

**REPORT ON PAYMENTS TO GOVERNMENTS  
FOR THE YEAR 2018**







## REPORT ON PAYMENTS TO GOVERNMENTS FOR THE FINANCIAL YEAR 2018

### Introduction

This Report on payments to governments (hereinafter referred to as “Report”) made on an annual basis by Cementir Holding Group complies with information obligations required under the Italian Legislative Decree No. 139 of August 18, 2015, which enacted Directive 2013/34/EU as the Group is active in the extractive and logging industries.

In particular the Report is required to “large undertakings” as well as “public-interest entities”, involved in the exploration, prospection, discovery, development and extraction of minerals, oil, natural gas deposits or other materials, including those used by Cementir Holding Group for the production of cement, ready-mixed concrete and aggregates, if applicable.

In addition, Italian Legislative Decree No. 25 of February 15, 2016, which enacted Directive 2013/50/EU (Transparency II) added a new article 154-quarter to Consolidated Financial Act (TUF) extending to listed companies involved in the above sectors and whose home member State is Italy, the obligation to prepare and publish such a Report on payments to governments at a consolidated level and in accordance with the provisions of the Legislative Decree No. 139/2015.

This Report is available for download from [www.cementirholding.it](http://www.cementirholding.it) and it was filed with the Rome Company’s Registration Office on June 27<sup>th</sup>, 2019.



## BASIS FOR PREPARATION

### Legislation and Scope

This consolidated Report has been prepared pursuant to the Transparency Directive (2013/50/EU - *Transparency II* i.e) and in accordance with the disclosure of Payments to Governments required under Chapter 10 of the EU Directive 2013/34/EU (hereafter “Directive”) incorporated into Italian law by Legislative Decree No. 139/2015.

This Report includes payments to governments made by the consolidated subsidiaries undertakings and not even by the parent company Cementir Holding SpA, as it is a holding company, within the financial year 2018. Based on this regulatory framework, the scope of consolidation corresponds to that of the consolidated financial statements of Cementir Holding as at 31 December 2018 in accordance with IFRSs.

### Activities

This Report discloses cash payments and in-kind payments made to governments by Cementir Holding Group arising from extractive activities of limestone, aggregates, gypsum, chalk, slate, building stones or other materials for producing cement and ready-mixed concrete.

### Government

Government refers to any national, regional or local authority of a EU Member State or of third country (including departments, governmental bodies and agencies) as well as any undertakings controlled by an authority. Under the Directive 2013/34/EU the term control is identified with the obligation of including the accounts of the controlled entity in the consolidated financial statements of the controlling entity (Art. 41.3 Directive and Art. 1 Legislative Decree 139/2015).

### Project

Payments are reported at project level except that payments that are not attributable to a specific project are reported at entity level, generally as “Amounts non-allocated to projects”.

Project is defined as operational activities which are governed by a single contract, license, lease, concession or similar legal agreements and form the basis for payment liabilities with a government. If such agreements are substantially interconnected, those agreements are to be treated as a single project (Art. 41.4 Directive).

“Substantially interconnected” means forming a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government giving rise to payment liabilities. Indicators of integration include, but are not limited to, geographic proximity, the use of shared infrastructure and common operational management.

These projects mainly concern quarries or gravel and sand pits.



## Payments

Payment means an amount paid, whether in cash or in kind, resulting from extractive operations within the financial year (Art. 41.5 Directive and Art. 1 Legislative Decree 139/2015). In particular:

- Payments made by cash are reported in the period in which they are paid;
- In-kind payments, based on the underlying production delivery, are reported on an accrual basis. They are converted to an equivalent cash value based on the most appropriate and relevant valuation method for each payment (at cost or market value or such value as stated in the contract) and are reported in both volumes and the equivalent cash value.

The payments listed in this report on payments relate to cash payments. In the 2018 financial year, no reportable payments in kind corresponded to or exceeded individually or in total the disclosure threshold.

The Directive mentions the following payment types:

- **Production entitlements:** these are payments to governments based on the volume of output, as mandated in any agreement or license. This mandated volume based calculations can be paid in cash or in-kind, and can be net of any other royalty payments. In-kind payments are converted to a euro amount based on the market price prevailing at the date of settlement.
- **Taxes:** represents taxes levied on the income, production or profits of corporations. It also includes withholding taxes paid on dividends, interest, royalties and services. Taxes levied on consumption such as value added taxes, personal income taxes or sales taxes are excluded. Taxes levied on the income, production or profits of corporations are included in “Amounts non–allocated to projects”.
- **Royalties:** these are payments to governments in respect of revenue or production related to the extractive activities.
- **Dividends:** these are dividend that are paid in lieu of production entitlements or royalties, excluding dividends paid to a government as an ordinary shareholder. For the year ended December 31, 2018, there were no reportable dividend payments to a government.
- **Bonuses:** these are payments to governments related to awards, grants, or transfer of extraction rights. Payments can be in the form of periodic payments or a fixed amount upon signing of a contract, or an achievement of certain production levels or targets and discovery of additional mineral resources or deposits. For the year ended December 31, 2018, there were no reportable payments to a government.



- **License fees, rental fees, entry fees and other considerations for licenses and/or concessions:** these are fees and other sums paid as consideration for acquiring a license for gaining access to an area where extractive activities are performed. Administrative government fees that are not specifically related to the extractive sector are excluded. Also excluded are payments made in return for services provided by a government.
- **Construction or improvement of Infrastructure:** these are payments which relate to the construction or improvement of infrastructure (road, bridge or rail) not substantially dedicated for the use of extractive activities. Payments which are of a social investment in nature, for example building of a school or hospital, are excluded. For the year ended December 31, 2018, there were no reportable payments to a government.

### **Materiality**

The regulation provides that payments below EUR 100,000 made in the reporting period are not reported, whether made as a single payment or as a series of related payments. (Art. 43.1 Directive).

### **Exchange rate**

Payments made in currencies other than Euro are translated for this Report based on the foreign exchange rate at the relevant average annual rate.



## REPORT ON PAYMENTS TO GOVERNMENTS 2017

### PAYMENTS OVERVIEW

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Denmark	1,019	13,673	-	-	-	390	-	15,082
Norway	-	1,740	-	-	-	16	-	1,756
Sweden	-	1,323	-	-	-	219	-	1,542
Belgium	-	15,072	188	-	-	-	-	15,260
France	-	279	-	-	-	-	-	279
Turkey	-	2,128	490	-	-	581	-	3,199
Egypt	-	3,217	-	-	-	-	-	3,217
China	-	4,281	-	-	-	32	-	4,313
Malaysia	-	671	186	-	-	-	-	857
<b>Total</b>	<b>1,019</b>	<b>42,384</b>	<b>864</b>			<b>1,238</b>		<b>45,505</b>

## DENMARK

### PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Central Government "SKAT", Aalborg	1,019	13,673	-	-	-	390	-	15,082
<b>Total</b>	<b>1,019</b>	<b>13,673</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>390</b>	<b>-</b>	<b>15,082</b>

### PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Granite	-	-	-	-	-	77	-	77
Aalborg chalk quarry	312	-	-	-	-	-	-	312
Tranum sand quarry	707	-	-	-	-	-	-	707
Amounts non-allocated to projects	-	13,673	-	-	-	313	-	13,986
<b>Total</b>	<b>1,019</b>	<b>13,673</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>390</b>	<b>-</b>	<b>15,082</b>



## NORWAY

### PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Central Government	-	1,740	-	-	-	16	-	1,756
<b>Total</b>	<b>-</b>	<b>1,740</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>1,756</b>

### PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Amounts non-allocated to projects	-	1,740	-	-	-	16	-	1,756
<b>Total</b>	<b>-</b>	<b>1,740</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>1,756</b>

## SWEDEN

### PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Central Government "Svenska Skatteverket", Solna	-	1,323	-	-	-	219	-	1,542
<b>Total</b>	<b>-</b>	<b>1,323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219</b>	<b>-</b>	<b>1,542</b>

### PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Gravel	-	-	-	-	-	219	-	219
Amounts non-allocated to projects	-	1,323	-	-	-	-	-	1,323
<b>Total</b>	<b>-</b>	<b>1,323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219</b>	<b>-</b>	<b>1,542</b>





## BELGIUM

### PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Region of Wallone	-	3,119	188	-	-	-	-	3,307
Central Governemnt "Ministère de Finance Belgique"	-	11,953	-	-	-	-	-	11,953
<b>Total</b>	-	<b>15,072</b>	<b>188</b>	-	-	-	-	<b>15,260</b>

### PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Antoing quarry	-	119	-	-	-	-	-	119
Barry quarry	-	38	6	-	-	-	-	44
Clypot quarry	-	42	-	-	-	-	-	42
Amounts non-allocated to projects	-	14,873	182	-	-	-	-	15,055
<b>Total</b>	-	<b>15,072</b>	<b>188</b>	-	-	-	-	<b>15,260</b>

## FRANCE

### PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Direction Générale des impôts	-	279	-	-	-	-	-	279
<b>Total</b>	-	<b>279</b>	-	-	-	-	-	<b>279</b>

### PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Amounts non-allocated to projects	-	279	-	-	-	-	-	279
<b>Total</b>	-	<b>279</b>	-	-	-	-	-	<b>279</b>



## TURKEY

### PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Treasury Tax Administration	-	-	490	-	-	-	-	490
General Directorate of Forestry	-	-	-	-	-	408	-	408
General Directorate of Mining Affairs	-	-	-	-	-	173	-	173
Central Government	-	2,128	-	-	-	-	-	2,128
<b>Total</b>	-	<b>2,128</b>	<b>490</b>	-	-	<b>581</b>	-	<b>3,199</b>

### PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Trakya limestone quarry	-	-	141	-	-	47	-	188
Izmir limestone quarry	-	-	202	-	-	378	-	580
Mugla limestone quarry	-	-	10	-	-	29	-	39
Kars limestone quarry	-	-	52	-	-	26	-	78
Elazig limestone quarry	-	-	85	-	-	101	-	186
Amounts non-allocated to projects	-	2,128	-	-	-	-	-	2,128
<b>Total</b>	-	<b>2,128</b>	<b>490</b>	-	-	<b>581</b>	-	<b>3,199</b>

## EGYPT

### PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Central Government	-	3,217	-	-	-	-	-	3,217
<b>Total</b>	-	<b>3,217</b>	-	-	-	-	-	<b>3,217</b>

### PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Amounts non-allocated to projects	-	3,217	-	-	-	-	-	3,217
<b>Total</b>	-	<b>3,217</b>	-	-	-	-	-	<b>3,217</b>



## CHINA

### PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Municipality of Anqing	-	199	-	-	-	32	-	231
Central Government	-	4,082	-	-	-	-	-	4,082
<b>Total</b>	-	<b>4,281</b>	-	-	-	<b>32</b>	-	<b>4,313</b>

### PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Anqing limestone quarry	-	199	-	-	-	32	-	231
Amounts non-allocated to projects	-	4,082	-	-	-	-	-	4,082
<b>Total</b>	-	<b>4,281</b>	-	-	-	<b>32</b>	-	<b>4,313</b>

## MALAYSIA

### PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Treasury Department of the State of Perak	-	-	186	-	-	-	-	186
Central Government	-	671	-	-	-	-	-	671
<b>Total</b>	-	<b>671</b>	<b>186</b>	-	-	-	-	<b>857</b>

### PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Ipoh limestone quarry	-	-	186	-	-	-	-	186
Amounts non-allocated to projects	-	671	-	-	-	-	-	671
<b>Total</b>	-	<b>671</b>	<b>186</b>	-	-	-	-	<b>857</b>