



Live with confidence

Tax REPORT

For the year ended 31 December 2022

Financial Planning | Retirement | Insurance | Health | Investments | Wealth | Credit

2022

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SANLAM REPORTING SUITE

The Sanlam investor relations website (www.sanlam.com/financial-reporting) contains our annual reporting suite, which provides additional information on our financial results, sustainability performance, governance and remuneration approach and shareholding.



This Report

This report provides material information and insights about our performance and commitment to tax transparency.



Integrated Report

This report describes our ability to create and preserve value over the short, medium and long term.



Corporate Governance Report

This report comprehensively discloses our governance structures, processes and policies in the context of recommended King IV™ principles and provides a synopsis of our application of the King IV™ principles.



Remuneration Report

This report sets out our remuneration philosophy and policy and how it was implemented in the year under review.



Sustainability Report

This report sets out our disclosure and communication of our environmental, social and governance (ESG) goals and the Group's progress towards achieving them. In addition, the report incorporates our climate change-related disclosures.



Annual Results Presentation

This presentation provides an overview and highlights of our performance for 2022.



Audited Annual Results Booklet

This booklet provides a review of our financial, strategic and operational review together with shareholder information and our Annual Financial Statements.



Annual Financial Statements

Presents the Group's audited consolidated and Annual Financial Statements.



Summarised Results Booklet

This booklet provides concise commentary on our performance for 2022 and our Summarised Financial Results.



IR Framework



IFRS



KING VI



JSE



IFRS Foundation



Companies Act

PRESENTING OUR TAX REPORT

This report provides material information and insights about our performance and commitment to tax transparency for the financial year from 1 January to 31 December 2022. We provide a detailed view on our delivery on tax responsibilities in a sustainable and responsible manner. This enables our stakeholders to effectively assess Sanlam's commitment to tax transparency across the jurisdictions in which we operate.

Scope and boundary

Sanlam Limited is the holding company of the Sanlam Group of companies (Sanlam, Sanlam Group or the Group), which operates through subsidiaries, associated companies and joint ventures. Sanlam Life Insurance Limited (Sanlam Life) is the largest operating subsidiary and holding company for most of Sanlam's operations in emerging markets. This report covers the activities of Sanlam.

Regulatory requirements and reporting guidelines

Our tax transparency reporting approach is guided by the principles and requirements contained in the Global Reporting Initiative (GRI) principles and International Financial Reporting Standards (IFRS).



A MESSAGE FROM THE GROUP FINANCE DIRECTOR

Sanlam has for over 100 years partnered our clients with the core purpose of empowering them to be financially confident, secure and prosperous. We have a unique platform that positions us to grow in countries with low insurance penetration and high long-term economic growth prospects.

Our innovative partnership approach brings scale and reach to our operations while supporting shared value creation and financial inclusion. We work hard to retain our clients' trust and our leading reputation by operating transparently, maintaining the highest ethical and governance standards and ensuring we share the benefit of our vast financial resources by investing for good. As we grow, we contribute to developing the economies in the countries where we operate, acknowledging the impact tax has on value creation and long-term prosperity.

I am pleased to introduce Sanlam's Tax Report. The Group takes a responsible approach to manage our tax affairs. We have a strong presence in South Africa, the broader African continent, and a niche presence in India and Malaysia. We acknowledge that, with a rapidly changing global tax environment, the Group is obliged to continuously monitor and review tax governance practices in the geographical areas where we operate. We are committed to complying with and following the law in all the countries where we operate.

Tax is a complex area and, consequently, we understand the importance of having a strong governance framework in place. Sanlam aims to manage the Group's tax affairs in line with good corporate governance, financial risk management and transparent reporting. We are committed to a principle-based tax approach that is consistently transparent and sustainable in the long term.

We respect the laws and regulations in the jurisdictions where we operate. We fulfil our compliance obligations to pay the correct amount of tax at the right time.

This voluntary report expands on our tax approach and demonstrates one pillar of our shared value creation philosophy and how we aim to continuously build on our reputation and maintain trust with our many stakeholders.



Abigail Mukhuba

Group Finance Director



Abigail Mukhuba
Group Finance Director

WHO IS SANLAM

Sanlam is the leading non-banking financial services group on the African continent, with a niche presence in India and Malaysia. We are market leaders in life insurance, general insurance and investment management in our home market of South Africa as well as other countries across the African continent. With a history spanning over a century of serving clients, we have a well-established brand, leading industry skills and expertise, and high levels of customer loyalty.

Our purpose is the foundation on which everything we do is built: Empowering generations to be financially confident, secure and prosperous. Our brand promise “Live with confidence” encapsulates this purpose and is the maxim that we live by and structure our entire business and culture around.

Financial confidence is found at the intersection of financial inclusion and security. This drives a sense of empowerment and motivates people to reach their full potential. As we continue to execute our purpose-led strategy, we are building further capacity across our operations in Africa and India and ensuring that we invest sustainably to increase our reach and scale and empower more people to live with confidence. Through this, we are able to share the strength of Sanlam to uplift communities and develop economies, which in turn results in improved returns for our shareholders.

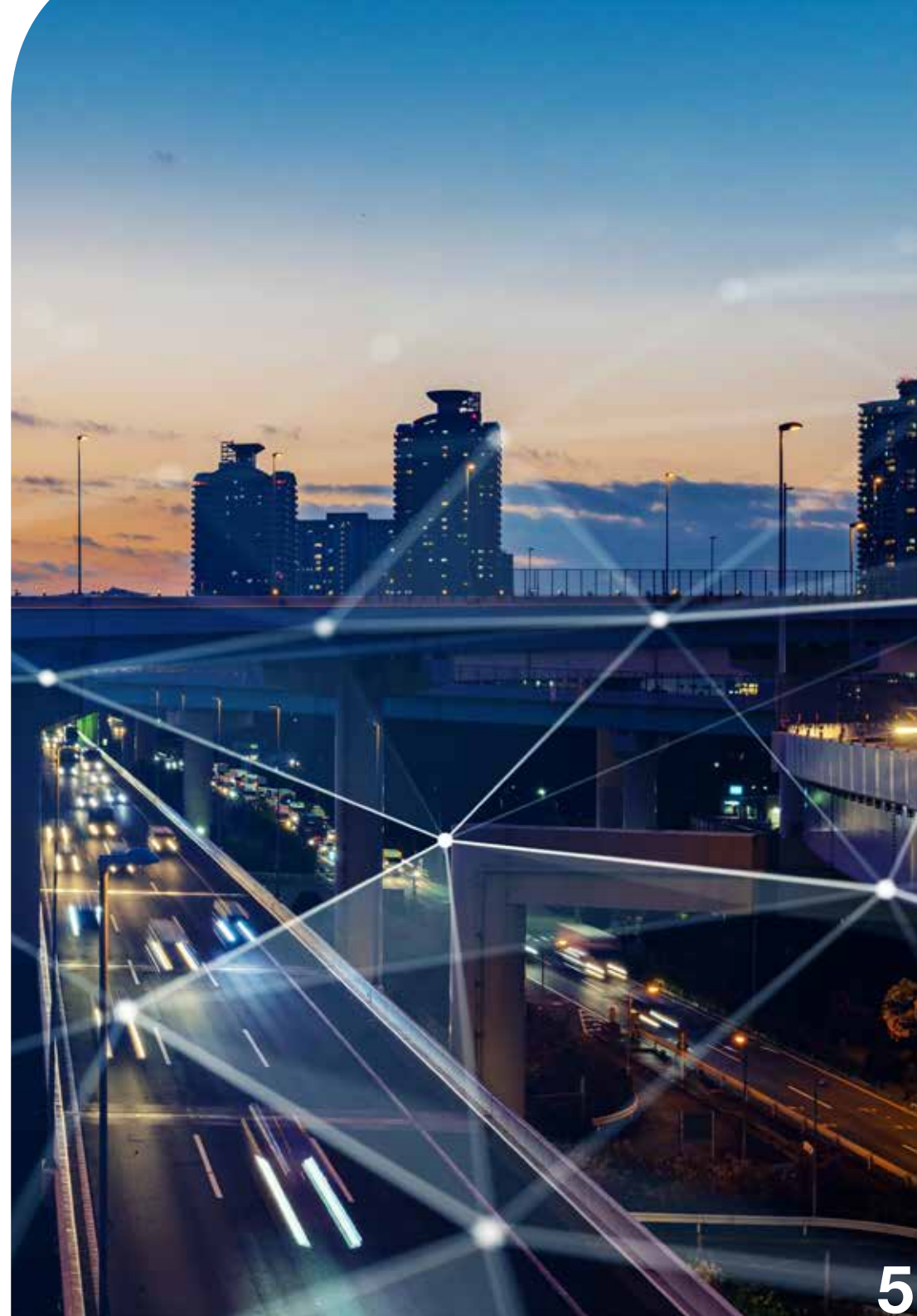
Sanlam contributed to the execution of governments' social agenda of job creation and empowerment.

Sanlam and tax authorities maintained a proactive, open and constructive relationship to protect and manage tax responsibly. Direct and indirect taxes that was paid or become payable this year amounted to R6 billion.

We were active contributors to the national Green Finance Taxonomy initiative, spearheaded by National Treasury. *Learn more about this on page 76 in the Sustainability Report.*

We engaged National Treasury and the South African Revenue Service proactively in South Africa to find the best solution for the transition to the new IFRS 17 accounting standard.

Read more about Sanlam in our Integrated Annual Report.



HOW WE DO IT

Our services are provided through business clusters that deliver tailored, comprehensive, client-centric financial solutions to individuals and institutions.

 <p>Sanlam Life and Savings SA Retail Mass SA Retail Affluent Sanlam Corporate</p>	 <p>Sanlam Emerging Markets</p>	 <p>Sanlam Investment Group</p>	 <p>Santam</p>	 <p>Group Office</p>
 <p>SLS provides financial planning and advice, insurance and investment products to retail and institutional clients. In addition, the cluster offers credit and health solutions in South Africa. The cluster relies on its advice, distribution capabilities, digital tools, and channels to provide its comprehensive solutions through an ecosystem that also rewards loyalty and encourages long-term thinking. Focusing on strategic partnerships and continuous innovation allows SLS to increase its reach and scale to meet more of its clients' needs.</p>	 <p>SEM houses our financial services operations outside our home market of South Africa. SEM consists of Sanlam Pan-Africa and our operations in India and Malaysia. SEM leverages its local partnerships and shared-value model to build successful businesses and contribute to community upliftment and economic development in the countries where it operates. By operating in geographies that have poor access to financial services products, SEM is promoting financial inclusion. Through its diverse distribution platform and product offering, SEM gives millions of people access to a growing range of simple and relevant financial services solutions.</p>	 <p>SIG offers a broad range of specialised investment management, credit and risk management expertise to retail and institutional clients in Africa and the UK. SIG supports Sanlam's purpose through its superior solutions, extensive product range and strong track record of investment performance. The cluster's impact-investing initiatives contribute to a better future for the societies where it operates. Sanlam Investments, one of South Africa's largest black-owned asset managers, is committed to transformation while supporting access to cost-effective financial solutions and a diversity of asset classes.</p>	 <p>Santam is a proudly South African general insurance group with a growing international presence. It offers a range of policies against property damage, motor accidents, loss of income, crop losses and catastrophe loss. Santam's primary function is to displace risk so that clients' insured losses are paid out of invested premiums. Clients live with confidence, knowing their assets are protected and insured.</p>	 <p>Group Office supports the Group Chief Executive and respective businesses, and mainly performs the functions of strategic directing, co-ordinating, encouraging collaboration, seeking synergies, performance monitoring and reporting, providing assurance, allocating capital, and rendering support services to clusters across the Group.</p>

Read more about the key 2022 activities for each cluster from page 64 in the Integrated Report.

TAX CONTRIBUTION BY THE GROUP

At a glance

	2022	2021
Number of countries in which we operated	31	33
Profit before tax (R million)	17 017	17 502
Taxes (R million)	(3 736)	(6 152)
Effective Tax Rate*	21,7%	35,1%

* A reconciliation between the effective tax rate and standard tax rate is available in note 8.2 of the note to the Group financial statements. The main contributors to the reduction in the effective tax rate relate to:

- i) an increase in non-taxable income and
- ii) a reduction in policyholder tax due to lower markets.

Analyses of direct taxes

R million	Normal Tax		Deferred Tax		Total	
	2022	2021	2022	2021	2022	2021
RSA income tax: current year	3 463	3 704	478	(541)	3 941	3 163
RSA income tax: prior year	16	(133)	4	19	20	(114)
RSA dividends tax: policyholders	81	77	-	-	81	77
Capital gains tax	374	348	(1 854)	1 111	(1 480)	1 459
Rate Change	-	-	6	-	6	-
Foreign taxes	1 249	608	(81)	959	1 168	1 567
Total direct taxes	5 183	4 604	(1 447)	1 548	3 736	6 152

Normal taxes attributable to South Africa (R million): R3 934

Sanlam Group's contribution to the South African government spend based on the ratios as set out in the 2022 expenditure budget (R million):

Learning and culture	814
Social development	673
Health	480
Economic development	421
Community development	437
Peace and security	409
Other: debt, general public services and contingency reserves	700
Total normal taxes attributable to South Africa	3 934

We believe the taxes paid by the Group has an impact on the communities in the countries where we operate in line with the expenditure ratio's in the national budget of the relevant governments.

Indirect taxes

In addition to the above taxes, the following indirect taxes, included in the appropriate expense items in the Group Statement of Comprehensive Income, were paid:

R million	2022	2021
Indirect taxes and levies paid	816	367

In addition to the aforementioned direct and indirect taxes the Group contributes billions of rands in payroll taxes, dividend withholding taxes and other levies to the governments in the jurisdictions where we do business.

OUR APPROACH TO MANAGING TAX



Tax governance and compliance

The Board, the Audit, Actuarial and Finance and the Risk and Compliance committees are ultimately responsible for ensuring that the tax affairs of the Group are managed effectively. Throughout the Group, the heads of the financial functions of each business take responsibility for managing day-to-day tax compliance and report to the relevant Audit committees, which in turn report to the relevant Board committees. We encourage building tax administration capabilities and ongoing review and strengthening of efficient tax administration systems in each business.

A team of tax professionals with appropriate technical qualifications and experience forms part of the Group Office and is responsible for the overall Group tax strategy, tax technical guidance and support and overseeing tax risk management and tax compliance.

The head of Group tax reports to the Group Finance Director, who is a member of the Board. Independent health checks are conducted on an *ad hoc* basis by external advisers to assess the effectiveness of the tax control frameworks.

Tax legislation is growing in complexity. Appropriate processes are in place to ensure that financial functions remain up to date with changes in tax legislation and the implementation thereof. Where appropriate, external professional advisers are consulted to ensure that we remain up to date with changes in tax legislation, disclosure requirements and best practice.

Tax governance and compliance are aligned with the Group's Code of Ethical Conduct.



Tax risk management

Identifying and managing business risks is central to achieving our business strategy and is embedded in all business activities, functions, processes and systems.

Each business, in conjunction with the Group tax function, monitors tax controls and processes on an ongoing basis to ensure compliance and mitigate the risk of non-compliance.

However, risks can arise through the poor implementation of transactions, ineffective management of controls and sometimes through legal challenges by tax authorities. In such situations, we adopt a proactive approach to address the potential financial impact of any risks to aid the resolution of any such matter.



Tax planning and tax risk appetite

Sanlam is committed to being honest and transparent in its business dealings – this includes a responsible approach to tax planning and tax efficiency. The tax impact and efficiency of investment decisions and operational matters are appropriately considered initially and monitored on an ongoing basis.

Decisions, business structures and transactions are based on sound commercial and economic purposes, have commercial substance and are aligned with the jurisdictions in which our activities are based.

We follow the "arm's length" principle in respect of cross-border intra-group transactions in compliance with the Organisation for Economic Co-operation and Development's transfer pricing principles and local tax laws in the relevant jurisdictions where we operate.

Tax will be the result of implementing our business strategy and will not drive the business strategy.

The level of risk in relation to tax will therefore always be consistent with the Group's overall objective of achieving certainty and long-term sustainability in our commercial affairs.



Relationship with tax authorities

The Group is well represented on industry bodies that regularly engage with tax authorities to shape tax policy and legislation. We actively participated in industry working groups for the amendment of tax legislation pursuant to the introduction of IFRS 17 and will continue to play an active role in all relevant industry working groups for the development of new legislation. Where possible, we seek to maintain a proactive, open and constructive relationship with tax authorities to protect and manage the tax principles and strategy around our business activities to ensure certainty and long-term sustainability. Where appropriate, the Group will seek clarity on uncertain tax positions on any material matter through external council advice and/or obtaining rulings or guidance from tax authorities.

Given our geographical scope and the extent and nature of our operations, we may have occasional disputes with tax authorities. Our approach is to try to resolve these proactively without compromising on the technical legal principles in a manner that is robust, open and consistent with the Sanlam values.



Tax reporting

The Audit, Actuarial and Finance committee ensures that the disclosures in the Sanlam annual reporting suite are relevant to all stakeholders and comply with the applicable regulatory requirements and reporting guidelines.

Disclosures include among others, an analysis of income tax per category, a split between income tax paid in South African and foreign jurisdictions as well as a reconciliation to the standard rate of taxation in South Africa.

Sanlam makes full disclosure when filing tax returns to tax authorities in the jurisdictions where we operate and supports the increase in stakeholder demand for transparency and the sharing of third-party information. We ensure that we comply with applicable laws in as far as the submission of returns and third party information is concerned.

We comply with the three-tiered transfer pricing reporting requirement introduced by the G20 and the Organisation for Economic Co-operation and Development (OECD) in its joint initiative to address base erosion and profit shifting. In addition, Sanlam complies with the automatic exchange of information requirements in respect of the Foreign Account Tax Compliance Act and the OECD's Common Reporting Standard.

OUR FOREIGN TAX

Foreign taxes for the year ended 31 December 2022 (R million)

1 168

South Africa

83

Withholding taxes paid to foreign governments

Southern Africa (excl South Africa)

244

Angola	Mozambique
Botswana	Namibia
Mauritius	Tanzania
Madagascar	Zambia

East Africa

134

Kenya	Uganda
Rwanda	

North and Western Africa

432

Benin	Mali
Burkina Faso	Morocco
Cameroon	Nigeria
Gabon	Senegal
Ghana	Togo
Côte d'Ivoire	

Europe

230

Ireland	United Kingdom
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Lebanon and Malaysia

45



ADMINISTRATION

Registered name

Sanlam Limited

(Registration number: 1959/001562/06)

(Tax reference number: 9536/346/84/5)

JSE share code (primary listing): SLM

NSX share code: SLA

A2X share code: SLM

ISIN: ZAE000070660 Incorporated in South Africa

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Grant Davids

Company Secretary

Adela Fortune

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The Standard Bank of South Africa Limited

Debt sponsor to Sanlam Life Insurance Limited

Absa Bank Limited, acting through its Corporate and Investment Banking division

Internet address

<http://www.sanlam.com>

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Paul Hanratty (Group Chief Executive), Nicolaas Kruger,

Ndivhuwo Manyonga, Elias Masilela (Chair),

Mathukana Mokoka, Kobus Möller, Dr Patrice Motsepe

(Deputy Chair), Abigail Mukhuba (Group Finance Director),

Sipho Nkosi, Karabo Nondumo, Thembisa Skweyiya,

Willem van Biljon, Dr Johan van Zyl, Heinie Werth and

Dr Shirley Zinn



Contact

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