

# United Kingdom Tax Strategy

## Clough Limited – March 2020

### 1. Introduction

Clough is a pioneering engineering and construction company established in 1919. Clough delivers challenging high performing assets for the infrastructure, resources, and energy industries underpinned by a dedication to problem solving and getting the job done safely and efficiently. Today, Clough manages a global workforce of over 2000 people from operating centres across Australia, Papua New Guinea, Asia, Africa, UK, and North America that strive for the best in everything, setting new safety and performance benchmarks every single day.

Clough is a wholly owned subsidiary of Murray & Roberts, a multinational group that focusses its expertise on delivering sustainable and fit-for-purpose project engineering, procurement, construction, commissioning, operations and maintenance solutions. The Group delivers its capabilities into three global market sectors: metals & minerals; oil & gas, and power & water.

This document, approved by the Board of Clough Limited, sets out Clough's policy and approach to conducting its UK tax affairs and dealing with tax risk for the year ended 30 June 2020, and is made available to its stakeholders. This document is intended to be reviewed annually.

This document is intended to comply with section 16(2) of Schedule 19 to the Finance Act 2016, and applies to Clough's UK entities, being:

- UK incorporated companies controlled by the Clough group;
- Companies controlled by Clough that operate in the UK through a permanent establishment in the UK; and
- Partnerships operating in the UK with a Clough controlled entity as a partner.

As at March 2020, Clough's UK entities are:

- Clough (UK) Limited;
- BWA (Holdings) Limited; and
- Booth Welsh Automation Limited.

Clough does not currently have any interests in partnerships operating in the UK, nor does Clough own any companies operating in the UK through a permanent establishment.

Clough's tax team partners with our business to ensure that:

- The UK tax strategy is adopted and followed consistently by all Clough UK entities, with clear lines of responsibility and accountability;
- There is alignment of this UK tax strategy with Clough's overall approach to corporate governance and risk management;

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- Taxes are managed with the objective that tax compliance obligations are met and all tax liabilities properly due under the law are correctly recorded, accounted for and paid (or adequately provided for where not yet due at a reporting date).

## 2. Sustainability

Clough has a strong focus on sustainability, including:

### Target Zero

Our commitment to the value of Zero Harm to our people, the environment and the communities in which we work through empowerment, team work and accountability.

### Health

A selection of initiatives aimed at ensuring our staff put their health and wellbeing first.

### Corporate Governance

Our Board Charter and Code of Conduct are publicly available, as well as our policies for:

- Environmental, Sustainability & Community
- Risk Management
- Indigenous Relations
- Diversity
- Health & Safety

### Clough Foundation

The Clough Foundation is a charitable trust that provides support to organisations, communities and causes that provide sustainable benefits to society.

### Scholarships and Sponsorships

Since 1969 Clough has awarded over 200 engineering scholarships, with past winners present in leadership positions in government, business and the resources industry sector. Clough also provides sporting sponsorships to promote physical activity, help build thriving communities and deliver ongoing benefits in youth and education – particularly in regional, rural and remote areas.

For further information about Clough's commitment to sustainability, please visit our website, [www.clough.com.au](http://www.clough.com.au).

## 3. UK Tax Policy

Clough's UK tax policy follows:

### Tax risk

Tax risk involves the potential for changes in tax related assets and liabilities resulting from mistake or uncertainty as to application of the tax law to Clough's UK business activities and transactions. Tax risk extends beyond financial consequences to reputational risk with stakeholders.

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## **Tax risk management**

Taxes are to be managed with the objective that tax compliance obligations are met and all tax liabilities properly due under the law are correctly recorded, accounted for and paid (or adequately provided for where not yet due).

Clough undergoes an annual internal audit of financial controls & reporting, which includes the review and evaluation of tax controls in place to ensure Clough complies with tax laws and regulations by assessing the following:

- Tax filings are submitted within statutory deadlines
- Any tax payments are made in accordance with the Clough governance principles
- The tax function is responsible for managing and reporting the half and full-year tax effect process and recognising income tax expense and tax assets and liabilities in accordance with accounting standards.

## **Tax planning**

Clough balances tax planning with tax risk management by adopting valid and supportable positions that are monitored on an ongoing basis. In doing so, Clough will consider the legal, business and operational requirements of stakeholders while having regard to the UK tax law and administrative guidance.

## **Significant transactions**

The tax implications of all significant UK transactions are to be considered by Clough's tax team prior to Clough proceeding with the transaction. A transaction is significant if it materially affects Clough's compliance, operational, financial or strategic outcomes or processes.

## **Prohibition on entering into tax driven transactions**

Clough will not enter into a non-commercial transaction for the purpose of achieving tax benefits. Clough will only enter into a commercial transaction where:

- the transaction does not have as its main purpose the obtaining of a tax benefit; and
- the transaction is not otherwise likely to attract the operation of a tax anti-avoidance rule.

Clough does not incorporate and trade through companies located in tax havens.

Clough is to comply with UK and OECD transfer pricing principles in relation to international related party dealings.

## **Tax positions**

At a minimum, Clough will only adopt a tax position that is more likely than not to be correct (a greater than 50% likelihood of being correct).

## **Tax advisers**

Clough will ensure the risk stance of any tax adviser used by Clough aligns with Clough's tolerance of tax risk as set out in these principles.

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### **Document retention**

Clough will have a tax document retention standard that at least meets the minimum requirements for tax purposes in the UK.

### **Relationship with HM Revenue & Customs (HMRC)**

Consistently with Clough's Code of Conduct, Clough approaches our dealings with revenue authorities wherever we operate around the world in accordance with the principles of honesty and integrity.

Clough and its tax advisers seek to work with HMRC in an open, collaborative, courteous and professional manner. In particular, Clough commits to:

- Responding to queries and information requests in a timely fashion; and
- Seeking to resolve issues with HMRC in a timely manner, and by agreement where possible.

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