

United Kingdom Tax Strategy

Clough Limited – March 2021

1. Introduction

Clough is a pioneering engineering and construction company established in 1919 in Perth, Western Australia. Clough delivers sustainable 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, 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 focuses its expertise on delivering sustainable and fit-for-purpose project engineering, procurement, construction, commissioning, operations and maintenance solutions. The Group delivers its capabilities into the resources, industrial, energy, water and specialised infrastructure sectors.

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 2021 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 2021, Clough's UK entities are:

- Clough (UK) Limited;
- BWA (Holdings) Limited; and
- Booth Welsh Automation Limited.
- ITech (Troon) Limited
- ITech (Scotland) 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:

Health

At Clough, our number one priority is the health and wellbeing of our staff and their families. We offer a selection of initiatives to help ensure our staff put their health and wellbeing first.

Achieve Zero Harm is one of Clough's principles. We work sustainably and continue to set new safety and performance benchmarks every single day.

Clough is monitoring the COVID-19 situation and we are using our expertise and pandemic plans to reduce and mitigate its impact to our business globally.

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

Community

The Clough Foundation is Clough's charitable trust and it provides support to organisations, communities or causes that provide sustainable benefits to society. Aligning with Clough's five-pillar Corporate Social Responsibility program, the Foundation aims to provide sustained benefits to local communities in which Clough operates by supporting sustainability, indigenous engagement, diversity and children & youth initiatives.

Scholarships and Sponsorships

Since the establishment of the Scholarship Program in 1972, Clough has awarded more than 300 scholarships to engineering students across a wide range of disciplines including civil, construction management, mechanical, mechatronic, electrical, process, environmental and ocean engineering. For further information about Clough's commitment to sustainability, please visit our website: www.cloughgroup.com/sustainability.

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.

Personnel

The tax function is overseen by the Group Tax Manager with a direct reporting line to the Chief Financial Officer. The group has experienced tax and finance staff who are abreast in tax compliance and advisory matters for the group. Personnel remained well informed and are able to respond to changes in both the commercial and compliance landscape.

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.

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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.

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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