Building public trust through tax reporting

A review of the tax disclosures of the top 100 companies on the JSE in 2018

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Becoming a more visible part of society

As highlighted in PwC's 2019 Africa Business Agenda report, business has an essential role to play in building and fostering trust in society and companies should embrace the responsibilities and opportunities this brings.[1]

CEOs in Africa recognise the opportunity to build their own brands, but as social, political and economic events hit the boardroom, they also recognise the need to step forward to make a meaningful contribution and rebuild business confidence for the long term.

Mistrust between society and large corporates is said to be at an all-time high, which leads to a challenging tax landscape. For many stakeholders it's no longer enough for organisations to view their tax position through the lens of financial reporting. Increasingly, organisations are challenged to provide more information.

Governments, the public, employees, investors and the media are looking for evidence that organisations are committed to building a more sustainable and inclusive economy and are becoming a more visible part of society, with senior executives and governing bodies explaining how their organisations' tax strategies are responsible and align with their sustainability commitments.

It is against this backdrop that we present these insights into voluntary tax reporting for the financial year ending 31 December 2018. We summarise trends that are shaping the tax transparency landscape and provide examples of how companies are responding, by using voluntary tax disclosures to tell their story, thereby demonstrating corporate citizenship as responsible taxpayers.

There are a range of approaches to disclosure and it is important to consider the purpose of each transparency initiative and the value that it will bring to the taxpayer and its stakeholders. For some companies, where the business case is insufficient, there will be little activity in this area. Others, however, have dedicated time and energy to developing voluntary disclosures and driving the debate on tax transparency. PwC is proud of its long history in supporting the disclosure of meaningful and relevant tax information.

We wish to thank the Department of Accounting at the University of Pretoria for assuming responsibility for the assessment of the top 100 JSE-listed companies. An extraordinary amount of effort and dedication is required to source the relevant data and assess it against an agreed transparency framework, and the University's contribution in this regard is both invaluable and greatly appreciated.

Gert Meiring
Lead: Tax Reporting and Strategy Southern Africa
PwC Africa

[1] "The Africa Business Agenda" PwC south Africa. 2019. https://www.pwc.co.za/en/publications/africa-business-agenda.html

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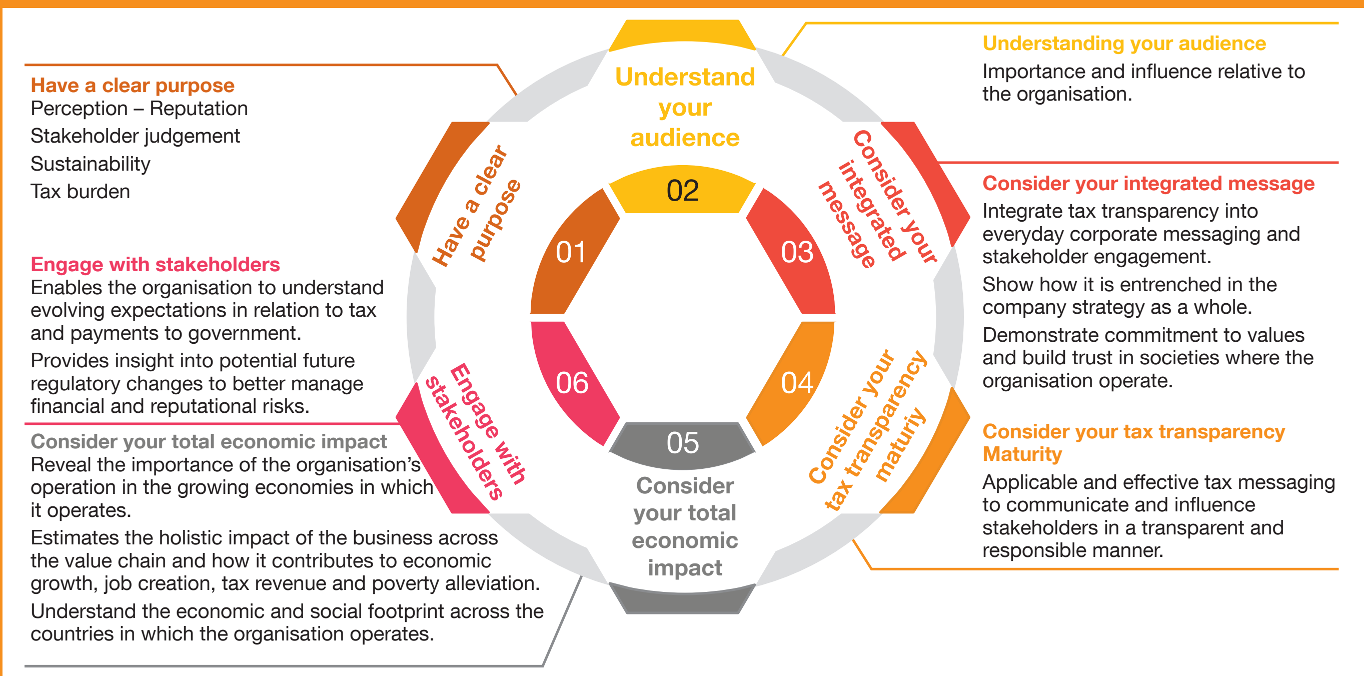
Tax as a strategic asset

Taxes are one of the ways in which businesses contribute to society. The positive impact of taxpayers operating on the continent should be acknowledged, put in the right context and communicated in a transparent manner.

There is value in integrating a tax transparency communication strategy and reporting on sustainability and economic impact. Open dialogue with stakeholders and easily accessible information about tax can demonstrate value creation for all stakeholders, improve business reputation by building trust and reinforce the licence to operate.

It is recommended that companies demonstrate that their actions meet stakeholder expectations and are consistent with brand values. Companies that are getting their tax messaging right have identified material tax-related communications and embedded these into their long-term value-creation story.

Figure 1: Positioning tax as a strategic asset



Source: PwC

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Why companies should consider their current tax transparency strategy and voluntary tax reporting

Why should companies consider their current tax transparency strategy and voluntary tax reporting? The central question should be “Transparency for who, and what purpose?”.

A range of stakeholders is interested in companies’ tax strategies, tax governance and tax risk management. In addition, open and honest information on the economic contributions in each jurisdiction is becoming increasingly important. These stakeholders include the community at large, the media, NGOs, investors, analysts, customers, the governing board, employees, revenue authorities and policymakers.

The list of stakeholders is growing and each has a slightly different requirement for voluntary private and public disclosure in tax. To understand what they want to know can be helpful in today’s turbulent tax landscape.

According to PwC’s Paying Taxes 2020 report, governments around the world are constantly faced with fiscal policy challenges as they seek to deliver public services. They may have urgent issues to address, such as meeting budget deficits, fighting the informal economy and increasing voluntary compliance, or more long-term and strategic goals, such as addressing trends in the digital economy and the way people work. This leads to increased interest in the nature of business of large companies as well as scrutiny of their tax positions.

It is important for an organisation to ensure that its messaging on tax and disclosures made is consistent and aligned, wherever it operates. Each company’s response to tax transparency will be different. For some, the driver will be regulation, while others will undertake a strategic project to understand the risks and benefits of additional voluntary transparency to improve relationships with external stakeholders, to enhance their reputation as good corporate citizens, or to address media scrutiny.

Frameworks for tax transparency

Locally and globally we have seen various guidance issued on voluntary tax disclosure that stakeholders would find helpful in order to understand a company's tax affairs.

In South Africa, the King IV™ Report on Corporate Governance™ (King IV™) has brought substance to the requirements of being a responsible taxpayer. It applies to listed companies and requires their governing boards to demonstrate corporate citizenship by being responsible taxpayers.

Considerations should include, inter alia, responsible tax policies. King IV™ suggests disclosure on issues such as a board's tax strategy and tax governance structure. King IV™ also suggests that the organisation's board and audit committee should be responsible for a tax strategy and policy that are not only compliant with, but also congruent with corporate citizenship and wider stakeholder considerations, and that take account of reputational repercussions.

In other parts of the world lawmakers are actively participating in the design of transparency standards. For instance, the UK requires the public disclosure of tax strategies, Australia has introduced its quasi-mandatory Tax Transparency Code (TTC), and the EU has put forward a proposal for mandatory public country-by-country tax disclosures.

In the US, the Financial Accounting Standards Board (FASB) re-issued an exposure draft on the income taxes disclosure framework. The aim is to improve the effectiveness of the disclosures in the notes to financial statements by facilitating clear communication of the information required under the generally accepted accounting principles (GAAP) that is most important to users of each entity's financial statements.

Frameworks such as the UN-supported Principles for Responsible Investment and the Global Reporting Initiative (GRI) include tax transparency within their scope.

In 2018, The B Team, a global group for responsible business, released its report outlining responsible tax principles to raise the bar on how businesses approach tax and transparency. The Principles for Responsible Investment (PRI) guidance on evaluating and engaging on corporate tax transparency serves as an investor tool for engagements on tax, drawing on key trends and gaps observed in the current status of corporate income tax disclosure practices.

The topic is also being pushed by investor action and industry not-for-profit groups such as VBDO's Tax Transparency Benchmark; Norges Bank Investment Management's Tax and Transparency – expectations towards companies document and the Extractive Industries' Transparency Initiative (EITI).

If there is a business case, companies should should consider increasing their voluntary or public tax transparency and developing innovative disclosures containing relevant and understandable data to inform and influence these standards:

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Society is demanding more information on the tax position and behaviour of powerful organisations, tax administrations and wealthy individuals. People want to know if everybody is equally contributing to the public welfare. The benefit of providing more information about tax to the public is that you can show that your ‘tax policy’ is not just ‘boilerplate language’.

Investors will be more favourable towards transparent companies, since an increasing number of pension funds, private equity and sovereign wealth funds expect a sustainable tax policy. Transparency also leads to ‘accountability’ of tax administrations. Key drivers for voluntary tax transparency include investor requirements and public pressure.

Eelco van der Enden
Partner Tax Administration Consulting, PwC Netherlands
Member of the Board of Directors, GRI

GRI 207: Tax

The GRI Standards issued by the Global Sustainability Standards Board are designed to be used by organisations to report about their impacts on the economy, the environment, and society. Any organisation that claims its report has been prepared in accordance with the GRI Standards is required to report on its management approach for every material topic. The newly developed GRI 207: Tax 2019 ("GRI207") is the first public global standard for comprehensive tax disclosures. GRI 207 now forms an integral part of the consolidated set of GRI Standards, the most widely adopted standards for sustainability reporting in the world. If an organisation has identified Tax as a material topic, it is required to report on the topic using GRI 103: Management Approach 2016 and GRI 207.

Taxes are important sources of government revenue and are central to the fiscal policy and macroeconomic stability of countries. They are acknowledged by the United Nations to play a vital role in achieving the Sustainable Development Goals. They are also a key mechanism by which organisations contribute to the economies of the countries in which they operate.

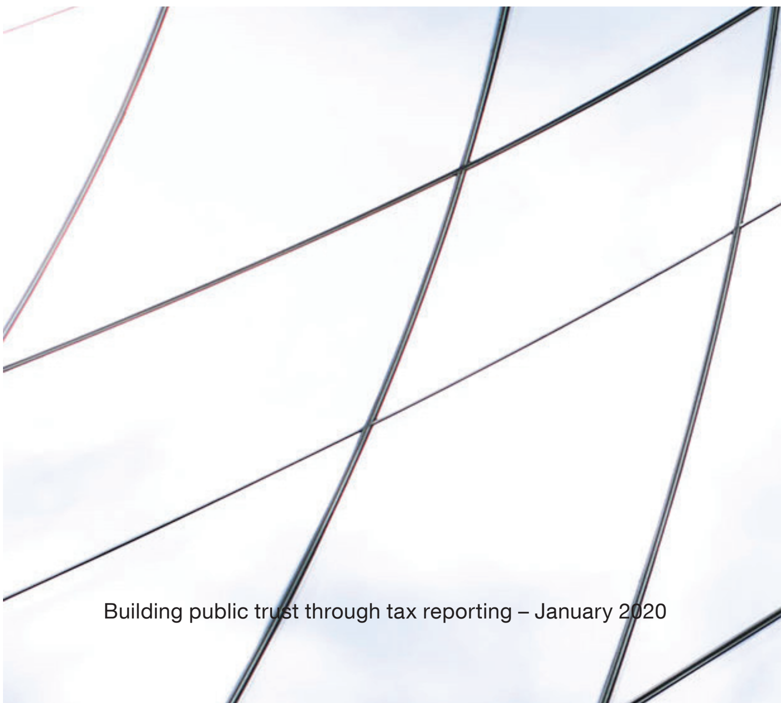
The GRI states that public reporting on tax increases transparency and promotes trust and credibility in the tax practices of organisations and in the tax systems. It enables stakeholders to make informed judgments about an organisation's tax positions. Tax transparency also informs public debate and supports the development of socially desirable tax policy. The disclosures in GRI 207 are designed to help an organisation understand and communicate its management approach with regards to:

- **Approach to tax:** An organisation's approach to tax defines how the organisation balances tax compliance with business activities and ethical, societal, and sustainable development-related expectations. It can include the organisation's tax principles, its attitude to tax planning, the degree of risk it is willing to accept, and the its approach to engaging with tax authorities.
- **Tax governance, control, and risk management:** Having robust governance, control, and risk management systems in place for tax can be an indication that the reported approach to tax and tax strategy are well embedded in an organisation and that the organisation is effectively monitoring its compliance obligations. Reporting this information reassures stakeholders that training and guidance has been provided to relevant employees on the link between tax strategy, business strategy, and sustainable development
- **Stakeholder engagement and management of concerns related to tax:** The approach an organisation takes to engaging with stakeholders has the potential to influence its reputation and position of trust. This include how the organisation engages with tax authorities in the development of tax systems, legislation, and administration. Stakeholder engagement can enable the organisation to understand evolving expectations related to tax. It can give the organisation insight into potential future regulatory changes and enable it to better manage its risks and impacts.

In addition GRI 207 provides guidance on topic-specific disclosures including country-by-country reporting on financial, economic, and tax-related information for each jurisdiction in which the organisation operates.

When is GRI 207 ready to use?

GRI 207 will be effective for reports published from 1 January 2021. This means that if the reporting organisation has identified Tax as a material topic, it will be required to report on GRI 207 from 1 January 2021 onwards. Earlier adoption of GRI 207 is encouraged, even if a reporting organisation cannot yet meet all the requirements.



Other contributing factors

Perception versus truth

Sometimes there are circumstances that require a company or a sector to address a public perception that it could be avoiding or evading tax or where trust eroded for some other reason.

Stakeholders may ask:

- Does the company's corporate messaging demonstrate:
- Being a good corporate citizen;
- That it is contributing to building trust through transparency; and
- That it is providing vital information on being responsive and accountable?

Stakeholder judgement

A company's approach to how it runs and builds its business is judged by a new generation of consumers that expect sustainable and ethical behaviour.

Stakeholders may consider whether:

- The current focus of the company (growth, short-term financial returns, increased output and profit) is enough to support sustained value creation?
- The company considers its purpose (beyond creating value for shareholders) including its role in society, and the contribution it makes to the economy and to the lives of employees, customers and communities where it is located?

Sustainability

Successful business leaders recognise the need to focus on sustained value creation. Now more than ever, this requires a broader view of growth than just increased output and short-term financial returns, as significant megatrends are putting the resilience, sustainability and impact of organisations' strategies and business models to the test.

Business leaders may ask

Are we communicating how our business assists governments in advancing the achievement of the UN's Sustainable Development Goals to gain trust from consumers, consolidate a strong licence to operate and differentiate ourselves from competitors?

Do we need to coordinate transparency initiatives between legal, risk, economic, sustainability, finance, tax and investor relations teams?

Tax burden

The nature of a country's tax system is a matter of the government to decide how they tax companies. Generally these can impact the investment decisions made.

Tax functions may ask

Will more voluntary tax transparency and effective stakeholder engagement lead to tax policy decisions that have better long-term outcomes for all?

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The benefit of providing more information about tax to the public

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Organisations should be proud of the contributions they make and clearly document what all their taxes amount to. There is no harm in also advising readers in corporate reporting documents that the organisation understands that tax cannot be avoided and a responsibility to calculate accurately, comply with regulation and be a good corporate citizen is intended — but, like any other expense, tax as a cost should be managed sensibly. Being transparent about tax builds trust and confidence in a company. It demonstrates commitment to being a responsible corporate citizen, endorses corporates' ethical leadership and is indicative of good ethics and a strong moral, corporate and risk culture.

Sheralee Morland
Chief Executive Officer, Joshero (Integrated Thinking for Integrated Reporting)

It is necessary to consider what information is already provided to respond to stakeholders' needs, what other information the company might want to provide and what the risks and benefits are of providing or withholding that information. Depending on an organisation's needs and situation, it's crucial to find the right focus and balance, what points it intends to stress, and in what specific context it wants to set the data. Considerations include:

- Communicating an organisation's contributions to the society in which it operates is an important way of building long-term trust with the public and other stakeholders.
- Voluntary tax transparency is also a way of demonstrating that a company is doing business in a sustainable and responsible way, as companies paying taxes are an integral part of the sustainability debate.
- Increases scrutiny of companies' tax affairs (whether justified or not) may create serious investment risks for institutional investors. These are currently hard to monitor and may emerge at some uncertain point in the future.
- In many cases, a company's tax contribution has been measured based on its effective tax rates (ETR). ETR as disclosed in the annual financial statements only include corporate income taxes, which are often a small portion of the total taxes borne and collected by companies.
- A company's tax affairs are complex and nuanced — if explained carefully in a transparent manner it may prevent misinterpretations and exaggerations appearing in the media.
- Building relationships with revenue authorities and the government requires trust and credibility. Tax administrations welcome a company's voluntary tax transparency as it may reduce the need for scrutiny. Strong and open relations with the authorities could also lead to other benefits, such as quicker response time and fewer queries.
- Collecting the necessary information and developing an easily understandable, contextual and geographic overview of your organisation's tax obligations can be a discerning exercise to gaining new insights and deepen the understanding of the connection between value creation, location, government payments and profits for the business. This could lead to a new and improved business strategy.

> *It is not always about more information but how you position the messaging or how the message is presented. Companies need to provide enough information that allows the user to make an informed decision. If it is understandable, readable, useful, then it has value for the stakeholders who use this information. If not, then it can create confusion, and lead to misunderstandings and unintended consequences.*
>
> Loshni Naidoo
> Project Director: Integrated Reporting, SAICA

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What disclosures would create value?

Where companies have identified a stakeholder interest, they are likely to want to consider what would most benefit them in terms of disclosure. To make a fully informed decision, companies will need to consider the following factors:

- What are their existing and future mandatory disclosure obligations under regulations such as accounting standards, country-by-country reporting and tax strategy disclosures?
- Could more information help to mitigate any risks?
- Are there factors that would increase public interest in their tax affairs?
- Are these factors appropriately communicated to the target audience? Do the disclosures address the needs of the stakeholders?
- Are there systems to support the disclosures? The board is likely to need comfort not only that the data is correct, but also that any assertions around governance can be supported.
- How can tax be integrated with other disclosures? We are seeing increasing examples of tax being included in broader statements on a company's economic and social contributions.
- Companies can measure themselves against their peers in terms of their disclosure on their tax strategy, tax risk management, tax numbers and performance, total tax contribution and the nature and extent of these disclosures?

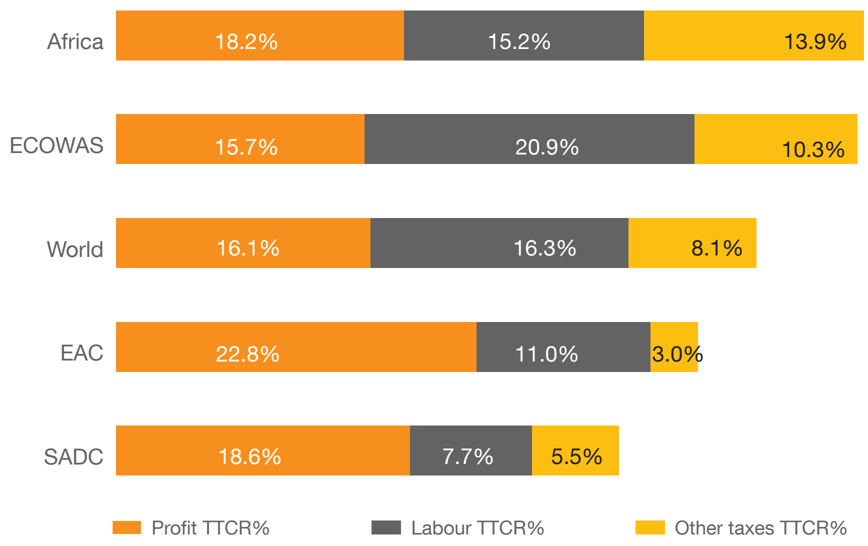
Suggest including Total Tax Contribution in this list of proactive disclosures:

- An indication of how the tax strategy is linked to the business and sustainable development strategies of the organisation and to the broader economic needs of the countries in which the organisation operates.
- An indication that the governing body assumes responsibility for the tax strategy.
- The organisation's approach to tax planning.
- The organisation's tax controversy exposures and the potential impact on stakeholders.
- The organisation's advocacy or lobbying activity.
- Financial indicators per jurisdiction including revenues, profit/loss before tax, EBITDA, capital expenditure, corporate responsibility spend, contribution to salaries and benefits, and contribution to the economy through payment of contractors, franchisees, and third-party suppliers.
- Significant tax incentives.
- The main drivers for the ETR and how the ETR is likely to vary in the future.
- Cash tax payments / cash tax rate.
- Nature of its operations in various jurisdictions, number of entities, the names of the principal entities, the primary activities of the entities, and the number of employees.
- Taxes/levies paid on a country-by-country/ geographic region.
- Linking tax contributions to the United Nations' Sustainability Development Goals (SDGs).

Companies do not only contribute by way of corporate income taxes, but also through other income and non-income-related taxes. Other payments to governments, such as duties, levies and royalties, may also be regarded as contributions. Companies also collect and administrate taxes related to their employees, customers and suppliers on behalf of governments.

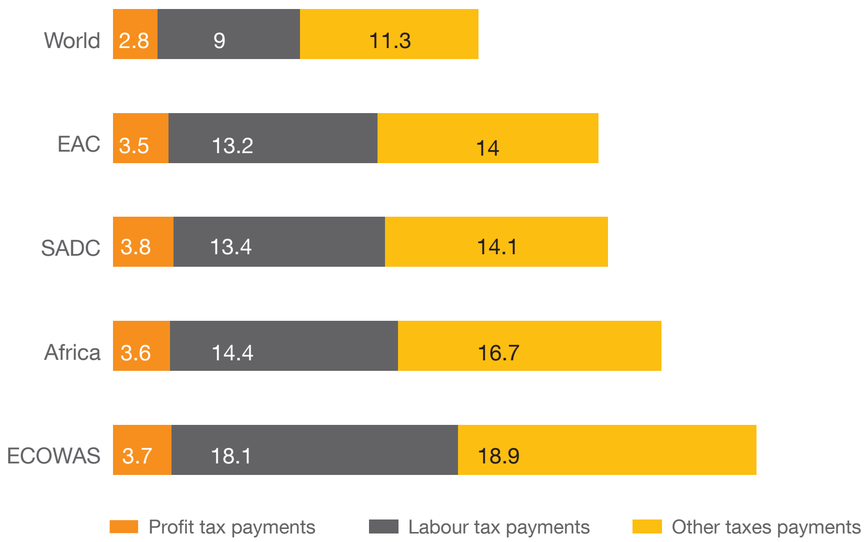
The extent of the contributions made through taxes. especially in Africa, is illustrated in the findings of *PwC's Paying Taxes 2020* report.

Figure 2: Total tax contribution rate



Source: PwC, Paying Taxes 2020, pwc.com/payingtaxes

Figure 3: Number of payments



Source: PwC, Paying Taxes 2020, pwc.com/payingtaxes

If a company only discloses its corporate income tax contributions, it misses out on the opportunity to demonstrate to its stakeholders the extent to which it contributes to society through other direct taxes borne by the company and indirect taxes collected on behalf of governments.

Beyond that, the concept of voluntary tax transparency may be broadened to include the induced economic impact associated with direct and indirect taxes suppliers pay. This relates to the goods and services purchased from suppliers and the taxes that the company's workforce and the employees of its suppliers pay through spending their personal income in the general economy.

Furthermore, additional economic contributions made by companies to every local economy in which they operate by way of direct and indirect employment, local wages, local infrastructure investments and payments to local suppliers can also be considered.

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It is important for companies to consider and disclose the current tax strategy as that is likely to impact on their reputational risk. Their transparency of tax disclosures can also be linked to their corporate social responsibility practices.

Disclosure of the total tax contribution (taxes borne and collected) and value creation is important to stakeholders and shareholders. Although it is important to maintain a balance between the impact on society and the minimisation of the tax expense, there is mixed evidence in academic literature about whether companies view tax to be an element of corporate social reporting. It is also important to balance the additional costs incurred with the additional tax transparency disclosure with the expected benefits to stakeholders. Apart from the out-of-pocket direct costs related to the tax transparency reporting, indirect costs of exposure to more tax audits and/or penalties should also be considered.

Professor Madeleine Stiglingh
Head: Department of Accounting, University of Pretoria

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How technology will impact the tax transparency agenda

Digitalisation in general has often gone hand in hand with greater transparency, so it's reasonable to assume that the same will apply to tax.

King IV™ is reshaping the way businesses are articulating their tax strategies. Both the public and internal stakeholders are placing higher value on corporate citizenship, in which the tax function plays a major role. With the growing level of transparency and pressure on compliance, organisation's data and systems are required to undergo rapid transformation; giving businesses and their stakeholders greater peace of mind in a global digital economy.

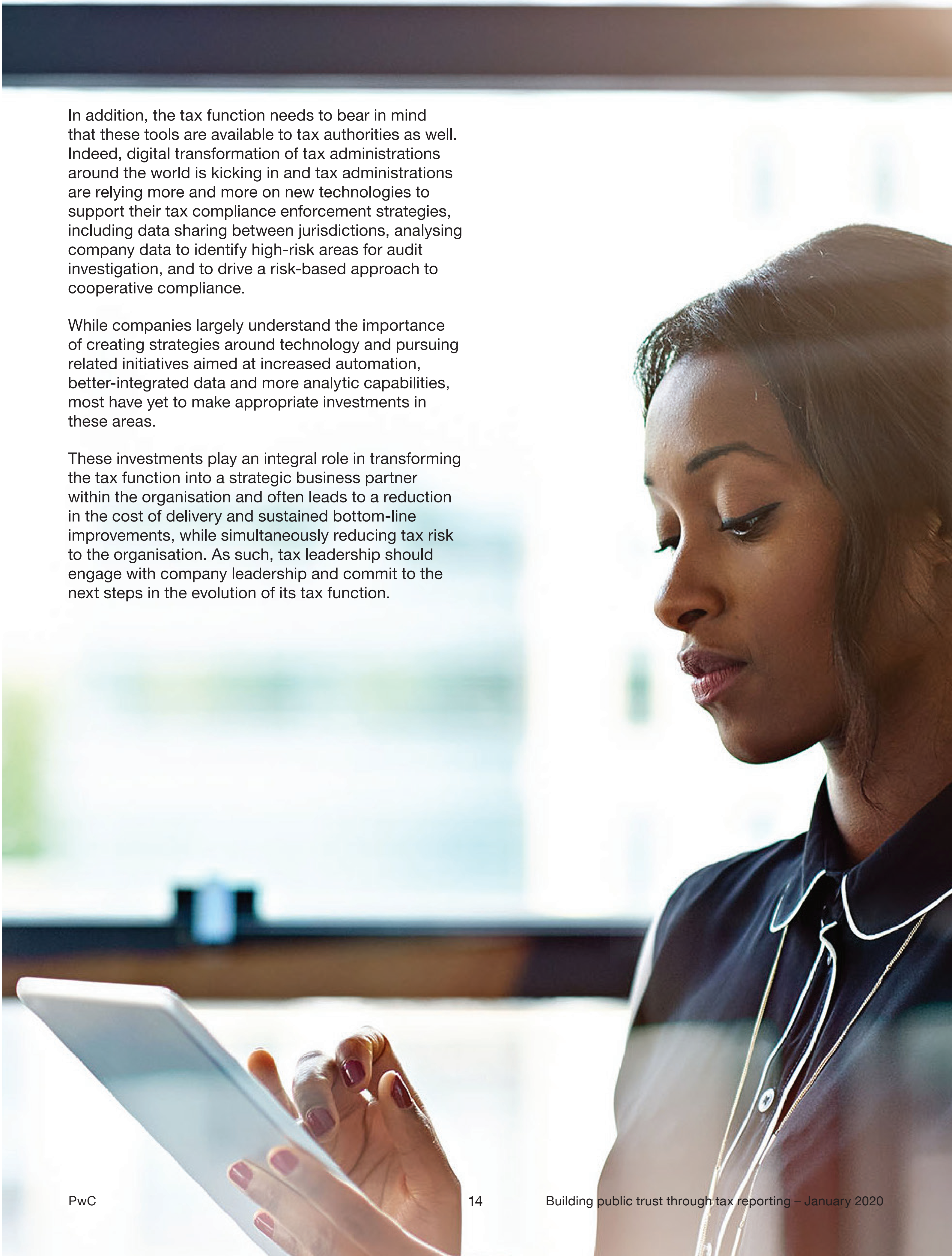
Advances in technology mean that the quality and quantity of tax data available to companies and their stakeholders will increase. However, it seems that organisations are struggling to convert data into usable and actionable intelligence, the main reasons being data siloing, poor data reliability and a lack of analytical talent.

Are you comfortable that data related to your business' position on tax, tax numbers, key performance indicators, and economic contributions to the governments per jurisdiction is not just accessible, but reliable and understandable?

To establish a digitally fit tax function involves so much more than just learning new skills or new technology. It requires a shift in mindset, pushing teams and leaders to look at solving problems in a totally new way. Looking at old processes in new ways to empower people to innovate, test new operating models and adjust to a new way of working.

The tax function needs to understand how different technologies such as robotic process automation, artificial intelligence, blockchain and advanced analytics can be used and are being used. To enable greater tax transparency, these technologies allow organisations to respond to the demand for quality data from various sources in a more measured and controlled manner.

For instance, where a simple dashboard may give a tax professional an overview of certain criteria, a dashboard informed by artificial intelligence is more dynamic, allowing a tax professional not only to evaluate the past, but also to anticipate the future, giving the tax function an understanding of issues at a glance, aiding decision making. It allows for the detection of anomalies, correction of errors and greater governance of tax disclosure.



In addition, the tax function needs to bear in mind that these tools are available to tax authorities as well. Indeed, digital transformation of tax administrations around the world is kicking in and tax administrations are relying more and more on new technologies to support their tax compliance enforcement strategies, including data sharing between jurisdictions, analysing company data to identify high-risk areas for audit investigation, and to drive a risk-based approach to cooperative compliance.

While companies largely understand the importance of creating strategies around technology and pursuing related initiatives aimed at increased automation, better-integrated data and more analytic capabilities, most have yet to make appropriate investments in these areas.

These investments play an integral role in transforming the tax function into a strategic business partner within the organisation and often leads to a reduction in the cost of delivery and sustained bottom-line improvements, while simultaneously reducing tax risk to the organisation. As such, tax leadership should engage with company leadership and commit to the next steps in the evolution of its tax function.

7

Tax transparency and sustainability

Companies are urged to place sustainability at the heart of their operations as a key driver for competitiveness. Stakeholders increasingly want to understand an organisation's long-term value-creation plans through credible, standardised information. Many organisations are responding by incorporating environmental, social and governance information in their messaging. However, organisations are only just beginning to consider their messaging on the positive contribution to society they make through the taxes they pay. Tax is a sustainability issue as it is a major way in which companies contribute to the economies and countries in which they operate.

The Edelman Trust reports of the last few years show a consistent decline in trust, specifically in governments and CEOs. If you build trust, then when things go wrong stakeholders are more likely to support you. Business needs to thrive, but not at any cost. The functioning of society is crucial to this, so tax needs to be seen as part of the cost of doing business and necessary to create an ecosystem that allows and supports business and does not work against it.

Sustainable development is about development today that meets the needs of the future. Without transparency and fairness of taxes — how much you pay, where you pay it, supporting the fiscus in the country from which you make the profit — you are not meeting this fundamental principle of sustainable development.

Jayne Mammatt
Director: Sustainability and Climate Change,
PwC South Africa

Acting responsibly is no longer a choice. It is a business imperative that will impact how companies power their operations, source raw materials, innovate new products and protect their supply chains against extreme weather and natural disasters. It will affect the well-being of their employees and their decision about whom to work for.

Perhaps most importantly, companies' approach to how they run and build their business will be judged by a new generation of consumers who expect sustainable and ethical behaviour. There is an increasing global awareness of the importance of efficient tax systems and the role taxes play in promoting sustainable and inclusive economic growth.

8

Bringing our findings to life

Our methodology

The PwC Tax Transparency Framework (the Framework) is intended to guide companies in developing a transparency strategy that is fit for purpose. The Framework does not necessarily lead to more disclosure on tax matters, but is intended to help companies make an informed decision on 'transparency to whom and for what purpose'.

"Tax transparency is not an issue where one size fits all. We would encourage companies to assess their own position, based on their economic profile, their sector, geographic profile and profitability. In this context a company can decide whether there is merit in disclosing more about its tax position. It may want to consider the questions stakeholders may ask, what information is appropriate and how it can be most helpfully disclosed. Companies that provide more voluntary information about their taxes can reduce the risk of hostile scrutiny from the public as a result of misunderstandings or inaccurate media reporting. In the long term, the ability of a company to demonstrate its contribution to the society in which it operates supports its licence to operate and its ability to trade and grow in each market."

Andrew Packman
Total Tax Contribution and Tax Transparency Leader, PwC United Kingdom

The Framework includes 57 broadly defined tax transparency criteria that we consider to be the basis of good practice in voluntary tax reporting. These criteria are grouped under the following categories:

Figure 2: PwC Tax Transparency Framework categories

Context

- Effective transparency – easy to find and well communicated
- Value reporting

Tax strategy and risk management

- Tax strategy
- Tax as a business risk
- Tax risk management, tax governance, tax reporting and oversight
- Relationship with tax authorities
- Tax controversy
- Stakeholder engagement

Tax numbers and performance

- Key financial indicators
- Effective tax rate v cash tax rate
- Tax incentives
- Clear and understandable tax rate reconciliation

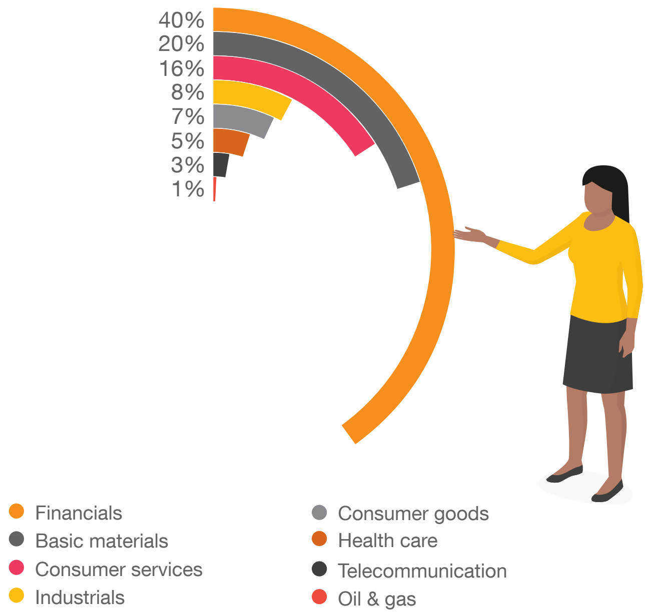
Total tax contribution and wider impact

- Jurisdictions, entities & primary activities
- Total economic contributions per tax type, jurisdiction, year
- Other economic contributions to government
- Tax & wider value creation
- Tax and SDG's/ corporate citizenship

We use the Framework to carry out an annual review of the voluntary tax reporting and transparency of the top 100 companies listed on the Johannesburg Stock Exchange. The sample companies evaluated were selected based on their market capitalisation on 31 December 2018.

In terms of market capitalisation, the greatest representation is from the financial sector (40%), basic materials (20%) and consumer services (16%) sectors.

Figure 3: Sector representation (JSE top 100 companies)



Base: 100
Source: PwC Building Public Trust Study

Annual reports, corporate social responsibility reports, annual financial statements, integrated reports and relevant website information were reviewed to conclude on our findings.

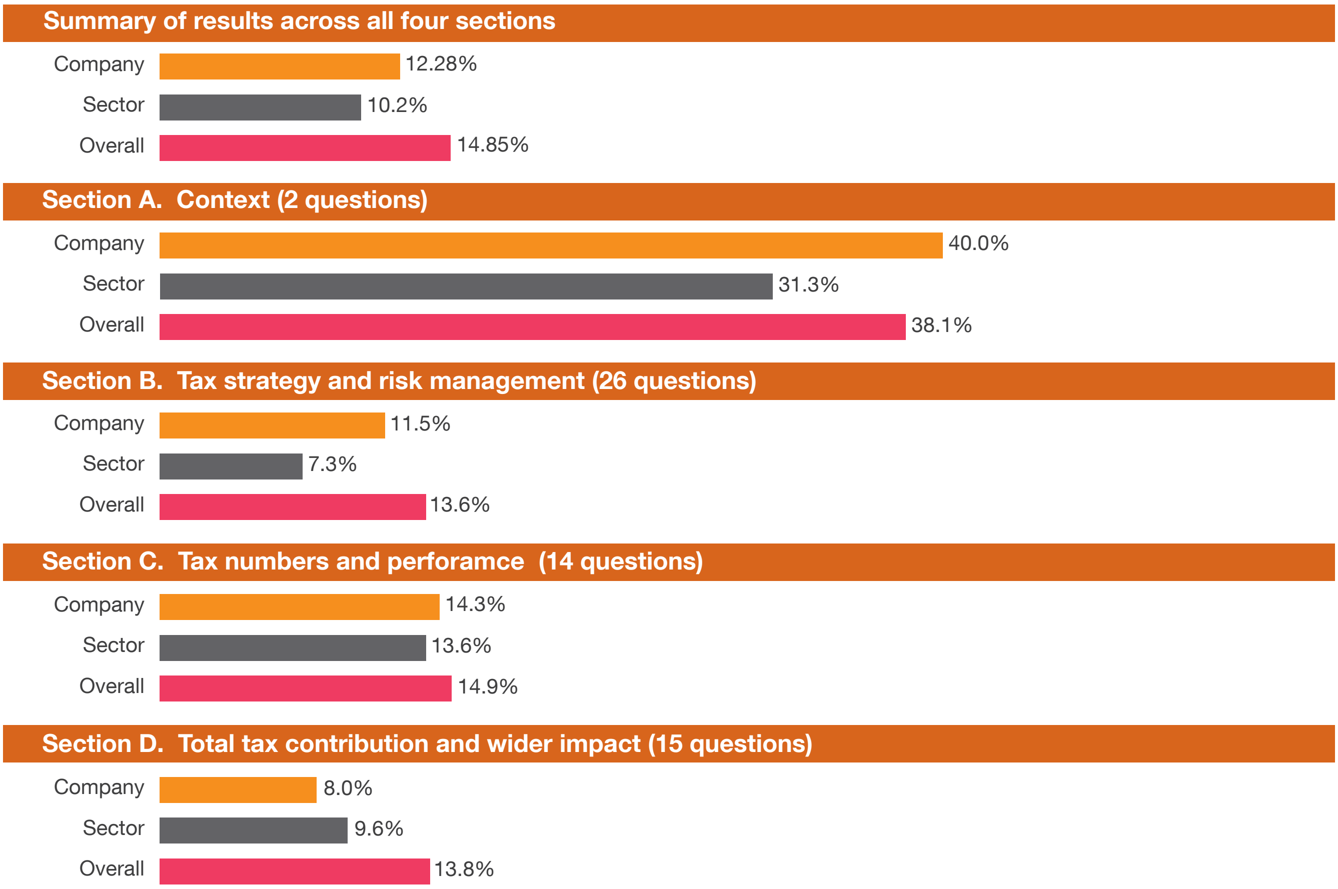
Our aim is to guide companies from the potential complexity of tax transparency to practical execution. With this in mind, we closely monitor developments regarding voluntary transparent tax reporting. In this context, we reconsider the criteria included in the Framework frequently to ensure that it aligns with global frameworks.

This year it resulted in additional criteria being included in the Framework compared to the previous year, which implies that a like-for-like comparison with the average transparency rating of the companies in scope in last year's assessment cannot be made.

This year we also went one step further in our assessment methodology. In addition to assessing whether the companies in scope included a particular criterion in their voluntary tax transparency reporting, we also evaluated the Framework criteria on a five-point Likert scale to distinguish between different levels of quality of disclosure.

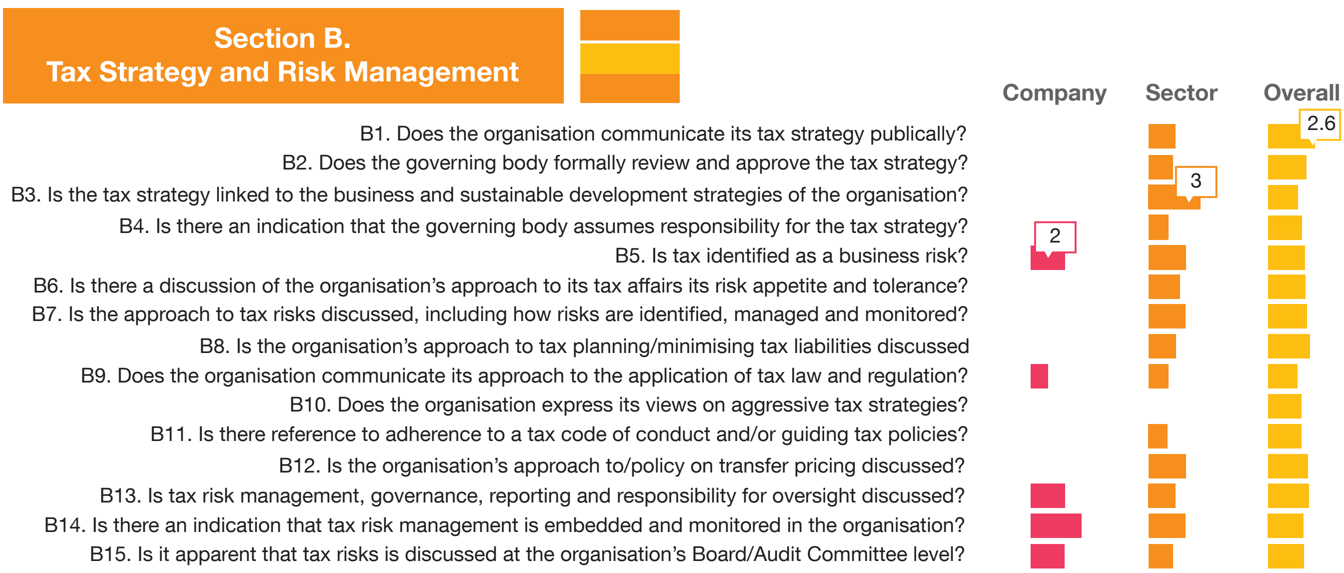
The percentages included in this report reflect the points scored by individual companies on average incorporating the quality scale. For example, in the diagrams below a company in the Consumer Services sector is scored against its sector and the total group of participants from an overall point of view and then per category (in this case an extract of the 'Strategy and Risk Management' category) in the Framework.

Figure 4: Example of tax transparency rating of individual company against sector and total group



Source: PwC Tax Transparency Maturity Model

Figure 5: Example of tax transparency rating of individual company on quality scale of 1-5



Transparency by company type and sector

This year our study incorporated an assessment of the manner and effectiveness in which companies communicated their tax information. Individual companies participating in this year's study scored an average of 38% when considering whether they:

- Effectively provided transparency of taxes (easy to find and well communicated); and/or
- Integrated tax related disclosure with other company related disclosure (i.e. a sense of value reporting on tax disclosure and how it integrates with and relates to the business).

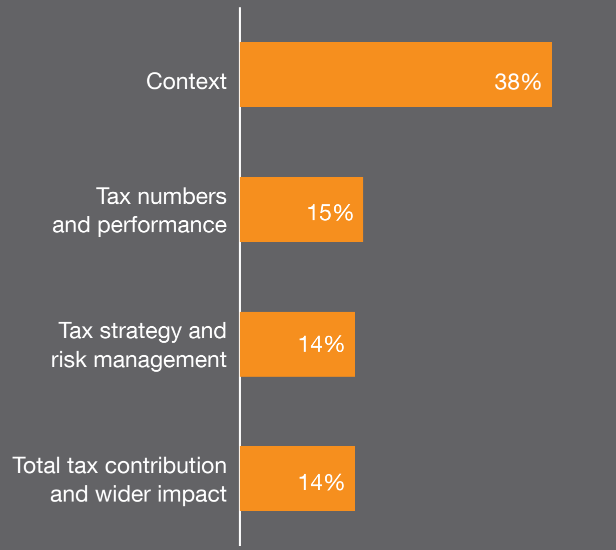
The average transparency scores per category of all companies is quite low, indicating there still remains room for further improvement in several areas.

Companies that have a primary listing in South Africa with a multinational presence[6] outperformed primary-listed companies that have a predominantly national presence[7]. This is most probably due to the exposure of multinational companies to the development of international initiatives that aim to improve tax transparency reporting.

[6] A company would fall into this category if the foreign sales are more than 50% of the total sales.

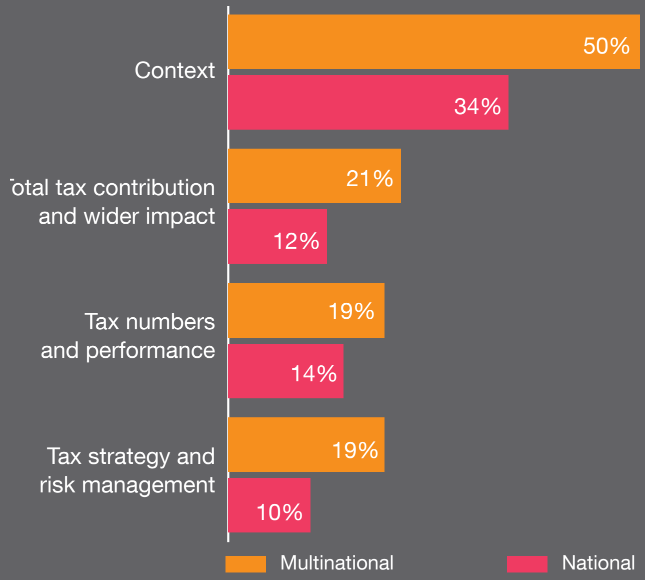
[7] A company would fall into this category if foreign sales are less than 50% of total sales.

Figure 6: Distribution of average transparency per category (JSE top 100 companies)



Base: 100
Source: PwC analysis

Figure 7: Distribution of average transparency per category (primary-listed national/ multinational companies)



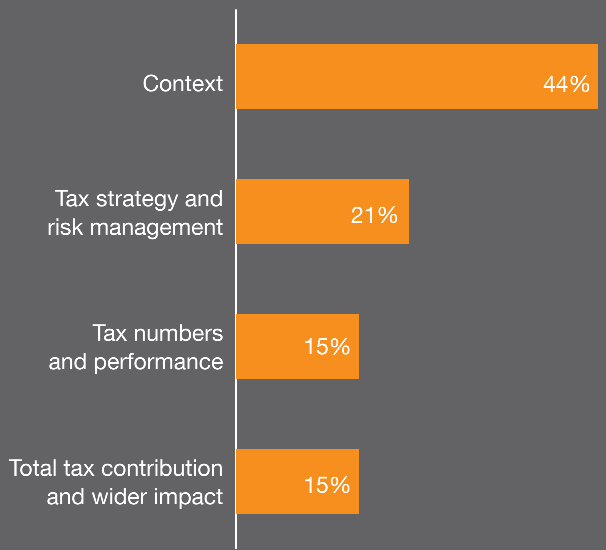
Base: Primary listed, 78; Secondary listed, 22
Source: PwC analysis

The total tax transparency of primary-listed companies is driven by disclosures related to tax numbers and performance, whereas that of secondary-listed companies is driven mostly by disclosure of tax strategy and risk management. In addition, secondary-listed companies scored higher in the context category — providing more effective transparency of taxes and a higher level of integration of tax-related disclosure with other company-related disclosure.

Figure 8: Distribution of average transparency per category (primary-listed companies)

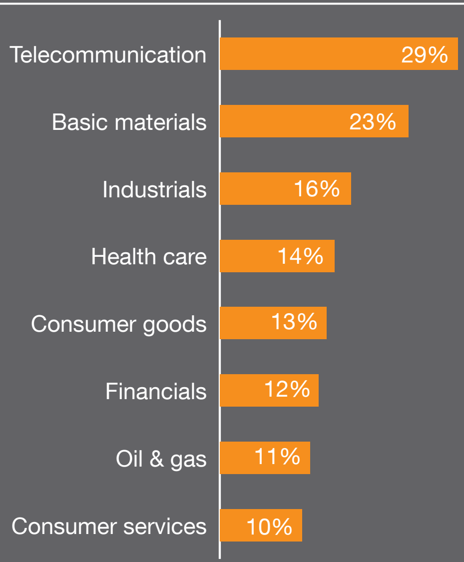
Base: 78
Source: PwC analysis

Figure 9: Distribution of average transparency per category (secondary-listed companies)



Base: 22
Source: PwC analysis

Figure 10: Average overall score for total tax transparency by sector



Base: 100
Source: PwC analysis

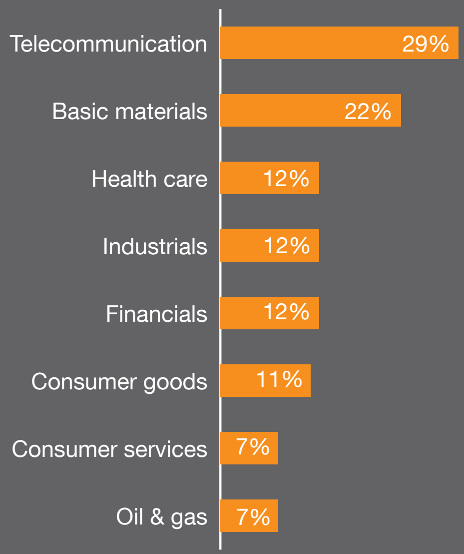
The telecommunications sector received the highest overall voluntary tax transparency rating, followed by the basic materials sector. These findings are potentially due to the telecommunications sector experiencing a highly regulated and taxed environment in Africa.

There is also an expectation that extractive companies (which form part of the basic materials industry classification) will be more proactive in tax transparency disclosures due to their exposure to international initiatives that aim to improve the voluntary transparency of their industry's tax disclosures.

The telecommunication sector consistently scored the highest in the categories of tax strategy and risk management (followed by the basic materials sector), tax numbers and performance (followed by the oil & gas sector) and total tax contribution and wider impact (followed by the basic materials sector).

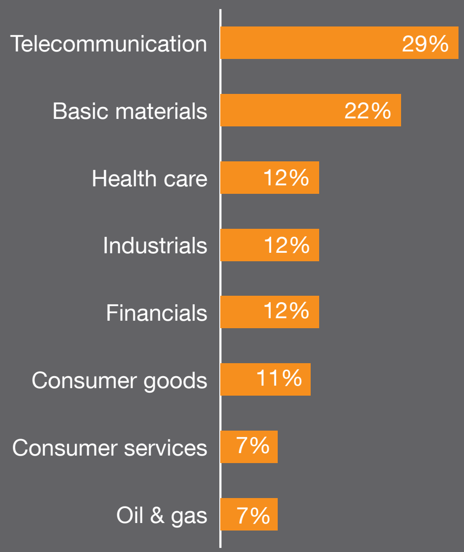
Transparency by category

Figure 11: Tax strategy and risk management: Average score by sector



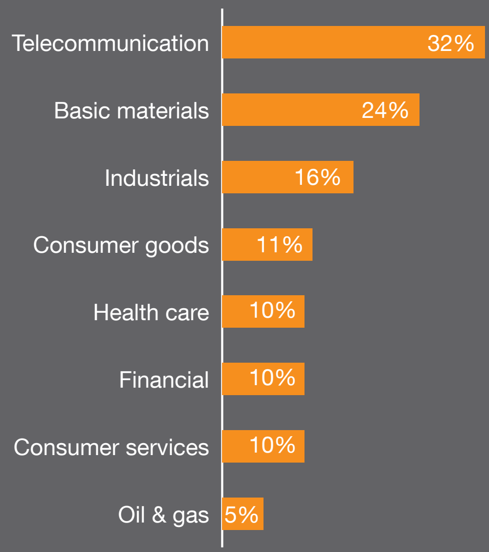
Base: 100
Source: PwC analysis

Figure 12: Tax numbers and performance: Average score by sector



Base: 100
Source: PwC analysis

Figure 13: Total tax contribution and the wider impact of tax: Average score by sector



Base: 100
Source: PwC analysis

Key developments in tax transparency

PwC's Tax Transparency Framework helps guide companies through the thought process needed to develop an approach to maximise the benefits of transparency. It is intended to help companies make an informed decision about what is best for them taking into account the needs of their stakeholders. In Annexure A, we provide some examples in which companies included quality reporting of a particular criteria of the Framework in their voluntary tax transparency disclosures.

On average, companies scored 38.5% for effectively providing transparency of taxes (it was easy to find and well communicated) and for integrating it with other company-related disclosure to provide a sense of value reporting on tax disclosure.

Some common trends of more proactive voluntary disclosure were identified. Companies scored:

- 24% for indicating that tax risk is discussed at the Board/Audit Committee level;
- 23% for discussing changes to tax legislation/tax policy and its impact on the business;
- 55% for providing a clear and understandable tax rate reconciliation;
- 33% for mentioning cash tax payments/cash tax rate;
- 24% for providing additional/supporting narrative to explain line items in the tax rate reconciliation; and
- 23% for providing a breakdown of the different types of taxes it pays (e.g. direct taxes borne by the organisation / indirect taxes collected on behalf of the organisation or any other categorisation of types of taxes).

In terms of the requirements of the HMRC in the UK, certain companies must publish a tax strategy publicly setting out:

- The approach of the group to risk management and governance arrangements in relation to UK taxation;
- The attitude of the group towards tax planning (so far as affecting UK taxation);
- The level of risk in relation to UK taxation that the group is prepared to accept; and
- The approach of the group towards its dealings with HMRC.

The practices of the companies featured in this analysis show that some are taking a proactive approach to certain aspects of voluntary tax transparency, as they start to deal with an increasing amount of tax reporting/transparency guidance. However, the statistics indicate that the majority of companies elect to only focus on mandatory tax reporting

Consequently, companies with a primary listing in the UK and a secondary listing on the JSE generally provided quality public communication of a tax strategy.

Companies included in our analysis on average scored:

- 17% for disclosing their tax strategy publicly (this might be in the format of a separate document, or part of a code of conduct, a tax policy or similar document);
- 11.5% for indicating that the governing body formally reviews and approves the tax strategy and assumes responsibility for the tax strategy;
- 5% for indicating how the tax strategy is linked to the business and sustainable development strategies of the organisation and the broader economic needs of the countries in which the organisation operates;
- 6% for discussing views on aggressive tax strategies;
- 11% for discussing their tax controversy exposures and the potential impact on stakeholders;
- 6% for discussing efforts to be involved in tax lobbying activity;
- 3% for comparing the cash tax rate /cash tax paid and ETR / corporate tax paid;
- 11% for providing detailed breakdowns of larger items in the tax rate reconciliation;
- 12 % for providing information related to taxes / levies paid on a country-by-country/geographic region basis; and
- 14% for mentioning tax in discussions of economic value added.

Stakeholders want to understand an organisation's long-term value-creation plans through credible information and insight. Increasingly, this will require integrating a tax transparency communication strategy with sustainability and economic impact reporting, to demonstrate value creation for all stakeholders on a sustainable basis.

Taking into consideration the clear requirements on tax set out in King IV™, tax strategy, governance and good corporate citizenship, JSE Listing Requirements[6], as well as the guidance provided by other frameworks, companies may want to reconsider their strategic response to transparency, asking the question: 'Transparency to whom and for what purpose?', providing additional disclosures where they add value. Some value-added disclosure criteria, as noted here, can be considered.

[6] JSE Listing Requirements require mandatory compliance with King IV™, and their governing boards must publicly demonstrate good corporate citizenship as responsible taxpayers. This requires providing a breakdown of the different types of taxes paid and taxes collected for consecutive years

9

Be future aware: What voluntary tax transparency means for today's tax function?

For the tax function, voluntary tax transparency means the decisions that are made and the framework on which those decisions are based, are increasingly visible in the public domain and attracting attention. This means those responsible must be mindful of how the organisation's tax behaviours are perceived and the potential repercussions of the approach taken.

It also means that the role of tax functions is shifting. They increasingly need to focus on developing skills in areas that traditionally were not deemed important for tax. These include the ability to build relationships and engage with stakeholders — whether it is with governments, NGOs, academia, investors, consumers, clients, government agencies, regulators, the press, campaign groups, policymakers or revenue authorities — to influence decisions in which the participants share a common interest relating to tax.

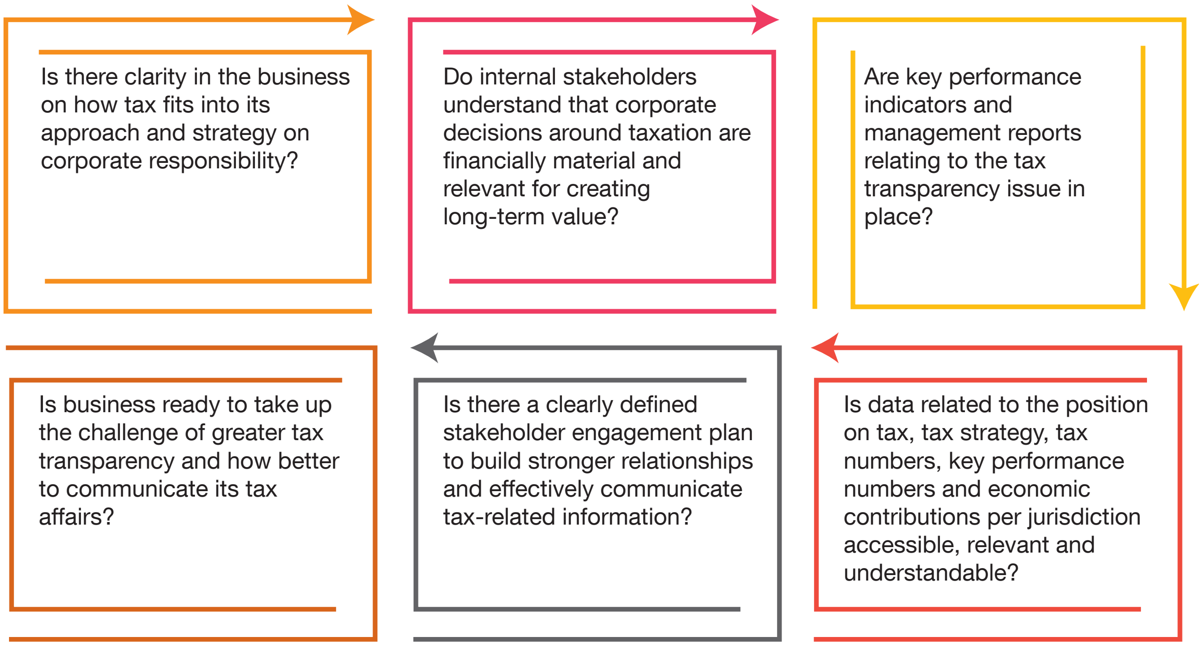
Information that's accurate, timely and secure strengthens how much internal and external stakeholders trust the business. It's clear that digital is having a dramatic impact on all businesses today. The trend is only going to accelerate as companies look for efficiencies and different channels to reach the tech-enabled generation.

In this connected era, tax functions need to consider innovative ways to become digital leaders. This includes having a digital tax strategy for effective collection, processing and visualisation of their tax indicators. This means moving towards forward-thinking analytics and real-time decision-making to add value to transparent reporting.

It is important that the board identify where the company is on the spectrum of tax transparency-related communications and tax stakeholder engagement. Is it a frontrunner with cohesive identification, integration and communication of its tax transparency strategy? Is it in the middle tier — strong on understanding the level of information required, but weak on communication? Or is it in the initial stage, with little or no consideration for communications around tax issues?

Identifying stakeholders and what they want to know

Information that would aid understanding



Stakeholder communication is in part about the company's public disclosure. Companies can use their sustainability and integrated reports or their website to talk about their tax transparency agenda. There are three fundamental elements that should underpin a company's efforts towards integrated reporting (including its tax reporting):

- An understanding of the material issues that impact stakeholders;
- How the business creates value for all stakeholders; and
- How to identify and monitor the indicators that capture the impact of the company's position on tax and report thereon in a transparent manner.

Tax transparency reporting in the integrated report and other corporate messaging is important.

However, passive public disclosure is not enough. Stand-alone reports offer useful information but may go unnoticed. By integrating tax transparency into everyday corporate messaging and stakeholder engagement, and by showing how it is entrenched in the company strategy as a whole, companies can actively demonstrate their commitment to values and build trust in societies where they operate.

Voluntary tax transparency is about preparing the relevant information so that it's easily and quickly accessible. The target audience should be able to understand your statements at first glance.

> “
>
> *Integrated reporting is about reporting on value creation. It is about issues that impact the ability of the company to implement its strategy successfully. Without a functioning society (and environment) business will not survive/thrive. Tax creates the value for government, which it is supposed to use to improve services to society and the economy at large.*
>
> Jayne Mammatt
> Director: Sustainability and Climate Change, PwC South Africa

10

How we can help you

As this report has discussed, it is recommended for the board to identify where the company is on the spectrum of tax transparency-related communications and tax stakeholder engagement. We can assist you in understanding how your current and proposed disclosure compare to your peers using the PwC Tax Transparency Framework.

Contact our Tax Reporting & Strategy team

Gert Meiring
Lead: Tax Reporting and Strategy
Southern Africa
PwC Africa
Tel: +27 (0) 11 797 5506

Annexure A

Examples of quality reporting

In this annexure we provide examples where companies included quality reporting of a particular criteria of the PwC Tax Transparency Framework in their voluntary tax transparency disclosure. The examples are grouped under the main categories of the Framework.

Tax strategy and risk management

MTN

MTN provides a comprehensive overview of its adherence to King IV™ principles as they relate to tax governance.

Continuous improvement on tax governance and transparency

Tax technology improvement across MTN opcos
As part of our drive to improve MTN tax governance and transparency, in 2016 we embarked on a tax technology review across the whole of MTN and completed this project in 2017. The result was a roadmap stipulating the type of tax systems we can implement or improve to better our tax governance, compliance and transparency objectives.

In following the roadmap, in 2017 we began with the configuration of our tax provisioning system for the whole MTN Group. This configuration was completed and implemented in 2018. The system was configured to handle the preparation and reporting on tax provisions, total tax contribution and tax risk registers. Training was offered to all tax teams across all MTN entities. Full adoption of the system is expected during 2019. The configuration of a tax system to further enhance our transfer pricing and country-by-country reporting is still under way and is expected to be completed during 2019.

Independent assurance review of group total tax contribution (TTC) number
As part of our drive and commitment to improving transparency and to increase credibility to our TTC number, we engaged PwC to perform a limited assurance review of our total group TTC number in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits and Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. The assurance to this number has been marked throughout the report. For details of the scope of work, procedures and outcome of the review of the group TTC number, please refer to the independent assurance report on non-financial data and assurance definitions for non-financial data on our website www.mtn.com.

Adoption of King IV Report on Corporate Governance™* (King IV Code) principles
Some of the main objectives of King IV are to:
- Promote corporate governance as integral to running an organisation and delivering governance outcomes such as an ethical culture, good performance, effective control and legitimacy.
- Reinforce corporate governance as a holistic and interrelated set of arrangements to be understood and implemented in an integrated manner.
- Encourage transparent and meaningful reporting to stakeholders.
- Present corporate governance as concerned with not only structure and process, but also with an ethical consciousness and conduct.

The King IV Code's fundamental concept regarding tax is that:
- The governing body should be responsible for a tax policy that is compliant with the applicable laws, but that is also congruent with responsible corporate citizenship, and that takes account of reputational repercussions.

King IV defines the governing body as, among others, the board of directors of a company, the board of the retirement fund, the accounting authority of a state-owned entity and municipal council. From a tax perspective in 2018, we strived to adhere to the King IV principles as follows:

- Part 5.1: Leadership, ethics and corporate citizenship (Principles 1 to 3): **Tax governance considerations**

  With the help of internal auditors, the group audit committee monitors adherence to the tax strategy and policy on a regular basis. A report on these audits is presented to the group audit committee.

- Part 5.2: Strategy, performance and reporting (Principles 4 to 5): **Tax transparency**

  When publishing the integrated report every year in March, we also publish a separate tax report. In the tax report we include detailed information about the group's total tax contribution, on which we have obtained limited assurance from an independent external assurance provider since 2016.

  We prepared and submitted our 2017 country-by-country report to SARS.

  Refer to the '**Tax technology improvement across MTN opcos'** section regarding the tax technology review and implementation progress as a drive to improve our performance, reporting and transparency.

- Part 5.4: Governance functional areas (Principles 11 to 13 and 15): **Tax function and tax risk framework consideration**

  The tax function is adequately resourced. However, with the drive to regularly review this, the tax structure for the whole MTN Group was presented at the group audit committee meeting in 2018. The committee was satisfied with the level of resourcing in the tax function.

  In 2016, we had our updated group tax strategy and policy reviewed and approved at the group audit committee (and by the board of directors). Our tax strategy and policy stipulate MTN's organisational risk appetite and risk level tolerance. As advised by the group audit committee, we have recently started the review of the group tax strategy and policy to ensure continued relevance in terms of tax governance and tax risk management.

  The tax risk management framework is stipulated within the group tax strategy and policy.

  In line with the tax strategy and policy, tax risk registers are updated regularly and reported to the audit committees on a quarterly basis.

- Part 5.5: Stakeholder relationships (Principle 16): **Tax stakeholder relationships**

  Our tax policy details guidance on how we should relate with our stakeholders to ensure a harmonious relationship that balances the needs, interests and expectations of our stakeholders and the best interest of MTN.

Source: MTN Group Tax Report 2018, p9

Sappi

Sappi Limited discusses tax risk management, tax governance, tax reporting and responsibility for oversight. It is indicated that the Taxation Committee, which reports to the Audit and Risk Committee meets to discuss and address taxation matters: The responsibility for oversight of tax risk is noted to be that of the Audit and Risk Committee.

Executive Committee

- Executive directors (CEO and CFO)
- Other senior executives
- Execute strategic decisions approved by the board

Disclosure Committee	Control and Assurance Committee	Accounting Standards Committee	Group Risk Management Committee	Global Sustainability Council
Treasury Committee	Taxation Committee	IT Steering Committee	Project Steering Committees	Technical Committees

Management committees

Source Sappi Integrated Report 2018, p95

Audit and Risk Committee

NP Mageza
Chairman

Appointed: 31 January 2018

Membership details at September 2018:

- NP Mageza
- MA Fallon
- KR Osar
- RJAM Renders

Roles and responsibilities

The Audit and Risk Committee consists of four independent, non-executive directors. The committee assists the board in discharging its duties relating to:

- Safeguarding and efficient use of assets
- Oversight of the risk management function
- Oversight of information and technology risks, related controls and governance
- Oversight of non-financial risks and controls, through a combined assurance model
- Operation of adequate systems and control processes
- Reviewing the integrity of financial information and the preparing of accurate financial reports in compliance with applicable regulations and accounting standards
- Reviewing the quality and transparency of sustainability information included in the Annual Integrated Report
- Reviewing compliance with the group's Code of Ethics and external regulatory requirements
- Oversight of the external auditors' qualifications, experience, independence and performance. For 2018, this included close monitoring of the audit activities of the recently appointed external audit firm KPMG, as well as the ongoing review of reputational concerns relating to media reports involving KPMG South Africa
- Oversight of the performance of the internal audit function
- Oversight of the performance of the finance function
- Oversight of taxation policies, congruent with responsible corporate citizenship, and
- A formal review of the committee's operating effectiveness and performance every two years by way of an assessment with feedback being provided to the board.

95%
overall committee attendance rate

Source: Sappi Limited Integrated Report 2018, P96

Sasol

In its Annual Financial Statements Sasol demonstrates significant matters considered by the Audit Committee in its oversight role over taxes.

Key Issues	Judgments in Financial Reporting	Audit Committee Review	Conclusions
Accounting for Income taxes	• Computation of the Group's Income tax expense and liability, provisions for potential tax liabilities, and recognition of deferred tax assets in terms of the Group's taxation policy. Recognition of deferred tax assets in respect of accumulated tax losses are underpinned by management judgement.	• The Committee reviewed the judgements exercised on tax provisions as part of its annual review of key provisions. • In relation to the recognition of the deferred tax assets, the Committee challenged management's expectations for future taxable profits and in considering management's position, the Committee took into account the work and views of external audit. • The Committee reviewed adherence to the Group taxation policy including transparency and due regard to commercial and reputational risks. The effective tax rate is analysed by country to ensure accuracy and completeness. • The Committee considered management's assessment of the Group's tax exposures and the appropriateness of provisions recognised.	• The Committee received a report during the year from management on the Group's tax policy, approach to tax management and status of compliance. • The Committee requested and received a report from management detailing the key tax exposures across the Group against which provisions had been made and the methodologies used to determine the appropriate level of each provision based on management's assessment of the facts, circumstances and advice from our external tax and legal advisers. • A particular focus of the Committee was on tax litigation claims related to Sasol Oil (Pty) Ltd and Sasol Financing International Limited. Following advice from external legal advisors and conclusions by management and external audit the Committee agreed with the accounting treatment and disclosures set out in note 12.

Source: Sasol Limited Annual Financial Statements 2018, p4

Standard Bank

Standard Bank identifies tax as a business risk. It reports that its approach to managing operational risk is to adopt fit-for-purpose operational risk practices that assist line management in understanding their residual risk and managing their risk profile within their risk appetite.

The management of operational risk primarily resides in first line of defence, supported by second line with dedicated centres of excellence. The group operational risk management function forms part of the second line of defence and is an independent area, reporting to the group Chief Risk Officer.

Tax risk

The group's approach to managing tax risk is governed by the GAC through the tax risk control framework, which includes the tax strategy and governance standard, supported by policies dealing with specific aspects of tax risk such as transfer pricing, indirect taxes, withholding taxes and remuneration-related taxes.

In 2018, the group was exposed to transfer pricing risk, specifically in Africa Regions, with successful finalisation of the transfer pricing audit in Botswana. The value added tax rate change from 14% to 15% in SA was successfully implemented without resulting in additional tax risk.

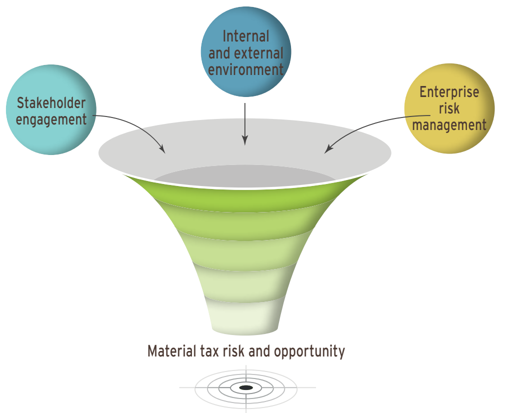
A consistent approach to responding to transfer pricing queries was coordinated to mitigate exposure. An overarching tax risk management strategy implemented for Nigeria during 2018 reduced the tax risk substantially. The group will remain focused on managing the tax risk in Nigeria during 2019. Certain aspects of the Africa Regions tax calculations and consolidations have been automated to reduce manual intervention and resultant risk, with the remainder of the Africa Regions on-boarding during 2019.

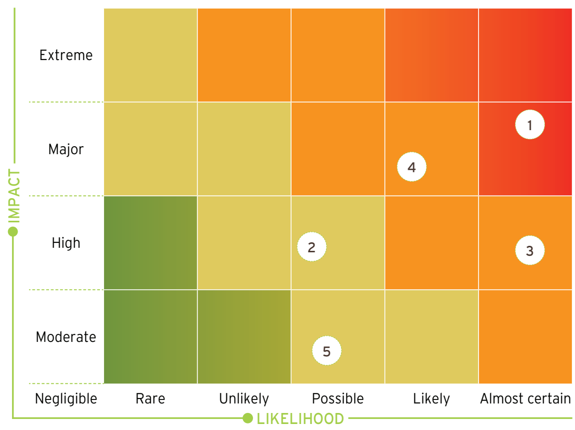
Source: Standard Bank Limited Risk and Capital Management Report 2018, p96

Exxaro

Exxaro indicates that tax risk is identified, prioritised and responded to, in line with the organisation's enterprise risk management framework. It is evident that tax risk management is embedded and monitored in the organisation.

MATERIAL TAX RISK, OPPORTUNITY AND STRATEGIC RESPONSE





Relevant tax matters are identified by considering issues identified through:

- Risk and opportunity arising from internal and external influences (page 2)
- Key expectations raised by stakeholders (page 5)
- Our enterprise risk management process (page 6).

These are prioritised based on inherent risk and predetermined risk appetite against the likelihood of the matter arising and its impact on value creation (refer heat map). Only the top five material tax risks and opportunities are discussed in this report.

Ranking	Material matter	Context	Strategic response
1	VAT	• Incorrect VAT indicators used in SAP system • VAT rate change from 14% to 15% • Application of VAT apportionment ruling • Numerous VAT audits	• Rolling out new e-learning tool • Implementing VAT analytics tool to compile exception reports and manage risks proactively • Updated VAT indicators in SAP and staff training on rate change • Robotic process automation was used to complete VAT201 returns, reducing human error
2	Disposals and acquisitions of investments	• Understanding the tax effects of complex transactions • Tax function not alerted to these transactions in the initial phases of negotiation, resulting in adverse tax consequences	• Exxaro's tax function is required to sign-off on project-approval submissions to the investment review committee and executive committee's decisions on capital spent • Using expert legal advice on complex restructuring transactions
3	ECC VAT apportionment ruling	ECC's VAT apportionment ruling expired in 2017. A new ruling has been applied for, but not yet finalised. ECC is still negotiating with SARS on the principles of the ruling	The apportionment method of the expired ruling is still being applied while the matter is finalised
4	Diesel-rebate audits	• Uncertainty on the definition of primary production, leading to a reduction in rebates received. • The absence of a separate SARS diesel rebate e-filing system, leading to constant tax-compliant status failures and resultant inability to obtain tax-clearance certificates	• Continuous engagement with SARS • Mine visits by SARS • Supply detailed SARS-compliant logbooks • Implementation of the Liquid Automation system in prior years
5	Exxaro Resources Ltd VAT apportionment ruling	• This company's VAT apportionment ruling was obtained. • Due to streamlining VAT resources, and the manual and time-consuming nature of the apportionment exercise, a risk of incorrect calculations has been identified	Developing VAT robotic process automation to facilitate calculation and possible reappointment of a dedicated VAT accountant

Source: Exxarro Resources Limited Tax Report 2018, p7

Nedbank

It is reported that tax risk management, tax governance, tax reporting and responsibility for oversight is imbedded in Nedbank as it operates according to a group tax philosophy and approach, incorporated in the group tax policy.

Mechanisms are in place for proper adherence to these guiding principles including governance and oversight by the Group Audit Committee, Group Chief Financial Officer and Finance and Tax Forum. Nedbank discloses its approach to tax planning and expresses its views on aggressive tax strategies.

Governance structure

The Nedbank Group board is ultimately accountable for determining Nedbank Group's tax philosophy and approach and, together with the Group Audit Committee, provides oversight of the tax practices and affairs of the group.

The tax philosophy and approach is incorporated in the Nedbank Tax Policy, which is reviewed and approved by the Group Audit Committee annually and provides the mandatory minimum principles and standards for the management of tax risk across the group, including tax compliance, transaction planning and implementation. The policy applies to all taxes and tax reporting obligations to relevant fiscal authorities in all jurisdictions in which the group carries on business.

The board holds the Group Chief Financial Officer accountable for ensuring compliance with the Nedbank Tax Policy. To this end the Finance and Taxation Forum, established and chaired by the Group Chief Financial Officer, supports the Group Chief Financial Officer in discharging her duties to the board. The forum monitors tax compliance and compliance with the Nedbank Tax Policy, and ensures that taxation risk is managed throughout the group and deals with tax matters on a group-wide basis. The forum meets monthly and is represented by the cluster chief financial officers.

Nedbank Group's tax status is reported quarterly to the Group Audit Committee, which is responsible for monitoring all significant tax matters, including compliance with the Nedbank Tax Policy.

Source: Nedbank Limited Tax Report 2018, p2

The following principles apply to tax planning:

- The group has zero tolerance for evading any tax liability or facilitating the evasion or impermissible avoidance of any tax liability on behalf of a third party.
- The group has no appetite for transactions that have no valid commercial purpose other than obtaining a tax benefit.
- The group has a low appetite for arrangements where the tax benefit is paid to clients, but the tax risk remains within the group.
- The group will enter into transactions with significant tax uncertainty only if the commercial benefits clearly exceed the potential cost (ie risk-reward equation). In this context risk appetite is guided by the more likely than not principle.
- The group has a low appetite for arrangements that could rebound to the detriment of the group in the event of external disclosure, eg litigation. Accordingly the group only enters into transactions that can be fully justified if they become public.

Source: Nedbank Limited Tax Report 2018, p2

AngloGold Ashanti

AngloGold Ashanti provides information on its tax controversy exposures and the potential impact on stakeholders through detailed explanations and quantification of its risk in respect of amounts due to or disputes with revenue authorities.

GROUP – NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER

	US dollar millions	2018	2017	2016
20	TRADE, OTHER RECEIVABLES AND OTHER ASSETS			
	Non-current			
	Prepayments	**18**	17	9
	Recoverable tax, rebates, levies and duties	**84**	50	25
		102	67	34
	Current			
	Trade and loan receivables	**33**	27	35
	Prepayments	**42**	62	85
	Recoverable tax, rebates, levies and duties	**116**	127	124
	Other receivables	**18**	6	11
		209	222	255
	Total trade, other receivables and other assets	**311**	289	289
	Current trade and loan receivables are generally on terms less than 90 days.			
	At 31 December 2018 trade receivables of $2m have been pledged as security.			
	There is a concentration of risk in respect of amounts due from Revenue Authorities for recoverable tax, rebates, levies and duties from subsidiaries in the Continental Africa segment. These values are summarised as follows:			
	Recoverable value added tax	**126**	106	61
	Recoverable fuel duties	**41**	38	39
	Appeal deposits	**10**	10	8

Geita Gold Mine (GGM) in Tanzania net indirect tax receivables balance increased by $17m to $84m (2017: $67m).

No refunds were received in cash in the current year, however claims relating to periods pre July 2017 totalling $33m have been offset against provisional corporate tax payments in 2018 in accordance with legislation. These amounts were set off against VAT claims that have been certified by an external advisor and verified by the Tanzania Revenue Authority ("TRA"). We requested that the TRA formally acknowledge the set off. The TRA has not responded to our request. We believe that due process has been correctly followed in respect of the set off. Given that GGM believes the $33m claims have been correctly set off pursuant to the Tanzanian law, no provision has been established for the amounts that have been set off.

An amendment, effective 20 July 2017, to Tanzania's mining legislation included an amendment to the Value Added Tax Act, 2014 (No. 5) ("2015 VAT Act") to the effect that no input tax credit can be claimed for the exploration of "raw minerals". GGM has received notices from the TRA that they are not eligible for VAT relief from July 2017 onwards on the basis that all production constitutes "raw minerals" for this purpose.

The basis for dispute of the disqualifications is on the interpretation of the legislation. We have disputed this interpretation of the legislation as a matter of Tanzanian law. Gold bearing ore is mined from the open pit and underground mining operations, where it is further crushed and milled to maximise the gold recovery process, producing gold doré exceeding 80% purity as well as beneficiated products (concentrate). On this basis the mined doré and concentrate do not constitute "raw minerals" and accordingly the VAT claims are valid. We have obtained legal opinion that supports our view that doré does not constitute a "raw mineral".

The total VAT claims submitted since July 2017 amount to $82.7m (of the total, $56.4m of claims were submitted in 2018). All disqualifications received from the TRA have been objected to in accordance with the provisions and timeframes set out in the Tax Administration Act, 2015 (No. 10).

Source: AngloGold Ashanti Limited Annual Financial Statements 2018, p60

Contingencies

US dollar millions	2018	2017	2016
Contingent liabilities			
Litigation - Ghana[(1)(2)]	**97**	97	97
Litigation - North America[(3)]	**—**	—	—
Tax disputes - Brazil[(4)]	**21**	24	15
Tax dispute - AngloGold Ashanti Colombia S.A.[(5)]	**144**	150	141
Groundwater pollution[(6)]	**—**	—	—
Deep groundwater pollution - Africa[(7)]	**—**	—	—
	262	271	253

Source: AngloGold Ashanti Limited Annual Financial Statements 2018, p77

32 CONTRACTUAL COMMITMENTS AND CONTINGENCIES CONTINUED

Tax claims

(4) Tax disputes - AngloGold Ashanti Limited's subsidiaries in Brazil are involved in various disputes with tax authorities. These disputes involve federal tax assessments including income tax, royalties, social contributions, VAT and annual property tax. Collectively, the possible amount involved is approximately $21m (2017: $24m, 2016: $15m). Management is of the opinion that these taxes are not payable.

(5) Tax dispute - In January 2013, AngloGold Ashanti Colombia S.A. (AGAC) received notice from the Colombian Tax Office (DIAN) that it disagreed with the Company's tax treatment of certain items in the 2010 and 2011 income and equity tax returns. On 23 October 2013, AGAC received the official assessments from the DIAN which established that an estimated additional tax of $20m (2017: $21m; 2016: $21m) will be payable if the tax returns are amended. Penalties and interest for the additional taxes may amount to $115m (2017: $129m; 2016: $120m). The Company believes that the DIAN has applied the tax legislation incorrectly. AGAC subsequently challenged the DIAN's ruling by filing lawsuits in March and April 2015 before the Administrative Tribunal of Cundinamarca (the trial court for tax litigation). Closing arguments on the tax disputes were presented in February and June 2017 and judgement is pending. On 23 April 2018, the Administrative Tribunal denied AGAC's arguments with respect to the 2011 income tax litigation. AGAC subsequently appealed this judgement to the Colombian Supreme Court. A final judgement could take several years. In addition, in January 2018 AGAC received notice from the DIAN that it also disagreed with AGAC's 2013 income and equity tax returns on the same basis as the 2010 and 2011 returns, calculating additional tax along with penalties and interest of $9m. On 21 December 2018, AGAC filed an appeal before the Administrative Tribunal in respect of the 2013 year of assessment.

Source: AngloGold Ashanti Limited Annual Financial Statements 2018, p77

Gold Fields

Gold Fields demonstrates active tax stakeholder relations with the governments in the jurisdictions in which it operates. An example is its engagement with the government of Ghana for the approval of a Development Agreement that held certain tax concessions.

West Africa region

In March 2016, Gold Fields Ghana entered into a Development Agreement (DA) with the government of Ghana for both the Tarkwa and Damang mines. The highlights of the agreement include a reduction in the corporate tax rate from 35% to 32.5% and a sliding scale royalty tax based on the gold price. The US$1,251/oz average gold price our mines received during 2018 attracted a royalty of 3%, the lowest in terms of the formula.

The DA applies if Gold Fields spends US$500m at each of the two mines for an 11-year period for Tarkwa and a nine-year period for Damang. The DA can be extended by a further five years should additional investments of US$300m each be made.

The DA was a critical consideration for Gold Fields Ghana to commence with the US$341m capital reinvestment programme at Damang during 2017. This investment has significant socio-economic benefits for communities around Damang. The DA will also lead to cost and cash-flow benefits for the Tarkwa mine. The mine has accelerated its near-mine exploration activities, which, if successful, will enable it to invest in future expansion when required.

Another DA commitment by Gold Fields was funding the construction of the 33km road between Tarkwa and Damang at an estimated cost of US$26m. This project is set to be completed in early 2019. The DA does not apply to the Asanko gold mine, in which we acquired a 45% stake during 2018, but our investment illustrates the confidence we have in Ghana's fiscal and regulatory framework.

The DA has cemented our status as one of the largest contributors to the country's fiscus. In 2018, Gold Fields paid US$90m in direct taxes, royalties and dividends to the government of Ghana (2017: US$105m). The government holds a 10% interest in the legal entities controlling our Tarkwa and Damang mines.

During 2018 the Ghanaian government issued a letter to the mining sector requiring all gold companies, including Gold Fields, to sell 30% of their gold production to the government with a view to refining it and adding value to the metal locally. The Chamber of Mines is continuing to engage with the government through a joint committee which is looking at mutually beneficial strategies to add value to the country's gold resources.

Source Gold Field Integrated Report 2018, p110

Additional/supporting narrative to explain line items in the tax rate reconciliation

Both Aspen and Sasol provide value adding, additional/supporting narrative to explain line items in the tax rate reconciliation.

Aspen

Income tax continued

Group's effective tax rate

The Group's effective tax rate has been restated to provide additional information relating the key drivers of the effective tax rate.

	2018 %	2017 %
Group's effective tax rate		
South African tax rate	**28,0**	28,0
Differences in foreign tax rates		
Mauritius[1]	**(6,4)**	(7,9)
Other[2]	**0,4**	(0,8)
Aggregate statutory base tax rate	**22,0**	19,3
Movement in rate due to transactions included in normalised headline earnings:		
Non-taxable income arising from underlying tax credits[3]	**(5,9)**	(7,3)
Tax losses not recognised	**–**	1,4
Disallowed interest	**0,3**	0,7
Withholding and other taxes	**0,3**	0,5
Capital and wealth taxes	**0,1**	0,3
Disallowed holding company expenses	**0,4**	0,2
Prior year adjustments	**(1,4)**	(0,1)
Government incentives	**(0,1)**	(1,0)
Other disallowed expenses[4]	**1,5**	3,1
Normalised effective tax rate	**17,2**	17,1
Movement in rate due to transactions excluded from normalised headline earnings:		
Disallowed impairments	**0,4**	0,2
Non-taxable capital losses/(profits)	**0,1**	(0,6)
Disallowed restructuring, transaction costs and financing costs	**0,7**	0,7
Disallowed product litigation costs	**0,3**	0,6
Group effective tax rate	**18,7**	18,0

[1] *The statutory rate of tax in Mauritius is 15%. This rate is, however, subject to various credits that are available, which do fluctuate from year to year. The Aspen Group's Mauritius-based operations (namely AGI) contributes -6,4% (2017: -7,9%) to the differences in foreign tax rates with the balance being contributed by the rest of the Group. The year-on-year movement in this difference relates to intellectual property that it acquired from AstraZeneca and GSK during the 2017 fiscal year. Profits arising on these new businesses between the date of acquisition of the intellectual property and the date on which an Aspen entity is able to, in terms of pharmaceutical regulations, market and distribute the product is earned by AGI. Once the marketing and distribution of the products transition to another Aspen entity, a portion of the profits move from AGI to the countries in which the distributor or the manufacturer is located. This cycle can take as much as five years to complete.*

[2] *The statutory tax rates in the remaining countries range from 0% to 40%. On an overall basis, these entities contribute 0,4% (2017: -0,8%) to the differences in foreign rates of tax. The movement from one year to the next arises from a change in the contribution of each Group entity's profits to the overall profits (refer to note 1 above).*

[3] *Under Mauritius tax law, a portion of the income earned by AGI is not subject to tax in Mauritius due to the fact that it is shielded by corporate tax that has been paid to other tax authorities which relates to dividends that are received by AGI from its subsidiaries. During the 2017 fiscal year, income that qualifies for these special foreign tax credits in Mauritius was included in the differences in the foreign rates of tax of the effective tax rate reconciliation. The numbers for the 2017 fiscal year have been restated to reflect this amount in non-taxable income arising from underlying tax credits.*

[4] *This includes consulting fees, contributions to share schemes, donations, entertainment, fines and penalties, legal costs, motor vehicle costs, staff welfare, travel costs and various potentially disallowable costs that form part of the Group provision for uncertain tax positions, which are not deductible for tax purposes in many countries in which the Group operates. These items are immaterial on an individual basis.*

Source: Aspen Pharmacare Holdings Limited Annual Financial Statements 2018, p78

Sasol

	2019 %	2018 %	2017 %
Reconciliation of effective tax rate			
The table below shows the difference between the South African enacted tax rate (28%) compared to the effective tax rate in the income statement. Total income tax expense differs from the amount computed by applying the South African normal tax rate to profit before tax. The reasons for these differences are:			
South African normal tax rate	**28,0**	28,0	28,0
Increase in rate of tax due to:			
disallowed preference share dividends	**0,3**	0,9	0,9
disallowed expenditure[1]	**9,4**	4,2	2,3
disallowed share-based payment expenses[2]	**2,9**	5,3	0,1
different tax rates[3]	**13,2**	2,6	0,3
effect of tax litigation matters[4]	**–**	–	3,2
tax losses not recognised[5]	**8,6**	9,3	1,0
prior year adjustments	**2,0**	0,4	–
other adjustments	**2,0**	1,5	0,4
	66,4	52,2	36,2
Decrease in rate of tax due to:			
exempt income[6]	**(1,7)**	(4,2)	(0,4)
share of profits of equity accounted investments	**(3,3)**	(2,6)	(1,0)
effect of tax litigation matters[4]	**(8,2)**	–	–
recognition of previously unrecognised deferred tax assets	**–**	–	(1,6)
utilisation of tax losses	**(0,3)**	(0,4)	–
investment incentive allowances[7]	**(17,2)**	(6,9)	(2,4)
effect of tax rate change in the US	**–**	(1,4)	–
translation differences	**(0,9)**	(0,9)	(0,9)
prior year adjustments	**–**	–	(1,4)
other adjustments	**(0,6)**	(0,4)	(0,2)
Effective tax rate	**34,2**	35,4	28,3
Adjusted effective tax rate[8]	**29,6**	27,3	26,5

1 Includes non-deductible expenses incurred not deemed to be in the production of taxable income mainly relating to exploration activities and non-productive interest in our treasury function.

2 This relates to the share based payment expense on the Sasol Khanyisa transaction.

3 Relates mainly to the impact of lower tax rate in the US on the increases in tax losses incurred during the year.

4 2019 includes reversal of tax and interest pertaining to Sasol Oil and 2017, includes tax, interest and penalties.

5 Tax losses not recognised resulted mainly from the R1,9 billion (2018 – R2,8 billion) impairment of the Canadian shale gas asset and the Mozambique PSA impairment of R1,1 billion in 2018 for which no deferred tax asset was raised. Refer note 9.

6 2018, includes profit on disposal of our investments in Petronas Chemicals LDPE Sdn Bhd and Petronas Chemicals Olefins Sdn Bhd.

7 Energy efficiency allowances relating to our South African operations increased by R4,2 billion compared to the prior year.

8 Effective tax rate adjusted for equity accounted investments, remeasurement items and once-off items.

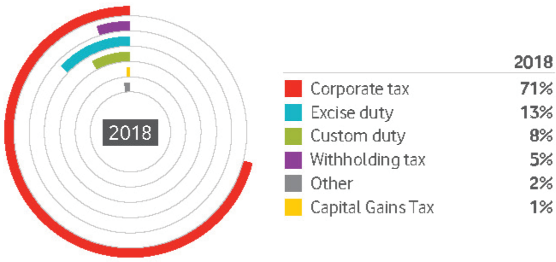
Source: Sasol Annual Financial Statements 2018, p79

Total tax contribution and wider impact

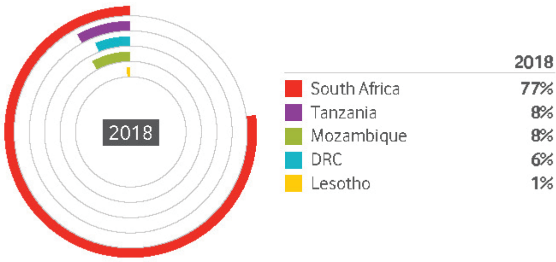
Vodacom

Vodacom provides a detailed breakdown of its direct taxes borne, indirect taxes collected on behalf of the government and other non- tax payments as well as comparative information on certain financial indicators such as revenue, profit/loss before tax, EBITDA, number of employees and capital investment, on a country-by-country basis.

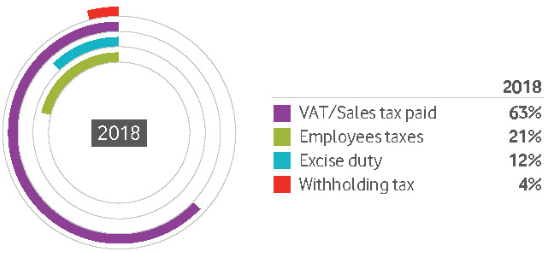
Composition of total direct tax contribution (%) in 2018



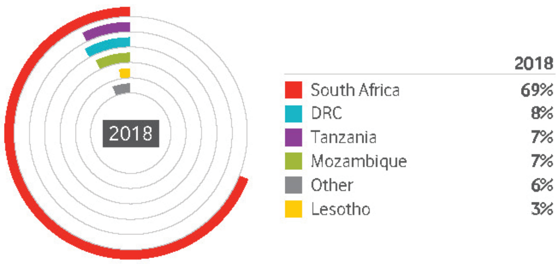
Capital investment per country in 2018 (excluding Safaricom) (%)



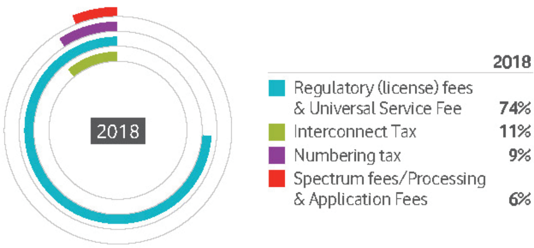
Composition of total indirect tax contribution (%) in 2018



Employment: Number of employees per country in 2018 (excluding Safaricom) (%)



Composition of total direct non tax contribution (%) in 2018



Source: Vodacom Limited Public Finances Report 2018, p7 & 8

Absa

Absa links its total tax contribution to the Board's responsibilities in terms of King IV™ and governance of tax.

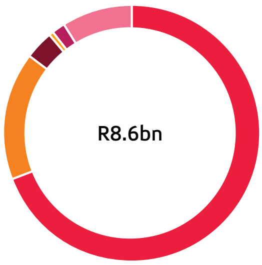
201 Economic performance

Focus on tax

We significantly contribute to the economies in the countries in which we operate. In addition to tax on profits, we also pay withholding taxes (on dividends and certain other income received) as well as VAT on goods and services from suppliers (unlike most other businesses, banks can only claim back a small proportion of the VAT incurred, making this a significant final cost to the Group). Although taxes paid by us remain the focus, we have also included some information on the taxes that we collect on behalf of governments and others (together both taxes collected and paid make up our total tax contribution).

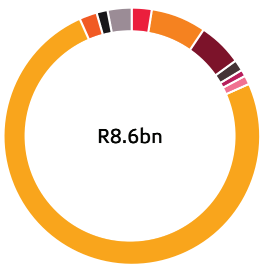
Taxes paid (2017 comparatives)

Per tax type (%)



- 69.2 (71.8) Corporate tax
- 16.1 (17.6) Irrecoverable VAT
- 3.8 (3.7) Payroll taxes
- 0.4 (0.4) Regional Service Council Levy
- 1.8 (1.4) Property taxes
- 8.7 (5.1) Withholding taxes

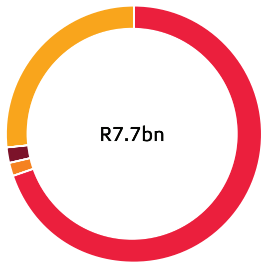
Per country (%)



- 2.5 (2.2) Botswana
- 7.0 (5.8) Ghana
- 5.7 (6.4) Kenya
- 1.3 (1.4) Mauritius
- 0.9 (1.1) Mozambique
- 1.0 (0.7) Seychelles
- 75.2 (76.0) South Africa
- 2.2 (2.1) Tanzania
- 1.2 (0.9) Uganda
- 3.0 (3.2) Zambia
- 0.0 (0.1) Other

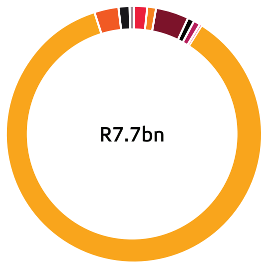
Taxes collected on behalf of governments (2017 comparatives)

Per tax type (%)



- 69.9 (66.7) PAYE
- 1.5 (2.1) Unemployment Insurance fund/Social security
- 2.2 (2.3) Security transfer tax
- 26.4 (28.9) VAT recovered

Per country (%)

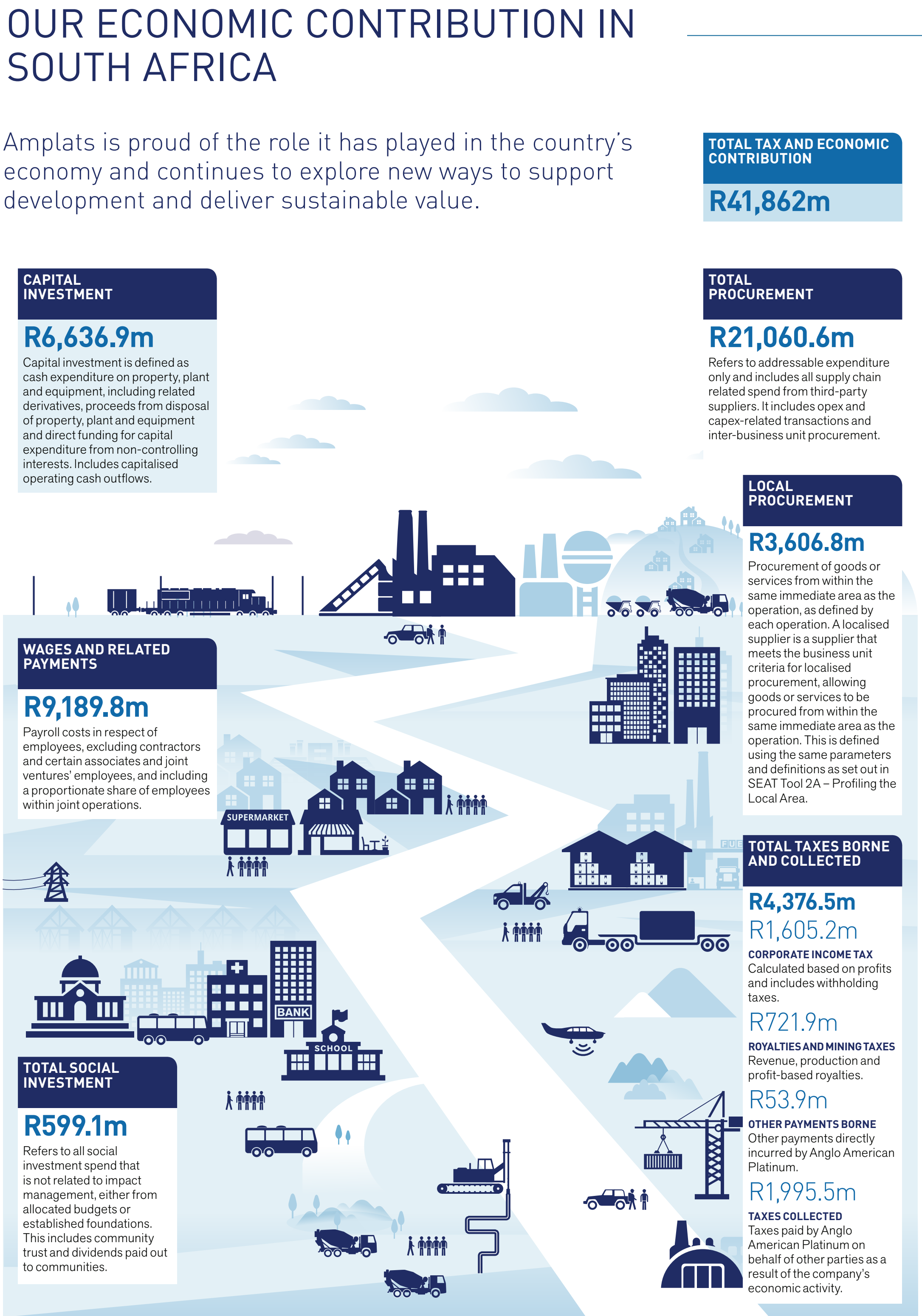


- 1.7 (1.4) Botswana
- 1.1 (1.5) Ghana
- 4.3 (4.6) Kenya
- 0.8 (0.7) Mauritius
- 0.8 (1.8) Mozambique
- 0.2 (0.1) Seychelles
- 86.1 (84.8) South Africa
- 3.1 (2.3) Tanzania
- 1.5 (1.0) Uganda
- 0.4 (1.8) Zambia

Source: Absa Limited Environmental, Social and Governance Review 2018 p 37 and 39

Anglo American Platinum

Anglo American Platinum provided a detailed breakdown of its total economic contribution through the value chain of its operations in South Africa and Zimbabwe, including capital investment, total procurement, local procurement, wages and related payments, total taxes borne and collected, and total social investment.



Source: Anglo American Platinum Limited Integrated Report 2018, p56

OUR ECONOMIC CONTRIBUTION IN ZIMBABWE

Unki platinum mine is located in the southern half of Zimbabwe's Great Dyke geological formation– widely recognised as the second largest resource of PGMs in the world. We continue to work together with the Zimbabwean government on compliance with the Indigenisation and Economic Empowerment Act.

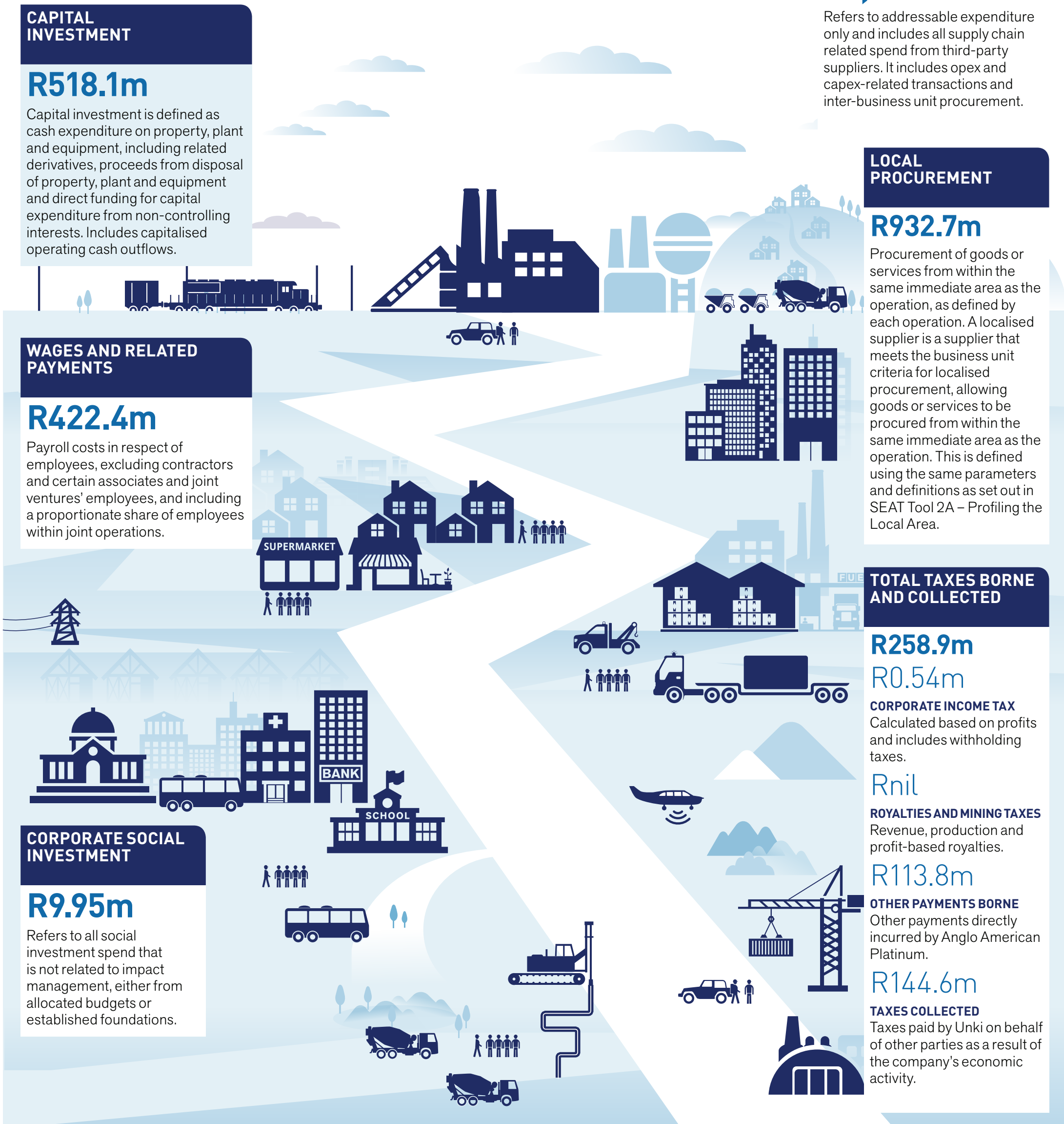
TOTAL TAX AND ECONOMIC CONTRIBUTION

R2,554.3m

TOTAL PROCUREMENT

R1,344.9m

Refers to addressable expenditure only and includes all supply chain related spend from third-party suppliers. It includes opex and capex-related transactions and inter-business unit procurement.



CAPITAL INVESTMENT

R518.1m

Capital investment is defined as cash expenditure on property, plant and equipment, including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests. Includes capitalised operating cash outflows.

LOCAL PROCUREMENT

R932.7m

Procurement of goods or services from within the same immediate area as the operation, as defined by each operation. A localised supplier is a supplier that meets the business unit criteria for localised procurement, allowing goods or services to be procured from within the same immediate area as the operation. This is defined using the same parameters and definitions as set out in SEAT Tool 2A – Profiling the Local Area.

WAGES AND RELATED PAYMENTS

R422.4m

Payroll costs in respect of employees, excluding contractors and certain associates and joint ventures' employees, and including a proportionate share of employees within joint operations.

TOTAL TAXES BORNE AND COLLECTED

R258.9m

R0.54m

CORPORATE INCOME TAX

Calculated based on profits and includes withholding taxes.

Rnil

ROYALTIES AND MINING TAXES

Revenue, production and profit-based royalties.

R113.8m

OTHER PAYMENTS BORNE

Other payments directly incurred by Anglo American Platinum.

R144.6m

TAXES COLLECTED

Taxes paid by Unki on behalf of other parties as a result of the company's economic activity.

CORPORATE SOCIAL INVESTMENT

R9.95m

Refers to all social investment spend that is not related to impact management, either from allocated budgets or established foundations.

Source: Anglo American Platinum Limited Integrated Report 2018, p57

MTN

MTN communicates on its purpose, wider societal impact and licence to operate by measuring its value distribution to stakeholders, its impact on the economies in which it operates, and linking it to its total tax contribution.

As one of the largest mobile operators in our markets, we acknowledge that our activities have significant implications for the communities in the regions in which we operate. It is vital that we understand exactly who is affected by our activities so that we can ensure their interests are promoted when strategic business decisions are made. MTN has identified the following among our key stakeholders: governments, regulators, customers, communities, civil society, the media, suppliers and business partners, industry bodies, investors and shareholders, and employees.

Value distribution

Our activities drive economic value within each jurisdiction in which we operate. This value is distributed to our stakeholders in a multitude of ways, only some of which are measurable. This includes:

1. Business

During 2018, MTN spent R106,6 billion (2017: R100,1 billion) with suppliers and contractors.

We committed capital expenditure of R26,0 billion (R31,5 billion in 2017), focused on 3G and 4G rollout. MTN South Africa's share of capex amounted to R9,5 billion (R11,5 billion in 2017); MTN Nigeria's capex amounted to R6,9 billion (R9,0 billion in 2017).

We plan to spend R28,8 billion on our capex programme in 2019.

2. Employees

In 2018, MTN had 18 835 employees representing 64 different nationalities. We spent R9,5 billion in staff costs (R9,1 billion in 2017).

In the year, we invested R270 million in employee training (R252 million in 2017). Employees are actively encouraged to look for opportunities to continuously improve their capabilities and skills through extensive training available digitally, face to face and from other sources supplied by the MTN Academy, or from external accredited and reputable organisations.

For details on MTN people and remuneration please refer to pages 24 to 25 and 66 to 92 of the MTN Group's 2018 integrated report.

3. Corporate social investment (CSI)

As we invest in communications technology and infrastructure in our host markets, so too do we invest in the societies that make up our customer base, now and into the future. In line with our strategy, MTN's CSI policy has been to invest in projects and programmes that will lead the way in helping beneficiaries build capacity and self-reliance using digital technology. Our focus has been on four specific areas of critical social needs in our markets, namely education, health, enterprise development and national priority areas. We are now beginning to shift our purpose towards enabling youth empowerment in our markets.

In 2018, MTN's CSI totalled R185,2 million (2017: R172,2 million), with R86,2 million of the total spent on improving access to education.

In 2018, we spent R35,7 million (2017: R22,2 million) on health programmes.

We spent R25,5 million (2017: R34,2 million) on enterprise development programmes to support the education and upskilling of entrepreneurs to build the sustainability of their businesses.

With regards to national priority projects, our objective has been to support projects and programmes that are of national importance at the time, using our core business strengths in information and communications technology. In 2018 we contributed R17,1 million (2017: R20,3 million) towards national priority projects.

4. Governments

In 2018 we made a significant contribution to government revenues in the regions where we operate. This information is detailed in the 'Total tax contribution' section of this report. We are often the largest taxpayer in the markets we operate in.

5. Digital inclusion

With 233 million subscribers across Africa and the Middle East, bridging the digital divide and enabling environmental and economic benefits through the Internet of Things is a priority. Our investment in digital inclusion projects enables us to give back socially to the broader stakeholder communities in which we operate, while also facilitating a commercially viable and sustainable business proposition.

Our digital inclusion investments broadly span the financial, health, education, enterprise and public sector categories, among others. More detail on MTN's digital inclusion initiatives can be found in the 2018 MTN Group sustainability report in the integrated reports link on our website www.mtn.com.

Source: MTN Group Tax Report 2018 p9

Gold Fields

Gold Fields illustrates its tax contribution as part of its value creation for stakeholders.

The ultimate aim of our strategy and business model is to create value for our stakeholders

Total and national value distribution

National value distribution by region and type 2018 (US$m)	Government	Business	Employees	Socio-economic spend	Capital providers	National value distribution
Americas	55	156	37	6	4	258
Australia	121	812	128	1	0	1,062
South Africa	3[1]	176	144	3[2]	9	336
West Africa	90	654	83	15	13	855
Corporate	14	15	49	0	121	200
Total Gold Fields	**283**	**1,813**	**442**	**26**	**147**	**2,711**

[1] South Deep does not yet pay income tax as it is in a loss-making position
[2] This includes spending from the South Deep trusts and SLP commitments

Governments

Payments include
Mining royalties and land-use payments, taxes, duties and levies.

Why these stakeholders matter
Governments provide us with access to ore bodies by granting mining and other licences. They also deliver the infrastructure necessary to build and maintain our mines, including roads, electricity and water supply.

2018 Contributions:
- We paid governments US$283m (2017: US$310m) in taxes and royalties, 10% of total value distribution (2017: 11%)
- In addition, the Ghanaian government benefited from US$15m in declared dividends relating to its 10% shareholding in Gold Fields Ghana

Business

Payments include
Operational and capital procurements.

Why these stakeholders matter
Supply chain businesses provide the equipment and services needed to develop and maintain our operations. They comprise business partners, contractors and suppliers.

2018 Contributions:
- We paid US$1,813m to suppliers and contractors, representing 67% of total value creation (2017: US$1,857m/65%)
- Of the total 2018 procurement expenditure of US$1,813m, US$1,542m, or 85%, was spent on businesses based in operating countries by our mines (2017: US$1,620m/88%)
- US$441m, or 29%[1], of total procurement by our mines was spent on suppliers and contractors from host communities (2017: US$774m/45%)

[1] The % decline is due to a change in the definition of host communities by our Australian operations to only include communities in their area of influence (previously Perth was included in the definition due to the FIFO nature of our mines)

Workforce

Payments include
Salaries and wages, benefits and bonus payments (including shares and payroll taxes).

Why these stakeholders matter
The technical skills, experience and activity of our people drive the day-to-day operations of our business.

2018 Contributions:
- We paid US$442m (2017: US$506m) to employees in terms of salaries, dividends and benefits, representing 16% of total value distribution (2017: 18%)
- We also provide employees (where legislated) with additional benefits such as retirement savings, healthcare assistance, life and disability insurance, housing assistance and personal accident cover
- We prioritise the employment of members from our host communities. At end 2018 host community employment comprised 56% of our workforce

Capital providers

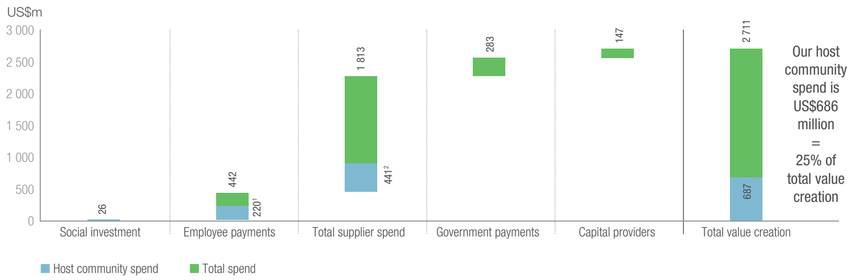
Payments include
Interest and dividend payments to capital providers.

Why these stakeholders matter
Financial institutions, shareholders and bond holders invest with us, thus enabling us to fund the development, maintenance and growth of our operations and our overall business.

2018 Contributions:
- We paid US$147m (2017: US$160m) to the providers of debt and equity capital, mainly in the form of interest and dividends
- Net debt increased by US$309m to US$1,612m
- We paid a total dividend of R0.40/share for the 2018 financial year

Source: Gold Fields Integrated Report 2018, p 7

Gold Fields' total value creation (2018)



[1] 56% of workforce corporate office [2] 27% of total supplier spend excluding corporate, regional offices and project spend

Source: Gold Fields Integrated Report 2018, p 8

MTN

MTN is one of very few companies that provides a description of the assurance process for disclosures relating to tax and payments to governments.

Independent assurance review of group total tax contribution (TTC) number

As part of our drive and commitment to improving transparency and to increase credibility to our TTC number, we engaged PwC to perform a limited assurance review of our total group TTC number in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits and Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. The assurance to this number has been marked throughout the report. For details of the scope of work, procedures and outcome of the review of the group TTC number, please refer to the independent assurance report on non-financial data and assurance definitions for non-financial data on our website www.mtn.com.

Source: MTN Tax Report 2018, p9

Notes

Notes

Notes

www.pwc.co.za/building-public-trust

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