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This document sets out CLSA (UK)'s policy and approach to conducting its tax affairs and dealing with tax risk.

1. Background

Tax risk is considered as one of the material risk factors in CITIC CLSA's¹ overall risk management framework. It can come in the form of financial losses, including increased tax costs, interests and penalties, and non-financial adverse impact such as damaged reputation and relationships with external stakeholders. Common drivers for tax risks include judgmental errors related to the understanding and interpretation of tax laws and operational errors related to processes, people and systems in place to ensure compliance.

This policy is to set out CITIC CLSA's overall approach to management of tax risks, including its risk appetite, risk governance and management framework and its positions on dealing with external stakeholders including the HMRC.

This policy applies to the UK tax affairs of CLSA (UK). This policy complies with CITIC CLSA's duties under paragraph 19 and paragraph 22 of Schedule 19 of the Finance Act 2016 to publish a tax strategy for the financial year ended 31 December 2022.

2. Policy Principles

CITIC CLSA adheres to the following principles when managing its UK tax affairs:

- CITIC CLSA manages its UK tax affairs with a low risk appetite.
- CITIC CLSA is committed to comply with the applicable tax laws, regulations and other requirements as applicable in the UK.
- CITIC CLSA does not provide tax advice to clients, nor market products structured for or motivated by tax avoidance to clients.
- Transactions should be conducted based on commercial values and substance. CITIC CLSA does not conduct transactions whereby the sole purpose is to obtain a tax benefit or avoid tax.
- CITIC CLSA maintains a transparent, co-operative and professional relationship with the HMRC.
- CITIC CLSA puts in place comprehensive frameworks and internal controls to identify, assess, mitigate and report tax risks. In instances where tax risks are identified, appropriate tax controls are designed, implemented and maintained by the Group.
- There is increasing regulatory oversight on tax planning, this means that any tax issue is likely to lead to a regulatory issue. This interplay is a factor in the Group's decision making pertaining to its tax affairs.

¹ For the purposes of this policy CITIC CLSA is the collective term used to encompass the entire CLSA Group, comprising all entities that are directly or indirectly owned by CITIC Securities International Company Ltd (a Hong Kong entity).

3. Governance and oversight

Audit Committee

The Audit Committee is a Group oversight function. The committee determines and communicates its expectations on the tax risk appetite for CITIC CLSA. It has oversight of and attests to the effectiveness of the tax control framework. It also endorses key policies relating to tax risk management, including this Policy.

Key tax issues and risks are escalated to Audit Committee via Group CFO as appropriate.

Group CFO

The Group CFO has general oversight of the entire Finance department including the Group Tax function. While the day-to-day responsibilities with regards to tax risk management are delegated to the Group Tax function, the Group CFO is responsible for reviewing and making decisions in respect of key tax risks escalated by Group Tax as appropriate. The Group CFO, with the help of internal audit and/or external resources, conducts periodic internal tax control testing and reports the control effectiveness to the Audit Committee.

The Group CFO is responsible for escalating key tax issues to the Audit Committee.

Group Tax

The Group Tax function consists of a team of experienced tax professionals that manage the day-to-day tax affairs of CITIC CLSA in accordance with this Policy and other applicable procedures and policies.

Group Tax is responsible for establishing policies and controls to manage tax compliance, tax advisory and planning, monitoring latest tax developments and the impacts on CITIC CLSA, and managing relationships with revenue authorities (including the HMRC) and external advisors.

Group Tax is responsible for escalating key tax issues to Group CFO.

Board/Management of local entities

Board members/Management of local entities (including CLSA (UK)) will be kept informed on key tax issues via the relevant Group Tax personnel. The Board/local management of each local entity have a statutory responsibility in terms of tax compliance.

4. Significant new transactions

Significant new transactions are required to go through New Product Approval (“NPA”) process, whereby all support functions, including Group Tax function, will perform risk assessment with respect to such new transactions.

During the NPA process, the business unit will provide detailed information relating to the new transaction to Group Tax to facilitate the tax analysis, including the commercial rationale of the

transaction, size of the transaction, the operational and legal arrangement of the transaction, involvement of related and unrelated parties, and other key facts and assumptions. Group Tax will in turn advise on the tax implications and the requirements to mitigate tax risks as appropriate.

Through the NPA process, CITIC CLSA aims to identify and properly manage tax risks at the earliest stage of a transaction.

5. Attitude to tax planning

The CITIC CLSA Group seeks to conduct business in a tax efficient manner but always seeks to ensure that tax activities align with the commercial and economic realities and are based on reasonable interpretations of UK tax legislation. The Group does not engage in aggressive tax planning.

With respect to tax planning we adopt a conservative approach. All key decisions relating to tax planning will be subject to numerous rounds of internal discussion and advice from external service providers will be sought as and when required.

6. Relationship with HMRC and revenue authorities

CITIC CLSA strives to maintain a transparent and co-operative relationship with revenue authorities (including the HMRC) by providing accurate and sufficient information in a timely manner at the request of the revenue authorities, proactively engaging in discussions with or even seeking clarification from the revenue authorities as and when needed, and voluntary disclosures of errors and participation in compliance programs offered by revenue authorities where appropriate.

CITIC CLSA works openly and collaboratively with revenue authorities to resolve issues or disputes in an effective manner.

7. Engagement of advisors

CITIC CLSA may engage external tax advisors when managing its tax risks. The choice of external tax advisor is subject to the approval of the Head of Tax and CITIC CLSA's procurement policy.