impact when structuring commercial transactions, but does not undertake artificial tax planning for the purpose of tax avoidance. Nor does RB wilfully engage in tax arrangements that go against the intent of tax laws.

As a global organisation, the RB Group contains over 400 subsidiary companies. The full list of entities can be found in our Annual Report¹ along with their country of incorporation. In accordance with our Tax Principle 5, we do not engage in artificial tax planning and therefore we do not have business operations in “Tax havens” or low tax jurisdictions without a commercial purpose.

Some of the companies listed in our Annual Report were established for historical reasons that are no longer relevant or as part of an acquisition of a wider business. During 2020, the project to review all of our dormant companies and take steps to liquidate any unnecessary entities has continued with a number of entities being liquidated or placed into liquidation. This project will continue in 2021.

Many of our companies incorporated in “Tax havens” (listed in our Annual Report) are tax resident in the UK, and as such they file tax returns and pay tax in the UK in accordance with UK tax legislation. In addition, as a UK headed group all these entities are subject to disclosure under the UK controlled foreign company rules and, where appropriate, pay taxes accordingly.

What is a “Tax haven”?

The OECD defines a “Tax haven” as a country which imposes low or no tax and is used by corporations to avoid tax which otherwise would be payable in a high-tax country. “Tax havens” are seen by the OECD to have the following key characteristics: no or only nominal taxes; a lack of effective exchange of information; and a lack of transparency in the operation of the legislative, legal or administrative provisions.

¹ Reference 2019 Annual Report <https://www.rb.com/media/5852/annual-report-2019.pdf>



Meeting Our Tax Obligations Continued



Transfer Pricing

As a large multinational group, RB has companies incorporated in a significant number of countries and there are many cross-border transactions within the Group. These transactions are priced in accordance with the standards established under the relevant OECD Transfer Pricing Guidelines.

The OECD standards guide multinational groups, such as RB, on the application of the "arm's length principle", which represents the international consensus on how to price transactions between members of the same multinational group.

These standards seek to ensure that the taxable profits of multinational groups are not artificially shifted out of a given jurisdiction and that the tax base reported by multinational groups in each country reflects the economic activity undertaken there.

As the correct interpretation and application of these standards can require fine judgements, a tax authority may from time-to-time challenge RB's judgement or interpretation of these rules. In these circumstances, we will actively and constructively engage with the relevant authority to resolve any disagreement.

The OECD's guidance in this area continues to evolve however. For example, it is currently working on new proposals to change the way some multinational businesses are taxed. This latest programme of work is commonly referred to as BEPS (Base Erosion and Profit Shifting) 2.0. We will continue to monitor developments in this area and consider whether BEPS 2.0 requires us to modify our current approach of applying the arm's length standard to intercompany transactions.

Tax Incentives

RB may consider the use of tax and other types of available incentives when deciding where to invest its resources. These incentives are only one of a wide range of factors we assess when making such business decisions. See page 11.





Working With Tax Incentives

CASE STUDY – CHINA

WORKING WITH TAX INCENTIVES

China is RB's second largest market. A strategically important market which has been elevated to an integrated business unit working across all three categories of business: Hygiene, Health and Nutrition.



China, similar to other countries, offers incentives to companies to encourage and promote investment. Such incentives include:

- (i) the Advanced Technology Services Enterprise (ATSE) regime; and
 - (ii) accelerated depreciation of certain assets.
- (i) ATSE tax regime – this provides a preferential corporate tax rate of 15% compared to the standard China corporate tax rate of 25%. It was introduced in China to encourage Chinese enterprises to provide process outsourcing services (e.g. Information Technology outsourcing, business process outsourcing and knowledge process outsourcing) or other services (including contract research and development) to the global market. In order to obtain this preferential 15% tax rate, the Chinese enterprise must meet certain conditions including, but not limited to:
- The income generated from these services should be over 50% of the total income of the enterprise.
 - The income earned from offshore services should be at least 35% of the total income.
 - More than 50% of the company's employees should have a college degree or above.

This incentive has been utilised where the conditions have been met by our China business although its application to the RB Group is limited and immaterial.

- (ii) Accelerated depreciation – to encourage investments in fixed assets by Chinese enterprises, from 1 January 2018 to 31 December 2020, the cost of certain newly acquired fixed assets with a unit value not exceeding CNY 5m can be deducted for corporate income tax purpose in one go in the year of acquisition rather than be depreciated over a number of years. RB China subsidiaries with significant investments in China apply this incentive where relevant.



How RB Assesses And Manages Risk

Risk management occurs at different levels in RB with annual identification and assessment performed at the functional, business unit, corporate and Group levels to provide both a "top down" and "bottom up" three-dimensional view of risk.

Controls are mapped and action plans are developed to address any control gaps.

At the Group level, the most significant principal and emerging risks are identified and disclosed in the Annual Report. Oversight across each principal risk is provided by a nominated Board Committee.

The risk of tax disputes as a result of tax authority challenge to filed tax positions in territories is considered a principal and emerging risk. Executive ownership resides directly with the Group CFO. Board oversight is provided by the Audit Committee and material issues are communicated to the Board directly. Ongoing review of such tax risks is undertaken by RB Tax, country Finance Directors and external advisers.

Controls are an important part of RB's risk management. Internal control processes are implemented through clearly defined roles and responsibilities.

RB operates three strands in monitoring internal control systems and managing risk:

- 1 Management:** Management ensure that controls, policies and procedures are followed in dealing with risks in the day-to-day business. Supervisory controls ensure appropriate checks and verifications take place.
- 2 Oversight:** Each function and business unit has its own management which act as a second line of oversight and verification. This level sets the local level policies and procedures, subject to Group policy and authorisation, i.e. oversight functions such as Finance, Legal, Supply etc.
- 3 Independent Review:** The third strand is provided through independent review by the Internal and External Audit, who challenge the information and assurances provided by the first two strands. This review ultimately gets reported back to the Board, via the Audit Committee, with action taken to address any matters identified.

Our Tax Governance Framework

RB is committed to be a responsible corporate citizen, with all the necessary processes and procedures in place to govern the way our business is undertaken, which include the reporting and payment of tax. The Group's tax governance works through a set of documented standards and procedures, which cover our Tax Strategy, Tax Policy and the operational aspects of tax. The Board has ultimate responsibility for preparing the Annual Report and Financial Statements and therefore for ensuring that tax risk is appropriately managed.

Under our Tax Policy, day-to-day responsibility for all local taxes and tax compliance rests with the local Finance Director of each country or area. In discharging this responsibility, the Finance Directors will be supported by finance or tax professionals in their local finance teams, the CHQ tax team and external advisers as required.

The local Finance Director is required to ensure that:

- 1. all necessary tax returns are prepared and submitted on a timely basis;
- 2. the tax returns are complete and accurate, with full and proper disclosure of any issues that could potentially be contentious;
- 3. the correct amount of tax is paid on a timely basis; and
- 4. tax authority audits/enquiries are properly managed to maintain constructive relationships with tax authorities worldwide.



How RB Assesses And Manages Risk

Continued

The CHQ tax team is required to be notified in advance of specific types of transaction in order that the tax consequences and risks can be fully considered. They should also be informed of changes to local tax rules and legislation which change the tax profile of the business or give rise to additional tax risks.

In an increasingly complex international business environment, a degree of tax risk and uncertainty is inevitable. RB manages and controls these risks in a proactive manner and seeks appropriate advice from accountancy or law firms where appropriate.

Levels of acceptable tax risk are judged on an individual case-by-case basis, taking into account factors such as the materiality of the amounts involved and the technical knowledge and experience of local country tax specialists. Part of the risk of any transaction is the possibility that a tax authority's judgement or interpretation of local legislation may differ from RB's interpretation.

There are processes in place which ensure that decision-making goes through the appropriate levels of review within the tax team. Where necessary, the Group CFO and in turn the wider Board of Directors will be consulted to ensure the most appropriate course of action is taken. In determining the level of acceptable risk, it is always of paramount importance to maintain RB's reputation of being a responsible tax payer.

All uncertain tax positions are assessed on an ongoing basis and form part of RB's formal internal quarterly reporting process. Each potential tax uncertainty is separately evaluated by the CHQ tax team (and, where material, the CFO) to determine the appropriate level of provisioning. In our Annual Report we disclose the tax provision covering such uncertainties.





Responding To Changes In Global Tax Laws

As part of RB's tax risk management framework, the CHQ tax team and local finance teams monitor changes in the external tax environment to ensure we remain compliant with local tax laws.

COVID-19 economic measures, Brexit, Digital Services Taxes, and the EU's new Mandatory Disclosure Rules, are just a few examples of the issues considered by our tax team in 2020.

COVID-19 Measures

A range of support measures have been introduced around the world to support businesses, people and economies in general, during the COVID-19 crisis including:

- Employment subsidies (for furloughed staff or reduced-time working)
- Payroll tax/social security waiver or deferral
- Indirect tax changes, waiver, exemption or deferral
- Corporate income tax deferral
- More generous loss offset rules
- Waiver or deferral of fixed asset taxes (e.g. business property rates)
- Priority sector focused reliefs and concessions
- Funding measures

We have taken the approach that we should not elect for government reliefs designed to benefit companies financially and have sought only to utilise certain economic measures that are automatically provided and those which would ultimately benefit our employees directly or our end consumers. All decisions on using COVID-19 economic measures have been subject to a robust central review process by a COVID-19 Steering Committee which was set up specifically to consider such measures.

RB acknowledges the importance of playing our part in combatting COVID-19. As a global leader in health and hygiene, we have a responsibility to provide consumers with access to accurate, up-to-date information on the best ways to protect yourself and the community from the novel COVID-19. We strongly believe that hygiene is the foundation of health and to stay healthy, good hygiene practices are a must. We have mobilised £40m as part of our RB Fight for Access Fund to address our collective fight against COVID-19. Further details on what we have been doing in this area is shown on our website (<https://www.rb.com/about-us/coronavirus-information/>)

Brexit

Since the UK decided to leave the EU, RB has been working towards ensuring that the fiscal impact is anticipated, understood and prepared for. The uncertainty around the precise details of the UK leaving the EU has meant we have drawn up a number of contingency plans. Working closely with our Enterprise Resource Planning (ERP) providers, logistics and haulier partners, Tax and Customs authorities, regulatory specialists, manufacturing sites, our suppliers and customers around the world, we have attempted to minimise any potential disruption to operations without unanticipated financial consequences.

As a business with long-established global supply chains and supply routes, some of the challenges raised by Brexit are not new to RB. Drawing upon our long-standing expertise in managing these supply routes has allowed the Indirect Tax function to consolidate best practices from round the world into a single Customs Management database that our businesses within the UK, the EU 27 and the rest of the world can draw upon when necessary.

Digital Services Taxes

As RB increases its profile in the digital marketing space, we are closely monitoring the development of Digital Services Taxes. As things currently stand RB has not yet breached any registration thresholds in respect of these taxes, however as our digital revenue grows we will react accordingly to ensure we comply with these types of taxes.

EU Mandatory Disclosure Rules

A new disclosure regime

RB has been preparing for the new DAC 6 ("Council Directive 2018/822/EU")/EU Mandatory Disclosure Rules that require reporting to the tax authorities of certain cross-border arrangements involving at least one EU Member State.

This included a thorough review of transactions in the transitional period (25 June 2018 to 30 June 2020) in conjunction with our advisers. Where an external adviser has advised in relation to a relevant arrangement, the reporting obligation would broadly fall on that adviser.

In preparation of the rules becoming live from 1 July 2020, RB has developed a robust set of processes, controls and documentation requirements to ensure full compliance with these new reporting requirements.





How We Work With Tax Authorities

Ensuring Cooperative And Trusted Relationships

Given the increasing complexity of tax regulation around the world, local tax authorities may challenge some of the judgements RB has made or our interpretation of local tax legislation.

We believe in an open and constructive dialogue with tax authorities.



In the UK, our dealings with HMRC are professional and based on mutual respect. RB engages openly and regularly with HMRC, and aims wherever possible to consult with HMRC in advance of any major UK transaction and on areas of significant uncertainty, e.g. due to a new piece of legislation.

We also meet our Customer Compliance Manager formally at least once a year to review our business activities. We use this as an opportunity to openly discuss any current, future and past tax risks across all relevant taxes and duties.

RB's goal is to have a professional working relationship with the Customer Compliance Manager and other HMRC technical experts. We also seek to ensure that RB remains fully compliant with statutory and legislative tax requirements.

Working collaboratively with HMRC on a real-time basis helps to deliver benefits for both parties. For HMRC, early resolution of issues ensures the right amount of tax is paid at the right time, improving cash flow for the funding of vital public services, and avoiding costly investigations. For RB, real-time working provides greater clarity over our tax position, helping to reduce the risk of unexpected surprises later down the line.

We engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration. We participate in stakeholder groups in relation to new tax legislation, contributing to tax consultations through our external advisers and attending/speaking on industry panels in relation to tax matters.



RB also looks to engage with the wider business community and trade bodies, so we can play a constructive role in the ever-evolving tax debate. A good example of this is our work with the Confederation of British Industry (CBI) on key business topics including tax.



China

CASE STUDY

OUR LOCAL TAX CONTRIBUTION AND SOCIAL IMPACT INVESTMENT IN CHINA

Our business units in mainland China are engaged in the manufacture, marketing and distribution of a range of Hygiene, Health and Nutrition products. The Chinese business complies with the Group's Tax Policy and the local finance teams work closely with RB's CHQ tax team to ensure full tax compliance.



Between 2017 and 2019, RB made a total tax contribution in China of over CNY 5.8bn (this comprises both taxes borne and collected – see below for further information). However, RB's economic contribution in China is much wider than this, encompassing consumer education on the pursuit of hygiene as a foundation of health, employment creation, workforce and management skills development, exportation of goods, capital investments and the purchase of goods and services. For example, in 2019, RB China had over 5,600 employees in the country. Companies in China are subject to taxes borne (a cost to the company) and taxes collected on behalf of the government. The taxes borne by RB include corporate income tax, the surtaxes to value added tax, customs duties, stamp duty, real estate tax, urban and township land-use tax, vehicle and vessel tax, environmental protection tax, sewage levy and social insurance fund employer contributions. Taxes collected by RB include value added tax, individual income tax on behalf of employees, social insurance fund employee contributions and withholding tax on dividends and royalties. RB's total tax contribution in China has grown by 10% between 2017 and 2019.

RB works constructively with the local tax authorities in China. This is consistent with RB's goal of maintaining professional relationships with all the tax authorities in the 60 plus countries in which RB operates.

Promoting safer sex with Durex, on International Condom Day



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China Social Impact Investment

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China Social Impact Investment

CASE STUDY

BEST START IN LIFE

RB partnered with the China Children and Teenagers' Fund (CCTF) with a US\$5m investment to support 10,000 pregnant women with education, nutritional packages and access to healthcare over three years to reduce the prevalence of malnutrition and stunting in rural China. During a visit to Guangzhou in September 2019, RB Chief Executive Officer Laxman Narasimhan also announced the creation of the RB/Mead Johnson Nutrition (MJN) China Foundation. The Foundation will build on the existing US\$5m and will double the investment to US\$10m by 2025. The programme aims to prevent and help break the intergenerational cycle of malnutrition in rural China through nutrition intervention and education. For a child, the first 1,000 days of life are critical: this window is the focus of the programme.

Mead Johnson nutritional packages distributed in China



Note 1: MJN joined the RB family in June 2017 and has become an important part of RB's Nutrition Business Unit



China Social Impact Investment

Embrace Life

Launched by Mead Johnson Nutrition, the programme received a CNY 5m cash donation, on top of the CNY 50m donation by RB previously announced to combat the COVID-19 outbreak in China (See Case Study to the right). Embrace Life is focused on an all-around aid programme in partnership with CCTF, Chunyu Doctor, and NCP volunteer network to support the vulnerable expectant mothers in Wuhan and the Hubei Province, addressing the unmet needs of this specific vulnerable group and supporting them through this tough period so that they can have a safe and healthy birth.

Packages distributed for the Embrace Life programme



CASE STUDY

FIGHT AGAINST COVID-19

RB (Dettol) committed to donate CNY 50m in cash and products to combat COVID-19, and nearly 250m people have been supported with Dettol antibacterial products. In the early outbreak, CNY 0.6m worth of sanitizer product was delivered to Wuhan's hospitals within three days to help meet the urgent disinfection requirements. Leveraging the power of RB (Dettol) supply chain, CNY 20m worth of disinfectant supplies travelling across 8,000km over 90 days arrived in 70 hospitals to help minimise the spread of the virus. A further CNY 30m in cash was donated to establish the Dettol Virus-Battling Medical Fund under the Dettol Health China Fund, to offer special rewards to medical staff who have made outstanding contributions to the epidemic prevention.

RB volunteers in Wuhan

Dettol antibacterial products have supported nearly:

250m people



Glossary

In discussions around tax there are common misunderstandings which can hinder an informed dialogue. To help aid such conversations, we have set out a number of definitions on the right.

Brexit:

This means the withdrawal of the United Kingdom from the European Union on 31 January 2020 followed by a transition period to 31 December 2020.

Corporate income tax:

All taxes that are based on the taxable profits of a company. Note that corporate taxes are generally levied on profits and not revenues (or sales).

Deferred tax:

The corporate income tax due in respect of temporary differences between accounting values and tax bases, as defined in International Accounting Standard 12.

Effective tax rate (ETR):

The rate at which a taxpayer would be taxed if its tax liability were taxed at a constant rate rather than progressively. This rate is computed by determining what percentage the taxpayer's tax liability is of their profit before tax.

Government:

Any governing body of a nation, state, region or district but not including any commercial enterprises or financial institutions that may be controlled by a government.

Group:

Includes all directly or indirectly owned subsidiaries of RB Group plc.

HMRC:

HMRC stands for Her Majesty's Revenue and Customs – a non-ministerial department of the UK government responsible for administering and collecting taxes.

Indirect tax:

Taxes such as VAT or Sales Taxes and custom duties, which are levied on the consumption of specified goods rather than on income.

OECD:

The OECD (Organisation for Economic Co-operation and Development) is a multilateral organisation. Founded in 1961, the OECD provides a forum for representatives of countries to discuss and attempt to coordinate economic and social policies. It has a very significant role in international tax matters, www.oecd.org

Tax:

The OECD working definition of a tax is a compulsory unrequited payment to the government. This includes corporate income tax, excise duties, property taxes, employment taxes, sales taxes, stamp duties and any other required payments.

Transfer pricing:

A transfer price is the price charged by a company for goods, services or intangible property to a subsidiary or other related company.

Withholding tax:

Tax on income at source, i.e. a third party is charged with the task of deducting the tax from certain kinds of payments and remitting that amount to the government. Withholding taxes are found in practically all tax systems and are widely used in respect of dividends, interest, royalties and similar tax payments.

We hope you have found this document useful. If you have any questions or feedback, please get in touch with us at:

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RB's Tax Highlights 2017-2019

CFO Introduction

Our Purpose, Fight And Compass

RB's 2020 Tax Strategy

RB's Tax Principles

Our Tax Policy

RB's Tax Contribution

Increasing Trust And Understanding In The Tax System

Meeting Our Tax Obligations

Working With Tax Incentives

How RB Assesses And Manages Risk

Responding To Changes In Global Tax Laws

How We Work With Tax Authorities

China Case Study

China Social Impact Investment

Glossary

Links to resources

Here are some useful links to other RB reports:



Annual Report:

<https://www.rb.com/media/5852/annual-report-2019.pdf>



Sustainability Insights Report:

<https://www.rb.com/media/5706/sustainability-insights-2019.pdf>



Gender Pay Report:

<https://www.rb.com/sustainability/people-and-communities/gender-pay/>

ABOUT OUR BUSINESS

RB* is driven by its purpose to protect, heal and nurture in a relentless pursuit of a cleaner, healthier world. We fight to make access to the highest-quality hygiene, wellness and nourishment a right, not a privilege, for everyone.

RB is proud to have a stable of trusted household brands found in more than 190 countries. These include Enfamil, Nutramigen, Nurofen, Strepsils, Gaviscon, Mucinex, Durex, Scholl, Clearasil, Lysol, Dettol, Veet, Harpic, Cillit Bang, Mortein, Finish, Vanish, Calgon, Woolite, Air Wick and more. 20m RB products a day are bought by consumers globally.

RB's passion to put consumers and people first, to seek out new opportunities, to strive for excellence in all that we do, and to build shared success with all our partners, while doing the right thing, always is what guides the work of our 40,000+ diverse and talented colleagues worldwide.



For more information visit:

www.rb.com

**RB is the trading name of the Reckitt Benckiser group of companies*