

# Delivering a more sustainable world

TAX CONTRIBUTION REPORT 2022

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## Foreword from our Chief Financial Officer



**Tiernan O'Rourke**  
Chief Financial Officer

Welcome to Worley Limited's (Worley's) Tax Contribution Report for the year ended 30 June 2022 (FY22), our seventh consecutive Tax Contribution Report. In preparing this report, Worley has followed the recommendations of the Board of Taxation's Tax Transparency Code ("the Code").

In publishing this report, we welcome the opportunity to provide readers with an outline of our tax activities and our tax contributions across the globe. These tax contributions benefitted the 46 jurisdictions in which Worley operated during FY22 and in this report we provide specific details of the contributions made across 8 of our key jurisdictions.

This report provides a breakdown of these contributions as well as information about our approach to tax governance and strategy, information about our effective tax rate, and details of our international related party dealings. We are publishing this information now as the majority of the Group's FY22 tax returns have now been lodged.

Whilst not required by the Code, we also provide commentary to allow a better understanding of the tax information published by the Australian Taxation Office ("ATO") in relation to Worley Limited's consolidated income tax return for the year ended 30 June 2021.

2022 was an exciting year for Worley and our 51,000+ staff around the world. We delivered improved financial results and continued to be driven by our purpose to deliver a more sustainable world. Our commitment to transparency and strong compliance globally is a key part of our focus on sustainability.

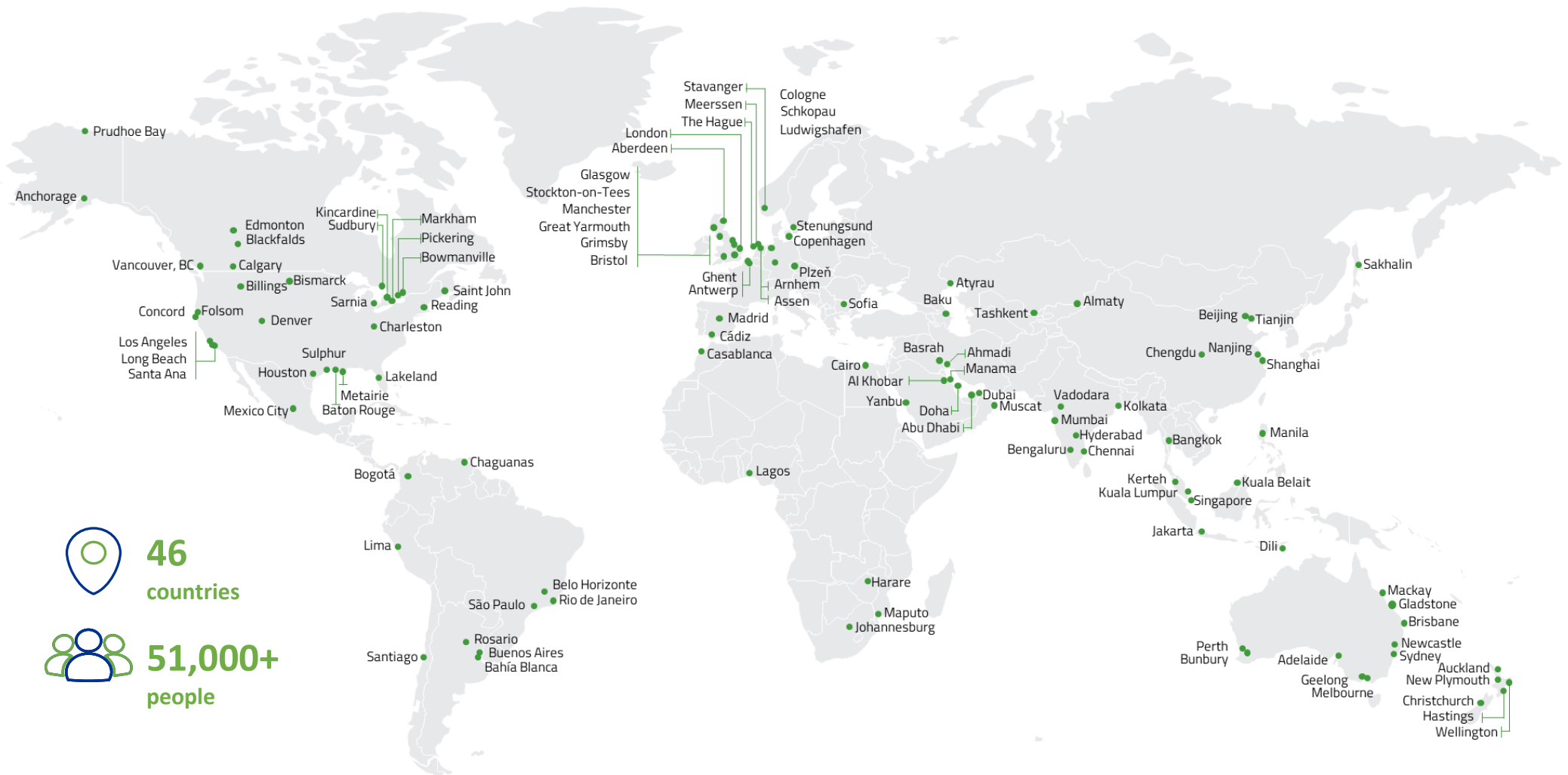
We are proud to present this report to highlight our global tax profile and demonstrate how our tax contributions and activities benefit the many countries in which we operate.



Worley acknowledges and pays respect to the past, present and future Traditional Custodians of Country throughout Australia and extends this acknowledgement and respect to First Peoples in all countries in which we operate. In Australia, it is Aboriginal and Torres Strait Islander Peoples who have cared for and sustained this land, its animals, plants and waters for more than 60,000 years. We recognise the continuation and importance of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander Peoples.

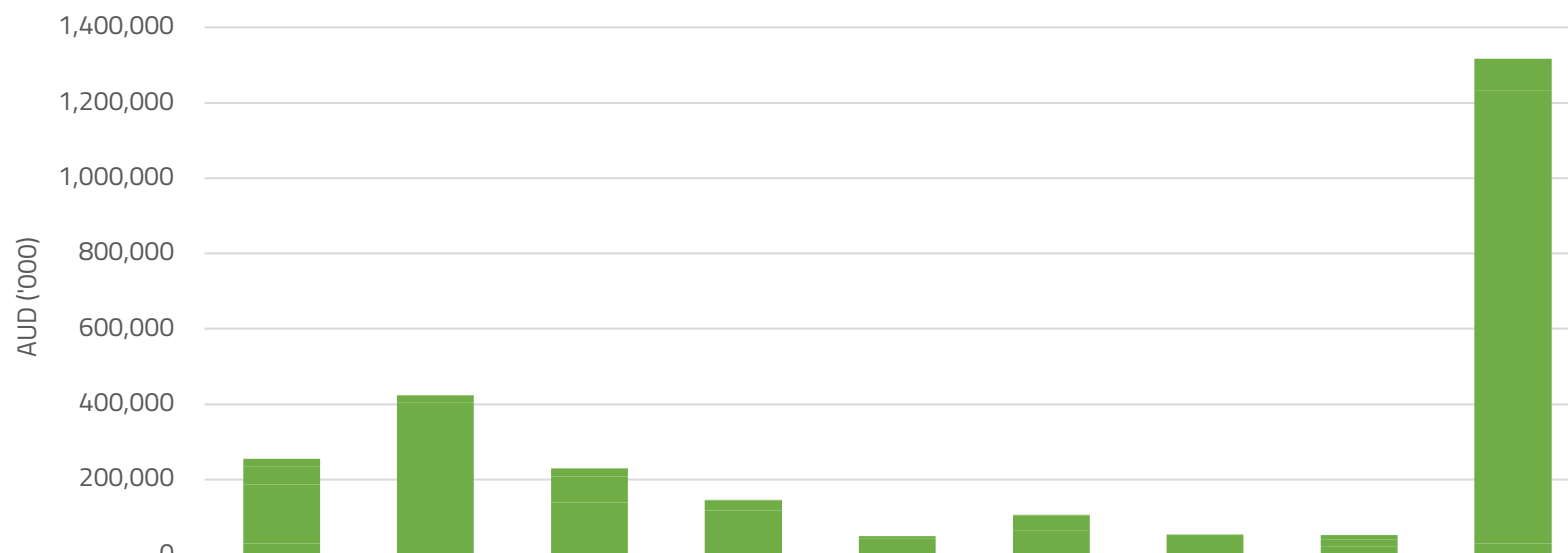
Artwork by Baard Baniol artist Marlie Albert from Broome, Western Australia, for Worley.

## GLOBAL TAX CONTRIBUTIONS – Worley makes tax contributions in 46 countries



Map of the world showing Worley office locations at 30 June 2022. Staff number as at 30 June 2022.

## Snapshot of Worley's tax contributions across 8 key operating jurisdictions in FY22



	Australia	United States of America	Canada	United Kingdom	Saudi Arabia	Netherlands	Norway	India	Total
Corporate income tax [1]	21,582	20,166 [4]	21,129	270	6,238	844	1,938	11,356	83,523
Net indirect taxes [2]	46,447	0	69,557	26,783	44,313	41,100	0	18,363	246,563
Employment related taxes [3]	157,919	403,962	138,972	117,776	0	63,375	52,767	22,541	957,312
Other taxes and payments	29,428	0	0	0	0	0	0	0	29,428
<b>Total</b>	<b>255,376</b>	<b>424,128</b>	<b>229,659</b>	<b>144,829</b>	<b>50,551</b>	<b>105,320</b>	<b>54,705</b>	<b>52,259</b>	<b>1,316,827</b>

Includes withholding taxes paid in foreign jurisdictions

<sup>2</sup> Indirect taxes (such as GST/VAT) collected on sales, less indirect taxes paid on purchases.

<sup>3</sup> Includes PAYG, PAYE and other amounts withheld and remitted to government authorities by Worley entities on behalf of employees

<sup>4</sup> Includes US state taxes

## Our Governance, Policy, and Strategy



### Accountability & Governance

Worley has a long-established Tax Corporate Governance framework which has been approved by our Board and seeks to ensure that our tax obligations continue to be met. The Tax Corporate Governance Board Policy, which is part of this framework, also seeks to formalise and document the responsibilities of the Worley tax function as expected by the Board, particularly in relation to tax risk management.

Worley's tax strategy and principles apply to all our operations in all jurisdictions.

Worley management reports at least semi-annually to the Board in relation to tax risks and adherence to tax strategy.

Worley employs appropriately qualified and trained tax professionals with the right levels of expertise and understanding.



### Compliance

Worley seeks to comply with the tax legislation of the countries in which we operate.

Worley puts in place strong compliance procedures to ensure accurate and complete tax returns, submitted by their due dates.

Taxes will be managed with the objective that all tax liabilities properly due under the law are paid, recorded, and accounted for.

Worley will not seek to artificially reduce its tax obligations. However, in order to preserve shareholder value, it will also seek to ensure that it does not enter into arrangements whereby it pays more than the appropriate level of tax, as determined under the laws of the countries in which we operate.

All intercompany transactions will be undertaken in accordance with the arm's length principle.



### Business Structure

Worley is transparent about the entities that it owns around the world.

Worley pays tax on profits according to where value is created within the normal course of commercial activity.

All transactions and dealings are subject to thorough review processes and, where relevant, escalated to the Board for approval to ensure the transaction gives rise to a low level of tax risk. We will not engage in arrangements where the sole purpose is to create a tax benefit in excess of what is reasonably understood to be intended by relevant tax rules.



### Relationship with Authorities

Worley strongly believes that the fostering of strong relationships with revenue authorities is critical to the proper management of tax risk.

We seek to maintain a positive relationship with revenue authorities with the aim of enabling an efficient and collaborative hearing of any tax issues that arise. We are open and transparent with tax authorities, responding to enquiries in a straight-forward and timely manner.

Where there is significant uncertainty about how tax rules apply to our business Worley will, wherever possible, seek to enter into early dialogue with the relevant authorities

## International related party dealings – FY22

Worley operates through subsidiaries, branches and joint ventures in 46 countries across six continents, all of which are subject to local tax regimes.

Our Australian business (“Worley Australia”) enters into various international related party dealings with our overseas operations and these dealings are summarized below:

- Engineering services – fees for technical engineering and related services obtained from / provided to a Worley affiliate in relation to a client project.
- Global support services – fees received and paid for a range of strategic, operational and administrative support services provided to Worley affiliates on a regional and global basis, including business strategy, quality assurance, marketing, legal, risk management, treasury services, etc. Worley Australia centralises and recharges global support service costs for the Worley Group.
- Marketing intangible license fees – royalties received from Worley affiliates who license Worley Australia’s suite of intangible assets.
- Intra-group loans – interest received and paid for intra-group loans typically required to support working capital and other cash requirements across the Worley Group.
- Other related party transactions which include software license recharges, insurance charges and reimbursements of certain business related costs incurred by Worley Australia on behalf of other group entities.

The table provides a summary of the total value of these international related party dealings for Worley Australia for the financial year ended 30 June 2022.

International related party dealing	Primary counterparty countries	Revenues (A\$M)	Expenses (A\$M)
<b>Engineering services</b>	India, United Kingdom, Chile, Singapore, United States, South Africa, Canada, New Zealand, Saudi Arabia, China	<b>42.1</b>	<b>(48.6)</b>
<b>Global support services</b>	United States, Canada, United Kingdom, Netherlands, India, Singapore, Oman, Saudi Arabia, Malaysia, Germany	<b>290.8</b>	<b>(351.4)</b>
<b>Marketing intangible license fees</b>	United States, Canada, United Kingdom, Netherlands, Oman, Germany, Singapore, New Zealand, Mongolia, Bulgaria	<b>43.9</b>	-
<b>Intra-group loans (interest)</b>	Canada, United States, United Kingdom, Norway, South Africa, Chile, Papua New Guinea, Kuwait, Singapore, Hong Kong	<b>20.0</b>	<b>(5.9)</b>
<b>Other</b>	India, Canada, United Kingdom, Saudi Arabia, Netherlands, United States, Oman, China, Singapore, Qatar	<b>161.4</b>	<b>(2.0)</b>
<b>Total</b>		<b>558.2</b>	<b>(407.9)</b>

## Effective tax rate and reconciliation of accounting profit to income tax expense

Description	Australia AUD '000	Global Group AUD '000
Accounting profit / (loss) before tax	66,587	294,000
Income tax expense	14,906	117,200
Effective tax rate	<b>22.4%</b>	<b>39.9%</b>

Worley calculates its effective tax rate as income tax expense divided by accounting profit before tax.

We note that the effective tax rate for our Australian operations is 22.4% – i.e. below the Australian corporate tax rate of 30%. This is mainly due to the fact that the accounting profit before tax of the Australian operations includes repatriated profits from our overseas companies and branches. These profits are not subject to tax under Australia's tax laws as they have already been subject to tax in the foreign jurisdiction.

### Reconciliation of accounting profit to income tax expense

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Worley Australia Tax Consolidated Group	AUD '000
Profit Before Tax	<b>66,587</b>
At the statutory income tax rate of 30%	<b>19,976</b>
<i>Increase in income tax expense due to:</i>	
Controlled foreign company income	6,480
Non-deductible amortization of performance rights	6,000
Non-deductible foreign exchange losses	7,539
Other non-deductible expenses	6,158
Non-creditable withholding taxes	15,000
<i>Decrease in income tax expense due to:</i>	
Exempt overseas dividends	(24,814)
Exempt foreign branch income	(2,289)
Other deductible expenses	(3,855)
Under /(over) provision for prior financial period	(6,675)
Prior period amendments	(8,614)
Income tax expense	<b>14,906</b>

Worley Global Group	A\$'000
Profit Before Tax	<b>294,000</b>
At the statutory income tax rate of 30%	<b>88,200</b>
<i>Increase in income tax expense due to:</i>	
Non-deductible amortisation of performance rights	6,000
Non-creditable withholding taxes	15,000
Valuation allowance against certain deferred assets	9,000
Non-deductible impairment of associates	2,000
Differences in overseas tax rates and other items	12,000
<i>Decrease in income tax expense due to:</i>	
Utilisation of tax losses not previously recognised	(4,000)
Share of net losses of equity accounted associates	(2,000)
Under/(over) provision for prior financial period	(7,000)
Tax expense per FY22 Annual Report	<b>117,200</b>

## Effective cash tax rate and reconciliation of tax expense to current year tax payable

Worley Global Group	AUD '000
<b>FY22 Tax expense</b>	<b>117,200</b>
<i>Movement in temporary differences</i>	
Provisions & accruals	(3,000)
Unbilled contract revenue	(7,000)
Prepayments	(1,000)
Allowance for impairment of trade receivables	(4,000)
Other temporary differences	(12,200)
Deferred tax on intangibles	(39,000)
Net foreign exchanges losses / (gains)	(1,000)
Under/over provision from prior year	7,000
<b>Tax payable in respect of FY22 profits (1)</b>	<b>57,000</b>

Worley Global Group	AUD '000
<b>Accounting profit before tax</b>	<b>294,000</b>
Income Taxes paid per FY22 cashflow statement (2)	58,000
<b>Effective cash tax rate</b>	<b>19.7%</b>

[1] Tax payable in respect of current year profits prior to any available credits or tax offsets. In any income year, there will be a difference between the income tax expense calculated and the total income tax payable to the relevant tax authorities. This is due mainly to the impact of timing (or temporary) differences where the income and expense recognition criteria is different for accounting and tax purposes.

[2] There will be timing differences between the income taxes payable for an income year and the total income tax actually paid to tax authorities during that year. This is due to a variety of factors, including the timing of corporate income tax instalment payments, as well as final tax payments being made (or refunds received) in respect of prior periods following the submission of tax returns.



## ATO tax transparency disclosures

### ATO public disclosure

In December 2022, the ATO published the following information in respect of Worley Limited's Australian income tax return (ITR) for the year ended 30 June 2021.

<b>Total income</b>	<b>\$1,562,640,843</b>
<b>Taxable income</b>	<b>\$45,916,624</b>
<b>Tax payable</b>	<b>\$0</b>

### Total Income

Total income reported in the ITR represents gross income for accounting purposes – that is, income before any expenses are taken into account. Total income is not an indicator of the real, economic or taxable profits of an organisation. To illustrate this, below is a reconciliation of Worley's Limited's total income to accounting profit for the year ended 30 June 2021.

<b>Total income</b>	<b>\$1,562,640,843</b>
<b>Less: Total expenses</b>	<b>\$1,405,672,499</b>
<b>Accounting Profit</b>	<b>\$156,968,344</b>

### Reconciliation of profit to taxable income

A reconciliation of Worley Limited's accounting profit to taxable income for the year ended 30 June 2021, as reported in the ITR, is set out below. Worley utilized brought forward tax losses to reduce taxable income. Tax payable was fully offset by franking credits and foreign income tax offsets.

<b>Accounting profit before tax</b>	<b>156,968,344</b>
<b>Add:</b>	
<b>Other assessable income</b>	<b>93,448,672</b>
<b>Non-deductible expenses</b>	<b>127,893,927</b>
<b>Subtract:</b>	
<b>Deduction for decline in depreciating assets</b>	<b>(39,444,864)</b>
<b>Capital works deductions</b>	<b>(1,001,758)</b>
<b>Section 40-880 deduction</b>	<b>(392,588)</b>
<b>Non-assessable income</b>	<b>(241,938,300)</b>
<b>Other deductible amounts</b>	<b>(49,616,809)</b>
<b>Taxable income</b>	<b>45,916,624</b>
<b>Tax @ 30%</b>	<b>13,774,987</b>
<b>Less:</b>	
<b>Franking credits/foreign income tax offsets utilised</b>	<b>(13,774,987)</b>
<b>Tax payable</b>	<b>0</b>

### Non-assessable income

Dividends received by the Worley Australian consolidated group from its overseas subsidiaries and profits from its overseas branches are included in the accounting profit before tax, however these are then excluded from taxable income under Australia's tax laws, as they have already been subject to tax in the foreign jurisdiction.

### Foreign income tax offsets

The Worley Australian consolidated tax group generates assessable income from overseas, which is included in its ITR. In some instances, foreign tax has been paid on that income in another country. Where this occurs, Worley is able to claim foreign tax offsets in respect of tax paid on assessable income to avoid double taxation.

### Other assessable income

This item relates primarily to controlled foreign company attributable income and timing differences in respect of certain accruals and provisions.

### Non-deductible expenses

This item relates primarily to accounting depreciation, amortization of performance rights and timing differences in respect of certain accruals and provisions.

### Other deductible amounts

This item relates primarily to timing differences in respect of certain accruals and provisions.