

# **Jardine Matheson Holdings Limited**

## **Extractive Sector; Payments to Governments Report 2016**

### Introduction

#### **Background**

The UK Reports on Payments to Governments Regulations 2014 (UK Regulations), as amended in December 2015, require UK companies in the extractive sector to publicly disclose payments made to governments in the countries where they undertake extractive operations. These UK Regulations enact domestic rules in line with Directive 2013/34/EU and apply to large UK incorporated companies that are involved in the exploration, prospection, discovery, development and extraction of minerals, oil, natural gas deposits, or other materials. The aim of Directive 2013/34/EU and the UK Regulations is to enhance transparency in the extractive sector by imposing reporting requirements relating to payments to governments.

The UK's Disclosure Guidance and Transparency Rules extend the disclosure requirements to companies that have securities listed on a UK regulated market, including Jardine Matheson Holdings Limited (in which PT Pamapersada Nusantara, a subsidiary of PT Astra International Tbk, is one of its subsidiaries).

#### **Reporting Entities**

This Report provides an overview of the payments to governments made by PT Pamapersada Nusantara and its subsidiary undertakings (hereinafter referred to as "Pama") for the year 2016 in respect of its activities in the extractive sector which are located in Indonesia.

#### **Extractive Activities**

Pama, through its indirect subsidiaries are engaged in extractive operations as a coal and gold mining concession holder in several locations in Indonesia (Central Kalimantan, South Kalimantan and West Nusa Tenggara). Pama is also involved in mining contracting activities for third parties.

### Reporting Principles

#### **Scope and validity**

This Report discloses payments made to governments for activities related to exploration, discovery, development and extraction for legal entities involved in extractive activities.

#### **Government**

Government includes any national, regional or local authority of a country, and includes a department, agency or undertaking (i.e. corporation) controlled by that authority.

## **Project**

Payment types are required to be reported by project. A project is defined as the operational activities that are governed by a single contract, licence, lease, concession or similar legal arrangements and form the basis for payment liabilities with a government. If multiple and such agreements are 'substantially interconnected', they are to be treated as a single project. 'Substantially interconnected' means forming a set of operationally and geographically integrated contracts, licences, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities.

## **Reporting Currency**

Amounts in this Report are expressed in US Dollars (USD). Payments to Government other than in USD are translated based on the average annual foreign exchange rate.

## **Materiality**

Payments made as a single payment, or as a series of related payments, that equal or exceed USD 105,660 (equivalent to GBP 86,000) during the year, are required to be disclosed.

## **Payment**

All payments on this Report are presented on cash basis.

### *i. Taxes*

These payments represent several taxes levied on the income, production or profits of companies. These include corporate income tax and land and building tax for mining sector. Value added taxes, personal income taxes, sales (export) taxes, land and building tax for non-mining sector, motor vehicle license and catering service taxes are excluded.

### *ii. Royalties*

These payments represent usage-based payments for the right to extract natural resources which are calculated by a specific percentage of sales amount.

### *iii. Fees*

These payments are typically levied on the right to use a geographical area for exploration, development and production. Administrative fees, payments for permits and payments for services provided by a government are excluded.

There were no payments to Government for dividends, bonuses, production entitlements and infrastructure improvements.

## Consolidated Overview

The consolidated overview discloses the sum of Pama's payments to Government in Indonesia which presented in Governments Report and Projects Report.

### **Governments Report**

The following table discloses the sum of Pama's payments per payment type to State Treasury (*Kas Negara*).

|                                         | Taxes       | Royalties  | Dividend | Bonuses | Fees      | Production Entitlements | Infrastructure Improvements | Total USD   |
|-----------------------------------------|-------------|------------|----------|---------|-----------|-------------------------|-----------------------------|-------------|
| State Treasury<br>( <i>Kas Negara</i> ) | 124,557,345 | 31,241,088 | -        | -       | 2,860,707 | -                       | -                           | 158,659,140 |

### **Projects Report**

The table below discloses the sum of Pama's payments per project and per payment type.

|                                          | Taxes              | Royalties         | Dividend | Bonuses  | Fees             | Production Entitlements | Infrastructure Improvements | Total USD          | Governments                 |
|------------------------------------------|--------------------|-------------------|----------|----------|------------------|-------------------------|-----------------------------|--------------------|-----------------------------|
| <b>Project</b>                           |                    |                   |          |          |                  |                         |                             |                    |                             |
| Kapuas, Central Kalimantan Project       | 689,214            | 30,320,191        | -        | -        | 2,625,623        | -                       | -                           | 33,635,028         | Kas Negara (State Treasury) |
| North Barito, Central Kalimantan Project | 195,674            | 343,020           | -        | -        | 235,084          | -                       | -                           | 773,778            | Kas Negara (State Treasury) |
| Banjar, South Kalimantan Project         | 306,753            | 577,877           | -        | -        | -                | -                       | -                           | 884,630            | Kas Negara (State Treasury) |
| <b>Entity Level Payment</b>              |                    |                   |          |          |                  |                         |                             |                    |                             |
| Pamapersada Nusantara                    | 119,399,465        | -                 | -        | -        | -                | -                       | -                           | 119,399,465        | Kas Negara (State Treasury) |
| Pama Indomining                          | 543,135            | -                 | -        | -        | -                | -                       | -                           | 543,135            | Kas Negara (State Treasury) |
| Multi Prima Universal                    | 5,498              | -                 | -        | -        | -                | -                       | -                           | 5,498              | Kas Negara (State Treasury) |
| Kalimantan Prima Persada                 | 3,417,606          | -                 | -        | -        | -                | -                       | -                           | 3,417,606          | Kas Negara (State Treasury) |
| <b>Total</b>                             | <b>124,557,345</b> | <b>31,241,088</b> | <b>-</b> | <b>-</b> | <b>2,860,707</b> | <b>-</b>                | <b>-</b>                    | <b>158,659,140</b> |                             |

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