

OLDMUTUAL

TAX TRANSPARENCY REPORT 2023

For the year ended 31 December 2023



DO GREAT THINGS EVERY DAY



About our report

Our Tax Transparency Report concisely outlines our tax philosophy, communicates how the tax strategy is interconnected to the Group strategy and demonstrates our commitment to being a responsible taxpayer.

Our reporting suite

Old Mutual 2023 Reports



Integrated Report

Our Integrated Report provides a balanced view of our value creation story. It shares our strategic journey to becoming our customers' first choice to sustain, grow and protect their prosperity. Although primarily aimed at our providers of capital, it will be of interest to all stakeholders invested in understanding our unique value creation story.



Corporate Governance Report

Our Corporate Governance Report provides an overview of Old Mutual's approach to corporate governance. The report focuses on how we do business in accordance with sound governance practices, which are informed by the highest ethical standards, integrity, transparency and accountability. The report will be of interest to investors, regulators, and analysts.



Remuneration Report

Our Remuneration Report provides insight into how we address remuneration related activities and disclosures and reflects how our rewards purposefully align performance outcomes with shareholder interests, while balancing our need to be an attractive employer. The report is of interest to investors, employees, regulators and analysts.



Sustainability Report

Our Sustainability Report reflects on our sustainability journey, sharing insights into how we manage our most significant environmental, social and governance risks and opportunities. The report will be of interest to investors, analysts and a wide range of stakeholders.



Climate Report

Our Climate Report contains information about the Group's climate-related activities, policies, governance, strategy, risk management, metrics and targets. The report provides information that enables stakeholders to assess our progress in our climate adaptation journey. The report will be of interest to all our stakeholders.



Tax Transparency Report

Our Tax Transparency Report concisely outlines our tax philosophy, communicates how the tax strategy is interconnected to the Group strategy and demonstrates our commitment to being a responsible taxpayer. This report is of interest to regulators, investors and analysts.



Annual Financial Statements

Our Annual Financial Statements contain information relating to the Group's financial position and performance. The consolidated and separate financial statements were audited in terms of the Companies Act, 71 of 2008 (as amended) (Companies Act). The report is of interest to investors, analysts, regulators and other stakeholders.

Enquiries

Investor relations

Langa Manqele
T: +27 (0)82 295 9840
E: investorrelations@oldmutual.com

Communications

Wendy Tlou
T: +27 (0)83 301 9663
E: oldmutualnews@oldmutual.com

Application of the King IV principles statement



The application of the King Report on Corporate Governance™ for South Africa, 2016 (King IV)¹ principles statement is a comprehensive index in our **Corporate Governance Report**. It details our arrangements, processes and systems for governing and managing various areas of the organisation to achieve the required governance outcomes. The statement confirms the application of the King IV principles as required by the Johannesburg Stock Exchange (JSE) Listings Requirements.

Our design theme for the 2023 annual reporting suite is centred around movement and progression in modern Africa, with our insights depicted as a guiding light for our customers in uncertain times. Our imagery alludes to the embodiment of development, speed and success in embracing technological advancements while maintaining a human touch when creating, executing and delivering growth across all our operating regions.

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About our report *continued*

Approval

The Old Mutual Limited (Old Mutual or the Group) Board of directors (Board) acknowledges its responsibility for ensuring the integrity of this Tax Transparency Report and confirms that the report is presented in accordance with the Reporting Framework noted below. This report addresses all issues that are material to, or that could have a material effect on, Old Mutual's tax compliance and reporting responsibilities.

In the Board's opinion, this report fairly presents tax contributions of the Group. The Board confirms that the Group complies with its tax compliance and reporting responsibilities. The Board approved this report for release on 27 March 2024.

Reporting frameworks

- » King IV
- » United Nations Principles for Responsible Investment
- » Guided by the:
 - Global Reporting Initiative's Sustainable Reporting Initiative (GRI 207: Tax), as issued by the Global Sustainability Standards Board
 - B Team initiative of Responsible Tax Principles for business (a body founded by global business leaders to set the framework for good tax practice)
 - JSE Sustainability Disclosure Guidance

Materiality

In the context of the reporting frameworks noted above, we apply the principle of materiality in assessing which information

to include in our Tax Transparency Report. This report focuses on the issues, opportunities and challenges that could materially impact Old Mutual and our ability to consistently deliver value to our stakeholders sustainably.

Reporting scope and boundary

This report covers the activities of the Group for the period 1 January 2023 to 31 December 2023. It provides an overview of our tax approach, philosophy, strategy and contributions from a tax perspective in the jurisdictions in which we have business operations.

Assurance

Combined reviews by management and internal audit were performed

to ensure the accuracy of our reporting content. The Board and its sub-committees provided an oversight role.

Our report contains certain information that has been extracted from the Audited Consolidated Annual Financial Statements for the year ended 31 December 2023, on which an unmodified audit opinion has been expressed by the Group's joint independent external auditors, EY and Deloitte. Our Group internal audit team provided limited assurance for non-financial information disclosures. While our report has not been audited EY has read the subject matter information marked with the symbol ↓ on pages 7, 18, 19 and 21 for consistency with the audited consolidated annual financial statements.

List of Board members:

Independent Non-executive Directors

- Trevor Manuel (Chairman)
- Prof Brian Armstrong
- Albert Essien
- Olufunke Ighodaro
- Itumeleng Kgaboesele
- Jaco Langner
- John Lister
- Dr Sizeka Magwentshu-Rensburg
- James Mwangi
- Nomkhita Nqwani
- Busisiwe Silwanyana
- Jurie Strydom
- Stewart van Graan

Non-executive Director

- Thoko Mokgosi-Mwantembe

Executive Directors

- Iain Williamson (Chief Executive Officer)
- Casper Troskie (Chief Financial Officer)

Public Officer

- Nazrien Kader (Group Head of Tax)

Forward-looking statements

This report contains certain forward-looking statements of Old Mutual Limited's plans, goals and expectations relating to its future financial condition, performance and results and estimates of future cash flows and costs. Words such as 'believe', 'anticipate', 'intend', 'seek', 'will', 'could', 'may', 'project' and similar expressions are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, all forward-looking statements involve inherent risk and uncertainty because they are based on assumptions related to future events and circumstances which are beyond Old Mutual Limited Group's and its affiliates' control. These include economic and business conditions and market related risks, i.e. equity fluctuations, interest rates, inflation and deflation. These circumstances could arise from the impact of competition, legislation and the policies and actions of regulatory authorities and the timing and impact of any uncertain industry changes.

Any forward-looking information contained in this report was not reviewed and reported on by Old Mutual Limited's external auditors. The Old Mutual Limited Group and its affiliates undertake no obligation to update the forward-looking statements contained in this report and other related supplementary reports or any other forward-looking statements it may make. Nothing in this report shall constitute an offer to sell or solicitation of an offer to buy securities.

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- Operational efficiencies
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- Strategic growth markets
- Agile delivery through engaged employees

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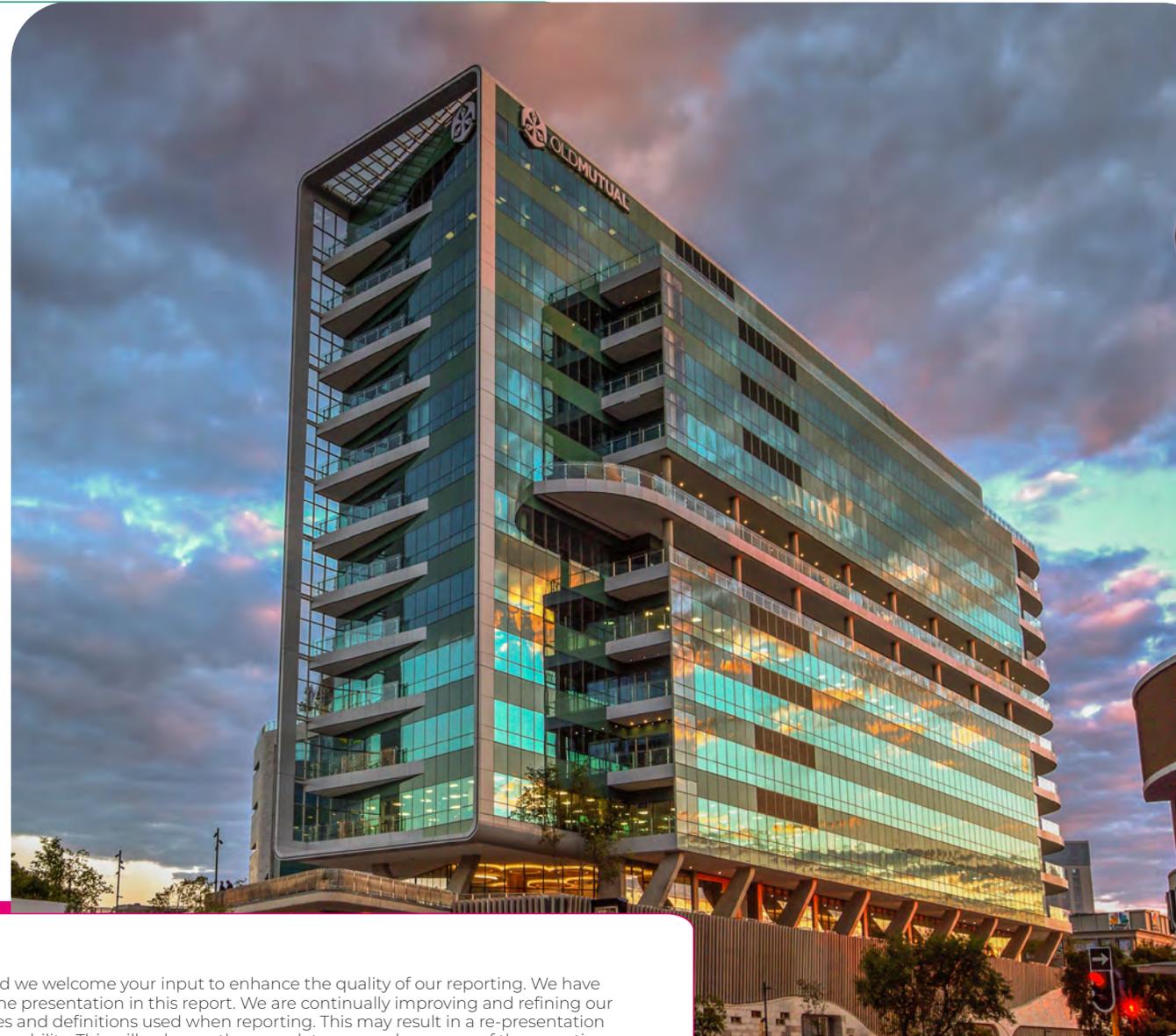
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Insights into our key tax judgements, including actuarial judgements inherent in the tax process, an overview of the key drivers of our effective tax rates and a three-year tax trend analysis

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An overview of our key tax statistics, the lines of business per region and an overview of tax developments internationally and locally



Feedback:

Your feedback is important to us, and we welcome your input to enhance the quality of our reporting. We have implemented changes to improve the presentation in this report. We are continually improving and refining our non-financial data collation processes and definitions used when reporting. This may result in a re-presentation of prior year data for increased comparability. This will enhance the completeness and accuracy of the reporting of our non-financial data over time.



MESSAGES FROM OUR LEADERSHIP



Messages from our leadership



Casper Troskie
Chief Financial Officer

“Old Mutual is among the large taxpayers in every country in which we conduct business in Africa, with a sustained upward trajectory in tax contributions totalling R15.6 billion in 2023.”

Creating shared value and sustainable transformation is at the core of how we do business at Old Mutual. The heart of our vision and strategy is to create positive economic, environmental and social outcomes for all our stakeholders.

Old Mutual is a proud signatory to the Nairobi Declaration on Sustainable Insurance which mobilises the African insurance industry around the achievement of the United Nations Sustainable Development Goals. Transparency in tax reporting is an integral part of the World Economic Forum’s initiative to develop common metrics and consistent reporting for sustainable development, of which Old Mutual is an early adopter and signatory. As part of our commitment to the Sustainable Development Goals, we proudly present our fourth annual Tax Transparency Report as a supplement to the 2023 Old Mutual Integrated reporting suite.

Among the highlights in 2023 was the strong, profitable growth and value creation delivered through protecting and growing our core businesses, growing new markets and investing in new growth engines.

Old Mutual is among the large taxpayers in every country in which we conduct business in Africa, with a sustained upward trajectory in tax contributions totalling R15.6 billion in 2023. We invested significantly to optimise, de-risk and simplify our core tax processes and tax technologies and decommissioned outdated applications. This included the implementation of general tax platforms, automation and standardisation of core tax compliance and reporting processes.

We continue to hold ourselves to a benchmark that requires us to behave responsibly and among other factors, pay our equitable share of taxes on time in all the countries where we operate. We know that the taxes we pay have a deep impact on the prosperity of the countries and communities we serve.

Our 2023 Tax Transparency Report seeks to provide further context and a deeper narrative around the taxes we pay.

“Highly commended for consistent performance in tax reporting: The judging panel identified Old Mutual as a company consistently providing value-added, high-quality tax disclosure...” – PwC Building Public Trust through Tax Reporting, 5 March 2024



Nazrien Kader
Public Officer
Group Head of Tax

“Our report is a powerful indicator of how we deliver on our social contract through our tax contributions in the countries in which we operate, as well as a means to help our stakeholders understand our tax strategy and approach to tax.”

We are delighted to present our 2023 Tax Transparency Report. Our report is a powerful indicator of how we deliver on our social contract through our tax contributions in the countries in which we operate, as well as a means to help our stakeholders understand our tax strategy and approach to tax. The 2023 report follows a similar structure to previous years, seeking to raise the bar further by providing additional insights into the actions we have taken to implement best practice in the areas of tax risk management, tax strategy, tax compliance and reporting.

As one of the early adopters of Tax Transparency Reporting in Africa, we were proudly recognised by PricewaterhouseCoopers (PwC) for the third year running in their publication Building Public Trust through Tax Reporting as being among the leading financial services organisations in South Africa, on tax transparency that is “...consistently providing value-added, high-quality tax disclosure” based on the criteria of the PwC Tax Transparency Framework.

2023 was again marked by significant tax developments both locally and internationally. For insurers, the global implementation of the new accounting standard in respect of IFRS 17 *Insurance Contracts* (IFRS 17) proved a challenge. Old Mutual was instrumental in working with our

peers, the Legislators and Revenue Authorities across Africa to craft changes to tax legislation to align. As the South African Revenue Service (SARS) modernisation programme kicked into a higher gear, we continued to work alongside SARS and the Association for Savings and Investment South Africa to ensure that we are ready to implement changes in tax reporting for our customers by 1 March 2026. We expect this to continue in 2024 as we engage with SARS on the modernisation of the value-added tax (VAT) system and the implementation of the ‘two-pot’ retirement reform on 1 September 2024. Both in South Africa and internationally, the introduction of the so-called Global Minimum Tax of 15% presents an additional layer of tax reporting and tax charges that occupies the tax agenda in 2024.

At SARS, continuing leadership, gives us some certainty that the shaping of the strategic agenda for SARS will continue to pursue modernisation, global integration and cooperative tax compliance.

In pursuit of our ambition, we trust that our report remains a testimony to our commitment to lead the conversation on tax transparency and, in so doing, encourage debate.



AT A GLANCE



At a glance

Old Mutual, as a values-led organisation, prides itself on playing its role as a primary investor, taxpayer, employer and purchaser of local goods and services in the countries in which we operate, to sustain, grow and protect the future prosperity of our communities. We recognise that our tax contributions in the jurisdictions and communities¹ where we operate have significant economic and social impacts including supporting the macroeconomic stability of government finances in these countries.

R15.6 billion

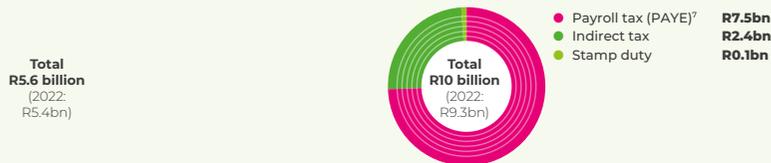
Payroll tax	R7.7 billion	Policyholder tax	R1.2 billion
Corporate tax	R2.9 billion	Property rates and taxes	R0.3 billion
Indirect tax	R3.3 billion	Dividends tax	R0.2 billion

Value creation for stakeholders³

	2023	2022
Total revenue earned by the Group	R220.0bn ⁺	R97.7bn*
Claims and benefits paid ⁴	R116.5bn	R112.7bn
Employee compensation	R14.3bn ⁺	R12.4bn
Dividends to shareholders	R4.0bn ⁺	R3.8bn
Taxes borne by the Group	R5.6bn	R5.4bn

* Restated IFRS 17 comparative
+ Limited assurance by EY

Tax collected on behalf of Revenue Authorities, by tax type, in 2023 (Rbn)⁶



OPERATING IN 14 COUNTRIES²



We believe our tax contribution in South Africa has the following impact on our national budget⁸.

Education
R4.6bn

Health
R2.6bn

Social development
R3.7bn

Community development
R2.5bn

South Africa

South Africa Tax contribution **R13.4 billion** (85.7%) (2022: R12.5 billion)

Southern Africa (excluding South Africa)

Zimbabwe Tax contribution **R1.3 billion** (8.3%) (2022: R1.3 billion)
Namibia
Malawi
Botswana
eSwatini

East Africa

Uganda Tax contribution **R767.5 million** (4.9%) (2022: R699.1 million)
South Sudan
Rwanda
Kenya
Tanzania

West Africa

Nigeria Tax contribution **R31.5 million** (0.2%) (2022: R25.0 million)
Ghana

Asia and Other regions

China Tax contribution **R135.3 million** (0.9%) (2022: R107.1 million)
Other

1 Refer to the Supplementary information: Tax by region for additional analysis
 2 We operate in 13 African countries and China
 3 Refer to 2023 Old Mutual Limited Annual Financial Statements (except for taxes borne by the Group noted above)
 4 Claims and benefits include maturities, withdrawals and surrenders
 5 Taxes borne means taxes incurred by entities in the Old Mutual Group and not recovered
 6 Taxes collected refer to taxes collected by entities in the Old Mutual Group on behalf of Revenue Authorities and paid over
 7 Payroll tax comprises tax collected on behalf of Revenue Authorities from employees of R3.7 billion and customers of R3.8 billion
 8 The allocation has been calculated by applying the expenditure ratio per the 2024 National Budget to the South African tax contribution



TAX PHILOSOPHY AND STRATEGY



Tax philosophy and strategy

We aim to maximise sustainable value by way of our commitment to being a responsible taxpayer in every jurisdiction in which we operate and a trusted, relevant and progressive business partner that is enabled by an agile, responsive, modern and engaged tax function.

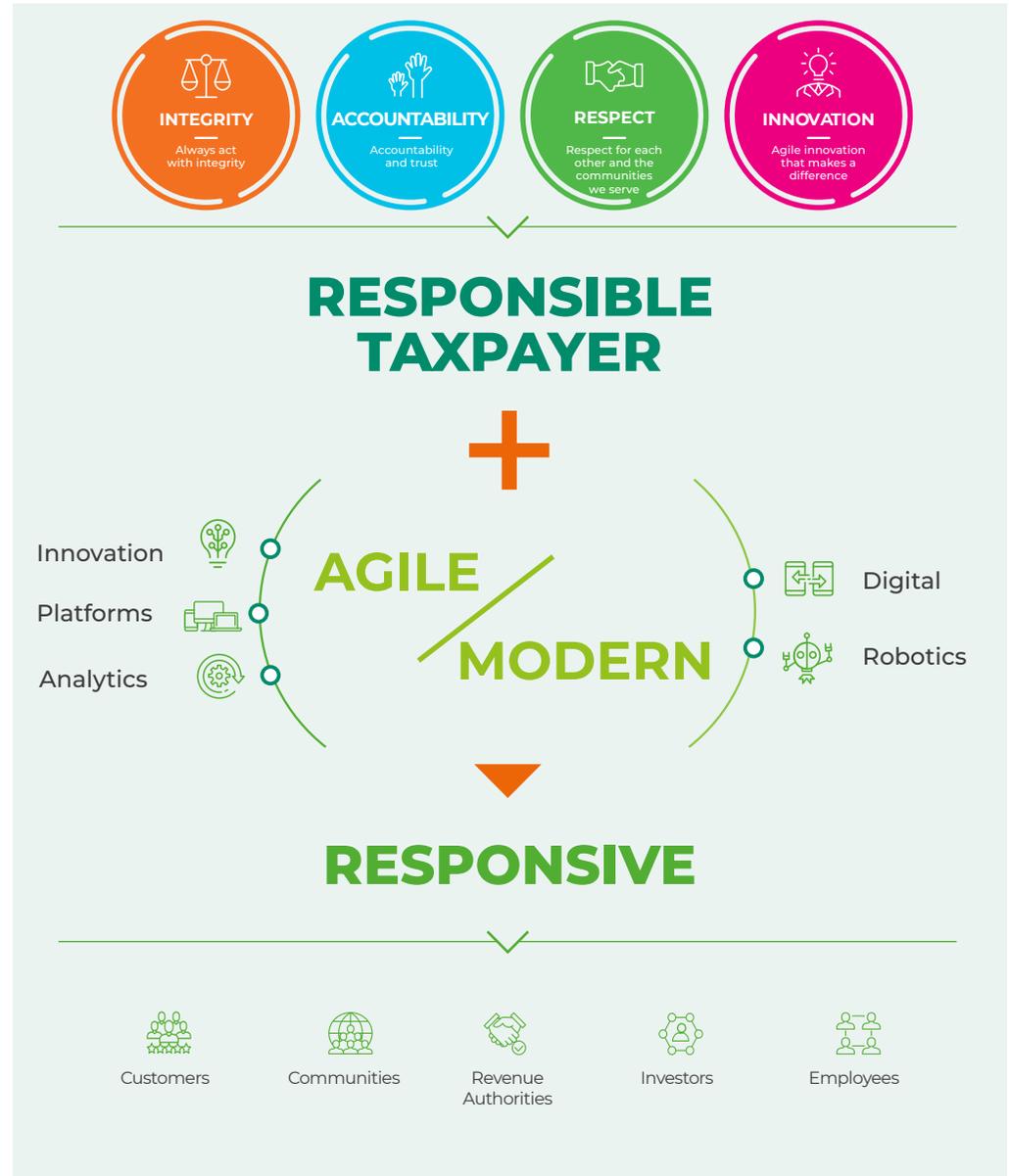
Our tax strategy is anchored in our goal to responsibly build the most valuable business in our industry

The Responsible Business sub-committee of the Board reviews strategies and policies of the Group, designed to achieve responsible corporate citizenship and the shared value and business objectives of the Group. The Group Tax Risk Management Policy is reviewed at a minimum, every two years. The Responsible Business sub-committee of the Board reviewed and approved the Group Tax Risk Management Policy on 6 March 2023. The tax philosophy and strategy are anchored in principles contained in this policy, and the Group Head of Tax is mandated to oversee the implementation thereof.



- Our tax strategy aligns with the wider Group Strategy in the following ways:
 - » In line with our approach to being a responsible business, we transparently **DISCLOSE OUR TAX CONTRIBUTIONS** to every region in which we have business operations
 - » Our Group Tax function adopts a **CONTINUOUS IMPROVEMENT MINDSET** towards a culture of high-performing, customer centric, tax skilled and engaged employees who are diverse, talented and respected in the tax field
 - » We take a **HOLISTIC APPROACH** in addressing the needs of all our tax stakeholders which includes Revenue Authorities, industry bodies and communities in which we do business
 - » We aim to enhance our operations through **MODERN TAX TECHNOLOGY**, analytics and automation of tax reporting processes, including governance and oversight processes
 - » **ENGAGED EMPLOYEES** deliver the right tax expertise, at the right time to support our businesses through the rapidly changing business landscape

Refer to page 14 for further details on how we have embedded modern technology to improve and transform our tax compliance and reporting processes.





Approach to tax

The Group’s values, which include earning trust and respect, taking accountability and acting with integrity, underpin our behaviour as responsible taxpayers in the face of complex and evolving tax legislation. Compliance with the Group’s code of conduct further demonstrates our commitment.



Our tax principles

Strong tax governance framework

and standard tax operating models and protocols to ensure that we pay the right amount of tax at the right time, in the jurisdictions in which we have business operations.

Zero-tolerance approach

to non-compliance with tax legislation and regulations in all markets in which we serve.

Transparent and timeous

tax compliance and reporting through cooperative relationships with Revenue Authorities, based on mutual respect, transparency and trust.

Proactive and constructive engagement

with Revenue Authorities, business groups and civil society to support the development of effective tax systems, legislation and administration.

Commitment

to being a responsible taxpayer, to sustain and grow the prosperity of our employees, customers and communities we serve.

Our approach to tax is safeguarded by forward-thinking, diverse, talented and engaged tax specialists that we attract, develop and retain in the Group. Adhering to our principles and acting on our values enable us to make the following commitments:

ONE

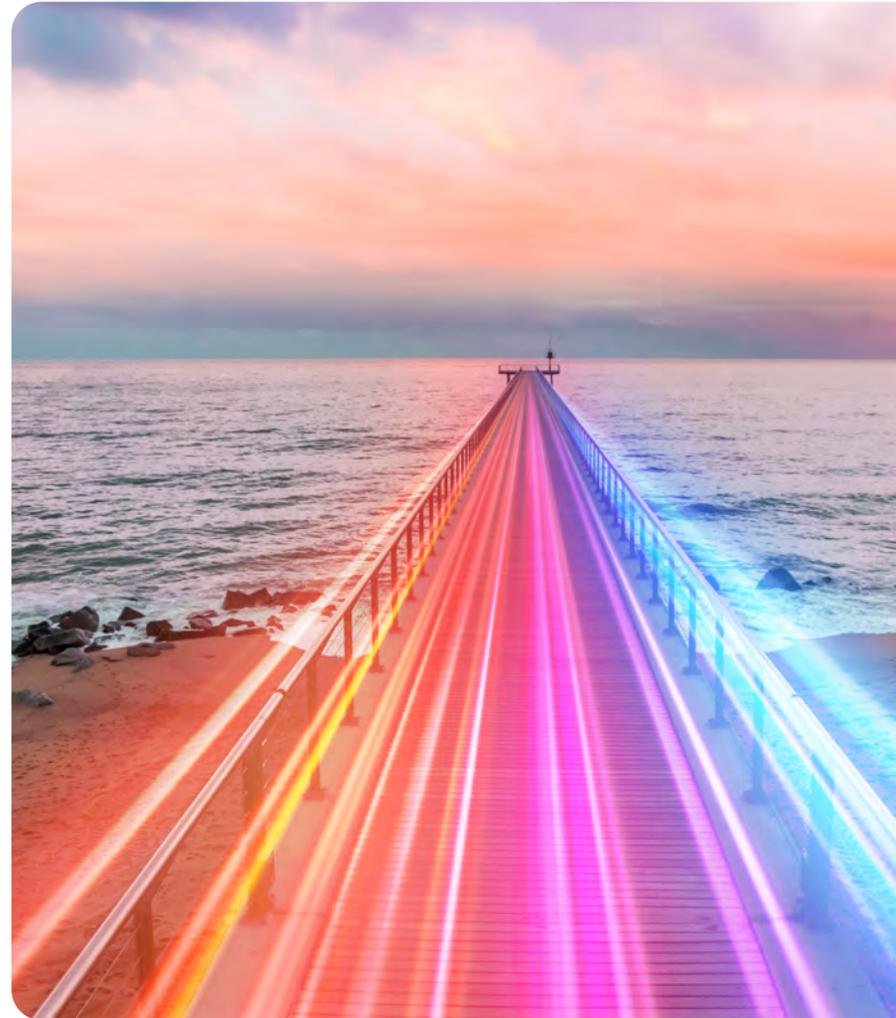
We maintain transparent and proactive relationships with local Revenue Authorities, holding robust dialogue on interpretations and application of proposed and current tax laws, our obligations and other requirements. We respond proactively to new tax regulatory proposals and contribute to industry body working groups.

TWO

We do not engage in any activities that are considered solely or mainly for the purposes of tax avoidance, base erosion or profit shifting. Our legacy operations in low-tax jurisdictions were established in response to customer needs for offshore licensed investment services and products. We follow the arm’s length principle in respect of all cross-border intra-Group transactions and comply with the Organization for Economic Co-operation and Development (OECD) transfer pricing principles, as well as local statutory transfer pricing principles in the countries in which we have business operations.

THREE

We are committed to the improvement of global tax transparency and support international tax treaties with the exchange of our tax information. Furthermore, our global tax contributions support the objectives of sustained economic growth as per the United Nations Sustainable Development Goals and the South African National Development Plan 2030.





TAX GOVERNANCE AND RISK MANAGEMENT





Tax governance and risk management¹

The Board's responsibilities include leading and evaluating the effectiveness of corporate governance of our multi-listed and geographically diverse financial services group. The Board is guided by the King IV principles on corporate governance and the minimum standards of the Prudential Authority and the Financial Sector Conduct Authority, among others.

The Board receives regular reports from the Group's Executive, Audit and Risk committees.

The Group Secretariat is responsible for developing and maintaining the Group Governance Framework². The Group Risk function owns the Group Risk Framework (which includes tax risk). Independent assurance is provided periodically by the external and internal auditors.

The Board's Risk committee reviews and approves the Group Tax Risk Management Policy and sets the tax risk appetite within the Group's operating parameters. The Group Tax function is mandated to perform Group-wide tax oversight and demonstrates ethical and effective leadership by considering the needs of all tax stakeholders in the pursuit of efficient tax planning and sustainable commercial activities. The Group Tax Risk Management Policy is reviewed by the Responsible Business sub-committee of the Board and tested to achieve the objectives towards the Group's 'responsible business' and 'shared value' aspirations.

The Board mandates the Chief Executive Officer, who delegates authority to the Chief Financial Officer and the Group Head of Tax, to oversee the Group Tax Risk Management Policy's implementation in support of the business strategy as set by the Board. This is augmented by the finance and data governance policies. The Board Audit and Risk committees oversee external tax disclosures and material tax compliance risk management processes. The Group Head of Tax sets the tax control framework and operationalises the policy through the implementation of tax standard operating procedures and methodologies throughout the business.

The Group Tax function supports the implementation of the tax strategy and tax reporting of the business by providing subject matter expertise and tax advice.

Subsidiary Boards³ drive the effective implementation of the Tax Risk Management Policy by receiving and reviewing quarterly reports from the executives in charge of the respective businesses regarding the:

- » Nature and extent of all material tax matters and remediation or mitigation actions
- » Potential impact of new or proposed tax laws and regulations
- » Occurrence of any material non-compliance-related tax risk events, control breaks and incidents and tax Revenue Authority enforcement actions
- » Adequacy and effectiveness of tax processes, tax internal controls and mitigating actions

Management appoints knowledgeable, experienced tax representatives to oversee the implementation and testing of the adequacy of key tax controls in the business.

Through the combined assurance model, the internal and external audit function perform independent review of tax compliance and adequacy of tax disclosures. This includes reviewing material tax numbers disclosed, such as income tax, VAT and payroll tax.

Old Mutual Limited and Old Mutual Life Assurance Company (South Africa) Limited Boards

(and their sub-committees) receive reports that include commentary on significant tax matters. These reports include:

Report from the Chief Financial Officer

Audit committee

- » Report on material tax matters
- » Annual and interim reporting
- » Control risk attestations

Risk committee

- » Material tax matters

Group Tax

The Group Head of Tax reports on the following areas to the Board Audit committee:

- » Tax risk mitigation
- » Key tax controls
- » Compliance monitoring
- » Tax regulatory change processes
- » Awareness and tax training
- » Tax governance and risk
- » Tax function self-assessments
- » Tax letters of representation and attestations
- » Group internal audit tax reports
- » External audit assurance



BOARDS OF SUBSIDIARIES³/ OPERATING ENTITIES



STANDARD OPERATING PROCEDURES



CHIEF FINANCIAL OFFICERS OF SUBSIDIARY COMPANIES



EXPERIENCED TAX REPRESENTATIVES

We have stringent governance and other controls in place throughout our processes, including anonymous whistleblowing channels to report suspicion of tax evasion or fraud (phone 0800 22 21 17).

¹ Refer to page 16 of this report and Note J4 on page 144 of the 2023 Old Mutual Limited Annual Financial Statements for an overview of how the Group assesses tax risk

² Refer to the 2023 Old Mutual Limited Corporate Governance Report

³ Subsidiaries are as defined per IFRS 10 – Consolidated Financial Statements



STAKEHOLDER ENGAGEMENT



Stakeholder engagement

We are acutely aware that our actions today influence our future. We follow through on our commitments in the belief that it is incumbent on us to strive to achieve a balance between our responsibilities to society and our communities, governments as a taxpayer and our investors.

Our commitments

ONE

Our first commitment is to create sustainable value for all our stakeholders. Knowing our stakeholders and understanding their needs are important to us as this forms the basis of all our relationships. We believe that wherever there is shared value, there is lasting commitment to building and growing together.

TWO

Our second commitment is to adhere to strong corporate governance principles and to build trust with our stakeholders through building and maintaining good relationships. Our relationships with revenue authorities in the countries in which we operate are governed by the Group's formal Stakeholder Relations Policy. The policy ensures that the standards by which we operate across all our markets are in line with King IV Code, the United Nations Global Compact on sustainable reporting, including transparency of taxes, and Global Reporting Initiative 207 for tax transparency.

Our values of trust and accountability

Our tax stakeholders

Investors



We are committed to reporting accurately and transparently on the Group's tax affairs. We seek to ensure that our processes to identify, assess and mitigate tax risks withstand scrutiny. We view tax as our contribution to socio-economic cohesion, environmental value creation and long-term prosperity rather than being a short-term cost.

Customers



We are committed to sustaining and growing the prosperity of our customers and their families. We continually invest in technologies to improve what and how we share tax information and to efficiently manage our customers' tax reporting and response to their needs.

Communities



The Group was founded on sustaining the prosperity of the communities we serve. The economic impact of our tax contributions to the countries in which we operate supports social development. The 2023 Old Mutual Limited Sustainability Report provides further detail.

Revenue Authorities



We recognise that sustained economic growth demands a fair, transparent and effective tax environment. We maintain cooperative and proactive relationships with local Revenue Authorities and responding to regulatory proposals and requests for information timeously. We actively support local Revenue Authorities to achieve their mandates to modernise the tax compliance process for our customers and employees.

Employees/intermediaries



We actively demonstrate our commitment to diversity and inclusivity. We attract and grow tax expertise by truly understanding the aspirations of our people investing in their personal development, fairly remunerating them and creating a culture of respect and trust. We aim to create rewarding career paths with clear personal growth plans in Group Tax. Our short to medium-term focus on strategic automation and modernisation is delivering on our goal of more engaged people applied to intellectually stimulating experiences.

Industry



Our talented and respected tax professionals actively participate in tax debates that impact our industry.

2023 Engagement

Our Tax Transparency Report is our response to placing more relevant information in the hands of our investor community. One of the highlights in 2023 included Group Tax working alongside our colleagues to launch and operationalise the Bula Tsela Retail, Employee and Community Schemes. Various policies and procedures are in place to embed environmental, social and governance principles in our investment decisions to create long-term value for all our stakeholders. Refer to Page 7 of our Sustainability Report.

In our efforts to continually improve and enhance compliance and reporting processes, during 2023, the Group implemented a new tax compliance management software with near real-time interface with SARS systems, enabling reliable monitoring of tax preparation, submissions and payments as well as end-to-end functionality for the management of correspondence and notifications received from SARS. We commenced with our tax transformation programme to further de-risk, modernise and rationalise current tax compliance and reporting processes.

In line with our ongoing commitment to sustainability, Old Mutual continued with its Green-With-Tax-Certificates initiative. In South Africa, all customer tax certificates were made available to customers securely via our digital portals and our WhatsApp platform.

The Old Mutual Bula Tsela Retail Scheme was launched to benefit qualifying South African individuals (including our customers and suppliers) to allow for the acquisition of economic interests in Old Mutual Limited by way of shares funded on beneficial terms. The first dividend of this scheme was paid in 2023, and the requisite tax complied with.

A single, cloud based modern reporting platform (Tstream) was implemented for simpler, faster and more efficient submissions of Customer Tax Certificates to SARS (IT3 b/c/f/s).

Old Mutual has invested significantly in preparation for the new 'two-pot' retirement system. Old Mutual will facilitate digital customer access, eligibility and withdrawal benefits, for an efficient, speedy customer experience. In anticipation of the final legislative framework, as a responsible custodian of funds managed on behalf of our customers, Old Mutual launched its awareness and education campaign so that customers understand the impact of the 'two-pot' retirement system and the tax effects on pre-retirement withdrawals.

In addition to the tax we pay, Old Mutual undertakes initiatives to uplift the communities in which we operate.

- Employee volunteerism, specifically in the Group Tax team, raised funding that supported the following charities in our communities in 2023:
 - The Childhood Cancer Foundation that provides support to families of children with cancer and life-threatening blood disorders
 - Centres against gender-based violence and homeless feeding schemes
 - Animal shelters

Aligned to its values, Old Mutual proactively promotes tax compliance in its supply chain. Old Mutual holds its service providers to the same tax compliance standard as its own. Specifically, tax compliance verification is required before the Group engages procurement partners.

We maintain strong relationships with in-country tax Revenue Authorities in the jurisdictions in which we operate. We continually provide input into developing tax legislation. This involves deep engagement with the South African National Treasury (NT) on the 2023 Draft Taxation Laws Amendment Bill and Annexure C National Budget proposals, and other specific legislation impacting our industry.

Some of the highlights of our strategic engagements in 2023 included:

- Leading the engagement with the South African NT on the tax impact of IFRS 17 and other tax proposals (e.g. the interest limitation rules)
- As an asset manager, given the far-reaching impact of the so-called 'two-pot' retirement system we engaged with policy makers, SARS and other stakeholders to ensure ease of implementation for our customers
- Presenting to the Select Committee on Finance National Council of Provinces, specifically on the impact of interest limitation rules on retirement funds, development impact funds and unlisted property companies
- In our efforts to keep SARS abreast of our changing business landscape, we presented our business strategy, the shifts in our business environment, major mergers and acquisitions activity and challenges at least twice

In 2023, we were proud to implement the following:

- The internal Rotation Programme to give employees the opportunity to experience the wider tax and finance environment to promote retention of existing talent and attract new talent
- Appointment of graduate trainees in Group Tax to provide work experience for unemployed graduates
- Active sponsor of the Chartered Accountants Community, Old Mutual CA (Libre), to foster collaboration and a sense of belonging
- Conducting Pulse Culture and Engagement Surveys to be more responsive to employee needs
- As a means to retaining top talent, participation in the Old Mutual Bula Tsela Employee Scheme
- Support for the personal growth of our employees by fully funding learning programmes internally and externally (through attendance at universities, online courses through the Udemy Academy and participation in seminars)

Bodies on which our tax specialists serve include:

- The Association for Savings and Investments South Africa (ASISA) Tax sub-committee
- The Actuarial Society of South Africa (ASSA), IFRS 17 working group
- The South African Institute of Chartered Accountants (SAICA) national tax committee
- The South African Insurance Association (SAIA) Tax working group
- The Association of Chartered Certified Accountants (ACCA) Zimbabwe tax sub-committee
- The Income Tax Court of South Africa
- The Actuarial Governance Board of the Actuarial Society of South Africa (ASSA)



KEY TAX JUDGEMENTS AND RATIOS



Key tax judgements

We are committed to conducting our tax affairs in accordance with the tax legislation of the countries where we operate. All interpretations are made with reference to the specific facts and circumstances and in the context of relevant legislation, practice and directives. All positions are vigorously tested and defensible.

Business and tax law complexity may result in the conclusion of transactions that expose the Group to tax, legal and business risks. Governments conclude tax treaties or agreements to encourage international investment and trade by eliminating double tax on cross-border income. The interplay of the tax treaty and domestic tax laws results in unintended complexity and ambiguity. We apply judgement to determine any uncertain tax positions. The Revenue Authorities in countries in which we conduct business routinely review historical transactions and tax law interpretations applied by the Group.

Uncertain tax positions are quantified on the basis of expected value (for corporate income tax in terms of IFRIC 23 and IAS 12), being the probability-weighted amounts in respect of the possible outcome, assessed in terms of laws and facts/information known to us at the reporting date. IAS 37 provisions (mainly indirect taxes, other than income tax) are quantified based on the most likely outcome across the Group.

All material tax positions taken and disputes with tax authorities are reviewed by executive management and reported to the Board Audit and Risk committees. The Board is satisfied that there are adequate provisions to cater for the resolution of uncertain tax matters and that the resources required to fund any potential settlements are sufficient. Refer to note D8 of the 2023 Old Mutual Limited Annual Financial Statements.

During 2023, the following major settlements were made, in consultation with the Revenue Authorities:

- » Voluntary disclosure: R6.7 million paid
- » Alternative dispute resolution: R14.2 million paid
- » Defending our tax position: R62.3 million refunded

Given the complexity and breadth of our business, Revenue Authorities routinely conduct audits. There are currently no open matters with the Revenue Authorities that would, in our opinion, have a material impact on our reported results if resolved in favour of the Revenue Authority.

The financial statements record and evaluate tax positions in terms of the following specific accounting standards and interpretations. These explain how to determine the accounting tax position when there is uncertainty over income tax treatments:

- » IFRIC 23 *Uncertainty over Income Tax Treatments*
- » IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
- » IAS 12 *Income Taxes*





Actuarial and tax judgements

The Group has four lines of business, with the most significant being our Life and Savings business. This line of business is complex. It is the major contributor to the Group's operating profit and consequently, to the total tax contribution to the jurisdictions in which we have business operations.

Taxable income for our Life and Savings business is calculated in accordance with the tax laws of the countries in which we operate. Life profits are based largely on movements in the policyholder assets relative to the policyholder liabilities. Policyholder assets are generally valued on observed market value or fair value. Significant judgement is required to determine the value of the policyholder liabilities.

IFRS 17 *Insurance Contracts* is a principles based standard involving material judgement. The International Accounting Standards Board issued IFRS 17 *Insurance Contracts* in May 2017, as a replacement for IFRS 4 *Insurance Contracts*. The Group applied the new standard from the effective date, being 1 January 2023. The Group Tax function is an integral part of the Group's IFRS 17 implementation team.

Generally, the valuation date measurement of policyholder liabilities involves the use of models built on assumptions to calculate the

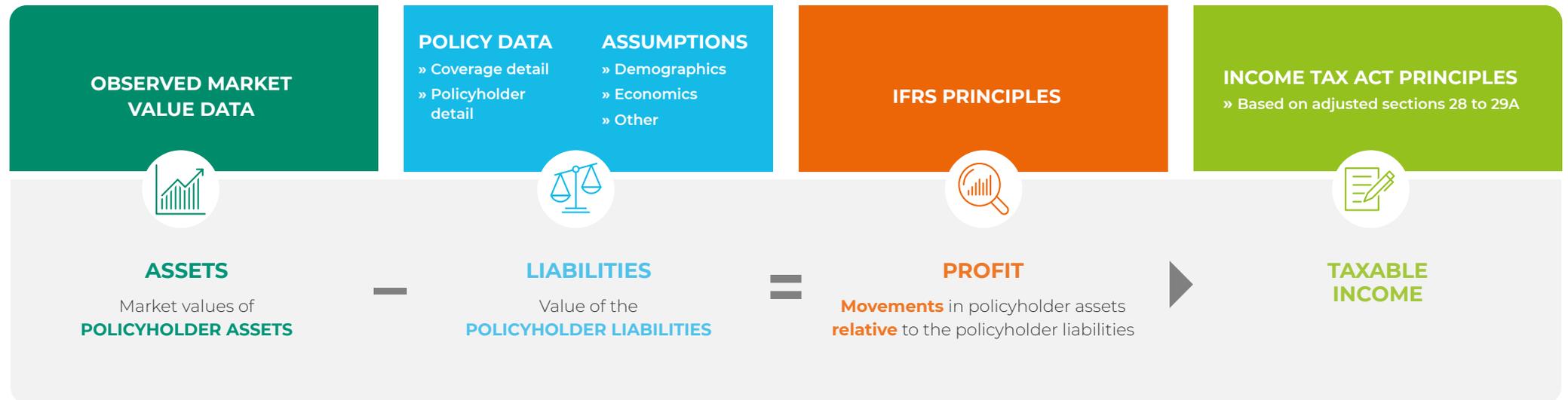
present value of projected future cash flows, together with adding the required margins (Risk Adjustment and Contractual Service Margin where applicable).

Assumptions used in the valuation of liabilities are set on a long-term basis and are not expected to be changed frequently. Any proposed assumption changes are taken through strict governance processes, with ultimate Board Audit committee approval. The impact of basis changes is estimated as part of the governance process, but these estimates will differ from the actual final impact. In the actual valuation, liabilities are quantified using actual data, approved assumptions and models. Changes to assumptions and models influence the timing and release of profits over time. Profits can fluctuate as a result of deviations between current and future expectations of market conditions and policyholder behaviour, as well as the current year's experience, differing from that assumed

at the start of the year. The differences between actual assumption changes and estimated assumption changes are reported to the Board Audit committee.

IFRS 17 has been successfully implemented by the entities impacted in the Group. The 31 December 2021 and 31 December 2022 balance sheets, as well as the 2022 income statement, have been restated in line with IFRS 17. Transitional (deferred) tax impacts have been determined and recorded in the IFRS 17 restated 31 December 2021 and 31 December 2022 IFRS 17 *statements of financial position*.

In South Africa, current tax is determined in 2023 by applying tax legislation amended to cater for IFRS 17. The phasing-in provisions contained in the amended tax legislation have been applied for the first time. Transitional deferred tax impacts will unwind from 2023 to 2028 for long-term insurers and from 2023 to 2025 for short-term insurers.

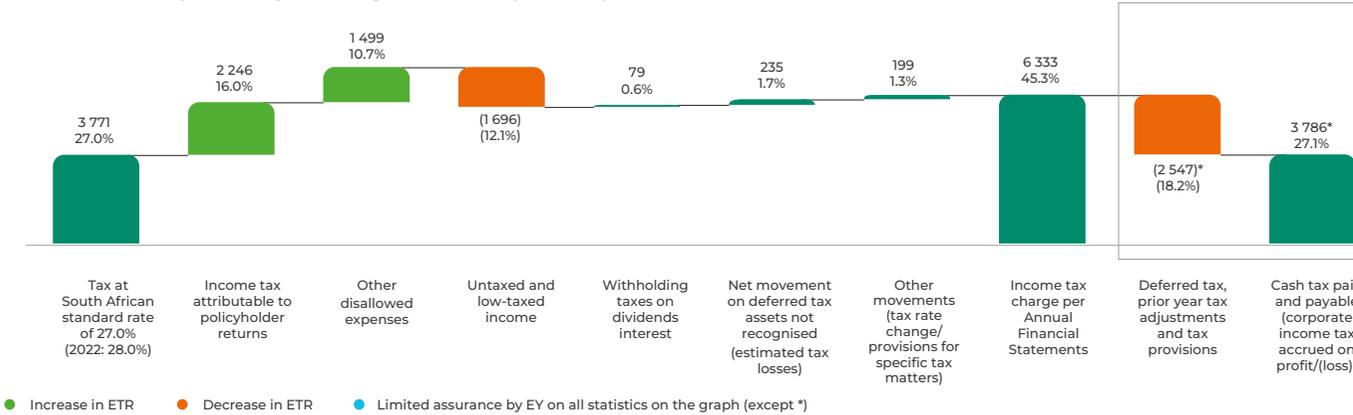


Further detail regarding the critical accounting estimates and judgements relating to the measurement of policyholder liabilities can be found in note G2 of the 2023 Old Mutual Limited Annual Financial Statements



Old Mutual Limited Group effective tax rate (ETR)

Reconciliation of Group statutory tax charge to cash tax (R million)¹



Note The graph starts with the statutory tax payable on the IFRS pre-tax profit and then illustrates the various adjustments to arrive at the IFRS tax charge and the cash tax payable. The IFRS ETR (45.3%) is significantly higher than the South African statutory rate (27%) primarily due to income tax attributable to policyholders (16%) borne by the Group. The cash tax rate (27.1%) is, however, marginally higher than the South African statutory rate (27%) due to unrealised fair value gains in 2023 (losses in 2022) on assets backing policyholder liabilities. Unrealised fair value gains increased IFRS profits but do not increase cash tax paid attributable to policyholder returns. In addition, favourable tax legislation for Life and Savings in Malawi, Zimbabwe and Namibia resulted in low tax in those jurisdictions. Central African Business Society profits are exempt from tax in Zimbabwe.

IFRS ETR¹

Old Mutual Limited reported an IFRS profit before tax of R14.0 billion and an IFRS ETR of 45.3% (18.3% higher than the South African statutory rate of 27%) for the year ended 31 December 2023. The key drivers of the higher IFRS ETR follow:

- » Income tax attributable to policyholders borne by the Group +16%
- » Expenditure disallowed for tax mainly due to apportioned expenses in the ratio of taxable:non-taxable income in the life companies and holding companies in the Group, limitation of tax deductions on management fees in Kenya, ring-fenced interest costs and foreign exchange losses in Kenya, pre-trade expenditure in the Bank and expenditure deductions capped in terms of a formula in Zimbabwe +10.7%
- » Offset by untaxed/ 'low-taxed' income due to favourable tax legislation for Life and Savings in Malawi, Zimbabwe and Namibia and non-taxable unrealised fair value gains in South Africa and Old Mutual Africa Regions -12.1%

¹ Refer to page 17 of the 2023 Old Mutual Limited Annual Financial Statements
↓ Limited assurance by EY on all statistics

IFRS ETR is defined as the IFRS Income tax charge as a percentage of pre-tax IFRS profits of the Group.

Adjusted Headline Earnings (AHE) ETR²

Old Mutual Limited reported AHE profits of R9.4 billion and an AHE ETR of 34.3% for the year ended 31 December 2023 (7.3% higher than the South African statutory tax rate). The lower AHE ETR compared to the IFRS ETR, is mainly due to the following:

- » Income tax attributable to policyholders which is excluded from tax on the AHE basis
- » Earnings on the AHE basis which exclude the impact of once-off transactions (such as impairments of assets) and other non-core earnings (such as Zimbabwe and Old Mutual Residual Group UK)

² Refer to page 19 of the 2023 Old Mutual Limited Annual Financial Statements
↓ Limited assurance by EY on all statistics

AHE ETR is defined as the AHE Income tax charge as a percentage of pre-tax AHE profits of the Group. AHE is an alternative non-IFRS profit measure used alongside IFRS profit to assess performance of the Group. The basis of preparation of AHE is defined under A1 on page 28 of the Annual Financial Statements.

Cash Tax Rate³

The Group cash tax rate at 31 December 2023 of 27.1% (2022: 62.6%) is 0.1% higher than the South African statutory tax rate of 27.0%. The key drivers of the cash tax rate follow:

- » Income tax attributable to policyholders borne by the Group +4%
- » Benefit of shareholder transfer tax deficits in OMLACSA -2%
- » Benefit of phase-in of IFRS 17 transitional adjustment in OMLACSA -1.2%
- » Untaxed/ low-taxed income due to favourable tax legislation for Life and Savings in Malawi, Zimbabwe and Namibia, Central African Business Society profits that are exempt from tax in Zimbabwe and non-taxable unrealised fair value gains in South Africa and Old Mutual Africa Regions -12.2%
- » Expenditure disallowed for tax mainly due to apportioned expenses in the ratio of taxable:non-taxable income (e.g. in the life companies and holding companies in the Group), limitation of tax deductions in Kenya on management fees (as defined in the insurance legislation), ring-fenced interest costs and foreign exchange losses in Kenya, 'pre-trade' expenditure in the Bank and expenditure deductions capped in terms of a formula in Zimbabwe +10.7%

Note In 2022, fair value losses on assets backing policyholder liabilities in OMLACSA reduced IFRS profits but not taxable income resulting in a higher cash tax charge.

³ Cash tax excludes: deferred income tax, prior year tax adjustments and tax provisions

Cash tax rate is defined as cash tax paid and payable (corporate income tax accrued on profit/(loss)) in respect of current year income as a percentage of pre-tax IFRS profits/(losses) of the Group.



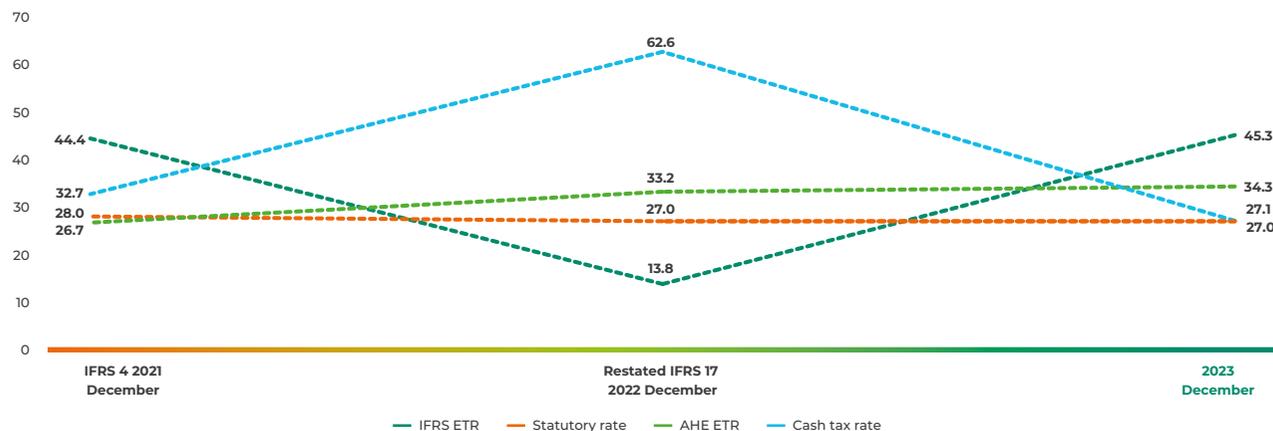
Old Mutual Limited Group ETR reconciliation[↓]

	Rm	%	Rm	%
	2023		Restated IFRS 17 2022	
Profit before tax	13 966	-	6 558	-
Tax at South African standard rate of 27% (2022: 28%)	3 771	27.0	1 836	28.0
Recurring items				
Different tax rate or basis on foreign operations	50	0.3	(15)	(0.2)
Untaxed and low-taxed income ¹	(1 696)	(12.1)	(2 251)	(34.3)
Disallowable expenses ²	1 499	10.7	2 096	32.0
Adjustments to current tax in respect of prior years	(30)	(0.2)	(20)	(0.3)
Net movement on deferred tax assets not recognised ³	235	1.7	145	2.2
Adjustments to deferred tax in respect of prior years	154	1.1	9	0.1
Withholding taxes	79	0.6	154	2.3
Income tax attributable to policyholder returns ⁴	2 246	16.0	(1 194)	(18.2)
Exceptional items				
Effect on deferred tax on changes in tax rates	-	-	141	2.1
Other	25	0.2	6	0.1
	6 333	45.3	907	13.8

- 1 Untaxed/ 'low-taxed' income due to favourable tax legislation for Life and Savings in Malawi, Zimbabwe and Namibia and non-taxable unrealised fair value gains in South Africa and Old Mutual Africa Regions
- 2 Expenditure disallowed for tax mainly due to apportioned expenses in the ratio of taxable: non-taxable income in the life companies and holding companies in the Group, limitation of tax deductions in Kenya on management fees (as defined in the insurance legislation), ring-fenced interest costs and foreign exchange losses in Kenya, 'pre-trade' expenditure in the Bank and expenditure deductions capped in terms of a formula in Zimbabwe
- 3 Tax losses on which deferred tax assets are not recognised mainly in Old Mutual Africa Regions
- 4 In line with industry practice, while the income attributable to policyholders is set off against the movement in policyholder liabilities in IFRS profit before tax, the tax on the policyholder income is included in the tax line in the income statement because the tax is due and payable by South African life companies on behalf of policyholders. In 2023 fair value gains on Old Mutual Life Assurance Company (South Africa) Limited policyholder assets increased the (deferred) tax charge (compared to fair value losses in 2022 which decreased the (deferred) tax charge in 2022)

↓ Limited assurance by EY (except *)

Three-year trend of taxes (%)*



Commentary and trends*

The AHE ETR of 34.3% is marginally higher compared to 2022 (33.2% restated IFRS 17 rate) and is higher than the historical average of 30.6%. It is expected, barring any economic shocks, that the AHE ETR should trend closely to the statutory rate (27%) going forward once significant investments in core and growth markets and new growth engines (e.g. the Bank) commence (profitable) operations.

The IFRS ETR and cash tax rate remain volatile and are driven mainly by the performance of the investment markets which feeds into policyholder returns and revaluations of policyholder investments. Due to this volatility, it is difficult to predict with certainty the IFRS ETR and cash tax rate.

Note In 2021, due to the inverse relationship caused by the IFRS loss before tax, these percentages (except for the AHE ETR and statutory rate) have been inverted to correctly depict the trend in the ETR. The AHE ETR as well as the statutory rate have not been inverted, given that on the AHE basis, the Group has made a profit.



SUPPLEMENTARY INFORMATION



Tax by region¹

Tabulated below is an overview of our tax information by region, guided by the disclosure requirements in GRI 207:

Region ¹	Life and savings	Asset Management	Bank and Lending	Property and Casualty	Profit before tax ²		Corporate income tax paid on cash basis ³		Cash tax paid and payable (corporate income tax accrued on profit/(loss)) ⁴		Cash tax rate ⁵		Number of employees ⁶		Total tax contribution					
					2023	(Restated) 2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2022	2022
					Rm	Rm	Rm	Rm	Rm	Rm	%	%	No	No	Rm	%	Rm	%	Rm	%
South Africa	✓	✓	✓	✓	7 321	5 045	3 382	3 388	3 025	3 551	41.3	70.4	21 839	20 720	13 401	85.7	12 502	85.3		
Southern Africa (excluding South Africa)	✓	✓	✓	✓	4 924	2 947	479	402	534	354	10.8	12.0	3 294	3 074	1 304	8.3	1 326	9.0		
East Africa	✓	✓	✓	✓	130	(66)	391	316	217	178	166.9	(269.7)	1 460	1 453	768	4.9	699	4.8		
West Africa	✓	✓		✓	54	(58)	5	5	3	8	5.6	(13.8)	314	309	31	0.2	25	0.2		
Other	✓				1 537	(1 310)	11	16	7	12	0.5	(0.9)	358	337	135	0.9	107	0.7		
Total					13 966[‡]	6 558 [‡]	4 268	4 127	3 786	4 103	27.1	62.6	27 265	25 893	15 639	100.0	14 659	100.0		

¹ Note 1 of the 2023 Old Mutual Limited Annual Financial Statements contains a list of names of principal subsidiaries, associates and joint ventures
² Consolidated IFRS profit before tax for the Group per the 2023 Annual Financial Statements
³ Corporate income tax paid on a cash basis in 2022 (including taxes paid in 2023 that relate to prior year taxes due)
⁴ Cash tax paid and payable (corporate income tax accrued on profit/(loss)) excludes deferred income tax, prior year tax adjustments and tax provisions
⁵ Cash tax rate is calculated as the cash taxes paid/payable in respect of current year income as a percent of pre-tax IFRS profits/(losses) of the Group
⁶ Number of employees is calculated as the head count at the end of the reporting period 31 December 2023. We have refined our definition of employee and restated the 2022 numbers
[‡] Limited assurance was provided on the marked totals by EY

Commentary and trends

The total tax contribution for the Group has increased 6% from R14.7 billion in 2022 to R15.6 billion in 2023 (refer to page 7). The relative tax contributions of the various countries to the total tax contribution have remained relatively stable. The largest movements were a 0.4% increase in the relative contribution from South Africa and a decrease of 0.7% in Southern Africa (excluding South Africa).

South Africa – The higher ETR when compared to the statutory rate was driven mainly by policyholder taxes. The cash tax rate has reduced to 41.3% from 70.4% due to fair value gains on policyholder assets in 2023 which increased profits that are not subject to cash tax, compared to fair value losses in 2022 (which reduced profits).

Southern Africa (excluding South Africa) – The lower effective cash tax rates were largely driven by favourable tax legislation for Life and Savings in Malawi, Zimbabwe and Namibia and Central African Business Society profits which are exempt from tax in Zimbabwe. The overall total tax contribution is largely made up of corporate tax, intermediary monetary transfer tax in Zimbabwe and payroll taxes in Zimbabwe and Namibia. The main driver of the reduction in the relative tax contribution was due to lower intermediary monetary transfer tax in Zimbabwe.

East Africa – The relative tax contribution by East Africa has increased due to an increase in profits for the region. The lower effective cash tax rate of 166.9% is as a result of disallowed expenses incurred in 2022 (which did not recur in 2023), offset in part by the reversal of prior year deferred tax assets (in respect of tax losses carried forward) and increased payroll tax contributions due to a higher headcount in Kenya.

West Africa – The effective cash tax rate of 5.6% (-13.8%) was driven by a combination of Ghana and Nigeria that both returned low ETRs in 2023 mainly due to:

- » Ghana: higher tax-exempt insurance revenue offset by non-deductible IFRS 17 adjustments and expenditure incurred to earn exempt income
- » Nigeria: Formula driven taxation of life and short-term profits which result in large portions of non-taxable income. A minimum tax (in terms of a prescribed formula) applies

Other – Trading profits in the Isle of Man mainly due to the performance of equity markets, were a large contributor to the gains disclosed under 'other'. The legacy operations in the Isle of Man (and other low-tax jurisdictions such as Guernsey and Mauritius) were established in response to our customers' needs for offshore licensed investment services and products.

In establishing a presence in these jurisdictions, where appropriate, the Group has ensured that the operations have substance and are suitably equipped and resourced to take the required business decisions. The income of the Isle of Man, Guernsey and Hong Kong branches is taxable in South Africa. For subsidiaries in Guernsey, Mauritius and Bermuda, the income of these subsidiaries are taxed in South Africa in terms of South Africa's controlled foreign company rules. The effective cash tax rate for the 'Other' region is low (0.5%) as the tax in respect of the branches is included in the South African tax payable.





Tax highlights and developments

Old Mutual employs an accomplished team of tax specialists and subject matter experts who represent Old Mutual on relevant industry bodies and keep abreast of proposed international and domestic tax legislation and its impact on the Group. Significant recent developments include:

INTERNATIONAL

There were no major shifts in tax policy at an international level in 2023 that warranted any specific attention. We repeat matters of interest below:

Global Anti-Base Erosion Model Rules

In 2021, the OECD Global Anti-Base Erosion Model Rules introduced a global minimum corporate tax rate of 15%, applicable to multi-national entities. South Africa is one of 138 countries that are signatories to the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting, which sets out the statement on a two-pillar solution to address the tax challenges arising from the digitalisation of the global economy.

The European Union (EU) adopted the directive in December 2023. EU countries are amending domestic legislation to give effect to these rules in-country. The UK passed legislation to include the main rules and a domestic minimum tax, which came into effect for accounting periods commencing after 31 December 2023.

On 2 February 2023, the OECD released its administrative guidance on Pillar II, which addresses some of the uncertainties contained in the initial commentary. On 21 February 2024, the South African Government proposed to implement two components of the OECD's Global Minimum Tax being the 'Income Inclusion Rule' and a 'Domestic Minimum Top-up-Tax' (DMTT).

The Income Inclusion Rule will ensure SA head-quartered multi-national entities pay a 'top-up' tax in SA (of at least 15%) in respect of any subsidiaries in low-taxed jurisdictions. The 'Domestic Minimum Top-up-Tax' will ensure any 'top-up' tax liability in respect of SA operations of foreign multi-national entities will be collected by SARS. These two measures will come into effect on 1 January 2024. Zimbabwe is the only other country in Africa that has announced Pillar 2 domestic legislation thus far, that will have an impact on our Group.

Old Mutual Limited continues to consider the potential scope of these rules and their possible tax impact while exploring solutions to enable compliance when the rules become operational.

EU Public Country-by-Country Reporting

An EU public Country-by-Country reporting Directive (the Directive) was agreed upon by the Member States and the European Parliament and came into force on 21 December 2021. Member States will have to implement it into domestic law for the financial year starting on or after 22 June 2024, at the latest, with first disclosures a year after the end of the period. The measure requires non-EU based multi-national entities, doing

business in the EU through a branch or subsidiary with total consolidated revenue of more than €750 million in each of the last two consecutive financial years to report publicly the income taxes paid and other tax related information (such as a breakdown of profits, revenues and employees). The information must be broken down for each EU Member State where the Group is active and also for each jurisdiction deemed non-cooperative by the EU or that has been on the EU's 'grey' list for a minimum of two years. (Information concerning all other jurisdictions may be reported on an aggregated level). Old Mutual's investments in Romania and Bulgaria do not currently meet the required thresholds for Old Mutual to be in scope for EU public Country-by-Country reporting. Old Mutual will continue to review and consider the potential scope of these rules for applicability.

Environmental taxes

Aligned to international trends, South Africa introduced a range of environmental taxes, the most significant being carbon tax (R190 per tonne of carbon dioxide equivalent from 1 January 2024 for in-scope emissions), an electricity levy (3.5 cents per kWh on energy produced using non-renewable sources) and a carbon tax included in the price of fuel (part of the fuel levy) of 11 cents per litre for

petrol and 14 cents per litre for diesel from 3 April 2024. In terms of Phase One, carbon tax at relatively low rates only applied to Scope 1 emissions. Scope 1 emissions are direct greenhouse gas emissions from sources controlled or owned by the organisation (e.g. those associated with fuel combustion in boilers, stoves and vehicles).

Due to the exemptions contained in the Carbon Tax Act, the main operating entities of Old Mutual Group are not liable for carbon tax. However, Old Mutual pays indirect environmental taxes in the form of the electricity and fuel levy. Old Mutual made sustained improvements to reduce its carbon footprint by reducing electricity usage and investing in renewable energy production. Old Mutual installed 3.3 MW of rooftop solar on its buildings in addition to significant investments in renewable energy projects. Due to extensive load shedding during 2023, the Group's diesel usage (and consequently, the carbon tax included in the price of fuel) increased substantially.

Zimbabwe's carbon tax on petroleum products is a consumer based tax, this does not impact the direct taxes paid by Old Mutual Group. Kenya and Botswana Governments indicated their intention to implement carbon taxes in due course.





Tax highlights and developments *continued*

INTERNATIONAL *continued*

International reporting rules

European Directive Mandatory Disclosure Rules (DAC6)

DAC6 requires intermediaries and/or taxpayers to report qualifying cross-border tax arrangements. Old Mutual engaged with our advisers to understand the reporting requirements in relation to its investments in the UK and the EU. We concluded that for 2023, Old Mutual did not have any reporting obligation in terms of DAC6.

UK Mandatory Disclosure Rules

The UK Mandatory Disclosure Rules are effective from 28 March 2023. These rules target qualifying cross-border tax arrangements. The relevant requirements are vastly reduced and limited to reporting arrangements that undermine reporting requirements under agreements for the automatic exchange of information, or arrangements that obscure beneficial ownership and involve the use of offshore entities/structures with no substance. Old Mutual is aware of these rules. We have no expectation for there to be any transactions that would need to be reported under these rules.

Corporate criminal offence

The UK Government passed the Criminal Finances Act in 2017, which included legislation regarding corporate criminal offences. The corporate criminal offence regime seeks to prevent corporate entities from failing to prevent the facilitation of tax evasion. It imposes penalties, including a public criminal conviction and a potentially unlimited financial penalty if businesses are unable to demonstrate that appropriate steps have been taken to prevent the facilitation of tax evasion in the course of trade. Old Mutual takes compliance with the corporate criminal offence regime and prevention of the facilitation of tax evasion extremely seriously. Management is comfortable that our processes are sufficient to meet the requirements of the legislation.

Environmental, social and governance considerations

The EU introduced the Corporate Sustainability Reporting Directive, which came into effect on 5 January 2023.

The disclosures require the inclusion of time-bound targets, commitment to the reduction of greenhouse gas emissions and a demonstration of progress against these targets since the previous report. The targets and progress demonstrated must be underpinned by scientific evidence, where relevant.

In addition to the TCFD framework, Old Mutual will seek to meet environmental, social and governance disclosure requirements, on a voluntary basis as we recognise the importance of disclosing accurate sustainability information and relevant risks to all our stakeholders.

Transfer Pricing And Country-By-Country Reporting

Old Mutual Limited is a pan-African group, with an operational footprint in 14 countries, subject to the tax laws and regulations of the jurisdictions in which it operates. Old Mutual Limited implemented the measures developed by the OECD Base Erosion and Profit Shifting Action Plan to comply with the enhanced international tax principles and transfer pricing compliance and disclosure regime, which includes the country-by-country report and transfer pricing documentation. Old Mutual Limited ensures intra-Group transactions are concluded in accordance with the arm's length principle, on the basis of good, commercial rationale, benchmarked to market.

Old Mutual Limited, the ultimate parent Company, has been a tax resident in South Africa since 2018. Old Mutual Limited reported data for the Group on an aggregated basis for each jurisdiction in which it operates, in terms of the Country-By-Country reporting rules.



A dashboard of this information is published as part of the supplementary information to this report (on page 21)





Tax highlights and developments *continued*

SOUTH AFRICA

In addition to a general update, we highlight recent tax developments below which have a significant impact on the Group: (1) The reduction in the corporate income tax rate from 28% to 27% and a simultaneous limitation on the use of assessed losses with effect from 1 January 2023; (2) amendments to the tax legislation applicable to short-term and long-term insurers, to implement the new accounting standard for insurance contracts (IFRS 17), which replaces the previous accounting standard for insurance contracts (IFRS 4), effective from 1 January 2023; and (3) retirement reform by way of the introduction of the 'two-pot' retirement system.

IFRS 17 Insurance Contracts

With effect from 1 January 2023, IFRS 17 introduced new concepts for income recognition, classification of financial instruments and valuation of insurance products, among others, which impacts the Group's Life and Savings and short-term insurance businesses. Consequential changes were made to the Income Tax Act effective 1 January 2023 to align the income tax provisions (sections 28 and 29A) with IFRS 17 terminology and concepts. In addition, 'phasing in' transitional measures were introduced to ease the tax impact of transitioning to IFRS 17 for short and long-term insurers, which have been given effect in the 2023 Annual Financial Statements.

Collective Investment Schemes (CIS)

SARS continues to debate the capital versus revenue nature of investments held by collective investment schemes. The South African NT intends to publish a discussion paper with a clear tax framework for collective investment schemes in due course, in consultation with the Financial Sector Conduct Authority. The Association for Savings and Investment South Africa, representing the industry, believes that any proposed tax legislation is likely to be prospective.

Retirement reform

NT delayed the introduction of the 'two-pot' retirement system to 1 September 2024 which allows for:

- » The preservation of funds until retirement age
- » Pre-retirement access to benefits under prescribed circumstances

The proposed reform should see tax uniformity for all contributors towards retirement, provide much needed relief for those with significant debt and, in principle, encourage greater savings.

A second phase of retirement fund reform is in the process of being legislated which will allow retrenched workers to access similar withdrawal benefits.

Limitation on interest deductions

Amendments effective in 2024 further expanded the ambit of the limitation on interest deductions (section 23M) to include funding provided directly or indirectly by exempt entities (such as the Untaxed Policyholder Fund in a life company) to persons that are in a direct or indirect 'controlling relationship' (≥50%) with the borrower. This has unintended consequences with a detrimental impact on development impact funds, infrastructure development funds and net savings in retirement funds, among others.

In the 2024 National Budget presented on 21 February 2024, NT acknowledged that these rules may unfairly prejudice tax-exempt investors such as retirement funds that are investors in OMLACSA's untaxed policyholder fund and participants in certain infrastructure and development impact funds and have undertaken to consult further in this respect.

Unlisted property vehicles legislation

In the NT response document to submissions made dated 20 September 2023, NT accepted that the Conduct of Financial Institutions Bill provides

the necessary regulatory framework to regulate unlisted REITS as follows:

- » The Conduct of Financial Institutions Bill includes unlisted REITS as part of alternative investment funds
- » The specifics in the property sector (including where there is only one investor and whether there is internal management or external management) are included in the draft Conduct of Financial Institutions Bill
- » Unlisted property companies will have the same qualifying financial requirements as listed REITs (i.e. minimum asset size, maximum gearing levels, minimum level of rental income, minimum level of distributions)

The date of promulgation of the Conduct of Financial Institutions Bill is anticipated within 18 to 24 months. Once this is promulgated, this paves the way for NT to align the tax regime for listed and unlisted REITS. We continue to engage with NT in this regard.

Limitation on the utilisation of the benefit of assessed losses

Limitations were imposed on the use of the benefit of assessed losses, effective 1 January 2023, capped at an amount equal to 80% of taxable income earned in a particular year, before the set-off of the assessed loss carried forward. As a consequence, affected companies in the Old Mutual Limited Group are taxed on a minimum of 20% of taxable income earned in 2023 despite the existence of larger assessed losses. NT has proposed that companies in the process of liquidation, deregistration, or winding up

are excluded from this limitation to avoid forfeiture of the loss upon 'striking off'.

Foreign business establishments of controlled foreign companies (CFCs)

On 7 February 2023, the Supreme Court of Appeal ruled in favour of SARS in the case of the Commissioner for the South African Revenue Service versus Coronation Investment Management SA Proprietary Limited (1269/2021) [2023] ZASCA 10.

The Supreme Court of Appeal found that for a CFC to qualify for the foreign business establishment exemption (which allows a South African holding company of a CFC exemption from the requirement to impute the income of the CFC, into its taxable income) essentially:

- » The primary operations of the CFC must be conducted in the same jurisdiction that the CFC claims foreign business establishment status. This, notwithstanding that the CFC may have a presence (conducting ancillary operations) in the jurisdiction in which it claims foreign business establishment exemption
- » The business must be capable of demonstrating economic substance in terms of its operations and business purpose

The appeal to the Constitutional Court was heard on 13 February 2024, and the outcome is pending. We previously conducted a detailed impact assessment on all CFCs in the Group with no concerns. We will re-assess the impact to the Group pending the Constitutional Court judgment.



Tax highlights and developments *continued*

SOUTH AFRICA *continued*

Third-party-backed shares

Amendments to the provisions governing the tax treatment of third-party-backed shares (section 8EA) extend certain anti-avoidance rules in specific instances (i.e. where shares in an operating company are no longer held by the original acquirer). These changes apply to local and foreign dividends received or accrued during Old Mutual Limited's 2024 tax year.

SARS Modernisation Programme

In 2023, SARS took the first tangible steps towards a vision to shift to a more real-time reporting and

taxation system. Draft Business Requirement Specifications (with a proposed implementation date of 1 March 2026) for industry comment were released for:

- » monthly IT3 reporting
- » monthly PAYE reporting (BRS since rescinded for further refinement)

SARS released a discussion document for comment setting out the roadmap for the modernisation of the VAT system. No implementation date has been communicated. We continue to work closely with SARS and Association for Savings and Investment South Africa to ensure our readiness to comply by implementation dates.

Other administrative change

On 2 June 2023, The Commissioner for SARS announced the appointment of three Deputy Commissioners to strengthen his executive team following recommendations in the final report of the Nugent Commission of Inquiry into Tax Administration and Governance by SARS, bolstering leadership in the areas of taxpayer engagement and operation, enterprise strategy, enablement and modernisation and corporate and enterprise services.

With the continuing leadership, this gives us some certainty that the shaping of the strategic agenda for SARS will continue to pursue modernisation, global integration and cooperative tax compliance.

Tax incentives

The Old Mutual Group claims learnership tax incentives, capital allowances and the new renewable energy incentive (enhanced deductions for renewable energy equipment of 125% of the cost) provided for in the Income Tax Act.





Tax highlights and developments *continued*

OLD MUTUAL AFRICA REGIONS

The highlights below include recent amendments in certain key economies relevant to our business in Old Mutual Africa Regions:

Kenya

Legislation limiting the deductibility of interest was amended to exclude:

- » Interest on loans between domestic entities
- » Any interest deduction that is subject to the Thin Cap restrictions may be carried forward for a period of three years

Where the interest limitation rule is applied it will also result in the disallowance of any realised foreign exchange losses. These may be carried forward for a period of five years.

Exported services are now zero-rated (previously subject to VAT of 16%). The 20% excise duty on fees charged for money transfer services by banks, money transfer agents and financial institutions was reduced to 15%

South Sudan

A sales tax of 18% was introduced on commissions and other fees charged for financial services.

Tanzania

The Skills Development Levy rate was reduced from 4.5% to 3.5%.

Rwanda

The corporate income tax rate was reduced from 30% to 28%.

Ghana

The Growth and Sustainability Levy was confirmed to be applicable to all entities, not just specific industries. For the financial services sector, the rate is 5% of profits before tax for the 2023 to 2025 years of assessment. The amount is not deductible for corporate income tax purposes.

Parliament introduced Income Tax Act 1094, which introduces the following changes:

- » A minimum tax of 5% of turnover was introduced where a taxpayer has losses for the previous five years
- » There is an alignment on the period for carryforward of losses, which is five years for all taxpayers

A new limitation on the deduction in respect of foreign exchange losses on debt claims, debt obligations or foreign currency holdings was introduced to limit the deduction to realised losses incurred in the production of income. Exchange losses on transactions with resident persons are also not deductible. Taxpayers are allowed to capitalise foreign exchange losses of a capital nature and claim capital allowances accordingly.

Nigeria

The Capital Gains Tax (CGT) Act was amended to allow the deduction of capital losses against capital gains (from the same class of asset) arising on the disposal of an asset subject to CGT. Unutilised capital losses can be carried forward to be utilised against future capital gains for a maximum of five years, after which the loss will be deemed to have lapsed.

Rollover relief on the sale of shares is subject to re-investment of the proceeds within the same year of assessment.

VAT: the Commissioner for Federal Inland Revenue Service is empowered to make adjustments to transactions with related or third parties that are deemed to be fictitious.

VAT: taxpayers that withhold or collect tax are now required to remit VAT on or before the 14th day of the month following the month of transaction (previously the 21st day).

The Tertiary Education Levy was increased from 2.5% to 3%.

Zimbabwe

The intermediated money transfer tax rate for foreign currency transactions was reduced from 4% to align to the local currency transactions rate of 2%. The VAT rate was revised from 14.5% to 15%, effective 1 January 2023.

Botswana

The approved pension funds tax free benefit has been increased from one third to 50% of any amount withdrawn by a deferred pension fund member from the pension entitlement for purposes of settling a loan, and where, by reason of tax payable, the deferred amount is not enough to settle the loans payable, the whole amount shall be exempt.

These changes came into operation on 15 January 2024.

eSwatini

These changes are anticipated to come into effect in the course of 2024:

- » The corporate tax rate is proposed to be reduced from 27.5% to 25%
- » Tax losses carried forward will be limited to five years





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