

## **CLS Holdings plc**

### **Tax Strategy**

CLS Holdings plc is a FTSE-listed property investment company with a portfolio of predominantly office properties in the UK, Germany and France offering geographical diversification with local presence and knowledge.

The business activities and transactions of the Group incur taxes in the normal way in the UK and EU jurisdictions. These taxes include corporate tax, stamp duty and similar transaction taxes, employment taxes, property taxes such as business rates, and indirect taxes such as VAT. Of note, the majority of CLS' UK operations are within the UK REIT regime.

CLS seeks to engage with tax authorities in an open and constructive manner, complying with relevant tax laws and regulations and seeks to support initiatives to simplify and improve the tax system so that it encourages economic growth and investment.

This document has been prepared in accordance with the guidance and principles set out in Schedule 19, Finance Act 2016 for the year ended 31 December 2024. The Tax Strategy will be reviewed annually by the Board and is current as at August 2024.

### **Governance and Tax Risk Management**

Governance of the CLS business is led by our Board through sound levels of oversight based on the principles of regular and effective communication and transparency. Operational responsibility is delegated to the Chief Financial Officer (CFO).

Day-to-day management of tax risk is the responsibility of the Head of Tax, who reports directly to the CFO, with support from the wider finance team, company secretariat and human resources, and property staff.

The culture of the Group is one of openness and teamwork. Tax risks and issues are discussed with the CFO, the Chief Operating Officer, and/or the Chief Executive Officer as they arise and may be raised at meetings of the Board or the Audit Committee, as appropriate.

The tax team is staffed by suitably qualified individuals with extensive tax experience, who keep abreast of tax developments and expand their tax knowledge and skills through tax training and technical updates with tax advisors. There is also regular contact on tax matters with the British Property Federation, of which our Head of Tax is a member of the REIT Tax Committee.

The tax function maintains a high profile in the Group such that the M&A, property development, asset management and treasury teams seek tax support for all material transactions and business activities. The tax function monitors developments in tax laws and reports items which are likely to have a significant impact on the group to the CFO and, if appropriate, also to the Board. Where considered necessary, the group also seeks input from external specialist advisors. Changes which impact the day to day management of tax returns and filings are reported to the relevant responsible members of the finance, Company Secretarial and HR teams.

There is an established review process relating to the preparation and filing of tax returns and it is a key principle of the Group that all tax returns are filed and payments made on a timely basis.

Under the HMRC rating system, the Group is considered to be low risk. It is the Group's intention to manage its affairs so as to maintain this low risk status as far as possible.

The group is subject to the SAO regime with the CFO being the SAO. The group reviews its tax processes and resolution of issues arising on an annual basis in compliance with the SAO regime. The group has filed clean certificates for the SAO regime, however, minor matters identified are shared with HMRC in any event.

### **Approach to Tax Planning**

Business activities and transactions of the Group are driven by commercial objectives, i.e. not with the sole or main benefit of securing a tax advantage. As a listed company, the Group seeks to structure itself and enter into transactions tax efficiently whilst operating within the law and does not enter into arrangements which are counter to the intention and spirit of the legislation.

The Group seeks to minimise the risk of uncertainty or disputes in relation to its tax position and applies tax exemptions and incentives in the manner intended.

### **Relationship with HMRC**

Our relationship with HMRC is open and constructive and based upon the principle of transparency. There is frequent contact with HMRC staff, in most cases by email and phone calls, and periodic contact with our Customer Compliance Manager on more material issues. The Group aims to participate in a constructive, pragmatic manner with HMRC. While we are diligent and careful in tax filings, if we do become aware of an irregularity, the group will voluntarily disclose this to the tax authorities and correct the tax and payment position as needed.