

**REPORT ON PAYMENTS TO GOVERNMENTS
FOR THE YEAR 2020**





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REPORT ON PAYMENTS TO GOVERNMENTS FOR THE FINANCIAL YEAR 2020

Introduction

Cementir Holding is a Dutch public limited company resulting from the conversion of the Italian joint-stock company (Cementir Holding S.p.A.) into a Dutch Naamloze Vennootschap (equivalent to an Italian joint-stock company), following the transfer of the Company's registered office from Italy to the Netherlands (hereinafter referred to also as the "Cross Border Conversion").

The transfer of the Company's registered office to Amsterdam, the Netherlands (Zuidplein 36, 1077 XV), approved by the extraordinary shareholders' meeting of 28 June 2019, was finalised on 5 October 2019.

On the same date, the Board of Directors of the Company has resolved to establish a secondary and operational office in Italy, at Corso di Francia, 200, Rome, Italy. The tax residence of the Company has remained in Italy. The Company continues being listed in the STAR segment of the Milan Stock Exchange, where it has been listed since 1955. Cementir Holding has elected the Netherlands as home Member State for the purposes of Article 2(1) of the Directive 2004/109/EC of the European Parliament and the Council of 15 December 2004 (the so-called "Transparency Directive").

This Report on payments to governments (hereinafter referred to as "Report") made on an annual basis by Cementir Holding Group, active in the extractive and logging industries, complies with information obligations required under Directive 2013/34/EU of June 26, 2013, as enacted by Dutch legislation, in particular Section 2:392a and 2:394 Dutch Civil Code (DCC), under general administrative regulation of November 20, 2015 and under Section 5:25e Financial Supervision Act (*"Wet op het financieel toezicht"*).

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.

This Report is available for download from www.cementirholding.com and it was filed with the Netherlands Chamber of Commerce on June 24th, 2021.



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 Dutch legislation, in particular into Section 2:392a and 2:394 Dutch Civil Code (DCC), under general administrative regulation of November 20, 2015 and under Section 5:25e Financial Supervision Act (“*Wet op het financieel toezicht*”).

This Report includes payments to governments made by the consolidated subsidiaries undertakings and not even by the parent company Cementir Holding NV, as it is a holding company, within the financial year 2020.

Based on this regulatory framework, the scope of consolidation corresponds to that of the consolidated financial statements of Cementir Holding as at 31 December 2020 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).

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). 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 2020 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, 2020, 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, 2020, 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, 2020, 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 2020

PAYMENTS OVERVIEW

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Denmark	1,200	15,793	-	-	-	305	-	17,298
Norway	-	816	-	-	-	-	-	816
Sweden	-	1,575	-	-	-	91	-	1,666
Belgium	-	12,281	1,317	-	-	-	-	13,598
France	-	514	-	-	-	-	-	514
Turkey	-	731	620	-	-	522	-	1,873
Egypt	-	2,352	187	-	-	-	-	2,539
China	240	4,742	-	-	-	28	-	5,010
Malaysia	-	349	164	-	-	-	-	513
Total	1,440	39,153	2,288	-	-	946	-	43,827

DENMARK

PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Central Government "SKAT", Aalborg	1,200	15,793	-	-	-	305	-	17,298
Total	1,200	15,793	-	-	-	305	-	17,298

PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Granite	-	-	-	-	-	66	-	66
Aalborg chalk quarry	853	-	-	-	-	-	-	853
Tranum sand quarry	347	-	-	-	-	-	-	347
Amounts non-allocated to projects	-	15,793	-	-	-	239	-	16,032
Total	1,200	15,793	-	-	-	305	-	17,298



NORWAY

PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Central Government	-	816	-	-	-	-	-	816
Total	-	816	-	-	-	-	-	816

PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Amounts non-allocated to projects	-	816	-	-	-	-	-	816
Total	-	816	-	-	-	-	-	816

SWEDEN

PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Central Government "Svenska Skatteverket", Solna	-	1,575	-	-	-	91	-	1,666
Total	-	1,575	-	-	-	91	-	1,666

PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Gravel	-	-	-	-	-	91	-	91
Amounts non-allocated to projects	-	1,575	-	-	-	-	-	1,575
Total	-	1,575	-	-	-	91	-	1,666



BELGIUM

PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Municipality of Tournai, Hainaut	-	-	1,111	-	-	-	-	1,111
Region of Wallone	-	3,029	206	-	-	-	-	3,235
Central Governemnt "Ministère de Finance Belgique"	-	9,252	-	-	-	-	-	9,252
Total	-	12,281	1,317	-	-	-	-	13,598

PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Antoing quarry	-	35	37	-	-	-	-	72
Barry quarry	-	43	88	-	-	-	-	131
Clypot quarry	-	16	-	-	-	-	-	16
Amounts non-allocated to projects	-	12,187	1,192	-	-	-	-	13,379
Total	-	12,281	1,317	-	-	-	-	13,598

FRANCE

PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Direction Générale des impôts	-	514	-	-	-	-	-	514
Total	-	514	-	-	-	-	-	514

PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Amounts non-allocated to projects	-	514	-	-	-	-	-	514
Total	-	514	-	-	-	-	-	514



TURKEY

PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Treasury Tax Administration	-	-	620	-	-	-	-	620
General Directorate of Forestry	-	-	-	-	-	369	-	369
General Directorate of Mining Affairs	-	-	-	-	-	153	-	153
Central Government	-	731	-	-	-	-	-	731
Total	-	731	620	-	-	522	-	1,873

PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Trakya limestone quarry	-	-	126	-	-	42	-	168
Izmir limestone quarry	-	-	319	-	-	373	-	692
Mugla limestone quarry	-	-	13	-	-	28	-	41
Kars limestone quarry	-	-	55	-	-	37	-	92
Elazig limestone quarry	-	-	107	-	-	42	-	149
Amounts non-allocated to projects	-	731	-	-	-	-	-	731
Total	-	731	620	-	-	522	-	1,873

EGYPT

PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Central Government	-	2,352	187	-	-	-	-	2,539
Total	-	2,352	187	-	-	-	-	2,539

PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Amounts non-allocated to projects	-	2,352	187	-	-	-	-	2,539
Total	-	2,352	187	-	-	-	-	2,539



CHINA

PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Municipality of Anqing	240	331	-	-	-	28	-	599
Central Government	-	4,411	-	-	-	-	-	4,411
Total	240	4,742	-	-	-	28	-	5,010

PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Anqing limestone quarry	240	331	-	-	-	28	-	599
Amounts non-allocated to projects	-	4,411	-	-	-	-	-	4,411
Total	240	4,742	-	-	-	28	-	5,010

MALAYSIA

PAYMENTS BY GOVERNMENT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Treasury Department of the State of Perak	-	-	164	-	-	-	-	164
Central Government	-	349	-	-	-	-	-	349
Total	-	349	164	-	-	-	-	513

PAYMENTS BY PROJECT

(EUR '000)	Production entitlement	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure construction /improvements	Total
Ipoh limestone quarry	-	-	164	-	-	-	-	164
Amounts non-allocated to projects	-	349	-	-	-	-	-	349
Total	-	349	164	-	-	-	-	513