tax transparency report

year ended december 2022

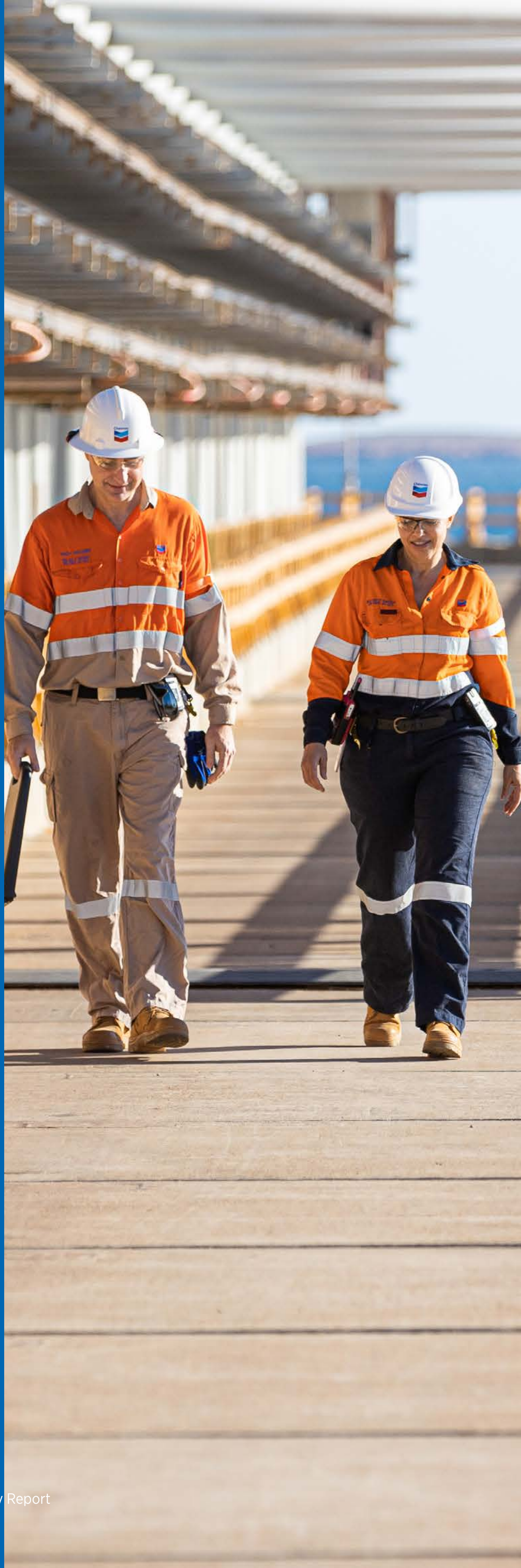
Chevron Australia Holdings Pty Ltd

we are proud to confirm that since 2009 chevron australia has paid over

A$12 billion

in a variety of corporate taxes including over **A$4.2 billion** in australian company income tax for the 2022 year

in this report



foreword

I welcome the opportunity to present the Chevron Australia[1] Tax Transparency Report for the period **1 January to 31 December 2022**. Chevron Australia is committed to tax transparency and adopted the Board of Taxation's Voluntary Tax Transparency Code in 2017.

We are proud to confirm that Chevron Australia has paid over A$12 billion in a variety of corporate taxes since 2009[2]. During 2022 and 2023, we have paid over A$4.2 billion in company income tax relating to the period 1 January 2022 to 31 December 2022. In 2022 alone, our corporate tax cash payments totaled over A$1.2 billion, which included income tax, royalties, excise, interest withholding tax, payroll tax, fringe benefits tax and other withholding taxes.

Chevron Australia operates the Gorgon and Wheatstone natural gas facilities, producing reliable, affordable energy for Western Australia and the Asia Pacific region. Gorgon and Wheatstone are mega-projects, costing Chevron Australia and our joint venture participants over A$80 billion to construct. It is appropriate that Australia's taxation regime allows major projects to recover a portion of their capital costs before becoming tax payable. In 2021, Chevron Australia returned to an income tax payable position and in 2022, we became one of Australia's largest taxpayers.

During 2022, the Federal Government enacted a temporary levy on Australian offshore petroleum production to recover the Commonwealth's costs of decommissioning the oil fields and associated infrastructure abandoned by the insolvent operator of the Laminaria and Corallina oil fields. Chevron Australia estimates it will pay approximately 22 percent of these decommissioning costs, despite having no interest or involvement in the oil fields. An annual levy is payable based on Chevron Australia's proportion of Australian offshore production and for the 2021-2022 period, we paid over A$88 million.

In 2023, the Federal Government announced changes to the Petroleum Resource Rent Tax (PRRT), which applies to offshore gas producers. PRRT is a 'super profits tax', meaning producers who made significant investments in offshore gas projects could make deductions for their capital and other costs before being eligible to pay the tax. It is a tax paid on top of existing taxes, including income tax. The changes proposed by the Federal Government introduce a 90 percent cap on deductions, resulting in 10 percent of PRRT revenue being subject to 40 percent tax immediately. If these proposals become law, Chevron Australia expects to be paying PRRT in 2024 and future years.

In the coming months, there may be some confusion when the Australian Taxation Office (ATO) releases its 2021-2022 annual data on corporate income tax, due to the timing of the release. The ATO's 2021-2022 data release looks back to Chevron's 2021 tax year (the period from 1 January 2021 to 31 December 2021) in which we paid A$149 million in income tax. It is important to note that this data is historical, and since then we have already paid billions of dollars more in income tax.

We understand the community's expectations of companies to pay our fair share of tax. We hope you find this tax transparency information useful in understanding our tax contribution.

Steve Callaghan
General Manager – Finance
October 2023

1. In this report, a reference to Chevron Australia means Chevron Australia Holdings Pty Ltd and such terms as "we", "us" and "our" referes to Chevron Australia Holdings Pty Ltd.
2. This represents amounts paid since 2009 up until July 2023 and includes income tax, royalties, interest withholding tax, royalty withholding tax, fringe benefits tax, payroll tax, excise, GST denied input tax credits and other minor withholding taxes.

about us

chevron has been part of australian energy since 1952

From discovering oil off the Western Australian coast to spearheading Australia's ascendancy as a global liquefied natural gas (LNG) powerhouse, to pioneering carbon capture and storage technology – we've changed as the world's energy needs have changed.

Our story began when a subsidiary of Chevron (then known as Standard Oil of California), joined with Ampol to form West Australian Petroleum (WAPET).

Over the next two decades, WAPET was involved in several oil field discoveries including Western Australia's largest ever oil discovery on Barrow Island off the north-west coast. This discovery led to the creation of our WA Oil business, which has produced more than 330 million barrels of oil over its lifetime.

While oil production was our beginning in Australia, LNG has been our transformation.

It started with our share in Australia's first LNG facility, the North West Shelf Project, which began exporting in 1989, and continued when Chevron and our joint venture participants invested more than A$80 billion in two of the world's largest LNG projects, Gorgon on Barrow Island and Wheatstone, near Onslow.

Gorgon exported its first LNG cargo in 2016 and Wheatstone achieved first LNG production a year later.

Together, Gorgon and Wheatstone have the capacity to produce 24.5 million tonnes of LNG each year for delivery to customers across the Asia Pacific region.

Gorgon and Wheatstone also play a significant role in supporting the Western Australian economy and community, with capacity to produce over 45 percent of the state's current natural gas supply for use in electricity generation and in key industries like mining, minerals processing and manufacturing.

At Chevron, we believe the future of energy is lower carbon and in Australia, we're continuing our evolution as we strive to produce ever-cleaner energy for a growing world.

Both Gorgon and Wheatstone have scope one net zero by 2050 greenhouse gas management conditions in place, setting a path for us to meet the growing demand for energy in our region while reducing net emissions. At Gorgon, we're deploying carbon capture and storage technology on an unprecedented scale and have safely abated more than 8.5 million tonnes of greenhouse gases since 2019.

We're also working with research institutions, our natural gas customers, and innovative local businesses to advance cleaner energy solutions for a brighter tomorrow.

With world-class assets and the ingenuity of our people, we're helping to keep Australia at the forefront of energy.

key tax highlights

cash payments

1.273 A$billion

total corporate tax cash payments

(paid between January and December 2022)

income tax liability

over **4.2 A$billion**

for 1 January 2022 to 31 December 2022

(paid during 2022 and 2023)

corporate taxes

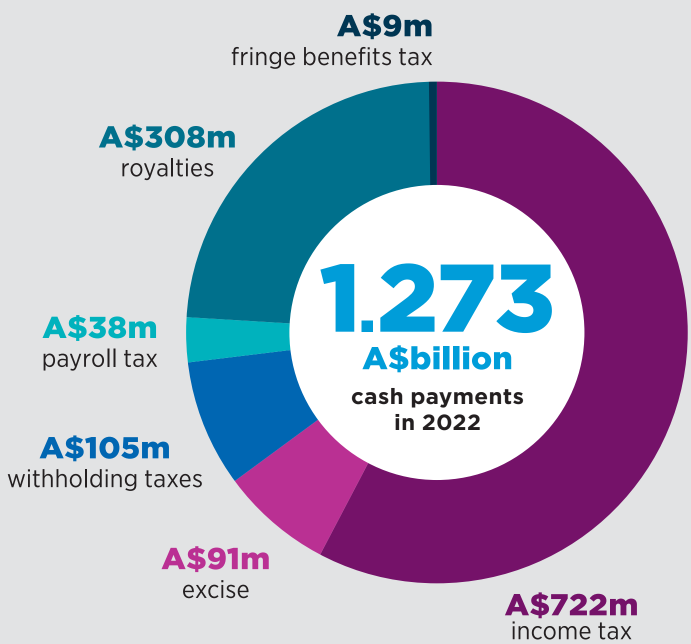
over **12 A$billion**

corporate taxes paid since 2009

Chevron Australia says it paid over **A$4.2 billion** in income tax for 2022, but this graph shows that only **A$722 million** in **income tax** was paid in 2022. What's the reason for this discrepancy?

There is a time lag between the due date for tax payments and the year those tax payments relate to. The adjacent graph shows that A$722 million was paid in 2022, which related to both the 2021 and the 2022 tax years. For the 2022 tax year, Chevron Australia's income tax liability, which totaled over A$4.2 billion was paid in 2022 and 2023.

The majority of the payment was due in June 2023 and will appear as an amount paid in Chevron Australia's tax transparency report for next year.



our approach

to tax and tax transparency

Chevron Australia is an advocate for tax transparency and adopted the Board of Taxation's Voluntary Tax Transparency Code back in 2017. 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.

Chevron is also subject to the US Sarbanes-Oxley laws that mandate strong governance processes regarding our tax positions. Our governance processes are subject to both internal audit and external independent audit on an annual basis.

We are part of the ATO's 'top 100' public and multinational businesses and super funds with substantial economic activity related to Australia, and our philosophy is to have an open and transparent relationship with the ATO. We engage extensively with the ATO on issues such as compliance reviews and audits. We seek rulings from the ATO on complex and uncertain tax matters, as well as contributing to the development of relevant public rulings and interpretive guidance.

For further information regarding Chevron Corporation's approach to tax and transparency, please refer to following document on our website:

https://www.chevron.com/-/media/chevron/sustainability/documents/approach-to-tax-and-transparency.pdf

It's great that Chevron Australia is **paying billions** in income tax now, but shouldn't you have been paying **income tax** – and lots of it – all along?

It's true that for a number of years prior to 2021, Chevron Australia incurred negligible or no income tax liability. That's because Chevron Australia and our joint venture participants spent over A$80 billion from 2009 to 2018 constructing the Gorgon and Wheatstone natural gas projects. The significant capital costs relating to the construction of Gorgon and Wheatstone are tax deductible and, as a result, Chevron Australia operated in a tax loss until 2021, meaning our tax revenue was less than our tax expenses.

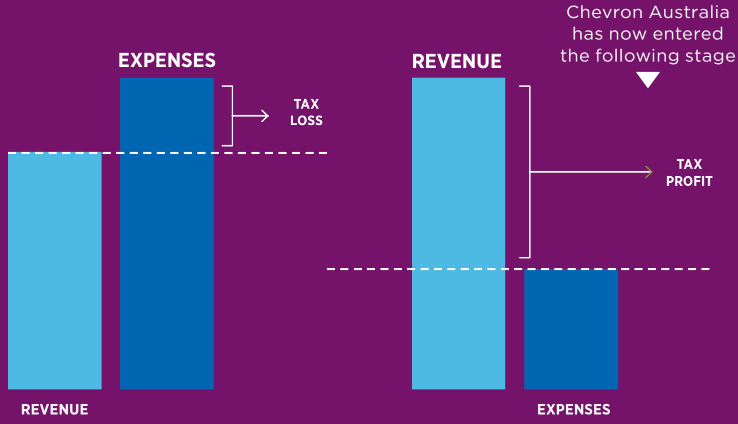
It is common for businesses to operate in losses for several years while they are starting up. This is because large capital costs may be incurred to purchase or build assets, which will be used in future operations over a long period.

For example, before a gym can start operating, it will incur significant one-off capital costs for gym equipment such as treadmills, weights and elliptical trainers as well other capital costs such as changing room fit outs. In this example, assume the gym's capital equipment is expected to last five years and the cost can be offset over five years against revenue. It is reasonable that the gym would operate at a loss and no tax would be paid during the first five years, despite having membership sales. The losses will be able to be carried forward and offset against revenue in future years.

These are called carry forward tax losses. It would be misleading to look at the sales revenue in isolation without looking at the operating and capital expenses incurred in generating that revenue.

Due to the capital expenses, it may take several years before the gym returns a taxable profit. These concepts are no different in the context of natural gas projects, except the capital spend is on a much larger scale and the capital assets are intended to last for several decades. Chevron Australia and our joint venture participants spent more than A$80 billion in building our capital assets and it took less than five years after achieving full production from Gorgon and Wheatstone for carry forward losses to be utilised and for Chevron Australia to be in an income tax payable position. The 2022 year will be the second year that we have been in an income tax payable position.

During this initial start-up phase, despite not paying any income tax, Chevron Australia still paid billions in other corporate taxes.



Acquire
No Profit
Permit bidding or acquisition costs

Value added through taxes: GST revenue; Payroll tax; Fringe Benefits Tax (FBT).

Explore & Evaluate
No Profit
Operating & capital expenditure

Value added through taxes: GST revenue; Payroll tax; FBT

Develop
No Profit
Operating & **significant** capital expenditure

Value added through taxes: Customs duty on imported capital equipment; GST revenue; Payroll tax; FBT; Interest withholding tax (WHT).

Ramp-up
No Profit
Operating expenditure and production ramp-up

Value added through taxes: Payroll tax; FBT; WHT; GST revenue.

Full Production
Profit
- Operating expenditure
- Full production

Value added through taxes: Income tax; PRRT; Payroll tax; FBT; WHT; GST revenue.

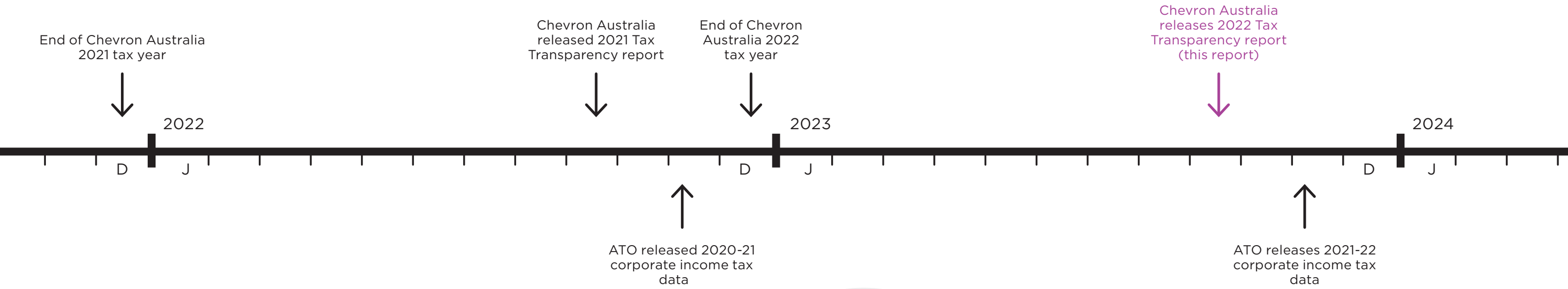
Decommission
No Profit
Decommissioning expenditure

Value added through taxes: GST revenue; Payroll tax; FBT.

ATO disclosures

financial year and calendar year

In late 2023, the ATO will publicly disclose the 2021-2022 annual data on corporate income tax. For Chevron Australia, the ATO's 2021-2022 report relates to 1 January 2021 to 31 December 2021, rather than 1 July 2021 to 30 June 2022. This timeline shows the release of ATO data and its applicability to Chevron Australia:



The ATO's 2021-2022 report will disclose the following information about Chevron Australia:

ABN	60 098 079 344
Total Income	A$11,912,052,408
Taxable Income	A$608,144,476
Income Tax Payable	A$148,968,055

Total Income represents Chevron Australia's gross income for accounting purposes, which is income (revenue) before any expenses are taken into account. Total Income is not an indicator of the real, economic, or taxable profits of any organisation as it does not include any expenses.

In 2021, Chevron Australia's taxable income was reduced by over A$1.8 billion due to historical carried forward tax losses. These tax losses were generated in prior years from allowable deductions associated with our investments in the Gorgon and Wheatstone projects and were utilised in 2021. Income tax payable was reduced to A$149 million due to credits of A$33 million from research and development activities undertaken during the year.

Will Chevron Australia continue paying large amounts of income tax **into the future?**

Like most businesses, we can't predict the exact amount of income tax we will be paying in the future as it is dependent on a number of unknowns, such as our profit, which is driven by factors like the oil and gas prices, foreign exchange rates and production volumes and can change on a regular basis.

Now that our natural gas facilities are past the initial start-up phase and in full production, we expect we will continue to make profits and pay significant income tax for decades to come as we continue to recover our initial investments in Gorgon and Wheatstone.

Why is Chevron Australia paying income tax but not paying any **Petroleum Resource Rent Tax?**

This is due to the differences between income tax and petroleum resource rent tax (PRRT). Income tax is a profits-based tax, which means tax is payable as soon as a company is earning a profit. PRRT is a super-profits tax, which means no PRRT is payable until a project has recovered all of its costs and achieved a defined economic return. By design, PRRT is not payable until well after income tax is payable, and later in a project's life.

The Australian Government has proposed new tax legislation to introduce a 90% cap on PRRT deductions. The changes will result in 10% of PRRT revenue being subject to 40% tax immediately. If these proposals become law, the rules would apply from 1 July 2023 and Chevron Australia expects to be paying PRRT in 2024 and future years.

reconciliations

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

Chevron Australia Holdings prepares audited General Purpose Financial Statements annually which are available publicly through the Australian Securities and Investment Commission. Relevant information from the company's audited Annual Report for the year ended 31 December 2022 is shown below.

Income tax expense

	2022 US $ 000's	2021 US $ 000's
Current tax		
Current tax on profits for the year	**$ (3,197,728)**	$ (91,468)
Adjustments for current tax of prior periods	**$ (18,511)**	$ (10,504)
Total current tax (expense) / benefit	**$ (3,216,239)**	$ (101,972)
Deferred income tax		
Current year deferred tax	$ (198,682)	$ (1,367,809)
Adjustments for deferred tax of prior periods	$ 17,525	$ 10,094
Total current tax (expense) / benefit	$ (181,157)	$ (1,357,715)
Total current tax (expense) / benefit	**$ (3,397,397)**	**$ (1,459,686)**

Numerical reconciliation of income tax expense to prima facie tax payable

	2022 US $ 000's	2021 US $ 000's
Profit / (Loss) from continuing operations before income tax expense	$ 11,536,407	$ 3,984,649
Tax at the Australian tax rate of 30%	$ (3,460,922)	$ (1,195,395)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Adjustment in respect of prior periods	$ (986)	$ (410)
(Non deductible expenditure) / Non assessable income	$ (28,802)	$ (405)
Net foreign exchange gains / (losses)	$ 22,950	$ (1,801)
Resource Rent Royalty	$ 55,803	$ 67,015
Petroleum Resource Rent Tax	$ 9,124	$ (335,170)
Research & development expenditure	$ 5,281	$ 6,296
Sundry items	$ 157	$ 184
Income tax benefit/(expense)	**$ (3,397,397)**	**(1,459,686)**

Why is your accounting profit **different** to your taxable income?

It is common for a business to have different accounting profit to taxable income as accounting rules and tax rules differ in several ways. This can result in your taxable income being higher or lower than your accounting profit. A key difference for Chevron Australia is that our accounting profit is calculated in U.S. dollars whereas our tax liability is calculated in Australian dollars. Another key difference is between the tax and accounting depreciation rules that apply to the capital expenditure on Gorgon and Wheatstone.

international related party dealings

Chevron's international related party dealings must comply not only with Australian law but also international tax laws and principles. We comply with the letter and spirit of the law in line with our stringent global code of business ethics.

The Tax Transparency Code requires companies to disclose dealings with international related parties, as there is a public interest in ensuring international related party dealings are being conducted at arm's length. The information below has been extracted from the Chevron Australia Holdings audited Annual Report for the year ended 31 December 2022:

The following transactions occurred with international related parties:	2022 US $ 000's
Sale of goods	$ 7,645,350
Interest and finance costs	$ 761,408
Recharges to other related parties	$ 5,692
Purchased product of hydrocarbons	$ 737,048

Here is some important information to know about our international related party dealings:

Related party sales
A Chevron affiliate in Singapore purchases crude oil, condensate and LNG from our Australian operations on market standard terms.

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 originated from Chevron's operations and were borrowed principally to fund the construction of the Gorgon and Wheatstone Projects. The interest rate has been agreed with the ATO.

Why do you deal with other Chevron companies outside of Australia? Is it to shift your profits offshore and reduce the tax you pay in Australia?

Chevron Australia is an Australian company and part of a larger worldwide group of companies that operate in numerous countries across the globe. We interact with Chevron companies all around the world as part of our normal business operations.

When we conduct business with Chevron companies outside of Australia, we ensure our dealings comply with the 'arm's length' principle and Australian tax law is being applied appropriately so that the correct amount of Australian tax is paid.

effective tax rates

for the 2022 tax year

Chevron Australia's accounting effective income tax rate for 2022 per the audited General Purpose Financial Statements is **29.45%**.

	2022 US $ 000's
Profit / (Loss) from continuing operations before income tax expense	$ 11,536,407
Income tax expense	$ (3,397,397)
Accounting effective income tax rate	29.45%

The Tax Transparency Code requires companies to disclose an effective tax rate which excludes PRRT and other non-income tax related items that are required to be included in the accounting effective tax rate. Chevron Australia's Tax Transparency Code effective tax rate is **30.00%**.

	2022 US $ 000's
Profit/(Loss) from continuing operations before income tax expense	$ 11,536,407
Income tax expense (accounting)	$ (3,397,397)
Tax Transparency Code adjustments	$ (63,941)
Tax Transparency Code company tax expense	$ (3,461,338)
Tax Transparency Code effective tax rate	30.00%

Chevron Corporation publishes the effective income tax rate for its global operations in its audited annual report.

The worldwide effective income tax rate for 2022 was 28.3%.

For more information, please refer to **chevron.com/annual-report**

"We are pleased to confirm that Chevron Australia has paid **A$4.2 billion in Australian company income tax for the 2022 year**. This is a significant milestone and one we are proud of achieving after investing more than **$A80 billion** to construct the Gorgon and Wheatstone mega-projects, together with our joint venture partners.

We look forward to continuing our significant contribution to the Australian economy for many decades to come."

the human energy company®

australia.chevron.com