

## NEDBANK PRIVATE WEALTH LIMITED UK TAX STRATEGY

### INTRODUCTION

The Nedbank Group is one of South Africa's four largest banking groups.

Nedbank Group Limited (Nedbank Group) is incorporated in the Republic of South Africa and its ordinary shares have been listed on JSE Limited (the JSE) since 1969 under the share code: NED and on the Namibian Stock Exchange since 2007 under the share code: NBK. Nedbank Limited (Nedbank) is the principal banking subsidiary in the group.

Nedbank Group offer the following solutions through its frontline clusters being, Nedbank Corporate and Investment Banking (CIB), Nedbank Retail and Business Banking, Nedbank Wealth and Nedbank Africa Regions:

- A wide range of wholesale and retail banking services.
- A growing insurance, asset management and wealth management offering.

Nedbank Group through its subsidiaries, branches and representative offices (collectively, the “Group”) has a presence in key global financial centres, including the United Kingdom (UK) to provide international financial services for South African and international clients.

UK law requires the UK based Group companies to publish their tax strategies online in relation to UK taxation on an annual basis. The UK tax strategy has been hereby published in accordance with paragraph 22(2) of Schedule 19 to the Finance Act 2016 (the “Schedule”) and applies for the accounting period in which it is published until it is superseded. (This document applies to Nedbank Private Wealth Limited London Branch, which is the UK entity in Nedbank Private Wealth Limited).

References in this document to “UK taxation” and “UK taxes” are to the taxes and duties set out in paragraph 15(1) of the Schedule, which include income tax, corporation tax, diverted profits tax, amounts for which the Nedbank Private Wealth London Branch is accountable under PAYE regulations, NIC, value added tax, customs duties, excises duties, stamp duty land tax and stamp duty reserve tax.

Accordingly, this document sets out our approach to managing the UK tax affairs of the Nedbank Private Wealth Limited London Branch in respect of UK taxation and it, along with our underlying operational governance in relation to our tax affairs, has been approved by the Nedbank Private Wealth Limited London Branch Committee.

### NEDBANK GROUP’S APPROACH TO TAX

Nedbank Private Wealth Limited’s, including the London Branch, approach to tax is aligned to Nedbank Group’s committed strategic tax principles and follows the Group’s global approach to tax. The Group’s approach to tax is disclosed in the section titled Tax of the 2022 Governance report, which can be found on the Nedbank Group website at this [link](#).

Nedbank Group is committed to the following key tax principles:

- **Responsible corporate citizen:** Being a responsible taxpayer that pays its fair share of tax within industry norms, acting with integrity when engaging with Revenue Authorities to support positive and sustainable relationships and, for the purposes of obtaining certainty of its tax positions, engaging with Revenue Authorities regarding the application of the tax law and identifying and resolving disagreements with the Revenue Authorities promptly.
- **Transparency:** Being transparent about the taxes that we pay to governments and our approach to tax to provide a better understanding to all stakeholders, to manage their expectations and build trust among all stakeholders.
- **Risk management and governance:** Strong governance, managing tax risks within the risk appetite guidelines of the Group, seeking to identify, assess, control and report tax risks in accordance with our Tax Risk Management Framework, ensuring that the Group has a sustainable effective tax rate and cash tax paid, ensuring that all adopted tax positions are subject to robust risk assessment and adequately supported and ensuring that the reputation of the group is protected.
- **Constructive engagement:** Engaging constructively and cooperatively with Revenue Authorities and industry bodies, in the interests of our stakeholders, and supporting the development of effective and efficient tax systems, laws and administration to support economic growth, job creation and long-term sustainable tax contributions.
- **Regulatory compliance:** Ensuring the integrity of all reported tax data and timely compliance with all relevant statutory tax obligations (including payment of all taxes) in the jurisdictions in which we operate and continuously identifying and monitoring the potential impact of new tax legislation.
- **People development:** Developing highly qualified tax professionals, with digital and analytical skills as part of a leading tax function.

Aligned to the above, Nedbank has adopted Part 1 of HM Revenue & Customs (HMRC) Code of Practice on Taxation for Banks (the Code) and is committed to maintain high standards of governance and behaviour in its approach to taxation as set out in this document.

In terms of the Code, the Nedbank Private Wealth Limited London Branch will comply with the spirit, as well as the letter, of tax law by discerning and following the intentions of Parliament.

This means that the Nedbank Private Wealth Limited will:

- adopt adequate governance to control the types of transactions it will enter into;
- not undertake tax planning that aims to achieve a tax result that is contrary to the intentions of Parliament;
- comply fully with all its tax obligations; and
- maintain a transparent relationship with HMRC.

## **GOVERNANCE IN RELATION TO UK TAXATION**

The Nedbank Group Board of Directors is ultimately accountable for determining Nedbank Group's tax strategy and approach to tax and, together with the Group Audit Committee, provides oversight of the tax practices and affairs of the Group.

The board holds the Group Chief Financial Officer (CFO) accountable for all tax related matters. The Nedbank Group's tax status is reported quarterly to the Group Audit Committee, which is responsible for monitoring all significant tax matters.

The mandatory minimum principles and standards for the management of tax risk across the Group, including tax compliance and transaction planning and implementation, are incorporated in the Nedbank Group Tax Policy, which is reviewed and approved by the Group Audit Committee annually and applies to all legal entities in the Group.

The Executive Head of Tax reports to the CFO and has day-to-day responsibility for the management of the Group's overall tax affairs and monitoring compliance to Nedbank Group Tax Policy.

The Nedbank Private Wealth Limited EXCO are responsible for ensuring adequate resources, internal procedures, practices, processes and controls are in place to meet the objectives of the Nedbank Group Tax Policy. Accordingly, Nedbank Private Wealth Limited EXCO will report tax risks and issues to the Executive Head of Tax in South Africa and to the Nedbank Private Wealth Limited Enterprise-wide Risk and Compliance Committee.

Responsibility for day-to-day tax compliance and risk management in Nedbank Private Wealth Limited sits with the Isle of Man (IOM) based finance team. Certain tax matters will be delegated to other departments where taxes fall within the area of specialism of such departments, such as payroll taxes within HR. Persons responsible for tax matters are equipped with the appropriate knowledge, skills and capabilities to manage Nedbank Private Wealth Limited's tax affairs, and where required are assisted by external advisors.

## **TAX RISK MANAGEMENT**

Nedbank Private Wealth Limited is committed to meeting its applicable legal and regulatory requirements in respect of UK taxes and maintains robust tax administration which includes timely filing of tax returns and making required payments of tax when legally due.

Tax risk is managed in the context of the Nedbank Group Enterprise-wide Risk Management Framework and the Three-lines-of-defence Model, which is the backbone of the framework.

In line with this, the Nedbank Group has developed a Tax Risk Management Framework that incorporates the Group's approach to tax and aims to ensure that tax risks are identified, assessed, managed and reported appropriately and in accordance with the group's risk frameworks and principles.

Regular and transparent tax reporting is embedded within the governance structures of the group, including the Group Audit Committee, various board committees and group and cluster executive committees.

The internal control frameworks, policies and processes mentioned above are designed to enable Nedbank Private Wealth Limited to meet its applicable legal and regulatory requirements and to assess tax risk. Reasonable care is applied in relation to processes which could materially affect compliance with tax obligations.

Processes relating to different taxes are regularly reviewed by the Group's tax department, Group Internal Audit and/or business compliance functions in the context of applicable business or legislative developments.

The tax implications of all significant business decisions must be evaluated, documented and approved by the Group's tax department.

Process owners review activities and processes to identify risks (including tax risks) and to implement and maintain mitigating controls and monitor them for business and/or law changes which could impact them. Appropriate training is carried out, as and when necessary, for non-finance staff who manage processes or have involvement with matters which have tax implications, for example HR teams.

Advice is sought from external advisers where appropriate. Examples of circumstances necessitating this would include the following:

- Where new tax legislation has been or is expected to be introduced;
- Where there is doubt over the interpretation or application of tax law;
- Where the legislation is highly complex in nature; and
- Where the potential tax impact of a transaction is material.

#### **ACCEPTABLE LEVEL OF TAX RISK AND ATTITUDE TO TAX PLANNING**

Nedbank Private Wealth Limited will not undertake [or knowingly facilitate for third parties] tax planning that aims to achieve a tax result that is contrary to the intentions of Parliament. More specifically, in line with the group, the following principles apply to tax planning:

- Zero tolerance for evading any tax obligation or criminally facilitating the evasion of any tax obligation on behalf of a third party.
- Zero appetite for transactions that have no valid commercial purpose other than obtaining a tax benefit.
- Zero appetite for arrangements where the tax benefit is paid to clients, but the tax risk remains within the Group.
- May enter into transactions with significant tax uncertainty only if the commercial benefits clearly exceed the potential costs (i.e. risk-reward equation) and in this context, risk appetite is guided by the “more likely than not” principle.
- Low appetite for arrangements that could rebound to the detriment of the Group in the event of external disclosure, e.g. litigation, and accordingly, the Group enters only into transactions that can be fully justified if they become public.
- May not purposefully structure its affairs to shift profits to low-tax jurisdictions or ‘tax havens’ and will operate in these jurisdictions only if there are valid business reasons and sufficient commercial substance.
- May enter into cross-border transactions with controlled parties only on an arm’s length basis.

Due to the complex nature of tax, there may be transactions and calculations for which the ultimate tax treatment is uncertain, and in these instances external advice may be obtained. Taking external advice into account, the ‘more likely than not’ principle will be applied in determining whether the tax position is uncertain. If the position is uncertain, relevant tax provisions will be raised and will affect the current or deferred tax computations. Uncertain tax positions are governed by the tax risk management principles.

Nedbank Group constantly reviews its level of tax provisioning across the group. As it can take several years to obtain finalisation in respect of some items contained in the tax returns, it is necessary to reflect the risk that final tax liabilities could differ from the submitted tax computations. The level of provisioning involves management judgement and estimation. All major tax positions taken are subject to review by executive management and reported to the Group Audit Committee for approval.

The Group conducts transactions between Nedbank 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.

## **DEALING WITH HMRC**

Nedbank Private Wealth Limited has an open, honest and constructive relationship with HMRC and is committed to the principle of openness and transparency in an effort to build trust with the UK tax authorities. Specifically, this includes seeking to disclose any significant uncertainties regarding tax matters to HMRC in full, engaging with HMRC to clarify complex or new areas of tax law, prior to filing tax returns.

Nedbank Private Wealth Limited aims to make full, accurate and timely disclosures in its tax returns for all UK taxes. If unintended errors arise, these will be corrected as soon as practical after identification.

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