OUR 2022 TAX STRATEGY

reckitt

WELCOME TO OUR TAX STRATEGY REPORT FOR 2022

Jeff Carr
Chief Financial Officer

At Reckitt, we make a difference through our relentless pursuit of a cleaner and healthier world. Across the 60 different markets we operate in, we are guided by our compass, to do the right thing always.

This compass guides our approach to international tax. We believe that compliance with our tax obligations is essential not only for the Group, but also for building awareness and trust in the tax system internationally. We seek an open and constructive dialogue with tax policymakers, and we support ongoing local and international efforts to create a sustainable tax environment and modernise the global tax system.

This Tax Strategy report explains the seven tax principles that guide us and inform our compliance with tax regulations and our transparent communication with tax authorities.

Tax law is constantly evolving, and this year's report covers the significant tax developments of 2022. For example, the ongoing Pillar One and Two discussions by the Organisation for Economic Co-operation and Development (OECD), to address the tax challenges arising from the digitalisation of the economy, which will transform the international tax landscape for multinational enterprises; and a proposed new EU Anti-Shell Directive, tackling companies with no business substance.

Our Tax Strategy is reviewed regularly to ensure we are fully compliant with such evolving tax developments. In keeping with greater tax transparency, this report also includes case studies on our use of tax incentives in Malaysia, and on our tax and societal contributions in India.

I hope this annual publication continues to help with your understanding of Reckitt's approach to tax.

"We believe that compliance with our tax obligations is important not only for the Group, but also essential for building awareness and trust in the tax system internationally."

Jeff Carr
Chief Financial Officer, Reckitt

ABOUT RECKITT

Reckitt is a multinational consumer goods company and a leading producer of the world's most recognisable and trusted health, hygiene, and nutrition products. With a wealth of expertise and innovation behind every product, people trust Reckitt brands to help them enjoy a cleaner, healthier life. We have three global business units:

- Hygiene, our purpose-led portfolio, works to eliminate dirt, germs, pests and odours with market-leading products such as Lysol, Finish, Air Wick, Harpic and Mortein.
- Health is focussed on bringing compelling, innovative solutions that provide pain relief, protection, hygiene and personal care to households across the world, through brands like Dettol, Durex, Gaviscon, Nurofen, Mucinex, Strepsils and Veet.
- Nutrition centres on science-led innovations which underpin products catering to consumers from infants through to the elderly. It includes leading infant and child nutrition, adult nutrition and a range of vitamins, minerals and supplements (VMS). Brands include Enfa, Nutramigen, Airborne, Move Free and Neuriva.

Every day, millions of people buy Reckitt products globally. We always put consumers and people first, seeking out new opportunities, striving for excellence in all that we do and building shared success with all our partners.

Find out more, or get in touch with us at www.reckitt.com

At a glance - 2021

41,800
Employees

3
Business units

More than 60 countries across six continents
Markets

£13.2bn
Group net revenue

£739m
UK net revenue

24.9%
Revenue from more sustainable products

66%
Absolute reduction in carbon emissions from operations since 2015

£38.2m
Invested in Fight For Access Funds

Tax highlights*

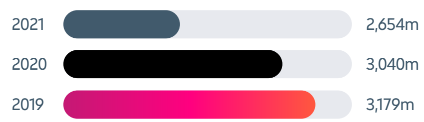
Net Revenue

2021
13.2bn

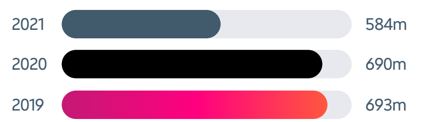
2020
14bn

2019
12.8bn

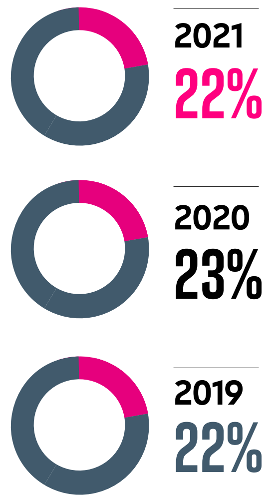
Adjusted profit before tax



Adjusted income tax expense



Adjusted effective tax rate



*Financial years ended 31 December 2019 – 31 December 2021
http://www.reckitt.com/investors/

Our Purpose, Fight and Compass are fundamental to Reckitt's culture and values. Our success as a business is founded on our strong, distinctive culture. We want all our employees to have a sense of belonging and take personal pride in what they do.

OUR PURPOSE

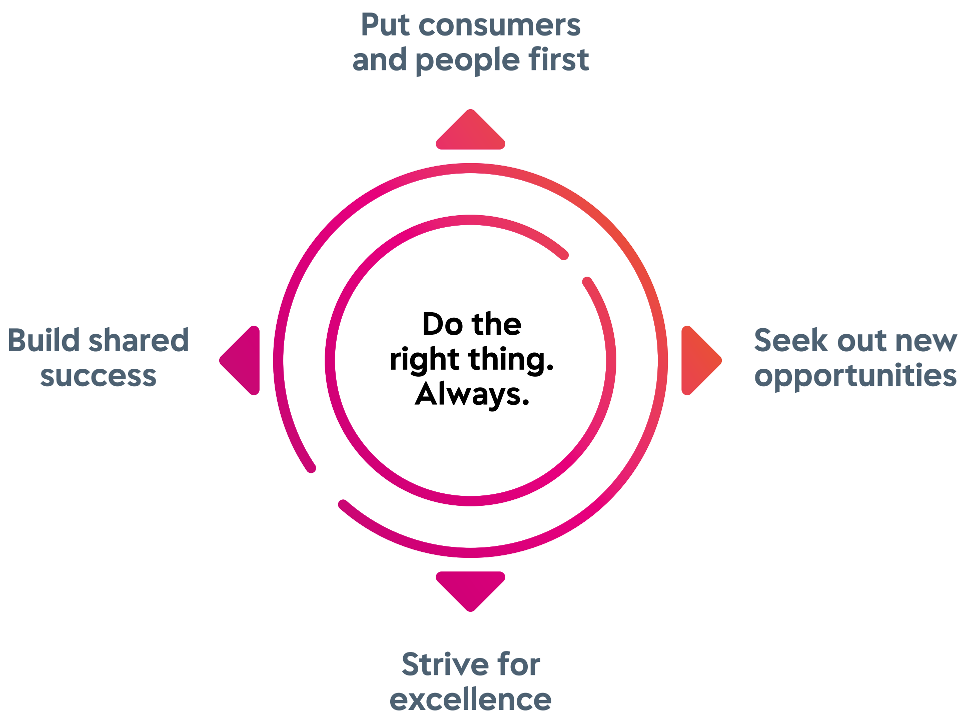
We exist to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world.

OUR FIGHT

We have a fight on our hands. A fight to make access to the highest quality hygiene, wellness and nourishment a right and not a privilege.

OUR COMPASS

Our compass guides us. At its heart is the goal of always doing the right thing. We put consumers and people first, seek out new opportunities, strive for excellence and join forces to win bigger and build a culture of shared success. Our compass has been fundamental to rejuvenating sustainable growth. Our behaviours shape us and our culture: we own, we create, we deliver and we care.



To find out more, visit:
https://www.reckitt.com/about-us/our-purpose-and-compass

RECKITT'S 2022 TAX STRATEGY

Our Tax Strategy is based on the principle that we comply with the local tax law in every country where we have business interests, and it applies to all Reckitt's operations worldwide.

We seek to be known as a responsible and transparent company in our tax affairs with tax standards set for us to adhere to.

In this Tax Strategy report we have included:

- TAX PRINCIPLES
- TAX TRANSPARENCY
- TAX PLANNING
- TAX RISK MANAGEMENT AND GOVERNANCE
- WORKING WITH THE UK AND OTHER NATIONAL TAX AUTHORITIES

The Tax Strategy applies to all taxes for which we are responsible, including UK taxes. Reckitt supports global initiatives for tax transparency and agrees with the objective of improving tax transparency.

With this in mind, we focus on:

WORKING WITH TAX INCENTIVES (PAGE 11)

HOW RECKITT ASSESSES AND MANAGES TAX RISK (PAGE 12)

RESPONDING TO CHANGES IN GLOBAL TAX LAWS (PAGE 14)

CASE STUDY: OUR ECONOMIC AND SOCIAL IMPACT IN INDIA (PAGE 17)

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 2022.

RECKITT'S TAX PRINCIPLES

OUR APPROACH TO TAX*

Reckitt is guided by the following seven tax principles:

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

01

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.

02

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.

03

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.

04

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.

05

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

06

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.

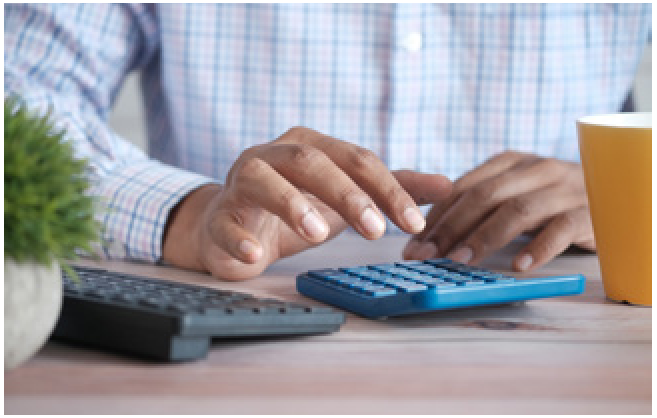
07

*Tax includes all the taxes we have an obligation to comply with, including corporate income taxes, duties, payroll and employment taxes, as well as environmental tax and indirect taxes, such as sales tax and VAT, levied on products sold to customers.

OUR TAX POLICY

Reckitt is a multinational company with a substantial presence in many countries around the world. We work with multiple tax regimes, whose tax law interpretation and practices differ from one another. Global tax initiatives are also bringing further changes and potential uncertainties to local tax systems. To guard ourselves against potential tax risks in countries where we operate, Reckitt has put a Tax Policy framework in place.

Our Tax Policy is agreed by our Board of Directors. This policy is in line with the overall strategy and operation of our business and applies to all the taxes we incur.



Our Tax Policy's goal is to ensure that:

All potential taxes which may impact a transaction are fully considered before the transaction is entered into.

Local tax legislation is fully complied with and all appropriate documentation prepared and filed with respective authorities timely.

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 tax status of all Group entities is communicated to Reckitt's central tax department, so that the Group's overall tax position is fully understood.

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

Reckitt maintains a central tax team at its Slough Central Headquarters, UK (CHQ Tax). It is part of the Group's finance function and reports to the Chief Financial Officer (CFO). The CFO receives frequent updates throughout the year from the tax team.

Reckitt's Senior Vice President (SVP) Tax leads our team of in-house tax professionals who hold a combination of accounting, tax and legal qualifications. Their range of specialisms ensure that we are equipped to deal with the rapidly evolving international tax landscape. The CHQ tax team comprises experts in corporate income tax, VAT and custom duties, environmental taxes, international taxes, transfer pricing, intellectual property, employment taxes and compliance and reporting.

In certain jurisdictions where we have significant operations, or where local tax law is complex (e.g., USA, India, Brazil or China), Reckitt's local finance teams also include tax professionals who work closely with the CHQ tax team. This is to ensure Reckitt is fully tax compliant.

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 on tax matters, with further updates provided by Reckitt's CHQ tax function as required.

Where international tax laws are unclear, leading to a broad range of interpretations and uncertainty, we may seek advisory and technical tax support from either large accounting firms or specific law firms. The use of any given advisor 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 must confirm annually to HMRC whether the relevant Reckitt UK companies had appropriate tax accounting arrangements in place throughout the financial year.

What is the SAO legislation?

This is UK legislation which requires companies over a particular size to establish and maintain appropriate tax accounting arrangements to allow tax liabilities to be calculated accurately in all material respects.

RECKITT'S ECONOMIC CONTRIBUTION

Our business makes a significant contribution towards public funds by paying taxes in countries in which we operate. In the year ended 31 December 2021, the Group paid £915m[1] in corporate income tax worldwide.

In addition, we made significant payments in relation to employment taxes, indirect taxes, duties and other levies.

"We contributed £915m in corporate income tax globally."

We contribute to economies in other ways, too. For example, employing more than 41,800 people in more than 60 markets, developing their skills, making capital investments in R&D and manufacturing, buying goods and services (including from local suppliers).

Reckitt also makes direct social impact investments in countries, where we operate. Please see the social impact case study on page 17.

"We have invested the equivalent of £100 million in social impact programmes over the past three years."

Taxes Paid

[1]2021 Annual Report annual-report-2021.pdf (reckitt.com), page 209

BUILDING TRUST IN THE TAX SYSTEM

We support efforts to build efficient and consistent tax environment to ensure that multinational enterprises are transparent with their tax affairs.

"Reckitt recognises the increasing complexity of tax regulation around the world and supports efforts to increase trust and understanding of the tax system."

Providing information about our corporate tax position to the public is an important element of building trust in the tax system. Reckitt supports efforts to increase public awareness in the global tax system.

Please see the "Tax Principles" we endorse on page 6 and "How we work with tax authorities" section on page 16, to understand how we support efforts to build a transparent tax system.

In accordance with the reporting requirement of the Organisation for Economic Co-operation and Development (OECD), Reckitt continues to file its Country by Country Report (CbCR) with HMRC in the UK. The CbCR can be used by tax authorities as a high-level transfer pricing risk assessment tool; to assess other tax base erosion and profit shifting risks; and for economic and statistical analysis. The report discloses key components of our profit and loss account, including revenues earned, taxes paid and the number of employees we have in all our markets worldwide.

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

We continue to support the call on governments to accelerate public CbCR and to create a level playing field for all businesses, no matter where they are headquartered. We encourage the UK Government to play a leading role in this area.

We are also supportive of the EU public CbCR directive published in December 2021, which aims to enhance the corporate transparency of large multinational companies. As per the Directive, Reckitt is required to publicly disclose income taxes paid and various other information for every EU member state, including the amount of profit before tax, revenue and employees. The first financial year of the reporting for Reckitt will be the financial year commencing January 1, 2025.

Reckitt actively supports the OECD's work on Pillars One and Two to address tax avoidance and ensure coherence of international tax rules. As a multinational company operating in a competitive environment, we support and encourage tax policymakers in their efforts to build the international tax system in a co-ordinated way.

MEETING LOCAL TAX OBLIGATIONS

Reckitt is committed to paying all taxes determined by local tax laws in every country we do business and filing tax returns as per statutory deadlines.

Reckitt CHQ tax team partners with colleagues in our international markets to provide timely, appropriate advice and guidance on all aspects of tax. This allows tax risks to be managed and enables full compliance with local tax laws. It also facilitates good investment decisions by considering future associated tax costs.

Although Reckitt will analyse tax impacts when structuring commercial transactions, we do not carry out artificial tax planning for the purpose of tax avoidance. Nor do we wilfully engage in tax arrangements that go against the clear intent of tax laws.

As a global organisation, the Reckitt Group comprises over 400 subsidiary companies. We list these entities in full in our Annual Report along with their country of incorporation. In accordance with our Tax Principle 5, our policy not to engage in artificial tax planning means that we do not operate in 'tax havens' or low-tax jurisdictions without a genuine business or commercial substance.

Where we do have entities in tax havens, some were established there for historical reasons that may no longer be relevant, or were already located there when we acquired them as part of a wider business acquisition. During 2022, Reckitt continued efforts to simplify the Group's structure. The Legal Entity Simplification project undertaken in 2021 and early 2022, resulted in the formal dissolution of a number of entities, including those incorporated in the British Virgin Islands, Ireland, Jersey and the United Kingdom.

Many of our companies incorporated in tax havens (listed in our Annual Report) are UK tax-resident, and as such they file tax returns and pay UK tax in accordance with UK tax legislation. In addition, as a UK-headquartered Group, all entities are taxed (where appropriate) under the UK-controlled foreign company rules.

TRANSFER PRICING

Reckitt is a large multinational company and naturally engaged in many cross-border transactions within the Reckitt Group. These transactions are priced in accordance with the standards established under the relevant OECD Transfer Pricing guidelines.

These standards guide multinational groups on applying the "arm's length principle". This represents the international consensus on how to price transactions between members of the same multinational group.

These standards are aimed at preventing taxable profits of multinational groups being artificially shifted out of a given jurisdiction, and to ensure that the tax base they report in each country reflects the economic activity undertaken there.

Interpreting and applying these standards correctly can demand fine judgements, and a tax authority may occasionally challenge Reckitt's reading of these rules. In these circumstances, we will always engage constructively with the relevant authority to resolve any disagreement.

The OECD's guidance in this area continues to evolve. We continue monitoring whether any changes require us to modify our current approach of applying the arm's length standard to intercompany transactions. See page 14 for further detail.

We noted increased compliance requirements for Transfer Pricing related documentation across many markets around the world. For example, in July 2022, the UK Government published a draft legislation requiring large multinational businesses operating in the UK to keep and retain transfer pricing documentation in a prescribed format, as well as a "summary audit trail". We centrally monitor to ensure such requirements are met.

TAX INCENTIVES

Tax incentives are government's taxation policy to encourage business investments in a particular economic activity, normally by providing a reduced tax payment. Reckitt may consider the use of tax and other types of available incentives when deciding where to invest its resources. However, incentives are just one of many factors we assess when making these business decisions. See page 11.

"We will always engage constructively with the relevant authority to resolve any disagreement."

WORKING WITH TAX INCENTIVES

CASE STUDY MALAYSIA

WORKING WITH TAX INCENTIVES

Malaysia is an important market for Reckitt in the Southeast Asia region, and the lead market for the MSV (Malaysia, Singapore, Vietnam) cluster. Our business units in Malaysia are engaged in the manufacture, marketing and distribution of a range of Reckitt health, hygiene and nutrition products.

The country seeks to attract inward investment via various economic incentives. The Reinvestment Allowance (RA) allows a Malaysian resident entity involved in manufacturing activities to claim an additional tax deduction equal to 60% of the qualifying capital expenditure. The eligible company must have been operating for at least 36 months and incurred capital expenditure to expand, modernise, automate, or diversify its existing manufacturing business for the purposes of a qualifying project.

RA is given in addition to tax depreciation, but it is restricted to 70% of statutory income. Any unabsorbed RA can be carried forward to the next year. RA incentive is available for a period of 15 consecutive years, commencing from the year of assessment in which the claim for RA is first made.

Reckitt Malaysia met these criteria, therefore the company submitted a claim under RA in relation to the qualifying capital expenditure incurred with respect to plant and machinery. From a Group perspective, the additional tax relief associated with this claim was not material.

INTEGRATED RISK MANAGEMENT AT RECKITT

We have a strong governance over tax risk management.

Tax risk management takes place at four levels inside Reckitt, giving us a 'top down' and 'bottom up' view of risk:

- Functional
- Global Business Unit
- Corporate
- Group

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 disputes resulting from a tax audit 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 principal tax risks is carried out by the Reckitt tax team, country finance directors and external advisors.

Controls are an important part of Reckitt's risk management. We implement internal control processes through clearly defined roles and responsibilities.

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

01 **Management:** This ensures that controls, policies and procedures are followed when dealing with risks in the day-to-day business. Supervisory controls ensure that appropriate checks and verifications take place.

02 **Oversight:** Each function and business unit has its own management, which acts as a second line of oversight and verification. This level sets the local policies and procedures, subject to Group policy and authorisation, i.e. oversight functions such as Finance, Legal or Supply.

03 **Independent review:** This third strand is provided by Internal and External Audit, who challenge the information and assurances provided by the first two strands. This review is ultimately reported back to the Board, via the Audit Committee, with action taken to address any matters identified.

OUR TAX GOVERNANCE FRAMEWORK

Reckitt is committed to being a responsible corporate citizen. We therefore have processes and procedures in place to govern the way we do business, including the reporting and payment of tax. We apply tax governance 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.

Generally, tax uncertainties originate from three sources: day-to-day operations, tax laws interpretation and changes in tax legislation.

Operational

Under our Tax Policy, day-to-day responsibility for all local taxes and tax compliance rests with the local Finance Director. They are supported by finance or tax professionals in their local finance teams, the CHQ Tax team and external advisors as required.

The local Finance Director must ensure that:

1. All necessary tax returns are prepared and submitted on time;
2. The tax returns are complete and accurate, with full and proper disclosure of any issues that could be contentious;
3. The correct amount of tax is paid when it is due; and
4. Tax authority audits and enquiries are properly managed to maintain constructive relationships with the authorities worldwide.

The CHQ tax team requires advanced notice of specific types of transaction so that they can fully consider any tax consequences and risks. They should also be kept up to speed with changes to local tax rules and legislation which alter the tax profile of the business, or which pose additional tax risks.

INTEGRATED RISK MANAGEMENT AT RECKITT CONTINUED

Tax judgement

In an increasingly complex international business environment, a certain degree of tax risk and uncertainty is inevitable. Reckitt manages and controls these risks proactively and seeks appropriate advice from accountancy or law firms when needed.

We gauge levels of acceptable tax risk on a case-by-case basis, considering factors such as the financial 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 may differ from our own.

We have processes in place to ensure 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 paramount to maintain Reckitt's reputation as a responsible taxpayer.

All uncertain tax positions are continuously assessed and included in the Company's formal internal quarterly reporting process. Each 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 we make to cover these uncertainties.

To enhance our central governance over subsidiaries' tax compliance, we partner with external advisors to prepare and submit tax returns. This covers corporate income taxes and certain indirect tax obligations. We plan further expansion of this programme to be able to respond effectively to the emerging digital tax landscape.

Legislative changes

We partner with external advisors to monitor tax legislation changes and pro-actively address potential tax risks.

RESPONDING TO CHANGES IN GLOBAL TAX LAWS

The central tax team and local finance teams monitor changes in the tax environment to ensure we remain compliant with local laws.

This page details some examples of tax law developments considered by our tax team in 2022.

OECD BEPS 2.0 – PILLAR ONE AND PILLAR TWO

Reckitt has been closely monitoring the developments in the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting. A two-pillar solution has been agreed to address the tax challenges arising from the digitalisation of the economy.

Pillar One is focussed on rules for taxing profits, based on a formula to calculate a share of profits to be taxed within each market jurisdiction. The original Pillar One implementation was envisaged for 2023. The OECD, however, acknowledged that Pillar One implementation would not be ready before 2024.

Pillar One gives new taxing rights to market jurisdictions over a share of the residual profits of the largest and most profitable multinational enterprises (MNE); those with a global turnover above EUR 20 billion and profitability above 10%. Given our current level of group turnover, we would not expect to fall within scope of this new taxing right now, but we will need to keep this under review.

Pillar Two is focussed on a minimum effective tax rate of 15% on profits in all countries to discourage multinational companies from shifting their profits into lower-tax jurisdictions.

It is expected that the Pillar Two proposals will be applicable to multinational businesses with consolidated revenues of at least EUR 750 million. We are monitoring the development of Pillar Two legislation in the UK, as well as in other countries, to assess the implications and impact for the Group.

EU ANTI-SHELL DIRECTIVE

EU Commission published a proposal for a new Directive to prevent abuse of shell companies for tax purposes. The shell companies are defined as those with no or little personnel and functional substance. The directive defines minimum substance requirements for companies within the EU.

At Reckitt, our structure is aligned with business and operational substance. We review our structures regularly to make sure that the regulatory requirements are addressed in a timely manner.

RESPONDING TO CHANGES IN GLOBAL TAX LAWS CONTINUED

PLASTIC PACKAGING TAXES

The Plastic Packaging Tax (PPT) objective is to reduce plastic waste by encouraging the use of more sustainable and recycled plastic packaging. The UK's PPT took effect in April 2022 and is applicable to manufacturers and importers of plastic packaging containing less than 30% recycled material. We are registered for PPT purposes in the UK and are committed to paying the tax and submitting all relevant returns.

Spain and Italy will introduce taxation on non-reusable plastic packaging in 2023. Given global attention to the sustainability topic, we anticipate plastics regulation to continue growing worldwide. We are carefully assessing all of our packaging to identify where there will be a tax liability, to ensure that we will be ready to comply with these new taxes when they come into force. Local teams will be supported by the CHQ tax professionals in dealing with their local PPT obligations.

SUGAR TAX

As part of Italy's ongoing fiscal reform, in addition to the introduction of a plastic packaging tax, a tax on products containing sugar is also scheduled to come into force in 2023. Indonesia is also considering the introduction of a sugar tax in 2023. For both markets, we will continue to monitor the developments of the tax proposals and assess the extent to which any of our products will be subject to these new levies, noting that naturally occurring sugars, like lactose and medicines with a high sugar content are often excluded from these regimes.

UK AUDIT AND CORPORATE GOVERNANCE REFORM

In May 2022, the UK Government announced details of the anticipated Sarbanes-Oxley inspired corporate governance regime reforms. It is expected that the new regulations will be applicable in the UK to large privately owned companies and listed businesses. The reforms place increased accountability on directors, shareholders, audit firms and the regulator. Reckitt is preparing for the impact of the corporate governance reform on the Group's financial reporting, including the reporting of the tax matters.

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 Reckitt has made, or our interpretation of local tax legislation.

We believe in an open and constructive dialogue with tax authorities and appreciate the rights of each jurisdiction in which we operate to establish their own tax regulations.

"We have a regular dialogue with HMRC."

We engage openly and regularly with HMRC, and our dealings are professional and based on mutual respect. Whenever possible, we aim to consult with them in advance of any major UK transaction, and on areas of significant uncertainty such as a new piece of legislation.

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

Reckitt'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 Reckitt remains fully compliant with statutory and legislative tax requirements.

This collaborative and real-time approach delivers benefits for both parties. For HMRC, resolving issues early means the right tax is paid at the right time, improving cash flow for the funding of vital public services, and avoiding costly investigations. For Reckitt, real-time working gives us greater clarity over our tax position, helping to reduce the risk of unexpected surprises later down the line.

OUR ECONOMIC CONTRIBUTION AND SOCIAL IMPACT IN INDIA

India is Reckitt's second largest market. Our business units in India are engaged in the manufacture, marketing and distribution of a range of hygiene, health and nutrition products. The Indian business complies with the local tax regulations and our Group's Tax Policy is fully applicable to its operations. The local finance teams work closely with Reckitt's central tax team to ensure full tax compliance.

OUR CONTRIBUTION AND SOCIAL IMPACT IN INDIA

During the last three financial years in India (2019 – 2021), Reckitt India made a corporate income tax contribution in India of more than £160 million.

However, tax is just one part of Reckitt's economic contribution to the country. We estimate that Reckitt supported a total contribution to GDP in India of INR78.8 billion in 2021.

INR78.8 bn

Reckitt contributed INR 78.8 billion to Indian GDP in 2021.

We create direct employment for over 3,000 people, develop skills, and make capital investments and significant purchases of local goods and services. Indirectly, Reckitt supported more than 69,000 jobs throughout the Indian economy in 2021.

X 21

For every 100 jobs created by Reckitt, 2,000 other jobs are supported elsewhere in India.

Companies in India are directly subject to taxes ("taxes borne" i.e. a cost to the company) and are required to collect taxes on behalf of the Government. The taxes borne by Reckitt include corporate income tax, import duties, property taxes, social contributions, transport tax and an environmental levy. Taxes collected include value added tax, personal income tax on behalf of employees and withholding tax on behalf of other Reckitt Group entities.

Reckitt works constructively with the local tax authorities in India, in line with our aim of maintaining professional relationships with all the tax authorities with whom we work worldwide.

SOCIAL IMPACT THROUGH A PORTFOLIO OF PROGRAMMES

Providing access to hygiene, health and nutrition across India.

As a rapidly developing country with pressing social challenges, our Indian team deploys a portfolio of innovative social impact initiatives to help local people lead healthier lives.

Our social impact programmes have improved hygiene behaviour, child nutrition, maternal health and sexual education for **237 million people** across India. We collaborate with many stakeholders to implement these initiatives. Some of these key initiatives are outlined here.

"We believe access to high quality hygiene, health and nutrition is a universal right."

THE DETTOL BANEGA SWASTH CAMPAIGN

The Dettol Banega Swasth India Campaign works towards improving the behaviours around health and hygiene of the Indian population. It has been embedding hygiene as a pillar of health since 2014. In 2021, the project expanded to cover 75% of primary schools in India, impacting more than 20 million school children from the most in-need communities and reducing absenteeism by 39%. Her Excellency Anandiben Patel, Governor of Uttar Pradesh, has emphasised the importance of the campaign in creating a sustainable India.

WORLD TOILET COLLEGE

Harpic's World Toilet College (WTC) was created in 2018 to invest in sanitation workers, who are limited in opportunities by their social and economic standing.

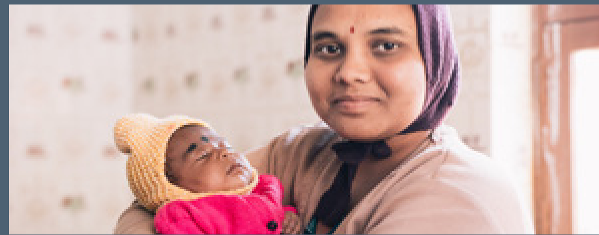
The WTC is providing education and training to these workers, and in 2021, 2,700 sanitation workers went through our training scheme. These graduates of the WTC have benefitted from increased dignity and safety, whilst reporting 22% fewer health issues and an average increase in income of 44%.

SOCIAL IMPACT THROUGH A PORTFOLIO OF PROGRAMS CONTINUED

DETTOL SCHOOL HYGIENE PROGRAMME

This programme teaches children hygiene behaviours like hand washing. Between 2015-2020, the Dettol School Hygiene Programme reduced diarrhoea by 14.6%, school absenteeism by 39%, and achieved a 57% increase in knowledge of handwashing on important occasions. To triple programme impact by 2026, our team aims to reach 840,000 primary schools in India, and an additional 7 million school children through engaging digital channels.

REACH EACH CHILD



One third of the world's stunted children live in India. This has a huge impact on families, and productivity losses across India are estimated at 8%.

Our Reach Each Child nutrition programme prioritises adequate nutrition for children within the first 1,000 days of life through locally-led initiatives, with community nutrition workers being key suppliers of information and services. The programme has reached 72,700 children under five and has provided cash assistance to 161 families to pay for treatment of malnourishment. We have supported 8,000 pregnant women through multiple interventions and helped 91% of new mothers initiate breastfeeding.

There has been a significant impact on families, and no malnutrition deaths among supported children in the two years of the programme. An independent evaluation found Reach Each Child generated a social return on investment of 1:37. Beyond the programme, there has been increased uptake of services and trust.

GLOSSARY

In discussions around tax, there are common misunderstandings which can hinder informed dialogue. To help these conversations, we have set out a number of definitions below.

CHQ

Central Headquarters of the Group located in Slough, UK.

CORPORATE INCOME TAX

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

EFFECTIVE TAX RATE (ETR)

The rate at which a company would be taxed if its tax liability were taxed at a constant rate, rather than progressively. This rate is computed by determining the percentage of the company's tax liability 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/RECKITT

Includes all directly or indirectly owned subsidiaries of Reckitt Benckiser Group plc.

HMRC

His 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, GST (goods and service tax), import and excise duties.

OECD

The Organisation for Economic Co-operation and Development, a multilateral organisation. Founded in 1961, it 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's working definition of a tax is a compulsory unrequited payment to a government. This includes corporate income tax, excise duties, property taxes, employment taxes, sales taxes, stamp duties and any other required payments.

TRANSFER PRICING

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, where a 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: TaxStrategy2022@Reckitt.com

LINKS TO RESOURCES

Here are some useful links to other Reckitt reports:

2021 Annual Report

Social Impact Investment Report

Sustainability Insights Report

Gender Pay Report