

# Nedbank Tax Strategy

## Introduction

Nedbank is committed to being a responsible corporate citizen, paying its fair share of tax, and acting with transparency and integrity. Our tax strategy aligns with our purpose, vision, values, and business strategy, ensuring sustainable relationships and tax certainty.

**Our tax strategy, aimed at unlocking strategic value, is executed in an integrated approach as follows:**



## Key tax principles

Our tax strategy is guided by the following principles:

### 1 Responsible corporate citizen

- We pay our fair share of tax within industry norms.
- We engage with revenue authorities with integrity to support positive and sustainable relationships.
- We seek to resolve disagreements with revenue authorities promptly.

### 2 Transparency

- We are transparent about the taxes we pay and our approach to tax.
- We aim to build trust and manage stakeholder expectations through clear communication.

### 3 Risk management and governance

- We manage tax risks within the group's risk appetite guidelines.
- We ensure robust risk assessment and support for all adopted tax positions.
- We protect the group's reputation through strong governance.

#### 4 Constructive engagement

- We engage constructively with revenue authorities and industry bodies.
- We support the development of effective and efficient tax systems, laws, and administration.

#### 5 Regulatory compliance

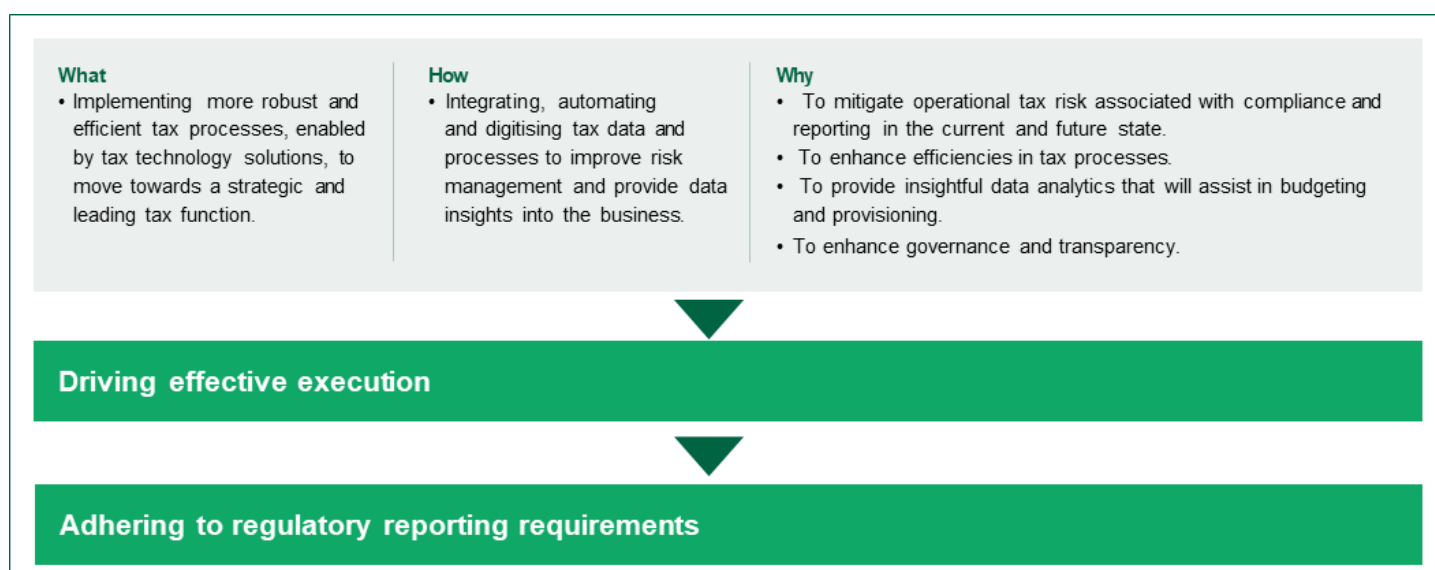
- We ensure timely compliance with all statutory tax obligations.
- We continuously monitor and adapt to new tax legislation.

#### 6 People development

- We develop highly qualified tax professionals with digital and analytical skills.

### Tax and technology

Technology is an important enabler in achieving our tax objectives. To enhance our productivity and improve operational efficiency and the integrity of our tax reporting, we will continue to leverage the technology platforms that are at our disposal and continue to drive automation and digitalisation of our tax processes.



### Tax compliance

We are committed to tax compliance in all jurisdictions where we operate. Our approach to tax compliance includes the following:

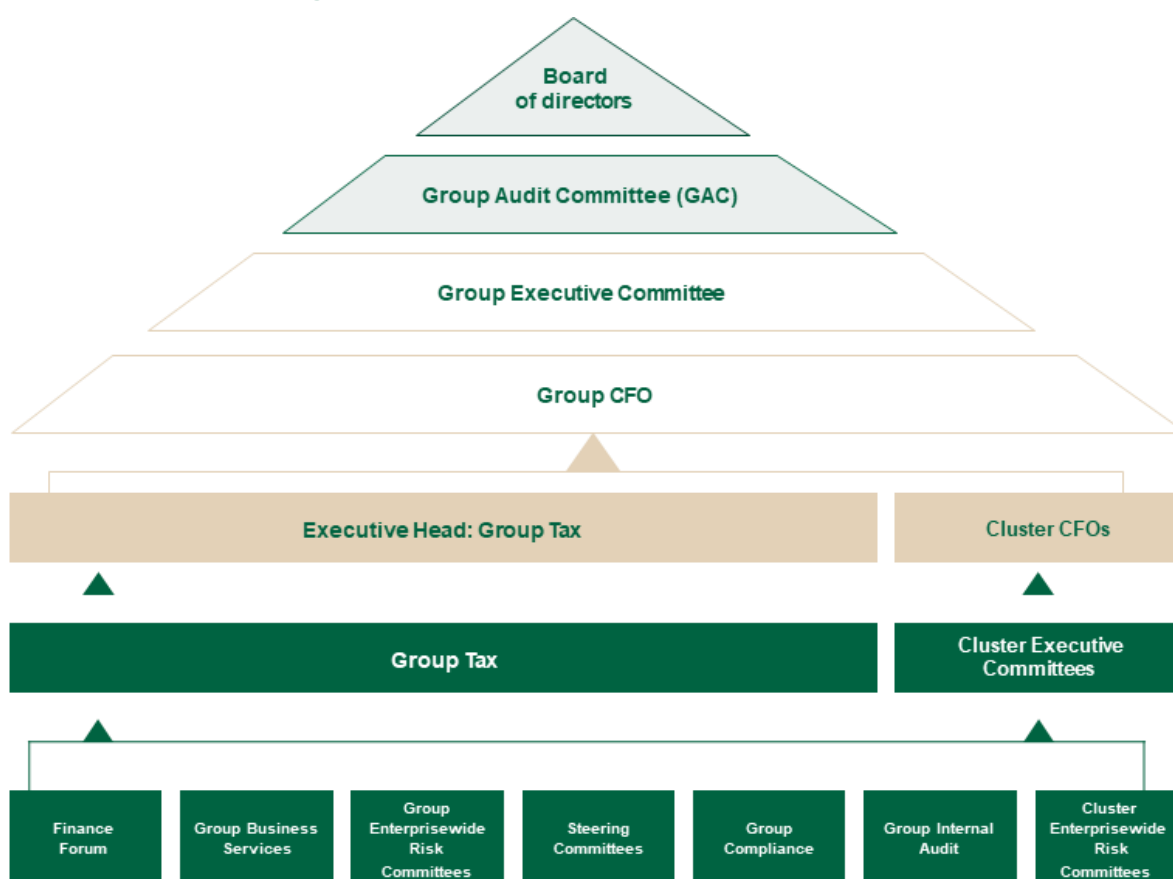
- **Integrity of reported tax data:** We ensure the integrity of all our reported tax data through robust internal control frameworks and combined assurance methodologies.
- **Timely payment and compliance:** We pay our taxes promptly and in line with all applicable laws and regulations. We aim to consider both the letter and the spirit of tax laws and regulations.
- **Uncertain tax positions:** Where tax law is unclear or subject to interpretation, we evaluate whether our position is more likely than not to be upheld. We seek external advice or resolve any uncertainty directly with revenue authorities when appropriate.
- **Escalation and review:** We escalate any uncertain tax positions to senior management and the board for their review and guidance. Following careful consideration and risk evaluation of any tax dispute with revenue authorities, we may seek resolution through the judicial system or alternative dispute resolution processes.
- **Monitoring regulatory changes:** We continuously monitor the regulatory landscape to identify and evaluate the potential impact of changes in tax legislation, or new tax legislation, on our business operations.
- **Client tax compliance:** As a financial institution, we are subject to client tax compliance and reporting obligations, including under the United States Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS). Clients' tax positions remain their responsibility, but we require clients to self-certify their worldwide tax obligations as part of our onboarding and due-diligence processes.
- **Zero tolerance for tax evasion:** We have a zero-tolerance approach to tax evasion and tax evasion facilitation. We have implemented policies and procedures to prevent such conduct by our employees and associated parties. This includes awareness training, promoting ethical behaviour, and encouraging employees to report any suspicions of tax evasion.

## Tax planning

Our tax planning initiatives are conducted responsibly and sustainably, and consider Nedbank's legitimate interests, reputation, and corporate social responsibility. Our approach to tax planning includes the following:

- **Risk assessments:** We conduct risk assessments as part of any tax planning and when reviewing significant business decisions. We do not enter into any aggressive or contrived tax planning structures.
- **Principles and risk appetite:** The board sets the risk appetite for the group. The risk appetite in relation to tax is the level of tolerance for taxation risk in the group. Tax planning should support the group's strategy and align with the group's commercial and economic activity.
- **Zero tolerance for tax evasion:** We have zero tolerance for evading any tax liability or facilitating the evasion of any tax liability on behalf of a third party.
- **Commercial purpose:** We have zero appetite for transactions that have no valid commercial purpose other than obtaining a tax benefit.
- **Transparency:** We ensure that tax incentives are transparent and consistent with statutory and regulatory frameworks before deciding whether to make use of them. We use incentives only when they are aligned with our business and operational objectives, and when we have a qualifying business activity.
- **Transfer pricing:** We adhere to the Organisation for Economic Cooperation and Development (OECD) Transfer Pricing Guidelines, ensuring that all intergroup dealings are conducted on an arm's-length basis and that transfer pricing methodologies are applied consistently.
- **Low-tax jurisdictions:** We will not purposefully structure our affairs to shift profits to low-tax jurisdictions or 'tax havens,' and will operate in these jurisdictions only if there are valid business reasons to do so and sufficient commercial substance.

## Tax governance and risk management



The Nedbank Group Board is ultimately accountable for the group's tax strategy and approach to tax. The board, along with the Group Audit Committee (GAC), provides oversight of the tax practices and affairs of the group. The Chief Financial Officer (CFO) is responsible for ensuring compliance with the Nedbank Group Tax Policy. Our approach includes the following:

- **Governance structure:** The Finance Forum, chaired by the CFO, supports the board in performing its duties. The forum monitors tax compliance, ensures that taxation risk is managed appropriately, and deals with tax matters and key judgements across the group.



- **Regular reporting:** The group's tax risk status is reported quarterly to GAC, which monitors all significant tax matters and key judgements, including compliance with the Nedbank Group Tax Policy.
- **Policies and control:** Our tax strategy and approach to tax are incorporated in the Nedbank Group Tax Policy, which GAC reviews and approves annually. The policy provides the mandatory minimum principles and standards to manage tax risk across the group.
- **Tax risk framework:** Tax risk is managed in the context of Nedbank Group's Enterprisewide Risk Management Framework (ERMF) and the 3-lines-of-defence model. This framework ensures that tax risks are identified, assessed, managed, and reported appropriately.
- **Combined assurance:** Taxation risk is managed with assurance provided by all 3 lines of defence, as well as external audit. Internal and External Audit provide independent assurance on the effectiveness of tax risk management across the group.

## Relationship with revenue authorities

We engage constructively and cooperatively with revenue authorities to support the development of effective tax systems. Our approach includes the following:

- **Transparency and proactivity:** We are transparent and proactive in all our interactions with revenue authorities to ensure that we meet all our compliance obligations and that all information is presented adequately.
- **Ongoing liaison:** Due to the complex and diverse nature of our business, we receive ongoing requests for information from revenue authorities on various tax matters. We ensure that these interactions are handled promptly and professionally.
- **Public policy and advocacy:** We actively participate in various industry bodies and forums where we can influence the outcome of revenue authority behaviour, taxpayers' rights, and legislative changes. This includes engagement with the Banking Association South Africa (BASA) and other industry and professional forums.
- **Support for tax initiatives:** We support the aims of various domestic tax and OECD base erosion and profit shifting (BEPS) initiatives, which entail assisting tax regimes to develop in ways that make the tax system fairer and more transparent. We also support the automation of third-party data processes and other information technology initiatives of the South African Revenue Service (SARS).

## Stakeholder engagement

Our ability to create and protect value is deeply connected to our relationships with stakeholders. Our approach includes the following:

- **Engagement with stakeholders:** We engage with a wide range of stakeholders, including employees, clients, government, regulators, and society, to understand their needs and expectations in relation to tax matters.
- **Economic contribution:** By fulfilling our tax obligations, we contribute to the economic development of the jurisdictions in which we operate. This includes funding critical infrastructure and supporting our Sustainable Development Goals (SDG) commitments.
- **Transparency and communication:** We are committed to being transparent about the taxes we pay and our approach to tax. We provide clear communication to manage stakeholder expectations and build trust.
- **Public policy and advocacy:** We actively participate in industry bodies and forums to influence tax policy and legislation. This includes engagement with BASA and other professional forums.
- **Sustainable finance solutions:** We integrate tax considerations into our sustainable finance solutions and investments, ensuring that tax implications are considered from both an organisational and client perspective.

## Conclusion

Our tax strategy reflects our commitment to being a responsible corporate citizen, ensuring transparency, managing risks, and engaging constructively with stakeholders. Our approach to tax supports our business strategy and contributes to the sustainable development of the communities in which we operate.

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