

United Kingdom Tax Strategy

Clough Limited - March 2019

1. Introduction

Clough Limited is the holding company for the Clough group, which is ultimately owned by Murray & Roberts Holdings Limited, a South African based multinational group listed on the Johannesburg Stock Exchange.

Clough provides engineering, construction, commissioning and asset support services to the Hydrocarbons, Marine, Minerals, and Infrastructure markets in Australia, Asia, Africa, Papua New Guinea, United Kingdom (UK), United States of America and Canada.

Clough provides services that span through the full asset lifecycle. We engineer to construct, construct to commission, operate and maintain facilities, optimising safety, productivity and cost across every phase of a project.

Established in 1919, Clough's services are underpinned by a dedication to project delivery excellence that has spanned 100 years.

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 2019, 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 2019, 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.

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).

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.

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:

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- A horizontal decorative bar with a green-to-white gradient and a fine, dotted texture, spanning the width of the page.
- 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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