

# Investec Limited Group

## Tax Strategy, Governance and Approach to Tax Risk

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2024



## Introduction

The tax strategy of the Investec Limited Group is aligned with the Group's strategic goals. In achieving these strategic goals and objectives a variety of taxes can arise. These taxes can include corporate income taxes, employees' taxes, value-added taxes, securities transfer taxes, customs duties and both local and foreign withholding taxes.

Investec Ltd is a member of the Banking Association of South Africa (BASA). BASA is the representative body of the banking sector in South Africa. Investec Ltd supports the Accord signed by The South African Revenue Service (SARS) and BASA to improve the levels of tax compliance. The broad purposes of the Accord are to promote and encourage the highest standards of tax compliance, discourage the use of and involvement in impermissible tax avoidance arrangements and to identify and resolve areas of mutual concern.

### 1. Tax strategy

- No transactions will be carried out for tax purposes only.
- Business strategy shall take precedence over tax strategy when considering any transaction.
- Investec only supports transactions, financial products and services that have a valid business purpose.
- All advisory and tax planning work must be in accordance with existing tax laws and regulations.
- In circumstances where matters may be contentious, we will look to support our positions with external opinions.
- Investec has a zero-tolerance approach regarding tax evasion and will not facilitate any form of "tax evasion" of intentionally evading or avoiding the payment of taxes.

### 2. Relationship with the South African Revenue Services (SARS)

A good working relationship has been established between Investec and SARS over several years and we are committed to a transparent and constructive relationship through regular communication and meetings.

### 3. Tax risk management

Day to day tax risk is managed by the application of a series of procedures and controls within the risk control framework and includes the management of external tax risks arising from legislative and regulatory changes and internal tax risks comprising of compliance and operational risks.

**Tax risks can be categorized as follows:**

#### **Strategic and transactional (Applications of decisions and regulations to specific transactions):**

All transactions must have a business purpose. The Group will not undertake purely tax driven transactions. The appropriate consideration of potential tax consequences should be applied to all transactions.

**Operational (Inherent risks in everyday business operations):**

The tax department must be involved in all major inter-group transactions; as well as all transactions presented at Deal Forum. External opinions will be taken on any issue at the insistence of Deal Forum; and including those transactions deemed appropriate by the Business Unit Consultant or the Tax Department.

Finance and operational systems and processes must be sufficiently robust to support tax compliance and reporting requirements.

**Compliance (Statutory risks associated with tax return preparation, completion and submission):**

The Group will comply with all the administrative regulations as required by SARS. It will aim to submit all returns by their due dates in line with the respective Tax Acts. All positions taken in tax returns must be supportable and, on balance of probability, be more likely than not to be agreed with SARS.

**Financial accounting (Risks associated with tax accounting, financial statements and internal controls):**

The Group will take a conservative/prudent position in respect of the tax charge in the accounts.

**Reputational (Risks that impact the Group's image as perceived by the public):**

The Group does not want its tax affairs to be reported in the public domain. The Group will manage its tax affairs to minimize the risk of any increased public and regulatory scrutiny which could result in negative relationships in the host country or could result in a lower brand value. Transactions will never be driven by tax purposes.

**External (Risk associated with factors outside the Group's control, e.g. new taxes, increased rates, new legislation):**

The tax department supports BASA (the official industry representative body) in negotiating and lobbying tax policy, as well as tax administration matters with National Treasury and SARS. One of the main objectives is to present a single view on tax matters to relevant Regulators and Administrators.

The tax department together with BASA participates in any tax authority formal consultation processes where it is expected that the matter under consultation will have a material impact on the Financial Industry.

The tax department monitors changes in relevant tax practice and law to assess any consequences for the Group, with the aim of minimizing any adverse impact.

**4. Governance**

The ultimate responsibility for the Investec Limited Group, and Investec Bank Limited Group tax strategy and compliance rests with the Boards of the aforementioned Groups. Day-to-day management of the tax affairs is delegated to the Group Tax Manager who is also the Public Officer of the Investec Limited Group.

Investec's tax strategy is one of the factors considered in all significant products, investments, transactions, and business decisions taken.

Significant tax matters of the Investec Ltd Group are reported to the Audit and Risk Committees (ARC) and the Group Audit Committee. These Committees are responsible for the monitoring of these tax matters.

#### **5. Authority, mandate, objectives, and reporting of the Tax Committee:**

The Tax Committee (the Committee) is mandated by Investec Limited Group and Investec Bank Limited Group, respectively, to take responsibility for the tax affairs of the Group.

The main objective of the Committee is to assist the Boards in ensuring that the Group / Bank is compliant with all Tax requirements / legislation and to monitor the tax risks of the Investec Limited Group and Investec Bank Limited Group. It is responsible for monitoring the Group's / Bank's activities having regard to any relevant legislation, other legal requirements, or prevailing codes of best practice and shall have the following duties in order to fulfil its mandate:

- Discuss and ensure that Business, Members of the Committee and the Secretary are appropriately informed with the **latest business and tax developments**.
- Discuss the **status of tax compliance** of entities within the Investec Bank Limited Group and/or Investec Limited Group.
- Discuss the **projected tax liabilities** and related accounting for the Investec Bank Limited Group and/or the Investec Limited Group.
- Review and note **tax policy guidelines** and approve tax policy recommendations.
- Deal with **any other tax-related matters** that may be referred to the Committee by the Executive Directors or by the Business Units.

The list of specific duties and reporting responsibilities is not intended to be either complete or exhaustive, and the Committee shall, in addition, have such powers as may be necessary or appropriate for the performance of its duties.

The Committee's reporting line is to the Investec Bank Ltd Committee and Investec Ltd Audit Committee.