Tax Strategy

Introduction

Aldermore Group backs people to go for it, in life and business. We champion equality by supporting the exceptions to the rule and getting finance to where it's needed by lending the money people save with us, to people who want to get on in life; building businesses, buying property and purchasing vehicles. Aldermore Group consists of two operating companies, Aldermore Bank PLC and MotoNovo Finance Limited. Aldermore Bank provides finance to business owners, homeowners and landlords, and supports savers. It operates exclusively online, by phone and through networks. MotoNovo Finance helps people buy their next car, van or motorcycle.

Aldermore Group is part of FirstRand Group, one of the largest financial services groups in Africa by market capitalisation. This tax strategy applies to Aldermore Group plc and its UK subsidiaries, excluding FirstRand UK, whose tax strategy can be found on their website: https://firstrand.frontify.com/share/3UsxoYNK8DWtWTiF16in/assets/395178

Aldermore Group is committed to full compliance with our statutory obligations and full disclosure to the tax authorities. Our tax strategy aligns with the principles set out in our tax risk management framework and adopted by the Board, through which we seek to pay the right amount of tax at the right time. The Aldermore Group is guided by the same principles as those which apply to FirstRand and is consistent with FirstRand's Tax Strategy. This strategy is reviewed annually and approved by the Board.

FirstRand Tax Strategy

As part of the FirstRand group, the Aldermore Group strategy is consistent with the wider group's objectives. FirstRand commits to building a future of shared prosperity through enriching the lives of its customers, employees and the societies it serves. This objective will preserve the group's enduring promise to create long-term value and superior returns for its shareholders. FirstRand's tax strategy is aligned to its purpose statement and commits to complying with the spirit as well as the letter of all applicable taxation laws in the jurisdictions in which it operates and full compliance with its statutory obligations.

FirstRand is committed to being responsible and accountable in managing tax risk. The group's tax strategy considers the economic and social impacts of its approach to tax, including the sustainable economic development of the jurisdictions in which it operates.

Tax risk appetite

Effective risk management is paramount for Aldermore Group and underpins our business strategy. Our appetite for tax risk is determined by the Board and set out in our tax risk management framework.

The tax risk appetite statement is to ensure the Aldermore Group acts in a reputable way and maintains sufficient controls at all times in respect of tax governance, reporting and planning, taking into account the interests of customers, HMRC, regulators and shareholders.

The core objectives of the Aldermore Group in relation to tax include:

- A clearly understood, communicated and supported strategy;
- Full compliance;
- Paying the appropriate amount of tax at the appropriate time; and
- To maintain the Group's reputation as a fair contributor to the UK economy, which applies tax rules in good faith and in the spirit, they are intended.

These objectives reflect our open and transparent approach to our tax obligations and are also reflected in the products and services we offer our customers.

Risk management and governance arrangements in relation to UK taxation

Ultimate responsibility for the Aldermore Group's tax affairs rests with the Board of Aldermore Group PLC and is delegated to the Audit Committee and the Chief Financial Officer, supported by the Head of Tax.

Our business model is focused on the UK where our customers and operations are largely established. This reduces the complexity of our tax obligations which arise mainly in the UK. The broad range of our tax obligations and the complexity of tax law with which we are required to comply, give rise to occasional uncertainty in our tax liabilities. Tax risk is defined as non-compliance with these obligations, including inaccurate or late reporting which could lead to penalties, additional tax charges and reputational damage.

Aldermore Group has implemented a Risk Management Framework which refers to the processes of identifying, managing, monitoring and reporting the risks to which the Group is exposed. The Risk Management Framework is adopted by the Board and supported by supplemental frameworks, policies, processes and procedures of which the tax risk management framework is one. These combine to ensure that risks are managed in a manner which is appropriate to the size and nature of the Aldermore Group's operations.

Our tax risk management framework sets out the comprehensive principles of tax governance and tax risk management to be adhered to in managing our tax affairs, including how tax risk is identified, monitored and reported.

The Aldermore Group seeks to minimise the level of tax risk through the processes which could materially affect its tax compliance obligations. Key risks are monitored and, where required by legislative and business developments, changes to processes and controls effected. External tax advisers are used where necessary to support interpretation and implementation in accordance with our low-risk approach.

The Group has a low appetite for tax risk. We do not undertake transactions where the tax outcome is uncertain unless supported by strong technical analysis and appropriate governance.

Aldermore Group's attitude to tax planning

We adhere to the principle that commercial activity should underpin any tax planning. We do not endorse activities that are clearly artificial and have no commercial purpose, or whose tax results clearly differ in outcome to the intentions of Parliament. We do not enter into abusive tax planning arrangements. We conduct transactions between FirstRand group companies on an arm's-length basis and in accordance with the current OECD (Organisation for Economic Co-Operation and Development) principles.

Our low-risk tax strategy is consistent with our adoption of HMRC's Code of Practice on Taxation for Banks and any tax planning is, and will be, done in accordance with the Code.

We do offer tax advantaged products, such as ISAs, where the tax treatment of such products is clearly aligned with the intentions of Parliament and the law. We do not tolerate tax evasion or promote aggressive tax planning arrangements to our customers.

Our approach to the taxation of our employee remuneration is to meet all our tax payment and reporting obligations in a full and timely manner.

Our approach to tax planning reflects our commitment to responsible and sustainable business practices, ensuring that tax outcomes are aligned with genuine commercial activity and the spirit of the law.

Aldermore Group's approach to its dealings with HMRC

Aldermore Group seeks to maintain its low risk assessment through the straightforward and transparent conduct of its tax affairs with HMRC. We value and maintain an open and constructive relationship with HMRC. When submitting tax computations to HMRC, we disclose all relevant facts, transactions or issues. We enjoy regular dialogue and meetings with our HMRC representatives on current, historic and future tax matters and deal with any issues in real time in a co-operative manner to achieve certainty and efficiency for us and for HMRC.

We consider that the above statement complies with Aldermore Group's obligation under para 19(2) Sch 19 Finance Act 2016 for the accounting period ending 30 June 2027.