TAX STRATEGY

CELLNEX UK
Overview

The Cellnex Group’s Tax Policy is based on the fundamental principle of regulatory compliance, i.e. due compliance with the tax obligations which the Group is required to meet in each of the countries and territories where it does business, fostering, in turn, relationships with tax administrations and tax authorities based on the duties of transparency, good faith, loyalty and mutual trust. The UK applies the Tax Control Framework provided by the Group, and complies with the Group Tax Policy.

The publication of this tax strategy is regarded as satisfying the statutory obligation, under Part 2 of Schedule 19 of the Finance Act 2016, for Cellnex UK Limited and its subsidiary UK companies (the Group) for the period ended 31 December 2023.

Approach to Tax Risk Management and Governance

- The Group fosters practices aimed at preventing and reducing significant tax risks, including reputational risks, and ensure that profit-making is in line with the structure and location of the Group’s business activities, its human resources and material resources and business risks.

- The risk prevention is strengthened by means of the Tax Risk Control and Management System established worldwide, including the UK, by the Group. This Tax Risk Control and Management System consists of a set of internal rules (Group’s Tax Risk Control and Management Standards), processes and controls aimed at preventing, detecting, and mitigating any tax risks.

- The Group’s Tax Risk Control and Management System is organized in three lines:
  (i) The first line is the Local Tax Responsible and the various Business and Organizational Units insofar as they are the owners of the various processes that can trigger a tax risk and, therefore, responsible for executing the controls assigned to the same.
  (ii) The second line incorporates the Tax Compliance Committee, with oversight at a Global level, whose objective is to coordinate and assess the Tax Risk Control and Management System, promoting the update of controls, procedures and necessary tools. The Tax Compliance Committee is a collegiate panel consisting of three internal members, a technical secretary (without a right to vote) and is chaired by an independent third party member. The committee meet at least biannually, and report annually to the Audit and Risk Management Committee (ARMC) and the Board of Directors.
  (iii) The third line, Internal Audit, is in charge of supervising the correct functioning of the Tax Risk Control and Management System, establishing an independent control for the purpose of validating the effectiveness of the System.

- The UK Tax Team is responsible for determining, coordinating and supervising UK tax compliance with the criteria to be adhered to in the application of the tax policies established the Group. The team is also responsible for providing advice to all business areas of the UK Group on any decisions which have tax implications, seeking any required opinions of independent experts where necessary.

- The UK Tax Team has a close working relationship with the Global Tax Department, which consists of a team of qualified tax experts, and is able to seek their input and assistance on any tax matters where necessary.
• Advice is sought from external tax advisors where necessary, particularly where the tax functions do not have the required expertise.

Level of Tax Risk that is considered acceptable

• The Group’s Tax Policy is aligned with the Group’s Code of Ethics which stipulates that the Group shall comply with national and international tax regulations. It will also promote the implementation of all actions which are necessary for reducing all significant tax risks and the prevention of behaviour which is likely to generate said risks.

• The Group has a low risk approach to tax and makes decisions on its tax affairs based on applicable laws and strictly in line with the Group’s business activities, taking professional advice where appropriate.

Attitude towards tax planning

• The Group ensures that any transactions are only entered into for commercial and business reasons. It will however seek to understand the tax implications of any transactions and ensure they are carried out efficiently. When they are an important factor in the decision-making process, the main tax implications of the transactions are shared with the Group’s decision-making bodies on matters which are submitted for their approval.

• The Group applies a transfer pricing policy in respect of all transactions between related parties and entities which is based on the principle of free competition, which guarantees the creation of value and the assumption of risks relating to the business in the jurisdictions in which it operates, and which is consistent with the provisions of the legislation applicable in the countries involved in each transaction and with the relevant OECD standards.

Approach towards dealings with HMRC

• Cellnex has a principle of transparency and cooperation with HMRC. We wish to foster a relationship with HMRC which is based on the principles of mutual trust, good faith, transparency, collaboration, and loyalty between the parties, all with a view to streamlining the submission of taxes, increasing legal certainty, and reducing litigation rates.

• The Group seeks to ensure that it communicates in a clear, responsible and transparent manner with the relevant tax authorities regarding the management of its tax affairs and payment of the corresponding taxes for which the Group companies are liable.

• The Group seeks to pay all taxes which are due on a timely basis, and where any inadvertent errors are made, these will be fully disclosed as soon as possible after they are identified.

• The Group adopts a proactive approach to the provision of information to HMRC, and aims to ensure that all relevant facts are disclosed in order to assist with the resolution of any matters under review during a tax enquiry or audit should these arise.

Cellnex UK
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