

fact sheet

economic contribution report for year ended 31 December 2021

Chevron Australia Holdings Pty Ltd

foreword

Chevron is one of the world's leading integrated energy companies and through its Australian subsidiaries, has been present in Australia for more than 60 years. Chevron Australia Holdings operates the Gorgon and Wheatstone natural gas facilities which represent an investment of \$80-plus billion* and are creating enduring economic benefits on a scale never before seen in Australia. The company also manages its equal one-sixth interest in the North West Shelf Venture; operates Australia's largest onshore oilfield on Barrow Island; and is a significant investor in exploration.

In July 2020, Chevron re-entered the downstream market in Australia through the acquisition of Puma Energy (Australia) Holdings Pty Ltd. The new organization, Chevron Australia Downstream, operates or supplies a network of more than 360 retail locations primarily under the Puma brand, an extensive 24-hour diesel stop network, 14 depots and three seaboard import terminals.

Since 2009 Gorgon and Wheatstone have delivered a range of benefits to Western Australia and the broader nation, including:

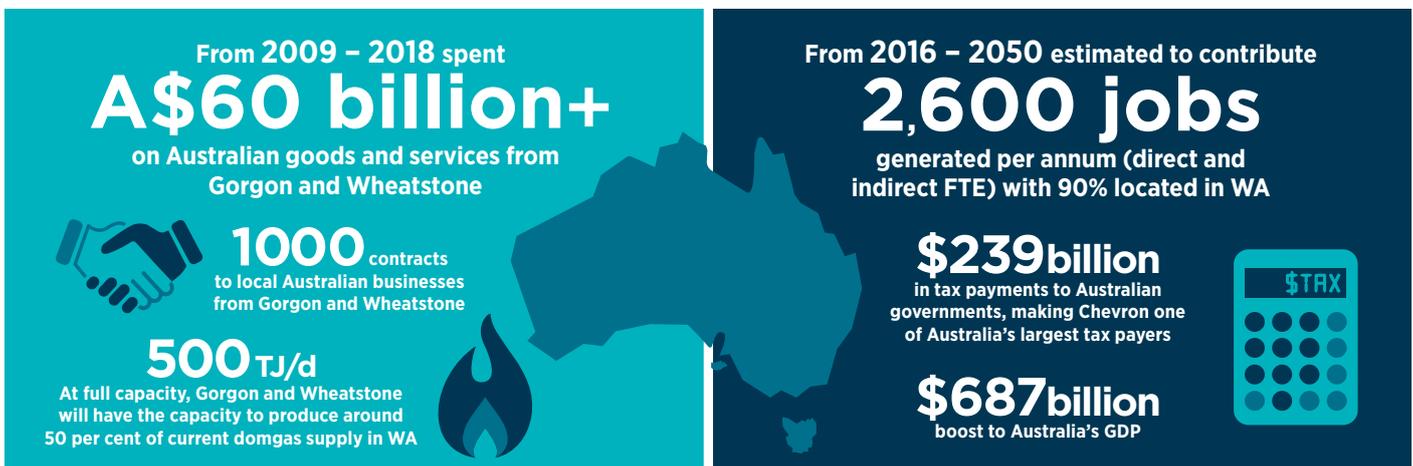
- **\$67 billion** in local content.
- **1,000 contracts** to local Australian businesses from Gorgon and Wheatstone Projects.

- **19,000 construction jobs** created in construction.
- **Domestic gas security** – At full capacity, Gorgon and Wheatstone will have the capacity to produce 500TJ/d of domgas, around 50 per cent of current domgas supply in WA.

In addition, according to a recent independent analysis by ACIL Allen, the economic impact of Chevron's projects in Australia between 2016 and 2050 will be:

- **\$239 billion** in tax payments to all levels of Australian government, making Chevron one of Australia's biggest tax payers.
- **\$94 million** in average annual payroll tax payments to the WA government, enough to fund 6 new primary schools each year.
- **2,600 jobs** generated per annum (direct and indirect FTE) with 90% located in Western Australia.
- **\$687 billion** boost to Australia's GDP, equal to 3 times the size of the WA economy in 2016-17.

Chevron is committed to paying its fair share of taxes. Since 2009, Chevron has paid around \$7 billion in Australian state and federal taxes and royalties. Forecasts show by the early to mid-2020s, Chevron will pay \$2 billion to \$3 billion a year in federal and state taxes and royalties.



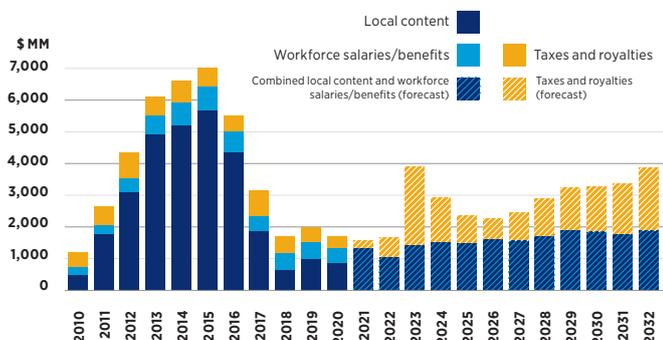
*ACIL Allen independent analysis on the economic impact of Chevron's projects in Australia between 2016 and 2050

Investment in Australia

While the direct economic impact of Chevron's projects has been extraordinary, limiting these benefits to its direct economic impact would sell its value short. Chevron plays a significant role across many aspects of the Australian economy and the community more generally. Since 2009:

- More than **\$53 million** has been invested into universities and research institutes to help build local academic excellence and research capability.¹
- Almost **\$300 million** has been committed to community investments, including **\$250 million** to critical and social infrastructure in Onslow associated with the Wheatstone Project.¹
- Nearly **\$1.6 billion** has been spent on exploration activities in Australia, resulting in a record 25+ offshore discoveries.

Chevron Australia Holdings Direct Economic Contribution



This graph shows Chevron's share of the local content and workforce payments from Gorgon and Wheatstone. Chevron holds 47 percent of Gorgon and 64 percent of Wheatstone.

Cautionary Statement: This chart contains forward looking information relating to Chevron Australia's operations that are based on management's current expectations. This information does not guarantee future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond the company's control and difficult to predict. Actual results may differ materially from those in the forward looking information.

Taxes paid across the lifecycle of major projects

Major oil and gas projects operate at a loss for much of their economic lives, particularly in the investment and build-up stages. Chevron has invested billions of dollars upfront in exploring the Carnarvon Basin (offshore WA) and developing the Gorgon and Wheatstone gas projects – on seismic surveys, exploration drilling, and the construction of the subsea and LNG plant infrastructure. During this period, the projects have no revenue, but, only costs.

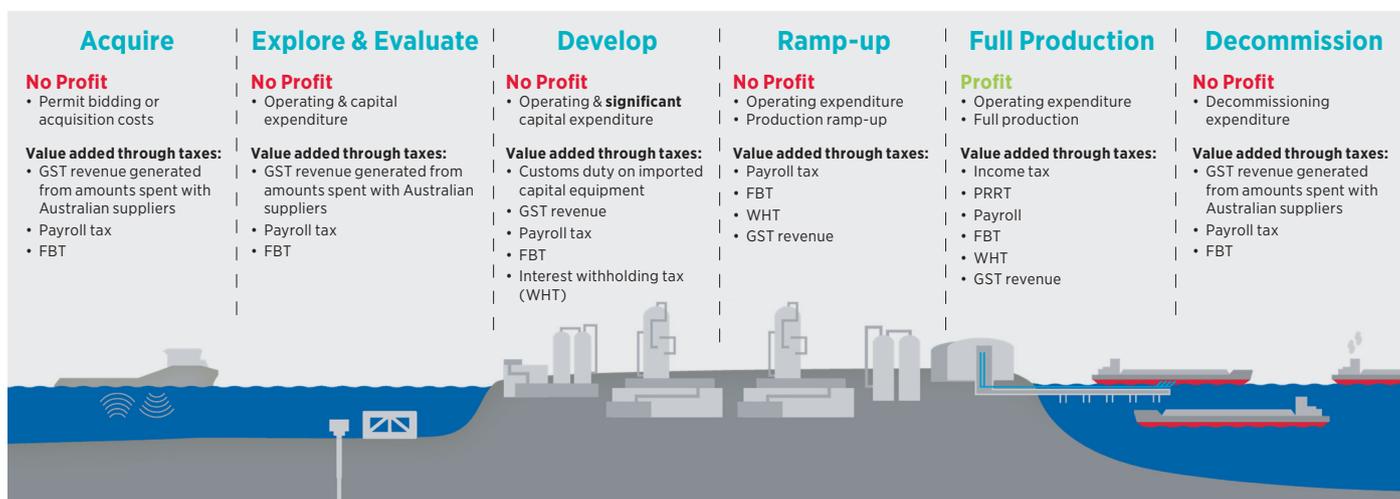
For example, the Gorgon gas field was discovered in 1980 and the LNG project was sanctioned in 2009. The first LNG cargo was not exported until 2016. In the intervening 36 years since first discovery, Chevron spent billions of dollars but did not realise profit. Although the absence of profit naturally limits income taxes and PRRT payable, a range of other taxes were paid during construction of both Gorgon and Wheatstone.

Chevron's future income tax and royalty contribution

During 2018, we commissioned ACIL Allen to undertake an independent analysis of the projected economic contribution from Chevron's activities in Australia between 2016-2050. The report forecasts Chevron Australia Holdings will become one of Australia's largest tax paying organisations through its projects. Payments to all levels of government from Chevron's projects are estimated to total \$239 billion and at an average of \$6.9 billion per annum. This will be enough to build 6 new Perth Children's Hospitals each and every year to 2050.²

Ongoing investment in expansion projects

The multi-billion dollar Gorgon Stage 2 (GS2) and Jansz-lo Compression (J-IC) expansion projects will maintain future gas supply to the Gorgon facility's three existing LNG trains and domestic gas plant. These projects are adding additional wells and subsea infrastructure to the Gorgon and Jansz-lo gas fields, from which significant local content benefits and employment will flow across project management, drilling and completion activities and subsea infrastructure installation.



1 | Represents 100% total project investment

2 | \$1.1 billion, sourced from the 2017-18 WA Budget

Ongoing benefits in Operations

The sheer size of benefits during the construction phase should not overshadow the enduring benefits of the 50-year operational life of the projects, through employment, industry, local communities, domestic gas and taxation revenues. Now the plants are operating, they have an operating budget of more than \$1 billion a year, delivering high paying jobs and local contracts, with local content of over 80 percent. Investment in new gas fields to backfill our gas plants and major plant turnarounds will also drive ongoing economic opportunities.

voluntary tax transparency code

Chevron adopted the Board of Taxation's Voluntary Tax Transparency Code (TTC) in 2017. Our TTC disclosures for the year ended 31 December 2021 are outlined below.

our approach to tax

Tax policy, strategy and governance

Australia has robust but complex and evolving tax laws. This complexity and dynamic nature of the law sometimes means the law is not entirely clear and the ATO may have differing views. Our philosophy is to be open and transparent in our engagement with the ATO.

Chevron Australia Holdings is a Top 100 public and multinational taxpayer. For the 2020 year, for income tax, we were categorised by the ATO as a key taxpayer with significant concerns. This represents an improved risk rating from 2017. Chevron Australia Holdings is categorised as a key taxpayer for PRRT and GST.

The spectrum of our engagement with the ATO ranges from compliance reviews, audits and disputes. We seek advance rulings on complex and uncertain tax matters, as well as contributing to the development of relevant public rulings and interpretive guidance.

Chevron is vitally interested in tax policy that is stable, fair and competitive for our significant, long-term investments in Australia. Chevron is contributing to the current broader tax reform process in Australia through its membership of the Australian Petroleum Production & Exploration Association, the Corporate Tax Association and the Business Council of Australia.

Chevron is also subject to the US Sarbanes-Oxley laws that require us to have strong governance processes in place regarding our tax positions. Our governance processes are subject to both internal audit and external audit by PricewaterhouseCoopers on an annual basis.

chevron australia holdings tax contribution summary for corporate taxes paid

Type	2009 to 2020 (A \$ Millions)	2021 (A \$ Millions)	Total (A \$ Millions)
Royalties	\$ 2,478	\$ 166	\$ 2,644
Income Tax	\$ 1,172	\$ 0	\$ 1,172
Excise	\$ 1,116	\$ 48	\$ 1,164
Interest Withholding Tax	\$ 980	\$ 125	\$ 1,105
Payroll Tax	\$ 477	\$ 37	\$ 514
Fringe Benefits Tax	\$ 389	\$ 8	\$ 397
Other Withholding Taxes	\$ 27	\$ 1	\$ 28
GST - Denied Input Tax Credits	\$ 7	\$ 0	\$ 7
Total	\$ 6,646	\$ 386	\$ 7,032

information to be disclosed by the ATO

In December 2022, it is expected the Commissioner of Taxation will publicly disclose the following details in respect of Chevron Australia's income tax return for the year ended 31 December 2020 (in lieu of the 30 June 2021 income year).

ABN	60 098 079 344
Total Income	A\$9,163,203,498
Taxable Income	A\$113,056,783
Income Tax Payable	A\$30

We note that total income represents Chevron Australia's 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 any organisation.

Chevron Australia generated an accounting loss before tax of US\$3.1 billion for the year ended 31 December 2020. Taxable income for the year was A\$113 million.

Tax payable was reduced to A\$30 as Chevron Australia Holdings had non-refundable research and development credits of A\$31 million from research and development spend during the year.

In 2021, Chevron Australia Holdings moved to an income tax payable position after extinguishing remaining historical tax losses generated from allowable deductions associated with investment in the Gorgon and Wheatstone projects.

Information about international related party dealings

Chevron's cross border dealings must not only comply with domestic Australian law but also international tax laws and principles. In approaching our tax obligations, we comply with the letter and the spirit of the law, in-line with our stringent global code of business ethics.

The information below has been extracted from Chevron Australia Holdings Annual Report for the year ended 31 December 2021.

The following transactions occurred with international related parties:	2021 US \$ 000's	2020 US \$ 000's
Sale of goods	\$ 3,880,329	\$ 1,567,032
Interest and finance costs	\$ 914,589	\$ 1,067,223
Recharges to other related parties	\$ 4,718	\$ 3,977
Purchased product of hydrocarbons	\$ 591,381	\$ 351,703

Interest and finance costs

Interest and finance costs incurred in the year relate to funds advanced by our immediate parent company in the US. These funds were borrowed principally to fund the construction of the Gorgon and Wheatstone Projects and to fund ongoing operations.

Related party sales

An affiliate in Singapore purchases crude oil, condensate and LNG from our Australian operations. The fee paid to our affiliate in Singapore in relation to product sales was less than 1% of the value of those sales.

Reconciliation of accounting profit to tax expense and to income tax paid or income tax payable

Chevron Australia Holdings prepares General Purpose Financial Statements annually. These are available publicly through the Australian Securities and Investment Commission. Selected information from the Annual Report for the year ended 31 December 2021, which is relevant to this fact sheet, has been reproduced:

Income tax expense	2021 US \$ 000's	2020 US \$ 000's
Current tax		
Current tax on profits for the year	\$ (91,468)	\$ 1,729
Adjustments for current tax of prior periods	\$ (10,504)	\$ 1,164
	\$ (101,972)	\$ 2,893
Deferred income tax		
Current year deferred tax	\$ (1,367,809)	\$ 1,258,493
Adjustments for deferred tax of prior periods	\$ 10,094	\$ 984
	\$ (1,357,715)	\$ 1,259,477
Total income tax expense	\$ (1,459,686)	\$ 1,262,370

Numerical reconciliation of income tax expense to prima facie tax payable

	2021 US \$ 000's	2020 US \$ 000's
Profit / (Loss) from continuing operations before income tax expense	\$ 3,984,649	\$ (3,074,911)
Tax at the Australian tax rate of 30%	\$ (1,195,395)	\$ 922,473
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Adjustment in respect of prior periods	\$ (410)	\$ 2,148
(Non deductible expenditure) / Non assessable income	\$ (405)	\$ (7,990)
Net foreign exchange gains / (losses)	\$ (1,801)	\$ 23,552
Resource Rent Royalty	\$ 67,015	\$ 5,318
Petroleum Resource Rent Tax	\$ (335,170)	\$ 310,855
Research & development expenditure	\$ 6,296	\$ 5,617
Sundry items	\$ 184	\$ 397
Income tax benefit/(expense)	(1,459,686)	1,262,370

Accounting effective company tax rates for Australian and global operations

Chevron Corporation publishes the effective tax rate for its global operations in its annual report – please refer to chevron.com/annual-report

