



FirstRand

FIRSTRAND GROUP TAX STRATEGY

INTRODUCTION

FirstRand Limited (FirstRand or the group) 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. A variety of local and international taxes arise in the normal course of business, including corporate income taxes, employees' taxes, value-added taxes, securities transfer taxes, stamp duties, customs duties and withholding 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;
- developing and implementing value-adding initiatives in a responsible manner;
- maintaining effective relationships with all stakeholders; and
- full compliance with its statutory obligations.

The group aims to pay the correct amount of tax at the appropriate time. This objective is contained in the FirstRand tax compliance policy and is operationalised through the group's tax strategy. This tax strategy is aligned with the principles set out in the FirstRand tax risk management framework and subframeworks. Responsibility and accountability for the group's tax affairs are clearly defined in the tax risk management framework documents.

FirstRand commits to being responsible and accountable in managing tax risk. The group'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.

SCOPE

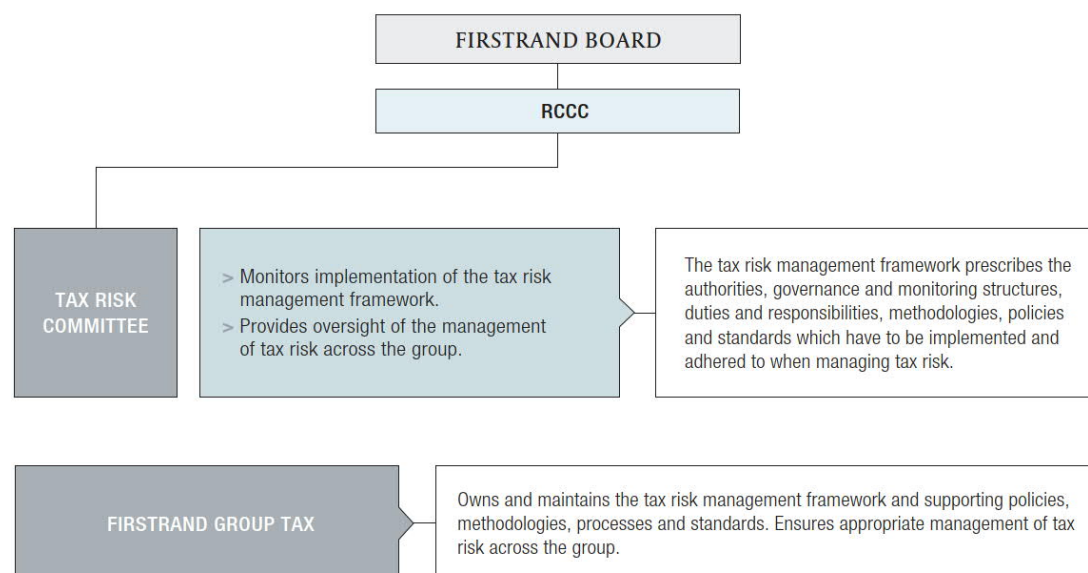
This tax strategy applies to all entities within the group. In the UK, company-specific tax strategy documents are prepared and made publicly available on the following websites:

- Aldermore Group plc and its subsidiaries (Aldermore group): <https://www.investors.aldermore.co.uk/about-us/corporate-governance/introduction/tax-strategy>; and
- other FirstRand UK entities – refer to *FirstRand UK tax strategy* document at: <https://www.firstrand.co.za/investors/esg-ressource-hub/policies-and-practices/>.

The tax strategy is approved and owned by the FirstRand board, which governs the management of tax risks across the group.

TAX RISK GOVERNANCE

TAX RISK GOVERNANCE STRUCTURE



The group has a culture of strong and effective governance which also applies to its management of tax risks. The FirstRand board is ultimately responsible for the group’s tax strategies and outcomes, and the effective management of tax risks within the group. The board discharges its obligations through the FirstRand risk, capital management and compliance committee (RCCC).

The FirstRand tax risk committee is a subcommittee of the RCCC and is responsible for monitoring and managing tax risk exposures, and the effectiveness of tax risk management across the group.

FirstRand Group Tax (FRGT) has been mandated by the FirstRand tax risk committee to manage the group’s tax risks, in conjunction with the business owners in each of the entities in the group. The FRGT tax strategic committee (tax stratco) operates alongside the FRGT exco and proactively identifies, evaluates, manages and reports through the FirstRand tax risk committee on tax and data quality risks within agreed and acceptable

parameters to facilitate the group's tax strategy. The tax stratco is attended by FRGT department heads and other key members.

The responsibility at a business/entity level lies with the relevant business/entity CEO and CFO. They are responsible for maintaining tax-related risks at an acceptable level. To enable the various businesses/entities to fulfil their tax risk management responsibilities, FRGT has deployed a team of tax specialists to fulfil an advisory role regarding tax issues arising within the various businesses/entities. Tax risks are reported periodically to the RCCC.

TAX RISK MANAGEMENT AND TAX RISK APPETITE

FirstRand believes that the effective management of risk, performance and financial resources is key to its success and underpins the delivery of sustainable returns and earnings growth to shareholders. FirstRand's appetite for tax risk is agreed by the board and set out in the overarching FirstRand tax risk management framework and other supporting subframeworks, policies, processes, procedures, manuals and guidelines. Together these documents ensure that risks are managed in a manner which is appropriate to the size and nature of the group's operations.

The tax risk management framework provides comprehensive principles of tax governance and tax risk management to be adhered to in managing the group's tax affairs. Practical implementation is detailed in the tax risk management policy, including how tax risk is identified, monitored and managed.

Tax risk is defined as the risk of:

- financial loss due to the final determination of the tax treatment of a transaction by revenue authorities being different from the implemented tax consequences of such a transaction, combined with the imposition of penalties;
- the sanction or reputational damage due to non-compliance with the various revenue acts; and/or
- the inefficient use of available mechanisms to benefit from tax dispensations.

Accordingly, any event, action or inaction in an entity's strategy, operations, financial reporting or compliance that either adversely affects its tax or business position, or results in unanticipated penalties, assessments, additional taxes, harm to reputation, lost opportunities or financial statement exposure, is regarded as tax risk.

FirstRand aims to minimise the level of tax risk in business processes that could materially affect its tax compliance obligations. Key risks are monitored and, where required by legislative and business developments, changes to processes and controls are made.

The broad range of tax obligations and the complexity of tax law with which FirstRand is required to comply give rise to occasional uncertainty in FirstRand's tax liabilities. External tax advisers are used where necessary to support interpretation and implementation in accordance with the group's low-risk approach.

Management is responsible for ensuring that policies and procedures that support the tax risk management framework are in place, monitored and applied consistently in all operations, and that the group's tax team has the skills and experience to implement these appropriately. To this end, external tax risks arising from legislative and regulatory changes are actively managed, as are internal tax risks, comprising compliance and operational risks. Management oversight includes the implementation of controls over compliance processes and the ongoing monitoring of control effectiveness. Tax risk management forms part of the group's overall internal control processes which are periodically audited by internal and external auditors.

FIRSTRAND'S TAX PLANNING PHILOSOPHY

The following principles anchor the group's tax planning philosophy:

- The group engages in efficient tax planning that supports client business and reflects commercial and economic activity.
- FirstRand 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 particular country's tax laws.
- The tax laws in all the jurisdictions in which the group operates are fully complied with and the risk of uncertainty or disputes are minimised.
- The group does not enter into abusive tax planning arrangements and does not use secrecy jurisdictions or so-called "tax havens" for tax avoidance.
- FirstRand's tax approach is aligned to its commitment to sustainable development in the jurisdictions in which it operates.
- The group does not promote aggressive tax planning arrangements to its customers.
- The group has appropriate systems and controls 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.
- Where applicable and where required, group entities submit returns to their local revenue authorities and agencies as prescribed under tax administration laws or anti-money laundering laws.
- FirstRand seeks to pay the correct amount of tax in each of the jurisdictions where it operates.
- Transactions between group entities 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 fiscal authorities.
- The group establishes entities in jurisdictions suitable to hold its offshore operations, considering the business activities and the prevailing regulatory environments in those jurisdictions.

FIRSTRAND'S APPROACH TO DEALINGS WITH GOVERNMENTS AND FISCAL AUTHORITIES

The group seeks to build sustainable working relationships with governments and fiscal authorities, based on mutual respect. The group strives to have an open, honest, transparent and constructive relationship with governments and fiscal authorities.

Where possible, FRGT works in conjunction with fiscal authorities to resolve disputes and engages with governments on the development of tax laws. FirstRand is committed to make full, accurate and timely disclosures in its tax returns. If unintended errors arise, these are corrected as soon as practicable after identification.

FirstRand regularly considers the views of other external stakeholders (including governments and fiscal authorities), which informs FirstRand’s tax approach and strategy. In particular, FirstRand is a member of the Banking Association of South Africa (BASA) tax committee. This committee promotes discussions on tax issues relating to the various South African revenue acts, advocates for tax reforms, and ensures that the regulatory and supervisory framework addresses relevant issues. BASA has entered into an accord with the South African Revenue Service (SARS) that sets out the respective parties’ expectations to ensure tax compliance. FirstRand’s low-risk tax strategy is consistent with the adoption of the BASA/SARS accord and Her Majesty’s Revenue and Customs’ Code of Practice on Taxation for Banks.

In addition, FirstRand complies (amongst others) with the following topical points:

<p>Base erosion and profit shifting (BEPS) recommendations</p>	<ul style="list-style-type: none"> • The group files country-by-country reports in accordance with the BEPS recommendations issued by the OECD to address the weaknesses in the international tax system.
<p>Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)</p>	<ul style="list-style-type: none"> • FATCA and CRS submissions are made to aid in the exchange of information amongst revenue authorities globally to combat offshore tax evasion. • Group entities submit the returns to their local revenue authorities on an annual basis as prescribed under tax administration laws, in compliance with FATCA and CRS. In instances where local laws have not yet incorporated FATCA and CRS, reports are submitted directly to the United States Internal Revenue Service.
<p>Mandatory disclosure rules</p>	<ul style="list-style-type: none"> • BEPS Action 12 contains recommendations regarding the design of mandatory disclosure rules by financial institutions for aggressive tax planning schemes and the circumvention of tax reporting regimes, as well as the promoters and users of such schemes. • Where applicable and where required, group entities submit returns to their local revenue authorities as prescribed under tax administration laws.
<p>UK Criminal Finances Act 2017</p>	<ul style="list-style-type: none"> • The group has appropriate systems and controls 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. • Where applicable and where required, group entities submit returns to their local revenue authorities as prescribed under tax administration laws or anti-money laundering laws.

ENGAGEMENT AND FEEDBACK

Contact FirstRand Investor Relations on investor.relations@firstrand.co.za.