OUR 2021 TAX STRATEGY

RECKITT'S TAX HIGHLIGHTS*

At a glance

Employees

43,000+

Heritage

200+yrs

Business units

3

Products sold daily

20+m

Net revenue in 2020

£14bn

Consecutive years as a member of the FTSE4Good Index

17

Reduced Greenhouse Gases per unit of production since 2012

53%

Tax highlights

Net revenue 2020

£14.0bn

Net revenue 2019

£12.8bn

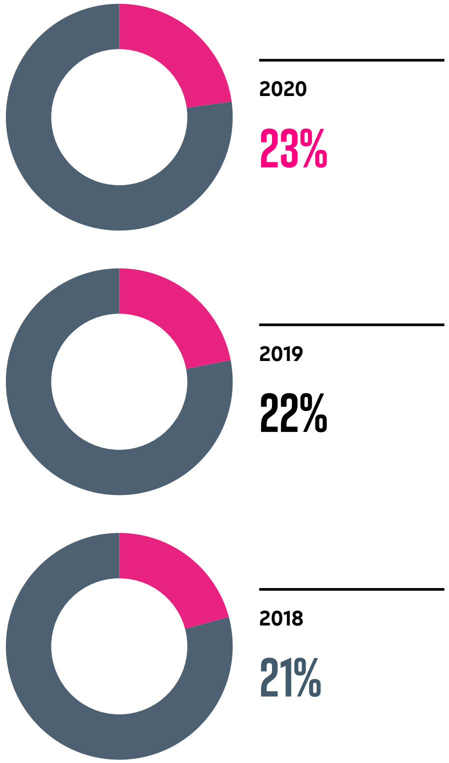
Net revenue 2018

£12.6bn

Adjusted profit before tax

Adjusted income tax expense

Adjusted effective tax rate (ETR)



* Financial years ended 31 December 2018–31 December 2020
https://www.reckitt.com/investors/

INTRODUCING OUR TAX STRATEGY

Jeff Carr,
Chief Financial Officer, Reckitt

It is my pleasure to welcome you to our 2021 Tax Strategy report.

Doing the right thing always is central to what we call our Compass. This guides every action and decision we take, and when it comes to paying tax our stance is clear: we comply with the tax laws of each country in which we do business. So we welcome this annual opportunity to set out our approach to tax in a clear and transparent way. It is underpinned by our seven Tax Principles and Tax Policy.

Tax law never stops evolving, and in this year's report we cover some of the key developments that Reckitt and our tax team have been monitoring and addressing during 2021.

One example is a new Plastic Packaging Tax that is being introduced in the UK and elsewhere in Europe from 2022. At a time when governments are considering how tax policy can address urgent climate and environmental issues, we were excited to be named Official Hygiene Partner of the crucial UN Climate Change Conference, COP26. We were proud to assist with this important event and more details on our own ambitions for a cleaner, healthier world can be found at **https://www.reckitt.com/sustainability/**.

Other key tax developments the team are engaged with include the Organisation for Economic Co-operation and Development's (OECD) Pillar One and Pillar Two agreement, which is transforming the international tax system, and of course, the many tax implications that accompanied Brexit.

The year has also seen our tax colleagues supporting the business with the tax implications of the sale of our Greater China Infant Nutrition business, the Scholl business, and the acquisition of Biofreeze. Acquisitions can lead to inherited and unnecessary legal entities and the team has continued its work in reviewing and simplifying the Group structure, eliminating companies wherever possible.

In keeping with greater transparency, this year's report includes case studies on our use of tax incentives in Sri Lanka (page 10), and our tax and societal contributions in Russia (page 16).

I do hope you find this annual publication helps your understanding of Reckitt's approach to tax.

> **"Tax law never stops evolving. In our Tax Strategy we cover some of the key developments in 2021.**
>
> **Jeff Carr,**
> Chief Financial Officer, Reckitt

OUR PURPOSE, FIGHT AND COMPASS

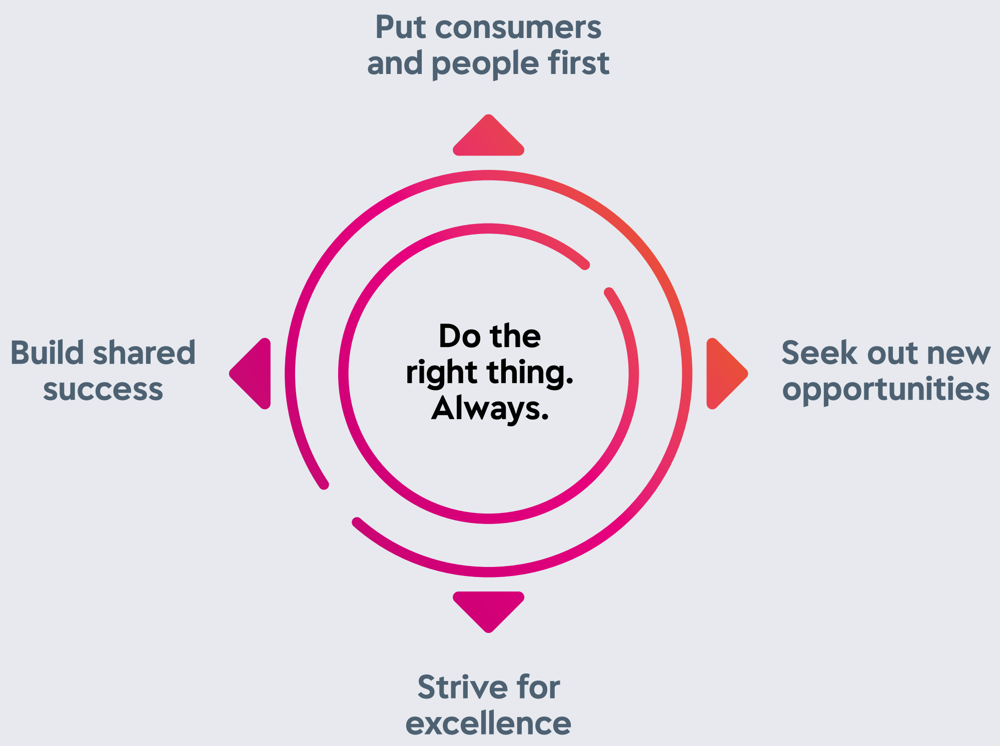
It is worth just touching on the kind of company we strive to be. This is reflected in every action we take, including our approach to tax.

Our purpose
We exist to protect, heal and nurture in the relentless pursuit of a cleaner and healthier world. We fearlessly innovate in this pursuit across our Hygiene, Health and Nutrition businesses.

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. Information and products that promote good health and hygiene are daily necessities for us all.

Our compass
Our compass guides us. We use it to navigate the way we need to behave as individuals, as teams, and as a company. Our culture builds on what has made us successful; and equips us for sustainable growth so that we may continue to protect, heal and nurture the generations to come.

OUR COMPASS



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

RECKITT'S 2021 TAX STRATEGY

Our Tax Strategy is founded on the firm principle that we comply with the local tax laws of every country where we have business interests. This aligns with our overall Purpose and Compass, and equips us to do the right thing wherever we operate.

In this Tax Strategy report we outline Reckitt's approach to:

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

> **We support the requirement for large UK companies to publish their tax strategies.**

Our tax commentary in this report applies to all taxes for which we are responsible, including UK taxes. Reckitt supports the requirement for large UK companies to publish their tax strategies and we agree with HMRC's policy objective and the general trends of tax authorities around the globe, of improving tax transparency.

With this in mind, we have included:

Case Study – Working With Tax Incentives
(Page 10)

Integrated Risk Management At Reckitt
(Page 11)

Responding To Changes In Global Tax Laws
(Page 13)

Case Study – Russia
(Page 16)

Although Reckitt's corporate headquarters are in the UK, we operate globally. This Tax Strategy therefore applies to all of Reckitt'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 2021.

RECKITT'S TAX PRINCIPLES

OUR APPROACH TO TAX*

Reckitt is guided by the following seven Tax Principles:

01

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

02

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.

03

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.

04

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.

05

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.

06

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.

07

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.

* 'Tax' includes corporate income taxes, duties, payroll and employment taxes, as well as indirect taxes such as sales tax and VAT levied on products sold to customers.

OUR TAX POLICY

Reckitt has a multinational footprint, working with multiple, and differing, tax regimes. Against a backdrop of changing laws, and varying interpretations of laws, we must therefore guard against potential tax risks.

We operate according to the Tax Policy that 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. This means not only corporate income 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 Reckitt Group Corporate Headquarters' 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.

The Reckitt Group 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.

Reckitt's Senior Vice President (SVP) Tax leads a 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 central tax team comprises experts in indirect taxes, international taxes, transfer pricing, intellectual property, employment taxes, compliance and reporting. We also have a significant tax team in New Jersey, USA.

In order to ensure Reckitt is fully tax compliant, in certain jurisdictions where we have significant operations, or where local tax law is complex, local finance teams also include tax professionals who work closely with the Group 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 on tax matters, with further updates provided by Reckitt's central tax function as required.

On occasions, international tax laws are unclear, leading to a broad range of interpretations and uncertainty. In these cases 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 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 generates a significant amount of tax revenues for the countries in which we operate.

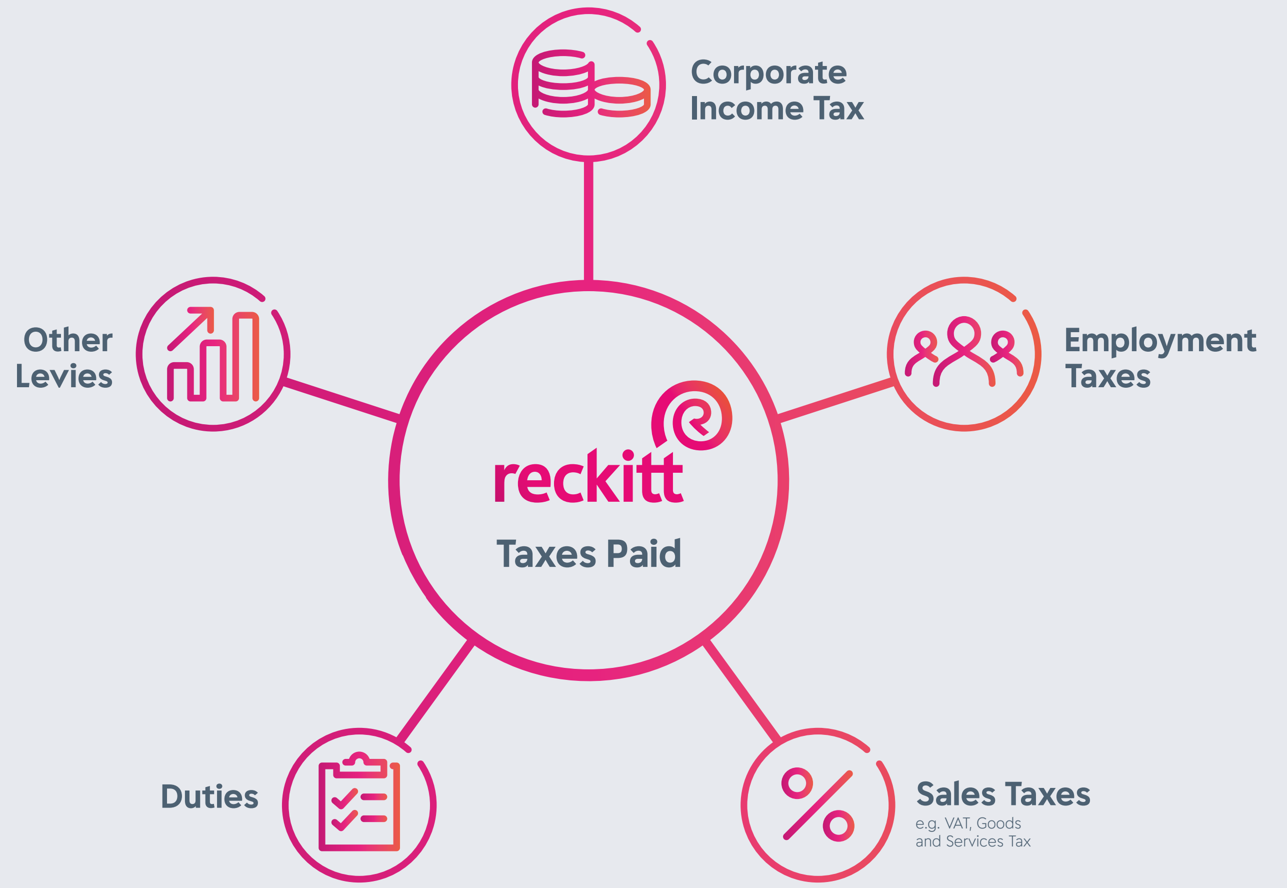
In the year ended 31 December 2020, the Group paid £762m[1] in corporate income tax worldwide.

We also made significant payments in relation to employment taxes, sales taxes, duties and other levies.

We contribute in a myriad of other ways as well, by creating direct employment for more than 43,000 people, developing skills, making capital investments, buying goods and services (in many of the countries in which we operate) and making direct social impact investments. See the case study on page 17.

> **We contributed £762m in corporate income tax globally.**

1 Reference 2020 Annual Report
https://www.reckitt.com/media/8728/reckitt_ar20.pdf, page 178



BUILDING TRUST AND UNDERSTANDING IN THE TAX SYSTEM

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

> **Universal public Country by Country Reporting (CbCR) will create a level playing field for all.**

Reckitt supports efforts to increase trust and understanding in the global tax system, and we are happy to discuss with anyone seeking a better understanding of our approach to tax.

For example, as part of our partnership with the Danish Institute of Human Rights (DIHR), the Reckitt team has engaged with them on how tax links to our human rights responsibilities. This has given us a greater understanding of how the team can support effective tax systems. We have detailed these activities in the "How we work with tax authorities" section on page 15.

In accordance with the reporting requirement of the OECD, Reckitt continues to file its Country by Country Report (CbCR) with HMRC. As per the OECD, the CbCR is to 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.

Reckitt continues 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 supportive of the European Union (EU) developments in this space this year. The EU public CbCR directive will enhance the corporate transparency of large multinational companies and will enter into force on 21 December 2021. The Member States will then have 18 months to transpose the directive into their national legislation. The directive will require Reckitt to publicly disclose income taxes paid and other tax-related information for every EU Member State including the amount of profit before tax, revenue and employees. The first financial year of reporting for Reckitt will be the financial year commencing 1 January 2025.

MEETING LOCAL TAX OBLIGATIONS

Wherever we do business, Reckitt is committed to paying the taxes determined by local tax laws.

The Reckitt Group 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 taking into account 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 intent of tax laws.

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

As a global organisation, the Reckitt Group comprises over 400 subsidiary companies. We list these entities in full in our Annual Report[1] 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 commercial purpose.

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 2021, our Legal Entity Simplification (LES) project team, assisted by the tax team, continued to take steps to simplify as many of the Group's dormant and redundant entities as possible, ready for liquidation. This will reduce the time and cost incurred in meeting routine compliance requirements, and simplify the Group's financial and tax reporting obligations.

The jurisdictions targeted under LES include entities incorporated in the British Virgin Islands, the Cayman Islands, Guernsey, Ireland, Jersey, Luxembourg, the Netherlands, Switzerland, the United Kingdom and the United States. Some will require the appropriate tax authority clearance before they can be liquidated. A number of the target entities have been placed into liquidation 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 UK tax in accordance with UK tax legislation. In addition, as a UK-headquartered Group, all these entities are subject to disclosure and are taxed (where appropriate) under the UK-controlled foreign company rules.

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 they would otherwise have to pay 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 2020 Annual Report
https://www.reckitt.com/media/8728/reckitt_ar20.pdf

OECD

Transfer Pricing

As a large multinational, many cross-border transactions take place 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.

However, the OECD's guidance in this area continues to evolve. This year, a new agreement has been reached which will change the way some multinational businesses are taxed, and is commonly referred to as BEPS (Base Erosion and Profit Shifting) 2.0. We will continue to monitor whether these new rules will require us to modify our current approach of applying the arm's length standard to intercompany transactions. See page 13 for further detail.

Tax Incentives

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 10.

CASE STUDY – SRI LANKA

WORKING WITH TAX INCENTIVES

Sri Lanka is an important market for Reckitt in the South Asia region. We have an integrated business unit there distributing products across all three categories of Health, Hygiene and Nutrition.

The country is one of many that offers tax incentives to promote inward investment. One such incentive is a reduced rate of corporate income tax of 14%, rather than the standard 28%, which applies to profits generated from the sale of exported products.

The conditions for this reduced rate are:

a) the goods must be sold to a customer that is resident outside of Sri Lanka;
b) the goods must be transported outside of the country subsequent to the sale;
c) the payment for the sale of goods must be received in foreign currency and settled into a bank account in Sri Lanka; and
d) supporting evidence must be maintained for the factors mentioned above.

Since Reckitt is able to fulfil these conditions, the Group pays a reduced rate of 14% on profits generated from exported products. However, the overall value of this tax incentive in Sri Lanka is immaterial within the context of the Reckitt Group, given that the profit from exported products is only a small percentage of the total profit there.

INTEGRATED RISK MANAGEMENT AT RECKITT

Risk management occurs at several levels inside Reckitt. We perform risk identification and assessment at four levels: functional, Global Business Unit, corporate and Group. This gives us a 'top down' and 'bottom up' view of risk.

Where we find any gaps, we map controls and develop action plans to address them.

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.

We consider disputes resulting from a tax authority challenge to our filed tax positions to be 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 advisers.

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 be 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.

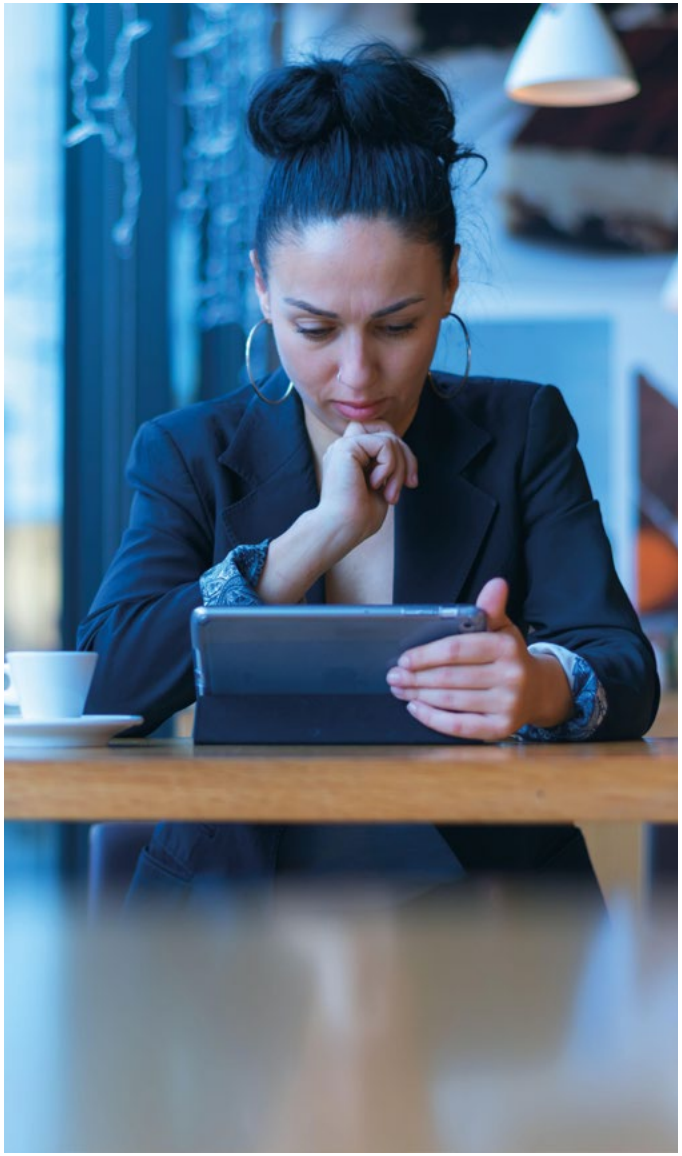
Under our Tax Policy, day-to-day responsibility for all local taxes and tax compliance rests with the local Finance Director of each country or area. They are supported by finance or tax professionals in their local finance teams, the Group tax team and external advisers as required.

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.

INTEGRATED RISK MANAGEMENT AT RECKITT CONTINUED

"Part of the risk of any transaction is the possibility that a tax authority's judgement or interpretation may differ from our own.



The Group 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.

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, taking into account factors such as 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 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 Group's formal internal quarterly reporting process. Each is separately evaluated by the central 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. See page 14 for Notification of Uncertain Tax Treatments.

To enhance our central governance over subsidiaries' tax compliance, this year we have entered into a global agreement with a third-party provider 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.

RESPONDING TO CHANGES IN GLOBAL TAX LAWS

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

Below, are some examples of tax law developments considered by our tax team in 2021.

OECD BEPS 2.0 – Pillar 1 and Pillar 2

Reckitt has been closely monitoring the developments in the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS). A two-pillar solution has been agreed to address the tax challenges arising from the digitalisation of the economy and is expected to apply from 2023.

Pillar One of the agreement 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%. In addition, the application of the arm's length transfer pricing rule to in-country baseline marketing and distribution activities will be simplified and streamlined. Given our current level of group turnover, we would not expect to fall within scope of this new taxing right but we will need to keep this under review. We will also need to await details from the further work to be undertaken by the OECD on the baseline marketing and distribution activities provision to understand how Reckitt may be impacted. This further work is expected to be completed by the end of 2022.

The Pillar Two rules will ensure that large multinational businesses with consolidated revenues of EUR 750 million or more pay a minimum effective rate of tax of 15% on profits in all countries.

Plastic Packaging Taxes

We expect that Spain (in 2022) and Italy (in 2023) will introduce taxation on single use plastics used in packaging, whilst the UK from April 2022 will tax packaging that contains less than 30% recycled material. 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.

As part of our compliance preparation, we have engaged with HMRC's Indirect Tax Design Team, along with many other businesses, to ensure that the new UK Plastic Packaging Tax is developed and implemented in as practical and as sympathetic a manner as possible. This approach has been taken to optimise the efficiency of our tax processing and compliance.

Brexit

Following the UK's exit from the EU, Reckitt has complied with the Trade and Cooperation Agreement (TCA) and claimed import tariff exemption, where appropriate. We have ensured our compliance through regular contact with customs officials and our customs brokers.

When individual shipments have been reviewed at a point of import, our in-house customs specialists have ensured any confusion over documentation is rapidly resolved, and goods are cleared promptly. We have also configured our enterprise resource planning (ERP) systems to automate the application of the TCA and import tariff exemptions. How the UK and the EU trade with one another continues to evolve, and we closely track resulting changes to ensure that Reckitt is compliant and able to keep our goods flowing.

RESPONDING TO CHANGES IN GLOBAL TAX LAWS CONTINUED

Notification of uncertain tax treatments

Reckitt has been preparing to comply with this new UK tax requirement, which will apply to certain tax returns submitted on or after 1 April 2022. As a large business, we will need to notify HMRC of any 'uncertain amounts' in respect of corporate income tax, income tax and VAT, where at least one of two triggers and the notification threshold are met, and where no exemption applies. A separate annual notification will be required for each tax.

COVID-19: our approach and response

In 2021, we continued to choose not to elect for COVID government reliefs that are designed to benefit companies financially. We have only used certain economic measures that are automatically provided, and which only benefit our employees or end-consumers directly. All decisions on using pandemic-related economic measures have been robustly reviewed by our COVID-19 Steering Committee, which was created for this express purpose.

Reckitt is aware of the importance of playing our part in combatting COVID-19 and supporting the subsequent economic recovery. As a global leader in health and hygiene, we have a responsibility to provide consumers and communities with accurate, up-to-date information on the best ways to protect themselves. We strongly believe that hygiene is fundamental to staying healthy and that good hygiene practices are essential.

In 2020, we mobilised £52.75 million for our Fight for Access Fund. To achieve this significant increase in funding we committed additional finance from our business, increased product donations to our partners, and diverted savings made across our brands during the year. The fund supports projects that improve access to health, hygiene and nutrition for all. For the future, we have also committed to allocate the equivalent of 1% of our annual adjusted operating profit, averaged over three years, to continue to broaden and deepen that access. Further details on what we have been doing in this area can be found on our website.
https://www.reckitt.com/about-us/coronavirus-information

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.

> **"Real-time working gives us greater clarity over our tax position, helping to reduce the risk of unexpected surprises later down the line.**

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.

Supporting effective tax systems

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

We also participate with the wider business community and trade bodies, playing 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.

CASE STUDY – RUSSIA

OUR ECONOMIC CONTRIBUTION IN RUSSIA

The year Reckitt established business operations in Russia

2003

Brands marketed in Russia in 2020

26

ETR in 2020 (compared to the headline statutory rate of 20%)

23%

Our business units in Russia manufacture, market and distribute a range of health and hygiene products. As in every other country, our business there complies with the Group's Tax Policy, and the local finance teams work closely with Reckitt's central tax team to ensure full tax compliance.

Between 2018 and 2020, Reckitt made a total tax contribution in Russia of £80.7 million (comprising both taxes borne and collected – see below for further information). However, tax is just one part of Reckitt's economic contribution to the country. We create direct employment for over 1,000 people, develop skills, and make capital investments and significant purchases of local goods and services.

Companies in Russia 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 Russia, in line with our aim of maintaining professional relationships with all the tax authorities with whom we work worldwide.

CASE STUDY – RUSSIA SOCIAL IMPACT INVESTMENT

SOCIAL IMPACT THROUGH DUREX

To help fight HIV/Aids, Reckitt's Durex brand supported the Russian Ministry of Health's "HIV test: Expedition" project covering over 200 cities.

The campaign drove HIV awareness and encouraged people to adopt safer sexual practices, including HIV testing.

It has been backed by a consumer education campaign across both traditional and new media channels. And on the ground, a range of mobile health services including free and anonymous HIV status checks.

By the end of 2020, the initiative had reached over 30 million people with better HIV/AIDS information, and almost 25,000 people received direct services from the mobile testing and treatment units.

Alongside this collaboration with the Ministry, Reckitt also launched its "Your Health – Your Responsibility" education campaign. It uses Russian opinion leaders and popular bloggers to improve HIV awareness and advise how people can reduce their risk of infection.

Reckitt is also working closely with NGOs to drive this HIV awareness in Russia, particularly among young adults.

> **"**
>
> **We are motivating people to adopt safer sexual practices.**

CASE STUDY – RUSSIA SOCIAL IMPACT INVESTMENT

SUPPORTING RUSSIANS THROUGH COVID

Throughout the COVID-19 pandemic, Reckitt has donated products, time and financial support across the world. Within Russia, our efforts have focused on three areas.

1. We donated money to help protect front-line medical staff in Klin City Hospital.

2. We supported terminally ill patients within hospices to obtain medical help and support during isolation and lockdown. We also gave further support to elderly people – the most vulnerable group to infection – to receive hygiene products and medical services.

3. We have donated tens of thousands of Dettol sanitisers to the non-profit organisations "Medical Volunteers" and "Volunteers to Help Orphans"; the "Center Plus" organisation caring for people with HIV/AIDS; and a further 160,000 Dettol sanitisers to the Russian Red Cross.

CASE STUDY – RUSSIA SOCIAL IMPACT INVESTMENT

PARTNERING WITH THE ST. PETERSBURG INTERNATIONAL ECONOMIC FORUM

In June 2021, Reckitt became an official partner for the first time of the St. Petersburg International Economic Forum.

To support this major international business event – the first in-person event in Russia since the start of the pandemic – Reckitt provided hygiene products, including Dettol hand sanitisers and wipes, to help keep more than 13,500 participants from over 140 countries safe.

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.

Adjusted effective tax rate
Adjusted continuing income tax expense as a percentage of Adjusted profit before tax. See Annual Report[1] for an explanation of adjusting items.

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

HMRC
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, GST, import and excise duties.

1 Reference 2020 Annual Report
https://www.reckitt.com/media/8728/reckitt_ar20.pdf

Non-governmental organisation (NGO)
An organisation that aims to help address social or political issues and which operates independently of any government.

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 payments.

We hope you have found this document useful. If you have any questions or feedback, please get in touch with us at:
TaxStrategy2021@rb.com

LINKS TO RESOURCES

Here are some useful links to other Reckitt reports:

Annual Report
https://www.reckitt.com/media/8728/reckitt_ar20.pdf

Sustainability Insights Report
https://www.reckitt.com/media/8634/sustainability-insights-2020.pdf

Gender Pay Report
https://www.reckitt.com/media/8542/reckitt-gender-pay-report-2020-final.pdf

ABOUT OUR BUSINESS

Reckitt* exists to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world. We believe that access to the highest quality hygiene, wellness and nourishment is a right, not a privilege.

Reckitt is the company behind some of the world's most recognisable and trusted consumer brands in hygiene, health and nutrition. They include Air Wick, Calgon, Cillit Bang, Clearasil, Dettol, Durex, Enfamil, Finish, Gaviscon, Harpic, Lysol, Mortein, Mucinex, Nurofen, Nutramigen, Strepsils, Vanish, Veet, Woolite and more.

Every day, more than 20 million Reckitt products are bought 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. We aim to do the right thing, always.

We are a diverse global team of more than 43,000 colleagues. We draw on our collective energy to meet our ambitions of purpose-led brands, a healthier planet and a fairer society. Find out more, or get in touch with us at **www.reckitt.com**

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