



FirstRand

FIRSTRAND UK TAX STRATEGY

INTRODUCTION

FirstRand Limited (FirstRand or the group) is a portfolio of integrated financial services businesses operating in South Africa, certain markets in sub-Saharan Africa and in the UK. The group offers a universal set of transactional, lending, investment and insurance products and services.

In the UK, FirstRand provides corporate and institutional financial services through FirstRand Bank Limited (London Branch), FirstRand Securities Ltd and FirstRand UK Ltd. For the purposes of this UK tax strategy document, these three entities comprise FirstRand's UK operations. Aldermore Group plc and its subsidiaries (Aldermore group) are excluded from this definition of FirstRand's UK operations. Aldermore group has published a separate tax strategy (which can be found on its website at: <https://www.investors.aldermore.co.uk/about-us/corporate-governance/introduction/tax-strategy>). References to **FirstRand's UK operations** in this document are therefore to all UK companies and UK permanent establishments within FirstRand excluding the Aldermore group. This statement is intended to meet the requirements of Section 19(2) of Schedule 19 of the 2016 Finance Act for the accounting period ended 30 June 2023 to publish an external tax strategy.

FirstRand's UK operations are guided by the same principles that apply across the FirstRand group and follow the group's tax strategy.

FIRSTRAND GROUP'S TAX STRATEGY

FirstRand commits to building a future of shared prosperity through enriching the lives of its customers, employees and the societies it serves. This is the foundation to a sustainable future and will preserve the group's enduring promise to create long-term value and superior returns for its shareholders.

FirstRand's tax strategy is aligned to its purpose statement above. In executing its strategy, the group incurs a variety of local and international taxes. FirstRand is committed to:

- complying with the spirit as well as the letter of all applicable taxation laws in the jurisdictions in which it operates;
- influencing tax policy and legislation as it relates to FirstRand UK's operations;
- developing and implementing value-adding initiatives in a responsible manner;
- maintaining effective relationships with all stakeholders; and

- full compliance with its statutory obligations.

FirstRand seeks to pay the right amount of tax at the right time. This objective is contained in the FirstRand tax compliance policy and is operationalised through the group's tax strategy. The tax strategy is aligned to the principles set out in the FirstRand tax risk management framework and sub-frameworks. Responsibility and accountability for the group's tax affairs are clearly defined in these frameworks.

FirstRand's tax strategy is anchored to two principles:

- being responsible; and
- being accountable.

FirstRand's tax strategy considers the economic and social impacts of its approach to tax, including the sustainable economic development of the jurisdictions in which it operates.

Consistent with the FirstRand group's tax strategy, the UK tax strategy is aligned with the above principles.

RISK MANAGEMENT AND GOVERNANCE ARRANGEMENTS

This tax strategy, which relates to the financial year ending 30 June 2023, is approved and owned by the executive committee of FirstRand Bank Limited (London Branch) and the respective boards of directors of FirstRand Securities Ltd and FirstRand UK Ltd. These bodies are respectively responsible for the management and monitoring of tax risks and have ultimate responsibility for FirstRand's UK operations' business tax strategies and outcomes. Tax risks, as well as improvements to the compliance processes, are reported periodically to the group's Corporate and Institutional segment audit, risk and compliance committee.

FirstRand has implemented a tax risk management framework which refers to the process of identifying, managing, monitoring and reporting the risks to which FirstRand's UK operations are exposed. The tax risk management framework is supported by policies, processes and procedures. These combine to ensure that risks are managed in a manner which is appropriate to the size and nature of the group's operations.

ATTITUDE TO TAX PLANNING AND LEVEL OF RISK

FirstRand's UK operations do not enter into abusive tax planning arrangements and do not use secrecy jurisdictions or so-called "tax havens" for tax avoidance. Furthermore, FirstRand's UK operations do not promote aggressive tax planning arrangements to customers and have appropriate systems and controls in place to prevent the facilitation of tax evasion/fraud and the circumvention of tax reporting by any person (employee, third party or associated person) acting on behalf of group entities. Its low-risk strategy is consistent with the adoption of HM Revenue & Customs' Code of Practice on Taxation for Banks (the Code) and any tax planning is, and will be done, in accordance with the Code.

The group carries out efficient tax planning that supports its business and reflects commercial and economic activity. The group does not endorse activities that are clearly artificial and have no commercial purpose, or whose tax results clearly differ in outcome to the intentions of the country's tax laws. The group adheres to the tax laws in all the jurisdictions in which it operates and, in so doing, seeks to minimise the risk of uncertainty or disputes. The group's tax approach is aligned to its commitment to sustainable development in the jurisdictions in which it operates.

Transactions between FirstRand group companies are conducted on an arm's-length basis and in accordance with the current Organisation for Economic Co-Operation and Development (OECD) principles. Where tax incentives or exemptions exist, the group seeks to apply them responsibly in the manner intended by governments and tax authorities. The group establishes entities in jurisdictions suitable to hold its offshore operations, considering its business activities and the prevailing regulatory environments in those offshore jurisdictions.

The broad range of tax obligations and the complexity of tax laws with which the group is required to comply, give rise to occasional uncertainty in tax liabilities. Tax risk is defined as the risk of non-compliance with these obligations, including inaccurate or late reporting which could lead to penalties, additional tax charges and reputational damage. Where there is uncertainty or significant complexity, external tax advice is sought, as deemed appropriate.

RELATIONSHIP WITH HM REVENUE & CUSTOMS (HMRC) AND OTHER TAX AUTHORITIES

FirstRand's UK operations seek to build sustainable working relationships with the HMRC, based on mutual respect and strive to have open, honest, transparent and constructive relationships with the HMRC. FirstRand's UK operations are committed to openness and transparency in their dealings with the tax authorities and aim to make full, accurate and timely disclosures in their tax returns for all UK taxes. If unintended errors arise, these will be corrected as soon as practicable after identification.