



# 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 the Aldermore website: <https://www.investors.aldermore.co.uk/about-us/corporate-governance/introduction/tax-strategy>). References to **FirstRand's UK operations** 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 2022 to publish an external tax strategy.

FirstRand's UK operations are guided by the same principles as those which apply throughout FirstRand and follow the group's tax strategy.

### FIRSTRAND GROUP'S TAX STRATEGY

FirstRand's stated long-term strategic objective is to deliver superior and sustainable economic returns to shareholders within acceptable levels of volatility and maintain balance sheet strength. In executing its strategy, the group incurs a variety of local and international taxes. The group is committed to complying with all tax laws and practice in a responsible manner.

FirstRand's tax strategy commits to two principles:

- being responsible; and
- being accountable.

FirstRand acknowledges that it is imperative to exhibit integrity in everything that it does.

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 ended 30 June 2022, 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. Its low-risk strategy is consistent with the adoption of HM Revenue & Customs' Code of 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 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 conducts transactions between FirstRand group companies 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 intend to have an open, honest and constructive relationship with HMRC. FirstRand's UK operations are committed to the principle of openness and transparency in an effort to build trust 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.