



# Reliance Worldwide Corporation Limited Tax Strategy

(Version 5.0 May 2020)

We regard the publication of this document as complying with our duty to publish a Tax Strategy in relation to UK taxation under paragraph 19(2) of Schedule 19 of the UK Finance Act 2016 for the RWC UK Group for the financial year ending 30 June 2020.

# 1. Introduction

## 1.1 Introduction

The RWC Board has publicly communicated that it is committed to achieving and demonstrating the highest standards of corporate governance and that good corporate governance promotes better corporate performance.

RWC's corporate governance framework sets out the guiding principles and practices by which we conduct our business. A clearly articulated approach to the management of taxes and tax risk is consistent with the principles of good corporate governance. The Board acknowledges that as part of this commitment, it has an obligation of oversight in relation to the tax affairs of RWC. The Board requires the Board Audit & Risk Committee (Board ARC) to review, oversee and approve the tax strategy and tax governance framework and consider and action tax risk management issues that are brought to the attention of the Board ARC. This tax strategy has been approved by the Board ARC and has been endorsed by the Board.

The strategy will be reviewed annually by the VP Group Taxation & Treasury (VPGT&T), who reports to the Group Chief Financial Officer (CFO). The VPGT&T will propose any changes to the CFO and the Board.

Implementation of the tax strategy is the responsibility of the VPGT&T and the CFO. The VPGT&T will report compliance with the tax strategy, by exception to the CFO and the Board.

# 2.0 Tax Strategy

## 2.1 Overview

The tax strategy approved by the Board strives to achieve an appropriate balance between the value sought and the risk accepted to realise value for RWC's shareholders. To enable this strategy, the role of the tax function can be best described as:

*To deliver effective and pragmatic tax advice to the business in a cost-effective way whilst acknowledging that there is a certain level of risk inherent in meeting our obligations under the law.*

To be successful in this endeavour we will:

- Ensure that RWC has complied with all applicable tax laws and obligations and made the necessary tax filings and payments by the relevant statutory due dates;
- Not participate in, or facilitate, tax evasion;
- Maintain an open and transparent relationship with all relevant tax authorities and proactively engage with tax authorities should the need arise;
- We aim to be considered a low risk taxpayer by tax authorities, with the recognition that the risk rating will be affected by tax complexity;
- Maximise after-tax returns in support of commercial business activities whilst obtaining certainty for any tax positions taken; and
- Protect the reputation of RWC in relation to tax matters

## 2.2 Tax Risk Tolerance

RWC will tolerate a low level of risk, which is inherent in taxation matters given the volume and continually evolving complexity of the legislation globally. Notwithstanding, taxes will be managed with the objective that all tax liabilities properly due under the law are correctly recorded, accounted for and paid. RWC's tax risk tolerance is determined based on the following agreed set of tax risk factors: reputational risk, technical merits, business purpose, documentation support, ease of implementation and operation and exit strategy. The VPGT&T is responsible for setting the tolerance level ratings for each of the identified risk factors.

## 2.3 Certainty of Tax Positions

RWC will balance considered tax planning with appropriate tax risk management by adopting valid and supportable positions and maintaining awareness of other prevailing views and risks. Only commercially driven transactions will be undertaken, and no transactions will be undertaken only for tax purposes. The desired state is that any proposed position is well supported by current laws, case law in the relevant jurisdiction(s) and current practices and by external advice and/or counsel opinion.

## 2.4 Tax Risk Assessment

Tax risks will be identified from the structure, financing, trading operations and availability of skilled resources. Once it has been identified, the VPGT&T will analyse the risk to understand the nature of the risk and determine the level of risk. Agreed actions are the responsibility of the VPGT&T except where noted otherwise.

In the event of an uncertain tax position, further mitigation actions must be taken and agreed between the VPGT&T and CFO. These actions may include:

- External advice (including a "second opinion") to support the position being adopted; or
- Tax authority clearance or rulings (if possible); and
- Enhanced documentation and future monitoring of the position.

In all other cases, obtaining external tax advice is at the discretion of the VPGT&T in consultation with the CFO.

To the extent that the tax risk meets the materiality threshold outlined in the RWC Enterprise Risk Management program it will also be then picked up as part of the Global risk matrix and reported to the Board ARC along with other non-tax risks.

## 2.5 Tax Risk Reporting and Escalation

The Board requires the Global Tax Function to adopt a "no surprises" management communication philosophy. RWC meets this requirement by having a clearly defined reporting hierarchy and multiple tax reporting forums in place to aid the escalation of tax risks through the organisation. The Board bears the ultimate responsibility for corporate governance and tax risk management standards and delegates oversight to the Board ARC.

As transactions that might give rise to potential tax risks are identified, the VPGT&T is required to advise the CFO and document the considerations and conclusions in relation to the potential risk. To this end, this will be evidenced by the preparation and review/sign-off of a position paper on such transactions. The extent of review/sign-off of the position paper will be determined by the tax affected amount of the position/risk and agreed by the CFO and the VPGT&T in the first instance. The CFO and the VPGT&T will also decide escalation process required in relation to the issue/ risk.

Issues considered to adversely impact RWC's reputation as a good corporate citizen will be immediately reported to the Board.

Further engagement with the Board may occur during the year if required (e.g. if significant tax issues arise). A summary memorandum will be prepared and tabled at the next available Board ARC meeting in respect of such tax risk issues.