2023 TAX STRATEGY REPORT

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INTRODUCTION

WELCOME TO OUR 2023 TAX STRATEGY REPORT

Reckitt has a diverse, global team of over 40,000 people across more than 60 markets. We are focused on our relentless pursuit of a cleaner, healthier world and work with a shared purpose: to protect, heal and nurture.

A key element of this mission is Reckitt's responsible approach to tax. We are proud to support global initiatives for tax transparency and welcome the requirement for large multinational enterprises (MNEs) to publish their approach to tax. We support ongoing local and international efforts to create an even more responsible and sustainable tax environment.

This Tax Strategy document explains the seven tax principles that guide us and inform our compliance with tax regulations and our transparent communication with tax authorities. We adhere to the local tax law in each country where we have business interests, and we are committed to paying the right amount of tax.

While Reckitt's corporate headquarters are in the UK, this Tax Strategy applies to all Reckitt's operations worldwide and to all taxes for which we are responsible.

We keep our approach to tax transparency under constant review and are currently working towards publishing more granular tax and financial information by territory in the coming year (i.e. publication of our Country by Country report for FY2023 by the end of 2024).

The international tax landscape is evolving. This year's report covers some notable tax developments in 2023, such as the implementation of Pillar Two: an initiative led by the Organisation for Economic Co-operation and Development (OECD) to ensure that multinationals pay a minimum effective corporate tax rate of 15% on income arising in low-tax jurisdictions. We explore this in more detail on page 9.

On a personal note, I will be retiring in March 2024, after almost four years with the business. I am delighted that Shannon Eisenhardt has joined Reckitt as CFO Designate. Shannon's experience as CFO at NIKE Consumer, Brand & Marketplace and, before that, in various finance roles at P&G, will be invaluable to us at Reckitt. I wish her and the team all the very best for the future.

We consider that this tax publication satisfies our duty under paragraph 16(2), Schedule 19 of the UK Finance Act 2016, to publish the Group's Tax Strategy for the financial year ending 31 December 2023. We hope this annual publication continues to support our stakeholders' understanding of Reckitt's approach to tax.

Further information about Reckitt, including our annual report, sustainability insights and social impact report can be found on Reckitt.com.

JEFF CARR
CHIEF FINANCIAL OFFICER

"We intend to make our Country by Country report public in 2024."

INTRODUCTION

RECKITT BY NUMBERS

At a glance

Employees
40,000

Markets
60+
countries across six continents

Business units
3

Group net revenue
£14.5bn

UK net revenue
£778m

Revenue from more sustainable products
24.4%

66%
Absolute reduction in carbon emissions from operations since 2015

£32m
Invested in Fight For Access Funds

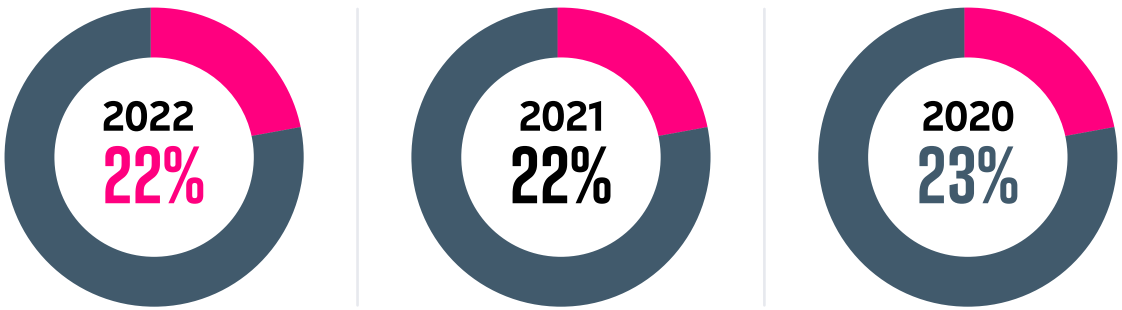
Tax highlights*

Net Revenue

2022	2021	2020
£14.5bn	£13.2bn	£14bn

	Adjusted profit before tax	Adjusted income tax expense
2022	£3,162m	£691m
2021	£2,654m	£584m
2020	£3,040m	£690m

Adjusted effective tax rate



* Financial years ended 31 December 2020 – 31 December 2022 https://www.reckitt.com/investors/

RECKITT'S TAX PRINCIPLES

Reckitt approaches tax* responsibly in all markets in which we operate. We are guided by the following seven tax principles:

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 the laws of the countries 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 co-operative 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.

*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 has a substantial presence in many countries around the world. We work with multiple tax regimes whose tax law interpretation and practices differ from each other. Global tax initiatives also impact local tax systems, bringing further changes and potential uncertainties. Reckitt's Tax Policy framework is designed to reflect this multiplicity and guard against potential tax risks.

This policy is aligned with the overall strategy and operation of our business and applies to all taxes we incur.

What is the goal of our Tax Policy?

The goal of our Tax Policy is to ensure that:

- We fully consider the impact of all taxes on a transaction before the transaction is entered into.
- We fully comply with local tax legislation, prepare all appropriate documentation and file it with respective authorities on time.
- We comply with the International Accounting Standards on tax, in particular IAS 12; and the reporting of tax (current and deferred) is coherent, timely and accurate.
- Accurate and timely information on tax status of all Reckitt entities is communicated to Reckitt's central tax department, so that the Group's overall tax position is fully understood.
- We ensure that Reckitt's reputation for the highest level of corporate governance and responsibility is maintained.

How do we manage our tax affairs?

Reckitt's tax affairs are managed globally by the central tax team, based in Slough, UK (CHQ Tax). The team is part of the Group's finance function and reports to the Chief Financial Officer (CFO), who receives frequent updates throughout the year from the tax team.

Tax at Reckitt is managed by 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 with significant operations, or where local tax law is complex, Reckitt's 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.

Reckitt CHQ Tax Team

The Group Audit Committee receives regular reports, including on tax matters, from the Group's Corporate Controller, 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 or 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.

MEETING LOCAL TAX OBLIGATIONS

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

Reckitt CHQ Tax Team partners with colleagues from our local markets to provide timely and appropriate guidance on all aspects of tax. This allows tax risks to be managed and enables full compliance with local tax laws.

We do not carry out artificial tax planning for the purpose of tax avoidance, or engage in tax arrangements that go against the clear intent of tax laws.

Reckitt is a global organisation with over 400 subsidiary companies, which are listed in full in our Annual Report along with their country of incorporation. In accordance with our Tax Principle 5, we do not engage in artificial tax planning, and so do not operate in 'tax havens' or low-tax jurisdictions without a genuine business or commercial substance.

Reckitt entities located in tax havens are there for historical reasons that may no longer be relevant, or were already there when they became part of the Group, during a wider business acquisition. This year, we continued efforts to simplify the Group's structure. Work carried out in previous years, has resulted in the formal dissolution of several entities, including those incorporated in Ireland and Guernsey.

Many of our companies incorporated in tax havens 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 Group. These transactions are priced in accordance with the standards established under the relevant OECD Transfer Pricing guidelines.

These OECD standards guide multinational groups 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. The standards are aimed at preventing taxable profits of multinational groups being artificially shifted out of a given jurisdiction, and ensuring 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.

We also noted increased compliance requirements for Transfer Pricing-related documentation across many markets around the world. We centrally monitor to ensure such requirements are met across the markets where Reckitt operates.

Public Country by Country Reporting (CbCR)

CbCR, proposed for tax administrations by the OECD, is a compliance requirement imposed by many tax authorities around the world. In the UK, the CbCR requirement is applied to the accounting periods starting on or after 1 January 2016. Currently, the reports are confidential and may be published voluntarily. As a UK-based business, Reckitt submits its CbCR annually to HMRC in the UK. The report is available for sharing with tax administrations in other countries via a multilateral exchange of information mechanism.

Please see page 9, discussing future developments with respect to public CbCR. We will comply with such requirements as the regulations come into force.

In the year ended 31 December 2022, Reckitt paid £831m in corporate income tax worldwide. In addition, we made significant payments in relation to employment taxes, indirect taxes, duties and other levies.

Tax incentives

Tax incentives are one route by which governments encourage business investments in a particular economic activity. We may consider the use of tax and available incentives when deciding where to invest Reckitt's resources, but this is just one of many factors we take into account.

The adjusted effective tax rate in FY2022 was 21.9%.

Reckitt Annual Report

INTEGRATED RISK MANAGEMENT AT RECKITT

Our tax risk management is subject to careful governance.

We manage tax risk at four levels inside Reckitt, giving us both a 'top down' and 'bottom up' view of risk:

Functional | **Global Business Unit** | **Corporate** | **Group**

Internal control process and action plans are developed to monitor and manage risks. The most significant principal and emerging risks are identified and disclosed in our Annual Report. The Board, or a designated Committee of the Board, provides oversight across each principal risk.

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, and we implement internal control processes through clearly defined roles and responsibilities.

We monitor internal control systems and manage risk via three strands:

1. **Management:** This ensures that controls, policies, and procedures are followed when dealing with day-to-day business risks. Supervisory controls ensure appropriate checks and verification.
2. **Oversight:** The management of each function and business unit acts as a second line of oversight and verification. They set local policies and procedures in line with Group policy and authorisation.
3. **Independent review:** Provided by internal and external auditors 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 and we 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.

Day-to-day operations

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:

- All necessary tax returns are prepared and submitted on time.
- The tax returns are complete and accurate, with full and proper disclosure of any issues that could be contentious.
- The correct amount of tax is paid when it is due.
- 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 it can fully consider any tax consequences and risks. The team 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.

Tax judgement

The international business environment is increasingly complex, and some degree of tax risk and uncertainty is inevitable. We are proactive in our management and control of these risks and take appropriate advice from accountancy or law specialists 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 lies in the possibility that a local 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. Maintaining our reputation as a responsible taxpayer is the key consideration when determining an acceptable level of risk.

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.

We work with external advisors to prepare and submit tax returns, including corporate income taxes and certain indirect tax obligations. This reinforces central governance over our subsidiaries' tax compliance and ensures we are 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.

Further details on Reckitt's risk management approach can be found in **Reckitt's 2022 Annual Report (Reckitt.com)**.

HOW WE ARE RESPONDING TO CHANGES IN GLOBAL TAX LAWS

Reckitt's CHQ 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 we considered in 2023.

OECD BEPS 2.0 – Pillar One and Pillar Two

The OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting has outlined a two-pillar solution to address the tax challenges arising from the digitalisation of the global economy.

Pillar One gives market jurisdictions new taxation rights over a share of the residual profits of the largest and most profitable multinational enterprises (MNEs) 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 keep this under review.

The **Pillar Two** framework is applicable to multinational businesses with consolidated revenues of at least EUR 750 million, and mandates a minimum effective tax rate of 15% on profits in all countries, to discourage the artificial shifting of profits from higher to lower-tax jurisdictions. Following the OECD's recommendations, many countries around the world are in the process of enacting the rules into their local legislation. Reckitt falls into the scope of these rules and has operations in countries where the tax rate is currently below 15%. Pillar Two framework will apply from 1 January 2024, and although we do not expect it to be material to the Group, it will present an increase in compliance burden.

EU Country by Country Reporting (CbCR) Directive

The EU public CbCR Directive, requiring CbCR reports to be publicly available for companies operating in the EU, came into force in December 2021. The Directive requires EU Member States to implement public CbCR into their national laws for the financial year starting on or after 22 June 2024. Romania became one of the first EU Member States to implement the Directive with early application of the rules from 1 January 2023. In addition, public CbCR is expected to be applied in Australia from FY2024. Reckitt will comply with the requirements as they come into force.

The global tax landscape is continually evolving, and the team is actively monitoring these changing developments.

Business in Europe: Framework for income taxation (BEFIT)

On 12 September 2023, the EU Commission published a proposal for a package of initiatives to reduce tax compliance costs for large, cross-border businesses.

The BEFIT proposal introduces a single set of rules to determine a tax base for large multinational companies which operate in more than one Member State. The proposal includes a common set of rules for calculating a tax base at entity level, aggregation of the tax base at EU group level, and allocation of the aggregated tax base by using a transitional allocation rule.

The new rules will be mandatory for groups with a combined global annual revenue of at least €750m where the ultimate parent holds at least 75% of ownership rights.

For groups headquartered outside the EU, their EU group businesses will only apply BEFIT rules where they have achieved €50m combined revenues in at least two of the four previous fiscal years, or 5% of total group revenues. We are monitoring the BEFIT discussion to assess the implications for Reckitt.

UK audit and corporate governance reform

In May 2022, the UK Government announced details of the anticipated corporate governance regime reforms, which place increased accountability on directors, shareholders, audit firms and the regulator. The corporate governance reforms are expected to be applicable in the UK to large privately owned companies and listed businesses. Reckitt is preparing for the impact of the reforms on our financial reporting, including reporting of tax matters.

Brazil transfer pricing law reform

Brazil has enacted a new transfer pricing legislation, aligned with the OECD Transfer Pricing Guidelines. Brazilian taxpayers may opt to adopt the new TP framework as early as 2023 on a voluntary basis, but it becomes mandatory in 2024. Reckitt is assessing the potential impact on our local business as a result of the changes.

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 prioritise 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 engage openly and regularly with HMRC in the UK, 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 HMRC Customer Compliance Manager and we formally discuss a review of our business activities at least once per year. We use this interaction as an opportunity to discuss any past, current or future risks across all relevant taxes and duties.

Our goal is to have a professional working relationship with our Customer Compliance Manager and other HMRC technical experts. We are committed to ensuring that Reckitt remains fully compliant with statutory and legislative tax requirements. This collaborative and real-time approach will deliver 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.

TAX GLOSSARY

Tax terminology is not always widely understood and can obscure and hinder informed dialogue. To help these conversations, we have set out a few 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 taxes are generally levied on profits and not revenues (or sales).

Effective tax rate: 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 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: Reckitt_taxstrategy@reckitt.com.

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