



OLDMUTUAL

TAX TRANSPARENCY REPORT 2022

For the year ended 31 December 2022



DO GREAT THINGS EVERY DAY

About our report

Our reporting suite

Our Integrated Report is supplemented by a suite of online publications and information. These reports can be accessed on our corporate website. The Tax Transparency Report, when read in conjunction with the rest of the reporting suite, provides information targeted at meeting our diverse stakeholders' needs.

<https://www.oldmutual.com/investor-relations/reporting-centre/reports>



Integrated Report

Provides a succinct and balanced view of our value creation story. Our report shares our strategic journey to becoming our customers' first choice to sustain, grow and protect their prosperity. This report is primarily aimed at the providers of capital but will be of interest to all our stakeholders wishing to understand our unique value creation story.



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

Reflects how our rewards purposefully align performance outcomes with shareholder interests, while balancing our need to be an attractive employer. The report will be of interest to investors, employees, regulators and analysts.



Sustainability Report

Is designed to reflect our sustainability journey, sharing insights into our understanding of, and approach to, managing the most significant environmental, social and governance issues and opportunities we face and will be of interest to a wide range of stakeholders.



Climate Report

Contains information relating to the Group's climate-related activities, policies, governance, strategy and related disclosures. The information provided will help readers assess Old Mutual's progress in our climate adaptation journey. This report is of interest to our broader stakeholders.



Tax Transparency Report

Concise 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

Contains information relating to the Group's financial position and performance which is useful in assessing the strength and risks associated with the Group. The consolidated and separate financial statements were audited in terms of the Companies Act, 71 of 2008 (as amended) (Companies Act). The report will be of interest to investors, analysts, regulators and other stakeholders.

Feedback

We value stakeholder feedback. Please share your experience of reading this report by contacting us.

Investor relations

Bonga Mriga
T: +27 (0) 67 866 6348
E: investorrelations@oldmutual.com

Communications

Vuyo Mtawa
T: +27 (0) 68 422 8125
E: oldmutualnews@oldmutual.com

Application of the King IV principles statements

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**, detailing the arrangements, processes and systems that are in place for governing and managing the various areas of the organisation, to achieve the required governance outcomes. It also confirms the application of the various principles of King IV as required by the JSE Listings Requirements.



Our design centres around the theme of **Africa Connected**. With a rich history, diverse cultures and latent possibilities – Africa is not only where we are, it is where we want to be. Our reporting suite design echoes this belief, highlighting the potential and power of a continent connected to bridge the gaps between people, and the power of networks to create, execute and deliver value to our stakeholders.

Throughout our reports, you will find succinct “did you know” stories that provide insight into how we are working to make a meaningful contribution towards our stakeholders and the continent we call home.

All images in our reporting suite were taken in the countries in which we operate.

Adomi Bridge, Ghana – Coordinates 7.9465° N, 1.0232° W

¹ Copyright and trademarks are owned by the Institute of Directors in South Africa, NPC and all its rights are reserved



About our report continued



Approval

The Board acknowledges its responsibility for ensuring the integrity of this Tax Transparency Report and confirms that the report is presented in accordance with the Integrated Reporting Framework. The Board has considered the operating context, strategy and value creation model. This report addresses all issues that are material to or that could have a material effect on Old Mutual Limited's (Old Mutual or the Group) ability to create value.

In the Board's opinion, this report fairly presents the integrated performance of the Group. The Board confirms that the Group complies with the provisions of the South African Companies Act relating to its incorporation and is operating in conformity with its Memorandum of Incorporation. The Board approved this report on 13 April 2023 for release on 14 April 2023.

List of Board members:

Independent Non-executive

- Trevor Manuel (Chairman)
- Prof Brian Armstrong
- Albert Essien
- Olufunke Ighodaro
- Itumeleng Kgaboesele
- Jaco Langner
- John Lister
- Dr Sizeka Magwentshu-Rensburg
- Nosipho Molohe
- James Mwangi
- Nomkhita Nqweni
- Stewart van Graan

Non-executive

- Thoko Mokgosi-Mwantombe
- Marshall Rapiya

Executive

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

Public Officer

- Nazrien Kader

Reporting frameworks

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

Materiality

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 Limited and our ability to consistently deliver value to our stakeholders in a sustainable manner.

Reporting scope and boundary

This report covers the activities of the Group for the period 1 January 2022 to 31 December 2022. 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, with the Board and its sub-committees providing an oversight role. This report has not been audited but contains certain information that has been extracted from the audited consolidated annual financial statements for the year ended 31 December 2022, on which an unmodified audit opinion has been expressed by the Group's joint independent external auditors, EY and Deloitte. Our Group internal audit provided limited assurance for non-financial information disclosures.

Forward-looking statement

This report contains certain forward-looking statements of Old Mutual Limited's plans and its current 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.

Strategic pillars

- Old Mutual cares
- Always present first
- Rewarding digital engagement
- Engaged employees
- Solutions that lead

Our stakeholders

- Investors
- Customers
- Communities
- Revenue authorities
- Employees/Intermediaries
- Industry

Six capitals

- Financial
- Manufactured
- Social and relationship
- Human
- Intellectual
- Natural

Risk

- Top risks

Navigation

- More information available online
- Information within this document
- Other reports within the reporting suite

AT A GLANCE

TAX PHILOSOPHY
AND STRATEGY

TAX GOVERNANCE
AND RISK
MANAGEMENT

STAKEHOLDER
ENGAGEMENT

KEY TAX
JUDGEMENTS
AND RATIOS

SUPPLEMENTARY
INFORMATION

CONTENTS

Messages from our leadership 4

Casper Troskie (Chief Financial Officer) and Nazrien Kader (Group Head of Tax)

At a glance 5

A dashboard of our tax contributions and our lens on the impact of our tax contributions

Tax philosophy and strategy 7

An overview of our tax strategy and its alignment to the overall Old Mutual Group strategy

Tax governance and risk management 10

Our approach to tax governance and risk management

Stakeholder engagement 12

Our commitments to our various stakeholders

Key tax judgements and ratios 14

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

Supplementary information 19

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

Mutual Place, Johannesburg, South Africa – Coordinates 26.1068° S, 28.0580° E

Messages from our leadership



Casper Troskie
Chief Financial Officer

“In 2022, Old Mutual contributed R14.7 billion in taxes to the jurisdictions in which we have business operations.”

In line with our pledge to significantly contribute to improving the lives of our customers and their communities while ensuring a sustainable future for our business and communities, Old Mutual was among the first companies to sign up to the World Economic Forum's initiative to develop common metrics and consistent reporting for sustainable development. One important element of this initiative includes transparency in tax reporting.

We proudly present our third annual Tax Transparency Report, which forms an integral part of the 2022 Old Mutual Integrated Reporting Suite. As a socially responsible citizen, we understand the deep impact our operations and the taxes we pay have on the prosperity of the countries and communities we serve. Old Mutual strives to pay our equitable share of taxes on time, in every country in which we operate. In 2022, Old Mutual contributed R14.7 billion in taxes to the jurisdictions

in which we have business operations. Our 2022 Tax Transparency Report seeks to provide further context and a deeper narrative around the taxes we pay in line with our so-called victory condition.

Our belief is that tax transparency is the foundation on which to build trust. Our 2022 Tax Transparency Report is our way of communicating the steps we have taken to create shared value for our investors, employees, customers and their families and communities.

“The judging panel identified Old Mutual as (one of the) companies that is consistently providing value-added, high-quality tax disclosure.” – PwC Building Public Trust through Tax Reporting, 7 March 2023



Nazrien Kader
Group Head of Tax

“We are fully committed to a zero-tolerance approach to tax evasion. We steer away from aggressive tax structures and exploitation of ambiguity.”

As a values-led business, we are delighted to present our 2022 Tax Transparency Report. This is aligned to our commitment to delivering on our social contract as a signatory to the United Nations Global Compact. Our report follows a similar structure to previous years and seeks 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.

We see our report as a powerful signal of our intent by voluntarily publishing details of our tax contributions and a simple narrative explaining our tax position. We are aligning closely with our purpose and strategy, as well as our support for the United Nations agenda on Sustainable Development Goals. Our ambitions do not end there.

As one of the largest taxpayers in every country in which we conduct business on the continent of Africa, we believe it is important for us to continually lead the conversation on tax transparency. As one of the early adopters of Tax Transparency Reporting in Africa, we were proudly recognised by PricewaterhouseCoopers Inc (PwC) for two years running in their publication “Building Public Trust through Tax Reporting” – as being among the leading financial services organisations in South Africa, on tax transparency.

We are committed to build trusting, respectful relationships with Revenue Authorities. In this vein, we proactively engaged with Revenue Authorities on major transactions concluded during the 2022 year. In particular, we voluntarily engaged with the South African Revenue Service (SARS), to provide the context

and the tax consequences for the parties, ahead of Old Mutual's Bula Tsela black economic empowerment transaction.

We are fully committed to a zero-tolerance approach to tax evasion. We steer away from aggressive tax structures and exploitation of ambiguity.

As Old Mutual's business environment evolves, its tax function is also transforming and adapting to new developments (e.g. the implementation of International Financial Reporting Standard (IFRS) 17 *Insurance Contracts*, the global minimum tax regime, new tax legislation, etc). We strive to be more agile to produce the right information, at the right time for the right stakeholders through the adoption of new technology, improved processes and highly skilled people. Our Tax Transparency Report is our testimony to that.

AT A GLANCE

AT A GLANCE

TAX PHILOSOPHY
AND STRATEGY

TAX GOVERNANCE
AND RISK
MANAGEMENT

STAKEHOLDER
ENGAGEMENT

KEY TAX
JUDGEMENTS
AND RATIOS

SUPPLEMENTARY
INFORMATION



DID YOU KNOW

Old Mutual was identified by PwC's judging panel in its Building Public Trust through Tax Reporting publication as one of the companies listed on the JSE that is consistently providing value-added, high-quality tax disclosure.

Tax transparency was evaluated against the PwC Tax Transparency Framework by a panel of independent expert judges appointed by PwC.



Lekki-Ikoyi Link Bridge, Nigeria – Coordinates 6.4502° N 3.4558° E

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 have significant economic and social impacts¹ in the jurisdictions and communities², as well as the macroeconomic stability of government finances in these countries.

R14.7 billion

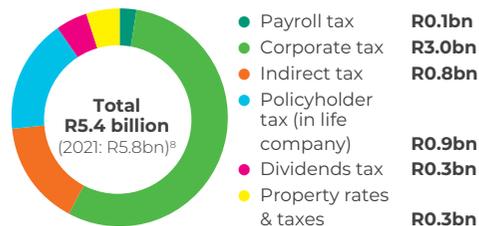
Payroll tax	R7.1 billion	Policyholder tax	R0.9 billion
Corporate tax	R3.0 billion	Property rates & taxes	R0.3 billion
Indirect tax	R3.1 billion	Dividends tax	R0.3 billion

OPERATING IN 14 COUNTRIES³

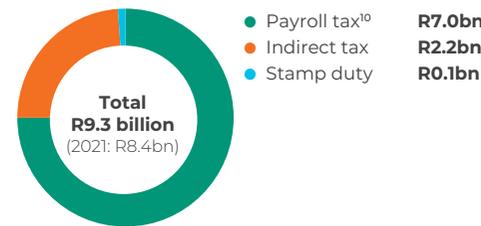


Value creation for stakeholders ⁴	2022	2021
Total revenue earned by the Group	R113.2bn	R247.8bn
Claims and benefits paid ⁵	R112.7bn	R169.0bn
Employee compensation	R12.4bn	R10.8bn
Dividends to shareholders ⁶	R3.8bn	R13.5bn
Tax borne by the Group	R5.4bn	R5.8bn

Tax borne by the Group, by tax type, in 2022 (Rbn)⁷



Tax collected on behalf of revenue authorities, by tax type, in 2022 (Rbn)⁹



South Africa

South Africa
Tax contribution
R12.5 billion
85.3%
(2021: R12.1 billion)

Southern Africa (excluding South Africa)

Zimbabwe
Namibia
Malawi
Botswana
eSwatini
Tax contribution
R1.3 billion
9.0%
(2021: R1.3 billion)

East Africa

Uganda
South Sudan
Rwanda
Kenya
Tanzania
Tax contribution
R699.1 million
4.8%
(2021: R599.1 million)

West Africa

Ghana
Nigeria
Tax contribution
R25.0 million
0.2%
(2021: R39.2 million)

Asia and other regions

China
United Kingdom (UK)
Other
Tax contribution
R107.1 million
0.7%
(2021: R123.7 million)

We believe our tax contribution in South Africa has the following impact on our national budget¹¹:



1 Refer to page 48 of the 2022 Old Mutual Limited Sustainability Report
 2 Refer to the Supplementary Information: Tax by Region for additional analysis
 3 We operate in 13 African countries and China
 4 Refer to 2022 Old Mutual Limited Annual Financial Statements (except for taxes borne by the Group noted above)
 5 Claims and benefits includes maturities, withdrawals and surrenders
 6 In 2021, dividends to shareholders included the dividend in specie relating to the unbundling of Nedbank
 7 Taxes borne means taxes incurred by entities in the Old Mutual Group and not recovered
 8 In 2021, as a result of the unbundling of Nedbank, Old Mutual paid a once-off capital gains tax of R0.8 billion. Excluding this transaction, tax borne by the Group increased by R0.4 billion in 2022
 9 Taxes collected refers to taxes collected by entities in the Old Mutual Group on behalf of Revenue Authorities and paid over
 10 Payroll tax comprises tax collected on behalf of revenue authorities from Employees of R3.1 billion and Customers of R3.9 billion
 11 The allocation has been calculated by applying the expenditure ratio per the 2023 National Budget to the South African tax contribution

TAX PHILOSOPHY AND STRATEGY

AT A GLANCE

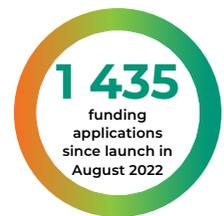
TAX PHILOSOPHY AND STRATEGY

TAX GOVERNANCE AND RISK MANAGEMENT

STAKEHOLDER ENGAGEMENT

KEY TAX JUDGEMENTS AND RATIOS

SUPPLEMENTARY INFORMATION



DID YOU KNOW

SMEgo is an innovative digital platform that offers a holistic, seamless solution to help small business owners sustain and grow their businesses. Through our app, small and medium-sized enterprises (SMEs) can access flexible business funding that best suits their needs from multiple funders through a single application.

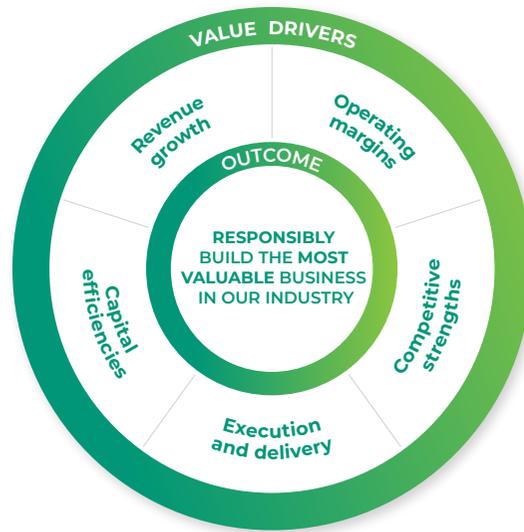
Apart from funding, the SMEgo app includes invoice management tools to create and send unlimited invoices and receive early payment for invoices. This allows SMEs to run their businesses on the go with multi-channel access online and via the app.

Cape Town, South Africa – Coordinates 33.9249° S, 18.4241° E

Tax philosophy and strategy

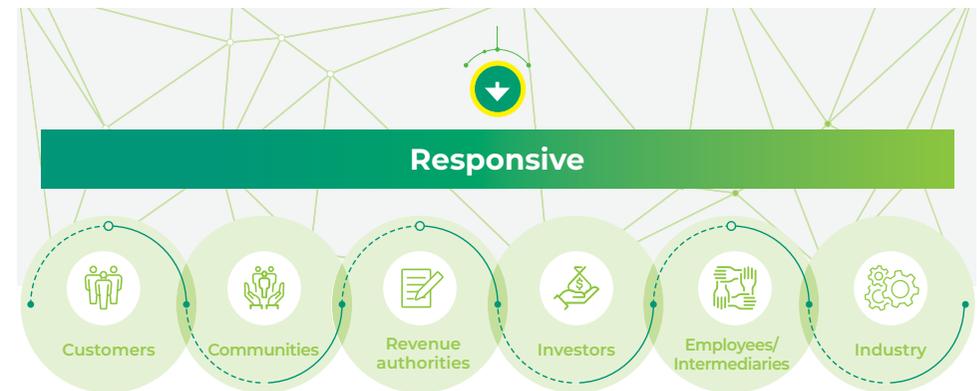
We aim to maximise sustainable value by way of our commitment to being a responsible taxpayer in every jurisdiction in which we operate and a trusted, relevant and progressive business partner that is enabled by an agile, responsive, modern and engaged tax function.

Our strategy remains unchanged and is anchored in our victory condition of becoming our customers' first choice to sustain, grow and protect their prosperity



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 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 in March 2023. The Group Tax Head is mandated to oversee the implementation of the Group's tax philosophy and strategy.

- Our tax strategy aligns with the wider Group strategy in the following ways:
- » We make it evident that **OLD MUTUAL CARES** by way of our transparent disclosure of our contributions made to every region in which we have business operations
 - » We aim to be **ALWAYS PRESENT FIRST** for all our tax stakeholders, which includes revenue authorities, industry bodies and communities in which we do business
 - » We deliver the right tax expertise, at the right time to support our businesses through transforming our traditional compliance and reporting systems into **REWARDING DIGITAL ENGAGEMENTS**
 - » 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 aim to build **SOLUTIONS THAT LEAD** through modern technology, analytics and automation of tax reporting processes, including governance and oversight 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 co-operative 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 Organisation 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 2030¹.



¹ Refer to page 7 of the 2022 Old Mutual Limited Sustainability Report



Shark Rock Pier, Gqeberha, South Africa – Coordinates 33.9800° S, 25.6587° E

TAX GOVERNANCE AND RISK MANAGEMENT

AT A GLANCE

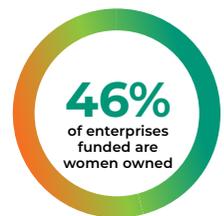
TAX PHILOSOPHY AND STRATEGY

TAX GOVERNANCE AND RISK MANAGEMENT

STAKEHOLDER ENGAGEMENT

KEY TAX JUDGEMENTS AND RATIOS

SUPPLEMENTARY INFORMATION



DID YOU KNOW

In 2007, in consultation with South African National Treasury, Old Mutual established the **Masisizane Fund**. The non-profit funding entity aims to facilitate job creation and retention and increase the participation of black-owned entities in the economy.

The fund provides enterprise development funding to small, medium and micro-sized enterprises (SMMEs) with a focus on women, youth and people with disabilities. It also offers customised funding solutions and post-investment support, including capacity building and financial education. Through the fund, Old Mutual meaningfully contributes to economic growth.



Nelson Mandela Bridge, South Africa – Coordinates 26.1968° S, 28.0342° E

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. Among others, the Board is guided by the King IV principles on corporate governance along with the minimum standards of the Prudential Authority and the Financial Sector Conduct Authority.

The Board sets out the approach to corporate governance in the Group Governance Framework². The Board evaluates regular reports from the Group's Executive committee and the Audit and Risk committees.

The risk function is responsible for developing and maintaining the Group Combined Assurance Framework (which includes Tax Risk). Independent assurance of the combined assurance framework and process is provided on a periodic basis.

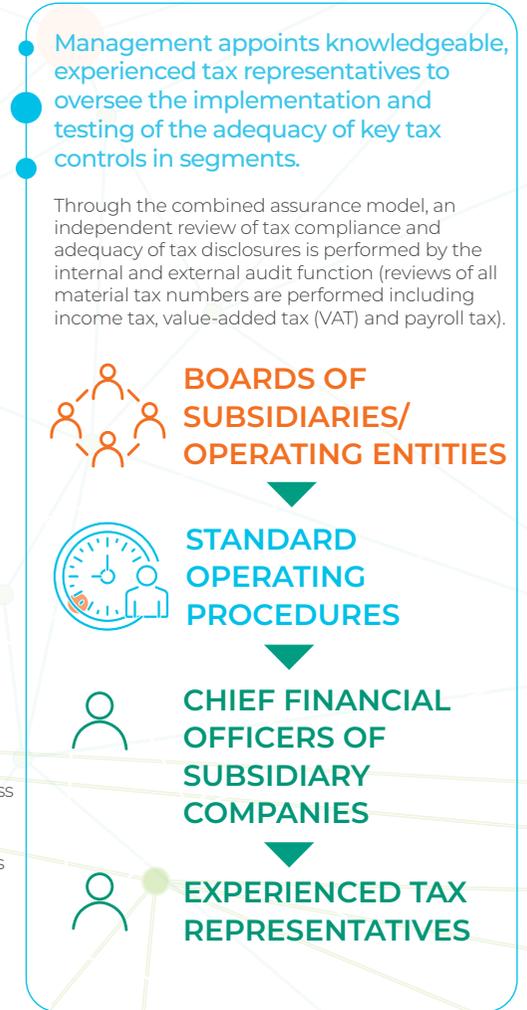
The Group Tax Risk Management Policy is approved by the Responsible Business sub-committee of the Board and sets the tax risk appetite within the parameters in which the Group operates. The Group Tax function is mandated to perform Group-wide tax oversight and is committed to ethical and effective leadership by considering the needs of all tax stakeholders in the pursuit of efficient tax planning and sustainable, commercial activities.

The Audit and Risk committees of the Board mandate the Chief Financial Officer and the Group Head of Tax to oversee the implementation of the Group Tax Risk Management Policy in support of the business strategy set by the Board. This is complemented by the Finance and Data Governance policies. In addition, these committees provide oversight of 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 by the business by providing subject matter expertise and tax advice.

The Boards of subsidiaries 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 on 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 tax non-compliance-related risk events, control breaks and incidents and tax revenue authority enforcement actions
- » Adequacy and effectiveness of tax processes, tax internal controls and/or mitigating actions



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

- » 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 sub-committees of the Board:

- » Tax risk mitigation
- » Key tax controls
- » Compliance monitoring
- » Tax regulatory change process
- » 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

We have stringent governance and controls in place over our processes, which include anonymous whistleblowing channels (phone 0800 22 21 17) through which suspicion of tax evasion or fraud may be reported.

¹ Refer to page 15 of this report and Note J4 on page 138 of the 2022 Old Mutual Limited Annual Financial Statements for an overview of how the Group assesses tax risk
² Refer to the 2022 Old Mutual Limited Corporate Governance Report

STAKEHOLDER ENGAGEMENT

AT A GLANCE

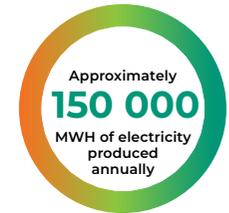
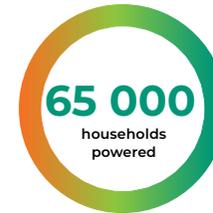
TAX PHILOSOPHY AND STRATEGY

TAX GOVERNANCE AND RISK MANAGEMENT

STAKEHOLDER ENGAGEMENT

KEY TAX JUDGEMENTS AND RATIOS

SUPPLEMENTARY INFORMATION



DID YOU KNOW

Letsatsi Solar Park, a 64 MW facility that lies 35 km north-west of Bloemfontein, contains 277 630 fixed solar panels arranged in 600 metre-long rows. Together with its partner project, Lesedi Solar Park, the development has created over 600 construction jobs and 50 permanent operational and maintenance jobs, which contributed significantly to employment in the areas, while fighting the effects of climate change.

African Infrastructure Investment Managers develops and manages private equity infrastructure funds, including the IDEAS Managed Fund, which holds a 77% shareholding in Oakleaf 83. Oakleaf 83 has a 50% shareholding in Lesedi and Letsatsi solar parks.

Letsatsi Solar Park, South Africa – Coordinates 28.9408° S, 25.9497° E



Stakeholder engagement



We are acutely aware that we are influencing our future by our actions today. 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, 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 it forms the basis of all our relationships. 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 maintaining good relationships. Our relationships with revenue authorities in 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 the King IV Code, United Nations Global Compact on sustainable reporting including transparency of taxes and Global Reporting Initiative Standard 207 for tax transparency.

Our values of trust and accountability

Our tax stakeholders

Investors



We are committed to reporting accurately and transparently on the tax affairs of the Group. We also ensure that our processes to identify, assess and mitigate tax risks withstand scrutiny. We view tax as an instrument to create 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. Group Tax oversees the tax affairs of the Old Mutual Group to ensure complete, accurate and fair tax disclosure. We continually initiate projects to improve what and how we share tax information and update technology to efficiently manage our customers' tax reporting and our 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 support corporate social responsibility and is explained in more detail in the 2022 Old Mutual Limited Sustainability Report.

Revenue authorities



We recognise that sustained economic growth demands a fair, transparent and effective tax environment to secure mutually positive futures. We seek to maintain co-operative and proactive relationships with local revenue authorities by 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



The Group actively demonstrates its 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 tax resources applied to intellectually stimulating and value-creating experiences.

Industry



Our talented and respected tax professionals actively contribute, lead, participate and lobby on tax matters that impact our industry.

2022 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 2022 was Group Tax working alongside our colleagues to design and implement the Old Mutual Bula Tsela transaction and related employee, community and retail share schemes. As a Group we implemented various policies and procedures to embed sustainability in our business, including the integration of environmental, social and governance principles in our investment decisions to create positive outcomes and long-term value for all our stakeholders.

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 for the benefit of qualifying black South African individuals (including our customers) to allow for the acquisition of economic interests in Old Mutual Limited by way of shares on beneficial terms.

In addition to the tax we pay, Old Mutual undertakes a number of activities that seek to uplift the communities in which we operate. Two examples include (1) the Masisizane Fund, which was established to fund enterprise development for SMMEs with a focus on women, youth and people with disabilities; and (2) the Old Mutual Bula Tsela Community Scheme launched to benefit qualifying black communities through various programmes such as financial education for SMEs and digital skills development for young black South Africans. Employee volunteerism supported the following charities in our communities:

- » Organisations providing support to families of children with cancer and life-threatening blood disorders in Cape Town and Botswana
- » Centres against Gender-Based Violence in Cape Town and eSwatini and an orphanage in Namibia
- » Animal shelters in Cape Town

We maintain solid relationships with the in-country tax revenue authorities in the jurisdictions in which we operate. We provided input into the development of tax legislation using the various fora on which we are represented, including the South African National Treasury 2022 Draft Taxation Laws Amendment Bill workshops and Annexure C National Budget proposals. Some of the highlights of our strategic engagements included:

- » Leading the strategic engagement with the South African National Treasury on the tax impact of IFRS 17
- » Engaging with the Kenya Revenue Authority to the exemption from the interest limitation rule for micro-finance institutions; our proposal was adopted (in full) by the association and was accepted by the Kenya Revenue Authority

Old Mutual is proactively using its influence and values to promote 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 company engages procurement partners.

Some of the highlights include:

- » Launching our internal rotation programme to give employees the opportunity to experience the wider environment to promote retention (existing talent) and attract new talent
- » Early adoption of the hybrid working model and active sponsor of the Chartered Accountants Community CA(Libre) to foster collaboration and a sense of belonging
- » Conducting Pulse Culture and Engagement Surveys to be more responsive to employee needs
- » The issuing of shares to employees in terms of the Old Mutual Bula Tsela Employee Scheme to facilitate economic ownership in Old Mutual Limited
- » The encouragement of personal growth of our employees by fully funding learning programmes internally and externally (through attendance at universities, online courses through the Udemu Academy and participation in seminars)

Bodies on which our tax specialists serve include:

- » Tax sub-committee of the Association for Savings and Investment South Africa
- » Tax sub-committee of the Actuarial Society of South Africa, IFRS 17 Implementation
- » National Tax and other sub-committees of the South African Institute of Chartered Accountants
- » Association of Chartered Certified Accountants Zimbabwe Tax

KEY TAX JUDGEMENTS AND RATIOS

AT A GLANCE

TAX PHILOSOPHY AND STRATEGY

TAX GOVERNANCE AND RISK MANAGEMENT

STAKEHOLDER ENGAGEMENT

KEY TAX JUDGEMENTS AND RATIOS

SUPPLEMENTARY INFORMATION



DID YOU KNOW

As testament to our commitment to reducing our carbon footprint, many Old Mutual buildings have impressive green credentials for energy, water and waste management. Mutual Tower in Namibia is the tallest, greenest building in the country; Mutual Place in Sandton and Mutualpark in Cape Town are five-star Green star rated buildings in accordance with the Green Building Council of South Africa.

Features at our **flagship green building, Mutualpark** in Cape Town, include our own rooftop solar photovoltaic systems for energy, a wastewater treatment plant on site that produces South African National Standard 241 potable water and recyclable waste sorting at source to reduce waste to landfill.

Cape Town, South Africa – Coordinates 33.9230° S, 18.5117° E

Key tax judgements

We are committed to conducting our tax affairs in accordance with the tax legislation of the countries in which we have business operations. All interpretations are made with reference to the specific facts and circumstances and in the context of relevant legislation, practice and directives. All positions taken 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. In addition, governments conclude tax treaties/agreements to encourage international investment and trade by eliminating double tax on cross-border income. The inter-play of tax treaty versus domestic tax laws results in unintended complexity and ambiguity. Judgement is involved in determining whether there are uncertain tax positions. The revenue authorities in the various countries in which we operate routinely review historic transactions undertaken and tax law interpretations applied by the Group.

The financial statements record and evaluate tax positions in terms of the following specific accounting standards/interpretations, which set out 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*

Uncertain tax positions are based on the 'most likely outcome' based on a probability-weighted average approach. Where applicable, the impact of IFRIC 23 on the tax positions of the respective legal entities in the Group has been considered and adequate amounts provided.

The Board is satisfied that adequate provisions have been made to cater for the resolution of uncertain tax matters and that the resources required to fund any potential settlements, where necessary, are sufficient.

During the 2022 year, the following major settlements were made, consultatively with the revenue authorities:

- » Voluntary disclosure: R20.2 million paid
- » Alternative dispute resolution: R0.4 million refunded
- » Defending our tax position: R187.7 million refunded

Our value of INTEGRITY



Nelson Mandela Bridge, South Africa – Coordinates 26.2041° S, 28.0473° E



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 also 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.

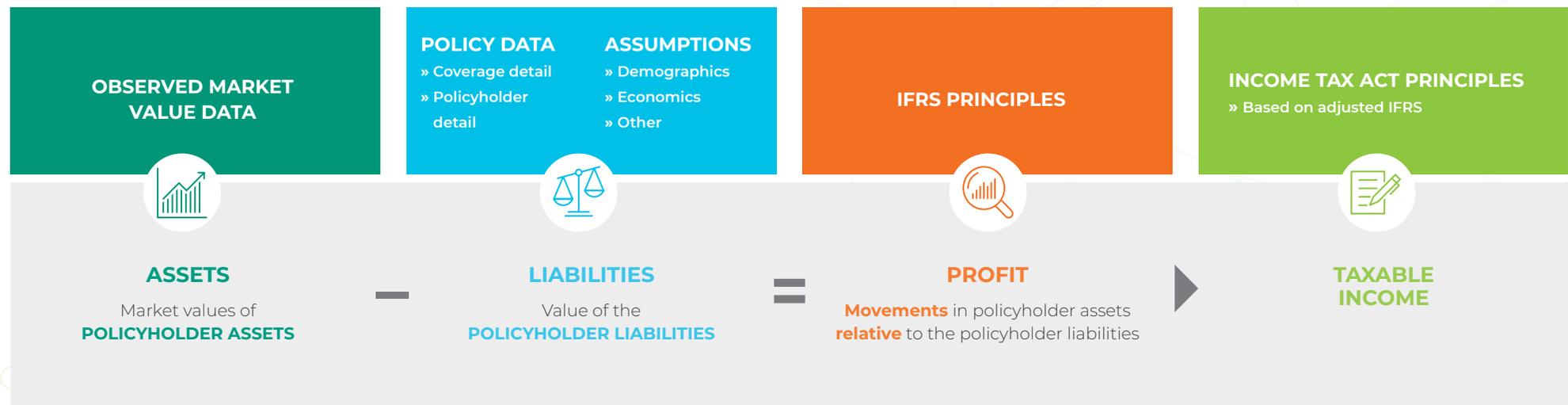
IFRS 4 *Insurance Contracts* is a principles-based standard involving material judgement. The International Accounting Standards Board issued IFRS 17 *Insurance Contracts* in May 2017, as a replacement for IFRS 4 *Insurance Contracts*. The Group will apply the new standard from the effective date, being 1 January 2023. The Group Tax function is an integral part of the Group's IFRS 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 any margins that may be prescribed (under both IFRS 4 and IFRS 17) or are allowed to be added at the discretion of the insurer (IFRS 4 only).

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 committee¹.

The COVID-19 pandemic had a material impact on liabilities over recent years, with additional short-term provisions being added to our policyholder liabilities to allow for the expected additional claims from the pandemic, beyond the valuation date. The remaining short-term provisions were released at the end of 2022. These changes followed the same governance process as set out above for all other basis changes.

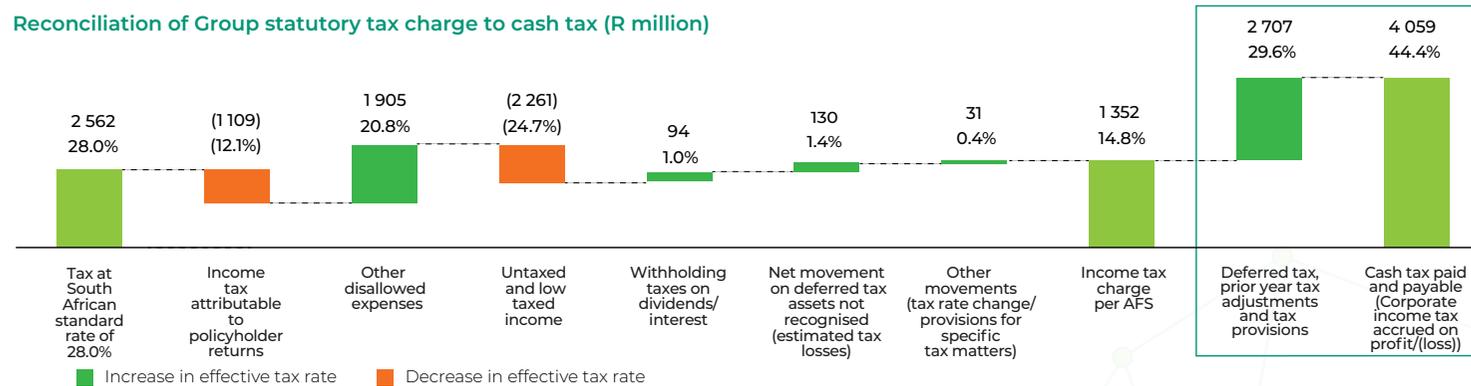


¹ Further detail regarding the critical accounting estimates and judgements relating to the measurement of policyholder liabilities can be found in note G2 of the 2022 Old Mutual Limited Annual Financial Statements

Old Mutual Limited Group effective tax rate



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



Note The graph starts with the statutory tax payable on the IFRS pre-tax profit and then illustrates the various adjustments to arrive at IFRS tax charge and the cash tax payable. While the IFRS effective tax rate (14.8%) is lower than the South African statutory tax rate (mainly due to the reversal of deferred tax charges as a consequence of unrealised capital losses on policyholder investments) the cash tax rate (44.4%) is significantly higher than the statutory rate.

IFRS effective tax rate¹

Old Mutual Limited reported an IFRS profit before tax of R9.2 billion for the year ended 31 December 2022. The IFRS effective tax rate for the year ended 31 December 2022 of 14.8% is 13.2% lower than the statutory tax rate of 28%. The key drivers of the lower IFRS effective tax rate (as compared to the statutory rate of 28%) are as follows:

- » Income tax attributable to policyholder taxes contributed a 12.1% decrease to this rate;
- » Non-taxable income and gains (e.g. Malawi Life profits and fair value gains on Share Trust liabilities to employer companies) reduced the effective tax rate by 11.1%; and
- » These decreases were offset by non-deductible shareholder expenditure (e.g. cost of implementation of Bula Tsela, taxable:non-taxable income apportioned expenses), limitation of tax deductions on management fees in Kenya, 'pre-trade' expenditure in the Bank and expenditure not incurred in the production of taxable income (e.g. expenditure incurred in the course of earning tax exempt dividend income). This increased the rate by 18.5%

¹ Refer to page 19 of the 2022 Old Mutual Limited Annual Financial Statements

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

Adjusted headline earnings (AHE) effective tax rate²

Old Mutual Limited reported an AHE profit of R9.5 billion. The AHE effective tax rate for the year ended 31 December 2022 of 30.2% is 2.2% higher than the statutory tax rate of 28%. The higher effective tax rate on an AHE basis, as compared to the IFRS basis, is mainly due to the following:

- » The income tax attributable to policyholder taxes which is excluded from tax on the AHE basis
- » Earnings on the AHE basis, which exclude the impact of once-off transactions and other non-core earnings

² Refer to page 21 of the 2022 Old Mutual Limited Annual Financial Statements

AHE effective tax rate 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 30 of the Annual Financial Statements.

Cash tax rate³

The Group cash tax rate as at 31 December 2022 of 44.4% (December 2021: 32.7%) is higher than the Group statutory tax rate of 28.0%. The key drivers of the higher cash tax rate relate mainly to the following:

- » Income tax attributable to policyholder taxes, which contributed a 13.9% increase to this rate
- » Non-deductible shareholder expenditure (e.g. cost of implementation of Bula Tsela, taxable:non-taxable income apportioned expenses), limitation of tax deductions on management fees in Kenya, pre-trade expenditure in the Bank and expenditure not incurred in the production of taxable income (e.g. expenditure incurred in the course of earning tax exempt dividend income); this increased the rate by 18.5%
- » These increases were offset by non-taxable income and gains (mainly Malawi Life profits and fair value adjustments to share trust liabilities to employer companies) that reduced the effective tax rate by 10.9%
- » Exempt dividend income mainly from Old Mutual Life Assurance Company (South Africa) Limited that reduced the effective tax rate by 4.8%

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.

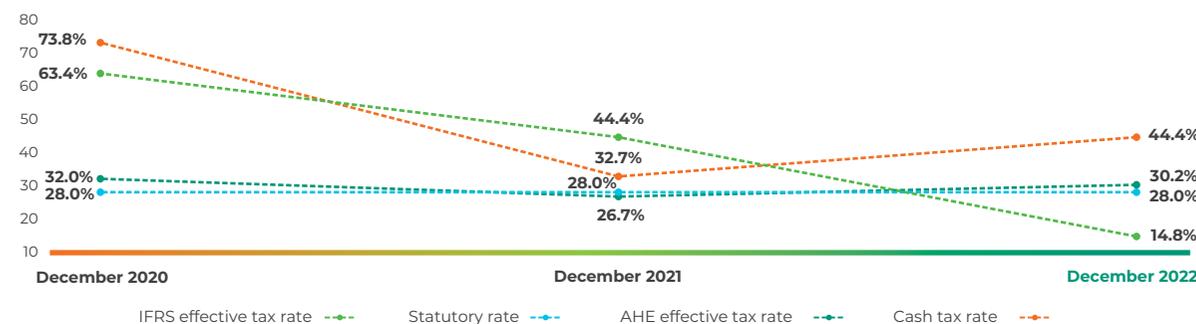
Old Mutual Limited Group effective tax rate reconciliation

An IFRS effective tax rate reconciliation and graphical representation of a three-year trend of tax rates is presented below:

	2022		2021	
	Rm	%	Rm	%
Profit before tax	9 151	-	13 427	-
Tax at South African standard rate of 28% (2021: 28%)	2 562	28.0	3 759	28.0
Recurring items				
Different tax rate or tax bases of foreign operations	(16)	(0.2)	(74)	(0.6)
Untaxed and low taxed income ¹	(2 261)	(24.7)	(2 055)	(15.3)
Disallowable expenses ²	1 905	20.8	880	6.6
Adjustments to tax charge in respect of prior years	(16)	(0.2)	(36)	(0.3)
Net movement on deferred tax assets not recognised ³	130	1.4	274	2.0
Adjustments to deferred tax in respect of prior years	24	0.3	(2)	0.0
Withholding taxes	94	1.1	66	0.5
Income tax attributable to policyholder returns ⁴	(1 109)	(12.1)	1 908	14.2
Exceptional items				
Effect on deferred tax of changes in tax rates	38	0.4	-	-
Tax impact of Nedbank unbundling	-	-	1 250	9.3
Other	1	0.0	(6)	0.0
	1 352	14.8	5 964	44.4

- Includes mainly Malawi Life profits and Central African Business Society income that is not taxable in terms of the laws of Malawi and Zimbabwe, non-taxable dividends and capital gains taxed at lower than the corporate tax rate
- Disallowable expenses mainly relate to non-deductible shareholder expenditure (e.g. the cost of implementation of Bula Tselu and taxable:non-taxable income apportioned expenses), limitation of tax deductions on management fees in Kenya, pre-trade expenditure in the Bank and expenditure not incurred in the production of taxable income (e.g. expenditure incurred in the course of earning tax exempt dividend income)
- Tax losses on which deferred tax assets are not recognised mainly in the Old Mutual Africa Regions segment
- 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 Old Mutual Life Assurance Company (South Africa) Limited on behalf of policyholders. In 2022, there was a credit (reduction) to the tax charge in the income statement due to a reversal of deferred tax liabilities in respect of policyholder investment assets as a consequence of the reduction in market value of these investment assets.

Three-year trend of taxes (%)

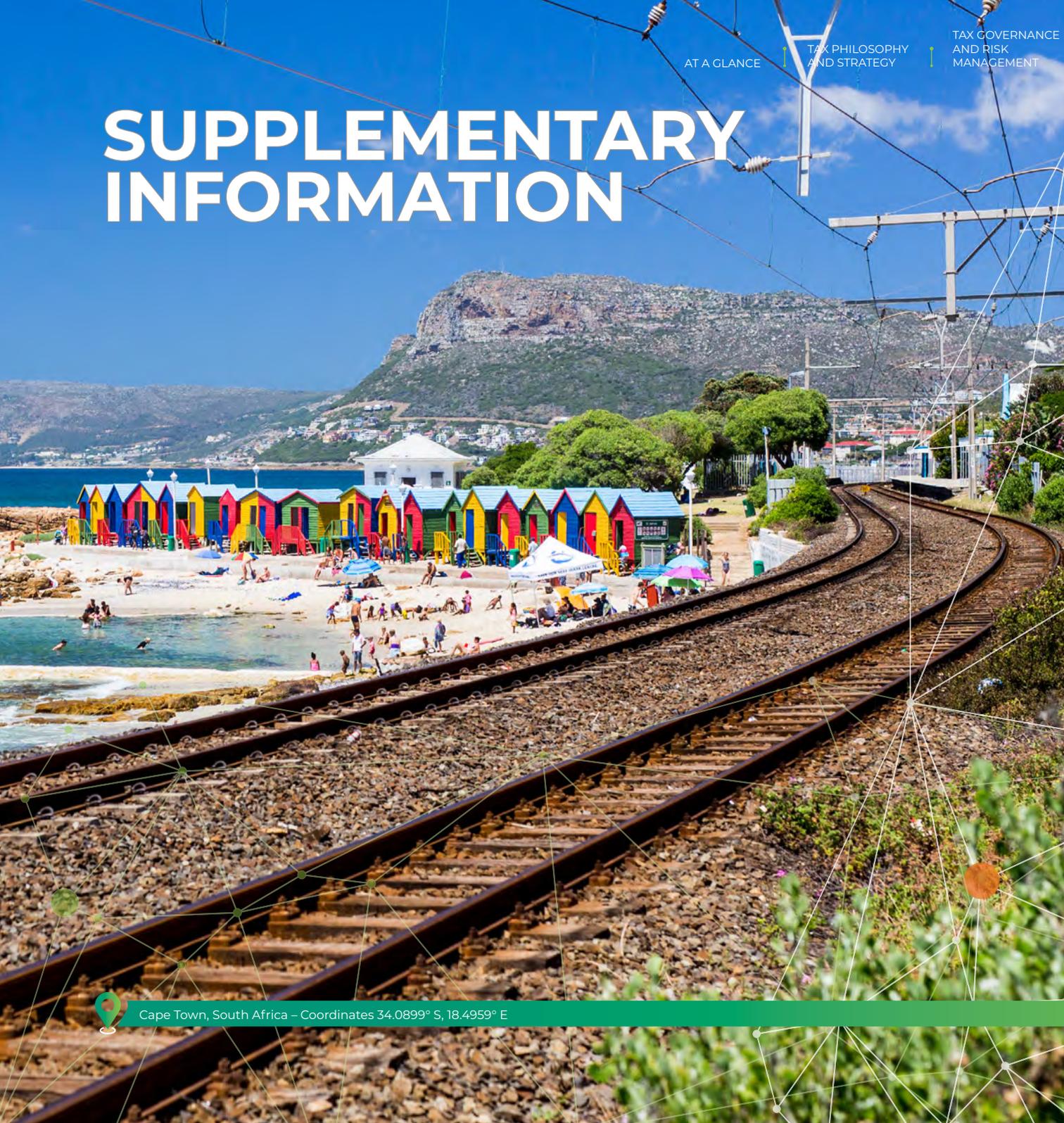


Note In 2020, due to the inverse relationship caused by the IFRS loss before tax, these percentages (except for the AHE effective tax rate and statutory rate) have been inverted to correctly depict the trend in the effective tax rates. The AHE effective tax rate as well as the statutory rate have not been inverted, given that on the AHE basis the Group has made a profit.

Commentary and trends

The AHE effective tax rate of 30.2% in 2022 is higher compared to 26.7% in 2021 and the historic average of 26.6%. Barring any economic shocks, it is expected that the AHE effective tax rate should trend closely to the statutory tax rate going forward (due mainly to the investment in Nedbank no longer being equity accounted).

The IFRS effective tax rate 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 effective tax rate and cash tax rate, going forward.



SUPPLEMENTARY INFORMATION

AT A GLANCE | TAX PHILOSOPHY AND STRATEGY | TAX GOVERNANCE AND RISK MANAGEMENT

STAKEHOLDER ENGAGEMENT

KEY TAX JUDGEMENTS AND RATIOS

SUPPLEMENTARY INFORMATION



DID YOU KNOW

Diversity and inclusion are key values at Old Mutual and we have taken another significant step on this journey by making progressive improvements to our **Parental Leave Policy**.

- Policy highlights include:
- » Updated definitions of parents and co-parents to that of primary and secondary caregivers
 - » Fully paid parental leave across the Group

Our progressive Parental Leave Policy is just one way that we are demonstrating our commitment as a values-led, equitable business, as we strive to be an enlightened and nurturing employer of choice.

Cape Town, South Africa – Coordinates 34.0899° S, 18.4959° E

Tax by region¹

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

Region ¹	Primary activities				Profit/(loss) 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 staff ⁶		Total tax contribution			
	Life and Savings	Asset Management	Banking and Lending	Property and Casualty	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
					Rm	Rm	Rm	Rm	Rm	Rm	%	%	2022	2021	Rm	%	Rm	%
South Africa	✓	✓	✓	✓	7 355	7 599	3 388	3 962	3 506	3 897	47.7	51.3	25 512	21 250	12 502	85.3	12 130	85.2
Southern Africa (excluding South Africa)	✓	✓	✓	✓	2 952	4 757	402	243	354	326	12.0	6.9	3 020	2 944	1 326	9.0	1 344	9.4
East Africa	✓	✓	✓	✓	160	26	316	293	178	134	111.2	521.2	1 469	3 331	699	4.8	599	4.2
West Africa	✓	✓		✓	(2)	(36)	5	9	8	13	(341.4)	(36.3)	428	844	25	0.2	39	0.3
Other	✓	✓			(1 314)	1 081	16	6	12	21	(0.9)	2.0	18	41	107	0.7	124	0.9
Total					9 151	13 427	4 127	4 513	4 058	4 391	44.4	32.7	30 447	28 410	14 659	100.0	14 236	100.0

1 Note 1 of the 2022 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 2022 Annual Financial Statements
 3 Corporate income tax paid on a cash basis in 2022 (including taxes paid in 2022 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 2022

Commentary and trends

The total tax contribution for the Group has increased 3.0% from R14.2 billion in 2021 to R14.7 billion in 2022 (refer to page 6). The relative tax contributions of the various countries to the total tax contribution have remained relatively stable. The largest movements being a 0.6% increase in the relative contribution from East Africa and a 0.4% reduction in the relative contribution by Southern Africa (excluding South Africa).

South Africa – The higher effective tax rate was mainly driven by policyholder taxes. While the total tax contribution has increased by R372 million, the percentage contribution by South Africa has remained relatively consistent at 85.3%.

Southern Africa (excluding South Africa) – The lower effective tax rates were largely driven by the Malawi Life profits and Central African Business Society income that are not taxable in terms of the laws of Malawi and Zimbabwe respectively. The overall total tax contribution is largely made

up of corporate tax, intermediary monetary transfer tax in Zimbabwe and payroll tax payments in Zimbabwe and Namibia. The main driver of the reduction in the relative tax contribution relates to lower intermediary monetary transfer tax in Zimbabwe.

East Africa – The higher effective cash tax rate of 111.2% was mainly due to losses incurred in South Sudan with no deferred tax assets raised and increased payroll tax contributions due to a higher head count in Kenya. The relative contribution by East Africa has increased due to an increase in profits in the region, as well as Kenyan transaction withholding taxes on payments to suppliers.

West Africa – The effective cash tax rate of -341.4%, was mainly driven by a combination of significant payroll tax contributions and corporate tax payments over a small loss before tax. As these taxes paid in the region were stable, the relative contribution of West Africa in relation to the overall total tax contribution reduced.

Other – Trading losses in the Isle of Man mainly due to the performance of equity markets, were a large contributor to the losses 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 are 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 tax rate for the 'other' region is low 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. The more significant recent developments include:

INTERNATIONAL

There were no major shifts in tax policy at an international level in 2022 that warranted any specific attention.

Global Anti-Base Erosion rules

In 2021 the OECD Global Anti-Base Erosion rules introduced a global minimum corporate tax rate of 15%, applicable to multi-national enterprises. South Africa is one of 138 countries that are signatories to the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting that 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 adopted the directive in December 2022. European Union countries are currently amending domestic legislation to give effect to these rules in-country. The UK has proposed legislation to include the main rules, as well as a domestic minimum tax, which is expected to come 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. The South African National Treasury has indicated its intention to await the legislative framework of developed

economies before drafting domestic legislation for South African application. We expect that any domestic legislation giving effect to Pillar II, will be effective from 1 January 2024.

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

Environmental taxes

Aligned to international trends, South Africa has introduced a range of environmental taxes, the most significant being carbon tax (R159 per tonne of carbon dioxide equivalent from 1 January 2023 for in-scope emissions), 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) 10 cents per litre for petrol and 11 cents per litre for diesel from 5 April 2023). In terms of Phase 1, carbon tax at relatively low rates only applied to Scope 1 emitters. 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. Old Mutual does, however, pay the (indirect) environmental taxes in the form of the electricity levy and fuel levy. Old Mutual has made sustained improvements to reduce its carbon footprint by reducing electricity usage and investing in renewable energy production. Old Mutual has installed 3.2 MW of rooftop solar on its buildings in addition to significant investments in renewable energy projects. Due to the extensive loadshedding during 2022, the usage of diesel by the Group (and consequently the carbon tax included in the price of fuel) has increased substantially.

Zimbabwe has implemented a carbon tax on petroleum products with effect from 1 January 2021. As this is a consumer-based tax, this does not have any impact on the direct taxes paid by the Old Mutual Group. The governments of Kenya and Botswana have also indicated their intention to implement carbon taxes in due course.

International reporting rules European Directive Mandatory Disclosure Rules (DAC6)

With the introduction of DAC6 that 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 European Union. We concluded that for 2022, 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 so-called qualifying cross-border tax arrangements – albeit the relevant requirements are vastly reduced and limited to reporting arrangements that have the effect of undermining 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 real 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.



Scottburgh, South Africa – Coordinates 30.2863° S, 30.7551° E

Tax highlights and developments continued



INTERNATIONAL continued

Corporate criminal offence

The UK government passed the Criminal Finances Act in 2017, which included legislation in relation to corporate criminal offence. The corporate criminal offence regime seeks to prevent corporates 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 and management is comfortable that the processes in place are sufficient to meet the requirements of the legislation.

Environmental, social and governance considerations

The European Union introduced the Corporate Sustainability Reporting Directive, which came

into force on 5 January 2023, impacting 2024 annual financial statements which will be released in 2025. The directive makes disclosure of information related to sustainability issues mandatory. Further, a statutory audit of the sustainability information published becomes mandatory.

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

Old Mutual will seek to meet environmental, social and governance disclosure requirements, as we recognise the importance of the disclosure of accurate sustainability information and relevant risks to all of our stakeholders.

UK Chargeable Events Certificates

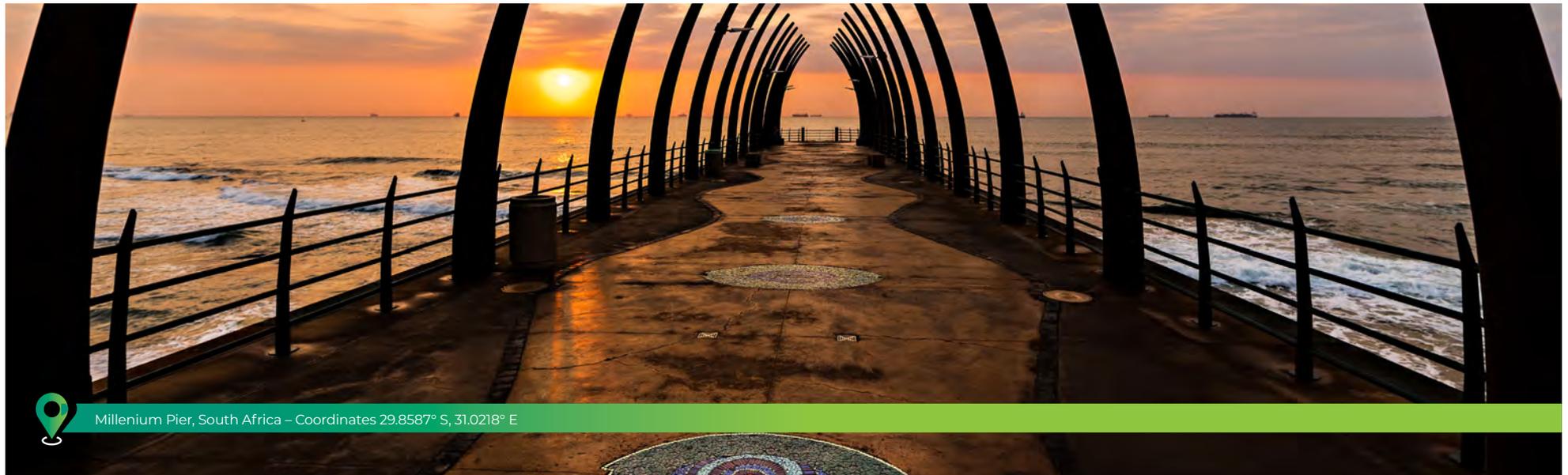
Notwithstanding that an insurer may not have insurance operations in the UK, if a policyholder of the insurer is a UK resident then for certain qualifying policies the insurer has a reporting obligation to the His Majesty's Revenue and Customs. In 2022, Old Mutual engaged with our advisers in the UK and in consultation with the His Majesty's Revenue and Customs, we fulfilled our reporting obligations in terms of the Chargeable Events Certificates regime.

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 has 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 intragroup 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, which is tax resident in South Africa (and has been since 2018). Old Mutual Limited reported data for the entire 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 20).



Millennium Pier, South Africa – Coordinates 29.8587° S, 31.0218° E

Tax highlights and developments continued

SOUTH AFRICA

In addition to a general update, we highlight below three recent tax developments which have a significant impact for the Group:

(1) The reduction in the corporate income tax rate from 28% to 27%, effective from 1 January 2023, (2) Amendments to the tax legislation applicable to both short-term and long-term insurers, to give effect to the implementation of the new accounting standard for insurance contracts (IFRS 17) replacing the previous accounting standard for insurance contracts (IFRS 4), effective from 1 January 2023, (3) Retirement reform by way of the introduction of the so-called two-pot retirement system.

IFRS 17 Insurance Contracts

With effect from 1 January 2023, IFRS 17 introduces new concepts for income recognition, classification of financial instruments and valuation of insurance products among others, which impacts the Life and Savings and short-term insurance business of the Old Mutual Group. Consequential changes have been made to the Income Tax Act with effect from 1 January 2023, in order to align the income tax provisions with IFRS 17 terminology and concepts. In addition 'phasing in' transitional measures have also been introduced to ease the tax impact of transitioning to IFRS 17 for both short and long-term insurers. This legislation was signed by the President of South Africa Cyril Ramaphosa on 22 December 2022 (promulgated on 5 January 2023) and is therefore regarded as being 'substantively enacted' as contemplated for the 31 December 2022 financial year. These changes do not have any impact on the current tax charge for the year ended 31 December 2022.

Collective investment schemes (CISs)

SARS continues to debate the capital vs revenue nature of investments held by CISs. The South African National Treasury intends to publish a discussion paper with a clear tax framework for CISs during the course of 2023 and is currently working with the Financial Sector Conduct Authority to adopt a regulatory framework. The Association for Savings and Investment South Africa representing the industry believes that any tax legislation is likely to be effective from 2024. Our views are that any rule that seeks to tax investment gains in CISs will: (1) pose systemic risk to the CIS industry as a whole and is out of sync with international practice (making South African CISs unattractive to local/international investors); (2) be counter intuitive as CISs are regulated savings vehicles, achieving long-term growth (as opposed to short-term gains on revenue account which is what SARS seeks to tax); and (3) go against the inherent tenet of tax certainty (SARS has always allowed the capital treatment).

Retirement reform

The South African National Treasury delayed the introduction of the so-called two-pot system (referring to: (1) preservation of funds until retirement age; and (2) pre-retirement access under prescribed circumstances) to 1 March 2024 to refine the legislation and allow the industry to make the necessary system changes to implement. The proposed reform should see tax uniformity for all contributors towards retirement, provide much needed relief for those with significant debt and should, in principle, encourage greater savings. The Minister of Finance, Enoch Godongwana, announced in his 2023 National Budget presentation that additional draft legislation will be released to clarify the treatment of certain issues raised by the industry and that implementation would proceed on 1 March 2024.

Foreign business establishments of controlled foreign companies (CFCs)

In February 2023, the Supreme Court of Appeal ruled in the case of Commissioner for the SARS versus Coronation Investment Management SA Proprietary Limited (1269/2021) [2023] ZASCA 10 that in order for CFCs to qualify for exemption from South African income tax (essentially permitting a South African holding company of a CFC to exclude the income of the CFC from its South African taxable income), the primary operations of the CFCs must be conducted in the same jurisdiction that the CFCs claim they conduct substantive businesses or foreign business establishments. This, notwithstanding that the CFCs may have a presence conducting ancillary operations in that jurisdiction. The Supreme Court of Appeal referred to the United States doctrine of economic substance noting that the CFC must be capable of demonstrating economic substance in terms of operations and business purpose. In determining whether a CFC has a foreign business establishments in a foreign country, one first needs to determine what are the primary operations of the business (clearly, the courts will not simply accept the CFC's claims but will assess its activities and make an independent determination) and thereafter where (and by whom) the primary operations are conducted.

Essentially, notwithstanding that the CFC may have a presence (conducting ancillary operations other than the primary operations) in the jurisdiction in which it claims foreign business establishments, if those employees are not conducting the primary operations of the CFC, the CFC will not be considered to have a foreign business establishments.

In light of the judgment, Old Mutual conducted an assessment of CFCs in the Old Mutual Limited Group and concluded that the judgment does not have any material impact on the treatment of CFCs for tax purposes.

VAT on scrip-lending arrangement fees

SARS issued Binding General Ruling 62 effective 1 April 2023, which changes the existing VAT consequences for the lender in a securities lending arrangement. Scrip-lending fees were previously treated as subject to VAT at the standard rate of 15%. In Binding General Ruling 62, SARS equates scrip-lending fees to interest income on a loan, exempt from VAT. As a consequence, input VAT credits will no longer be allowed on expenditure attributable to the earning of scrip-lending fees. This has a further impact on the apportionment ratio used by mixed vendors to claim input VAT. We have implemented processes to ensure that Old Mutual is compliant from the date of change.

Limitation on interest deductions

The Income Tax Act currently contains provisions which limit so-called excessive interest deductions to the borrower in respect of debts owed to persons not subject to tax in South Africa (section 23M). The rules were extended last year by National Treasury to apply to (1) back-to-back loans made indirectly by persons not subject to tax in South Africa; (2) loans from fellow subsidiaries; and (3) where interest is subject to tax in South Africa at a low tax rate (i.e. where a double tax agreement reduces the withholding tax on interest rate to less than 15%). Legislation to clarify how the extended rules will apply is expected in July 2023.

Tax dispute resolution

On 10 March 2023, the Minister of Finance approved and published new dispute resolution rules effective from that date. The most significant changes to the rules include:

- » Extension of the time period within which taxpayers may submit an objection from 30 to 80 business days
- » The categories of persons who can serve as an alternate dispute resolution facilitator have been broadened and an important new requirement has been added that the facilitator must be a person acceptable to both parties
- » The alternative dispute resolution facilitator's interim report must be delivered within five days after the conclusion of the alternative dispute resolution meeting and a final report within 10 days of the end of the alternative dispute resolution proceedings.

In addition, SARS is required to issue an assessment to give effect to the Tax Court's decision within a period of 45 days after receipt of the Tax Court's decision from the Registrar, provided that no appeal is lodged by SARS.

We welcome the changes to the rules in the interest of certainty and timeliness.

Tax incentives

The Old Mutual Group does not take advantage of any tax incentives, save for capital allowances provided for in the Income Tax Act.

Renewable energy incentives



The Minister of Finance, in his 2023 National Budget, announced capital allowances for businesses of 125% of renewable energy projects, with no thresholds on generation capacity, applicable for investments brought into use for the first time between 1 March 2023 and 28 February 2025.

Tax highlights and developments continued



Old Mutual Africa Regions

We highlight below recent amendments in certain key economies relevant to our business in the Old Mutual Africa Regions

Kenya

- » The Finance Act 2022 introduced a new transfer pricing documentation regime which is aligned to the OECD's three-tier documentation and country-by-country reporting framework. In addition, from 1 January 2023, the scope of transactions covered by the transfer pricing rules will include transactions with unrelated non-residents located in a preferential tax regime.
- » The capital gains tax rate has been increased from 5% to 15%.
- » Exported services as contemplated, are no longer classified as exempt supplies for VAT purposes. business process outsourcing services to non-residents are, however, zero-rated.

South Sudan

- » Insurance companies were previously exempt from business profit tax. Effective from 18 July 2022, tax was levied at 10% and with effect from November 2022, this tax has been increased to 30%.
- » Withholding tax rates on fees to non-residents for the provision of technical or consultancy services has been increased to 20% (from 15%), effective 18 July 2022.

Rwanda

- » Transfer pricing rules have now been expanded beyond related party dealings to dealings with independent persons in a beneficial tax regime.

- Beneficial tax regimes will include transactions with no economic substance, transactions where there is a reduced tax rate of 20% or less and transactions between countries where there is a double taxation agreement.
- » Dividend payments between resident companies are not subject to withholding tax and corporate income tax. Previously, the exemption from corporate tax was only applicable where withholding tax was paid.

Namibia

- » A thin capitalisation measure was introduced in the Income Tax Amendment Act 2022. A 3:1 debt-to-equity ratio will apply to disallow deductions for

interest or realised currency losses on the portion of debt exceeding the 3:1 ratio.

Tanzania

- » With effect from 1 July 2022, a debt-to-equity thin capitalisation measure will disallow, as tax deductions, interest on debt in excess of the ratio of 7:3 debt to equity.

Zimbabwe

- » Expenditure on management fees from local related parties in excess of allowable deductions will be deemed to be a dividend subject to resident shareholder tax (15%).



Athlone Bridge, South Africa – Coordinates 29.8104° S, 31.0326° E



www.oldmutual.com