

CLS Holdings plc

Schedule of Matters Reserved for the Board of Directors

This Schedule sets out matters which, in accordance with best Corporate Governance practice, the full Board have determined to retain to their own decision. Following the Schedule, a procedure is set out for gaining the approval of the Board for urgent decisions arising between meetings.

Certain items are mainly considered by the Audit or Remuneration Committees, but require the sanction of the Board to become effective; these are indicated in the Schedule.

Items inappropriate for delegation to a Committee of the Board are also indicated by †.

A. Strategy and Management

1. Responsibility for the overall leadership of the Group and setting the Group's culture, values and standards.
2. Approval of the Group's strategic aims and objectives.
3. Approval of the annual operating and capital expenditure budgets, and any material changes to them.
4. Oversight of the Group's operations, ensuring-
 - competent and prudent management
 - sound planning
 - an adequate system of internal controls
 - adequate accounting and other records
 - compliance with statutory and regulatory obligations
5. Review of performance in the light of the Group's strategy, objectives, business plans and budgets; and ensuring that any necessary corrective action is taken.
6. Extension of the Group's activities into any new business or geographic area.
7. Any decision to cease to operate all, or any material part, of the Group's business.

B. Structure and Capital

1. Changes to the Group's capital structure, including reduction of capital, share issues (save under employee share plans) and share buy-backs (including the use of Treasury Shares). This includes approval of terms of tender offer re-purchases in place of dividend.
2. Major changes to the Group's corporate structure, including, but not limited to acquisitions and disposals of shares which are material relative to the size of the Group in question (taking into account initial and deferred consideration).
3. Changes to the Group's management and control structure.
4. Any changes to the company's listing or its status as a PLC.
5. Recapitalisation of any Group company or companies over £1 million in aggregate.

C. Financial Reporting and Controls

- †1. Approval of the half yearly report, trading updates and any preliminary announcement of the final results or final results, following consideration by the Audit Committee.¹
- †2. Approval of the Annual Report and Accounts, including the corporate governance statement and the Remuneration Report, following consideration by the appropriate Committees.²
- †3. Approval of policy on distributions to shareholders, including payment of dividends and/ or regular tender offers for the repurchase of shares.

¹ Final formal approval may be delegated to an *ad-hoc* Committee.

² Final formal approval may be delegated to an *ad-hoc* Committee.

- †4. Declaration of any interim dividend and recommendation of any final dividend or any other capital return or distribution to shareholders.
- †5. Approval of any significant changes in accounting policies or practice, on the recommendation of the Audit Committee.
- 6. Approval of Treasury policies, including foreign currency exposure and the use of financial derivatives.
- 7. Approval of any one foreign exchange transaction or financial derivative above £10 million (lesser amounts delegated to the Executive Team).
- 8. Approval of purchase/sale of any one corporate bond or similar investment exceeding £10 million.

D. Internal Controls

- 1. Ensuring the maintenance of a sound system of internal control and risk management, including;
 - approving the Group's risk appetite statements;
 - receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
 - undertaking an annual assessment of these processes;
 - approving an appropriate statement for inclusion in the annual report, on the advice of the Audit Committee.

E. Contracts

- 1. The approval of major capital expenditure projects and investments above £10 million.
- 2. The approval of all property transactions (sales or purchases) exceeding £10 million in value or the granting of a lease at a rent exceeding £0.75 million per annum.
- 3. The approval of contracts which are material strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business. Within this would fall bank borrowings and/or guarantees exceeding £30 million or acquisitions/ disposals of fixed assets exceeding £10 million.
- 4. The approval of contracts of the Company or any subsidiary not in the ordinary course of business.
- 5. Major investments (including the acquisition or disposal of interests of more than 3% on the voting shares of any company or the making of any takeover offer).

F. Communication

- 1. Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives
- 2. Approval of resolutions and related documentation to be presented to shareholders at a general meeting.
- †3. Ratification of all circulars, prospectuses and listing particulars.
- †4. Ratification of major press releases concerning matters determined by the Board.

G. Board membership and other appointments

- †1. Changes to the structure, size and composition of the Board.
- †2. Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Group and on the Board.
- †3. Making appointments to the Board, following recommendations from the Nomination Committee.

- †4. Appointment of the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer.
- †5. Appointment of the Senior Independent Director to provide a sounding board for the Chairman and to serve as an intermediary for other Directors as necessary.
- †6. Determination of the membership and Chairmanship of all Board Committees following recommendation from the Nomination Committee.
- †7. Review of the continuation in office of a Director at the end of their term, determining whether to recommend their re-election to shareholders at the AGM, and otherwise as appropriate.
- †8. The continuation in office of a Director at any time, including the suspension or termination of service of an Executive Director as an employee of the Company (subject to law and the terms of their service contract).
- †9. Appointment or removal of the Company Secretary.
- †10. On the recommendation of the Audit Committee, making recommendations to shareholders as to the appointment, reappointment or removal of the external auditor.

H. Remuneration

- †1. On the recommendation of the Remuneration Committee, determination of the remuneration policy for the Directors, Company Secretary and other senior executives.
- 2. Determining the remuneration of the non-executive Directors (without their participation), subject to the limits prescribed in the Articles of Association.
- †3. On the recommendation of the Remuneration Committee, the introduction of new share incentive plans, or significant changes to existing plans, to be put to shareholders for approval.

I. Delegation of Authority

- †1. Approval of the division of responsibilities between the Chairman and the Chief Executive Officer and other Executive Directors, which should be clearly established, set out in writing and agreed by the Board.
- †2. Approval of the terms of reference of Board Committees.
- †3. Receiving reports from Board Committees on their activities.
- 4. Approval of the delegated levels of authority, including the Chief Executive Officer's authority limits (which must be in writing)

J. Corporate Governance matters

- †1. Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual Directors.
- †2. Determining the independence of Directors.
- †3. Consideration of the balance of interests between shareholders, employees, customers and the community.
- 4. Reviewing the Group's overall corporate governance arrangements.
- †5. Receiving reports on the views of the company's shareholders.

K. Policies

- 1. Approval of company policies, including:
 - Anti Bribery and Anti Corruption Policy
 - Securities Dealing code
 - Health and Safety Policy
 - Sustainability Strategy

L. Other

1. The making of political donations (where shareholder authority has been obtained).
2. Approval of the appointment of the group's principal professional advisors.
3. Prosecution, commencement, defense or settlement of litigation, or an alternative dispute resolution mechanism, other than in the ordinary course of business or where the outcome is otherwise material to the interests of the Group.
4. Approval of the overall levels of insurance for the Group, including Directors' & Officers' liability insurance and the indemnification of Directors.
5. Any decision that is likely to have a material impact on the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
6. Amendments to this Schedule of Matters Reserved for Board decisions.

Procedure for obtaining urgent decisions

- A. *The Company Secretary, or the Deputy Company Secretary, will provide to all of the Directors all available and material details of the proposal for urgent decision, settling out a proposed timetable for the approval process.*
- B. *If necessary, the Chairman or Chief Executive Officer shall contact all of the non-executive Directors to discuss the proposal and ascertain whether or not they approve of it.*
- C. *If the proposal meets with the approval of the Directors, the Company Secretary, or the Deputy Company Secretary, shall either:*
 - (i) *arrange for a 'form' Board meeting to be held to grant formal approval; or*
 - (ii) *ascertain in writing (by electronic mail or otherwise) the approval of each director, or a majority of Directors who have replied by the given deadline, for it to be formally approved and then ratified at the next Board meeting.*
- D. *If any Director requires that the proposal is considered by the full Board, it shall be held over to a full Board meeting (either regular or summoned specially) and shall not be approved through this procedure.*

Approved by the Board on 12 November 2024