2020
UNIVERSAL REGISTRATION DOCUMENT

eramet

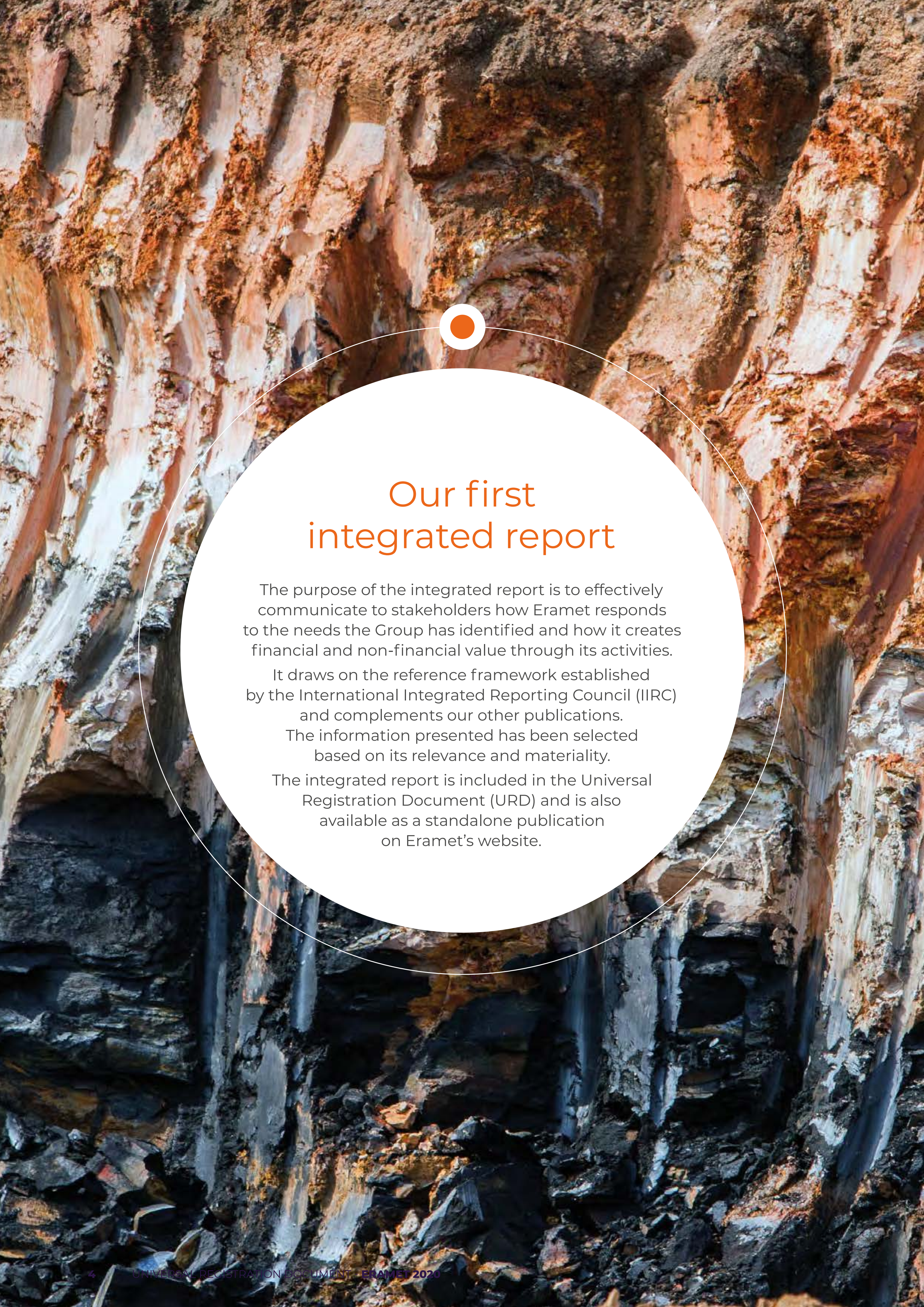
CONTENT

2020 Universal Registration Document

INCLUDING THE ANNUAL FINANCIAL REPORT

This Universal Registration Document was filed with the Autorité des marchés financiers (AMF) on 14 April 2020, as the competent authority under regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a prospectus and, if applicable, a summary and any amendments to the Universal Registration Document. All of the above is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This is a copy of the official version of the 2020 Universal Registration Document, including the annual financial report 2020, which has been prepared under the ESEF format (European Singlie Electronic Format) and filed with the AMF, available on the Company's website and on the AMF's website.



Our first integrated report

The purpose of the integrated report is to effectively communicate to stakeholders how Eramet responds to the needs the Group has identified and how it creates financial and non-financial value through its activities.

It draws on the reference framework established by the International Integrated Reporting Council (IIRC) and complements our other publications. The information presented has been selected based on its relevance and materiality.

The integrated report is included in the Universal Registration Document (URD) and is also available as a standalone publication on Eramet's website.

CONTENTS

OF THE INTEGRATED REPORT

“In both the energy transition and corporate social responsibility, Eramet has been able to anticipate change and is well equipped to support the transition from the oil era to the metal age.”

CHRISTEL BORIES
CHAIR AND CEO

Message from Christel Bories

Meeting the challenges of tomorrow

Its profound effect on our economies and, more broadly, our industrial companies makes this an unprecedented crisis. In a world that combines economic disruptions, changes in models and market volatility, now more than ever it is necessary to have a clear vision of both global and local challenges and their solutions, and to stay the course while knowing how to adapt the route.

Eramet demonstrated these qualities in the exceptional context of 2020: the Group's performance in the second half of the year and the remarkable successes in our mining activities not only demonstrated the relevance of our strategic and operating model but also the resilience of our activities, thanks to the agility and adaptability of our teams.

We have been able to protect our employees and our communities, ensure the continuity of our operations almost everywhere and achieve our operational growth objectives while pursuing our ambition to be a leader in the favourable energy transition market.

Faced with this hostile environment, Eramet has shown its resistance

We did not wait for this crisis in order to design and implement a profound transformation of Eramet through a demanding roadmap. The Group is therefore approaching 2021 on a stronger footing, and can thus envisage a new phase of organic growth in its mining activities and become the benchmark mining operator.

Eramet is the only European mining entity with world-class mineral deposits in all critical metals for the energy transition: nickel, cobalt and lithium. But that is not our only advantage.

> The Group's performance in the second half of the year and the remarkable successes in our mining activities demonstrated the relevance of our model.

The crisis has highlighted the need to meet new CSR (Corporate Social Responsibility) requirements. Consumers, like our customers, are increasingly demanding low-carbon and responsible supply chains. Eramet is particularly well positioned to meet this demand: I have put CSR at the centre of our strategic model and positioned Eramet as a committed and contributive corporate citizen.

Whether in terms of energy transition or CSR, Eramet has thus been able to anticipate changes to its environment and is well equipped to support the transition from the era of oil to that of metals.

MANIFESTO

Working towards a more sustainable world: this is the most pressing challenge facing humanity and one that the current pandemic is only reinforcing. To meet these challenges, because metals are essential, our industries have a major role to play - both here and now, and for future generations. This means successfully implementing a vital energy and ecological transition, which entails continually striving to use our natural resources more responsibly.

We have made this role a top priority within our corporate purpose: **become a reference for the responsible transformation of the Earth's mineral resources for "living well" together.**

At Eramet, we act to build a robust and agile business model that guarantees the highest level of performance for our customers and places corporate social responsibility at the heart of our activities.

Driven by our aspiration to both fulfil our ambitions and meet the growing need for raw materials, and because our materials provide solidity, durability and aesthetics, we are duty bound to pursue a profound transformation.

Although our vision to make Eramet a committed and contributive corporate citizen remains consistent, our structure, management and methods have changed considerably. As such, our Group aspires to be a larger value creator and an entity that is ever more committed to its employees, communities and all its partners. We should not be afraid of holding ourselves to high standards: that is what the greatest collective efforts thrive on.

Eramet today is...

A key player in ore and metals recovery and in the production and processing of high performance alloys.

Mn **2nd**

Eramet is the **world's second largest producer of high-grade manganese ore** and the world's largest producer of refined manganese alloys.

Ni **1st**

Eramet is the world's largest **producer of ferronickel** and one of the world's leading producers of high-purity nickel salts.

Ti **4th**

Eramet is the **world's fourth-largest producer of TiO2 feedstocks** and the **world's fourth-largest producer of zircon**.

2nd

Eramet is the **world's second-largest producer of high-power die-forged parts.** The Group is also one of the world leaders of gas-atomised powder metallurgy and a major European producer of high-performance special steels.

€3,553M

SALES IN 2020

13,129

EMPLOYEES

-40%

2035 OBJECTIVE TO REDUCE ABSOLUTE CO_2 EMISSIONS

€398M

EBITDA 2020

-24%

REDUCTION OF ACCIDENT FREQUENCY RATE (FR2) * IN 2020

* *Data including Eramet + temporary workers + external companies.*

A rapidly changing ecosystem

accelerated by the 2020 pandemic.

MEGATRENDS

Societal and geopolitical

OUR CHALLENGES

- Rapid population growth and accelerated urbanisation.
- Rising inequality, hastened in 2020 by the crisis caused by the pandemic.
- Polarisation of opinions and mounting distrust, especially toward the authorities, the media, businesses and economic experts.
- Geopolitical tensions related to strategic financial, human and natural resources, resulting from the pre-eminence of state sovereignty.
- Questioning of the notion of globalised trade in favour of the regionalisation of business activities, workers, goods and capital.

IMPACT OF THE **COVID-19** PANDEMIC

- **In 2020, the health, economic and social crisis sped up existing trends and the appearance of new short-term problems** stemming from the fallout from the pandemic and resulting uncertainties.
- Adaptive **measures needed** to be taken. These included the development of crisis management procedures and measures – particularly health related – and the increasing use of digital interfaces in social, economic and professional relationships, such as working from home, *retail* and information.

MEGATRENDS

Economic and technological

OUR CHALLENGES

- Slowdown in global economic growth due to the pandemic, particularly the major aerospace crisis.
- Rapidly changing markets and customer needs.
- Maintenance of consumption reserves in China in the short term, and the need to identify new growth and value creation drivers in the medium term.
- Increased market volatility: commodities prices, supply and demand, etc.
- Desire to refocus investment on future projects and support for high-impact geopolitical, social, economic and environmental activities.
- Acceleration of organisation transformation – technological, digital and managerial – with a need to adapt quickly to achieve greater resilience.
- Development of 4.0 industry: control by data, additive manufacturing technologies, automation, internet of things, artificial intelligence, etc.
- Change in sales strategies and customer demands: digitisation of sales flows, acceleration of online sales channels and digital tracking of customers, etc.

CREATION OF SUSTAINABLE VALUE

New innovative services to support the energy transition

- Increased electrification of industrial processes: shift from techniques based on fuel energy to electric processes.
- Development of energy storage technology: hydrogen/Li-ion batteries.
- Sharp increase in new mobility solutions: electric/autonomous vehicles, drones, hydrogen planes, etc.
- Development of renewable energies and CO_2 capture technologies.
- Development of materials recovery and products made from recycled materials.

The global eco-system is undergoing major changes. Businesses need to continually and thoroughly re-examine their interactions with all their stakeholders. Stakeholders' expectations are changing, influenced by demographic, societal, geopolitical, economic, technological and environmental megatrends. The Eramet Group's mining and metallurgical businesses are at the core of these changes.

MEGATRENDS

Environmental

OUR CHALLENGES

- Climate emergency and need for collective climate actions.
- Acceleration of the ecological transition and greater visibility of the environmental footprint of economic and industrial activities.
- Increased pressure from stakeholders, continually raising their expectations and intensifying their demands. For example: tightening regulatory pressure, higher demand for traceability of raw materials and environmental and societal acceptability of activities, consideration of non-financial risks, and CSR performance requirement regarding financial markets, value chain, insurance companies, etc.

INCREASED AWARENESS

Increased awareness of environmental issues:

- Climate change.
- Energy mix and efficiency.
- Depletion of natural resources (mineral, water, biodiversity).
- Circular economy.
- Atmospheric pollution, water and soil pollution, space pollution.

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These megatrends offer responsible growth prospects and opportunities to the Eramet Group.

Responsible recovery of industrial metals and minerals, recyclability, mining 4.0, growth of urban centres, electric mobility: this is the framework into which Eramet's vision falls.

OUR STRATEGIC VISION

SUSTAINABLE VALUE CREATOR

BUSINESS PARTNER OF CHOICE

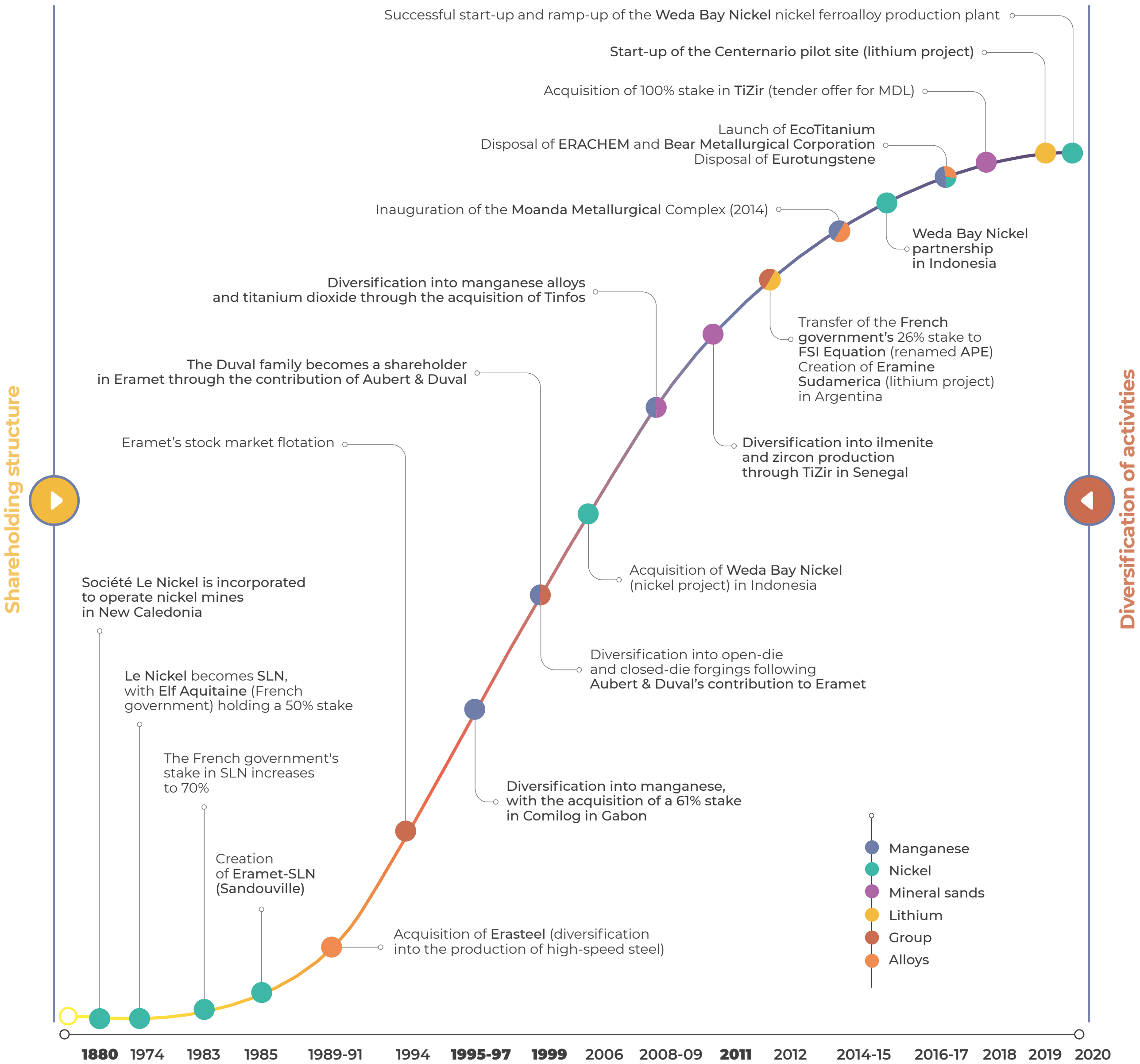
COMMITTED & CONTRIBUTIVE CORPORATE CITIZEN

HOME FOR THE BEST TALENT

ENTREPRENEUR

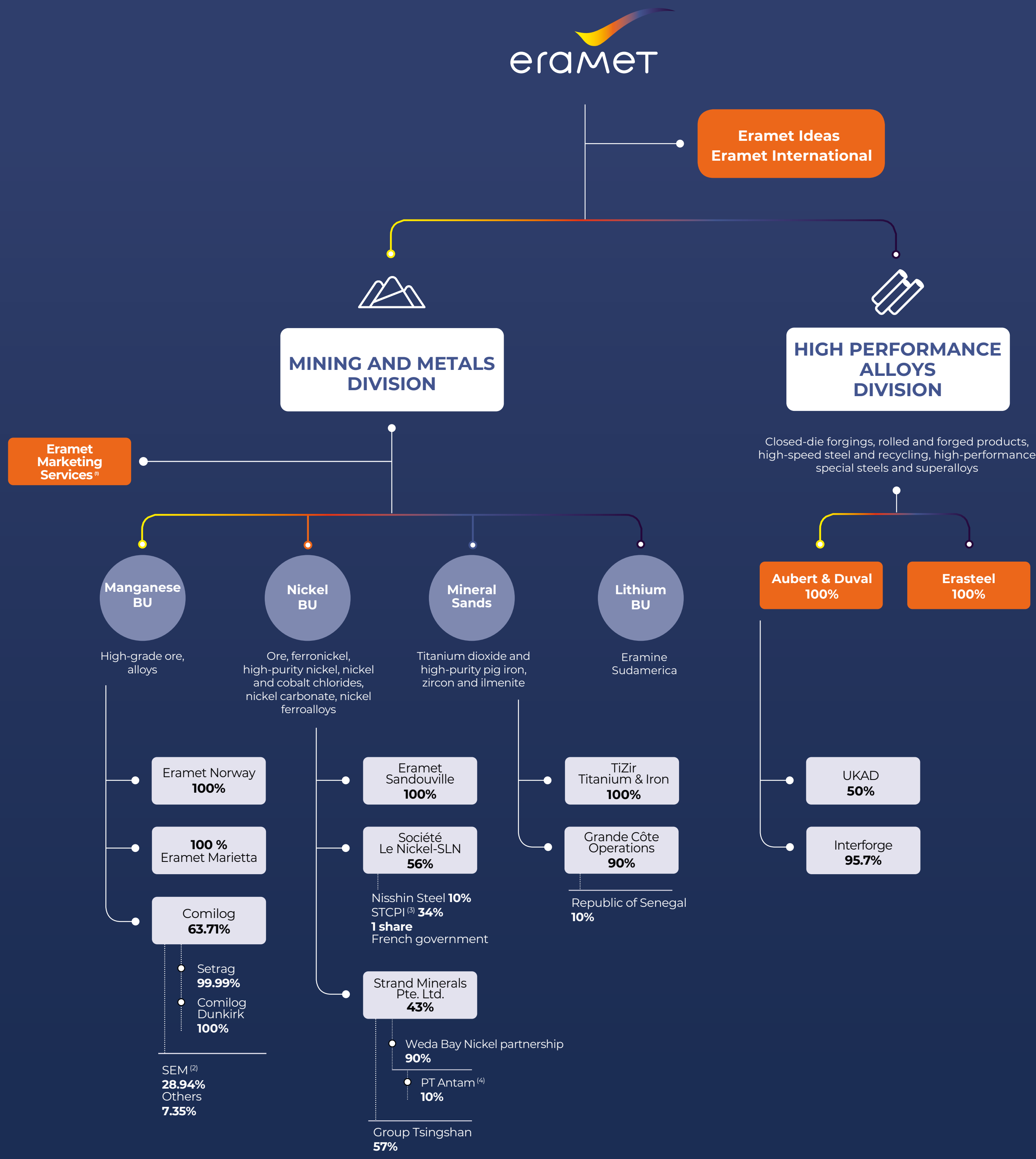
A longtime player in mining and metallurgy

Established over a century ago, the Eramet Group works in ore and metals recovery, and the production and processing of high value-added alloys.



Group structure

Eramet, an international industrial group with two divisions:
- Mining and Metals,
- High Performance Alloys.



1) Legal entity housing the sales and support functions of the Mining and Metals Division, as from 1 January 2021.
2) SEM: Société Équatoriale des Mines (state-owned company – Gabon).
3) STCPI: Société Territoriale Calédonienne de Participation Industrielle (entity held by the provinces of New Caledonia).
4) PT Antam: State-owned company – Indonesia.

Mining and Metals Division

The Mining and Metals Division extracts metalliferous ores, which it sells or transforms into alloys or metal salts applying the highest standards in terms of corporate social responsibility.

Its clients are core industries as well as high-tech companies across the globe. It holds specific expertise in geology, mining and ore processing (pyrometallurgy and hydrometallurgy).

WORLD-CLASS DEPOSITS

Resources with operation prospects of several decades, positioned in the 1st quartile of the mining industry cost curve.

107 Mt

OF MANGANESE CONTENT (manganese)

Gabon, Comilog
Resources > 40 years

19.4 Mt

OF NICKEL CONTENT

New Caledonia, SLN
Resources estimated at ~ 50 years

9.3 Mt

OF NICKEL CONTENT

Indonesia, Weda Bay
Over 50 years of resources

32.1 Mt

OF MINERAL SANDS (zircon and ilmenite)

Senegal, TiZir
Over 30 years of resources

10 Mt

OF LITHIUM CARBONATE EQUIVALENT (LCE)

Argentina (project)
Over 50 years of resources

Manganese BU

Eramet is the world's second largest producer of high-grade manganese ore, thanks to its Moanda mine in Gabon, and the world's largest producer of high value-added manganese alloys, the "refined alloys".

RESOURCES AND ACTIVITIES

- 1 highly competitive manganese mine in Gabon operated by Comilog, a subsidiary of the Group, with a very high-grade ore (44%).
- 3 processing units in Gabon, 5 pyrometallurgy plants in Europe and the United States for the production of sinter and manganese alloys.
- Transportation of ore from the Libreville port on ore-carrying trains operated by Setrag, a railway company and subsidiary of Comilog.

MARKETS

- The extracted manganese ore is transformed into manganese alloys, which are essential to the production of carbon steel (approximately 90% of the market) used in particular in the construction and automotive industries.

RESILIENCE OF THE GROUP'S MINING ACTIVITIES AMID THE HEALTH CRISIS

In 2020, Eramet's mining activities adapted quickly to the Covid-19 health measures taken in the different locations where the Group operates.
The Group was therefore able to continue operating its mines and plants throughout the year and set new production records: 5.8 Mt of manganese ore production (+22% from 2019); 762 kt of mineral sands in Senegal (+4%); 3.4 Mwmt of nickel ore production and 23.5 kt of low-grade nickel ferroalloys (in Ni content) in Indonesia; nearly 700 kt of manganese alloys.
In addition, in New Caledonia, SLN produced 48 ktNi of ferronickel and continued ramping up nickel ore exports, which amounted to 2.5 Mwmt (up 55%).
The fallout from the pandemic affected the price environment. The price of manganese ore suffered from the impact of the crisis on the carbon steel market, especially in Europe and the United States, despite the rebound in production in China from the second quarter. Nickel prices saw a bright spot late in the year, driven by demand from China and a favourable outlook for battery demand.

5.8 Mt

OF MANGANESE ORE PRODUCED

KEY FIGURES

- **~ 4,300 employees**
- **€1,699M in sales**
- **698 kt of manganese alloys produced**

5.4 Mwmt

OF NICKEL ORE PRODUCED BY SLN OF WHICH 2.5 MWMT EXPORTED

3.4 Mwmt

OF NICKEL ORE PRODUCED BY WEDA BAY NICKEL

KEY FIGURES

- **~ 2,350 employees**
- **€905M in sales**
- **48 kt of ferronickel produced at SLN**
- **24 kt of low-grade nickel ferroalloys produced at Weda Bay Nickel (joint-venture at 100%) in Indonesia**

Nickel BU

Eramet, the world's largest producer of ferronickel, processes ore from nickel mines in New Caledonia and Indonesia.
It is also a producer of high-purity nickel thanks to the Sandouville refinery in France.

RESOURCES AND ACTIVITIES

· **In New Caledonia**, SLN (Société Le Nickel), 56% owned by Eramet: highly competitive nickel mines and a pyrometallurgy plant for the production of ferronickel.

· Rapid growth in nickel ore exports thanks to the implementation of a new business model over the last two years.

· **In Indonesia**, Weda Bay Nickel, 43% owned by Eramet in a joint venture with the Chinese company Tsingshan, the world's leading producer of stainless steel: a world-class deposit designed to power several units processing ore into low-grade nickel ferroalloys.

· Start-up and rapid growth in 2020 of the plant operated by the *joint venture* and powered by the mine.

· **In Sandouville, Normandy**, a pure nickel refinery, intended mainly for the electronics market.

MARKETS

· Nickel ore is extracted for processing into nickel ferroalloys, mainly used for producing stainless steel (70% of the market) as well as pure metal and nickel salts.

Mineral Sands BU

Eramet is a major player in mineral sands. The Group is the world's fourth-largest producer of titanium-containing raw materials and the world's fourth-largest producer of zircon.

RESOURCES AND ACTIVITIES

- Production of titaniferous ores (ilmenite, rutile, leucoxene) and zircon in Senegal operated by GCO (Grande Côte Operations).
- Transport of ore by GCO, by rail from the mine to the Dakar port.
- Processing of a part of our ilmenite and production of titanium dioxide slags and high-purity pig iron at the pyrometallurgy plant Titanium and Iron (TTI) in Norway.

MARKETS

- Minerals Sands are extracted and then separated to produce zircon (approximately 50% of which is used in ceramics) and titanium-containing raw materials, transformed into titanium slag (nearly 90% of which is used for pigment production).

762 Kt

MINERAL SANDS CONCENTRATES PRODUCED IN SENEGAL

KEY FIGURES

- **~ 1,000 employees**
- **€276M in sales**
- **199 kt of titanium dioxide produced in Norway**

LITHIUM BU
(PROJECT)

In Argentina, the Group has perpetual mining rights over a major lithium concession, in the form of brine, located in the province of Salta on the Andean highlands. Lithium is a critical metal essential to the energy and digital transition.

The project consists in extracting brine from the salt lake and processing it into lithium carbonate, the base compound for the energy storage industry (51%).
In 2020, a pilot plant established on the site demonstrated the quality of the lithium carbonate produced. The competitive process positions it in the 1st quartile of the lithium industry's cash cost with very significant extractable resources.
In light of the health crisis, in April 2020 the Group decided not to start construction on the plant. Since then, the project has been mothballed. This lithium deposit remains an excellent asset with strong future potential for the Group.

High Performance Alloys Division

The High Performance Alloys Division has a unique know-how dedicated to strategic industries.

It supplies high-tech aeronautics, energy and defence industries with parts, semi-finished products or metal powders, with superalloys, high-performance steels, high-speed steels, aluminium alloys and titanium alloys.

Aubert & Duval

Aubert & Duval is one of the world leaders in high performance steels, superalloys and titanium and one of the world leaders in large closed-die forgings and the world's second largest producer of high-power closed-die forgings in titanium, steel, superalloys and aluminium.

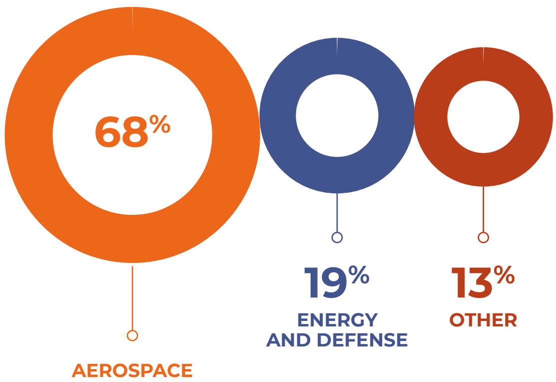
ACTIVITIES

· For over 100 years, Aubert & Duval has been developing metallurgical solutions to support projects in the most exacting industries: long products, open-die forgings, closed-die forgings, powders for additive manufacturing, etc.

MARKETS

· Aeronautics/aerospace
· Energy
· Defence
· Automotive
· Tooling
· Powders for additive manufacturing

BREAKDOWN OF SALES



KEY FIGURES

- **~ 3,900 employees**
- **14 industrial sites**

€539 M
2020 SALES

Erasteel

Erasteel is a world player in conventional high-speed steels and the leader in gas-atomised powder metallurgy with ASP® powder metallurgy high-speed steels and PEARL® metallic powders. The company is also a European player in the recycling of catalysts, metal oxides and batteries.

ACTIVITIES

· Erasteel offers a wide range of steel grades and alloys from powder metallurgy or conventional metallurgy which it produces mainly in Sweden, France, China and India. Products are in the form of powders, round and flat bars, wires and strips.

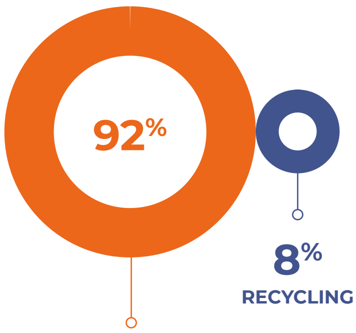
MARKETS

· Cutting tools
· Cold work tools
· Saws and knives
· Components and replacement parts
· Stainless steel industry
(recycling of used catalysts and batteries)

€142 M

2020 SALES

BREAKDOWN OF SALES



KEY FIGURES

- **~ 850 employees**
- **6 industrial sites**

A DEEP, LONG-TERM
AEROSPACE CRISIS

The pandemic sparked a collapse of the aerospace industry and a contraction of the automotive industry, developments that hit the Group's High Performance Alloys Division hard.
The aerospace industry, which accounts for around 70% of A&D's sales, has been hard hit with a drastic slowdown in air transport. In 2020, delivery of aircraft hit a historic low, with Airbus and Boeing delivering only 723 planes, a 42% drop from 2019, which has had a severe impact on the whole industry's supply chain. 2021 is also on course to be a challenging year, with industry analysts predicting that it will take the sector several years to return to pre-crisis levels.
The automotive industry, which accounts for nearly half of Erasteel's sales, also suffered from the health crisis, with 2020 sales volumes of light vehicles 13% lower than an already weak level in 2019 despite a rebound in sales in Asia in the second half of the year.

• *Pilot facility dedicated to recycling Li-ion batteries, Eramet Ideas, Trappes, France*

Eramet Ideas, an innovation center integrated across the entire value chain: mining operations, semi-finished products, digital transformation.

Innovation centres for the High Performance Alloys Division.

Innovation

Eramet is a diversified mining and metallurgical group, and a technological leader in its fields of activity.

Expertise

- Extractive metallurgy (mineralogy, mineral processing, geometallurgy, hydrometallurgy and pyrometallurgy).
- Metallurgical processing of alloys and high-performance steels (including powder metallurgy).
- Thermomechanical processing of alloys by forging and closed die-forging.
- Digital metallurgy (mathematical interpolation, extrapolation and algorithmic processing methods applied to metallurgy).

Collaborative projects

28

European collaborative projects in progress, including the ReLieve project and 15 Norwegian collaborative projects

Eramet Ideas: create value for the Group's sites and strategic projects

- **Excellence centre** in mining, extractive metallurgy and recycling
- **Open innovation:** benchmarks, collaborative projects, European partnerships and university partnerships are at the heart of the innovation process
- **Collaboration with start-ups** on new technologies
- Improve the **performance of the Group's mining and metallurgical assets**
- **Support strategic projects** and, in particular, developments in energy transition metals

- Study with BASF on the development of refined nickel-cobalt production for the electric vehicle market.

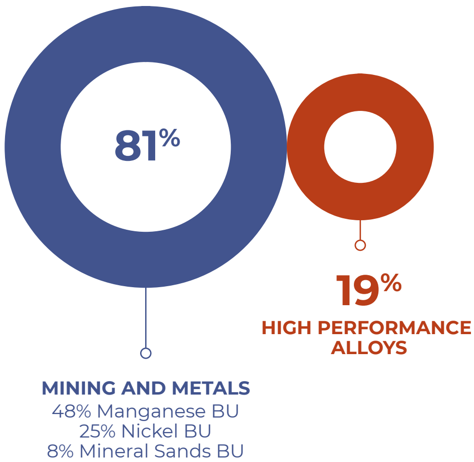
~ 300
experts and technicians
(in-house R&D)

€35M
dedicated to innovation, or 1% of Group sales

1st
MICROSCOPE
in Europe equipped with QEMSCAN mineralogy software

SALES IN 2020

€3,553M



€398M

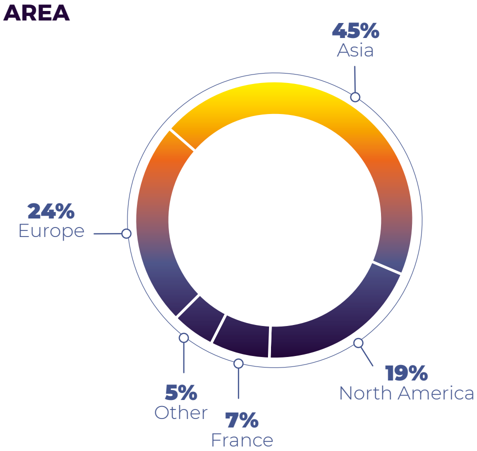
EBITDA

€106M

CURRENT OPERATING INCOME

A global mining and metallurgical **group**

BREAKDOWN OF SALES BY GEOGRAPHICAL AREA



13,129

EMPLOYEES WORLDWIDE

BREAKDOWN OF HEADCOUNT BY GEOGRAPHICAL AREA

39% France	**32% Africa**
9% Europe (excluding France)	**2% Asia**
2% Americas	**16% Pacific**

20

COUNTRIES WHERE THE GROUP OPERATES

36

MINING AND INDUSTRIAL SITES

Present on five continents

SPAIN
1 site

FRANCE
11 sites
2 sites
1 site
1 site

NORWAY
3 sites
1 site

SWEDEN
3 sites

UNITED STATES
1 site

ARGENTINA
1 site
Salar de Centenario-Ratones

GABON
1 site Moanda

SENEGAL
1 site
Diogo Region

CHINA
1 site

INDIA
1 site

INDONESIA
Weda Bay

NEW CALEDONIA
Kouaoua, Népoui, Poum, Thio, Thiébaghi

PROJECT
MINING SITE

PROCESSING
- Manganese
- Nickel
- Mineral sands
- Lithium
- Erasteel
- Aubert & Duval

Our business model

Eramet is a global leader and a diversified mining and metallurgical group.

Our ambition

Developing a selective portfolio of value-creating mining and metallurgical activities.

To be among
in each of our businesses
profitability

OUR ASSETS AND RESOURCES [1]

Natural capital (resources)

107 Mt of manganese content (Gabon).
19.4 Mt of nickel content (New Caledonia).
32.1 Mt of mineral sands (Senegal).
10 Mt of lithium (LCE [2]) (Argentina).
9.3 Mt of nickel content, 43% owned by Eramet (Weda Bay, Indonesia).

Industrial capital

37 mining and metallurgical industrial sites worldwide.
€343M industrial investments.

Financial capital

SBF 120 listed company.
€398M EBITDA.
€1.9 billion financial liquidity.

Human capital

13,129 employees in 20 countries.
24.7% of managers are women.

Intellectual and innovation capital

€35M R&D expenditure.

300 employees (in-house R&D).

Societal capital

Local territories as shareholders of our main subsidiaries:
34% New Caledonia (SLN),
29% Gabon (Comilog),
10% Senegal (GCO).
Long-term relationships with customers.

1) The presentation of Eramet's resources follows IIRC recommendations.
2) LCE: Lithium Carbonate Equivalent.

the best
in terms of performance,
and innovation.

To be a company recognised for our strategic model, our management system and our societal commitment.

OUR VALUE CREATION

Shareholders

3% ROCE [3] (2020).
€1.1 billion market capitalisation at 31/12/2020.

Customers/ Suppliers

€3.6bn in sales.

Communities/ Regions

€411M paid by our subsidiaries active in the extractive industry to local governments (mainly taxes and royalties in 2019 [4]).
€21.4M investment in local communities and sponsorships.
92% of decarbonated power purchased in 2020.

Employees

-24% of recordable accidents (frequency rate FR2 [5] of 4.1 in 2020)
67% of employees received training.

R&D and innovation partners

28 European projects subsidised and 15 ongoing Norwegian collaborative projects.

WHO WE WILL BE IN 2023

- **SUSTAINABLE VALUE CREATOR**
- **BUSINESS PARTNER OF CHOICE**
- **COMMITTED & CONTRIBUTIVE CORPORATE CITIZEN**
- **HOME FOR THE BEST TALENT**
- **ENTREPRENEUR**

3) ROCE: current operating income/capital employed.
4) Yearly update issued in June.
5) FR2 = number of lost time and recordable injury accidents for 1 million hours worked (employees and subcontractors).

Sharing added value

For Eramet, being a company that sustainably creates value means successfully developing value that it shares with all its stakeholders.

Eramet's stakeholders consist of all the internal and external players who are directly or indirectly affected by Eramet's activities. Establishing a collaborative approach with all these protagonists at every stage is key to the success of Eramet's projects and the creation of high value added.

Distribution of value among stakeholders

Sales − Purchases and other expenses [1] = €1.3 billion in added value*

EMPLOYEES [2]

60%

A comprehensive remuneration scheme that rewards individual and collective performance while adapting to local context.

GOVERNMENTS [3]

13%

Representing the taxes, royalties and other duties paid to the States and local governments by Eramet, in particular its subsidiaries active in the extractive industry.

COMMUNITIES [4]

18%

Local subcontracting (Gabon, New Caledonia, Senegal) and community investment and sponsorship expenditure.

DEBT HOLDERS [5]

9%

Long-term relationship with lending banks.

SUPPLIERS

Amount of Group purchases

€2,263 m

SHAREHOLDERS

Market capitalisation

€1.1 bn

at 31/12/2020

Share buyback

€110K

Note: based on the consolidated financial statements at 31 December 2020.
** Distributable to stakeholders.*
1) Including consumption for the financial year, inventories/capitalised production, other current and non-current operating income and expenses, share of net income from joint ventures.
2) Payroll paid (wages, bonuses, and allowances).
3) Taxes paid, royalties and other duties paid. Production rights; taxes on corporate revenue, production or income, except for consumer taxes received, such as value-added tax, income tax for natural persons or sales tax; royalties; excluding dividends; signature, discovery and production bonuses; licence fees, leases, right of entry and other licence and/or concession considerations; payments for infrastructure improvements.
4) Community investment and sponsorship, and local subcontracting expenditure (New Caledonia, Gabon, Senegal).
5) Cost of net debt and other financial income and expenses.

In practice, the effectiveness and longevity of the Group's actions stem from a partner-oriented approach that involves, in particular, the stakeholders represented below.

EMPLOYEES AND REPRESENTATIVES

TOPICS OF INTEREST
Employee and subcontractor health and safety, management of careers and remuneration, staff development and training, managerial transformation, work environment and processes, diversity.

COMMUNICATION AND DIALOGUE METHODS
Local and internal Group communication (emails, intranet, social networks, meetings, newsletters, etc.), annual reviews, engagement surveys, thematic questionnaires, whistleblowing system, Social and Economic Committee, European Works Council, Group Works Council.

STATES, ELECTED REPRESENTATIVES AND NATIONAL AND LOCAL AUTHORITIES

TOPICS OF INTEREST
Sharing value, contribution to the economy, national and local development, job creation, mining contracts and agreements, compliance.

COMMUNICATION AND DIALOGUE METHODS
Group publications, meetings, site visits, institutional letters.

COMMUNITIES

TOPICS OF INTEREST
Jobs and subcontracting, community investment projects (infrastructure, diversification), impact management.

COMMUNICATION AND DIALOGUE METHODS
Information meetings, public meetings, tripartite committees, consultations, community relations offices, site visits, complaint management systems.

CUSTOMERS

TOPICS OF INTEREST
Product quality and innovation, competitive positioning, traceability, climate footprint, duty of care and supply chain, respect for human rights.

COMMUNICATION AND DIALOGUE METHODS
Group publications, trade relationships, meetings, trade shows, customer requests.

SUPPLIERS AND SUBCONTRACTORS

TOPICS OF INTEREST
Product quality and innovation, market opportunities, health and safety, performance improvement, duty of care and supply chain, respect for human rights.

COMMUNICATION AND DIALOGUE METHODS
Regular meetings, trade relationships, supplier portal, trade shows, supplier qualifications, Code of Conduct, CSR/Ethics assessments, monitoring of action plans for the Responsible Purchasing procedure, awareness-raising.

SHAREHOLDERS AND INVESTORS, DEBT HOLDERS AND LENDERS

TOPICS OF INTEREST
Financial and operating income, employee and subcontractor health and safety, resource use and management, energy consumption and GHG emissions.

COMMUNICATION AND DIALOGUE METHODS
Group publications, General Shareholders' Meeting, roadshows, ongoing meetings.

CIVIL SOCIETY, MULTI-STAKEHOLDER INITIATIVES, NGOS, LOCAL CHARITIES, PROFESSIONAL ASSOCIATIONS, ETC.

TOPICS OF INTEREST
Commitment to communities, biodiversity and rehabilitation, sustainable mining, energy consumption and GHG emissions, circular economy, respect for human rights, tax transparency.

COMMUNICATION AND DIALOGUE METHODS
Group publications, meetings, participation in task forces.

Strategic transformation: key benchmarks achieved in 2020

Increase Eramet Group's cash generation and diversify its asset portfolio

Launched in 2018, the Group's in-depth strategic and managerial transformation programme aims to reposition it in order to ensure competitiveness in a changing environment and sustainable value creation.

The strategic transformation focuses on the following three areas:

1 Fix/ Reposition our least performing assets

2 Grow in our attractive businesses

3 Expand our portfolio into metals for the energy transition

1 Performance

This is a key component of the portfolio's long-term sustainability.

For these assets, the solutions involve changes to the model that deliver major intrinsic progress or consolidation or disposal moves.

2 Growth

This second component involves organic or external growth in our attractive businesses where the Group has, or could have, a competitive advantage.

Targeted areas include:

- manganese ore through the expansion of our mining operations in Gabon and the search for value-creating acquisitions;
- developments in mineral sands in Senegal or in other countries;
- nickel ore, particularly through the development of the Weda Bay nickel deposit.

3 Energy transition

The third component involves the expansion of the portfolio into metals for the energy transition.

Lithium, nickel salts and cobalt – and into Li-ion battery recycling.

Eramet benefits from significant advantages due to its deposits and significant scientific, industrial and commercial expertise in these critical metals, for which demand is expected to surge in the coming years, and which are indispensable for rechargeable batteries and, more broadly, the energy transition.

+55%

NICKEL ORE EXPORTS FROM SLN IN 2020

1

Performance

SLN rescue plan

In New Caledonia, faced with numerous internal and external challenges, a rescue plan for SLN was outlined in order to achieve a sustainable recovery. Its success requires the involvement of all stakeholders and the guarantee of normal operating conditions.

This plan is built on three pillars: implementing a new business model based on ferronickel production by the plant and low-grade ore exports; improving productivity and reducing energy prices.

The new business model, rebalanced on two activities, mining and metallurgy, allows an increase in revenues through improved duration and valuation in its current mining deposits and a reduction in cash-cost accordingly. SLN is currently authorized to export 4 Mwmt of nickel ore per year; success of the rescue plan requires bringing this volume up to 6 Mwmt.

The increase in nickel ore export volumes, combined with higher ore prices, resulted in a substantial improvement in cash cost of nearly 10% in 2020 compared to 2019, despite societal disruptions.

Industrial restructuring of A&D and Erasteel

Since 2018, the strategic review conducted in the High Performance Alloys Division has made it possible to:

- focus the division's operations on the major strategic market segments: aeronautics, land-based turbines, defence, nuclear, high-speed steels from powder metallurgy and additive manufacturing;
- outline a plan for structuring the operations of Aubert & Duval and Erasteel into three separate business units (BU) responsible for their own performance: Closed-die forgings BU, Rolled and Forged products BU and High-speed steels and Recycling BU;
- revamp processes and the quality culture;
- focus employees on the improvement in sales and customer satisfaction.

The objective of each business unit is to improve performance in a more agile structure, and acquire new market shares in strategic segments.
This is the case in particular in the aerospace industry for mono-corridor programmes, both for engine and structure parts and for long products.

In 2020, the Group continued its strategic review of A&D amid an unprecedented aerospace crisis. All options are under consideration, including a disposal.

Sandouville recovery plan

The plant in Sandouville, Normandy, was hit especially hard by the health crisis in 2020, and the site's recovery was disrupted by a particularly damaged market environment. However, 2021 is opening on a more promising note, with a strong recovery of the electronics and catalysis markets.

3.4 Mwmt

WEDA BAY NICKEL'S NICKEL ORE PRODUCTION IN 2020

+22%

COMILOG'S MANGANESE ORE PRODUCTION IN 2020

2 Growth

Increase in manganese ore production in Gabon

The reserves of the Moanda mine in Gabon suggest that the mine will be able to continue its growth plan.

An alternative process involving the dry processing of part of the ore started at the end of 2018 in order to extend the life of the Bangombé plateau currently being exploited. This process allows for flexibility in the operation of the mine, and an increase in volumes produced in the short term. In 2020, Eramet applied a modular approach to increase the capacity of the Moanda mine, opening the Okouma plateau late in the year, at the same time as it opened the Bangombé plateau.

This approach optimises industrial investments and is based on the start of production at the new plateau and on the intensified use of the alternative dry processing for the entire mine.

On this basis, production totalled **5.8 Mt of manganese ore**, and the €72 million invested in growth in 2020 produced major progress in the organic growth of Comilog, a strong value creator, with very short time of return on investment.

The 2021 ore production target is 7 Mt, or a 20% increase from 2020, with investment of approximately €100 million. In 4 years, the mine's production will have increased by more than 50%.

This growth dynamic is supported by the railway renovation programme with a doubling of the transportation capacity of the Trans-Gabon Railway, operated by Setrag, a wholly owned subsidiary of Comilog. Since the programme began in 2016, **transport capacity has jumped by 80%**, enabling excellent logistical progress: transported ore reached a record level of 6 Mt - up 30% from 2010 - while providing good service for other customers, specifically, wood.

Growth in mineral sands

For a few years now, Eramet has also been building up its portfolio in the attractive mineral sands sector. The Group thus took total control of TiZir in 2018. The quality of the mine in Senegal and the enrichment capacity of part of the ore at the plant in Norway make it a major player in the mineral sands industry. The Group is looking into de-bottlenecking options in the medium-term for the Senegal production.

In 2019, Eramet also obtained a mining exploration licence in Cameroon for the Akonolinga rutilifere block. Initial studies began in 2020.

Development of the Weda Bay nickel deposit

In Indonesia, Weda Bay is a world-class deposit, developed in partnership with the Chinese company Tsingshan, the world's leading producer of stainless steel. **The start-up of activity is successful**, and mining operations and production of low-grade nickel ferroalloys ramped up quickly.
The mine, intended to power several plants, began operating in late 2019 and produced 3.4 Mwmt of nickel ore in 2020. The first metal tapping at the joint venture's nickel ferroalloy production plant took place at the end of April 2020. In August, the plant reached its nominal capacity – 35 ktNi per year – ahead of schedule, and produced 23.5 ktNi. Eramet is responsible for the mining component and has an off-take right of 43% of volumes produced, equivalent to its stake in the holding company controlling this asset.

3 Energy transition

90%

YIELD FROM THE LITHIUM DIRECT EXTRACTION PROCESS AT THE PILOT PLANT IN 2020

Lithium project in Argentina

The aim of this project is to allow the Group to diversify its asset base, both geographically and financially, via lithium, a critical metal for energy transition. Since the discovery of the Centenario-Ratones deposit, geological works have increased the quantity of available resources to around **10 Mt LCE (lithium carbon equivalent)**, making it a world class resource.
The technical and economic studies were finalised in 2019, with a targeted production capacity of 24 kt LCE per year. In the first half of 2020, given the health crisis and high uncertainty plaguing the global economy, and particularly the raw materials markets, the Group decided not to start construction on the plant and to **shelve the project**. Nevertheless, in 2020, the pilot plant, a small-scale replica of a future industrial facility, **achieved the target performance for the brine treatment process, under real-world conditions at the deposit.**

This deposit is an excellent asset with strong future potential for Eramet's portfolio.

Nickel and cobalt for batteries

The study of diversification of the valorisation of the Weda Bay deposit for the production of nickel and cobalt salts is an opportunity to expand the Group's product portfolio into critical metals for the energy transition.

In this vein, **in December 2020 Eramet and BASF signed an agreement to jointly assess the development of a refined nickel and cobalt hydro-metallurgical project.** The project, which would recover the ore from Weda Bay, aims to start operating the facilities in the middle of this decade. The feasibility study began in early 2021.

The development in **Li-ion (lithium, nickel, cobalt) batteries recycling** with the launch of the R&D programme, is also a part of this dynamic.

The ambition and vision of the Eramet Group are also based on managerial transformation and digital transformation, which is a cross-cutting growth and performance driver.

MANAGERIAL TRANSFORMATION

In-depth managerial transformation, a key condition for properly executing the current strategy, is in progress.
Its aim is to deploy managerial and operational excellence at all levels of the organization: upward revision of the level of ambition; light, flexible and responsive organizations; skills enhancement in leadership, empowerment and performance management; rigorous approach to execution; focus on results. This transformation should improve performance and make it easier to realise our strategic ambitions. Eramet has been strengthened with the addition of new skills, a key factor in this transformation's success, with half of positions on the senior management team in the last three years held by new recruits from both inside and outside the Group.

DIGITAL TRANSFORMATION

Today, thanks to the exponential increase in computing power,
digital technologies make it possible to rethink the ways we operate, both in mines and in plants, and even transform *business models.* Digital transformation is a major component of value creation for Eramet. Mining and Factory 4.0 are becoming a reality: IoT coupled with predictive or conditional maintenance algorithms, drones in mines, artificial intelligence in geology or metallurgy are some of the areas where rapid progress is being made.

Our CSR commitment

"We create sustainable value by combining operational performance with a positive environmental and societal impact."

Eramet's sustainable development approach is an integral part of its strategic vision. Implemented in each of the five pillars of the strategic vision, it is embodied most specifically by its ambition to be a committed and contributive corporate citizen and a home for the best talent.

3 THEMATIC THRUSTS

Serving as a meeting point between its businesses, its strategy and the global challenges to which Eramet is confronted, the 2018-2023 Roadmap provides a framework for the Group's organised, defined and measurable approach to progress in terms of corporate social responsibility.

Commitment to people

1. Ensure the health and safety of employees and subcontractors.
2. Build skills and promote talent and career development.
3. Strengthen employee engagement
4. Integrate and foster the richness of diversity.
5. Be a valued and contributing partner to our host communities.

Commitment to responsible economy

6. Be an energy transition leader in the metals sector.
7. Actively contribute to the development of the circular economy.
8. Be a reference company in terms of respect for human rights in our field of activity.
9. Be an ethical partner of choice.
10. Be a responsible company of reference in the mining and metallurgy sector.

Commitment to the planet

11. Reduce our atmospheric emissions.
12. Protect water resources and accelerate the rehabilitation of our mining sites by fostering biodiversity.
13. Reduce our energy and climate footprint.

MORE INFORMATION
For more information on Eramet's CSR commitment and its achievements in 2020 refer to the Group's Non-Financial Performance Statement (chapter 6).

Each of the above commitments is associated with a public objective, which Eramet aims to achieve by 2023. All of the targets and the progress made in 2020 by the Group are presented in chapter 6.

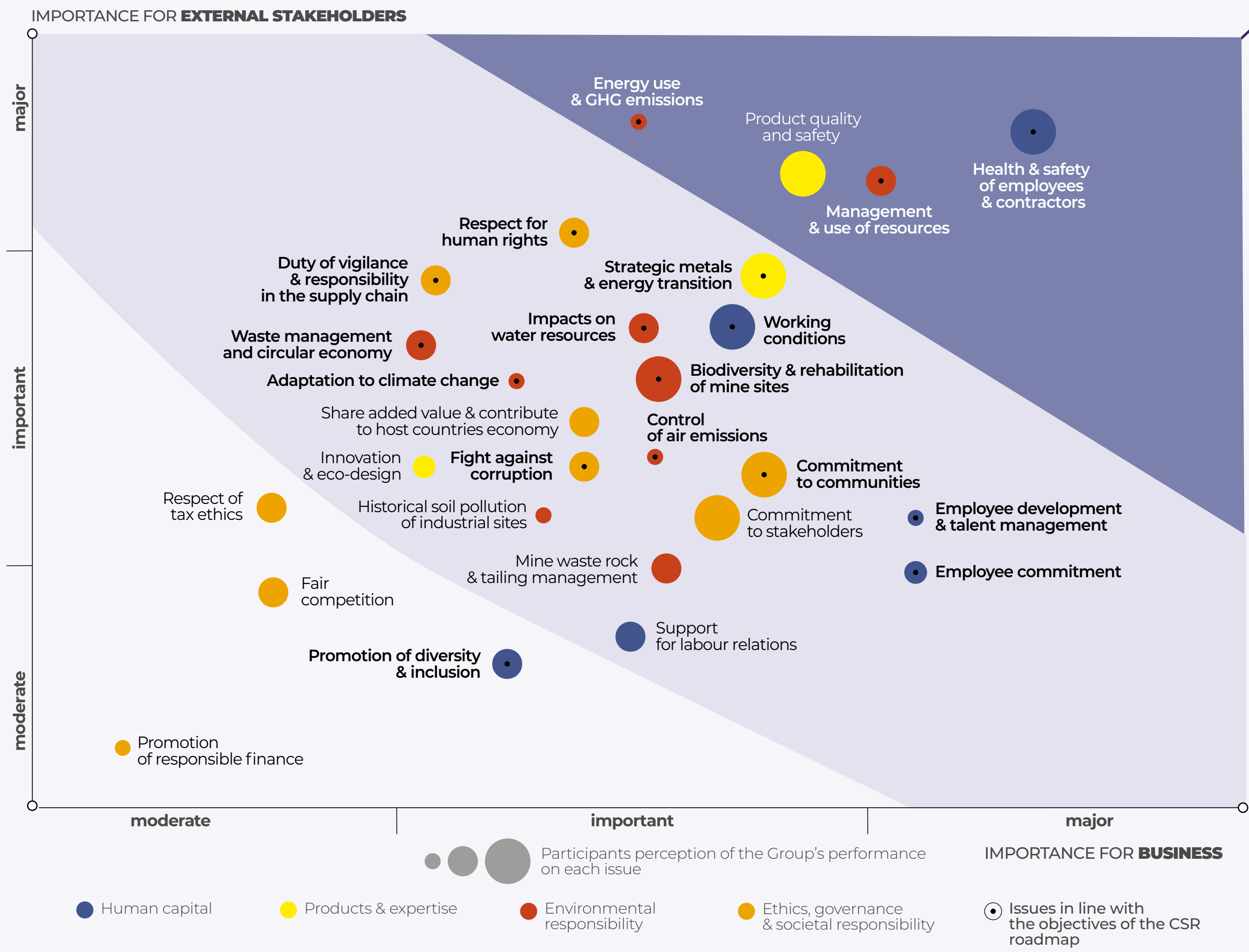
Contribution to Agenda 2030

Through its economic and productive activities, Eramet directly meets the United Nations' Sustainable Development Goals (SDGs) 8, 9, 12 and 13. Eramet's CSR Roadmap, based on these goals, particularly contributes to the human, ethical and environmental issues.

- "Eramet committed to people" contribution
- "Eramet committed to economic responsibility" contribution
- "Eramet committed to the planet" contribution

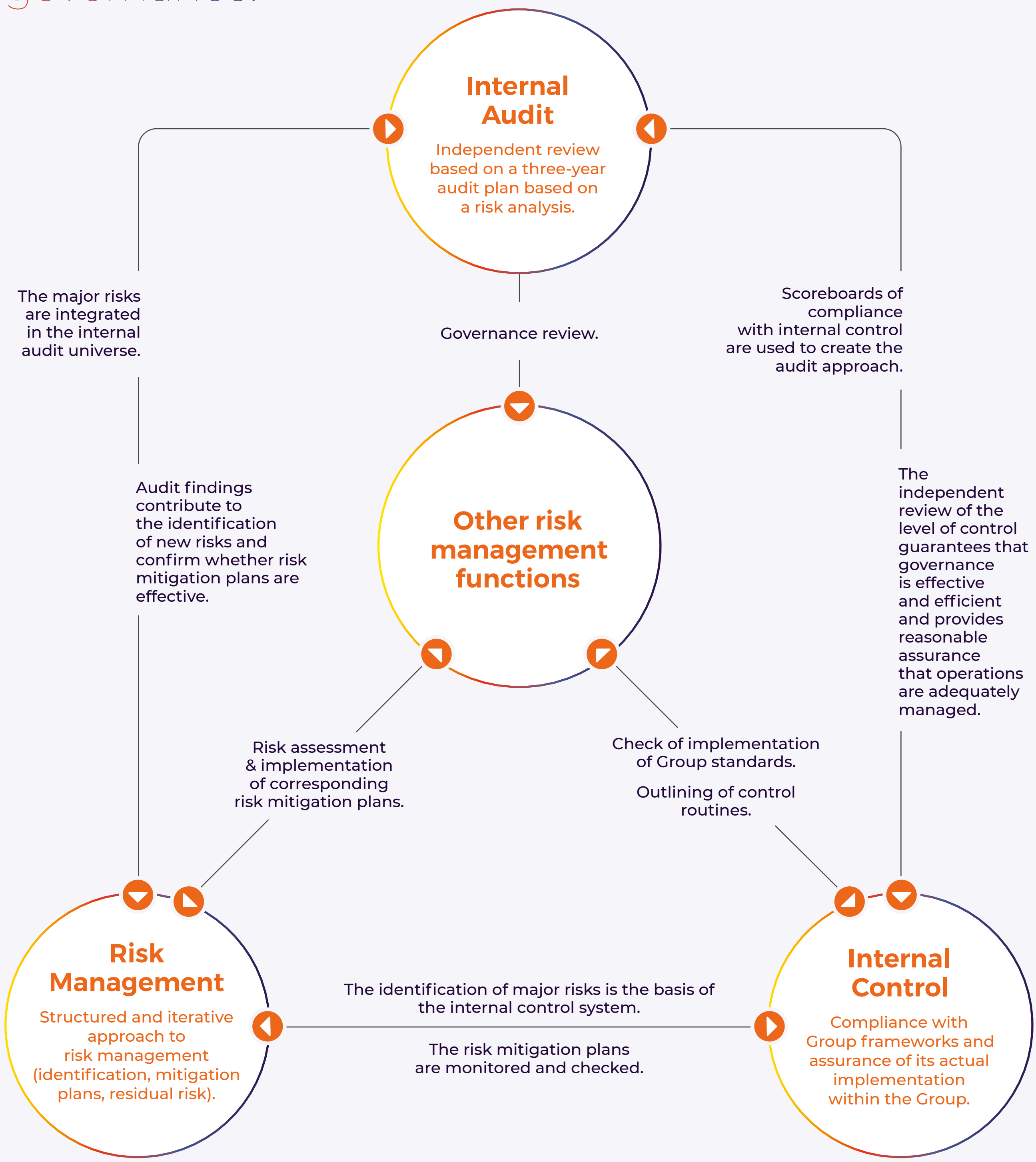
Materiality matrix

As a cross between the importance of CSR issues to the company and stakeholders' expectations on these issues, the materiality analysis leads to the management of an open and dynamic CSR strategy. The exercise conducted in 2019 clearly indicates the relevance of the issues that make up the CSR roadmap. For more information on this initiative, refer to chapter 6.



Risk management

To fully achieve its strategic objectives and to develop its activities, Eramet has implemented a risk management system supported by an integrated approach and a dedicated governance.



MORE INFORMATION
For more information on Eramet's risk management, refer to chapter 5.

The three lines of defence model of risk management within the Eramet Group

Risk mapping

The 2020 update of the Group risk mapping shows the following risks:

CATEGORY	RISK FACTORS	NET* IMPORTANCE LEVEL
STRATEGIC AND FINANCIAL	Risks related to non-execution of the chosen strategy of organic growth of the Mining and Metals Division	High
	Risks of non-recovery of assets held by the Group for which profitability is insufficient	High
	Geopolitical risks	High
	Risk of a significant drop in metal prices	High
	Risk of financing difficulties	High
OPERATIONAL	Risk of failure of information systems, protection of information and cyber attacks	High
	Risk of a serious rail accident on the Trans-Gabon Railway	High
	Risk of breakdown of a geotechnical structure	Medium
	Risks of challenges in attracting/retaining talent	Medium
	Risks caused by a health crisis	Medium
	Risks to the safety of persons	Medium
	Risks related to production reliability and the development of new metallurgical products	Medium
LEGAL	Risk of fraud and corruption	Medium
	Risk of legislative and regulatory changes regarding the environment	Medium

**Including current risk management measures.*

Board of Directors

Eramet shares are traded on the Euronext Paris market. At 31 December 2020, the number of shares owned by the group formed between Sorame and Ceir, on the one hand, and FSI Equation (subsidiary of Agence des participations de l'État, acting on behalf of the government), on the other, represented 62.51% of the share capital. Eramet refers to the principles of corporate governance of listed companies set out in the Afep/Medef code, which can be consulted on Medef's website. The Board of Directors exercises the powers conferred by law to act in all circumstances in the name of the company.


Christel BORIES
Chair and CEO
French nationality


Michel ANTSELEVE
Director
Gabonese nationality


Émeric BURIN des Roziers
Director
French nationality


Christine COIGNARD
Independent Director
French and Canadian nationality


François CORBIN
Independent Director
French nationality


Jérôme DUVAL
Director
French nationality


SORAME, represented by Cyrille DUVAL
Director
French nationality


CEIR, represented by Nathalie DE LA FOURNIÈRE
Director
French nationality


Jean-Yves GILET
Director
French nationality

19 Board of Directors **MEMBERS**


Jean-Philippe VOLLMER
Director
French nationality


Manoelle LEPOUTRE
Independent Director
French nationality


Frédéric GAIDOU
Director representing employees
French nationality


Miriam MAES
Independent Director
Dutch nationality


Louis MAPOU
Director
French nationality


Catherine RONGE
Independent Director
French nationality


Jean-Philippe LETELLIER
Director representing employees
French nationality


Sonia SIKORAV
Independent Director
French nationality


Claude TENDIL
Independent Director
French nationality


Bruno VINCENT
Director appointed by the Government
French nationality

Board of Directors

11 MEETINGS IN 2020

41%* PROPORTION OF INDEPENDENT DIRECTORS
(7/17)

41%* PARITY LEVEL
(7/17)

94% AVERAGE ATTENDANCE RATE OF DIRECTORS AT MEETINGS

Strategy and CSR Committee

10 members, including 3 independent members and 1 director representing employees.

4 MEETINGS

Audit, Risks and Ethics Committee

6 members, including 4 independent members.

8 MEETINGS

Appointments Committee

4 members, including 2 independent members.

2 MEETINGS

Remuneration and Governance Committee

6 members, including 3 independent members and 1 director representing employees.

9 MEETINGS

Executive Committee

This Committee consists of Operational Departments as well as Support Departments. As at the date of this Universal Registration Document, the Executive Committee has three women members and is made up as follows:

Christel Bories	Chair and CEO
Virginie de Chassey	EVP Sustainability and Corporate Engagement
Thomas Devedjian	Executive Vice President in charge of Finance, Digital and Group Purchasing
Jérôme Fabre	Deputy CEO in charge of the High Performance Alloys Division
Philippe Gundermann	EVP Strategy and Innovation
Jean de L'Hermite	Group General Counsel
Anne Marie Lemaignan	EVP Human Resources, Health and Security
Kléber Silva	Deputy CEO in charge of the Mining and Metals Division

** These ratios do not include directors representing employees.*

Financial and extra-financial performance

Good resilience of the Group in 2020, thanks to excellent operational performance and strong cash generation in the second half.

N.B.: All changes in FY 2020 are stated with respect to FY 2019, unless otherwise specified. "H1" corresponds to the first half of the year and "H2" to the second half.

2020 was marked by a health crisis of an unprecedented scale linked to the Covid-19 pandemic, which caused a global economic recession impacting raw material prices, particularly manganese, and resulting in a profound crisis in the aerospace sector, the main end-market of the High-Performance Alloys division.

In this context, the Group was able to adapt quickly and with agility. Mining activity posted new production records and benefitted from the rebound in the steel market in China from Q2. The High-Performance Alloys division accelerated its measures to reduce costs and control WCR, which paid off in H2.

The Group's turnover amounted to **€3,553m** in 2020, down slightly by -3% (-2% at constant scope and exchange rates [1]). The strong growth in manganese ore sales volumes (+37%) and nickel ore exports (+55%) offset the significant decline in manganese ore prices (-19%), as well as the decline in aerospace sales at Aubert & Duval.

Group EBITDA totalled **€398m**. The Group made major intrinsic progress, particularly in H2, strengthened by the favourable seasonality. However, external factors weighed very heavily on performance, owing to the impact of the pandemic.

Current operating income came to **€106m**, mainly after booking a depreciation expense on fixed assets of -€281m.

Net income, Group share recovered sharply in H2 (-€52m). It ended at -€675m for the year, reflecting asset impairments linked to the crisis (-€498m), notably A&D (-€197m), the mothballing of the lithium project (-€113m) and the closure of the metal manganese business in Gabon (- €83m, booked in H2). The share of income in the Weda Bay Nickel joint venture in Indonesia contributed €79m to net income, Group share in 2020.

Free Cash-Flow ("FCF") amounted to **-€36m** at end-December 2020, with **strong cash generation in H2** (+€174m, of which +€229m from improvements in WCR). For the year, the Mining and Metals division, excluding the lithium project, generated FCF of nearly €330m, of which €265m in H2, reflecting the excellent operational performance, the significant reduction in WCR and optimised capex. The High-Performance Alloys division posted FCF close to breakeven in H2 (-€10m) thanks to significant progress in costs and inventories, after a H1 adversely affected by the impact of the pandemic on its markets (FCF of -€165m).

Overall, the Group's strong FCF generation in H2 reflects the excellent operational performance and the success of the cash control plan started from Q1. The latter led to a significant improvement in WCR by approximately 30 days of turnover compared to end-2019, mainly due to the decline in inventories. The cash control performance also led to a reduction in current capex (-26%).

Growth capex, including the plan to modernise the Transgabonese railway, totalled €104m in 2020 in Gabon, in order to support organic development in manganese ore production, which is highly value-accretive with a quick payback.

Net debt stood at €1,333m at 31 December 2020, **stable versus 2019**.

As a reminder, the Group was granted a waiver for the calculation of covenants ("Covenant Holidays") for June and December 2020.

Eramet's **cash** levels remained **high** at €1,856m.

Measures to preserve cash, such as strict control of industrial capex and WCR, which were taken as part of the Group's cash control plan and which demonstrated success in H2 2020, are maintained for 2021.

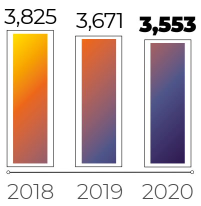
Moreover, a proposal not to pay out any dividend in respect of the 2020 financial year will be made at the Shareholders' General Meeting on 28 May 2021.

(1) See Financial Glossary in Appendix 7.

Key activity figures

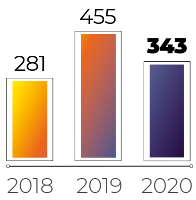
Sales
(€ millions)

Sales down by **3%** compared with 2019.



Industrial investments
(€ millions)

Industrial investments stood at **€343 million** and were dedicated to the modernisation of industrial tools and the preparation of growth projects.

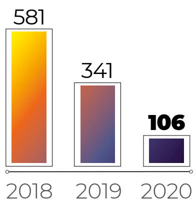


€398M EBITDA 2020

OF WHICH €120M IN H1 AND €278M IN H2

Current operating income
(€ millions)

The Group's current operating income is down by **69%**, compared with 2019.

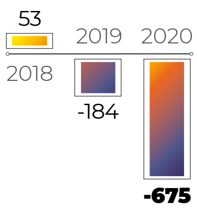


-€36M FCF 2020

OF WHICH -€210M IN H1 AND €174M IN H2

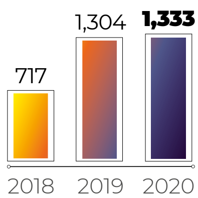
Net income, Group share
(€ millions)

The Net income attributable to the Group is down **-€675 million**, after recognition of non-operating result and expenses (-€561 million), financial result (-€186 million) and a tax expense (-€121 million) mainly due to taxes in Gabon.



Net financial debt
(€ millions)

Net debt at €1,333 million at 31 December 2020.



N.B.: all the commented changes in FY 2020 are calculated with respect to FY 2019, unless otherwise specified.

Breakdown of current operating income

(by business sector)

	2020	2019
Mining and Metals Division		
Manganese BU	339	459
Nickel BU	-79	-58
Mineral Sands BU	44	64
Lithium BU (project shelved)	-5	0
High Performance Alloys Division	-153	-68
Holding	-41	-56
Total	**106**	**341**

Changes in net debt

(€ million)

	2020	2019
Operating activities		
EBITDA	398	630
Cash impact of items in EBITDA	(383)	(420)
Cash flow from operations	**15**	**210**
Change in WCR	294	(124)
Net cash generated by operating activities (1)	**309**	**86**
Investing activities		
Industrial investments	(342)	(455)
Other investment flows	(3)	11
Net cash used in investing activities (2)	**(345)**	**(444)**
Net cash used in financing activities	**(15)**	**(117)**
Impact of fluctuations in exchange rates and other	35	(6)
Acquisition of IFRS 16 rights of use	(12)	(12)
(Increase)/Decrease in net financial debt	**(29)**	**(493)**
Restated opening (net financial debt)*	**(1,304)**	**(811)**
Closing (net financial debt)	**(1,333)**	**(1,304)**
Free Cash Flow (1) + (2)	**(36)**	**(358)**

Summary of the consolidated financial statements

(€ millions) (1)

	2020	2019	Change (€m)	Change (2) (%)
Sales	**3,553**	3,671	-118	-3%
EBITDA	**398**	630	-232	-37%
Current operating income (COI)	**106**	341	-235	-69%
Net income, Group share	**-675**	-184	-491	N/A
Free Cash-Flow	**-36**	-358	323	+90%
Net debt (net cash)	**1,333**	1,304	29	+2%
Gearing RCF (3)	**106%**	63%	+43 pts	N/A
ROCE (COI/Capital employed (4) of year n-1)	**3%**	12%	-9 pts	N/A

** Restated on first-time application of IFRS 16 at 1 January 2019.*
1) Data rounded up to the nearest million.
2) Data rounded up or down to the nearest %.
3) Net debt-to-equity ratio, excluding IFRS 16 impact and excluding loan by the French government to SLN.
4) Sum of equity, net financial debt, provisions for restoration of sites, provisions for restructuring and other social risks, less non-current financial assets, excluding capital employed at Weda Bay Nickel.

Non-financial performance continues to improve

In 2018, Eramet outlined its CSR Roadmap, which establishes a link between its priority environmental and societal issues and the Group's strategic vision.

In order to assess the overall progress of its 2018–2023 Roadmap, Eramet measures its CSR performance index based on the year's achievements. For 2020, the indicator reached 102 (100 indicating validation of all targets). The majority of the targets to be achieved by 2023 are well underway.

Some targets outperformed their annual milestone in 2020. Progress on the materials recovery targets, through the circular economy action plan and the reduction of the energy and climate footprint, is ahead of schedule.

The progress of some targets was affected by the health crisis. Training and diversity actions were delayed.
These slowdowns can be explained largely by the health measures taken to manage the crisis, which led to a temporary delay.

102

2020 CSR PERFORMANCE INDEX (TARGET 100)

CSR 2023

Key achievements in 2020

-24%

REDUCTION IN NUMBER OF ACCIDENTS

-25.4%

REDUCTION OF T CO_2/T OUTGOING PRODUCT (REF. 2018)

990,000 t

OF LOW-GRADE INCIDENTAL ORES AND TAILINGS NEWLY RECOVERED THANKS TO THE CIRCULAR ECONOMY PLAN

€10 million Covid-19 solidarity plan

Signature of the Diversity Charter

Eramet/BASF partnership agreement for the assessment the production of nickel-cobalt for the electric vehicle market

ESG PERFORMANCE ASSESSMENT

Eramet takes part in many external assessments of its non-financial performance. Since 2019, the Group has been participating in assessments conducted by financial and non-financial rating agencies recognised by its stakeholders, particularly its investors, customers and civil society. Eramet gives priority to rating agencies that have precise methodologies that analyse the material issues of the industry. Assessments thus play a role in the continuous improvement process of the company's commitments and its non-financial performance.

Following on from the assessment by Vigeo-Eiris in 2019, this year, Eramet's CSR strategy has been evaluated by ISS ESG's *corporate rating*. Two improvements attest to Eramet's concrete progress: the Group earned an overall rating of B- and for the first time was awarded "Prime" status. This status is granted to companies whose ESG performance exceeds the threshold of other companies in their industry.

-40%

2035 OBJECTIVE TO REDUCE ABSOLUTE CO_2 EMISSIONS

CARBON NEUTRALITY

BY 2050 (SCOPE 1 AND SCOPE 2)

Eramet earned a B, a significant improvement from the D it received in 2019, on the *Climate Change* questionnaire of the *Carbon Disclosure Project's* (CDP) 2020 ranking. This places Eramet in the top category of companies in its business sector, rewarding its proactive steps in this area.

In a new *Wall Street Journal* ranking that was released this year, Eramet appears among the 100 most sustainably managed publicly traded companies in the world.

B- rating, "Prime" status
ISS ESG *Corporate rating*
JUNE 2020

B rating
CDP *Climate change*
DECEMBER 2020

FOCUS 2020: COVID-19 SOLIDARITY PLAN

In April 2020, as the Covid-19 pandemic was raging across the globe, Eramet announced the implementation of a Group solidarity plan, accompanied by an exceptional budget allocation of €1.5 million.

As of the end of 2020, most of this exceptional Group allocation had been used, with the residual balance being held to continue actions to fight Covid-19 in 2021.

- Most of the money went to support the subsidiaries for the purchase of health and hygiene supplies, food and staples for the local stakeholders. This was the case, for example, with Comilog and Setrag in Gabon, where more than **300,000 masks** and PPE were distributed.
In New Caledonia, SLN distributed more than **1,000 health and hygiene kits and food packs**.
In Argentina, Eramine gave the closest village an ambulance. In France, the sites of the both Group divisions got involved and provided more than **100,000 masks** and other protective equipment to their local residents.
- The Group also gave financial donations to charity and institutional partners working on research against the virus and support the most impoverished people in France. It also organised a solidarity campaign among employees, whose donations were matched.

In addition to this allocation from the Group, the subsidiaries are independently taking initiative: this includes Comilog and GCO's support for public institutions, with the organisation of a medical mission at Amissa Bongo Hospital in Franceville, and support for the Senegalese government's Force Covid-19 foundation. Some CSR actions by the sites, particularly in Senegal and Gabon, have also helped the communities' health and economic resilience in the face of the crisis, by stepping up their community investment expenditure to support healthcare, infrastructure work and activities supporting local employment.
In 2020, the Eramet Group and its subsidiaries mobilised more than **€10 million** to support their stakeholders in fighting the health and economic crisis stemming from the Covid-19 pandemic.

The Group's outlook in 2021

The markets of the Mining and Metals division remain well-oriented at the start of 2021, mainly thanks to the momentum of the Chinese economy, with an improved short-term outlook in Europe and the United States. However, the overall economic context for raw materials remains uncertain for the year.

The High-Performance Alloys division is suffering in its main market from the crisis in the aerospace sector, which is expected to take several years to resolve. However, it benefits from a solid outlook in the national sovereignty and energy markets as well as the expected recovery in the automotive sector.

In 2021, the Group continues to implement its strategic roadmap with further significant intrinsic progress expected, notably thanks to the achievement of the following targets:

- **7 Mt** of manganese ore production;
- Nickel ore exports of **more than 3.5 Mwmt** as part of the continued execution of SLN's rescue plan;
- Production of more than 6 Mwmt of nickel ore at Weda Bay.

This organic growth momentum should help to amplify the traditional seasonality of mining activities.

In 2021, Group capital expenditure could total c.€300m in current capex and c.€200m in growth capex to support organic development, mainly in manganese.

Based on a consensus of average manganese ore prices at **$4.5/dmtu** and LME nickel prices at **$7.5/lb** for 2021, **forecast EBITDA** of approximately **€600m**(1) is expected in 2021, significantly higher than in 2020, with a considerably more favourable seasonality in H2.

This outlook is in line with the momentum of the start of this year, without an economic setback linked to the pandemic. It is in line with our strategic roadmap, and aim to make Eramet's business model even more robust, in order to strengthen the Group and take full advantage of the postcrisis period.

(1) Based on an exchange rate at $/€1.22.

Mineral sands extraction,
GCO, Senegal

2

Activities

2.1 MINING AND METALS DIVISION

2.1.1 Manganese BU

2.1.1.1 Highlights of the year

2.1.1.1.1 Key figures

BU Manganese *(in millions of euros)*	FY 2020	FY 2019
Turnover	1,699	1,765
EBITDA	442	560
Current operating income	339	459
Net cash flow generated by operating activities	472	206
Capital employed at start of year	1,258	963
Industrial investments[1]	195	234

(1) Excluding right-of-use assets per IFRS 16 (€5 million).

OPERATIONAL INDICATORS

(thousands of tonnes)	FY 2020	FY 2019
Manganese ore and sinter production	5,803	4,765
Volume of ore and sinter transported	6,013	4,627
External manganese ore sales	5,303	3,870
Manganese alloy and metal production	698	740
Manganese alloy and metal sales	716	733

2.1.1.1.2 Operating performance

Manganese ore production increased 22% year-on-year compared to 2019 to 5.8 Mt in 2020 with an annual production rate in excess of 6 Mt in H2 2020. Volumes sold also rose significantly. Although the contraction in the steel industry prompted a decline in both manganese alloy production and sales, the decline was checked by our ability to grasp commercial opportunities.

In a market down 15% [1] by value, the Manganese BU put in a resilient performance at €1,699 in annual turnover, down slightly by 4%. It is still the main contributor to the Group's EBITDA (€442 million).

Activities

In Gabon, the manganese ore production target was achieved with 5.8 Mt produced in 2020, an increase of 22%. The mine expansion programme combined with steady operating progress lifted production by 10% in the second half of 2020 vs. the first half.

The new Okouma mine opened on schedule in October. Investments for the growth of the project amounted to €72 million in 2020 with a very short payback time.

Setrag's excellent logistics performance helped to increase Comilog's volumes of ore transported by 30% to 6 Mt in 2020, while providing a very good service to other customers. Comilog's sales outside the Group rose 37% to 5.3 Mt.

Despite weak carbon steel output in both Europe and the United States, manganese alloy production declined by only 6% in 2020 to 698 kt. Sales fell a mere 2% to 716 kt as the nimble production set-up – in terms of both products and volumes – proved its worth. Comilog won new market share and widened the geographical scope of its markets.

The largely loss-making electrolysis activity for manganese metal production in Gabon was definitively halted in the third quarter. Production of silicomanganese continues.

(1) Combined impact of volume and price: based on consumption of manganese ore: and CIF China 44% prices

Outlook

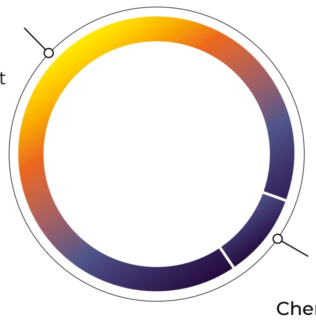
We expect carbon steel demand to recover in 2021, bolstered by demand from China and the rebound that has started to gain ground in Europe and the US. Growth in the sector was brisk in the early part of 2021, although output in Europe and the United States is still below what it was in 2019.

The production target under the modular and optimised growth programme for the Moanda mine is 7 Mt for 2021, an increase of 20% on 2020. Capital expenditure to support growth – including the tranche of the plan to modernise the Transgabonese railway – is approximately €150 million for the year and offers a very short payback time.

2.1.1.2 The manganese market

2.1.1.2.1 Main applications

Manganese applications



Source: Eramet.

Steel, main application market with 90% of manganese used

All steel producers use manganese in their production processes – an average of 6-7 kg per tonne of steel. Manganese is used in steel in the form of manganese metal (pure manganese) or mainly as an alloy (ferromanganese or silicomanganese) with an average content of 70% manganese. 1.8 tonnes of ore with roughly 40% manganese content are required to produce one tonne of alloy.

Manganese is mainly used as an alloying element to improve hardness, abrasion resistance, elasticity and surface condition for rolling. As an alloy element, it cannot be replaced by other non-ferrous metals. It is also used for deoxidation and desulphurisation during production.

The end uses are mostly construction and transportation. Carbon steel, main outlet for manganese, is a key element for the construction of modern buildings. The manganese is used to make reinforced concrete rods more rigid and more resistant, and to manufacture quick steel used in making cutting tools for construction worksites. In the transportation area, manganese steels are appreciated for their strong resistance to wear and tear and deformation. They are used to manufacture an entire series of railway infrastructure parts because they can withstand the weight of trains and avoid the distortion of tracks. Manganese is used by the automotive industry for the same properties.

Other applications

- Batteries: mainly alkaline batteries. Manganese is also a key element of cathodes for lithium-ion batteries.
- Ferrites: used in electronic circuits.
- Agriculture: fertiliser and animal feed.
- Other uses in chemistry: pigments, fine chemicals.

2.1.1.2.2 Demand for manganese

Demand for manganese largely depends on changes in the global production of carbon steel. The economic take-off of China, which has experienced rapid urbanisation with growing demand on its infrastructure, has also contributed significantly to the long period of strong growth in steel production and demand for manganese over the last two decades.

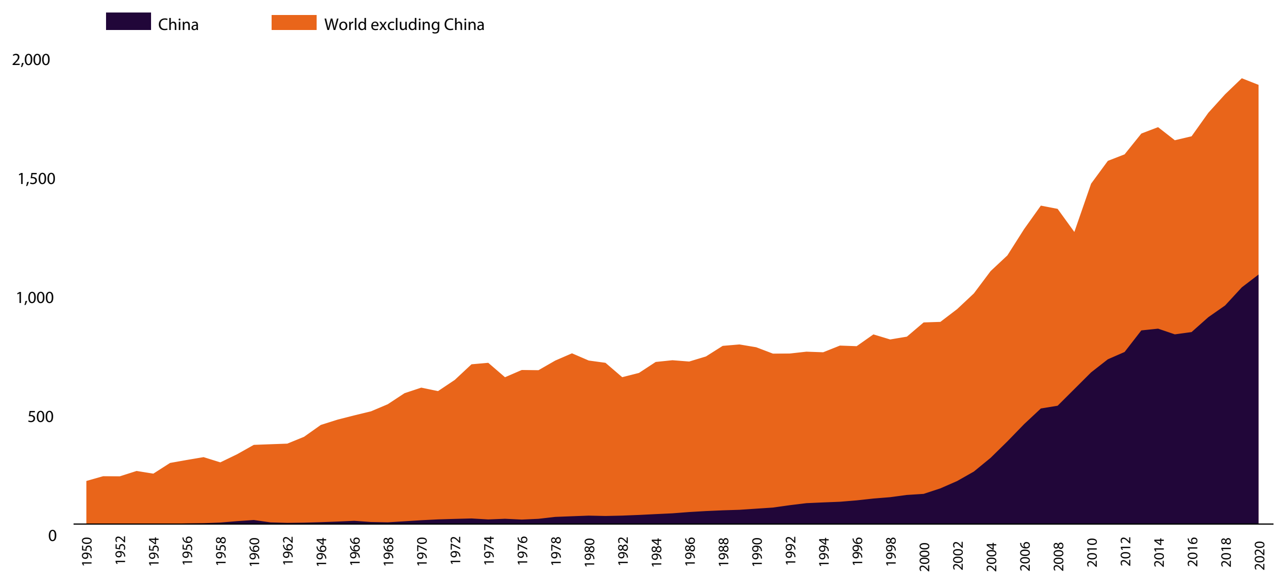
Consequence of the health crisis, global steel production declined by approximately 1.5% in 2020. Starting in June, Chinese production reached a record 1.05 billion tons for the year (+5.4%), while the rest of the world reported a decline of more than 9% on average. Europe, the United States, India and developed countries in Asia were dealt a severe blow by the economic contraction and/or shuttering of production during lockdowns imposed to contain the spread of Covid-19, and the decline in end markets, especially the automotive market.

BREAKDOWN OF CRUDE STEEL PRODUCTION

Global production of raw steel	Volumes *(millions of tonnes)*					% annual growth				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
European Union	167.4	170.5	169.9	167.9	143.8	0.8%	1.9%	- 0.4%	- 1.2%	- 14.4%
Other Europe (including Turkey)	37.4	42.1	42.3	38.8	40.1	5.4%	12.6%	0.4%	- 8.2%	3.3%
CIS	102.1	101.1	100.9	101.4	102.6	0.5%	- 1.0%	- 0.2%	0.4%	1.2%
North America	110.6	115.8	120.9	119.7	101.1	- 0.3%	4.6%	4.4%	- 1.0%	- 15.5%
South America	40.2	43.7	45.0	41.7	38.3	- 8.4%	8.6%	3.0%	- 7.4%	- 8.2%
Africa	13.1	14.8	17.7	16.4	15.1	- 0.4%	13.2%	19.4%	- 7.4%	- 7.6%
Middle East	29.5	32.5	36.0	40.1	41.0	7.5%	10.2%	11.0%	11.4%	2.0%
China	808.4	870.9	920.0	996.3	1,050.1	1.2%	7.7%	5.6%	8.3%	5.4%
India	95.5	101.5	109.3	111.2	99.5	7.2%	6.3%	7.7%	1.8%	- 10.6%
Other Asia and Oceania	226.8	236.8	245.4	241.3	215.5	- 0.6%	4.4%	3.6%	- 1.7%	- 10.7%
COUNTRY	**1,631.0**	**1,729.6**	**1,807.5**	**1,874.9**	**1,847.1**	**1.0%**	**6.0%**	**4.5%**	**3.7%**	**- 1.5%**

Source: World Steel Association, Eramet, February 2021.

Trends in global crude steel production *(millions of tonnes)*



Source: World Steel Association, Eramet, February 2021.

2.1.1.2.3 Manganese supply

Manganese ore

The supply of manganese ore is made up of several types of ore of varying qualities. A distinction is generally made between the supply of medium to high-grade ore (30-48% manganese content), which is profitable to transport and export (these ore flows are classified as "seaborne"), and low-grade ore, which is consumed and transformed locally.

Even though these two types of ore are used in combination by alloy producers, the use value of high-grade ore is far greater than that of lower-grade ore.

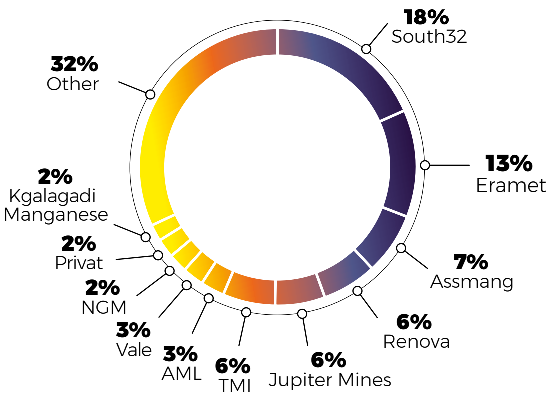
Global ore production in 2020 was estimated at approximately 20.3 million tonnes of manganese content.

MANGANESE ORE PRODUCTION *(MILLIONS OF TONNES CONTENT)*

	2016	2017	2018	2019	2020
South Africa	4.4	6.0	6.6	7.3	7.5
Gabon	1.4	2.0	2.3	2.6	3.3
Australia	2.3	2.6	3.4	3.1	3.2
China	1.7	1.6	1.5	1.5	1.4
Brazil	0.9	1.1	1.2	1.7	1.2
India	0.7	0.8	0.9	0.9	0.8
Ghana	0.6	0.8	1.1	1.5	0.7
Ukraine	0.5	0.4	0.5	0.4	0.4
Malaysia	0.2	0.3	0.4	0.3	0.2
Kazakhstan	0.2	0.2	0.2	0.2	0.2
Other	0.7	1.0	1.1	1.4	1.4
WORLDWIDE	**13.5**	**16.6**	**19.2**	**20.9**	**20.3**

Source: Eramet, February 2021.

Manganese ore production by player

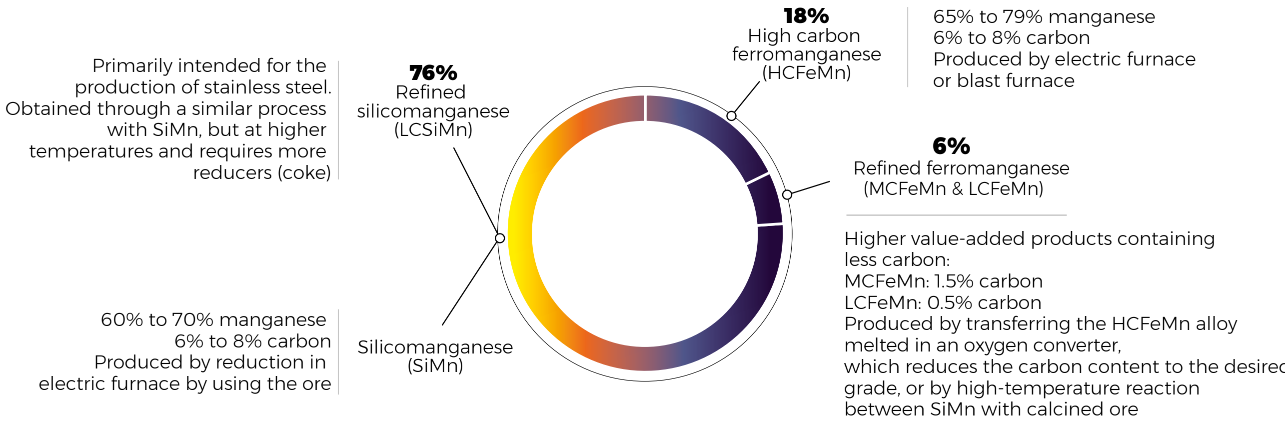


Source: Eramet, February 2021.

Manganese alloys

Manganese alloys are produced by reducing manganese ore at a temperature of approximately 1,600°C. This operation is carried out by adding coke to furnaces, which are mostly electric. However, some producers, mainly based in China, use blast furnaces but this process is less and less used, given the price of coke. Outside of China, blast furnaces can also be found in Japan and Eastern Europe.

Manganese alloy families



Source: Eramet.

	2016	2017	2018	2019	2020
China	8.8	9.9	12.1	14.7	13.8
India	1.9	2.1	2.3	2.4	2.2
Ukraine	0.9	0.9	1.0	0.9	0.6
Japan	0.7	0.7	0.7	0.7	0.6
Russia	0.3	0.5	0.5	0.6	0.6
Norway	0.6	0.7	0.6	0.6	0.5
South Korea	0.6	0.6	0.6	0.6	0.5
South Africa	0.4	0.4	0.4	0.4	0.3
Georgia	0.2	0.2	0.3	0.3	0.3
Brazil	0.2	0.3	0.3	0.3	0.2
Other	1.9	2.4	2.4	2.3	2.0
WORLDWIDE	**16.5**	**18.6**	**21.1**	**23.8**	**21.5**

Source: Eramet, February 2021.

BREAKDOWN OF GLOBAL MANGANESE ALLOY PRODUCTION BY PRODUCT TYPE

	2016	2017	2018	2019	2020
Silicomanganese	72%	71%	74%	75%	77%
High-carbon ferromanganese	21%	22%	20%	19%	18%
Refined ferromanganese	7%	7%	6%	6%	5%

Source: Eramet, February 2021.

Silicomanganese has experienced the strongest growth of all the standard alloys. The availability in China (as well as in India and Ukraine) of local low-grade ore, which can easily be used to produce silicomanganese, has favoured its development. However, low-grade ores are always mixed with rich imported ores in an ongoing attempt to achieve a price/performance balance.

The Chinese market is characterised by a very large number of alloy producers that are very dependent on high-grade imported ores, which consume more than 60% of global seaborne ore. As a result of the introduction of export taxes in 2008, China is not a significant player in the international alloy market, unlike India, which is a major exporter of commodities (SiMn and HCFeMn). However, the Chinese export tax was lifted in 2012 for Electrolytic Manganese Metal, a competitive product to refined alloys.

Manganese metal

Manganese metal is produced using a hydrometallurgical process during electrolysis (Electrolytic Manganese Metal or EMM). It is an extremely pure manganese product (over 99% Mn content), generally produced in the form of flakes. Since the hydrometallurgical process is adapted to the treatment of low-grade ores, EMM production is concentrated in China, the main exporter of metal with a traditionally very fragmented industry, but which has been highly concentrated in the last five years with the emergence of one producer that alone accounts for more than 50% of global production capacity.

The main markets for manganese metal are carbon steel, stainless steel and aluminium production. Global manganese metal production varies between 1.1 and 1.5 million tonnes annually, depending on the year.

2.1.1.2.4 Price

Formation and monitoring of manganese ore prices

The sale price of manganese ore is the result of direct negotiations between buyers and sellers. It is conventionally expressed in USD/dmtu (dry metric tonne unit). One dmtu corresponds to 10 kg of manganese content. The dmtu price is higher for high-grade ores, and also depends on particle size and the possible presence of impurities.

There are currently two reference indices for manganese ore prices: CRU and Fastmarkets. These two independent companies are specialised in the analysis and publication of reference prices for the mining and metal products markets. The prices are referenced for two ore grades: 44% and 37% of manganese for the different Incoterms® [1]. The Free On Board (FOB) reference indicates that the transfer of the seller's costs and risks to the purchase occurs when the good is loaded on board the ship at the port of embarkation. The CIF (Cost Insurance and Freight) indicates that the seller bears the shipping costs up to the place of destination indicated by the Incoterms®, and is required to contract an insurance covering the risks linked to the transportation of goods up to the specified location.

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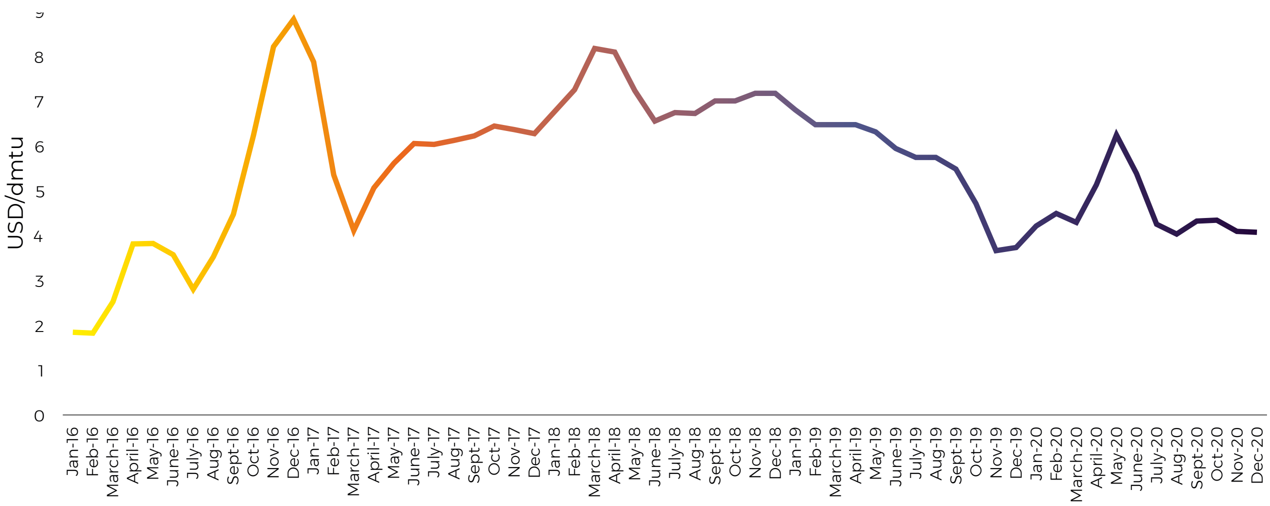
Monthly price of manganese ore 44% CIF China *(USD/dmtu)*



Source: CRU, January 2021.

(1) *Incoterms®: Standardised term which defines the seller's and buyer's respective obligations and responsibilities, in international trade*

Formation and monitoring of manganese alloy prices

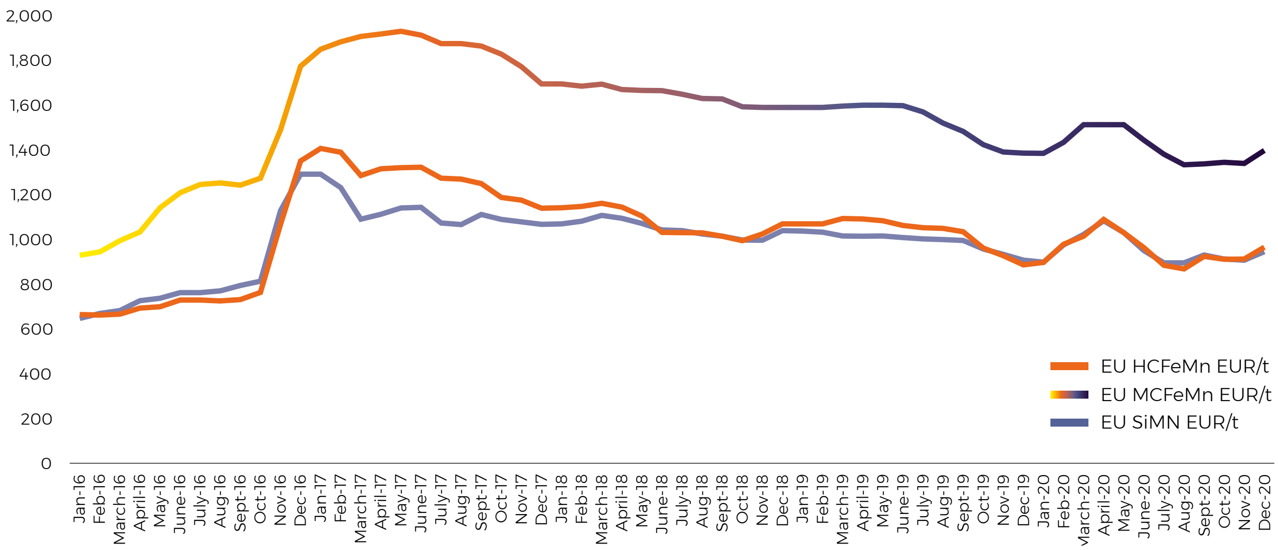
There is no market as such for manganese alloys. Prices are negotiated directly between producers and customers. As far as scheduled sales are concerned, alloy prices are often negotiated on a quarterly basis. Non-scheduled sales are often negotiated on the basis of spot prices.

The manganese alloys market is a highly competitive global market. The movement of alloys between large areas is relatively limited, due to shipment costs. Prices may vary between major geographic areas (Europe, North America and Asia) due to changes in exchange rates or lags in economic cycles.

There are also discrepancies between the different alloy families due to differences in value in use. Refined alloys in particular have a much higher sale price than standard alloys.

There are several reference indices which are used to track trends in manganese alloy prices using monthly spot price surveys. Market players mostly use the CRU and to a lesser extent Fastmarkets.

Price of manganese alloys in Europe *(€/tonne)*



Source: CRU, January 2021.

Generally speaking, fluctuations in the price of manganese alloys reflect those of ore. However, the ability of producers to preserve their margins largely depends on supply and demand regional balances for each type of alloy.

2.1.1.2.5 Recent trends and market outlook

Manganese ore production stood at 20.3 million tonnes of manganese content, down by 2.7% compared to 2019, with a second half-year after the lockdown periods. COMILOG represents the majority of volume increases this year, then Australia and Côte d'Ivoire to a lesser extent. South Africaalso reported progress over the year despite the stoppage linked to the lockdown, thanks to persistent record exports above 2 million wet metric tons by month starting from July.

The significant rerouting of supplies to China increased ore inventories in Chinese ports to more than 7 Mt at end-2020, i.e., approximately 12 weeks' consumption vs. 7–8 weeks on average (the market is slightly in surplus).

After a price increase at the beginning of the second quarter following the activity upturn in China and contraction supply (closure of South African mines for approximately one month), the accumulation of ore inventories in China had a negative effect on prices which depreciated by an average of 19% in 2020 compared to the previous year. It settled at $4.6/dmtu (44% Mn CIF China) on average in 2020.

In Europe, one of Eramet's leading markets for manganese alloys, the price recovery struggled to gain footing due to the large availability of products and the weakening of manganese ore price. The prices of high carbon ferromanganese and refined metals contracted by 8% on average compared to 2019, and the price of silicomanganese by 4%.

In 2021, the recovery of steel production in all regions, which began in the second half of 2020, is expected to continue. Steel production could increase 4% in 2021 compared to 2020, but is not expected to return to 2019 levels in some regions (Europe and the United States).

The supply of manganese ore is expected to grow by 10% in 2021 compared to 2020, with Gabon as growth vector (notably Comilog) as well as South Africa which should continue its capacity development. However, this growth could be slowed down by a number of factors such as a wet season that was is intense than expected, or an extended period of low ore price.

Furthermore, the consequences of the unfolding global pandemic constitutes a significant uncertainty factor regarding both the supply and demand trend.

2.1.1.3 Manganese BU overview

2.1.1.3.1 Structure and positioning

The Manganese BU combines the ore extraction activities in Gabon, its transportation by rail, including the other transport activities linked to the Trans-Gabonese railway concession and its loading at the port. The BU also includes manganese ore processing activities, essentially in the form of manganese alloys for the steel industry.

The BU includes several companies:

- Comilig, a company operating under Gabonese law, is 63.71% owned by Eramet. Its activities mainly include: the operation of the mine, the manganese ore sintering plant and manganese alloys production, in Moanda (Gabon)
- Setrag (a subsidiary of Comilog), concession holder of the Trans-Gabonese railway
- Comilog Dunkerque (a subsidiary of Comilog) which produces manganese alloys in France
- Eramet Norway has three alloy plants in Porsgrunn, Sauda and Kvinesdal (Norway)
- Eramet Marietta, which runs a manganese alloy plant in the United States.

Eramet, through its Manganese activity is a leading world player in the Manganese industry, both for mining extraction as for ore processing:

- the world's second largest producer of high-grade manganese ore with 17% of market share;
- the world's second largest producer of manganese alloys;
- the world's largest producer of refined alloys, high value-added products.

Thanks to its industrial presence and its very comprehensive range of products, the Manganese BU, backed by the Group's commercial network, can offer a flexible response to the various manganese-related needs of its customers.

2.1.1.3.2 Activities and products

Manganese mining operations and processing (manganese alloys)

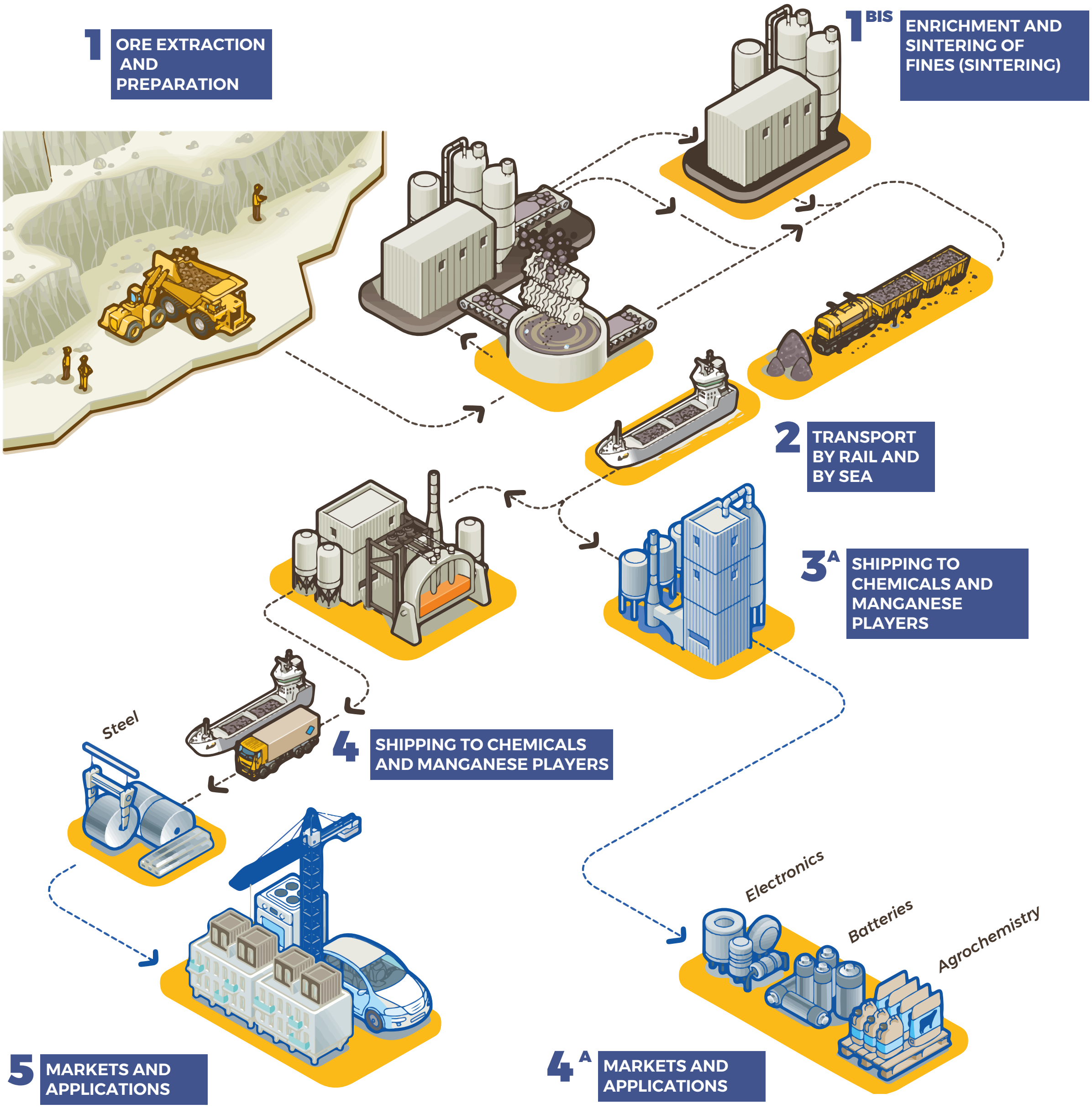


Illustration of the stages involved in manganese ore processing activities at Eramet.

MANGANESE ORE PRODUCTION

(thousands of tonnes)	2020	2019	2018	2017	2016
Manganese ore and sinter production	5,803	4,765	4,330	4,163	3,413

The mine

The Moanda deposits rank among the world's richest manganese deposits. The commercial ore content averages about 45%. The mine's reserves and resources are discussed at the end of this section.

Mining operations are carried out in open pits. The layer of overburden covering the ore is a few metres thick. The extracted ore is processed through mobile screening machines, a washing plant and an enrichment unit. The resulting enriched ore is transported by conveyor to Moanda railway station.

The enrichment and sintering plant

The Moanda industrial complex (CIM) processes the fine by-products of beneficiation, as well as manganeferous sediments extracted from the bed of the River Moulili. Fine products are enriched to increase their manganese content from 35% to a little over 50%. Part of the concentrates produced by this process is sold directly, while the rest is mixed with coke and sintered at a temperature of 1,300°C to achieve a product with approximately 56% manganese content. The sinter plant has a production capacity of 650,000 tonnes per year. The sintered product is mainly intended for melting in furnaces (Eramet plant and external customers) for transformation into manganese alloys.

Logistics

The Trans-Gabonese Railway (Setrag, a subsidiary of Comilog) transports Comilog's manganese ore, as well as wood, general cargo and passengers, between Franceville and Libreville, a distance of more than 600 kilometres. Comilog owns and operates its own locomotives and goods wagons.

As of November 2005, Comilog obtained the concession for the Trans-Gabonese Railway for a duration of 30 years. This allows it to secure its connections and ensure the shipment of sharply growing quantities of ore. In 2016, the company embarked on a major railway renovation and operational progress programme which will take nearly 10 years, the first stages of which have already allowed it to make significant progress in terms of logistics.

Through its subsidiary, Port Minéralier d'Owendo, Comilog is a concession holder for its ore carrier port, the port of Owendo, with a storage capacity equal to roughly one month's production. The port can accommodate 55,000-tonne ships and load them in three days.

Manganese alloy production

Eramet is the world's leading producer of refined alloys. Eramet produces a very extensive range of alloys and standard products (high-carbon ferromanganese, silicomanganese), but also so-called refined products (medium and low-carbon ferromanganese, low-carbon silicomanganese) with high value added. Since 2014, the Moanda metallurgical complex in Gabon (C2M) supplements this production. C2M produces silicomanganese through ore fusion. The product range had also been extended to metal manganese, for which production stopped in September 2020 due to the unfavourable market conditions. In Europe, Eramet is a major manganese alloys player, thanks to its three plants in Norway and France-based plant (Dunkirk). In the United States, Eramet is also the leading producer of manganese alloys (Marietta site, Ohio).

PRODUCTION OF MANGANESE ALLOYS

(thousands of tonnes)	2020	2019	2018	2017	2016
High-carbon ferromanganese	83	83	54	60	76
Standard silicomanganese	251	229	281	265	268
Refined alloys and manganese metal	363	428	385	391	359
TOTAL	**698**	**740**	**720**	**716**	**703**

MANGANESE ALLOY PRODUCTION SITES

Site	Country	Production capacity	Type of furnace	Income
Dunkirk	France	70 kt	Electric furnace	SiMn
Sauda	Norway	220 kt	Electric furnace	HC, MC, LC FeMn
Porsgrunn	Norway	170 kt	Electric furnace	HC, MC, LC FeMn, SiMn
Kvinesdal	Norway	165 kt	Electric furnace	SiMn, LCSiMn
Marietta	United States	120 kt	Electric furnace	HC, MC, LC FeMn, SiMn
Moanda	Gabon	65 kt	Electric furnace	SiMn

2.1.1.3.3 Capital expenditure

(in millions of euros)	2016 (1)	2017 (1)	2018	2019	2020
Capital expenditure Mines and Plants	82	48	85	184	154
Trans-Gabonese Remedial Investment Plan	22	41	55	50	42

(1) Excluding the Mineral Sands BU, incorporated within the Manganese BU until 2017.

In 2020, despite worsening market conditions, the Manganese BU nevertheless conducted a significant investment programme, focusing on strategic growth investments with very short return times, safety and environmental investments as well as those related to maintaining its industrial facilities.

In view of Comilog's reserves in Gabon, a manganese ore production capacity of about 7 Mt in the long term can be envisaged in 2021. Total cash outflows linked to investments dedicated to the organic growth of COMILOG, very profitable with a very rapid ROI time, amounted to €77 million in 2020. These investments are part of a modular programme which must make it possible to raise Comilog's production capacity to 7 million tons a year by year-end 2021.

Investments were also made to strengthen transport capacity (wagon delivery, work to prepare storage and loading areas).

Comilog also carried out environmental and societal projects, mainly the construction of new storage ponds.

Routine investments for maintaining existing facilities and the studies necessary for future developments (quality control, ore transportation capacities, modular washing facilities of the organic growth programme) account for the rest of investments.

Within the manganese alloy plants, the main investments were devoted to maintaining the main production tools. Under its multi-year furnace rehabilitation programme, Eramet Norway also procured critical components to prepare for a furnace renovation scheduled for 2021. A pilot facility aimed at reducing carbon impact and promoting better energy use is under construction, with start-up expected in 2021 on the Sauda site.

Trans-Gabonese Remedial Investment Plan

The aim of Setrag's Remedial Investment Plan is to restore and then increase the original transport capacity of the Trans-Gabonese railway. A multi-year remedial investment plan for the railway has been implemented.

Thus, 2020 was marked, amongst other things, by ongoing work to consolidate the rail platform (work carried out by the Gabonese State), work to renovate the track superstructure (rails, tracks, ballast), and the installation and commissioning of equipment required for the new Train Controlling System (TCS).

In particular, the manufacture of new rails (325,000 pieces produced by the end of 2020) and the renewal of the track superstructure (133 km renewed by the end of 2020) are progressing at full capacity.

Spread out over almost 10 years, the cost of this operation is approximately €500 million, of which €150 million is provided by the Gabonese government. The remainder will be borne by Setrag, which benefits from several tranches of international financing obtained via IFC (World Bank) and Proparco (subsidiary of the French Development Agency), with Comilog's guarantee.

In addition to this project, investments were made to improve safety (particularly by closing off the area and building pedestrian walkways over the platforms), reduce the environmental impact and boost the productivity of production facilities.

2.1.2 Nickel BU

2.1.2.1 Highlights of the year

2.1.2.1.1 Key figures

Nickel BU *(in millions of euros)*	**FY 2020**	FY 2019
Turnover	905	778
EBITDA	21	38
Current operating income	(79)	(58)
Net cash flow generated by operating activities	17	(17)
Capital employed at start of year	664	611
Industrial investments[1]	44	35

(1) Excluding right-of-use assets per IFRS 16 (€2 million)..

OPERATIONAL INDICATORS

	FY 2020	FY 2019
SLN (NEW CALEDONIA)		
Nickel ore production *(millions of wet tonnes)*	5.4	4.7
Nickel ore exports*(millions of tonnes content)*	2.5	1.6
Ferronickel production*(thousands of tonnes of nickel content)*	47.8	47.4
Ferronickel sales*(thousands of tonnes of nickel content)*	50.2	47.0
SANDOUVILLE (METROPOLITAN FRANCE)		
Production of high purity nickel*(thousands of tonnes of nickel content)*	7.3	6.9
Sale of high purity nickel*(thousands of tonnes de nickel content)*	7.4	6.7
WEDA BAY NICKEL (INDONESIA)		
Nickel ore production *(millions of wet tonnes – 100%)*	3.4	0.5
Production of low-grade nickel ferroalloys *(in thousands of tonnes of nickel content – 100%)*	23.5	
Sales of low-grade nickel ferroalloy *(in thousands of tonnes of nickel content – Eramet off-take)*	6.2	

2.1.2.1.2 Operating performance

Nickel BU markets were hard hit by the sharp contraction in the stainless steel sector in 2020, despite a strong recovery in China in H2.

As a result, ferronickel traded at a steep discount price relative to LME prices for the year, which affected SLN's financial performance. However, strong growth in nickel ore prices and exports, combined with an increase in LME prices in Q4 meant that SLN [1] posted €727 million in turnover (+6% vs, 2019), and EBITDA at €48 million, in a local context marked by instability.

The Sandouville refinery recorded an EBITDA loss of €31 million, in sharply declining markets dragged down by the fallout from the pandemic.

Turnover for the Nickel BU rose 16% in 2020 to €905 million, including €75 million related to the off-take agreement at Weda Bay Nickel, where metallurgical production successfully got under way in the spring.

The BU's EBITDA was €21 million, down 45%.

(1) SLN, ENI and others.

Activities

In New Caledonia, SLN reported robust 16% year-on-year growth in mining production in 2020 to 5.4 Mwmt [1] (+ 16% compared to 2019), with output in the second half up 45% over H1. This rise reflects both favourable seasonality factors in H2 and the impacts of the rescue plan. Exports of nickel ore soared 55% to 2.5 Mwmt, in line with the 2020 target, with an annual rate of 4 Mwmt in the period September to November.

This major progress was achieved in the face of social unrest at the start of the year and the blockades in December. The shutdowns disrupted the organization of production activities and adequate supplies to power the Doniambo furnaces, as well as several ore deliveries to export customers.

Ferronickel sales were up 7% in 2020 to 50 kt and production totalled 48 kt, stable versus an already low base in 2019.

The increase in nickel ore export sales volumes, combined with the step-up in ore prices brought down SLN's cash cost [2] by 10% to $5.35/lb on average in 2020. Its cash cost fell to around $5.0/lb on average in H2, despite the disruptions in December.

The reduction in production costs shows that the rescue plan is proving very effective under normal operating conditions. Despite the unrest at the end of the year and missing the export target, SLN posted €34 million in FCF[3] in H2.

At end-December, SLN's financial liquidity stood at €110 million.

To recap, SLN's rescue plan has three main components: implementing a new business model based on ferronickel production by the plant and low-grade ore exports; reducing energy prices and improving productivity. SLN is currently authorised to export 4 Mth of ore per year. For the rescue plan to succeed, this volume needs to increase to 6 Mth.

At the start of 2021, as unrest and blockades continued at its mines, SLN has been forced to adjust mining and metallurgy operations, as well as loading of ore vessels on a day-to-day basis. The blockades have been lifted, but pressures remain on the availability of ore, which is seriously hampering the rescue plan.

The company has applied to the president of the Nouméa mixed commercial court to initiate a conciliation procedure with the aim of bringing together all stakeholders as soon as possible to allow the rescue plan to be properly executed to turn around the Group's New Caledonian subsidiary and putting it on a firm footing for the long term.

Although the Sandouville plan in Normandy maintained output (+ 6%) and sales during the year(+ 10%), a very depressed market for high value-added nickel salts – dragged down by the decline in the Asian electronics market – dampened activity. The recovery plan for the site, currently under strategic review, is predicated on substantially higher production volumes (nickel metals and salts).

In Indonesia, Weda Bay started up successfully and mining operations and production of low-grade nickel ferroalloy ramped up quickly. Mining started late in 2019 and the mine produced nearly 3.4 Mwmt of ore in 2020. The current annual production rate is 6 Mwmt. The first tapping of nickel ferroalloy took place late in April. In August, the plant reached its nominal capacity – 35 ktNi per year – ahead of schedule, and produced 23.5 ktNi in 2020.

Outlook

Stainless steel production is set to shoot up in 2021 in China and Indonesia, as well as in the rest of the world. The growing market for electric vehicle batteries will be the other main growth driver for primary nickel demand in 2021, specifically for class 1 nickel.

Turning to the class 2 nickel market, we expect ferronickel to continue trading at a significant discount to the LME.

Subject to normal operating conditions, SLN has set a target of more than 3.5 Mwmt for exports of nickel ore in 2021. Ferronickel production at Doniambo plant is expected at around 50 kt.

We expect mine production at Weda Bay to top 6 Mwmt in 2021. In addition, as it pivots more to energy transition metals, Eramet signed an agreement with BASF in December to jointly assess the development of a nickel and cobalt hydrometallurgical refining complex. The aim is to fire up the plant in the mid-2020s with the ore from Weda Bay beneficiated locally. The feasibility study began in early 2021.

(1) Mwmt: millions of wet metric tonnes; Kwmt: thousands of wet metric tonnes.

(2) See Financial Glossary in chapter 11.

(3) Based on SLN's individual financial statements

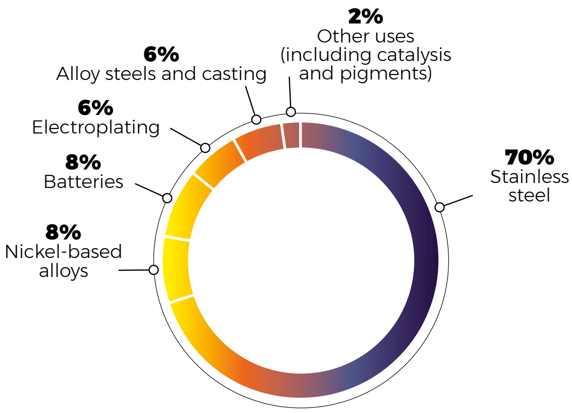
2.1.2.2 The nickel market

2.1.2.2.1 Main nickel applications

Nickel is a critical component in the manufacture of numerous products due to its physical and chemical properties. As such it is often combined with chromium and other metals to produce special steels: the stainless steel industry is by far the largest consumer of nickel (corrosion resistance, ductility, easy to shape steel). Other alloy steel categories include superalloys for aeronautics such as high-grade nickel (exceeding 45%) combined with other metals such as cobalt and chrome ensure that they retain their mechanical properties at the increasingly high temperatures of functioning reactors.

Electroplating[1], catalysis, pigments represent other outlets for nickel use, albeit on a smaller scale. Lastly, nickel is used in rechargeable batteries, especially for electric vehicles, expected to become a booming market in upcoming years. Nickel gives batteries greater energy density and larger storage capacity at least cost.

Main applications of primary nickel[1] in 2020

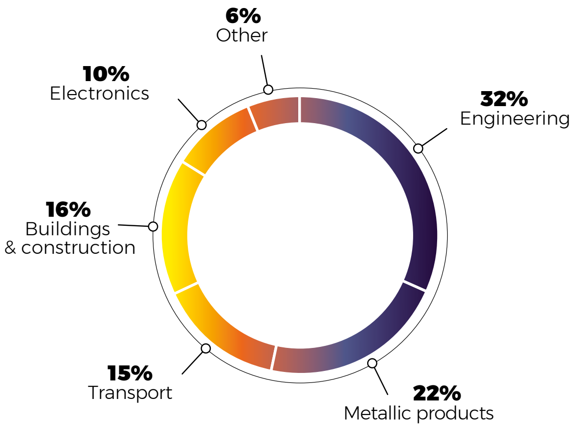


Source: Eramet, November 2020.

The primary uses for stainless steel are:

- Engineering with three predominant sub-sectors: chemical, petrochemical, and offshore, food processing (such as vessels and pipes for milk and wine production), energy, tanks and heat exchangers;
- metallic products, mainly for food safety and hygiene with tableware and holloware, cutlery, catering, medical applications such as surgical equipment;
- transport to limit corrosion and due to low maintenance costs: trains, ships, tanker trucks, aeronautics and automotive catalytic converters;
- building and construction industry (aesthetics, durability and low maintenance costs): lifts, ramps, street furniture, building accessories;
- electric and electronics: household appliances (washing machines, refrigerators, etc.), data processing, consumer electronics (computers, smartphones, etc.).

Main end applications of nickel



Sources: Roskill, 2020.

Nickel recycling

Nickel is infinitely recyclable, and its high economic value makes it profitable to collect and recycle. The structure of the nickel recycling industry has been in place for many years. Nickel is most commonly recycled in the production of stainless steel.

2.1.2.2.2 Nickel demand

In 2020, global primary nickel consumption totalled 2.28 million tonnes, down by 3.7% compared to 2019 due to the consequences of the health crisis.

The stainless steel industry, leading consumer of primary nickel, was less affected by the crisis than other sectors thanks to the upturn in China in the second quarter and production ramp-up in Indonesia. These are the only two countries to report positive annual growth for stainless steel production in 2020, by 3.0% and 23.6% respectively. China posted record-beating production with more than 8 million tonnes per quarter in the second half. It focused on the more nickel-intensive 300 series production [2]. Annual production exceeded 30 million tonnes. Indonesia continued growing to reach 2.8 million tonnes of stainless steel production, thus generating additional consumption of 45,000 tonnes of primary nickel due to the limited use of recycled nickel. Stainless steel production in other countries fell on average by 10 to 20% compared to 2019, with a severely impacted second quarter. Overall, primary nickel consumption in stainless steel amounted to 1.60 million tonnes (down 0.3% on 2019).

(1) See Technical Glossary in chapter 11.
(2) The 300 series contain approximately 8% to 12% of nickel

Among the other applications, electroplating and superalloys were highly impacted by the crisis and lockdown measures implemented in numerous countries, which weakened the automotive and aeronautical markets.

The batteries market resisted with a slight 2% decline in nickel consumption. Electric vehicles sales rose to 18% of the European market in the fourth quarter of 2020, from around 5% in December 2019 – growth which should be viewed in the context of the dramatic drop in thermal vehicle sales during the year.

Non-stainless steel applications accounted for a total of 684,000 tonnes of primary nickel in 2020, representing an annual decline of 10.05%.

2.1.2.2.3 Nickel supply

Nickel products

There are two categories of primary nickel:

- Class 1, pure nickel metal: mainly includes electrolytic nickel, powders and nickel briquettes. The products generally correspond to the chemical specifications required by the London metal exchange, LME[(1)], with a nickel grade above 99.8%. In 2020, class 1 represented slightly less than 40% of total primary nickel production.
- Class 2, nickel ferroalloys: this category mainly includes the smelting of nickel or NPI [(2)] and ferronickel. These products are not qualified to be delivered in LME warehouses. In 2020, this class represented around 60% of the global production of primary nickel following the exponential growth of NPI in Indonesia in recent years.

Nickel ore producers

Nickel is extracted from two types of ore:

- *oxidised ore* or laterites located generally in tropical zones and mainly operated in Indonesia, Philippines, New Caledonia and Brazil. The deep layers of the deposit known as saprolites, with iron content of around 15%, are adapted to pyrometallurgical processing to obtain ferronickel (or an intermediate product called nickel matte). Limonites also present in deposits, are very well adapted to the hydrometallurgical process used for nickel and cobalt refining for batteries;
- *sulphate ore* primarily found in Russia, Canada, Australia and China and generally used to produce high-purity nickel.

Oxidised ore extraction currently represents more than 60% of global mining production.

After being overtaken by the Philippines, after a three-year ban on nickel ore exports (2014 to 2016), Indonesia regained its global leadership in nickel ore production in 2017. Indonesian production is stimulated by numerous NPI projects developed in the country. Since the reinstatement of the ban in January 2020, all extracted ore is sold on the domestic market. Meanwhile, mining production in the Philippines dropped due to the decline in the nickel content of ores, and the closure of some sites for environmental reasons.

PRODUCTION OF ORE *(THOUSANDS OF TONNES OF NICKEL CONTENT)*

	2016	2017	2018	2019	2020
Indonesia	204.0	355.0	606.0	853.0	771.0
Philippines	348.9	339.4	345.0	323.3	296.5
Russia	223.0	221.0	218.0	223.2	238.5
New Caledonia	204.2	215.4	216.2	208.2	199.5
Australia	203.1	184.3	160.0	158.8	168.1
Canada	235.7	211.2	180.0	187.1	156.8
China	90.0	94.5	99.0	104.7	104.1
Brazil	86.4	76.8	73.8	60.4	72.5
Guatemala	45.9	53.7	39.2	36.3	55.4
Cuba	51.4	52.9	52.2	48.9	48.0
Other	305.7	326.7	324.8	324.0	280.0
WORLDWIDE	**1,998.4**	**2,130.9**	**2,314.2**	**2,527.9**	**2,390.4**

Source: INSG, February 2021.

(1) *LME: London Metal Exchange.*
(2) *Nickel Pig Iron (NPI), smelting of nickel*

Primary nickel producers

In 2020, China retained its leadership for primary nickel production although production fell compared to 2019 due to the decline in NPI production, a direct competitor of ferronickel. Indonesia continued its growth with 580,000 tonnes of nickel content in NPI estimated in 2020. We expect this trend to hold in the near future, due to the scarcity of available nickel ore for the Chinese market and the expansion of projects in Indonesia. In 2020, NPI accounted for 45% of global primary nickel production compared to 24% in 2016.

PRODUCTION OF FINISHED PRODUCTS
(FERRONICKEL, NICKEL PIG IRON, NICKEL METAL, BRIQUETTES, NICKEL SALTS, OTHER PRIMARY NICKEL PRODUCTS)
(THOUSANDS OF TONNES OF NICKEL)

	2016	2017	2018	2019	2020
China	585.3	614.9	655.0	801.2	709.8
Indonesia	111.2	195.1	273.1	369.9	606.2
Russia	194.5	161.1	159.4	168.0	174.0
Japan	189.6	188.4	154.2	151.1	140.4
Canada	158.3	140.9	140.7	123.5	121.0
Australia	118.7	112.2	113.5	106.7	115.6
New Caledonia	93.0	105.1	108.5	94.5	96.6
Norway	92.7	86.5	90.8	92.1	91.1
Finland	53.7	59.7	60.8	62.4	63.8
Brazil	75.7	68.5	65.2	54.3	59.6
Other	325.4	321.2	321.2	322.2	285.4
WORLDWIDE	**1,997.9**	**2,053.6**	**2,142.4**	**2,345.7**	**2,463.4**

Source: Eramet, February 2021.

2.1.2.2.4 Nickel price

Nickel is listed on the London Metal Exchange (LME). This market offers the option but not the obligation to deliver or take delivery of physical metal associated with futures contracts. Since late March 2015, nickel is also listed on the Chinese SHFE (Shanghai Future Exchange).

Premiums or discounts are applied to this base price according to the quality of the products, their degree of processing, their location and the equilibrium of the physical market at the time. Nickel prices are presented in the form of "cash seller and settlement" contracts.

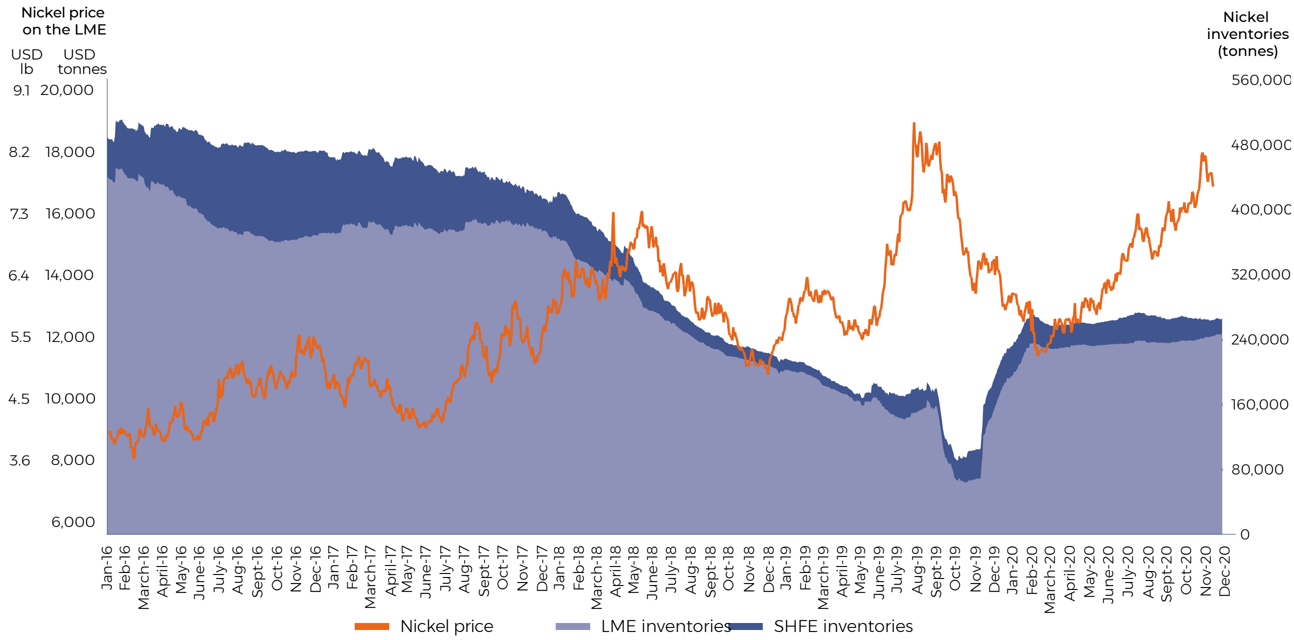
Nickel prices dropped in first quarter 2020, as a result of the health crisis, before rallying slightly in the second quarter thanks to the upturn in Chinese stainless steel production despite feeble activity in the rest of the world. As a result, the average price trended at $12,455/t ($5.65/lb) in the first half of 2020, down 20% compared to the second half of 2019.

Record stainless steel production in China during the second half, the gradual recovery in demand in other countries, the prospects for growth fuelled by demand for EV batteries, as well as hopes for the rapid release of a COVID-19 vaccine boosted investor confidence in basic metals, and in nickel in particular. Prices hit a high of $17,650/t ($8.00/lb) in December. The average price for nickel was $15,092/t ($6.85/lb) in the second half of 2020.

Prices fell on average by 1% in 2020 compared to the previous year.

With competition from NPI, ferronickel traded at a significant discount to LME prices and fell 10% in the year.

Price *(in USD per pound and usd per tonne)* **and nickel inventories** *(in tonnes of nickel)*



Source: LME, SHFE.

Nickel ore price

Nickel ore price is not listed on the stock market, it is the result of direct negotiations between buyers and sellers. It is traditionally expressed in USD/wmt (wet metric ton). There are two reference indices: CNFEOL and SMM (Shanghai Metals Market). Prices are referenced for several ore grades including the prices of 1.8% and 1.5% nickel content® CIF (Cost Insurance and Freight) and FOB (Free On Board) incoterms. Nickel ore prices generally reflect the share of Chinese NPI producers and the availability of the ore in China.

Nickel ore prices stayed high on the impact of the ban on nickel ore exports from Indonesia effective from January 2020, and the scarcity of high-quality ore on the market. New Caledonia nickel ore is now the main source of quality ore in the international market. The average nickel ore price (1.8% CIF China) rose to $91.0/wmt[(1)] in H2 2020 (an increase of 32% on H1 2020) and gained 36.2% to average $79.9/wmt [(1)] in 2020 as a whole, from $58.6wmt[(1)] in 2019.

2.1.2.2.5 Recent trends and market outlook

2020 was marked by a primary nickel demand that was strongly penalised by the health crisis. The second half accentuated the sharp contrast between China's rapid recovery and the rest of the world which continued to suffer from the slowdown for many months. Indonesia continued its growth for both stainless steel and NPI production.

Stainless steel will remain the main growth driver for primary nickel consumption in 2021. The Li-ion batteries sector, in particular for electric and hybrid vehicles, is also expected to continue its development with expected consumption of more than 200,000 tonnes of primary nickel. Indeed, electric car sales reached record highs in late 2020 after a dismal first half year, driven by the stimulus measures of some governments. Nickel demand for this market could increase from 15% to 20% per year on average over the next decade to exceed 900,000 tonnes in 2030.

(1) CIF China 1.8% price "Other mining countries" in H2 2020 (CNFEOL) and "Philippines" in 2019 and H1 2020 (SMM).

In total, global primary nickel consumption could increase by 10% in 2021 compared to 2020, and by between 4% and 5% per year on average in the next 10 years.

With respect to supply, the drop in Chinese NPI production due to the low availability of ore should be largely offset by the expansion of Indonesian NPI. Other producers are expected to return to a level equivalent to 2019. Total global production is expected to increase 8% in 2021 compared to 2020.

We see substantial excess supply remaining in the nickel market in 2021.

2.1.2.3 Nickel BU overview

2.1.2.3.1 Structure and positioning

The Nickel BU handles the beneficiation of ore from the nickel mines of New Caledonia and Indonesia, either by selling it on international markets, or by processing it into nickel ferroalloy. It is also a producer of high-purity nickel thanks to the Sandouville refinery in France.

In New Caledonia, the BU has implemented a strategy for the beneficiation of low-grade ore (1.6% to 1.8% of Ni) and local beneficiation through melting and processing of high-grade ores (2.2 to 2.6%) into ferronickel.

The BU currently consists of:

- Société Le Nickel-SLN ("SLN") in New Caledonia, mining and metallurgy operator which produces high-grade ferronickel at the Doniambo plant and exports low-grade ore;
- The Pt Weda Bay company in Indonesia, which began operating in 2019, a world-class deposit, developed in partnership with the Chinese company Tsingshan, the leading producer of stainless steel. The production of low-grade nickel ferroalloy from Weda Bay ("NPI") ore began in May 2020;
- The Le Havre Sandouville nickel refinery, specialising in high value-added products (nickel salts, high-purity electrolytic nickel, cobalt salts), has been sourcing its nickel matte for a new European supplier since mid-2017.

Thanks to its nickel activity, Eramet is the world's largest producer of ferronickel. It is also a global producer of high-purity nickel.

The Nickel BU maintains long-term partnerships with its customers and relies on the Group's sales network. The latter provides significant technical and sales support to customers in order to help them derive maximum benefit from its products in their own production processes.

2.1.2.3.2 Activities and products

Mining operations and nickel processing (ferronickel, nickel ferroalloy and high-purity nickel)

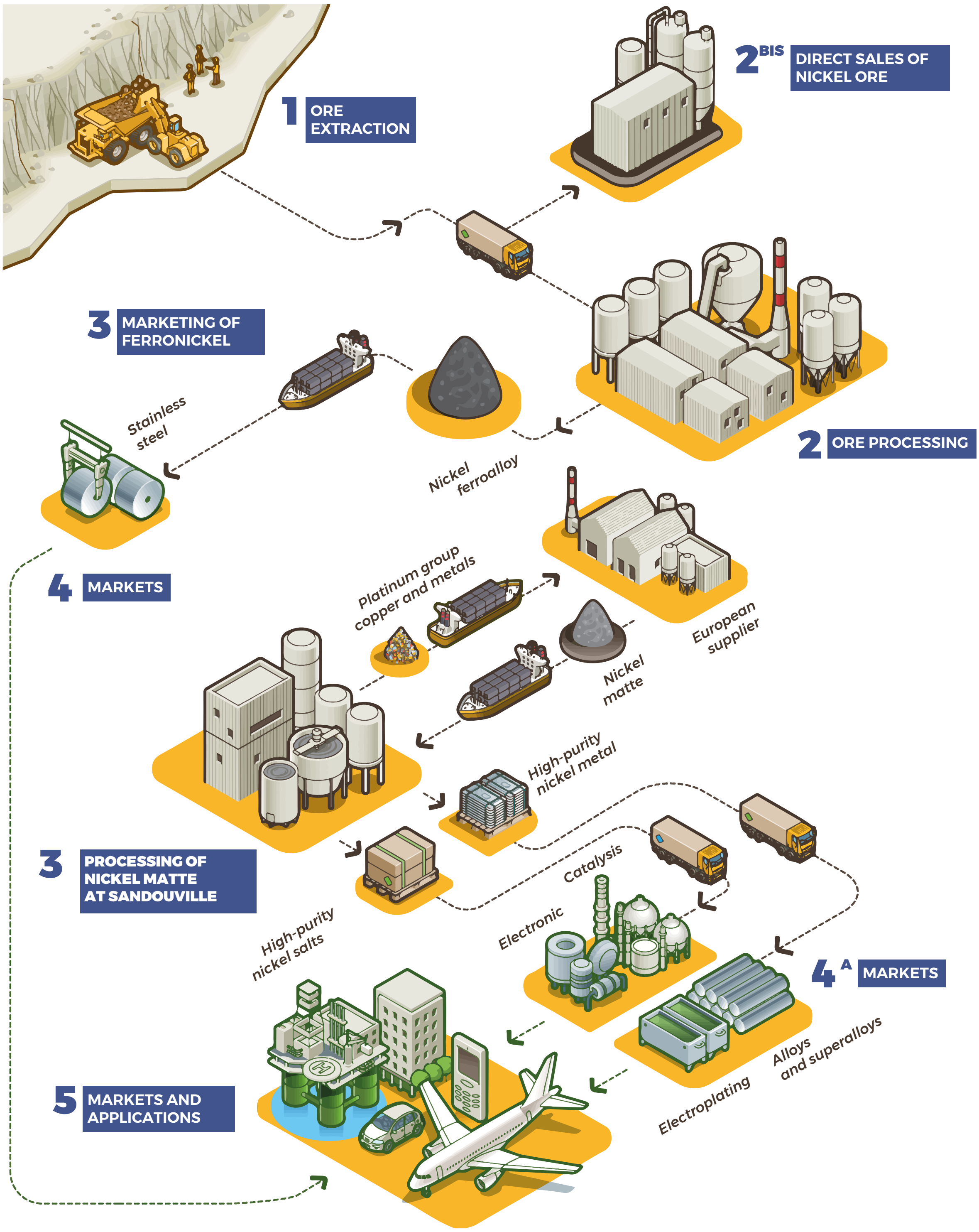


Illustration of the stages involved in nickel ore processing activities at Eramet. In parallel with direct mineral ore exports, the ferronickel process (high-grade nickel ferroalloy) / low-grade nickel ferroalloy (1-2-3-4) corresponds to pyrometallurgical processing done at SLN and Weda Bay. The high purity nickel process (3a-4a) corresponds to hydrometallurgical processing performed at the Sandouville plant.

Société Le Nickel (SLN)

SLN mines

The mines operated by SLN are world-class deposits, considering the nickel grade of the ore and their reserves. SLN introduced a new business model enabling the recovery of low-grade ore, which makes it possible to adapt to the changing nature of the deposits with their depleting ore content.

Société Le Nickel-SLN's garnierite, saprolite oxide and laterite deposits are mined in open pits. They are generally located at altitudes of 500 to 1,000 metres. As the incumbent operator, SLN has extensive experience in mining deposits in New Caledonia.

Eramet's internationally recognised mining techniques are designed to protect the environment: storage of tailings in stabilised heaps, control of water run-off, revegetation, etc.

Caledonian ore was historically fully intended for the Doniambo metallurgy plant in Nouméa, which produces alloy containing approximately 23% of nickel, ferronickel (FeNi). SLN's difficult situation in the past several years has compelled the company to introduce a safeguard plan based on three priorities:

- Exporting ore of a grade not suitable for the Doniambo plant: in 2020, it reached the goal of exporting 4 million tonnes of ore. Strengthening exports is absolutely necessary to make the SLN model competitive and sustainable. An authorisation request was filed in April 2020 with the Caledonian authorities concerning the export of 2 million additional tonnes in order to reach 6 Mt of exports per year;
- the reorganization of work at the plant and at the mine: agreements signed at the plant and at the mine;
- the decline in electricity price because SLN is penalised by the world's highest price in the nickel industry; a first agreement reached with Enercal, the local operator is still far from the set goal.

The highly positive contribution of ore exports in terms of SLN's performance in 2020 confirms the relevance of this business model built on two pillars, mining and metallurgy.

2

Népoui and Tiébaghi beneficiation plants

SLN has two enrichment facilities on its Népoui mine since1994 and on its Tiébaghi mine since 2008. These two units use granulometric and densimetric sorting processes that enable the exploitation of low grade deposits.

An enrichment process through optical sorting was also tested in 2019, then industrialised in 2020 to recover certain ore tailings fractions on the Népoui site, resulting in a product of exportable quality.

Ore transportation

Mining production is partly shipped to the Doniambo plant and partly to external customers outside New Caledonia. Trucks are used for the first stage of ore transportation from the storage areas to the port, as in Kouaoua, by a conveyor that is several kilometres long. At the port, the ore is stored and standardised before being loaded onto ships. The nickel ore is sold to customers that use a pyrometallurgical process in Japan, South Korea and China.

(in millions of wet metric tons)	**2020**	2019	2018	2017	2016
Exported ore	2.5	1.6	1.2	0.9	1.0
Ore transported to the Doniambo plant	2.9	3.0	3.0	3.2	3.2
TOTAL	**5.4**	**4.6**	**4.2**	**4.1**	**4.2**

Doniambo metallurgy plant

The Doniambo plant produces an iron and nickel alloy (ferronickel). The ore mined is standardised and then dried. It is then calcined in five rotary furnaces. The next step is melting, carried out in three electric furnaces. The resulting product is transformed into marketable ferronickel, the SLN25 (approximately 23% of nickel in the final product) by ladle refining followed by shot blasting.

(thousands of tonnes)	**2020**	2019	2018	2017	2016
Production of ferronickel *(in tonnes of nickel content)*	47.8	47.4	54.25	56.71	55.23

The entire ferronickel production is sold to stainless steel producers. The Group generally operates under medium or long-term contracts, providing for commitments of volume in accordance with periodically negotiated prices. These contracts ensure relatively regular shipments for SLN.

Sandouville refinery

The Havre-Sandouville refinery produces high-purity nickel cathodes and nickel salts through hydrometallurgical processing of a nickel matte. The process used was developed by the Eramet research centre. Nickel matte has been supplied since mid-2017 under a long-term contract with a European metallurgist. Previously the raw material was entirely supplied by the Société Le Nickel-SLN metallurgical plant in Doniambo, New Caledonia.

The nickel matte is crushed and then leached in a chloride solution. Solvent-based extraction stages are used to recover the iron and cobalt contained in the matte in the form of ferric chloride and cobalt chloride commercial solutions. The remaining impurities are discarded. The pure nickel chloride solution obtained is either sold as is (liquid nickel chloride), or processed to produce high-purity nickel salts (nickel carbonate, nickel chloride hexahydrate or anhydrous) or electrolysed to produce very pure nickel cathode (more than 99.97% of nickel content).

(tonnes of nickel content)	2020	2019	2018	2017	2016
Nickel cathodes	6,032	4,946	1,913	546	1513
Nickel salts	1,323	2,031	1,797	1,385	3,122
TOTAL NICKEL	**7,355**	**6,977**	**3,710**	**1,931**	**4,635**

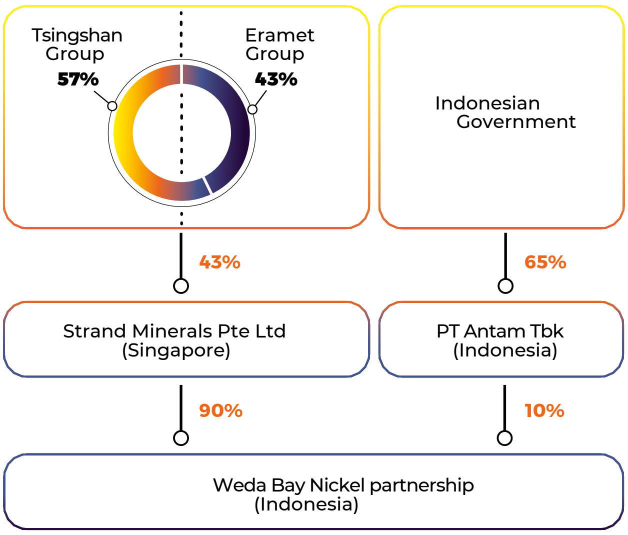
Weda Bay Nickel in Indonesia

Shareholding, governance and regulatory framework

The Indonesian company, Pt Weda Bay Nickel, was created to develop the Weda Bay nickel deposit – one of the world's largest – situated on the island of Halmahera in Indonesia.

This company is 90% owned by Strand Minerals (Indonesia) Pte Ltd. ("Strand"), based in Singapore, and 10% owned by the Indonesian public company, Pt Antam Tbk ("Antam"), which specialises in exploration, mining operations, refining and distribution of mining products, including nickel, gold and bauxite.

In June 2017, a partnership agreement was signed with the Chinese steel group Tsingshan, the world's largest producer of stainless steel, in order to obtain maximum value from this mining asset. Eramet holds 43% of the shares of Strand and the Tsingshan Group Tsingshan through its subsidiary Newstride Ltd Co or Newstride 57%.



The desire to implement strong environmental and societal commitments for this project is an integral part of the objectives set out in the agreements signed between Eramet and Tsingshan.

The development of Weda Bay is governed by a Contract of Work ("COW") defining the framework and its mining concession and in particular the tax regime applicable to production activity at the start of the site's operations. This COW was amended in 2018 and is aligned with the prevailing laws and regulations on issues related to state revenues (royalties, tax incentives, VAT) as well as divestment obligations to Indonesian interests. The deposit mining permit was granted for a 30-year period.

Nickel mine

PT Weda Bay Nickel operates a mining concession, which stretches over a surface area of forty-seven (47) hectares, made up of 15 identified and evaluated deposits.

The mining operation began in late 2019 in open-pit mines. The extracted ore is then transported by truck from the mine to the storage areas of the metallurgical plant.

Management of the Pt Weda Bay Nickel mine applies Eramet mining techniques, which are designed to protect the environment and are recognised worldwide: storage of tailings in stabilised heaps, control of water run-off, revegetation, etc.

The metallurgical plant

The PT Weda Bay Nickel plant produces a low-grade nickel ferroalloy (between 12% and 15% of nickel content) that is directly marketable.

The plant owns four (4) RKEF (Rotary Kiln Electrical Furnace) type production lines. First, the ore is dried by the heat recovered from downstream furnaces. It is then calcinated and then melted in four EAF *(Electrical Arc Furnace)* furnaces The plant's annual production capacity is around 35 kt of nickel content in the form of nickel ferroalloy.

The plant is located at the foot of the mining concession in the Pt Indonesia Weda Bay Industrial Park, which belongs to the Tsingshan Group. The industrial park, installed at the seaside, is home to other companies with metallurgical plants, an electricity producer (provides the plant with power) and a port provides direct access for cargo ships.

Eramet and Newstride (Tsingshan Group) each have a an off-take agreement with Pt Weda Bay Nickel at market commercial terms, after deduction of logistics and marketing costs and a commercial margin for Eramet and Newstride.

PRODUCTION OF ORE LOW-GRADE NICKEL FERROALLOY

	2019	2020
Production of ore *(thousands of wet tonnes)*	470	3,409
Production of low-grade nickel ferroalloy *(in tonnes of nickel content)*	-	23.5

2.1.2.3.3 Capital expenditure

(in millions of euros)	2016	2017	2018	2019	2020
Industrial investments	56	80	57	35	44
Of which SLN Mines and Plant	33	50	49	30	39
Sandouville	23	30	8	5	5

SLN: Mines and factory

Main investments for mines in 2020 concern the mining production enhancement project with the conduct of mining probes, adaptation of the Poum site, coming on stream of the Népoui optical sorting facility and purchasing of screening machines.

With regard to the Doniambo plant, most investments concerned maintaining the industrial tool. Note in particular the multiyear programme dedicated to maintaining the existing power plant, before new electricity production means take over.

Sandouville refinery

The Sandouville refinery has dedicated its investments to maintaining and improving the industrial tool in order to enhance the reliability of the operation and to continue the ramp-up linked to adapting the refinery process to the new matte sourced from Europe.

2.1.3 Mineral Sands BU

Mineral sands are mineral raw materials that contain heavy minerals concentrated over time in an alluvial environment (rivers, coasts and lakes) or a windy environment (dunes). Mineral sand deposits are thus old beaches, dunes or riverbeds. These sands contain titaniferous ore deposits, mainly found in the form of ilmenite ($FeTiO_3$), but also rutile (TiO_2), and to a lesser extent leucoxene (ilmenite partially altered into rutile) and zircon ($ZrSiO_4$).

The levels of these ores in the sand are often in the order of a few percent; one of the most economical methods of extraction entails using a floating dredge in a basin.

However, this is only possible if the sands contain very few clay particles, which is the case at the TiZir mine in Senegal (Grande Côte Operations – GCO). Otherwise, more conventional mining methods (excavators and dumpers or bull dozers) are used – for rocky titaniferous ore, for example.

Ilmenite is the main titaniferous ore in terms of tonnage, but its titanium dioxide (TiO_2) content is relatively low. As a result, it is often enriched by transformation into synthetic rutile or TiO_2 slag, as at the TiZir Titanium and Iron (TTI) plant in Norway, before being used mainly by pigment producers.

2.1.3.1 Highlights of the year

2.1.3.1.1 Key figures

(in millions of euros)	2020	2019
Turnover	276	286
EBITDA	91	106
Current operating income	44	64
Net cash flow generated by operating activities	60	55
Capital employed at start of year	720	754
Industrial investments[1]	16	12

(1) Excluding right-of-use assets per IFRS 16 (€1 million).

OPERATIONAL PRODUCTION INDICATORS

		2020	2019
Production of heavy mineral concentrate	(kt)	762	735
Zircon production	(kt)	59	58
Zircon sales	(kt)	62	58
Production of titanium dioxide slag	(kt)	199	189
Sales of titanium dioxide slag	(kt)	195	180

2.1.3.1.2 Operating performance

As the pandemic takes its toll on the market, turnover generated by the Mineral Sands BU contracted a slight 3% vs. 2019 to €276 million. EBITDA was down 13% to €91 million.

Activities

In **Senegal,** mineral sands production increased 4% in 2020 to 762 kt, on the back of measures to optimise operating performance and despite a slightly lower grade in the deposit area being mined.

Zircon production was up 2% to 59 kt, and sales volumes grew 7% to 62 kt.

In **Norway,** titanium slag production came out at 199 kt in 2020, up 5% – the highest annual production since the plant came on stream. At 195 kt, sales were up 8%.

Outlook

The correlation between markets for mineral sands and global economic indicators is a tight one, since end uses such as pigments and ceramics are linked to trends in urban development and economic modernisation. Demand for zircon seems headed in the right direction in the opening months of 2021, lifted by restocking across the supply chain and a sharp pick-up in the ceramics industry. Similarly, demand for high-quality titanium-based raw materials is expected to remain robust, which should be positive for the high-quality chloride titanium slag produced at the Mineral Sands BU's Norwegian plant.

The agreement for the sale of TiZir's Norwegian plant signed in May 2020 between Eramet and Tronox failed to secure the approval of the UK's competition authorities. This prompted Tronox to unilaterally decide in January 2021 to withdraw from the proposed deal. Eramet will therefore continue to operate and optimise TiZir, a plant delivering a good operating performance.

In 2021, we expect annual production of mineral sands to be on a par with 2020.

2.1.3.2 Markets of the Mineral Sands BU

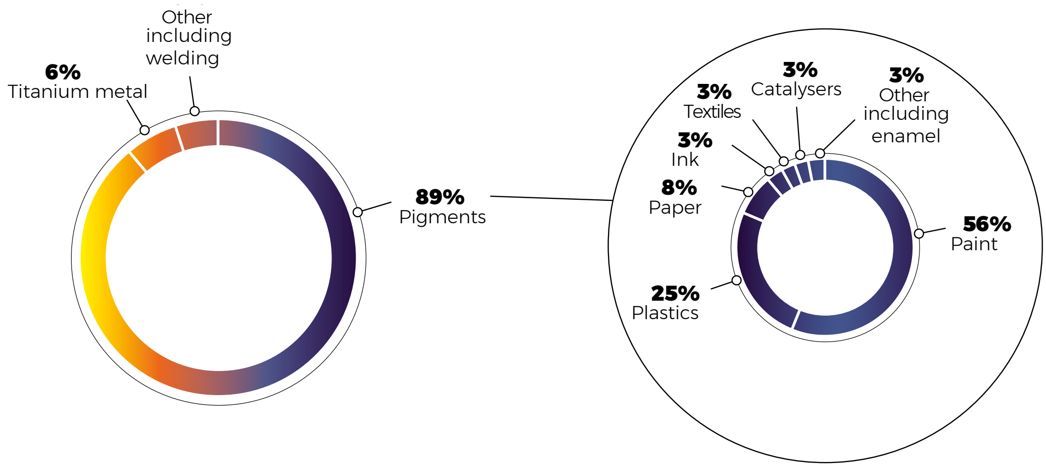
2.1.3.2.1 The titanium dioxide market

Main applications

While titanium metal is well known for aerospace uses, as is the case in the High Performance Alloys Division, it accounts for only 6% of the TiO_2 units sold in terms of consumption. The pigment industry alone accounts for 89% of the demand for titanium dioxide.

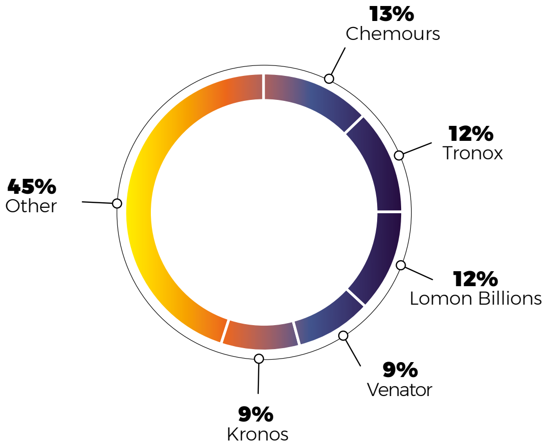
Pigment producers make extensive use of a raw material rich in TiO_2. TiO_2 gives the pigment two exceptional properties, which are essential: opacity and reflective power. It is widely used in paint, plastics, textiles and paper.

TiO_2 unit applications



Source: Reg Adams, Smithers 2019 conference.

TiO_2 pigments production by player



Source: TZMI, November 2020.

The five leading producers of TiO_2-based pigments account for 55% of global production.

Demand and production of titanium products

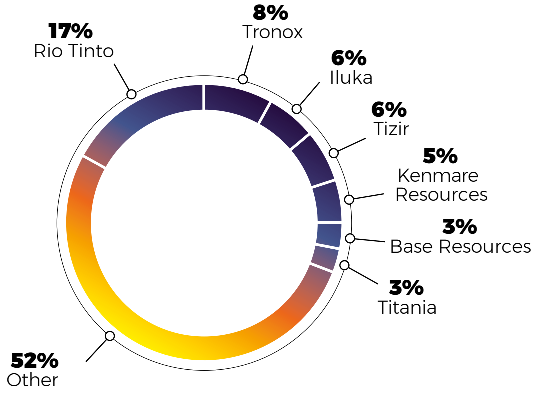
The vast majority of TiO_2 pigments are produced through two processes:

- the sulphate process used in China and partly in Europe;
- the chloride process used in North America and partly in Europe. In recent years, the leading Chinese producers have been adopting this technology which has environmental advantages.

The chloride process requires high grade raw materials such as chloride ilmenite, slag and enriched slag, and natural or synthetic rutile. TiZir essentially produces and sells high grade TiO_2, used by the chloride process.

To date, demand for chloride quality raw materials accounts for around 45% of global demand compared to 55% for sulphate quality raw materials. However, it is expected to grow sharply in upcoming years to reach 55% in 2025. This trend is confirmed by the reduced capacities for TiO_2 pigments production by sulphate process in China, Japan and in Europe, and by the development of the chloride process in China.

Production of titaniferous raw materials by player



Source: TZMI, Eramet, January 2021.

The top seven producers of titaniferous raw materials outside China account for about 50% of the world's production of TiO_2 units.

Recent trend and outlook for 2021

Despite the pandemic-induced crisis, global demand for TiO_2 pigments (nearly 90% of outlets for titanium-containing products) remained stable in 2020 at around 6.2 million tonnes, a level equivalent to 2019. Improvement is expected in 2021 with an estimated annual growth of more than 3%.

Demand for titanium-containing raw materials has contrasted with a sharp demand in China linked to the growing pigments production and sluggish demand in the rest of the world. Global outlook is positive in 2021 with demand expected to exceed the 2020 level.

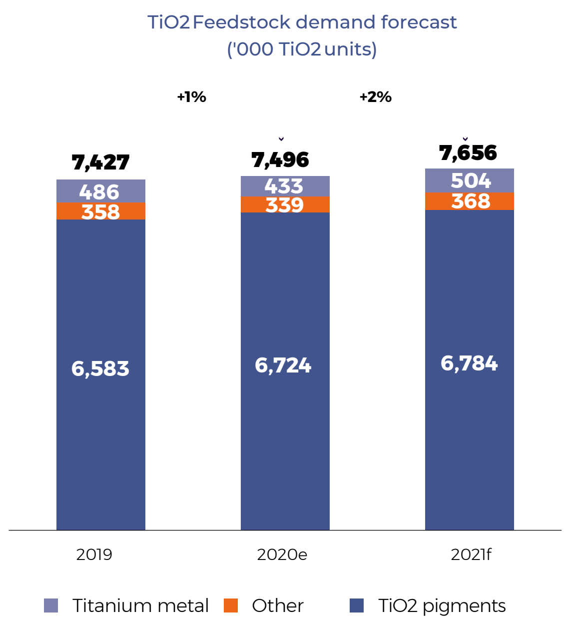
The main producers of titanium-containing raw materials experienced restrictions on their production (mainly due to the lockdown or operational problems for some mines), which encouraged Chinese actors to increase their ilmenite production in order to address local demand. Overall, supply contracted by only 1% in 2020 to settle at 7.4 million TiO_2 units.

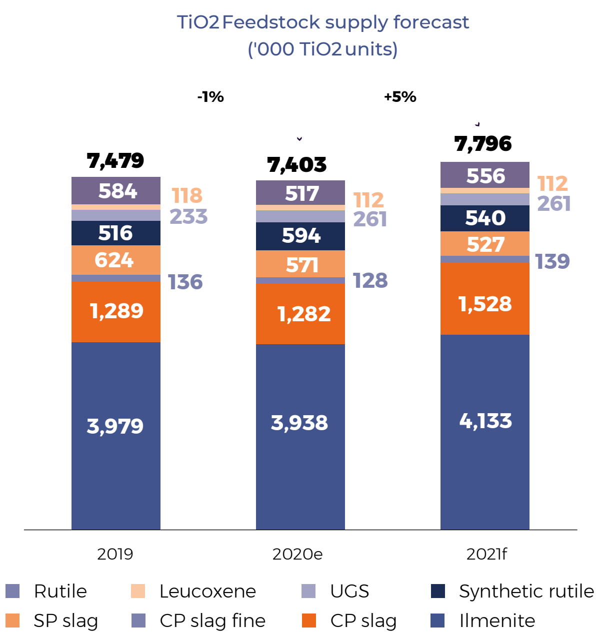
There is no market as such for titaniferous raw materials. Prices are negotiated directly between producers and customers. In the case of contracts, prices are generally negotiated quarterly.

In 2020, average prices for CP-grade titanium slag, a high value-added product, rose 4.6% to $786/t [1] compared with 2019, fuelled primarily by higher Chinese demand for TiO_2 pigments in the second half.

(1) *Source: Market consulting analysis.*

Demand by application and production by titanium-containing raw material product *(in thousands of TiO2 units)*





Sources: TZMI (November 2020 report), Eramet February 2021.

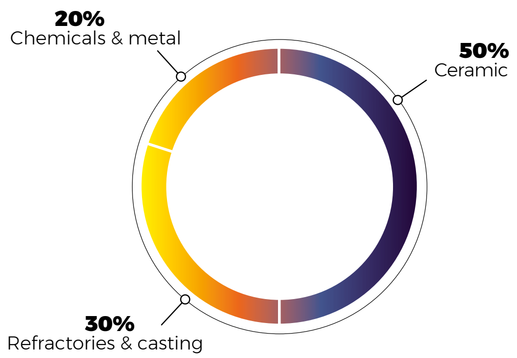
2.1.3.2.2 The zircon market

The main application for zircon (about 50% of global consumption) is for the ceramics industry, where its properties of whiteness in particular are unmatched, especially for tiles surfaces and bodies and sanitary equipment. Zircon is thus used as a fine or micronised powder in sintering, glazing or enamelling processes.

Zircon's second property, which makes it a material of choice for industry, is its refractory nature (accounting for about 30% of consumption). It is thus used in the production of refractory materials or as a mould for the production of high-precision castings.

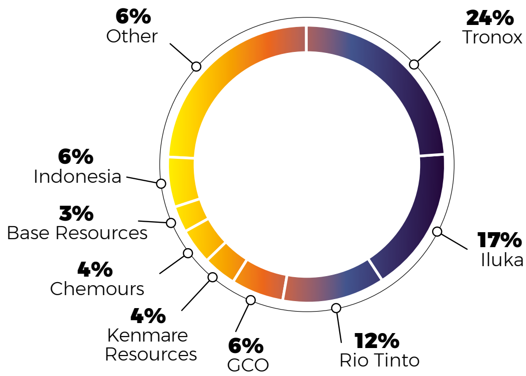
The chemical derivatives of zircon (accounting for about 20% of consumption) include many different applications, such as abrasive or abrasion-resistant materials, jewellery (zirconium dioxide), nuclear (zirconium metal), certain catalysts and dental prostheses.

Zircon applications



Source: Eramet.

Zircon producers



Sources: TZMI (November 2020 report), Eramet February 2021.

The three leading zircon producers accounted for approximately 50% of global production in 2020.

Recent trend and outlook for 2021

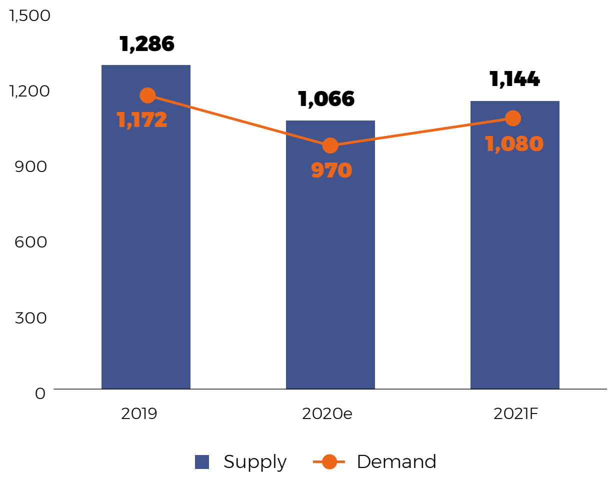
Contrary to titanium dioxide, the zircon market was heavily impacted by the pandemic and the drastic decline in demand linked to the lockdowns in numerous countries, particularly in Europe which accounts for approximately 30% of ceramic demand. In China, leading consumer of zircon, investments and property sales rallied starting from March but the ceramic market remained down and had an adverse impact on zircon consumption. Zircon demand from the foundry market also fell, notably due to the slowdown of automotive production. Global demand for zircon is estimated to have fallen by 16% in 2020 compared to 2019. Demand is expected to return to growth in 2021 but without reaching the level in 2019.

Zircon supply adjusted to market conditions and fell by 17% compared to 2019, which did not make it possible to offset the significant drop in demand. The market therefore remained in excess supply in 2020. Despite reduced supply compared to 2019, the market is expected to stay in excess supply in 2021 considering the accumulated inventories.

Just as for titanium-containing raw materials, there is no organised market place for zircon. Prices are negotiated directly between producers and customers. Contracts are entered into on an annual basis (in terms of volumes general terms of sale), but prices can be negotiated quarterly in the light of market volatility.

The pandemic squeezed demand for zircon hard, sending the average price in the premium market down 15% to $1,333/t [(1)] vs. 2019.

Zircon supply and demand



Sources: TZMI (November 2020 report), Eramet, February 2021.

2.1.3.2.3 The high-purity pig iron market

Pig iron is a particularly pure source of iron. It dilutes impurities from recycled scrap metal for casting or carbon steel production. In casting, in particular, the quality of the raw material is important to guarantee low levels of unwanted trace elements and to guarantee the properties of the pieces.

The nodule-type pig iron produced by TTI (20% of the market) is intended for the European foundry market. A large part of the production is high-purity pig iron with a particularly low trace element content.

(1) *Source Zircon premium: FerroAlloysNet.com, Eramet analysis*

2.1.3.2.4 Market outlook for the Mineral Sands BU

The mineral sands markets are strongly correlated to global GDP. Indeed, the use of pigments and ceramics is linked to urbanisation and economic modernisation dynamics: paints, colourings, plastics, urbanisation coverings, renovation, new constructions, electronic materials, cars (interior, exterior). Consequently, after the peculiar 2020, demand for zircon and titanium-containing products is expected to grow in 2021 and continue in upcoming years.

Demand for metal titanium in the form of titanium sponges could still continue to be sharply impacted by the aeronautical sector crisis but could also be partly driven by demand from the military sector.

2.1.3.3 Presentation of the Mineral Sands BU

2.1.3.3.1 Structure and positioning

Eramet created TiZir in 2011 and since August 2018, TiZir. is a wholly owned Eramet subsidiary.

TiZir, a major player in the mineral sands industry, has two sites:

- Grande Côte Operations (GCO) in Senegal, which operates a mineral sands deposit and mainly produces ilmenite and zircon;
- The TiZir Titanium and Iron plant (TTI) in Tyssedal, Norway, which transforms ilmenite to produce titanium dioxide slag for the pigments industry and high-purity pig iron.

Site	Country	Income
GCO	Senegal	Mineral sands: titaniferous ore (ilmenite, rutile, leucoxene) and zircon
TTI	Norway	Titanium dioxide slag (pigment industry) High-purity pig iron (casting)

TiZir is the world's fourth-largest producer of titanium-containing raw materials and the world's fourth-largest producer of zircon.

2.1.3.3.2 Activities

Grande Côte Operations (GCO)

The Grande Côte Operations mineral sands mine is located along a stretch of the Senegalese coast. The concession begins about 50 km north of Dakar and stretches north for more than 100 km.

The industrial facilities include:

- a dredge and a floating concentration unit that produces a concentrate containing the heavy minerals;
- a heavy mineral separation plant producing ilmenite, rutile, leucoxene and various grades of zircon;
- a power plant;
- a railway line of which GCO is the partial concession holder, together with the associated railway equipment;
- port and storage infrastructure in Dakar.

The site employs approximately 1,600 people (including subcontractors), 97% of whom are Senegalese nationals.

TiZir Titanium & Iron Plant (TTI)

The TTI Tyssedal plant in Norway mainly produces titanium dioxide slag, used as a raw material for the production of titanium dioxide or titanium metal pigments. The plant has an annual capacity of 230 kt of titanium dioxide slag. TTI also produces high-purity pig iron with an annual capacity of 95 kt.

This plant benefits from cutting-edge technology, which only four companies world-wide have mastered, and 30 years of operational experience. the site also benefits from privileged access to hydroelectric power and a quay enabling the loading and unloading of bulk ships the whole year.

The site employs approximately 220 people.

Income

GCO produces three grades of ilmenite, 54, 56 and 58% TiO_2: 54 produced in the greatest quantity, is mainly intended for TTI, while ilmenite 58 is sold for direct production of pigments by chloride process. GCO also sells small quantities of its ilmenite 56, rutile and leucoxene production. These titanium ores are mainly intended for welding flux producers.

GCO also produces two grades of zircon (premium and standard) and a lower-grade zircon concentrate. GCO zircon is of excellent quality and is mainly used in ceramic and chemical derivative applications.

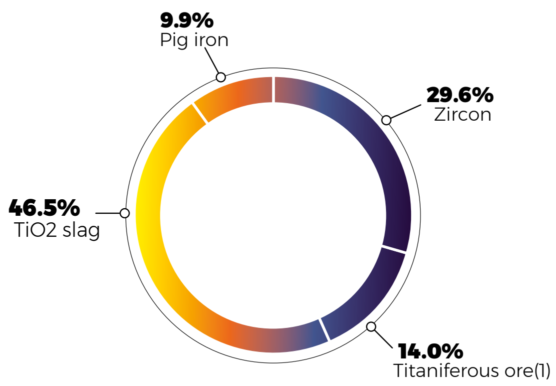
		2020	2019	2018	2017	2016
GCO – MINE						
Sand extracted	(Mt)	49.2	49.4	47.0	45.1	39.2
Heavy mineral concentrate	(kt)	762	735	774	725	614
GCO – FINISHED PRODUCTS						
Ilmenite	(kt)	521	492	507	492	416
Zircon	(kt)	59.2	58.4	64.3	61.6	52.6
Zircon concentrate	(kt)	25.8	22.3	29.3	20.2	0.0
Rutile and leucoxene	(kt)	9.5	10.1	9.6	10.0	9.7

In Norway, the TTI plant produces titanium dioxide slag, most of which is sold to producers of titanium dioxide pigments that use the chloride process or to producers of titanium metal.

TTI also produces a variety of high-purity pig iron grades used in casting, including wind turbine production.

		2020	2019	2018	2017	2016
TTI						
Titanium dioxide slag	(kt)	199	189	189	181	104
High-purity pig iron	(kt)	81	74	78	74	43

2020 revenue breakdown by product



(1) ilmenite, rutile, leucoxene: send query to the Mineral Sands BU

Outlook

In the medium term, the Group is looking into organic growth options for mineral sands production in Senegal. The aim is to optimise the use of the available capacity of enrichment and transport units, in order to achieve incremental production increases.

Furthermore, Eramet has mining exploration licences for the rutiliferous block of Akonolinga in Cameroon. The licences allow the Group to carry out work on the ground and feasibility studies. A first probing campaign was carried out in 2020 and a second one is in progress. The campaign should make it possible to perform in 2021 a scoping study of an operating plan on a first portion of the concession. This long-term project will diversify the Group's product offering on the particularly attractive rutile market, which is fully in line with its exploration strategy.

2.1.3.4 Capital expenditure

(in millions of euros)	2016	2017	2018	2019	2020
Industrial investments	56	51	12	12	16

Excluding IFRS 16.

In 2020, TTI ramped up the recycling facility for carbon monoxide from the furnace, which used to be burned. This gas is now used to dry the slag, which avoids the use of fuel oil and has reduced the plant's CO_2 emissions by 3,000 tonnes per year.

Investments were limited overall in 2020 to a few production optimisation actions and the renewal of small equipment.

2.1.4 Lithium BU

2.1.4.1 Highlights of the year

2.1.4.1.1 Reminder: Centenario project

In 2012, Eramet discovered the Centenario-Ratones deposit, located at an altitude of 3,800 metres in the province of Salta in the north-west of Argentina. With Chile and Bolivia, this country forms part of the "lithium triangle", which, according to the USGS (United States Institute of Geological Studies) represents more than half of the world's lithium resources.

Since April 2014, the Group has held mining rights to this salt flat, which extends over more than 500 square kilometres. It contains very substantial drainable resources, estimated at nearly 10 million tonnes of lithium carbonate equivalent (LCE).

The project developed by Eramet aims to produce 24,000 tonnes per year of lithium carbonate.

The project is based on a direct extraction process developed by Eramet Ideas, Eramet's R&D centre, in association with IFPEN, the French Institute of Oil and New Energies.

Eramet's direct extraction process offers several advantages over the conventional 100% natural evaporation process used by most producers of lithium from brine:

- Eramet's yield from the process is approximately 90%, compared with around 50% for the conventional evaporation process, and thus requires the consumption of half as many resources from the deposit for the same final production;
- the production cycle, between the pumping of the brine and achievement of the final product, is much shorter, at about one week, compared with 12 to 18 months for the conventional process;
- production with the Eramet process is much less exposed to changing weather conditions, because it does not include a natural evaporation stage.

The training centre, on-site reproduction of the industrial plant on a reduced scale was started in late 2019 and continued to operate in 2020 under very satisfactory technical conditions.

2.1.4.1.2 Mothballing of the project

Against the backdrop of the 2020 health and economic crisis, in April 2020, the Eramet Board of Directors decided against starting the construction of the plant. However, the pilot plant, which has been operating under real conditions since late 2019, continued its activity in order to complete the collection of process results.

An expense of around €144 million was recognised in 2020, including 113 million in asset impairments, following the mothballing of the project. Cash outflows totalled €109 million in 2020, mainly for investments undertaken at the beginning of the year (€54 million), completion costs of most contracts, and mothballing.

But this lithium deposit is still an excellent asset with strong future potential for the Group. The competitive process positions it in the first quartile of the lithium industry's cash cost with very significant extractable resources.

All arrangements were made, in particular towards local communities and suppliers, to allow monitoring and restart under the best conditions wherever possible.

2.1.4.2 The lithium market

Lithium has particular physical and chemical properties that make it a metal used in various applications: energy storage, glass and ceramics, continuous casting, aluminium lithium alloys, pharmacy, etc. The most dynamic application market is energy storage in the form of lithium-ion batteries. These batteries can be found in portable electronics, electric vehicles and high-voltage electricity storage.

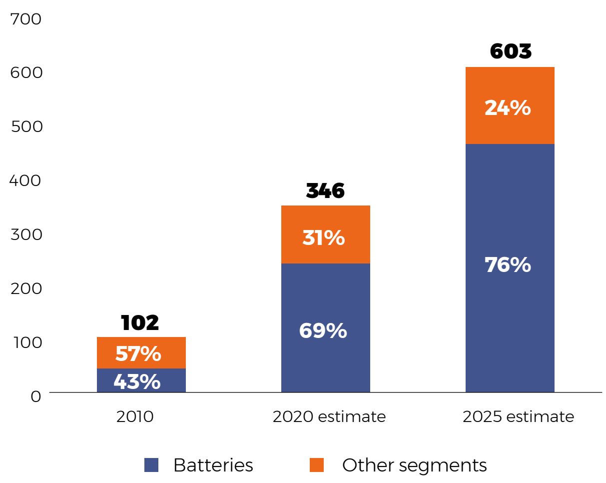
The numerous studies of this market converge to predict strong growth in demand. Driven by the battery market (including those for electric vehicles), it is estimated that lithium demand by 2025 will represent nearly twice that of 2020 (see graph below).

Lithium compounds, of which lithium carbonate is the most widespread, are mainly produced from:

- *salar* flats, which are large salt lakes mostly located in the "Lithium Triangle" in Latin America (Chile, Argentina, Bolivia);
- lithiniferous minerals, mainly spodumene, mined in Australia and processed in China.

The world's five largest producers of lithium compounds (SQM, Albemarle, Livent, Tianqi and Ganfeng) represented 82% of lithium supply in 2019. The entry of new players will diversify the production landscape by 2025.

Evolution of lithium demand *(thousands of tonnes of LCE)*



Source: Eramet Marketing

2.2 MINERAL RESERVES AND RESOURCES

2.2.1 General points

Definitions

Definition of exploration results

Exploration Results correspond to the same materials of economic interest as those assessed for resources and reserves. Prospecting activity may suggest that a mineralised zone will be discovered, but the information available is very tenuous.

Definition of mineral resources

A *Mineral Resource* is the concentration or occurrence of materials of economic interest in or on the Earth's crust in such quantity and quality that the outlook for economic extraction is reasonable. The location, quantity, quality and continuity of the deposit and the geological characteristics and continuity of these resources are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are ranked in ascending order of geological confidence as "inferred", "indicated" and "measured" resources.

An *Inferred Mineral Resource* is that part of a mineral resource of which the quantity and quality can be estimated on the basis of geological evidence, with a low level of confidence. The geological continuity of the mineralisation and its quality is assumed but not verified. The estimate is based on limited information or information of uncertain quality and reliability, gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An *Indicated Mineral Resource* is that part of a mineral resource for which the tonnages, densities, shape, physical characteristics, quality and grades can be estimated with a reasonable level of confidence. The estimate is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, quarries and drill holes. The locations are too far from each other or spaced too inadequately to confirm the geological continuity and/or quality of the mineralisation but are close enough to reasonably envisage such continuity.

A *Measured Mineral Resource* is that part of a mineral resource for which the tonnages, densities, shape, physical characteristics, quality and grades can be estimated with a high level of confidence. The estimate is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, quarries and drill holes. The locations are spaced closely enough to each other to confirm the geological continuity and/or quality of the mineralisation and the hydrogeological continuity of the facies of the resource.

Definition of drainable and extractable mineral resources in the case of lithium extracted from brine

A *Drainable Mineral Resource* is defined by the availability with a given confidence level of brines with a certain lithium content in a medium with a known effective porosity. The classification level is based on a grid of test drill holes which allow the lateral and vertical continuity of the lithology, the lithium brine concentrations and the hydraulic parameters to be assessed.

An *Inferred Drainable Mineral Resource* is that part of a drainable resource for which only geophysical measurements are available and possibly some drilling sites. Hydraulic continuity is not verified. The lithium content estimate is based on limited information or information of uncertain quality and reliability.

An *Indicated Drainable Mineral Resource* is that part of the drainable resource for which there is proven lateral continuity less than 6 km from the hydraulic parameters of the aquifer and the lithium content of the brine and vertical continuity between two measurement points in the same well.

A *Measured Drainable Mineral Resource* is that part of the drainable resource for which the sampling quality, hydraulic parameters and grades can be estimated with a high level of confidence and that meet quality criteria (QA/QC).

Definition of mineral reserves

A *Mineral Reserve* is the economically exploitable part of the "measured" or "indicated" resources of a deposit. The estimate of reserves is based on a pre-feasibility or feasibility study (mining project in the broad sense) that includes technical constraints (pit drawing, diluting materials and mining losses according to mining methods, efficiency of plants) and economic, commercial, legal, environmental, social and governmental constraints that exist or are foreseeable at the time of the estimate. The pre-feasibility or feasibility study shows that mining is justified at the time of declaration. Mineral reserves are ranked in ascending order of confidence as "probable" and "proven".

A *Probable Mineral Reserve* is the economically exploitable part of an "indicated" and, in some circumstances, a "measured" resource, while a *Proven Mineral Reserve* is the economically exploitable part of a "measured" resource.

Location

In Gabon, COMILOG S.A mines open-pit high-grade manganese tabular deposits, located under low coverage and formed by the surface weathering of volcano-sedimentary rocks.

In New Caledonia, Société Le Nickel-SLN mines open-pit oxidised nickel deposits formed by the surface weathering of ultrabasic rocks. At the current time, mining and processing are mainly concentrated on the saprolitic part of the weathering profile.

In Indonesia, Pt Weda Bay Nickel mines oxidised nickel ore in a context of lateritic weathering from open pits. As a reminder, the partnership with the Chinese Tsingshan steel group entails the production of a nickel ferroalloy in Indonesia, based on ore from Weda Bay, using a pyrometallurgical process.

In Senegal, Grande Côte Opérations (GCO), operates a heavy mineral sands deposit. The deposit is a heavy mineral placer deposit of coastal dunes, containing high quantities of titaniferous minerals (ilmenite and rutile) and zircon.

In Argentina, Eramine S.A., carried out exploration work on several Argentine *salars,* before focusing on the Centenario and Ratones *salars* north-west of Salta in the Puna region. This exploration work brought to light an exploitable lithium resource in natural brine.

Legal titles

The reserves and resources are shown on the mining titles to which the Group has long-term rights, essentially as follows:

- **New Caledonia:** perpetual concessions expiring on 31 December 2048 (Article 7 of the Country Law of 16 April 2009) and rights conceded for a maximum period of 50 years, renewable in maximum and successive 25-year tranches;
- **Gabon:** a 75-year concession expiring on 25 January 2032, renewable ten years by right then upon request by ten-year tranches;
- **Indonesia:** *Contract of Work*, ending on 27 February 2048, renewable;
- **Senegal:** mining concession awarded to Mineral Deposits Limited (MDL) by the Senegalese government on 2 November 2007 (2007-1326 decree) for a term of 25 years and renewable, transferred to GCO in July 2008;
- **Argentina:** Eramine S.A. held 68 consolidated mining titles at the end of 2020, issued in perpetuity, subject to the submission of the required impact studies, payment of annual mining royalties and compliance with a development schedule.

The reserves are recognised at historic cost in the accounts in the case of titles purchased, while the granted concessions are not valued.

Estimates

The estimates and classification of the Group's resources and reserves, as shown, were established according to the principles of the "JORC Code" (Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves), 2012 edition.

Estimates of resources and reserves are based on documentation reviewed and validated by people with sufficient and relevant experience for the type of deposits under consideration. These qualified people, certify that the figures presented are compliant with the stipulations of the Code. These are:

- professionals employed on a full-time basis by the Group, its subsidiaries or holdings;
- competent people from external firms mandated by the group, its subsidiaries or holdings.

Basis of estimates

The estimates are based on samples, which may not be fully representative of the complete deposits. As they are explored and/or exploited, the estimates may change either positively or negatively, according to the improved knowledge of the clusters.

Presentation of figures for resources and reserves

The figures for the mineral resources and reserves shown in the tables:

- are rounded to reflect the relative uncertainty of the estimates, which might produce calculation differences in the totals. They are provided for the entire mining area. The results may also be compared to production levels, giving an indication of the remaining useful life of the mining operations;
- Represent the resources and reserves of subsidiaries or holdings and not Eramet's share in the entities concerned;
- are expressed using the abbreviations below:
  - Mt: millions of tonnes,
  - Mdmt: millions of dry metric tons,
  - Mwmt: millions of wet metric tons,
  - Wy: weight yield,
  - Mn: manganese,
  - Mt Mn: millions of tonnes of manganese
  - Ni: nickel
  - ktNi: thousands of tonnes de nickel
  - HM: Heavy minerals,
  - Li: lithium,
  - LCE: *Lithium Carbonate Equivalent.*

2

2.2.2 Comilog S.A.'s reserves and resources

Mineral Resources

The table below shows the figures for the mineral resources of the ore deposits of Comilog S.A., updated at 1 January 2021. The figures are given in millions of dry metric tons of run-of-mine ore (Mt), with the weight yield (% Wy) and the associated manganese content (% Mn).

These resources correspond to:

- Bangombé deposit under operation;
- Okouma-Bafoula deposit where the two clusters are part of the same geological unit, and whose exploitation began in late 2020 through the opening of the Okouma plateau;
- Moulili deposit: the Moulili River is filled with sediment made up of manganese ore fines. Upstream to downstream, this deposit has been divided into four sections, two of which, MT1 and MT3, are being exploited.

For all the clusters, the resources reported at 1 January 2021 are calculated after deduction of the ore mined in 2020, as the geological models used were not revised during the year.

COMILOG S.A MANGANESE ORE MINERAL RESOURCES TREND AT 1 JANUARY 2021

Mineral Resources	1 January 2021				1 January 2020			
	Mdmt	% Wy	% Mn	Mt Mn	Mdmt	% Wy	% Mn	Mt Mn
Measured	98	64.5	44.7	28	104	64.9	44.6	30
Indicated	222	64.0	44.3	63	225	64.2	44.5	64
Inferred	64	56.3	42.9	15	64	56.4	42.9	15
TOTAL	**384**	**62.9**	**44.2**	**107**	**392**	**63.1**	**44.3**	**110**

Notes:

1. For the Bangombé and Okouma-Bafoula deposits, the resources are defined at a Mn cut-off grade of the rock fraction higher than or equal to 30%. No cut-off grade was applied for the Moulili deposit.
2. Tonnes for run-of-mine are given in place. Manganese grades are equivalent to washed ore samples and must be read with the associated weight yields.
3. The resources are confirmed by the competent people as defined by the JORC code below:
   - For the Okouma deposit: M. P. Fanguin, EurGéol and permanent employee of Comilog S.A. ;
   - For the Bangombé and Moulili deposits: M. J. Michaud, EurGéol and permanent employee of Eramet Marketing Services.

The change in the figures for resources at 1 January 2021 is due to the combined effects of having a better definition of the exploited limits and the deduction of 2020 mining production.

Mineral Reserves

The table below shows the figures for the mineral reserves of Comilog S.A., updated at 1 January 2021. The figures are given in millions of dry metric tons of run-of-mine ore (Mt), with the weight yield (% Wy) and the associated manganese content (% Mn).

Reserves are included in mineral resources.

The mineral reserves correspond to the ore located on the Bangombé and Okouma-Bafoula deposits. They are calculated:

- from mining projects taking into account technical, environmental and societal constraints;
- by integrating loss and dilution factors;
- after construction of a long-term mining sequence.

Contrary to the declaration at 1 January 2020, sections of Moulili are not included in the reserves published on 1 January 2021.

COMILOG S.A. MANGANESE ORE RESERVES TREND AT 1 JANUARY 2020

Mineral Reserves	1 January 2021				1 January 2020			
	Mdmt	% Wy	% Mn	Mt Mn	Mdmt	% Wy	% Mn	Mt Mn
Proven	58	66.5	45.7	18	66	66.0	45.6	20
Probable	139	67.4	45.2	43	144	66.8	45.2	44
TOTAL	**198**	**67.1**	**45.4**	**60**	**210**	**66.6**	**45.3**	**63**

Notes:

1. For the Bangombé and Okouma-Bafoula deposits, the reserves are defined at a Mn cut-off grade of the rock fraction higher than or equal to 37%.
2. Tonnes for run-of-mine are given in place and correspond to the ore sent to the production units.
3. Manganese grades correspond to the expected washed products and must be read with the associated weight yields.
4. Between December 2019 and January 2020, SRK worked on the Comilog SA site. In SRK's opinion, the mineral reserves of Comilog S.A., as reported by ERAMET, are supported by a sufficient amount and quality of data. They were estimated using appropriate techniques compliant with industry standards.

The change in the figures for reserves at 1 January 2021 is due to the combined effects of improvement in the definition of the exploited limits and the deduction of 2020 mining production.

Production in 2020 was 10.1 Mwmt of run-of-mine ore from the Bangombé deposit, 0.35 Mwmt of run-of-mine ore from the Olouma-Bafoula deposit and 1.2 Mwmt of manganese ore fines from the Moulili sediment.

2

2.2.3 Reserves and resources of Société Le Nickel-SLN

The resources and reserves are grouped according to the type of ore under consideration, i.e., the saprolitic ore which supplies the Doniambo pyrometallurgical plant; and saprolitic ore containing low-grade nickel and lateritic ore, which supply an external market.

Mineral Resources

Ore tonnages are shown in millions of dry tonnes. Humidity, recorded during production in progress or estimated, varies from 22% to 48% for saprolites and laterites, depending on the ore bodies in question.

The figures were established with cut-off grades applied to the altered fraction, and change according to the type of mineralurgical processing and economic conditions.

TREND OF SLN SAPROLITIC ORE MINERAL RESOURCES FOR DONIAMBO AT 1 JANUARY 2021

	1 January 2021			1 January 2020		
Mineral Resources	Mdmt	% Ni	ktNi	Mdmt	% Ni	kt Ni
Measured	57.8	2.40	1,388	55.5	2.39	1,327
Indicated	63.6	2.38	1,514	64.5	2.38	1,534
Inferred	106.2	2.40	2,545	108.4	2.40	2,603
TOTAL	**227.6**	**2.39**	**5,447**	**228.3**	**2.39**	**5,463**

TREND OF SLN SAPROLITIC ORE MINERAL RESOURCES FOR EXPORT AT 1 JANUARY 2021

	1 January 2021			1 January 2020		
Mineral Resources	Mdmt	% Ni	ktNi	Mdmt	% Ni	ktNi
Measured	61.4	1.86	1,142	60.8	1.84	1,121
Indicated	110.1	1.83	2,011	104	1.82	1,889
Inferred	461.9	1.78	8,199	465.8	1.78	8,272
TOTAL	**633.4**	**1.79**	**11,352**	**630.7**	**1.79**	**11,282**

TREND OF SLN LATERITE ORE MINERAL RESOURCES FOR EXPORT AT 1 JANUARY 2021

	1 January 2021			1 January 2020		
Mineral Resources	Mdmt	% Ni	ktNi	Mdmt	% Ni	ktNi
Measured	19.8	1.43	282	21.9	1.42	311
Indicated	29.7	1.46	433	28.8	1.46	420
Inferred	133.4	1.42	1,898	141.7	1.42	2,015
TOTAL	**182.9**	**1.43**	**2,613**	**192.4**	**1.43**	**2,746**

Notes:

1. In accordance with the system for describing drill hole data, the tonnages and grades shown correspond only to the altered phase of the saprolites, which entails mineralisation, and not to the entire saprolitic column.
2. The resources are confirmed by the competent person as defined by the JORC code below:
   - M.G. Lorilleux, AusIMM member and permanent employee of Société Le Nickel – SLN.

The change in the figures for resources at 1 January 2021 is due to the combined effects of geological models, estimations of resources, the acquisition of mining titles in the Tiébaghi region in exchange for transfer of stock in the Grand Sud region to VALE and the deduction of 2020 mining production.

Mineral Reserves

The table below shows the figures for the reserves 1 January 2021. These figures come from the conversion of mineral resources and take into account:

- mineralurgical processing;
- mining projects optimised for saprolites recovery;
- loss and dilution factors;
- long-term sequencing.

Reserves are included in mineral resources.

Ore reserves are expressed in millions of dry metric tons and metal tonnages in thousands of tonnes of nickel content in the "mineralurgical concentrate".

TREND OF SNL SAPROLITIC ORE RESERVES FOR DONIAMBO AT 1 JANUARY 2021

	1 January 2021			1 January 2020		
Mineral Reserves	Mdmt	% Ni	ktNi	Mdmt	% Ni	ktNi
Proven	21.7	2.62	567	20.1	2.60	524
Probable	49.4	2.45	1,210	49.3	2.45	1,205
TOTAL	**71.1**	**2.50**	**1,777**	**69.4**	**2.49**	**1,729**

TREND OF SLN SAPROLITIC ORE RESERVES FOR EXPORT AT 1 JANUARY 2021

	1 January 2021			1 January 2020		
Mineral Reserves	Mdmt	% Ni	ktNi	Mdmt	% Ni	ktNi
Proven	20.4	1.81	370	19.7	1.78	351
Probable	57.2	1.75	1,004	56	1.75	978
TOTAL	**77.6**	**1.77**	**1,374**	**75.7**	**1.76**	**1,330**

TREND OF SLN LATERITIC ORE RESERVES FOR EXPORT AT 1 JANUARY 2020

	1 January 2021			1 January 2020		
Mineral Reserves	Mdmt	% Ni	ktNi	Mdmt	% Ni	ktNi
Proven	12.5	1.47	184	11.9	1.48	175
Probable	10.0	1.49	282	19.9	1.48	295
TOTAL	**31.5**	**1.48**	**466**	**31.7**	**1.48**	**470**

Notes:

1. For most deposits, the laterites reported in reserves are not included in the economic optimisation of pits based exclusively on saprolitic ore.
2. The reserves are confirmed by the competent person as defined by the JORC Code below:
   - M.P. Epinoux, AusIMM member and permanent employee of Société Le Nickel – SLN

The saprolitic ore reserves intended for the Doniambo plant and for export at 1 January 2021 increased by approximately 3% compared to the reserves at 1 January 2020. This increase reflects the effects mentioned on mineral resources and the update of mining projects.

In addition, the enrichment of saprolitic ore by washing at the Tiébaghi and Népoui sites for Doniambo also produces by-products recovered for export. These co-products are estimated at 178 kt Ni, compared to 170 kt Ni at 1 January 2020.

The table below shows the figures for SLN's mining production in 2020, corresponding to the nickel tonnages contained in the ore transported to the various port sites (wharves or mechanical loading).

2020 mining production	ktNi
Saprolitic ore for Doniambo	61.2
Saprolitic ore for export	37.5
Lateritic ore for export	1.7

2.2.4 Resources of Pt Weda Bay Nickel

Mineral Resources

The data on mineral resources, published on 1January 2021, corresponds to dry tonnages, nickel grades and thousands of tonnes of nickel (ktNi). Mineral resources are estimated in a modelised envelop at a cut-off grade of 1% Ni, based on separate identification of laterite and saprolite products.

TREND OF PT WEDA BAY NICKEL SAPROLITIC AND LATERITIC ORE MINERAL RESOURCES AT 1 JANUARY 2021

	1 January 2021			1 January 2020		
Mineral Resources	Mdmt	% Ni	ktNi	Mdmt	% Ni	ktNi
LATERITES						
Measured	41.8	1.27	531	41	1.27	526
Indicated	30.0	1.24	372	50	1.25	625
Inferred	77.3	1.23	951	41	1.24	514
Total laterites	**149.1**	**1.24**	**1,854**	**133**	**1.25**	**1,665**
SAPROLITES						
Measured	137.4	1.69	2,322	130	1.67	2,169
Indicated	88.6	1.55	1,374	143.	1.57	2,246
Inferred	250.6	1.51	3,784	223	1.51	3,365
Total saprolites	**476.7**	**1.57**	**7,480**	**496**	**1.57**	**7,780**
GRAND TOTAL	**625.7**	**1.49**	**9,334**	**629**	**1.50**	**9,445**

Notes:

1. Tonnages and grades given for saprolites correspond to the entire saprolitic column.
2. The resources are established after a topographical update (28-30 November 2020)
3. The resources were prepared and compiled by the Pt Weda Bay Nickel teams and confirmed by the competent people as defined by the JORC code below:
   - Mr Ade Kadarusman, independent geologist, member of AusIMM, and of the Indonesian Association of Geologists (IAGI), Indonesian Society of Economic Geologists (MGEI), and the Indonesian Competent Person (CPI).

Compared to the declaration on 1January 2020, the mineral resources declared on 1 January 2021 are 3 Mdmt less as a result of the combined effects of using and updating some models.

Mineral Reserves

The table below shows the figures for limonite and saprolite reserves published on 1 January 2021.

These figures come from the conversion of mineral resources and take into account:

- optimised mining projects;
- loss and dilution factors;
- long-term sequencing.

Reserves are included in mineral resources.

The data on mineral resources corresponds to dry tonnages, nickel grades and thousands of tonnes of nickel (ktNi).

PT WEDA BAY NICKEL SAPROLITE AND LATERITE ORE RESERVES AT 1 JANUARY 2021

	1 January 2021		
Mineral Reserves	Mdmt	% Ni	ktNi
Laterites			
Proven	2.1	1.48	31
Probable	2.1	1.44	31
Total laterites	**4.3**	**1.46**	**62**
Saprolites			
Proven	28.6	1.87	535
Probable	61.8	1.77	1094
Total saprolites	**90.5**	**1.80**	**1628**
GRAND TOTAL	**94.7**	**1.78**	**1691**

Notes:

1. Reserves are defined for a Nickel cut-off grade ranging between 1.4 and 1.6%.
2. The reserves have been confirmed by the competent person as defined by the JORC code below:

- Mr Bayu Setyo Prastowo Soemarsoem (MAssIMM #320552) competent person, as defined by the JORC Code acting as independent consultant.

Production for 2020 settled at 3.1 Mwmt of run-of-mine.

2.2.5 Grande Côte Operations reserves and resources

Mineral Resources

The data on mineral resources corresponds to tonnages of mineral sands and heavy mineral (HM) grades identified on the mining concession of 445.7 km^2 of GCO. The tonnages are expressed in Mdmt (millions of dry metric tons). The HM grade is the in situ grade of the sand. Updates of the mineral resources on 1 January 2021 are based on the block modelling of the deposit, minus the tonnages of sand exploited until 31 December 2020, and the residual tonnages located under the existing mine path.

TREND OF THE GRANDE CÔTE OPERATIONS MINERAL RESOURCES AT 1 JANUARY 2021

	1 January 2021			1 January 2020		
Mineral Resources	Sands Mdmt	HM Mdmt	HM grade %	Sands Mdmt	HM Mdmt	HM grade %
Measured	1,861	22.4	1.20	2,000	25.3	1.3
Indicated	816	9.0	1.11	816	9.0	1.1
Inferred	66	0.7	1.08	66	0.7	1.1
TOTAL	**2,743**	**32.1**	**1.17**	**2882**	**35.0**	**1.2**

Notes:

1. Mineral resources are estimated at a cut-off grade of 0.82% HM. The cut-off grade is applied to grade accumulations up to 6 metres below the level of the natural water table.
2. HM grade is reported to two decimal points in 2021, while it was previously reported to one decimal point.
3. The resources are confirmed by the competent person as defined by the JORC code below:
   - M.D. Sow, AusIMM member and permanent employee of Grande Côte Opérations.

Mineral resources dropped 139 Mdmt of sand and 2.9 Mdmt of heavy minerals (in situ) between 1 January 2020 and 1 January 2021. This decline is linked to tonnages operated in 2020, tonnages frozen by tailings deposit in 2020 and the update of tonnages frozen by tailings deposit since the start of mining operations.

Reserves

The data on reserves corresponds to mineral sands tonnages and heavy metals (HM) grades located in the mine path and in rich adjacent zones exploited using conventional mining methods or dry mining and replaced on the mine path, to supply the sand filters of the wet concentrator plant (WCP).

TREND OF THE GRANDE CÔTE OPERATIONS RESERVES AT 1 JANUARY 2021

	1 January 2021			1 January 2020		
Mineral Reserves	Sands Mdmt	HM Mdmt	HM grade %	Sands Mdmt	HM Mdmt	HM grade %
Proven	982	14.8	1.50	1,029	15.5	1.5
Probable	287	3.6	1.27	291	3.7	1.3
TOTAL	**1,269**	**18.4**	**1.45**	**1,320**	**19.3**	**1.5**

Notes:

1. No cut-off grade was applied in the calculation of reserves within this mine path, as all the sand in the mine path has been recovered and recycled.
2. Reserves also include sands located near the mine path, exploited through dry mining within the limit of 4 Mt of sands per year. The tonnages recovered through dry mining are included in the reserves and added to those recovered through dredging.
3. The reserves include losses of sands and heavy minerals at the level of the dredger and the entry of the WCP. The recovery rates of heavy minerals in the processing plants (WCP and MSP) are not applied in the calculation of reserves.
4. The reserves are not added to the mineral resources.
5. HM grade is reported to two decimal points at 1 January 2021, while it was previously reported to one decimal point.
6. The reserves are confirmed by the competent person as defined by the JORC Code below:
   - M. C. Nouel, AusIMM member and permanent employee of Eramet Marketing Services.

The reserves dropped by 51 Mdmt of sands and 820 kts of heavy minerals between 1 January 2020 and 1 January 2021. This decline is mainly linked to the tonnages exploited in 2020 and, to a lesser extent, modifications of operating parameters (rising water level in the pond and increase in the dry mining cut-off grade).

2020 production settled at 49.2 Mdmt of sands and 796 kts of heavy minerals.

2.2.6 Resources of Eramine S.A.

Drainable Resources

Drainable resources are defined on the Centenario and Ratones Salars.

ERAMINE S.A. DRAINABLE MINERAL RESOURCES AT 1 JANUARY 2021

	1 January 2021				1 January 2020			
Drainable Resources	Brine volume *(millions of cubic metres)*	Average density	Li content *(mg/l)*	LCE *(kt)*	Brine volume *(millions of cubic metres)*	Average density	Li content *(mg/l)*	LCE *(kt)*
Measured	929	1.19	409	2,023	916	1.17	408	1,991
Indicated	1,594	1.18	380	3,226	1,442	1.16	379	2,912
Inferred	2,826	1.15	312	4,689	3,010	1.16	311	4,987
TOTAL	**5,349**	**1.17**	**350**	**9,938**	**5,368**	**1.16**	**346**	**9,890**

Notes:

1. The reference date of the resources estimate is 16 August 2019.
2.. Calculations of resources use: 1) drainable resource values for aquifer hydrogeological units. 2) a lithium cut-off grade of 200 mg/l and 3) only the properties controlled by Eramine in December 2019.
3. Calculation of the LCE ("Lithium Carbonate Equivalent") infers no loss linked to the process. The LCE (lithium carbonate equivalent) tonnage equivalent is calculated based on the lithium mass multiplied by a factor given by the atomic mass of each lithium carbonate element, i.e. 5.322785.
4. The competent person responsible for the estimate of resources is Mr Mike Rosko, PGeo, member of the Society for Mining, Metallurgy, and Exploration and permanent employee of Montgomery & Associates.

The mineral resources declared on 1 January 2021 are close to the results published on 1 January 2020, only a decrease in inferred resources is recorded.

Reserves

The reserves are estimated on the basis of a pumping field defined solely on Salar de Ratones. The retained pumping scenario covers a period of 40 years to guarantee annual production of 24 kt LCE.

An extraction process has been developed for brine processing. The recovery rate is 87%. This performance was confirmed by semi-industrial tests conducted in early 2020 on the site.

ERAMINE S.A. RESERVES AT 1 JANUARY 2021

	1 January 2021				
Reserves	Years	Brine volume pumped *(millions of cubic metres)*	Average Li content*(mg/l)*	Metal Lil *(t)*	LCE *(t)*
Proven	1-3	30	460	12,180	65,000
Probable	1-3	7	460	2,610	14,000
Probable	4-40	511	436	194,010	1,033,000
TOTALS	**1-40**	**548**	**438**	**208,800**	**1,112,000**

Notes:

1. A recovery factor of the lithium processing plant (87%) was applied to the reserves
2. Average lithium grades are calculated on the basis of the mass from resource categories, including the low contribution of inferred resources.
3. Metal lithium tonnage only includes masses from measured and indicated resources.
4. Metal lithium tonnage is converted into LCE ("Lithium Carbonate Equivalent") using the factor 5.32.
5. The proportion of brine volume from inferred resources is not taken into account in total brine volume.
6. The numbers may not add up due to rounding
7. The estimates apply as of 9 February 2021
8. The competent person responsible for this estimate of reserves is Mr Frits Reidel, Certified Professional Geologist (#11454) with the American Institute of Professional Geologists and employee of Atacama Water.

2.3 HIGH PERFORMANCE ALLOYS DIVISION

2.3.1 Highlights of the year

2.3.1.1 Key figures

(in millions of euros)	2020	2019
Turnover	680	847
EBITDA	(119)	(26)
Current operating income	(153)	(68)
Net cash flow generated by operating activities	(116)	(84)
Capital employed at start of year	481	488
Industrial investments[1]	38	53

(1) Excluding right-of-use assets per IFRS 16 (€4 million).

2.3.1.2 Operational performance

The unprecedented collapse of the aerospace sector, coupled with a steep downturn in the automotive market dealt a blow to the performance of the High Performance Alloys division as of Q2 2020. The Division saw turnover slide 20% to €680 million and EBITDA was negative at -€119 million.

Aubert & Duval's (A&D) turnover [1] fell 16% to €539 million. EBITDA was negative at -€87 million and FCF was -€153 million for the period, recovering strongly in the second half (+ €3 million).

Erasteel's sales dropped 31% to €142 million in 2020 and EBITDA came out at -€32 million.

Activities

The impact of the Covid-19 pandemic on the aerospace industry has been huge. A&D's revenues fell under the blow, declining 24% year-on-year to €367 million in 2020. This comes after the challenges in 2019 as a result of failures in its quality management system. Over the last two years, turnover is down a total of 37%. Yet, major progress has been made on the commercial front with contract renewals and new market share gains with leading players: Airbus, Boeing and GE.

At €103 million, Energy and Defence turnover was up 47%, on the back of higher sales of disks for land-based turbines (energy market). The order book for the national sovereignty sector was also beefed up in 2020.

A&D acted in Q2 to mitigate the impacts of the stricken market and calibrated production site by site, with a range of measures. It scaled back production to match the order book for each product line, unit by unit.

A&D has signed up to the long-term short-time working agreement (APLD) and has significantly reduced working hours in the short term. In the medium term, it is negotiating a workforce reorganization plan with the employee representative bodies. and aims to achieve job cuts through voluntary redundancies.

The many measures introduced in H1 to bring down costs in line with business volumes and curb cash consumption started to pay off in the second half: free cash flow broke even and rose to +€3 million (from -€156 million in H1). Other savings included reducing purchases of raw materials by almost 50%, cutting general purchases by around 30% and slicing around 25% from payroll, compared with Q1. A&D's WCR returned to end-2019 levels in numbers of days of turnover, mainly thanks to the reduction in inventories.

(1) Aubert & Duval, EHA and others.

For **Erasteel**, the tough conditions in the automotive market have put pressure on production and sales in 2020. Erasteel recalibrated its production facility to meet the needs of its customers. Tight control of expenses and WCR helped keep cash consumption at -€21 million.

In addition, a major drive to simplify the Division's organization was completed in 2020, culminating in shutting down some subsidiaries' activities in the United States, the United Kingdom, China and France at the year-end.

Outlook

Industry forecasts do not see air passenger traffic returning to pre-pandemic levels until 2024 at the earliest. Braced for a sustained downturn, the main aircraft manufacturers have already introduced prolonged cuts to production, especially for wide-body aircraft.

Although uncertainty still dominates the automotive market, global production should increase in 2021.

In tandem with its strategic review, in 2021 the Division will continue to give priority to bringing costs into line with production in a challenging market, especially in the aerospace sector.

Regarding a possible divestment of A&D, the Group is reviewing how to secure a satisfactory offer and ensure the future of this strategic aerospace business.

Review of quality processes continues

Scrutiny of quality processes continued in 2020, working closely with customers. Initiatives to improve all aspects of the supply chain have significantly improved delivery flows. Quality control has been transformed at Aubert & Duval, based on the review findings. Changes will continue to be rolled out in 2021, in line with the performance improvement plan.

Aerospace market reels from the impact of the pandemic

Covid-19 has plunged the aerospace industry, which accounts for around 70% of Aubert & Duval's revenue, into an unprecedented crisis with impacts spreading across the industry supply chain.

Commercial aircraft deliveries plummeted to a record low in 2020 and the main aircraft manufacturers have cut output by some 40%.

This is a challenging environment for Aubert & Duval with order cancellation requests on one-third of its aerospace business.

The knock-on effect of these cancellations has considerably eroded its working capital requirements – and cash flow for the period. The company introduced an action plan to deal with the situation, whose main priorities are: a deep cut in the supply of raw materials, halving the number of temporary workers, furlough and an intensified drive to collect overdue trade receivables.

2.3.2 Markets

2.3.2.1 Main applications

The High Performance Alloys Division develops its metallurgical business upstream of strategic industries including aeronautics, space, energy and defence. It also provides metallurgical solutions for the most demanding applications (cutting tools, motor sports and tooling, etc.).

The products sold by the High Performance Alloys Division are positioned in niche markets at the top of the steel pyramid, which account for less than 5% of global metal demand.

2.3.2.2 Demand

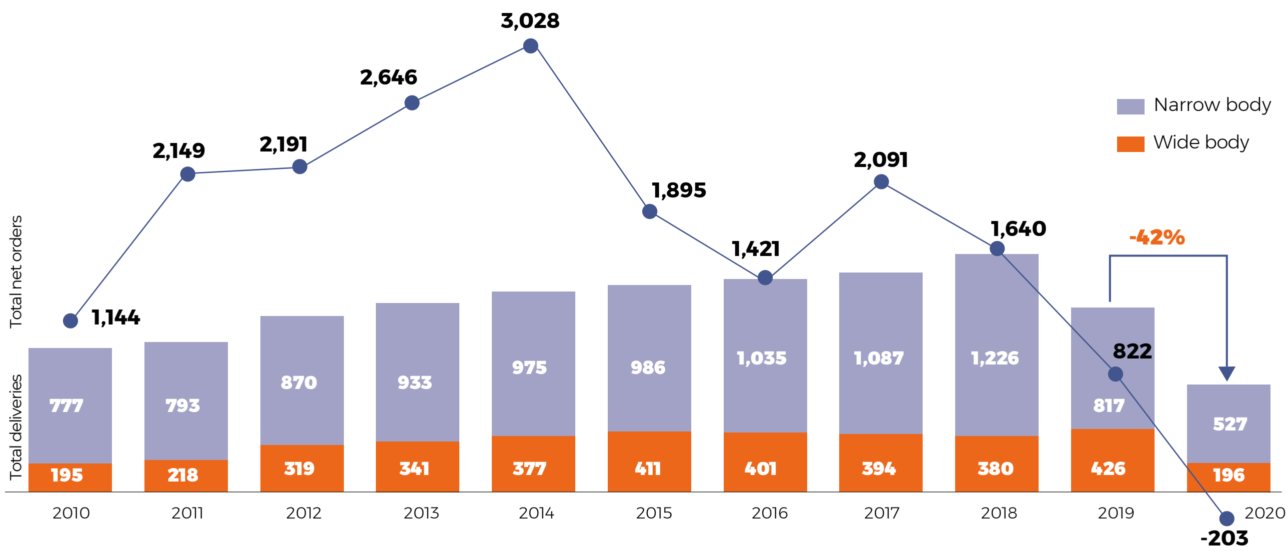
Demand has plummeted as Covid-19 has dealt a heavy blow to manufacturing and trade in most industries with steel and high-performance alloy inputs. The shock waves were most intense in aerospace and automotive – the High Performance Alloys Division's main markets.

2.3.2.2.1 Aerospace

Fleets of aircraft have been left parked on airport tarmacs since mid-March 2020 as passenger numbers plunged 80%[1] and global air traffic was largely grounded. The recovery varies by region.

In the face of such a brutal slowdown, orders and deliveries of new aircraft have dried up since April 2020.

Net aircraft orders and deliveries



Source: Airbus, Boeing

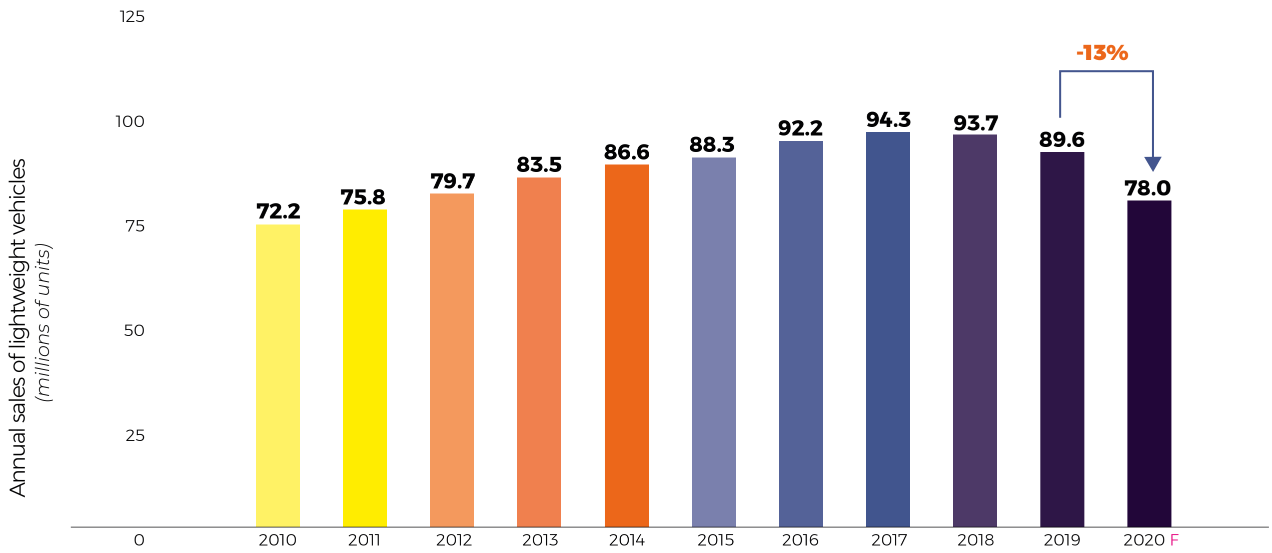
Airbus and Boeing, the two giants of the industry, have both cut production by around 40%, resulting in delays and cancellations of orders to suppliers and subcontractors, including producers and processors of high-performance allows.

(1) *Based on revenue generated per passenger per km (RPK): source:* International Air Transport Association *(IATA).*

2.3.2.2.2 Automotive

Already flailing in 2019, the Covid-19 pandemic has hit demand hard. Sales of light vehicles are projected to be down 13% from 2019, despite the rebound in demand in Asia in the second half of 2020.

Annual global sales of light vehicles *(Eramet estimates)*



Source: Center For Automotive Research. IHS Markit

This punishing landscape has contributed to weakening demand for high-performance special steels.

2.3.2.2.3 Other markets

Thanks to government capital expenditure programmes, demand for high-performance special steels in the defence, energy and nuclear industries held up. Energy proved especially resilient to the pandemic with needs for high performance alloys maintained.

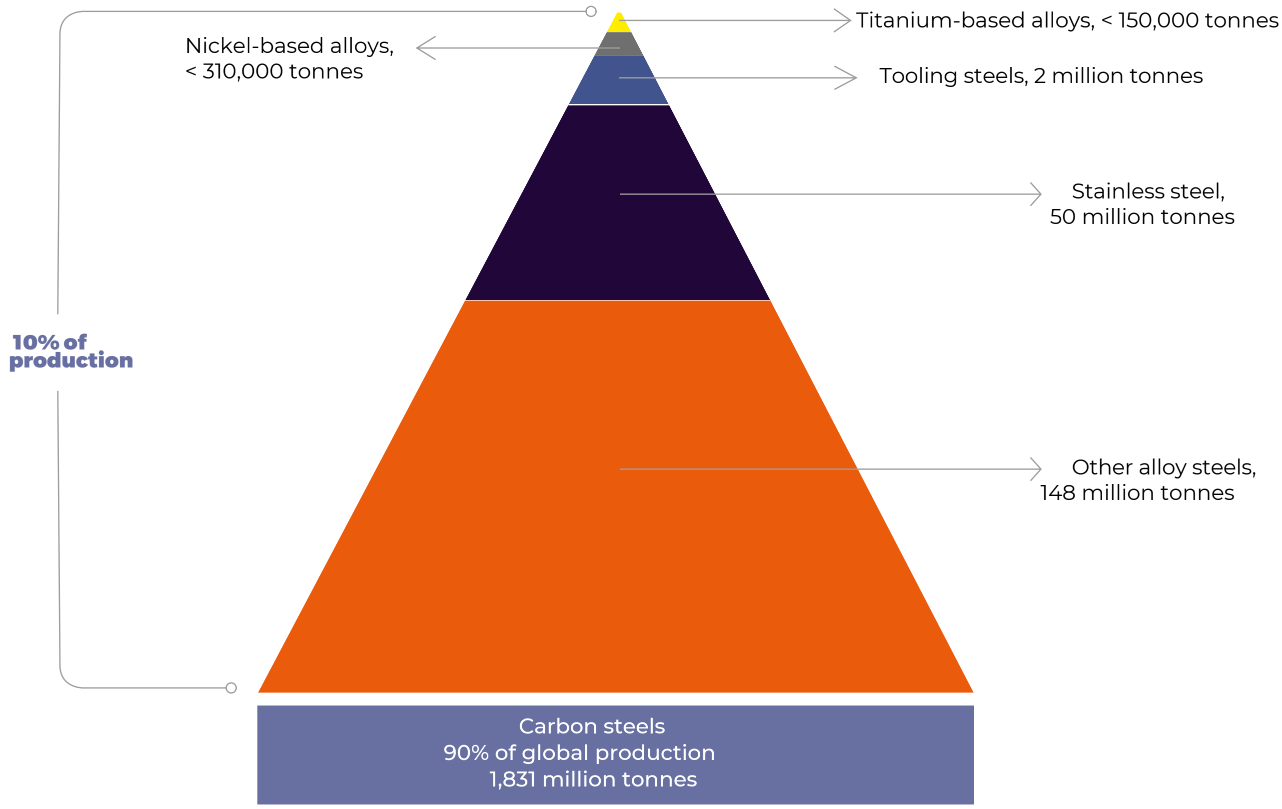
2.3.2.3 Supply

Global output of steel and alloys contracted 4.6% in 2020 on lower demand and the temporary shuttering of production sites to help contain the spread of coronavirus.

After years of growth fuelled by the aerospace and automotive industries, output of the most technical grades of steel and alloys contracted sharply.

Production of nickel-based and titanium-based alloys were badly hit by the collapse in aerospace demand.

Global production of the main steel and alloy families in average annual volumes *(Eramet's estimates)*



2.3.2.4 The competitive environment

The High Performance Alloys Division has to deal with a complex competitive environment, according to markets, product types and alloys sold.

For closed-die forged or forged parts, the main competitors of Eramet's High Performance Alloys Division are: Allegheny Technologies Corporation, Arconic, Otto Fuchs Precision Castparts Corporation and VSMPO-AVISMA.

For long products and high-speed steels, the main competitors are also located in America, Europe and Asia: Allegheny Technologies Corporation, Carpenter Technology, Hitachi Metals, Liberty Speciality Steels and voestalpine.

For powders for additive manufacturing, the main competitors are Carpenter Technology, Oerlikon, Praxair Surface Technologies and Sandvik Osprey.

2.3.2.4 Prices

As the majority of the High Performance Alloys Division's sales are covered by individual sales agreements with customers that specify the sale price, we are unable to disclose a standard price.

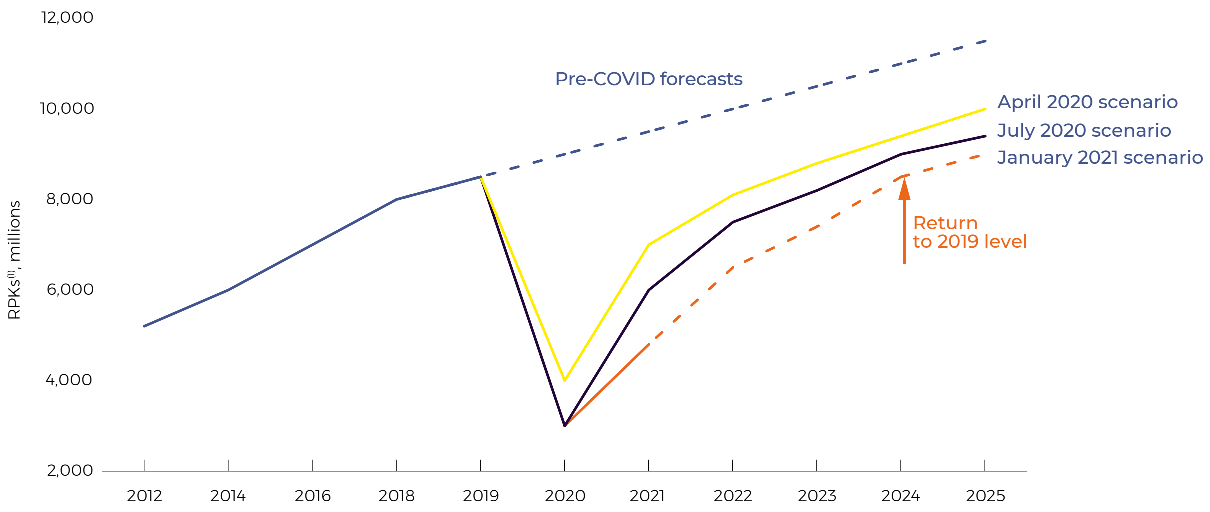
2.3.2.5 Market outlook

The pandemic has sent the aerospace and automotive markets reeling and aircraft deliveries are not expected to return to pre-pandemic 2019 levels until 2024. Energy and defence fared better and should return to growth in 2021.

Aerospace

It will be 2024 before passenger traffic recovers to 2019 levels, while short-haul travel is expected to revive faster than long-haul. Aircraft manufacturers continue to cut output in line with actual demand, which is still dominated by uncertainty. But, the impacts are likely to be more severe and more long lasting for wide-bodied aircraft.

IATA traffic forecasting, as of April 2020



(1) RPK =Revenue Passenger Kilometre.

Automotive

Uncertainty clouds the prospects for a recovery in the automotive market, despite life returning to normal in China. The Chinese economy has picked up considerably and sales in the country could increase 12% by 2025. Although vehicle sales could rebound in 2021 in Europe, the US market is not expected to get back to 2019 levels until after 2022-2023.

Defence

Growth should continue in the defence industry, fuelled by state investment programmes in the main countries involved in defence. Take France for example, which has maintained the 2019-2025 Military Programming Law and took delivery of 50% of new tanks, together with new Barracuda submarines and Rafale fighter jets. The timeline for new European defence collaboration programmes has also remained intact: FCAS (Future Combat Air System) and MGCS (Main Ground Combat System).

Energy

The energy market has been one of the sectors least affected by Covid-19 as the decline in energy investments worldwide was contained at 10% in 2020.

Government policy is expected to play a crucial role in coming years since investments in energy are driven by regulations or by public electricity procurement contracts.

The nuclear industry is set to redouble the drive to add new capacity to maintain its 10% share of the global energy mix over the next 10 years. The fleet of nuclear power plants worldwide is expected to be gradually and significantly reduced over the next 25 years. At the same time, new projects are seeing the light of day, and major renovation plans are afoot in many countries to ensure the long-term operation of existing plants.

2.3.3 Overview of the BU

2.3.3.1 Strategic positioning of the High Performance Alloys Division

The High Performance Alloys Division operates through two main subsidiaries: Aubert & Duval and Erasteel, two renowned experts in the design, development, transformation and manufacture of cutting-edge metallurgical solutions, upstream of strategic industries.

This positioning is based on:

- a unique industrial set-up in France and Europe;
- the capacity to secure the supply of critical materials such as special steels, superalloys and titanium to French and European industries;
- an integrated offer, from developing the materials to transforming them into finished products;
- R&D management, an essential part of meeting future challenges in materials' design and transformation, combined with historic metallurgical know-how recognised worldwide.

Aubert & Duval

- One of the leading global producers of large closed-die forged parts.
- One of the world's largest producers of special steels and high-performance superalloys.

Aubert & Duval is positioned as a metallurgist specialising in the most demanding metallic materials – high-performance steels, superalloys, titanium and aluminium – intended for advanced industrial applications, particularly in aerospace, energy and defence.

2

Long products in the form of forged and rolled bars as well as wires made from **high-performance steel or from nickel- or titanium-based alloys,** suitable for the most demanding applications

Forged products for critical applications in defence and nuclear energy, made from **special steels or from nickel- or titanium-based alloys**

Closed-die parts for aerospace and energy applications, **made from high-performance steel or from nickel-, titanium- or aluminium-based alloys**

PEARL®Micro **metallic powders (superalloys, special steels)** for additive manufacturing

Erasteel

A global player in conventional high-speed steels.

A leader in metallurgy of gas-atomised powder with high-speed steels through ASP® (high-speed steel powders) powder metallurgy and PEARL® metallic powders (open powders for additive manufacturing).

A European player in recycling of catalysts, metal oxides and batteries.

Erasteel is one of the major players in high-speed steels and is the leader in the high-end segment of these steels, particularly with its powder metallurgy high-speed steels (PM-HSS), used for cutting and cold-working tools and high-performance mechanical components for the automotive, electronics and aeronautics markets.

Since 2016, Erasteel has also been developing a petroleum catalyst recycling business to recover high value-added metal elements, including molybdenum, vanadium, nickel, cobalt and chrome.

Conventional and powder metallurgy ASP® **high-speed steels** sold as round, flat or square bars, wires, sheets and strips

PEARL® special steel **powders** and **stainless steel powders** for Hot Isostatic Pressing

Ferroalloys made from recycling catalysts, metal oxides and batteries

2.3.3.2 Activities

Melting

Melting activity is the manufacturing of special steels, high-speed steels, superalloys and titanium alloys, through various metal fusion techniques.

To give the materials the appropriate characteristics for the intended applications, development can rely on air fusion, vacuum or atomisation (powders) processes. Melting also extends to remelting processes, which can complete the primary process to improve the mechanical properties of the materials depending on the intended applications.

Processing

Whether developed in-house or by other steel-makers, the steel and alloy transformation is at the core of the Division's expertise and is done through various processes: the manufacture of critical parts by open-die or closed-die forging, the manufacture of semi-finished products (bars, billets, wire rods, etc.) by rolling or drawing.

Recycling

Since 2016, two new recycling activities have been developed in the High Performance Alloys Division:

- a new business recovering industrial waste containing metals, particularly catalysts, has been installed at the Erasteel Commentry site. Non-ferrous metals recycled in this way are mainly molybdenum, nickel and cobalt;
- EcoTitanium is Europe's leading recycling business for aviation-grade titanium alloys, making use of massive titanium scrap and chips collected from major aircraft manufacturers and their subcontractors.

2.3.3.3 Detail of investments

(in millions of euros)	2016	2017	2018	2019	**2020**
Industrial investments	55	59	63	53	38

Excluding IFRS 16.

The High Performance Alloys Division has continued to make industrial investments to strengthen its position as a strategic supplier to advanced sectors. Several industrial projects launched in recent years are going through important stages:

- the qualification process for the new rolling mill at Les Ancizes is underway and it should be commissioned for industrial use during 2021;
- transformation of the site and digitisation of closed-die forging on the PS24 press continue at Issoire, targeted at achieving significant productivity gains;
- investment in the stripping unit at Tianjin will double the capacity for drawn high-speed steel wire for the saw market;
- the recycling of alkaline and saline batteries and catalysts investment programme launched in 2016 is being finalised at the Commentry site.

And the programme to modernise and improve the reliability of the forging facilities at the Erasteel site in Champagnole was selected at the end of 2020 as part of the 2021 "*Territoires d'industrie*" industrial recovery plan.

The Division is continuing its efforts to roll out its sustainable development policy, in order to respond to changes in environmental standards. New projects were launched in 2020 at the Division's various sites, with the aim of limiting their impact and thus preserving the ecosystem and biodiversity.

2.4 INNOVATION

2.4.1 Innovation by Eramet

Eramet Ideas spearheads our drive for innovation to create value for the Group's strategic sites and projects. Boasting top-notch expertise in research and development and industrial roll-out, "Innovation by Eramet" is founded on three main aims:

- draw on open innovation to create lasting value (see below) for our mining and industrial businesses and growth projects;
- promote digital transformation, process expertise and technological agility as innovation accelerators;
- be a centre of excellence for mining operations, extractive metallurgy and recycling. Be the gold standard for Europe and earn worldwide renown.

In total, the Eramet Group employs around 300 people who are completely dedicated to innovation, not counting the operational teams who participate in tests across all the industrial sites. Within the Business Units, these teams coordinate testing and essential phases of industrialisation for the Group's research projects. In all, around 1% of Eramet's revenue is channelled into innovation.

In 2020, amid the ongoing Covid-19 pandemic and our measures to protect the Group's cash flow, some of the Innovation team's efforts concentrated on projects offering a return on investment of less than two years. The other Innovation teams continued to work on ambitious projects that look to the Group's future. These medium- and long-term innovation projects break down into four main areas critical for Eramet's operating plan:

- growing geometallurgy to drive the performance of the Group's mining assets;
- improving the performance of metallurgical and logistics assets for processing and transporting ore, ferroalloys, alloys and superalloys;
- contributing to implementing the Group's CSR roadmap;
- providing support for strategic development projects in energy transition metals.

Lastly, technical assistance assignments give the Innovation teams a critical presence in our industrial ecosystem, which is essential to offer the most relevant solutions based on knowledge acquired in the field during these assignments.

This integrated positioning of innovation represents a strategic opportunity for the Eramet Group to deliver value-creating solutions at every stage in the production of its finished products. This ability to innovate in multiple metals and alloys along the entire value chain contributes to Eramet's unique positioning.

2.4.2 Innovation by Eramet

Eramet's people demonstrate world-class expertise in all aspects of extraction, processing, transformation and digital metallurgy.

The Eramet Group's first area of expertise is focused upstream around the main disciplines of *extractive metallurgy*, i.e. geometallurgy, hydrometallurgy and pyrometallurgy:

- Geometallurgy is the integration of geological, mining, metallurgical, environmental and economic information to maximise the net present value (NPV) of an ore body while minimising technical and operational risk:
  - We use powerful characterisation tools for geometallurgy processes at our sites, which is up to nanometric scales coupled with data processing tools and chemical analysis of the materials processed or produced are elements of digital mineralogy;
  - mineral processing consists first and foremost of separating recoverable fractions from ore by using the physical properties of the minerals in the ore, i.e. density, size, magnetism, electrostatic susceptibility or hydrophobicity, etc.
- If ore beneficiation is not (or no longer) possible through mineral processing, the ore may be treated via more complex chemical or thermal processes:
  - hydrometallurgy emphasises recovery of ore by chemical treatment in solution;
  - pyrometallurgy emphasises recovery of ore by smelting and reduction at very high temperatures.

The Eramet Group's second area of expertise is the metallurgical processing of alloys and high-performance steels, covering the development of new innovative alloy grades and all processes associated with metallurgical processing. Powder metallurgy occupies an increasingly important role in this field, with new developments occurring in the area of aerospace, particularly in the expanding field of additive manufacturing.

The Eramet Group's third area of expertise is metal processing. The thermomechanical transformation of alloys by forging and closed-die forging produces near-net-shape parts, particularly for the aerospace, energy, nuclear and defence markets.

Digital metallurgy, the Group's fourth area of expertise, is the use of all the mathematical methods of interpolation, extrapolation and algorithmic processing applied to metallurgy.

2.4.3 Open Innovation by Eramet

At the heart of our innovation process,*open innovation* involves scouting for skills, funding and partnerships, wherever they are available, to speed up our internal innovation process, reduce development costs and contain risk:

- All the tools for calls for proposals and partnerships: call for start-up projects, hackathon, innovation challenge, call for the best PhD student in extractive metallurgy;
- Participation in major European consortia in the extractive and transformation metallurgy businesses;
- Partnerships with leading European universities through internships, apprenticeships, theses and a labcom shared between Eramet Ideas and the Ecole Nationale Supérieure de Chimie de Paris;
- Long-term establishment of an Innovation Council with the participation of international experts in extractive metallurgy, the environment and geology;
- Management of collaborative projects financed by Europe or France in partnership with major industrial groups;
- Cooperation with start-ups whenever a new technology is available.

2.4.4 Innovation by Eramet

These programmes are conducted within the Business Units or at the Eramet Ideas centre. To ensure the results are wholly relevant, the innovation teams work in close collaboration with the operational staff. This maximizes the effectiveness of R&I programmes, from outlining programmes to implementing innovations on industrial sites, which may relate to products, improving the productivity of processes or reducing their environmental footprint.

Study with BASF on the development of refined nickel-cobalt production aimed at the electric vehicle market.

Nickel hydrometallurgy experts worked together on the design and tests for the preliminary baseline design of a nickel and cobalt sulphate plan at Weda Bay to supply the lithium-ion battery market for electric vehicles.

Planning for organic growth in manganese ore production

In 2020, the innovation teams supported the operating teams to design and start setting up the mining, mineralurgical and logistics equipment necessary for the 7 Mt target of manganese ore produced in Moanda, Gabon, by 2021.

Project to improve the efficiency of the manganese alloy furnaces

We now have the convergence of a number of projects to develop an ultra-efficient FerroManganese and SilicoManganese production metallurgy in terms of service life, process control and energy efficiency.

Zero-carbon manganese metallurgy

Following a concept study that demonstrated the technical feasibility of zero-carbon manganese production, the first laboratory tests produced the first grams of zero-carbon manganese in 2020.

ReLieVe project

An ambitious research programme for the recycling of lithium batteries has identified areas that set them apart and make the Group competitive, with a view to creating a European recycling sector. In 2020, a European collaborative ReLieVe project galvanised the research and innovation efforts of leading universities and industrial partners: Suez for battery collection and dismantling, Eramet for metals extraction and purification, and BASF for incorporation of metals into battery components.

Eugéli project

Work on this second European collaborative project, launched in 2019 in partnership with Électricité de Strasbourg, continued in 2020. It demonstrated that Eramet's process could be applied to recovering and beneficiation of the lithium found in the geothermal waters of the Rhine basin. The first pilots started on site in December.

Centenario lithium project

As the investment project is cocooned, the teams turned their attention to operating a scaled-back pilot plant at altitude, under real-life conditions in the Argentine salt flat. Operated over several months, the pilot plant corroborated the technical choices made for the project. It demonstrated that the process is robust and the yield excellent (more than 90% compared with around 50% for the conventional process used by competitors). It also confirmed the economic parameters for the technology..

Developing new alloy grades

In 2020, Aubert&Duval maintained its priority innovation programmes and collaborative projects with customers aimed at developing applications for its new grades: MLX®17 and MLX®19 structural hardening stainless steels for the aerospace and motor sports markets, AD730® superalloy for high-temperatures applications, superalloy powders for additive manufacturing, and the new high-performance ARMAD® steel for the defence market. Developed jointly with key customers, these programmes mean it can test the new materials on prototype parts that are representative of the applications and properties sought.

Developing the ASP® range and high-speed steels

Since its first atomisation more than 50 years ago, Erasteel has continued to develop its ASP® range of high-speed steels produced through powder metallurgy, continually providing innovative solutions for new customer uses. Innovation in 2020 also focused on processes to produce high-speed steels and ASP® to increase process efficiency and recycling of alloy elements.

2.5 HOLDING

The company Eramet S.A., the consolidating parent company, has two main functions operationally:

- a pure holding function called Eramet Holding, bringing together the various support services including the Administrative and Financial Department, the Human Resources, Health and Security Department, the Sustainable Development and Corporate Commitment Department, the Legal Department, the Information Systems Department and the Strategy and Innovation Department;
- the operational activity of the Nickel BU (excluding personnel costs).

The costs of these different services are billed back to the BUs through management fee contracts. Other operating costs relating to Nickel are directly allocated to the Nickel BU.

Eramet also has directly held subsidiaries, acting on behalf of the various entities or for the parent company. These include:

- Eramet Nickel: a company which brings together the personnel of the support functions of the mining divisions (General Management, Sales Department and Industrial Department);
- Eramet Services: a company that includes accounting, payroll and IT support functions for some of the Group's companies;
- Eramet Ideas: Eramet's Research Centre, responsible for Research and Development as well as project engineering activities and technologies;
- Eramet International: a company that brings together Eramet's sales network for certain activities of the three divisions. Eramet International has subsidiaries and branches throughout the world. The activity of Eramet International is generally remunerated by agency commission contracts;
- Metal Securities: the Group's cash management company, which centralises cash surpluses and short-term requirements for the Group as a whole;
- MetalCurrencies: the Group's foreign exchange management company, which carries out all foreign exchange hedging operations for the Group as a whole;
- ERAS: reinsurance company.

In terms of consolidation level, the Holding includes the holding function within Eramet and the consolidated subsidiaries (Metal Securities, Metal Currencies, ERAS, Eramet Ideas and Eramet Services).

2.6 HISTORY OF THE COMPANY

1880

- Société Le Nickel was incorporated in 1880 to operate nickel mines in New Caledonia. Under the majority control of the Rothschild family since the end of the 19th century, in the late 1960s it became the parent company of all the Rothschild group's mining subsidiaries (Le Nickel-Peñarroya-Mokta group).

1974

- The nickel business was spun off into a subsidiary under the name Société Métallurgique Le Nickel-SLN: Elf Aquitaine acquired a 50% interest in this new company. The former company Société Le Nickel changed its name to Imétal, thereafter holding the remaining 50% in Société Métallurgique Le Nickel-SLN.

1983

- As part of an industrial, shareholding and financial restructuring programme, ERAP, a French state-owned company, acquired a 70% stake in the share capital of Société Métallurgique Le Nickel-SLN. Imétal and Elf Aquitaine's interests were reduced to 15% each.

1985

- Société Métallurgique Le Nickel-SLN, owner of the mining assets in New Caledonia, became a wholly owned subsidiary of a new parent company known as Eramet-SLN, in which the shareholders continued to be ERAP (70%), Imétal (15%) and Elf Aquitaine (15%).

1989-1991

- From 1989 onwards, in order to smooth out the effects of nickel cycles, the Company adopted a strategy of diversifying into complementary activities.
- Acquisition of French company La Commentryenne and Swedish company Kloster Speedsteel in the high-speed steels sector. These two companies were merged in 1992 to form a new company known as Erasteel.

1991

- Long-term commercial and financial partnership with Nisshin Steel. At the end of October 1994, Nisshin Steel held a 10% stake in Société Métallurgique Le Nickel-SLN.

1992

- Société Métallurgique Le Nickel-SLN and Eramet-SLN took on their current names of Société Le Nickel-SLN and Eramet, respectively.

1994

- A private placement was followed by a listing of 30% of Eramet's share capital on the Paris Stock Exchange's "Second Marché".
- The BRGM group (Bureau de Recherches Géologiques et Minières, a French state-owned company) transferred ownership of its Cofremmi subsidiary, the owner of nickel ore reserves in New Caledonia, to Eramet, in return for shares representing 2.34% of Eramet's new share capital.

1995-1996

- Eramet acquired a 46% stake in Comilog (Gabon), a producer of manganese ore, ferromanganese and manganese-based chemicals products.

1997

- Eramet acquired from Gengabon (Gencor Group) a further 15% of the share capital of Comilog.

1999

- The Group consolidated SIMA (Duval family), a producer and transformer of high-performance special steels.
- Sale of a 30% stake in Société Le Nickel-SLN to ERAP in exchange for Eramet shares; ERAP then transferred the stake to a New Caledonian publicly owned entity, Société Territoriale Calédonienne de Participation Industrielle (STCPI). The French government sold ERAP's remaining interest to Cogema, which then became part of the AREVA group. After these operations, the Group's businesses were organised into three Divisions – Nickel, Manganese and Alloys – and the Group's capital was mostly held by private shareholders (Cogema/AREVA and Sorame/CEIR – Duval family), with the French government retaining a non-controlling interest.

2000

- Inauguration of the Moanda industrial complex in Gabon.

2002

- Acquisition of the Guilin manganese alloy plant (China).

2006

- Acquisition of Weda Bay Nickel in Indonesia.

2007

- Shares in Eramet were exchanged for those in SLN for STCPI as part of the SLN Shareholders' Agreement.

2008

- Acquisition of a 58.93% controlling interest in Norwegian group Tinfos.
- Creation of UKAD for preliminary mining and first transformation of titanium (forging ingots).

2009

- Eramet increased its stake in Eralloys (formerly Tinfos, Norway) to 100% after buying up the non-controlling interests. Sale of Nizi, an international trading business acquired in 2008 with Tinfos.
- Acquisition of Valdi (France), engaged in the recycling of non-ferrous metals.

2011

- Creation of TiZir, a joint venture in mineral sands with Mineral Deposits Ltd.

2012

- Acquisition by FSI Equation, a subsidiary of Fonds Stratégique d'Investissement (which became Bpifrance, later a subsidiary of APE) of the Eramet shares previously held by Areva.
- Diversification into lithium production with the discovery of a deposit in Argentina, taken on by Eramine Sudamerica (lithium project).

2013

- Appointment, following a joint nomination by BPI and by Sorame and CEIR, of a director to represent Gabon on Eramet's Board of Directors.

2014

- Start-up of the Moanda metallurgical complex in Gabon and (via TiZir) of Grande Côte Operations in Senegal (mineral sands).

2015

- Launch of EcoTitanium, Europe's leading producer of aviation-grade titanium producer using recycled materials.
- Creation of MKAD, a new plant machining large titanium parts, a joint venture between Aubert & Duval and Mecachrome. The aim is to use the plant to transform the titanium produced by EcoTitanium.

2016

- Start of MKAD production.
- Opening of the École des mines in Moanda.

2017

- Launch of EcoTitanium.
- The Weda Bay Nickel partnership is signed with the Chinese company Tsingshan, the world's largest producer of stainless steel.

2018

- Success of the tender offer made for the shares of Mineral Deposits Ltd.: acquisition of 100% of TiZir.
- Sale of the Guilin manganese alloy plant (China).
- Lifting of the preconditions of the agreement signed with Tsingshan regarding the Weda Bay Nickel deposit and effective implementation of the partnership (shareholding: Eramet 43%/Tsingshan 57%).

2019

- Obtention of a research permit in the field of mineral sands in Cameroon on the rutiliferous block of Akonolinga.

2020

- The first casting of low-grade nickel ferroalloy took place in late April in the first furnace of the PT Weda Bay Nickel plant, the Indonesian joint venture between Eramet, Newstride Technology (controlled by the Tsingshan Group) and Pt Antam. The plant was ramped up successfully with nominal production capacity achieved at the end of the year.
- Signature of an agreement with BASF in December to assess the development of refined nickel-cobalt production for the expanding electric vehicle market.

Doniambo plant, SLN, New Caledonia

3

Consolidated financial statements and individual financial statements

3.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2020 FINANCIAL YEAR

Income statement

(in millions of euros)	Notes	FY 2020	Financial Year 2019 restated
Turnover	**5**	**3,553**	**3,671**
Other income	5	37	36
Raw materials and purchases consumed	5	(1,306)	(1,296)
External expenses	5	(1,110)	(996)
Personnel cost	5	(757)	(753)
Taxes	5	(19)	(23)
Operating amortisation expense	5	(281)	(284)
Net change in operating provisions and impairment allowances	5	(11)	(14)
Current operating income	**5**	**106**	**341**
Other operating income and expenses	6	(561)	(118)
Operating income	**6**	**(455)**	**223**
Net debt cost	7	(120)	(110)
Other financial income and expenses	7	(66)	(24)
Financial income	7	(186)	(134)
Share of income from joint ventures and associates	10	86	(7)
Income taxes	11	(121)	(227)
Net income for the period		**(676)**	**(145)**
Attributable to non-controlling interests	6	(1)	39
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**6**	**(675)**	**(184)**
Basic earnings per share *(in euros)*		(25.46)	(6.93)
Diluted earnings per share *(in euros)* [1]		(25.46)	(6.93)

(1) Where basic earnings per share are negative, the diluted earnings per share are deemed equal to it, in which case the instruments are considered to be antidilutive.

Statement of comprehensive income

(in millions of euros)	Notes	FY 2020	FY 2019
Net income for the period		**(676)**	**(145)**
Translation differences for subsidiaries' financial statements in foreign currency		(36)	(24)
Change in the fair value reserve for bonds	8	6	15
Change in revaluation reserve for hedging instruments	8	19	6
Income taxes		-	4
Items recyclable to profit or loss		**(11)**	**1**
Revaluation of net defined benefit plan liabilities	13	1	(26)
Income taxes		(3)	2
Items not recyclable to profit or loss		**(2)**	**(24)**
Other comprehensive income		**(13)**	**(23)**
• Attributable to non-controlling interests		1	2
• **Attributable to equity holders of the parent company**		**(14)**	**(25)**
TOTAL COMPREHENSIVE INCOME		**(689)**	**(168)**
• Attributable to non-controlling interests		(0)	41
• **Attributable to equity holders of the parent company**		**(689)**	**(209)**

These items are listed in the table of changes in equity under the section relating to Other Comprehensive Income (OCI).

Statement of cash flows

(in millions of euros)	Notes	FY 2020	FY 2019
OPERATING ACTIVITIES			
Net income for the period		(676)	(145)
Non-cash income and expenses	9	691	355
Cash flow from operations		**15**	**210**
Net change in working capital requirement (WCR)	9	294	(124)
Net cash flow from operating activities(1)		**309**	**86**
INVESTING ACTIVITIES			
Acquisition of non-current assets(2)	10	(360)	(423)
Net Change in Other Financial Assets	10	14	(22)
Disposal of non-current assets	10	1	(1)
Net change in current financial assets	7	(30)	153
Joint ventures capital increase		-	-
Share capital increase – controlled companies		-	-
Impact of changes in consolidation scope		-	(1)
Net cash used in investing activities		**(375)**	**(294)**
FINANCING ACTIVITIES			
Issue of equity instruments (ODIRNAN)	7	-	-
Dividends paid to non-controlling interests	7	(8)	(86)
Payment of dividends and ODIRNAN	7	(4)	(20)
Buyback of equity shares	7	(4)	(10)
Issue of new debt	7	1,459	457
Loan repayments	7	(465)	(412)
Change in lease commitments(2)	7	(17)	(9)
Change in bank overdrafts	7	(9)	6
Other changes		17	2
Net cash used in financing activities		**969**	**(72)**
Impact of changes in exchange rate	7	2	(12)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**905**	**(292)**
Opening cash and cash equivalents	**7**	**556**	**848**
Closing cash and cash equivalents	**7**	**1,461**	**556**
(1) Including under operating activities			
Interest income		*10*	*12*
Interest paid (including IFRS 16 charge)		*(118)*	*(124)*
Tax paid		*(72)*	*(262)*

(2) Lease-purchases or financial leases are treated as purchases and recognised as acquisition of non current assets in contrast to other leases.

Balance sheet

Assets

(in millions of euros)	Notes	31/12/2020	31/12/2019
Intangible assets and goodwill	10	480	461
Property, plant and equipment	10	2,127	2,462
Lease rights of use	10	80	92
Investments in joint ventures and associates	10	99	22
Other non-current financial assets	10	216	257
Deferred tax assets	11	2	8
Other non-current assets	9	2	5
Non-current assets		**3,006**	**3,307**
Inventories	9	906	1,098
Customers	9	348	362
Other current assets	9	294	254
Current tax receivables	11	14	14
Derivatives – assets	8	58	25
Current financial assets	7	395	365
Cash and cash equivalents	7	1,461	556
Current assets		**3,476**	**2,674**
TOTAL ASSETS		**6,482**	**5,981**

Liabilities

(in millions of euros)	Notes	31/12/2020	31/12/2019
Capital	7	81	81
Share premiums	7	377	377
Revaluation reserve for available-for-sale assets	7	11	5
Revaluation reserve for hedging instruments	7	5	(13)
Revaluation reserve for defined benefit plan liabilities	7	(90)	(88)
Translation adjustments	7	(128)	(92)
Other reserves	7	508	1,128
Attributable to equity holders of the parent company		**764**	**1,398**
Attributable to non-controlling interests	6	233	241
Shareholders' equity		**997**	**1,639**
Employee-related liabilities	12	200	215
Provisions – due in more than one year	13	649	639
Deferred tax liabilities	11	221	223
Non-current borrowings – due in more than one year	7	2,830	1,558
Lease commitment – more than one year	7	76	84
Other non-current liabilities	9	-	1
Non-current liabilities		**3,976**	**2,720**
Current provisions – due in less than one year	13	87	23
Current borrowings – due in less than one year	7	268	570
Lease commitment – less than one year	7	15	13
Suppliers	9	541	458
Other current liabilities	9	467	457
Current tax payables	11	92	49
Derivatives – liabilities	8	39	52
Current liabilities		**1,509**	**1,622**
TOTAL LIABILITIES		**6,482**	**5,981**

Statement of changes in equity

(in millions of euros)	Number of shares	Capital	Share premiums	Reserves/ fair value assets financial	Reserves/ instruments hedging	Reserves/ defined benefit plan	Translation adjustments	Other reserves	Attributable to equity holders of the parent company	Attributable to non-controlling interests	Shareholders' equity
Shareholders' equity at 1 January 2019	**26,635,884**	**81**	**377**	**(10)**	**(19)**	**(63)**	**(67)**	**1,307**	**1,606**	**303**	**1,909**
Net income for the period 2019								**(184)**	**(184)**	**39**	**(145)**
Other comprehensive income				15	6	(25)	(25)	4	(25)	2	(23)
Total comprehensive income 2019		**-**	**-**	**15**	**6**	**(25)**	**(25)**	**(180)**	**(209)**	**41**	**(168)**
Share capital increase	116	-							-	-	-
Distribution of dividends								(16)	(16)	(86)	(102)
Interest on equity instruments (ODIRNAN)								(4)	(4)	-	(4)
Share-based payment								9	9	-	9
Buyback of equity shares								(10)	(10)	-	(10)
Other movements								22	22	(17)	5
Total transactions with shareholders 2019			**-**	**-**	**-**	**-**	**-**	**1**	**1**	**(103)**	**(102)**
Shareholders' equity at 31 December 2019	**26,636,000**	**81**	**377**	**5**	**(13)**	**(88)**	**(92)**	**1,128**	**1,398**	**241**	**1,639**
Shareholders' equity at 1 January 2020	**26,636,000**	**81**	**377**	**5**	**(13)**	**(88)**	**(92)**	**1,128**	**1,398**	**241**	**1,639**
Net income for the period 2020								**(675)**	**(675)**	**(1)**	**(676)**
Other comprehensive income				6	18	(2)	(36)		(14)	1	(13)
Total comprehensive income 2020		**-**	**-**	**6**	**18**	**(2)**	**(36)**	**(675)**	**(689)**	**(0)**	**(689)**
Share capital increase	5	0						-	0	-	0
Distribution of dividends									-	(8)	(8)
Interest on equity instruments (ODIRNAN)								(4)	(4)	-	(4)
Share-based payment								6	6	-	6
Buyback of equity shares								(2)	(2)	-	(2)
Other movements								55	55	-	55
Total transactions with shareholders 2020		**0**	**-**	**-**	**-**	**-**	**-**	**55**	**55**	**(8)**	**47**
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2020	**26,636,005**	**81**	**377**	**11**	**5**	**(90)**	**(128)**	**508**	**764**	**233**	**997**

Main components of changes in equity

Premiums essentially consist of issue premiums, representing the difference between the par value of the shares issued and the amount of the contributions in cash or in kind received on issue.

Fair-value reserves on financial assets include changes in the fair value of bonds classified as "Other current financial assets".

Hedging instrument reserves comprise the cumulative change in the effective portion of the fair value of derivatives relating to future cash flow hedging in connection with transactions that have not yet impacted the net income for the period. This is offset in Derivatives under assets or liabilities, depending on whether hedging gains or losses are recognised.

Reserves on Defined benefit plans include the impact of changes in actuarial assumptions used for commitments, and the variance between actual returns and the discount rates on the plans' hedging assets.

Translation adjustments account for the conversion differences deriving from the translation of the financial statements of foreign subsidiaries into euros. They also include the fair value changes of the net investment hedges of foreign subsidiaries.

Notes to the consolidated financial statements

Eramet is a French public limited company with a Board of Directors, governed by the provisions of Articles L. 225-17 and R. 225-1 et seq. of the French Commercial Code and the provisions of its Articles of Association. As required by law, the Company is audited by two Statutory Auditors.

The Eramet Group's consolidated financial statements at 31 December 2020 were approved by the Eramet Board of Directors on 16 February 2021.

The accompanying notes are an integral part of the consolidated financial statements.

Note 1 Description of the Eramet Group's business

Eramet is one of the world's leading producers of manganese and nickel, used to improve the properties of steels, mineral sands (titanium dioxide and zircon), parts and semi-finished products made of high-performance alloys and special steels used by industries such as aeronautics, power generation and tooling.

The Eramet Group is divided into Business Units grouped into two Divisions corresponding to the Group's activities.

The Mining and Metals Division encompasses the following:

- **The Manganese Business Unit extracts and processes manganese ore:**
  - **Comilog** operates the Moanda mine and industrial and metallurgical facilities in Gabon.
  - The manganese ore extracted is either marketed to downstream industries or processed in the Group's metallurgical plants in Gabon, France, Norway and the United States. The Group produces the widest range of alloys on the market.
- **The Nickel Business Unit extracts and processes nickel ore**
  - **Société Le Nickel-SLN** operates five mines and one ferronickel producing metallurgical plant in New Caledonia.
  - **Eramet** Sandouville is a refinery that produces pure nickel, nickel chloride, nickel carbonate and cobalt chloride.
  - Eramet Group owns 43% of **Pt Weda Bay Nickel,** a company that operates a major nickel deposit in Indonesia, which came on stream in 2020.
- **The Mineral Sands Business Unit, through the company TiZir, extracts and develops mineral sands, mainly zircon and titanium dioxide slag:**
  - TiZir owns a mine in Senegal through Grande Côte Operations (GCO) and the TiZir Titanium & Iron (TTI) metallurgical conversion plant in Norway.
  - Grande Côte Operations (GCO) mines a deposit of mineral sands: titaniferous ore (ilmenite, rutile, leucoxene) and zircon.
  - The ilmenite is then transformed into titanium dioxide slag and high-purity pig iron at the TTI plant.
- **The Lithium Business Unit** was set up to mine and process the lithium deposit in Argentina through the company Eramine Sudamerica. During its meeting on 7 April 2020, the Board decided to mothball this project.

The High Performance Alloys Division develops, designs and transforms alloys:

Aubert & Duval and Erasteel make special steels and superalloys, in particular for the aeronautics and power generation sectors. These markets require high added-value metallurgical expertise.

This Division encompasses the following:

- the*Business Units* **Die-Forged Parts** and **Long Forged and Rolled Parts** Business Units which include Aubert & Duval's activities;
- The **High-Speed Steels and Recycling** Business Unit encompasses Erasteel's activities.

A global group with a presence in 20 countries, Eramet relies on high-quality mining reserves, particularly in Gabon and New Caledonia, world-class research and development, high-performance industrial facilities and high-level expertise.

The Group is also developing strategic metal production projects and virtuous recycling solutions in order to establish a presence on the energy transition market.

The Group employs 13,129 people in 20 countries.

Note 2 Key events in the reporting period

2.1 How Covid-19 has impacted on business in 2020 and recognition of material asset impairments

Eramet has been working hard to protect its employees and its operations since the earliest stages of the Covid-19 pandemic. First and foremost, we have set up stringent health protocols at all our sites and make sure the rules are followed to the letter to protect our employees, in accordance with local government guidelines as the pandemic progresses.

The Group also introduced a solidarity plan and allocated an exceptional budget of €1.5 million (€1.2 million of which had been earmarked by the end of 2020) to fund measures on the ground to help contain the spread of Covid-19 and mitigate its consequences in the countries in which it operates. The community investment programmes run by our subsidiaries in Gabon (Comilog and Setrag) and Senegal (GCO) also joined the drive to halt the spread of coronavirus. In all, the total Group spend on Covid-19 is in excess of €10 million.

Eramet introduced short-time working measures in 2020 and received €24 million in government support measures. To date, the Group has not requested extended payment terms for social security contributions and has not applied for any state-backed loans.

Covid-19 hit our main markets hard in 2020 and plunged the aeronautics industry into crisis. The pandemic has sent global economies into recession and pushed down prices for commodities — especially manganese. The dramatic downturn in the sector has affected Aubert & Duval's plants: business contracted sharply from the second quarter triggering adjustments in A&D's order books as a result.

We have updated the medium- and long-term plans to reflect these developments resulting in a very significant reduction in this UGT's value in use. An impairment of €197 million was recognised as of 30 June 2020.

Turning to Erasteel, the tough conditions in the automotive market have put pressure on production and sales in 2020. Erasteel recalibrated its production facility to meet the needs of its customers. It also embarked on a programme to simplify its organization which resulted in the closure of some sites outside France. Here again, the value in use was considerably reduced in the updated medium-term plan and a €34 million impairment charge was booked as of 30 June 2020.

Deteriorating market conditions in 2020 and the sharp decline in the electronics market in Asia severely disrupted Eramet Sandouville. A site turnaround plan is being rolled out and despite maintaining production and sales, an impairment loss of €54 million has been recognised from 30 June 2020 in the updated medium-term forecast.

2.2 Lithium project in Argentina mothballed

On 31 December 2019, Eramet announced it was putting the development of lithium in Argentina on hold, since the conditions to launch the project had not been met. With unprecedented coronavirus-induced uncertainty stalking the global economy and pulling down the commodities markets – including lithium, Eramet's Board of Directors decided on 7 April 2020 not to begin building the lithium production plant in Argentina.

This move resulted in recognising a €144 million charge: €113 million for asset impairment and €31 million in expenses for the period related to mothballing.

But this lithium deposit is still an excellent asset with strong future potential for the Group. The competitive process positions it in the first quartile of the lithium industry's cash cost with very significant extractable resources of some 10 Mt LCE.[1]

2.3 Production of manganese metal halted at the Moanda Metallurgical Complex (CMM)

Output at EMM, the manganese metal unit in the Moanda Metallurgical Complex in Gabon, was halted at the start of 2020 as long-term manganese metal prices meant it could not operate profitably. The decision was taken to close the unit in September 2020, leading to €83 million in impairment of property, plant and equipment and spare parts being booked as a result.

(1) *LCE: Lithium Carbonate Equivalent.*

2.4 Continuation of the recovery plan and new economic model of Société Le Nickel-SLN (la SLN)

In New Caledonia, mining production at SLN rose a sharp 16% in 2020 to 5.4 Mth vs. 2019, as the rescue plan ramped up. Exports of nickel ore soared 55% to 2.5 Mth, with an annual rate of 4 Mth based on the month of November. SLN achieved these major advances despite the unrest and blockades in December, which severely disrupted ore production and exports, while also affecting the grade and chemical properties of the ore available to power the Doniambo furnaces. The growth in nickel ore export volumes combined with the rise in ore prices brought down SLN's cash cost by 10% to $5.35/lb on average in 2020. The reduction in production costs shows that the rescue plan, which aims to put SLN on a sustainable footing in the long term, is proving very effective under normal operating conditions. To recap, SLN's rescue plan is built on three pillars: implementing a new business model based on ferronickel production by the plant and low-grade ore exports; improving productivity and reducing energy prices. SLN is currently authorised to export 4 Mth of ore per year. For the rescue plan to succeed, this volume needs to increase to 6 Mth.

At the start of 2021, as unrest and blockades continued at its mines, SLN has been forced to adjust mining and metallurgy operations day-to-day, a move which not only affects the loading of ore vessels but also poses severe problems for the progress of the rescue plan. The company has applied to the president of the Nouméa mixed commercial court to initiate a conciliation procedure with the aim of bringing together all stakeholders as soon as possible and allowing the continued smooth implementation of the rescue plan.

At end December 2020, SLN had €73 million undrawn of the €525 million in loans from Eramet and the French government (granted in December 2015). Under current market conditions and provided the local situation improves, this €525 million financing package (€452 million used at 31 December 2020) will enable SLN to meet its commitments for the next 12 months.

2.5 Review of the quality process within the High Performance Alloys Division

Steps to ensure the compliance of quality processes continued with all customers concerned. Joint expert appraisals and comprehensive work in close collaboration with customers were carried out throughout 2020. Complaints were received and are being analysed in discussion with the relevant customers. The balance of the provision was €44 million at 31 December 2020 (€58 million at 31 December 2019). There were no legal developments at Aubert & Duval in connection with the compliance of its quality processes.

2.6 Financing

In February 2018, the Group extended the maturity of the €981 million revolver facility to 2023. In February 2019, maturity was extended to January 2024. The entire revolver facility had been drawn down in March 2020.

December 2019 saw the Group arrange a term loan (TL) to finance its general requirements. It matures in two years and Eramet has the option to extend it to January 2024. The amount of this Term Loan is €350 million, which had been fully drawn down in Q1 2020.

Eramet took out a long-term loan totalling €120 million from the European Investment Bank in 2018. The full amount of this loan had been drawn down in January 2020.

Eramet S.A. secured agreement to suspend calculation of some covenants as of June 2020 in what are known as 'covenant holidays' for June and December 2020 (RCF loan, Term Loan and EIB). It also secured agreement on adjusted calculations for other credit lines subject to covenants on these same dates.

Note 3 Basis of preparation of the consolidated financial statements

3.1 General principles and declaration of compliance

Pursuant to European Regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the consolidated financial statements of the Eramet Group for the financial year ended 31 December 2020 have been prepared in euros rounded to the nearest million, unless instructed otherwise, in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union at 31 December 2020.

The accounting principles applied for the preparation of the annual consolidated financial statements are in line with IFRS and the related interpretations, as adopted by the European Union at 31 December 2020 and available on the website: http://ec.europa.eu/finance/accounting/ias/index_fr.htm.

The accounting principles and methods applied for the consolidated financial statements at 31 December 2020 are identical to those used for the consolidated financial statements at 31 December 2019, with the exception of the changes to the presentation of the income statement (see Note 3.2).

3.2 Method change: revised presentation of the income statement

In 2020, Eramet revamped how operating costs are monitored to improve analysis of the main items that impact on profitability and strengthen consistency between the Group's sites. This overhaul ushered in a new budgeting tool to help simplify and speed up forecasting. As in previous years and since the introduction of IFRS, the Group has sought to ensure a uniform approach for both the management accounts and the published consolidated financial statements. To be consistent with this new cost management, the Group now presents operating costs by type in the income statement. The presentation of the comparison income statement for the financial year 2019 has been amended as a result.

The EBITDA aggregate, which is essential for monitoring the business, is covered in Note 4 and defined in the glossary. There is no change to the other aggregates used in the income statement and balance sheet.

3

(in millions of euros)	Financial Year 2019 restated	*(in millions of euros)*	Financial year 2019 reported
Turnover	**3,671**	**Turnover**	**3,671**
Other income	36	Other income and expenses	12
Raw materials and purchases consumed	(1,296)	Cost of sales	(2,832)
External expenses	(996)	Administrative and selling expenses	(196)
Personnel cost	(753)	Research and Development expenditure	(25)
Taxes	(23)	EBITDA	630
Operating amortisation expense	(284)		
Net change in operating provisions and impairment allowances	(14)	Amortisation and depreciation of non-current assets and provision for liabilities and charges	(289)
Current operating income	**341**	**Current operating income**	**341**
Other operating income and expenses	(118)	Other operating income and expenses	(118)
Operating income	**223**	**Operating income**	**223**
Net debt cost	(110)		
Other financial income and expenses	(24)		
Financial income	(134)	Financial income	(134)
Share of income from joint ventures and associates	(7)	Share of income from joint ventures and associates	(7)
Income taxes	(227)	Income taxes	(227)
NET INCOME FOR THE PERIOD	**(145)**	**NET INCOME FOR THE PERIOD**	**(145)**
• Attributable to non-controlling interests	39	• Attributable to non-controlling interests	39
• **Attributable to equity holders of the parent company**	**(184)**	• **Attributable to equity holders of the parent company**	**(184)**
Basic earnings per share *(in euros)*	(6.93)	Basic earnings per share *(in euros)*	(6.93)
Diluted earnings per share *(in euros)* (1)	(6.93)	Diluted earnings per share *(in euros)* (1)	(6.93)

(1) Where basic earnings per share are negative, the diluted earnings per share are deemed equal to it, in which case the instruments are considered to be antidilutive.

Note 4 Operational performance of Divisions/BUs and the Group – segment reporting

The Eramet Group is composed of Divisions divided into Business Units (BUs) to manage the Group's activities. The Mining and Metals Division includes the Nickel, Manganese, Mineral Sands and Lithium (as at 1 January 2019) BUs. The High Performance Alloys Division includes the activities of Aubert & Duval and Erasteel. Each BU offers different products and services and relies on distinct technologies and sales strategies. Their operational and financial performance is therefore monitored separately. Their contribution to the main financial indicators of the Group is given below.

Accounting method	Estimates, assumptions and judgements
Financial information on the Divisions and Business Units is prepared in accordance with the accounting principles adopted for the Group's reporting. Transactions between Divisions and Business Units *are carried* out under market conditions. Group financial reporting data are monitored in the same way as its reported data (scope and principles).	The Executive Committee, the chief operating decision-maker, regularly assesses the performance of each Division and Business *Unit* against the following indicators: • **Sales;** • **EBITDA**, which is current operating income restated for depreciation, amortisation and provisions and including net changes in impairment of current assets (stock, trade and other receivables); • **Current operating income,** including EBITDA, depreciation and amortisation and provisions for liabilities and charges. Current operating income excludes material transactions that are considered to be unusual in nature, in particular events relating to restructuring, impairment losses and disposals of assets; • **Cash flows generated by operating activities** including EBITDA, other operational cash flows not impacting EBITDA and the change in working capital requirement (WCR); • **Industrial investments**, including acquisitions of intangible assets and property, plant and equipment. The Executive Committee also monitors consolidated indicators such as: • **Net income, Group share,** defined as the net profit after tax attributable to Eramet shareholders, after accounting for the percentage of non-controlling interest in each Group subsidiary; • **Net financial debt,** representing the gross financial debt (long and short-term borrowings) less current financial assets, and cash and cash equivalents. These items include the valuation of debt-hedging derivatives; • ***Gearing***, defined as the ratio of net financial debt to shareholders' equity (Group and non-controlling interest). The holding companies that provide the Group's central services (cash management, currency risk management, Group reinsurance management) do not constitute a Business Unit. Their aggregates are shown in a column with the eliminations of inter-Business Unit transactions (holding and eliminations).

4.1 Reconciling EBITDA of reported financial indicators

(in millions of euros)	FY 2020	FY 2019
Turnover	**3,553**	**3,671**
Other income	37	36
Raw materials and purchases consumed	(1,306)	(1,296)
External expenses	(1,110)	(996)
Personnel cost	(757)	(753)
Taxes	(19)	(23)
Net change in impairment of current assets	0	(8)
EBITDA	398	630
Operating amortisation expense	(281)	(284)
Net change in operating provisions and impairment allowances (excluding current assets)	(11)	(5)
Current operating income	**106**	**341**
Other operating income and expenses	(561)	(118)
Operating income	**(455)**	**223**
Net debt cost	(120)	(110)
Other financial income and expenses	(66)	(24)
Financial income	(186)	(134)
Share of income from joint ventures and associates	86	(7)
Income taxes	(121)	(227)
NET INCOME FOR THE PERIOD	**(676)**	**(145)**
• Attributable to non-controlling interests	(1)	39
• **Attributable to equity holders of the parent company**	**(675)**	**(184)**

4.2 Performance indicators by Division

	Mining and Metals						
(in millions of euros)	Manganese	Nickel	Mineral sands	Lithium	High Performance Alloys	Holding and eliminations	Total
FY 2020							
Turnover	1,699	905	276	-	680	(7)	3,553
EBITDA	442	21	91	(5)	(119)	(32)	398
Current operating income	339	(79)	44	(5)	(153)	(41)	106
Net cash flow generated by operating activities	472	17	60	(52)	(116)	(72)	309
Industrial investments (intangible assets and property plant & equipment)	195	44	16	34	38	15	342
FY 2019							
Turnover	1,765	778	286	-	847	(5)	3,671
EBITDA	560	38	106	-	(26)	(48)	630
Current operating income	459	(58)	64	-	(68)	(56)	341
Net cash flow generated by operating activities	206	(17)	55	(13)	(84)	(61)	86
Industrial investments (intangible assets and property plant & equipment)	234	35	12	101	53	20	455

4.3 Sales, industrial investments and non-current assets by geographical area

(in millions of euros)	France	Europe	North America	Asia	Oceania	Africa	South America	Total
SALES (SALES DESTINATION)								
FY 2020	253	845	669	1,622	24	103	37	3,553
FY 2019	320	1,274	599	1,309	37	86	46	3,671
INDUSTRIAL INVESTMENTS (INTANGIBLE ASSETS AND PROPERTY PLANT & EQUIPMENT)								
FY 2020	57	29	2	1	39	180	34	342
FY 2019	76	42	8	-	30	198	101	455
NON-CURRENT ASSETS (EXCLUDING DEFERRED TAX)								
31/12/2020	367	432	54	101	577	1,421	53	3,005
31/12/2019	650	506	47	37	575	1,380	103	3,298

4.4 Consolidated performance indicators

Segment reporting information is supplemented with the main consolidated performance indicators monitored by the Executive Committee. These indicators are taken from Group reporting and are used for the financial disclosure of the Group's results and performance.

4.4.1 Income Statement

(in millions of euros)	FY 2020	FY 2019
Turnover	**3,553**	**3,671**
EBITDA	**398**	**630**
Amortisation and depreciation of non-current assets	(281)	(284)
Net change in operating provisions and impairment allowances (excluding current assets)	(12)	(5)
Current operating income	**106**	**341**
Impairment of assets	(498)	(25)
Other operating income and expenses	(63)	(93)
Operating income	**(455)**	**223**
Financial income	(186)	(134)
Share of income from associates	86	(7)
Income taxes	(121)	(227)
NET INCOME FOR THE PERIOD	**(676)**	**(145)**
• Attributable to non-controlling interests	(1)	39
• **Attributable to the Group**	**(675)**	**(184)**
Basic earnings per share *(in euros)*	(25.46)	(6.93)

4.4.2 Statement of changes in net debt

(in millions of euros)	FY 2020	FY 2019
OPERATING ACTIVITIES		
EBITDA	398	630
Cash impact of items in EBITDA	(384)	(420)
Cash flow from operations	**15**	**210**
Change in WCR	294	(124)
Net cash generated by operating activities (1)	**309**	**86**
INVESTING ACTIVITIES		
Industrial investments	(342)	(455)
Other investment flows	(3)	11
Net cash used in investing activities (2)	**(345)**	**(444)**
Net cash used in financing activities	**(15)**	**(117)**
Impact of fluctuations in exchange rates and other	34	(6)
Acquisition of lease rights of use	(12)	(12)
(INCREASE)/DECREASE IN NET FINANCIAL DEBT	**(29)**	**(493)**
Restated opening (net financial debt) (*)	**(1,304)**	**(811)**
Closing (net financial debt)	**(1,333)**	**(1,304)**
***Free Cash Flow* (1) + (2)**	**(36)**	**(358)**

(*) Restated on first-time application of IFRS 16 at 1 January 2019.

The reconciliation of cash and cash equivalents in the statement of cash flows to the net financial debt in the Eramet Group reporting is as follows:

(in millions of euros)	31/12/2020	31/12/2019
Cash and cash equivalents	**1,461**	**556**
Current financial assets	395	365
Loans	(3,098)	(2,128)
Contribution of joint ventures	-	-
Lease liability – IFRS 16	(91)	(97)
NET FINANCIAL DEBT – REPORTING	**(1,333)**	**(1,304)**

4.4.3 Economic balance sheet

(in millions of euros)	31/12/2020	31/12/2019
Non-current assets	**3,003**	**3,294**
Inventories	906	1,098
Customers	348	362
Suppliers	(541)	(458)
Simplified WCR	**713**	**1,002**
Other items of WCR	(238)	(242)
Total WCR	**475**	**760**
Derivatives	**7**	**-**
TOTAL	**3,485**	**4,054**

(in millions of euros)	31/12/2020	31/12/2019
Shareholders' equity – Group share	764	1,398
Non-controlling interests	233	241
Shareholders' equity	**997**	**1,639**
Cash and cash equivalents and current financial assets	(1,856)	(920)
Loans	3,189	2,224
Net financial debt	**1,333**	**1,304**
Net financial debt/shareholders' equity (gearing)	*134%*	*80%*
Employee-related liabilities and provisions	**936**	**877**
Net deferred tax	**219**	**214**
Derivatives	**-**	**20**
TOTAL	**3,485**	**4,054**

Note 5 Current operating income

Current operating income reflects the performance of the Eramet Group's ordinary business activities as presented and defined in Note 4.

5.1 Sales

Accounting method
Sales revenue mainly consists of sales of ores (nickel and manganese) and manufactured products (special steels, alloys, superalloys, etc.) to third parties, as well as related performance obligations such as transport or insurance services depending on contractual Incoterms. Revenue from the sale of these products and services is recorded when control over the product sold and the service rendered has been transferred to the customer.

Consolidated sales for 2020 were €3,553 million compared to €3,671 million in 2019, a decline of 3.2% (-€118 million).

Note 4 gives the breakdown by BU.

5.2 Other income, raw materials and purchases consumed, external expenses, and taxes

Accounting method	Estimates, assumptions and judgements
Costs and expenses mainly comprise costs incurred in industrial, mining and metallurgical facilities. Other income includes items related to current operating income, such as translation adjustments on sales and insurance proceeds. Raw materials and purchases consumed include the consumption of raw materials, energy costs, personnel costs, and logistics and transport costs of sales. It also accounts for the impacts of the change in and measurement of raw material inventories, work-in-progress and finished products. External expenses include the cost of transport, maintenance and other external expenses. This item also includes non-IFRS 16 lease costs. Taxes comprise levies on the business that are not classed as corporation tax. Currency transactions are recognised at the monthly exchange rate for the month of the transaction effective date. Gains and losses arising from the conversion of operating receivables and payables are recognised in Current operating income. In the case of hedged transactions, the translation adjustments arising from the difference between the monthly exchange rate used to recognise sales and receipts or purchases and payments and the hedging rate for the settlement of transactions are also recognised in Current operating income.	The transaction date is the date on which it is executed. For practical reasons, the currency transaction date used is the month in which the transaction is booked. The rate applied to recognise currency transactions in a given month corresponds to the average daily rate applicable in the previous month.

5.3 Operating depreciation and amortisation and net change in operating provisions

Accounting method

Operating amortisation and depreciation
Non-current assets can be depreciated when their expected use is limited in time or based on production units.
Where the duration or the pace of utilisation of an asset cannot be determined reliably, the straight-line method is applied.
The selected depreciation method is applied across all similar assets with the same conditions of use.
Depreciation begins at the date on which the asset is put into service.
Any significant change in the planned use of the asset, in terms of duration or pace, for example, will result in the depreciation being revised for the current and subsequent years. Likewise, in the case where impairment loss provisions are set aside or reversed following the comparison between the value in use of a non-current asset and its carrying amount (Note 10), the depreciation basis is modified prospectively, i.e. the depreciation is adjusted based on the new duration or the new pace of use for the current and future reporting periods.
The depreciation for the reporting period is recognised under a separate heading, Operating amortisation and depreciation, between EBITDA and current operating income.
Assets for lease rights of use on the balance sheet (IFRS 16) are amortised over the identified period of the right of use. In the income statement, lease impairments are posted to current operating income on the “Operating Amortisation and depreciation” line.
Rights of use for 3-6-9 commercial leases are amortised over the estimated terms of these leases.

Provisions for liabilities and charges
See Note 13.

Estimates, assumptions and judgements

The Eramet Group uses two depreciation methods: the straight-line method and the units of production method.

Straight-line depreciation method
The depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful life at 31 December 2020:
- Buildings between 10 and 50 years;
- Industrial and mining facilities between 5 and 50 years;
- Other property, plant and equipment between 2 and 10 years.

Assets invested in the Group’s concessions (Setrag, Comilog and Grande Côte Operations) are depreciated over the shorter of their useful life or the remaining period of the concession.
Computer software is amortised over a variable period not exceeding five years.

Units of production method
The economic benefits generated by the use of certain industrial assets are determined in relation to the level of production, in particular in the start-up phase of new production units. These assets are depreciated using the units of production method.
The depreciation calculation accounts for the quantities produced during the reporting period, expressed as a percentage of the total quantities of product to be extracted or produced in the current and future reporting periods.
If the production is not deemed to fluctuate significantly from one year to the next, as with the assets whose material lifespan is shorter than the life of the plant or the mine to which they relate, the assets are depreciated using the straight-line method mentioned above over the life of the plant or the mine.

Revision of depreciation periods
The residual values and useful life of non-current assets are revised and adjusted at the end of each reporting period, as appropriate. Change is seen as a change in estimates and impacts only the current and subsequent reporting periods.
The Eramet Group measures its existing assets and the depreciation period when reviewing mining plans (Nickel BU, Manganese BU and Mineral Sands BU) and plant operation plans at the end of each reporting period. When it is established that the life of the allocated assets no longer matches the remaining period of expected returns, their depreciation period is modified prospectively.
Uncertainties are inherent in the estimation of reserve and resource quantities, especially as regards assumptions about future prices, the geology of the mines, the mining methods used, and associated costs incurred to develop and mine the reserves and resources. Changes in these assumptions could lead to major adjustments in the estimation of reserves and resources, which may be the basis for impairment or modification in depreciation expense in future periods.

(in millions of euros)	**31/12/2020**	31/12/2019
Intangible assets	(18)	(15)
Property, plant and equipment	(263)	(269)
Total	**(281)**	**(284)**
Of which amortisation and depreciation of assets acquired as part of company mergers and posted in the opening balance sheet at fair value	*(7)*	*(5)*
Net impairment of trade receivables	(0)	3
Net allowances for stock depreciation	1	(12)
Net provisions for liabilities and charges	(12)	(5)
TOTAL	**(293)**	**(298)**

Note 6 Net income, Group share and non-controlling interest

Net income, Group share is the net income for the period after tax, attributable to Eramet shareholders, after accounting for the non-controlling interest in each of the Group companies.

Apart from the Current operating income, the Net income for the period includes the following items:

- Other operating income and expenses (see below);
- Financial income (Note 7);
- Share of income from joint ventures and associates (Note 10);
- Income tax (Note 11).

6.1 Other operating income and expenses

Accounting method

Other operating income and expenses includes only very limited, unusual, abnormal and infrequent income and expenses for significant amounts that the Eramet Group presents separately in its income statement in order to facilitate the understanding of current operating performance. In particular, it includes the following items:

- restructuring costs;
- costs incurred for development projects whose technical feasibility and profitability have not yet been demonstrated;
- defined benefits plan settlements and amendments;
- disputes and unusual risks;
- capital gains and losses on disposals of assets;
- impairment losses on goodwill and non-current assets.

6.1.1 Breakdown by category

(in millions of euros)	**FY 2020**	FY 2019
Other operating income and expenses excluding impairment	(63)	(93)
Impairment of assets and impairment losses	(498)	(25)
OTHER OPERATING INCOME AND EXPENSES	**(561)**	**(118)**

(in millions of euros)	FY 2020	FY 2019
Niobium project	(1)	(2)
Lithium project	(31)	(25)
Weda Bay recycling project	4	(1)
Other projects	(3)	(2)
Development projects	**(31)**	**(30)**
Restructuring and redundancy plans	(11)	(5)
Employee benefits – plan amendment	-	7
Provisions for site restoration – SLN	(1)	(7)
Aubert & Duval quality risk	(10)	(29)
Provision for ADTAF closure	3	(11)
Environmental provisions – ENO	4	(6)
Gains and losses on disposals	2	-
Other items	(19)	(12)
Other income and expenses	**(32)**	**(63)**
TOTAL	**(63)**	**(93)**

Expenditure on the Lithium project in Argentina essentially comprises the expenses for the period and the cost of mothballing (see Note 2.2).

The other income and expenses of other operating income and expenses include internal expenses for quality risk at Aubert & Duval (see Note 2.5).

6.1.2 Impairment of assets and impairment losses

(in millions of euros)	FY 2020	FY 2019
Losses on impairment tests – Goodwill	(1)	
Losses on impairment tests – Intangible assets	(2)	
Losses on impairment tests – Property, plant & equipment	**(395)**	**(25)**
Other impairment of assets [1]	(100)	
TOTAL IMPAIRMENT OF ASSETS AND IMPAIRMENT LOSSES – NOTE 10	**(498)**	**(25)**
(1) Of which non-current assets	*(96)*	
Of which current assets	*(4)*	

(in millions of euros)	FY 2020	FY 2019
High Performance Alloys Division	(231)	(25)
Nickel BU	(54)	-
Manganese BU	(83)	-
Mineral Sands BU	-	-
Lithium BU	(113)	-
Holding	(17)	-
TOTAL IMPAIRMENT OF ASSETS AND IMPAIRMENT LOSSES	**(498)**	**(25)**

See Note 10 – Investments § Impairment of assets.

6.2 Net earnings per share – Group share

Accounting method

Net earnings per share can be obtained by dividing the Group share of net income by the average number of shares outstanding during the reporting period. This average number of shares outstanding excludes treasury shares.

Diluted earnings per share are calculated by taking into account the net income, Group share for the period and the number of shares adjusted for potentially dilutive effects, mainly represented by employee share subscription and purchase plans and the potential conversion of ODIRNANs.

	FY 2020			FY 2019		
	Net income, Group share *(in millions of euros)*	Average number of shares	Profit (loss) per share[1]	Net income, Group share *(in millions of euros)*	Average number of shares	Profit (loss) per share[1]
Basic earnings per share	(675)	26,506,323	(25.46)	(184)	26,529,619	(6.93)
DILUTED EARNINGS PER SHARE[1]			**(25.46)**			**(6.93)**

(1) Where basic earnings per share are negative, the diluted earnings per share are deemed equal to it, in which case the instruments are considered to be antidilutive.

6.3 Non-controlling interest share in earnings – minority interest

		FY 2020	31/12/2020	FY 2019	31/12/2019
At beginning of period			**241**		**303**
Profit (loss) for the period			(1)		39
Change in revaluation reserve for financial instruments			1		-
Change in revaluation reserve for net defined benefit plan liabilities			-		1
Translation adjustments			0		1
Sub-total Other comprehensive income			**1**		**2**
Other movements			(8)		(103)
AT PERIOD CLOSE		**(1)**	**233**	**39**	**241**
Société Le Nickel-SLN	44.00%	(38)	(141)	(42)	(103)
Comilog S.A.	36.29%	35	379	79	352
Grande Côte Operations	10.00%	2	(7)	3	(9)
Interforge	4.30%	(0)	1	(1)	1

See Statement of changes in equity.

Note 7 Net financial debt and shareholder's equity

7.1 Net financial debt

Net financial debt is gross financial debt (long and short-term borrowings) less current financial assets and cash and cash equivalents. These items include the valuation of hedging derivatives related to borrowings.

Accounting method

Borrowings are initially recognised on the basis of the amount received, less financing costs incurred. Borrowings are subsequently measured at amortised cost. Any variance between the amounts received and the redemption value of the borrowing is recognised in the income statement under Net financial income (Borrowing costs) over the term of the borrowing, using the effective interest rate (EIR) method.

When the renegotiation of a loan does not substantially modify the debt in accordance with IFRS 9 criteria, it is maintained on the balance sheet and revalued at the overall effective interest rate on the basis of the new contractual flows. The impact of this revaluation is recognised in the income statement.

Lease-purchases ('crédit-bail') and financial leases are treated like purchases and are recognised as borrowings. Other lease contracts under IFRS 16 are recognised as lease commitments.

They are posted to the balance sheet upon lease commencement for the present value of the future fixed payments.

The discount rates used by the Group are the incremental borrowing rates per currency per portfolio of asset leases, grouped according to the lease term, the underlying financed asset (asset category) and the economic environment. Rates are determined by country and by duration.

The average rate is 10.7% at 31 December 2020 (from 10.5% at 31 December 2019).

(in millions of euros)	31/12/2020	31/12/2019
Loans	**(3,098)**	**(2,128)**
Borrowings on capital markets	(1,127)	(1,429)
Borrowings from credit institutions	(1,699)	(397)
Bank overdrafts and creditor banks	(61)	(72)
Finance lease liabilities	(22)	(33)
Other borrowings and financial liabilities	(189)	(197)
Lease commitments	**(91)**	**(97)**
Other current financial assets	**395**	**365**
Cash and cash equivalents	**1,461**	**556**
Cash equivalents	823	239
Cash	638	317
NET FINANCIAL DEBT	**(1,333)**	**(1,304)**
Net financial debt – due in more than one year	(2,906)	(1,642)
Net financial debt – due in less than one year	1,573	338

7.2 Borrowings

7.2.1 Borrowings and lease commitments by type

(in millions of euros)	**31/12/2020**	31/12/2019
Loans		
Borrowings on capital markets	1,127	1,429
Borrowings from credit institutions	1,699	397
Bank overdrafts and creditor banks	61	72
Finance lease liabilities	22	33
Other borrowings and financial liabilities	189	197
IFRS 16 lease liabilities	**91**	**97**
TOTAL	**3,189**	**2,225**
• Long-term portion	2,906	1,642
• Short-term portion	283	583

7.2.2 Borrowings on capital markets and bank loans

(in millions of euros)	Nominal amount *(currency unit million)*	Interest rate	Maturity	31/12/2020	31/12/2019
Bond issue – Eramet S.A. (1)	€525 million	4.50%	2020	-	235
Bond issue – Eramet S.A.	€500 million	4.196%	2024	516	515
Bond issue – TiZir Ltd	$300 million	9.500%	2022	223	278
Bond issue – Eramet S.A. (2)	€300 million	5.875%	2025	308	298
Euro private placement – Eramet S.A. (3)	€50 million	5.29%	2026	29	52
Euro private placement – Eramet S.A. (3)	€50 million	5.10%	2026	51	51
Borrowings on capital markets				1,127	1,429
ICBC/BNP PARIBAS/BGFI LOANS – COMILOG .A.	**$217 MILLION**	**6-MONTH LIBOR +4.3%/+2.1%**	**2018/2022**	**21**	**35**
Issued commercial paper – Eramet S.A.	€60 million	Between -0.10% and 0.22%	1 year max.	-	31
Borrowing Base – Eramet S.A. (4)	€65 million	1-month Euribor 1.5%	2022	50	53
European Investment Bank – Eramet S.A.	€80 million	1.736%	2025	45	54
European Investment Bank – Eramet S.A.	€30 million	2.72%	2029	27	30
European Investment Bank – Eramet S.A.	€60 million	1.58%	2030	61	(0)
European Investment Bank – Eramet S.A.	$67 million	3.55%	2030	56	
IFC/Proparco – Setrag	€85 million	Euribor +4%/5%	2031	82	84
Syndicated credit facility (5)	€981 million	6-month Euribor + 1.7%	2024	985	(2)
Term Loan (Multi-currency Term Loan Facility Agreement)(6)	€350 million	6-month Euribor + 2.00%	2024	349	(3)
Repurchase agreements (7)	€72 million	EONIA	2020	-	72
Other borrowings from credit institutions				23	43
BORROWINGS FROM CREDIT INSTITUTIONS				**1,699**	**1,217**

(1) Partial redemption of the 2020 bond issue for €226.6 million on 14 November 2019. Loan repaid in 2020.

(2) 14 November 2019 bond issue.

(3) With investor put *options that may be exercised after the seventh year, i.e. in 2021.*

(4) Renewed in June 2019. Three-year maturity.

(5) The balance of the syndicated credit at 31 December 2019 corresponds to the issue costs of loans not yet amortised. The credit facility was drawn down in 2020.

(6) Subscribed in December 2019. The balance of the term loan at 31 December 2019 corresponds to the issue costs of loans not yet amortised. The credit facility was drawn down in 2020.

(7) Repo transaction undertaken in September 2019 and closed out in 2020

Certain borrowings need to comply with financial ratios or covenants (Note 8.4.4).

7.2.3 Change during the period (IFRS 16 borrowings and lease liability)

(in millions of euros)	FY 2020	FY 2019
At beginning of period	**2,225**	**2,082**
LOANS		
New borrowings[1]	1,459	457
Loan repayments[1]	(465)	(412)
Change in bank overdrafts	(9)	6
Changes to consolidation scope	-	-
Translation adjustments and other differences	(15)	(5)
LEASE COMMITMENTS		
First application IFRS 16	-	94
Change in lease liabilities (IFRS 16)	(1)	3
Translation adjustments and other movements	(5)	-
AT PERIOD CLOSE	**3,189**	**2,225**
(1) Including lease liabilities (IFRS 16)		
New borrowings	*0*	*1*
Loan repayments	*(12)*	*(16)*

New borrowings mainly concern:

- Drawing down the revolving credit facility for a total of €981 million;
- Drawing down the *Term Loan* for a total of €350 million;
- Drawing down EIB loans for a total of €120 million (€60 million and $67 million);

Loan repayments mainly concern:

- redemption of the bond issue for a total of €234 million;
- redemption of part of the UMR bond for a total of €22 million;
- repayment of commercial paper in the period (€31 million).
- maturity of the repo transaction for €72 million.

On 24 September 2019, Metal Securities signed a framework agreement for a repo transaction on its bonds. This transaction closed in April 2020.

7.2.4 Borrowings and lease liabilities by currency

(in millions of euros)	31/12/2020	31/12/2019
Euro	2,793	1,516
US dollar	302	392
CFA franc	84	31
Pound sterling	0	1
Norwegian krone	3	267
Other currencies	7	18
TOTAL	**3,189**	**2,225**

7.2.5 Confirmed credit facilities

(in millions of euros)	31/12/2020	31/12/2019
Unused confirmed credit facilities[1]	**-**	**1,451**
Revolving Credit Facility (RCF)	-	981
Term Loan	-	350
European Investment Bank €120 million	-	120

(1) Bank covenants relating to these credit facilities are fully respected. These covenants relate to the ratio of the Group's net financial debt to shareholders' equity.

7.2.6 Borrowings and lease liabilities by interest rate

(in millions of euros)		31/12/2020		31/12/2019
Interest-free		5		54
Fixed interest rates		1,974		1,912
• below 5%	1,292		1,094	
• between 5% and 10%	682		818	
• above 10%	-			
Variable interest rates		1,210		259
• below 5%	1,062		157	
• between 5% and 10%	148		102	
• above 10%	-			
TOTAL		**3,189**		**2,225**

3

7.2.7 Borrowings and lease commitments by maturity

Borrowing maturity (excluding lease commitments, including lease purchase commitments)

(in millions of euros)	31/12/2020	31/12/2019
Less than one year	268	583
One to five years	2,690	1,190
More than five years	140	452
TOTAL	**3,098**	**2,225**

IFRS 16 liabilities maturity: Lease-purchases and lease commitments

	31/12/2020		31/12/2019	
(in millions of euros)	Nominal value	Present value	Nominal value	Present value
LEASE-PURCHASE COMMITMENTS				
Due in less than one year	9	8	14	13
One to five years	15	13	19	17
More than five years	1	1	3	3
Total before interest expense	**25**	**22**	**36**	**33**
Future Interest expense		3		3
LEASE COMMITMENTS				
Less than one year	25	15	22	13
One to five years	70	43	67	38
More than five years	52	33	70	46
Total before interest expense	**147**	**91**	**159**	**97**
Future Interest expense		56		62
TOTAL	**172**	**172**	**195**	**195**

7.3 Cash and cash equivalents

Accounting method

Cash includes cash in hand and demand deposits, excluding bank overdrafts which appear under borrowings. Cash equivalents correspond to marketable securities and consist of investments held to meet short-term cash commitments.

Marketable securities are recognised at their fair value in the balance sheet. To be considered a cash equivalent, they must be readily convertible to cash and subject to negligible risk of fluctuations in value. Changes in fair value are recognised in net income for the period.

7.3.1 Breakdown by category

(in millions of euros)	31/12/2020	31/12/2019
Cash	823	317
Cash equivalents	638	239
TOTAL	**1,461**	**556**

7.3.2 Breakdown by currency

(in millions of euros)	31/12/2020	31/12/2019
Euro	1,175	331
US dollar	151	184
Yuan Ren-Min-Bi (China)	1	0
Norwegian krone	106	17
Other currencies	28	24
TOTAL	**1,461**	**556**

7.3.3 Breakdown by interest rate type

(in millions of euros)	31/12/2020	31/12/2019
Interest-free	823	322
Fixed interest rates	3	1
Variable interest rates	635	233
TOTAL	**1,461**	**556**

Interest-free items mainly consist of non-interest-bearing sight deposits.

Cash includes cash and cash equivalents.

Cash equivalents mostly comprise investments managed by Metal Securities.

(in millions of euros)	31/12/2020	31/12/2019
Money market fund shares/units	236	89
Negotiable debt securities	284	97
Interest-bearing bank accounts	99	35
Other investments	19	18
Cash equivalents	**638**	**239**
Cash	823	317
CASH AND CASH EQUIVALENTS	**1,461**	**556**

The change from one period to the next is analysed through the statement of cash flows prepared using the indirect method.

7.4 Statement of cash flows

7.4.1 Non-cash income and expenses

(in millions of euros)	FY 2020	FY 2019
Depreciation, amortisation, impairment and provisions	754	313
Accretion expenses	9	9
Financial instruments	(3)	1
Deferred tax	2	13
Proceeds from asset disposals	5	3
Deconsolidation effect on the income statement	2	
Merger effect on the income statement		1
Effect on hyperinflation adjustments on the income statement	8	8
Share of income from joint ventures and associates	(86)	7
NON-CASH INCOME AND EXPENSES	**691**	**355**

3

7.4.2 Impact of changes in consolidation scope

(in millions of euros)	FY 2020	FY 2019
Other	-	(1)
IMPACT OF CHANGES IN CONSOLIDATION SCOPE	**-**	**(1)**

7.5 Current financial assets

Accounting method

These assets mainly consist of bonds of listed European companies whose objective is to receive contractual flows.

These bonds are measured at their fair value on initial recognition. The fair value used for listed bonds is the stock-market value, and for unlisted bonds it is based on estimates using specific financial criteria that reflect the specific situation of each bond (similar transactions or discounted value of future cash flows).

The credit risk component, corresponding to the estimate of expected losses measured per bond, is measured according to their categorisation into buckets, defined on the basis of a credit risk rating measured on the basis of the spread, and is recognised in the income statement.

Other speculative assets classified as trading instruments are measured at fair value through profit or loss.

Changes in the fair value of these investments are recognised in transferable equity under the item Change in fair value of current financial assets or in profit or loss.

The net change of €30 million in current financial assets between 2019 and 2020 (-€153 million between 2018 and 2019) is shown in the net cash flows relating to investment operations.

7.6 Financial income

(in millions of euros)	FY 2020	FY 2019
Net debt cost	(120)	(110)
Other financial income and expenses	(66)	(24)
FINANCIAL INCOME	**(186)**	**(134)**

7.6.1 Net debt cost

Accounting method

Net debt costs include expenses relating to gross debt, interest expense on "lease liabilities" (IFRS 16) and financial revenue in connection with bonds and investment securities.

Borrowing costs relate to interest payable on the debt and other costs incurred in connection with the borrowing of funds. Borrowing costs directly linked to the acquisition, building or production of an asset that requires more than 12 months to be put into service are deducted from the financing expense to which they relate. All the other borrowing costs are expensed in the period in which they are incurred.

(in millions of euros)	FY 2020	FY 2019
Interest income	11	12
Interest expense	(125)	(116)
Amortised cost on borrowings	(8)	(8)
Net income on marketable securities	13	1
Change in fair value of investment securities	(8)	6
Net translation differences	(3)	(5)
TOTAL	**(120)**	**(110)**

Interest expenses rose from €116 million to €125 million, including €13 million for the RCF alone, drawn down as a precautionary measure, and €6 million for financial expenses on additional debt (*Bond, Term Loan,* EIB).

This was partially offset by the negative impact in 2019 of the partial redemption premium on the 2020 tranche and amortisation of the Tizir bond.

7.6.2 Other financial income and expenses

Accounting method

Other financial income and expenses include all the components of net financial income except for income and expenses relating to the net debt cost.

(in millions of euros)	FY 2020	FY 2019
Investment and dividend income	0	1
Employee benefits – net interest	(5)	(5)
Profit (loss) on disposal of equity investments	(1)	(1)
Accretion expenses	(9)	(9)
Financial instruments ineligible as hedges – currency	4	(1)
Securitisation financial expense	(4)	(6)
Impairment of securities and current accounts	(31)	(6)
Net translation differences	(25)	5
Impact of hyperinflationary economies	(4)	(6)
Other	9	4
TOTAL	**(66)**	**(24)**

Accretion expenses relate to provisions for mining site restoration and the decommissioning of industrial facilities, as detailed in Note 13 "Provisions".

The financial instruments that do not qualify as hedges correspond to the portion of hedging instruments recognised in profit or loss.

7.7 Shareholders' equity

7.7.1 Changes to the share capital

The share capital of €81,239,815 (31 December 2019: €81,239,800) is composed of 26,636,005 fully paid-up shares (31 December 2019: 26,636,000 shares) with a par value of €3.05 each.

	31/12/2020				31/12/2019			
	Capital		voting rights		Capital		voting rights	
Registered shares	%	number of shares	%	number of shares	%	number of shares	%	number of shares
Sorame and Compagnie d'Études Industrielles du Rouvray (CEIR)	36.94	9,840,143	43.78	19,675,977	36.94	9,840,143	43.88	19,675,977
FSI Equation, subsidiary of APE (Agence des participations de l'État)	25.57	6,810,317	30.31	13,620,634	25.57	6,810,317	30.37	13,620,634
S.T.C.P.I.	4.02	1,070,587	4.76	2,141,174	4.02	1,070,587	4.77	2,141,174
Eramet S.A.	0.62	165,188	-		0.66	176,562	-	-
Eramet S.A. share fund	0.73	195,311	0.69	307,969	0.53	141,297	0.43	193,670
Other	32.12	8,554,459	20.46	9,195,583	32.28	8,597,094	20.54	9,210,988
TOTAL NUMBER OF SHARES	**100.00**	**26,636,005**	**100.00**	**44,941,337**	**100.00**	**26,636,000**	**100.00**	**44,842,443**
of which registered shares	*70.68*	*18,825,153*	*82.74*	*37,186,116*	*70.23*	*18,706,172*	*82.02*	*36,780,500*
of which bearer shares	*29.32*	*7,810,852*	*17.26*	*7,755,221*	*29.77*	*7,929,828*	*17.98*	*8,061,943*

Pursuant to a Shareholders' Agreement concluded on 16 March 2012, which entered into force on 16 May 2012, tacitly renewed by six-month period as of 1 January 2021 (as per the amendment on 30 November 2020, which was notified to the Autorité des marchés financiers (AMF) under No. 220C5283), which was the subject of a decision and information of the Autorité des marchés financiers under No. 212C0647 when it was concluded and decision and information No. 216C1753 relating to the change within the group acting in concert at the time of the acquisition by the Agence des participations de l'État (APE) of the entire share capital of FSI Equation, the Company is majority controlled by a group of shareholders having declared to be acting in concert, including:

- a subgroup between Sorame and CEIR, companies controlled by the Duval Family, under a concurrent Shareholders' Agreement dated 19 July 1999, which came into force on 21 July 1999 and was the subject of an amendment on 13 July 2009;
- the Agence des Participations de l'État (APE), through its subsidiary FSI Equation.

The provisions of the shareholders' agreement mentioned above, and those of the subgroup agreement, are contained in key extracts from the AMF decision and notice texts numbered 220C5283, 216C1753, 212C0486 and 209C1013 (amended on 13 July 2009).

Since 1 January 2002, registered shares that meet the necessary conditions benefit from double voting rights.

7.7.2 ODIRNAN

In 2016, the Eramet Group issued an offering of net share settled undated bonds convertible into new shares (ODIRNAN).

This issue has strengthened the balance sheet structure of the Eramet Group.

ODIRNAN is a perpetual bond with no maturity date. Holders do not have the option to redeem the instrument for cash in hand. The instrument can be redeemed in the event of liquidation of the Company with the payment of accrued and deferred coupons, as applicable. The organization of the coupon payments is left up to Eramet and may be delayed, as Eramet has not decided on a dividend distribution since the penultimate interest payment date (or since the issue date for the first two payment dates). In case of non-payment of coupons, they will remain due and will constitute arrears which will bear interest at the applicable rate for bond coupons.

The coupon is fixed at an annual rate of 4% until October 2022. It will then switch to a variable rate from 5 October 2022, calculated at the 6-month Euribor rate plus a margin of 1,000 basis points ("step-up" clause). In the event of a change of control of Eramet, the annual interest rate will be increased by 500 basis points unless the Company opts for early redemption within 45 days of the change of control.

Bond holders will receive an equity conversion right. The issuer may choose to deliver one of the following to bondholders exercising their right to receive shares:

- cash only;
- new shares only;
- or a combination of new shares and cash.

The characteristics of ODIRNAN shares led the Eramet Group to classify them as an equity instrument because:

- there is no contractual obligation to repay the nominal value except in the event of liquidation of the issuer. The regulatory framework stipulating redemption in case of liquidation does not affect the classification as an equity instrument;
- the payment of coupons to bond holders is:
  - either dependent on the liquidation of the issuer. As noted above, an obligation for the issuer to proceed with payment in case of liquidation does not establish the existence of a debt,
  - or under the control of the issuer (dividends, share buy-back or equivalent, early redemption decided by the issuer, decision to pay the next bond coupon, etc.).

Finally, the default interest clause (capitalised at the same rate as the bonds) and the "step-up" clause, which significantly increases the amount of coupons beyond a certain date if the instrument has not been previously redeemed by the issuer, constitute economic constraints, not contractual obligations.

Therefore, given the characteristics of the instruments and elements mentioned above, Eramet has no contractual obligation to pay compensation on perpetual debt instruments.

Finally, the different options mentioned above do not call into question the classification of equity instruments.

At 31 December 2020, 92,787 bonds were subject to equity conversion (five in 2020). No bonds were repaid in cash in 2020. The number of bonds in circulation is therefore 2,065,640 (31 December 2019: 2,065,645), i.e. a decrease of five bonds compared with 2020.

The total value of the bonds at 31 December 2020 is €95.7 million (31 December 2019: €95.7 million).

7.7.3 Treasury shares

The table below summarises the treasury share transactions:

	Total number of shares	Market making(1)	Grants to employees	Total
Position at 1 January 2019		**63,057**	**32,107**	**95,164**
As a percentage of capital	*26,635,884*	*0.24%*	*0.12%*	*0.36%*
Buyback mandate			193,250	193,250
Final allocation of bonus shares			(128,228)	(128,228)
Purchases/sales		16,376		16,376
Position at 31 December 2019		**79,433**	**97,129**	**176,562**
As a percentage of capital	*26,636,000*	*0.30%*	*0.36%*	*0.66%*
Buyback mandate			131,625	131,625
Final allocation of bonus shares			(119,197)	(119,197)
Purchases/sales		(23,802)		(23,802)
POSITION AT 31 DECEMBER 2020		**55,631**	**109,557**	**165,188**
As a percentage of capital	*26,636,005*	*0.21%*	*0.41%*	*0.62%*

(1) Liquidity agreement signed with Exane BNP Paribas.

Eramet treasury shares are classified under "Other reserves" and recognised at purchase cost for an amount of €14 million at 31 December 2020 (31 December 2019: €16 million). These transaction amounts were allocated to shareholders' equity.

Note 8 Financial instruments and risk management

This note gives an overview of the financial instruments of the Eramet Group, the associated risks, its risk management objectives, sensitivity and monitoring of the financial risk management strategy.

Accounting method

Financial instruments
Derivative assets and liabilities, current financial assets, and cash and cash equivalents are initially recognised in the balance sheet at their fair value (transaction price) adjusted for transaction costs. At each period closing, the change in fair value is recognised in income (Other financial income and expenses) unless a designated and documented cash flow hedge exists. In that case, the change is recognised in Other comprehensive income and shown in equity (change in the revaluation reserve of hedging instruments). Variations of time value are accounted in other comprehensive income.

Derivatives
The Eramet Group uses derivatives to hedge certain risks. To manage its currency risk, the Eramet Group uses foreign currency forwards/futures, foreign currency swaps and, to a lesser extent, foreign currency options. Foreign currency forwards/futures are recognised as hedges where the Eramet Group has defined and documented the hedging relationship and demonstrated its effectiveness. Interest rate risk is managed using interest-rate swaps. Lastly, the Eramet Group also uses collars and swaps when hedging commodity purchases and sales (nickel, fuel oil, aluminium and electricity).
Derivatives are measured at their fair value upon initial recognition. Subsequently, the fair value of derivatives is remeasured at each reporting date, in equity if a hedging relationship has been designated and documented, or in the income statement where no hedging relationship exists. The fair value of foreign currency forwards/futures is estimated on the basis of market conditions. The fair value of interest rate derivatives is that which the Eramet Group would receive (or pay) to transfer current contracts at the reporting date. The fair value of commodity derivatives is estimated on the basis of market conditions. Derivatives are shown in the balance sheet under current assets or liabilities.

Hedging operations
Gains or losses on hedging instruments are recognised symmetrically with the gains or losses on the hedged items. However, changes in the fair value of hedges, independently of the hedged transactions, are recognised as profit or loss for the period under Current operating income or Other financial income and expenses, depending on the nature of the hedge.
The Eramet Group identifies the hedging item and hedged item when the hedge is set up and formally documents the hedging relationship by identifying the hedging strategy, the hedged risk and the hedge effectiveness measurement method:

- fair value hedge: the hedged item is remeasured in respect of the hedged risk and the hedging instrument is measured and recognised at fair value. The changes in both items are recognised simultaneously in Current operating income;
- cash flow hedge: the hedged item is not remeasured. Only the hedging instrument is remeasured at fair value. To offset the remeasurement, the effective portion of the change in fair value that can be ascribed to the hedged risk is recognised net of tax in shareholders' equity. The cumulative amounts in shareholders' equity are recognised in income for the period when income is affected by the hedged item. The ineffective portion is retained in income for the period under Other financial income and expenses;
- Hedging of net investment in foreign subsidiaries: derivatives intended to hedge net foreign currency investment in foreign subsidiaries are treated as net foreign currency investment hedges. The gains or losses from such hedges, and the changes in fair value (apart from the time value) are recognised in equity as currency translation differences and transferred to income when the subsidiary is sold;
- Recognition of derivatives that do not fulfil hedge accounting conditions: the Eramet Group uses these derivatives only to hedge future cash flows, and changes in fair value are immediately recognised in "Other financial income and expenses".

Fair value measurement
The Eramet Group measures its financial instruments at fair value at each reporting date.
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. When measuring fair value, it is assumed that the transaction to sell the asset or transfer the liability is carried out:

- on the main market for that asset or liability;
- if there is no main market, on the best market for that asset or liability.

The fair value measurement of a non-financial asset considers the capacity of a market participant to generate economic benefits by making full use of the asset or by selling it to another market participant who will make full use of the asset.
The fair values of financial instruments are ranked according to a three-level hierarchy:

- Level 1: Listed prices (unadjusted) of the same assets and liabilities on an active market;
- Level 2: Listed price of a similar instrument on an active market, or another measurement technique based on observable parameters;
- Level 3: Measurement technique incorporating non-observable parameters.

The criteria for classifying and recognising financial assets and liabilities and any transfer from one level to another in the fair value hierarchy where applicable are given below.

Estimates, assumptions and judgements

The uncertainties and estimates as well as the judgements used are considered for the valuation of forward/futures contracts, the application of hedge accounting and the valuation of derivatives measured at fair value.
To continue to apply hedge accounting to raw material purchases and sales (nickel, fuel oil, aluminium and electricity), the Eramet Group determines that the hedging instrument is efficient so as to offset the currency risk on its raw material purchases and sales and ensures that the documentation complies with the requirements. The process for testing the efficiency of the hedge calls for the use of judgements and estimates.

FAIR VALUE MEASUREMENT
Fair value represents an estimate at a given date and can change from one period to another due to market conditions and other factors. The Eramet Group gives priority to the assumptions that the market participants would use to determine the price of the asset or the liability, considering that the market participants act in their own best economic interests. The Eramet Group uses measurement techniques that are appropriate in the circumstances and for which sufficient data is available to determine the fair value, maximising the use of pertinent observable inputs while minimising the use of non-observable inputs.

8.1 Financial instruments shown in the balance sheet

	31/12/2020	Breakdown by type of instrument				
(in millions of euros)	Statement of financial position	Fair value through profit or loss	Fair value through shareholders equity	Loans and receivables	Liabilities at cost amortised	Derivatives
Non-consolidated equity investments	18	18				
Other non-current financial assets	198			198		
Other non-current assets	2			2		
Trade receivables	348			348		
Other current assets	294			294		
Derivatives	58					58
Current financial assets	395	204	191			
Cash and cash equivalents	1,461	1,461				
ASSETS	**2,774**	**1,683**	**191**	**842**	**-**	**58**
Non-current borrowings – due in more than one year (incl. lease commitments)	2,906				2,906	
Other non-current liabilities	-					
Current borrowings – due in less than one year (incl. lease commitments)	283				283	
Trade payables	541			541		
Other current liabilities	467			467		
Derivatives	39					39
LIABILITIES	**4,236**	**-**	**-**	**1,008**	**3,189**	**39**

	31/12/2019	Breakdown by type of instrument				
(in millions of euros)	Statement of financial position	Fair value through profit or loss	Fair value through shareholders equity	Loans and receivables	Liabilities at cost amortised	Derivatives
Non-consolidated equity investments	19	19				
Other current/non-current financial assets	222			222		
Other non-current assets	4			4		
Trade receivables	362			362		
Other current assets	246			246		
Derivatives	25					25
Current financial assets	365	191	174			
Cash and cash equivalents	556	459	97			
ASSETS	**1,799**	**727**	**213**	**834**	**-**	**25**
Non-current borrowings – due in more than one year (incl. lease commitments)	1,558				1,558	
Other non-current liabilities	1			1		
Current borrowings – due in less than one year (incl. lease commitments)	570				570	
Trade payables	458			458		
Other current liabilities	457			457		
Derivatives	52					52
LIABILITIES	**3,096**	**-**		**916**	**2,128**	**52**

The classification of financial assets and liabilities has been revised to comply with IFRS 9 classifications, as described in Note 3 "Basis of preparation of the consolidated financial statements". Equity investments and other current financial assets are recognised in the balance sheet at fair value. Other non-current financial assets are measured at amortised cost calculated using the effective interest rate (EIR).

Borrowings are recognised at amortised cost measured at the effective interest rate (EIR).

The fair value of trade receivables and trade payables is equal to the value shown in the balance sheet, since for the most part they fall due in less than one year.

(in millions of euros)	Nature of hedging instrument	Notional amount of hedging instruments	Carrying amount of hedging instrument	
			Assets	Liabilities
***Fair Value Hedge* (FVH)**				
Interest rate risk				
Currency risk				
Balance sheet hedges (customers/suppliers/banks 2020)	Forward and currency option	223	7	
Hedging of CMM borrowing	Forward purchase	24	1	
Commodity risk				
***Cash Flow Hedge* (CFH)**				
Interest rate risk				
CMM $ borrowing	Interest rate swap	24		(1)
Setrag EUR borrowing	Interest rate swap	73		(3)
Currency risk				
Hedging of future sales in foreign currencies	Forward sale	24		(1)
Group future revenue foreign exchange hedge	Forward and currency option	548	13	
Erasteel/Erasteel Inc. borrowing	Foreign exchange swap	15		
USD Sales	Foreign exchange swap			
TiZir bond + Eramine swap	Forward sale	59	4	
Commodity risk				
Fuel supply	Purchase of options	8	1	
Fuel supply	Brent swap	6	2	
Electricity supply	Future on electricity	2		
Electricity supply	Future on electricity	7		
Eramet commercial nickel contract	Nickel swap and option (before premium)	42	3	
Eramet commercial nickel contract	Option premium to be paid in 2021			(2)
Aubert & Duval nickel supply	Nickel swap	4	1	

The fair value of financial instruments broken down by fair value hierarchy is as follows:

(in millions of euros)	31/12/2020 Value on balance sheet	Breakdown by fair value category Level 1	Level 2	31/12/2019 Value on balance sheet	Breakdown by fair value category Level 1	Level 2
Current financial assets	395	395		365	365	
Cash and cash equivalents	1,461	1,461		556	556	
Derivatives	58		58	25		25
ASSETS	**1,914**	**1,856**	**58**	**946**	**921**	**25**
Derivatives	39		39	52		52
LIABILITIES	**39**	**-**	**39**	**52**	**-**	**52**

8.2 Effects of financial instruments on the income statement

(in millions of euros)	FY 2020 Effects in profit (loss)	Income and (expense) financial	Cost amortised	Fair value	Conversion monetary	Profit (loss) on disposal	Impairment net
Equity investments	(3)						(3)
Other current/non-current financial assets	(58)	(9)			(25)		(24)
Derivatives	1			2			(1)
(Net debt)/Net cash	(120)	(101)	(8)	(8)	(3)		
TOTAL	**(179)**	**(110)**	**(8)**	**(5)**	**(28)**	**-**	**(28)**

3

(in millions of euros)	FY 2019 Effects in profit (loss)	Income and (expense) financial	Cost amortised	Fair value	Conversion monetary	Profit (loss) on disposal	Impairment net
Equity investments	(1)	1				(2)	0
Other current/non-current financial assets	(0)	(4)			7		(3)
Derivatives	(2)			(2)			
(Net debt)/Net cash	(110)	(97)	(8)		(4)		
TOTAL	**(113)**	**(101)**	**(8)**	**(2)**	**3**	**(2)**	**(3)**

The financial revenue from equity investments consists of dividends of non-consolidated companies. The gains or losses on currency and commodity hedges are for the most part recognised in Current operating income. The portion that does not qualify as hedges is recognised in “Other financial income and expenses”.

8.3 Effects of financial instruments on the income statement

	31/12/2020		31/12/2019	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities
At beginning of period	**25**	**52**	**25**	**60**
Change in hedging instruments for the period – shareholders’ equity[1]	17	(8)	(2)	(8)
Change in hedging instruments for the period – financial income[2]	0	(3)	1	(0)
Net change in hedging derivatives[3]	16	(1)	1	0
Other movements				
AT PERIOD CLOSE	**58**	**39**	**25**	**52**
Net position in hedging derivatives[3]	24	20	7	17
Financial instruments – currency hedges	29	14	15	28
Financial instruments – interest-rate hedges	-	4	-	4
Financial instruments – commodity hedges	5	1	3	3

(1) The impact corresponds to the effective portion of the change in fair value of derivative instruments used to hedge currency, interest rate and commodity risks.

(2) The impact corresponds to the non-effective portion of the change in fair value of derivative instruments used to hedge currency, interest rate and commodity risks.

(3) Foreign-currency receivables and debts are translated at the closing rate, and the difference between the closing rate and the hedging rate is recognised under Financial instrument assets and liabilities.

8.4 Risk management

The Eramet Group uses derivatives to control its exposure to currency, interest rate and commodity risks. The Executive Committee has delegated the management of the main risks to the Eramet Group Finance Department. This management is carried out directly by Eramet or via Metal Currencies, which was set up specifically to manage the Eramet Group's currency risk.

The Eramet Group's policy is to reduce its exposure to interest rate and foreign exchange fluctuations. Positions are traded either on organised markets, or over the counter with leading banking counterparties.

Gains or losses on hedging instruments are recognised symmetrically with the gains or losses on the hedged items. However, unrealised gains and losses on financing hedging transactions that are ineligible under hedging standards are recognised in Net income for the period.

All transactions outstanding at the reporting date are recognised in the Statement of financial position, without an offsetting entry.

8.4.1 Currency risk

When the exposure stemming from borrowings taken out by Eramet Group companies in currencies other than their functional currencies is not offset by income in those foreign currencies, the Eramet Group may have recourse to hedging instruments. In addition, the Eramet Group uses financial instruments to limit its exposure to currency risk on its sales and on certain dollar-denominated costs.

The Eramet Group is exposed to two types of currency risk, namely:

- **transactional risk** where a Group company has revenue in a currency other than its functional currency that is not offset by purchases in that currency;
- **balance sheet risk** related to changes in the net assets of subsidiaries valued in currencies other than the euro.

The Eramet Group centralises the subsidiaries' currency risk. Each Eramet Group company reports its exposure in currencies other than its functional currency to Group Treasury. This management is part of a multi-year policy with procedures approved by the Executive Committee along with monthly reporting to its members. The Eramet Group manages the currency risk to the balance sheet for each case individually.

8.4.1.1 Transactional risks

As part of transactional risk management, currency hedging primarily involves the US dollar but also the Norwegian krone, the pound sterling, the Swedish krona and the Japanese yen. These hedges are designed to protect the Eramet Group's present and future positions on trade transactions, more than 50% of which are invoiced in foreign currencies, whereas production costs are for the most part denominated in euros. The transactions are carried out via the company Metal Currencies.

The subsidiaries in question determine the amount of their net exposure based on multiyear budgets and forecasts. The associated risks are then hedged within a maximum horizon of thirty-six months, unless exemptions apply. The Eramet Group uses various instruments to hedge against currency risk: futures/forward contracts and options.

The breakdown of the hedging portfolio by currency is shown below:

As at 31 December 2020	2020 sales			2021 sales			2022 sales and beyond		
(foreign currency unit million)	Amount	Currency	Price	Amount	Currency	Price	Amount	Currency	Price
COMMERCIAL HEDGES									
• EUR/USD	235	USD	1.19	461	USD	1.20		USD	
• EUR/NOK	275	NOK	10.85	895	NOK	10.80	590	NOK	11.10
OTHER HEDGES – TOTAL AMOUNT NOT DETAILED BY YEAR									
• EUR/USD	91	USD	1.17						
• EUR/NOK		NOK							

As at 31 December 2019	2019 sales			2020 sales			2021 sales and beyond		
(foreign currency unit million)	Amount	Currency	Price	Amount	Currency	Price	Amount	Currency	Price
COMMERCIAL HEDGES									
• EUR/USD	252	USD	1.12	346	USD	1.15	75	USD	1.21
• EUR/NOK	327	NOK	10.09	563	NOK	10.50	580	NOK	10.68
OTHER HEDGES – TOTAL AMOUNT NOT DETAILED BY YEAR									
• EUR/USD	217	USD	1.13						
• EUR/NOK	-	NOK	-						

8.4.1.2 Balance sheet risk

The Eramet Group manages currency risks to the balance sheet, primarily related to the US dollar, by issuing financial debt denominated in the same currency as the net assets in question, or via currency swaps.

At 31 December 2020, the fair value of currency hedges covering transactional risks represented a net asset of €21 million (31 December 2019: net liability of €5 million).

For hedges of 2021 USD revenue, an increase or decrease of 10% in the EUR/USD exchange rate would have a pre-tax impact on the hedge instruments recognised in equity at 31 December 2020 of +€37 million should exchange rates rise (31 December 2019: +€51.7 million) and approximately -€36 million should those rates fall (31 December 2019: -€69 million)

The notional amount of currency hedging contracts breaks down as follows:

(foreign currency unit million)	31/12/2020 Forward sales	31/12/2020 Forward purchase	31/12/2020 Call options	31/12/2020 Put options	31/12/2019 Forward sales	31/12/2019 Forward purchase	31/12/2019 Call options	31/12/2019 Put options
CURRENCY AGAINST EUR								
• USD	475	29	459	341	638	51	439	304
• JPY								
• GBP						2		
• NOK		1,055	705	1,025		637	833	1,225
CURRENCY AGAINST SEK								
• JPY								
• USD					7			
• GBP					1			
• EUR	4				6			

The pre-tax impact on shareholders' equity and profits of financial instruments hedging currency risks is shown below:

(in millions of euros)	Foreign exchange hedges FY 2020 Transactional risks	FY 2020 Balance sheet risks	FY 2019 Transactional risks	FY 2019 Balance sheet risks
At beginning of period	**(20)**	**(92)**	**(22)**	**(67)**
Change in unexpired hedging portion(1)	14		(3)	
Change in ineffective portion via income(2)	-		-	
Change in effective portion via income(3)	(1)		5	
Translation adjustments and other movements		(36)		(25)
AT PERIOD CLOSE	**(7)**	**(128)**	**(20)**	**(92)**
Changes recognised in shareholders' equity:				
• hedging reserve	13		2	
• translation reserve		(36)		(25)
Total	**13**	**(36)**	**2**	**(25)**
Changes recognised via income:				
• current operating income	1		(5)	
• financial income	-		-	
Total	**1**	**-**	**(5)**	**-**

(1) The impact corresponds to the effective portion of the change in fair value of derivative instruments used to hedge currency risks.
(2) The impact corresponds to the non-effective portion of the change in fair value of derivative instruments used to hedge currency risks.
(3) Foreign-currency receivables and debts are translated at the closing rate, and the difference between the closing rate and the hedging rate is recognised under Financial instrument assets and liabilities.

8.4.2 Interest rate risk

Depending on market conditions and forecast changes in net financial debt, the Eramet Group's Finance Department monitors the allocation between fixed and floating rate debt and cash investments and decides on whether to set up rate hedges. The financial instruments used are interest rate swaps, caps and floors. The Group's Treasury Department is responsible for setting up hedges.

The cash surpluses managed by Metal Securities are invested in:

- instruments linked to the EONIA (Euro OverNight Index Average) or Euribor (Euro InterBank Offered Rate) rates;
- fixed-rate instruments swapped against the Euribor.

These instruments are included in "Other current financial assets" and are hedged using interest rate futures (fixed rates against floating rates). Other cash surpluses managed by Metal Securities are primarily invested in instruments linked to the EONIA (Euro OverNight Index Average) rate.

8.4.3 Commodity risk

The Eramet Group is exposed to commodity price volatility, affecting both its sales as a nickel and manganese producer and its production costs, as a consumer of energy (fuel oil and electricity) and commodities (nickel and aluminium).

The Eramet Group holds derivative instruments for the purposes of reducing its exposure. To this end, the Eramet Group mainly uses forwards, tunnel options and call options.

The main Group entities involved are:

- Eramet and Société Le Nickel-SLN for nickel sales;
- Aubert & Duval for nickel purchases;
- Société Le Nickel-SLN for fuel oil;
- Aubert & Duval for aluminium;
- Erasteel Kloster AB and Eramet Norway A/S for electricity.

The exposures to manganese and coke price volatility are not hedged since there is no organised market for these commodities.

Hedges are contracted with horizons of one to four years, depending on the commodities, and are based on the budget. Only part of the forecast consumption or production is hedged (e.g. for fuel oil, a maximum of 80% of the budget is hedged). The Eramet Group uses various instruments to hedge and limit its exposure, namely forwards/futures and options.

At 31 December 2020, the fair value of hedges set up for the various commodities stood at +€5.2 million net (amount including a €2.2 million premium paid out in 2021), (31 December 2019: +€3.0 million net).

3

The main commodities contracts outstanding are set out below:

	31/12/2020			31/12/2019		
(tonnes)	**Swaps**	**Call options**	**Put options**	Swaps	Call options	Put options
Nickel	436		3,000	1,235		
Aluminium						

A change of plus or minus 10% in commodity prices would have no material pre-tax impact on the hedges recognised through shareholders' equity.

8.4.4 Liquidity risk

The Eramet Group must ensure that it maintains a sufficient level of liquidity to meet its contractual obligations, including servicing its bank and bond debt.

In this context, the Eramet Group anticipates the regular renewal of its existing borrowings (credit facilities, bonds, IFRS 16 leases, etc.) and establishes new modes of financing (ODIRNAN 2016), according to the opportunities available.

Furthermore, operational funds (investments and receivables) are implemented directly in the Eramet Group's subsidiaries.

Eramet also aims to diversify its sources of funding, particularly between the bond and banking markets.

Eramet centralises virtually all the cash requirements and surpluses of its controlled companies. through Metal Securities, which is responsible for managing investment of cash surpluses.

The Eramet Group's financial liquidity position at 31 December 2020 was €1,856 million (31 December 2019: €2,299 million), of which €1,461 million is classified as cash and cash equivalent (31 December 2019: €556 million). These cash surpluses are, for the most part, transferred to Metal Securities, the Group company in charge of centralising and investing the Eramet Group's cash surpluses.

Revolving credit facility

The revolving credit facility (RCF) was extended on February 2019 for an amount of €981 million and for a five-year term, with a new maturity in January 2024.

The amount available under this revolving credit facility was maintained at €981 million.

The credit line had been drawn down at 31 December 2020.

On 31 December 2019, the €120 million loan from the European Investment Bank to finance investments in research, development and innovation (RDI) in digitalisation and advanced manufacturing had not been drawn down.

The credit line had been drawn down at 31 December 2020.

Lastly, on 11 December 2019, the Group signed a Multi-currency Term Loan Agreement for €350 million to fund general and investment requirements. The loan matures in two years and includes an option for Eramet to extend the term to January 2024.

The credit line had been drawn down at 31 December 2020.

The Eramet Group is liable to repay its borrowings, primarily comprising financial market borrowings and bank borrowings, and its other liabilities and derivatives, for which the repayment schedule is given below:

		Future payment schedule			
(in millions of euros)	Statement of financial position	Due in less than one year	One to five years	More than five years	Total
Borrowings on capital markets	1,127	142	983		1,125
Borrowings from credit institutions	1,699	54	1,519	137	1,710
Bank overdrafts and creditor banks	61	61			61
Finance lease liabilities	22	8	13	1	22
IFRS 16 lease liabilities	91	15	43	33	91
Other borrowings and financial liabilities	189	5	180	4	189
Total borrowings	**3,189**	**285**	**2,738**	**175**	**3,198**
Derivatives	39	39			39
Trade and other payables	1,008	1,008			1,008
Total other financial liabilities	**1,047**	**1,047**	**-**	**-**	**1,047**

The schedule of future receipts on financial assets is set out below:

		Future receipts at fair value schedule			
(in millions of euros)	Statement of financial position	Due in less than one year	One to five years	More than five years	Total
Cash and cash equivalents	1,461	1,461			1,461
Total cash and cash equivalents	**1,461**	**1,461**	**-**	**-**	**1,461**
Other financial assets	216	65	133	18	216
Current financial assets	395	395			395
Derivatives	54	54			54
Trade and other receivables	644	642	2		644
Total other financial assets	**1,309**	**1,156**	**135**	**18**	**1,309**

Where appropriate, financial liabilities are covered by banking covenants at Group level or locally; the main covenants are described below:

Company	Type of credit facility		Contractual ratios [(A)]	Nominal amount *(in millions of currency unit)*
Eramet S.A.	Revolving credit facility (RCF)	Net debt, excluding SLN's loan from the French government and IFRS 16 lease liabilities/shareholders' equity	< 1	€981 million
	UMR Bond	Net debt excluding IFRS 16 lease liabilities/ Shareholders' equity	< 1	€50 million
	Term Loan	Net debt, excluding SLN's loan from the French government and IFRS 16 lease liabilities/shareholders' equity	< 1	€350 million
	Borrowing Base	Net debt (excluding IFRS 16)/shareholders' equity	< 1	€65 million
	European Investment Bank	Net debt (excluding IFRS 16)/shareholders' equity	< 1	€80 million
	European Investment Bank	Net debt (excluding IFRS 16)/shareholders' equity	< 1	€30 million
	European Investment Bank	Net debt, excluding SLN's loan from the French government and IFRS 16 lease liabilities/shareholders' equity	< 1	€120 million
Comilog S.A.	ICBC/BNP Paribas/ BGFI loans	Net debt/Shareholder's equity	< 1.15	$217 million
		Net cash flow/Debt servicing	> 2	
		Sales to Eramet Norway A/S, Marietta, Comilog Dunkerque, ECM / debt servicing	> 150%	[(1)]
	CAT Finance	Net debt/EBITDA on a rolling 12-month basis	< 3	$40 million
		Net cash flow/Debt servicing	> 1.30	€11 million
		Net debt/Shareholder's equity	< 2	
	IFC/Proparco	Net debt/Shareholder's equity	< 1.15	€33 million
		Net debt/EBITDA on a rolling 12-month basis	< 4	
		Debt servicing	> 1.3	
TiZir	Bond issue	Shareholders' equity + subordinated loans/Total assets	> 35%	$300 million
		Liquidity	> $15 million	
		Interest coverage ratio (EBITDA/Net Financial Interest)	> 1.50	
			> 1.75	
			> 2.00	[(2)]
Aubert & Duval	SogeLease – Lease agreements	Consolidated net debt/Shareholder's equity	< 1	€9 million
	CACIB – Securitisation	Net Financial Debt/Equity	< 1.1	N/A
		EBITDA/Net Financial Interest	> 4.5	

(A) Certain Eramet S.A. ratios are subject to covenant holidays or specific arrangements for June and December 2020.

(1) Covenant only applicable to one of the two US$ 30 million loans taken out by Comilog.

(2) Applicable covenant:

- *from the 18th month following the loan issue (1.50);*
- *from the 36th month following the loan issue (1.75);*
- *from the 54th month following the loan issue (2.00).*

Eramet's covenants are determined on the basis of the published consolidated accounts.

Comilog's covenants are determined on the basis of Comilog's individual and consolidated financial statements.

TiZir's covenants are determined on the basis of TiZir's individual and consolidated financial statements.

Aubert & Duval's covenants are determined on the basis of Aubert & Duval's individual and consolidated financial statements.

Eramet S.A. secured agreement to suspend calculation of some covenants as of June 2020 in what are known as 'covenant holidays' for June and December 2020 (RCF loan, Term Loan and EIB). It also secured agreement on adjusted calculations for other credit lines subject to covenants on these same dates.

At 31 December 2020, the covenants showed no circumstances of accelerated maturity. Moreover, at 31 December 2020, no cases of cross-default likely to impact funding at the level of Eramet were recorded.

In 2021, the Group will continue to monitor its bank covenants and will liaise with its bank partners should the need arise.

8.4.5 Credit and counterparty risk

The Eramet Group may be exposed to credit risk in the event of counterparty default: in relation to its customers and its financial partners, because of its cash surpluses invested by Metal Securities, the Group company established specifically for this purpose. The Eramet Group has several means to limit this risk: gathering information ahead of entering into transactions (from rating agencies, published financial statements, etc.), credit insurance and the establishment of letters of credit and documentary credits. Specifically for trade receivables, there is a dedicated credit manager for each Division of the Group.

The age of the Group's trade receivables and overdue receivables is shown below:

	31/12/2020			31/12/2019		
	Gross amount	Impairment	Net amount	Gross amount	Impairment	Net amount
On time or not due	303	(5)	298	245	(10)	235
Delays:						
• less than one month	33	-	33	90	-	90
• one to three months	4	-	4	20	-	20
• three to six months	3	-	3	10	(1)	9
• six to nine months	9	(1)	8	2	(2)	-
• nine to twelve months	2	-	2	2	-	2
• over one year	5	(5)	(0)	7	(1)	6
TOTAL TRADE RECEIVABLES	**359**	**(11)**	**348**	**373**	**(14)**	**362**

No material unpaid or impaired receivables have been renegotiated.

8.4.6 Equity and bond risk

Eramet and its subsidiaries do not speculate on the stock markets; the investments held relate to unlisted controlled companies entirely in line with the Group's business activities.

In accordance with the Group's investment policy, which defines and limits the counterparty risk, the Eramet Group has purchased bonds subject to bond risk, recognised in "Other current financial assets".

Note 9 Working capital requirement

(in millions of euros)	31/12/2019	Change in WCR Statement of flows	Change in WCR on non-current assets	Translation adjustments and other	31/12/2020
Inventories	1,098	(177)		(15)	906
Customers	362	(13)		(1)	348
Suppliers	(458)	(81)		(2)	(541)
Simplified WCR	**1,002**	**(271)**	**-**	**(18)**	**713**
Other elements of WCR(1)	(242)	(23)	18	13	(238)
TOTAL WCR	**760**	**(294)**	**18**	**(5)**	**475**

(1) includes changes in tax and payroll payables and receivables (Notes 9.2 and 9.3), other assets and liabilities (Notes 9.2 and 9.3), tax liabilities and receivables due (Note 11) and liabilities on non-current assets (Note 10).

9.1 Inventories

Inventories consist mainly of the products of the Nickel, Manganese and High Performance Alloys BUs at different stages of the production process, and are recorded at the lower of cost and net liquidation value.

Accounting method	Judgements and estimates
Inventories are measured using the weighted average unit cost (WAUC) method for the industrial operations of the High Performance Alloys Division and on a First-In-First-Out (FIFO) basis for the industrial and mining operations of the Nickel, Manganese and Mineral Sands BUs. Inventories are carried at cost price and only include production costs, while not exceeding the realisable value. Costs stemming from sub-normal activity are eliminated from inventory measurement at the end of the reporting period. Impairment losses for raw materials are recognised when the net realisable value falls below the cost of entry into storage. Consumables are fully depreciated where the quantities are in storage over a much longer period than their estimated use. The impairment of spare parts that do not qualify for capitalisation is calculated on the basis of their use during the year. Spare parts inventory in excess of one year's use is fully depreciated. For work-in-process, intermediate and finished products in inventory for over a year, the forward-looking approach is applied on the basis of the order book and market validation of achievements within one year; the quantities beyond one year of consumption are fully depreciated, except in specific cases. Fixed production costs relating to recognised or planned sub-normal activity are not incorporated in inventory measurement and are recognised as ordinary operating expenses for the period in which they are incurred. Sub-normal activity is taken into account when the actual production volume is considerably lower than the normal production volume (or normative capacity).	Judgement is exercised to determine the net realisable value, as well as to allocate the fixed and variable production overheads attributable directly to inventories.

(in millions of euros)	31/12/2020	31/12/2019
At beginning of period	**1,098**	**947**
Change in gross inventories	(174)	158
(Impairment)/net reversals for the period	(3)	(9)
Increase/(decrease) in net inventories – cash flows	(177)	149
Translation adjustments and other movements	(15)	2
AT PERIOD CLOSE	**906**	**1,098**
Raw materials	224	262
Merchandise and finished products	185	262
Work-in-progress and semi-finished goods	359	439
Consumables and spare parts	132	131
CO_2 quotas	6	4
BREAKDOWN OF IMPAIRMENT LOSSES:		
At beginning of period	**(154)**	**(144)**
• (Impairment)/net reversals for the period	(3)	(9)
• Translation adjustments and other movements	-	(1)
At period close	**(157)**	**(154)**

Impairment provisions mainly relate to raw materials, merchandise and finished products.

9.2 Trade and other receivables

Trade and other receivables are amounts that the Eramet Group expects to collect from third parties.

Accounting method	Estimates and judgements
Receivables are booked at transaction value at initial recognition and are subsequently measured at each reporting date at amortised cost. Foreign currency receivables and payables are re-measured at the prevailing foreign exchange rate at period end. The resulting translation adjustments are recognised in current operating income or in net financial income (other financial income and expenses) depending on the type of receivable or debt. The Group's portfolio of trade receivables is measured to take into account the expected loss rate at maturity in this portfolio. This rate is determined by qualifying the customer portfolio according to its risk exposure, with secured receivables limiting the expected level of risk of loss, and by assessing the probability of default and the impact of the expected loss on the portfolio, based on historical losses on receivables, the age of the receivable and an assessment of the risks involved. Individual impairment losses are recognised for receivables where they are more than likely not to be recovered and it is possible to reasonably measure the amount of the impairment based on historical losses on receivables, the age of the receivable and an assessment of the risks involved. This impairment, offset in Current operating income, is deducted from the gross value of the receivable. Receivables disposed of under a securitisation contract are removed from the balance sheet when the Eramet Group has transferred the contractual rights to collect the cash amount and where almost all the risks and rewards attached to these receivables have been transferred to the transferee. Where risks remain but do not prejudice the removal of the receivables from the balance sheet, they are recognised under Other operating receivables together with the related security deposits (Note 9). Disposals with recourse against the Eramet Group in the event of payment default by the client means that these transferred receivables must be retained in the balance sheet.	Determining the expected level of loss on the collection of receivables requires judgement. The impairment loss is calculated consistently based on historical losses on receivables, the age of the receivable and an assessment of the risks involved for each receivable category.

(in millions of euros)	Gross amount	Impairment	Net amount 31/12/2020	Net amount 31/12/2019
At beginning of period	**805**	**(184)**	**621**	**616**
Change in gross amount	49		49	(23)
Impairment losses for the period		(8)	(8)	(2)
Changes in working capital requirement – cash flows			41	(25)
Translation adjustments and other movements	(24)	6	(18)	30
AT PERIOD CLOSE	**830**	**(186)**	**644**	**621**
Trade receivables	**359**	**(11)**	**348**	**362**
Tax and payroll receivables	146	(3)	143	131
Security deposit – securitisation agreement	15	-	15	7
Other operating receivables	202	(66)	136	115
Other current assets	**363**	**(69)**	**294**	**254**
Other receivables	108	(106)	2	5
Other non-current assets	**108**	**(106)**	**2**	**5**
TOTAL	**830**	**(186)**	**644**	**621**

The bulk of trade and other receivables are due in less than one year.

Tax and payroll receivables include a VAT credit amount to the Gabonese government of €61 million at 31 December 2020 for 2017, 2018 and 2019 (€53 million at 31 December 2019).

Securitisation of customer receivables

The Eramet Group uses factoring or securitisation as a source of funding for its receivables. Under these agreements, certain subsidiaries in France and the United States have committed to banking institutions to transfer their trade receivables totalling €131 million at 31 December 2020 (€172 million at 31 December 2019). The analysis of the transfer of risks and rewards resulted in full deconsolidation.

A security deposit may be required to cover the commitments given by the transferor subsidiaries to the financing company and will be returned upon the settlement of the transaction. It consists of reserves to hedge against credit risk, delayed payment risk and dilution risk. This deposit amounted to €15 million at 31 December 2020 (31 December 2019: €7 million).

(in millions of euros)	31/12/2020	31/12/2019
Trade receivables – Invoices assigned	(131)	(172)
Trade receivables – Invoices not deconsolidated	-	-
Other operating receivables – Security deposit	15	7

9.3 Trade and other payables

Trade and other payables mainly comprise amounts owed to suppliers and tax authorities that have already been billed or are already due.

(in millions of euros)	31/12/2020	31/12/2019
At beginning of period	**915**	**800**
Changes in working capital requirement	151	77
Change in payables on non-current assets	(36)	33
Translation adjustments and other movements	(22)	5
AT PERIOD CLOSE	**1,008**	**915**
Trade payables	**541**	**458**
Tax and payroll payables	336	312
Other operating payables	76	45
Payables on non-current assets	24	68
Deferred income	31	31
Other current liabilities	**467**	**456**
Other non-current liabilities	-	1
Other non-current liabilities	**-**	**1**

Most of the trade and other payables are due in less than one year.

The debts recognised under non-current liabilities include Setrag S.A.'s 25-year debt to the Gabonese Republic for the transfer of the concession.

Note 10 Investments

The Eramet Group groups its investments into two categories:

- industrial investments relating to assets in connection with extraction or production equipment: intangible assets and property, plant and equipment;
- financial investments that mainly relate to interest held in joint ventures and non-consolidated companies, as well as other non-current financial assets.

10.1 Acquisition of non-current assets

(in millions of euros)	FY 2020	FY 2019
Capital expenditure on property, plant & equipment for the period	289	421
Capital expenditure on intangible assets for the period	53	34
Total industrial capital expenditure	**342**	**455**
Change in payables for the acquisition of non-current assets[1]	18	(33)
Acquisition of equity investments	-	1
TOTAL ACQUISITION OF NON-CURRENT ASSETS – STATEMENT OF CASH FLOWS	**360**	**423**
(1) of which change in payables for the acquisition of non-current assets (other payables)	*36*	*(33)*
of which change in supplier advances on non-current assets (other receivables)	*(18)*	

10.2 Property, plant and equipment and rights of use for leases on assets classified as Property, plant and equipment

Accounting method

Property, plant and equipment are stated in the balance sheet at their carrying amount, which is the acquisition or manufacturing cost less depreciation and impairment of losses incurred.

Land is not depreciated.

Spare parts deemed to be items of property, plant and equipment are capitalised and depreciated on the basis of their actual use.

Tooling specifically manufactured for certain customers is capitalised and depreciated over its likely useful life.

Major repairs are deemed to be components of items of property, plant and equipment.

Borrowing costs that are directly linked to the acquisition or production of an asset are incorporated into that asset's cost.

At the beginning of the operations, a provision is made to take into account the obligations to restore the mining site, offset by an environmental and decommissioned asset. Decommissioned assets recognised against provisions are written down over the planned operating life of the mining reserves and resources intended for the plant or for export and are measured with respect to the estimated long-term nature of current licences. Revisions to these restoration cost estimates correct the value of this asset and provision by prospectively allocating the result over the period of operation, including the current year.

IFRS 16-eligible leases on assets classified as "property, plant and equipment" are recognised on the balance sheet at lease commencement for the present value of the future fixed payments (on the asset line concerned by IFRS 16 lease-purchase and/or finance contracts and on a "lease rights of use" line for operating leases). Leases where the underlying assets have a low value and/or are for a short term (12 months or less) are accounted for as a lease expense according to the exemptions permitted by the standard.

The Trans-Gabon railway concession was recognised as follows: property owned by the Eramet Group is recognised as a balance sheet asset and depreciated over the shorter of its useful life or the remaining period of the concession. Returnable assets representing the assets contributed to the concession by the Gabonese Republic that must be returned in the same state upon expiry of the agreement are not recognised in the balance sheet. Assets acquired by the Eramet Group following the signing of the concession agreement that must be turned over to the Gabonese Republic at the end of the concession are recognised as property, plant and equipment and depreciated over the term of the concession. A provision is made to cover the net value of the property, plant and equipment at the end of the concession based on investment assumptions.

Estimates, assumptions and judgements

Judgement is exercised to determine all the expenses (i.e. labour, overheads) directly associated with the acquisition, construction, improvement or development of a non-current asset, including the costs of bringing it to the location and in the state that is required for its use as planned by Management.

Expenses for non-current assets are no longer capitalised once the non-current asset is practically completed and is capable of functioning as intended. To determine whether these conditions are met, a review must be carried out of the considerations applied in the same industries, predetermined by the Management's judgement with reference to the factors affecting the expected production capacity.

Where a non-current asset is composed of individual components which call for different methods or depreciation rates, judgement is exercised to determine how best to split the asset. Distinguishing between inspections and major revisions for repair and maintenance, and determining the appropriate period for amortising these costs, are a matter of judgement.

10.2.1 Property, plant and equipment by category

(in millions of euros)	Gross amount	Depreciation & amortisation	Impairment losses	Net amount 31/12/2020	Net amount 31/12/2019
Land and buildings[1]	1,125	(771)	(148)	206	446
Industrial and mining facilities[2]	4,336	(2,678)	(376)	1,282	1,346
Other property, plant and equipment[3]	940	(631)	(20)	289	302
Work-in-progress, down-payments	472	-	(122)	350	368
TOTAL	**6,873**	**(4,080)**	**(666)**	**2,127**	**2,462**
(1) Including:					
IFRS 16 lease assets	*33*	*(18)*	*(10)*	*5*	*16*
(2) Including:					
IFRS 16 lease assets	*120*	*(72)*	*(46)*	*2*	*36*
Decommissioned assets – site restoration	*349*	*(134)*	*-*	*215*	*147*
(3) Including:					
IFRS 16 lease assets	*55*	*(55)*	*-*	*-*	*5*

10.2.2 Lease rights of use (type of property, plant and equipment)

(in millions of euros)	Gross amount	Depreciation & amortisation	Impairment losses	Net amount 31/12/2020	Net amount 31/12/2019
Rights of use relating to land and buildings	33	(8)	(4)	21	29
Rights of use relating to industrial and mining facilities	15	(5)	-	10	11
Rights of use relating to land and buildings	68	(18)	(1)	49	52
TOTAL	**116**	**(31)**	**(5)**	**80**	**92**

10.2.3 Change over the period

(in millions of euros)	FY 2020	FY 2019
At beginning of period	**2,554**	**2,287**
PROPERTY, PLANT AND EQUIPMENT		
Investments for the period	289	420
Disposals for the period	(6)	(5)
Depreciation and amortisation for the period	(244)	(255)
Impairment losses for the period	(486)	(27)
Change in the gross amount of decommissioned assets	84	47
Change in lease non-current assets	-	1
Change to consolidation scope	-	(0)
Effect of hyperinflation	39	13
Translation adjustments and other movements	(10)	(19)
LEASE RIGHTS OF USE (TYPE OF PROPERTY, PLANT AND EQUIPMENT)		
First application IFRS 16	-	94
Change in rights of use for IFRS 16 leases	12	12
Amortisation of IFRS 16 rights of use in the period	(19)	(14)
Depreciation of IFRS 16 rights of use in the period	(5)	-
Translation adjustments and other movements on IRFS 16 rights of use	-	-
AT PERIOD CLOSE	**2,208**	**2,554**

10.3 Intangible assets

Accounting method	Estimates and judgements
Intangible assets are stated in the balance sheet at their carrying amount, which is the acquisition cost less amortisation and any impairment of losses incurred. IFRS 16-eligible leases on assets classified as "intangible" are recognised on the balance sheet at lease commencement for the present value of the future fixed payments (on the asset line concerned by IFRS 16 lease-purchase and/or finance contracts and on a "lease rights of use" line for operating leases). Leases where the underlying assets have a low value and/or are for a short term (12 months or less) are accounted for as a lease expense according to the exemptions permitted by the standard. **Goodwill** Goodwill is the difference between the acquisition price of an entity and the Eramet Group's share in the fair value of the identifiable asset or liability (including possible liabilities) of the acquired entity at the acquisition date. It is recognised at cost, less accumulated impairment losses. Goodwill in associates and joint ventures is recognised under investments in joint ventures and associates (Note 9). **Mining reserves** Amounts capitalised with respect to mineral deposits relate to partial asset contributions or permits acquired since 1974. Depending on the specific operating characteristics, mining reserves are amortised on the basis of the ratio of annual production to the estimated reserves or the length of the concession. **Geology, prospecting and research expenses** Geology, prospecting and research expenses incurred prior to operation are recognised as intangible assets, in compliance with IFRS 6 "Exploration for and Evaluation of Mineral Resources". The royalties paid for mining prospecting and exploration are also recognised under intangible assets.	Judgement must be used to determine whether the expenditure on intangibles can be recognised as an intangible asset. If its useful life is limited in time, the intangible asset is amortised on a straight-line basis over the estimated useful life. The goodwill is allocated to the cash-generating unit from where it arose, for the purposes of impairment testing.

At 31 December 2020, as at 31 December 2019, the Group had no rights of use to an "intangible" asset under leases or lease-purchase arrangements (IFRS 16).

10.3.1 Intangible assets by category

(in millions of euros)	Gross amount	Depreciation & amortisation	Impairment losses	Net amount 31/12/2020	Net amount 31/12/2019
Goodwill	216	-	(15)	201	207
Gabon mining reserves	61	(41)	-	20	20
Senegal mining reserves	100	(7)	-	93	96
New Caledonia mining reserves	47	(37)	-	10	11
Other geology, prospecting and research expenses	57	(21)	-	36	42
Software	129	(116)	(1)	12	14
Other intangible assets	51	(39)	-	12	22
Work-in-progress, down-payments	116	-	(20)	96	49
TOTAL	**777**	**(261)**	**(36)**	**480**	**461**

Net goodwill of €201 million at 31 December 2020 (31 December 2019: €207 million) mainly stems from:

- the acquisition of the Norwegian company Eralloys Holding A/S in 2008 for €150 million (31 December 2019: €150 million), allocated to the Eramet Norway CGU;
- and the acquisition of Mineral Deposit Limited on 1 July 2018, resulting in goodwill of €51 million (31 December 2019: €56 million) allocated to the Mineral Sands CGU.

10.3.2 Change over the period

(in millions of euros)	FY 2020	FY 2019
At beginning of period	**461**	**455**
Investments for the period	53	34
Disposals for the period	-	-
Depreciation and amortisation for the period	(18)	(15)
Impairment losses for the period	(3)	(1)
Reversals in the period	-	1
Change to consolidation scope	-	-
Revised goodwill amount for Mineral Sands	-	(22)
Hyperinflation	1	2
Translation adjustments and other movements	(14)	7
AT PERIOD CLOSE	**480**	**461**

10.4 Impairment of assets and impairment losses

Accounting method

Impairment tests are performed regularly: systematically at least once a year at the annual reporting date for goodwill and intangible assets with indefinite lives, and where there are indications of impairment. For intangible assets and items of property, plant and equipment with finite lives, impairment tests are carried out where there are indications of impairment.
Impairment testing consists in comparing the carrying amount of assets with their recoverable amount, which is defined as the higher of the value in use (or recoverable amount through use) and the fair value (or recoverable amount through sale), less selling costs.
Impairment losses are calculated as the difference between the recoverable and net book value and are recognised in the income for the period under Other operating income and expenses (Note 6).
Impairment losses recognised in goodwill are not reversible. For the other assets, previously recognised impairment losses are measured at each reporting date to identify whether the losses have decreased or no longer exist. An impairment loss is reversed only if the carrying amount of the asset does not exceed its net book value, as it would have been determined had no impairment been recognised.

Estimates, assumptions and judgements

Cash-generating units (CGU) are homogeneous groups of assets whose continuous use generates independent cash flows.
The Eramet Group has defined its CGUs with reference to the various production sites of the Nickel, Manganese and Mineral Sands BUs, and the High Performance Alloys Division.
Impairment tests are performed for each CGU. All intangible assets, including goodwill, and all items of property, plant and equipment are allocated to CGUs.
At 31 December 2020, the Eramet Group is divided into ten CGUs, distributed as follows:

- two CGUs in the Nickel Business Unit;
- four CGUs in the Manganese Business Unit;
- one CGU in the Mineral Sands Business Unit;
- one CGU in the Lithium business unit.
- two CGUs in the High Performance Alloys Division;

The CGUs are unchanged from 31 December 2019.
Eramet Group's General Management determines the existence of events calling for impairment testing based on several criteria. Impairment loss indicators correspond mainly to changes and fluctuations in:

- raw material prices and the selling price of finished goods;
- economic and regulatory environment and market conditions;
- interest rates;
- technological level;
- asset performance and obsolescence.

An impairment test is carried out on the CGUs concerned when these indicators show a negative development.
To determine the value in use, the Eramet Group uses the method of discounted future cash flows generated from the use of the assets. The data used to calculate the discounted forecast cash flows is taken from the annual budgets and multiyear plans prepared by the Management of the CGUs concerned. These plans are created on the basis of 5-year projections, in keeping with mining and industrial cycles, plus a final value corresponding to the capitalisation to infinity of normative cash flows. Plans for certain CGUs are prepared for longer periods corresponding to the operating period of the sites without assigning a terminal value.
The growth rates used are the same as those used in budgets. The growth rates to infinity used for the terminal values are generally between 1% and 1.5%, depending on the CGU.
The discount rate applied to calculate the value in use is the weighted average cost of capital (WACC), namely:

- 10% for mining activities (also 10% in 2019);
- 8.9% for alloy activities (also 8.9% in 2019);
- 10% for the Mineral Sands CGU (10.5% in 2019).

The Eramet Group may measure the recoverable amount using other methods that it deems relevant in the context of the CGUs concerned. These methods may include estimated transaction values.
Whatever the method used, the assumptions used are Management's best estimates. The Eramet Group regularly reviews its estimates and assessments to take account of past experience and other factors that are deemed relevant with regard to economic conditions.

The change in impairment of assets and other impairment losses is broken down as follows:

(in millions of euros)	31/12/2019	Impairment FY 2020	Translation adjustments and other	31/12/2020
Nickel BU	(20)	(54)	3	(71)
High Performance Alloys Division	(261)	(231)	60	(432)
Manganese BU	(12)	(80)	(7)	(99)
Mineral Sands BU	-	-	-	-
Lithium BU	-	(113)	24	(89)
Holding and others	(1)	(16)	1	(16)
TOTAL	**(294)**	**(494)**	**81**	**(707)**
Goodwill	(15)	(1)	1	(15)
Intangibles	(18)	(2)	(1)	(21)
Property, plant and equipment	(261)	(486)	81	(666)
IFRS 16 rights of use	-	(5)	-	(5)

10.4.1 Sensitivity

Sensitivity is determined with reference to changes in future cash flows and discount rates.

The Eramet Group's cash projections for its mining and metallurgical businesses are highly dependent on the sale price assumptions, especially that of ores (nickel, manganese, zircon, etc.), on euro-dollar parity, and on global demand for products sold by the Group.

SLN CGT – Nickel BU

The value in use is extremely sensitive to the price of nickel – the main hypothesis of the impairment test for this CGU.

This commodity is traded on the London Metal Exchange (LME). Directly observable forward prices do not reflect the long-term price. The values used are determined by reference to the average sector values and are more conservative than this average.

The selected prices are thus integrated into the multi-year business plan, which allows the cash flow projections of the CGU to be determined.

However, there is strong interdependence between the different variables, namely the value of the dollar, the price of Brent crude oil and the price of nickel, which generally do not impact the test in the same way.

A decrease of $0.5/lb in the target nickel price, a 0.5% increase in the discount rate, or a decrease of 0.5% in the long-term growth rate under identical operating conditions would not result in recognition of an impairment loss, however, would reduce the margin of comfort on SLN. On the other hand, if the long-term price levels were to be revised downwards substantially and/or the economic conditions required for the rescue plan (see Note 2.4) were not fulfilled, the test could result in an impairment loss.

Gabon and manganese alloys CGUs – Manganese BU

Manganese ore is not a listed commodity. The price is adjusted according to supply and demand, particularly concerning alloy production forecasts and the marginal capacity of the South African producer.

To determine the forecast price of manganese ore, the Eramet Group uses an internal model that takes into account the marginal cost of South African production, available logistical means (trains or trucks) and ZAR/USD parity.

The price forecasts thus determined are integrated into the business plans of the Gabon and manganese alloys CGUs. These price forecasts can be compared with studies issued by the CRU (Commodities Research Unit), an independent body that carries out studies on certain metals, including manganese.

Regarding the Gabon CGU, a 0.5% increase in the discount rate, a 0.5% decrease in long-term growth rate or a fall of 1% in the EBITDA margin of the final year would not result in the recognition of an impairment loss.

Mineral Sands CGU

More than half of the CGU's revenues come from the sale of titanium raw materials, about one third from the marketing of zircon, and more marginally from ferrous materials.

Titanium raw materials, in the form of titanium slag or titanium dioxide, are intended for the pigment market, while zircon is produced for the ceramics market.

None of these products are listed. In both cases, the price forecasts used in the business plan are determined by reference to the analyses of sector specialists (TZMI), using the lower range of their forecast.

Regarding the Mineral Sands CGU, a 0.5% increase in the discount rate, a 0.5% decrease in long-term growth rate or a fall of 1% in the EBITDA margin of the final year would not result in the recognition of an impairment loss.

Aubert & Duval CGU – High Performance Alloys division

As indicated in Note 2.1, a material impairment was booked in 2020 on the Aubert & Duval CGU to factor in the consequences of the Covid-19 pandemic on the aeronautics market. Aubert & Duval's business plan is based on the estimates of prime manufacturers and Aubert & Duval's capacity to deliver its products in the context of the reorganization under way. If these conditions are not met or if they are significantly delayed, additional impairment losses may be booked.

Erasteel CGU – High Performance Alloys division

Sandouville CGU – Nickel BU

Impairments were recognised for these two CGUs in the amount of €34 million and €54 million, respectively (see Note 2.1). Delays to business plans caused by market conditions (the automotive and electronics markets) would not have a material impact, since tested assets are largely depreciated.

Lithium CGU

As stated in Note 2.2, following the mothballing of the Lithium project in Argentina, the Lithium CGU has been written down significantly, to the tune of €144 million, including €113 million in asset impairments and €31 million in mothballing expenses. In the current favourable context for lithium, the residual value maintained on the balance sheet, based on estimated reserves and industry comparables, could be revised upwards depending on the future of the project.

10.4.2 Residual values by CGU group

The residual values of invested capital are detailed as follows by CGU group:

(in millions of euros)	FY 2020	FY 2019
NICKEL BU		
Net intangible assets and property, plant & equipment(1)	572	620
Working capital requirement	67	112
Total	**639**	**732**
HIGH PERFORMANCE ALLOYS DIVISION		
Net intangible assets and property, plant & equipment(1)	101	304
Working capital requirement	238	326
Total	**338**	**630**
MANGANESE BU		
Net intangible assets and property, plant & equipment(1)	1,257	1,230
Working capital requirement	180	340
Total	**1,437**	**1,569**
MINERAL SANDS BU		
Net intangible assets and property, plant & equipment(1)	660	703
Working capital requirement	15	20
Total	**675**	**722**
LITHIUM BU		
Net intangible assets and property, plant & equipment(1)	50	103
Working capital requirement	(13)	(32)
Total	**37**	**71**
HOLDING AND OTHERS		
Net intangible assets and property, plant & equipment(1)	47	55
Working capital requirement	(11)	(5)
Total	**36**	**50**
ERAMET GROUP		
Net intangible assets and property, plant & equipment(1)	2,687	3,015
Working capital requirement	475	760
TOTAL	**3,162**	**3,775**

(1) Including rights of use for leases.

Capital employed is defined as the sum of net tangible assets, property, plant and equipment and working capital requirements. It is used to determine the accounting values of assets tested as part of asset impairment tests.

10.5 Investments in joint ventures and associates

Accounting method	Estimates, assumptions and judgements
Joint ventures are companies over which Eramet has joint control, meaning that the decisions concerning the relevant activities require the unanimous consent of all controlling parties. Associates are companies over which the Eramet Group has significant influence. Joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. Their carrying amount includes the goodwill determined at their acquisition less accumulated impairment. The consolidated financial statements include Eramet's share in earnings and the equity movements of the companies accounted for using the equity method, after adjustments to bring the accounting rules of those companies in line with those of the Eramet Group. The dividends received from joint ventures and associates are deducted from their balance sheet value. An impairment test is carried out when there are indicators that the recoverable amount may fall below its carrying amount (Note 10).	Significant influence exists when Eramet has the powers to take part in financial and operating decisions of the Company but does not exercise control or joint control over these policies. Eramet has significant presumed influence if it holds 20% to 50% of the voting rights of a company. Eramet Group's General Management determines the existence of events calling for impairment testing under the same conditions as those given in the Impairment of assets section.

10.5.1 Breakdown by entity

(in millions of euros)			Share of		Share of	
			Profit (loss)	Shareholders' equity	Profit (loss)	Shareholders' equity
Company	Country	% holding	FY 2020	31/12/2020	FY 2019	31/12/2019
UKAD	France	50%	8	-	(2)	(8)
Total joint ventures			**8**	**-**	**(2)**	**(8)**
Strand Minerals – Weda Bay	Indonesia	43%	79	99	(2)	29
EcoTitanium	France	22%	(1)	-	(2)	1
Total associates			**78**	**99**	**(4)**	**30**
TOTAL INVESTMENTS IN JOINT VENTURES AND ASSOCIATES			**86**	**99**	**(7)**	**22**

The Strand Minerals-Weda Bay line includes the share of profit (loss) generated by the entity attributable to the Eramet Group in the amount of €48 million.

It also includes €31 million essentially linked to recognition of deferred tax assets on the revaluations posted for the equity consolidation of the platform in June 2018 (the negative difference between the depreciation base of the assets in local data and in consolidated data). The rationale for recognition of these items in the period is the successful start-up of the activity and its good future prospects.

10.6 Other non-current financial assets

Accounting method	Judgements
Other non-current financial assets include other long-term financial assets and non-consolidated equity investments. Other long-term financial assets relate to loans or current accounts extended to non-consolidated companies or companies under joint control. They are initially recognised at fair value plus acquisition costs and are measured on each reporting date at amortised cost using the effective interest rate (EIR) method, less any offsetting provisions for impairment losses recognised in financial income for the period. Non-consolidated equity investments are recognised in the balance sheet at their acquisition cost or their value on the date of their deconsolidation, less any offsetting provisions for impairment losses recognised in income for the period, to reflect changes in the fair value of this asset category.	The Eramet Group has divided its non-consolidated subsidiaries into two categories: controlled companies that are not consolidated owing to their low impact on the Eramet Group's financial statements; non-controlled companies corresponding to holdings in companies over which the Eramet Group has no control or significant influence.

10.6.1 By category

(in millions of euros)	Gross amount	Impairment	Net amount 31/12/2020	Net amount 31/12/2019
Deposits and guarantees	16	-	16	13
Other financial assets	318	(136)	182	226
Other non-current financial assets	334	(136)	198	257
Non-consolidated equity investments	166	(148)	18	18
TOTAL	**500**	**(284)**	**216**	**257**

Other non-current financial assets chiefly relate to financial current accounts or loans granted to non-consolidated companies (essentially entities in the High Performance Alloys Division) or equity affiliates (Weda Bay, UKAD, EcoTitanium), due in more than one year.

10.6.2 Change

(in millions of euros)	31/12/2020	31/12/2019
At beginning of period	**257**	**235**
Net change in financial assets – Statement of flows	(14)	22
Acquisition/disposal of equity investments	-	6
Impairment	(25)	(3)
Other movements	1	(3)
AT PERIOD CLOSE	**219**	**257**

10.6.3 By currency (excluding consolidated equity investments)

(in millions of euros)	31/12/2020	31/12/2019
Euro	45	60
US dollar	145	142
CFP franc	8	14
Other currencies	3	23
TOTAL	**201**	**239**

10.6.4 By interest rate type (excluding consolidated equity investments)

(in millions of euros)	31/12/2020	31/12/2019
Interest-free	8	7
Fixed interest rates	55	32
Variable interest rates	138	200
TOTAL	**201**	**239**

Interest-free items mainly relate to deposits and guarantees as well as certain loans to employees.

10.6.5 Non-consolidated equity investments

(in millions of euros) Company	Country	% holding	Gross amount	Impairment	Net amount 31/12/2020	Net amount 31/12/2019
MAIN CONTROLLED COMPANIES:						
• Aubert & Duval S.A. (Irun) (ex-Metallied)	Spain	100%	2	(2)	-	-
• Erasteel GmbH	Germany	100%	3	(0)	3	3
• Eramet Alloys UK Ltd	United Kingdom	100%	3	(1)	2	3
• Aubert & Duval Mold and Die Technology	China	85%	3	-	3	3
• Sodépal	Gabon	100%	13	(13)	-	-
• GCM Liquidation Co (formerly GCMC)	Gabon	100%	92	(92)	-	-
• Maboumine	Gabon	76.14%	26	(26)	-	-
MAIN NON-CONTROLLED COMPANIES:						
• SQuAD	India	50%	8	(5)	3	4
Other companies			16	(9)	7	5
TOTAL			**166**	**(148)**	**18**	**18**

Controlled but non-consolidated companies are mainly sales entities, the services of which are fully assigned to the Eramet Group, and industrial companies (shaping, wire-drawing and drawing of metallurgical products).

Equity investments in controlled companies are not consolidated since they have no material impact on the Eramet Group's consolidated financial statements.

Note 11 Taxes

This note explains the income tax expense and related tax amounts shown in the income statement and balance sheet. The section on deferred tax provides information on expected future tax payments.

Accounting method	Estimates, assumptions and judgements
Income tax includes both current and deferred tax. The income tax expense is recognised in the income statement, except where it relates to a business acquisition or items recognised directly in equity or in Other comprehensive income. Current income tax includes taxes that the Eramet Group expects to pay on its taxable income for the reporting period at the prevailing tax rates or rates substantively enacted at the reporting date, as well as any adjustments for tax relating to prior reporting periods. Deferred tax is recognised as temporary differences between the carrying amount of the assets and liabilities measured for the purposes of financial reporting and the tax basis of those assets and liabilities measured at the income tax rate and tax laws enacted or substantively enacted at the reporting date and effective in the period in which these temporary differences should be used. Deferred tax assets, including those related to loss carry-forwards, which are determined by fiscal entity, are recognised whenever it can be shown that they are likely to be realised. The deferred tax assets and liabilities are classified in the balance sheet as non-current items and are offset if the entity has a legally enforceable right of set-off as is the case with the French tax consolidation group. Deferred tax liabilities on investments in subsidiaries, associates and joint ventures are recognised unless where the Eramet Group can determine the timetable for the reversal of the related temporary differences, and where it is likely that such differences will not reverse in the foreseeable future. Provisions are made for non-recoverable tax on dividends planned in the foreseeable future. The Group does not report deferred taxes on first-time recognition of the right of use and the lease liability, as it does when accounting for finance leases under IAS 17.	The Eramet Group operates in several countries. Its income is therefore taxed at various income tax rates. Given the magnitude of the operations and the complexity of tax regulations, the Eramet Group must assess uncertainties and exercise judgement to estimate the tax amount that it will eventually pay. The tax amount finally paid depends on various factors that include negotiations with tax authorities and the outcome of tax audits. The Eramet Group estimates deferred tax based on the temporary differences between the assets and liabilities shown in its consolidated financial statements and the tax bases of these assets and liabilities determined under the applicable tax laws. The deferred tax asset amount is generally recognised insofar as a probable taxable profit will be available in the future against which deductible temporary differences can be used. Consequently, the deferred tax asset that is recognised and considered as realisable can be reduced if the projected profit cannot be obtained. To assess the likelihood that these assets will be realised, the Eramet Group reviews the following information in particular: • projected future profitability; • extraordinary losses not expected to recur in the future; • past taxable profits; and • tax strategies.

11.1 Income tax

(in millions of euros)	FY 2020	FY 2019
Current tax	(119)	(169)
Deferred tax	(2)	(58)
INCOME TAX INCOME (EXPENSE)	**(121)**	**(227)**

11.2 Effective tax rate

(in millions of euros)	FY 2020	FY 2019
Operating income	(455)	223
Financial income	(186)	(134)
Pre-tax profit (loss) of consolidated companies	**(641)**	**89**
Standard tax rate in France *(in percent)*	32.02%	34.43%
Theoretical tax income/(expense)	**205**	**(31)**
Impact on theoretical tax of:		
• permanent differences between accounting and taxable profit	(45)	(21)
of which related to changes in consolidation scope	-	-
• taxes on dividend distribution (withholding tax)	(1)	(4)
• impairment of Assets	-	1
• standard rate differences in foreign countries	(7)	4
• changes in the tax rate	(41)	(20)
• tax credits	0	3
• unrecognised or limited deferred tax assets	(216)	(129)
• miscellaneous items	(15)	(30)
ACTUAL TAX INCOME/(EXPENSE)	**(121)**	**(227)**
TAX RATE	**(19)%**	**254%**

FY 2020

Unrecognised or limited deferred tax assets relate mainly to the tax loss carry-forwards of Société Le Nickel-SLN, tax loss carry-forwards in France and the limited deferred taxes on asset impairments over the period.

The impact of changes in the tax rate boils down to the difference between the current rate (32.02%) and the deferred rate (25.83%) on the main bases of deferred tax assets in France.

FY 2019

Unrecognised or limited deferred tax assets relate mainly to the tax loss carry-forwards of Société Le Nickel-SLN and the French tax consolidation.

The impact of changes in the tax rate boils down to the difference between the current rate (34.43%) and the deferred rate (25.83%) on the tax loss carry-forwards of the French tax consolidation.

The difference in current tax rates of foreign countries comes mainly from Norway with a tax rate of 22%.

Miscellaneous items include those related to the Comilog tax audit.

11.3 Main standard tax rates in foreign countries

(%)	FY 2020	FY 2019
China	25.0%	25.0%
United States	22.25%	22.25%
Gabon	35.0%	35.0%
Norway	22.0%	22.0%
New Caledonia	35.0%	35.0%
Sweden	21.4%	21.4%

11.4 Change in tax receivables and tax payables

(in millions of euros)	31/12/2020	31/12/2019
At beginning of period	**(35)**	**(113)**
Current tax – income statement	(119)	(169)
Tax paid	72	248
Translation adjustments and other movements	4	(1)
AT PERIOD CLOSE	**(78)**	**(35)**
• Current tax receivables	14	14
• Current tax payables	(92)	(49)

11.5 Deferred taxes in the balance sheet

11.5.1 Breakdown by category

(in millions of euros)	31/12/2020	31/12/2019
Tax loss carry-forwards[1]	5	5
Intangible assets and property, plant & equipment	22	21
Inventory measurement	35	40
Financial instruments	8	8
Employee-related liabilities	48	58
Other provisions for liabilities and charges	42	41
Other items	21	21
Deferred tax assets before netting	**181**	**194**
Deferred tax netting by tax entity	(179)	(186)
Deferred tax assets	**2**	**8**
Regulated provisions and special amortisation and depreciation	(294)	(296)
Intangible assets and property, plant & equipment	(64)	(66)
Inventory measurement	(14)	(16)
Financial instruments	(5)	-
Employee-related liabilities	-	(5)
Other provisions for liabilities and charges	(12)	(14)
Distribution of dividends	(3)	(3)
Other items	(9)	(9)
Deferred tax liabilities before netting	**(401)**	**(409)**
Deferred tax netting by tax entity	179	186
Deferred tax liabilities	**(222)**	**(223)**
NET DEFERRED TAX LIABILITIES	**(219)**	**(215)**
(1) Limited deferred tax assets for tax loss carry-forwards	*729*	*618*

11.5.2 Change in deferred taxes in the balance sheet

(in millions of euros)	Assets	Liabilities	Net FY 2020	Net FY 2019
At beginning of period	**8**	**(223)**	**(215)**	**(201)**
Deferred tax offset in shareholders' equity	1	(4)	(3)	2
Deferred tax on profit (loss)	(14)	12	(2)	(58)
Deferred tax netting by tax entity	7	(7)	-	-
Other movements	1	(1)	-	45
Translation adjustments and other	(1)	2	1	(3)
AT PERIOD CLOSE	**2**	**(221)**	**(219)**	**(215)**

3

Note 12 Employee charges and benefits

12.1 Workforce and personnel costs

12.1.1 Average workforce and workforce at end of period by Division

The average workforce and workforce at end of period include all fully consolidated companies at 31 December of each year.

	FY 2020	31/12/2020	FY 2019	31/12/2019
	Average workforce	Workforce at period end	Average workforce	Workforce at period end
Workers	1,427	1,482	1,334	1,401
Administrative, technical and supervisory staff	655	667	644	641
Management	197	202	178	183
Nickel BU	**2,279**	**2,351**	**2,156**	**2,225**
Workers	2,110	2,125	1,961	1,980
Administrative, technical and supervisory staff	1,436	1,478	1,383	1,381
Management	652	671	611	630
Manganese BU	**4,198**	**4,274**	**3,954**	**3,991**
Workers	438	411	447	505
Administrative, technical and supervisory staff	349	358	304	306
Management	192	196	187	184
Mineral Sands BU	**978**	**965**	**938**	**995**
Workers	20	10	33	29
Administrative, technical and supervisory staff	82	57	54	85
Management	23	16	23	26
Lithium BU	**124**	**83**	**111**	**140**
Workers	2,513	2,391	2,629	2,606
Administrative, technical and supervisory staff	1,578	1,560	1,552	1,591
Management	603	599	566	594
High Performance Alloys Division	**4,694**	**4,550**	**4,748**	**4,791**
Workers	0	0	0	0
Administrative, technical and supervisory staff	177	176	162	172
Management	296	297	268	286
Holding and others	**473**	**473**	**429**	**458**
Workers	6,508	6,419	6,404	6,521
Administrative, technical and supervisory staff	4,276	4,296	4,099	4,176
Management	1,962	1,981	1,833	1,903
TOTAL	**12,746**	**12,696**	**12,336**	**12,600**

The total workforce managed in the HR reporting system implemented by the Group, which includes non-consolidated companies and companies accounted for using the equity method (excluding Weda Bay), totalled 13,129 employees at 31 December 2020 (13,097 employees at 31 December 2019).

12.1.2 Personnel costs by category

(in millions of euros)	FY 2020	FY 2019
Wages and salaries	(518)	(512)
Social security contributions and other personnel costs	(201)	(188)
Profit sharing	(6)	(15)
Share-based payment	(6)	(9)
Personnel costs subtotal	**(731)**	**(724)**
Personnel costs – temporary staff	(27)	(29)
TOTAL PERSONNEL COSTS INCLUDING TEMPORARY STAFF	**(757)**	**(753)**
Personnel costs (including temporary staff) as a % of sales	21%	20%
CICE (tax credit for competitiveness and employment – shown deducted from personnel costs)	-	7

12.2 Employee-related liabilities

The Eramet Group offers its employees many long-term benefits, such as retirement packages, pension plans, healthcare plans and long-service awards. The characteristics of these benefits vary in line with the governing laws and regulations in each country and the agreements in force in each company.

Accounting method

Employee-related liabilities are either defined benefit plans or defined contribution plans. Defined benefit plans specify the amount that an employee will receive at the time of retirement whereas defined contribution plans specify how the contributions are calculated.

Defined contribution plans
For these plans, the Eramet Group makes payments to a fund manager and is released from its obligations for the current period and prior periods. As a result, these plans do not show any deficit or surplus and are not included in the balance sheet. The contributions are expensed when paid.

Defined benefit plans and other long-term benefits
A defined benefit plan is a post-employment benefit plan that is distinct from the defined contribution plan. The cost of the retirement benefits and other benefits accrued to employees is established actuarially for each plan using the projected unit credit cost method. They are assessed annually by independent actuaries. The obligations of the Eramet Group are recognised as balance sheet liabilities and correspond to the difference between the present value of the obligations in respect of defined benefits and the fair value of plan assets at the reporting date. Plan assets consist of assets held in pension funds or insurance policies.
The costs of services rendered are recognised in Current operating income in the period in which they are incurred. The costs of past services resulting from amendments and curtailments to the plan, as well as the gains and losses upon plan settlement are recognised in Other operating income and expenses. The interest expense for net obligations is included in Other financial income and expenses. The actuarial gains (losses) (including the impact of foreign exchange) on plan assets and the obligation in respect of defined benefits are recognised directly in Other comprehensive income for the period in which they arise. They are recognised immediately in income in the case of long-term benefits.

Estimates, assumptions and judgements

The cost of employee benefits and the value of the obligations are calculated using assumptions such as discount rates, salary increases, retirement age, life expectancy, inflation and cost of healthcare. These assumptions are determined annually by the Eramet Group's Management.
The discount rates used are mostly calculated for each zone or country based on the average rates of private issuers observed in those zones or countries at each reporting date.
The rates vary from country to country:

- in the Eurozone and in the United States, the discount rates were determined on the basis corporate bonds;
- in Norway, the discount rate is determined based on secured bonds (such as mortgage-backed bonds);
- in New Caledonia, given that the corporate and government bond markets are illiquid, the rate used is determined with reference to the French sovereign bond rate adjusted for discounting and local inflation;
- in Gabon and Senegal, the discount rates used are based on the local governments bonds rates.

12.2.1 Main actuarial assumptions and related sensitivity

The actuarial assumptions used vary according to the economic and demographic conditions existing in the country in which the plan is in force. The main actuarial assumptions used for measuring these liabilities are as follows:

	31/12/2020		31/12/2019	
	Rate		Rate	
	Discount	Inflation	Discount	Inflation
Eurozone	0.80%	1.80%	1.10%	1.80%
United States	2.30%	2.00%	3.00%	2.00%
Norway	1.70%	1.75%	2.40%	1.75%
New Caledonia	1.70%	1.50%	2.10%	1.50%
Gabon	5.00%	3.00%	7.00%	2.50%
Senegal	4.00%	2.00%	8.00%	2.00%

12.2.2 Sensitivity

An increase or decrease of 0.5 percentage point in the discount rate or inflation rate, with other actuarial assumptions remaining constant, will have the following impact on period-end commitments:

	Discount rate				Inflation rate			
	Increase +0.5%		Decrease -0.5%		Increase +0.5%		Decrease -0.5%	
(in millions of euros)	in millions of euros	in %	in millions of euros	in %	in millions of euros	in %	in millions of euros	in %
France	(19)	- 9%	15	7%	(2)	- 1%	-	0%
United States	(2)	- 6%	2	6%	-	0%	-	0%
Norway	(0)	- 6%	-	0%	-	0%	(1)	- 13%
New Caledonia	(2)	- 4%	2	4%	-	0%	-	0%
Gabon	(1)	- 3%	1	3%	-	0%	-	0%
Senegal	(0)	0%	0	0%	-	0%	-	0%
Other countries	(1)	- 8%	1	9%	1	11%	(1)	- 11%
TOTAL	**(25)**	**- 7%**	**21**	**6%**	**(1)**	**0%**	**(2)**	**- 1%**

12.2.3 Description of the main defined benefit plans and associated risks

The Eramet Group's main defined benefit plans are offered in France, United States, Gabon and New Caledonia. The main plan assets are therefore located in these countries. The main characteristics of the plans described below relate to these four countries.

Retirement packages are generally paid as a lump sum or annuities determined on the basis of the employee's length of service, final salary or average final remuneration. Pre-retirement and supplementary healthcare benefits and life insurance are also provided under the pension plan, along with long-service awards in the form of a lump sum that varies according to the number of years' service completed.

In the United States, most defined benefit plans are no longer accessible to new employees. They participate in defined contribution plans.

In New Caledonia, the obligations also include the payment of a loyalty bonus awarded after 10 years of service and then every five years, calculated as a percentage of the basic salary, as well as the granting of plane tickets whose number, value and frequency depends on the employee's professional category.

12.2.4 Risks associated with the plans

The Eramet Group is exposed to the standard risks inherent to defined benefit plans, such as higher-than-expected salary increases, increased inflation rates or lower-than-expected returns, as well as actuarial risks, especially investment risk, interest rate risk and longevity risk. The plans are also exposed to the risk of internal negotiation to reach a more favourable agreement, and the risk of increase in taxes or annuities for supplementary pension plans.

12.2.5 Governance policy

Under the laws governing defined benefit plans, it is the Eramet Group's duty to manage the plan assets and design investment policies that define, for each prefinanced plan, the investment objectives, the asset allocation target, risk mitigation strategies, and other components required by law for pension plans.

12.2.6 Investment policies and risk management initiatives

The investment policies are designed to obtain long-term return on investment which, combined with contributions, will enable the plans to have sufficient assets to be able to pay the promised benefits while keeping risk at an acceptable level.

The asset allocation target is determined on the basis of the expected market conditions and climate, the maturity profile of plan liabilities, the level of cover of the respective plans, and the risk tolerance of the plans' beneficiaries.

In France, the plans are funded by insurers through group life insurance contracts. The investments are made by the insurers in their respective Euro funds. These funds, of which over 80% is invested in *buy and hold* rate products, have suffered from a deterioration in bond returns for some years now and are still exposed to default risk on returns in a protracted low interest rate period.

In the United States, the financial management of funds is entrusted to various asset managers who are among the key players in the business. Index-based management is used for the most part and active management for the remainder. Globally, 80% of the asset allocation is in US corporate bonds denominated in USD, with the objective of matching the liability duration. The remaining 20% is invested in funds in American equities, world equities and emerging market equities and bonds. The risks inherent to these financial assets are therefore curve risk, duration risk, credit risk and inflation risk for bonds, and market risk and capital risk for equities.

12.2.7 Overall cost of employee-related liabilities

The cost of employee-related liabilities is recognised in the Income Statement and in the Statement of comprehensive income below:

	Pension plans		Retirement package		Other benefits		Total employee related liabilities	
(in millions of euros)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Service cost	2	2	7	7	3	3	12	12
Past service cost[1]	-	(7)	-	-	-	-	-	(7)
Net interest expense	1	1	3	3	1	1	5	5
Other adjustments					(2)	2	(2)	2
Cost recognised in income	**3**	**(4)**	**10**	**10**	**2**	**6**	**15**	**12**
Impact of revaluation on commitments	2	23	(5)	8	(1)	2	(4)	33
• experience	1	9		-		1	1	10
• demographic assumptions		-		-		-	-	-
• financial assumptions	1	14	(5)	8	(1)	1	(5)	23
Impact of revaluation on pension plan assets	(1)	(5)		-			(1)	(5)
Cost recognised in other comprehensive income	**1**	**18**	**(5)**	**8**	**(1)**	**2**	**(5)**	**28**
TOTAL COST RECOGNISED IN COMPREHENSIVE INCOME	**4**	**14**	**5**	**18**	**1**	**8**	**10**	**40**

(1) Pension plan changes and curtailments.

12.2.8 Change in obligations and plan assets

The table below illustrates the change in obligation by plan type, distribution by beneficiary and based on whether or not pre-financing is used, as well as the change in the fair value of the plan assets and its differentiation by category (listed and unlisted assets).

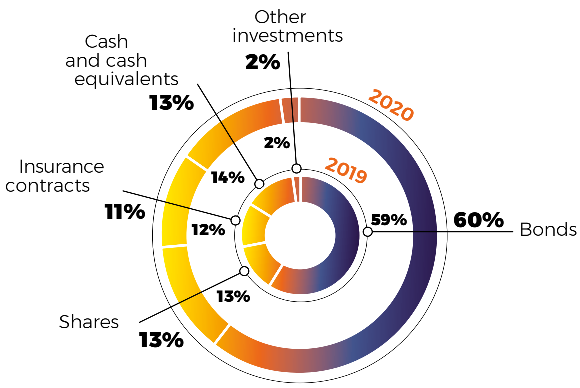
	Pension plans		Retirement package		Other benefits		Total employee related liabilities	
(in millions of euros)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
CHANGE IN OBLIGATION								
Obligation at beginning of period	**183**	**166**	**117**	**105**	**50**	**46**	**350**	**317**
Cost recognised in income	4	(2)	10	10	3	4	17	12
Impact of revaluation	2	23	(5)	8	(1)	4	(4)	35
Contributions and benefits paid	(6)	(6)	(5)	(7)	(3)	(4)	(14)	(17)
Change to consolidation scope		-		-		-	-	-
Translation differences and other movements	(7)	2		1	1	-	(6)	2
Obligation at period close (I)	**176**	**183**	**117**	**117**	**50**	**50**	**343**	**349**
Obligation attributable to								
• *Working beneficiaries*	*43*	*68*	*117*	*117*	*43*	*43*	*203*	*228*
• *beneficiaries entitled to deferred benefits*	*17*	*13*					*17*	*13*
• *pensioners*	*116*	*102*			*7*	*7*	*123*	*108*
	176	***183***	***117***	***117***	***50***	***50***	***343***	***349***
Commitments								
• *prefinanced*	*147 84%*	*142 78%*	*51 44%*	*52 44%*	*-*	*-*	*198 58%*	*194 56%*
• *not financed*	*29 16%*	*41 22%*	*66 56%*	*65 56%*	*50 100%*	*50 100%*	*145 42%*	*155 44%*
	176	***183***	***117***	***117***	***50***	***50***	***343***	***349***
CHANGE IN PLAN ASSETS								
Fair value of plan assets at beginning of period	**110**	**106**	**25**	**24**			**135**	**130**
Interest income recognised in income	2	3		1			2	4
Impact of revaluation	1	5					1	5
Contributions paid	16	-			1	1	17	1
Benefits paid	(5)	(4)			(1)	(1)	(6)	(5)
Change to consolidation scope	-						-	-
Translation differences and other movements	(6)	-					(6)	(1)
Fair value of plan assets at period close (II)	**118**	**110**	**25**	**25**	**-**	**-**	**143**	**134**
Plan assets								
• *listed on an active market*	*116 98%*	*107 97%*	*25 100%*	*25 100%*	*-*	*-*	*141 99%*	*132 95%*
• *unlisted*	*2 2%*	*3 3%*	*-*	*-*	*-*	*-*	*2 1%*	*2 1%*
	118	***110***	***25***	***25***	***-***	***-***	***143***	***134***
NET LIABILITIES IN THE BALANCE SHEET (I) - (II)	**58**	**73**	**92**	**92**	**50**	**50**	**200**	**215**

The table below shows the breakdown between the main countries, the obligations in connection with employee-related liabilities, plan assets, net liability and financial cover ratio.

(in millions of euros)	31 December 2020				31 December 2019			
	Value current bonds (a)	Fair value of assets plan (b)	Net liabilities on the balance sheet (a) + (b)	Rate of hedging financial - (b) / (a)	Value current bonds (a)	Fair value of assets plan (b)	Net liabilities on the balance sheet (a) + (b)	Rate of hedging financial - (b) / (a)
France	210	(97)	113	46.2%	217	(85)	132	39.2%
United States	36	(25)	11	69.4%	37	(27)	10	73.0%
Norway	8	(2)	6	25.0%	9	(3)	6	33.3%
New Caledonia	45	(12)	33	26.7%	47	(12)	35	25.5%
Gabon	35	-	35	-	30	-	30	-
Senegal			-	-	-	-	-	-
Other countries	9	(7)	2	77.8%	9	(7)	2	77.8%
TOTAL	**343**	**(143)**	**200**	**41.7%**	**349**	**(134)**	**215**	**38.4%**

The chart below illustrates how the funds are invested.

Distribution as a percentage of fund investments by asset class



12.2.9 Projected cash outflows

The global average term was 12 years at 31 December 2020 (31 December 2019: 11.6 years).

In 2021, contributions for employee-related liabilities are estimated at €10 million. Future benefits, whether paid by levies on investments or directly by the Eramet Group, are estimated at €16 million.

12.2.10 Bonus share plan and share-based payments

Accounting method

The Eramet Group has established various share award plans that are all equity-settled plans: “democratic” plans open to all employees that are not subject to performance criteria and “selective” plans open to certain employees and corporate officers subject to performance requirements.

The fair value of the services received in consideration for the granting of these options is definitively measured with reference to the fair value of the options on the grant date and the number of options that will have vested by the end of the vesting period.

The total fair value thereby determined is apportioned on a straight-line basis over the full vesting period for the plans, with the number of vested exercisable options assumed at the beginning of the vesting period being reviewed at every reporting date.

This fair value is recognised in Current operating income as administrative and selling expenses, offset by an increase in shareholders’ equity.

Estimates, assumptions and judgements

Judgement must be exercised to determine the fair value of share award plans at the award date.

The fair value of "democratic" plans is estimated using the Black-Scholes-Merton model.

"Selective" plans are subject to two performance conditions: one intrinsic condition based on the Eramet Group's financial performance and one external condition based on the Eramet stock performance. The fair value of these plans is measured using the Monte Carlo model.

The assumptions used to measure the plans are based on:

- expected volatility determined on the basis of an observation of the stock's historical performance;
- a risk-free zero coupon rate over the term of the plan;
- a future distribution rate based on the average for the last five years.

The bonus share awards to employees with tax residence in France fully vest after a two-year vesting period for democratic plans, and after three years for selective plans, on the understanding that the beneficiaries must retain the shares awarded to them for an additional two years.

The bonus share awards to employees with tax residence outside France fully vest and are freely transferable after a four-year period.

Share-based payments relate only to bonus share plans for the benefit of employees and settled in the form of shares. They represented an expense of €6 million for the 2020 reporting period (FY 2019: €9.0 million).

A new bonus share plan was granted on 12 March 2020:

open to certain employees and corporate officers:

- a portion of the shares are subject to three performance conditions. The first, tied to corporate social responsibility, covers 20% of the shares. The second relates to internal conditions with two indicators (EBITDA and ROCE) covers 50%, and an external condition, covering 30%, yields an initial total of 117,940 shares; and
- part of the shares are not subject to performance conditions, for an initial total of 11,103 shares.

The criteria for share awards and the assessment of the accounting expense are the same as those described above.

3

The characteristics of the two new bonus share plans for 2020 are as follows:

		Number of shares	Exercise price *(in euros)*	Maturity *(years)* (1)	Risk-free rate	Average dividend rate	Fair value of the option *(in euros)* (2)
Plan open to all employees	France/Italy	-	free	-	-	-	-
	Worldwide	-	free	-	-	-	-
Plan open to certain employees and corporate officers	France/Italy	97,293	free	3 + 2	- 0.65%	1.00%	22.35 / 16.02
	Worldwide	31,750	free	4 + 0	- 0.57%	1.00%	22.13 / 16.73

(1) Maturity = vesting period + lock-in period.

(2) Bonus share award plans whose share awards are subject to two performance conditions have two fair values: the first being the intrinsic condition and the second being the external condition.

The change in the number of bonus share awards in the 2019 and 2020 reporting periods was as follows:

Number of bonus shares	31/12/2020	31/12/2019
At beginning of period	**469,544**	**505,362**
New plans 2019/2020	129,043	149,385
Definitive allocations	(119,197)	(128,228)
Prescribed shares	(5,500)	(17,974)
Lapsed shares	(61,728)	(39,001)
AT PERIOD CLOSE	**412,162**	**469,544**
DISTRIBUTION BY YEAR OF ALLOCATION		
2020	-	153,842
2021	120,940	138,247
2022	122,642	133,664
2023	137,960	43,791
2024	30,620	-

Note 13 Provisions

A provision is a debt recorded in the balance sheet. It is an estimated value owing to uncertainty as to the time of payment and the amount to be paid. The main provisions set aside by the Eramet Group relate to site restoration and environmental and social risks (especially restructuring).

Accounting method

The Eramet Group sets aside a provision, where its amount can be reliably estimated, to cover all liabilities arising from past events that are known at the reporting date and the settlement of which is likely to result in an outflow of resources to settle the liability.

Provisions for site restoration and decommissioning, provisions for environmental risks
The provisions for mining site restoration are recognised when mining sites are opened and as and when they show degradation and are then remeasured and accreted at each reporting date. Where there is a legal or contractual obligation to restore mining or industrial sites, a restoration provision is made, offset by an environmental and decommissioned asset. The provision is based on site-by-site estimates of the cost of this work. The asset is amortised over the life of the operation of the mine or the industrial site. Restoration costs are discounted over the period remaining until the expected end of operation of the mine or site, and the effects attributable to the passage of time (accretion expenses) are recognised in Net income for the period under Other financial income and expenses (see Note 7). Provisions are made for all other environmental contingencies on the basis of estimated future costs without, however, making any allowance for insurance indemnities receivable. For industrial sites where there are no plans to discontinue operations, no provision is made for site restoration.
Depending on the governing laws in each country, an environmental bond issued by a banking or financial institution to the benefit of local authorities may need to be set up for the rehabilitation of mining and industrial sites.

Restructuring and redundancy plans
Provisions are made for restructuring and redundancy costs where such measures have been planned in detail and announced before the reporting date or whose implementation has begun.

Estimates, assumptions and judgements

Provisions for site restoration and decommissioning
The Group's industrial sites comply with the environmental regulations in force in each country where they are located. The Eramet Group must meet regulatory and constructive obligations with regard to the restoration of certain mining sites at the end of operation. Provisions for site restoration and decommissioning of industrial sites are estimated on the basis of forecast cash flows by maturity and discounted using an inflation rate and a discount rate determined in accordance with local economic conditions.
These provisions are recognised in relation to the immediate deterioration of an asset to be restored or decommissioned and changes in assumptions will therefore correct this value with a prospective effect.
The Eramet Group measures its provision for site restoration and decommissioning at each reporting date or as new information becomes available. The final costs of site restoration and decommissioning are therefore uncertain by their very nature. These uncertainties may lead to actual expenditure in the future whose amount may differ from the current provision amount. Therefore, major adjustments may be made to the provisions set aside, which may impact future income.
The provisions made are based on good practice in the sector and are calculated as follows:

- For mining, calculation of a cost per hectare for site restoration (replanting, landscaping, soil management, etc.) based on the cleared areas. The costs are based on estimated internal costs or the cost of providers, depending on the nature and complexity of the areas to be restored.
- For the decommissioning of facilities,, cost estimation based on external estimates or experience from decommissioning/remediation work performed on other group sites.
- These costs are inflated and accreted based on the estimated useful lives. The estimated rates, including the discount rate, are fixed according to the same terms as those used for the assessment of employee-related liabilities (see Note 12).

The provision for site restoration represents the best estimate of the discounted value of future costs to be incurred.

(in millions of euros)	FY 2020		FY 2019	
At beginning of period		**662**		**605**
Allocations (reversals) for the period		(13)		-
• allocations for the period	52		97	
• used (reversals) for the period	(36)		(87)	
• unused (reversals) for the period	(29)		(10)	
Accretion expenses		9		9
Decommissioned assets		80		-
Translation adjustments and other movements		(2)		48
AT PERIOD CLOSE		**736**		**662**
• Long-term portion		649		639
• Short-term portion		87		23
Environmental contingencies and site restoration		615		542
Employees		11		9
Other liabilities and charges		110		111

3

13.1 Site restoration, decommissioning and environmental risks

(in millions of euros)	31/12/2020	31/12/2019
Site restoration[1]	555	474
Environmental contingencies	60	68
TOTAL	**615**	**542**
(1) Of which provisions offsetting a decommissioned asset	*501*	*417*
• Long-term portion	609	541
• Short-term portion	6	1

13.1.1 Site restoration and decommissioning

(in millions of euros)	FY 2020		FY 2019	
At beginning of period		**474**		**413**
Allocations (reversals) for the period		(1)		2
• allocations for the period	6		6	
• used (reversals) for the period	-		(4)	
• unused (reversals) for the period	(7)		-	
Accretion expenses		9		9
Decommissioned assets		80		48
Translation adjustments and other movements		(7)		2
AT PERIOD CLOSE		**555**		**474**
Société Le Nickel-SLN (New Caledonia) – Nickel BU		445		388
Comilog (Gabon) – Manganese BU		55		39
Eramet Marietta (United States) – Manganese BU		37		31
Comilog France – Manganese BU		13		13
Other companies		5		3

13.1.2 Regulatory framework of provisions for site restoration and decommissioning

New Caledonia

For mining, the 2009 mining code establishes the general framework. The provisions are allocated to each of the mine sites in their prefectural operating licence.

For industrial operations governed by ICPE (Installation Classified for the Protection of the Environment), the regulatory framework is based on Article 3 of the decision of the Southern Province of 25 September 2008, whose implementation involves the application of certain metropolitan circulars relating to site safety.

The provisions for wash facilities (industrial facilities on mine sites) are for their part included in the ICPE prefectural orders for each of the sites concerned.

Gabon

The existing provisions used as a reference for Gabon have not been set out in detail (no implementing circular). However, rehabilitation projects are based on the decree establishing the conditions for application of Law No. 005/2000 of 12 October 2000 (mining code), as amended and supplemented by Order 2002 on the Mining Code in the Gabonese Republic.

The provision under Article 78 was also accounted for, in line with Article 21.5 of the Comilog Mining Convention.

United States

Provision is made for two key components:

- restoration of wastewater basins, a regulatory requirement contained in the local permit ("Permit to Install");
- work performed as part of the "Voluntary Action Plan" negotiated with the US Environmental Protection Agency (EPA) in 2010 in connection with the "Ohio waste laws" as part of the cessation of activities at the North site (asbestos removal and decommissioning of the corresponding facilities).

Senegal

The new mining Code in force in Senegal since 8 November 2016 specifies that the dismantling and restoration obligations are not applicable to GCO. However, a provision has been set aside to meet the obligations inherent in the Group's new environmental responsibility policy. It only covers the obligations to dismantle the facilities. Rehabilitation of sites for which mining constraints have been lifted are being provisioned gradually.

The discount and inflation rates used to determine the site restoration and decommissioning provisions are detailed below:

	31/12/2020		31/12/2019	
	Discount rate	Inflation rate	Discount rate	Inflation rate
United States	2.30%	2.00%	3.00%	2.00%
New Caledonia	1.70%	1.50%	2.10%	1.50%
Gabon	5.00%	3.00%	7.00%	2.50%

An increase or decrease of 0.25% in the discount rate would result in an increase or decrease of around €40 million in provisions at 31 December 2020 (31 December 2019: €23 million), mainly affecting Société Le Nickel-SLN in New Caledonia.

Estimated expenditure is allocated as follows in percentage terms:

(in millions of euros)	31/12/2020	31/12/2019
2021-2025 / 2020-2024	10%	12%
2026-2030 / 2025-2029	3%	3%
2031 and beyond / 2030 and beyond	87%	85%

13.2 Personnel

(in millions of euros)	31/12/2020	31/12/2019
High Performance Alloys Division	5	4
Restructuring and redundancy plans	**5**	**4**
Other labour liabilities and charges	6	5
TOTAL	**11**	**9**

13.3 Other liabilities and charges

(in millions of euros)	FY 2020		FY 2019	
At beginning of period		**111**		**122**
Allocations (reversals) for the period		(2)		(9)
• allocations for the period	34		71	
• used (reversals) for the period	(24)		(70)	
• unused (reversals) for the period	(12)		(10)	
Translation adjustments and other movements		1		(3)
AT PERIOD CLOSE		**110**		**111**
Provision for free return – Concession		21		12
Commercial disputes		73		62
Other provisions for liabilities and charges		16		36

The Commercial disputes line includes the provision for quality risk at Aubert & Duval (see Note 2).

Note 14 Related-party transactions

Accounting method

Transactions with related parties comprise the following:
- ordinary transactions with non-consolidated companies and associates;
- gross compensation and benefits to Directors and members of the Executive Committee.

14.1 Ordinary transactions with non-consolidated companies and associates

14.1.1 Income Statement

(in millions of euros)	FY 2020	FY 2019
TURNOVER		
• Non-consolidated controlled subsidiaries	8	13
• Associates and joint ventures	4	4
EXPENSES INCLUDED IN CURRENT OPERATING INCOME		
• Non-consolidated controlled subsidiaries	(6)	(4)
• Associates and joint ventures	(85)	(34)
NET DEBT COST		
• Non-consolidated controlled subsidiaries	-	-
• Associates and joint ventures	1	-

Costs primarily relate to €70 million in ore purchases from Weda Bay entities (equity-accounted companies) and €12 million in Aubert & Duval's purchases from UKAD (equity-accounted companies).

14.1.2 Balance sheet

(in millions of euros)	FY 2020	FY 2019
TRADE AND OTHER RECEIVABLES		
• Non-consolidated controlled subsidiaries	3	6
• Associates and joint ventures	29	37
TRADE AND OTHER PAYABLES		
• Non-consolidated controlled subsidiaries	4	5
• Associates and joint ventures	39	4
NET FINANCIAL ASSETS (LIABILITIES)		
• Non-consolidated controlled subsidiaries	8	13
• Associates and joint ventures	188	200

14.2 Gross compensation and benefits to Directors and members of the Executive Committee

(in thousands of euros)	FY 2020	FY 2019
SHORT-TERM BENEFITS		
• Fixed compensation	3,449	3,031
• Variable compensation	2,335	2,308
• Directors' fees	855	813
OTHER BENEFITS		
• Post-employment benefits	1,353	1,349
• Retirement package	-	1,250
• Compensation paid in shares	1,274	2,190
TOTAL	**9,266**	**10,941**

Note 15 Off-balance sheet commitments, other commitments, contingent liabilities and other disclosures

The Eramet Group reached agreements with third parties to cover the good performance of its obligations. These obligations are dependent upon subsequent events that may result in the Eramet Group's making or receiving a payment. They are not recognised in the balance sheet if they are not likely to increase the obligations already reported in the balance sheet.

15.1 Off-balance sheet commitments

(in millions of euros)	31/12/2020		31/12/2019	
Commitments made:		**84**		**77**
• Operating activities	78		72	
• Financing activities	6		5	
Commitments received		**47**		**3**
• Operating activities	47		3	
Credit facilities		-		-

These commitments mostly relate to:

- operating activities: client and environmental bank guarantees, other endorsements and bank guarantees (customs, leases), letters of credit;
- financing activities: guarantees, pledges, collateral and mortgages for external financing of equity method and non-consolidated companies.

Repurchase transaction on bonds held by MSEC to CIC

MSEC entered into a repurchase agreement with CIC bank for bonds held by MSEC. The transaction is for the repo of €78 million of bonds in exchange for €72 million in funding.

The transaction was signed in October 2019 and ended in the period (April 2020).

Existing call options on EcoTitanium (equity consolidated) by UKAD (equity consolidated)

A shareholder agreement between UKAD, ADEME and CACF Développement (joint shareholders in the EcoTitanium entity) grants Ademe and CACF Développement puts on their entire share in the profit of UKAD. These puts are based on EcoTitanium and UKAD volumes and EBITDA or on the occurrence of specific events.

In this context, Aubert & Duval signed a joint and several guarantee agreement in the event that these puts are not financed.

At 31 December 2020, as at 31 December 2019, these puts have no impact on the consolidated financial statements.

Functional guarantees for the performance of business contracts

Functional guarantees are any commitments relating to business contracts, given by Eramet and its subsidiaries to clients.

These commitments mainly consist of advance payment bonds and product guarantees post-delivery of goods.

To finance the performance of the contract, the Eramet Group collects advance payments from the client. To guarantee their refund in case of a breach of its contractual obligations, the Eramet Group may, at the client's request, establish an advance payment bond. These bank guarantees amounted to €25.5 million at 31 December 2020 (31 December 2019: €22 million).

Product warranties fall under the Eramet Group's limit of liability defined contractually for each business contract. The Eramet Group does not recognise provisions for guarantees given that there have been no warranty claims from its clients.

The Eramet Group considers its financial risk relative to all the above guarantees to be low, based on historical data and on the existence of Civil Liability policies that would limit the financial consequences on the Group's consolidated financial statements.

SLN: retention of mining rights

On 5 February 2019 the Congress of New Caledonia adopted provisions to amend article L.P. 131-12-5 of the Mining Code, which requires operators to survey their entire mining reserves on penalty of forfeiture.

The SLN conducted the geophysical surveys of its entire mining reserves, as required under the new provisions of the mining Code.

It now has a period that expires in December 2024 for its mining claims located in the South Province and in April 2025 for its mining claims in the North Province to provide research-based corroborating evidence of the existence of a resource essential for SLN's process and thus avoid forfeiting its mining concessions.

Other commitments received

Société Le Nickel-SLN has available financing of €20 million from the French government out of a total of €200 million maturing on 30 June 2024.

The amount drawn down at the end of 2020 was €180 million (from €170 million at 31 December 2019).

15.2 Other commitments

Trans-Gabonese railway concession – Setrag

Under the terms of the 2005 agreement, signed for an initial period of 30 years, Setrag, the concession holder, is required to meet operating capacity targets (volume of goods and number of passengers). The concession holder is free to set prices. Its main shareholder, Comilog, is committed to ensuring that the necessary funding is made available to cover the capital expenditure required to achieve the operating capacity targets.

On 16 October 2015, Setrag and the Gabonese Republic signed a first amendment to the concession agreement for the management and operation of the Trans-Gabonese railway. The aim of the amendment is to sustainably restore the technical capacity of the railway and the economic viability of the concession holder.

This amendment thus provides for a remedial investment plan estimated at €316 million over eight years, of which €93 million will be provided by the Gabonese state and €223 million by Setrag. The first phase of the financing required to implement this plan was put in place in 2016. The second phase is currently being negotiated for implementation in the first half of 2021.

At 31 December 2020, cumulative investments in the concessionaire part of the remedial investment plan amounted to €158.5 million. The IFC/Proparco loan was drawn down in 2020 in the amount of €2.6 million. A total of €3.8 million was repaid.

15.3 Contingent liabilities

Contingent liabilities arise from:

- past events which, by nature, can be solved only if one or more unpredictable future events occur or do not occur;
- a current obligation resulting from past events but not recognised because:
  - it is not likely that an outflow of resources embodying economic benefits will be required to settle the obligation, or
  - the amount of the obligation cannot be measured with sufficient reliability.

To measure their potential impact, the Eramet Group exercises judgement to a great extent and may rely on estimated outcomes of future events.

Contingent liabilities are not recognised in the financial statements unless they result from a business combination. Any material contingent liabilities are described in the notes to the financial statements.

Review of the quality process within the High Performance Alloys Division

As indicated in Note 2 "Significant events", a provision of €44 million was maintained to take into account the estimated cost to date of completing the in-depth residual review of the quality processes (€58 million at 31 December 2019 and €65 million at 31 December 2018).

During the finalisation of this review and depending on potential requests from certain customers, additional costs may be incurred, the amount of which cannot be estimated at this stage.

15.4 Other information

Operational risks of the High Performance Alloys Division

The High Performance Alloys Division produces special steels and super alloys, particularly for the aeronautics industry, which are used in the construction of aircraft, helicopters and other equipment produced by its customers in the sector. As such, the Group may be indirectly or directly liable in the event of an incident, loss or accident, death of passengers or operating losses incurred on equipment containing parts manufactured by this Division.

As part of its risk management policy, the Division takes action to control these risks. The effectiveness of such action is reflected in the obtainment and renewal of accreditations or certifications related to this type of industry and the processing and validation, as necessary, of the validation process by customers of the manufactured parts. The Group has also taken out insurance policies to cover residual risks.

ICPE (facilities classified for environmental protection) regulation applicable to the Doniambo power plant

With respect to the Doniambo power plant (Plant B), the order of the President of the Assembly of South Province, New Caledonia, on 12 November 2009, set new, more stringent technical directives regarding airborne emissions. These are applicable to the new power plant (Plant C) at the latest by 1 September 2013.

Without a new plant, this deadline has been extended several times by additional orders including measures aimed at reducing airborne emissions from Plant B.

The most recent order dated 1 July 2019 expired on 11 June 2020. We await notification of a new additional order setting relatively similar requirements to those that already apply to the plant, for a period of five years.

15.5 Information on current procedures

To the best of the Company's knowledge, there are no governmental, legal or arbitration proceedings either pending or threatened that could have, or have had in the past twelve months, a material impact on the Company's financial position or profitability.

Note 16 Fees paid to the Statutory Auditors

	Ernst & Young		KPMG		Other		Total	
(in thousands of euros)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
STATUTORY AUDIT, CERTIFICATION, EXAMINATION OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS								
Eramet S.A.	196	194	188	219	-	-	384	413
Fully consolidated companies	903	965	694	628	258	315	1,855	1,908
Sub-total	**1,099**	**1,159**	**882**	**847**	**258**	**315**	**2,239**	**2,321**
	72%	*75%*	*88%*	*90%*	*36%*	*37%*	*69%*	*69%*
OTHER WORK AND SERVICES DIRECTLY RELATING TO THE STATUTORY AUDIT								
Eramet S.A.	304	143	68	62	-	-	372	205
Fully consolidated companies	82	208	20	-	81	20	182	228
Sub-total	**386**	**351**	**88**	**62**	**81**	**20**	**554**	**433**
	25%	*23%*	*9%*	*7%*	*11%*	*2%*	*17%*	*13%*
OTHER SERVICES PROVIDED BY THE STATUTORY AUDITOR FIRMS TO THE FULLY CONSOLIDATED COMPANIES								
Legal, tax and employee-related	39	37	-	-	135	261	174	298
Other	9	-	37	37	242	265	288	302
Sub-total	**48**	**37**	**37**	**37**	**377**	**526**	**462**	**600**
	3%	*2%*	*4%*	*4%*	*53%*	*61%*	*14%*	*18%*
TOTAL	**1,533**	**1,547**	**1,007**	**946**	**716**	**861**	**3,256**	**3,354**

Note 17 Events after the reporting date

In May 2020, Eramet announced it had signed an agreement with Tronox Holdings plc for the sale of all shares of TTI (TiZir Titanium & Iron AS, “TTI”), TiZir’s ilmenite transformation plant in Norway. Some conditions were attached to the sale, including obtaining regulatory approvals. Following the UK regulator’s decision to challenge the transaction and refer the proposed acquisition to a Phase 2 investigation, Tronox notified Eramet that it was unilaterally terminating its agreement to acquire the TTI business, a move which stopped the sale process. The termination by Tronox triggered payment of an $18 million break fee in January 2021. The transaction recognised under IFRS 5 “Non-current assets held for sale and discontinued operations” at 30 June 2020 was classed as continued operations at 31 December 2020, unchanged from 31 December 2019, since the IFRS 5 criteria were no longer met on this date.

Note 18 Consolidation principles and scope

18.1 Consolidation principles

The consolidated financial statements of Eramet Group comprise the financial statements of Eramet and those of its fully-consolidated and equity-method subsidiaries.

The subsidiaries are fully consolidated if Eramet holds exclusive direct or indirect control. Eramet has exclusive control over a subsidiary when it is exposed to variable returns from its involvement with that subsidiary and has the ability to affect those returns through its power over the subsidiary. Eramet reassesses its control over a subsidiary if facts and circumstances indicate a change to any audit elements.

The subsidiaries are accounted for using the equity method if Eramet exercises joint control or has significant influence (Note 9). The equity method of accounting consists of replacing the carrying amount of the holding in a joint venture or an associate by the acquisition cost of these shares adjusted for Eramet’s share in the equity at the reporting date.

18.2 Translation of foreign currency-denominated transactions and financial statements

Foreign currency transactions are translated at the applicable exchange rate at the time of the transaction. Foreign currency debts and receivables are measured at the closing rate. Translation adjustments resulting from this conversion are recognised in income for the period, except those involving loans and borrowings between the Eramet Group companies, considered an integral part of the net investment in a foreign subsidiary. These are recognised directly in shareholders' equity under Translation adjustments, linked to the foreign subsidiary.

The financial statements of foreign entities with functional currencies other than the euro were translated using the official exchange rates at 31 December 2020 for balance sheet items, except for shareholders' equity, for which historical rates were applied. Items from the Income statement and Statement of cash flows are translated at the average rate over the period. Translation adjustments stemming from currency fluctuations used to translate shareholders' equity and profit (loss) for the period are allocated to reserves. Translation adjustments are carried as a change to shareholders' equity and broken down between Group and non-controlling interests. Where a foreign subsidiary ceases to be consolidated, the cumulative amount of translation differences is recognised in profit or loss for the period.

The main currencies used to prepare the consolidated financial statements for the 2019 and 2020 reporting periods are as follows (conversion into euro):

	FY 2020		FY 2019	
Currency/conversion rate for €1	closing	average	closing	average
US dollar	1.2271	1.13997	1.1234	1.11987
Norwegian krone	10.4703	10.71691	9.8638	9.84907
Yuan Renminbi	8.0225	7.86664	7.8205	7.73305
CFA franc (pegged)	655.957	655.957	655.957	655.957
CFP franc (pegged)	119.33174	119.33174	119.33174	119.33174

18.3 Scope of consolidation

(number of companies)	31/12/2020	31/12/2019
Fully consolidated companies	45	46
Equity method companies	4	4
NUMBER OF CONSOLIDATED COMPANIES	**49**	**50**

FY 2020

There were no changes to the scope of consolidation at 31 December 2020 compared to 31 December 2019, with the exception of:

- Transfer of all assets and liabilities (merger) of Valdi to Erasteel SAS;

FY 2019

There were no changes to the scope of consolidation at 31 December 2019 compared to 31 December 2018, with the exception of:

- the merger of DNN Industrier with TiZir Titanium & Iron;
- the sale of Eramet Comilog Shanghai Trading to Eramet International, leaving the scope of consolidation;
- the creation of Eramet Mineral Sands SAS, a subsidiary of Eramet S.A., fully consolidated.

18.4 List of companies within the scope of consolidation as at 31 December 2020

				Percentage *(%)*	
Company	Country	Head office	Consolidation method	control	interest
Eramet	**France**	**Paris**	**Consolidating entity**	-	-
NICKEL					
Société Le Nickel-SLN	New Caledonia	Noumea	Fully consolidated	56	56
Weda Bay Minerals Inc.	Canada	Halifax	Fully consolidated	100	100
Strand Minerals Pte Ltd	Singapore	Singapore	Equity method	43	43
Pt Weda Nickel Ltd	Indonesia	Jakarta	Equity method	38.7	38.7
Eramet Holding Nickel	France	Paris	Fully consolidated	100	100
Eramet Sandouville	France	Sandouville	Fully consolidated	100	100
Eramet Nickel SAS	France	Paris	Fully consolidated	100	100
MANGANESE					
Eramet Holding Manganèse	France	Paris	Fully consolidated	100	100
Eramet Comilog Manganese	France	Paris	Fully consolidated	100	81.86
Eramet Marietta Inc.	United States	Marietta	Fully consolidated	100	100
Eramet Norway A/S	Norway	Porsgrunn	Fully consolidated	100	100
Comilog S.A.	Gabon	Moanda	Fully consolidated	63.71	63.71
Setrag S.A.	Gabon	Libreville	Fully consolidated	100	63.71
Comilog Holding	France	Paris	Fully consolidated	100	63.71
Comilog International	France	Paris	Fully consolidated	100	63.71
Port Minéralier d'Owendo S.A.	Gabon	Libreville	Fully consolidated	97.24	61.95
Comilog France	France	Paris	Fully consolidated	100	63.71
Comilog Dunkerque	France	Paris	Fully consolidated	100	63.71
Comilog Asia Ltd	Hong Kong	Hong Kong	Fully consolidated	100	92.74
Comilog Far East Development Ltd	Hong Kong	Hong Kong	Fully consolidated	100	92.74
MINERAL SANDS					
Eramet Mineral Sands	France	Paris	Fully consolidated	100	100
Eralloys Holding A/S	Norway	Baerum	Fully consolidated	100	100
Mineral Deposit Ltd	Australia	Melbourne	Fully consolidated	100	100
Mineral Deposit Ltd Mining	Australia	Melbourne	Fully consolidated	100	100

Company	Country	Head office	Consolidation method	Percentage (%) control	Percentage (%) interest
TiZir Ltd	United Kingdom	London	Fully consolidated	100	100
TiZir Titanium & Iron A/S	Norway	Tyssedal	Fully consolidated	100	100
TiZir Mauritius Ltd	Mauritius	Mauritius	Fully consolidated	100	100
Grande Côte Operations S.A.	Senegal	Dakar	Fully consolidated	90	90
LITHIUM					
Eramine	France	Paris	Fully consolidated	100	100
Bolera Minera S.A.	Argentina	Buenos Aires	Fully consolidated	82.43	82.43
Eramine Sudamerica S.A.	Argentina	Buenos Aires	Fully consolidated	100	100
ALLOYS					
Erasteel SAS	France	Paris	Fully consolidated	100	100
Erasteel Champagnole	France	Champagnole	Fully consolidated	100	100
Erasteel Kloster AB	Sweden	Söderfors	Fully consolidated	100	100
Erasteel Stubs Ltd	United Kingdom	Warrington	Fully consolidated	100	100
Erasteel Inc.	United States	New Jersey	Fully consolidated	100	100
Erasteel Innovative Materials Co Ltd	China	Tianjin	Fully consolidated	100	100
Eramet Holding Alliages	France	Paris	Fully consolidated	100	100
Aubert & Duval	France	Paris	Fully consolidated	100	100
Interforge	France	Clermont-Ferrand	Fully consolidated	95.7	95.7
Brown Europe	France	Laval-de-Cère	Fully consolidated	100	100
EcoTitanium	France	Paris	Equity method	22.40	22.40
UKAD	France	Paris	Equity method	50	50
HOLDING AND OTHERS					
Eras S.A.	Luxembourg	Luxembourg	Fully consolidated	100	100
Metal Securities	France	Paris	Fully consolidated	100	100
Metal Currencies	France	Paris	Fully consolidated	100	100
Eramet Services	France	Paris	Fully consolidated	100	100
Eramet Ideas (previously Eramet Research)	France	Trappes	Fully consolidated	100	100

Glossary

EBITDA

Earnings before financial income and expenses and other operating income and expenses, income tax, provisions for liabilities and charges, and depreciation of property, plant and equipment and amortisation of intangible assets.

Current operating income (COI)

Includes EBITDA (as defined above), depreciation of property, plant and equipment, amortisation of intangible assets and provisions for liabilities and charges. Current operating income excludes material transactions that are considered unusual in nature, in particular events related to restructuring and impairment losses, shown in operating income and expenses.

Net income, Group share

Net income for the period after tax, attributable to Eramet shareholders, after accounting for the non-controlling interest in each of the Eramet Group companies

OCI (Other Comprehensive Income)

Transactions for which the change in value of an asset or liability is recognised directly in equity without passing through the income statement. This is the case, for example, for unrealised gains or losses on hedging instruments, actuarial gains and losses relating to employee benefits, and certain translation differences.

Industrial investments

Includes the acquisition of property, plant and equipment and intangible assets.

Group reporting

Financial information prepared for the Executive Committee, the chief operating decision-maker (CODM). This information is reconciled with published data and is used to measure the performance of the Eramet Group, its Divisions and Business Units (segment information – see Note 3). It is also used for the Eramet Group's financial reporting.

Net financial debt

Represents the gross financial debt (long and short-term borrowings) less cash and cash equivalents and current financial assets. These items include the valuation of debt-hedging derivatives.

Gearing

Ratio of net financial debt to total equity (Group non-controlling interest).

Financial liquidity

Includes cash and cash equivalents, current financial assets and the available amount in the credit facilities made available to Eramet Group companies.

Statutory Auditors' Report on the consolidated financial statements

For the year ended 31 December 2020

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by the Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Eramet S.A., for the year ended December 31, 2020,

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit, Risks and Ethic Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors for the period from January 1st, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Emphasis of Matter

Without qualifying our conclusion, we draw your attention to the following matter set out in the notes to the consolidated financial statements:

- Note 2.4 "Continuation of the rescue plan and new business model of Société Le Nickel-SLN (SLN), obtaining of export authorization", which sets out the continuation of the plan together with the framework for assessing going concern matters of SLN;
- Note 2.5 "Review of the quality process within the High Performance Alloys division" which sets out the framework for the internal review of the quality process within Aubert & Duval and the related provision recognized, amounting to €44 million at December 31, 2020; and Note 15.3 "Off-balance sheet commitments, other commitments, contingent liabilities and other disclosures", the paragraph on the "Review of the quality process within the High Performance Alloys division", which indicates that during the finalization of this review and depending on potential requests from certain customers, additional costs may be incurred and cannot be estimated at this stage;
- Note 3.2 "change of accounting method: new presentation of the profit & losses accounts » which sets out the change of accounting method happened during the year of the profit & losses accounts presentation

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken to address the public health emergency have had numerous consequences for companies, particularly on their operations and financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is against this complex, changing backdrop that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment testing of goodwill, intangible assets and property, plant & equipment

Risks identified

At December 31, 2020, fixed assets amounted to €2,687 million.

As indicated in Note 10.4 of the Notes to the consolidated financial statements, the Group regularly performs impairment tests, systematically at least once a year when it issues its annual report on goodwill and intangible assets with indefinite useful lives, or where there are indications of impairment. For intangible assets and items of property, plant and equipment with finite lives, impairment tests are carried out where there are indications of impairment.

Cash-generating units (CGU) are homogeneous groups of assets whose continuous use generates independent cash flows.

Impairment tests are performed for each CGU. All intangible assets, including goodwill, and all items of property, plant and equipment are allocated to CGUs.

Eramet Group's General Management determines the existence of events calling for impairment testing based on several criteria. An impairment test is carried out on the CGUs concerned when these indicators show a negative trend.

Impairment testing consists in comparing the carrying amount of assets with their recoverable amount, which is defined as the higher of value in use (or recoverable amount through use) and fair value (or recoverable amount through sale), less selling costs.

To determine value in use, the Eramet Group mainly uses discounted cash flows generated from the use of the assets or other methods if circumstances allow another approach to market value. The data used to calculate the discounted forecast cash flows is taken from the annual budgets and multi-year plans prepared by the management of the CGUs concerned, taking into account the effects of the Covid-19 crisis on medium- and long-term plans, as mentioned in Notes 2.1 and 2.2 to the consolidated financial statements.

Impairment losses are calculated as the difference between the recoverable amount and the carrying amount, if the carrying amount exceeds the recoverable amount.

Impairment testing is a key point of the audit due to the material importance of the value of the non-current assets in the Group's financial statements and because the calculation of their recoverable amount, most often based on projected discounted cash flows, requires the use of assumptions, estimates or assessments.

Audit procedures implemented in view of the identified risks

We examined the process of identifying the impairment indicators and the procedures for implementing the impairment tests, including on the cash generating units (CGUs) of the Mining and Metals Division: the Lithium CGU, the SLN CGU, the Sandouville CGU, the Gabon and Manganese Alloys CGU, the Mineral Sands CGU and the Aubert & Duval and Erasteel CGUs of the High Performance Alloys Division.

In the context of our audit of the consolidated financial statements, our work on this subject mainly consisted of:

- assessing the completeness of the elements making up the carrying amount of the CGUs relating to the tested activities and how consistent the calculation of this amount was with the way in which cash flow projections were determined for value in use;
- studying the consistency of:
  - past and future cash flows with the latest management estimates as presented to the Board of Directors as part of the budget process;
  - the information taken into account in these models with regard to our knowledge of the sector and the activity within the scope of our assignment, in particular the examination of the strategic plan and interviews with management control;
- the price parameters used by the Group (industry consensuses for nickel and internal company analyses for manganese);
- assessing the appropriateness of the discount rates applied to the estimated cash flows by specifically ascertaining that the different parameters making up the weighted average cost of capital of each CGU approximate the return expected by market participants for similar activities, with the assistance of our measurement experts (audit team members);
- studying the value-in-use sensitivity analyses conducted by management, taking into account reasonably possible variation in the main assumptions used;
- verifying the mathematical accuracy of the calculations.

Lastly, we checked that Note 10.4 to the consolidated financial statements provided appropriate information on this subject.

Provisions for site decommissioning and restoration

Risks identified

As mentioned in Note 13 to the consolidated financial statements, the Group recognises provisions for site decommissioning and restoration to cover its environmental obligations, mainly in New Caledonia. At December 31, 2020, these provisions stood at €555 million for the entire Group.

These provisions are estimated on the basis of forecasted cash flows by maturity and discounted using an inflation rate and a discount rate determined in accordance with local economic conditions.

These provisions are recognised in relation to the immediate degradation of an asset to be restored or decommissioned. Subsequent different assumptions will correct this value with prospective effect.

These provisions are measured at each reporting date or as new information becomes available. The final costs of site restoration and decommissioning are by their very nature uncertain. Actual future expenditure may differ from current estimates used to measure the provision.

We considered this subject to be a key point of our audit, given the materiality of the amounts in question, the occasionally distant time horizons for the estimates, the sensitivity of the assumptions and the level of management judgement required to determine these provisions.

Audit procedures implemented in view of the risks

In the context of our audit of the consolidated financial statements, our work on this subject mainly consists of:

- interviewing the persons responsible for environmental matters at Le Nickel-SLN (New Caledonia) and the Group about the framework of their obligations and communication with the authorities;
- examining the procedures implemented by the Group in order to identify and list all of its obligations;
- assessing the accounting framework and permanence of the methods applied;
- obtaining an understanding of the Group's analysis of the corresponding documentation, including consultations with external advisors;
- analysing the various parameters and assumptions used by management to estimate the amount of these provisions, including:
  - the inventory of property and sites to be decommissioned and areas to be restored;
  - restoration cost, particularly pertaining to external estimates and feedback from past experience;
  - the residual useful life of facilities and deposits in line with the technical analyses and the mining plan.
  - the inflation and discounting assumptions used.

Lastly, we examined the information provided in Note 13 to the consolidated financial statements in this regard.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group’s information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (*Code de commerce*), is included in the Group’s management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information must be reported by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Eramet S.A. by the combined shareholders' meeting held on May 29, 2015 for KPMG Audit and Ernst & Young Audit.

As at December 31, 2020, KPMG Audit and Ernst & Young Audit were in the sixth [6th] year of total uninterrupted engagement.

Furthermore, Ernst & Young et Autres Audit had been statutory auditors from 2009 to 2014 and Ernst & Young Audit had been statutory auditors from 1991 to 2008.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit, Risks and Ethic Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit, Risks and Ethic Committee

We submit a report to the Audit, Risks and Ethic Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit, Risks and Ethic Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit, Risks and Ethic Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit, Risks and Ethic Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, on March 30, 2021

The statutory auditors

KPMG Audit

A division of KPMG S.A.
Tour First

Michel Piette — *Partner*

Jérémie Lerondeau — *Partner*

Ernst & Young Audit

Nicolas Macé — *Partner*

3.2 INDIVIDUAL FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

Income statement

(in thousands of euros)	Notes	FY 2020	FY 2019
Sales of goods and merchandise		727,709	658,081
Income from ancillary activities		114,604	73,873
Turnover	**5.1**	**842,313**	**731,954**
Capitalised production		810	2,147
Operating subsidies		9	478
Reversals of provisions and amortisation, transfer of charges		27,325	8,574
Other income		0	8
Other income		**28,144**	**11,207**
Total operating income		**870,457**	**743,162**
Purchase of goods		521,557	447,384
Changes in inventories (goods)		68,503	97,213
Purchase of raw materials and other supplies		102,360	87,494
Changes in inventories (raw materials and supplies)		0	(80)
External purchases and expenses		122,233	98,068
Taxes, duties, and other levies		2,825	487
Wages and salaries		39,261	24,950
Social security contributions		12,165	10,882
Depreciation and amortisation		7,300	7,306
Provisions for current assets		739	0
Provisions for liabilities and charges		11,992	10,591
Other expenses		4,825	2,809
Total operating expenses		**893,761**	**787,105**
Operating revenue		**(23,304)**	**(43,943)**
Financial income	**5.2**	**(864,730)**	**59,460**
Current income before taxes		**(888,034)**	**15,517**
Extraordinary income	**5.3**	**(21,575)**	**(13,162)**
Income taxes		2,253	2,343
NET INCOME		**(907,356)**	**4,697**

Balance sheet – Assets

(in thousands of euros)	Notes	Gross amount	Depreciation, amortisation and provisions	31/12/2020 Net amount	31/12/2019 Net amount
Patents, licenses, rights and similar assets		21,703	17,473	4,230	541
Goodwill		64		64	64
Non-current assets under construction		18,555	18,555	0	0
Intangible assets		**40,321**	**36,027**	**4,293**	**604**
Technical installations, industrial machinery and equipment		496	496	0	60
Other		8,196	2,984	5,212	6,488
Non-current assets under construction		26,465	16,158	10,307	18,351
Property, plant and equipment		**35,157**	**19,638**	**15,519**	**24,899**
Equity investments		3,060,794	1,875,891	1,184,904	1,390,629
Receivables from equity investments	4.2	1,871,235	404,570	1,466,665	1,070,128
Other long-term investments		13,980	11,710	2,271	3,374
Other	4.2	26,528		26,528	15,398
Non-current financial assets		**4,972,538**	**2,292,170**	**2,680,368**	**2,479,530**
Non-current assets	**4.1**	**5,048,016**	**2,347,836**	**2,700,180**	**2,505,034**
Goods		8,223	741	7,482	27,736
Inventories and work in progress	**4.7**	**8,223**	**741**	**7,482**	**27,736**
Advances and down payments on orders		**295**		**295**	**225**
Trade receivables		108,457		108,457	87,812
Other receivables		92,475	63,145	29,330	46,678
Operating receivables	**4.2 & 4.7**	**200,932**	**63,145**	**137,787**	**134,490**
Cash and cash equivalents	**4.3**	**110,383**		**110,383**	**78,933**
Prepaid expenses		3,014		3,014	1,882
Loan issue costs to be deferred		9,052		9,052	12,225
Bond redemption premiums		1,267		1,267	1,556
Adjustment accounts	**4.4**	**13,334**		**13,334**	**15,662**
Current assets		**333,167**	**63,886**	**269,281**	**257,047**
TOTAL ASSETS		**5,381,183**	**2,411,722**	**2,969,461**	**2,762,081**

Balance sheet – Liabilities

(in thousands of euros)	Notes	31/12/2020	31/12/2019
Capital		81,240	81,240
Issue, merger and contribution premiums		377,353	377,352
Legal reserve		8,124	8,124
Other reserves		253,839	253,839
Retained earnings		292,591	287,894
Result for the financial year		(907,356)	4,697
Net position	**4.5**	**105,790**	**1,013,146**
Regulated provisions	4.8	7,608	7,608
Shareholders' equity		**113,398**	**1,020,754**
Proceeds from equity issues		95,701	95,701
Other equity	**4.9**	**95,701**	**95,701**
Provisions for liabilities		17,615	23,836
Provisions for charges		2,151	2,078
Provisions for liabilities and charges	**4.8**	**19,766**	**25,914**
Bond issues		908,705	1,157,682
Borrowings and debt with credit institutions		1,576,253	165,896
Intercompany current account liabilities		67,408	142,261
Financial debts	**4.10**	**2,552,366**	**1,465,839**
Advances and deposits received on current orders		4,234	
Trade payables and related accounts		132,310	106,520
Tax and payroll payables		24,555	22,446
Operating debts	**4.10 & 4.11**	**156,864**	**128,966**
Liabilities on non-current assets and related accounts		1,208	639
Other liabilities		25,434	23,891
Miscellaneous liabilities	**4.10 & 4.11**	**26,642**	**24,530**
Adjustment accounts	**4.11**	**490**	**376**
Liabilities		**2,740,596**	**1,619,711**
Translation adjustments - liabilities		0	0
TOTAL LIABILITIES		**2,969,461**	**2,762,081**

3

Net debt table

(in thousands of euros)	FY 2020	FY 2019
OPERATING ACTIVITIES		
Net income	(907,356)	4,697
Elimination of income and expenses with no impact on cash flow or not related to operating activities	883,130	122,544
Cash flow from operations	**(24,226)**	**127,241**
Change in operating working capital requirement	46,646	(19,270)
Net cash flow generated by operating activities	**22,420**	**107,971**
INVESTMENT ACTIVITIES		
Net payments for non-current financial assets	(434,291)	(65)
Payments for intangible assets and PP&E	(13,004)	(19,800)
Disposal of non-current assets	60	2,600
Change in other receivables and payables	3,133	11,410
Net cash used in investment activities	**(444,103)**	**(5,855)**
EQUITY TRANSACTIONS		
Dividends paid to Eramet S.A. shareholders	0	(15,936)
Share capital increases	0	5
Net cash used in financing activities	**0**	**(15,931)**
INCREASE (DECREASE) IN NET CASH	**(421,683)**	**86,185**
Net cash (borrowings) at beginning of period	**(243,356)**	**(329,541)**
Net cash (borrowings) at period end	**(666,449)**	**(243,356)**

Notes to the individual financial statements

Note 1 Description of activities

The Group is one of the world's leading producers of:

- alloy metals, especially manganese and nickel, which are used to improve the properties of steel;
- alloys and high-performance special steels used by industries such as aeronautics, power generation and tooling.

The Group is structured into Business Units, in turn grouped in two Divisions corresponding to Group activities: Mining and Metals and High Performance Alloys.

Eramet S.A., the parent company, has two main functions:

- a pure holding function called Eramet Holding, bringing together the various support services including the Administrative and Financial Department, the Human Resources Department, the Communication and Sustainable Development Department, the Legal Department, the Purchasing Department, the Information Systems Department and the Strategy, Development and Innovation Department;
- the operational activity of the Nickel Business Unit (excluding personnel costs).

The costs of these various services are billed to the Group's various subsidiaries through intermediary management fee contracts. Other operating costs relating to nickel are directly allocated to the Nickel BU.

Eramet also has directly held subsidiaries, acting on behalf of the various entities or for the parent company. These include:

- Eramet Nickel: a company which brings together the personnel of the support functions of the mining divisions (General Management, Sales Department and Industrial Department);
- Eramet Services: a company which includes accounting functions, payroll and IT support for the Group's French companies;
- Eramet Ideas: Eramet's Research Centre, which brings together Research and Development and project and technology engineering activities;
- Eramet International: a company that brings together Eramet's sales network for certain activities of the three divisions. Eramet International has subsidiaries and branches throughout the world. The activity of Eramet International is generally remunerated by agency commission contracts;
- Metal Securities: the Group's cash management company, which centralises cash surpluses and short-term requirements for the Group as a whole;
- Metal Currencies: the Group's foreign exchange management company, which carries out all foreign exchange hedging operations for the Group as a whole;
- ERAS: reinsurance company;
- Eramine: company in charge of developments in lithium.

Note 2 Key events in the reporting period

Equity investments and related receivables – impact of the health crisis

Provisions for impairment of equity investments and related receivables during the year for a total of €872 million had a significant impact on Eramet's net income. This followed the review of certain long-term plans, in particular with regard to the aeronautics sector, which has been hard hit by the health crisis. These provisions, estimated in accordance with Note 3.2 to the accounting rules and policies, concern Eramet Holding Alliages (Aubert & Duval) for a total of €525 million, Eramine (Lithium project) for €147 million, Eramet Sandouville and Eramet Holding Nickel for a total of €123 million, and Erasteel for €77 million.

Lithium project in Argentina mothballed

On 31 December 2019, Eramet announced it was putting the development of lithium in Argentina on hold, since the conditions to launch the project had not been met. With unprecedented coronavirus-induced uncertainty stalking the global economy and pulling down the commodities markets – including lithium, Eramet's Board of Directors decided on 7 April 2020 not to begin building the lithium production plant in Argentina.

As a result, the Group maintained the impairment of all Eramine's equity interests as of 31 December 2020 and recognised an additional provision on the loan granted to this subsidiary in the amount of €147 million.

But this lithium deposit is still an excellent asset with strong future potential for the Group. The competitive process positions it in the 1st quartile of the lithium industry's cash cost with very significant extractable resources of some 10 Mt LCE *(Lithium Carbonate Equivalent).*

Continuation of the recovery plan and new economic model of Société Le Nickel-SLN (SLN)

In New Caledonia, mining production at SLN rose a sharp 16% in 2020 to 5.4 Mth vs. 2019, as the rescue plan ramped up. Exports of nickel ore soared 55% to 2.5 Mth, with an annual rate of 4 Mth based on the month of November. SLN achieved these major advances despite the unrest and blockades in December, which severely disrupted ore production and exports, while also affecting the grade and chemical properties of the ore available to power the Doniambo furnaces. The growth in nickel ore export volumes combined with the rise in ore prices brought down SLN's cash cost by 10% to $5.35/lb on average in 2020. The reduction in production costs shows that the rescue plan, which aims to put SLN on a sustainable footing in the long term, is proving very effective under normal operating conditions. To recap, SLN's rescue plan is built on three pillars: implementing a new business model based on ferronickel production by the plant and low-grade ore exports; improving productivity and reducing energy prices. SLN is currently authorised to export 4 Mth of ore per year. For the rescue plan to succeed, this volume needs to increase to 6 Mth.

At the start of 2021, as unrest and blockades continued at its mines, SLN has been forced to adjust mining and metallurgy operations day-to-day, a move which not only affects the loading of ore vessels but also poses severe problems for the progress of the rescue plan. The company has applied to the president of the Nouméa mixed commercial court to initiate a conciliation procedure with the aim of bringing together all stakeholders as soon as possible and allowing the continued smooth implementation of the rescue plan.

At end December 2020, SLN had €73 million undrawn of the €525 million in loans from Eramet and the French government (granted in December 2015). Under current market conditions and provided the local situation improves, this €525 million financing package (€452 million used at 31 December 2020) will enable SLN to meet its commitments for the next 12 months.

Review of the quality process within the High Performance Alloys Division

Steps to ensure the compliance of quality processes continued with all customers concerned. Joint expert appraisals and comprehensive work in close collaboration with customers were carried out throughout 2020. Complaints were received and are being analysed in discussion with the relevant customers. The balance of the provision was €44 million at 31 December 2020 (€58 million at 31 December 2019). There were no legal developments at Aubert & Duval in connection with the compliance of its quality processes.

Financing

In February 2018, the Group extended the maturity of the €981 million revolver facility to 2023. In February 2019, maturity was extended to January 2024. The entire revolver facility had been drawn down in March 2020.

December 2019 saw the Group arrange a term loan (TL) to finance its general requirements. It matures in two years and Eramet has the option to extend it to January 2024. The amount of this term loan is €350 million, which had been fully drawn down in Q1 2020.

Eramet took out a long-term loan totalling €120 million from the European Investment Bank in 2018. The full amount of this loan had been drawn down in January 2020.

Eramet S.A. secured agreement to suspend calculation of some covenants as of June 2020 in what are known as 'covenant holidays' for June and December 2020 (RCF loan, Term Loan and EIB). It also secured agreement on adjusted calculations for other credit lines subject to covenants on these same dates.

Note 3 Accounting principles, rules and methods

The financial statements of Eramet S.A. as at 31 December 2020 were approved by the Board of Directors on 16 February 2021.

Review of principles

The annual financial statements for the year ended 31 December 2020 have been prepared in accordance with French Accounting Standards Authority (ANC) Regulation No. 2015-06 of 23 November 2015 and Regulation No. 2016-7, amending Regulation No. 2014-03 of 5 June 2014 relating to the general chart of accounts. The Company also applies ANC Regulation No. 2015-05 relating to forward financial instruments and hedging transactions.

The general accounting conventions have been applied in accordance with the principle of prudence and in compliance with the basic assumptions of a going concern, consistency of accounting methods and independence of financial years and according to the rules for drawing up and presenting the annual financial statements.

The basic method used to value recorded items is the historical cost method.

Change of method

There was no other change in method compared with 31 December 2019.

Rules and methods applied to the various balance sheet and income statement items

3.1 Intangible assets and property, plant & equipment

The gross value of non-current assets is the value at which the items were recorded when first acquired by the Company and includes any expenses required to bring them into working order.

Non-current assets not used or whose market value is lower than the carrying value are generally written down through extraordinary depreciation or provisions.

The economically justified depreciation is the straight-line depreciation. This depreciation is calculated over the expected life of the assets.

The useful lives of property, plant and equipment for depreciation purposes are, except in exceptional cases, as follows:

- Buildings: between 20 and 30 years;
- Technical installations: between 12 and 20 years;
- Equipment and tooling: between 3 and 10 years;
- Installations, fixtures and fittings: between 5 and 10 years;

- Transport equipment: between 5 and 8 years;
- Office equipment, computers and furniture: between 3 and 8 years.

The impact of the difference between straight-line depreciation and diminishing value depreciation is recognised through a special depreciation allowance.

3.2 Non-current financial assets

Since 1 January 2006, the gross value of non-current financial assets has been increased by the purchase price excluding incidental expenses. Loans are stated at their nominal value. At the end of the financial year, securities are estimated at their value in use, which takes into account both the net asset value and expected future profitability. When the value in use is less than the gross value, an impairment provision is set aside for the amount of the difference.

3.3 Ongoing development projects

Costs incurred on these projects are initially recognised either as assets or as expenses. If these development projects do not meet sufficient economic criteria or do not succeed, these costs are recognised as expenses, or written down or recognised as exceptional losses. These costs are included in the value of the securities during acquisitions.

3.4 Inventories

Inventories of nickel-bearing products are valued at cost price calculated on a "first-in, first-out" basis. When the value thus obtained is greater than the net realisable value (selling price less selling costs), a provision corresponding to this difference is made.

3.5 Receivables and payables

Currency receivables and payables are re-measured at the prevailing rate at period end.

The effects of currency hedging transactions applied to currency receivables and payables are recognised as foreign exchange gains or losses in the income statement. The contra entry is made in the "Difference in hedging valuation" accounts.

Provisions for impairment of trade receivables are valued on a customer-by-customer basis according to the estimated risk.

3.6 Marketable securities

These are valued at acquisition cost and are subject to impairment provisions if their net asset value (closing price) is lower. Unrealised gains are not recognised.

3.7 Provisions for liabilities and charges

Provisions are made when the risk is estimated to be probable and the amount can be reliably estimated, to cover all liabilities arising from past events that are known at the reporting date and the settlement of which is likely to result in an outflow of resources representing the economic benefits necessary to settle the liability.

Personnel salaries and allowances

Eramet offers its employees various long-term benefits such as retirement packages and other post-employment benefits, such as long-service awards.

Certain commitments are covered completely or partially by contracts with insurance companies.

In this case, commitments and hedging assets are valued independently. A provision is therefore made for the level of commitments and financial assets.

Eramet's commitments are valued by independent actuaries. The actuarial assumptions used (Eramet's probability of maintaining active staff, probability of mortality, retirement age, wage trends, etc.) vary according to the demographic and economic conditions prevailing in the country. The discount rates are based on the rate of government bonds or qualified companies of "Premium Quality" with a duration equivalent to the commitments at the valuation date.

The expected returns on assets over the long term have been determined taking into account the investment portfolio structure.

Bonus share plan for employees

The corresponding provision has been valued based on the value of the treasury shares and the share price at 31 December 2020.

The provision is spread over the vesting period (from two to four years depending on the plan) for Eramet S.A. employees. For other beneficiaries (excluding Eramet S.A.), the provision is created as of the allocation date of the plans.

3.8 Sales

Sales comprise:

- sales of ferronickel (sales and purchases of SLN products);
- nickel salts (purchase/sale of products from the Eramet Sandouville plant);
- provision of services and billing back of shared costs.

Revenue is recognised as sales when the business has transferred the risks and rewards of property ownership to the buyer.

3.9 Net debt table

The net debt table presents the changes in the following balance sheet items:

- Receivables from equity investments (gross value). *See Note 4.2* ;
- Cash and cash equivalents. *See Note 4.3* ;
- Other equity. *See Note 4.9* ;
- Financial debts. *See Note 4.10.*

Note 4 Explanatory notes to the balance sheet

4.1 Non-current assets & depreciation and amortisation

Intangible assets

(in thousands of euros)	Acquisition values 31/12/2019	Acquisitions	Outflows(1)	Acquisition values 31/12/2020
Concessions, patents, licenses, trademarks, processes, rights and similar assets	18,962	4,486	(1,746)	21,702
Goodwill	64			64
Non-current assets under construction	18,555			18,555
TOTAL	**37,580**	**4,486**	**(1,746)**	**40,321**

(1) Disposals, retirements and adjustments.

(in thousands of euros)	Depreciation, amortisation and provisions at 31/12/2019	Allocations	Reversals	Outflows(1)	Depreciation, amortisation and provisions at 31/12/2020
Concessions, patents, licenses, trademarks, processes, rights and similar assets	18,422	797		(1,746)	17,473
Non-current assets under construction	18,555				18,555
TOTAL	**36,952**	**797**	**0**	**(1,746)**	**36,027**

(1) Disposals, retirements and adjustments.

Depreciation and amortisation expenses essentially relate to the new budget simulation tool, cybersecurity software, the overhaul of Eramet, the document management and archiving system and updates to the messaging system – all for the most part acquired in 2020.

Disposals of non-current assets relate to obsolete software.

As a reminder, the non-current assets under construction related to the development of hydro-metallurgical technology were written off in 2015 for €18.5 million following the decision to suspend the hydro-metallurgical process.

Property, plant and equipment

(in thousands of euros)	Acquisition values 31/12/2019	Acquisitions	Outflows(1)	Acquisition values 31/12/2020
Technical installations, industrial machinery and equipment	337	159		496
Other	7,975	221		8,196
Non-current assets under construction	18,328	8,136		26,464
TOTAL	**26,640**	**8,517**	**0**	**35,157**

(1) Disposals, retirements and adjustments.

Acquisitions during the period essential comprise investments to improve the Group’s IT infrastructure, new applications and new computers to be deployed in all subsidiaries.

(in thousands of euros)	Depreciation, amortisation and provisions at 31/12/2019	Allocations	Reversals	Outflows[1]	Depreciation, amortisation and provisions at 31/12/2020
Technical installations, industrial machinery and tooling	277	219			496
Other	1,487	1,521			3,008
Non-current assets under construction	0	16,158			16,158
TOTAL	**1,764**	**17,899**	**0**	**0**	**19,662**

(1) Disposals, retirements and adjustments.

The €16.2 million allowance for impairment of non-current assets under construction recognised during the financial year follows on from the suspension of the Convergence project to design and roll out a new ERP solution in the Group.

Non-current financial assets

(in thousands of euros)	Acquisition values 31/12/2019	Acquisitions	Outflows[1]	Acquisition values 31/12/2020
Equity investments	2,630,228	430,566		3,060,794
Receivables from equity investments	1,239,251	1,133,253	(501,268)	1,871,235
Other long-term investments	16,257	3,594	(5,871)	13,980
Other	15,398	12,597	(1,467)	26,528
TOTAL	**3,901,135**	**1,580,010**	**(508,607)**	**4,972,538**

(1) Disposals, retirements and adjustments.

Changes to the "Equity investments" line come about as a result of the capital increase for Erasteel by incorporating the loan granted in the amount of €146 million, as well as the capital increase for Eramet Holding Alliages in return for the reduction in the loan granted to its subsidiary Aubert & Duval for €284 million.

The increases in "Receivables from equity investments" mainly reflect the €164 million increase in the Aubert & Duval loan, the €110 million increase in the Eramine loan, the €27 million increase in the SLN loan, the €41 million increase in the Eramet Sandouville loan, the €28 million increase in the Erasteel loan, the €21 million increase in the Strand loan and the €729 million increase in the investments with Metal Securities related to the €981 million drawdown on the March 2020 Revolving Credit Facility (RCF).

The reductions in "Receivables from equity investments" mainly reflect transactions on the capital of Erasteel and Eramet Holding Alliages mentioned above, for a total of €430 million, as well as the €36 million partial repayment of the Strand loan.

The line "Other long-term investments" concerns treasury shares. Movements in this item are attributable to share repurchases, mainly due to the allocation to employees of French and foreign companies of selective bonus share plans for 2016 and 2017, and democratic bonus share plans for 2016 and 2018, amounting to €6 million, as well as the net balance of the liquidity agreement.

The shares from the buyback mandates (balance of 109,557 shares as of 31 December 2020) are to be distributed as part of the bonus share plans.

(in thousands of euros)	Depreciation, amortisation and provisions at 31/12/2019	Allocations	Reversals	Outflows[1]	Depreciation, amortisation and provisions at 31/12/2020
Equity investments	1,239,600	636,291			1,875,891
Receivables from equity investments	169,123	251,833	(16,386)		404,570
Other long-term investments	12,883	425		(1,598)	11,710
TOTAL	**1,421,605**	**888,549**	**(16,386)**	**(1,598)**	**2,292,170**

(1) Disposals, retirements and adjustments.

Provisions for impairment of equity investments in Eramet Holding Alliages (€524 million), Eramet Holding Nickel (€21 million) and Erasteel (€91 million) were set aside in 2020.

The Group also set aside provisions for impairment of receivables from equity investments on the Eramet Sandouville loan for €103 million, the Eramine loan for €147 million, as well as €1.5 million on the Eramet Cameroun loan. An impairment provision of €1 million on the CFED loan was reversed due to the partial repayment received during the year. A €14 million impairment provision on the Erasteel loan was also reversed.

Breakdown of equity investments

	31/12/2020			31/12/2019		
(in thousands of euros)	**Gross amount**	**Impairment**	**Net amount**	Gross amount	Impairment	Net amount
Agence Caledonienne de Transit	151		151	151		151
Comilog S.A.	53,407		53,407	53,407		53,407
Eramet Holding Alliages	914,150	(838,243)	75,907	629,584	(313,391)	316,193
Eramet Holding Manganèse	310,156		310,156	310,156		310,156
Eramet Holding Nickel	229,652	(20,722)	208,930	229,652		229,652
Eramet Mineral Sands	50		50	50		50
Enercal	305	(260)	45	305	(260)	45
Eralloys Holding	419,445	(200,638)	218,807	419,445	(200,638)	218,807
Eramet Cameroun	15		15	15		15
Eramet Ideas	1,161		1,161	1,161		1,161
Eramet International	892		892	892		892
Eramet Services	1,540		1,540	1,540		1,540
Eramine	40,040	(40,040)	0	40,040	(40,040)	0
Eras	1,986		1,986	1,986		1,986
Erasteel	444,169	(388,886)	55,283	298,169	(298,169)	0
Metal Currencies	1		1	1		1
Metal Securities	66		66	66		66
Société Le Nickel	0		0	0		0
Strand	421,186	(383,486)	37,700	421,186	(383,486)	37,700
TiZir	218,807		218,807	218,807		218,807
Wedabay Mineral Inc.	3,616	(3,616)	0	3,616	(3,616)	0
TOTAL	**3,060,794**	**(1,875,891)**	**1,184,904**	**2,630,228**	**(1,239,600)**	**1,390,629**

Breakdown of receivables from equity investments

(in thousands of euros)	31/12/2020 Gross amount	31/12/2020 Impairment	31/12/2020 Net amount	31/12/2019 Gross amount	31/12/2019 Impairment	31/12/2019 Net amount
Strand Minerals Ltd/Weda Bay Minerals Singapore	145,525		145,525	176,172		176,172
Aubert & Duval	1		1	120,000		120,000
Erasteel SAS	16,023	0	16,023	134,000	(14,000)	120,000
CFED	34,263	(34,263)	0	35,299	(35,299)	0
Eramine SAS	214,684	(164,684)	50,000	104,403	(17,488)	86,915
Metal Securities	806,303		806,303	77,687		77,687
TiZir	120,998		120,998	124,478		124,478
SLN	273,732		273,732	246,460		246,460
Sandouville	189,506	(189,506)	0	148,360	(86,360)	62,000
Eralloys Holding	53,861		53,861	55,935		55,935
Mineral Deposit Ltd	222		222	222		222
Eramet Cameroun	1,492	(1,492)	0	260		260
Weda Bay Minerals Inc.	14,625	(14,625)	0	15,975	(15,975)	0
TOTAL	**1,871,235**	**(404,570)**	**1,466,665**	**1,239,251**	**(169,123)**	**1,070,128**

4.2 Schedule of receivables

(in thousands of euros)	Gross amount 31/12/2020	1 year or less	Over 1 year	Reminder 31/12/2019
Receivables from equity investments[1]	1,871,235	1,028,579	842,656	1,239,251
Other non-current financial assets[2]	26,528	26,528		15,398
Trade receivables and related accounts	108,457	108,031	426	87,812
Other receivables[3]	92,475	92,475		105,291
TOTAL	**2,098,695**	**1,255,614**	**843,082**	**1,447,753**

(1) Receivables from equity investments: loans to Group companies.

(2) Of which excess €17 million contribution to the supplementary defined benefit pension plan.

(3) Other receivables include, among other things, a €7 million net corporate tax receivable as part of the tax consolidation and fully provisioned costs of €64 million related to the Lithium project (see Note 4.7).

4.3 Cash and cash equivalents

Cash and cash equivalents consist of marketable securities for €5.4 million and bank accounts for €104.9 million.

4.4 Prepaid expenses and accrued income

(in thousands of euros)	31/12/2020	31/12/2019
Prepaid expenses[1]	3,014	1,882
Loan issue costs to be deferred[2]	9,052	12,225
Bond redemption premiums[3]	1,267	1,556
TOTAL	**13,334**	**15,662**

(1) Prepaid expenses relate to prepaid insurance premiums in the amount of €0.9 million (€0.8 million at 31 December 2019), rents and charges for Q1 2021 for €1 million, software maintenance charges for €0.1 million, licence costs amounting to €0.7 million and interest on drawing down the CIR and CICE tax credits with banks for €0.3 million.

(2) Loan issue costs (revolving credit facility, bonds, Borrowing Base, BEI) spread over the term of repayment of the loan.

(3) Premium related to the issue of a new bond loan of €300 million in November 2019.

4.5 Net position

The share capital is broken down as follows:

	31/12/2020				31/12/2019			
	Capital		voting rights		Capital		voting rights	
	%	number of shares	%	number of shares	%	number of shares	%	number of shares
REGISTERED SHARES								
Sorame and Compagnie d'Études Industrielles du Rouvray (CEIR)	36.94	9,840,143	43.78	19,675,977	36.94	9,840,143	43.93	19,675,977
FSI Equation (subsidiary of Bpifrance)	25.57	6,810,317	30.31	13,620,634	25.57	6,810,317	30.41	13,620,634
S.T.C.P.I.	4.02	1,070,587	4.76	2,141,174	4.02	1,070,587	4.78	2,141,174
Eramet S.A.	0.62	165,188	-	-	0.66	176,562	-	-
Eramet S.A. share fund	0.73	195,311	0.69	307,969	0.53	141,297	0.43	193,670
Other	32.12	8,554,459	20.46	9,195,583	32.28	8,597,094	20.54	9,210,988
TOTAL NUMBER OF SHARES	**100.00**	**26,636,005**	**100.00**	**44,941,337**	**100.00**	**26,636,000**	**100.00**	**44,842,443**
• of which registered shares	70.68	18,825,153	82.74	37,186,116	70.23	18,706,172	82.02	36,780,500
• of which bearer shares	29.32	7,810,852	17.26	7,755,221	29.77	7,929,828	17.98	8,061,943

Pursuant to a Shareholders' Agreement concluded on 16 March 2012, which entered into force on 16 May 2012, tacitly renewed by six-month period as of 1 January 2021 (as per the amendment on 30 November 2020, which was notified to the Autorité des marchés financiers (AMF) under No. 220C5283), which was the subject of a decision and information of the Autorité des marchés financiers under No. 212C0647 when it was concluded and decision and information No. 216C1753 relating to the change within the group acting in concert at the time of the acquisition by the Agence des participations de l'État (APE) of the entire share capital of FSI Equation, the Company is majority controlled by a group of shareholders having declared to be acting in concert, including:

- a subgroup between Sorame and CEIR, companies controlled by the Duval Family, under a concurrent Shareholders' Agreement dated 19 July 1999, which came into force on 21 July 1999 and was the subject of an amendment on 13 July 2009;
- the Agence des Participations de l'État (APE), through its subsidiary FSI Equation.

The provisions of the shareholders' agreement mentioned above, and those of the subgroup agreement, are contained in key extracts from the AMF decision and notice texts numbered 220C5283, 216C1753, 212C0486 and 209C1013 (amended on 13 July 2009).

Since 1 January 2002, registered shares that meet the necessary conditions benefit from double voting rights.

The net position is broken down as follows:

(in thousands of euros)	Number of shares	Capital	Premiums, reserves and retained earnings	Result for the financial year	Total
Net position as at 31 December 2018	**26,635,884**	**81,239**	**888,769**	**54,371**	**1,024,379**
Appropriation of 2018 result			54,371	(54,371)	0
Result for 2019 financial year				4,697	4,697
Dividend			(15,936)		(15,936)
Premium for conversion of bonds into shares as at 31 December 2019	116	1	5		6
Net position as at 31 December 2019	**26,636,000**	**81,240**	**927,209**	**4,697**	**1,013,146**
Appropriation of 2019 result			4,697	(4,697)	0
Result as of 31 December 2020				(907,356)	(907,356)
Dividend					0
Premium for conversion of bonds into shares as at 31 December 2020	5		1		1
NET POSITION AS AT 31 DECEMBER 2020	**26,636,005**	**81,240**	**931,907**	**(907,356)**	**105,790**

The share capital of €81,239,815.25 (31 December 2019: €81,239,800) is composed of 26,636,005 fully paid-up shares (31 December 2019: 26,636,000 shares) with a par value of €3.05 each.

4.6 Treasury shares

The table below summarises the treasury share transactions:

		Market making[1]	Grants to employees	Total
Position at 1 January 2019		**63,057**	**32,107**	**95,164**
As a percentage of capital	*26,635,884*	*0.24%*	*0.12%*	*0.36%*
Buyback mandate			193,250	193,250
Final allocation of bonus shares			(128,228)	(128,228)
Purchases/sales		16,376		16,376
Position at 31 December 2019		**79,433**	**97,129**	**176,562**
As a percentage of capital	*26,636,000*	*0.30%*	*0.36%*	*0.66%*
Buyback mandate			131,625	131,625
Final allocation of bonus shares			(119,197)	(119,197)
Purchases/sales		(23,802)		(23,802)
POSITION AT 31 DECEMBER 2020		**55,631**	**109,557**	**165,188**
As a percentage of capital	*26,636,005*	*0.21%*	*0.41%*	*0.62%*

(1) Liquidity agreement signed with Exane BNP Paribas.

The balance of 165,188 shares corresponds to:

- the shares bought under a market maker contract signed with Exane BNP Paribas and not yet registered on the date of preparation of the table;
- the shares to be allocated under the bonus share plans.

3

4.7 Provisions for impairment of current assets

(in thousands of euros)	31/12/2019	Allocations	Reversals	31/12/2020
Goods		739		739
Other receivables[1]	58,613	4,532		63,145
TOTAL	**58,615**	**5,271**	**0**	**63,886**

(1) allocations to provisions are mainly recorded in expenses under "other receivables" for the lithium research and exploitation project.

4.8 Provisions in liabilities

	31/12/2019	Allocations	Reversals		Reclassification	31/12/2020
(in thousands of euros)			Used during the financial year	Not used during the financial year		
Special depreciation allowances	7,608					7,608
Total regulated provisions	**7,608**	**0**	**0**	**0**	**0**	**7,608**
Personnel[1]	2,078	80	(7)			2,151
Other provisions for liabilities[2]	8,700		(1,978)			6,722
Other provisions for charges[3]	15,136	566	(6,408)		1,598	10,893
Total provisions for liabilities and charges	**25,914**	**646**	**(8,393)**	**0**	**1,598**	**19,766**
PROVISIONS FOR LIABILITIES	**33,522**	**646**	**(8,393)**	**0**	**1,598**	**27,374**

(1) Eramet makes provisions for pension and similar commitments according to the actuarial valuation carried out by an independent firm. Detailed calculations were made as of 31 December 2020. The corridor method is used to calculate pension commitments. As at 31 December 2020, the balance relating to pension and similar commitments was €2.2 million.

(2) The provision for financial risk corresponds to the potential loss on the bond portfolio of Metal Securities guaranteed by Eramet for €6.7 million.

(3) Reversals and reclassifications relating to bonus share plans.

Employee-related liabilities

(in thousands of euros)	Actuarial value of obligations	Fair value of plan assets	Financial position Surplus/(Deficit)
Supplementary pension plan	98,347	(83,480)	14,867
Retirement package	3,407	(1,435)	1,972
Long service awards	2,153	-	2,153
Plans for medical expenses	-	-	-
TOTAL	**103,907**	**(84,915)**	**18,992**

(in thousands of euros)	Unrecognised actuarial (gains)/losses	Unrecognised services recorded	Provision on the balance sheet (Assets)/Liabilities
Supplementary pension plan	(36,598)	3,525	(18,206)
Retirement package	(2,690)	(112)	(830)
Long service awards	-	-	2,153
Plans for medical expenses	-	-	-
TOTAL	**(39,288)**	**3,413**	**(16,883)**
Personnel provisions			2,153
Plan assets (other non-current financial assets)			(19,036)

Details of pension fund investments

(in thousands of euros)	Insurance contract	Other investments	Total
Amount	84,915		84,915
Percentage	100%		100%

Change in pension liabilities

(in euros)		FY 2020
At beginning of period		**(3,901)**
Expenses recognised		2,565
• Service cost	755	
• Amortisation of actuarial gains (losses)	3,043	
• Interest expense	1,065	
• Return on plan assets	(2,298)	
Contributions and benefits paid		(16,065)
AT PERIOD CLOSE		**(17,401)**

The actuarial assumptions used for the valuations are as follows:

Actuarial assumptions	FY 2019	FY 2020
Discount rate	1.10%	0.80%
Inflation rate	1.80%	1.80%
Salary increase rate	3.00% to 3.75%	2.10% to 3.75%
Rate of return on plan financial assets	1.10%	0.80%

4.9 Proceeds from equity issues

(in thousands of euros)	31/12/2020	31/12/2019
ODIRNAN	95,701	95,701
TOTAL	**95,701**	**95,701**

On 5 October 2016, Eramet S.A. issued an offering of net share settled undated bonds convertible into new shares (ODIRNAN).

At 31 December 2020, 92,787 bonds were subject to equity conversion (five in 2020). The number of bonds in circulation is therefore 2,065,640 (31 December 2019: 2,065,645), i.e. a decrease of five bonds compared with 2020.

The total value of the bonds at 31 December 2020 is €95.7 million (31 December 2019: €95.7 million).

ODIRNAN is a perpetual bond with no maturity date. Holders do not have the option to redeem the instrument for cash in hand. The instrument can be redeemed in the event of liquidation of the Company with the payment of accrued and deferred coupons, as applicable. The payment of coupons is left to the Company and may be deferred, as it has not decided on a dividend distribution since the penultimate interest payment date (or since the issue date for the first two payment dates). In case of non-payment of coupons, they will remain due and will constitute arrears which will bear interest at the applicable rate for bond coupons.

The coupon is fixed at an annual rate of 4% until October 2022. It will then switch to a variable rate from 5 October 2022, calculated at the 6-month Euribor rate plus a margin of 1,000 basis points ("step-up" clause). In the event of a change of control of Eramet S.A., the annual interest rate will be increased by 500 basis points unless the Company opts for early redemption within 45 days of the change of control.

Bond holders will receive an equity conversion right. The issuer may choose to deliver one of the following to bondholders exercising their right to receive shares:

- cash only;
- new shares only;
- or a combination of new shares and cash.

4.10 Breakdown of liabilities and maturity schedule

Net amount *(in thousands of euros)*	31/12/2020	1 year or less	More than 1 year and less than 5 years	More than five years	31/12/2019
Other bond issues[1]	908,705	108,710	799,995		1,157,682
Borrowings and debt with credit institutions[2]	1,576,253	23,550	1,486,528	66,175	165,896
Other borrowings and financial debts[3]	67,408	67,408			142,261
Suppliers and related accounts[4]	132,310	132,310			106,520
Tax and payroll payables	24,555	24,555			22,446
Liabilities on non-current assets and related accounts	1,208	1,208			639
Other various liabilities[5]	25,434	25,434			23,891
TOTAL	**2,735,872**	**383,174**	**2,286,523**	**66,175**	**1,619,335**

(1) This item includes several bond issues:

– 2013 issue fully reimbursed at 31 December 2020 (initial issue of €525 million partly reimbursed for €64.9 million at the end of September 2017 and for €226.6 million at the end of November 2019, and fully reimbursed in November 2020 for €233.5 million);

– 2014 issue for €77.5 million (the initial issue of €100 million was partially redeemed for €22.5 million in July 2020);

– September 2017 issue for €500 million;

– November 2019 issue for €300 million.

(2) Borrowings from credit institutions include the Borrowing Base *for €47.8 million, the revolving credit facility in the amount of €981 million, a €350 million loan and three loans from the European Investment Bank for a total of €185.7 million.*

(3) The Eramet loan is provided by the Metal Securities company, an 87.92% subsidiary of Eramet. The amount as of 31 December 2020 is €65.6 million, compared with €140.2 million as of 31 December 2019.

(4) The Company has a trade payable more than 60 days from the invoice date of €782 thousand.

(5) This item includes a net amount of tax consolidation liabilities of €9.5 million.

Breakdown of miscellaneous borrowings and financial debts

Net amount *(in thousands of euros)*	31/12/2020	31/12/2019
Current accounts with Metal Securities	65,626	140,175
Deposits received	40	40
Revolving credit facility utilisation/non-utilisation fee	785	1,088
Interest from ODIRNAN	957	957
TOTAL	**67,408**	**142,261**

4.11 Breakdown of liabilities and accrued expenses

Gross amount *(in thousands of euros)*	31/12/2020	31/12/2019
Trade payables and related accounts	132,310	106,520
Tax and payroll payables	24,555	22,446
Liabilities on non-current assets and related accounts	1,208	639
Other liabilities	25,434	23,891
Deferred income	490	376
TOTAL	**183,996**	**153,872**

4.12 Information on related companies

Balance sheet

(in thousands of euros)	31/12/2020	31/12/2019
Equity investments	3,074,776	2,630,228
Financial receivables	1,603,221	1,750,437
Trade receivables and related accounts	57,159	87,875
Other receivables	2,315	70,468
Other borrowings and financial debts	(65,626)	(140,175)
Trade payables and related accounts	(99,820)	(91,177)
Other liabilities	(11,385)	(14,525)

Income statement

(in thousands of euros)	31/12/2020	31/12/2019
Operating income	186,236	737,258
Operating expenses	(708,065)	(745,084)
Financial income	64,743	44,955
Financial expenses	(955)	(73,525)

Note 5 Explanatory notes to the income statement

5.1 Sales

(in thousands of euros)	Total	France	Foreign
Sales of products and goods[1]	727,709	99,999	627,710
Income from ancillary activities	114,604	47,233	67,371
TURNOVER	**842,313**	**147,232**	**695,081**

(1) Sales include a negative currency difference of €2.9 million, mainly due to hedges in USD.

5.2 Increases and reductions in future tax liabilities

(in thousands of euros)	31/12/2020	31/12/2019
INCREASES IN TAXABLE BASE		
• Regulated provisions	7,608	7,608
REDUCTIONS IN TAXABLE BASE		
• Provisions not deductible in the accounting period	(6,712)	(6,592)
• Accrued expenses	(514)	(439)
• Tax loss carryforwards	(1,001,378)	(887,885)
Net reduction in taxable base	**(1,000,996)**	**(887,308)**
INCREASE IN FUTURE TAXATION	**(320,519)**	**(305,500)**
	32.02%	**34.43%**

Breakdown of income tax

(in thousands of euros)	Gross amount	Tax owed	31/12/2020 Net income	31/12/2019 Net income
Current income	(888,034)		(888,034)	15,517
Extraordinary income	(21,575)		(21,575)	(13,162)
Impact of tax consolidation and research tax credit		2,253	2,253	2,343
TOTAL	**(909,609)**	**2,253**	**(907,356)**	**4,697**

Corporate taxes

The tax consolidation agreement signed between Eramet and its subsidiaries respects the principle of neutrality and places the subsidiaries in the situation they would have been in without consolidation. Each subsidiary determines its tax as if it were not part of the consolidated tax group and pays its corporate tax contribution to Eramet as the parent company of the Group. The subsidiaries keep their deficits to determine the amount of the corporate tax contribution they have to pay Eramet.

As a result of the tax consolidation, the corporate income tax account can be broken down as follows:

- +€5.7 million in tax income of the consolidated tax group (including +€3.9 million in 2020 tax credits and +€1.8 million in adjustments of previous Group tax credits);
- +€1.8 million in tax consolidation income (+€1.8 million in 2020 corporate tax of the consolidated subsidiaries);
- -€5.3 million of tax consolidation expenses (including tax credits returned to subsidiaries: -€3.6 million in 2020 tax credit and -€1.7 million in 2019 adjustment).

5.3 Tax consolidation

All French subsidiaries that are at least 95% owned are consolidated for tax purposes, Eramet being the Group's parent company. The scope of tax consolidation in France includes the following companies:

Tax-consolidated companies	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
CONSOLIDATED COMPANIES					
Aubert & Duval (AD) (1)		x	x	x	x
Brown Europe	x	x	x	x	
Eramet	x	x	x	x	x
Eramet Alliages					x
Eramet Holding Alliages (formerly SIMA)	x	x	x	x	x
Eramet Holding Manganèse (EHM)	x	x	x	x	x
Eramet Holding Nickel (EHN)	x	x	x	x	x
Eramet Mineral Sands	x				
Eramet Nickel(3)	x	x	x		
Eramet Ideas (formerly Eramet Research) (2)	x	x	x	x	x
Eramet Sandouville	x	x	x	x	
Eramet Services	x	x	x	x	x
Eramine	x	x	x	x	x
Erasteel	x	x	x	x	x
Erasteel Champagnole	x	x	x	x	x
Eurotungstène Poudres					x
Metal Securities	x	x	x	x	x
Valdi (6)		x	x	x	x
NON-CONSOLIDATED COMPANIES					
AD TAF (1)		x	x	x	x
Brown Europe					x
Campus Eramet	x	x	x	x	x
Eramet Ingénierie (formerly TEC)					
Eramet International	x	x	x	x	x
Eramet Nickel(3)				x	
Eramet Sandouville					x
Eramet Services					
Forges de Monplaisir	x	x	x	x	x
Interforge(4)		x			
Supa(5)				x	x

(1) Aubert & Duval and AD TAF were removed from the tax consolidation scope on 1 January 2020.
(2) Eramet Research absorbed Eramet Ingénierie on 31 December 2018 and became Eramet Ideas.
(3) Eramet Nickel has been registered since 25 April 2017.
(4) Interforge became part of the tax consolidation scope on 1 January 2019 and was removed on 1 January 2020.
(5) Supa was absorbed by Aubert & Duval on 1 January 2018.
(6) All Valdi assets and liabilities were transferred to Erasteel.

5.4 Financial income

(in thousands of euros)	31/12/2020	31/12/2019
Investments – Dividends[1]	52,662	199,617
Investments – Interest[2]	64,310	44,928
Other dividends and interest	1,350	944
Reversals of provisions[3]	18,526	29,423
Exchange rate differences[4]	0	5,789
Net proceeds from sale of marketable securities	0	567
Financial income	**136,848**	**281,268**
Depreciation, amortisation and provisions[5]	(888,571)	(139,779)
Interest and similar expenses[6]	(95,028)	(80,526)
Exchange rate differences[4]	(17,981)	(1,500)
Net expenses on the sale of marketable securities	0	(2)
Financial expenses	**(1,001,579)**	**(221,808)**
FINANCIAL INCOME	**(864,730)**	**59,460**

(1) Dividends paid by Eramet Holding Manganese (€48 million) and Comilog S.A. (€4.5 million).
(2) Interest income on current account loans of the Group (€64.2 million).
(3) A reversal of the write-down of the loan granted to CFED was recorded for the amount of the repayment made (€1.3 million). A reversal of the provision for financial risk corresponding to the potential loss on the bond portfolio of Metal Securities guaranteed by Eramet for €2 million. Reversal of the provision for the conversion of the Erasteel loan into equity securities for €14 million.
(4) Net exchange gain of €18 million mainly resulting from the revaluation of Group loans and borrowings in foreign currencies.
(5) Impairment of Erasteel shares for €90.7, Eramet Holding Alliages shares for €524.9 million and Eramet Holding Nickel shares for €20.7 million. Write-down of loan to Erasteel of €1.5 million. Additional write-down of loans to Eramine (€147.2 million) and Eramet Sandouville (€103.1 million).
(6) Interest expense on financial debt (revolving credit facility, Metal Securities, bonds, BEI, Odirnan).

5.5 Extraordinary income

(in thousands of euros)	31/12/2020	31/12/2019
Income from management transactions	0	0
Gains on capital transactions	60	0
Reversals of provisions and expense transfer[1]	5,283	6,993
Extraordinary income	**5,343**	**6,993**
Charges on management transactions	(1,000)	(2)
Expenses on capital transactions[2]	(5,192)	(7,044)
Exceptional depreciation, amortisation and provisions[3]	(20,725)	(13,110)
Extraordinary expenses	**(26,918)**	**(20,155)**
EXTRAORDINARY INCOME	**(21,575)**	**(13,162)**

(1) Reversal of provision for the bonus share plan (€5 million).
(2) Income from the sale of bonus shares under the 2019 plan (€5 million).
(3) Provisions on miscellaneous receivables for the Lithium research and exploitation project (€4.5 million), provisions for suspending the Convergence project (design and roll-out of a Group-wide ERP (SAP) solution) (€16.1 million).

5.6 Workforce

	FY 2020	FY 2019
Management	166	159
Administrative, technical and supervisory staff	37	36
WORKFORCE AT END OF PERIOD	**203**	**195**
AVERAGE NO. OF EMPLOYEES	**204**	**181**

Note 6 Off-balance-sheet commitments

(in thousands of euros)	31/12/2020	31/12/2019
COMMITMENTS MADE:		
Securities, endorsements and guarantees	92,272	64,367
Forward sales in USD	13,978	7,856
COMMITMENTS RECEIVED:		
Internal USD exchange contracts (MCUR)	193,305	158,050
Multi-currency revolving credit facility	0	1,331,000
Credit facilities	14,800	138,000

The table above does not include current orders for the business or commitments on non-current asset orders related to investment projects.

Functional guarantees for the performance of business contracts

- Functional guarantees are any commitments relating to business contracts, given by Eramet to customers. Eramet, on behalf of some of its subsidiaries, particularly in the Alloys Division, grants product warranties which fall under Eramet's limit of liability defined contractually for each business contract. Eramet does not recognise provisions for guarantees given that there have been no warranty claims from its customers.

Eramet considers its financial risk relative to all the above guarantees to be low, based on historical data and on the existence of civil liability policies that would limit the financial consequences on Eramet's financial statements.

Note 7 Risk management

7.1 Currency risk

Eramet is exposed to exchange risk on two levels:

- by way of its Nickel business, Eramet receives its income mainly in US dollars, while its costs are mainly denominated in Euros (Sandouville fees and nickel purchases at SLN). Hedging transactions are therefore carried out on the basis of multi-annual budgets and forecasts, with a maximum horizon of 36 months. As part of the technical assistance between Eramet and its subsidiary SLN, all commercial hedges are made on behalf of SLN and billed back directly to SLN under the marketing agreement;
- by way of its Holding business, Eramet puts loans in place in foreign currencies for the benefit of Group companies and may enter into foreign exchange hedges. As at 31 December 2020, there was no currency hedging on long-term loans.

7.2 Risks on raw materials

Eramet is exposed to the volatility of commodity prices with regard to its sales. Eramet may be required to set up term hedges on a limited portion of nickel sales.

These hedges are made on behalf of SLN, a producer of ferronickel. As part of the technical assistance contract, the result of these hedges is charged to SLN's monthly bills. At 31 December 2020, 3,064 tonnes were hedged for a fair value of +€591 thousand, including a $2.7 million premium to be paid in 2021 (31 December 2019: 168 tonnes for a fair value of -€130 thousand).

7.3 Credit or counterparty risk

The counterparty risks of Eramet relate mainly to its commercial operations and, by extension, to customer accounts. Thus, Eramet may be exposed to credit risk in the event of counterparty default. To limit this risk, of which the maximum exposure is equal to the net receivables recognised in the balance sheet, Eramet uses different tools: gathering information ahead of financial transactions (from rating agencies, published financial statements, etc.), credit insurance and the establishment of letters of credit and documentary credits in order to prevent certain specific risks inherent to, for example, the geographical situation of customers.

Furthermore, Eramet's customer portfolio consists mainly of large international groups in the fields of metallurgy whose insolvency risks are more limited.

7.4 Interest rate risk

Eramet had no interest rate risk hedges at 31 December 2020.

7.5 Liquidity risk

The Eramet Group must ensure that it maintains a sufficient level of liquidity to meet its contractual obligations, including servicing its bank and bond debt. In this context, the Eramet Group anticipates the regular renewal of its existing borrowings (credit facilities, bonds, IFRS 16 leases, etc.) and establishes new modes of financing (ODIRNAN 2016), according to the opportunities available. Furthermore, operational funds (investments and receivables) are implemented directly in the Eramet Group's subsidiaries. Eramet also aims to diversify its sources of funding, particularly between the bond and banking markets.

Eramet centralises virtually all the cash requirements and surpluses of its controlled companies. through Metal Securities, which is responsible for managing investment of cash surpluses. The Eramet Group's financial liquidity position at 31 December 2020 was €1,852 million (31 December 2019: €2,299 million), of which €1,461 million is classified as cash and cash equivalent (31 December 2019: €556 million). These cash surpluses are, for the most part, transferred to Metal Securities, the Group company in charge of centralising and investing Eramet's cash surpluses.

Revolving credit facility

The revolving credit facility (RCF) was extended on February 2019 for an amount of €981 million and for a five-year term, i.e., a new maturity in January 2024. The available credit under this RCF remained at €981 million. This facility was drawn down in full at 31 December 2020, following the precautionary drawdown during the first half of the year.

On 31 December 2020, the €120 million loan from the European Investment Bank to finance investments in research, development and innovation (RDI) in digitalisation and advanced manufacturing had not been drawn down.

Lastly, on 11 December 2019, the Group signed a Multi-currency Term Loan Agreement for €350 million to fund general and investment requirements. The loan matures in two years and includes an option for Eramet to extend the term to January 2024. The credit line had not been drawn down at 31 December 2020.

Financial liabilities are subject to the bank covenants described below:

Type of credit facility		Ratio	Amount
Revolving Credit Facility	Net debt decreased by SLN loan with the French State and amount of liability pursuant to IFRS 16/Equity	< 1	€981 million
Term Loan	Net debt decreased by SLN loan with the French State and amount of liability pursuant to IFRS 16/Equity	< 1	€350 million
Borrowing Base	Net debt decreased by SLN loan with the French State and amount of liability pursuant to IFRS 16/Equity	< 1	€65 million
Euro private placement	Net debt/Shareholder's equity	< 1	€50 million
European Investment Bank	Net debt decreased by SLN loan with the French State and amount of liability pursuant to IFRS 16/Equity	< 1	€230 million

In the context of the health crisis, Eramet secured agreement to suspend calculation of some covenants in what are known as 'covenant holidays' for December 2020 (RCF loan, Term Loan and EIB). It also secured agreement on adjusted calculations for other credit lines subject to covenants on these same dates.

At 31 December 2020, the covenants showed no circumstances of accelerated maturity. Moreover, at 31 December 2020, no cases of cross-default likely to impact funding at the level of Eramet were recorded.

7.6 Operational risks of the High Performance Alloys Division

The High Performance Alloys Division produces special steels and super alloys, particularly for the aeronautics industry, which are used in the construction of aircraft, helicopters and other equipment produced by its customers in the sector. As such, Eramet may be indirectly or directly liable in the event of an incident, loss or accident, death of passengers or operating losses incurred on equipment containing parts manufactured by this Division.

As part of its risk management policy, the Division takes action to control these risks. The effectiveness of such action is reflected in the obtainment and renewal of accreditations or certifications related to this type of industry and the processing and validation, as necessary, of the validation process by customers of the manufactured parts. The Group has also taken out insurance policies to cover residual risks.

Note 8 Fees paid to the Statutory Auditors

The Statutory Auditors' fees for the certification of the financial statements invoiced for 2020 amounted to €384 thousand (including €196 thousand EY and €188 thousand KPMG) and fees for other services amounted to €372 thousand (including €304 thousand EY and €68 thousand KPMG).

Note 9 Consolidation of the Company's financial statements

Eramet S.A. is consolidated in the Eramet Group, of which it is the parent company

Note 10 Employee charges and benefits

Compensation of administration and management bodies

(in thousands of euros)	FY 2020	FY 2019
SHORT-TERM BENEFITS:		
• Fixed compensation	3,449	3,031
• Variable compensation	2,335	2,308
• Directors' fees	855	467
OTHER BENEFITS:		
• Post-employment benefits	1,353	2,599
TOTAL	**7,992**	**8,405**

Bonus share plans

Two new bonus share plans were granted in 2020:

- one plan for all employees on 27 May 2020 for an initial total of 23,616 shares;
- one plan open to certain employees and corporate officers on 23 February 2020, of which:
  - part of the shares are subject to two performance conditions – an internal condition with two indicators (EBITDA and ROCE) for two thirds and an external condition for one third – for an initial total of 53,087 shares, and
  - part of the shares are not subject to performance conditions, for an initial total of 42,494 shares.

The criteria for share awards and the assessment of the accounting expense are the same as those described above.

The characteristics of the two new bonus share plans for 2020 are as follows:

		Number of shares	Exercise price *(in euros)*	Maturity *(years)* (1)	Risk-free rate	Average dividend rate	Fair value of the option *(in euros)* (2)
Plan open to certain employees and corporate officers	France/ Italy	97,293	free	3 + 2	- 0.65%	1.00%	22.35/16.02
	Worldwide	31,750	free	4 + 0	- 0.57%	1.00%	22.13/16.73

(1) Maturity = vesting period + lock-in period.

(2) Bonus share award plans whose share awards are subject to two performance conditions have two fair values: the first being the intrinsic condition and the second being the external condition.

The change in the number of bonus share awards in the 2019 and 2020 reporting periods was as follows:

Number of bonus shares	31/12/2020	31/12/2019
At beginning of period	**469,544**	**505,362**
New plans 2020	129,043	149,385
Definitive allocations	(119,197)	(128,228)
Prescribed shares	(5,500)	(17,974)
Lapsed shares	(61,728)	(39,001)
AT PERIOD CLOSE	**412,162**	**469,544**
Distribution by year of allocation		
2020	-	
2021	120,940	153,842
2022	122,642	138,247
2023	137,960	133,664
2024	30,620	43,791

Note 11 Events after the reporting date

To the best of the Company's knowledge, no events occurred after the reporting date.

Note 12 Table of subsidiaries and equity investments

As at 31 December 2020

		capital	Equity other than share capital	Share of capital held	Gross carrying amount of shares held	Net carrying amount of shares held	Loans and advances granted and not repaid	Endorsements and guarantees given	Dividends received during the year	Sales of past financial year	Profit(loss) in last completed financial year
(in thousands of euros or currencies)		Currency	Currency	%	EUR	EUR	EUR	EUR	EUR	Currency	Currency
I. – DETAILED INFORMATION ON EACH SECURITY (GROSS VALUE GREATER THAN 1% OF THE CAPITAL OF THE COMPANY)											
Subsidiaries (at least 50% of share capital owned)											
Eralloys Holding		12,800	1,421,317	100%	419,445	218,807	53,861	0	0	107	(26,246)
Eramet Cameroun	EUR	0	0	100%	15	15	1,492	0	0	0	0
Eramet Holding Alliages (formerly SIMA)	EUR	200,000	(104,028)	100%	914,150	75,907	0	0	0	4,686	(82,482)
Eramet Holding Manganèse	EUR	310,156	63,007	100%	310,156	310,156	0	0	48,000	0	150,496
Eramet Holding Nickel	USD	227,104	(18,118)	100%	229,652	229,652	0	0	0	0	4
Eramet Ideas (previously Eramet Research)	EUR	1,410	3,330	100%	1,161	1,161	0	0	0	20,751	1,686
Eramet International	NOK	0	0	100%	892	892	0	0	0	0	0
Eramet Mineral Sands	EUR	50	(4,608)	100%	50	50	0	0	0	0	0
Eramet Services	EUR	1,540	489	100%	1,540	1,540	0	0	0	22,857	363
Eramine	AUD	40,040	(204,731)	100%	40,040	0	50,000	0	0	0	(18,524)
Eras	EUR	2,000	9	100%	1,986	1,986	0	0	0	0	0
Erasteel	EUR	60,000	(24,190)	100%	444,169	55,283	16,023	0	0	198,471	(72,749)
Mineral Deposits Ltd	XAF	520,900	(168,121)	100%	218,807	218,807	222	0	0	0	(628)
Weda Bay Minerals Inc.	EUR	35,505	(53,567)	100%	3,616	0	0	0	0	0	0
					2,585,679	**1,114,256**					
Equity investments (between 10 and 50% held)											
Comilog	XAF	40,811,593	336,273,151	23%	53,407	53,407	0	24,573	4,537	667,233,354	28,479,862
Strand Minerals Pte Ltd	USD	87,720	411,802	43%	421,186	37,700	145,525	0	0	0	(37)
					474,593	**91,107**					
II. – GENERAL INFORMATION ON OTHER SECURITIES (GROSS VALUE AT MOST EQUAL TO 1% OF THE CAPITAL OF THE COMPANY)											
• French subsidiaries	EUR				67	67	806,304				
• Foreign subsidiaries	EUR										
• Equity investments	EUR				458	198	275,224	71,779	0		
TOTAL					**3,060,797**	**1,205,628**	**1,348,651**	**96,352**	**52,537**		

	Siren No.	Head office address
I. – DETAILED INFORMATION ON EACH SECURITY (GROSS VALUE GREATER THAN 1% OF THE CAPITAL OF THE COMPANY)		
Subsidiaries (at least 50% of share capital owned)		
Eras	N/A	6B, route de Trèves L – 2633 Senningerberg R. C. Luxembourg B 35.721
Eramet Ideas (previously Eramet Research)	301,608,634	1, avenue Albert Einstein BP 120 78193 Trappes
Eramet International	398,932,939	10, boulevard de Grenelle 75015 Paris Cedex 15 France
Eramet Holding Nickel	335,120,515	10, boulevard de Grenelle 75015 Paris Cedex 15 France
Weda Bay Minerals Inc.	N/A	14th Floor, 220 Bay Street Toronto Ontario, M5J2W4 Canada
Eramet Holding Manganèse	414,947,275	10, boulevard de Grenelle 75015 Paris Cedex 15 France
Eralloys Holding	N/A	Eralloys Holding AS Strandv 50 1366 Lysaker Norway
Eramet Holding Alliages (formerly SIMA)	562,013,995	10, boulevard de Grenelle 75015 Paris Cedex 15 France
Erasteel	352,849,137	10, boulevard de Grenelle 75015 Paris Cedex 15 France
Mineral Deposits Ltd	N/A	Level 17 – 530 Collins Street, Melbourne, Victoria 3000 Australia
Eramet Services	529,241,895	10, boulevard de Grenelle 75015 Paris Cedex 15 France
Eramine	428,739,627	10, boulevard de Grenelle 75015 Paris Cedex 15 France
Eramet Cameroun	N/A	Rue 1828 next to the Embassy of Japan, BP No. 35580 Yaoundé-Bastos Cameroon
Eramet Mineral Sands	879,061,968	10, boulevard de Grenelle 75015 Paris Cedex 15 France
Equity investments (between 10 and 50% held)		
Comilog	N/A	Compagnie minière de l'Ogooué Z.I. de Moanda BP 27-28 Gabon
Strand Minerals Pte Ltd	N/A	8 Marina Boulevard #05-02 – Marina Bay Financial Centre – Singapore 018981

Statutory auditors' report on the financial statements

Year ended 31 December 2020

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders' Meeting of Eramet,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Eramet for the year ended 31 December 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit, Risks and Ethics Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from 1 January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Emphasis of Matter

We draw attention to the following matters described in Note 2 to the financial statements, in particular:

- Note 2 "Ongoing rescue plan and new economic model of Société Le Nickel-SLN (SLN)", which describes the ongoing rescue of this and the framework in which the company is assessed as a going concern.
- Note 2 "Review of the quality process in the High-Performance Alloys Division", which describes the ongoing adjustment of the quality processes at Aubert et Duval to bring them into compliance, and the €44 million provision recognised for this purpose at 31 December 2020.

Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. These measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on how audits are performed.

It is in this complex, evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Impairment tests on equity investments and related receivables

Risk identified	*Audit procedures regarding the identified risk*
Equity investments and related receivables are recorded on the balance sheet at 31 December 2020 for €2,651 million net. They are initially recognised at acquisition cost and depreciated based on their value in use, in accordance with the approach described in note 3.2 to the annual financial statements. Management generally estimates value in use by taking into account both the net asset value and expected future profitability, knowing that the global crisis related to the COVID-19 pandemic conducted to review certain medium- and long-term plans, in particular for air industry which has been affected by the crisis as described in note 2 to the annual financial statements. When the value in use is less than the gross value, an impairment provision is set aside for the amount of the difference. In estimating the value in use of these securities, Management uses its judgement to select the items to be taken into consideration, depending on which equity investments and related receivables are concerned. *Impairment testing is a key audit matter due to the material importance of the value of the equity investments and related receivables in the company's financial statements and because the calculation of their recoverable value, when it is based on projected discounted future cash flows, requires the use of assumptions, estimates or assessments.*	*We examined indicators of impairment as well as how impairment tests are conducted.* *For impairment tests based on historical data, our procedures consisted, in particular, of:* • *reconciling the shareholders' equity used with the financial statements of the entities that were audited or were subject to other procedures where necessary;* • *assessing whether any adjustments made to equity were based on documentation that provides the grounds for such adjustments.* *For impairment tests based on forecasts, our procedures consisted, in particular, of:* • *obtaining cash flow forecasts for the activities of the entities concerned and assessing their consistency with the medium- and long-term plans, if so, reviewed by the Management in the context of the crisis.* • *assessing the consistency of the assumptions used with our knowledge of the economic environment on the date the financial statements were prepared;* • *comparing the forecasts used for previous periods with the corresponding actual results to assess whether past objectives have been achieved;* • *assessing whether any adjustments made to cash flow forecasts were based on documentation that provides the grounds for such adjustments.* *Our work also consisted in assessing the degree to which receivables are recoverable, in light of the audit procedures performed on equity investments.*

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 et L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the CEO, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

KPMG Audit and Ernst & Young Audit were appointed as statutory auditors of Eramet S.A. by the combined shareholders' meeting of 29 May 2015.

At 31 December 2020, KPMG Audit and Ernst & Young Audit were both in the sixth consecutive year of their engagement.

Previously, Ernst & Young et Autres had been statutory auditor from 2009 to 2014 and Ernst & Young Audit had been statutory auditor from 1991 to 2008.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit, Risks and Ethics Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit, Risks and Ethics Committee

We submit to the Audit, Risks and Ethics Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit, Risks and Ethics Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit, Risks and Ethics Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit, Risks and Ethics Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, 30 March 2021

The Statutory Auditors

French original signed by

KPMG Audit

Département de KPMG S.A.

Michel Piette

Partner

Jérémie Lerondeau

Partner

Ernst & Young Audit

Nicolas Macé

Partner

Statutory auditors' report on related party agreements

This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Annual General Meeting held to approve the financial statements for the year ended 31 December 2020

To the Annual General Meeting of Eramet,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R.225-31 of the French Commercial Code (*Code de commerce*) of the continuation of the implementation, during the year ended 31 December 2020, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

3

Agreements submitted for approval to the Annual General Meeting

In accordance with Article R.225-40 of the French Commercial Code (*Code de commerce*), we have been notified of the following related party agreements which received prior authorization from your Board of Directors.

With Société Le Nickel-SLN

Person performing the duties of director at both companies:

Ms. Christel Bories (CEO of your Company)

Amendment to the Technical assistance contract

Nature, purpose and terms and conditions

The new Amendment No. 5 to the intra-group loan agreement date 23 December 2015 between your Company and Le Nickel-SLN extends the loan availability period from 31 December 2020 to 31 December 2021.

Reasons justifying why the Company benefits from this agreement

After having read the terms and conditions of the new Amendment No. 5, to the intra-group loan agreement between your Company and Le Nickel-SLN dated 23 December 2015, the Board of Directors, at its meeting on 10 December 2020, recorded that the conclusion and the implementation of this amendment are in the corporate interest of your Company: indeed, the implementation timetable for the recovery plan, that this loan was intended to finance, justifies extending the deadline for the remaining instalments until 31 December 2021.

Agreements previously approved by the Annual General Meeting

Agreements approved in prior years

In accordance with Article R.225-30 of the French Commercial Code (*Code de commerce*), we have been notified that the implementation of the following agreements, which were approved by the Annual General Meeting in prior years, continued during the year ended 31 December 2020.

With Société Le Nickel-SLN

Person performing the duties of director at both companies:

Ms. Christel Bories (CEO of your Company)

1) Technical assistance contract

Nature and purpose

Under the terms of the technical assistance contract signed in 1999, your Company provides general support to Société Le Nickel-SLN in strategic, industrial, financial, tax and human resource management matters. This agreement was amended with retroactive effect from 1 January 2010.

Terms and conditions

The services are remunerated on the basis of the costs actually incurred by your Company for these services, plus a margin of 8%. The amount billed was €6,875,906 for 2020, compared with €8,988,279.02 for 2019.

2) Marketing agreement

Nature and purpose

The marketing agreement entered into between your Company and Société Le Nickel-SLN in 1985, under which your Company markets the products of Société Le Nickel-SLN (excluding ore), was amended with retroactive effect as from 1 January 2010.

Terms and conditions

Under this agreement, your Company purchased nickel matt and ferro-nickel from Société Le Nickel-SLN, based on a purchase price at which Eramet could realise a 3% sales margin plus a bonus, the calculation terms and trigger threshold price of which have been redefined.

The total amount of purchases billed by Société Le Nickel-SLN to your Company was €499,702,964.81 in 2020, compared with €553,145,191.95 in 2019.

Under the same agreement, your Company, as an agent of Société Le Nickel-SLN, billed Société Le Nickel-SLN a 1.5% commission on sales of low-grade or intermediate-grade ore or washing by-products or Demag slag. The amount billed was €2,547,239.15 in 2020, compared with €573,780.66 in 2019.

Under an amendment that took effect on 9 May 2016 and in line with the conditions of one of your Company's "borrowing base" financing agreements, the terms for full or partial early payment were set at the fourth business day of the month, in exchange for remuneration at a rate of 1-month Euribor + 2.10%

3) Intra-group loan agreements

Nature and purpose

An intra-group loan agreement granted by Eramet to Société Le Nickel-SLN, entered into on 23 December 2015 (authorized by the Board of Directors on 22 December 2015 and approved by the Annual General Meeting of 27 May 2016) for an initial amount of €120 million, amended as follows

- Amendment No. 1 of 22 February 2016 (authorized by the Board of Directors on 17 February 2016 and approved by the Annual General Meeting of 27 May 2016, increasing the loan to €150 million;
- Amendment No. 2 of 27 May 2016 (authorized by the Board of Directors on 9 May 2016 and approved by the Annual General Meeting of 23 May 2017), increasing the loan to €190 million and extending the maturity to 31 December 2016;
- Amendment No. 3 of 27 July 2016 (authorized by the Board of Directors on 27 July 2016 and approved by the Annual General Meeting of 23 May 2017)), increasing the loan to €325 million and extending the maturity to 30 June 2024. The interest rate was also increased to 4% plus the performance participation rate based on the EBITDA of Société Le Nickel-SLN;
- Amendment No. 4 (authorized by the Board of Directors on 24 May 2018 and approved by the Annual General Meeting of 23 May 2019), extending the loan availability period from 30 June 2018 to 31 December 2020.

Terms and conditions

At the end of December 2020, €271 million had been drawn down.

The interest was calculated based on an interest rate of 4%. The performance participation rate was zero in the period.

The interest amount billed was €10,627,068.49 in 2020, compared with €9,327,232.87 in 2019.

With Ms. Christel Bories (CEO of your Company)

Supplementary health and social security insurance

Nature, purpose and terms and conditions

Ms. Bories' coverage under the supplementary health insurance and supplementary disability and death scheme applicable to all your Company employees, authorized by the Board of Directors on 23 February 2017 and approved by the Annual General Meeting of 24 May 2018.

The Board of Directors noted that the provisions of the supplementary insurance are in your Company's corporate interest, as it enables the executive corporate officer to receive the same benefits as those applicable to your Company's employees.

This coverage was also approved by the Annual General Meeting of 26 May 2020 in the eighth resolution regarding the CEO's remuneration policy ("Say on Pay Ex Ante").

Life insurance contract indirectly affecting Ms. Christel Bories

Nature, purpose and terms and conditions

In the context of providing supplementary remuneration to Ms. Bories, your Company signed a life insurance policy pursuant to Article 82 of the French General Tax Code with an authorized insurer. This was authorized by the Board of Directors on 26 July 2017 and approved by the Annual General Meeting of 24 May 2018.

The Board of Directors noted that the signing of this life insurance policy is in your Company's corporate interest, as it is in line with market practices and implements a remuneration policy for the executive in accordance with the Company's interest.

This coverage was also approved by the Annual General Meeting of 26 May 2020 in the eighth resolution regarding the CEO's remuneration policy ("Say on Pay Ex Ante").

3

Paris-La-Defense, 30 March 2021

The Statutory Auditors

French original signed by

KPMG Audit		*Ernst & Young Audit*
Département de KPMG S.A.		
Michel Piette	*Jérémie Lerondeau*	*Nicolas Macé*
Partner	*Partner*	*Partner*

Table of the financial results of the Company over the past five years

		2016	2017	2018	2019	2020
SHARE CAPITAL AT END OF YEAR						
a)	Share capital *(in euros)*	80,978,851	81,232,663	81,239,446	81,239,800	81,239,815
b)	Number of shares issued	26,550,443	26,633,660	26,635,884	26,636,000	26,636,005
OPERATIONS AND RESULTS FOR THE YEAR *(IN THOUSANDS OF EUROS)*						
a)	Sales excluding tax	585,089	634,119	715,464	731,954	842,313
b)	Result before tax, employee shareholding, depreciation, amortisation and provisions	(44,605)	(30,193)	212,505	128,866	(26,645)
c)	Income tax	8,821	3,393	3,918	2,343	2,253
d)	Employee shareholding	0	0	0	0	0
e)	Result after tax, employee shareholding, depreciation, amortisation and provisions	(165,554)	(17,730)	54,371	4,697	(907,356)
f)	Amount of proposed dividend	0	0	0	0	0
EARNINGS PER SHARE *(IN EUROS)*						
a)	Result after tax and employee shareholding but before depreciation, amortisation and provisions	(2.01)	(1.26)	7.83	4.75	(1.08)
b)	Result after tax, employee shareholding, depreciation, amortisation and provisions	(6.24)	(0.67)	2.04	0.18	(34.07)
c)	Proposed dividend per share	0	0	0	0	0
EMPLOYEES						
a)	Average number of employees	355	149	144	181	204
b)	Payroll *(in thousands of euros)*	32,361	26,717	23,090	24,950	39,261
c)	Sums paid for social security benefits *(in thousands of euros)*	24,853	33,999	11,665	10,882	12,165

Invoices received and issued not settled at year-end and past due (table provided under I of Article D. 441-4)

	Article D. 441.-I: Invoices received and not settled at year-end and past due						Article D. 441.-I: Invoices issued and not settled at year-end and past due					
(in thousands of euros)	0 day (for information)	1-30 days	31-60 days	61-90 days	91 days or more	Total (1 day or more)	0 day (for information)	1-30 days	31-60 days	61-90 days	91 days or more	Total (1 day or more)
(A) LATE PAYMENT TRANCHES												
Number of invoices concerned	33					384	10					291
Total amount of invoices concerned inc. tax	340	17,799	10,507	(251)	(531)	27,525	58	3,767	612	147	1,421	4,785
Percentage of total amount of purchases in the year inc. tax	0.04	2.12	1.25	(0.03)	(0.06)	3.28						
Percentage of sales for the year inc. tax							0.01	0.42	0.07	0.02	0.16	0.54
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNBOOKED PAYABLES AND RECEIVABLES												
Number of invoices excluded						0						0
Total amount of invoices excluded inc. tax						0						0
(C) REFERENCE PAYMENT PERIODS USED (CONTRACTUAL OR LEGAL – ARTICLE L. 441-6 OR ARTICLE L. 443-1 OF THE FRENCH COMMERCIAL CODE)												
Payment periods used to calculate late payments	■ Contractual periods: (specify) □ Legal periods: (specify)						■ Contractual periods: (specify) □ Legal periods: (specify)					

Reincorporation of general costs and sumptuary expenses

Not applicable.

3.3 CONSOLIDATED FINANCIAL STATEMENTS FOR 2019 AND 2018

In accordance with Article 19 of Regulation (EU) 2017/1129 of the Commission, the following information is included by reference in this Registration Document:

a) the 2019 consolidated financial statements, the corresponding audit report and the overview of the articles appearing in chapter 3 of the 2018 Registration Document filed with the AMF on 31 March 2020;

b) the 2018 consolidated financial statements, the corresponding audit report and the overview of the articles appearing in chapter 3 of the 2018 Registration Document filed with the AMF on 3 April 2019.

The parts not included in the 2019 and 2018 Registration Documents are either not applicable to investors or are covered elsewhere in this Registration Document.

The two reference documents cited above are available on the Company's website (www.eramet.com) and on the AMF's website (www.amf-france.org).

3.4 DIVIDEND POLICY

Dividend payment methods

Dividends are paid out annually at the time and place established by the Shareholders' Meeting, or, failing this, by the Board of Directors, within a maximum period of nine months from the end of the financial year. Dividends duly received cannot be repeated.

An interim dividend may be paid out before the date of the Shareholders' Meeting, by setting the amount, as decided by the Board of Directors, under the conditions established in Article L. 232-12, paragraph 2, of the French Commercial Code.

It may be proposed to shareholders, in whole or in part, that they opt for payment in new shares of the Company, under the conditions of Article L. 232-18, paragraph 1 of the French Commercial Code.

In accordance with the provisions in force in France, the limitation period for unclaimed dividends is five years from their payment date. Unclaimed sums are paid to the French State, in accordance with the applicable provisions.

Allocation and division of results (Article 24 of the Articles of Association)

"From the net profits, as defined by law, less previous losses where applicable, 5% shall be deducted to establish the reserve fund provided for by law, until this fund has reached one-tenth of the share capital.

Distributable profit is made up of net profit for the financial year, less previous losses and the deduction provided above and increased by profit carryforwards. From the distributable profit, the Ordinary Shareholders' Meeting may deduct any sum it deems appropriate to set, either to be carried forward to the next financial year, or to be carried in one or more reserve funds, general or special, the assignment or use of which it shall determine.

Any surplus shall be distributed evenly across all of the shares.

The Shareholders' Meeting may grant each shareholder, for all or part of the dividend distributed, the option of a dividend payment in shares under legal conditions, or in cash." "

Table of allocation of 2020 result

The proposed allocation of the 2020 result is included in the second resolution proposed to the next Shareholders' Meeting in chapter 9 of this document.

Dividend policy

Payment methods

The Company does not usually pay out an interim dividend. Dividends are paid out each year after the Shareholders' Meeting called to vote on the management and the financial statements for the previous year. A mixed pay-out in cash and in shares may be proposed as an option for shareholders.

Amount of dividend

The Company strives to pay regular, substantial dividends.

DIVIDENDS PAID IN THE LAST THREE YEARS

	2020	2019	2018
Number of shares compensated	26,636,005	26,636,000	26,635,884
Net income - Group share	€(675) million	€(184) million	€53 million
Dividends per share	€0	€0	€0.60
TOTAL PAID OUT	**€0 MILLION**	**€0 MILLION**	**€16 MILLION**

3.5 INSURANCE POLICY

Property and casualty insurance (Fire, Accident, Multi-risk)

As risks are identified and their impact managed, the Group defines the most suitable insurance strategy to transfer the financing of its insurable residual risks as part of global schemes, taken out with internationally recognised, reputable insurers of sound financial standing.

The Group thus implements adapted solutions, offering the optimum balance between the cost and scope of the proposed coverage, and has sufficient insurance in place to cover the main risks relating to its business, both in scope and in the amounts insured or cover limits.

The Group also provides primary coverage in some insurance schemes, which enables it to define and/or adapt retention levels to have some control over insurance costs.

The three main categories of insurance taken out cover possible claims against the Group's civil liability stemming from its activities, damage to its facilities and the associated operating loss, and the risk of damage or loss during transportation.

Civil liability

The general civil liability scheme covers the financial consequences for the Group of loss, damage or injury caused to third parties in the context of its activities or due to its products.

This scheme includes civil liability components: exploitation/pre-delivery, products/post-delivery, professional or engineering.

A scheme for civil liability for aeronautical products has been taken out specifically for the requirements of the High Performance Alloys Division.

The Group also has an insurance scheme for Harm to the Environment and Environmental Liability.

Property damage and operating losses

Its purpose is to cover the damaging consequences of events that may occur at facilities such as fire, explosion, machine breakdown or natural event.

Faculty/goods transported

This scheme covers all of the Group's subsidiaries around the world for all of the goods transported for which they are responsible.

Moanda mine,
Comilog, Gabon

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Corporate governance

4.1 REPORT BY THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

This report, provided for in the last paragraph of Article L. 225-37 of the French Commercial Code, covers the points provided for in Article L. 22-10-10 of the French Commercial Code (formerly Article L. 225-37-4)

4.1.1 Board of Directors

4.1.1.1 Composition of the Board

The Company is administered by a Board of Directors with 17 members at most. Where relevant, the members include a Government representative and directors appointed at the Government's proposal pursuant to Articles 4 and 6 of Order No. 2014-948 of 20 August 2014 on the governance and share capital transactions of publicly owned companies. Under this Order, Mr Bruno Vincent, a Government representative, was appointed to the Board by the order of 23 May 2019. Furthermore, in accordance with Article L. 22-10-7 of the French Commercial Code (formerly Article L. 225-27-1) and Article 10.9 of the Articles of Association, two directors representing employees were appointed, one by the Company Social and Economic Council and the other by the European Works Council. Their term of office is four years from their appointment.

In accordance with the Shareholders' Agreement of 16 March 2012 between Sorame and CEIR, on the one hand, and FSI Equation (a subsidiary of APE, acting for the State) on the other (as amended on 21 March 2013, further to Decision and Notice number 212C0647 of the Autorité des marchés financiers (AMF) at its conclusion, and to AMF Decision and Notice number 216C1753 concerning changes to the concert in the acquisition by Agence des participations de l'État (APE) of 100% of the share capital of FSI Equation on 29 August 2016, and amended on 25 April 2019 to bring the stipulations of the Agreement into line with the above-mentioned Order No. 2014-948 of 20 August 2014 without altering the balance between the parties to the Agreement), the Board of Directors is comprised as follows:

- five directors put forward by the Sorame-CEIR concert party;
- three directors put forward by APE;
- two directors put forward by STCPI;
- one director put forward by Sorame-CEIR and APE by mutual agreement;
- five "qualified persons", three put forward by the Sorame-CEIR concert and two by the APE, selected in view of their expertise and their independence with respect to the nominating party and the Company itself, in line with the AFEP-MEDEF Corporate Governance Code for listed companies;
- one director called on to chair the Board of Directors.

In accordance with the Articles of Association and the directors' charter, each individual director must become the holder of one hundred shares within eighteen months of joining the Board and retain them for the duration of their term of office.

The terms of office of the 16 directors appointed by the General Shareholders' Meeting are as follows: four terms of office expiring at the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020; one term expiring at the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2021; eight terms expiring at the General Shareholder's meeting called to approve the financial statements for the year ended 31 December 2022; and three terms expiring at the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2023.

Other participants at Board meetings: Cécile Green (Social and Economic Council delegate).

4.1.1.2 Detail of terms of office

Full details of the composition of the Board of Directors and of the terms of office of its members at the date of this report can be found in the table presented in the Appendix to this report.

4.1.1.3 Composition of Committees

The internal rules specifying the operating rules and duties of each Committee are available on the Company's website.

The Audit, Risks and Ethics Committee currently comprises six directors: Miriam Maes (independent director and Committee Chair), Christine Coignard (independent director), François Corbin (independent director), Cyrille Duval, Sonia Sikorav (independent director) and Bruno Vincent.

The Remuneration and Governance Committee currently comprises six directors: Claude Tendil (independent director and Committee Chair), Cyrille Duval, Frédéric Gaidou (director representing employees), Miriam Maes (independent director), Catherine Ronge (independent director) and Bruno Vincent.

The Appointments Committee currently comprises four directors: Claude Tendil (independent director, Committee Chair and Chair of the Remuneration and Governance Committee), Cyrille Duval, Manoelle Lepoutre (independent director) and Bruno Vincent.

The Strategy and CSR Committee currently comprises ten directors: Manoelle Lepoutre (independent director and Committee Chair), Christel Bories (Chair and CEO), Christine Coignard (independent director), Cyrille Duval, Jérôme Duval, Nathalie de La Fournière, Jean-Yves Gilet, Jean-Philippe Letellier (director representing employees), Sonia Sikorav (independent director) and Bruno Vincent.

4.1.1.4 Comply or Explain

Corporate Governance Code

In accordance with the decision of the Board of Directors taken on 9 December 2008, Eramet refers to the AFEP-MEDEF Corporate Governance Code for listed companies ("the AFEP-MEDEF Code") as its reference framework; the Code is available on the AFEP and MEDEF websites.

The Company considers that its practices are compliant with AFEP-MEDEF Code recommendations. In some cases, certain adjustments have been made to the recommendations for reasons detailed in the table set out in the Appendix to this report.

Diversity policy applied to Board members (excluding directors representing employees): a description of its objectives, implementation methods and results obtained during the past financial year

Pursuant to Article L. 22-10-10 (formerly numbered L. 225-37-4), the Board of Directors reflected on the desirable balance of its composition and that of the Committees it has set up within it, particularly in terms of diversity (representation of women and men, nationalities, age, qualifications and professional experience).

In general, the Board recognises the benefits of diversity in its broadest sense and considers the diversity of its members as an essential element for its discussions and decision-making, which promotes effective functioning and good governance. A diversified Board is a Board that has a balance of skills, experience and expertise, as well as a diversity of perspectives that are relevant to the Company's interests and strategic objectives.

With regard to the composition of the Board during the past financial year, the following points should be noted:

- Forty-one percent (41%) of the directors are female (i.e. 7 of the 16 members chosen by the shareholders, plus the government representative). This proportion is in compliance with the minimum threshold of 40% provided for in the first paragraph of Article L. 22-10-3 of the French Commercial Code (formerly Article L. 225-18-1).
- The directors are between 38 and 75 years old. The average age of directors is 57. Under Article 10 of the Articles of Association, directors may not be over seventy years of age at the time of their appointment. A director who has reached the age of seventy during their term of office may have their term of office renewed once. The number of directors over the age of seventy may not exceed one-third of the Board's membership. Two directors are over 70. Directors are appointed for a term of four years.
- Seven of the directors chosen by the shareholders have been in office for less than four years, four for less than six years, four for less than ten years and one for more than twelve years. The government representative has been on the Board of Directors for less than four years. The distribution between the older directors on the Board and those most recently appointed combines new vision with long-term consistency;
- Ten of the directors chosen by the shareholders reside in metropolitan France, two elsewhere in the European Union, two in New Caledonia, one in Gabon and one in the United States. The government representative resides in metropolitan France.

Directors' competencies

In its deliberations on 12 March 2020, the Board decided: "to structure the process for appointing new directors to bring it more in line with best governance practices as follows: adoption of a competency matrix approved by the Board on the proposal of the Committee; review of candidates by an external firm; short-listing of candidates; presentation to the Board of several fully documented candidate files." The competency matrix submitted to the Board for approval incorporates, as a necessity, the requirement to promote diversity in the composition of the Board, while at the same time enhancing the latter through the appointment of members with specific professional skills. The selected competency matrix should incorporate competencies in the fields of mining and metallurgy, financial competencies, non-financial competencies (CSR, HR, others), competencies in digital technologies and innovation, and knowledge of key geographical territories.

Independence of directors

The AFEP-MEDEF Code considers a director to be independent "when he/she has no relationship of any kind whatsoever with the Company, its Group or its management that could compromise his/her freedom of judgement. Therefore, an independent director means any non-executive corporate officer of the Company or its Group who does not have any special ties (significant shareholder, employee, other) with the Company, its Group or its management". The AFEP-MEDEF Code also identifies a number of criteria that the Board must consider to determine whether a director can be classified as independent:

- "not being or not having been in the preceding five years:
  - an employee or an executive corporate officer of the Company,
  - a salaried employee, executive corporate officer or director of a company consolidated by the Company,
  - a salaried employee, executive corporate officer or director of the parent company or of a company consolidated by the latter";
- "not being an executive corporate officer of a company in which the Company directly or indirectly holds a directorship or in which a directorship is held by a salaried employee designated as such or by an executive corporate officer (current or former within the past five years), of the Company";

- "not being a customer, supplier, investment banker, commercial banker or advisor (or being directly or indirectly related to these persons):
  - whose role vis-à-vis the Company or its Group is considered significant,
  - or for which the Company or its Group represents a significant percentage of its business activity.

  The assessment of the significance of the relationship with the Company or its Group is debated by the Board and the quantitative and qualitative criteria leading to this assessment (continuity, economic dependency, exclusivity, etc.) are explained in the report on corporate governance";
- "not having close family ties with a corporate officer";
- "not having been a Statutory Auditor of the Company in the past five years";
- "not having been a director of the Company for more than twelve years. After twelve years, a director is no longer considered to be independent".

As at the date of this report, based on the Board's annual review of the above-mentioned criteria, seven of the 16 Board members chosen by the shareholders and the government representative were considered to be independent directors. The two directors representing employees were not counted, in accordance with the provisions of the AFEP-MEDEF Code. As such, more than one third of Board members are independent, in accordance with recommendation 8.3 of the AFEP-MEDEF Code, applicable to controlled companies.

At the General Shareholders' Meeting in May 2021, the shareholders will be asked to vote on the renewal of the terms of office of two independent directors, namely Ms Christine Coignard (member of the Audit, Risks and Ethics Committee and the Strategy and CSR Committee) and Ms Catherine Ronge (member of the Remuneration and Governance Committee). Ms Coignard and Ms Ronge were appointed as directors in May 2017 and February 2016 respectively.

It is noted that at the annual review of the independent status of directors, the Board performed an appraisal of business relationships existing between the Eramet Group and the Group in which certain independent directors hold a corporate office. Eramet's mining and metallurgical business generates business flows with a limited number of customers that have no other business relationships with Eramet directors. To carry out its business, Eramet uses a number of suppliers of raw materials, goods and services. Among these, there are three groups in which three directors in particular (Ms Lepoutre for petroleum products, Mr Corbin for tyres and Mr Tendil for insurance) work in a professional capacity. This appraisal enabled the Board to verify that there were no significant business relationships in that regard, either in terms of the nature of goods or services provided, or in terms of their corresponding value or the conditions of their negotiation or provision.

4.1.1.5 Work of the Board and its Committees during the 2020 financial year

Board of Directors

The Board of Directors met 11 times in 2020. The directors also met during the financial year without the executive corporate officers.

In addition to examining recurring items relating to the business of the Group and its Divisions, Board meetings were concerned, in particular, with:

- a review of the plans for managing the impact of the Covid-19 pandemic on the Group's operations;
- a review of the measures implemented by Eramet to set up a solidarity fund to finance efforts to combat the spread of the Covid-19 pandemic in communities around the Group's sites across the world;
- approval of the Group's and Company's financial statements for 2019 and of the documents relating to the convening of the annual General Shareholders' Meeting, the disclosure of information to shareholders, and the conditions for holding the annual General Shareholders' Meeting in closed session;
- review of the 2020 interim financial statements;
- review of occupational safety results within the Group;
- review of earnings and cash flow forecasts, and review of the Group's subsidiaries' recovery and productivity improvement plans;
- proposed investments and divestments by Divisions;
- examination of development financing options for the Group and its main subsidiaries;
- review of the report required by Article L. 225-102-3 of the French Commercial Code on payments made to the authorities of countries where the Group conducts mining activities;

Individual participation at meetings of the Board of Directors and the Committees in 2020 is shown in the table below.

	Board of Directors	Audit, Risks and Ethics Committee	Remuneration and Governance Committee	Strategy and CSR Committee	Appointments Committee
Michel Antsélévé	91%	-	-	-	-
Christel Bories	100%	-	-	100%	-
Emeric Burin des Roziers	100%	-	-	-	-
Christine Coignard	100%	100%	-	100%	-
François Corbin	100%	100%	-	-	-
Cyrille Duval (Sorame)	100%	100%	100%	100%	100%
Jérôme Duval	100%	-	-	100%	-
Nathalie de La Fournière (CEIR)	100%	-	-	100%	-
Frédéric Gaidou	100%	-	100%	-	-
Jean Yves Gilet	100%	-	-	100%	-
Manoelle Lepoutre	100%	-	-	100%	100%
Philippe Gomès (until May 2020)	86%	-	75%	-	-
Jean-Philippe Letellier	100%	-	-	100%	-
Miriam Maes	100%	100%	100%	-	-
Louis Mapou	9%	-	-	-	-
Catherine Ronge	100%	-	100%	-	-
Sonia Sikorav	100%	100%	-	100%	-
Claude Tendil	100%	-	100%	-	100%
Bruno Vincent, French Government representative	100%	100%	100%	100%	100%-
Jean-Philippe Vollmer (as of October 2020)	100%	-	-	-	-
AVERAGE ATTENDANCE RATE	**94%**	**100%**	**98%**	**100%**	**100%**

Audit, Risks and Ethics Committee

The Company refers to the AMF working group's report on Audit Committees when organising the Committee's work (AMF recommendation of 22 July 2010).

The Committee meetings are attended, in particular, by the Chair and CEO, the Deputy Chief Executive Officers in charge of the operating Divisions, the Deputy CEO with responsibility for finance finance, digital and Group purchasing, the Statutory Auditors and the Group's Director of Risk, Internal Control and Audit, the Director of Accounting, Consolidation and Group Taxation, the Director of Group Planning and Management Control and the Director of Financing and Treasury, the Director of Ethics and Compliance and the Group Legal Director.

The Committee met eight times in 2020, including two joint meetings with the Strategy and CSR Committee.

In addition to presenting the financial statements for the previous year in February and examining the interim financial statements in July, the Committee conducts an annual review of the internal audit reports for the year, as well as the internal audit programme for the following year. The examination of the financial statements by the Committee is accompanied by a presentation by the Statutory Auditors describing the findings of their work and the main issues involved.

In 2020, the Committee examined the following points in particular:

- the monitoring of changes in the Group's and its main subsidiaries' profit, cash-flow and working capital requirement forecasts, and of the cash control programme;
- the monitoring of progress in the Group's and its subsidiaries' projects;
- the Group's financing activities;
- the process for monitoring the Group's risk management processes, including social and environmental risks;
- the implementation of the Eramet Management System (EMS);
- the process for monitoring the Group's internal audit;
- the work of the Internal Audit Department for the current year and its draft work plan for the following year;
- the procedure for monitoring the Group's off-balance-sheet commitments;
- the process for monitoring the Group's tax issues;
- the Group's ethics compliance programme;
- the process for monitoring cybersecurity risks;
- the process for renewing Statutory Auditors' terms of office at the Annual General Meeting in 2021. Further to issuing an invitation to tender to several international firms, the Committee recommended that the Board of Directors renew the term of office for one of the Statutory Auditors and engage a new auditing firm. The Board followed the Committee's recommendation;
- draft reports to shareholders.

Remuneration and Governance Committee

The Committee met nine times in 2020.

In 2020, in addition to its proposals regarding the items of compensation for executive corporate officers, which are described in detail in the section of the management report entitled, "Remuneration of the management and administration bodies", the Committee proposed that the Board approve an annual Performance Share Plan for the Company's and its subsidiaries' corporate officers and senior executives. The Committee reviewed the conclusions of the annual evaluation of the Board's operations and reviewed updates to the internal regulations of the Board and the Committees.

Appointments Committee

The Committee met twice in 2020 to review the candidacies of new directors being proposed and periodic succession planning for key Group management personnel. The executive corporate officer is involved in the work of the Appointments Committee.

Strategy and CSR Committee

The Committee met four times in 2020, including two joint meetings with the Audit, Risks and Ethics Committee. At these meetings, the Committee examined the evolution of the markets in which the Group operates and their competitiveness, as well as the resulting strategic options. On a case by case basis, the Committee examined the productivity improvement programmes carried out, as well as certain investment or disinvestment projects. The Committee is also kept informed of the main challenges facing the Company, including in the field of social and environmental responsibility, for which it annually reviews the Group's CSR roadmap.

4.1.1.6 Assessment of the Board's work

The Board provides for an annual self-assessment of its work, alternating with an assessment of the Board by an expert third party every three years. The purpose of the assessment is to review the Board's operating procedures, to ensure that important issues are properly prepared and discussed. In this respect, on an annual basis each director fills out a detailed questionnaire on the functioning of the Board and its specialised Committees. This allows directors to freely express their appreciation of the directors' individual contributions.

In 2020, the assessment was conducted using an in-house questionnaire, with the option of scheduling individual interviews with the Secretary of the Board.

The results of the assessment were analysed by the Remuneration and Governance Committee and discussed at the Board meeting of 11 March 2021.

Recommendations for improvement and arrangements for their implementation were also defined at this Board meeting.

4.1.2 Internal rules of the Board and its Committees, directors' charter, and Securities Trading Code of Conduct

The internal rules, which can be consulted on the Company's website, specify the composition, organization and functioning of the Board and its Committees, the roles and powers of the Chair of the Board and the Chief Executive Officer and the rights and duties of the directors. The internal rules are binding on all directors, as well as on any other person who may attend meetings of the Board or its Committees in any capacity whatsoever.

In addition to its general powers defined by law and the rules, the Board reviews and approves all decisions relating to the Group's major strategic directions and ensures that they are effectively implemented by General Management.

Board members and Committee members may, in the performance of their respective duties and having first informed the Chair and CEO, confer with members of the Group's management. They report on the information obtained and advice received.

The Committee members may request any advice or opinion from any external consultant or expert, if they consider it necessary.

To this end, they may request external technical studies relating to matters within the Committee's competence, at the expense of the Company, after being put out to competitive tender and after informing the Chair and CEO or the Board of Directors itself, subject to reporting back to the Board thereon.

The Board meets as often as the interests of the Company require on dates that are adapted to legal obligations. Convening notices are sent by the means judged to be the best adapted for ensuring traceability of the convening notice and within sufficient time to allow the directors to examine the files with the appropriate advance notice. If specified in the convening notice, Board meetings may be held by videoconference or telecommunications on subjects authorised by the Company's Articles of Association or by law.

The Chair is responsible for circulating to each director, in advance of the meeting, a file containing all the documents and information required for consideration of the items on the agenda.

The Secretary of the Board draws up the minutes of each Board meeting, which the Chair submits to directors for approval at the subsequent Board meeting, the draft minutes being sent to each participant (directors and employee representative) before the scheduled meeting date.

In the interest of good corporate governance, the Board has incorporated the Directors' Charter into its internal rules, which sets out the rights and duties of the directors and to which every director is accountable. Directors must adhere to the charter by signing it when they are appointed. This charter notes in particular that:

- directors shall, in all circumstances, act in the corporate interest of the Company, and are committed to defending and promoting the Company's values;
- directors must ensure that the Board is fully informed in advance of any actual, potential or perceived conflict of interest. He/she must abstain from taking part in the debate on the related resolution;
- directors must maintain their personal independence of analysis, judgement, decision and action, and reject any direct or indirect pressure that may be exerted on them, which may emanate from any third party or functions they perform elsewhere;
- directors contribute to the collective responsibility and efficiency of the work of the Board and the Committees, acting in good faith, with loyalty and with duty of confidentiality;
- directors must dedicate the necessary time and attention to their duties and, where possible, attend all meetings of the Board and the Committees of which they are a member, take the necessary time to prepare the work carried out therein and obtain all relevant information for such purpose. Directors undertake to keep the Board informed of mandates held in other companies. They attend General Shareholders' Meetings;
- directors must seek the approval of the Board before committing themselves personally to a competitor of the Group;
- directors must treat all the files submitted to them for the performance of their mandate in the strictest confidence, as well as the debates and information to which they have access as part of the Board and the Committees and, as such, shall not disclose them to anyone in any way;
- directors must ensure that they receive in a timely manner all documents and information required for the fulfilment of their duties. It is their responsibility to request from the Chair all documents they deem necessary for such purposes. Any director who believes that the information provided in advance is not sufficient may request the Chair or the Board to postpone ruling on this issue;
- if a director is no longer in a position to perform his or her duties, either by his/her own decision or for any other reason, he/she must inform the Chair of the Board of Directors, seek solutions to remedy the situation and, failing this, draw the personal conclusions with regard to the exercise of his/her mandate.

The Securities Trading Code of Conduct, established in accordance with the European "market abuse" regulation, aims at preventing insider trading offences and infringements and establishes a period of abstention from any transaction involving Eramet securities prior to publication of the Company's annual and interim financial statements and its quarterly financial results. All directors shall follow this procedure.

4.1.3 General management

4.1.3.1 Management of the Company - Lead Director

Since the deliberations of the Board meeting of 26 March 2003, the Company's Chief Executive Officer is also Chair of the Board of Directors, given that the Board considered this arrangement best suited to the Company's organization and shareholding structure, with 63% of the share capital controlled by two shareholder groups in concert. Regular dialogue between the two main shareholders that are party to the Shareholders' Agreement and General Management is thus facilitated through a single point of contact combining the duties of Chair of the Board of Directors and CEO. The amalgamation of the functions of Chair and Chief Executive Officer is in compliance with balanced corporate governance rules, based on:

- a Board structure comprising at least one third independent directors;
- prior examination by the Strategy and CSR Committee followed by Board approval are required for major strategic lines of action.

In accordance with Article 16 of the Articles of Association, the Board may, at the recommendation of the head of the Company's General Management, appoint up to five Deputy CEOs. The Company's CEO and the Deputy CEOs may not hold their position beyond the age of 70.

Lead Director

After seeking the opinion of the Nominations Committee, the Board may appoint a Lead Director, chosen from among the independent directors. The Lead Director's duties include: ensuring that the Company's governance bodies function effectively; collaborating with the Remuneration and Governance Committee in the annual self-assessment and three-year external assessment of the Board; and arranging at least one annual meeting between the non-executive Board members and the independent directors to facilitate access, on the part of directors – whether independent or not – to the information they require to perform their duties in the best conditions possible. The full list of the Lead Director's duties is set out in the Company's internal regulations and published on the Company's website Mr François Corbin was appointed Lead Director as from 30 March 2021.

4.1.3.2 Role of General Management

The Executive Committee consists of the Chair and CEO, two Deputy CEOs, one responsible for the Mines and Metals Division and the other for the High Performance Alloys Division, the EVP of Human Resources, Health and Security, the Deputy CEO in charge of Finance, Digital and Group Purchasing, the EVP Sustainability and Corporate Engagement, the EVP Strategy and Innovation, and the Group General Counsel. The fact that the directors in charge of the Group's corporate support departments – i.e. the Human Resources, Health and Security Department, the Administration and Finance Department, the Sustainability and Corporate Engagement Department, the Strategy and Innovation Department, and the Legal Department – are members of the Executive Committee strengthens the effectiveness and consistency of their actions.

All members of the Executive Committee, as well as the Director of Risk, Internal Control and Internal Audit, the Director of Group Security and the Director of Ethics and Compliance report directly to the Chair and Chief Executive Officer.

The Deputy Chief Executive Officer in charge of Finance, Digital and Group Purchasing also supervises, investor relations, the information systems, digital transformation, Group management, audit, insurance, financing and treasury, accounting, consolidation and Group taxation and Group purchasing.

4.1.3.3 Limitations to the powers of the Chief Executive Officer

At its meeting of 23 May 2017, the Board of Directors granted Ms Bories all powers conferred by French law to a Chair and CEO of a public limited company.

The Chair and CEO exercises full authority pursuant to the law and within the scope of the Company's corporate purpose, subject to the proviso that, "no decision relating to the Company's major strategic, economic, financial or technological direction may be taken without first being discussed by the Board", as specified in Article 13, sub-section 2 of the Articles of Association.

However, in accordance with the Board's Internal Rules, the following operations are subject to prior authorisation by the Board: all strategic investment projects, as well as any significant transaction, particularly acquisitions or disposals, exceeding €50 million or that may significantly affect the Group's results, the structure of its balance sheet or its risk profile. Projects and transactions of between €20 million and €50 million that are not significant in scope are submitted to the Board for information purposes.

In line with Article 13, sub-section 4 of the Articles of Association, "acts concerning the Company are signed either by the CEO, the Deputy CEO or by any specially authorised person."

4.1.4 Company policy on gender equality in the workplace, including within the Executive Committee

These elements are included in the section of the management report entitled, "Non-Financial Performance Statement/ Human resources".

4.1.5 Information on the remuneration and compensation of the Chair and Chief Executive Officer

These elements are included in the section of the management report entitled, "Remuneration of the Management and Administration Bodies".

4.1.6 Information on share ownership, shareholders' agreements and investments in associates

These elements, as well as information which may have an impact in case of takeover bids, are included in the "Eramet and its shareholders" section of the management report.

4.1.7 Miscellaneous provisions

4.1.7.1 Description of related-party agreements – internal procedure to assess current agreements concluded under normal conditions

For full details on related-party agreements, please refer to the section of the Statutory Auditors' special report entitled, "Financial Statements". An internal procedure has been implemented to assess current agreements concluded under normal conditions. The procedure follows the CNCC 2014 guidelines on agreement types. It is implemented by the Company's internal departments, and provides for an annual review by the Audit Committee of the types of agreements entered into during the financial year and the conditions attached to them. The Audit Committee's conclusions are submitted annually to the Board for review.

4.1.7.2 Powers given by the General Shareholders' Meeting to the Board of Directors relating to capital increases and the status of their use

The table summarising the powers granted by the General Shareholders' Meeting to the Board of Directors is included in the "Eramet and its shareholders" section of the management report.

4.1.7.3 Means of shareholder participation at General Shareholders' Meetings

The means by which shareholders may participate at General Shareholders' Meetings are set out in Articles 8, 20, 21 and 22 of the Articles of Association.

The Board of Directors

4.2 LIST OF DIRECTORS AND THEIR POSITIONS

Christel Bories

DIRECTOR (5)
CHAIR AND CEO

Date of birth: 20 May 1964 (56 years old)
Nationality: French
Business address:
10, boulevard de Grenelle, 75015 Paris, France

7,055 Eramet shares held (7,155 voting rights)

Date of first appointment

Director and Chair and CEO: General Shareholders' and Board Meeting of 23 May 2017

Date of last reappointment, and end date of term of office

Expiry date:

General Shareholders' Meeting called to approve the 2020 financial statements

Other positions held

- **Within Group companies**
  - Director of Comilog S.A.
  - Director of Société Le Nickel SLN
- **Within non-Group companies**
  - Director of Legrand (listed company)
  - Director of the France Industrie organization
- **Offices held and completed during the past five years**
- **Within non-Group companies**
  - Director of Smurfit Kappa (listed company) (until December 2019)
  - Deputy CEO of Ipsen (listed company) (until 2016)
- **Within Group companies**
  - Chair of the Board of Aubert & Duval (from December 2017 to February 2018), and EcoTitanium (from December 2017 to March 2018)

(5) Strategy and CSR Committee.

Michel Antsélévé

DIRECTOR

Date of birth: 19 February 1965 (55 years old)
Nationality: Gabonese
Business address:
BP 12905, Libreville, Gabon

Mr Antsélévé is a senior civil servant in the Gabonese Government, serving as Director General for Industry and Competitiveness in the Ministry of Trade and Industry.

100 Eramet shares held (200 voting rights)

Date of first appointment

General Shareholders' Meeting of 15 May 2013

Date of last reappointment, and end date of term of office

Reappointment:

Shareholders' Meeting of 23 May 2017, for a four-year term

Expiry date:

General Shareholders' Meeting called to approve the 2020 financial statements

Other positions held

Within Group companies

- None

Within non-Group companies

- Vice Chair of the Board of Directors of Total Gabon (listed company) since March 2017

Offices held and completed during the past five years

- Director representing the Gabonese Republic on the Board of Directors of Compagnie de Navigation Intérieure (Gabon) (until 2013)
- Director representing the Presidency of the Gabonese Republic on the Board of Directors of Société de Développement des Ports (Gabon) (until 2016)
- Director representing the Presidency of the Gabonese Republic on the Boards of Directors of Compagnie Minière de Belinga (Gabon) and Société Nationale de Gestion et de Construction du Logement Social (Gabon) (until the start of 2017)

Emeric Burin des Roziers

DIRECTOR

Date of birth: 8 September 1980 (40 years old)
Nationality: French
Business address:
10, boulevard de Grenelle, 75015 Paris, France

Mr Burin des Roziers is the Chief Executive Officer of Endel (an Engie subsidiary) and the Deputy CEO of Engie Solutions' Industry BU

1,067 Eramet shares held (1,938 voting rights)

Date of first appointment

General Shareholders' Meeting of 23 May 2019

Date of last reappointment, and end date of term of office

Expiry date:

General Shareholders' Meeting called to approve the 2022 financial statements

Other positions held

Within Group companies

- None

Within non-Group companies (unlisted companies)

- Chair of Endel SAS and of Technical Engineering Support SAS (an Endel subsidiary)
- Manager of SN Europipe

Offices held and completed during the past five years

- Director of Gulf Chemical and Metallurgical Corporation (until 2016) (a US subsidiary of Eramet)

Christine Coignard

DIRECTOR [(1) (4) (5)]

Date of birth: 5 February 1964 (56 years old)
Nationality: French and Canadian
Business address:
10, boulevard de Grenelle 75015 Paris, France

Ms Coignard is the Managing Director and founding partner of Coignard & Haas GmbH, a strategy and development consulting firm.

100 Eramet shares held (200 voting rights)

Date of first appointment

General Shareholders' Meeting of 23 May 2017

Date of last reappointment, and end date of term of office

Expiry date:

General Shareholders' Meeting called to approve the 2020 financial statements

Other positions held

- **Within Group companies**
  - None
- **Within non-Group companies**
  - Managing Director and founding partner of Coignard & Haas GmbH (Germany)
- **Offices held and completed during the past five years**
  - Managing Director of Hatch International Advisers Ltd (United Kingdom)
  - Director of Tenetopera Ltd (United Kingdom)
  - Director of Polymetal International plc (listed company – United Kingdom) (until April 2019)

François Corbin

DIRECTOR [(1) (4)]

Date of birth: 14 September 1957 (63 years old)
Nationality: French
Business address:
10, boulevard de Grenelle 75015 Paris, France

Mr Corbin is General Delegate for international affairs to the Chair of the Michelin Group, Vice Chair of MEDEF International in charge of coordination in the ASEAN region, and the French Minister for Europe and Foreign Affairs' special representative for economic affairs in the ASEAN region.

101 Eramet shares held (101 voting rights)

Date of first appointment

General Shareholders' Meeting of 23 May 2019

Date of last reappointment, and end date of term of office

Expiry date:

General Shareholders' Meeting called to approve the 2022 financial statements

Other positions held

- **Within Group companies**
  - None
- **Within non-Group companies (unlisted companies)**
  - Director, MEDEF International (France)
  - Director, MEDEF International (United States)
- **Offices held and completed during the past five years**
  - Chair of Michelin Ventures SASU (until 2019)
  - Director, Michelin Foundation (until 2019)
  - Director, France/China Committee (until 2020)

(1) Audit, Risks and Ethics Committee.
(4) Independent director.
(5) Strategy and CSR Committee.

Jérôme Duval

DIRECTOR [5]

Date of birth: 30 December 1972 (48 years old)
Nationality: French
Business address:
10, boulevard de Grenelle, 75015 Paris, France

Cousin of Cyrille Duval and Nathalie de La Fournière.
Mr Duval is Director of Shipping Finance Americas at Crédit Agricole CIB.
600 Eramet shares held (600 voting rights)

Date of first appointment

General Shareholders' Meeting of 23 May 2019

Date of last reappointment, and end date of term of office

Expiry date:

General Shareholders' Meeting called to approve the 2022 financial statements

Other positions held

- **Within Group companies**
  - None
- **Within non-Group companies (unlisted companies)**
  - None
- **Offices held and completed during the past five years**
  - None

Sorame

DIRECTOR [1] [2] [3] [5] REPRESENTED BY CYRILLE DUVAL

Date of birth: 18 July 1948 (72 years old)
Nationality: French
Business address:
10, boulevard de Grenelle, 75015 Paris, France

Uncle of Nathalie de La Fournière, cousin of Jérôme Duval
Mr Duval is CEO of Sorame and Chair of CEIR.
6,041 Eramet shares held (12,082 voting rights)

Date of first appointment

General Shareholders' Meeting of 11 May 2011

Date of last reappointment, and end date of term of office

Reappointment:

General Shareholders' Meetings of 29 May 2015 and 23 May 2019, for a four-year term

Expiry date:

General Shareholders' Meeting called to approve the 2022 financial statements

Other positions held

- **Within Group companies**
  - Director of Comilog S.A. and Metal Securities
- **Within non-Group companies (unlisted companies)**
  - Chair of CEIR
  - CEO of Sorame
- **Offices held and completed during the past five years (Group companies)**
  - Manager of SCI Grande Plaine (until 2016)
  - Chair of Forges de Montplaisir (until 2016)
  - Chair of Brown Europe (until February 2017)
  - Deputy CEO of Eramet Holding Alliages (until October 2017) (non-Group company)
  - Director of Nexans (until May 2019)

(1) Audit, Risks and Ethics Committee.
(2) Remuneration and Governance Committee.
(3) Appointments Committee.
(5) Strategy and CSR Committee.

CEIR

DIRECTOR [5] REPRESENTED BY NATHALIE DE LA FOURNIÈRE

Date of birth: 1 October 1967 (53 years old)

Nationality: French

Business address:
10, boulevard de Grenelle, 75015 Paris, France

Niece of Cyrille Duval, cousin of Jérôme Duval

Ms de la Fournière is Finance and Administration Director of the *Agence d'Urbanisme et d'Aménagement Toulouse Aire Métropolitaine*.

100 Eramet shares held (200 voting rights)

Date of first appointment

General Shareholders' Meeting of 11 May 2011

Date of last reappointment, and end date of term of office

Reappointment:

General Shareholders' Meetings of 29 May 2015 and 23 May 2019, for a four-year term

Expiry date:

General Shareholders' Meeting called to approve the 2022 financial statements

Other positions held

- **Within Group companies**
  - None
- **Within non-Group companies**
  - None
- **Offices held and completed during the past five years**
  - None

Frédéric Gaidou

DIRECTOR REPRESENTING EMPLOYEES [2]

Date of birth: 11 December 1974 (46 years old)

Nationality: French

Business address:
10, boulevard de Grenelle, 75015 Paris, France

Mr Gaidou is Product Responsibility Coordinator in the Sustainable Development and Corporate Commitment Department.

23 Eramet shares held (42 voting rights)

Date of first appointment

Appointed by the European Works Council on 24 April 2018 in accordance with Article 10.9 of the Articles of Association

Date of last reappointment, and end date of term of office

Expiry date:

11 November 2022

Other positions held

- **Within Group companies**
  - None
- **Within non-Group companies**
  - None
- **Offices held and completed during the past five years**
  - None

(2) Remuneration and Governance Committee.
(5) Strategy and CSR Committee.

Jean-Yves Gilet

DIRECTOR [5]

Date of birth: 9 March 1956 (64 years old)
Nationality: French
Business address: 82, rue de l'Université, 75007 Paris, France

Mr Gilet is Chair of Gilet Trust Invest SAS, a strategy and management consulting company.
100 Eramet shares held (100 voting rights)

Date of first appointment

Co-opted by the Board on 23 September 2016

Date of last reappointment, and end date of term of office

Reappointment:

General Shareholders' Meeting of 23 May 2019, for a four-year term

Expiry date:

General Shareholders' Meeting called to approve the 2022 financial statements

Other positions held

Within Group companies

- None

Within non-Group companies

- Chair of Gilet Trust Invest SAS
- Director of Fondation Mines-Télécom (since 2017)

Offices held and completed during the past five years

- Executive Director of Bpifrance (2013-2016)
- Director of Eiffage (until May 2017)
- Director of Orange (until January 2017)

4

(5) Strategy and CSR Committee.

Manoelle Lepoutre

DIRECTOR [3] [4] [5]

Date of birth: 8 May 1959 (61 years old)
Nationality: French
Business address:
TOTAL, 2, place Jean-Millier, La Défense 6,
92078 Paris La Défense Cedex, France

Ms Lepoutre is Director of Civil Society Commitment within the TOTAL group.

100 Eramet shares held (200 voting rights)

Date of first appointment

General Shareholders' Meeting of 11 May 2011

Date of last reappointment, and end date of term of office

Reappointment:

General Shareholders' Meetings of 29 May 2015 and 23 May 2019, for a four-year term

Expiry date:

General Shareholders' Meeting called to approve the 2022 financial statements

Other positions held

- **Within Group companies**
  - None
- **Within non-Group companies (unlisted companies)**
  - Director of Fondation Villette-Entreprises
- **Offices held and completed during the past five years**
  - None

Jean-Philippe Letellier

DIRECTOR REPRESENTING EMPLOYEES [5]

Date of birth: 19 January 1963 (58 years old)
Nationality: French
Business address:
10, boulevard de Grenelle, 75015 Paris, France

Mr Letellier is the Energy & Climate Lead in the Eramet Group's Energy & Climate Department.

23 Eramet shares held (42 voting rights)

Date of first appointment

Appointed by the Central Works Council at its meeting on 23 June 2018 in accordance with Article 10.9 of the Articles of Association

Date of last reappointment, and end date of term of office

Expiry date:

22 June 2022

Other positions held

- **Within Group companies**
  - None
- **Within non-Group companies**
  - Member of the ISO 50001 Experts Committee and of AFNOR's "Energest" Standardisation Committee
  - Lecturer at INSA Val de Loire engineering school
- **Offices held and completed during the past five years**
  - None

(3) Appointments Committee.
(4) Independent director.
(5) Strategy and CSR Committee.

Miriam Maes

DIRECTOR (1) (2) (4)

Date of birth: 8 May 1956 (64 years old)
Nationality: Dutch
Business address:
80 St Pancras Way, Camden Courtyards, Flat 25, London, NW1 9DN, U.K.

Ms Maes is Chair of Foresee based in London, a consulting company that provides sustainable development and energy management advice to companies.

100 Eramet shares held (200 voting rights)

Date of first appointment

Appointed by the General Shareholders' Meeting of 27 May 2016

Date of last reappointment, and end date of term of office

Reappointment:

General Shareholders' Meeting of 26 May 2020, for a four-year term

Expiry date:

General Shareholders' Meeting called to approve the 2023 financial statements

Other positions held

Within Group companies

- None

Within non-Group companies

- Director of Assystem S.A. (France) (listed company)
- Chair of the Supervisory Board of the Port of Rotterdam (Netherlands)
- Director of Urenco (England) and Ultra Centrifuge Netherlands (Netherlands)
- Chair of Foresee (United Kingdom)

Offices held and completed during the past five years

- Director of Naturex (France) (listed company) (until September 2018), and Vilmorin & Cie (France) (listed company) (until December 2019)
- Chair of the Board of Directors of Elia Asset BV and Elia System Operator BV (Belgium) (listed company) (until May 2017)
- Chair of the Board of Sabien Technology Group Ltd (United Kingdom) (until 2015)

4

(1) Audit, Risks and Ethics Committee.
(2) Remuneration and Governance Committee.
(4) Independent director.

Louis Mapou

DIRECTOR

Date of birth: 14 November 1958 (62 years old)
Nationality: French
Business address:
10, boulevard de Grenelle, 75015 Paris, France

Mr Mapou is a member of the Southern Province Assembly and the Congress of New Caledonia.

99 Eramet shares held (198 voting rights)

Date of first appointment

Appointed by the General Shareholders' Meeting of 24 May 2018

Date of last reappointment, and end date of term of office

Expiry date:

General Shareholders' Meeting called to approve the 2021 financial statements

Other positions held

Within Group companies

- None

Within non-Group companies

- Chair of STCPI since 2018
- Director of Promo Sud (financing and development company of the Southern Province of New Caledonia)
- Member of the Supervisory Board of IEOM

Offices held and completed during the past five years

- Director of Eramet from March 2001 to June 2014
- CEO of Sofinor (Société de Financement et d'Investissement de la Province Nord) until August 2014
- Chair of STCPI (Société Territoriale Calédonienne de Participation) until November 2014
- Executive Director of the Board of Directors of KNS (Koniambo Nickel SAS) until August 2014

Catherine Ronge

DIRECTOR (2) (4)

Date of birth: 13 April 1961 (59 years old)
Nationality: French
Business address:
INNEVA, 3, rue de Chaillot, 75116 Paris, France

Ms Ronge is Chair and CEO of the Le Garrec et Cie Group, and Chair of the Board of Inneva, a strategy consultancy.
100 Eramet shares held (200 voting rights)

Date of first appointment

Co-opted by the Board on 17 February 2016

Date of last reappointment, and end date of term of office

Reappointment:
Shareholders' Meeting of 23 May 2017, for a four-year term
Expiry date:
General Shareholders' Meeting called to approve the 2020 financial statements

Other positions held

- **Within Group companies**
  - None
- **Within non-Group companies**
  - Director of the Colas Group (listed company)
  - Director of Paprec Holding
  - Chair and CEO of Le Garrec et Cie
  - Chair of Inneva
  - Vice-Chair of the Armines Association
- **Offices held and completed during the past five years**
  - Director of Innoveox (until 2016)
  - Chair of Weave Air (until 2020)

Sonia Sikorav

DIRECTOR (1) (4) (5)

Date of birth: 8 May 1957 (63 years old)
Nationality: French
Business address:
10, boulevard de Grenelle, 75015 Paris, France

Ms Sikorav is an independent director and has held executive management, strategy management and procurement management positions in different industrial groups.
100 Eramet shares held (200 voting rights)

Date of first appointment

Appointed by the General Shareholders' Meeting of 27 May 2016

Date of last reappointment, and end date of term of office

Reappointment:
Shareholders' Meeting of 26 May 2020, for a four-year term
Expiry date:
General Shareholders' Meeting called to approve the 2023 financial statements

Other positions held

- **Within Group companies**
  - None
- **Within non-Group companies**
  - Director of NSC Groupe and PSB (listed companies) (France)
  - Member of the Briand Group's Strategic Committee
- **Offices held and completed during the past five years**
  - Director of Eolane (France) – (2009-2017)
  - Director of ENSCP – *École nationale de chimie de Paris* (until 2014)

(1) Audit, Risks and Ethics Committee.
(2) Remuneration and Governance Committee.
(4) Independent director.
(5) Strategy and CSR Committee.

Claude Tendil

DIRECTOR (2) (3) (4)

Date of birth: 25 July 1945 (75 years old)
Nationality: French
Business address:
GENERALI France, 2, rue Pillet-Will, 75009 Paris, France

Mr Tendil was Chair and CEO of the GENERALI Group in France until October 2013, and subsequently Chair of the Board of Directors of GENERALI IARD until 30 June 2020.

100 Eramet shares held (200 voting rights)

Date of first appointment

Co-opted by the Board on 25 May 2012 (ratified by the General Shareholders' Meeting of 15 May 2013)

Date of last reappointment, and end date of term of office

Reappointment:

General Shareholders' Meetings of 29 May 2015 and 23 May 2019, for a four-year term

Expiry date:

General Shareholders' Meeting called to approve the 2022 financial statements

Other positions held

Within Group companies

- None

Within non-Group companies

- Director of GENERALI VIE
- Director of Europ Assistance Holding
- Director of SCOR SE (listed company)
- Chair of RVS (association)
- Member of the Executive Committee of MEDEF
- Chair of the Institut pour l'innovation économique et sociale (2IES)
- Chair of Fondation ARC for cancer research

Offices held and completed during the past five years

- Chair of the Board of GENERALI IARD (until 30 June 2020)
- Director of GENERALI France (until 2020)
- Chair and CEO of GENERALI France, GENERALI Vie, GENERALI Iard (until October 2013)
- Chair of the Board of Europ Assistance Holding (until 2015) and Europ Assistance Italy (until April 2015)
- Chair of the Board of Directors of GENERALI France, GENERALI France Assurances and GENERALI Vie (until 2016)

(2) Remuneration and Governance Committee.
(3) Appointments Committee.
(4) Independent director.

Bruno Vincent

DIRECTOR (1) (2) (3) (5)

Date of birth: 6 March 1982 (38 years old)

Nationality: French

Business address:
Agence des participations de l'État, 139, rue de Bercy, Teledoc 229, 75012 Paris, France

Mr Vincent is Director of Energy Shareholdings at the Agence des participations de l'État.

Number of Eramet shares held: not applicable

Date of first appointment

Appointed as Government representative on 23 May 2019, as per the Order of 20 August 2014

Date of last reappointment, and end date of term of office

Not applicable

Other positions held

- **Within Group companies**
  - None
- **Within non-Group companies**
  - Director of ORANO S.A. and AREVA S.A.
- **Offices held and completed during the past five years**
  - Director of Monnaie de Paris (from 2013 to 2014), Imprimerie Nationale (from 2013 to 2014), the Grand Port Maritime in La Rochelle (from 2013 to 2014), the Grand Port Maritime in Marseille (from 2014 to 2017), SNCF Réseau (from 2015 to 2017), Aéroports de Lyon (from 2015 to 2016) and Aéroports de la Côte d'Azur (from 2014 to 2016)

Jean-Philippe Vollmer

DIRECTOR

Date of birth: 5 October 1976 (44 years old)

Nationality: French

Business address:
13, rue Kervistin – Motor Pool, 98800 Nouméa, New Caledonia

Mr Vollmer is Chair of the Board of Société des Hôtels de Nouméa in New Caledonia.

1 Eramet share held (1 voting right)

Date of first appointment

Co-opted by the Board on 15 October 2020

Date of last reappointment, and end date of term of office

Expiry date:

General Shareholders' Meeting called to approve the 2023 financial statements

Other positions held

- **Within Group companies**
  - None
- **Within non-Group companies**
  - Chair of Société des Hôtels de Nouméa
  - Société des Hôtels de Nouméa's permanent representative on the Boards of Directors of Société Hôtelière de Deva and Maguenine SEO
  - Co-manager of SNC Casino de Nouméa
  - Director representing the government of New Caledonia on the Board of the EIG, Tourisme Pointe Sud
  - Director of the public interest groups, Union pour le Handicap, Handicap Dépendance and Bien Vieillir
- **Offices held and completed during the past five years**
  - Director of the Banque Calédonienne d'Investissement until July 2019

(1) Audit, Risks and Ethics Committee.
(2) Remuneration and Governance Committee.
(3) Appointments Committee.
(5) Strategy and CSR Committee.

As provided by paragraph 12.1 of Appendices 1 and 2 of Commission Delegated Regulation (EU) 2019/980, the Company states that, to the best of its knowledge and at the time of writing this report:

- no conviction of fraud has been handed down in the last five years against any member of the Board of Directors or of General Management;
- in the last five years, no member of the Board of Directors or of General Management has been associated with a bankruptcy, receivership, liquidation or court-ordered administration in their capacity as member of an administrative, management or supervisory body, or as CEO of a company, with the exception of Ms Sikorav, independent director of the NSC Group, whose subsidiary, NSC packaging, was placed into liquidation in April 2020 by the Sedan Commercial Court, after selling its operations;
- no proceedings and/or official public penalty has been handed down in the last five years against any member of the Board of Directors or of General Management by the statutory or regulatory authorities (including the relevant professional bodies); and
- no director or member of General Management has in the last five years been stripped by a court of his or her right to act as a member of an administrative, management or supervisory body or from participating in the management or business affairs of a listed company.

No director has a conflict of interest within the meaning of section 12.2 of Appendices 1 and 2 of Commission Delegated Regulation (EU) 2019/980 or has entered into a service contract with Eramet.

4.2.1 Implementation of the "Comply or Explain" rule

AFEP-MEDEF Code recommendation	Eramet Corporate Governance
Recommendation 17.1 – on the composition of the Appointments Committee: "It must comprise a majority of independent directors."	The Appointments Committee comprises two independent directors out of its four members, including the Chair of the Remuneration and Governance Committee, who is also Chair of the Appointments Committee. This is due to the control on the Company's shares in which a group of shareholders holds 62.51% of shares and 74% of voting rights.
Recommendation 17.2.1 – on the powers of the Appointments Committee: "with regard to the selection of new directors" "this committee is responsible for making proposals to the Board after reviewing in detail all the elements to be taken into account as part of its deliberations, particularly in view of the composition and the changes in the Company's shareholding structure, to achieve a balanced composition of the Board: representation of women and men, nationality, international experience, expertise, etc. More specifically, it organises a procedure for selecting future independent directors, and conducts its own assessment of potential candidates before taking steps to approach them."	Under the terms of the Shareholders' Agreement governing the relations between the Company's main shareholders, the latter have the power to put forward new directors. The remit of the Appointments Committee is to ensure that the proposals made by the main shareholders do not contravene laws or the Company's Articles of Association, and to verify that there are no conflicts of interest and, regarding independent directors, to state a position on the independence criteria of such directors and, for the process of appointing new directors, to propose a competency matrix to the Board for its approval before engaging an external firm, and then take part in the process of short-listing of candidates before presenting several fully documented candidate files to the Board.
Recommendation 26.1 – Ongoing provision of information to shareholders on remuneration of corporate officers: "All components of executive corporate officers' remuneration, whether potential or vested, shall be publicly disclosed immediately after the Board meeting at which they are approved."	There is no communication after Board meetings held to review remuneration. The components are communicated in the Universal Registration Document.

4.2.2 Changes to the composition of the Board of Directors and its Committees during the 2020 financial year and up to the date of filing of this registration document

Board	
Co-opting	On 15 October 2020, Mr Jean-Philippe Vollmer was co-opted as a director to replace Ms Sonia Backès, who resigned.
Appointment of new permanent representatives representing legal entity directors	None
Appointments by the General Shareholders' Meeting	On 26 May 2020, the General Shareholders' Meeting appointed Ms Sonia Backès as director, to replace Mr Gomès.
Resignations	On 26 May 2020, after the General Shareholders' Meeting, Ms Sonia Backès resigned as director.
Expiry of the terms of office of directors	None
Committees	
Audit, Risks and Ethics Committee	None
Remuneration and Governance Committee	On 26 May 2020, Mr Gomès ceased being a member of the Committee.
Strategy and CSR Committee	None
Appointments Committee	None

Production of manganese alloys, Porsgrunn plant, Norway

5

Risk management

This chapter presents the Risk Management System implemented by General Management and all of the Eramet teams to prevent and control the significant Group risks which Eramet believes it may have to address.

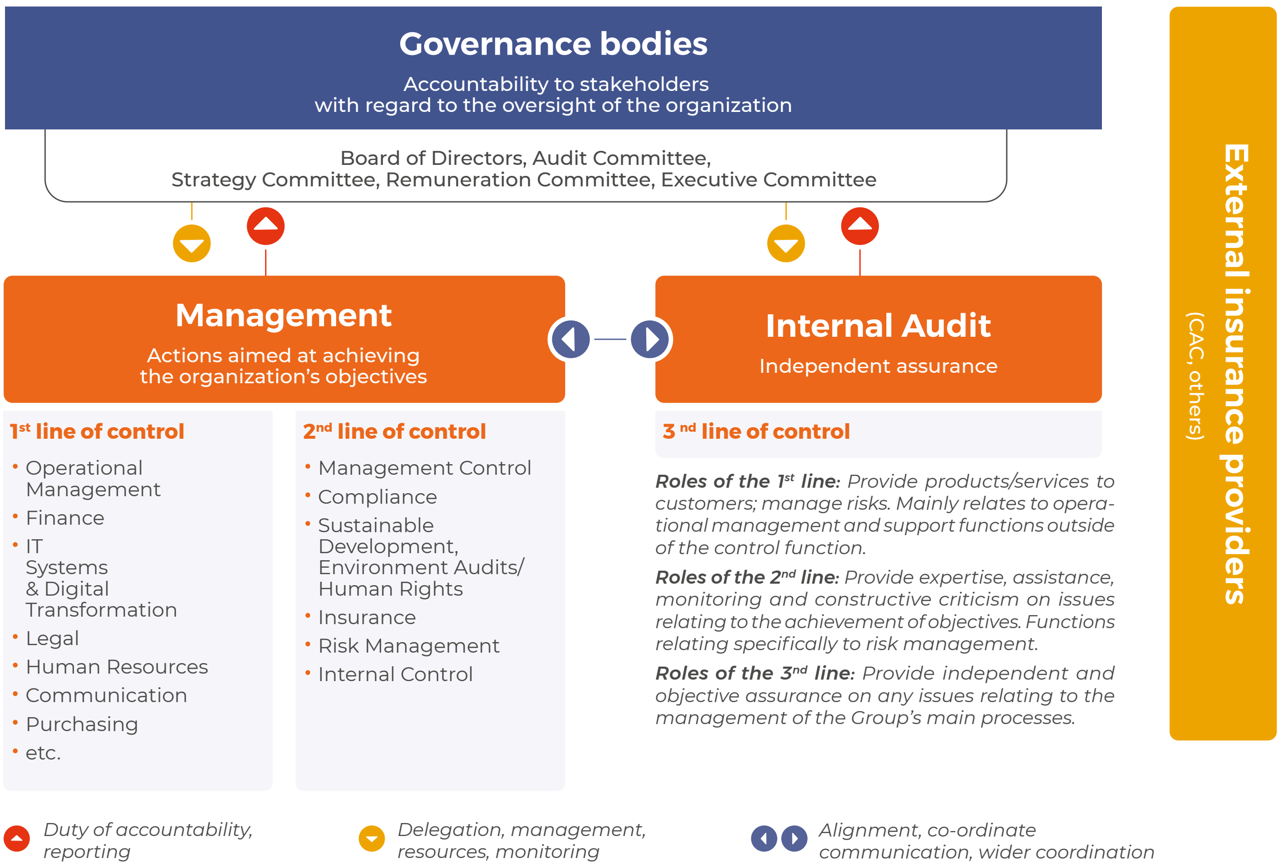
The Group conducts its business in a constantly changing environment, which creates risks, many of which are beyond its control. The risks and uncertainties described in this chapter are not the only risks to which the Group is currently exposed or will be exposed in the future. Other risks or uncertainties which the Group is currently unaware of or regards as unimportant as at the date of this document, might have an adverse effect on its operations, results, financial situation and outlook.

In addition, Eramet cannot provide an absolute guarantee that the risk management objectives will be met or that the risks will be completely eliminated.

5.1 PRINCIPLES OF RISK MANAGEMENT WITHIN ERAMET

The Eramet Group recognises that risk-taking is vital and inherent to its business development. For several years, it has committed to a risk management approach that provides a better understanding of its risks and engages in calculated risk-taking to increase its performance over the long term and enable it to take better advantage of opportunities.

In this respect, risk management is considered by the Eramet Executive Committee to be a key component of the Group's governance system. This is why the Eramet Group has developed an integrated risk management approach aligned with the organization's objectives and with its strategy and in accordance with the 2010 AMF recommendations, creating a Risk Management function and coordinating the three risk control lines presented below:



The first line of defence relies mainly on operational management activities, on its operational risk management, but does not include control functions.

The second line of control is provided by the various functions set up by management to monitor risk control and compliance.

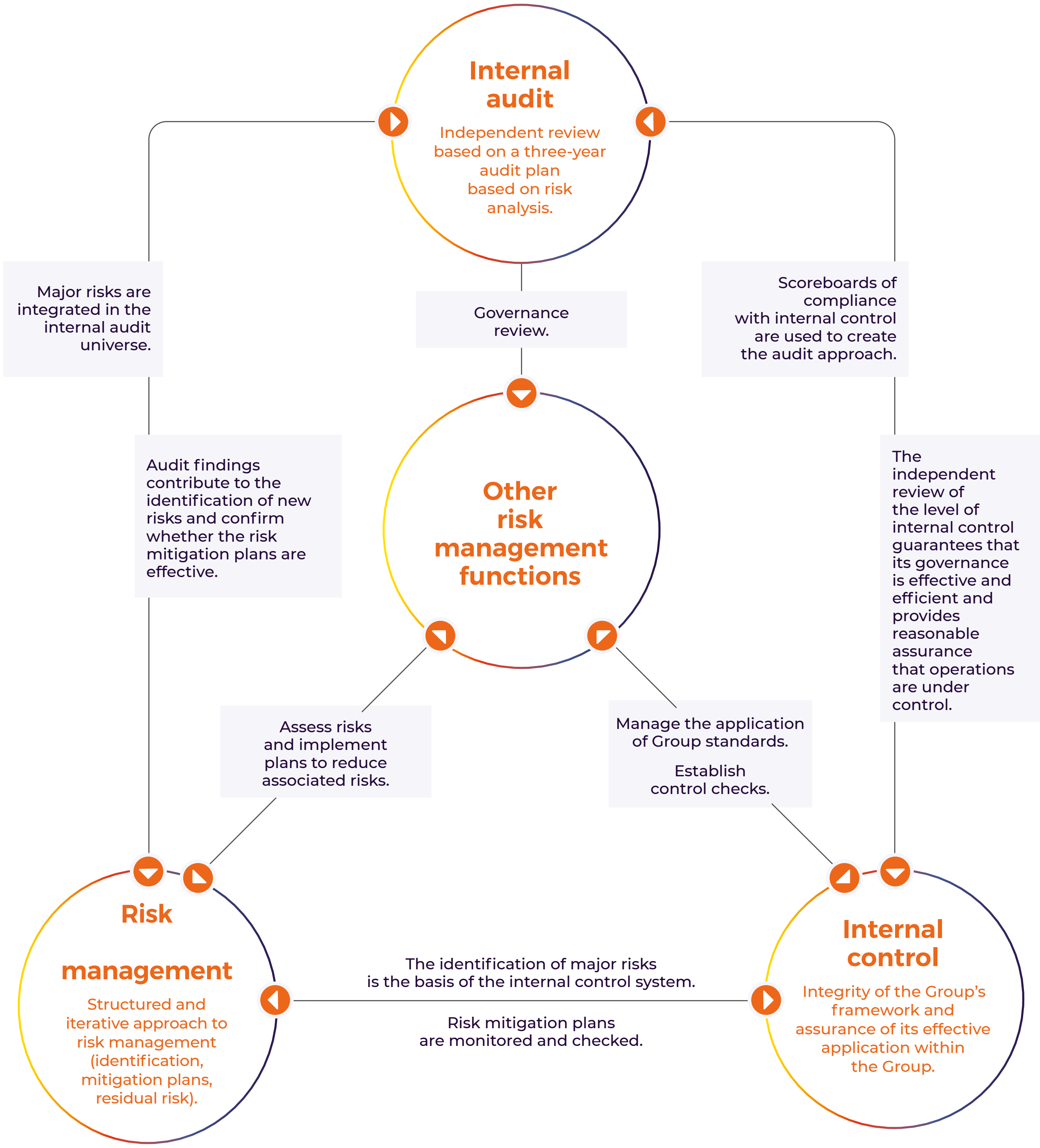
The third line of control is based on the independent assurance provided by Internal Audit.

The coordination of the three lines of control that make up the Risk Management System is provided in particular by the Risk Management Committee composed of ten permanent members: the Group Risk Manager, the Director of Risk Management, Internal Control and Internal Audit, the Director of Environment and ESG Performance, the Industrial Risk Coordinator, the Security Director, the Safety and Prevention Director, the Group Insurance Manager, the Director of Ethics and Compliance, the Information Systems Security Manager and the Director of Social Impact and Human Rights. This Committee is an operational body for exchange between the businesses contributing to the risk control approaches. It serves as a vector of the Group's risk management culture. Its objectives include: informing its different members of their respective roles in helping to improve risk management; providing a comprehensive overview of risks and subsequent challenges, enabling them to locate the risks pertaining to their area of expertise in relation to other risks; ensuring that emerging or rapidly evolving risks are taken into account.

The Risk Management System also includes a Crisis Management System, a Country Risk Committee and an Ethics and Compliance Committee.

5.2 AN INTEGRATED APPROACH TO RISK MANAGEMENT WITHIN ERAMET

Since 2019, the Group has combined Risk Management, Internal Control and Internal Audit within a single department in order to improve risk management for the Group on the basis of the expertise of each of the three functions:



The Risk Management System provides a structured approach for identifying, categorising, handling and controlling all kinds of risks faced by the Group. It contributes to Eramet's success by anticipating risks and by minimising the probability of occurrence and/or the impact of these risks. It aims to identify the strategic, operational, financial and regulatory risks that might materialise over a time horizon of three to five years, to address them by defining action plans to mitigate the probability and impact of risks, to establish or optimise the necessary internal control processes to manage the Group's activities and operations, and to monitor the Group's exposure to the specific risk universe associated with its business model. It is based on an iterative approach that enables continuous monitoring of risks.

Risk management, an iterative process

Creation of this process prompted the construction of the Group's 2020 major risk mapping, drawn up on the basis of interviews and workshops with a representative panel of Group employees, managers and members of governance. The main risks identified and described below help to outline control areas that are then rolled out in operational action plans designed to strengthen existing control mechanisms.

The Group Risk Manager, Risk Managers of Divisions and Risk Management Coordinators coordinate how to track evolving identified risks and which containment measures to implement within the different Group entities. Operational risks are handled by Division managers in coordination with the Group's support Departments:

- the Group's Sustainability and Corporate Engagement Department for industrial risks and risks related to the environment and CSR;
- the Group Human Resources, Health and Security Department for risks related to their respective areas of responsibility;
- the Group Safety and Prevention Department for risks related to occupational safety;
- The Information Systems Department for IT and cyber risks;
- the Ethics and Compliance Department for risks of non-compliance;

For Group financial risks, the monitoring of changes of the risks identified and the implementation of the related control systems are carried out by the Finance and Treasury Department for the entire Group, in conjunction with the managers of the Group's subsidiaries. The Executive Committee is responsible for addressing and managing the Group's strategic and/or major and ethical risks, with the assistance of the Group Risk Management, Internal Control and Audit Department. Finally, the Group Insurance Management Department defines and implements the Group's residual risk transfer policy, following approval by the Executive Committee.

The internal control system is designed to ensure compliance with laws and regulations, application of instructions and guidelines set by the Group's General Management, the smooth operation of the internal processes of the Group and its entities and the reliability of financial reporting. Generally, it contributes to the management of Group activities, the effectiveness of its operations and the efficient use of its resources. Risk ownership and responsibility for risk management are assigned at the most appropriate level in accordance with a subsidiarity principle. Each operations manager is therefore directly involved in the implementation of internal controls and is responsible for assessing and reducing the risks related to the processes and activities for which he or she is responsible. The effectiveness of the system is verified by the Internal Control Department. However, as with any control system, it cannot provide an absolute guarantee that these risks are totally eliminated.

The primary task of internal control is to ensure that the key internal control guidelines defined by Group Business Managers are up to date: the latter identify risk areas and define control activities to address them with the support of Group Internal Control and Risk Management. Internal Control focuses on the continuous improvement of Group standards and practices, and ensures that, in the event of non-implemented or unsatisfactory controls, action plans are present, formalised, and followed up on. It organises the roll-out of internal controls and self-assessment campaigns, and provides information about any changes to them.

In 2020, Internal Control continued its initiatives to roll out the internal control guidelines. A "Governance, Risks and Compliance" type software package centralises all internal control assessments and related action plans. A timetable is created for internal control and Group companies must assess their level of compliance on the basis of their size or their process. A Group Affirmation Letter is issued each year, and each Eramet Director of a Business Unit or Division must declare their level of compliance with Group standards.

Internal Audit is the third line of control, which assesses the way in which the Group identifies and controls its risks. Internal Audit contributes to risk control by proposing a three-year audit plan for assignments, most of which are related to Group risk mapping. All business processes are reviewed (from mining extraction to sales) from two points of view: compliance with proper application of the Group's standards (Eramet Management System) and operational efficiency by relying on guidelines prepared with the Group's leading functions.

During assignments, Internal Audit assesses risk-mitigation initiatives proposed by local management and assesses the maturity of internal control by reviewing the KPIs calculated and reported by the audited organization. It also independently reviews the roll-out of the Eramet CSR Roadmap, which is one of the differentiating factors of the Group's development strategy, by assessing the governance in place, verifying whether identified milestones have been achieved and checking compliance with the related guidelines.

Internal Audit received IFACI certification in 2018, thereby confirming its compliance with the best practices of international professional standards. All the members of the auditing team follow an individual CIA certification. Audit recommendations are tracked and reported every month to the Group Executive Committee. A special review is carried out whenever deadlines for implementing recommendations have not been met, including reviews with Business Unit Managers and the Executive Committee members affected, if necessary. Lastly, the digital transformation of Internal Audit was accelerated with the integration of the "Governance, Risks and Compliance" type of software package shared with Internal Control, ensuring management and monitoring of audit engagements as well real-time updates of the status of recommendations.

In 2020, Internal Audit performed 13 audits compared to the 27 that were initially planned. The number of planned audits had to be adjusted in the light of the global health situation and the difficulty in performing fully effective audits from a distance. The audits carried out in 2020 therefore consisted mainly of Group governance audits.

5.3 MAIN RISK FACTORS TO WHICH THE GROUP IS EXPOSED

The main risk factors described below, to which the Group is exposed due to its business model and the activities it performs, are identified in the 2020 risk map. The net level of importance, i.e. taking into account the risk management measures implemented, derives from the Group's assessment of the probability of occurrence of the risks and their potential impact, and is shown below.

Category	Risks	Net importance level
STRATEGIC AND FINANCIAL	Risks related to non-execution of the chosen strategy of organic growth for the Mining and Metals Division	High
	Risks of non-recovery of assets held by the Group for which profitability is insufficient	High
	Geopolitical risks	High
	Risks of a sharp drop in metal prices	High
	Risks of funding difficulties	High
OPERATIONAL	Risks of failure of information systems, protection of information and cyber attacks	High
	Risks of a serious accident on the Trans-Gabonese railway line	High
	Risks of breach on a geotechnical structure	Medium
	Risks of difficulties in attracting and retaining talents	Medium
	Risks caused by a health crisis	Medium
	Risks of personnel safety	Medium
	Risks related to production reliability and the development of new metallurgical products	Medium
LEGAL	Risks of fraud and corruption	Medium
	Risks of legislative and regulatory changes in environmental issues	Medium

Notes: Risks related to the impact of pandemic coronavirus disease (COVID-19)

The health crisis caused by the COVID-19 pandemic, leading to a global economic recession, has an impact on Group risks. Specifically, the collapse of the aeronautical industry and the downturn in the automotive sector has sharply impacted the Group's High Performance Alloys Division. According to widespread opinion, this situation is probably long-lasting, as segment analyses do not anticipate these markets will return to pre-crisis levels for several years.

However, thanks to the adaptation measures rapidly implemented in its mining and industrial activities, the Group was able to continue operating its mines throughout the year and achieve new production records. Prices varied widely: manganese ore prices deteriorated due to the impact of the crisis on the carbon steel market, notably in Europe and in the United States, despite the production rebound in China observed in the second quarter of 2020. However, nickel price rallied at the end of the year, supported by demand from China and a favourable outlook in the demand for batteries.

As the duration of the pandemic remains unknown, there are still strong uncertainties about Eramet markets. A prolonged global economic recession could lead to the collapse of the prices of products sold or a decline in volumes ordered, reducing the Group's profitability and its financial results. The mounting difficulties that the Group could face as a result of the economic crisis, the short-time working measures to adapt the activity level to markets, the organization of physical distancing required to guarantee employee safety and health, are just some of the factors that could impact employee engagement level, or even provoke widespread discouragement.

An increase in country risk due to the deterioration of the economic and financial situation of countries where the Group operates and sells its products, could be an obstacle to the smooth operation of the Group's activities in addition to impacting its financial performance. Furthermore, the health and economic crisis has heavily impacted the political and regulatory calendar with respect to future political events, in particular key presidential events in the different countries where the Group operates.

Lastly, risks related to restriction of activities demanded from Public authorities to limit the speed of the dissemination of the coronavirus pandemic, which can cause a shortage in critical supplies due to disruptions in trade and the logistics chain. An increase of commercial disputes could also happen due to the inability to fulfil commercial commitments.

Risk management

Since March 2020, several crisis units have been set up at different organization layers (sites, entities, Divisions), coordinated by a Corporate crisis unit, as to ensure fast and well suited decision taking. The Corporate crisis unit has been monitoring the pandemic disease evolution worldwide and the implementation of needed actions as to guarantee employee protection and the business continuity of the Group.

The Group immediately prioritised the health and safety of its employees. The health protocol implemented at all Group sites was regularly reviewed throughout the year to anticipate new developments in the pandemic and comply with recommendations from local authorities. This has ensured business continuity with the organization of prevention plans for the production sites, in close connection with suppliers, customers and business continuity plans.

The Group introduced a number of initiatives at all its sites in France and abroad: increasing telecommuting and encouraging employees to work from home whenever possible with the distribution of a telecommuting guide, remote management training initiatives, weekly communication with employees during lockdowns supplemented by weekly Social and Economic Council and Workplace Health and Safety Committee meetings, rearrangement of locker rooms, distribution of hand sanitizer bottles, disinfection of all offices, locker rooms and common areas, limits on the number of people in offices and meeting rooms, installation of plexiglass panels in dining rooms and offices, establishment of a mental health hotline and support for distressed employees, creation and financing of a 16-bed "COVID unit" at the Franceville hospital in Gabon.

Lastly, to limit impacts on its cash position, in 2020, the Group established a plan to reduce its costs, investments and control its WCR, which led to a sharp reduction in the use of liquid assets, especially for the High Performance Alloys Division.

5.3.1 Strategic and Financial Category

5.3.1.1 Risks related to the non-execution of the chosen organic growth strategy of the Mining and Metals Division – *High net significance level*

Eramet has access to mineral resources with world-class value in terms of both quantity and quality, with high grade deposits (manganese, nickel) or containing high value products (zircon, lithium). Thanks to these mineral resources, the Group has a strong potential for organic growth if production increases in the next years.

However, given the capital intensity involved, the decision to launch new mining operations hinges on the results of technical and financing feasibility studies and is directly impacted by changes in the price of raw materials, exchange rates, costs and financing methods and even local acceptability. At the bottom of an economic cycle, some of these decisions may be delayed and the projects may be abandoned, which may have an adverse impact on the Group's financial situation.

The Group is now engaged in a balanced strategy of profitable growth through a selective allocation of resources combining return on capital and long-term growth. A delay in the implementation of the new strategy could affect the Group's financial position and degrade its competitive positioning, affecting the ability of its business model to create value over the long term.

Risk management

The Group has established a Project Management Office structure to consolidate its project management skills.

In addition, Eramet has created a modular implementation strategy for projects to expand capacity in order to gain more execution flexibility of and follow market changes as closely as possible while adapting to the Group's financing capabilities.

Lastly, CSR is incorporated into the very early stages of project development.

5.3.1.2 Risks of non-recovery of insufficiently profitable Group portfolio assets *– High net significance level*

The Group is exposed to the cycles of the Chinese economy, the aerospace market cycle, and the volatility of the commodities market and the Euro/USD exchange rate. The Group's turnover and profitability are therefore directly dependent on these exogenous and highly volatile factors.

The competitiveness of some of the Group's assets also depends on the valuation of mineral resources and reserves, the evolution of which over time is directly linked to the technical and economic assumptions used for their exploitation and processing (geological data, techniques and operating costs, conversion factors, choice of process, environmental, legal and tax regulations) and on access to electricity at a competitive cost.

Aubert & Duval, a subsidiary of the Group High Performance Alloys Division, posted significant financial losses in 2019 and 2020, which can be partly explained by the review of quality processes and the subsequent logistics crisis, and partly by the COVID-19 pandemic and its consequences on the aerospace market.

If the subsidiary continues to report poor financial results in upcoming years, the Group will have to mobilise substantial financial resources that will significantly impact the strategy for its other activities.

Risk management

In order to address this risk, several operational productivity and performance improvement plans have been launched. The rapid roll-out of these plans continued in 2020 and their objectives were readjusted to optimise results.

Specifically, the Group launched a rescue plan for SLN, based on increasing the number of mine and plant working hours, making the organization more productive, and on exports of low-grade ore, thereby absorbing more of the fixed costs. The plan includes the construction and commissioning of the new electricity generation power plant in New Caledonia, which is expected to take over from the current power plant at the end of its life cycle, and the optimisation of distribution procedures for this energy: these measures will help to reduce energy cost and to make SLN's cash-cost more competitive and sustainable.

In 2020, Aubert & Duval ramped up an in-depth transformation programme: the measures implemented to adapt to the activity slump in 2020 helped to contain the financing needs of the activity in the second half. These measures translated into a strict adjustment of all expense items, procurement of raw materials and semi-finished products, payroll, purchases and subcontracting. The company particularly focused on labour, by terminating nearly all flexible contracts and using the partial activity mechanism. Beyond the results obtained, these initiatives made the company more agile and improved its ability to adapt. To account for the long-term slump on the aerospace market and make efforts to structurally improve its costs base, the company announced in December 2020 a plan to adapt its organizations and jobs which involves 382 net redundancies. In addition, it has established a complete operational improvement plan, managed by each of the Business Units. The plan includes (i) the deployment of operational excellence best practices, (ii) the implementation of an investment plan focused on reliability and productivity, (iii) specific initiatives focused on the competitiveness of some product flows in order to catalyse commercial development. More generally, the industrial system is reviewed on a regular basis to ensure it is suitable for new market developments. All these initiatives are aimed at improving the financial performance of Aubert & Duval.

5.3.1.3 Geopolitical risks *– High net significance level*

Eramet Group is exposed to geopolitical risks mainly due to the location of its mining deposits in New Caledonia, Gabon, Senegal, Indonesia and Argentina.

Geopolitical risks, also known as country risk, can be defined as all adverse political, administrative, national or international event or decision that may lead to economic, industrial, commercial or financial losses for Eramet Group. This risk mainly refers to the risk of confiscation, nationalisation and expropriation of the assets of a corporation which would deprive such corporation of its means of production. It also refers to all actions or non-actions that have a long-term, significant adverse impact on the economic model of a corporation in a given country. Such actions can take a variety of forms, including questioning previous state-level agreements, applicable taxation, customs regime, import-export rules, labour law, environmental constraints, administrative constraints such as deadlines and obtaining permits.

The challenges of country risk for Eramet entail the ability to mitigate or avoid the occurrence of the risks presented above, to enable the smooth execution and development of the Group's projects and activities and avoid damage to its image or reputation.

In 2020, country risks were mainly related to the implementation of regulations on foreign exchange control in the Central African Economic and Monetary Community (CEMAC) area and in Argentina, which could affect the capacity of foreign investments. These risks still exist in 2021: the suspension of the CEMAC regulation on foreign exchange control was extended in 2021 and the legislation on foreign exchange control in Argentina has not been finalised yet. With respect to New Caledonia, the results of the second referendum on self-rule were closely followed and the numerous actions to block access to mining operations in 2020 strongly impacted the delivery of the SLN recovery plan. These road blocks were still in place at the end of 2020.

Risk management

A Country Risk Committee chaired by a member of the Group Executive Committee and mainly made up of the country correspondents of each of the Group's operating sites and employees from the Social Impact and Human Rights Department is tasked with monitoring geopolitical risk trends in the Group's countries of operation and anticipating action plans to mitigate emerging risks.

The Country Risk Committee analyses country risk by analysing the trends of five main topics:

- State policy and functioning;
- Safety situation;
- Legal and regulatory situation;
- Economic indicators and business climate;
- CSR and fundamental rights.

5.3.1.4 Risks of a sharp drop in metal prices – *High net significance level*

The Group is exposed to the cycles of the Chinese economy and the likely resulting volatility of metal prices. A sharp drop in metal prices can lead to excess production capacities, leading to high global inventory levels with respect to demand which adapts or to political tensions that may lead to decline in trading.

The impact of a variation in metal prices on current operating income and on Group EBITDA is measurable as follows (on the basis of a EUR/USD exchange rate at 1.22):

- nickel metal: €94 million for a variation of 1 USD/lb in nickel price on the LME;
- nickel ore: €33 million for a variation of 10 USD/wet metric tonne in average ore price;
- manganese ore: €208 million for a variation of 1 USD/dmtu;
- manganese alloys: €58 million for an average variation of 100 USD/t in manganese alloy price;

As such, risks of a sharp drop in metal prices have a strong impact on the profitability of Group operations. These risks have a high net significance level as they mostly stem from exogenous factors.

Risk management

The Eramet Group has a diversified portfolio on the ore extracted from its mines. As a global provider of manganese ore, the Group is able to make high-level assessments of market needs.

The Group's operations are competitive and resilient to potential collapse in prices thanks to its access to world-class deposits. The operational excellence approaches used by sites contribute to maintaining a competitive production cost. Similarly, the ability to detect weak signals or market leads means that the Group is able to anticipate the necessary production adaptations to better respond to demand, limit its variable costs and adapt its inventory levels.

5.3.1.5 Risks of funding difficulties – *High net significance level*

Eramet's business model is based on the extraction and refining of minerals (manganese, nickel, mineral sands) and the production and processing of parts and finished products in high value-added alloys (high-performance steels, aluminium and titanium based superalloys). Its environment is characterised by a cyclical market and high capital intensity. Limited access to a world-class mineral resource and the development of projects for exploiting it require long-term investments financed by high levels of stable resources.

The difficulty of setting up recovery plans for unprofitable assets, the impact of the economic crisis caused by COVID-19 and/or an economic downturn in demand may lead to a liquidity or even solvency crisis for the Group. The impact could involve non-compliance with gearing ratios that may trigger calls for the immediate payment of loans granted by financial institutions, and the risk that the Group loses the trust of its stakeholders, especially financial institutions, investors and partners.

Risk management

Cost reduction plans (fixed costs, or even investments or restructuring) coupled with a strict management of working capital requirement ensure resilience when it comes to generating free cash flow making it possible to meet financing obligations.

The capacity to increase production in mining activities make it easier to absorb fixed costs and high intrinsic savings.

Lastly, the confidence level of financing institutions is boosted by long-term relations, attentive financial communication and Eramet's stable shareholding.

5.3.2 Operational risks

5.3.2.1 Risks of failure of information systems, data protection and cyber attacks – *High net significance level*

The Eramet Group depends on IT infrastructure and applications, particularly for supply, production, distribution and invoicing, reporting and consolidation activities, as well as new product design and development. The risks to the Group could be information system malfunction (loss of availability, data theft, destruction or loss of data integrity) related to external threats (denial of service, hacking, malware) or internal threats (tampering, breach of data confidentiality).

Other indirect threats should also be prevented, such as those related to social engineering (Chairman or treasurer fraud, blackmail, ransomware, etc.). As the Group is part of the supply chain of major contractors, it is particularly likely to be targeted by threats designed to cause disruption throughout this chain.

All of these risks and threats could impact the Group's operations and profitability.

Risk management

To address these risks and threats, the safety of information systems or "cybersecurity" has been improved with the hiring of a team dedicated to the protection of the Information System of all Group entities. Its objectives include: (i) preventing risk by raising awareness among all employees, emphasising best practices; (ii) continuing the Information System protection programme and boosting control of access of people and materials, reinforcing systems and networks as well as the detection of potential vulnerabilities through the technical audit of critical components; (iii) improving the prevention and detection of security incidents and the response model in accordance with the various risks and threats.

5.3.2.2 Risks of a serious accident on the Trans-Gabonese railway – *High net significance level*

Through its subsidiary, Setrag, the Group holds the concession for the Trans-Gabon railway for a period of 30 years from November 2005. In addition to providing a public service and transporting miscellaneous goods, the railway primarily carries manganese ore from the Moanda mine to the port in Owendo (Libreville) for its subsidiary Comilog. The Group is therefore exposed to the risk of train accidents on the railway line. Such an event could lead to bodily harm for passengers in the event of passenger trains, damage to transported freight, interrupt rail transport in Gabon and strongly disrupt the operations of Setrag and Comilog.

Risk management

Since 2016, Setrag has been implementing a plan to renovate the Trans-Gabonese railway line, with the primary goal of enhancing safety. The plan mainly focuses on fixing the unstable parts of the track, replacing worn sleepers and renovating the engineering structures of the railway, in partnership with the Gabonese government. Setrag also continues to improve equipment maintenance and has invested in new rolling stock under a multi-million euro annual investment programme spread over approximately eight years.

Furthermore, a flows management tool on the line (TCS, *Train Control System*) has been in place since 1 August 2020. Lastly, the Setrag emergency plan details the crisis management plan to be put in place in the event of a major accident on the Trans-Gabonese railway.

5.3.2.3 Risks of breach on a geotechnical structure – *Medium net significance level*

Group sites use facilities such as tailings stockpiles, waste dams, water reservoirs, mining pits which carry the potential risk of weakening, subsiding or even collapsing. The potential consequences of this kind of accident may include property damage, production disruptions, environmental damage or even in extreme cases, jeopardise the life of employees and neighbouring populations.

Risk management

The approach aimed at containing this specific risk entails collaboration between the Industrial Affairs Department of the Mines and Metals Division, the Environment and ESG Performance Department, and the subsidiaries concerned. The Group's internal processes to contain these risks have been strengthened in recent years, as detailed in section 6.2.6 "Mining environment".

5.3.2.4 Risks of difficulties in attracting/retaining talents – *Medium net significance level*

The impact of the cyclical nature of markets on the Group's financial income and the sometimes negative perception of the mining and metallurgy industry may adversely impact the Group's ability to attract the best profiles or retain talents, and even the level of employee engagement.

As some of the jobs in the sector's value chain are very specific, this limits the profiles available for joining the Group, and may lead to high personnel turnover or undermine the robustness of succession plans. The need to contain costs and particularly payroll costs in order to guarantee the Group's level of competitiveness makes it even more difficult to manage this risk.

Risk management

The Group has introduced various mitigating actions to improve how this risk is managed: reviewing remuneration packages for segments under pressure, openness to a more international labour force, reviewing working organizations and international mobility, implementing an employee skills development policy with the creation of career paths, training through e-learning type platforms, developing the "employer" brand, improving the transition process for new arrivals, improving knowledge of the job descriptions and expectations, creating pools of young talents and improving the ways in which potential is identified in key employees, bolstering succession plans through executive reviews at all sites and better anticipating future needs. These measures are constantly re-assessed and reinforced.

Furthermore, Eramet Group promotes a corporate culture with strong human-oriented values vis-à-vis interested individuals and its employees in particular, which creates an overall environment that is conducive to implementing the various measures above to make the Group attractive and retain talent.

5.3.2.5 Risks caused by a health crisis – *Average net significance level*

Eramet's presence on several continents makes it all the more exposed to the risk of a health crisis, such as the COVID-19 pandemic. Inefficient management of a health crisis by management and teams of Group entities would take a toll on human lives and could lead to a decline in production on impacted sites.

In addition, the Group's subsidiary Comilog is exposed to the risk of an acute health crisis in the context of the Marcel-Abéké Hospital, which it manages. On a general level, poor enforcement of safety rules and the behaviour of staff could damage the integrity of stakeholders (employees, temporary staff and subcontractors) across the Group.

Risk management

The Group rapidly addressed the challenges raised by the COVID-19 pandemic and is getting ready to deal with similar crises in the future:

- Specific pandemic management crisis units have been created, at Group, Division and entity levels;
- The Group's entities defined and tested their Pandemic BCP during the first wave of the COVID-19 pandemic, and some sites were completely locked down (such as the Diogo site in Senegal);
- The best practices to be followed (such as preventive measures) were shared by all sites;
- Each employee received a protection kit (surgical masks, alternative masks, disposable gloves, hand sanitizers).

Medical resources and additional doctors were deployed in Franceville – Gabon.

5.3.2.6 Risks of personnel safety – *Medium net significance level*

The Group uses processes and industrial equipment that are a potential hazard for users (employees, temporary workers and subcontractors). Molten metal, industrial machinery, heavy machinery, chemicals, noise and vibrations are all examples of dangers intrinsic to the Group's activities. These dangers generate risks of potentially serious, or even fatal accidents which must be reduced and controlled to ensure personal safety through prevention.

Risk management

Preventing workplace accidents relies primarily on a safety management system that addresses the following elements: regulatory compliance; risk analyses, securing an activity by identifying all the risks to which operators are exposed and the means deployed to control such risks; action plans and progress loops; reception at the workstation and training of staff; monitoring, audits and inspections of field activities; handling of safety events; and lastly, leadership, objectives and safety management.

The organization, means and methods for controlling these risks are detailed in the Health, "Employee safety" section of Chapter 6.

5.3.2.7 Risks related to production reliability and the development of new metallurgical products – *Medium net significance level*

Aubert & Duval produces high power forged or die-forged parts, as well as high-performance steels and super alloys, particularly for the aerospace and energy markets. Any failure of the design or manufacturing process or the chain of controls would result in legal and financial consequences for Aubert & Duval related to production slowdown or downtime or the inability of the customer to use the product and possible product recall. In addition, Aubert & Duval and Eramet would be exposed to reputational risks, loss of confidence impacting the sustainability of the subsidiary, and financial risks of counterparties incurred by the holding company, Eramet S.A.

Risk management

Aubert & Duval has rolled out a global quality management organization to improve the reliability of the production cycle by implementing the following control methods: strengthening processes upstream of manufacturing to check compliance and capability when orders are taken (bid review); extensive work to strengthen the capability of existing critical products and those under development (application of Advanced Product Quality Planning – APQP); identification and tracking of key parameters to detect drift and weak signals; a production organization with emphasis on self-control, detection of anomalies and their quick resolution on the ground (Quick Response Quality Control – QRQC); enhanced audit and product controls by the quality teams; a falsification prevention policy (awareness raising, audits); product qualification processes in close collaboration with its customers and with external certification bodies; attentive monitoring of products and services supplied by suppliers and subcontractors.

In 2018, as part of an internal review of quality processes initiated by the new management, the High Performance Alloys Division found instances of non-compliance in its quality management system. As soon as they were discovered, these non-compliant practices were immediately stopped, and a market announcement was made on 8 December 2018. The discovery resulted in the establishment of a corrective action plan in line with the highest international standards, as well as verification and analysis procedures for products in use, in close collaboration with the customers concerned.

The Nuclear Safety Authority (Autorité de sûreté nucléaire or ASN) confirmed via a press release dated 20 August 2019 that, at this stage, it had not identified any risk in terms of nuclear safety. The ASN published a summary of its conclusions following an on-site inspection at Aubert & Duval between 9 and 11 October 2019. These conclusions state that Aubert & Duval and its customers had carried out complementary, in-depth investigations, and that the action plan implemented by Aubert & Duval to deal with these irregularities was consistent and commensurate with the issues involved.

The corrective action plan is based on three key components: (i) a "human" component, designed to improve knowledge of, and respect for, the rules of ethics and compliance that the Company is obliged to implement in connection with its business and the risks associated with the failure to comply with these rules, both in terms of the safety and security of the products in use and in terms of the liability of both the Company and individual employees. It is mainly based on an extensive training system; (ii) an "organizational" component, designed to improve the Division's product control methods and quality processes to ensure full independence of the functions responsible for implementing these controls; (iii) a "technical" component, designed to improve the operational performance and reliability of developments by establishing a new product development process (APQP, or Advanced Product Quality Planning) and rolling out the QRQC (Quick Response Quality Control) standard, which involves eliminating quality problems as soon as they arise and dealing with them on the ground.

The roll-out of this plan is being monitored very regularly, both internally by the Group Audit, Risks and Ethics Committee, and externally by customers, authorities and certifying bodies. The progress rate was 89% at 31 December 2020 and will be completed in the first half of 2021. Successful implementation thereof enabled Aubert & Duval to re-earn its ISO 9001 and EN 9100 (aeronautics) certifications in 2019, which had been suspended following the announcement of non-compliance. These certifications were subject to more stringent monitoring in 2020 with three additional on-site audits in addition to the annual follow-up audit. These audits confirmed the validity of the certifications.

5.3.3 Legal risks

5.3.3.1 Risks of fraud and corruption – *Medium net significance level*

The Eramet Group is committed to complying with all regulations that are applicable to all of its sites worldwide. Like any French organization with international operations, Eramet may therefore be exposed to legal and/or reputational risks, with potentially significant financial impacts if one of its employees fails to comply with the many laws in force.

Risk management

Risk ownership and responsibility for risk management are assigned at the most appropriate level, according to the principle of subsidiarity, therefore each operations manager is directly involved in the management of risks related to the activities for which he or she is responsible.

Regarding compliance with regulations relating to ethics and the fight against corruption, the Ethics and Compliance Department, in close collaboration with the Group Legal Department and the Sustainability and Corporate Engagement Department, coordinates efforts to reduce and control the risk of breaches of the Ethics Charter and/or of non-compliance with ethics regulations.

In the last two years, the Group has considerably strengthened its ethics approach, by establishing a compliance programme based on three pillars: organization, guidelines, tools. This approach is mostly modelled on compliance with the provisions of France's Sapin II Act. The Group monitors all risks identified mainly through the mapping of corruption and influence peddling risks which are covered by specific procedures and controls. A real risk prevention strategy, both internally and externally, has thus been defined. The main categories of risks identified have been addressed by dedicated action plans and are monitored at the highest level of the Group in close collaboration with the Audit, Risks and Ethics Committee.

Risk maps are thoroughly updated every three years. Accordingly, the Group updated its Corruption risk map at the end of 2020.

In addition to this risk-based approach, the Group has made it a strategy by implementing standards and procedures: Ethics charter, Anti-corruption Guide and policy, training, third-party assessment system. All these topics are also the subject of accounting controls which are part of the Group's internal control routines aimed at preventing and detecting these risks, audit engagements including Ethics, Compliance and Anti-corruption criteria.

The organization, means and methods for controlling these risks are detailed in section 6.4.1 "Ethics, Compliance and Anti-Corruption" in Chapter 6 herein.

5.3.3.2 Risks of environment-related legislative and regulatory changes – *Medium net significance level*

Mining operation and metallurgical activities are subject to various environmental regulations depending on the country of activity. The products sold by the Group, because they contain metals, are also subject to laws that regulate their marketing conditions. Considering the scientific consensus on the need to ramp up environmental protection actions, these regulations are constantly updated throughout the world.

If the regulations become more stringent, the Group may be exposed to additional costs to ensure the compliance of its installations, or its operating permits for some mines may be challenged, or again, it may face tougher marketing conditions.

Risk management

The Sustainability and Corporate Engagement Department, in liaison with the Group Legal Department, coordinates the risk control measures related to legislative and regulatory developments. These approaches carried out under the Group's Responsible Lobbying Policy, are aimed at promoting an approach to regulation commensurate with the risk and based on scientific knowledge of topics. Details on the organization, means and methods for controlling these risks are set out in Chapter 6.

Revegetation operations, Kouaoua mine, New Caledonia

6

Non-financial performance statement

6.1 CSR APPROACH

6.1.1 Group business model

Eramet, a global mining and metallurgical group, is a key player in the extraction and recovery of metals (manganese, nickel, mineral sands) and the production and processing of high value-added alloys (high-speed steels, high-performance steels, superalloys, aluminium- and titanium-based alloys). The Group supports the energy transition by developing high growth potential activities such as extraction and refining of lithium and recycling. Eramet is positioned as its customers' preferred partner in the steelmaking, stainless steelmaking, aeronautics, pigments, energy and new-generation batteries industries.

Relying on operational excellence, high-quality investment and the know-how of its employees, the Group has a virtuous industrial, management and societal model that creates value. As a corporate and fiscal citizen, Eramet works to achieve a sustainable and responsible industry. Eramet has close to 13,000 employees in approximately 20 countries and has generated turnover of around €3.5 billion in 2020.

The infographics presenting the Group's business model can be found in Chapter 1, Part 1.2 of the Universal Registration Document. This graphical representation shows the Group's strategy, resources, activities and the value created for its various stakeholders.

Chapter 2 further develops the activities and markets in which the Group operates.

6.1.2 CSR risk assessment

In addition to its risk mapping exercise that takes into account CSR risks (risk management is described in Chapter 5), Eramet has developed, with the support of its stakeholders, specific risk maps in three particular areas: the environment, human rights and anti-corruption. This comprehensive work on risk assessment provides the Group with a precise view of the challenges it faces.

The table summarises the main CSR risks that have emerged from the various risk mapping exercises[1]. The order in which the risks are presented has no relation to the impact or occurrence of that risk.

OVERVIEW OF THE ERAMET GROUP'S CSR RISKS

Main CSR risks	Stakeholder expectations	Information in Non-Financial Performance Statement		CSR Roadmap objective
ENVIRONMENTAL RISKS		SECTION 6.2		
Atmospheric emissions	OO	6.2.3.1	Airborne emissions	Objective 11
Historical soil pollution	O	6.2.3.3	Rehabilitation of closed industrial sites	
Production of waste (hazardous and non-hazardous)	OO	6.2.4.1 6.2.4.2	Optimisation of the consumption of primary raw materials Waste prevention and recovery	Objective 7
Water consumption	OOO	6.2.5 6.2.7.3	Optimisation of water consumption Management of impacts on water resources	Under development
Emissions into water	OOO	6.2.3.2 6.2.7.3	Aqueous waste Management of impacts on water resources	Objective 12
Climate change – energy consumption and GHG emissions	OOO	6.2.6	Fight against climate change	Objective 13
Production and storage of waste rock and tailings	OO	6.2.7.2 6.2.7.4	Responsible resource management Tailings and mine waste management	Objective 7
Increase of erosion and impacts associated with rainwater run-off	OOO	6.2.7.3 6.2.7.5	Management of impacts on water resources Rehabilitation of mining sites	Objective 12
Biodiversity	OOO	6.2.8	Preservation of biodiversity	Objective 12
SOCIAL RISKS AND HUMAN RIGHTS		SECTION 6.3		
Security, health and safety of employees	OOO	6.3.2.1 6.3.2.2 6.3.2.3	Employee safety Employee health Employee security	Objective 1
Attracting/retaining talent	OO	6.3.2.4	Promotion and development of employees	Objectives 2, 3
Discrimination/harassment	OO	6.3.2.4.4	Equal opportunities, measures to foster non-discrimination and diversity	Objective 4
Impacts on human rights of communities	OO	6.3.3	Commitments to communities	Objective 5
ETHICAL RISKS (IN BUSINESS RELATIONS)		SECTION 6.4		
Risk of corruption in relations with customers and suppliers	O	6.4.1	Ethics, Compliance and Anti-Corruption	Objective 9
Risk of potential conflicts of interest	O	6.4.1	Ethics, Compliance and Anti-Corruption	Objective 9
Non-compliance with ILO conventions in the supply chain	OO	6.4.2	Responsible value chain	Objective 10

Legend: OOO = regarded as a major issue by stakeholders; OO = regarded as a major issue for internal or external stakeholders and O = regarded as a moderately important issue.

(1) As matters relating to societal commitments to combat food waste, food insecurity, respect for animal welfare and responsible, sustainable and fairly traded food are not significant for the Group, they are not included in a specific report.

The measurement of stakeholder expectations shown above has been assessed on the basis of the materiality analysis carried out by an external third party for the Group in 2019. 27 issues, grouped into four categories (human capital, products and know-how, environment and ethics, and governance and societal responsibility), were thus submitted to stakeholders for consultation.

The selected panel comprised Group directors, managers and site directors and employee representatives (from inside the Group), and customers, suppliers, public authorities, NGOs, civil society associations, professional associations, banks, investors and shareholders, and researchers and universities (from outside the Group). The consultation was based on a questionnaire, as well as individual interviews, with anonymous and equally weighted consolidation.

All the information arising from the materiality analysis is provided in the form of a matrix (please see Chapter 1). In addition to sharing a Group vision of stakeholder expectations, this approach has also enabled Eramet to confirm the pertinence of its CRS Roadmap and the Group's targets. Chapter 1 also presents a comprehensive view of the Group's relationships with its stakeholders.

In order to facilitate the reading of Eramet's Non-Financial Performance Statement, a themed approach has been adopted: environmental protection (6.2), the Group's social and societal commitments (6.3), in particular respect for human rights and the social consequences of its activities, and business ethics (6.4), focusing in particular on anti-corruption and tax evasion.

6.1.3 Group CSR approach

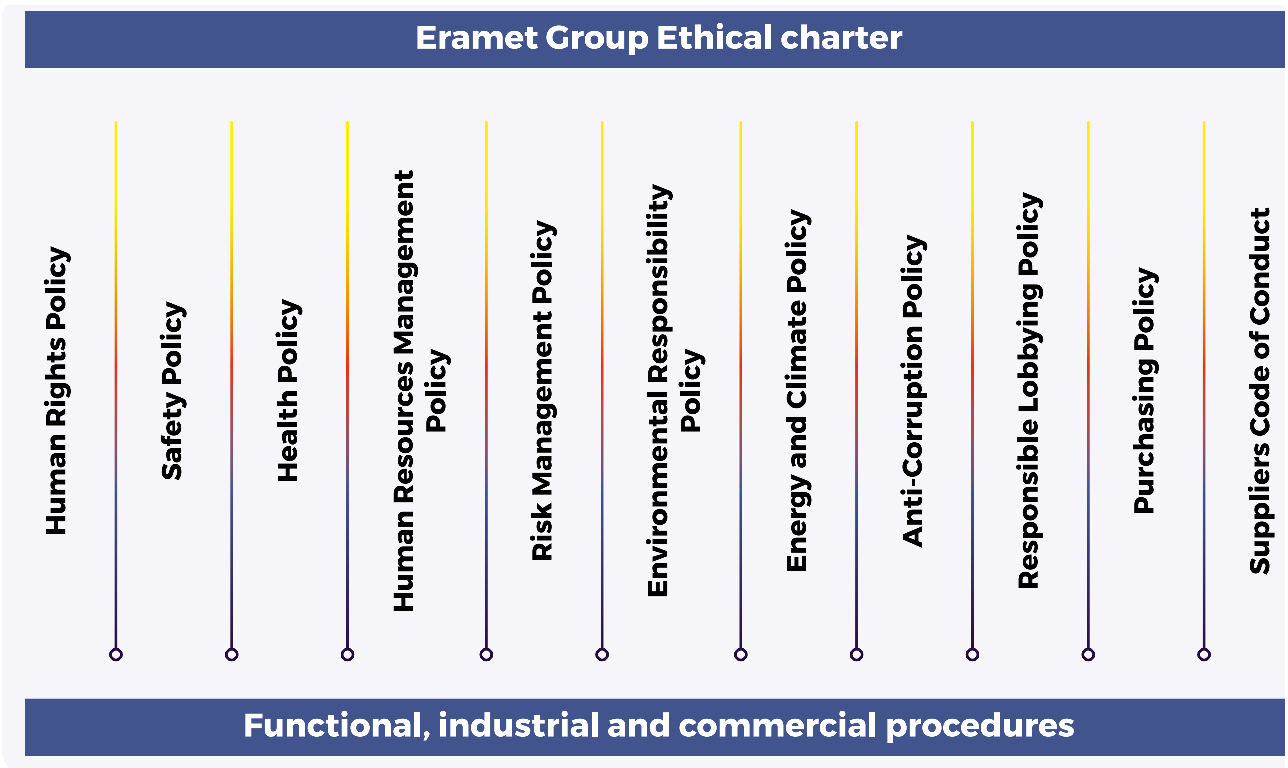
Eramet's societal responsibility approach is based on a platform of reference legislation, a progress plan and integrated organization of Group governance.

6.1.3.1 Group charter and policies

Due to the nature of its mining and industrial activities, and aware of its strong interaction with the local areas in which it operates, Eramet is focused on all matters related to sustainable development (SD) and corporate social responsibility (CSR). The Group is committed to a responsible approach and continuous improvement. It aims to be a company recognised for its strategic model, management system and social commitment.

The Group framework of commitments, made up of its charters and policies, presents the fundamentals of the Sustainable Development approach of Eramet, a committed corporate citizen.

The Eramet management system CSR commitment framework



In 2020, the Group reviewed its guidelines platform, now formalised in its management system: *Eramet Management System* (EMS). Eramet has created a common commitments platform of references and standards, applicable by all Group companies and their employees, made up of policies and procedures.

Thus, the policies form a set of principles, standards, and behaviours that translate the long term intentions of the Group concerning the nature of its activity and the company's relations with the main internal (staff and their representatives) and external stakeholders (suppliers, customers, shareholders, competitors, etc.). They were adopted on subjects considered to be essential in terms of performance and commitment for the Group. These main principles are then translated into functional, industrial or commercial procedures. Thus, the latter determine the Group's requirements guidelines, with a concern for ensuring compliance with the Group's commitments and minimising related risks.

Implemented in 2015 and reviewed in 2020, the Group's Ethics Charter sets out the rules and principles of action and behaviour that are applicable to and binding on all Group employees. It relates to the Group's commitments and those of its employees in many areas, notably development, stakeholder relations, employee safety, protection of the environment, security, customer engagement, social dialogue, combating harassment, transparency, anti-corruption, compliance with competition rules and others.

Translated into the 12 languages of the countries where the Group operates, this reference charter is the subject of e-learning courses for employees, covering all its topics.

The Group uses dedicated policies to clarify its commitments on specific themes, and are detailed in the sections on these topics. All of these policies are available on the Group website www.eramet.com. To raise employee awareness of the principles of these policies, theme-specific e-learning courses are rolled out, for example, on human rights, safety, the environment, etc.

6.1.3.2 Group commitments

Faced with global challenges, the Group works in line with shared, recognised international approaches to achieve sustainable development.

This is notably the case of the United Nations Global Compact, a reference international initiative for voluntary commitment to societal responsibility. Open to all kinds of organizations, it promotes four areas of action: human rights, labour law, the environment and anti-corruption.

Eramet supports the fundamental values upheld by the Global Compact through its adhesion to the Compact, which is in keeping with its CSR approach and its day-to-day actions. With the aim of continuously improving its level of societal responsibility, Eramet has pledged to continue incorporating these principles of the Global Compact into its strategy, organizational culture and operations.

Each year, the Group publishes its *Advanced* level Progress Report, integrated in its Non-Financial Performance Statement and its Vigilance Plan. Eramet uses these two annual publications to report on implemented policies, actions and results. A reconciliation table is provided at the end of the Universal Registration Document.

The Group has also undertaken to contribute to the UN Sustainable Development Goals (SDGs), in order to build a more sustainable, inclusive world.

The SDGs continue to be incorporated into the global and national political scene and the economic and financial spheres. They thus appear to be a pertinent framework for action, constituting an agenda by 2030 through which all players (public, private, civil) can commit to sustainable development.

Four SDGs stand out, to which Eramet makes a particular contribution through its economic and production activities:

- **SDG 8 "Decent Work and Economic Growth"**, for the creation and provision of decent work and economic growth, created directly by the Group's entities and with local communities (local content);
- **SDG 12 Responsible production and consumption**, particularly through sustainable development targets for natural resources, reducing waste and corporate social responsibility;
- **SDG 9 Industry, innovation and infrastructure**, by working to establish a sustainable and modern industry in different countries, and through its products to assist the development of the required infrastructure, particularly in terms of construction and mobility;
- **SDG 13 Climate action**, with its actions regarding its energy and climate footprint and its positioning on the metals of the energy transition.

This contribution meets the expectations expressed by Eramet's stakeholders. An analysis based on the Group's materiality matrix shows that the SDGs to which Eramet's strategy specifically contributes are in line with the SDGs regarded as a priority by the stakeholders surveyed by the Group.

These major global goals are an external reference framework used by businesses to structure their CSR strategies. They are what Eramet referred to when it was designing its CSR Roadmap. Other SDGs are positively impacted by the Group's activity, such as SDG 3 Good health and well-being, and SDG 4 Quality education. Details of this contribution, presented in Chapter 1, which covers Eramet's CSR strategy, are provided in each section of the Non-Financial Performance Statement.

Eramet is also committed to other industry-specific or themed initiatives, such as the Extractive Industries Transparency Initiative (EITI) and the Responsible Minerals Initiative (RMI), presented throughout the Non-Financial Performance Statement. In addition, Eramet actively monitors and participates in the development of guidelines for the mining industry, promoting responsible mining and enabling reporting to stakeholders.

6.1.4 Management of the CSR strategy

6.1.4.1 CSR Roadmap 2018-2023

The Eramet Group has developed a Roadmap to guide its CSR performance. The Roadmap is a comprehensive tool that addresses its challenges and risks and integrates its contribution into the United Nations SDGs. This Roadmap, which links CSR priorities and the pillars of the Group's five-year strategic vision, covers the 2018-2023 period.

The CSR Roadmap comprises 13 goals, divided into three areas:

- commitment to people;
- commitment to economic responsibility;
- commitment to the planet.

The Roadmap has been shared and validated by the Strategy and CSR Committee and the Board of Directors, which review it periodically. The Committee, made up of directors with recognised expertise, is tasked with assisting the Board and, in particular, evaluating the consistency between the Group's strategy and the CSR principles to which the Group adheres, ensuring that management performs an analysis of internal or external factors related to CSR issues (risks and opportunities) impacting the Group, ensuring that the Vigilance Plan is implemented in accordance with legislative requirements, taking note of the main findings and observations of the work of the independent third-party body in the context of CSR regulations, assessing them and examining the management action plans, including the Roadmap.

The Executive Committee also closely monitors the progress of the commitments made, during interim reviews carried out based on careful internal management and organised on a quarterly *ad hoc* basis, the CSR Steering Committee. This Committee comprises representatives of the Departments in charge of the CSR Roadmap objectives and experts from the individual businesses (Finance, Operational Divisions). It also generates proposals and initiatives for the Group, with the aim of continuously improving its CSR approach. Actions pertaining to the Group's Vigilance Plan, incorporated into the Roadmap when it was designed, are also monitored in this context.

A genuine commitment framework for Eramet, the CSR framework and its progress are regularly reported throughout the year to the Group's different stakeholders. These discussions provide an opportunity for dialogue on topics relating to the company and sustainable mining practices, with diversified audiences, both internal (employees, managers, employee representatives) and external (investors, public authorities, customers, suppliers, etc.).

For each of the 13 goals, a specific action plan and monitored annual objectives have been developed. The table below shows the 13 Roadmap goals, the 2023 indicator, the results achieved in 2020, performance for the year and the progress made towards each objective since 2018.

Focus area	Objective	SDG contribution	KPI 2023	2020 results	Annual performance	Progression 2018 - 2023
COMMITMENT TO PEOPLE	1 – Ensure the Health and Safety of employees and subcontractors	8, 3	Zero fatalities Workplace accident frequency rate with and without work stoppage FR2 < 4	FR2 = 4.1 4 serious accidents		
	2 – Build skills and promote talent and career development	8	100% of Worldwide employees participate in at least one training course per year	67% of employees		
	3 – Strengthen employee engagement	8	Group employee engagement rate > 75% (barometer)	2020 survey postponed		
	4 – Integrate and foster the richness of diversity	8, 5	30% of managers are women	24.7%		
	5 – Be a valued and contributing partner to our host communities	3, 4, 8	100% of sites have established a mechanism for dialogue with local stakeholders 100% of sites have implemented an investment programme to contribute to local development, with a focus on actions in favour of young people	100% of mining sites have a complaints management mechanism compliant with IFC expectations		
COMMITMENT TO ECONOMIC RESPONSIBILITY	6 – Be an energy transition leader in the metals sector	12, 7, 13	Committed diversification of Eramet's business portfolio in relation to the supply chain for electric mobility batteries	Partnership with BASF for the assessment of nickel production (EV). Lithium project in Argentina mothballed. Validated performance of the pilot plant in Argentina.		
	7 – Actively contribute to the development of the circular economy	12	Quantities (t) of additional materials recovered through the circular economy action plan 2 Mt of low-grade incidental ores and tailings recovered over the 2019-2023 period 10 kt of waste recovered in the period 2019-2023	990,000 t recovered 50,000t recovered		
	8 – Be a reference company in terms of respect for human rights in our field of activity	8, 10, 16	Recognition for our application of the United Nations Guiding Principles, measured by reaching a mature level according to the UNGP Reporting Framework (Shift-Mazars)	Updating of the Human Rights risk map and launch of priority training courses		
	9 – Be an ethical partner of choice	16	100% of sales and purchasing teams trained on anti-corruption every year	100% of site directors and legal officers trained		
	10 – Be a responsible company of reference in the mining and metallurgy sector	12, 9	100% of the Group's suppliers and customers identified as high-risk are in line with Eramet's CSR/Ethics commitments (1)	63% of suppliers and 99.1% of assessed at-risk customers are compliant		
COMMITMENT TO THE PLANET	11 – Reduce our atmospheric emissions	12	Tonnes of ducted dust emitted by industrial facilities: -80% in 2023 compared to 2018	-56%		
	12 – Protect water resources and accelerate the rehabilitation of our mining sites by fostering biodiversity	15, 12, 6	Ratio of rehabilitated areas to cleared areas ≥ 1 over the period 2019-2023 (2)	1.03		
	13 – Reduce our energy and climate footprint	13	KPIs: Reduction of tCO_2/t outgoing product (ref. 2018) -26% in 2023 compared to 2018 (3)	-25.4%		

Performance legend:

- *Performance without progress and less than the annual milestone set.*
- *Performance with progress compared with the previous year but less than the annual milestone set.*
- *Performance in line with the annual milestone set.*
- *Performance exceeding the annual milestone set.*

(1) *Identified as "high-risk" refers to parties evaluated as critical and/or sensitive (in terms of importance to Eramet or CSR risk – depending on the business activity or country concerned), which must be compliant, verified on the basis of a CSR/Ethics evaluation. If they do not comply following the evaluation, the Group encourages dialogue and support, but reserves the right to terminate the business relationship.*

(2) *Excluding long-term infrastructure.*

(3) *Of which 16.5% is due to the business mix effect related to the Group's strategic choice to develop its mining activity, which is lower in emissions than its processing activities.*

To assess the overall progress of its Roadmap, Eramet measures its CSR performance indicator based on the year's achievements[(1)]. For 2020, the indicator reached 101.9 (100 indicating validation of all targets). Most of the objectives set for the year were achieved.

Some of them even exceeded their annual milestone. For instance, the materials beneficiation goals through the Circular Economy action plan and reduction of the energy and climate footprint have exceeded targets.

The achievement of some objectives was affected by the health crisis. Training actions or diversity-related actions have been delayed. These slowdowns can be partly explained by the global crisis and the containment measures adopted, leading to an economic downturn.

The objective 6 milestone, considering the decision to mothball the Lithium project, was neutralised in the calculation of the performance index, just as the employee engagement objective, as the survey to be used to measure progress made in this area, was postponed due to the health crisis.

6.1.4.2 CSR organization

Eramet's commitment is reflected in the Company's involvement at the highest levels and the fact that the Group's highest priority CSR issues are addressed at each level of management.

Group organization

Board of Directors

The Committees of the Board, including

- **Strategy and CSR Committee**
- **Audit, Risks and Ethics Committee**

Executive Committee

- **Human Resources, Health and Security Department**
- **Sustainability and Corporate Engagement Department**
- **Strategy and Innovation Department**

Direct reporting to the CEO

- **Ethics and Compliance Department**
- **Safety and Prevention Department**

Support Departments

- **Group Doctor**
- **Human Resources Department**
- **Purchasing Department**
- **Security Department**
- **Societal Impact and Human Rights Department**
- **Climate & Energy Department**
- **Environment and ESG Performance Department**

Operational entities

- **Sites Directors**
- **HSE Correspondents**
- **HR Managers**
- **Safety Coordinators**
- **CSR / Community Relations Correspondents**
- **Protection coordinators**
- **Energy correspondents**
- **Purchasers**
- **Ethics Compliance Officers and Ambassadors**
- **Diversity and Inclusion Referees**
- **Sexual Harassment and Sexist Acts Referees**
- **Security Managers**

(1) The method used to calculate this indicator is described in the methodological note provided in section 6.5.

The objectives and action plans of the CSR Roadmap are implemented across all the Group's Divisions and operational entities. Successful implementation thereof has been strengthened by the establishment of working groups and cross-functional committees focusing on various themes (CSR, biodiversity, mining environment, responsible purchasing, responsible sales, human rights, ethics).

Furthermore, the Group pays particular attention to the integration of social, environmental, health and safety, cultural and societal criteria in the design and development of its projects. By referring to the most demanding international standards (Equator principles, World Bank Group standards - IFC), the Group has undertaken to build long-term relationships with its stakeholders wherever it operates, in accordance with specific rules, cultural norms and current science based facts. The Sustainability and Corporate Engagement Department is systematically represented on the Project Steering Committees. Section 6.4.4 of this chapter details the application of these general principles to all the Group's projects.

Eramet has put in place monitoring and control measures and tools to ensure the concrete implementation of CSR objectives throughout its scope of activity. These tools include dedicated information systems that collect and consolidate data and indicators for all Group companies. Details of the guidelines and tools used to produce this information are available in the methodological note in sections 6.5 and 6.8.

The Group also relies on an internal audit system for the performance of its entities, especially in the areas of environment, health, safety, energy, human rights and ethics. The data from these audit and control systems is used to feed the Group's continuous improvement approach.

The Eramet Group's Vigilance Plan and its update report, referring to the Non-Financial Performance Statement, are attached to this Universal Registration Document.

6.2 PRESERVATION OF THE ENVIRONMENT

6.2.1 Challenges, policy, objectives, organization and resources for the prevention of environmental and industrial risks

6.2.1.1 Environmental issues and risks for Eramet industrial sites

The Group's industrial and mining sites carry out activities that are sometimes very different from each other in geographical areas that are themselves diverse. Therefore, environmental issues and risks vary greatly from site to site. 40 sites are more closely monitored because they are considered as representing significant environmental challenges (the distribution sites or sites with tertiary activity only are not included in this category).

The environmental issues and risks specific to the Group's mining operations are described in detail in the section dedicated to the mining environment (6.2.7).

The following table aims to give an overview of the major environmental issues and risks for the major categories of the Group's industrial sites. The purpose of this summary is to help the reader in their understanding: it is necessarily macroscopic and schematic and cannot completely reflect the diversity of the issues and risks for each site taken individually. Some sites also include activities in several of the categories presented here. Moreover, the majority of the industrial sites located in France fall under the ICPE (classified facilities for environmental protection) regime and some are under SEVESO status.

TABLE SUMMARISING THE ENVIRONMENTAL ISSUES AND RISKS AT ERAMET'S INDUSTRIAL SITES

Challenges/Risks	Pyrometallurgical sites(1) (furnaces)	Hydrometallurgical sites(2)	Development and processing metallurgical sites(3) (rolling mills, forging, die-forging, heat treatment, etc.)	Comments
• **Water consumption**	***	***	**	With the exception of hydrometallurgical sites, water consumption on a large number of the Group's industrial sites is linked to industrial equipment cooling loops. The water consumed in these processes does not undergo any transformation. In addition, the vast majority of sites work in closed loops, which greatly reduces the demand. In other cases, water is returned to the natural environment.
• **Emissions into water**	**	***	*	Hydrometallurgical sites are the sites that present relatively the most significant risks of water pollution, due to the use of chemicals and an aqueous process. All industrial waters are managed in accordance with applicable regulations.
• **Atmospheric emissions**	****	*	**	Sites that have metallurgical furnaces or electricity generation plants are the sites that amass most of the Group's atmospheric emissions (dust, nitrogen oxides or sulphur). The main sources of emissions from installations are equipped with capture and treatment equipment, in accordance with applicable regulations.
• **Energy consumption/ greenhouse gas emissions**	****	*	**	Sites that have metallurgical furnaces and/or electricity generation facilities are the sites that represent the bulk of energy consumption and greenhouse gas emissions.
• **Production of hazardous waste**	***	***	**	Pyrometallurgical activity produces dust, sludge and slag, which, depending on their intrinsic characteristics and locations of operation, can be considered hazardous waste.
• **Impact on biodiversity**	*	*	*	The Group's industrial sites are mainly located in urban and industrial areas.
• **Risks of historical soil pollution**	***	***	***	The production sites are generally designed on soil protection slabs and the storage of hazardous products is equipped with retention systems, which reduces the risk of soil contamination. However, as industrial practices have evolved, the oldest sites may present risks of historical soil pollution.

Legend:

* *Low.*

** *Moderate.*

*** *Significant.*

**** *Major.*

(1) *Comilog Dunkerque (France), CIM and C2M (Gabon), Eramet Marietta (United States), Eramet Norway (Kvinesdal, Sauda and Porsgrunn in Norway), SLN Centrale B and Doniambo (New Caledonia), TTI (Norway), Aubert & Duval Les Ancizes (France), Erasteel Commentry (France).*

(2) *Eramet Sandouville (France), C2M (Gabon).*

(3) *Brown Europe, EcoTitanium, Forges de Monplaisir, Interforge, UKAD (France), Aubert & Duval sites in Firminy, Imphy, Issoire, Les Ancizes and Pamiers, TAF in Gennevilliers (France), Aubert & Duval in Irun (Spain), Erasteel Champagnole, Erasteel Commentry (France), Erasteel Boonton (United States), Erasteel Kloster (Langshyttan, Söderfors and Vikmanshyttan in Sweden), Erasteel Stubs (UK), EIML (China), SQUAD (India).*

Note that the noise or light pollution does not represent a significant environmental impact. The various sites concerned respect the noise levels stipulated in their operating licences, and the subject does not appear as important in the assessment of litigation made by the Group.

6.2.1.2 Environmental policy and objectives

Eramet has four key environmental objectives:

1. strict compliance with the laws and regulations applicable to its activities;
2. the implementation of environmental management systems certified in accordance with ISO 14001 for all industrial and mining sites with significant environmental issues. The indicators and results relating to these first two objectives are detailed in section 6.2.2;
3. incorporating environmental issues as comprehensively as possible into the design of industrial and mining projects, as set out in the Group "Incorporation of HSE/CSR factors in projects" in 2018. How this commitment is applied in the Group's major projects is detailed in section 6.4.5 "Governance of the sustainable development of industrial and mining projects";
4. and finally, the voluntary and continuous reduction of the Group's environmental footprint. Four key objectives for reducing the environmental footprint corresponding to the Group's major challenges have been defined for the 2018-2023 period as part of the CSR Roadmap, and are set out below.

CSR Roadmap

Theme	Objective	KPI 2023	2018 results	2019 results	2020 results	2018-2023 Progress
CIRCULAR ECONOMY	7 – Actively contribute to the development of the circular economy	**Indicator:** Quantities (t) of materials recovered through the circular economy action plan **Objectives:** • **2 Mt of mine waste and low-grade incidental ores and tailings recovered** over the 2019-2023 period	Reference year	34 kt recovered	990 kt recovered	
		• **10 kt of reclaimed waste** over the 2019-2023 period		1.7 kt recovered	50,000t recovered	
AIR	11 – Reduce our atmospheric emissions	**Indicator:** Tonnes of ducted dust emitted by the pyrometallurgical industrial facilities **Objective: -80%** in 2023 compared to 2018	Reference year: 2520 t	-35% compared to 2018	-56% compared to 2018	
BIODIVERSITY/ MINE REHABILITATION	12 – Protect water resources and accelerate the rehabilitation of our mining sites by fostering biodiversity	**Indicator:** Ratio of rehabilitated areas/ cleared areas **Objective:** Ratio ≥ 1 over the 2019-2023 period(1)	Ratio: 0.85	Ratio: 1.2	Ratio: 1.03	
GREENHOUSE GASES	13 – Reduce our energy and climate footprint	**Indicator:** tCO_2/t outgoing product **Objective: -26%** in 2023 compared to 2018	Reference year	-14% compared to 2018	-25.4% compared to 2018	

(1) Excluding long-term infrastructure.

The results at year-end 2020, detailed below in this document, reflect progress in the achievement of Roadmap environmental goals, which is noteworthy in a context marked by a significant growth of volumes produced by the Group.

In 2020, Eramet also formalised a new Environmental Responsibility policy (available on www.eramet.com). This policy is the follow-up to a series of various documentation. In addition to the Energy and Climate Policy, it centralises and clarifies Eramet's commitments to biodiversity protection, protection of water resources and aquatic environments, conservation of air quality, safe handling of tailings and mine waste, mine rehabilitation, the circular economy and the optimum beneficiation of deposits, and lastly product responsibility.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 6 CLEAN WATER AND SANITATION | 15 LIFE ON LAND | 13 CLIMATE ACTION

The Group's goal to reduce its environmental footprint is in line with its ambition to develop an industry with sustainable practices compliant with the UN's **SDG 9 on "Industry, Innovation and Infrastructure"** and **12 on "Responsible Consumption and Production"**. With its circular economy, waste recovery and emissions reduction goals, Eramet has made a specific commitment to targets 12.2 on "Sustainable management and efficient use of natural resources", 12.4 "Environmentally sound management of chemicals and all wastes" and 12.5 "Reduce waste generation through prevention, reduction, recycling and reuse". The measures taken by Eramet to limit its impacts on biodiversity, ecosystems and water resources around its sites contribute directly to **SDG 6 "Clean Water and Sanitation"** and **SDG 15 "Life on Land"**.

Lastly, conscious of the urgency of climate issues, Eramet contributes to **SDG 13 "Climate Action" and its target 13.1 "Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries"**, on the one hand by reducing its Energy and Climate impact, and on the other, through the development of projects to promote energy transition, such as the Lithium project, a critical metal for electric mobility.

6.2.1.3 Organization and instruments for the prevention of environmental risks

To implement its objectives, the Group relies on a network of internal experts and on a structured organization:

- The Environment and ESG Performance Department defines the Group's benchmarks, coordinates the general dynamics of continuous improvement, implements the control mechanisms of internal standards and provides expert technical support to the sites and projects;
- more than 60 people make up the network of HSE functions at sites, with a reporting line to their Management for the vast majority of them;
- once a year, the Committee of Occupational Hygiene, Health and Safety (HS & S) and Environment (E) analyses the skills available within the Group with regard to requirements and concerns. This proactive approach is conducted in coordination with the Human Resources Departments of the Group Divisions and the Safety Prevention and Environment Departments.

Monitoring and control systems constitute one of the key strengths of the Group's environmental management.

A dedicated environmental IT system has been fully deployed in all industrial and mining sites, allowing for the collection and consolidation of environmental and energy performance indicators.

The Group made a special effort in 2020 to complete the control environment, through the Eramet Management System, which now includes five mandatory application procedures for Group sites:

1. environmental, energy and industrial risk requirements for sites;
2. HSE/CSR requirements for projects;
3. requirements for chemical risk prevention (new procedure that compiles and explains the requirements already stated in various documents);
4. Technological risk management procedure;
5. waste storage structures management procedure (new procedure).

The Group's internal control system is used to verify application of these procedures, as well as a system requiring internal audit of the environmental performance of its entities. The audit guidelines are structured around three pillars: human involvement, operational control and prevention. It takes full account of ISO 14001 requirements. Joint teams comprised of Internal Auditors (Corporate, Divisions and Sites) conduct these audits over several days to provide a detailed overview of the environmental performance of sites. Sites may also be subjected to targeted audits on specific issues (GCO environmental management system in 2020 for example). These audits may be carried out by external service providers if necessary. Performance of the internal audit programme slowed down in 2020 due to the public health context (four audits were conducted out of the seven initially planned). During the period 2017-2020, 28 out of 40 sites with significant environmental issues were audited in accordance with these methods.

Corrective action plans are defined at the end of each audit and, for all risks considered significant, a quarterly report on the implementation of corrective actions is consolidated at *Corporate* level.

6.2.1.4 Organization and instruments for the prevention of industrial risks

The main industrial risks to which the Group's sites may be exposed are fire, explosion (including, for certain sites, related to the risk of contact between water and molten metal), machine breakdown on critical, geotechnical (tailings stockpiles or tailing dams) equipment, and natural events (floods, storms/cyclones, etc.).

Eramet focuses specifically on preventing these risks as early as possible in its industrial and mining projects, by identifying major accident scenarios and their causes and impacts, and by setting up prevention and/or protection safeguards (important components of safety) that reduce the probability or severity of an event. In 2020, this mainly concerned the extension projects for the manganese mines in Gabon and mineral sands in Senegal.

For sites in operation, the industrial risk control system is based primarily on the programme of insurance engineering visits (insurance prevention audits) to industrial sites with a two-year cycle, in close collaboration with insurers, brokers and the Group Insurance Department.

Any significant risk detected during these audits results in a corrective action plan implemented by the site concerned. The monitoring of corrective actions agreed as a result of these visits is documented in a semi-annual summary report covering compliance with Eramet's industrial risk standards (revised in 2019) and the progress of recommendations made by the insurer during its prevention visits.

In addition, Eramet carries out regular third-party audits of its waste rock stockpiles and tailing dams to ensure the control of associated geotechnical risks (see section 6.2.7.4 "Tailings and mine waste management").

Finally, the Group has implemented crisis prevention and management procedures. These procedures focus on three action areas:

- crisis prevention: identification of weak signals and operational response thereto, crisis simulation exercises so that each person knows their role and in order to continually improve emergency planning (in conjunction with the Group industrial risk standards);
- serious incident management: definition of a serious incident, Group reporting, feedback;
- crisis management: the sites define their own emergency plans (contingency plan, ERP or other), the corporate crisis management system includes procedures for escalation of alerts, assessment of their severity, organization into crisis units if required and feedback.

These procedures were deployed across all sites. As in 2019, special attention was paid to crisis simulation exercises across all sites: out of the 34 sites monitored, around 90% conducted one or more exercises in 2019 and 2020, some of them in cooperation with the fire brigade. Due to the 2020 health crisis, some exercises were postponed.

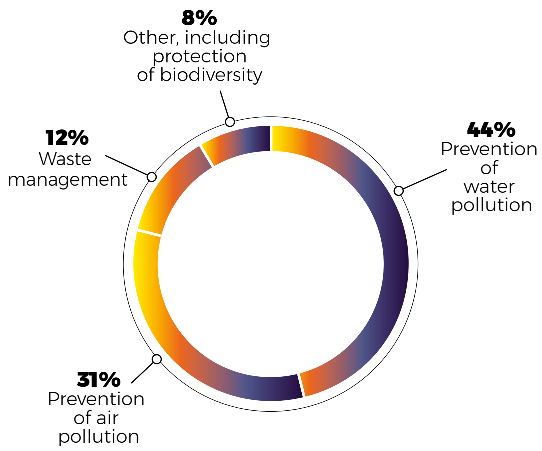
6.2.1.5 Financial resources devoted to environmental preservation

Environmental expenses are estimated at nearly €21 million in 2020, and approximately €63 million for the last three years.

For example, they include the installation of new decontamination equipment or work performed in order to mitigate the impacts of activities. They also cover the strictly environmental portion of new capital expenditure projects.

The chart below provides the breakdown by theme of these resources over the 2018-2020 period.

2018-2020 expenses for the environment



Nearly 50% of 2020 environmental expenses were dedicated to preventing water pollution.

In this area, the most significant investments in 2020 relate to water management and anti-erosion actions on SLN mining sites (New Caledonia), and to continuing rehabilitation operations on the segment of the River Moulili downstream from the Comilog mine (Gabon). Other significant investments are worth noting. In 2020, both the Sandouville (France) and Comilog Dunkerque (France) sites built new ponds to improve rainwater management. The Brown Europe site in Laval de Cère (France) installed an evaporator that has completely eliminated any discharge into the river. Lastly, the Eramet Norway site in Kvinesdal conducted pilot tests to improve its water treatment system.

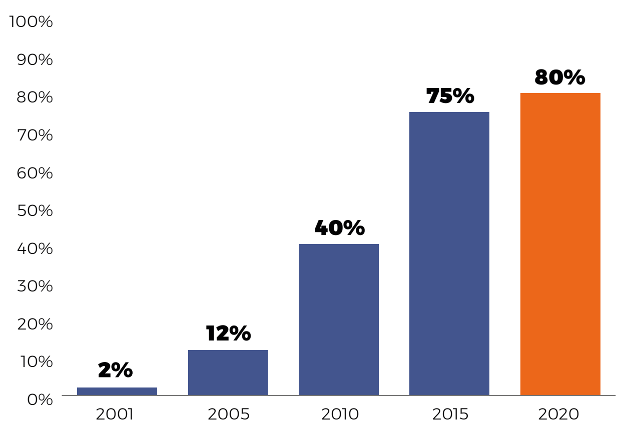
Air pollution prevention represented the second environmental expense item in 2020. The most significant investments concern the site of the SLN Doniambo plant (New Caledonia), where actions intended to limit the production of particulate dust continued.

6.2.2 ISO 14001 certifications and environmental compliance indicators

It should be noted that since 2013, the Group measures the progress of its ISO 14001 certification target for sites likely to have a significant impact on the environment. All industrial and mining sites in operation are concerned.

As at the end of 2020, sites that had obtained ISO 14001 certification represented 80% of the target objective.

Evolution of ISO 14001 certified sites (including mines)



Environmental compliance indicators

The Eramet Group promotes a policy of strict legislative compliance, transparency and dialogue with the administrative authorities in all circumstances, particularly in the event of temporary difficulties or special operating conditions. The objective is to ensure that each Group entity strives towards optimal compliance in the applicable environmental legislation.

To measure the achievement of this objective, the Group monitors four indicators:

- **Type 1 – weak signals:** Written warning by the authorities as a reminder of a deadline which, if not observed, could lead to formal notice: (known in the US as a "notice of violation"), a third-party claim against a Group entity or in the media;
- **Type 2 – Declaration of regulatory gap and notice by the authorities to make the site compliant by a specific deadline in order to avoid a fine:** in mainland France, New Caledonia, Gabon: formal notice; in the US: "notice of enforcement" or "consent agreement" between the authorities and the operator, or an "administrative order";
- **Type 3 – Legal action before an administrative or judicial court:** third-party claim seeking the remedy of a damage on the grounds of environmental law, third-party claim against an environmental administrative permit issued to a Group entity, claim by a Group entity against an administrative decision, legal proceedings following a notice of violation or a third-party claim against a Group entity.
- **Type 4 – Actual sanction:** Administrative sanction (fine, consignment, ex officio work, suspension, etc.), civil or criminal conviction pronounced against a Group entity.

The indicator trend in recent years is shown below:

	2018	2019	2020
Type 2 - Declaration of non-compliance and notice by the authorities	1	6	2
Type 3 - Legal action taken	2	1	0
Type 4 - Actual sanction	1	1	2

In 2020, Eramet Marietta was fined in the United States, after the plant exceeded certain atmospheric discharge limits in 2019. In Gabon, Comilog was fined after an accidental iron ore spill in the waters of Port Owendo.

The Type 2 events reported in 2020 concern the SLN Doniambo site in Nouméa (New Caledonia), and Erasteel in Commentry (France). Corrective action plans have been systematically implemented.

6.2.3 Emissions reduction

6.2.3.1 Airborne emissions

Airborne emissions *(in tonnes)*	2018	2019	2020
Sulphur oxides (SOx)	14,379	13,249	13,488
Nitrogen oxide (NOx)	7,623	7,992	6,442
Non-methane volatile organic compounds (nmVOCs)	243	225.8	265.7
Total dust channelled	2,535	1,617	1,138
Nickel	11.1	11.2	7.99
Manganese	529	506	456

The main contributors to airborne emissions are pyrometallurgical activities with their fusion plants, heat treatment furnaces and energy production plants. CO_2 emissions are discussed in section 6.2.6.

Airborne emissions may vary as a function of the nature of raw materials and ores used, the transfer and loading technologies in place, the installed capacity of the equipment and especially the sites' activity level.

In pyrometallurgy, channelled dust emissions are generated in the handling of materials, furnaces, grinding and milling operations, as well as operations involving molten liquid metal and slag. In hydrometallurgy, channelled dust emissions are rarer but may occur during the handling, grinding, drying or transfer of materials.

The effluent purification systems generally implemented in the Group's factories are adapted for process discharges. They include electrostatic precipitators, baghouse dust collectors, scrubbers and washing towers. Specific treatment systems for certain pollutants and processes can also be used, such as activated coal filters or demisters. The different items of equipment are installed according to the characteristics of the effluent and the industrial processes, the target purification performances and regulatory requirements.

The sulphur oxide (SOx) emissions are mainly generated at SLN (thermal power plant and Doniambo plant). Emissions were stable in 2020.

The SLN electricity plant is also the Group's leading source of nitrogen oxide (NOx) emissions but the reduction observed in 2020 was due to the GCO electricity plant where the fuel oil quality enabled optimised combustion. The periodic measurements of this parameter lead to fluctuations in the results.

Since 2020, the Group consolidates NMVOC (non methane volatile organic compounds) of leading emitters in an effort to ensure transparency, although on an absolute basis, the Group's activities contribute little to this parameter. Due to the process used, the sintering chain of the Comilog CIM (Gabon) plant has the highest NMVOC emissions.

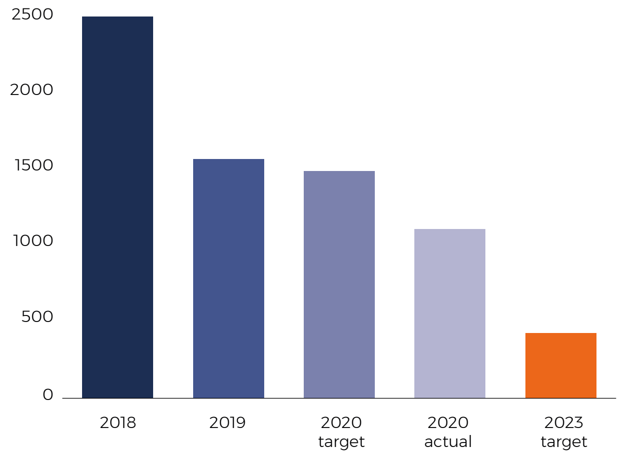
CSR 2023

In the context of the CSR roadmap, Eramet is committed to a performance indicator that monitors channelled dust discharge from pyrometallurgical sites. An 80% reduction has been set as the target for the 2018–2023 period. The target reduction for 2020 was 40% and the result far exceeds the target with a 56% reduction.

This significant improvement is the result of several works carried out by the sites. The action plan of the Moanda Industrial Complex (CIM) in Gabon, launched in 2019, continues with conclusive results on discharges. Meanwhile, efforts to ensure that know-how is retained and Group best practices are shared include a special environmental task force which has worked to identify internal benchmarks on the topic of airborne emissions. At this occasion, the topics addressed included developing reliable metrics, which in concrete terms, led to enhanced data robustness for two sites, the SLN Doniambo plant (New Caledonia) and Comilog Dunkerque (France).

Replacing the SLN oil-fired power plant (mentioned in section 6.2.6.) will help to significantly reduce the Group's SO_2 and dust emissions (in 2020, the two account for 64% and 34% respectively of the Group's emissions). This project is led by Nouvelle Calédonie Energie under a public procurement contract. In 2020, the power plant's technology and technical characteristics were confirmed and the call to tender was launched for a PPA for a natural gas offshore plant.

Channelled dust emissions *(in tonnes/year)*



6.2.3.2 Aqueous waste

Aqueous waste		2018	2019	2020
Suspended solids (SS)	Tonnes	8,084	6,970	7,018
Chemical oxygen demand (COD)	Tonnes	155	243	281
Nickel	Tonnes	3.6	4.4	3.3
Manganese	Tonnes	29.9	34.7	24.6

As with its atmospheric emissions, Eramet is committed to reducing its aqueous waste. Industrial sites are working to improve treatment processes to ensure a better quality of discharged water.

In addition to preventive systems, such as ponds and double-walled storage tanks, curative mechanisms, such as effluent treatment plants using physico-chemical processes or hydrocarbon separators (separation by decantation) are used to allow discharges that are in accordance with the statutory limit values.

Aqueous waste stayed relatively unchanged compared to 2019. However, manganese discharges dropped by 29%, thanks to lower discharges from the Eramet Marietta (United States) site.

Finally, the Group's sites also closely monitor the quality of groundwater and the impact of the activity on soils and subsoils. Several hundred piezometers are distributed throughout the Group's various sites, both within and outside of the Company, to support the initial phases of any new project (characterisation of the initial state) and also to monitor any impacts on ground and surface water.

6.2.3.3 Rehabilitation of closed industrial sites

The Group exercises the utmost vigilance against potential impacts on soils and subsoils resulting from its past, current or future activities, both in the area of its industrial and mining activities.

For several years now, Eramet has developed a "soil" expertise cluster to manage the environmental aspect of discontinued activities. This expertise concerns the investigation, monitoring and management of potentially impacted soils. It operates through various projects, such as the rehabilitation of industrial land, the end of life of landfills, or former mines. This expertise is also consulted to improve the prevention of soil pollution on active sites, as well as upstream of acquisitions and disposals. Lastly, this cluster is taking action to strengthen knowledge of the state of the soils and subsoils of the various sites at which the Group operates.

The main recent advances in the management of closed industrial sites include:

- Aubert & Duval Gennevilliers (France): after completing the rehabilitation of the "B/C" site, the project continued on the "A" site and the AD TAF site, which notified the authorities of the discontinuance of its activities at 31 December 2020. Work to secure the AD TAF site will start in early 2021;
- Valdi Feurs (France): the site notified the authorities of the winding up of its business in 2013. On the land belonging to the Group, five of the remediation projects were completed in 2016. The land was sold in 2019. The restoration of leased buildings was completed in 2020.

Rehabilitating mining sites is a major focus of the environmental policy; it is described in the Environmental preservation on mining sites section (6.2.7) and in section 6.2.8 on Biodiversity.

6.2.4 Circular economy

The circular economy can be defined as a system of trade and production which, at all stages of the product life cycle, aims to increase the efficiency of the use of natural resources and virgin raw materials and reduce the impact of economic activities on the environment.

Eramet has a long-standing commitment to such a model. This model applies to all the resources used: water, energy, raw materials. Given its business activities, Eramet is particularly active in optimising the use of primary metal resources. Metals are particularly ideal for growing the circular economy because they are infinitely recyclable.

Eramet's contribution to the circular economy is expressed in four main ways.

1.	DEVELOPING NEW ACTIVITIES DEDICATED TO RECYCLING	The Group has developed two recycling activities since 2017: • transforming the Erasteel Commentry steel mill (France), now equipped with a new recycling line which uses pyrometallurgy to reclaim industrial waste (oil catalysts, scalings and other metalliferous waste) by recovering several strategic metals such as cobalt, molybdenum and nickel; • in Auvergne, the EcoTitanium plant. EcoTitanium is Europe's leading recycling business for aviation-grade titanium alloys. It produces alloys from massive titanium scrap and chips collected from major aircraft manufacturers and their subcontractors. In addition, since 2019, Eramet has been engaged in the lithium-ion battery recycling project, known as ReLieVe, in collaboration with BASF and SUEZ, and with the support of the European Union. The project seeks to develop an innovative so-called closed-loop process to recycle electric cars lithium-ion batteries, more effective in terms of material beneficiation than existing processes.
2.	PARTICIPATING IN INDUSTRIAL AND TERRITORIAL ECOLOGICAL INITIATIVES	Wherever possible, Eramet industrial sites take part in territorial industrial ecological initiatives that provide local residents with the heat, energy or fluids produced by their activities, or conversely, use the fluids produced by nearby plants. Examples include: • the excess steam produced by the Eramet Norway site in Kvinesdal (Norway) is used to heat numerous local infrastructures, and the hot wastewater is reused by several external customers including a fish farm; • part of the energy used by the Sandouville plant (France) comes from a local waste incineration plant.
3.	FOR THE GROUP'S MINING ACTIVITIES: OPTIMAL MANAGEMENT OF MINING RESOURCES	The mining industry plays a crucial role in increasing the efficient use of natural resources. First, by mining ore at the lower grades, in this way the mines produce proportionally less tailings. The environmental impacts associated with the storage of the latter (on the landscape, and on erosion) are therefore reduced. Secondly, by recovering as much mining tailings from ore concentration processes as possible. This makes it possible to recover more resources with an almost constant environmental footprint. Eramet mining subsidiaries are historically also involved in these steps. The actions undertaken in this area are described in section 6.2.7.2 "Responsible mining resource management".
4.	FOR THE GROUP'S INDUSTRIAL SITES: MAXIMISING RECYCLED FLOWS	Eramet seeks to incorporate as many secondary raw materials as possible into inputs, to avoid using primary raw materials and to maximise the (internal or external) recovery of the waste generated by activities.

CSR 2023

Through its CSR roadmap, the Group has decided to further strengthen its action to foster a circular economy. Hence the two objectives that have been set, corresponding to the last two priorities of the previous table. The general idea of this approach is to encourage actions that enable the beneficiation of material flows that were previously excluded from this process.

For the 2019-2023 period, the targets are:

- **Recover 2 million tonnes** of tailings and low-grade incidental ore

These materials were previously considered as waste or tailings, and were stored while waiting to find technical and inexpensive solutions for their beneficiation. The objective is to determine solutions that will contribute to the beneficiation of these materials without significantly enlarging the environmental footprint during the extraction phase, which has already taken place.

- **Recover 10,000 tonnes** of waste

Eligible actions are actions that help to enhance waste flows in the waste management hierarchy: re-use > internal or external material recovery (recycling) > energy recovery. The ideal recovery is primarily material recovery, through re-use, internal recycling or external material recovery.

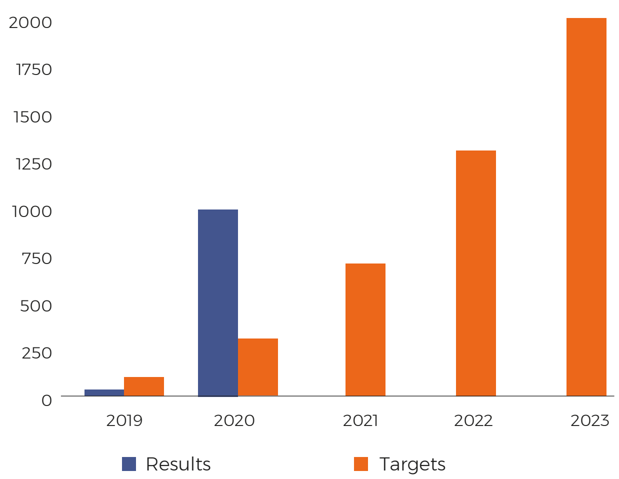
A special Circular Economy Committee has been created. The Committee's role is to identify and validate the actions and projects that fall within the scope of the above definitions.

At year-end 2020, 12 actions were certified by the Committee. Most of them are innovative R&D projects – sometimes their implementation requires time. However, eight projects are already productive and have contributed to indicators with the following results at the end of 2020:

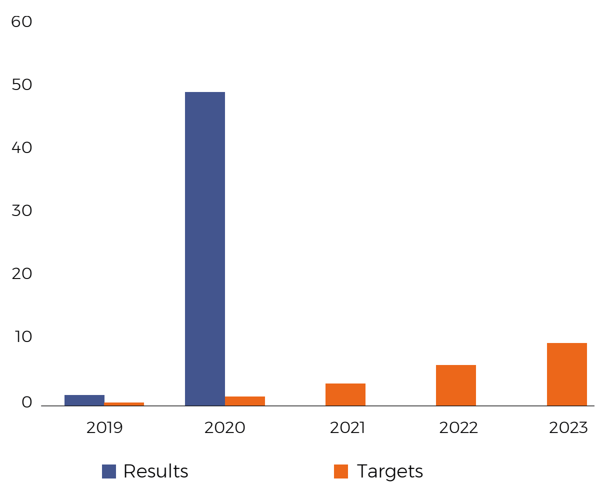
- 990 kt of recovered mining waste and low-grade incidental ore: 2020 results exceed the target rate.
- 50,000 tonnes of recovered waste: with an objective of 10,000 tonnes largely exceeded, a new more ambitious target will be set in 2021.

Results at year-end 2020 are illustrated by the following charts.

Kt of recovered additional ore/mine waste *(total)*



Kt of recovered additional waste *(total)*



6.2.4.1 Optimisation of the consumption of primary raw materials

Approximately 9 million tonnes of raw materials are consumed by the Group's plants each year, of which approximately 75% is ore (produced overwhelmingly by the Group's mines) and 7% is reducers (coal and coke). The rest of the consumption consists mainly of metals used in alloy factories, and various additives.

Eramet is prepared to optimise its different input consumptions as much as possible. Furthermore, wherever possible, the Group prioritises the use of secondary raw materials over primary raw materials.

In this respect, the steel mills of the High Performance Alloys Division (Les Ancizes, Commentry and Soderfors) are true circular economy champions: their secondary raw material use rate varies between 85 and 95%, by adding the internal recycling flows and the processing of secondary raw materials purchased externally (scraps, etc.).

6.2.4.2 Waste prevention and beneficiation

Eramet strives to adhere to the waste management hierarchy: first, prevent waste production/reuse waste/maximise recycling and recovery or, failing this and as a last resort, safely dispose of the waste under environmentally friendly conditions.

Thus, historically, special efforts have been made at all sites to reuse the waste as permitted by their physical-chemical properties; for example, slag from SLN (New Caledonia) and the depleted slag from Comilog Dunkerque are homologated and integrated for applications in road technology.

As explained in section 6.2.4, Eramet is committed through its CSR Roadmap 2018-2023 to further improve waste recovery (both hazardous and non-hazardous). At year-end 2020, 50,000 tonnes had already been recovered thanks to the following new projects and actions:

- re-using wooden pallets for the Pamiers plant (France);
- The creation of new outlets for reusing slag and recycling in the filtered dust process at the Dunkirk plant (France);
- slag beneficiation from the SLN plant in Nouméa (New Caledonia) on new markets outside Caledonian territory.

Waste production		2018	2019	2020
Amount of non-hazardous waste	thousands of tonnes	4,676	4,266	4,489
Hazardous waste production	thousands of tonnes	64	65	56

The concepts of hazardous and non-hazardous waste are defined in accordance with the regulations of the host countries. Indeed, to date the measures regarding waste are very disparate from one country to another.

Non-hazardous waste

The mining activities and their related industrial operations are the main source of non-hazardous waste. A significant tonnage of these is stored in industrial basins in Gabon. These are the fine fractions of manganese ore collected after the washing step which serves to isolate the grained fraction intended for the market. In terms of nickel activity, the Doniambo plant generates another important tonnage of non-hazardous waste through pyrometallurgical activity corresponding to the smelting of slag. The three major contributors – the SLN plant (New Caledonia), the Moanda mines and the Moanda Industrial Complex (CIM) (Gabon) – account for 99% of the total quantity of non-hazardous waste.

At much lower tonnages, industrial activities of the steelworks and of the smelting-reduction or of the ferro-alloy production sectors also generate non-hazardous by-products or waste. They are in the form of slags or inert slag stored in an internal landfill or are put through some external beneficiation process.

Finally, although quantities are still much lower, local initiatives are also being implemented at many sites to reduce food waste: accurate forecasts of the people present on site each day (absences, holidays, visitors, etc.) to inform the catering service, the composting of plant-based food waste or redistribution to neighbouring farms as animal feed.

Hazardous waste

The hazardous waste produced by the Group mostly comes from the pyrometallurgical plants of the Group Mining and Metals Division.

These activities produce dust recovered by filtration systems, sludge from gas processing and sodium-calcium slag which, depending on their intrinsic properties and the location of the operation, can be considered hazardous waste.

Then in an order of importance, the hydrometallurgical plants which produce processing waste, which may be hazardous depending on their characteristics and the regulations.

The hazardous waste is treated through specific, authorised channels. Controls are put in place to ensure the proper management of this waste throughout the process (transport of waste, delivery to approved centre and final treatment).

The amount of hazardous waste fell significantly in 2020 compared to the previous year: this is because the hydrometallurgical activity of the Comilog C2M plant in Gabon was discontinued.

6.2.5 Optimisation of water consumption

Consumption		2018	2019	2020
Total water consumption	millions of m^3	42.4	43.2	43.7

Mining, metallurgy and hydrometallurgy activities consume water in several ways:

- furnace cooling processes, gas scrubbing and slag granulation;
- washing of ores, raw materials and by-products;
- hydrometallurgical processes: solubilisation and reaction media.

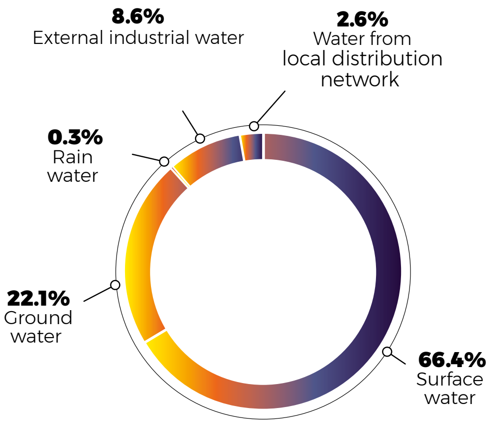
Water resources are essential for running some of the processes used within the Group. The cooling of electric furnaces, for example, must be perfectly managed and optimised. In some cases, a lack of water supply may lead to risky situations in which safety must be ensured before any other consideration.

Whenever technically possible, the sites encourage internal recycling of the water consumed. That is the case, for example, with ore washing in Gabon (with a recycling rate between 60 and 80% depending on the year), or mining facilities in Senegal (recycling rate above 45%). The water consumption is then essentially supplemented in order to compensate for evaporation or losses in the system. Details on the management of impacts on the water resources of mining sites are provided in section 6.2.7.3.

Consumption has been relatively stable in the last three years with 43.7 million m^3 in 2020. The sites mainly obtain their water from rivers and lakes, then from underground water. They also source unprocessed water from private or public agencies, and to a lesser extent, from the local supply network. Rainwater is already collected on several sites and it was quantified and reported for one site in 2020.

Total water consumption breaks down in 2020 as follows:

Breakdown of the source of the water used in 2020



Beyond the existing recycling systems on numerous sites, the Eramet Group is fully committed to making its operations less water-intensive, more particularly on sites that are more exposed to this problem. This commitment translates into investments on active sites: this category notably includes in previous years, investments made in Commentry (France) and in 2020 in Dunkerque to collect rainwater, or in Pamiers to limit water consumption.

In 2020, Eramet conducted a significant study on the water footprint of all its active sites. The goal was to achieve a more accurate definition of the risks associated with water use in the different plants. The study used renowned international tools to reach its goal: *Aqueduct Water Risk Atlas* (developed by the *World Resources Institute* – WRI) and the *Water Risk Filter.*

The study confirmed the absence of a production site with significant water consumption (> 5000 m^3 per year) in a catchment area with high water stress risk, i.e., with a ratio above 40% between total water taken and renewable and available water supplies as defined by the WRI. Only one site (Commentry, France) sits in an “average to high” risk catchment area. However, the latter’s consumption accounts for less than 1% of the Group’s consumption. Without being concerned by a physical risk of water shortage in the short term, Eramet considers the GCO site (Senegal) as a sensitive site with regard to water, considering the crucial use of aquifers for the mine area residents, who mainly earn their living from market gardening activities.

The Argentine Centenario lithium project site, located in a salt flat where water is critical, can be added to this list.

The study has also helped to project the effects of global warming. By 2040, there will be four sites located in catchment areas with high water stress levels (the GCO site in Senegal and three French sites in Commentry, Sandouville and Dunkirk). These sites account for approximately 20% of the Group’s current consumption.

To anticipate future water shortage, Eramet has fully committed to reducing water-intensive operations in all its development mining projects: the recognition of water as a key factor in developing the Argentine Lithium project adsorption process, as this made it possible to reduce the water intensity of processes by 30% with R&D progress, resulting in a final recycling rate of 60%.

For its mining developments, Eramet prioritises the dry stacking of its mining waste. This method notably allows a substantial reduction in water requirements enabling the maximum recycling of water used in washing processes. That is notably the case for the extension of the Comilog mine in Gabon, where this method will be used for 50% of flows, thus leading to the saving of around one million m^3 of water. The development of this type of process makes Eramet a global leader in this disruptive innovation.

6.2.6 Fight against climate change

In light of rapid climate change and recognising the anthropogenic cause of this change, Eramet is conscious of its duty to prevent, adapt and communicate transparently with its employees, its partners and all of its co-citizens in general.

Eramet is also aware of the driving and structural role that can be played by industrial operators who provide the global industry with raw materials, in particular for critical energy transition metals.

Eramet is therefore engaged in a process compatible with the goals of the Paris Agreement aimed at integrating the recognition of climate challenges into both its strategic decisions and reporting. For reporting, Eramet relies on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) which is one of the best international practices in the field. Furthermore, in 2020, Eramet defined an emissions-reduction objective, following an SBT (Science Based Target) trajectory.

6.2.6.1 Eramet recognises climate issues

The transition to a low-carbon economy is a systemic issue and Eramet has chosen to broaden the perspectives of climate change impacts beyond the matter of its direct carbon footprint by assessing the impacts on the entire value chain in which it operates. Global demand to reduce emissions among Eramet's customers (due to regulations or as a consequence of carbon recovery, for example) is a source of risks, and at the same time provides opportunities for the Group's activity.

In addition to the Group's essential contribution to energy and climate transition, Eramet is increasingly including in its strategy, the physical and non-physical impacts of climate change on the Group's assets, productivity and the markets on which its products are sold.

Thus, Eramet actively participates in dialogue and decisions on these climate challenges within national and international professional organizations, such as chairing the Strategic Committee of the Mining and Metallurgy sector, its role as Director of the Ore and Metals Alliance, as a member of the Cobalt Institute, Board Director of the Nickel Institute, and Director of Euro Alliages.

6.2.6.1.1 Analysis of climate risks

Eramet's growing efforts to optimise its global performance is particularly reflected in the deployment of continuous improvement tools. The methodology used to implement these tools incorporates analysis of the Group's risk and opportunities.

Since 2020, the Group's risk mapping formally includes a section dedicated to climate-related risks. This risk mapping is updated every year. It reviews all transition risks for each Division and each product category. Physical risks are analysed for each plant in all countries where Eramet operates.

The construction of this approach will continue in 2021 particularly with respect to physical risks.

Eramet's risks and opportunities in the light of climate developments are classified based on their time horizon, which, considering the Group's activities (ore beneficiation and metallurgical transformation), are as follows:

- short term (ST): less than two years;
- medium term (MT): between two and eight years;
- long term (LT): more than eight years.

Risks	Title	ST	MT	LT
PHYSICAL	Risks related to the physical impacts of climate change include those related to extreme weather events such as those related to long-term changes in climate patterns (rising sea levels, water stress, fire, etc.).		X	
Mitigation	Eramet is conscious of the particularly close horizon of these phenomena, some of which are already visible. The Group has consequently adapted its risk analysis to explicitly include the direct impacts of climate modifications on its activity. In addition, this action is extended by active collaboration with insurance companies and third-party engineering firms to obtain a more detailed risk assessment and define mitigation actions in 2021. Specific questions are addressed to the sites through the SAFEE environmental reporting tool on their risk assessment and the planned adaptation measures. In 2020, slightly in excess of one in two sites reported that they could be affected by the consequences of climate change in the very long term. Most of them have already begun considering how to limit the impact on their business. The infrastructures concerned by exceptional climate events as identified to date are designed to withstand these events. A detailed analysis of the exposure of the Group's sites to water stress risks was carried out in 2020 (see the results detailed in section 6.2.5 Optimisation of water consumption). The mitigation plan for this risk will be strengthened in 2021.			
ECONOMICS	As a result of the processes implemented, energy bills represent a significant portion of the Group's production costs in the operation of its mines and industrial sites. The Group's competitiveness is therefore sensitive to energy prices and the control of its energy use.			X
	Market trends towards metal requirements different from those produced by Eramet, in quality or quantity.			X
	Growing customer demand for low-carbon labelled products		X	
Mitigation	With regard to intelligence gathering and actions, Eramet actively contributes to numerous professional organizations for mining businesses such as metallurgy. In addition, Eramet's strategic reflections include an analysis based on a 2°C scenario (detailed in section 6.2.6.1.3 2 °C scenario analysis). In 2020, Eramet and BASF entered into a partnership to develop a sector to provide critical energy transition metals (nickel and cobalt) with a high CSR standard, in particular for the electric vehicle battery industry. This agreement is mainly consistent with the structuring projects selected by the Strategic Committee of the Mining and Metallurgy Sector, of which Eramet is a sponsor. Eramet continues its research and innovation efforts such as the development of strategic projects to address these requirements. In 2020, Eramet developed a Science Based Target scenario to reduce its CO_2 emissions validated by the Group Board of Directors and submitted to the SBTi for validation. The Group incorporates life cycle analyses in its projects review process. This approach seeks to specifically factor carbon impact into the choice of investment orientations.			
REGULATORY	At the Group level, climate change will lead to higher energy taxes, and greater difficulty of access to funding for certain investments. Nearly a quarter of the Group's emissions scopes 1 and 2 are subject to the European Union Emissions Trading Scheme (EU ETS). There are uncertainties about the trend of the long-term quotas market, or the legal mechanisms of carbon taxation in the Europe zone. Furthermore, for the remaining three quarters of the Group's emissions, there is currently no applicable global carbon market, but only fragmented and uncoordinated regional systems (source I4CE).	X		
Mitigation	The Group is preparing for the potential emergence of such a market by applying an internal price for all its investment projects, and for the evaluation of its strategic options, on the basis of an internal price of €30 per tonne of CO_2. The goal of this choice is to prioritise lower-carbon emitting technological solutions and contribute to improving the awareness of climate change with all Eramet employees. This price is expected to be revised internally in 2021.			
TECHNOLOGICAL	Growing need to invest in low-emission technologies		X	
Mitigation	Eramet is investing in the Group's digital transformation. The Group continues to deploy energy efficiency improvement programmes Eramet uses Group know-how and R&I to leverage the development of new carbon-free technologies and/or low-carbon products. The Group also develops partnerships with universities or peer manufacturers as part of its research and innovation efforts.			
REPUTATION	Association of Eramet's energy-intensive activities with high carbon emissions: metallurgical processes are in fact high consumers of carbon-containing reducing materials.	X		
UPSTREAM DOWNSTREAM FLOW	Lack of control of CO_2 emissions associated with these flows		X	
Mitigation	In 2020 Eramet conducted a full scope 3 assessment of its CO_2 emissions following the GHG Protocol guidelines. A qualitative objective on this scope is subject to SBTi validation. The Group signed the French Business Climate Pledge in 2019 and has pledged to encourage a panel of its suppliers to join this initiative.			

Actions carried out in 2020 which contributed to improving the Group's energy and climate performances are reported in detail in the Performance chapter or in the dedicated chapters below.

6.2.6.1.2 Study of climate change-related opportunities

Opportunities	Title	ST	MT	LT
UPSTREAM DOWNSTREAM FLOW	Availability of energy transition critical raw materials General industry demand to reduce its direct emissions but also their supply chain emissions		X	
Action	In addition to its historic position on manganese and nickel ore, Eramet's strategy is clearly positioned on metals critical to the energy and digital transition: lithium, nickel salts and cobalt. These markets are changing rapidly due to the demand for metals for batteries, particularly for electric vehicles, solar panels and electronics. Battery development will lead to a sharp increase in demand for certain critical metals: demand for lithium is expected to increase threefold by 2025, for pure nickel salts and cobalt twofold. It is clear that securing access to critical metal resources is a structural competitive advantage in the supply chain. Eramet is the only European player to have secured significant resources of critical metals in this fast-growing market. The Group's current mining assets offer key advantages: very rich geological resources allowing long-term mining. Furthermore, in addition to its commercial production, Eramet generates products which replace, or could replace, the materials required for third-party industry processes, thereby reducing their carbon footprint. The Group has placed the development of the circular economy at the heart of its CSR strategy, as described in section 6.2.4.			
COMMERCIAL	Strong growth on energy transition and digital transformation markets necessitating metal products by Eramet		X	
Action	Eramet is positioning itself as the supplier of energy transition critical metals produced to the highest social and environmental responsibility standards. These strategic developments are conducted in accordance with the highest Western health, safety and environmental standards, as well as in compliance with the highest corporate social responsibility and ethical standards: high metal recovery yields, the smallest environmental footprint, harmonious and respectful relationships with stakeholders and local communities. It is essential to ensure full product traceability to ensure strict compliance with Western corporate social responsibility standards and customer requirements. This should enable the Group to diversify its asset base both financially and geographically: • lithium, particularly via the Eramet deposit in Argentina; • increased market shares for the Group on nickel salts and cobalt; • the development of short loop battery recycling, aimed at a circular economy optimised for metals critical to the energy transition.			
PHYSICAL	No opportunity identified to date, continued watch	X		
REGULATORY	Tax breaks to European electro-intensive players	X		
Action	Eramet pays attention to opportunities offered especially by the different national stimulus plans. In 2020, several applications were filed, in order to consider an acceleration of the Group's investments around the control of its emissions or its energy consumption. The Group is currently exploring ways of optimising its organization to make these approaches more systematic and more efficient.			
TECHNOLOGICAL	Productivity gains associated with the roll-out of lower-emission (more efficient) technologies Assigning professionals to the measuring and management of energy consumption. Eramet's activities in its Mining as well as Transformation businesses will be boosted by strong technical and technological developments which are ongoing and to which the Group contributes: • Electrification of industrial processes (electrical process replacements for fuel energy-based techniques) • Energy storage technology • New mobility solutions and alternative means of locomotion (electric/autonomous vehicles, drones, hydrogen vehicles, etc.) • Renewable energies • Carbon capture technologies • Reduction of hydrogen ore for transformation into metal	X		
Action	The Group actively monitors new developments in the technologies concerned and encourages its suppliers to offer such technologies.			
REPUTATION	Positive image associated with assisting the energy transition, such as the marketing of critical metals for the low-carbon world	X		
Action	Regular communications on Eramet product applications in the energy transition sectors. Communication on the key contribution of the metals concerned. Eramet's manganese activity through Norwegian, French and Gabonese plants has one of the lowest emission factors in the entire manganese industry, approximately four times lower than the sector average (according to a study by Alloyconsult for Norsk Industri). This performance is achieved in particular thanks to the energy mix of the metallurgy installations concerned (hydroelectricity in Norway and in Gabon).			

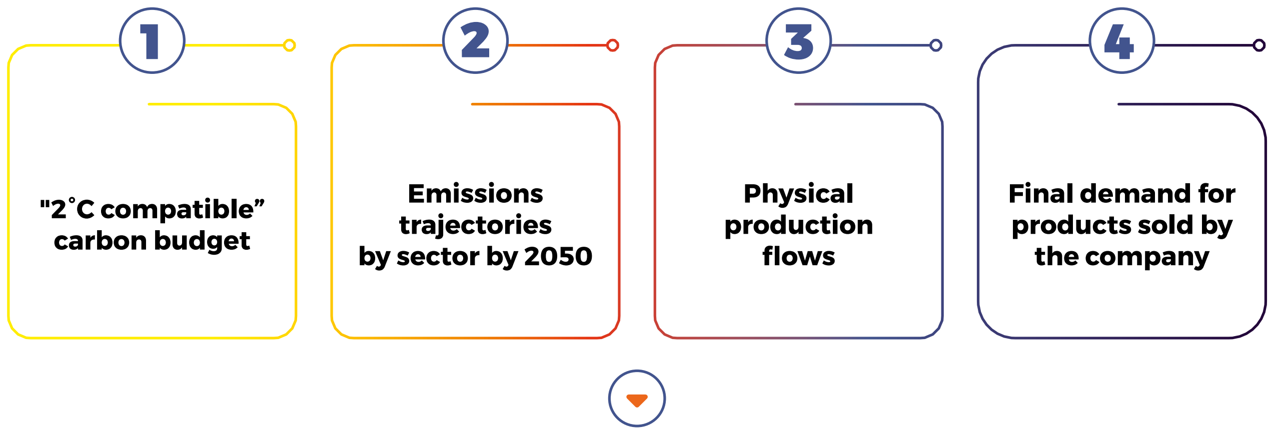
6.2.6.1.3 2°C scenario analysis

As an emissive industry on one hand but also a contributor to the development of low-carbon technologies on the other, Eramet's alignment with the transition to a decarbonated economy carries as many risks as opportunities for its business.

Scenario-based analysis is a powerful tool for managing this chapter of the strategic reflection. It entails a forward-looking review, projecting Eramet's current activity onto various possible worlds, in order to assess the consequences on business. This approach is efficient for building a comprehensive model of the complex changes and the interactions between them, which is helpful for defining the transformations caused by climate change.

The Group conducted this analysis in 2018 in collaboration with a domain-specific expert consultant. The adopted approach ("by physical flows") is founded, for each scenario, on the physical reality of the activity, which the Group ensures is compatible with the maximum limit of 2°C[1] increase in temperature.

Principles of the physical flow-based approach



Identifying and quantifying the impacts of transition scenarios on demand facilitates the expression of the first major strategic recommendations for Eramet.

In four steps, this approach identifies the risks and opportunities for the Company's business more precisely than a purely economic and financial approach, which would simply "distort" the economic figures (price, production cost, etc.), by for instance introducing a carbon price, to quantify the impact on demand without either evaluating or accurately translating the Company-wide micro-economic consequences of the adopted transition scenario.

Transition to a low-carbon economy clearly identifies its ultimate arrival point, i.e., achieving worldwide carbon neutrality between 2050 and 2100. The scenario adopted to perform this analysis is the International Energy Agency's (IEA) 2 Degrees Scenario (2DS) with Carbon Capture and Storage (CCS). This is based on the forward-looking Energy Technology Perspectives documents accessible to the general public. It is known here as "2°C with CCS".

The main outcome for the "2°C with CCS" scenario is that Eramet metals, in particular nickel, lithium, manganese and alloys, are metals that are critical to the development of energy transition technologies and essential for climate change management. This translates into a favourable outlook for changes in demand between now and 2030.

Demand for nickel is expected to grow steadily by 2030 in the IEA's 2°C scenario.

This growth is driven in particular by lithium-ion batteries (which use nickel) to store electricity. Indeed, the quantity of nickel demanded in 2030 for the energy transition represents around 25% of primary nickel production in 2018, illustrating the significant role played by batteries as a demand growth driver.

Manganese is a metal that accounts for more than 90% of metals in the steel industry and according to this analysis overall demand (primary and recycled) will increase significantly between now and 2030.

Lithium is an essential metal in the production of lithium-ion batteries being used in electric mobility, among other things, and demand is expected to multiply approximately fourfold by 2030.

These results underscore the resilience of demand for these metals in the IEA's "2°C with CCS" transition scenario and the relevance of the Group's current and future metals to address the requirements of the energy and low carbon transition.

(1) In other words, a world where the future combined greenhouse gas emissions do not exceed the maximum carbon budget required to maintain a global average temperature increase below 2 °C compared to the preindustrial era, namely ~800 GtCO_2 eq. (vs. ~2,000 GtCO_2 eq. emitted by humanity since the industrial revolution).

Outlook

In conclusion, Eramet's activity is necessary for the development of low carbon technologies and essential for developing and creating responsible metal sectors involving all critical energy transition stakeholders.

Outlook for the demand for metals produced by Eramet is favourable by 2030 in the IEA's 2°C scenario.

6.2.6.2 Energy and Climate Governance

6.2.6.2.1 Governance to address climate challenges

In 2020, Eramet published its new Energy and Climate Policy, (available on www.eramet.com), which defines its guidelines both in the conduct of its operations and in developing its strategy.

The Eramet Group takes the climate issue to the highest level of its management bodies. Governance is organised at three levels:

- the Board of Directors which relies on the recommendations of its Strategy Committee and CSR. The latter specifically analyses the Group's progress in carbon emission reduction, e.g., the resilience and development of the sustainable business model. These climate change efforts are carried out in accordance with the recommendations issued by the Institut français des administrateurs;
- the Executive Committee is backed by the Energy and Climate Department created in 2018, which reports to the Director of Strategy & Innovation, a member of the Group's Executive Committee. The Committee meets every month. Moreover, the topics of Energy & Climate are periodically reviewed during the Executive Committee's Business Review.
- the Energy & Climate Department which relies on operations conducted on a network of energy and climate specialists and on the Divisions and Business Units Departments, and reports on the progress of Group-wide action plans.

More generally, the Energy & Climate Department contributes to the Group's performance and ensures consistency between the three fields:

- economic by controlling energy purchases;
- energy by controlling and reducing energy use;
- climate by controlling and reducing carbon emissions.

6.2.6.2.2 A network of supporting site energy contacts

In order to reinforce and improve the reliability of the operational deployment of the Energy & Climate strategy, the Group has decided to establish an efficient method of operation between the sites and the Corporate functions. Three types of interlocutors have been defined:

- the Energy & Climate Department guarantees the coordination of the approach, ensuring the methodological contribution (the Group specialist is an AFNOR-certified ISO 50001 auditor and a member of the ISO 50001 expert committee), expertise on several of the Group's businesses, and regulatory and technological monitoring;
- site management, whose main role is to manage an energy management system based on the principles of the ISO 50001 standard and to allocate resources that are suited to the challenges of each site. Division management is also involved in providing support;
- the sites' energy correspondents network, locally in charge of coordinating the continuous improvement of energy and climate performances.

6.2.6.3 Strategy to address climate challenges

Decarbonisation is at the heart of the momentum of mines, metals and alloys; it is an essential part of the "licence to operate". As this is a short, medium and long-term problem, reducing CO_2 emissions is backed by governance that takes into account an optimisation of existing assets, the development of new technologies in partnership with peers, academics and suppliers, as well as supporting the decarbonisation of customers.

As such, Eramet's answer to climate change is based on the following focus points:

- the reduction of CO_2 emissions on scopes 1 & 2;
- helping customers (scope 3 emissions) to reduce their GHG emissions, by offering products and solutions that mainly contribute to reducing the carbon footprint. This is reflected in one of the three pillars of the Group's strategy: "to expand the portfolio of activities towards energy transition metals";
- promoting the circular economy.

6.2.6.3.1 Reducing CO_2 emissions on scopes 1 & 2

2023: a medium-term goal of reducing specific emissions

In 2018, the Group conducted a review to define a target for reducing scopes 1 & 2 CO_2 emissions, based in particular on technical and organizational levers. This objective is integrated into its CSR 2018-2023 roadmap with a significant carbon reduction target for the generated tonnes of CO_2 per tonne, i.e. based on the carbon-intensity of the Group's production activities:

Group Goal for 2023 vs. 2018	-26%	tCO_2/t outgoing product[2]
Impact of energy efficiency levers and decarbonisation of the energy consumed	-9.5% [1]	
Impact of the business mix effect related to the Group's strategic choice to develop its mining activity, which is lower in emissions than the Group's processing[3] activities	-16.5%	

(1) With the level of mining and processing activity in the year of reference (2018).

(2) Tonne of product leaving the sites: ingots, powder, ores, etc.

(3) Mining activity is about 80 times lower in emissions per tonne of outgoing product than the Group's other activities.

To structure all these progress approaches, Eramet deploys a management system for its energy and climate performances within its entities until the ISO 50001 certification for the main CO_2 emitter sites. 14 sites were certified at year-end 2020, ahead of the programme schedule.

2035: a long-term objective compatible with the Paris Agreement (Science Based Target – "well below 2°C"): reduction of 40% of absolute carbon emissions

Considering the lead taken by the development of the mining activity, with low emission levels compared to the pyrometallurgy activity, the Eramet Group intends to reach the objective of reducing its specific carbon emissions well before 2023. Backed by this momentum, the Group decided in 2020 to ramp up the process again by pledging to a Science Based Target. To date, this approach initiated with the SBTi (Science Based Target initiative) is at the "committed" stage.

On a like-for-like basis with 2019, Eramet seeks to achieve a 40% reduction in the Group's scopes 1 and 2 carbon emissions by 2035 compared to 2019. This target requires activating all available levers, including those still at the research and development stage or first pilots: Carbon Capture & Storage (or CCS), bio-reducers, electric mining equipment, etc.

Eramet's decarbonisation trajectory also depends on the Group's capacity to develop cross-cutting, multi-year structuring projects on the following leading priorities:

- decarbonisation of purchased electricity (purchases, investments);
- decarbonisation of processes (bio-reducers and hydrogen);
- carbon capture and storage (CCS in partnership).

To this end, an initial roadmap is proposed and will be improved in 2021. The priority actions include:

- **the development of CCS in partnership with other players:** this is the action with the greatest impact in terms of CO_2 savings, but the cost of these solutions is an obstacle. Therefore, the ambition is to develop a pilot and identify the least capital-intensive technologies;
- **using bio-reducers** in ore reduction: the issue of this action is the ability to access sustainably managed bio-reducers compatible with the constraints of our processes (mechanical strength, polluting elements);
- **the establishment of renewable electricity purchases and production** coupled with the electrification of mines: at the same time as developing technical solutions, the successful implementation of this lever is based on a radical change of culture (electric mining trucks for example) which requires long-term support;
- **developing the pre reduction of hydrogen ore** alongside bio-reducers.

This Roadmap on the Group's scopes 1 and 2 carbon emissions is accompanied by a qualitative objective to reduce scope 3 emissions: Eramet undertakes to encourage its customers to reduce their own emissions.

2050: carbon neutrality on scopes 1 and 2

The Eramet Group has also set itself the goal of achieving carbon neutrality for its scope 1 and 2 emissions by 2050. An ambition that absolutely requires a massive use of CCS strategy and a large-scale development of renewable energies such as bio-reducers.

Most of Eramet's significant carbon footprint reduction actions are taken with a medium- to long-term perspective, with the next few years being essentially dedicated to the confirmation of potential gains via pilots.

The identified actions cannot be implemented unless the market reflects investment costs in carbon and commodities prices. In this case, it would entail a substantial increase in the carbon price and consequently, the price of metals.

6.2.6.3.2 Quantifying its indirect emissions (scope 3)

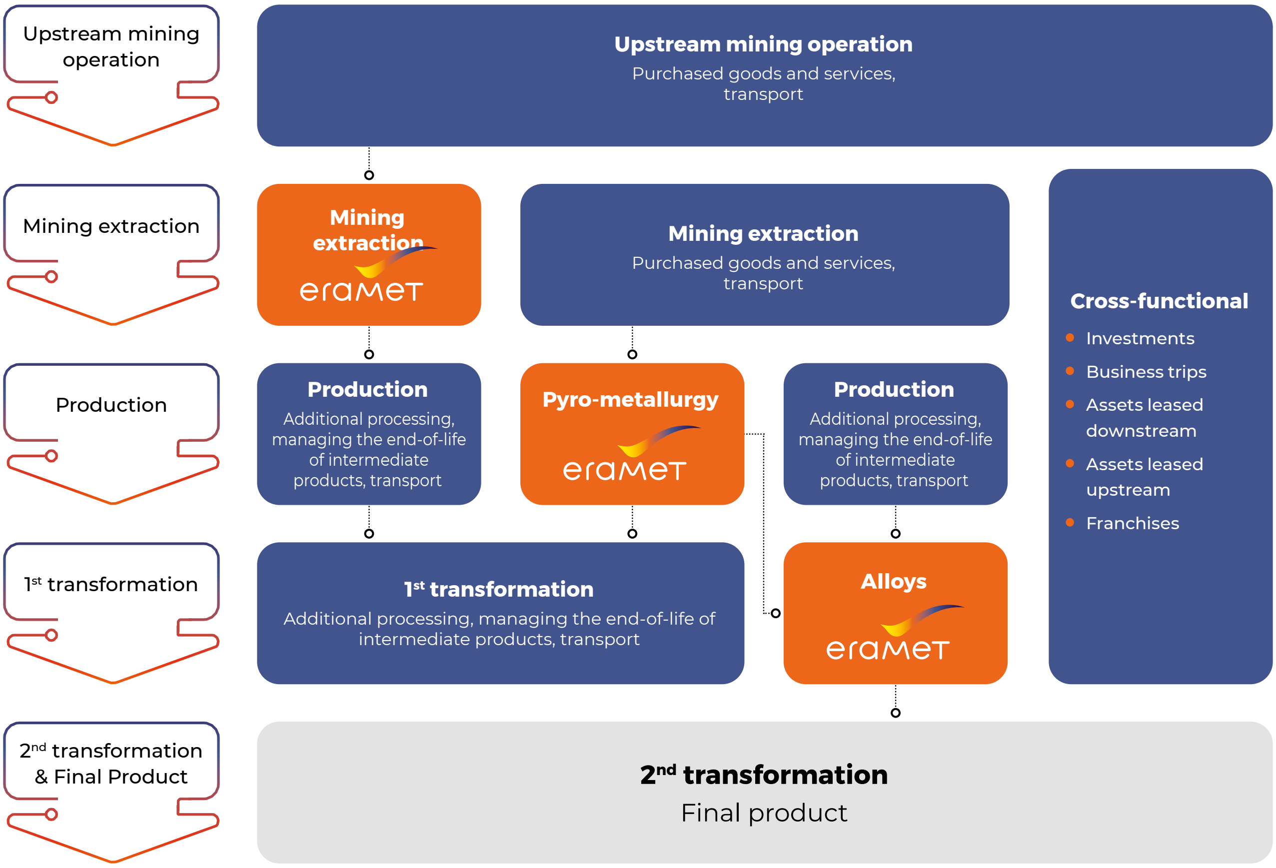
Scope

For the first time, the Group conducted an exhaustive estimate in 2020 of its scope 3 emissions and according to the 15 categories of the breakdown proposed by the Greenhouse Gas Protocol (GHG Protocol).

The data considered in the financial year 2020 calculations correspond to 2019 production and consumption values. Eramet considers that 2020 emissions are comparable to those of 2019 considering the breakdown of the Group's activities and the structure of its scope 3 emissions.

Scope 3 emission values were published in prior years and are not comparable with the values established in application of the GHG Protocol.

The scope retained for estimating Eramet's carbon footprint is as follows:



The second "Final product" transformation is out of scope for Eramet's scope 3 emissions given that the corresponding emissions account for less than 1% of the total (machining or forging operations mainly in Europe where electricity is mostly decarbonised).

Methodology

The methodology implemented for emissions calculation is based on the valuation of raw materials consumption and production data, derived from the Group's detailed quantitative monitoring. This data is associated with emission factors in order to evaluate scope 3, upstream of the Group's activities with purchases, and downstream with the sales and use of Eramet products by its primary customers.

Emission factors are disclosed by suppliers or, alternatively, extracted from the ADEME carbon database or the ECOINVENT database.

Where volumes cannot be expressed in physical units, the GHG Protocol validates the principle of using the "scope3 calculator", a tool developed by Quantys to assess carbon emissions using financial flows (orders and sales).

Transport (categories 4 and 9 of the GHP) is processed by grouping quantities transported by type of journey (land, sea, air) and by distance, with application of the corresponding emission factors.

Direct emissions (scopes 1 and 2) of the JV in which Eramet does not hold the controlling interest, are recorded in scope 3 in proportion to the Group's percentage of shareholding.

87% of Eramet's total scope 3 emissions are established on the basis of physical data which is the method that offers the most accurate results. The "scope3 calculator" is used to calculate the remaining 13%.

Results

Scope 3 emissions represent a volume of **10.5 $MtCO_2$**. This can be compared to a total of **4 Mt for scopes 1 and 2**.

Eramet Group activities are situated high upstream of the value chain. **The proportion of scope 3 downstream of the Group's businesses (7.6 $MtCO_2$) is therefore logically higher than the upstream proportion (2.9 Mt CO2).** This gap is particularly wide for manganese or nickel ore transformation operations at the Group's customers' sites. These are activities with very high emission levels.

Scope 3 emissions from transport amount to 385,000 tonnes and account for 4% of the Group's total scope 3 emissions.

Eramet levers

Eramet continually seeks to identify raw materials that can be replaced by recycled materials to limit its scope 3 carbon footprint. These actions are detailed in section 6.2.4.

Since 2019, through its Norwegian facilities, the Group offers an electricity connection service (low-carbon electricity from a renewable source) to ships docked at its loading bays. In 2020, studies were conducted and financing voted to extend these arrangements to all Eramet Norway sites.

The Eramet Group makes a significant contribution to its customers' CO_2 emissions avoidance strategy by offering them innovative solutions that reduce emissions associated with the use of its products (scope 3).

This goes far beyond the production of metals essential for the energy and digital transition and relates in particular to the High Performance Alloys Division.

The level of emissions avoided through these various activities has not been precisely quantified, but it is an order of magnitude of several hundred kt CO_2 per year.

6.2.6.3.3 Promote emissions reduction through the circular economy

The Group's actions to promote the circular economy, detailed in section 6.2.4 Circular Economy, enable Eramet to improve its carbon footprint as well as that of its customers.

The beneficiation of certain slag (or scoria) for example, enables metal production at a lower carbon cost than from the initial ore because some of the physical and chemical transformations have already taken place. These sectors are economically viable when the slag also contains chemical elements in demand for use in different admixtures. Such trials were successfully completed in 2020, for example at Eramet Norway or at Comilog Dunkerque to reduce the use of calcareous materials with recorded drops in carbon emissions by approximately 5%.

The beneficiation of the by-products generated through these Group plant activities such as material for backfilling or concrete aggregate allows the Group to help its customers avoid the associated extraction emissions. As such, SLN and Comilog Dunkerque recover a significant portion of their slag production. Furthermore, SLN and Eramet Norway develop a specific quality for these by-products for specific beneficiations: SLAND for SLN and Silica Green Stone for Eramet Norway.

In 2020, Eramet Ideas led several pilots with the aim of validating separation processes for waste car battery components to enable regeneration. The development of such innovative technologies will have a significant impact on the emissions of Eramet's customers.

6.2.6.4 Performance

Medium-term goal of reducing the Group's carbon intensity

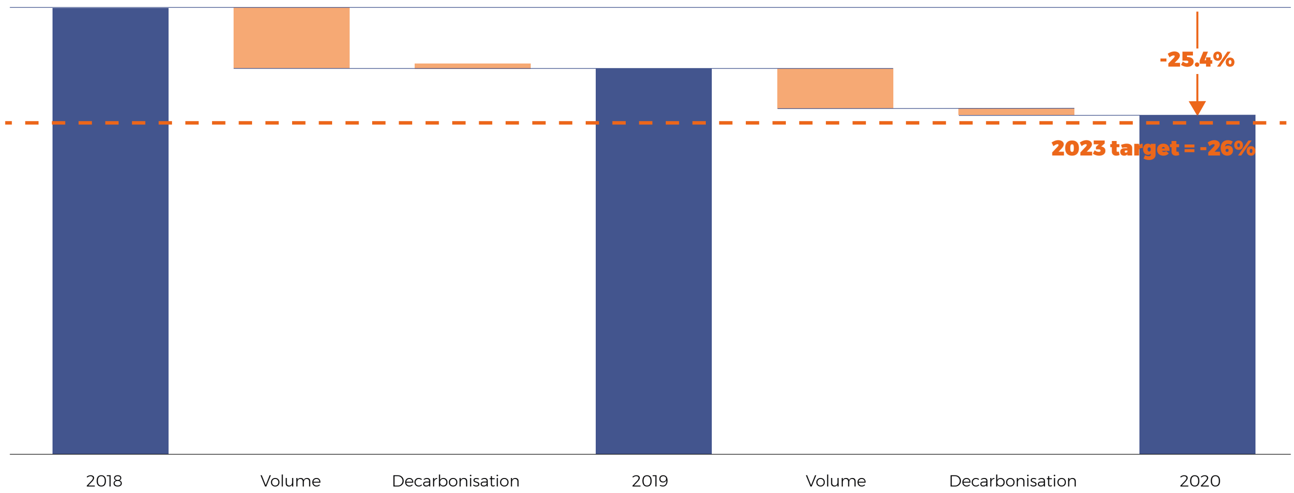
CSR 2023

In 2020, Eramet maintained the pace of controlling its carbon emissions while continuing to develop its mining activities, in spite of the health crisis.

Consequently, the goal of reducing the Group's carbon intensity (-26% by 2023 compared with the 2018 level) was practically reached in 2020 , with a reduction of 25,4%.

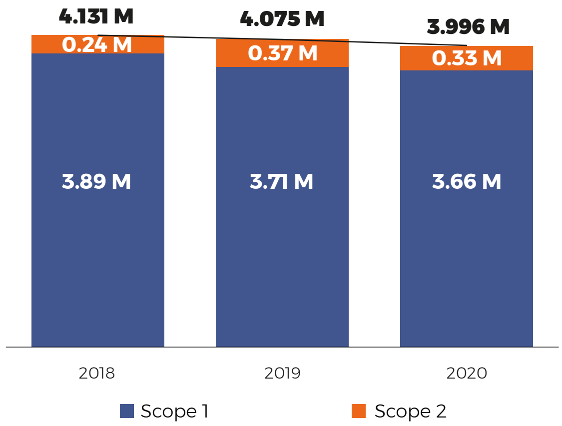
This result was mostly obtained through the deployment of mining activities at a sustained pace (volume effect). The effect of emission control actions is also progressing.

Variance analysis – Trend of specific emissions



6.2.6.4.1 Carbon emissions – activity growth without increasing carbon emissions

Since 2018 Eramet reports its GHG emissions under the Carbon Disclosure Project (CDP). In 2020, the Group had a B rating, significantly up compared with 2019 and in line with observed results.



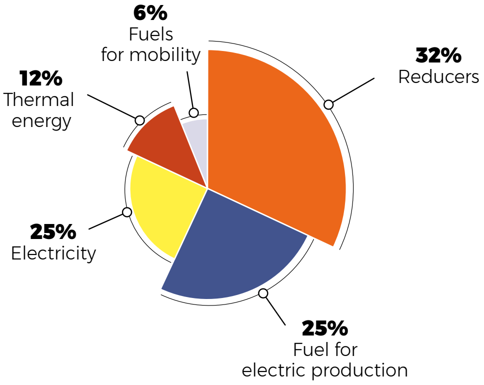
The Group reduced its carbon intensity and kept its carbon emissions unchanged against a backdrop of significant growth in production in 2020 (around 30% compared to 2018).

6.2.6.4.2 Decline in energy consumptions

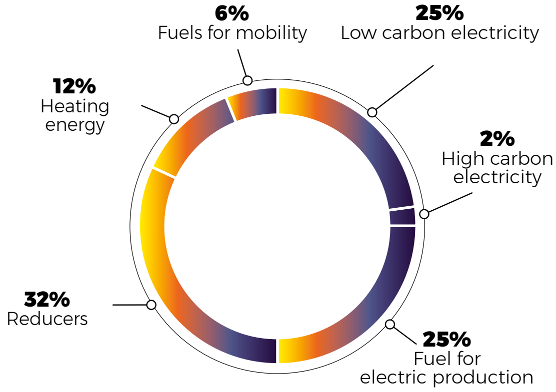
The different kinds of energy used by Eramet include:

REDUCER	All the chemical and thermal energy provided by reducers in smelting-reduction operations (coal, coke, etc.)
FUEL FOR ELECTRICITY PRODUCTION	Energy used for electricity production by "proprietary" thermal power plants (SLN and GCO)
FUELS FOR MOBILITY	Used for combustion engine powered machinery, mainly for mining operations.
LOW CARBON ELECTRICITY	Electricity purchased from the grid generated by renewable energy (sun, wind, hydroelectric, etc.) or nuclear power plants. As much as possible, the Group sources its electricity from decarbonised sources, which in 2020 accounted for 92% of Eramet's electricity purchases.
HIGH CARBON ELECTRICITY	Part of the electricity purchased from the grid produced by oil or coal-fired thermal power plants
HEATING ENERGY	Energy used for drying, heating and heat treatment operations, necessary to ensure the quality of products delivered by alloy metallurgy and for pyrometallurgy inputs

Breakdown of consumption for the different kinds of energy (angle) and their respective contribution to carbon emissions (radius).



Breakdown of energies by use

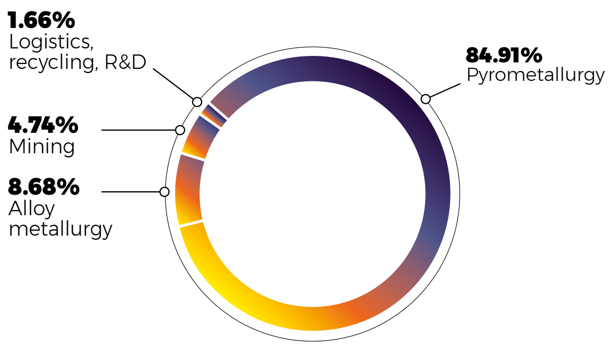


This breakdown is stable compared with 2019.

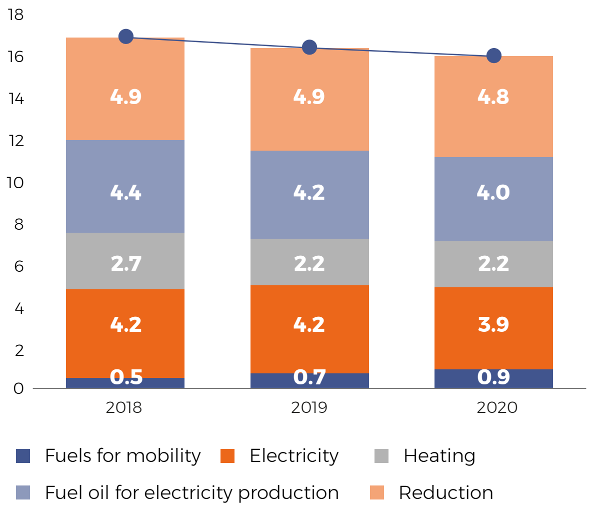
Energy consumptions such as CO_2 emissions linked to the Group's activities are broken down by activity category.

MINING	The energy used by the mining sector is mainly fuel for mining machinery and electricity for fixed installations. Consumption trends are particularly dependent on the structure of the deposit, its topology, the activity (volumes of ore produced) and especially stripping and preparatory work volume ratios (total volume of ore handled).
PYROMETALLURGY	Industrial installations are part of "extractive metallurgy" which consists of converting, through reduction reactions, the metallic oxides contained in the ores into metal alloys which are then marketed. These processes require an energy supply to reach the temperatures of the reduction or smelting reactions (around 1500°C), in the form of electrical energy and reducers that also contain carbonaceous energy. This consumption is directly dependent on the activity. Good process control also requires upstream monitoring of the water content of ores. The energy consumption for these uses is therefore also highly dependent on climatic conditions and varies depending on the season.
HYDROMETALLURGY	This industry consists of producing metal salts and is also part of extractive metallurgy. The types of energy consumed are mainly electricity, steam and natural gas. Consumption is mainly dependent on the activity and type of manufacturing process.
INTERNAL LOGISTICS	It corresponds mainly to the Group internal rail transport between mines and ports. For Eramet, it therefore comes under scope 1 and is completely distinct from the logistics activities traditionally defined in scope 3. Energy consumption is mainly linked to the diesel locomotives operated in our mining territories.
ALLOY METALLURGY	The purpose of this industry is the production of alloys with high mechanical properties, their hot or cold processing and the associated heat treatments. These processes consume electricity and gas. Consumption is clearly dependent on the types of products delivered to customers and the complexity of the processes.
RECYCLING	This activity entails recycling metal waste by smelting it into alloys that can be used internally (concept of secondary mining) or directly by customers. The types of energy consumed are the same as for processing metallurgy.
RESEARCH AND INNOVATION	Teams work upstream for all the Group's business lines.

Breakdown of energy consumption in TWh – by activity type



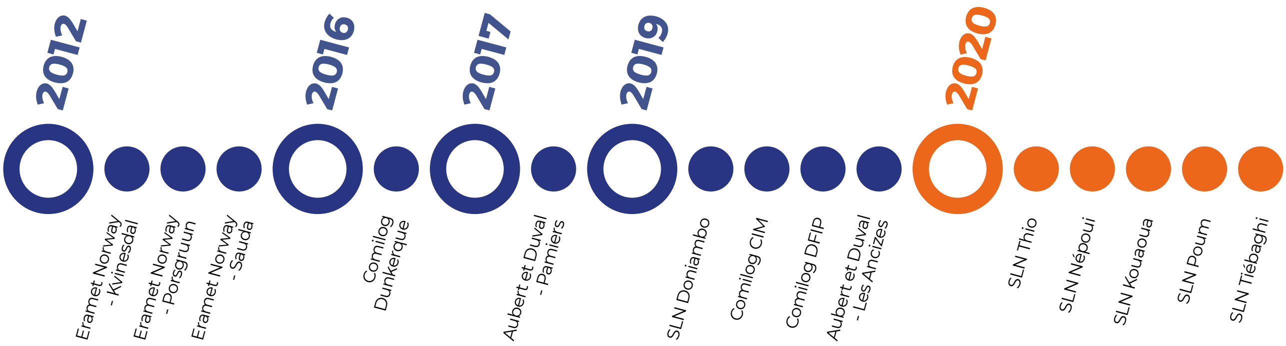
Breakdown of energy consumption in TWh – by energy type



The Group's total energy consumption was 15.8 TWh, stable compared to 2019 (15.9 TWh). The increase in mining activity can be seen through increased fuel consumption, while the slight drop in activity on pyrometallurgy sites due to the health crisis can be seen in other energy types.

6.2.6.4.3 Deployment of the ISO 50001 approach and energy efficiency

As at year-end 2020, fourteen sites had implemented an ISO 50001-certified energy management system, with the five SLN mining centres also having obtained their certification during this year.



The momentum continued with a few months delay due to the unique public health situation in 2020. The Eramet Marietta site was certified early 2021 and the TiZir Grande Côte Opérations sites as well as two remaining entities of Comilog Gabon (mine and the Moanda Mineralurgical Complex) will be audited with a view to their certification in spring 2021.

By that time, the Group's main energy consumers and sources of carbon emission will be ISO 50001-certified.

Furthermore, Eramet participated in the ISO 50001 standard upgrade efforts with AFNOR experts and the Group is a member of the ENERGEST standardisation committee tasked with promoting and defining standards for energy efficiency practices.

6.2.6.4.4 Decarbonising Eramet energy

The Energy & Climate Department and all Eramet players involved in the choice of energy sources necessary for the Group's activity ensure that decisions are always optimised based on economic and climate interests.

In 2020, the Eramet Group continued its efforts to decarbonise its energy mix through the main projects below:

- **modulating the power of the SLN oil-fired power plant.** In order to absorb New Caledonia's renewable energy production peaks, the production teams and the teams in charge of the Group's digital transformation commissioned an artificial intelligence system. This mechanism allows the optimised control of power demand and supply taking into account the operating conditions of furnaces and the energy mix available on the grid;

- **the installation of a photovoltaic solar power plant on the Grande Côte Opérations (Senegal) site:** This year, a call to tender was launched for the project, in view of obtaining a Power Purchase Agreement. The tendering process continues in 2021;
- **replacement of the SLN oil-fired power plant:** This project is led by New Caledonia Energy. In 2020 the main technological characteristics of the new production facility were validated, following a call for expression of interest. The call for bids was launched at the end of 2020 for a PPA for a natural gas offshore power plant;
- **development of wind power farms in Norway:** At year-end 2019, Eramet signed the Group's first Corporate PPAs with a Norwegian electricity supplier, committing it to constant power supply at guaranteed cost from a wind energy source. The final decision was taken in April 2020 by Eramet's partner for the launch of the construction of the two Tysvaer and Buhei farms in Norway. These installations will begin operations at the end of 2021. The PPAs became operational in January 2021. Eramet Norway has therefore succeeded in securing electricity at a competitive price over the long term, while contributing to the development of renewable energies. This also allows the Norwegian subsidiary to diversity its electricity sourcing, which is traditionally from hydroelectricity. The use of wind power confirms the very low level of carbon emissions for Eramet Norway compared to its competitors on the manganese alloy market;
- **coming on stream of a photovoltaic solar farm in Les Ancizes:** Validated in 2019, this infrastructure began operations in 2020 and covers the factory's employee outdoor car park. More than 7,000 solar panels cover a surface area of 12,000 m^2, generating electrical power equivalent to the consumption of all the heat treatment furnaces of the rolling mill.

In 2020, Eramet also intensified its Research and Innovation efforts in the area of identifying alternative, less carbonated sources for its pyrometallurgical processes. This year, advances were made on the topics below:

- **the use of bio-reducers:** industrial tests are scheduled in 2021;
- **the use of non-fossil fuel energies for the first stages of the manganese reduction process:** Eramet is part of the consortium of leading producers of manganese metals in Europe: the PréMa project. In this context, the Eramet Ideas teams conducted tests this year on a pilot installed at the Eramet research centre based in Trappes. These tests have enabled the validation of the innovative concept of pre-processing technology of manganese ore defined by PréMa.

The Group also deploys a set of energy-saving actions in order to reduce its CO_2 emissions. Among the main topics developed in 2020, the following actions contributed to Group climate performance and will contribute to its acceleration in upcoming years:

- **beneficiation of process gases:** The NewEra ERU (Energy Recovery Unit) project added a carbon monoxide combustion unit to enable the generation of both heat and electricity from the gases produced by furnace activity. The heat is recovered to improve the efficiency of the process and therefore reduce the electrical power requirements in furnaces. The energy saving is therefore twofold: less energy required for furnaces and more electrical power available. In 2020, the final investment decision was taken by the Eramet Group for the construction of a major pilot in 2021 on the Sauda site in Norway;
- ***Carbon Capture and Storage*:** In 2020, Eramet formalised an industrial partnership which seeks to install a pilot on the Sauda (Norway) site to capture, store and ship emissions from the NewEra ERU towards a storage unit.

6.2.7 Environmental preservation on mining sites

This section looks at environmental protection actions deployed at the mining sites in operation (with the exception of measures concerning biodiversity, which are detailed in section 6.2.8). Provisions for developing mining projects are included in section 6.4.5 “Governance of the sustainable development of industrial and mining projects”.

The Group's mining operations do not include underground mines and do not use any chemical product.

In Gabon, the mine operated by Comilog on the Bangombé plateau is one of the richest manganese deposits in the world. The properties of the deposit and the ore result in the production of relatively little mine waste[(1)]. The main environmental issues of this mine are the protection of the very rich biodiversity of the zone, and the safe operation of storage structures for mining waste.

SLN operates 14 nickel mines in New Caledonia; the seven largest are operated directly by SLN and the others are subcontracted to local operators. The mines are located in rugged terrain at altitudes between 250 and 1,000 metres. In this type of deposit, it is necessary to move about 7-9 tonnes of tailings to produce 1 tonne of ore that can be processed by the Doniambo plant. Storing these tailings under conditions that guarantee safety and protection of the environment is, therefore, a key issue. These ratios have been positively impacted with the development of low-grade ore exports, accompanied by better mining efficiency. The two other main challenges entail protecting the very rich local biodiversity and controlling the impacts associated with erosion and rainwater run-off.

(1) Tailings are the material extracted from a mining operation with no or very little desired metal content. Mining waste is non-recoverable fractions obtained from ore concentration phases through physical and chemical means.

In Senegal, the Grande Côte Operations (GCO) mineral sands mine in Senegal produces zircon, ilmenite, rutile and leucoxene. The deposit is located in the sand dunes near the coast to the north-east of Dakar. The extraction operations take place in an artificial mobile basin of 12 hectares and about 6 metres deep and follow a route which is optimised to exploit the deposit. The mining process involves a dredge with a capacity of 7,000 tonnes per hour, connected to a floating concentration plant, where minerals are separated from the sand by a grading and gravimetric process. After extracting the recoverable fractions (around 1.5% of the treated sand), the sand is directly put back at the rear of the facilities to reform the dune. The resulting heavy mineral concentrate is transferred to separation plants located on land, where the commercial products are obtained by separation. The low volumes of products extracted and not processed in this stage are reincorporated into the reconstituted dunes. The water needed to run operations is pumped from the deep aquifer (Maastrichtian) and recycled as much as possible. The potential impact of the mine on water resources represents the main environmental challenge of this operation.

The following table summarises the main environmental issues and risks for the Group's mining sites.

TABLE SUMMARISING THE ENVIRONMENTAL ISSUES AND RISKS AT ERAMET'S MINING SITES

	SLN Mines (New Caledonia)	Comilog Mine (Gabon)	GCO Mine (Senegal)	Comments
Pressure on water resources (quantity)	**	*	****	The high levels of rainfall at the sites in New Caledonia and Gabon make the issue of water consumption relatively low in sensitivity. Conversely, in Senegal, the two aquifers used by the mine are important reserves for local residents and for the country. Measures are being taken to limit the quantities taken from these aquifers.
Soil erosion and impacts on the quality of surface water	****	**	**	The nature of the soils and rocks, the topography of the deposits and the presence of fragile receiver environments make erosion a very sensitive subject in New Caledonia. In Senegal, protecting the dunes reconstituted after dredging against wind and water erosion is an issue, but outside the freshly reconstituted areas this subject is of minor importance. In Gabon, only parts of deposits located in sloping areas are somewhat sensitive to erosion.
Acid drainage	□	*	*	Generally, Eramet mining sites are little concerned by the risk of acid mine drainage. In Gabon, only a horizon of tailings located in the sloping part of the deposit is likely to present this risk in a localised way. In Senegal, a sandy horizon containing intercalated peat lenses may be encountered during mining operations and may potentially generate low acidification.
Production and storage of tailings	***	*	*	The tailings from the Moanda mine are mostly returned immediately to the mining area. In Senegal, the sand is returned directly to the environment after extracting the recoverable fraction, which represents only 2%. By contrast, in New Caledonia, the production of waste rock is much larger. The operating methods of SLN (New Caledonia) prioritises, whenever possible, the filling of mining pits rather than storage on natural sites.
Production and storage of tailings	*	***	*	Only the Comilog mine (Gabon) and the Tiébaghi and Népoui mining sites (New Caledonia) produce significant quantities of mine tailings resulting from concentration steps by mechanical processes. These residues are chemically stable and are not hazardous to the environment. In New Caledonia, residues from processing plants are, moreover, commercially processed as mining by-products. The characteristics of the small quantities of residues produced in Senegal allow their return to the natural environment during the reconstitution of the dune. Therefore, the safety of mine waste management structures is not an issue for the Comilog mine in Gabon.
Impacts on biodiversity	****	****	**	The biodiversity of the New Caledonian sites is recognised as remarkable due, in particular, to its very high endemicity. The most recent studies conducted with regard to international standards in Gabon have shown that the Comilog mine is also located in an environment characterised by high biodiversity. The GCO mine (Senegal) does not have the same level of sensitivity. However, it should be noted that the Senegal mine is adjacent to major vegetable production areas.

Legend:

- * *Low.*
- ** *Moderate.*
- *** *Significant.*
- **** *Major.*
- □ *No acid drainage.*

6.2.7.1 Mining environment management structures

Teams dedicated to the consideration of the environment in mining are present at the sites and subsidiaries concerned in Gabon, Senegal and New Caledonia.

In the past few years, Eramet has strengthened the structuring, formalisation and international coordination of tools for environmental management at mines. As part of this, the following actions have been carried out:

- A community of mining environment experts has been set up and meets regularly. Its role is to formalise good practices guidelines applicable throughout the Group and to encourage the exchange of expertise between sites.
- Environmental Management Systems compatible with the requirements of ISO 14001 have been deployed by the mining subsidiaries.
  - In 2016, SLN became the first mining and metallurgical company to obtain ISO 14001 certification in New Caledonia. The certificate covers the mining activities of the seven main mines, which are operated directly by SLN.
  - For its part, Comilog (Gabon) has been ISO 14001 certified since December 2012. In 2019, the certification scope evolved by incorporating the activities of the Moanda metallurgical complex (C2M). Now, the application field covers Manganese ore extraction, preparation, storage and loading operations (Rocky, Fine and Sinter), production of Silico-manganese, metal manganese and other derivatives of Manganese ore, sold in the metallurgical and chemical industries.
  - In Senegal, significant improvements are under way with the implementation of an environmental management system aligned with the requirements of ISO 14001 throughout the various functional units of GCO. Furthermore, in 2017, GCO updated its environmental, biodiversity, safety, ethics, quality and community charters. The site is engaged in a process leading to ISO 14001 certification, the last stages of which have been delayed by the health context in 2020.
- All SLN mining sites (New Caledonia) have updated their environmental impact assessments in recent years as part of the reform of the Mining Code of New Caledonia. This considerable work allows each site to have comprehensive studies on the environment and the ecosystems in which they are located, and effective environmental management plans adapted to their specific characteristics. To reflect the changes to the mining plan, these management plans are updated periodically, every five (5) years, and the authorities are duly informed.
- At the same time in Gabon, for the Comilog mine, the numerous environmental studies performed have contributed to the considerable improvement in the awareness level of the site's environmental characteristics. The most recent include:
  - The complete environmental and social impact study for the extension of the Bangombé plateau mining operation to the edges of the deposit (part of the sloping deposit located within the Comilog concession). This study was validated by the authorities in 2018.
  - The environmental and social study aligned with best international standards performed for the Okouma deposit mining project and the construction of a new washing plant. This study was validated by the authorities on 3 May 2019.
- In Senegal, the Grande Côte Opérations mining site, following the audit and updating of its Environmental Management and Social Plan (EMSP), received its environmental compliance certificate on 24 October 2016 from the supervisory authorities, and then, in 2017, the joint ministerial decision granting definitive authorisation for all its classified establishments.

6.2.7.2 Responsible mining resource management

The recovery of mining resources is one of the Group's core businesses and a key component of the Group's contribution to the development of the circular economy. Indeed, maximum beneficiation of the mineral profile, i.e. the mining of ores at the lowest possible grade, or the recovery of materials previously considered to be tailings or waste, makes it possible to improve the environmental efficiency of mining operations by increasing the quantity of metal resources produced for the same environmental footprint.

The beneficiation of mining waste or low-grade ore can be obtained thanks to technical innovations, or by seeking new commercial outlets compatible with the characteristics of these products.

As such, in New Caledonia, SLN has built washing plants (ore processing plants) which allow the ore to be concentrated without adding any chemicals. These enable the beneficiation of ore initially considered as marginal, thus significantly extending the life of deposits while reducing the final environmental impact. The concentrated ore produced by these washing plants is recovered either at the Doniambo plant (New Caledonia) or exported to other customer plants, depending on the grade.

Beneficiation is impossible for some low-grade ore on the territory. That is the reason why, in collaboration with the authorities, SLN has developed strong partnerships that allow beneficiation of this ore for export over the past two years. By mining ore at the lower grades, the mines produce less tailings. This helps to reduce the environmental impacts associated with the storage of ore (on the landscape, and on erosion).

Other examples in Senegal: since 2016, more than 90,000 tonnes of sand containing zircon (medium-grade zircon sand), initially considered as a waste, has been recovered by the GCO teams (Senegal).

CSR 2023

In 2018, the Group decided to strengthen this momentum to improve the recovery of mining resources by formalising a new circular economy action plan. The objective is, over the 2019-2023 period, through a series of innovative actions, to recover more than 2 million tonnes of materials previously considered as waste or tailings. Four projects have been launched to contribute to this goal. Three of them have already produced results in terms of recovered tonnes.

- A flow of ilmenites initially considered at GCO (Senegal) as waste can be recovered by creating a new commercial product known as Ilmenite 56. 61,000 tonnes of this product were recovered in 2019.
- A facility with a new tri-optic technology was established on the Népoui (New Caledonia) mining site. This allows the finer sorting of waste previously considered as tailings. Installed during the year, this innovation has helped to recover 33,000 tonnes of waste.
- Lastly, in the context of the development of low-grade ore exports, SLN (New Caledonia) was able to recover 660,000 tonnes of ore that had been safely stockpiled while waiting to find potential beneficiation opportunities in the future. This is beneficiation made without additional environmental impact linked to extraction.

6.2.7.3 Management of impacts on water resources

At mining sites in New Caledonia, and to a lesser extent in Gabon, the major issue of water management is to prevent the entry of suspended solids (SS) into the receiving environment through run-off caused by erosion due to surface stripping.

To avoid this, SLN (New Caledonia) has long since equipped its sites with sedimentation ponds that trap suspended solids in order to prevent their transport into the natural environment. Upstream from these works, many precautions are taken to minimise erosion: roofing of sites to prevent water entry, minimisation of open areas, conservation of natural embankments at the edges of stripping sites, organization of run-offs to reduce speed, implementation of hydraulic locks, etc. These measures are documented for each SLN mining site in a Water Management Plan that meets the regulatory requirements of New Caledonia. The implementation of these Water Management Plans as mining progressively evolves represents an ongoing commitment and considerable investment. Finally, monitoring of the proper functioning of the water management works is now carried out using drones. In total, investments dedicated to water management for these sites exceed €21 million over the last seven years.

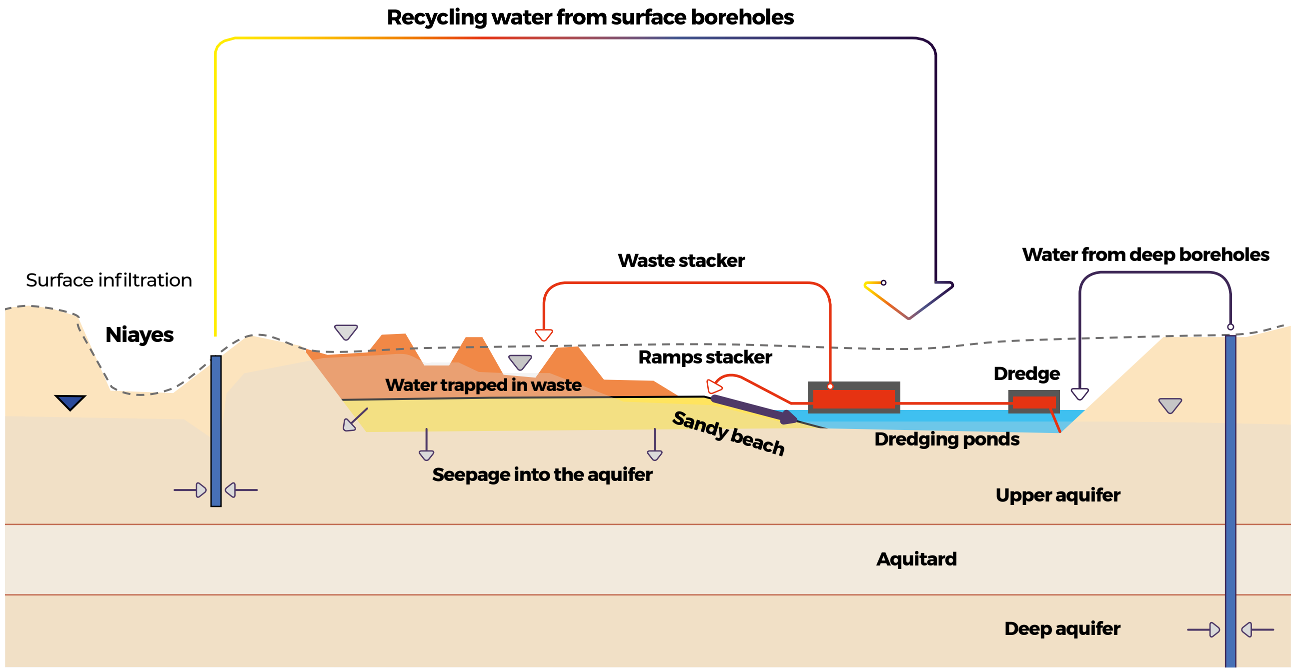
The special expertise of SLN on the topic of erosion prevention is compiled in a revised technical guide (the «Blue Guide»), which serves as an industry reference in New Caledonia and beyond for the Group.

In Gabon, the subject of erosion is less significant given the topography of the plateau deposit and the draining characteristics of the upper geological layers of the plateau. Nevertheless, operators are aware of the measures to be taken to limit erosion. This topic still attracts attention due to the ongoing development of the deposit in the sloping part. A specific water management plan associated with the extension of the deposit has been developed. As part of this plan, in addition to the recommendations relating to the construction of safe slopes and the size of sedimentation ponds, a specific environmental monitoring system has been put in place. This continuous monitoring confirmed the effectiveness of the measures taken and makes it possible to verify that the very limited and localised phenomenon of acid mine drainage does not have a significant impact on the natural environment.

In addition, in recent years, major advances have been made at the Moanda site for the management of aqueous waste from the ore mill. Since 2010, discharges to the River Moulili were stopped with the installation of (ultra-fine) tailings ponds. These ponds were constructed in such a way as to be able to recover the overflow waters and redirect them to the concentration facility, thus eliminating any direct discharge into the river.

In Senegal, water consumption is a sensitive issue as the operation of the mine uses two aquifers, one of which is shallow and very important to local inhabitants (domestic consumption and irrigation) and the other (deep) is the largest underground water reserve for drinking water supply in the region. Given this situation, every precaution is taken to ensure that the impact of the mine is controlled and minimised. GCO (Senegal) has an expert team dedicated to hydrogeology. In this respect, a doctoral thesis entitled “Updated knowledge of the North Coast water table and evaluation of potential impacts from Grande Côte Operations exploiting the mineral sands: hydrochemical, isotopic and hydrodynamic model approach -- SENEGAL” (*Actualisation des connaissances sur la nappe du Littoral Nord et évaluation des impacts potentiels de l’exploitation des sables minéralisés par Grande Côte Operations: approche hydrochimique, isotopique et hydrodynamique par modèle – SENEGAL*) was successfully defended at the Dakar Cheikh Anta Diop University (Senegal). In the context of the State/GCO partnership, the water ministry departments, in addition to their sovereign missions of monthly controls, contribute to the continuous improvement of underground water resources management process. As such GCO also pays the drainage tax levied on pumping water from the deep water table.

The water management system was designed by GCO and authorised by the competent department of the Senegalese Government to avoid additional pressure on the superficial water table used to supply water to local residents' agricultural crops. All mining installations are controlled to ensure minimal variations in the level of this water table. This aquifer is subject to twice-daily monitoring. More than 80% of the mine's net water consumption is used to ensure a constant water level in the basin in which the dredge and the facilities float. For this, the mine uses a deeper aquifer, for which limits on pumping rates have been set by the authorities and respected by GCO (Senegal) since the start of production. The water from this water table is recycled as much as possible (recycle rate of around 45%) through a recycling well system. In addition, this aquifer is also subject to continuous monitoring. To this end, three 500m deep piezometers are used to control the deep (Maastrichtian) aquifer.



"Water policing" and monitoring operations are carried out internally on an ongoing basis by the Environment Department of GCO (Senegal). Monthly reports on this matter are sent to the relevant authorities. Since the start of the operations, monitoring has demonstrated the effectiveness of the measures taken and the absence of damaging consequences on water resources.

6.2.7.4 Tailings and mine waste management

Mine waste

Given the considerable volume of waste rock being handled at SLN operations (New Caledonia), the storage of tailings in appropriate structures and their revegetation is a vital environmental task in order to minimise erosion and the impacts on the ecosystem and landscape.

Thanks to its extensive experience, SLN (in New Caledonia) has developed effective techniques that have been validated by the authorities, one of which is to create tailings stockpiles. The works are carried out according to professional standards and their stability is guaranteed in the long term, even during exceptionally heavy rains. These tailings stockpiles are subject to continuous internal monitoring and regular audits by an external third party. In relation to water management techniques, SLN has published a technical guide, updated in 2012, which explains the construction methods of tailings stockpiles and their design rules. This guide applies to all SLN mining sites operated directly or by outsourcing. Moreover, in order to minimise land clearing and promote site rehabilitation, SLN prioritises the creation of flat-top piles in old mining pits, when the environmental conditions are favourable.

In Gabon, the problem is less sensitive since, on the one hand, the volumes of tailings being handled are much less, and on the other hand because the technique of exploiting by the successive opening/closing of "compartments" allows the majority of tailings to be placed directly into the "compartments" after extraction.

The Senegal mine is not at all affected by this problem, since the sand dune is reconstituted after passing the dredge and extracting the recoverable part.

Mining waste

Through its Environmental Responsibility Policy, Eramet has banned the practice of deep-sea tailing placement. The Group does not use this method.

One of the three Eramet mining subsidiaries uses tailing dams: SLN mining operations in New Caledonia and GCO in Senegal are not concerned by this type of structure.

In Gabon, mine wastes are clay ore fractions, obtained by a physical separation process by water scrubbing, without the addition of chemical products. Leaching tests showed that these are inert waste.

This waste is stockpiled in 11 ponds (10 of which are inactive), consisting of closed dams with a maximum height of 16 metres, and a volume between 1 and 1.5 million m^3. These structures are not raised: a new structure is built every 18 to 24 months.

The CIM enrichment plant (Gabon) also has a dam used to stock two types of non-hazardous waste associated with the plant: sand (particle size matter between 1 and 20 mm) and finer ore fractions (< 1 mm) in the form of sludge. The coarse fractions are used to continuously consolidate its external walls (downstream method). The dam and the consolidation, measuring a combined total of 100 metres in width and 30 metres in height, contains 3.6 million m^3 of sludge.

Tailings are not dangerous, the size of these facilities is limited compared to facilities in other parts of the world, and lastly Eramet does not use the controversial upstream method to raise the structures. None of these facilities falls under the "extreme" or "very high" risk categories defined by the Global Industry Standard on Tailings Management. In spite of these favourable intrinsic characteristics, Eramet is committed to operating these facilities in accordance with best practices to guarantee the safety of its employees and neighbouring communities.

The structures are continuously monitored and operated in accordance with specific procedures. Annual reviews are performed by an external engineering team. Dedicated audits are also carried out. In 2016, as part of its risk prevention initiative, Eramet commissioned an audit of its facilities by the Group's geotechnical and environmental experts. In 2019, a new audit was conducted by an external firm, by referring to the report on the best available techniques for the management of mining waste established in 2018 by the European Commission and the ICOLD (International Commission on Large Dams).

These audits provided recommendations for further improvements to the safety level of the facilities, which led to corrective action plans that are regularly monitored.

These improvement actions included the development by the Group in 2020, of a new formal procedure dedicated to the "Management of tailings storage facilities". This procedure is based on the fundamentals of the requirements of the "Global Industry Standard on Tailings Management" published in collaboration by the United Nations Environment Programme (UNEP) and by the International Council on Mining and Metals (ICMM) in 2020. Beyond the governance requirements of this standard, the procedure also defines a certain number of design criteria derived from the ICOLD/ANCOLD guidelines. The purpose of the procedure is to create, for all operations, uniform risks analysis and associated baseline design criteria. More restrictive regional regulatory specifications will of course be prioritised over this procedure.

Eramet actions are in line with global initiatives aimed at strengthening the mining industry's management of the safety of tailings facilities. In this perspective, Eramet also participates in the initiative launched by The Church of England Pension Board aimed at improving reporting transparency on this sensitive subject. Eramet's statement on the issue is available on its website: http://www.eramet.com/en/csr/environment/responsible-management-of-mine-tailings-and-waste-rock.

Lastly, it must be noted that Eramet has undertaken to develop the dry-stacking method for its tailings. This breakthrough innovation for the environment presents multiple benefits: dry-stacking presents much less risk of instability, and in addition, it enables better water recycling in the process. This method will be used for 50% of flows for washing facilities associated with the extension of the Comilog mine in Gabon. It is the preferred option in studies relating to development projects for battery-grade nickel in Indonesia.

6.2.7.5 Rehabilitation of mining sites

All mining sites are continuously rehabilitated.

In New Caledonia

The work includes land reshaping and revegetation operations, the methods and results of which are described in section 6.2.8 "Preservation of biodiversity".

Active mines have a rehabilitation master plan which defines the work to be implemented as and when mining operations are carried out. The master plan is based on numerous technical investigations specific to each site and feedback acquired by SLN in the past 30 years, now compiled in two practical guides, one dedicated to optimal topsoil management (2015) and the other on the principles and techniques of mining redevelopment (2016).

In recent years, major redevelopment work, allowing for definitive rehabilitation, has been carried out, continued or completed. In addition to the revegetation work carried out on a recurring basis (hydraulic sowing and planting, excluding topsoil spreading), other major redevelopment projects are also being undertaken by SLN. Some examples are:

- the massive project to redevelop the "SM2E" mining landfill[1] on the Thio Plateau, which was completed in 2018;
- the start-up in 2020 of another remodelling worksite for the former "Sillon Nord" mining landfill, on the Plateau mine, which should represent some 400,000 m^3 of materials to be handled;
- the redevelopment of the Rachel tailings stockpile in Népoui, which is the subject of administrative winding-up proceedings, and on which SLN is developing a seed orchard (50,000 plants on 3 hectares), in order to develop a site with easy access to seed for its future revegetation work.

In terms of remediation of liabilities, Eramet pays special attention to over-silted waterways, located downstream of abandoned mine dumps, in order to identify the most appropriate technical solutions to address environmental challenges and the expectations of interested parties (government, local authorities and residents). This is the context in which SLN conducted a pilot study of the condition of impacted creeks in the Thio region in 2018. The outcome of this work, the progression of which has been regularly shared with the competent New Caledonia authorities, resulted in the introduction of a tool to aide decision-making and the proposal of adaptation orientations. Presented to all interested parties in 2020, the multi-year action plan formalises today the SLN Roadmap, between river dredging, reinforcement of river banks or again contributing to the reconstruction of dykes at the mouth of the Thio river in collaboration with local authorities (works planned for 2021-2022).

In Gabon

Revegetation is much easier than in the New Caledonian environment because vegetation recolonisation occurs naturally. The challenge of redeveloping the sites is also landscaping with the need to remodel the tailings stockpiles of a few metres in size created by exploitation.

- Since 2010, the mining procedure has been revised to incorporate land remodelling as it evolves. An effort to remodel the areas disturbed before this date was undertaken in parallel and is subject to an annual target in the mine's environmental management system. The results are detailed in section 6.2.8 "Preservation of biodiversity". Beyond these concrete actions, preliminary studies for the definition of a comprehensive rehabilitation strategy of the Bangombé mine plateau have been continued.
- In addition, operations to rehabilitate the River Moulili by extracting the ultra-fine deposits downstream from the mine's ore washing plant have continued since 2010. At year-end 2020, more than 16 million tonnes of manganiferous sediments were excavated from the segment upstream of the river. These operations are carried out in compliance with the Environmental Management and Social Plan prepared after the impact assessment of this work. In a spirit of transparency and dialogue, Comilog organised, in June 2014, a seminar dedicated to the rehabilitation of the downstream segment of the river. This collaborative effort with all relevant stakeholders (government, civil society, NGOs, scientists, etc.) enabled the definition of a consensus and recommendations for the downstream segment, which were then proposed to the supervisory authorities. Following this operation, a first in Gabon, the riverbed was recreated as agreed at the seminar over 1,500 linear metres with the help of specialised equipment (amphibious hydraulic excavator).

In Senegal

The particular exploitation mode of this mine, with an enrichment plant moving progressively along the deposit, involves the clearing of vegetation consisting of grasses and thinly distributed trees in the area. The revegetation of the reconstituted dunes at the rear of the mobile mining facilities is a strong expectation of the resident populations, and also a challenge in the context of rainfall limited to a short rainy season.

After consulting the relevant authorities, local populations and their representatives, a participatory rehabilitation strategy with strong involvement of communities and local authorities was formalised in late 2013. The implementation of rehabilitation is accompanied by the creation of income-generating activities for the host populations participating in the emergence of a local entrepreneurial culture. Rehabilitation work is regularly monitored as part of a dedicated formal consultation framework set up in 2015 by the *sous-préfet* of Méouane, and consultations with local residents on their expectations regarding rehabilitation were renewed in 2016.

The success of the rehabilitation operations and the rigorous application of the rehabilitation strategy have been confirmed by regular audits by the Water and Forest Inspectorate as well as during the recent visit of the Minister of the Environment and Sustainable Development. Rehabilitation techniques are constantly being improved. With the implementation of a supplementary irrigation system in 2017, rehabilitation is now carried out continuously throughout the year, thus making it possible to cover increasingly large areas. Maintenance of the new plantations with the supplementary irrigation system has resulted in very high survival rates (over 90%) and faster plant growth. The dynamics of natural resources (soil, flora, fauna, etc.) in the sites being rehabilitated are good. A doctoral thesis entitled "*Contribution au suivi environnemental et à la réhabilitation durable de sites miniers: Cas de l'exploitation de sables minéralisés dans la Grande Côte du Sénégal*" (Contributing to environmental monitoring and sustainable rehabilitation of mining sites: Case study for the exploitation of mineral sands in Senegal's Grande Côte) was successfully defended at the University of Thiès (Senegal). Rehabilitation results are detailed below in section 6.2.8 "Preservation of biodiversity".

(1) Mine dumps refer to the tailings stockpiles produced until the mid-1970s by pushing tailings into slopes.

6.2.8 Preservation of biodiversity

The locations of Eramet's various mining and metallurgical activities have enabled it to acquire solid experience in relation to biodiversity and to build a network of internal specialists. Based on this experience, Eramet decided to formalise its commitments in 2015. They were incorporated into the Environmental Responsibility Policy updated in 2020 (available at www.eramet.com).

The principle is simple: act by avoiding and reducing pressure. The Group has made "avoid-reduce-rehabilitate-offset" the foundation of its biodiversity preservation strategy:

- Avoid: Eramet's first priority is to avoid negative impacts on biodiversity;
- Reduce: Eramet seeks to reduce impacts that cannot be avoided in order to reduce their duration, intensity and/or extent;
- Rehabilitate: Eramet undertakes to rehabilitate the areas affected by its activities as soon as possible, with a focus on the reintroduction of endemic species;
- Offsetting: Eramet undertakes to offset any significant residual impacts that cannot be avoided, reduced and, where applicable, rehabilitated.

CSR 2023

Furthermore, under its CSR Roadmap, Eramet has undertaken to strengthen its mining sites rehabilitation effort, the third area of focus. Rehabilitating faster helps to limit erosion, thereby preserving the quality of aquatic environments while recreating conditions conducive to biodiversity.

The Group seeks to achieve a ratio of rehabilitated areas to cleared areas ≥ 1 over the period 2019-2023 (long-term infrastructures excluded). This goal corresponds to continued progress on this indicator which was:

- 0.5 from 2011 to 2013;
- 0.85 from 2014 to 2018.

The objective was reached over the 2019-2020 period, with a ratio of 1.03. The contributions of each subsidiary to this overall result are detailed in the following paragraphs.

6.2.8.1 The challenges of biodiversity

Eramet, through its mining and metallurgical activities, may impact ecosystem species, habitats and services, which may be ordinary or remarkable biodiversity, depending on the location. As illustrated in the table below, the Group's most important biodiversity issues currently relate to New Caledonia and Gabon. Despite a moderate sensitivity to biodiversity at the operations site, Senegal is also the subject of specific focus given the high expectations of neighbouring populations regarding the rehabilitation and revegetation of land cleared by the mine.

On the sites	New Caledonia	Gabon	Other
Number of species (flora and fauna) classified as CR[1] on the IUCN Red List[2]	25*	2	0
Number of species (flora and fauna) classified as EN[3] on the IUCN Red List	21*	8**	0

These numbers reflect ongoing assessments of the Caledonian flora Red List.

These species may potentially be present, but they have not all been observed on Comilog and Setrag sites.

(1) CR: IUCN classification for Critically Endangered Species.

(2) IUCN: International Union for the Conservation of Nature.

(3) EN: IUCN classification for Endangered Species.

The Group does not have any mining or metallurgical site in operation in a protected area. It should be mentioned, however, that the Setrag railway track crosses the Ramsar[1] site of Bas-Ogooué (for 56 km), the Ramsar site of the Mboungou Badouma and Doume rapids (for 30 km) as well as the National Park of Lopé (62 km), a UNESCO[2] World Heritage Site. The Ramsar sites and the National Park were created between 2007 and 2009, that is to say, 30 years after the construction of the Trans-Gabon railway. Setrag has also teamed up with the Directorate General for Wildlife and Protected Areas and the National Agency of National Parks to fight against poaching by raising awareness among its staff and through its policy prohibiting the transportation of bush meat. The protocol agreement was renewed in 2020.

Number of sites within 10 km of a protected area	21
Average distance of these sites from the protected areas	2 km
Types of protected area	Nature Reserve, National Parks, ZNIEFF[1], ZICO[2], Natura 2000[3] area, Ramsar area, UNESCO World Heritage

(1) ZNIEFF: Natural area of ecological, faunistic and floristic interest.

(2) ZICO: Important area for the conservation of birds.

(3) The Natura 2000 network is a European ecological network made up of Special Protection Areas and Special Conservation Areas designated by the Member States.

(1) The Ramsar List refers to wetlands of international importance.

(2) UNESCO: The United Nations Educational, Scientific and Cultural Organization.

6.2.8.2 In New Caledonia

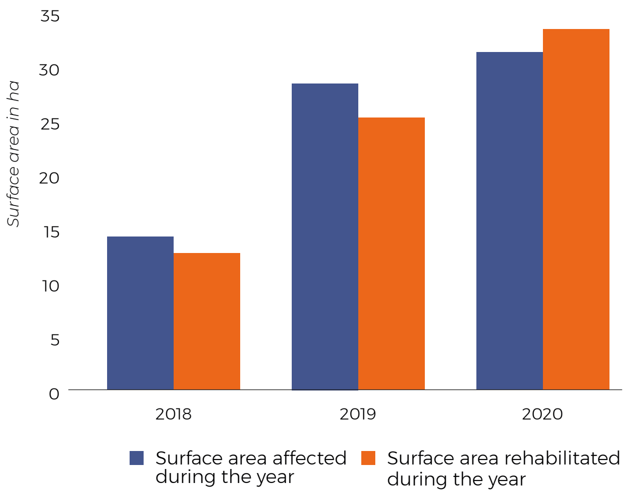
Société Le Nickel (SLN) operates nickel deposits on various sites in the heart of a region renowned for its rich biodiversity and a high rate of endemism among its flora and fauna species.

Since the 1980s, SLN has developed reliable and environmentally friendly rehabilitation methods. The naturally low fertility of the soils, rich in metals and poor in organic elements, as well as the extreme rainfall conditions, make it difficult to see the results of this work in the short term because of the very slow growth.

In the field, revegetation can take different forms. It is carried out by spreading topsoil, planting or hydraulic sowing, having most of the time enriched the soil beforehand. The species used for revegetation are all local species, including some endemic species.

In 2020, approximately 30 hectares of land was rehabilitated; this includes the mining sites revegetation effort directly managed by SLN and sub-contracted sites. It increased by more than 14% compared to 2019.

New Caledonia



At the same time, the SLN teams remain committed in terms of biodiversity preservation.

SLN also monitors wildlife (birds, reptiles, bats) and flowers on the sites of its operations in addition to monitoring freshwater and marine environments.

It is working on the reintroduction of rare and threatened plants (RTP) through the development of technical production itineraries (phenological monitoring, seed harvesting, crop trials, etc.) and RTP plantation projects (around 7,500 seedlings planted on three sites in 2020).

SLN contributes to improved knowledge notably through the continued partnership with Endemia, a non-profit organization that conducts assessments for the New Caledonian flora Red List for the International Union for Conservation of Nature – IUCN.

Lastly, SLN continues to actively participate in ongoing reflection in the territory about offsetting and implementation tools, via notably the exploration of alternative measures such as HEQ (High Environmental Quality) forestry.

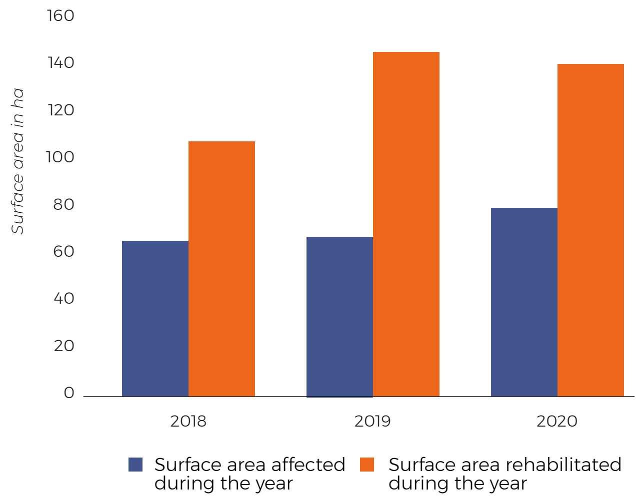
6.2.8.3 In Gabon

The Ogooué Mining Company (Comilog) has been exploiting manganese ore on the Bangombé Plateau in Moanda, Gabon for more than 50 years.

Although the manganese reserves of this plateau are still considerable and make it possible to envisage more than 10 years of exploitation, part of the plateau has already been rehabilitated. The mining procedure has been revised to incorporate a remodelling step and the progressive upgrading of the topsoil. Since 2010, the gradual reshaping of historically disturbed surfaces has also been completed.

In 2014, a mining Environment brigade was created, which contributed to the significant increase in rehabilitated areas. Nearly 870 hectares were rehabilitated in seven years.

Gabon



At the same time, Comilog continues to improve its rehabilitation strategy, taking into account the results of the latest environmental studies developed for the Bangombé plateau and the plan to expand the Moanda mine, as well as the recommendations and good practices of other Eramet mining sites.

In addition to the mining activities, Lékédi Park (a subsidiary of Comilog), located 5 km from Bakoumba in the south-east of the Gabonese Republic, covers 14,000 hectares of savannahs, gallery forests, and bodies of water.

The park is dedicated to the preservation of protected species, the observation of animals and the reception of young orphans of poaching (mainly primates). It also conducts research on biodiversity and combating poaching in partnership with Gabonese and international scientists and organizations.

The park is mainly a rehabilitation centre for primates; it is accredited by the Pan African Sanctuary Alliance (PASA – https://www.pasaprimates.org). Gabon's orphaned chimpanzees and gorillas are collected and raised in their natural environment.

Different groups of mandrills have also been introduced to the park and live in total freedom. They have been studied since 2012 by an international team of researchers: the Mandrillus Project. The aim is to answer fundamental questions about evolutionary ecology, anthropology, food ecology, animal communication (etc.), as well as more applied conservation and epidemiological questions.

A programme to reintroduce chimpanzees, gorillas and mandrills to the Batékés Plateaux National Park started in 2018 with the release of three gorillas in partnership with the Aspinall Foundation. Pending additional studies that will be used to validate the relevance of reintroducing chimpanzees into the National Park, a group of seven chimpanzees has been trained and will shortly be transferred to an island in the Lékédi Park for an initial re-acclimatisation phase.

The plan to reintroduce mandrills in the Batékés Plateaux National Park was abandoned given the lack of certainty about whether or not this species is present in the area concerned. The group trained for this operation has already joined one of the two groups in the Lékédi park.

In addition, since 2013, the Park has also been involved with the Haut-Ogooué Regional Water and Forest Administration to carry out mutual awareness-raising and anti-poaching campaigns. In 2020, four major anti-poaching operations were carried out. The different missions in and around the Park made it possible to destroy illegal and gold panning camps outside the Park. Ten or more illegal gold diggers and poachers were apprehended and handed over to the police. Six awareness-raising missions aimed at people living near the Park were carried out with the collaboration of the Water and Forestry authorities. Awareness-raising and consultation missions continued in 2020 to resolve conflicts between mandrills used to the Park and the village residents whose crops can be damaged. The programme launched in 2019 to improve subsistence farming around the Park did not yield the expected results. The programme was therefore modified and geared towards creating and supporting micro projects for eggs and honey production. At year-end 2020, ten hives had been installed, a first training session in beekeeping was rolled out with some twenty participants, and two other sessions have been programmed for 2021. Four chicken coops have also been installed and the sale of eggs has started.

Since December 2019, the Park has welcomed a group of wild dogs from a European zoo as part of a Mega Wildlife restoration project for the Batékés Plateaux. Preliminary studies will be carried out regarding the abilities of this particularly endangered species – which had disappeared from Gabon more than 50 years ago – to re-adapt to living in the wild. In 2020, this operation was expected to continue with the arrival of defassa waterbucks in the Lékédi Park and the transfer of buffaloes and bush pigs to the Plateaux

Batékés national park but the global health crisis halted any relocation of animals. The park was in lockdown from the second quarter; all visits from scientists and tourists were cancelled due to travel restrictions, but also to protect the animals (specifically the primates) from the risk of COVID contamination.

Lastly, Eramet and Comilog wish to strengthen their commitment in biodiversity preservation in Gabon, and are working on creating a foundation, expected to be completed in 2021.

6.2.8.4 In Senegal

In Senegal, the Grande Côte Operations began in 2014. The exploitation of mineral sands involves the clearing of vegetation as a floating dredge moves along the deposit.

Biodiversity is of medium sensitivity in the areas currently being exploited. However, the mine is in an area where there is still significant plant and animal diversity despite the strong human impact. The three herbaceous species endemic in Senegal and identified in the mining pass of the four coming years have been studied thoroughly by researchers from the plant Biology department of UCAD on behalf of GCO. This study shows that out of the three species assumed to be endemic:

- two (2) in this case *Crotalaria sphaerocarpa Perr.* ex DC. subsp.*polycarpea* and *Spermacocestachydea* var. *phyllocephala* are species reported as endemic to Senegal, but do not seem to be threatened (Noba K. *et alii,* 2019); furthermore, *Crotalaria sphaerocarpa* is identified in the sites under rehabilitation (study on site dynamics, in progress);
- one (1) *Polycarpaealinearifolia* (DC.) var. *linearifolia* (DC.) DC has not been reported as endemic to Senegal (Noba K. *et alii,* 2019).

As such, the issues are mainly related to the rehabilitation and revegetation of large areas, as and when the exploited sites are made available, as well as to the participative and inclusive management of biodiversity through an approach based on Avoiding-Reducing-Compensating sequence. It must be noted that the Senegal mine is also adjacent to very large vegetable production areas.

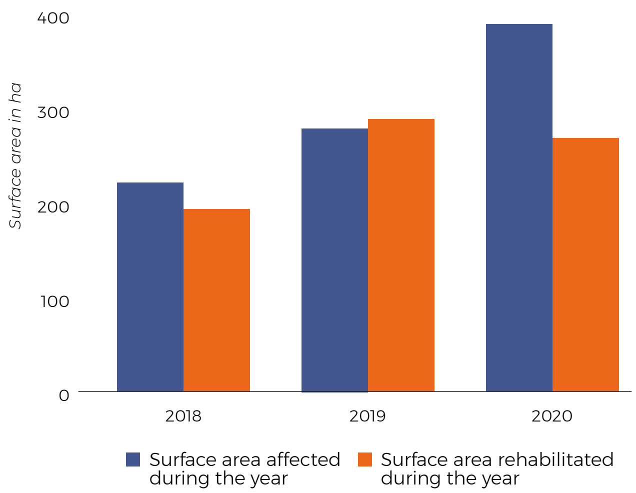
To best reflect the original landscape (dunes), rehabilitation will begin with the reshaping of the slag heaps. Then, nets will be installed to fight against wind erosion, and the soil will be improved with manure and revegetation.

The revegetation and soil improvement methods implemented in the field since 2014 are convincing. They include:

- the planting of woody species produced in the nursery;
- planting herbaceous seedlings from seeds harvested on site;
- the use of sheep and goat manure for soil improvement and indirect seed supply. Initially the soil was improved with additional topsoil, but this practice proved to be less effective than spreading manure during field tests.

Since 2016, GCO has put in place an additional irrigation system to allow the continuity of revegetation operations during the nine months of the dry season. The size of revegetated areas increased steadily until 2019. The surface area of revegetated sites fell slightly in 2020; a total of 268 hectares for 389 hectares of cleared land. Revegetation efforts were limited by the clearing of land after mining operations.

Senegal



GCO is also considering the services and products that the site will be able to offer after closure. A compendium of local biodiversity management practices is being developed in collaboration with the University of Dakar.

6.2.9 Responsibility for chemicals

6.2.9.1 Issues and risks

Eramet is one of the world's leading producers of alloys, superalloys and high-performance steels. These metallic products fall under the regulations on chemicals for health and environmental protection, modelled on the REACH regulation in Europe.

Eramet also uses chemicals. The production of alloys requires the use of ores, minerals, recycled secondary materials and a series of metal inputs to adjust the right compositions of the desired grades. At the same time, the use of chemicals as "commodities" (acids, bases, salts, etc.) is also significant in the various processes implemented. It is also necessary to manage the numerous products used at the laboratory level, as well as in maintenance of installations and for other specific purposes such as water treatment or the capture of vapours and aerial particles.

The Group pays particular attention to the management of the chemical substances and mixtures it uses or produces in order to substitute as far as possible the most dangerous substances and to ensure a high level of risk control, protection of human health and the environment.

The principles that guide the Group's action in this regard are as follows:

- characterise and be familiar with the products used;
- translate regulatory or normative constraints on the monitoring of occupational exposures and chemical risk assessment into a global approach for continuous improvement.

6.2.9.2 Improving technical and scientific knowledge of Group products

The complexity and diversity of Eramet's activities and products has led to the centralisation of the Group's toxicological and ecotoxicological expertise within the dedicated Corporate support department. This structure makes it possible to capitalise on the knowledge accumulated in the various business lines (nickel, cobalt, manganese, titanium, etc.) to improve the quality of available knowledge and reduce the investments and time spent on tests in order to obtain it. This knowledge is essential for defining appropriate and proportionate risk prevention measures.

Eramet is taking a proactive stance to expand its knowledge. For example, Eramet is participating in research partnerships with Norwegian universities and official bodies to improve its knowledge of dust exposure in manganese alloy activities. Eramet also supports the scientific initiative by the Nickel Producers Environmental Research Association (NIPERA) in Europe and the US to establish methodological standards for linking the toxicity of a metal or alloy to its surface and solubility properties in biological liquids. The toxicity of an alloy does not simply result from the sum of the toxicities of its components. This last point has been under consideration since 2018 by ECHA (European Chemicals Agency), which appointed a group of experts to review the method for deriving a safe dose for a metallic carcinogen. Discussions continued in 2020 and in 2021 the outcome will translate into the development of a standardised protocol with the OECD.

Knowing the products used also means having access to information quickly and clearly. Databases have been used – one for each site – which will include information from the Safety Data Sheets (SDS) and use a Group internal hazard scale. This makes it possible to group the classification according to five main categories and to simplify the identification of the product's hazard.

This continual support for the operational sites also applies to the traceability of the products used, from the receipt of raw materials to the delivery of the finished product to the customer. Being able to trace upstream products makes it possible to guarantee the source of supply of raw materials and anticipate possible regulatory changes, which could potentially impact the REACH registrations of our suppliers and supply deadlines.

6.2.9.3 Harmonising chemical risk management methods

Eramet Group production sites are found on five continents, and they must, therefore, follow and respect various regulations concerning hygiene and controls of chemical exposures in the workplace. In this area of regulation, there may be significant differences from one country to another for the same substance. Harmonisation and communication between sites are therefore important for exchanging, explaining and implementing practices and references, ensuring a level of protection that is greater than or equal to the regulations in force in the relevant country.

This harmonisation and synthesis action is based in particular on a Group document repository, which includes:

- a Group procedure for chemical risk prevention;
- a methodological guide for measuring exposure;
- 10 standard toxicological data sheets for the main substances or chemicals used in the Group;
- a common chemical risk assessment method that allows each site to develop an improvement action plan, which can then be consolidated at Group level, to define common priorities.

This Group chemical risk prevention standard includes an audit repository for measuring the application of best practices according to seven pillars: Identification of risks, performance monitoring, organization and training, operating control, replacement and management of modifications, special control of the most hazardous substances, leadership and looping.

Despite the 2020 events with its travel restrictions, more than 80% of Group sites were able to respond, making it possible to set a compliance level for this new repository. Joint work was also carried out with the internal control team to outline the key points in a routine annual control, which comes into effect in 2021 to strengthen vigilance on this important topic.

This structured approach makes it possible to build on a risk identification and monitoring system (the two pillars of the repository), which ensures that the Group has a centralised inventory of 3,500 chemicals used on Group sites and has a synthetic statistical analysis of exposure measurements carried out over the last three years for 75% of sites.

6.3 SOCIAL AND SOCIETAL COMMITMENTS OF THE GROUP

6.3.1 Commitment to Human Rights

6.3.1.1 Human Rights risk assessment

In 2017, Eramet formalised its first mapping of the risks of infringements of Human Rights and Fundamental Freedoms, with the support of external expertise. Key milestone in 2020 of the Human Rights objective of the CSR Roadmap, the exercise was renewed this year, with the support of a specialised external firm with extensive experience in the extractive sector. The Human Rights risk mapping exercise is based on a range of preparatory tasks. These include documentary analyses, interviews with Group managers and its Business Units within key functions and broader consultation through questionnaires (HRD, HSE, Health, Security, Community relations, Site directors, Ethics Compliance officers, etc.) of all Eramet Group activity sectors, entities and geographic areas where Eramet operates.

In each risk category, scenarios linked to the company's activities, local context and commercial relations have been identified. Assessment guidelines, drawn from international standards such as the UN Guiding Principles on Business and Human Rights, the Fundamental Conventions of the International Labour Organization (ILO), and the Performance Standards of the International Finance Corporation (IFC), and adapted to the mining and metallurgy sector are used. The impact of the health, economic and social crisis caused by the global pandemic was also factored into the 2020 analysis.

The criticality level of the scenarios and risk categories were defined as a function of the probability of occurrence and seriousness of the risk for potentially affected third parties (and not for Eramet directly). Seriousness is measured on the basis of three criteria, in accordance with the UN Guiding Principles on Business and Human Rights: scale, scope and irremediable character. Seriousness has more weight than probability, to ensure that serious risks for individuals are prioritised in accordance with the aforementioned Guiding Principles and the Group's methodologies. Current risk control mechanisms, such as existing policies and risk mitigation procedures, are taken into account to determine the criticality level. The current risk level is then defined using a criticality matrix and the degree of risk control.

The risk universe of Human Rights infringements defined during this exercise for the Eramet Group can be broken down into the following three broad categories, and the main risks were assessed for each of them as follows:

Risks for our employees	Risks for local communities	Risks on the value chain
• Health and safety at work • Harassment or discrimination issues, especially gender equality	Potential impacts associated with site activities, in particular: • land purchases and population displacements • environmental protection of communities • security measures	Violations by suppliers and subcontractors: • of the fundamental rights at work of their employees • of the rights of local communities

Integrated into Eramet's risk management thus respecting the methodology and updates of the Group's risk map every three years, this risk assessment leads to the formal expression of additional risk control actions to address identified major risks. These measures will be used as material for the action plans of departments in charge of these issues, and their progress will be monitored by the Human Rights Steering Committee. In addition, situational assessments of the sites and entities with regard to these risks enable monitoring between each update of the risk map. These assessments are updated with the results of the Human Rights audits conducted on sites. Carried out by the Risk Management, Internal Control and Audit Department, audits are performed according to a dedicated internal framework, based on the Quick Check published by the Danish Institute for Human Rights. The latter was reviewed in 2020 to take into account the Group's requirements on the fundamentals of community relationship, formally expressed in an *ad hoc* procedure (detailed in section 6.3.3 Commitments to communities). Due to the public health situation, fewer on-site audits were conducted in 2020, in order to respect the precautionary measures taken to fight the COVID-19 pandemic. However, an audit integrating human rights criteria was conducted at the beginning of the year.

6.3.1.2 Organization of the Human Rights approach

Eramet has decided to strengthen its commitment in human rights by including this concern in its CSR roadmap, through its eighth goal. Eramet aims to become, by 2023, a benchmark in Human Rights compliance in its sphere of activity and measures this development through its application of the United Nations guiding principles. The Group measures its maturity on the subject by using the Reporting Framework in line with the United Nations Guiding Principles which was developed by Human Rights Reporting and Assurance Frameworks Initiative – RAFI (Shift Project – Mazars), and it aims for a mature level of reporting by 2023. The deployment of the Human Rights approach is monitored on a regular basis within the CSR Committee.

The Eramet Human Rights approach

A set of procedures, tools and measures to:

Assess	Implement	Communicate	Alert
Dedicated risk mapping **Internal audits**	**Operational** prevention, remediation and/or rehabilitation **measures** **Due diligence processes**	**Awareness campaigns** **Training programmes** **KPIs and reporting**	**An international whistleblowing mechanism** open to all, both inside and outside Eramet

Adopted in 2019, the Human Rights Policy (available on www.eramet.com) was developed in consultation with stakeholders. It allows Eramet to reaffirm the essential place of this core topic in its managerial and operational approach, as well as in its relations with both internal and external stakeholders.

It covers internationally recognised human rights and breaks down more accurately the commitments made by the Group on its salient issues, identified through the risk assessment exercises carried out by Eramet and classified into three areas:

- respecting the Human Rights of employees, in order to guarantee a safe, healthy and respectful work environment;
- respecting the Human Rights of commercial partners (customers, suppliers, subcontractors and partners), in order to develop a responsible value chain;
- respecting the Human Rights of communities, by reducing impacts and striving to make a positive contribution.

Employee awareness is critical for anchoring the Human Rights approach, and is one of the 2020 objectives of the CSR Roadmap. Accordingly, Eramet has developed an e-learning training "Understanding and integrating human rights into business", to ensure that Group employees have a better grasp of the notion of Human Rights, understand its challenges for businesses and identify risks as well as vigilance best practices.

First, this training was assigned to a target group of priority employees selected for their positions and responsibilities: at year-end 2020, nearly 600 employees from Top Management, Human Resources , HSE, CSR and Communities, Purchasing, Security, and Ethics had taken this course, which will be rolled out more widely in 2021.

Other types of teaching resources have been gradually developed. In addition to the synthetic guide clarifying the Group's commitments, Eramet created the "Ethics kits" (awareness-raising kits for managers to be used at team meetings), on topics relating to employee and community human rights.

The Group's whistleblowing system and communication around this key tool for managing human rights risk changed considerably in 2020 (details available in 6.4.1 Ethics, Compliance and Anti-Corruption).

Furthermore, Eramet is an active member of EDH (*Entreprises pour les droits de l'homme* – Businesses for Human Rights), an association of businesses specialised in human rights. The association made up of some twenty or more international businesses from different sectors, represents nearly 2.5 million salaried workers. Eramet's entry into this voluntary and multisectoral initiative will help support the Group in developing its human rights vigilance, mainly through the sharing of best practices and tools, such as the aforementioned e-learning.

6.3.1.3 Risk management and implementation measures

The Eramet Group's risks of Human Rights infringements may be broken down into three main categories of salient issues, specified in section 6.3.1.1. The risk management measures and opportunities developed for each of these categories are extensively explained and presented separately in the Non-Financial Performance Statement.

The approach to managing risks related to employees' Human Rights (including in particular safety, health, security and non-discrimination) is explained in detail in section 6.3.2 "Commitments to employees", which also contains the Group's main social data.

Section 6.3.3. "Commitments to communities" details the measures implemented to manage the impact of the Group's activities on local communities, as well as the development of opportunities for them, in accordance with Eramet Group's approach to positively contribute to local areas.

Section 6.4.2. "Responsible value chain" presents in particular the risk management approach relating to the supply chain, and the due diligence measures developed by the Group.

6.3.2 Social commitments to employees

Eramet considers its employees as the first pillar of its performance.

The first four objectives of the CSR Roadmap are thus dedicated to employees, focusing in particular on health and safety, professional development and employee engagement, as well as on diversity within the Group. The Group's progress on these priority themes is the subject of this section, which will focus on Social Commitments to Employees.

CSR Roadmap

Focus area	Objective	KPI 2023	2018 results	2019 results	2020 results	2018-2023 Progress
COMMITMENT TO PEOPLE	1 – Ensure the Health and Safety of employees and subcontractors	Zero fatalities Workplace accident frequency rate with and without work stoppage **FR2 < 4**	FR2 = 8.3	FR2 = 5.4	FR2 = 4.1	
	2 – Build skills and promote talent and career development	**100% of employees participate in at least one training course per year**	71%	84%	**67%**	
	3 – Strengthen employee engagement	**Group employee engagement rate >75%** (barometer)	67%	No survey	Survey postponed	
	4 – Integrate and foster the richness of diversity	**30% of managers are women**	22%	23.8%	**24.7%**	

The interim results for these targets at the end of 2020 are detailed in the rest of the document.

Having created jobs in twenty or more countries, Eramet and its 13,000 employees contribute directly to the achievement of the UN's **SDG 8 "Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all"**. This goal also covers all the actions undertaken by Eramet to ensure the safety of its employees, which is a priority for the Group and set out in target 8.8.

Eramet's actions to promote **SDG 3 "Good Health and Well-being"** include its prevention actions to protect the health of the Group's employees and users of its products, the workplace health programmes rolled out by the Group in the different countries where it operates, and health-specific community investments.

Lastly, the initiatives implemented to promote diversity, gender balance and gender equality on the one hand, but also the inclusion of the elderly, young people and people with disabilities on the other hand, contribute to the achievement of **SDG 5 "Gender Equality"** and **SDG 10 "Reduced Inequalities"**.

6.3.2.1 Employee safety

6.3.2.1.1 Main safety issues and risks

Methodology

The prevention of risks of work-related accidents is based primarily on the Workplace Risks Assessment conducted inside plants. This highly operational analysis makes it possible to secure a specific operation by identifying all the risks to which the operators are exposed and the means of control implemented to manage them.

These local analyses are compiled in the risk register of each site (known as the "single risk assessment document" for French sites). These risks are assessed according to a scale based on the Frequency x Gravity pair (FxG), taking into account the protection measures in place. This methodology makes it possible to identify the most critical risks and thus feed the site's Safety Improvement Plan. Risk registers make it possible to group the risks by standard activities specific to each site. For example, they include mechanical handling, machine driving, walking, etc.

At Group level, the risk analysis is based on this segmentation by type of activity.

Risk segmentation

The Group's risk analysis of workplace accidents allowed the risks identified to be grouped into three distinct categories:

- **Technological risks** associated with processes and facilities present the greatest potential severity: an explosion, a toxic gas leak, or equipment failure can impact several people in a single incident. The frequency of occurrence of this type of event is the lowest in our history.
- **Critical activities** are dangerous tasks that are carried out on a daily basis as part of the operation of our facilities. They include machine work, height work, vehicle traffic, working in confined spaces and working with liquid metal, etc. Failure to control these risks can lead to serious accidents. In 60% of cases, the consequence of lack of control of these critical activities is work stoppage and, in a little over 10% of cases, serious injury.
- Finally, the Group's operations involve many routine activities, such as walking, lifting and moving objects and using hand tools. About two-thirds of the Group's accidents involve these activities, but the severity of the accidents associated with them is statistically less serious than for critical activities. For these mundane activities, the serious accident rate is less than 3% (versus more than 10% for critical activities). Eramet groups these activities which are difficult to categorise under the heading "**non-standardised activities**".

6.3.2.1.2 Safety governance

The issues around Group employee safety are elevated to the highest level by the Group's Executive Committee. The Safety policy, updated in 2020 (available at www.eramet.com), reasserts that safety is the primary responsibility of every manager in the Company and that each one is responsible for their own safety, for the safety of their employees and for those around them.

Since October 2019, the Safety and Prevention Director reports to the Group's Chairperson and Chief Executive Officer. The Director establishes and proposes the Group's Safety policy and guidelines to the Executive Committee (COMEX). Once validated, these guidelines are broken down in the Divisions by the Deputy CEOs, assisted by Safety Coordinators, and then by the Site Managers, who are themselves assisted by a site Safety Coordinator.

The prevention of accidents is at the heart of the system, and it concerns both Eramet employees and subcontractors who work on the sites. It is based on the analysis of risks in the workplace, which determines the actions and preventive measures to be implemented.

In relation to Safety, actions at Group level are coordinated within the framework of the "Group Safety Committee", which includes the Human Resources Director, the Deputy CEOs, the Safety and Prevention Director, and the Safety Coordinators of the Divisions.

The effectiveness of accident prevention is monitored on a monthly basis by measuring accident frequency rates (FR). The Group has established a reporting system that is used to monitor frequency rates on a monthly basis (FR1: frequency rate of fatal accidents and with work stoppage, FR2: frequency rate of fatal accidents, accidents with and without work stoppage, FR3: frequency rate of accidents with first aid), and to react in the event of deviation or non-achievement of objectives. Results and serious accidents are reviewed monthly by the Executive Committee.

CSR 2023

In the event of serious accident, the Director of the site where the accident occurred presents to the Executive Committee, within weeks following the accident, the circumstances and the corrective and preventive actions. The Executive Committee validates them and requests that actions be deployed throughout the Group through Feedback.

6.3.2.1.3 Risk prevention strategy

The Eramet Group recognises that accident prevention tools must be adjusted to the types of risks: tripping is not prevented with the same tools used to prevent the rupture of a furnace in an industrial unit.

- **The prevention of technological risks** is based on the implementation of barriers (technical, organizational and human) as a result of industrial risk analysis and hazard studies. The effectiveness of prevention depends greatly on the technical expertise of the teams that has been acquired over years of operations and their ability to identify and respond to weak signals.
- The risks associated with **critical activities** are too important to leave the choice of method of operation to the stakeholders; these activities are also strongly governed by rules. Eramet has compiled a set of minimum essential rules – "Essential Safety Requirements" – that are required to be implemented by all sites.
- Finally, **non-standardised activities** cannot reasonably be governed by simple rules. It is not practical to write rules on how to use a hammer or adjust one's pace depending on the condition of the ground. For these work situations, Eramet develops the situational intelligence of its teams so that the stakeholders learn to make safety-related decisions.

These prevention tools must be part of a broader **safety management system**, based on an internal reference system that was revised in 2018 and in 2020. Largely based on international standards (OHSAS 18001 and ISO 45000), it includes requirements that cover the following elements:

- regulatory compliance;
- risk analysis;
- action plans and progress loops;
- reception at the workstation and training of staff;
- monitoring, audits and inspections of field activities;
- the handling of safety events;
- and finally, leadership, objectives and safety management.

Roadmap – Safety objective

In 2020, the Group continued the Roadmap established in 2018 to improve safety risk management with the objective of reducing the frequency rate of fatal accidents with and without work stoppage (FR2) to less than 4 in 2023. The following areas have been defined:

- make the barriers robust following the review of technological risks at all sites. The Group is implementing a programme to support the sites in reviewing the "hazard studies", which will allow them to formalise the barriers and identify their criticality. Each site will then be able to set up barrier monitoring actions;
- comply with the Essential Requirements for critical activities: the Group requires each site to implement a plan to comply with the Essential Requirements for the critical activities it has selected, with the objective of achieving 100% compliance by the end of the plan. The Group aims to achieve at least 85% overall compliance with the applicable Essential Requirements by 2021;
- work towards safe behaviour through coherent and repeated feedback, especially by using "safety interactions": this activity consists of observing a worker in a work situation, giving the worker feedback on their conscious or unconscious choices that impact their safety (positively or negatively) and finally, after listening to understand the reason for a dangerous choice, engaging in discussion with the worker to find another way to make it less dangerous. A "safety fundamentals" training course teaches this activity in a practical way to Group managers;
- address risks at their sources by updating risk analyses so that they match real-life situations on the production shops and by training employees to "Take 5" (think before action), a simple technique simple to implement before any intervention;

- implement "consequence management" in relation to safety. In addition to feedback from the field during interactions, the control and the willingness to apply the Group's prevention strategies must be an assessment and development factor both for operators and managers. The Group affirms that involvement in safety matters will have an impact on career development at Eramet.
- strengthen the management of sub-contractors upstream (definition of Safety clauses specified in contracts) but also in the field with supervision/inspection of worksite safety by the contractor in addition to the supervision carried out by the sub-contractor.

Review of 2020 actions

Deployment of Essential Requirements

Each Group site self-assessed its compliance with all the Essential Requirements using Group-wide grids. This global overview makes it possible to improve the understanding and deployment of the requirements with cross-functional actions that are common to all these requirements.

30 audits were carried out this year (despite the public health situation which prevented some auditors from travelling) to support the sites as they familiarised themselves with the requirements. Conducted by one or two Senior Auditors, internal and external, these audits allow interaction between sites and best practices are shared.

On all of the Group's sites, the average compliance rate with the Essential Requirements is close to 75%.

Among the Essential Requirements, those linked to lightweight vehicles, liquid metal work, and train backflows present the best assessments, with an average compliance rate above 85%. However, requirements linked to the consignment of equipment and confined spaces require more attention, with scores around 65% of compliance.

Implementation of interactions

Training on safety interactions continued to be rolled out. In total, since 2016, more than 2,500 supervisors have attended the one-day training at an industrial site with theoretical presentations and the practical application of safety interactions.

Once trained, managers must carry out these interactions between a manager and an operator within their site, according to an annual objective, reviewed monthly.

Formalisation and deployment of consequence management

The Group has formalised the classification of risk behaviours and clarified the violations that need to be penalised and the errors that need to be treated in a non-punitive manner. The behaviour of stakeholders cannot be analysed without simultaneously observing the behaviour of management. This systematic approach is implemented across the entire Group through the training of site management committees. In this respect, the Group has relaunched the level based "Safety Awards" (Bronze, Silver, Gold) to reward sites that reach two years, 0.5 or 1 million hours worked without any accident.

World Safety Day at Work

Since 2018, Eramet takes part in the World Safety Day at Work. This year, despite the significant public health constraints, Eramet held the Day on sites where the situation allowed (Gabon, New Caledonia). The Day was held on 21 October (six months later than the usual ILO date) and entailed safety workshops and a treasure hunt, as well as tool demonstrations.

The two topics adopted by the Group in 2020 were focused around consignment and protection machines.

6.3.2.1.4 Safety performance

One fatal accident was sadly reported in 2020, at Setrag in Gabon on 26 February on the railway line. An agent (sub-contractor) working on a derailed tank wagon used a saw to cut through the wagon wall. The wagon contained hydrocarbon fumes and thus exploded during the cutting operation, leading to the agent's death. This accident had a profound impact on the Group and has led to a stronger approach to subcontractor management on all Group sites. It also led to a series of disciplinary measures for the supervisory staff in charge of those activities.

Excluding this dramatic event, the Group sharply improved its results in 2020.

Safety performance is measured through frequency rate and the number of serious accidents defined as follows:

- FR2: workplace accident frequency rate of Eramet employees, temporary staff and sub-contractors. The accidents taken into account correspond to accidents where at least the victim receives treatment from a health professional (doctor) that is more than first aid (e.g. closing a wound with stitches, prescribing regulated drugs, applying splints, etc.). FR2 is expressed as the number of accidents per million hours worked;
- number of serious accidents: a serious accident (SA) at Eramet is generally defined as an event that led to death, permanent disability, or temporary inability to work with major complications (e.g.: any form of amputation, serious fractures, second- or third-degree burns requiring a skin graft, etc.).

The following tables show the trends of these indicators:

FR2*	2017	2018	2019	2020
ERAMET GROUP	**10.3**	**8.3**	**5.4**	**4.1**
Mining and Metals Division	7.4	6.3	4.7	3.7
High Performance Alloys Division	17.7	13.3	7.5	6.1
Eramet Holding	0.8	8.6	1.2	0.0

* *Data on the Eramet scope + Temp staff + External contractors.*

Serious accidents*	2017	2018	2019	2020
ERAMET GROUP	**11**	**15**	**12**	**4**
Mining and Metals Division	7	6	10	3
High Performance Alloys Division	4	9	2	1
Eramet Holding	0	0	0	0

* *Data on the Eramet scope + Temp staff + External contractors.*

The Group's FR2 fell to 4.1 in 2020, representing a 24% decrease year on year, after falling by 35% in 2019 and a threefold reduction over four years. This significant decrease is the result of the progress made in the different Divisions.

The Seriousness Rate (Eramet and Temp staff scope) improved, dropping to 0.14, i.e., a 37% decrease compared to 2019.

Control of critical activities measured by the frequency rate of these activities improved by 34% compared to 2019, while accidents linked to non-standardised activities dropped by 23%. Accidents related to critical activities represent only 32% of total personal injuries. Maintenance and mechanical handling activities are the main causes of accidents linked to critical activities but remain lower than accidents linked to walking and access to workstations (falls, slips, bumps and fingers jammed in doors) for non-standardised activities.

Lastly, accidents related to technological risks have improved with frequency rates of 0.1.

6.3.2.2 Employee health

6.3.2.2.1 Main health issues and risks

Methodology

The prevention of health risks is based on the analysis of workplace-related risks as well as the work environment. This analysis is generally conducted by the health and safety teams and requires close collaboration between medical teams and HSE.

A set of documents (workstation data sheets, audit reports, toxicological analysis, etc.) is used to identify and analyse the risk to allow health professionals to develop an action plan aimed at assessing the risk level, its potential impact on employee health through individual medical monitoring and working condition improvements to be implemented to eliminate the risk or reduce its consequences.

The Group's Medical Advisor coordinates these actions and organises the network of health professionals in both mainland France and abroad.

Risk segmentation

Based on the analysis of workstations and safety risks, occupational health professionals identify risks that may have a lasting impact, immediate or deferred, on employee health.

These risks are:

- physical (noise, vibrations, awkward postures, repetitive movements, electromagnetic fields, extreme temperatures, exposure to chemical agents);
- potential impact on psychological health (workload, organization of work, social support in the workplace, autonomy, night or shift work);
- biological (malaria) or environmental (environmental asbestos in New Caledonia, high altitude work in Argentina, under extreme weather conditions).

Deferred risks potentially expose employees to risks of occupational diseases, which are reported separately based on reports sent to the employer or which result in investigations by internal or regulatory prevention services.

In France, a Table of Occupational Diseases is regularly updated (Social Security Code). In the other countries where Eramet operates, the Group relies on the local occupational medicine rules specific to each state.

The assessment of risks for neighbouring populations may give rise to specific health risk surveys published to the various stakeholders: for example, the Moanda health survey sent to the Gabonese Ministry of Public Health and the local cooperation group. Generally, the health impact of activities is always assessed in detail during project phases.

6.3.2.2.2 Health Governance

Eramet Group considers the health security of employees, regardless of their status, the personnel of external companies, visitors and people living near the industrial sites as a top priority.

While acknowledging that it would be impossible to totally eliminate all health risks, the Group's Health Policy seeks to contain these risks, in order to minimise the frequency and seriousness of their consequences. The Group's commitments and the procedures for implementing this policy are detailed in the Health Policy (available on www.eramet.com). The Eramet Group is determined to obtain a detailed, in-depth view of all the dangers linked to its activities. It aims to contribute to acquisition of further knowledge about these topics, disseminate them and promote dialogue.

The Group Medical Advisor reports directly to the Human Resources Director. The Advisor establishes and proposes the Group's health policy and guidelines to the Executive Committee. Once validated, these guidelines are broken down in the Divisions by the Deputy General Managers, for implementation on sites by site Directors under the responsibility of Occupational Health professionals and with the support of Health and Safety coordinators.

Employee health is monitored by Occupational Health professionals.

The Group's main French sites (Les Ancizes, Pamiers, Commentry, Interforge, Issoire, La Pardieu and Clermont-Ferrand) for Aubert & Duval, Eramet Sandouville, Comilog Dunkerque, all employees of 10 Grenelle (Paris), Eramet Ideas (Trappes) are now grouped together under the autonomous Occupational Health service, whose certification by DIRECCTE IDF was renewed for five years on 3 July 2019. This service consists of three centres:

- North Centre: one Occupational Doctor and two Occupational Health Nurses;
- Auvergne Centre: three Occupational Doctors and six Occupational Health Nurses;
- South Centre: one Occupational Doctor and two Occupational Health Nurses.

The Joint Monitoring Committee for the Occupational Health Service for sites based in France met once in 2020 to review the actions of the Occupational Health Service in terms of administrative organization and budget.

The Doniambo sites for SLN (New Caledonia), Moanda (Gabon) for Comilog and Owendo (Gabon) for Setrag have an Occupational Health Service with one or more occupational doctors and nurses.

Eramet's Gabonese subsidiary (Comilog) manages a level 2 hospital facility (according to the classification of the Gabonese Ministry of Public Health): Marcel-Abéké Hospital (HMA).

This facility provides first-level care (general medicine, emergencies/intensive care, general surgery, paediatrics, maternity) for all employees and their dependants and performs a public service mission by treating external persons by agreement with Gabon's national health insurance office, the "*Caisse nationale d'assurance maladie et de garantie sociale*" (CNAMGS). Comilog employees and their dependants have free healthcare; while the Hospital charges modest fees for the local populations.

Various specialists provide care at the HMA: ophthalmology, cardiology, gynaecology. Concerned about improving the healthcare pathway within its establishment, Comilog drafted an action plan in 2019 and 2020 with the following components:

- refurbishing of the medical analyses laboratory;
- installation of a remote booth for specialised consultations which relies on a network of doctors based in Libreville or for the remote Occupational Health consultations between Libreville and Moanda (Setrag employees);
- implementation of the computerised management of the hospital and healthcare pathway for outpatients or hospitalised patients;
- improvement of technical services in waste management, sterilisation and supply of medication for hospital use.

In addition, Comilog actively supports the action of the Gabonese Samu social organization, a partnership between the Gabonese State and Samu Social International, by financing the opening of a sixth Samu social centre in Moanda this year. This antenna, operational since February 2020, covers the cities of Moanda, Bakoumba and Mounana.

6.3.2.2.3 Risk prevention strategy

The health prevention strategy is based on the Group's Health Policy, described above. This approach was significantly impacted throughout 2020 by the COVID-19 health crisis, as the Group harnessed all the resources at its disposal to guarantee the health security of its employees, in the difficult context of the pandemic.

Mobilisation and management of the COVID-19 health crisis

In these exceptional times of the COVID pandemic, the Eramet Group fully harnessed all its resources to deal with the situation as it unfolded. The Group's priorities are based on three key areas:

- protect the health of all its employees and service providers as well as their families;
- set up and ensure compliance with all the strict health security measures, mandated by local, national and global authorities, in order to help stop the spread of the pandemic;
- ensure business continuity by adapting organization, working closely with suppliers and customers.

As of February 2020, an international crisis unit, comprised of the Executive Committee, the Group Doctor, experts from the Human Resources Department, the Sustainable Development and Corporate Engagement, Communications, Public Affairs, Purchasing Departments, Operational and Commercial Departments, met regularly, sometimes daily, at the peak of the crisis.

The health protocol implemented at all Group sites in March 2020 was regularly updated to anticipate new developments in the pandemic and to comply with the guidelines of local authorities; the following measures were implemented on the various Group sites:

- working from home was encouraged on all sites with proposal of best practices for the well-being of employees working from home and distribution of a home-working handbook;
- information initiatives on preventive measures, health protocols and the development of the pandemic locally and internationally;
- on sites, replanning office space and locker rooms, special COVID-19 communication campaign, distribution of hand sanitizer bottles, disinfection of all offices, locker rooms and common areas, limits on the number of people in offices and meeting rooms, distribution of face masks to employees, installation of hand sanitizer dispensers, distribution of introductory health guides, installation of plexiglass panels in dining rooms and offices, etc.;
- support to managers to detect psychologically distressed employees due to working from home or the lockdown;
- restrictions on travel and gatherings in order to minimise employee exposure level;
- community outreach actions: set up of a COVID-19 unit with 16 beds at the Franceville hospital (Gabon), donations of face masks, PPE and hand sanitizers in all countries where the Group operates, purchase of a fitted ambulance for the Santa Rosa de los Pastos Grandes community (Argentina), etc. (find out more about outreach initiatives in section 6.3.3 Commitments to host communities).

Health strategy and prevention actions

At the same time as the actions put in place in response to the COVID-19 health crisis, other actions launched under the Health approach continued in 2020, in line with the commitments of the Health Policy:

- controlling the impact of the Group's activities on the health of employees and local communities by setting up standards based on metrological and biometrological data and backed by international standards, if any.
  - The Group has established 10 standard sheets for at-risk products handled by Group employees (manganese, nickel, oil mist, polycyclic aromatic hydrocarbons, chromium VI, carbon monoxide, crystalline silica, cobalt, refractory ceramic fibres, diesel particulates). The application of these standards, audited since 2018 on the sites concerned, is part of the EMS requirements;
- continued employment for all employees during their professional career, including when affected by poor health. Occupational doctors are in charge of the periodic monitoring of these employees within a regulatory framework, but also through the scheduling of additional check-ups that may be carried out at the request of the employee, employer or doctor and in consultation with the sites' HR Departments and services;
- specific measures aimed at combating addictive habits (smoking, drinking, etc.):
  - the possibility for the Occupational doctor to conduct additional tests aimed at preventing alcohol and drug addictions (pre-hiring medical check-up, periodic check-up and back-to-work check-up),
  - urine toxicity tests for hiring and periodic check-ups, noted in the RI and information and awareness raising of employees at these check-ups,
  - support for distressed employees,
  - payment by the employer of the cost of nicotine substitutes;
- special measures regarding the prevention of stress and psycho-social risks (PSR):
  - PSR watch units,
  - establishment of individual consultations by an occupational therapist,
  - health and workplace quality of life (PSR) committee meeting systematically before each Social and Economic Council and workplace health and safety committee meeting,
  - intervention of the mediation firm in certain teams on site,
  - awareness raising of the managerial line;
- prevention measures against biological and environmental risks/diseases:
  - malaria:
    - information programme on malaria in endemic regions based on e-learning training for Group project workers and frequent travellers, as well as expatriate employees and their families,
    - providing sites (Cameroon, Gabon, Senegal) with the appropriate diagnostic and therapeutic resources,
    - implementation in 2021 of a malaria kit (diagnostic and therapeutic resources) given to each employee travelling to an endemic zone,
  - HIV – AIDS: continuation of the Gamma programme in Gabon, backed by information (educational messages on STD prevention and promotion of screening), HIV AIDS prevention and screening actions at Comilog and Setrag – Gabon,
  - environmental asbestos In New Caledonia: specific operating procedures exist to control veins of asbestos-containing minerals in the event that the mining activity uncovers them. The operators are trained in the precautions to be taken, and special medical monitoring has been set up, in consultation with the authorities, social partners, and other mining operators.

The monitoring indicators for the actions are conveyed and analysed at the level of the Department responsible for Health. These indicators specifically include declared and recognised occupational diseases (OD). In France, ODs are classified in the form of tables. There are currently 99 of them. Each table has three criteria, namely:

- designation of pathology;
- care time limit (maximum time between the cessation of risk exposure and the first medical diagnosis of the disease);
- indicative or restrictive list (according to the table) of work likely to cause the disease.

Excluding exceptions, occupational disease is recognised by the CPAM (local public health insurance office) when the three criteria are met.

6.3.2.2.4 Health Performance

The monitoring indicators are included in the 2019 Universal Registration Document. The analysis performed in 2020 is as follows:

	2018	2019	2020
Clinical examinations	5,737	8,335	3,496
Information and prevention visits	572	629	1,016
Aptitude restrictions >3 months	281	278	211
Definitive reclassifications	49	49	24
Recognised Occupational Diseases	10	10	9

In comparison to 2019 figures, the number of clinical tests conducted in 2020 has fallen. The fall can be explained by two factors: first, an increase in time spent working from home for a large number of Group employees due to the COVID-19 health crisis and second, the temporary absence of full-time occupational doctors on a number of Group sites in 2020.

The measurement of the indicator on the application of standards on at-risk products showed a compliance rate of 85% for the sites concerned.

6.3.2.3 Employee security

6.3.2.3.1 Main issues and risks

The Eramet Group's mining, industrial and commercial activities take place in many countries on all five continents. Some of these countries may at times experience unstable political, security or climatic situations, even if only temporary in nature. The Group's Security approach is centred around the protection of people, installations, information and business intelligence to support the Group's development and economic efficiency.

6.3.2.3.2 Security governance

As a follow-up to the commitments expressed by the Group in its Ethics Charter, the roll-out of the Security approach is set out in an *ad hoc* procedure. The Group's security procedure seeks to achieve three main objectives:

- a strategic objective that assesses the nature of the threats and measures the risks to the Group's people and assets;
- an operational objective that puts in place the resources and means necessary to prevent and protect;
- an educational objective that informs and raises awareness among Eramet Group employees about the reality of the risks, the means implemented to address them, and the behaviours to adopt.

This procedure is supported by the Group's Security function which assists the Executive Committee and operational managers in the execution of their mission to protect:

- the physical assets;
- the intellectual assets and sensitive information, as well as relating to business intelligence;
- facilities held under the Group's responsibility;
- the Group's employees, whether on business travel, foreign residents or local residents.

The Group Security Director, who reports to the Group Human Resources Director, is responsible for:

- proposing the Group's security policies to the Executive Committee;
- leading and coordinating the network responsible for their implementation, in conjunction with the Group's Divisions;
- reporting to the Executive Committee on the application and effectiveness of this implementation;
- ensuring the application of the Group's regulatory and contractual security obligations;
- sharing feedback and best practices within the Group;
- acting as an interface with the competent authorities to define the policies in this area in France, in the countries where the Group operates and with international institutions.

The Security function is an integral part of the development of the risk management approach presented in Chapter 5 in the countries where the Group operates mining activities, as well as in the countries in which it develops, processes and/or markets its products and services.

The Security Department is one of the main contributors to the Country Risk Committee (CRP), created to manage and limit Eramet's exposure to "Country and Geostrategy" risk in the countries in which the Group operates as well as in those where it would like to develop activities.

6.3.2.3.3 Risk prevention strategy

The protection measures put in place by the Security Department are the result of analysis and monitoring of the security situation and assessment of the threat. They also depend on the nature of the activities carried out by the Group's units in the region and the effectiveness of the public institutions in the countries concerned.

A security manager has been appointed in all the countries or regions where the security situation and Eramet's activities require such a position (Gabon, New Caledonia, Senegal, Argentina and South Africa). Acting as a local correspondent, the security manager oversees the implementation of Eramet's security procedure in coordination with the Group Security Department.

Various media are used to communicate and help memorise the safety instructions set up by Eramet, as detailed below:

- Project workers/Expatriates Handbooks and/or country sheets: written in English and/or French and regularly updated provide general information, advice on behaviour, and even instructions and directives. They are available on request from the Security Department and are communicated to the employees directly concerned once they are recorded on the travel management platform;
- security alerts: sent by email to managers, and then forwarded to all staff, these alerts provide rapid information in case of emergency as well as instructions and recommendations (attempted fraud or scams by telephone, etc.), or when a situation suddenly deteriorates in a country (demonstrations, attacks, specific threats, etc.);
- a Security/Health booklet: distributed on request or during on-site awareness sessions, it contains advice on how to behave in different situations;
- awareness sessions: individual or group sessions, organised in particular before departure abroad, they are supplemented by the protection coordinator (where available) in the country of destination;
- an interactive e-learning divided into several chapters, each one dealing with specific topics to prevent and manage risks, and to handle emergency situations regardless of the geographical context.

Before each trip abroad, employees must register online on the travel management platform. They then receive, based on the security analysis of the country concerned, information and advice for their upcoming trip.

A smartphone application was also rolled out in the Group to all employees on assignment to geolocate their position in case of an emergency.

6.3.2.4 Promotion and development of employees

6.3.2.4.1 Main social risks and general governance

6.3.2.4.1.1 Main risks

The main social risks identified during Group and Human Rights risk mapping are respectively, risks of attracting and retaining talent, and risks regarding discrimination/harassment, specifically gender equality.

6.3.2.4.1.2 The Group's human resources policy

The Eramet Group invests in the talents of all employees and capitalises on their diversity to get them on board the Eramet adventure. In this way, Eramet would like them to become players in a performance-orientated managerial culture that is demanding and caring, proud and happy to be in the right place at the right time in a growing Group that continues to evolve.

Internationally, Eramet strives to make its presence in Africa a genuine opportunity for mutual development by combining experiences and cultures.

Eramet strives to uphold social dialogue as a critical lever for the Group's successful transformation and one which will make a lasting contribution to its performance.

Close to the ground, attentive, bold and determined, the members of the HR network aspire to become a Human Resources (HR) community, flagbearers of the Group's cultural and organizational changes.

In order to promote this vision, the Eramet HR Department has built its Human Resources Management policy (available on www.eramet.com) on several key issues:

- attracting and retaining talents;
- developing skills;
- ensuring the growth of Eramet's culture;
- optimising organizational efficiency.

The Eramet Group, while having a very strong international dimension (approximately 60% of the Group's workforce works outside Metropolitan France), also relies on subsidiary companies that have significant local presence and awareness. The Group's human resources management must take this into account, while relying on unifying principles and tools common to all of the Group's companies and sites.

6.3.2.4.2 Attracting and retaining talent

6.3.2.4.2.1 Employees involved in the Group's transformation

In line with the extensive NeWays transformation programme launched in 2017, aimed at unlocking the Group's performance potential and creating a change in mindset and corporate culture to achieve profitable and sustainable performance, in September 2018 the Group launched a vast engagement survey among all its employees worldwide to enable them to express themselves in relation to 12 key areas: work and decision-making processes, organizational transformation, relationship with their direct supervisor, agility and innovation, etc. More than 6,700 employees took advantage of this opportunity and responded to the survey.

The engagement rate measured in 2018 for the Group as a whole was 67%. Around 400 team managers received personalised results for their area and have been developing action plans since December 2018 in collaboration with their teams. Those plans were rolled out throughout 2019.

The Group's main strengths highlighted by the survey are employees' understanding of the role of their job in achieving their company's objectives (91% favourable score), respectful treatment by managers (83% favourable score) and finally employee motivation to go beyond expected performance levels to help their company succeed (82% favourable score).

A new survey, planned for 2021, will measure progress in each of the areas.

6.3.2.4.2.2 Digital transformation at the service of our HR processes

As part of the transformation and digitisation of Eramet, the Group HRIS (SuccessFactors solution) will be extended to all employees and new features will be added. The purpose of the first phase of this project (Atlas), started in September 2020, is to create a common HR database and develop a comprehensive administrative management with the associated local and Group reporting. The production launch of this first project batch is scheduled for fourth quarter 2021. New features will be added at a second stage for talent management, remuneration, training and payroll and workforce simulation.

Furthermore, an HR chatbot was tested in early-2020 on three pilot sites. The Group is currently considering its extension to a larger scope in 2021 in order to improve employee experience.

6.3.2.4.2.3 A fair and competitive remuneration policy

The remuneration package proposed by the Eramet Group seeks to offer competitive compensation in each country where Eramet operates in order to attract and retain the best international talents.

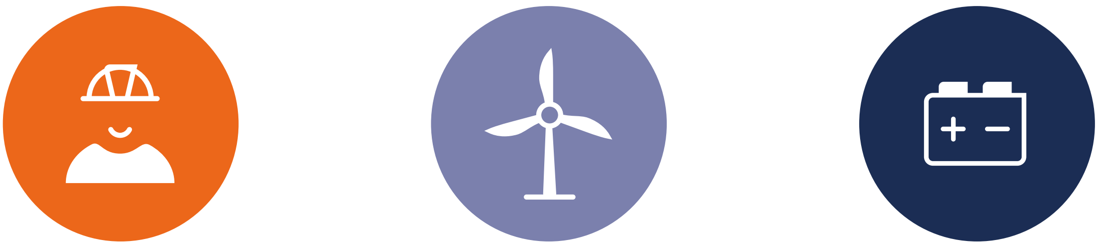
To do so, the company seeks to position itself at the level of the best practices observed in comparable sectors. This policy takes account of local legislation, local business practices, applicable taxation and the economic realities of the different Group companies. In each country in which the Group operates, the remuneration policy implemented aims to reward individual and collective performance, while adapting to the local context.

Group companies participate on a very regular basis in remuneration surveys conducted with the help of renowned consulting firms. The surveys are used to compare Eramet remuneration practices with those of businesses from comparable sectors and size on all items of the remuneration package.

This comprehensive remuneration scheme includes monetary and non-monetary items organised around themes common to all Eramet Group employees.

- Individual and/or collective variable remuneration
- Fixed remuneration
- Social protection
- Employee stock ownership plan

The 3 strategic pillars of the remuneration policy



Attract and recruit talent
by offering competitive remuneration in all countries
where we operate

Foster and **recognise performance,** both individual and collective

Provide a global remuneration structure that is **clear and transparent,** and adapted to local circumstances

The skills and level of responsibility of the employees are remunerated by a fixed salary in line with the experience gained and the practices observed for each trade on the market. The Group's remuneration policy aims to be fair and competitive but also tailored to the specific local factors of host countries.

All managerial staff benefit from individual variable remuneration schemes based on quantitative and qualitative annual objectives. Since 1 January 2018, the Group deployed a new variable compensation system common to all eligible managers worldwide: it is based on collective objectives (safety and financial indicators) for 60% and on individual objectives for 40%. The Group makes available a common framework for setting and assessing annual objectives.

Collective performance remuneration schemes may exist in certain countries, be they mandatory legal schemes (profit-sharing in France, etc.) or schemes voluntarily implemented by the Group in accordance with local practices (profit-sharing calculated in the light of the Company's results, collective savings plans). The profit-sharing plans are often based on negotiated criteria related to safety, environment and the activity of the Company. Depending on the arrangements in force, these bonuses may be invested in savings schemes on advantageous terms.

In response to the expectations expressed in the commitment survey in 2019, the Group further rolled out in 2019 an e-BSI (individualised social assessment) which allows all employees of the companies in metropolitan France to access a dedicated website that presents and explains each of the components of the remuneration package. This scheme was extended to Comilog employees in Gabon in 2020. Thus, in 2020, one in two employees within the Group received "*Zoom Rémunérations et avantages sociaux*" (Details of Remuneration and Social Benefits). This document includes in particular a summary of the items of the remuneration package, a summary of employee savings and pension schemes, items relating to employee shareholding, information on social coverage schemes (health, disability and death, retirement), training data and a summary of all the benefits proposed by the establishment or the company. It also contains videos, quizzes and useful links to all the schemes.

Concerning remuneration and social benefits, the Eramet Group applies a non-discriminatory policy by basing its policy on objective criteria: responsibility level of the position held, evaluated with the Hay methodology, and country of business. Gender equality is verified in each of the processes: salary adjustments, assessment of individual performance, allocation of bonus shares, etc.

Personnel costs – social security contributions

Salaries represent the largest component of staff remuneration.

In 2020, personnel costs for the Eramet Group amounted to €731 million, compared to €723 million in 2019.

More than 9,000 employees, or nearly 70% of the workforce, benefited from a revaluation of their fixed salary in 2020, whether through a general increase or an individual merit-based increase.

Social benefits

As part of its human resources policy, the Human Resources Department seeks the most appropriate solutions for the Group's international activities on the personal insurance market, and subscribes to insurance schemes able to guarantee the best social protection against the major risks (health, welfare, professional assignments) to which employees are exposed when carrying out their duties.

In line with the Group's agreements relating to the provision of insurance against major risks and the uncertainties of life, the Eramet Group wanted all of its employees in metropolitan France to benefit from additional health insurance. In France, a new collective agreement was signed in December 2016 by all the organizations representing staff. This agreement ensures that social protection is brought into line with legislation on responsible contracts, but also improves the reimbursement of certain costs, such as pharmacy, dental implants, alternative medicine and laser eye surgery.

In the area of pension insurance, a new agreement was signed for France in June 2016. It includes an improvement of death covers, the introduction of a "Help for helpers" cover, allowing the employees concerned to access to a solution where they can talk to professionals and receive help and advice as appropriate.

Provisions are set aside for retirement benefits, severance payments, medical coverage, pension plans and other commitments for active or retired employees in accordance with the conventions in force in each country.

The portion not covered by insurance companies or pension funds, in particular for US and Norwegian companies, is also provisioned (defined benefit plans in general). The specific commitments for these schemes are in the United States, Norway, New Caledonia and France. Other plans are defined contribution plans where employer contributions are recognised as an expense in the period to which they relate. The main quantitative assumptions used to calculate these commitments are detailed in the consolidated financial statements.

Employees in the metropolitan France scope benefit since 1 July 2019 from a complementary retirement scheme (PERO), fully funded by the employer, which allows them to save towards supplementary retirement throughout their career.

Finally, an additional pension plan (Article 39) for a group of managers is also fully funded. The estimated actuarial value of the plan for active beneficiaries was €40 million as at 31 December 2020. Pursuant to the French PACTE law, the scheme stopped accepting new beneficiaries on 31 December 2019 and the rights of the existing beneficiaries became fixed and unchangeable.

Employee stock ownership plan

In order to build Group membership in all areas of the world where it operates, and share the created value, the Eramet Group has opted, since 2009, for the deployment of global bonus share plans. This programme, called Erashare, originally consisted of allocating 5 bonus shares to each of the Group's employees, regardless of the country of activity, Division, occupation or level of responsibility.

Since July 2011 in France and Italy, and since July 2013 in other countries, employees have benefited from all the rights attached to the Eramet shares: voting and dividend rights. An information leaflet on Erashare was also prepared in the nine languages used within the Group to support the worldwide implementation of the plan.

Ten new bonus share plans were implemented from 2010 to 2019 with the same scope and allowed the allocation of two additional shares each year to more than 12,000 employees. The scheme was suspended in 2020 in order to study the possible changes to shareholding policy, to make it more attractive.

Employee incentive plans

In metropolitan France and New Caledonia, profit-sharing agreements are regularly negotiated and signed with the social partners. They complement, where they exist, the regulations governing participation. The incentive is paid to members of staff with more than three months of service as at 31 December in an amount that is partly uniform and partly dependent on gross annual remuneration.

In 2020, the Group's Human Resources Department specified, in a framework memorandum, the components that the Eramet Group wishes to find in the new agreements renewed from 2020 onwards:

- financial result of the entity, the goal is to measure employee performance as close as possible to their scope of action;
- Operational progress criteria specific to the entity including a special focus on cash control, as well as security.

In 2020, Group companies in mainland France paid profit-sharing for 2019. €12 million was paid to the beneficiaries concerned (gross value).

Employee savings plan

In Metropolitan France and New Caledonia, Eramet Group employees can sign up to a Company Savings Plan to build up their savings. The Savings Plan may receive the incentive bonus, profit sharing, as well as voluntary payments made monthly or on a one-off basis by the employees. Group companies participate in the savings plan through a system of matching the sums paid by employees (the methods for paying the matching contribution vary from company to company).

A range of diversified corporate mutual funds (*fonds communs de placement d'entreprise* or FCPE) is offered to Group employees. A collective retirement scheme also exists in the form of a PERCO (Collective Retirement Savings Plan), into which the payments are paid.

As at 31 December 2020, 7,093 employees and former employees of Eramet in mainland France were signed up for an Employee Savings Plan, with total assets representing roughly €104 million, or €14,726 per saver. Total assets are divided between the FCPE of the PEE/PEG (84% of the assets) and the PERCO (16%). In 2020, the Group's French companies paid approximately €3.5 million in contributions (gross value) to the Group Savings Plan (PEG) and the PERCO, or €762 per employee on average.

6.3.2.4.3 Employee development and career management

6.3.2.4.3.1 Career management process

One of the Group's major ambitions and a structural theme of its HR Strategy is to ensure the personal growth of its employees. In this respect, in the continuity of NeWays, Eramet has established a new managerial repository accessible to the entire Group known as Manager@Eramet.

With the launch of this new repository in 2020, the Eramet Group wishes to confirm the Group's desire to develop and ensure the personal growth of employees through the "Commit and Develop Teams" expertise. The Group's ambition is to encourage a culture where its employees benefit from regular feedback, have the possibility to grow throughout their career and take control of their own professional development.

The Annual Appraisal Interviews make it possible to identify mobility objectives and to take them into account both at monthly HRD network meetings and during People Reviews.

In 2020, the Group reviewed its annual processes to ensure the optimum implementation of these career developments. Annual Appraisal Interviews now focus on assessing performance and setting goals. A new mid-year interview will be introduced in 2021 with the goal of focusing mainly on mobility wishes, development plans and employee growth. Data derived from the mid-year Interview will be addressed at monthly HRD meetings for the purpose of energising internal mobility.

These People Reviews are organised at site, Business Unit, entity and even country level. These reviews provide the opportunity to identify people with the potential to grow, assess medium-term needs and available resources.

The information obtained from these Annual Reviews and People Reviews are consolidated at the level of each division during executive reviews, thus enabling work skills management and internal mobility.

A review of senior executives and holders of key Group positions is performed regularly with the Executive Committee. A review of succession plans for key positions in the organization is carried out on the occasion of the People Reviews for the Executive Committee or Remuneration Committee of the Boards of Directors of Eramet or its subsidiaries.

Furthermore, a pilot programme concerning the implementation of an SWP process was conducted in 2019 on mining businesses. This process was applied to the Maintenance segment and will be extended to the other Group businesses. The full potential of this process will be optimised during the implementation of a single Group Jobs and Skills Repository on all its Business segments and which will be rolled out under the plan to overhaul the HR information systems, Atlas (Group global HRIS).

6.3.2.4.3.2 Performance evaluation

Successful mobility or career development involves the combination of four elements:

- performance;
- technological skills and managerial/cross-functional skills;
- existence of an opportunity;
- willingness to demonstrate functional and/or geographical mobility.

As the cornerstone of operational improvement plans, performance is assessed individually in the context of Annual Appraisals based on objective evidence, with each assessment based on factual evidence.

In 2020, 7,206 employees (including managers as well as non-managers) benefited from an Annual Appraisal Interview. Many sites have extended the benefit of this scheme to non-management staff.

The new performance evaluation form is now based on the skills listed in the new Manager@Eramet repository.

The Talent@Work tool of the Objectives module in which the Annual Appraisal Interview is recorded allows the manager to create goals throughout the year for new entrants recruited from outside or inside the Company and to adjust the goals during the year if necessary. Goals may be adjusted to reflect a change in employee priorities or to complete the results and highlights, or even the achievement rate throughout the year in order to facilitate the assessment at the next annual interview. The now widespread use of the Annual Appraisal Interview form in Talent@Work means a significant improvement in access to information on expressed mobility wishes, better consideration of them in the career management and People Review, and an optimised follow-up.

6.3.2.4.3.3 Employer Brand

A study was conducted in 2018 which involved the Group's employees and intended to define the Group's Employer brand.

This important work carried out in collaboration between the HRD and the Communications Department has been used to characterise what currently represents the missions offered by Eramet as well as the "employer" contract proposed (what the Group expects from its employees and what they can expect from the Group by joining it). Illustrated by visuals representing the Group's employees and a slogan, "*Laissez votre talent battre plus fort*" (Allow your talent to shine), this campaign was widely publicised. A new stand at the Schools forums attended by the Group promotes the intensity of the work proposed at Eramet.

The Talents page of the Group's website has been redesigned to emphasise the strengths of the Employer brand. The site's recruitment space has also been redesigned to reflect the key messages of the Employer brand.

6.3.2.4.3.4 Recruitment and Onboarding

The Recruitment module, developed in the HRIS, enables HR and managers responsible for recruitment, through internal or external mobility, to be able to track the progress of the process, from job description to filling the position.

To support managers in their role as career managers, a training module on recruitment and mobility is available as part of the training courses offered by the Group.

This module enables managers and HR staff to be trained in the same selection interview tools, to make their choices in an objective and transparent manner, to ensure high-quality feedback to internal and external candidates, and to educate their participants on the subject of non-discrimination.

In order to facilitate the integration of employees into the Group, the Eramet Group has developed an Onboarding module integrated into the Group HRIS. The Onboarding module is a platform which is accessible to external employees as soon as they are recruited, making it possible to create a privileged link between the future employee and his or her future working environment (information on the Group and its business lines, welcome message from the manager, introduction to future colleagues, schedule of integration programme, etc.).

In 2020, the Group launched a pilot digital onboarding programme (Connect) for its executives. This programme allowed 250 new executives based in different countries to discover the Group, to get to know their new colleagues and to talk to members of the Group Executive Committee. This new way of inducting employees into the Group helped to maintain links during an unprecedented health crisis.

6.3.2.4.3.5 Vocational training

The Group designs training courses for Group employees:

- to facilitate their integration by giving them the keys to understanding the organization and management processes of the Group;
- to develop their skills by giving them access to business and management programmes;
- to promote exchanges of best practices among participants;
- to build development paths.

Integrate, improve know-how, raise awareness of specific risks, share experience and best practices, develop cross-functionality at Group level, foster the deployment of managerial methods, further strengthen the Group's expertise; these are the points of the training programmes and of the training effort initiated by the Group, each year.

In relation to vocational training for its employees, the Eramet Group also prioritises safety training and business skills development, which are aimed in particular at ensuring better control of processes and their environment (project management, communication, change management, continuous improvement of performance, etc.).

In 2020, the Group launched an e-Learning portal for all Group managers. This innovative portal provides the 1,800 Group managers access to diverse content at any time to improve their knowledge and skills. They can now access the catalogues on Manager@Eramet and Remote Manager which are designed to enhance the growth of the Group's managerial culture and consequently employee commitment. This tool notably allowed managers to continue their development in a year highly disrupted by the health crisis.

The health crisis disrupted the roll-out of training programmes in 2020 and in particular two managerial training programmes rolled out in Divisions: Leader Coach for the Mining and Metals Division and Autonomous Manager for the High Performance Alloys Division. However, the Group is determined to continue to offer various training schemes and in-presence training will continue more regularly as soon as possible given the health protocols.

A mentoring programme was launched in 2018 enabling 14 executives in key Group positions, selected by the Executive Committee, to benefit from support while improving their knowledge of the Group. The Mentoring programme allows each party, Mentor and Mentee, to learn through the other and the programme will continue at its annual frequency.

The development programme for the Group's executive managers (EDP – Executive Development Program), which began in 2015, continued in 2020 with a new format that will be offered for the programme's fourth year. This programme takes place over several months and is designed to strengthen the leadership of participants in line with the Manager@Eramet benchmark and prepare them for their advancement within the Group. The health crisis required the postponement of the 2020 programme, with plans to relaunch it in the second half of 2021.

As part of the Diversity and Inclusion policy, the Group launched in 2020, a pilot for two training courses for women, the presence of women in key positions being a real challenge for the company. This led to the participation of seven women in the "Young Talents" and "*Leadership au Féminin*" (female leadership) training courses.

CSR 2023

In 2020, Eramet Group employees received more than 285,909 training hours, approximately **32.5 hours per employee** for the year. Accordingly, nearly 8,793 employees, i.e., **67% of the total workforce**, took part in a training initiative in 2020. The reduction in the number of training hours compared to the previous year can be explained mainly by the impact of the COVID crisis. The lockdown periods made it difficult to welcome young people for work-study programmes in the first half of the year, and led to the postponement of numerous classroom-based training courses.

Nevertheless, the crisis represented an opportunity to continue the development of digital learning.

As such, several e-learning programmes were rolled out in 2020 at Group level: Procure to Pay, Mining productivity, Social dialogue, Cybersecurity: overview and fundamentals of industrial systems security, Understanding and integrating human rights in the company, Introduction to project implementation and control. Other e-learning courses are under development and will be rolled out in 2021, such as: Efficient cash management, Knowledge management, All you need to know about malaria, Managing security abroad, Digital acculturation, 14 core security requirements, Resources and reserves.

A significant, unprecedented push was given to digital learning in 2020 with the launch of the new WeLearn digital portal, open to all the 1,800 Group managers. This innovative tool allows managers, throughout all our countries, to enjoy access to a wide range of digital resources (articles, videos, MOOCs, online courses) to improve their knowledge and their expertise in accordance with their needs. The content of the Portal will continue to evolve in 2021 to closely address the needs of managers and the business.

In 2020, 33,008 registrations were recorded for *e-learning* courses which correspond to 7,676 hours of online training.

The significant increase in the number of registrations can be mainly explained by the launch of the Mining productivity training for the Mines and Metals division and three Group safety training courses (Take 5, risk analysis and mechanical handling, risk analysis and height work).

6.3.2.4.4 Social dialogue close to field realities

For Eramet, social dialogue and bargaining are essential pillars of social cohesion, crucial for implementing the conditions for its transformation and its long-term performance. The Eramet Group's social policy is based on complementarity between central and local bodies, close to the realities of our jobs and our activities and the geographic zones in which the Group is located.

It is based on the clearly announced policy to:

- strongly involve the Group's management (e-learning to raise social dialogue awareness, information seminars and discussions, development, mobility and career growth within and between Divisions);
- connect employees with the life of their site and the Group through clear and regular information (Group intranet, online films and videos, regular company and site newspapers, induction days for new recruitments);
- to communicate with social partners, both formally (remuneration policy, training, health and social protection, employment management, quality of life at work) and on a daily basis at the sites.

6.3.2.4.4.1 Social implications of Eramet's strategy

The majority of Eramet Group companies have employee representatives who are mostly elected, covering 98% of the Group's workforce. Eramet takes account of the diversity of the legislations in force with respect to social dialogue everywhere it is located. Multiple in-depth and didactic exchanges on strategic issues with the social partners in the organizations and countries concerned made it possible to explain the strategic choices and their organizational impacts.

The two annual meetings of the European Works Council and the Group Works Council provide opportunities for the Chairperson and Chief Executive Officer and social partners to exchange information and views on the social situation, financial position, as well as on issues related to the Company's social responsibility and on the Group's research and investment guidelines. Furthermore, interim meetings with the executives of these two bodies allow regular exchanges on the Group's current affairs.

6.3.2.4.4.2 The deployment of the new organization of work at SLN

At SLN, 2020 was marked by the professional elections held in July: employee delegates and members of works councils of each of the sites.

The participation rate was exceptionally high with a rate of 90%, 62% for all electoral colleges combined, which shows the high employee interest for these professional elections and consequently the key role of the union organizations as special contacts with General Management. Due to the representation system in New Caledonia which is based on the result obtained per electoral college at the employee delegate elections, the seven unions are representative (SGTINC, CSTNC, Soenc Nickel, STKE, SAM NC, SGCINC and SICINC).

In 2020, total strike time, although high, was divided by 3.75 compared to 2019, and stayed at 27,442 hours (103,480 hours). The average strike time in the last five years is 39,300 hours and 36,900 hours in the last 10 years. It can be noted that despite a figure that is still too high, time lost to social conflict has been falling since the second half of 2019.

6.3.2.4.4.3 Maintaining dynamic social dialogue against the backdrop of a health crisis

Despite 2020 being marked by the health crisis, the Eramet Group maintained its strategy of strengthening social dialogue by involving employee representatives on subjects that impact corporate life.

A Group agreement was signed between Management and CFE-CGC, CGT-FO and CFDT for the creation of a solidarity grant. Employees with a fixed daily wage and senior executives were given the opportunity to give up days off which, once monetised, made it possible to offer additional compensation to employees whose net remuneration had been impacted by the partial activity. In addition to the monetised days, the Group paid an additional contribution, corresponding to 10% of the collected amounts. Aubert & Duval and the CGT, CGT-FO and CFE-CGC trade unions also signed a crisis management agreement to deal with the activity downturn and any activity peaks requiring agility and responsiveness in some departments, in a context of necessary cost control. Topics covered included the terms and conditions of implementing reinforcement, temporary geographic mobility, management of activity peaks and the management of reduced activity. On the same scope, a draft agreement on the adaptation of organization and employment is being negotiated.

More than 70 agreements were signed in 2020. These mainly concern remuneration, profit sharing and participation, and working time.

At Group level, the total declared strike time reached 68,498 hours in 2020 compared to approximately 132,000 hours in 2019, confirming the downward trend mentioned earlier .

6.3.2.4.5 Equal opportunities – measures to foster non-discrimination and diversity

For Eramet, diversity is a performance and transformation driver and source of personal growth for all employees. In this way, the Group wishes to offer a work environment based on respect for differences and better community living.

The promotion of diversity is based on a deep-seated conviction: stereotypes are at the root of all forms of discriminations. The Group believes in fighting them to enable everyone, regardless of their gender, age, disability, sexual orientation or religious belief, social or ethnic background, to thrive in the Group's different businesses. Driven by this conviction, Eramet signed the AFMD's diversity charter in 2020, using it as the framework for the Group's proactive approach in the context of a tangible commitment.

Conscious of the fact that diversity and inclusion are long-term ambitions, the Group has built its 2020 Roadmap on the results of a dedicated questionnaire, based on a survey of all Group employees. The ensuing actions will be implemented and supported locally by the network of diversity advocates, created this year, and will continue over several years. Actions already initiated include the integration of diversity in recruitment processes or talent management with neutral offers, "non-discriminatory hiring" training for management, awareness-training for recruitment firms etc.

6.3.2.4.5.1 Encouraging the feminisation of managers and respecting equal pay between women and men

Women now account for 17% of the total workforce of the Group, specifically: 8% of operators, 26% of supervisors, technicians and employees, and 24.7% of management.

Eramet encourages the feminisation of business sectors, that are traditionally masculine, and wants to guarantee women equivalent job conditions as men. Efforts are thus being made locally to promote gender balance inside teams and in particular technical professions, presentations to secondary school pupils and sixth form college and higher education students, adapting facilities to accommodate female staff and promoting the provisions set out in the collective agreements for gender equality signed on numerous sites in metropolitan France.

CSR 2023

The goal to increase the proportion of women in supervisory positions integrated in the Group's CSR roadmap is applied worldwide. The goal is to move from 22% of female managers in 2018 to 30% by 2023. The target set for 2020, 26% was not reached at the end of the year with 24.7% of women in supervisory positions.

Female representation on the Executive Committee is 38%.

% OF WOMEN IN THE TOTAL WORKFORCE	**17%**
% of women in management	24.7%
% of women among new permanent contract recruitments in 2020	21%
% of women among new management permanent contract recruitments in 2020	31%
% of women on the Executive Committee	38%

Since October 2018, the WoMen@Eramet network has been working to promote gender balance in the Company, and in particular more women in teams. It currently includes 132 members and is organised around an Office and four commissions: deployment of local networks, cultural change, benchmark and personal development. In 2020, a number of actions were implemented, such as specific training for female talents, mentoring for members of WoMen@Eramet or breakfast meetings on site or with Teams, and others. The network also prepared and distributed a campaign on internal and external bias, especially on social media, included in the Handbook on innovative best practices regarding gender equality of the Council for Diversity and professional equality in the industry.

For the first time, Eramet organised a Group event on World Diversity Day at all its entities, with the goal of raising employee awareness of Diversity & Inclusion issues. Accordingly, numerous actions were carried out on sites, such as projections of awareness raising videos at Setrag (Gabon), the development of a giant collaborative mural at Eramet Shanghai Trading (China), visits to the laboratories of the research centre in Trappes by sixth form college students or again diversity awareness workshops at SLN (New Caledonia) and Comilog (Gabon). These different events, defined by the sites to reflect their own challenges, helped to deal with topics such as social and gender diversity, disability and age.

Local actions on the topic of Diversity & Inclusion were also rolled out throughout 2020, in order to raise the awareness of teams and to mark Eramet's commitment on these topics. For instance, Eramine Latin America (Argentina) joined the Women in Mining network, the 10G and Trappes sites took part in the diversity race in September 2020. On the UN International Day for the Elimination of Violence Against Women, SLN unveiled a large awareness campaign with its employees, as well as partnerships with local associations advocating for change in this area. As a symbol of this commitment, Marie-Claude Condoya, a 29-year old engineer, became the face of the Doniambo plant. This mural, named "S. ELLE. N", painted by the street artist FAMAX, was inaugurated in the presence of members of the Caledonian government.

Pursuant to the 5 September 2018 law and the resulting application decree of 8 January 2019 aimed at eliminating the pay gap between men and women, in 2020 Eramet published the **Group's 2019 indexes** for France scope countries, which **range between 81 and 94**, with a clear progression in results for the two largest subsidiaries Aubert&Duval [(1)] and Erasteel SAS [(2)].

In order to strengthen the control of local workplace discrimination and harassment risks, an e-learning course is gradually being rolled out to all Group employees to raise awareness about the Ethics Charter, including a section dedicated to these issues. "Ethics kits" on topics related to employee human rights, have been included in the training catalogue and allow managers to educate their co-workers about discrimination and harassment. At the same time, Eramet has appointed Sexual harassment – Sexist acts advocates. This scheme, which was initially limited to France, was extended to Gabon and to Senegal. Roll-out continued in other Group countries, with the gradual appointment and training of these advocates by external experts.

6.3.2.4.5.2 Work/life balance

The Group promotes a number of local initiatives of a different nature but intended to promote this necessary balance: a listening service provided by an occupational psychologist, sabbatical leave was granted to employees wishing to devote time to a personal project, teleworking systems and agreements have been deployed in several entities, measures favouring parenthood: organization of working time, allocation of CESU cheques (Cheques for Universal Employment Services) for the employment of domestic help (child care, tutoring, housework, etc.), inter-company nursery, concierge services, and workshops on the theme of quality of life at work, led by professionals (nutrition, sleep, sophrology, etc.) have also been implemented at some sites.

Attention is paid during the Annual Appraisal Interview to the prevention of psychosocial risks. Indeed, at this special annual interview, particular attention is paid to the organization of work, workload and work-life balance. In addition, as part of a trade union agreements related to the prevention of psychosocial risks, monitoring units have been set up at the various sites in mainland France to

(1) Interforge is included in Aubert & Duval, since an existing UES (Unité Economique et Social — Economic and Social Unit) with AD and Interforge is integrated in all Aubert & Duval negotiations. Index published on 1 March 2019.

(2) Erasteel SAS includes the Paris, Chalon and Commentry establishments.

anticipate risk situations and give warning if an employee with psychological difficulty is identified. These topics can also be discussed by occupational health services on sites.

Owing to the extended use of home working and the lockdown measures, the Group paid special attention to work/life balance. A Handbook on best practices for working from home was prepared and distributed in the Group and employees were informed of the right to disconnect. Teaching resources were proposed to managers on the new WeLearn digital resources portal, in order to support them in remote team management. Local initiatives helped to maintain social ties while working from home, such as the arrangement of short meetings every morning at Erasteel.

6.3.2.4.5.3 Employment and integration of persons with disabilities

The Eramet Group is paying attention to the employment and integration of people with disabilities.

The Group has 222 employees with disabilities (data from the CSR survey). This count is probably underestimated, as the regulations of certain countries do not permit the accounting of employees with disabilities.

At most Group sites, various actions are regularly undertaken to promote the employment of people with disabilities: adapting premises, access ways and workstations, awareness campaigns, financing of hearing aids, and contributing to organizations or associations dedicated to helping people with disabilities, participating in forums etc.

Subcontracting activities are also carried out by work centres or associations employing persons with disabilities. The accessibility of the premises is also a topic discussed at many of the Group's sites.

6.3.2.4.5.4 Youth, Seniors and Intergenerational

One of Eramet's priorities, highlighted in our Human Resources Policy, is to participate in preparing young people for working life through all the school/company programmes: internships, apprenticeship contracts, work-study agreements, International Volunteers in Business programme (VIE), theses, etc. In connection with this priority, the Group welcomed 1,104 young people in 2020, i.e., 9% of the salaried workforce. The commitment and actions taken across all sites contributed to this significant increase.

Since 2013, Eramet has been involved with numerous major groups, and within the framework of the AFEP (French Association of Private Enterprises), for the employment of young people. The Group has adhered to an initiative called "*Jeunes et Entreprises*" ("Young People and Businesses").

With a strong commitment from the Trappes research centre (Eramet Ideas) and its teams, Eramet participates in numerous forums for schools in metropolitan France or in the countries in which it operates. This is an opportunity to introduce the Group and its businesses, to exchange ideas with young people and to advise them on their career directions. Many of the Group's employees also volunteer, for the most part in teaching courses, to present the Company or to deliver specialised technical courses. Some of these experts are also present on the career guidance boards or on their board of governors of these schools. Scientific exchanges are also carried out on certain projects with the laboratories of France's top engineering and business schools (*grandes écoles*) or universities, and lecturers.

The Group is also very involved in partnering with major schools through the payment of grants (graduation trips, etc.), the apprenticeship tax, in particular, to the National Chemical Engineering Institute in Paris (Chimie ParisTech), the National School of Geology (ENSG), the National School of Mines in Ales, the University of Montpellier (Geology), the Mines ParisTech (ENSMP Soil and subsoil specialisation), the Central School Supélec (Energy specialisation), etc.

SLN engages in a partnership with the post-secondary preparatory classes for entry to the *grandes ecoles* at the Jules Garnier school in Noumea. The SLN competitive exam proves valuable for the young New Caledonians who end up continuing their scientific studies in metropolitan France.

With regard to the employment of seniors across the Group as a whole, 20 people aged 10 years younger than the statutory retirement age were recruited on permanent or fixed-term contracts.

6.3.2.4.5.5 Employees and compliance with ILO fundamental conventions

Eramet complies with the applicable regulations in the countries where the Group operates.

As the Group points out in its Ethics Charter and its Human Rights policy, Eramet respects the international standards of the International Labour Organization and, more generally, complies with the principles of international law relating to human rights. In particular, the Group refrains from using any form of forced labour or child labour, either directly or through its suppliers or partners, and respects the right of association.

The Group also ensures fair treatment of all its employees in terms of professional equality by fighting against discrimination at work, ensures the integrity of those present at each site, and respects the moral integrity of each employee. The Group ensures the quality of human relations within work teams. In particular, it engages in the fight against all forms of violence and helps promote respect for others and fellowship in working relations.

During the annual collection of feedback from the Group's sites on non-financial matters, the Group's various sites are asked whether they comply with the provisions relating to the ILO's Fundamental Conventions (freedom of association and the effective recognition of the right to collective bargaining, the effective abolition of child labour, the elimination of all forms of forced and compulsory labour, the elimination of discrimination in respect of employment and occupation) and it is important to note the excellent feedback (98% positive replies out of 47 sites surveyed in 2020) demonstrating the attention paid to this subject.

The Group wants to make an even greater commitment to respect for Human Rights, setting the objective of becoming a benchmark company in terms of respect for Human Rights in our field of activity by 2023. The elements concerning this Group approach are presented in section 6.3.1 "Commitment to Human Rights".

6.3.2.5 Social indicators

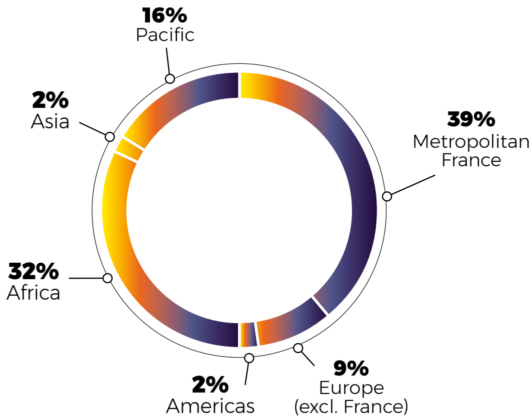
6.3.2.5.1 Total workforce and breakdown by geographical area

As at 31 December 2020, the Group employed 13,129 employees in 20 countries, compared to 13,097 employees at 31 December of the previous year. The Group's HR reporting in force concerns the consolidated workforce and the managed workforce.

NUMBER OF EMPLOYEES AS AT 31 DECEMBER (PERMANENT AND FIXED-TERM CONTRACTS)

	2018	2019	2020	2020 breakdown
Metropolitan France	5,089	5,278	5,131	39%
Europe (excluding France)	1,221	1,279	1,189	9%
Americas	265	342	272	2%
Africa	3,801	3,925	4,179	32%
Asia	381	262	238	2%
Pacific	1,948	2,011	2,120	16%
TOTAL	**12,705**	**13,097**	**13,129**	**100%**

Workforce registered in 2020 by geographical area



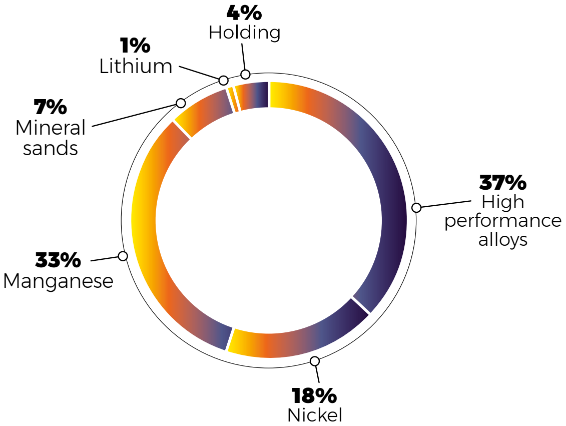
6.3.2.5.2 Breakdown of total workforce by Division and BU

The registered workforce increased by 0.6% between 2019 and 2020: it increased for the Holding company (+3.1%) and for the Mining and Metals Division (+4.3%), and decreased for the High Performance Alloys Division (-5.9%).

	2018	2019	2020	2020 breakdown
Holding (1)	**420**	**521**	**537**	**4.1%**
High Performance Alloys	**5,092**	**5,178**	**4,874**	**37.1%**
Aubert & Duval	3,984	4,141	3,916	29.8%
Erasteel	987	946	837	6.4%
Other (2)	121	91	121	0.9%
Mining and Metals	**7,193**	**7,398**	**7,718**	**58.8%**
Nickel	2,282	2,225	2,351	17.9%
Manganese	3,923	4,038	4,319	32.9%
Mineral Sands	921	995	965	7.4%
Lithium	67	140	83	0.6%
TOTAL	**12,705**	**13,097**	**13,129**	**100%**

(1) Holding: Eramet S.A., Eramet Services, Eramet Ideas, Eramet International.
(2) Other: Forges de Monplaisir and Brown Europe.

Breakdown of the 2020 workforce by Division and BU



6.3.2.5.3 Breakdown of total workforce by contract type

As at 31 December 2020, 94% of Group employees had permanent employment contracts.

The technical nature of the mining and metallurgy professions requires a long professional training period, and the use of short-term employment contracts remains very minor.

Employees on fixed-term contracts within the Group have the same rights and benefits (pension systems, healthcare costs, profit share, etc.) as employees on permanent contracts.

WORKFORCE BY CONTRACT TYPE

	2018	2019	2020	2020 breakdown
Permanent	12,098	12,393	12,394	94%
Fixed-term	607	704	735	6%
TOTAL	**12,705**	**13,097**	**13,129**	**100%**
Temporary workers *(in full time equivalent)*	930	841	340	

6.3.2.5.4 Breakdown of total workforce by socio-professional category

Eramet extended the French notion of socio-professional category (SPC) to all its entities, which share the following definitions:

- Workers: workers (blue collars);
- Supervisory staff: clerks, technicians, foremen (white collars);
- Management: *executives, managers, post-graduate staff, civil engineers (white collars).*

BREAKDOWN OF WORKFORCE BY SOCIO-PROFESSIONAL CATEGORY

	2018	2019	2020
Workers	52%	51%	50%
Administrative, Technical and Supervisory staff	33%	33%	34%
Management	15%	15%	16%

6.3.2.5.5 Average age and age distribution

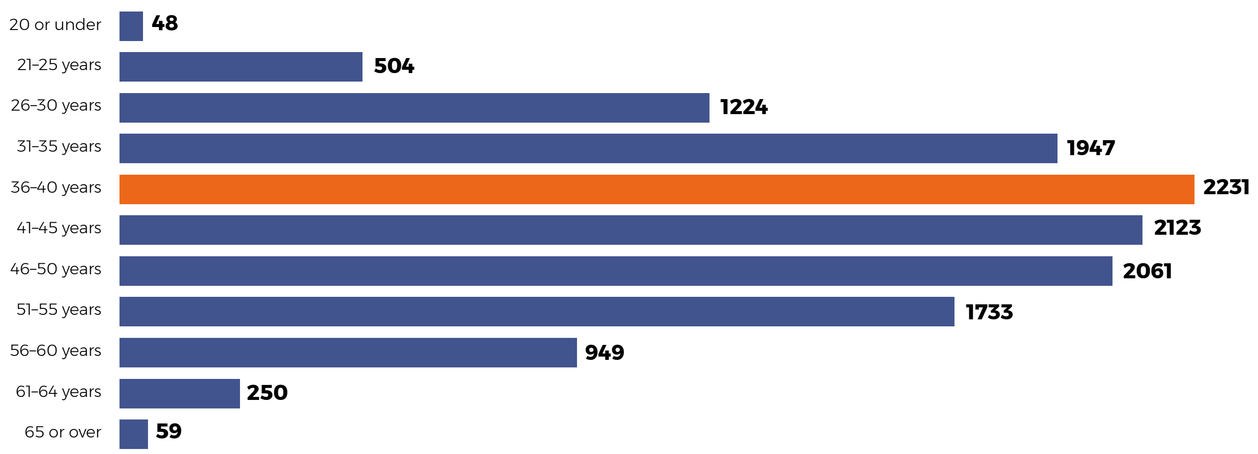
The average age of Group employees was 42.0 years as at 31 December 2020.

Workers	Administrative, Technical and Supervisory staff	Management
41.0	43.0	43.3

Employees aged 50 and over represent 26% of the total workforce; those aged 30 and underrepresent 13% of the total workforce.

Eramet carefully monitors the evolution of the age distribution of its managerial staff, particularly in order to anticipate the retirement of its key employees. Since the implementation of the People Review process at the local, Division and Group level, Eramet has succession plans updated every year for all its key positions.

Age pyramid of the Group at 31 December 2020



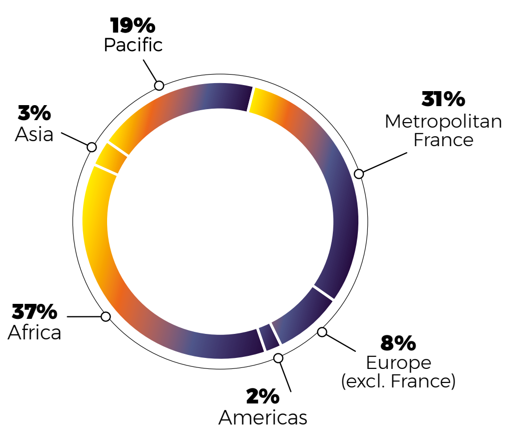
6.3.2.5.6 Recruitment

Group companies recruited, excluding transfers between Group companies, 1,205 employees in 2020, down 21% compared to 2019.

NEW RECRUITS BY REGION (EXCLUDING TRANSFERS WITHIN THE GROUP)

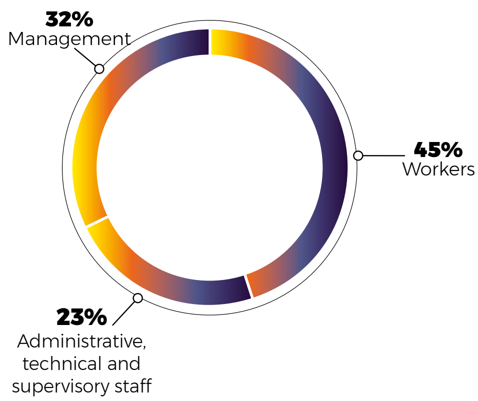
	2018	2019	2020
Metropolitan France	579	715	381
Europe (excluding France)	114	123	94
Americas	42	105	28
Africa	305	318	443
Asia	171	53	33
Pacific	44	215	226
TOTAL	**1,255**	**1,579**	**1,205**

New recruits 2020 excluding transfers



The external recruitment of 540 permanent employees is divided into the following professional categories:

Permanent contract recruitments 2020 excluding transfers



For several years now, Eramet has prioritised the recruitment of permanent employees under the age of 30 and over 55.

	Permanent contract recruitments 2020	
	< 30 years	> 55 years
TOTAL	**191**	**20**
% of total permanent contract recruitments	*35%*	*4%*

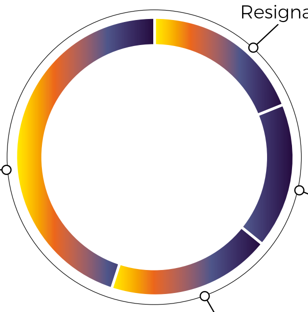
6.3.2.5.7 Departures

In 2020, the total number of departures (this concept includes resignations, redundancies, retirements and terminated contracts, but does not include Group transfers) was 1,166, of which 221 were resignations (19% of departures), 201 were redundancies (17% of departures) and 224 were retirements (19% of departures). The other reasons for leaving (45% of departures) mainly consisted of end of fixed-term contracts.

DEPARTURES BY REGION (EXCLUDING TRANSFERS WITHIN THE GROUP)

	2018	2019	2020
Metropolitan France	514	660	525
Europe (excluding France)	109	113	183
Americas	32	32	88
Africa	244	201	189
Asia	85	34	72
Pacific	123	146	109
TOTAL	**1,107**	**1,186**	**1,166**

Breakdown of departures (excluding transfers) by reason in 2020



The ADMDT (Wuxi - Chine), Erasteel Inc. (Boonton – United States), Aubert & Duval TAF (Gennevilliers – France) and Erasteel Stubs (Warrington – United Kingdom) sites, representing some hundred employees, were gradually closed in 2020. Activities were stopped on these sites in accordance with local legislation and relations with employee representatives. Employee support measures were put in place (outplacement, internal retraining, adjustment and reconversion training courses).

6.3.2.5.8 Labour organization

Working time

The organization of working time depends on the companies, the nature of their activities and their location and is defined in order to best meet the requirements of the activity and the wishes of the employees. Wherever it operates, the Eramet Group complies with legislation on working time regulations. As an indication, the working hours are:

- in metropolitan France: 35 hours per week;
- in Norway: 37.5 hours per week;
- in New Caledonia: 38 hours per week;
- in China, Gabon, the United States and Sweden: 40 hours per week over five days;
- in Senegal: 40 hours per week.

Part-time workers

Part-time employment contracts exist in many countries where the Group operates. The number of staff concerned by this arrangement represents 1.5% of the total workforce, all categories included.

As at 31 December 2020, 195 people worked part-time, of whom slightly less than two thirds (63%) were women.

73% of part-time employees, or 143 people, work in France and they account for 3% of the total workforce in metropolitan France.

Organization of work

In 2020, 60% of employees worked fixed days, while 40% worked shifts.

Absenteeism (data from the CSR survey)

The reasons for absence taken into account here are random and unplanned absences, such as sickness, maternity, accidents at work, commuting and unjustified absences.

The average absenteeism rate for the Group was 3.4% in 2020. The average absenteeism rate in metropolitan France is 4.3%. For the rest of Europe, the average rate is 2.3%. The Americas has a rate close to 3.3%. Africa has an average rate of 5.1%, Asia 1.3%. Finally, the average rate recorded in the Pacific zone is 5.0%.

6.3.3 Commitments to host communities

6.3.3.1 Objectives, organization and instruments

CSR 2023

Eramet strives to become a company that contributes to public interest issues and creates value in the territories where it operates. Especially in its relations with communities near its plants, the Group seeks to move from an approach based on limiting and offsetting the impacts of its activities to an approach that provides clear benefits for local populations, related to their priorities and aspirations.

This challenge is addressed by objective 5 of the Group's CSR Roadmap, "Be a valued and contributing partner of our host communities". The achievement of the objective will be measured against two targets by 2023:

- 100% of sites have established a mechanism for engage with local stakeholders;
- 100% of sites have implemented an investment programme to contribute to local development, with a focus on actions in favour of young people.

Instruments

To this end, the Group formalised in 2019 the three pillars and six fundamentals of Eramet's community relations, modelled on the standards and good practices of the IFC (International Finance Corporation, World Bank Group). These internationally recognised and proven standards adopt a proportionality approach according to which the required measures must be designed to match the challenges of the sites. These requirements are translated operationally into a "Community relations" internal procedure applicable to all of the Group's production sites.

For Eramet, a contributive relationship and partnership with communities has to be built on three pillars.

1. management of risks and impacts on communities: Risk prevention and management of the impacts inherent in mining and metallurgy activities is a fundamental aspect of the relations maintained with local populations. These risks and impacts are identified and covered by containment measures in accordance with the "mitigation hierarchy" which entails avoiding, reducing and offsetting these impacts. Complaints handling mechanisms available to local populations ensure that any incident or concern can immediately be brought to the attention of the entity. These incidents are then handled through corrective actions and used as feedback for the continuous improvement of the management system;
2. dialogue with local stakeholders: Whether it concerns the roll-out of operations, risk management measures or again local development support programmes, Eramet and its subsidiaries make sure they continuously inform and consult nearby populations. This work is carried out in several ways: organization of public information meetings or open days, creation of joint committees, public consultations, written publications etc. For sites developing new activities, it is essential to present the characteristics of the projects through dialogue and to involve the communities in defining containment measures for the impacts affecting them. In all cases, the subsidiaries focus on ensuring that the dialogue is culturally appropriate and also inclusive; they also make sure that the vulnerable people are identified and included in the discussions;
3. contribution to local development priorities: Eramet aims to make the Group's activities a source of clear benefits for local populations. Through employment, local sourcing and subcontracting, the Group's subsidiaries constantly strive to increase their contribution to the economy of the territories where they are based. Above all, the Group's sites develop community investment or sponsorship programmes aimed at supporting local development priorities. In a partnership approach, these priorities are identified and monitored collectively: support to economic activities, actions to promote education, health, sport, culture and the environment or construction of infrastructures.

Relations with host communities: Eramet fundamentals

3 pillars and 6 fundamentals of the Eramet Group's community relationship

1 MANAGE the risks and social impacts

Baseline/ assessment / social impacts management
Grievance mechanisms

2 ENGAGE with communities

Engagement mechanisms and plan

3 CONTRIBUTE to the local priorities of development

Local employment, purchases and local sub-contracting
Community investment

In 2020, Group Community Relations continued to intensify with:

- integration of the "Community Relations" procedure into the Eramet Management System. In this respect, Group sites performed an analysis of deviations from the procedure, and programmed their compliance by 2021 or 2022 according to the issues at stake;
- creation or restructuring of CSR Departments of subsidiaries in Gabon and in New Caledonia (Comilog, Setrag and SLN). It allows direct representation of societal topics at the Management Committees of these subsidiaries and strengthens synergies with the teams in charge of the environment;
- the definition of a series of mining industry social responsibility key performance indicators (KPI) carried out with the Community Relations, Human Resources and Purchasing teams. KPIs help to strengthen the management of societal performance of establishments, and cover three areas: social operating permit, economic windfalls from operations and the positive impact of community investment programmes;
- the set-up of Eramet Local Partner committees in Gabon, Senegal, New Caledonia and Argentina. This new governance gives the Group the means to define a contributive long-term vision on local, regional and national scales. These committees, which mainly include two members of the Group's Executive Committee, the CEOs and CSR Directors of the subsidiaries concerned, ensure that decisions taken are in line with multi-year strategies, their annual adaptations and the resources required to implement them.

Organization

On industrial sites, this topic is most often addressed by Health, Safety and Environment managers, as the impacts on local residents are mainly related to environmental issues. On mining sites, the management of community relations covers much broader themes, and requires the mobilisation of teams dedicated to social responsibility topics. These professionals are part of a network managed by the Group's Sustainability and Corporate Engagement Department. This network populates a platform to exchange good practices in order to increase the Group's internal expertise on community relations.

6.3.3.2 Impact management and risk prevention for local communities

6.3.3.2.1 Risks for the safety and security of local populations

The presence of industrial or mining facilities may constitute a source of risks for nearby populations. To prevent these risks as early as possible in industrial or mining projects, the Group continuously rolls out an industrial risk prevention approach, detailed in 6.2.1.4. The entities concerned control access to sites, set up barriers and information signs, and some sites also use security guards.

Information on risks for the safety of nearby residents is also presented through dialogue with populations. In 2020, GCO for instance organised campaigns to educate more than 1,000 people in the village of Foth and its 14 hamlets about the road safety risks linked to the traffic routes used by GCO operators and the population.

Security measures taken to protect the physical integrity of employees and infrastructure, such as security guards, are governed by the Security Procedure adopted by Eramet. This is in accordance with international law, French law and the law of the countries in which Eramet operates. Under this policy, the prevention of security risks first requires dialogue and mutual respect with local residents. Training and rules governing the use of force and the equipment of the security personnel are decided, designed and controlled by a Site Security Officer, who acts within the framework defined by the Group Security Director. The use of force is strictly limited to cases of extreme necessity and must be proportional to the threat.

6.3.3.2.2 Land purchases and population displacements

The activities of certain Group mining sites require the acquisition of land from communities that reside or carry out economic activities (agricultural or commercial) in the area. In accordance with the "mitigation hierarchy" of impacts, populations are only displaced as a last resort, when all avoidance measures have been taken. When such displacements take place, the operations may present risks of human rights violations (property rights or the right to an adequate standard of living for these communities). The sites concerned have therefore set up dedicated teams to assess, talk to the locals and keep potential impacts under control. Displacement activities are carried out in accordance with the principles set out in the Performance Standard of the IFC (International Finance Corporation, World Bank Group), with in particular the arrangement of resettlement action plans and attention paid to restoring the livelihoods of the displaced populations.

This is the case of Grande Côte Operations in Senegal, which performs mobile mining activities as part of the mining concession granted by the State. The Environment and Communities department of this site has a specialised team, in charge of defining, in collaboration with communities, methods of displacement (compensation, replacement land, relocation sites, configuration of welcome infrastructures etc.)

After rehousing nearly 630 people from the village of Foth in 2019, GCO continued in 2020 to help restore the livelihood of the displaced people. This involved capacity-building programmes, or again access to the community services cooperative (*mutuelle de services communautaires*) which offers low-interest rate loans for the purchase of inputs. GCO did not have to carry out any new population resettlements in 2020. Only economic displacements were carried out, leading to the compensation of more than 900 farmers for their crops. This compensation is overseen by the departmental commission for surveying and evaluating maintenance expenses (*Commission départementale de recensement et d'évaluation des impenses*), involving representatives from Senegalese government technical services.

In Gabon, as part of Setrag's project to restore the Trans-Gabon railway line, work is planned on the different points of the railway tracks from Libreville to guarantee the safety of the track and local residents. Some of this work resulted in the displacement of shops, homes or farms occupying the area surrounding the railway line, which is non-transferable State property. A team at the CSR Department is in charge of supervising the implementation of resettlement action plans and livelihood restoration plans in accordance with international standards. In 2020, Setrag did not organise any new resettlement but was in charge of monitoring the people who had been resettled in previous years (at Owendo, Ntoum and Andem, i.e., 375 people). Specific aids were thus proposed to vulnerable people concerned by these displacements, depending on their situation. The preparation of a resettlement action plan was also launched for future displacements in the Lastourville area.

At Moanda, Comilog (Gabon) is involved in two resettlement projects. In connection with the exploitation of the edges of the Bangombé plateau, households currently living in this area will have to be resettled. Inventories and socio-economic surveys have been carried out and the resettlement plan is being finalised with stakeholders. Procedures for the adaptation of the relocation site, already identified, are yet to be specified. For the mining extension plan, which affects crops on the edges of the Okuomo plateau, Comilog proceeded in 2020 with the compensation of crops on the plots of nearly 190 people. Actions to support the restoration of livelihoods (allocation of replacement land and farming toolkits) will continue in 2021 with agricultural training programmes. The affected populations are directly involved in these processes via *ad hoc* local committees which are carried out in close coordination with local authorities (technical services, departmental council and the sub-prefecture).

6.3.3.2.3 Risks and impacts on the environment of communities

CSR 2023

Some sites also present environmental impact risks that may affect local residents. The Group is deploying all necessary means to reduce its environmental footprint, both at its operating sites and in the context of its development projects. The measures implemented to mitigate environmental and industrial risks (section 6.2. Environmental protection) also aim to limit disturbances to local communities and avoid pollution risks and those related to a reduction in their access to natural resources.

Nearly half of the Group's sites have special relations with local public or community organizations regarding environmental issues. These mainly consist of direct discussions organised by the sites or meetings within the framework of regular meetings organised by local authorities.

Going even further, some entities have also developed partnerships with specialised organizations. This is particularly the case for Eramet Norway's sites, which for several years now have been working with the NGO Bellona on environmental issues. In New Caledonia, SLN, which is also a member of Scalair, provides its financial support to the Environmental Observatory (L'Œil), performing an environmental follow-up of the marine environment and air quality.

6.3.3.2.4 Local complaint management mechanisms

In 2020, pursuant to the Group procedure, all mining sites drafted a formal procedure for handling complaints from local communities in accordance with IFC (International Finance Corporation, World Bank Group) standards. These procedures allow the populations to draw the company's attention to any incident, concern or query concerning the social and environmental performance of the site, with the guarantee that these complaints will be handled through a transparent process. As the communication of these procedures to the entire population was limited by COVID-19 restrictions, knowledge of these procedures by the local populations will have to be consolidated in early 2021.

On industrial sites, local managers in charge of health, safety and the environment receive and handle complaints in accordance with ISO 14001.

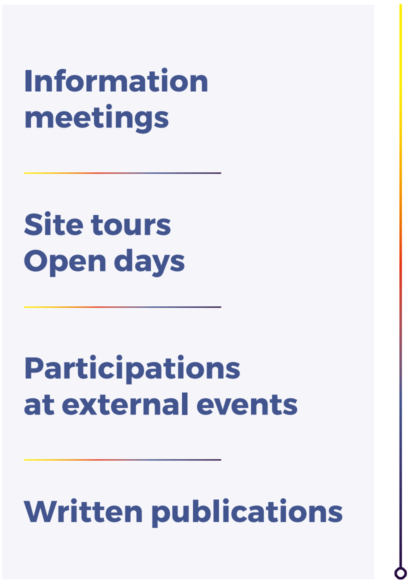
Since 2020, the Group's Integrity Line (see 6.4.1) whistleblowing system supplements these local mechanisms. The Integrity Line is open to all external stakeholders affected by the Group's activities and offers the possibility of making an anonymous report.

6.3.3.3 Engage with local communities

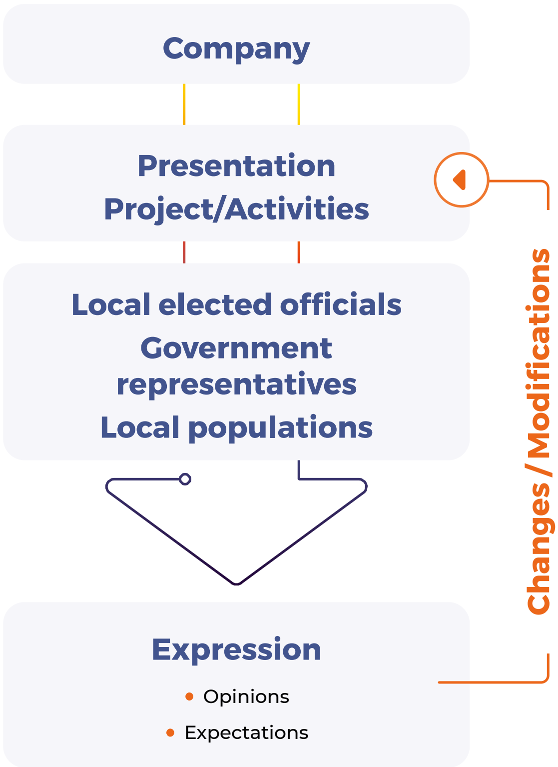
Sites that may have an impact on the environment and local residents carry out information and consultation actions with them, whether due to regulatory obligations or voluntary initiatives. Establishing dialogue with neighbourhood populations is a way of anticipating and preventing the potential impact of activities. This universal approach is adapted by each entity according to its specific challenges.

Dialogue modes

INFORMATION: PREFERRED TOOLS



CONSULTATION: PROCEDURE



Informing neighbourhood residents about industrial and mining activities

Information meetings are the preferred way for sites to communicate with local populations. The information shared encompasses the site's activities and also the environmental and/or societal impact.

In France, because of their Seveso Upper Tier status or their ICPE (Installation Classified for the Protection of the Environment) status, two sites participate in Site Monitoring Committees, composed of representatives of the national government, local authorities, local residents, farmers and employees. These committees constitute a framework for the exchange and monitoring of site activities. The Eramet Ideas site in Trappes also participated in quarterly meetings with the local residents of the activity area. The three Eramet Norway sites, including two close to city centres, organised an "annual get-together for neighbours" in 2020, as they do every year. This provides the opportunity to talk about the company's environmental performance, how it handles the complaints it receives and areas for improvement in the future. At Eramine (Argentina), the quarterly meetings could not be held due to health restrictions, but the CSR team maintained regular dialogue with representatives of the populations. In-person meetings were organised in small groups, and remote discussions were organised via digital communication tools. These contacts were particularly significant in order to transparently explain the Group's decision to put the project on hold.

In the same concern for transparency and openness, in 2019, nearly two-thirds of Group sites opened up their plants to visits from external stakeholders through open days, tours for schools or elected officials, and special events. In 2020, the organization of such visits was extremely limited due to the COVID-19 pandemic. Similarly, there was very limited participation in external events, such as fairs or trade shows, which usually provide a forum where sites can communicate their activities.

Other forms of less centralised interactions were developed. In New Caledonia, three community relations offices were opened by SLN in Houailou, Kouaoua and Thio in March 2020, modelled on the first office opened in 2019 at Koné. These four places provide information about SLN, its activities and outreach programmes, with the possibility of talking to an officer from the CSR team. They seek to increase the quality and frequency of interactions, to get as close as possible to populations throughout the territory. The use of this model on other Group sites is being studied.

Consultation/collaboration with local residents

Consultation is a more engaging form of dialogue with communities that is practical for gathering the opinions, expectations or concerns of local residents in order to factor them into the company's decisions. In certain cases, stakeholders are directly associated with decision-making, this is then referred to as collaboration. In 2020, the main consultation and collaboration activities were the following:

- In connection with the resettlement programmes on the sites of GCO, Comilog and Setrag (section 6.3.3.2.2), displacement procedures were defined collaboratively. At GCO for example, the populations of four of the six hamlets to be displaced in 2021 expressed the wish to return to their homes after the passage of the mine, while the other two hamlets chose to be permanently resettled on a new site. GCO will therefore implement these two options in 2021.
- In connection with its progression towards the Lompoul zone in the North, GCO also conducted a social acceptability study at the end of 2020. This included a series of consultations with the stakeholders of the area, in order to better identify their expectations and preferences concerning the management of impacts and future contributory programmes. These consultations are the start of a collaborative decision-making process on these topics.
- In New Caledonia, SLN's proactive dialogue programme with local stakeholders rolled out in 2019 continued, in order to explain and support SLN's new model and build its contributory action together. Numerous meeting rituals were organised with municipal teams, traditional leaders, young people and charities (mainly in Poum, Poro, Kouaoua, Koumac). In some areas however, these efforts were not enough to create a climate of trust and avoid blockages. In this context, SLN began the internal work of strengthening its corporate strategy, which was supposed to be completed at the start of 2021.

6.3.3.4 Contribution to the development priorities of communities

8 DECENT WORK AND ECONOMIC GROWTH | 11 SUSTAINABLE CITIES AND COMMUNITIES | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION

The Group's efforts to develop a positive footprint in the territories where it operates were expressed in multiple ways and in line with several of the UN Sustainable Development Goals.

This contribution primarily entails the creation of direct and indirect local jobs, by using subcontracting and local sourcing, supporting the UN **SDG 8 "Decent Work and Economic Growth"**. The supported training programmes and apprenticeship mechanisms contribute more directly to the achievement of target 8.6 "Substantially reduce the proportion of youth not in employment, education or training".

The community investment programmes set up by the Group's entities are tailored to the specific goals of the beneficiary communities. Overall, these programmes mainly contribute to **SDG 11 "Sustainable Cities and Communities", SDG 3 "Good Health and Well-being", SDG 4 "Quality Education", and SDG 8 "Decent Work and Economic Growth"**. Specific examples given below illustrate the achievements of Eramet entities in 2020.

6.3.3.4.1 Job creation and local sub-contracting

The major subsidiaries of the Group contribute significantly to job creation in the areas in which they operate, recruiting the vast majority of their teams locally. The Eramet Group, through its subsidiaries Comilog and Setrag, directly employs more than 3,400 people in Gabon. 98% of the positions created are occupied by Gabonese citizens, making the Group Gabon's second largest private employer. SLN, New Caledonia's biggest private employer, covers more than 2,000 direct jobs. The Auvergne-Rhône-Alpes region accounts for nearly half of the 5,833 jobs created by the Group in metropolitan France.

In Senegal, Grande Côte Operations (GCO), which represents more than 700 direct jobs, created a recruitment committee with the municipal authorities in order to prioritise the local employment pool.

In addition, many sites are working to develop local skills over the long term in order to develop employability in the regions.

With the New Caledonia Mining Industry Union, SLN created and supports the Mining and Quarries Technologies Training Centre (*Centre de formation aux techniques de la mine et des carrières* – CFTMC) in Poro since 1990. Located in the Northern Province, it addresses the economic rebalancing priority desired by authorities. This training centre for mine quarry drivers and mechanics and mine careers is for young people with no or low qualifications. It offers training on an SLN mining deposit under real mining conditions. Since its creation, the ambition is to create a mining school that would be a global reference, teaching the best operational practices (health/safety, operations, progress management, sustainable development). All the leading mining and metallurgical operators in New Caledonia are members, and SLN exclusively hires drivers trained at this centre. In 2020, more than 150 young people obtained their training certificate, issued by the Ministry of National Education.

In Gabon, Comilog continued its contribution to the Moanda School of Mines and Metallurgy (E3MG, which opened in 2016), the result of a public-private partnership between the Gabonese State and the Eramet Group. This school, which aims to train Gabonese young people in geoscience, process engineering, mining research and exploitation related jobs, welcomed its fourth class of students in September 2020 in the two courses that it offers: specialised engineer qualification and a professional first degree in mining and metallurgy.

Setrag has developed a partnership with a Gabonese public institution, the National Employment Office, with the aim of creating apprenticeship contracts for young people. In 2019 2020, 263 young people were trained under such contracts. Setrag also contributes to the back-to-work policy for young people through its Franceville railways proficiency and training centre (*Centre de formation et de perfectionnement ferroviaire de Franceville* - CFPF). Each year, around 200 railway personnel are trained and 1,400 training hours are completed for fifteen or more rail transport professions.

Aubert & Duval (France) has also made learning assistance and support one of its long-term commitments. It supports the activity of local structures that offer mobility and accommodation solutions for work/study students in Auvergne, such as Sira and Corum Saint Jean.

In 2020, more than two-thirds of Group sites welcomed and trained trainees, apprentices or PhD students, ranging from a few weeks to several months. This represents several hundred students or apprentices each year.

The Eramet Group also contributes to the development of economic activities on the territories where it operates through its purchasing and subcontracting practices. The activities of the Group's sites may, indeed, require subcontracting, which encourages the establishment of local companies. This is particularly the case with SLN in New Caledonia, whose mines, plant and support services subcontract some activities and draw from the base of local businesses. In addition to the five SLN mining sites, there are seven "task-based" sites, run by local subcontractors. On the Poum site, the increase in production capacity is accompanied by a partnership with local authorities and the population: part of the mining activity is carried out by an operator owned by local shareholders. In Gabon, nearly 70% of the amount of Comilog and Setrag purchases are carried out on the national territory.

6.3.3.4.2 Community investment and sponsorship

The Eramet Group is involved at various levels in actions in favour of the communities surrounding the sites, aiming to develop local life through a partnership approach.

In 2020, the execution of contributory and sponsorship programmes on sites were sharply impacted by the health crisis. Subsidiaries have reoriented and completed these programmes to contribute to the fight against the pandemic, in coordination with local and national authorities. All these efforts, supported by the Group, made up the Eramet COVID-19 solidarity plan and represent a significant part of the 2020 contributory action.

COVID-19 solidarity plan

Since the beginning of the health crisis, the Eramet Group has worked to fight the spread of COVID-19 by implementing a full range of preventive measures to protect the health of its employees and their families. Solidarity actions towards the populations of the Group's regions and countries of operation were also implemented very quickly.

To support and supplement these local actions, the Group introduced a Group solidarity plan in April and decided on an exceptional allowance of €1.5 million to supplement allocations by subsidiaries. In total, in 2020, the Group assigned more than €10 million to fight the spread of COVID-19 and bolster the resilience of territories faced with the effects of the crisis.

The Group's exceptional allowance was funded by cash from Eramet and contributions from its top managers, who agreed to a pay cut for April and May 2020 (from 10% to 25%). Members of the Board of Directors also joined in the effort and waived 10% of their annual pay. The resulting amount was shared as follows:

- More than 80% of the allocation was used for donations in kind to the neighbouring populations of the plants. In total, more than 530,000 masks, 300,000 PPE, one ambulance and 7,000 food kits or vouchers were distributed to populations and institutions in the vicinity of the Group's plants, primarily in Gabon, Senegal and metropolitan France, New Caledonia, China and Argentina. All these actions were carried out in close collaboration with authorities at local or national level, to supplement or strengthen existing arrangements as effectively as possible.

The rest of the amount was assigned to financial donations to support institutional or non-profit partners active in the fight against COVID-19. The main beneficiaries include the *Tous Unis Contre le Virus* (United against the virus) Fund, the French Red Cross and the Clermont-Ferrand CHU teaching hospital. The Eramet Norway and US-based Erasteel Inc sites supported neighbouring charities. The Group also launched a call for donations from employees to these types of organizations and committed to double the amount of each of these donations.

The community investment programmes of subsidiaries in Gabon (Comilog and Setrag) and in Senegal (GCO) also contributed to the fight against the pandemic and its effects. Examples include health initiatives as well as support for contributory activities that generate jobs and local income, crucial in the sharp economic downturn caused by restrictions. These include the construction of the paving production plant near Moanda in Gabon or the infrastructure restoration works in the Diogo area in Senegal, which required a large local workforce.

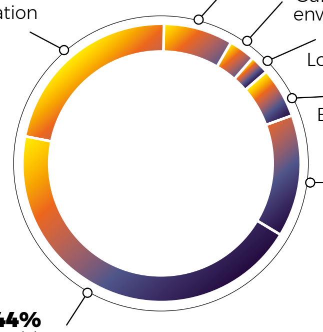
In Gabon, Comilog also supported the Franceville regional hospital, with the financing of a medical mission of 13 doctors and nurses over three months, and contribution to the modernisation of its equipment. In the city of Moanda and all along the railway track, 55 hand washing mobile units were installed to allow everyone to comply with hygiene measures. Comilog and Setrag also supported the preparation of radio and poster campaigns to raise awareness of preventive measures. Setrag's entire contribution was seen at the Solirail operation, carried out in July, which enabled the company to distribute donations in each of the stations along the 648 km of railway.

Community investment and sponsorship programmes

Despite the health constraints and the mobilisation of CSR teams to implement solidarity actions dedicated to combating COVID-19 pandemic, the Group's subsidiaries endeavoured to maintain the main planned contributory programmes.

In 2020, they dedicated nearly **€21.4 million** to community investment and sponsorship. Health, where actions were further strengthened this year in the light of the pandemic, and education, represent the main expense items, followed by contribution to local infrastructures. Expenses to support economic diversification have increased, in line with the Group's desire to build a positive footprint, beyond the direct fallout from its activities.

Breakdown of sponsorship and community investment expenditure by area of action



The paragraphs below present the achievements of subsidiaries which consider societal issues as core issues and propose the most developed contributory programmes.

Comilog and Setrag in Gabon

In 2020, the final year of Comilog's three-year CSR plan that began in 2018, several large-scale contributory projects in the Lebombi Leyou *département* were completed:

- Contribution to Moanda roads: launched in 2019, works to renovate the city's main thoroughfare over 4 kilometres were completed in 2020, with a positive impact for the entire population of Moanda. All secondary roads (14 km) were reprofiled. A paving manufacturing plant was built in the village of Konda to ensure operational start-up in 2020. The plant's production will particularly address the needs of the city of Moanda for which the secondary roads will be rehabilitated and paved as from 2021.
- Support for the health offering: Comilog financed the establishment of a local office for the Gabonese Samu Social, covering the cities of Moanda, Bakoumba and Mounana. With eight health officers, eight ambulance drivers, five ambulances and six paramedics, the Samu Social offers free consultations and medication to the most underprivileged populations. For many years now, Comilog has also financed the operation of the Marcel-Abéké hospital, open to the public at modest prices.
- Access to education: after renovation of five primary schools and two Moanda sixth form colleges in 2019, five additional educational establishments were renovated in the neighbouring cities of Bakoumba and Mounana in 2020. Comilog also subsidises the Henri Sylvoz school group in Moanda, which has 1,450 pupils, from pre-primary to sixth form.
- Sports and youth: Comilog is the primary contributor to Mangasport associations (football, basketball, volleyball, judo, taekwondo, etc.), made up of more than 800 members, most of whom are young people.

Comilog's contributory expenses amounted to €14.8 million in 2020. These contributions were in addition to Comilog's COVID-19 solidarity initiatives of around €3 million.

In October, Comilog signed an Addendum to the mining agreement with Gabon, concerning corporate social responsibility. The Addendum sets out the creation of two CSR funds intended to finance new development programmes for the benefit of local communities of the region where the company's mining sites are located:

- a "Local communities development fund" financed by the State from part of the taxes paid by Comilog, as provided for in the Mining Code.

- a CSR Fund financed and implemented by Comilog, which will be entirely aimed at structural projects for the benefit of local populations.

The document thus gave a contractual framework to Comilog's contributory commitment, which now has enhanced resources and greater visibility to be able to finance concrete projects in five areas:

- the fundamental rights of the population (access to safe drinking water, energy, health and education);
- the development of income-generating activities in the form of viable and employment-creating economic projects;
- the financing of economic and social structures;
- capacity-building in terms of human resources (training, etc.);
- promotion of sports, culture and social cohesion.

Comilog's contribution rate to the CSR Fund is set annually at 2% of Comilog's operating income as shown in its audited financial statements approved by its Board of Directors. The CSR Fund will be implemented in 2021 on the basis of 2020 income.

Highly disrupted by the travel restrictions imposed during the year and the stoppage of passenger transport between April and July 2020, Setrag's contributory action for this year mainly focused on solidarity work with the COVID-19 pandemic, maintaining the seamless transportation of goods. During the Solirail operation in July, a Setrag train teamed up with local authorities to distribute masks and food packs. Food donations targeted 1,500 of the most vulnerable households living near train stations in 22 areas of the country. As in previous years, the Owendo medical centre and the seven infirmaries along the railway provided free consultations to the population in 2020.

GCO in Senegal

Under its mining agreement, GCO has established a social mining programme with the Senegalese Government, which commits the Company to making annual investments in local communities. The initiatives to be implemented in this context are defined in collaboration with all local stakeholders within a tripartite commission. This committee, which includes mayors and representatives of GCO, local residents and civil society, is responsible for allocating the funds for the actions to be taken. A system of rotating allocations between different villages of the area has been established, allowing a concentration of funds per municipality each year, and therefore more substantial investments. Not all initiatives could be completed in 2020 due to the health restrictions; they will continue in 2021. The main achievements of GCO are as follows:

- In the field of education: GCO completed renovations for 20 classrooms and an information room in schools in Mékhé, Mbettète, and Diogo.
- With respect to infrastructure, GCO financed earthworks at the Diogo bus station and drilling equipment for the Darou Beye village.
- To support economic development and diversification, GCO renewed its financial support to the community services cooperative, proposing low-interest rate loans to more than 160 farmers in the Diogo area. A household waste recycling training session was also offered to the women of an economic interest grouping in the village of Foth. Part of the production was then purchased by GCO for the mine rehabilitation work.

SLN in New Caledonia

Under multi-year commitments, SLN provided financial support to local communities in their adaptation projects. Accordingly, in 2020, SLN helped to finance safe drinking water supply projects in Poum and Koumac, port expansion works in the Koumac municipality as part of an initiative to energise the marine economy and stimulus measures for the deep-sea fishing sector, as well as road works in Pouembout and Thio. Close to the Poro site, SLN renewed its financial support for the innovative *Reprise* (recovery) project, sponsored by the Houaïlou municipal authority in collaboration with the Conservation International NGO. The aim of this programme is to restore the forests in this municipality, particularly through reforestation and regulation of invasive species. Winner of ADEME's call for projects "pilot sites for reconquering biodiversity", under the "*Investissement d'Avenir*" programme, this project is based on a very close collaboration with the 16 ethnic groups living in this area. At the end of 2020, 13 hectares had already been reforested (out of a goal of 30 hectares), and 15 hectares fenced and protected from invasive species (out of a goal of 20 hectares).

SLN also provides assistance to numerous local charities, with **49 agreements signed** in 2020 in the cultural, sports, and educational areas, or back-to-work projects. SLN worked with charities that help young people to obtain their driver's licence, which is a key factor in obtaining employment in certain areas. Furthermore, for the 28th edition of "*Nickels de l'initiative*", SLN chose to support owners of cultural projects, a sector that has been heavily impacted by the health crisis. The jury for the competition (made up of high-profile figures from the institutional, non-profit and artistic world, represented throughout the territory) selected 13 projects, which received financial aid.

Furthermore, SLN is giving increasing importance to support for the economic diversification of the areas where it operates. SLN mainly provides financial support to ADIE (*Association pour le Développement de l'Initiative Économique*), a partnership that dates back to some twenty years, and which proposes microcredit and assistant services to micro-entrepreneurs. Through its contribution to the *Initiatives Nouvelle-Calédonie* charity, SLN also participated in the creation and development of sustainable companies, that generate added value and employment. In 2020, more than 100 project owners received assistance in the sectors of organic farming, animal husbandry, tourism, craft work, fishing or local retailing.

Lastly, Eramet and SLN provided financial support for the production of a work of art *Eden Tribal,* a film by Mr Jayet and Mr Lefort. Eden Tribal is a documentary about the journey of a tribal woman and has been presented at several film festivals. It was also broadcast in 2020 on the NC 1ère television channel. The documentary may be projected at the same time as the exhibition "Carnets Kanaks" (Kanak Journals) from the Quai Branly Museum on the opening day which has been postponed because of the health crisis.

It has already won two awards: Award of Merit of the Indie Film Festival and Award of Excellence at the Best Shorts Competition. The support provided by Eramet and SLN to this documentary is part of the Group's CSR commitment to communities, specifically, its goal of fostering knowledge of cultures.

The Aubert & Duval Foundation in France

In accordance with the Eramet Group's CSR strategy and priority focuses, the Aubert & Duval Foundation seeks to introduce activities in the territories near its sites in the Auvergne-Rhône-Alpes, Bourgogne-Franche-Comté and Occitanie regions in France.

The Aubert & Duval Foundation has been supporting non-profit sponsorship initiatives since 2010 and is a key partner in public outreach projects that bring life and energy to territories and help women and men to thrive in their local environment. The Aubert & Duval Foundation pays attention to the expectations of the stakeholders living near its facilities and accordingly contributes to several neighbourhood development programmes. In 2020, it supported and assisted 30 programmes that reflect its corporate history and values, in the following areas:

- culture and heritage, with the support of music schools or charities that facilitate access to culture and art in rural areas, and others involved in the renovation of heritage buildings and transmission of local know-how;
- the environment, by assisting charities that develop biodiversity preservation programmes;
- sports and health, through support for charities involved in providing sports activities on a regular basis in rural territories or proposing new sports disciplines that create social ties;
- education and solidarity, by participating in the funding of projects that foster intergenerational ties and uphold the values of solidarity, exchanges and sharing.

Industrial sites (Europe, United States, Asia)

The Group's other industrial sites develop smaller scale sponsorship initiatives. For instance, Comilog Dunkerque, Eramet Norway, or TTI support non-profit sports and cultural associations in their area.

6.4 BUSINESS ETHICS

This section covers the actions taken by the Group to promote and implement good practices in business ethics and corporate responsibility. Understandably, this pertains to the Group's direct employees, but also applies within its field of activity, to its external stakeholders (suppliers, customers, institutional partners, public- or private-sector partners, and so forth). In pursuing these objectives, the Group is contributing materially to **SDG 9 "Industry, Innovation and Infrastructure**" and **SDG 16 "Peace, Justice and Strong Institutions"**; in particular, Target 16.5: "Substantially reduce corruption and bribery in all their forms".

6.4.1 Ethics, Compliance and Anti-Corruption

The Group undertakes to conduct its activities, in the countries in which it operates, in compliance with the laws and regulations applicable to it. Rigour, transparency and sincerity are the values that form the basis of Eramet's ethical conduct.

In order to safeguard the integrity of its business and carry out its activities according to the highest of ethical standards, the Group uses its Ethics Charter – the founding text of the Compliance Programme.

This document has been translated into the Group's 12 main languages (French, English, Italian, Spanish, Portuguese, Japanese, Korean, Chinese, German, Swedish, Norwegian and Indonesian) and is accessible on the Group's website and intranet.

The Ethics Charter states that the fight against corruption is an absolute priority for the Group, recalling the principle of compliance with the OECD Convention and local laws.

The members of the Executive Board committee, together with the Group's employees commit to and uphold these values through repeated messages from the Chairperson and CEO highlighting the importance of Ethics, the need to act in full compliance with the laws in force and the values promoted by Eramet and the fight against corruption.

As such, the members of the Executive Board have signed the Anti-Corruption Policy (available at www.eramet.com) which reiterates the application of a zero-tolerance policy and full involvement on the part of the Group's top managers.

CSR 2023

The matter is also dealt with in the Group's CSR Roadmap, under the ninth objective: "To be a leading ethical partner". Hence, the advancement of this goal is regularly monitored by various committees, even in the highest echelons of the Group. This objective is broken down, annually, into benchmarks with different targets. The ultimate goal is, by 2023, to achieve 100% training of the sales and purchasing teams in anti-corruption measures each year.

6.4.1.1 Main risks

In 2017, the Group – in addition to the existing Group risk mapping, and in accordance with the Sapin 2 Act – produced a map of its Corruption and Influence Peddling risks, relying on a qualified external contractor to ensure transparency and independence of the exercise.

In accordance with a proven methodology for analysing the criticality of the risk of Corruption and Influence Peddling, depending on its impact and probability of occurrence by business sector and/or geographical area, the "Eramet risk universe" was assessed through interviews, workshops and a self-assessment questionnaire involving the Group's key functions – i.e. more than 151 people in all the geographical regions in which Eramet operates.

Since then, the "Corruption" risk mapping is continuously monitored by the Ethics Department teams, in close collaboration with the Audit, Risk and Internal Oversight Departments. Thus, the risk universe evaluated in 2017 was specifically monitored in certain regions, based on local current affairs and the geopolitical situation and on the impact on the Group's activities, for example in Gabon in 2020.

In 2020, the Corruption risk map was updated with the support of a qualified external service provider and the consultation of internal stakeholders, in accordance with the requirement to update the Group's risk maps every three years. The exercise, which was finalised early 2021, provides the Group with better visibility on newly defined risks, leading to new action plans proposed by the Ethics Department.

6.4.1.2 Ethical governance

The Group's ethical governance is organised as follows:

- an Ethics and Compliance Department, headed by the Group Chief Compliance Officer, reporting to the Chairperson and CEO. The department's workforce has been strengthened in recent years by the addition of a Compliance Officer also serving as Data Protection Officer, and a temporary resource;

- The Executive Committee which holds an annual Ethics and Compliance session is informed of all actions undertaken in the previous year, shares statistics on the whistleblowing system and reviews the sanctions system (confidentially and in compliance with the rights of whistleblowers), and the action plan for the upcoming year;
- monthly review meetings between the Chairperson and CEO and the Group's Chief Compliance Officer;
- an Ethics Compliance network consisting of:
  - 17 "Ethics Compliance Officers" (ECOs), appointed by the Executive Committee and covering the entire Group, a key element of the system, local and operational representatives of the Ethics and Compliance Department. The mission of the ECOs is to ensure the local implementation of and compliance with Group procedures, ensure communication with employees, and implement the necessary training programmes. Their individual duties include an annual goal relating to their active contribution to the compliance programme. As part of the Group's whistleblowing procedure, the ECOs can be contacted by employees directly.
    - To this end, in full respect of the rights of whistle-blowers, they will ensure full confidentiality and immediately communicate the alert to the Group's Chief Compliance Officer. At the express, prior delegation of the CCO, ECOs may conduct enquiries on the ground.
    - In 2019, the ECO Network was improved considerably; all the regional legal officers were systematically appointed to ECO roles, where possible,
  - 55 "Ethics Compliance Ambassadors" (ECAs), appointed by the Area/Division Ethics Compliance Officer. To provide support at a local level on these issues, the Group has continued its drive to improve by appointing new ambassadors.
    - The ECAs' duties consist of supporting the Ethics Compliance Officer locally in promoting, communicating, raising awareness and training Group employees. To achieve this end, the Group's Chief Compliance Officer distributes a compliance pack to the ambassadors, who familiarise themselves with the subject, and take concrete actions on the ground.
    - This Ethics Compliance Network is regularly informed by the Group Chief Compliance Officer of ongoing actions – in particular, through access to an Ethics SharePoint where all Group procedures are posted, a regularly updated communication framework (infographic), and the reports of the "Ethics Compliance" Steering Committee. The network also has access to the dedicated Ethics and Compliance page, which is frequently updated.

The Group Chief Compliance Officer regularly interacts with the Ethics Compliance Network and promotes close collaboration strengthened through regular travel to the different areas.

In parallel to this compliance network, the Group has set up a special organization to handle Sexual Harassment and Sexist Acts. A network of advocates identified on all French sites has been set up, which also interacts with the Group Chief Compliance Officer.

Finally, the Group Chief Compliance Officer regularly sits on the Board of Directors' Audit, Risks and Ethics Committee.

6.4.1.3 Risk prevention strategy

An action plan has been adopted by the Executive Committee to ensure that all the risks identified by the risk mapping exercise relating to Corruption and Influence Peddling are covered by procedures and controls. A real risk prevention strategy, both internally and externally, has thus been defined. The main categories of risks identified have been addressed by dedicated action plans and are monitored at the highest level of the Group in close collaboration with the Audit, Risks and Ethics Committee, which every year will assess the need to update the risk map to reflect changes in Eramet's business activities.

Reference frameworks and procedures

A reference framework, supported by the Ethics Charter and the Anti-Corruption Policy, provides all Group employees with information and guidance on the main ethical issues, including the fight against Corruption. It is made up as follows:

- an Anti-Corruption conduct guide, updated in 2020 with an interactive version, with links to the Ethics Kits, educational presentations to learn more about the problems modelled on the risk universes identified by the Corruption mapping. This guide is available in the Group's 12 main languages and can be found on all Eramet websites and the intranet;
- specific procedures "Gifts and invitations" and "Managing conflicts of interest", which were improved in 2020 when integrated into the EMS, in addition to the implementation of a centralised reporting tool, rolled out in 2021;
- a system for assessing third parties (customers, suppliers, etc.), including prevention measures and awareness-raising (organization detailed in section 6.4.2);
- accounting checks built into the Group's internal oversight protocols to prevent and detect corruption and fraud;
- an Internal Audit reference framework drawn up in close collaboration with the Audit Department in order to incorporate Ethics, Compliance and Anti-Corruption criteria into audit engagements.

Training

Training and awareness-raising programmes are regularly carried out, both across the Group as a whole and at local level.

Eramet is greatly committed to regular training of all its workers on these important issues, by face-to-face training sessions led by the Group's Chief Compliance Officer and the Ethical Compliance Network.

An "Ethics Charter awareness" e-learning course is now mandatory for all new employees and must be regularly taken by all Group employees.

In 2020, 1,791 employees enrolled for this training (new recruits and refresher session), in addition to a specific training approach for the employees of the High Performance Alloys division, all of whom took this e-learning course again this year (completion rate: 99%).

Thus, since the e-learning course went live three years ago, 8,264 people have enrolled and 5,651 have passed it. The e-learning course and the plan of action continue to be put into practice.

All employees concerned are required to retake this e-learning course every 18 months. Lastly, the Ethics and Compliance Department has provided employees with Ethics Kits which contain material for presentations on topics covering issues related to the risks of Corruption risk mapping and included in the training catalogue.

Priority is constantly given to improving the information systems, with the support of the Group-wide Information Systems Department, to give online access to all our workers who have a computer.

Where this is not possible, in certain countries, free-to-use computer workstations have been made available for the rest of the Group's employees. Such is the case, in particular, at certain sites in the High Performance Alloys Division and in certain regions where Ethics Compliance Ambassadors, working alongside the Group's Chief Compliance Officer, dispense training locally.

At the same time, regular awareness and training campaigns were carried out in 2020, particularly classroom-based training for Setrag and Comilog (Gabon) Management Committees.

Suppliers were also trained, in the same way as employees, including:

- presential training in Gabon (Setrag, Comilog – 250 level 1 and 2 suppliers were trained) during the January 2020 trip;
- presential and remote training for level 1 suppliers of the High Performance Alloys division (131 sub-contractors).

In addition, the Group's Chief Compliance Officer regularly attends business seminars (sales conferences, purchasing seminars, strategy meetings, internal audit meetings), and meetings of the Division Management Committees and support functions in order to constantly raise awareness about these issues among all Group employees.

The Group continues to actively participate in the meetings of professional associations dedicated to business ethics (Transparency International, *Cercle éthique des affaires* – of which the CCO is member of management, *Cercle de la compliance*, European Business Ethics Forum).

Whistleblowing system

The professional whistleblowing system set up in 2017 has been considerably improved, as has the whistle-blower report management procedure attached to it.

Any employee or stakeholder impacted by Eramet's activities anywhere in the world can notify the Company of anything that might violate the principles and commitments of the Ethics Charter and the laws or rules relating to ethics applicable to our business activities.

The Group allows its employees and external stakeholders to blow the whistle, particularly on the following unethical behaviour:

- corruption;
- fraud;
- theft;
- embezzlement;
- forgery of any documents;
- conflicts of interest;
- anticompetitive practices;
- discrimination, unfair treatment, bullying or sexual harassment at work;
- conduct contrary to the Group's policies and standards in relation to health, hygiene, safety at work and protection of the environment;
- serious violations (or risk of serious violations) of the Human Rights of the Group's employees or of third parties affected by the Company's activity;
- and generally, any crime or misdemeanour, gross and manifest breach of the law or regulations, and any threat or serious harm to the general interest.

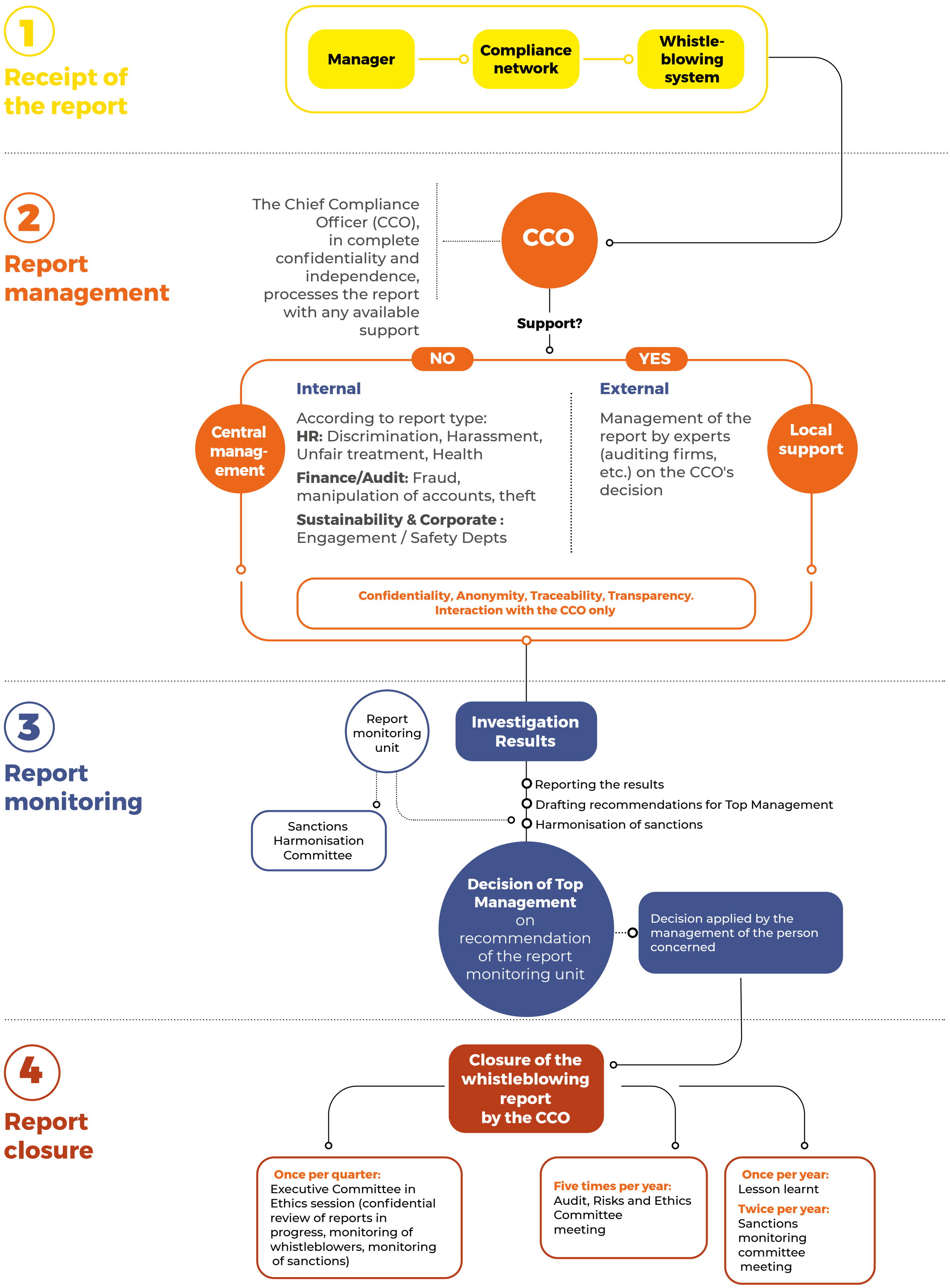
Employees have several whistleblowing channels at their disposal: they can notify their managers as well as the Ethics Compliance Managers. They can also, in the event of inaction and/or conflict of interest, notify the Group of inappropriate conduct by using the outsourced digital whistleblowing platform, subject to the General Data Protection Regulation (GDPR) provisions, rolled out in the Group's 21 countries on 2 June 2020. This system ensures total confidentiality for employees and external stakeholders, and guarantees that no retaliatory measures will be taken against those who use the tool, so long as they actions are not self-serving and made in good faith. The whistleblower can remain anonymous if allowed by local law.

Eramet organised a Group-wide campaign to ensure general awareness of the whistleblowing system. It was also communicated to the external stakeholders and the platform's online address is indicated in the procedures of the Group Purchasing Department.

Complete information on how to use the system and on whistleblowing processing can be found on the special Ethics & Compliance page of the Group's website and intranet, as well as on all the Group's various local websites. The Ethics Charter also contains detailed information about the system. Posters, leaflets and events are circulated on the premises of all the Group's different entities, worldwide.

The Group, with the aim of ensuring constant improvement and compliance with the latest and highest ethical standards, has decided to review these issues on a regular basis. Thus, the whistleblower reports are regularly reviewed, with the highest degree of confidentiality.

A governance policy associated with alert management was put in place and clarified in the whistleblower alert management procedure.


1
Receipt of the report
Manager
Compliance network
Whistle-blowing system
2
Report management
The Chief Compliance Officer (CCO), in complete confidentiality and independence, processes the report with any available support
CCO
Support?
NO
YES
Internal
According to report type:
HR: Discrimination, Harassment, Unfair treatment, Health
Finance/Audit: Fraud, manipulation of accounts, theft
Sustainability & Corporate : Engagement / Safety Depts
External
Management of the report by experts (auditing firms, etc.) on the CCO's decision
Central manag-ement
Local support
Confidentiality, Anonymity, Traceability, Transparency.
Interaction with the CCO only
3
Report monitoring
Report monitoring unit
Investigation Results
Reporting the results
Drafting recommendations for Top Management
Harmonisation of sanctions
Sanctions Harmonisation Committee
Decision of Top Management on recommendation of the report monitoring unit
Decision applied by the management of the person concerned
4
Report closure
Closure of the whistleblowing report by the CCO
Once per quarter: Executive Committee in Ethics session (confidential review of reports in progress, monitoring of whistleblowers, monitoring of sanctions)
Five times per year: Audit, Risks and Ethics Committee meeting
Once per year: Lesson learnt
Twice per year: Sanctions monitoring committee meeting

A Sanctions Coordination Committee including the Group Human Resources Director, the Human Resources Departments of the two Divisions, the Social Law Department, and the Ethics and Compliance Department, meet twice yearly to ensure that the sanctions applied are consistent.

Transparency

In addition to these internal actions, Eramet also promotes transparency in the extractive industries. Eramet has been a member of the Extractive Industries Transparency Initiative (EITI) since 2011. This initiative is based on a set of principles and rules, bringing together governments, companies, civil society groups, investors and international organizations to promote revenue transparency at a local level. By adhering to these principles, Eramet demonstrates its willingness to ensure the responsible development of natural resources and to ensure transparency in financial flows between companies and host countries, and also to ensure regular accountability to its stakeholders.

Concerning the publication of mining contracts supported by the EITI, the Eramet Group is waiting to know the position of the states in which it controls companies involved in extractive activities. The Eramet Group believes that the decision to publish must be initiated and put in place by the States that are party to the contracts. Thus if a State would like to make its contracts publicly available and if the legal, commercial and confidentiality obstacles are removed, the Eramet Group has no objection to the principle of publishing these contracts.

Eramet has operational sites in four member or candidate EITI countries: Senegal, Indonesia, Argentina and Norway.

6.4.1.4 Performance

Several key performance indicators have been identified and are regularly monitored by the Group.

As such, in the context of the CSR Roadmap and its ninth objective, the Group focused its 2020 actions on training site Directors and *legal officers worldwide*. 100% of this target audience was trained, confirming the milestone being monitored this year.

Furthermore, specific key performance indicators have been taken into consideration and included in the Group's internal control framework with Compliance-specific control points. They have been regularly monitored under the Internal Control self-assessment campaigns since 2019. The KPIs in place notably relate to the number of whistleblowing alerts, the number of people having received the training, or the visibility of the system, with specific actions plans in place for each KPI.

Key performance indicators are used to assess the system's effectiveness on a regular basis. 31 alerts were received in 2020. Around 60% of the alerts received are related to Human Resources type complaints (discrimination, harassment, unfair treatment) and 40% are related to financial topics. 100% were investigated, which led to remediation plans and/or disciplinary sanctions (eight). 30% of whistleblowers chose to stay anonymous. Two alerts were made by external stakeholders, who were given full access to the whistleblowing system in 2020.

The increase in the number of whistleblowing alerts can be mainly explained, first, by the introduction of the new system in June and the massive communication campaign which accompanied its roll-out, and second, by the specific attention paid to improving the relaying of whistle-blower alerts in certain regions, as well as the implementation of specific action plans in 2020.

In addition, Ethics topics were systematically included in the audits conducted in 2020 by the Group's Internal Audit Department (seven), in close collaboration with the Ethics Department, regarding the follow-up of the action plans being rolled out. The Ethics aspect has now been integrated into the internal audit reference framework. These indicators are monitored as part of the annual CSR Roadmap and the action plan for monitoring Group risk mapping, as well as at meetings of the Risk, Audit and Ethics Committee. The Ethics and Compliance Department and the Group Risk Internal Control and Audit Department work closely together on these matters.

The outsourcing of investigations which may be monitored, in line with the above procedure, either internally or tasked to external audit firms, means that a new performance indicator can be integrated.

Statistics will be regularly communicated to the Chairperson and Chief Executive Officer, to the Executive Committee, and also to the Board of Directors' Audit, Risks and Ethics Committee.

Finally, as part of its development of a responsible value chain, the Group has implemented a procedure for evaluation of all its customers and suppliers.

In this context, two committees have been established for Responsible Purchasing and Responsible Sales, described in detail in section 6.4.2.

6.4.2 Responsible value chain

6.4.2.1 Governance

As a responsible economic player, Eramet has established a structure to address new challenges in the value chain. Two dedicated committees, stemming from the Ethics Compliance Committee (mentioned in 6.4.1), meet on a quarterly basis to manage the responsible value chain approach, both upstream and downstream of Eramet's operations. In particular, Eramet's Responsible Value Chain approach covers all matters relating to CSR – in particular, corruption and influence peddling, the violation of human rights and fundamental freedoms, violation of the health and safety of individuals, damage to the environment, as well as the CSR and ethical situation of suppliers and subcontractors of these third parties.

The Responsible Purchasing Committee includes members of the Ethics and Compliance Department, the Sustainability and Corporate Engagement Department, the Legal Department and the Purchasing Department, including a Supplier Performance Coordinator, with specific responsibility for CSR matters. The Committee leads the Group-wide responsible purchasing approach.

The approach is regulated by the Eramet suppliers' code of conduct (available at www.eramet.com). This code of conduct formalises the Group's desire to strengthen the integration of sustainable development issues related to procurement and promotes a dynamic of continuous improvement. Eramet's expectations with regard to its suppliers, subcontractors and service providers primarily target three main areas: Human Rights and working conditions, environment and products, and good business practices.

The Responsible Sales Committee is made up of members of the Sales Department, the Legal Department, the Ethics and Compliance Department and the Sustainability and Corporate Engagement Department. The Committee oversees the gradual implementation of the Group's CSR and ethical commitments to customers, as set out in the Group's Ethics Charter. In addition, particular vigilance is exercised in relation to exports potentially involving countries subject to international sanctions.

There are two internal procedures in place governing CSR and ethical assessments of, firstly, suppliers, and secondly, customers and commercial intermediaries. These procedures and their application are the subject of regular awareness-raising sessions within the various Group entities.

CSR 2023

The progress of the «Responsible Value Chain» approach is monitored through one of the objectives of the Commitment to Economic Responsibility focus area of the CSR Roadmap. Accordingly, by 2023, 100% of the Group's suppliers and customers identified as at-risk are expected to be compliant with Eramet's CSR/Ethics commitments. Suppliers and customers identified as at-risk are third parties identified by the Group as such, after a risk analysis based on their activity and countries of operation. Eramet therefore monitors the compliance of this at-risk group, based on the results of CSR/Ethics evaluations, with the Group's commitments on these issues. If the practices of these suppliers and customers show a discrepancy between the Group's expectations and results, the Group prioritises dialogue and the implementation of action plans, but retains the possibility of interrupting the business relationship when required by the situation or when it sees no satisfactory improvement in the partner's practices.

6.4.2.2 Responsible purchasing

Due to the issues associated with the Group's businesses, purchases are the subject of particular attention and also strong expectations from stakeholders in this issue. Eramet is committed to a responsible purchasing approach, which aims to favour suppliers offering products or services that respect environmental and social criteria while maintaining a high level of competitiveness.

Supplier and subcontractor performance evaluation

Eramet has launched a global and progressive approach to evaluating the CSR performance of its suppliers and subcontractors.

With reference to the obligations imposed by the Law of 27 March 2017 relating to the duty of care of parent companies and contractors, the Group formalised its responsible purchasing approach by structuring it around a risk-based approach. Thus, the Responsible Purchasing Committee has produced a CSR risk map relating to the activities of its suppliers and subcontractors. This mapping exercise, the methodology of which may evolve as part of a continuous improvement drive, is repeated every year.

In order to develop this risk map, an approach based on the business categories of the various suppliers and subcontractors was chosen. By cross-referencing two criteria – the CSR risk of the purchasing category and the importance of this category for the Eramet Group – it is possible to rank purchase categories into four risk zones and, in particular, identify those categories of purchases which, while they are important for the Group, exhibit CSR-related risks. It is on these categories that Eramet focuses, as a matter of priority, in its due diligence actions. Indeed, the Group has defined a procedure for assessing these suppliers' situations in relation to these risk categories.

Suppliers in categories considered at risk are required to fill out an initial evaluation questionnaire. The questionnaire focuses on all the CSR criteria covered by the Eramet suppliers' code of conduct, such as respect for the environment, the management of the value chain, respect for Human Rights and labour relations, and business ethics. Depending on the risk level of the third party in question, this questionnaire is administered and analysed by an external specialist (EcoVadis) or by the internal supplier performance coordinator.

The results of these assessments, which may be supplemented by due diligence measures, allow the Responsible Purchasing Committee to define the degree to which the suppliers identified as at risk are in compliance, or in breach. Then, arbitration committees propose the risk management actions that need to be implemented for the suppliers currently judged to be non-compliant. Among the actions to control potential risks, dialogue with suppliers, the development of targeted action plans and on-site audits are given priority, but Eramet can also decide to terminate the relationship with the supplier when it considers that the situation requires it.

Additional elements relating to this approach are described in the Eramet Group's Vigilance Plan, which is attached to this Universal Registration Document.

CSR 2023

Since the launch of the consolidated programme, more than 300 suppliers and subcontractors identified as at risk, representing 41% of the Group's purchasing expenses in 2020, have been assessed. In late 2020, 63% of the evaluated suppliers were considered compliant with the Group's requirements (58% in 2019). Most of the suppliers ranked non-compliant suppliers are suppliers who failed to answer the questionnaire, the absence of an evaluation automatically places them in the category of high-risk suppliers. The arbitration committees examined 10 cases of non-compliance in 2020. For suppliers who declined the evaluation, the committees ruled that further questionnaires should be sent and recommended that on-site audits be conducted. In two cases, this year, the Group has opted to sever the business relationship as a last resort, making a total of 13 suppliers concerned between 2019 and 2020. Lastly, 59 suppliers are currently the subject of a corrective action plan, tailored to their specific characteristics and areas for improvement. Therefore, actions to improve environmental practices will primarily be proposed to a supplier whose activity has a potentially strong environmental impact, while a supplier with high social issues will be primarily monitored on those issues, before being recommended actions on other topics with a more limited societal impact. The Group maintains regular contact with purchasers to develop supplier support. Furthermore, special suppliers' days, which offer opportunities for dialogue and better understanding of the needs and expectations of each party in terms of responsibility may be organised, as done by Comilog (Gabon) this year during its Suppliers' Days. The Group is also planning on-site CSR audits to find out more about the situation, practices and constraints of suppliers. These audits will be conducted as soon as it becomes possible to do so given the public health situation.

The establishment of a Group Supplier Relationship Management platform has enabled improvement of the launch and monitoring of the CSR/Ethics evaluations of prospects and, thus, the management of at-risk suppliers overall. Indeed, the evaluation tools, based on the risk criteria defined above, have become crucial to supplier qualification. An additional ethics request process, via a specialised KYC (Know Your Customer) platform, is another prerequisite for all suppliers from at-risk regions or presenting a certain amount of expenses. At year-end 2020, nearly 2,100 ethics requests to suppliers had been made in this context.

Lastly, purchasers most exposed to CSR risks in the supply chain are regularly urged to train and are made aware of CSR issues through internal training, webinars or external events.

Monitoring of the "conflict ores" question

Some of the Group's activities require the use of tin, tantalum and tungsten in metal form in their manufacturing processes. These metals come from ores that may be called "conflict" ores if their exploitation is used to directly or indirectly finance armed groups and fuel civil wars in some parts of the world. Eramet is therefore very attentive to the conditions of supply of these materials and in particular to compliance with the specific provisions of the European regulation that came into force on 1 January 2021 and to the US Dodd Frank Act.

In accordance with OECD recommendations, Eramet has formalised its conflict ore compliance programme, notably including a due diligence procedure on conflict ore.

Based on this procedure and by continuing to apply the good practices implemented for several years now, Eramet purchasers in charge of these supplies systematically demand that their suppliers provide information about the source of the ores used for the manufacture of conflict ore sold to the Group. They are also asked what due diligence measures they have put in place to verify this source. To this end, buyers use the Conflict Minerals Reporting Template (CMRT), a reference tool for conflict minerals, supplied and updated regularly by the Responsible Minerals Initiative (RMI).

Based on the information collected through its value chain, Eramet undertakes to directly or indirectly source its ore exclusively from foundries or refineries with sourcing practices recognised as compliant by the RMI's Responsible Mineral Assurance Process (RMAP).

To expand its commitment to this theme, Eramet has become a partner member of the Responsible Minerals Initiative (formerly known as the Conflict Free Smelter Initiative). By supporting the RMI, the Group is contributing to the advancement of best practices in the sector. The RMI, created in 2008 by the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative (GeSI), implements due diligence measures regarding conflict ores, in particular through audits of foundries supplying T3G (tungsten, tin, tantalum and gold). This initiative is currently working to include cobalt from sensitive areas on the list.

6.4.2.3 Responsible sales

As part of its commitments in terms of ethics, governance and responsible performance, the Group attaches particular importance to CSR and Ethics issues and risks related to its value chain.

The internal procedure mentioned in 6.4.2.1 formalises the CSR and Ethics risk analysis measures adopted by the Group to evaluate its customers' situation in relation to these issues. Eramet is committed to ensuring that the practices and behaviour of third parties with whom it interacts do not generate risks of the same nature as those assessed by the Group in the context of its own activities. Particular objectives are protection of the environment, the respect of Human Rights and ethics in business relations. An e-learning course based on this Group-wide procedure has been rolled out to the sales teams.

In order to carry out this assessment, the Group uses a specialised Know Your Customer (KYC) database. The results of this platform are then reviewed by the Responsible Sales Committee, which is tasked with following up on these evaluations and implementing additional due diligence actions as necessary.

CSR 2023

Implemented in 2018, all customers identified as risk carriers were the subject of this first CSR/Ethics assessment. The potential risk carried by the business relationship is evaluated using two criteria: the amount of turnover achieved and the risk of the country in which the third party operates, according to the results of an evaluation carried out by an external service provider. The evaluations continued across the Group's main Business Units. At year-end 2020, nearly 3,065 customers have been evaluated with this procedure since the launch of the programme. Over 99.1% of evaluations have yielded a positive recommendation (compared to 99% in 2019). For customers whose evaluations yielded a non-compliant result (about twenty), risk management actions have been defined in consultation with the sales teams.

6.4.3 Responsible interest representation

As a global leader in metals extraction and beneficiation (manganese, nickel, mineral sands) and in the preparation and transformation of high value-added alloys (high-speed steel, high-performance steel, superalloys, aluminium alloys, titanium), Eramet meets with public authorities to draw their attention to its issues and to the issues of the mining and metallurgy sector in France through the Industry Strategic Committee.

The Group has made Corporate Social Responsibility the core tenet of its development strategy. In this context, Eramet has pledged to implement a responsible interest representation. The Group adopted a responsible lobbying policy (available at www.eramet.com) in 2020. This policy applies to all individuals, be they employees or mandated third parties, who represent the interest of Eramet when dealing with public decision-makers.

Interest representation activities are managed by the Public Affairs Department, which reports to the Sustainability and Corporate Engagement Department. It serves as the link with the different Group services depending on the topics at hand. The Chair and Chief Executive Officer, the Communications Department, the Environment and ESG Performance Department, the Energy Department, the Strategy Department and Site Directors are regularly called upon for various actions: presentation of activities, participation in government-led projects or working groups for the sectors or geographic regions, visits to plants, or simply, responses to information requests.

Every year, Eramet reports its representation activities on two platforms: the directory of the *Haute Autorité pour la transparence et la vie publique* (HAVTP) in France (*https://www.hatvp.fr/fiche-organization/?organization=632045381##*) and the European Union transparency register (*https://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=645370511725-71*).

Up-to-date and verifiable information on actions carried out are published in the register in the same way as allocated budgets, which are primarily linked to contributions in different professional structures.

The Group has chosen to be an active member of these professional structures, acting on different levels (national, European and international), to contribute to public institution projects. In 2020, it decided to optimise this external representation in order to closely tailor it to the Group's challenges. This optimisation will continue in 2021.

Many members of the Executive Committee and Directors represent the Group on governance and management bodies: such is the case, for example, in France, with the *Conseil national de l'industrie* (CNI – National Industry Council), the *Alliance des Minerais, Minéraux et Métaux* (A3M – Ores, Minerals and Metals Alliance), the *Comité Stratégique de Filière Mines et Métallurgie*(CSF - Strategic Committee for the Mining and Metallurgy Industry), in Europe for EuroAlliages, and on the international stage, for the International Manganese Institute and the Nickel Institute. In addition, many of the Group's experts participate in the proceedings of the various commissions or topic-specific working groups set up by these professional associations – relating, for example, to non-financial performance, the duty of vigilance and the circular economy.

Christel Bories, as Chair of the *Comité Stratégique de la Filière Mines et Métallurgie* (CSF – Strategic Committee for the Mining and Metallurgy Industry), of the *Conseil national de l'industrie*, is often called upon to represent the interests of the sector, especially SMEs, in dealing with the administrative authorities in France. The CSF draws the attention of government authorities to the industry's priorities and goals. In 2020, these priorities mainly concerned the roll-out of a stimulus plan and the relocation of a number of industrial activities related to the public health crisis, the construction and implementation of mining benchmarks and responsible sourcing or even the acceleration of the sector's decarbonisation efforts.

In parallel to this participation in the activities of professional federations, the Group interacts directly with the governments of the countries in which it operates, with the aim of supporting its growth in these countries. The Group took numerous initiatives in 2020:

- In Gabon, Comilog organised consultations with government authorities prior to signing the CSR Addendum to the mining agreement in October with the Ministry of Mines.
- In New Caledonia, as part of the SLN salvage plan, SLN presented its application for a permit to export 2 million tonnes of ore to government officials on several occasions between April and December.
- In Argentina, Eramet has been meeting with Argentinian government officials, and French authorities to discuss Argentinian foreign exchange regulation with a view to the development of the Centenario mining project.
- In Indonesia, the Group presented in February, the environmental and societal issues at stake in the batteries value chain linked to deep-sea tailing placement [(1)] to the members of the Ministry in charge of mining investment.
- In France, under the "*France Relance*" (France stimulus) plan, Eramet and its subsidiaries Aubert & Duval, Erasteel, EcoTitanium, Eramet Ideas and SLN joined forces in July, to solicit support in order to contribute to national sovereignty challenges on critical activities and industrial relocation.
- Lastly, at European level, to ensure that Eramet is identified as a battery player, the Group responded in July to the European Union consultation on the revision of Directive 2006/66/EC on batteries.

6.4.4 Combating tax evasion

The Eramet Group is a socially responsible corporate citizen. In this respect, it has drafted an Ethics Charter, and notably strives to develop sustainable relationships with local populations, local authorities and communities in the regions where it operates.

All Eramet employees demand exemplary behaviour from themselves, ethical conduct that does not violate the laws of the countries in which they operate or the values to which they adhere. Accordingly, an e-learning training campaign was rolled out with the main goals of maintaining and strengthening employee awareness and knowledge on the prevention of corruption (details in 6.4.1).

With regard to tax issues, the Group endeavours to comply with the regulations of the countries in which it operates and with international tax standards, especially those developed by the OECD. Eramet's tax situation is consistent with its operating activities and translates into the payment of taxes commensurate with the duties carried out and the wealth created in the different States or territories.

The tax function and the management of its related risks is handled by the Tax Department and supervised by the Group Chief Financial Officer, who regularly presents the implementation of the Group's tax policy to the Audit Committee. Internal procedures, including key control mechanisms, have also been put in place in collaboration with the Internal Audit department to ensure, among other things, compliance with tax obligations.

Furthermore, Eramet cooperates with integrity and transparency with tax authorities in their audits and ensures that any corrective measures required after tax audits are implemented.

Lastly, the Group also ensures timely tax returns filings in all countries where it is located, and compliance with its reporting obligations.

In accordance with its legal obligations, Eramet has carried out its country by country reporting by declaring to the French tax authorities the distribution of its profits, taxes and activities by tax jurisdiction (Article 223 *quinquies* of the French General Tax Code), as well as its mining reporting on its extractive activities, which includes payments made to governments (Article L. 225-102-3 of the French Commercial Code).

This mining reporting obligation is directly inspired by the Extractive Industries Transparency Initiative (EITI), of which Eramet has voluntarily been a member since 2011. The EITI aims to contribute to the fight against corruption by promoting transparency in money transfers between oil, gas and mining companies and the countries that host their activities. The Group's financial transparency reporting is available on Eramet's website (www.eramet.com).

(1) Deep-sea tailing placement refers to the deposit of tailings in the deep sea, up to a depth of 1,000 metres. This practice can have a huge impact on the preservation of ocean ecosystems.

6.4.5 Governance of the sustainable development of industrial and mining projects

All projects carried out by the Group are developed in accordance with the internal procedure "Integration of HSE/CSR factors into projects", which was updated in 2020. This procedure requires compliance with both national and local regulations of the country where the project is located, Eramet policies and standards, and the requirements of the project funders. In addition, international financing standards (Equator Principles, World Bank Group standards) and best practices of the Group's businesses are referenced and applied as far as reasonably possible to the economic performance of the project. The compliance of the Group's projects with this standard is verified at regular intervals.

Environmental, social, societal and health aspects are taken into account from the most upstream phases of projects. Sustainable development experts and specialists are integrated into the industrial, technical, legal and financial teams, and participate in the various steering committees, from pre-project phases to feasibility studies and pre-construction. Likewise, they participate in acquisition audits in the case of planned mergers or acquisitions, as well as in due diligence related to the transfer of assets.

The aim is to build a long-term trusting relationship with the communities present in the settlement sites and to prevent any risk of infringement on the fundamental rights of these communities, particularly, where applicable, indigenous communities. This requires the implementation of mechanisms for dialogue with the representatives of relevant stakeholders.

The following sections detail the consideration of sustainable development factors in the main projects undertaken by the Group in 2020.

6.4.5.1 Project to improve the safety and reliability of the railway in Gabon

The Trans-Gabonese railway, which crosses Gabon from Libreville to Franceville, has a total of 710 km of tracks, 52 bridges, and 22 stations. In addition to transporting the ore from Comilog to the port of Owendo, it plays a strategic role in the economic development of the country.

Setrag (the Trans-Gabonese operating company) operates the railway under a Concession Agreement established in 2005 and updated in 2015. Setrag is the manager of the railway infrastructure, traffic and operations (passengers, timber, ore and other goods).

Setrag has stepped up the pace of maintenance and rehabilitation work on the Trans-Gabonese railway. However, the overall condition of the track continued to hinder the operation of the network so Setrag decided to intensify the infrastructure overhaul programme. The Company applied to the International Finance Corporation (IFC) and PROPARCO (French Development Agency Group) to finance the programme, and it successfully obtained funding in 2016. A new financing arrangement was requested and obtained in 2020 to help speed the programme along as well as to consolidate the platforms in unstable regions, secure the track (level crossings, pedestrian bridges, etc.) and deployment of new traffic optimisation tools.

The concession contract stipulates a contribution from the concession grantor, the State, to certain works, in particular those associated with the reinforcement of infrastructures, the rehabilitation of civil engineering structures, the securing of level crossings and the renovation of employee housing developments. In this context, the State has contracted financing from the French Development Agency (*Agence française du développement* - AFD), whose terms were finalised in December 2016.

The works, which started in September 2017, are expected to continue over approximately ten years. At year-end 2020, more than 130 km of tracks had been replaced. The pace is expected to double in 2021 with the receipt of a second laying tool.

In accordance with Eramet's standards, the project was designed to minimise the potential associated environmental or societal impacts, based on comprehensive and relevant studies. These include: an environmental and social study for the work to upgrade the track, an impact assessment on a unit producing steel-concrete sleepers, and an impact assessment for the operation of the sand quarry to feed the sleeper factory. On this basis, dedicated management and actions plans have been developed and implemented.

Setrag reports its results in terms of Environment, Health, Safety and Stakeholder Dialogue to the three financial institutions once a year. It hosts on-site representatives twice a year for follow-up visits to verify the project's compliance with the environmental and social requirements of IFC, PROPARCO and the AFD, the French development agency. With the pandemic, the follow-up inspections that could not be organised in 2020 were replaced by regular conference calls, supplemented by the transmission of worksite photographs.

6.4.5.2 The Lithium project in Argentina

The project aims to produce lithium carbonate, using an alternative process to make the product from brines, which differs fundamentally from the conventional process of natural evaporation. Lithium carbonate is a key product for electric car batteries, and hence is crucially important for the green transition.

The project is located in the province of Salta, in northern Argentina, on the Centenario-Ratones salt lake.

It is one of Argentina's pioneering entities in the roll-out of the "Toward Sustainable Mining" standard *(Hacia una Mineria Sustentable)*. This stringent social and environmental responsibility standard is an adaptation of the one used by Mining Association Canada.

A special effort has been made to integrate sustainable development criteria into the design of the project and the plant. For example, in the space of two years, this ongoing effort has reduced projected water consumption per tonne of lithium carbonate by about 30%, which is crucially important in this arid region of the world. This progress has been accomplished either by modifications that reduce water requirements, or by adding elements that enable water recycling in the process. The recycling rate of water within the process is now over 60%. Finally, thanks to the improved extraction efficiency of the innovative process implemented by Eramet, the impact of evaporation losses on the water balance of the catchment area is significantly reduced compared to the conventional evaporation process.

In the light of the economic conditions, in February 2020, the Eramet Board of Directors decided not to start construction of the lithium production plant. However, the operation of the pilot plant continued throughout the year. The Board confirmed, in particular, the performances expected in water consumption. Activities to ensure dialogue and support community development were continued, according to the priorities decided with local stakeholders. These activities include the revitalisation of quinoa cultivation and animal husbandry support, to promote economic development and fight against malnutrition, or again a plan to develop local skills in partnership with regional training institutions. Numerous actions to help control the COVID-19 pandemic in neighbouring communities were also implemented. Under the Group Solidarity Plan, Eramine donated a fully equipped ambulance to the town of Santa Rosa de los Pastos Grandes, which did not have one.

6.4.5.3 Moanda Mine Extension project

As part of the development of its activities, Comilog is increasing production capacity at its Moanda site in Gabon.

The project includes the launch of the exploitation of a new Okouma plateau and the construction of associated mining and industrial infrastructure, including two wet ore concentration lines (washing plants). Mining operations started in December 2020, while the establishment of ore washing facilities is still in the engineering phase, scheduled for production start in 2022.

The project is being developed in accordance with the performance criteria and guidelines of the International Finance Corporation, one of the most stringent sustainable development standards.

These commitments were applied from the early stages of design, by carrying out studies to characterise the human, physical and biological environments. In 2018, these studies were completed, and consultations were conducted with local communities and public authorities. The environmental and societal impact study, carried out with the participation of internationally recognised specialists in their field, was finalised in 2019. Public consultations and hearings aimed at the general population and the local authorities were held in June 2018 and February 2019. A detailed presentation of the project was made, which included discussion of its potential impacts, the risks it poses and the opportunities it presents. The impact assessment was filed and then submitted to the governmental authorities and financial institutions as part of operating licence and financing applications. Comilog received the environmental operating licence for the new mine in May 2019. The financial institutions contracted an independent firm to assess the application; they approved the study in July 2019.

In 2020, the project was significantly changed to take environmental concerns into account. This change concerns the method used to manage the tailings produced by washing plants. 50% of flows from washing plants will be filtered with press filters, thus enabling the waste to be stored using the dry-stacking method. This is a breakthrough innovation for Comilog which has been storing wet waste in ponds since 2010. This dry storage solution prevents the risks associated with pond stability and also enables water recovery. By adopting this technique, Comilog has joined the ranks of companies with the most environmentally advanced waste management policies.

An addendum to the impact study is being developed, to include the latest changes to the washing plants that will start production in 2022.

Biodiversity issues are important for the project. The main focus is the chimpanzee – an iconic species, classified as endangered by the international organization IUCN(1). The presence of chimpanzees on the site, alongside other species on the IUCN red list, means that specific measures must be put in place. The project has pledged to ensure the absence of net biodiversity loss, for which the feasibility and implementation are detailed in a biodiversity action plan. Avoiding gallery forests (chimpanzee habitats) is a central concern of the project's biodiversity conservation strategy. The mapping of future quarries is the result of collaborative work between environment, biodiversity, mining and engineering representatives of the project and Eramet, and the international specialists and experts of consultants Golder and Biotope. As a result, for the preservation of biodiversity it was decided to leave a significant proportion (more than 15%) of the mining reserves initially identified untouched.

(1) UICN: International Union for Conservation of Nature.

6.4.5.4 The Akonolinga project in Cameroon

In December 2019, Eramet launched research studies on the Akonolinga rutiliferous block, located 135 km from Yaoundé in Cameroon.

The block is being explored prior to the feasibility study. The exploration will provide more information about the deposit, consider the extraction techniques and identify sensitive environmental and societal issues.

In accordance with its project management standard, Eramet has performed an initial characterisation study at this upstream phase, entrusted to specialists and local experts. The study covered the physical, biological and human environment and makes it possible to effectively prepare the environmental strategy for the next stage of the development project.

In 2019, a committee made up of local representatives was also put in place to ensure information and informed consultation for local populations about the ongoing operations.

6.5 METHODOLOGICAL NOTE

6.5.1 Framework of indicators

The purpose of Chapter 6 is to inform stakeholders about actions undertaken by Eramet in relation to Sustainable Development and CSR. The indicator framework used for this purpose has been designed to provide the most accurate picture of the significant issues facing the Group given its activities. Specifically, the framework is made up of those indicators which Eramet deems relevant to reflect the breakdown of its policies and its performance in terms of CSR. It includes some of the information given by Article R. 225-101-1 of the French Commercial Code and indicators drawn from those given by the Global Reporting Initiative framework, and its specific section on Mining & Metallurgy.

6.5.2 Scope of reporting

The non-financial reporting scope has changed little compared to 2019.

The ADMDT (Wuxi - China), Erasteel Inc. (Boonton – United States), Aubert & Duval TAF (Gennevilliers – France) and Erasteel Stubs (Warrington – United Kingdom) sites were gradually shut down in 2020. The non-financial data from these sites were included in consolidated reporting until their production shutdown and will be definitively removed from consolidation in 2021.

The Eramet Group's non-financial reporting covers:

- for the Social aspect (information provided in section 6.3): all companies consolidated from an accounting point of view (full consolidation), and also those accounted for by the equity method, as well as the following additional companies: Sodepal, Eramet Alloys UK, Eramet Alloys GmbH and Erasteel India;
- for the Safety aspect: all companies consolidated for accounting purposes (full consolidation) and also those accounted for by the equity method, as well as EcoTitanium and Sodepal, the Eramet International sales offices and PT Weda Bay Nickel;
- for the Environment, Energy and Societal aspect: all of the Group's sites which meet the following criteria:
  - Eramet holds a controlling interest in the financial sense of at least 50%,
  - the sites are subject to environmental regulations (permit, code, national regulations).

  Within this scope, it does not apply to:
  - sites whose activity is solely administrative (e.g. sales offices),
  - in project or closure phase, as long as no commercial production is carried out,
  - since 2016, sites whose activity is limited to distribution, it being understood that their cumulative impact is less than 0.1% of the Group total in relation to the main indicators concerned (six sites whose characteristic of non-significant impact is monitored).

The societal aspect also includes the information relating to Eramine (Argentina) and Sodepal (Gabon). The environmental and societal data of PT Weda Bay Nickel is not included in the Group's consolidated indicators presented in the Non-Financial Performance Statement, as the entity is not included in the scope described above. Driven by a concern for transparency, Eramet has made the key social responsibility indicators for this operation available in a special appendix at the end of the chapter.

The following table summarises the entities included in the published consolidated data.

Country	Legal entity	Site	Social data scope	Safety scope	Environment & Energy scope	Societal
Germany	Eramet Alloys GmbH	Mönchengladbach	x	x		
	Eramet International German Branch	Frankfurt	x	x		
Argentina	Eramine Sudamerica	Salta & Centenario & Buenos Aires	x	x		x
Brazil	Eramet Latin America	São Paulo	x	x		
China	Aubert & Duval Moulds & Die Technology (ADMDT)	Wuxi	x	x		
	Erasteel Innovative Materials Ltd (EIML)	Tianjin	x	x	x	x
	Eramet Shanghai Trading	Shanghai	x	x		
Korea	Eramet Korea	Seoul	x	x		
Spain	Aubert & Duval	Irun	x	x	x	x
United States	Erasteel Inc.	Boonton	x	x	x	x
		Bolingbrook	x	x		
	Eramet North America	Pittsburgh	x	x		
	Eramet Marietta	Marietta	x	x	x	x
France	EcoTitanium	Saint-Georges-de-Mons	x	x	x	x
	Aubert & Duval	Les Ancizes	x	x	x	x
		Clermont-Ferrand La Pardieu	x	x		
		Issoire	x	x	x	x
		Heyrieux	x	x		
		Imphy	x	x	x	x
		Pamiers	x	x	x	x
		Firminy	x	x	x	x
	Aubert & Duval TAF	Gennevilliers	x	x	x	x
	Brown Europe	Laval-de-Cère	x	x	x	x
	Aubert & Duval 10G	Paris	x	x		
	Erasteel	Commentry	x	x	x	x
	Erasteel	Champagnole	x	x	x	x
	Erasteel	Paris and Chalon	x	x		
	Forges de Monplaisir	Saint-Priest	x	x	x	x
	Interforge	Issoire	x	x	x	x
	UKAD	Les Ancizes	x	x	x	x
	Eramet Holding	Paris and Trappes	x	x		
	Eramet Ideas	Trappes	x	x	x	x
	Comilog Dunkerque	Dunkirk	x	x	x	x
	Eramet Comilog Manganese	Paris and Trappes	x	x		
	Eramet Sandouville	Sandouville	x	x	x	x
	Eramet Nickel	Paris and Trappes	x	x		
	Eramet Services	Clermont-Ferrand	x			

Country	Legal entity	Site	Social data scope	Safety scope	Environment & Energy scope	Societal
Gabon	Comilog S.A.	Moanda Complexe C2M	x	x	x	x
		Moanda Complexe CIM	x	x	x	x
		Owendo Mineral Port	x	x	x	x
		Moanda Mine	x	x	x	x
	Setrag	Owendo	x	x	x	x
	Sodepal	Bakoumba	x	x		x
India	Eramet India Private Limited	Mumbai	x			
	Erasteel India	Mumbai	x			
	SQuAD	Belgaum	x	x	x	x
	ADEI	India	x	x		
Italy	Eramet Alloys Italia	Ferrara	x	x		
Japan	Eramet International	Tokyo	x	x		
Norway	Eramet Norway	Kvinesdal	x	x	x	x
		Sauda	x	x	x	x
		Porsgrunn	x	x	x	x
	TiZir Titanium & Iron (TTI)	Tyssedal	x	x	x	x
	Eralloys Holding		x			
New Caledonia	SLN	Nouméa (Doniambo)	x	x	x	x
		Kouaoua	x	x	x	x
		Népoui	x	x	x	x
		Poum	x	x	x	x
		Tiébaghi	x	x	x	x
		Thio	x	x	x	x
United Kingdom	Eramet Alloys UK	Sheffield	x			
	Erasteel Stubs	Warrington	x	x	x	x
Senegal	Grande Côte Operations – TiZir	Diogo and Dakar	x	x	x	x
Sweden	Erasteel Kloster	Söderfors	x	x	x	x
		Långshyttan	x	x	x	x
		Vikmanshyttan	x	x	x	x
Taiwan	Eramet International	Taipei	x	x		

6.5.3 Collection, consolidation and control of data

Social reporting is based on the Era-Link dedicated acquisition and consolidation tool and on a qualitative questionnaire, sent in parallel to the entities concerned. Comparing the figures from these two tools for some common indicators allows for data verification.

The process of environmental and energy reporting is subject to a procedure that was updated in 2020, which clearly defines the responsibilities and operating procedures.

Environmental and energy reporting is based on a dedicated information system, called SAFEE, rolled out on all relevant sites in 2020. All the quantitative information provided in this report (environmental indicators) is extracted from this tool and comes exclusively from the data entered by each of the Group's sites and validated by each site manager.

SAFEE contains systems for checking data automatically by comparison with previous years. In addition, the annual site reports issued through this tool are systematically checked for consistency by experts from Division or Group departments.

The "Safety and Information Reporting in case of personal accident" procedure is the reference in terms of Safety reporting. The applicable version was revised in 2019. Data relating to occupational accidents are cross-checked with the monthly declarations made by the sites to the Safety and Prevention Department via the Group's HSE SharePoint.

In 2021, the SAFEE tool used for environment and energy reporting will also include Safety reporting, as well as societal data on relations with stakeholders, in particular neighbouring communities, currently handled through regular feedback from sites and a quantitative and qualitative questionnaire completed at the end of the year.

6.5.4 Specific points and methodological limitations

- The CSR performance indicator is a calculated value, by means of which the Group can, each year, assess the degree to which their CSR Roadmap has been successfully implemented. For each of the targets(1), the year's achievement is compared to the initial benchmark set for the year, defining the corresponding level of attainment. Every attainment level is assigned a score, as a percentage. The average of the percentages for each target is then consolidated to obtain an overall indicator.
- From 2019 onwards, fatal accidents are also taken into account in calculating the frequency rates(2) of occupational accidents, and include External Contractors in the workforce. The methodology used to calculate the severity rates has not changed(3).
- Due to planning constraints, some monthly environmental data may not be available for the last month of the year. In this case, the missing data is estimated as accurately as possible, based on the historical site data, and, where appropriate, is correlated to production, in accordance with the Group's standards.
- When an environmental measurement is deemed to be faulty or is unavailable, an estimate based on historical ratios is used, adjusted according to the site's production level. This situation may arise in particular for nitrogen oxides (NOx) and channelled dust parameters, for which the quantities reported are based on a limited number of measurements during the year for certain sites.
- Waste: Waste is reported in the environmental reporting by the sites in accordance with the national regulations applicable to them. The reported quantities correspond to the quantities of waste discharged into the treatment systems during the year. The criteria used to identify hazardous or non-hazardous waste vary depending on the regulations of the different countries, so the reporting cannot be completely uniform in this respect.
- The measurement of non-hazardous waste does not include tonnages of deliberately rich slag that is generated as part of the ferromanganese pyrometallurgical process to feed the silicomanganese production furnaces as a secondary raw material, thus contributing to the circular economy.

6

(1) It should be noted that, for the 13 objectives, 15 targets are assigned, owing to the distinction between the targets for the following two objectives:

– Circular economy (waste and tailing);

– Sustainable value chain (suppliers and customers).

(2) The frequency rate of workplace accidents is the number of accidents (including fatal ones) that occur at work in a given period, expressed in relation to one million hours worked. FR = (number of occupational accidents × 1,000,000) / number of hours worked.

(3) The severity rate of workplace accidents is the number of calendar days not worked after an occupational accident, occurring during a given period, based on one thousand hours worked. SR = (number of days not worked due to occupational accident x 1,000) / number of hours worked.

- Water consumption: Water recovered in the same place and not subjected to any chemical transformation is not counted. This is not the case for seawater used for cooling in the SLN thermal power plant (New Caledonia) and the furnaces of Kvinesdal (Norway), or for the freshwater for the furnaces of Sauda and Porsgrunn (Norway), and Marietta (United States). SLN slag (New Caledonia) is granulated with effluents from the thermal power plant; the volumes are not reported for the same reason.
- Greenhouse gas emissions: Reporting is done in accordance with the rules of the GHG Protocol (WRI). The emission factors used are those most recently published by ADEME (in its Carbon Database), and by the International Energy Agency for electricity.
- Biodiversity: the figures given for cleared and revegetated area indicators have been made more comprehensive in scope by including SLN contracted sites (New Caledonia).
- Registered workforce: Employees with a contract of employment with the Company (fixed-term contract "CDD" [1], permanent contract "CDI") and entered in the personnel records on the last day of the period concerned. This information corresponds to the number of people regardless of their working time (full or part time). Each employee is counted as 1.

(1) *Certain very short-term contracts in Norwegian entities, with terms specific to local regulation and similar to temporary employment contracts, are not included.*

6.6 REPORT BY THE STATUTORY AUDITOR, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

For the year ended 31 December 2020

To the Annual General Meeting,

In our capacity as Statutory Auditor of your Company (hereinafter the "entity") appointed as independent third party (ITP), and accredited by the French Accreditation Committee (Comité français d'accréditation or COFRAC) under No. 3-1049[1], we hereby present you with our report on the consolidated non-financial statement for the year ended 31 December 2020 (hereinafter the "Statement"), included in the entity Management Report as required by Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Responsibility of the entity

The Management Board is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available upon request at the entity's head office.

Independence and quality control

Our independence is defined by the requirements of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the Statutory Auditor appointed as an ITP

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225-105I-3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

(1) Cofrac Inspection accreditation, No. 3-1049, scope available on the www.cofrac.fr website.

Nature and scope of our work

The work described below was performed in accordance with the provisions of Article A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes or CNCC) applicable to such engagements and with ISAE 3000[1]:

- we obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L. 225-102-1-III as well as information set out in Article L. 22-10-36 regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under Article R. 225-105-II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L. 225-102-1-III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented,
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important [2]. For some risks [3], we performed our work in the consolidating entity, for other risks, we carried out our work in the consolidating entity and in a selection of entities [4];
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with Article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes[5] that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[4] and covers between 22% and 100% of the consolidated data selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

(1) ISAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information

(2) Qualitative information: Occupational diseases prevention plan; Dialogue with employees; Diversity roadmap; Atmospheric and aqueous emissions; Group environmental procedures; Carbon trajectory; Sites environmental certification; Raising Employee awareness of corruption and influence peddling risk; Whistleblowing system; Mechanism for dialogue with local stakeholders; Deployment of Human Rights commitments within the Group.

(3) Historical soil pollution; Production and storage of waste rock and tailings; Increase of erosion and impacts associated with rainwater run-off; Biodiversity; Corruption risk in relations with customers and suppliers; Potential conflicts of interest; Human rights impacts of communities; Non-compliance with ILO conventions in the supply chain.

(4) Eramet Norway (Kvinesdal and Sauda – Norway), Comilog SA (CIM – Gabon), Eramet Marietta (United States), Eramet Sandouville (France).

(5) Social indicators: Frequency rate of occupational accidents with and without lost days; Severity rate of workplace accidents; Share of employees who participated in at least one training course in the year; Workforce on 31 December 2020 and distribution by type of employment contract (permanent contracts (CDI) and short-term contracts (CDD)) and by socio-professional category (blue collar workers; administrative staff, technicians, supervisors and managers; executives); Recruitments (excluding intra-Group transfers); Departures (excluding intra-Group transfers); Percentage of female managers. Environmental indicators: Quantities of additional materials recovered through the circular economy action plan; Hazardous waste production; Tonnes of ducted dust emitted by industrial facilities: Chemical oxygen demand (COD); Water consumption and its distribution by type of source; Ratio of rehabilitated/cleared areas; Energy consumption; scopes 1 and 2 CO_2 emissions by tonne of outgoing product.

Means and resources

Our work was carried out by a team of five people between October 2020 and March 2021 and took a total of five weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around ten interviews with the people responsible for preparing the Statement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements or that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, 26 March 2021

KPMG S.A.

Anne Garans *Partner* *Sustainability Services*	Jérémie Lerondeau *Partner*

6

APPENDIX: PT WEDA BAY NICKEL MINE AND PLANT IN INDONESIA

Governance

The year 2020 marked production start-up in the Weda Bay Nickel entity, under a partnership between Eramet (minority shareholder) and the Chinese steel group Tsingshan (the world's leading stainless steel producer).

This partnership aims to produce, firstly nickel ore, and secondly, nickel ferroalloy, using a pyrometallurgical process, for a volume of around 30,000 tonnes of nickel content a year.

The implementation for PT Weda Bay Nickel of strong environmental and societal commitments is an integral part of the objectives set out in the agreements signed between Eramet and Tsingshan. In this optic, Eramet provides the partnership with its know-how to help fulfil its commitments, particularly with respect to controlling the mine's environmental impacts. In addition, Eramet has fully rolled out its vigilance tools under the partnership. Since 2019, three audit and support projects have been carried out contributing to the continuous improvement momentum of the site's environmental and social performance. These audits lead to action plans, drawn up by operational staff and monitored by the company's Board of Directors.

Main CSR information

Weda Bay environmental and societal data is not included in the Group's consolidated indicators presented in the Non-Financial Performance Statement, as the activities for which the Group holds less than 50% of control in the financial sense are not included in the reporting scope (information in 6.5 "Methodological note"). Driven by a concern for transparency, Eramet has made the key social responsibility indicators for this operation available in a special appendix.

		2020 Data	Comments
SOCIAL	Number of employees (WBN and direct subcontractors)	2,411	
SAFETY	TF2	1.14	
SOCIETAL	Budget for communication actions	USD 320,000	
	Share of local employment in workforce (WBN and direct sub-contractors)	82% of Indonesian employees (43% of whom are from the operating region)	
ENVIRONMENT	Fuel consumption	11,500 m³	
	Coal consumption (production of electricity)	190,000 tonnes	
	Consumption of reducers	86,000 tonnes	
	CO_2 emissions	311,500 tonnes	Emissions assigned to Eramet's scope 3 and in proportion to the Group's equity participation in the JV (39%)
	Hazardous solid waste	277 tonnes	
	Number of sedimentation ponds on mines	13	Main ponds, monitored daily
	Cleared surface area	321 hectares	Total surface area, including fixed installations and mining routes
	Operational cleared surface	231 hectares	Mining areas and stockpiles
	Rehabilitated surface area	0	Normal situation for a mine in start-up

Note that the carbon emissions indicated herein are in Group emissions reported in scope 3 emissions.

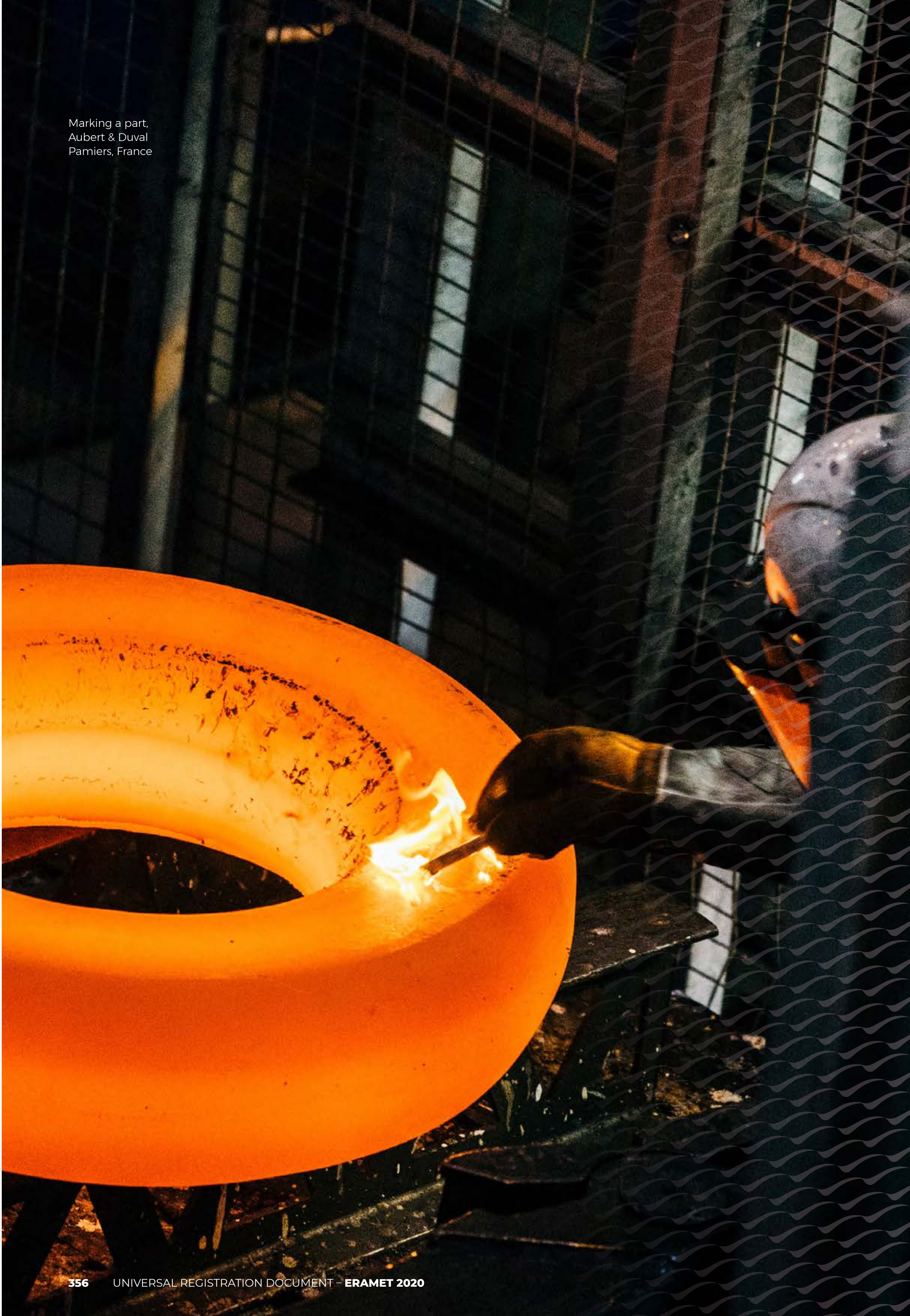
Environment:

The main environmental actions put in place include:

- **With respect to biodiversity**, the application of the hunting ban on the concession for all employees and subcontractors, the delimitation of land to be cleared, the reproduction of local species in nurseries and the first revegetation works on roadsides. To supplement mining rehabilitation actions, PT WBN has undertaken to offset its impacts on the forest. A deteriorated zone was identified next to the concession, offset actions began in 2020 under the guidance of specialists and local experts.
- **With regard to water**, the installation of mine hydraulic facilities to limit the transportation of solids from cleared areas to the rivers, and water recycling on the most water-intensive plants (furnace cooling and slag granulation).
- **With regard to air**, emissions channelling and electro-filter treatment at the plant, and the watering of mining roads during dry periods.
- **With regard to the management of mine tailings**, several stockpiles will be made: a specialised firm will design them and their implementation has been integrated in the mining schedule. External audits will be made throughout operations as indicated in the operating and monitoring manual. The first stockpile is currently under construction.
- **With regard to waste**, obtaining official recognition of the non-toxicity of the slag so that it may be used in construction works, as well as implementing strict management and monitoring of hazardous and non-hazardous waste that may be disposed on other Indonesian islands.

Social and Societal:

- Relations with the five villages in the vicinity of the IWIP Industrial Park on behalf of all companies present in the Park. Despite the public health context, regular discussions have been maintained with representatives from local communities.
- Job creation is one of the main expectations of local populations and the recruitment process of PT WBN prioritises local employment. In 2020, 40% of the workforce comprised workers from the region (WBN and sub-contractors) and more than 80% of the workforce is Indonesian.
- With regard to contributory actions, PT WBN participates with PT IWIP to improve local infrastructures in the three villages closest to the site with, notably, the rehabilitation of 400 metres of the coastal road and the construction of a breakwater in the village of Lelilef. In the context of the 2020 public health crisis, PT IWIP also donated nearly 180,000 surgical masks and other equipment to national and local stakeholders, on behalf of all companies present in the industrial park.



Marking a part,
Aubert & Duval
Pamiers, France

7

Remuneration of the management and administration bodies

7.1 REMUNERATION POLICY FOR CORPORATE OFFICERS *EX ANTE* SAY ON PAY

Our remuneration policy was drafted by the Board of Directors on 16 February 2021, in accordance with Article L. 22-10-8 (formerly Article 225-37-2 of the French Commercial Code), based on the proposal by the Remuneration and Governance Committee.

As at the date of this report, the Company's corporate officers are Ms Christel Bories, Chairperson and CEO, and all the members of the Board of Directors.

In accordance with Articles L. 22--10--8 and R. 22-10-14 of the French Commercial Code, the remuneration policy will be put to the 2021 General Shareholders' Meeting for approval in a resolution and will be made public on the Company's website on the next business day after the vote. The public can continue to consult the policy, free of charge, throughout the period it is applicable, together with the date and result of the vote by the General Shareholders' Meeting.

7.1.1 Information on all corporate officers

7.1.1.1 Principles for determining the remuneration policy applicable to corporate officers

The Board of Directors ensures that the remuneration policy applicable to corporate officers, proposed by the Remuneration and Governance Committee and approved by the Board, is in the corporate interest, is aligned with the Company's business strategy and is designed to promote our performance and competitiveness over the medium and long term to ensure sustainability.

These are the principles underlying the policy:

Compliance	In its analysis and proposals, the Remuneration and Governance Committee pays special attention to making sure the remuneration policy accords with legal and regulatory requirements, as well as with the recommendations of the AFEP-MEDEF Code.
Simplicity and consistency	In drafting the remuneration policy, the Remuneration and Governance Committee ensures that it proposes simple, intelligible rules that are consistent with those that apply to Group employees.
Comprehensiveness and balance	All components of remuneration and benefits of all kinds are exhaustively analysed each year, with both an approach by component, based on justification and the interests of the Company and the Group, and an analysis of overall consistency. The aim is to achieve the best possible balance between fixed and variable, individual and collective, short and long-term compensation.
Aligning interests	This criterion is predicated on the need to be able to attract, motivate and retain the talent to execute on the strategy the Company needs, and to meet the requirements of shareholders and other stakeholders, especially when it comes to CSR and the link to performance.
Competitiveness	We regularly benchmark remuneration levels and structures against panels of our corporate peers, with the assistance of external consulting firms. The international panel is made up of international mining players: Rio Tinto, Anglo American, BHP, Vale, Lonmin, Bolinden and Glencore. In the national market, we use a panel of 120 companies comprising the SBF 120 (the 120 most actively traded stocks on the Paris Bourse), with a particular focus on industrial companies like Alstom, Faurecia, Nexans, Valeo, Vallourec, Arkema and CGG.
Performance	Financial and extra-financial performance requirements are stringent and assessed annually. They encompass the key factors of value creation and the Company's profitable and sustainable growth and are aligned with our short, medium and long-term objectives, which contributes to lasting growth. They are regularly reviewed in line with the Group's strategic priorities.

7.1.1.2 Decision-making process to determine, review and implement the remuneration policy for corporate officers

The policy for the remuneration of corporate officers is determined and reviewed every year by the Board of Directors, on the recommendations of the Remuneration and Governance Committee.

These recommendations are based on analysing market practices and on yearly surveys of the remuneration of corporate officers of companies with a turnover and market capitalisation comparable to that of the Eramet Group.

In its procedures for managing conflicts of interest, Eramet complies with the recommendations of the AFEP-MEDEF Code on the independence of directors that sit on the Remuneration and Governance Committee and the Board of Directors.

All directors are bound by the Directors' Charter appended to Eramet's Internal Regulations, which sets out the directors' obligations with respect to conflicts of interest.

Accordingly, the executive corporate officer concerned (in this case, the Chairperson and CEO) does not take part in the work of the Remuneration and Governance Committee that concerns him/her.

Similarly, the executive corporate officer does not take part in the deliberations or vote on decisions concerning him/her taken by the Board of Directors.

The Remuneration and Governance Committee meets as often as necessary, especially before approving the "*say on pay*" agenda item for the Shareholder's Meeting.

The Committee is tasked with:

- deciding on all forms of compensation for the corporate officer, including benefits in kind, pensions or retirement benefits, received from any Group company or affiliated company;
- scrutinising and formulating proposals to the Board of Directors on the remuneration of the Chairperson and CEO and, in particular, the fixed portion, the variable portion, medium- and long-term remuneration plans (including performance shares), as well as pension plans and the contractual terms and conditions relating to their termination of employment (including the fixed portion and the variable portion of remuneration);
- proposing the principles for determining how directors' fees should be allocated amongst the directors;
- proposing the total annual sum allocated to the directors, the breakdown of individual amounts, as well as the remuneration allocated to the directors tasked with exceptional assignments.

The Chairman of the Remuneration and Governance Committee reports to the Board of Directors on the Committee's work, studies and recommendations.

Under its remit, the Remuneration and Governance Committee may request technical studies relating to the compensation of corporate officers from any outside advisor, consultant or expert.

The Board of Directors decides on the remuneration policy applicable to the corporate officers and oversees implementation. It sets the remuneration of Eramet's Chairperson and CEO and directors. Moreover, as part of its preparatory work for the annual review of the remuneration of corporate officers, the Remuneration and Governance Committee is informed about the changes proposed for the Group's employees as a whole, both in terms of fixed and variable compensation and the allocation of shares, with or without performance conditions. This information ensures alignment and consistency between the provisions applicable to corporate officers and those applicable to the Group's employees.

7.1.1.3 Breakdown of fixed annual remuneration granted to directors

The total sum allocated to the Board of Directors was set at €950,000 at the General Shareholders' Meeting of 23 May 2017 (seventeenth resolution).

From 2017 onwards, and in accordance with recommendation 20.1 of the AFEP-MEDEF Code the rules for the allocation of Eramet's directors' fees are as follows, to ensure the amount consists primarily of a variable portion:

- €10,000 per year per member of the Board of Directors;
- €5,000 per member of the Appointments Committee, no annual fee for members of the Strategy and CSR Committee, for members of the Audit, Risks and Ethics Committee or for members of the Remuneration and Governance Committee;
- payment of €2,500 for each meeting of the Board of Directors attended, each meeting of the Strategy and CSR Committee attended and each meeting of the Remuneration and Governance Committee attended. This amount is increased to €5,000 for the Chairman of each of these two Committees;
- payment of €3,000 for each meeting of the Audit, Risks and Ethics Committee attended. This amount is increased to €6,000 for the Chairman of the Committee;
- no fees are paid for attendance at Appointments Committee meetings;
- there is no annual limit per Board or Committee;
- a travel allowance of €1,525 is paid to each director living outside Europe for each trip to attend a Board or Committee meeting.

7

7.1.1.4 Applying the remuneration policy

a. How we assess performance criteria

i. Variable remuneration of the Chairperson and CEO

The annual variable remuneration is calculated and set by the Board of Directors at the end of the financial year to which it applies. To this end, each year, during the first quarter, the Board of Directors, on the recommendation of the Remuneration and Governance Committee, examines the different objectives, their weighting and the expected performance levels. It sets:

- the threshold below which no variable remuneration is paid;
- the target level of the variable remuneration due when each objective is reached; and
- the criteria for evaluating quantitative performance.

Accordingly:

- 100% of the bonus is paid when targets are met;
- 150% of the bonus may be paid if these targets are exceeded.

Economic performance targets based on financial indicators are set precisely according to a budget approved in advance by the Board of Directors. They are subject to the performance thresholds referred to above. They are identical to those that apply to the Group's key executives and managers. The rate of achievement for each criterion is communicated separately when performance has been reviewed by the Board of Directors.

ii. Share-based remuneration of the Chairperson and CEO

The share-based payment plan for the Chairperson and CEO, which is identical to the plan in place for the Group's key executives and managers is based on both intrinsic and extrinsic performance criteria. These criteria for 2021 are detailed in 7.1.2.1.b.iii.

Intrinsic performance targets based on financial indicators are set precisely according to a budget approved in advance by the Board of Directors. To this end, each year, during the first quarter, the Board of Directors, on the recommendation of the Remuneration and Governance Committee, examines the different objectives, their weighting and the expected performance levels. It sets:

- the threshold below which no share vests;
- target share acquisition level when each target is met and which entitles holders to all shares awarded.

The quantitative performance criteria for long-term remuneration are assessed by the Remuneration and Governance Committee during the first quarter on the basis of the detailed figures in the annual financial statements approved by the Statutory Auditors.

The extrinsic performance criterion is assessed by an external firm, Forward Finance. Their detailed assessment is sent every year to the Remuneration and Governance Committee.

b. Appointment of new corporate officers

If a new Chairperson and CEO were appointed, the same principles, criteria and remuneration components in the policy for the remuneration of the Chairperson and CEO would apply.

If one or more Deputy CEO's were appointed, the principles and criteria for the calculation, breakdown and allocation of remuneration components in the remuneration policy for the Chairperson and CEO would apply to them. On a recommendation of the Remuneration and Governance Committee, the Board of Directors would then decide, based on their individual positions, on the targets, performance levels, parameters, structures and maximum percentages of fixed remuneration to consider, which may not be higher than those applied to the Chairperson and CEO.

If the Chairman of the Board of Directors and Chief Executive Officer are separate positions, the Chairman of the Board will be remunerated on the same basis as the directors and will receive fixed remuneration, the amount of which will be determined based on their individual positions and responsibilities.

If a CEO is appointed, the remuneration policy for the Chairperson and CEO will apply in principle, tailored to the individual's position, the targets, performance levels, parameters, structure and maximum percentage of fixed annual remuneration, which may not be higher than those that apply to the Chairperson and CEO.

Moreover, pursuant to Article 24.4 of the AFEP-MEDEF Code, if a new executive is appointed from a company outside the Eramet Group, the Board of Directors may decide to grant them an onboarding allowance (in cash and/or shares) to compensate for the loss of previous remuneration or benefits (excluding pension benefits).

Such remuneration may be paid or implemented subject only to the approval of the Shareholders' Meeting pursuant, to Article L. 22-10-8 of the French Commercial Code.

In addition, if the Chief Executive Officer were to be appointed as a Company director, no compensation would be paid for this office.

If a new director were appointed, the same principles, criteria and remuneration components in the policy for the remuneration directors would apply.

c. Changes to the remuneration policy in 2020

It states in its tenth resolution that the General Shareholders' Meeting, held on 26 May 2020, approved the criteria for the calculation, breakdown and allocation of the fixed, variable and exceptional components of the total remuneration and benefits of all kinds payable in 2020 to the Chairperson and CEO on a 98.35% basis, without debate.

7.1.2 Information about each corporate officer

7.1.2.1 Remuneration policy applicable in 2021 to the Chairperson and CEO

a. Term of office of the Chairperson and CEO

Christel Bories was appointed Chairperson and CEO with effect from 23 May 2017, for the duration of her term of office as director, until the General Shareholders' Meeting called to approve the financial statements for the 2020 financial year.

The Chairperson and CEO may be dismissed at any time by the Board of Directors.

b. Total remuneration and benefits of any kind

i. Fixed remuneration

The Chairperson and CEO receives a fixed remuneration in consideration for the responsibilities attached to this type of corporate office. The remuneration is determined mainly on the basis of the following:

- level of responsibility and complexity of the assignments attached to this position;
- skills, professional experience, expertise and background of the incumbent;
- market research on the remuneration for similar positions at French companies with revenues and market capitalisation comparable to those of the Group. By conducting such research, the Group seeks to position itself in the market median of comparable companies.

The fixed remuneration of the Chairperson and CEO was defined as part of her appointment as Chairperson and CEO on 23 May 2017. It amounts to €800,000 (annual gross fixed amount) and has remained unchanged since that date.

However, the fixed remuneration of the Chairperson and CEO is reviewed each year, and its revision may be proposed in the event of significant change to the incumbent's scope of responsibility or discrepancy with respect to the Company's market positioning, on the basis of the remuneration surveys carried out each year.

ii. Annual variable remuneration

The objective of the annual variable remuneration is to provide an incentive to the Chairperson and CEO to attain the annual performance objectives set by the Board of Directors in line with the implementation of the Company's strategy.

The target-based annual variable portion is set at 100% of gross annual fixed remuneration and can vary from 0% to 150% of gross annual fixed remuneration depending on the level of achievement of the various objectives, with 100% of the fixed rate corresponding to 100% achievement of the objectives. It may not exceed 150% of gross annual fixed remuneration. The variable portion for objectives achieved and the maximum variable portion are reviewed each year by the Remuneration and Governance Committee in relation to market practice, as part of the remuneration surveys conducted annually.

Annual variable remuneration of the Chairperson and CEO, identical to the one applied to the Group's Executive Committee, is determined:

- 60% on the basis of the quantitative objectives relating to the Group's financial performance during the previous year. For 2021, the performance indicator to be applied is the Group's operational cash flow;
- 10% on the basis of the quantitative objectives relating to the safety of the Group's administrative staff, temporary workers and subcontractors (workplace accident frequency rate);
- 30% on the basis of annual qualitative objectives.

As in 2020, the entire variable portion calculated on financial objectives will be based on the operational cash flow criterion. Due to the changes to the Group's financial ratios, management launched an action plan in 2020 covering the components of cash-generating items. The objectives of the variable portion are therefore consistent with this focus and will be applied to all Group executives.

Qualitative objectives are determined by the Board of Directors at the proposal of the Remuneration and Governance Committee and focus on strategic, business and managerial issues specific to the next financial year. They may concern the implementation of strategic orientations approved by the Board of Directors, major industrial and commercial developments and programmes, organizational and management actions and achievements that are part of the Group's corporate social responsibility (CSR) and sustainable development approach. They do not fall under routine tasks but are specific actions for which the Board of Directors expects a particular performance.

7

The 2021 objectives for the Chairperson and CEO break down as follows:

	Indicator	Weighting
Financial quantitative objective	Group operational cash flow	60%
Safety objective	Workplace accident frequency rate with or without lost days, including the accidentology of Eramet employees, temporary workers and subcontractors. In the event of a fatal accident at a site, the achievement rate is divided in half. Beyond that, the achievement rate is considered nil.	10%
Qualitative objectives	• Manage the Group's portfolio, with the agreement of the Board of Directors; • Deliver on the ramp-up of growth projects at Comilog and Weda Bay; • Propose and implement the Group funding strategy to maximise strategic latitude; • Ensure progress on the CSR roadmap	30%

These criteria contribute to the remuneration policy objectives, insofar as:

- the performance criteria are stringent and correspond to the Group's key profitable and sustainable growth factors and are generally aligned with the short- and long-term objectives and priorities of the Eramet Group;
- the performance criteria include Eramet's performance with respect to the Group's Social Responsibility, whether through performance in workplace safety and environment, or through more qualitative annual objectives;
- the performance criteria are consistent with those of all of the Group's executive employees and managers, thereby aligning all key employees with the interests of shareholders to help achieve sustainable and profitable growth for the Eramet Group.

The annual variable remuneration is calculated and set by the Board of Directors at the end of the financial year to which it applies. To this end, each year, during the first quarter, the Board of Directors, on the recommendation of the Remuneration and Governance Committee, examines the different objectives, their weighting and the expected performance levels. It sets:

- the threshold below which no variable remuneration is paid;
- the target level of the variable remuneration due when each objective is reached; and
- the criteria for evaluating quantitative performance.

Accordingly:

- 100% of the bonus is paid when targets are met;
- 150% of the bonus may be paid if these targets are exceeded.

Economic performance targets based on financial indicators are set precisely according to a budget approved in advance by the Board of Directors. They are subject to the performance thresholds referred to above. The rate of achievement for each criterion is communicated separately when performance has been reviewed by the Board of Directors.

The Company cannot demand that the annual variable remuneration be returned.

The variable portion owed in a given year is determined by the Board of Directors approving the financial statements for the same year. Thus, in accordance with Article L. 22-10-34 (formerly Article L. 225-100-II) of the French Commercial Code, payment of the variable portion due for 2021 will be subject to an *ex post* vote by the Shareholders' Meeting called in 2022 to approve the financial statements for the 2021 financial year. It is paid within the month following the validation of this payment by the General Shareholders' Meeting.

There is no other period of potential postponement.

iii. Long-term remuneration

The Chairperson and CEO's long-term remuneration is exclusively based on the share grants contingent on performance conditions.

Share-based remuneration is in line with the objectives of the remuneration policy, since it allows the Company to retain its executives and encourages aligning their interests with the Group's corporate interests and the interests of shareholders.

Starting in 2021, the award of performance shares to the Chairperson and CEO is set at 100% of annual fixed compensation when all performance conditions in the plan are met. The level of this share grant is subject to analysis, renewed at least every three years to ensure that it corresponds to best market practices and, under all circumstances, to AFEP MEDEF guidelines. A revised share grant may be proposed in the event of a material change to the Chairperson and CEO's scope of responsibility or a divergence relative to the Company's market positioning, on the basis of the remuneration surveys carried out.

Share grants are awarded annually at the same time of year and are not discounted. Since these concern existing shares as opposed to new shares, there is no share dilution. With regard to the dilution of voting rights, the allocation of existing shares only has a marginal impact, given the composition of Eramet's equity, on one hand, and the selectivity of the criteria established for these plans, on the other. The share plan regulations prohibit hedging operations and executive corporate officers give a formal undertaking in this respect.

Granted shares are contingent on performance conditions as described below as well as a continuous three-year presence condition for the Group's employees. As of the 2021 grants, an additional two-year holding period no longer applies to shares vested at the end of the three-year vesting period to ensure the plan is both attractive and competitive internationally.

Nonetheless, dating from the Board meeting of 23 July≈2007, the Chairman and Chief Executive Officer is required to retain 20% of the shares vested under the performance share plans, until the end of her term as a corporate officer, a decision that must be reviewed each time her term of office is renewed.

Performance conditions

Share grant performance conditions are calculated over three years and are identical to those imposed on other Eramet Group beneficiary executives. These performance condition indicators are reviewed at least every three years, after analysing the practices of comparable companies on the market, and to ensure alignment and consistency between long-term remuneration and the Eramet Group's strategy.

In 2021, performance conditions are based on three indicators:

- the relative performance of Eramet shares for 30% of the share grant (this involves comparing the change in "*total shareholder return*" over a three-year period with that of a panel of several dozen comparable companies on the *Euromoney Global Mining Index; Diversified Metals & Mining*, this performance condition being achieved at 100% if the Eramet share is ranked among the top 15% in this basket); and
- the intrinsic EBITDA *(Earnings Before Interest, Taxes, Depreciation and Amortization)* performance achieved in three instalments over a three-year period for 50% of the grant. This performance condition is only met at 100% if these objectives are met;
- Eramet Group's CSR performance over three years for 20% of the share grant. This is the achievement rate of the Group's CSR roadmap, which is based on 13 indicators that can be broken down into 15 objectives that must be reached, mainly covering the following areas: safety, training and commitment of employees, diversity, energy transition, respect for human rights, reduction of atmospheric emissions and CO_2 emissions, responsible procurements, etc.

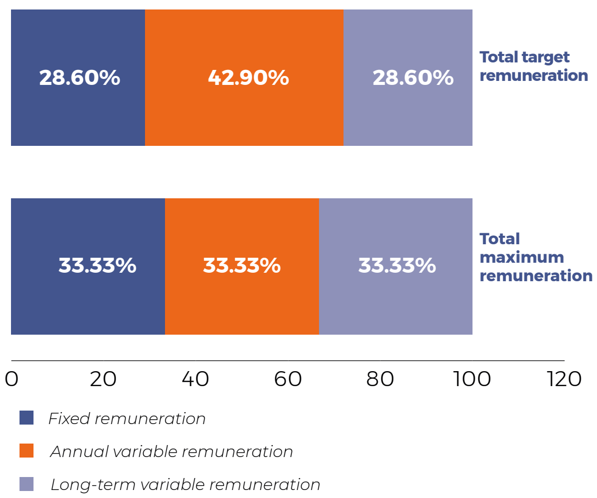
The remuneration and Governance Committee evaluates the quantitative performance criteria of this long-term remuneration on the basis of the quantified components of the annual financial statements validated by the Statutory Auditors (EBITDA). Forward Finance, an external firm, performs the assessment of the relative performance criteria of the Eramet share with respect to the Euromoney Global Mining Index panel of companies.

Achievement of the CSR roadmap objectives assessed annually by the Strategy and CSR Committee. An external reasoned report on the non-financial performance statement, which sets out Eramet's approach to its commitments in detail, is prepared by the independent third party on the statement's compliance with Article R. 225-105 of the French Commercial Code, as well as on the fairness of the information provided in accordance with said Article R. 225-105-I(3) and II, namely the policy outcomes, including key performance indicators, and the measures implemented to address the main extra-financial risks.

Respective weight of remuneration components

The remuneration policy for the Chairperson and CEO aims to strike a balance between long-term and short-term performance in order to promote the development of the Eramet Group for all of its stakeholders.

The total target and maximum remuneration for the Chairperson and CEO breaks down as follows:



Severance package

The corporate office of the Chairperson and CEO states that in case of dismissal (except for gross misconduct) or forced resignation, particularly following a change of company control or substantial imposed changes to the scope of responsibility (including in the event that the roles of Chairperson and CEO are separated before the end of Ms Bories' renewed term of offices, that Ms Bories is proposed to continue with only one of those two roles and that she would decline the proposal), the Chairperson and CEO will be awarded severance pay equal to two years of her gross fixed and variable remuneration.

To comply with the objectives of the remuneration policy, this package is subject to the condition that the sum of gross variable remuneration received over the last three complete years of her term of office must be 35% or more of the total gross annual fixed remuneration received during the same three-year period. This variable compensation is calculated based on stringent performance conditions determined by the Board of Directors at the proposal of the Remuneration and Governance Committee. These conditions include the financial objectives that correspond to the development objectives of the Eramet Group, an objective of corporate responsibility based on the workplace accident rate with lost days and qualitative objectives concerning strategic, business and managerial challenges specific to the financial year. They may concern the implementation of strategic orientations approved by the Board of Directors, major industrial and commercial developments and programmes, organizational and management actions and achievements that are part of the Group's corporate social responsibility (CSR) and sustainable development approach.

In the event that the number of full financial years is less than three, the performance will be assessed based on the actual duration of the term of office, at the discretion of the Board of Directors as proposed by the Remuneration and Governance Committee.

The Board of Directors can unilaterally cancel this severance package based on a performance evaluation.

Supplementary insurance scheme and healthcare plan

The Chairperson and CEO is covered by the supplementary insurance scheme and healthcare plan in force within the Company under the same conditions as those applicable to other employees.

The supplementary healthcare plan, which is 56% financed by Eramet and 44% by beneficiaries, covers the hospitalisation, medical costs, dental and optical costs of beneficiaries and their assigns.

The supplementary insurance scheme, which is 67% financed by Eramet and 33% by beneficiaries, provides coverage in the event of lost days due to illness or accident, a disability allowance, as well as capital or income proportional to the gross annual pay in the event of death.

Insurance policies related to these schemes can be cancelled under the statutory law conditions applicable in the field.

Furthermore, the Board of Directors may unilaterally revisit whether these schemes shall apply to the Chairperson and CEO.

Supplementary pension plan

The Chairperson and CEO is covered by a life insurance policy pursuant to Article 82 of the French General Tax Code, designed to supplement the level of the Chairperson and CEO's replacement income when she retires.

The annual amount paid in respect of this policy is 30.39% of the gross total annual remuneration (fixed remuneration + variable remuneration subject to performance conditions) paid to the Chairperson and CEO during the reference year.

The amount thus determined shall be paid in two instalments:

- payment by the Company to an insurance company of an annual contribution, up to 50% of the total amount of the additional remuneration;
- annual payment by the Company to Chairperson and CEO of an amount in cash, up to 50% of the total amount of the additional remuneration, to finance the corresponding social security and tax charges.

The subscription of the life insurance policy was authorised by the Board of Directors on 26 July 2017 and approved by the General Meeting of 24 May 2018 under the procedure for regulated agreements (Article L. 225-38 et seq. of the French Commercial Code). Insurance policies related to these schemes can be cancelled under the statutory law conditions applicable in the field.

To comply with the objectives of the remuneration policy, the basis for calculating this additional remuneration includes fixed and variable remuneration and is therefore de facto subject to performance conditions, which are described above.

c. Absence of other remuneration items

Non-competition commitment

There is no provision for the Chairperson and CEO to receive payment in respect of a non-competition commitment upon conclusion of their respective terms of office.

Compensation for term of office as director

The Chairperson and CEO does not receive any compensation for the terms of office held within the Group's companies.

Exceptional remuneration

The principle of an exceptional remuneration does not exist.

Company car

The Eramet Group's remuneration policy provides that the Chairperson and CEO and other Group executives shall be provided a company car.

The Chairperson and CEO has waived the benefit of this company car.

Employment or service contracts

The Chairperson and CEO does not have an employment contract nor a service contract.

7.1.2.2 Remuneration policy applicable in 2021 to directors

a. Term of office of directors

Directors are appointed for a term of four years in office.

Christel Bories	appointed on 23 May 2017	expiry date SM convened for 2020 financial statements
Michel Antsélévé	appointed on 15 May 2013	expiry date SM convened for 2020 financial statements
Emeric Burin des Roziers	appointed on 23 May 2019	expiry date SM convened for 2022 financial statements
Christine Coignard	appointed on 23 May 2017	expiry date SM convened for 2020 financial statements
François Corbin	appointed on 23 May 2019	expiry date SM convened for 2022 financial statements
Jérôme Duval	appointed on 23 May 2019	expiry date SM convened for 2022 financial statements
Sorame (Cyrille Duval)	appointed on 11 May 2011	expiry date SM convened for 2022 financial statements
Nathalie de La Fournière (CEIR)	appointed on 11 May 2011	expiry date SM convened for 2022 financial statements
Frédéric Gaidou	Director appointed to represent employees	term of office effective from 12 November 2018 until 11 November 2022
Jean-Yves Gilet	appointed on 23 September 2016	expiry date SM convened for 2022 financial statements
Manoelle Lepoutre	appointed on 11 May 2011	expiry date SM convened for 2022 financial statements
Jean-Philippe Letellier	Director appointed to represent employees	term of office effective from 23 June 2018 until 22 June 2022
Miriam Maes	appointed on 27 May 2016	expiry date SM convened for 2023 financial statements
Louis Mapou	appointed on 24 May 2018	expiry date SM convened for 2021 financial statements
Catherine Ronge	appointed on 17 February 2016	expiry date SM convened for 2020 financial statements
Sonia Sikorav	appointed on 27 May 2016	expiry date SM convened for 2023 financial statements
Claude Tendil	appointed on 25 May 2012	expiry date SM convened for 2022 financial statements
Bruno Vincent	Appointed as State representative on 23 May 2019 in accordance with the 20 August 2014 order	no expiry date
Jean-Philippe Vollmer	appointed on 15 October 2020	expiry date SM convened for 2023 financial statements

The director can be dismissed at any time by resolution of the Shareholders' Meeting.

b. Total remuneration and benefits of any kind

Fixed remuneration

Directors receive an annual package of €10,000.

Depending on cases, directors receive the following compensation:

- an annual package of €5,000 for Appointments Committee members;
- compensation of €2,500 for each meeting of the Board of Directors, Strategy and CSR Committee and the Remuneration and Governance Committee attended. This amount is increased to €5,000 for the Chairman of each of these two Committees;
- compensation of €3,000 for each meeting of the Audit, Risks and Ethics Committee attended. This amount is increased to €6,000 for the Chairman of the Committee.

The directors holding this post in Eramet subsidiaries (Cyrille Duval) are paid in accordance with the rules defined by each of these companies.

Travel allowance

Each director who is a non-European resident receives a travel allowance of €1,525 for each journey to attend a Board or Committee meeting.

Absence of other remuneration items

Directors do not receive variable or exceptional remuneration, nor share-based payments.

The above remuneration procedures apply to all Eramet directors.

Employment or service contracts

Directors do not, under any circumstances, have an employment contract nor a service contract with Eramet.

7.2 OVERALL REMUNERATION OF CORPORATE OFFICERS IN 2020 *EX POST* SAY ON PAY

7.2.1 Annual total remuneration of the Chairperson and CEO in respect of the 2020 financial year

7.2.1.1 Total remuneration and benefits of any kind

a. Remuneration items

i. Fixed remuneration

For the 2020 financial year, Christel Bories received gross fixed remuneration of €766,667. In response to the public health crisis, Eramet established a solidarity fund to finance measures to stem the spread of Covid-19 in the communities around its sites throughout the world. The Board of Directors meeting of 4 May 2020 agreed to Christel Bories' proposal to pay 25% of her fixed compensation for April and May 2020 into this fund. The total amount of fixed compensation for 2020 reflects this deduction.

ii. Variable remuneration

The gross variable remuneration paid in 2020 in respect of the 2019 financial year was €736,000. This remuneration was approved by the Shareholders at the AGM on 26 May 2020 (tenth resolution). The gross variable remuneration due on behalf of the 2020 financial year is €874,000. The amount of the variable remuneration was determined according to the achievement level of the objectives described below:

Achievement level of 2020 objectives for variable remuneration paid in 2021

Objectives	Weighting	Achievement rate	Percentage paid in respect of this objective
Operating cash flow – H1 2020	25%	125%	31.25%
Operating cash flow – H2 2020	25%	150%	37.50%
Safety (AF2 including employees, temporary workers and subcontractors)	10%	75% (1)	7.50%
Qualitative objectives linked in particular to the implementation of major Group projects and the continued rollout of the transformation programme.	40%	82.50%	33.00%
OVERALL OBJECTIVES ACHIEVEMENT RATE	**100%**		**109.25%**

(1) *Despite the objective achievement rate above 150%, a fatal accident occurred in 2020. As a result the achievement rate for this objective was cut by 50%.*

The Company did not demand that a variable remuneration be returned.

iii. Exceptional remuneration

Christel Bories does not receive any exceptional remuneration.

iv. Long-term remuneration

The Board of Directors' meeting of 12 March 2020 granted Christel Bories 15,000 performance shares (i.e. 0.06% of the share capital), at an estimated value of €299,400 using the method adopted for the consolidated financial statements (fair value of the share on the day of the share grant by the Board of Directors) where all the plan performance conditions are exceeded. A target number of 10,000 shares for a valuation of €199,600 applying the method used in the consolidated financial statements (fair value of the share on the grant date by the Board of Directors) is the number of shares that will vest three years after the grant date if the performance conditions are met in full. Furthermore, these performance shares are subject to an additional two-year holding period and 20% of these shares are prohibited from sale until the end of the corporate officer's term of office.

These very rigorous performance conditions are calculated over a three-year period, as follows:

- the relative performance of Eramet shares for 30% of the share grant (this involves comparing the change in total shareholder return over a three-year period with that of a panel of around 40 comparable companies on the Euromoney Global Mining Index; Diversified Metals & Mining, Steel; this performance condition being achieved at 100% only if the Eramet is ranked between the 30th and 45th percentile and at 150% if the Eramet share is ranked among the top 15% of the panel);
- the intrinsic performance of certain financial indicators achieved in three instalments over a three-year period for 50% of the share grant (25% of EBITDA), and 25% of net debt at constant budget conditions since annual targets are set by reference to the Company's budgetary targets; this performance condition is only met at 150% when the targets are significantly out-performed; and

- CSR performance for 20% of the grant, based on the annual CSR indicators and whose results are presented each year to the Strategy and CSR Committee.

Christel Bories was not granted any other long-term remuneration item during the financial year ended 31 December 2020.

v. Other remuneration items

Social protection scheme

Christel Bories benefits from the supplementary healthcare plan and the supplementary disability and life insurance scheme operating within the Eramet Group.

In 2020:

- the employer contribution to the healthcare plan amounted to €1,245.60.
- the employer contribution to the supplementary life insurance scheme amounted to €7,502.20.

Life insurance (Article 82)

Christel Bories is covered by a life insurance policy pursuant to Article 82 of the French General Tax Code, designed to supplement the level of the Chairperson and CEO's replacement income when she retires. This policy guarantees that savings will be set aside which, on the retirement date, will be converted into a life annuity or paid as a lump sum.

The supplementary remuneration prompts the following two payments:

- the financing of a life insurance contract:

  The Company has arranged for Christel Bories to take out a life insurance policy underwritten by the Company with an approved insurance company. this contract, known as "Article 82", is an individual life insurance contract. the financing of this contract is fully covered by the Company and represents 50% of the additional remuneration determined in accordance with the above. It does not constitute a retirement commitment;

- an annual cash payment:

  Each year, the Company pays an amount in cash equal to 50% of the additional remuneration determined in accordance with the above provisions, in order to cover the related social and tax charges.

The annual amount of the additional remuneration paid is 30.39% of the total gross annual remuneration (fixed + variable) paid to Christel Bories during the reference year. The basis for calculating this additional remuneration includes not only fixed remuneration but also variable remuneration. For the 2020 financial year, the employer contribution paid by the Company amounted to €466,790, which breaks down into €233,395 paid to the insurer and €233,395 paid to Christel Bories to offset the related social and tax charges.

The Company's commitment is limited to the payment of the contribution mentioned above and it remains free to terminate this contract at any time.

vi. Other forms of remuneration

Christel Bories did not receive any of the following remuneration:

- deferred variable remuneration;
- multi-year variable remuneration;
- benefits in kind.

vii. Remuneration allocated to directors

Christel Bories did not receive any remuneration in respect of her term of office as director.

b. Remuneration paid by a company in the scope of consolidation

Christel Bories did not receive any remuneration paid by a company in the scope of consolidation.

c. Respective weight of remuneration items

Relative proportion of fixed and variable remuneration

	Amount	Portion
Fixed remuneration	766,667	47%
Annual variable remuneration	874,000	53%

7.2.1.2 Fairness ratio and changes in performance

The fairness ratio between the remuneration level of the Chairperson and CEO and the average and medial remuneration of Eramet SA employees

The following presentation was performed in accordance with the provisions of Article L.22-10-9 of French ordinance No. 2020-1142 of 16 September 2020 and the AFEP-Medef guidelines.

The ratios above were calculated based on fixed and variable remuneration paid during the financial years specified, as well as the performance and bonus shares awarded during these same periods and measured at fair value on the grant date.

To prepare this information, we chose the scope of the Group's French holding company, Eramet SA The employees included are those continuously employed during the periods mentioned.

REMUNERATION PAID DURING THE FINANCIAL YEAR

	2016	2017	2018	2019	2020
Fairness ratio on median wage	21.1	24.6	36.9	24.3	26.6
Fairness ratio on average wage	15.0	16.8	22.1	16.4	19.0

The fairness ratio is calculated by comparing the remuneration paid to the Chairperson and CEO and the average and median pay of employees in the Eramet Group's holding company.

Explanations for the change of ratios

Patrick Buffet was Chairperson and CEO throughout all of FY 2016.

Christel Bories was Chairperson and CEO throughout all of FY 2018, 2019 and 2020.

For the 2017 financial year, the ratio was calculated on the basis of total remunerations paid to Patrick Buffet until the end of the term of office on 23 May 2017 and Christel Bories as from the start of her appointment on 23 May 2017.

COMPARISON OF THE CHANGES TO THESE REMUNERATIONS WITH THE CHANGE IN THE PERFORMANCE OF THE ERAMET GROUP

	2016/2017	2017/2018	2018/2019	2019/2020
Remuneration of the Chairperson and CEO	43%	31%	- 31%	- 6%
Eramet SA median remuneration (1)	23%	- 13%	5%	- 14%
Eramet SA average remuneration (1)	28%	0%	- 7%	- 18%
EBITDA (2)	132%	- 3%	- 25%	- 37%

(1) These indicators are calculated for employees continuously employed based on actual gross pay during the year, including employee savings and shares granted during the year under consideration, measured at the fair value of the share on the grant date by the Board of Directors.

(2) The data presented is adjusted data from the Group's reporting, in which the operating performance of the joint ventures is recognized under proportionate consolidation until 2018: the TiZir subgroup (Mineral Sands BU, Mining and Metals Division) until 30 June and UKAD (High Performance Alloys Division) until 31 December.

7.2.1.3 Taking into account the Shareholders' Meeting's last global *ex post* vote

In its tenth resolution, the Shareholders' Meeting of 26 May 2020 voted 98.35% in favour of the *ex post* resolution on fixed, variable and exceptional components of total remuneration and benefits of any kind, paid or awarded in respect of the 2019 financial year to Christel Bories.

7.2.1.4 Compliance of the remuneration paid with the remuneration policy

The remuneration items of Christel Bories described above are compliant with the provisions defined by the Board of Directors, on the recommendation of the Remunerations Committee. They are determined in compliance with the corporate interest, as tailored to Company's commercial strategy, and correspond to a policy of performance and competitiveness in the medium and long term to ensure the Company's longevity.

The financial performance and non-financial performance conditions are stringent and assessed on an annual basis. They encompass the key factors of value creation and the Company's profitable and sustainable growth and are aligned with our short, medium and long-term objectives, which contributes to lasting growth. They are regularly reviewed in line with the Group's strategic priorities.

Share grant performance conditions are calculated over three years and are identical to those imposed on other Eramet Group beneficiary executives.

The Board of Directors decides on the remuneration policy applicable to the corporate officers and oversees implementation. It sets the remuneration of Eramet's Chairperson and CEO and directors. Furthermore, as part of the work involved in preparing for the annual review of the remuneration of corporate officers, the Remuneration and Governance Committee receives information on the trending criteria proposed for the Group's employees overall, both with respect to fixed and variable remuneration and granting of shares regardless of whether or not they are contingent on performance conditions. This information ensures alignment and consistency between the provisions applicable to corporate officers and those applicable to the Group's employees.

The Company did not deviate from the remuneration policy implementation procedure.

The Company did not waive the remuneration policy.

7.2.1.5 Suspension of the remuneration paid to directors

As the Board of Directors is organised in accordance with the provisions of Articles L. 225-18-1 and L. 22-10-3 of the French Commercial Code, payment of the compensation set out in the first sub-paragraph of Article L. 225-45 of the aforesaid Code has not been suspended.

7.2.2 Total annual remuneration of the directors in respect of the 2020 financial year

7.2.2.1 Total remuneration and benefits of any kind

a. Remuneration items

Table 3 provides details on the items of the directors' remuneration in respect of financial year 2020.

b. Remuneration paid by a company in the scope of consolidation

With the exception of Cyrille Duval as mentioned in Table 3, directors received no remuneration from a company in the scope of consolidation.

c. Respective weight of remuneration items

Directors did not receive any variable or exceptional compensation in respect of the 2020 financial year.

7.2.2.2 Taking into account the Shareholders' Meeting's last *ex post* vote

In its ninth resolution, the Shareholders' Meeting of 26 May 2020 voted by 99.87% to approve the *ex post* resolution on the disclosures relative to total remuneration of directorsin respect of the 2019 financial year included in the 2019 Universal Registration Document (URD), section 7.2.2 "Remuneration of the management and administration bodies".

7.2.2.3 Compliance of the remuneration paid with the remuneration policy

The remuneration policy for the directors was first approved in 2020.

The Company did not deviate from the remuneration policy implementation procedure.

The Company did not waive the remuneration policy.

7.2.2.4 Suspension of the remuneration paid to directors

As the Board of Directors is organised in accordance with the provisions of Articles L. 225-18-1 and L. 22-10-3 of the French Commercial Code, payment of the compensation set out in the first sub-paragraph of Article L. 225-45 of the aforesaid Code has not been suspended.

7.2.3 Items of remuneration paid or granted in respect of the 2020 financial year subject to the vote of the Shareholders' Meeting to be held in 2021 in application of Article L. 22-10-34 (formerly Article L. 225-100, III) of the French Commercial Code

Remuneration items	Amounts granted in respect of 2020 or accounting valuation	Amounts paid in respect of 2020	Presentation
			No suspended employment contract. Christel Bories holds a corporate office.
Fixed remuneration	€766,667	€766,667	Gross fixed remuneration, paid for the 2020 financial year in accordance with the provisions adopted by the Board of Directors of Eramet SA on 23 February 2017. On Christel Bories' proposal, which was approved by the Board of Directors on 4 May 2020, 25% of her fixed remuneration for April and May 2020 was paid into the solidarity fund established by Eramet to finance its measures to stem the spread of Covid-19 in the communities around its sites worldwide.

Annual variable remuneration	€874,000 (amount applied for the 2020 financial year)	€736,000 (amount paid in 2020 in respect of financial year 2019)	At its meeting on 16 February 2021, the Board of Directors, on a recommendation by the Remuneration Committee and following the Audit Committee's approval of the financial items, approved the amount of variable remuneration of Christel Bories for the financial year 2020 at €874,000 (i.e., 109.25% of her target variable remuneration). Note that in 2020, as per the decisions of the Board meeting on 16 February 2021, the fixed remuneration used to calculate variable remuneration paid in 2021 in respect of 2020 does not take account of the amount paid into the solidarity fund.
			The variable portion is based on quantitative and qualitative objectives, whose selection and weighting are proposed by the Remuneration Committee and approved by the Board of Directors.
			These objectives are based for 60% on safety and working conditions and on quantitative economic performance objectives and for 40% on qualitative objectives:
			• quantitative objectives (60%), the achievement rate of which is detailed in section 7.2.1.1.a.ii:
			  • 10% on safety (accident frequency rate of employees, temporary workers and subcontractors) which is reduced if a fatal accident occurs,
			  • 25% on operating cash flow for H1 2020;
			  • 25% on operating cash flow for H2 2020;
			  The objectives achieved (100%) correspond to the budget figures.
			• Qualitative objectives (40%) detailed for 2020 in section 7.2.1.1.a.ii.
			The target-based annual variable portion is set at 100% of gross annual fixed remuneration based on the achievement rate of various goals. This remuneration may vary from 0 to 150% of gross annual fixed remuneration, 100% of fixed remuneration corresponding to 100% of goals achieved. It may not exceed 150% of gross annual fixed remuneration. The variable portion for goals achieved and the maximum variable portion are reviewed each year by the Remuneration Committee in relation to market practice, as part of remuneration surveys conducted annually.
			Pursuant to the remuneration policy, the Company cannot demand that the annual variable remuneration be returned.

Deferred variable remuneration	N/A		Christel Bories does not receive any deferred variable remuneration.
Multi-year variable remuneration	N/A		Christel Bories does not receive any multi-year variable remuneration.
Exceptional remuneration	N/A		Christel Bories does not receive any exceptional remuneration.

Remuneration items	Amounts granted in respect of 2020 or accounting valuation	Amounts paid in respect of 2020	Presentation
Performance shares or stock options, or any other long-term remuneration item	15,000 bonus shares = €299,400 (applying the method used in the consolidated financial statements, fair value of the share on the day of granting by the Board of Directors) Options = N/A Other items = N/A	15,000 bonus shares = €785,550 (applying the method used in the consolidated financial statements, fair value of the share on the day of granting by the Board of Directors) Options = N/A Other items = N/A	The Board of Directors of 12 March 2020 confirmed, in accordance with the authorisation of the Shareholders' Meeting of 24 May 2018 (11th resolution), that Christel Bories would be granted 15,000 performance shares for a value of €299,400 (0.06% of the share capital) when all the performance conditions are exceeded, which represents a share grant of 10,000 shares per target when the performance conditions of the plan are fully achieved, for an estimated value of €199,600 according to the method adopted for the consolidated financial statements (fair value of the share on the day of the share grant by the Board of Directors). This number corresponds to the number of shares that may be vested, fully or partially, three years after they are granted provided that the performance conditions are fully or partially met. Furthermore, these performance shares are subject to an additional two-year holding period and 20% of these shares are locked up until the end of the corporate officer's term of office. These very rigorous performance conditions are calculated over a three-year period, as follows: • the relative performance of Eramet shares for 30% of the share grant (this involves comparing the change in total shareholder return over a three-year period with that of a panel of around 42 comparable companies on the Euromoney Global Mining Index; Diversified Metals & Mining, Steel; this performance condition being achieved at 100% in case of ranking between the 30th and the 45th percentile and 150% if the Eramet share is ranked among the top 15% of the panel); • the intrinsic performance of certain financial indicators achieved in three instalments over a three-year period for 50% of the share grant (25% of EBITDA), and 25% of net debt at constant budget conditions since annual targets are set by reference to the Company's budgetary targets; this performance condition is only met at 150% when the targets are significantly out-performed; and • CSR performance for 20% of the grant, based on the annual CSR indicators and whose results are presented each year to the Strategy and CSR Committee. This performance condition is only met at 150% if these objectives are significantly exceeded. Christel Bories was not granted any other long-term remuneration item during the financial year ended 31 December 2020.
Remuneration for term of office as director	N/A		Christel Bories does not receive remuneration for the offices she holds at Eramet and its subsidiaries.
Benefits of any kind	N/A		Christel Bories does not have a company car.

REMUNERATION ITEMS FALLING DUE OR GRANTED FOR THE FINANCIAL YEAR ENDED WHICH HAVE BEEN OR ARE SUBJECT TO SHAREHOLDER APPROVAL PURSUANT TO THE PROCEDURES RELATED TO REGULATED AGREEMENTS AND COMMITMENTS

Remuneration items	Amounts granted in respect of 2020 or accounting valuation	Amounts paid in respect of 2020	Presentation
Compensation related to taking up or leaving a post	No payment		In case of dismissal (except for gross misconduct) or forced resignation, particularly following a change of control of the Company or substantial imposed changes to the scope of responsibility, Christel Bories will be awarded severance pay equal to two years of her gross fixed and variable remuneration. This benefit is subject to the condition that the sum of gross variable remuneration received over the last three complete years of her term of office must be 35% or more of the total gross annual fixed remuneration received during the same three-year period. In the event that the number of full years is less than three, the performance will be assessed based on the actual duration of the term of office, at the discretion of the Board of Directors on the proposal from the Remuneration Committee. In accordance with the procedures related to regulated agreements and commitments (and with the provisions of Article L. 225-42-1 of the French Commercial Code applicable at the time), this commitment was authorised by the Board of Directors on 23 February 2017 and approved by the General Shareholders' Meeting of 24 May 2018.
Contribution Article 82 scheme	€508,729	€466,790	Christel Bories is covered by a life insurance policy under Article 82 of the French General Tax Code. On 26 July 2017, the Board of Directors, acting on a proposal from the Remuneration Committee, authorised the implementation of the system under the following conditions: • The annual amount of the additional remuneration paid is 30.39% of the total gross annual remuneration (fixed + variable) paid to Christel Bories during the reference year. The basis for calculating this additional remuneration includes not only fixed remuneration but also variable remuneration. Note that in 2020, as per the decisions of the Board of Directors' meeting of 16 February 2021, the fixed remuneration used to calculate the additional variable remuneration paid in respect of the "Article 82" life insurance policy awarded in 2020 and paid in 2021 does not take account of the amount paid into the solidarity fund. The additional remuneration determined in accordance with the preceding provisions shall give rise to the following two payments: • the financing of a life insurance contract: The Company has arranged for Christel Bories to take out a life insurance policy underwritten by the Company with an approved insurance company. this contract, known as "Article 82", is an individual life insurance contract. the financing of this contract is fully covered by the Company and represents 50% of the additional remuneration determined in accordance with the above. It does not constitute a retirement commitment; • an annual cash payment: Each year, the Company pays an amount in cash equal to 50% of the additional remuneration determined in accordance with the above provisions, in order to cover the related social and tax charges. For the financial year 2020, the basis for calculating this remuneration includes the fixed remuneration and the variable remuneration and is accordingly subject to performance conditions. Considering the achievement rate of 2020 variable remuneration objectives, which corresponds to 109.25%, the amount of employer contribution totals €508,729 broken down into the proportions mentioned above. The Company's commitment is limited to the payment of the contribution mentioned above and it remains free to terminate this contract at any time.
Supplementary insurance scheme and healthcare plan	Employer share of healthcare costs: €1,246 Employer share and life insurance: €7,503	Employer share of healthcare costs: €1,246 Employer share and life insurance: €7,503	Christel Bories benefits from the supplementary healthcare plan and the supplementary disability and life insurance scheme operating within the Eramet Group. In accordance with the procedures related to regulated agreements and commitments, this commitment was authorised by the Board of Directors on 23 February 2017 and approved by the General Shareholders' Meeting of 24 May 2018.

7.2.4 Presentation of the remunerations for executive corporate officers

TABLE 1 – SUMMARY TABLE OF THE REMUNERATION, SHARES AND OPTIONS GRANTED TO THE EXECUTIVE CORPORATE OFFICER

	Remuneration granted in the financial year (1)		Value of shares granted during the year (2)		Total	Total
(in euros)	2020	2019	2020	2019	2020	2019
Christel Bories Chairperson and CEO	2,149,396	2,002,790	299,400	785,550	2,448,796	2,788,340
TOTAL CORPORATE OFFICERS	**2,149,396**	**2,002,790**	**299,400**	**785,550**	**2,448,796**	**2,788,340**

(1) The valuation method used to calculate the value of performance shares does not permit the actual remuneration of executives to be extrapolated from these figures for the years in question.

(2) Calculated according to the fair value per share on the day of granting by the Board of Directors, namely €19.96 at 12 March 2020, €52.37 at 20 February 2019. There were no options granted during the financial year.

The valuation corresponds to the maximum grant of 15,000 shares, the target being 10,000 shares for a 100% achievement.

Valuation of the other remuneration plans:

There is no:

- long-term remuneration plan;
- stock option plan.

TABLE 2- SUMMARY OF THE REMUNERATION OF THE EXECUTIVE CORPORATE OFFICER

	Amount for 2020		Amount for 2019	
(in euros)	granted	Paid	granted	Paid
Christel Bories Chairperson and CEO				
Fixed remuneration (1)	766,667	766,667	800,000	800,000
Annual variable remuneration (2)	874,000	736,000	736,000	566,160
Contribution to the Art. 82 scheme	508,729	466,790	466,790	415,176
Remuneration allocated for term of office as director	0	0	0	0
Benefits in kind	0	0	0	0
Total	**2,149,396**	**1,969,457**	**2,002,790**	**1,781,336**
TOTAL CORPORATE OFFICERS	**2,149,396**	**1,969,457**	**2,002,790**	**1,781,336**

(1) On Christel Bories' proposal, which was approved by the Board of Directors on 4 May 2020, 25% of her fixed remuneration for April and May 2020 was paid into the solidarity fund established by Eramet to finance its measures to stem the spread of Covid-19 in the communities around its sites worldwide.

(2) Note that in 2020, the fixed remuneration used to calculate variable remuneration paid in 2021 in respect of 2020 does not take account of the amount paid into the solidarity fund.

No multi-year variable remuneration fell due or was paid out during the financial year.

The combined total remuneration received by the top ten earners at Eramet in respect of 2020 was €6,259,947.65, which has been certified by the Statutory Auditors.

7

TABLE 3 – REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

The estimated remuneration calculated based on participation in Board and Committee meetings in 2020 by each of the non-executive corporate officers was reduced by 10% to contribute to the Eramet Group's Covid-19 solidarity fund. The amounts above for FY 2020 are the gross amounts due after deduction of this contribution.

(gross amounts in euros rounded to the nearest euro)	Eramet	Other companies	Total 2020	Total 2019
Michel Antsélévé	30,755	-	30,755	36,650
Christel Bories (1)	-	-	-	-
Emeric Burin des Roziers (3)	30,311	-	30,311	15,833
Christine Coignard	53,751	-	53,751	53,000
François Corbin (3)	49,710	-	49,710	24,833
Cyrille Duval (Sorame) (10)	73,959	29,000	102,959	84,500
Édouard Duval (2)	-	-	-	16,250
Georges Duval (2)	-	-	-	14,167
Jérôme Duval (3)	39,626	-	39,626	26,933
Nathalie de La Fournière (CEIR)	38,394	-	38,394	32,500
Frédéric Gaidou (4)	46,477	-	46,477	30,000
Other remunerations excluding corporate office: €92,882				
Jean Yves Gilet (5)	38,394	-	38,394	35,000
Philippe Gomès (6)	22,666	-	22,666	31,100
Manoelle Lepoutre	50,518	-	50,518	47,917
Jean-Philippe Letellier (7)	38,394	-	38,394	30,000
Other remunerations excluding corporate office: €98,926				
Miriam Maes	85,275	-	85,275	68,500
Louis Mapou	10,104	-	10,104	18,050
Catherine Ronge	46,477	-	46,477	30,000
Sonia Sikorav	53,751	-	53,751	53,000
Claude Tendil	66,684	-	66,684	52,500
Antoine Treuille (2)	-	-	-	31,217
Bruno Vincent (8)	73,959	-	73,959	68,000
Jean-Philippe Vollmer (9)	5,742	-	5,742	-
TOTAL	**854,945**	**29,000**	**883,945**	**799,950**

(1) Other remuneration: see other tables related to executive corporate officers' remuneration.
(2) Term of office expired on 23 May 2019.
(3) Appointed on 23 May 2019.
(4) Director representing employees.
(5) 15% of the amount due is paid to the Ministry of Finance.
(6) Term of office expired on 26 May 2020.
(7) Director representing employees.
(8) Amount paid to the Ministry of Finance – on 23 May 2019, Bruno Vincent is appointed State representative.
(9) Appointed on 15 October 2020.
(10) Remuneration received in respect of directorships at Comilog and Metal Securities.

TABLES 4 AND 5 – NOT APPLICABLE

No share purchase or subscription options were granted to executive corporate officers during the financial year.

No share purchase or subscription options were exercised by executive corporate officers during the financial year.

TABLE 6 – PERFORMANCE SHARES GRANTED TO THE CORPORATE OFFICER DURING THE YEAR

	Plan No. and date	Number of shares granted	Value of shares [1]	Acquisition date	Date available	Performance conditions
C. Bories	Plan from 12/03/2020	15,000	299,400	12/03/2023	12/03/2025	• Total shareholder return (TSR) of Eramet shares compared to that of companies included in the indices *(Euromoney Global Mining Index: Diversified Metals & Mining, Steel)* (30%); • Intrinsic performance of economic indicators (50%): EBITDA (25%) and net debt (25%) at constant budget conditions • CSR performance (20%); • Vesting gradually over three years
TOTAL		**15,000**				

(1) Calculated according to the fair value of the share on the date of granting by the Board of Directors, namely €19.96 on 12 March 2020.

TABLE 7 — NOT APPLICABLE

No performance shares became available during the financial year for the Chairperson and CEO.

TABLE 8 — NOT APPLICABLE

There is no share purchase or subscription option plan currently in operation.

TABLE 9 – PERFORMANCE SHARES – INFORMATION

	2015 plan	2016 plan	2017 plan	2017 plan	2018 plan	2019 plan	2020 plan
Date of Shareholders' Meeting	15/05/2012	27/05/2016	27/05/2016	27/05/2016	27/05/2016	24/05/2018	24/05/2018
Date of Board Meeting	19/02/2015	27/05/2016	23/02/2017	23/05/2017	22/03/2018	20/02/2019	12/03/2020
Total No. of shares granted, of which number granted to (total) (1)	132,680	134,327	142,546	12,500	206,056 (1)	179,596 (1)	188,013 (1)
including the corporate officer							
• C. Bories (1)				12,500	15,000	15,000	15,000
• P. Buffet (until 23/05/2017)	22,405	22,405					
• G. Duval (until 22/04/2016)	3,000						
• P. Vecten (until 22/04/2016)	4,730						
• B. Madelin	3,970						
• E. Duval							
• C. Duval							
Date of vesting of France Plan shares	19/02/2018	27/05/2019	23/02/2020	23/05/2020	22/03/2021	20/02/2022	12/03/2023
End date of holding period France	19/02/2020	27/05/2021	23/02/2022	23/05/2022	22/03/2023	20/02/2024	12/03/2025
End date of vesting and holding period for International Plan shares	19/02/2019	27/05/2020	23/02/2021	23/05/2020	22/03/2022	20/02/2023	12/03/2024
Performance conditions	Total shareholder return (TSR) of Eramet shares compared to that of companies included in the indices *(Euromoney Global Mining Index: Diversified Metals & Mining, Steel)* (1/3) and intrinsic performance of economic indicators (2/3) (current operating income/CA and cash flow from operating activities; progressive acquisition over 3 years				Total shareholder return (TSR) of Eramet shares compared to that of companies included in the indices (Euromoney Global Mining Index: Diversified Metals & Mining, Steel) (1/3) and intrinsic performance of economic indicators (1/3) EBITDA and (1/3) ROCE at constant economic conditions of the budget; progressive acquisition over 3 years		Total shareholder return (TSR) of Eramet shares compared to that of companies included in the indices (*Euromoney Global Mining Index: Diversified Metals & Mining, Steel*) (30%), intrinsic performance of economic indicators, EBITDA (25%) and Net Debt (25%) at constant economic conditions, and CSR performance (20%); gradual vesting over three years
Number of shares vested at 31/12/2020 (international plan)	17,877	25,258	0				
Number of shares vested at 31/12/2020 (France Plan)	59,939	85,660	63,368	6,955			
Cumulative number of cancelled or lapsed shares	54,864	23,409	41,103	5,545			
Performance shares remaining at financial year end	0	0	38,075	0			

(1) Number of shares at maximum performance:

	2015 plan	2016 plan	2017 plan	2018 plan	2019 plan	2020 plan
Vesting rate of selective plans	49.44%	86.67%	55.64%	23.6%		

For the 2015, 2016 and 2017 plans, the performance conditions are calculated over three years as follows:

- total shareholder return (TSR) of Eramet shares for one-third of the share grant: this involves comparing the change in total shareholder return with that of a panel of around 50 comparable index companies *(Euromoney Global Mining Index; Diversified Metals & Mining, Steel).* The performance conditions are fully achieved if the Eramet share is ranked among the top 15% of the panel;
- the intrinsic performance of certain financial indicators achieved in three instalments over a three-year period for two-thirds of the share grant:
  - one-third of current operating income; and
  - one-third of operating cash flow from operating activities.

The annual objectives refer to the Company's budgetary targets, with performance conditions only being fully achieved when these targets are significantly out-performed.

Taking into consideration the performance conditions, the vesting rate as a percentage of shares awarded is as follows: 2015, 49.44% – 2016, 86.67% – 2017, 55.64%.

For the 2018 and 2019 plans, these very rigorous performance conditions are calculated over a three-year period, as follows:

- the relative performance of Eramet shares for one-third of the share grant: this involves comparing the change in total shareholder return (TSR) with that of a panel of 37 comparable index companies *(Euromoney Global Mining Index; Diversified Metals & Mining, Steel).* The performance condition is only 150% achieved if the Eramet share is ranked among the top 15% of the panel;
- the intrinsic performance of certain financial indicators achieved in three instalments over a three-year period for two-thirds of the share grant:
  - one-third for EBITDA at constant budget conditions; and
  - one-third for *Return On Capital Employed* (ROCE).

The annual objectives refer to the Company's budgetary targets. This performance condition is only met at 150% if these objectives are significantly exceeded;

For the 2018 plan just ended and in view of the performance conditions, the vesting rate (%) of all shares granted in 2018 is 23.6%.

For the 2020 plan, these very rigorous performance conditions are calculated over a three-year period, as follows:

- the relative performance of Eramet shares for 30% of the share grant: this involves comparing the change in total shareholder return (TSR) with that of a panel of 42 comparable index companies *(Euromoney Global Mining Index; Diversified Metals & Mining, Steel).* The performance condition is only 150% achieved if the Eramet share is ranked among the top 15% of the panel;
- the intrinsic performance of certain financial indicators achieved in three instalments over a three year period for 50% of the share grant:
  - 25 % for EBITDAat constant budget conditions; and
  - 25% for net debt, the annual objectives referring to the Company's budgetary targets;
- intrinsic performance of corporate social responsibility (CSR) for 20% of the grant. This performance condition is only met at 150% if these objectives are significantly exceeded;

TABLE 10 — NOT APPLICABLE

There is no multi-year remuneration for the executive corporate officer.

TABLE 11 – SUMMARY BY CORPORATE OFFICER

Corporate officers	Employment contract	Supplementary pension plan	Compensation or benefits falling due or which may fall due, as the result of departure or a change of position	Compensation related to a non-compete clause
Christel Bories Chairperson and CEO: 23/05/2017 End of term of office for the director at the General Shareholders' Meeting called to approve the 2020 financial statements	No	No, but the Company is financing a life insurance contract	Yes	No

7.3 SPECIAL REPORT ON BONUS SHARE GRANTS

FY 2020

Dear Shareholders,

Pursuant to the provisions of Article L. 225-197-4 of the French Commercial Code, this report is presented to the General Shareholders' Meeting.

A/ Grants to the sole corporate officer of the Company

Plan of 12 March 2020	Number of shares	Value
Christel Bories	15,000	299,400

B/ 10 highest grants to non-corporate officer employees of the Company and its subsidiaries

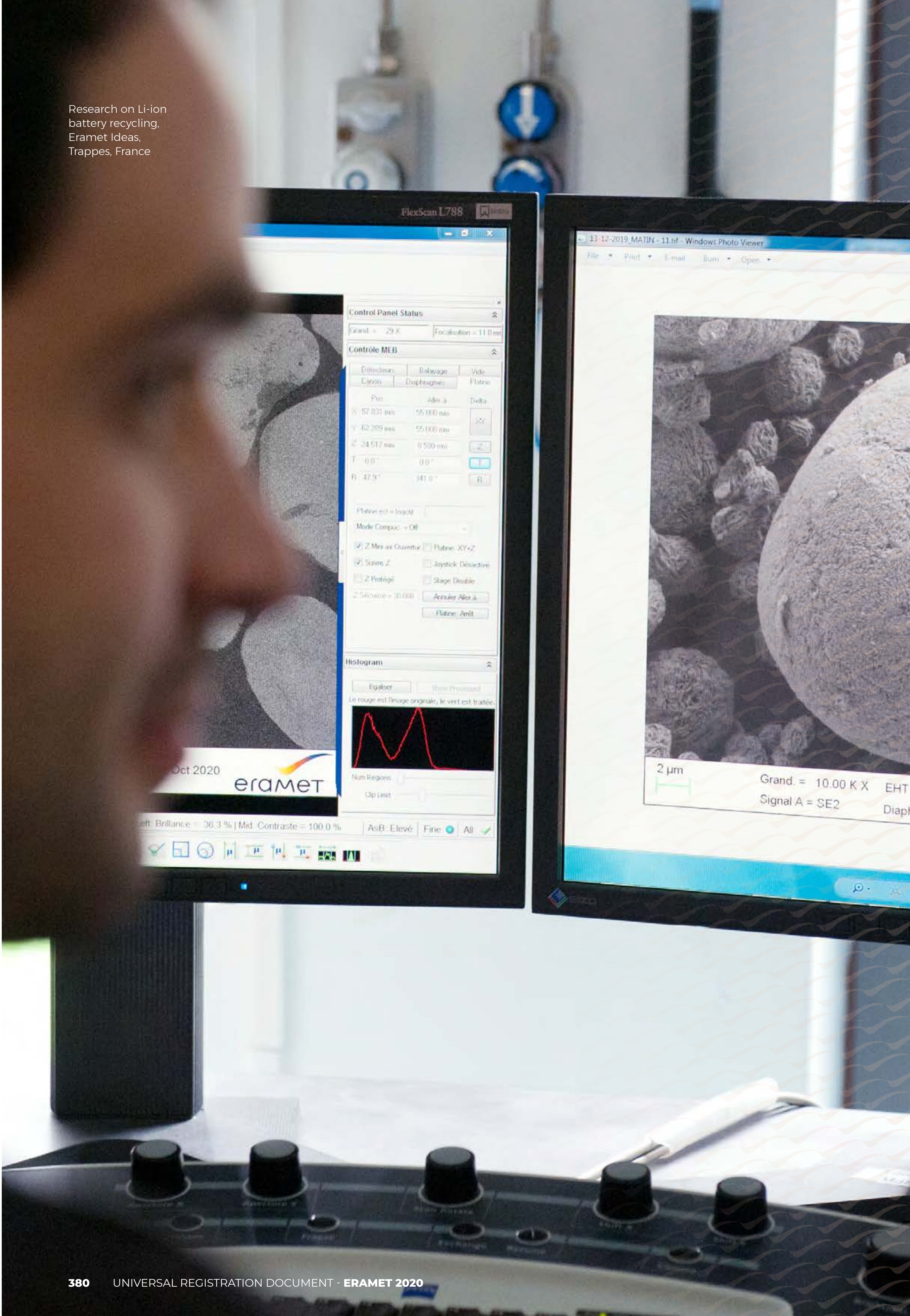
Plan of 12 March 2020	Number of shares (1)	Value
Kleber Silva	9,883	191,440
Jérôme Fabre	6,000	119,760
Thomas Devedjian	5,700	113,772
Philippe Gundermann	4,200	83,832
Anne-Marie Le Maignan	4,200	83,832
Jean de L'Hermite	2,700	53,892
Virginie de Chassey	2,700	53,892
Olivier Devron	1,950	38,922
Jean-Baptiste Hogard	1,950	38,922
Pierre Rega	1,950	38,922

(1) *Indicated and valued at maximum for shares subject to performance conditions.*

C/ Grants to all beneficiary employees

The programme to grant two bonus shares to each Group employee was suspended in 2020. The Company wants to continue the drive to expand the number of employees that own shares in the company started in 2009. It now aims to grant more shares but at longer than annual intervals.

The Board of Directors



Research on Li-ion battery recycling, Eramet Ideas, Trappes, France

8

Eramet and its shareholders

8.1 COMPANY'S SHARE MARKET

8.1.1 Listing Market

The Company's shares are traded at Euronext on the Euronext Paris market (ISIN code: FR0000131757, LEI code 549300LUH78PG2MP6N64).

No shares of another Group company are admitted for trading on another stock exchange.

8.1.2 Price trends

Changes to the Eramet share price are correlated to changes in raw material prices, in particular manganese and nickel, and to shifts in the macro-economic environment.

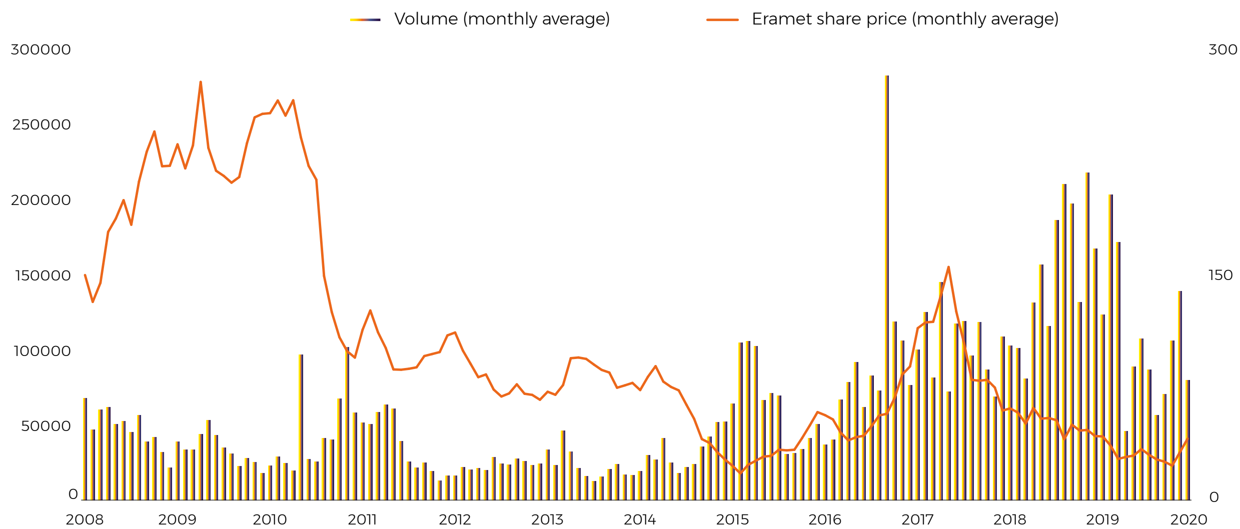
Eramet closed 2020 at €42.9 per share, representing a 6% decrease over the year, equating to a market capitalisation of €1.14 billion. The share price reached a high of €47.2 per share on 2 January 2020, and a low of €18.7 per share on 16 March 2020. These fluctuations reflect a very uneven period against the unprecedented backdrop of the COVID-19 pandemic and its impact on both the global economy and the Group's markets.

The first quarter saw a marked decline in the share price, due to the mounting fears at the beginning of the pandemic in China, and its subsequent spread to Europe and the rest of the world. The annual low, which the share price hit during this period, corresponds to the announcement of the first lockdown in France and the resulting high level of uncertainty. Eramet's share price recovered at the end of the second quarter, before posting a decline through October followed by a strong rebound at the end of the year. Over the year as a whole, the aerospace crisis triggered by the global health crisis had a major impact on the performance of the Group's High Performance Alloys Division and weighed on the share price. Manganese ore prices also remained sluggish, whereas nickel prices at the LME enjoyed a gradual recovery, which gained pace at the end of the year. The increase in Eramet's share price at the end of the year was driven by the hope that the end of the crisis was in sight following the announcement of COVID-19 vaccines and prospects of strong nickel demand, in particular for electric vehicle batteries.

Traded volumes reflected investor uncertainty due to the crisis and fell by almost 29%, from 38,224,849 shares in 2019 to 27,250,739 in 2020, an average of 106,034 shares traded per session (versus 149,901 shares/session in 2019).

Trends in volumes and the Eramet share price

Volume *(in thousands of shares / price in euros)*



STOCK MARKET DATA

	Share prices *(in euros)* extremes during the period			Market capitalisation as at 31/12	Volume
	Highest	Lowest	Close as at 31/12	*(€ million)*	*(daily ave.)*
2008	669.98	96.06	138.00	3,618	52,945
2009	272.30	108.00	220.75	5,821	47,589
2010	298.40	193.70	256.50	6,801	33,419
2011	276.65	80.05	94.50	2,505	46,402
2012	139.90	75.95	110.95	2,944	36,742
2013	116.00	63.76	70.29	1,866	22,927
2014	102.00	65.85	76.50	2,031	22,980
2015	94.39	23.05	29.50	783	32,166
2016	66.72	15.36	56.74	1,506	63,607
2017	99.81	36.43	99.03	2,640	92,549
2018	167.20	46.00	60.35	1,607	102,123
2019	72.90	36.42	45.84	1,220	149,901
2020	47.18	18.67	42.92	1,143	106,034

	Share prices *(in euros)*			Volume (× 1000)
2020	Lowest	Highest	Mean (close)	*(daily ave.)*
January	37.48	47.18	42.24	122.8
February	27.20	41.26	36.18	202.5
March	18.67	32.29	27.32	171.2
April	27.01	30.39	28.62	45.7
May	27.25	32.83	29.51	88.3
June	31.3	37.39	33.83	107.2
July	22.06	33.78	30.03	86.4
August	22.82	28.94	26.92	56.4
September	20.79	29.15	25.50	70.1
October	20.05	25.06	22.82	105.8
November	22.97	39.77	31.76	138.4
December	36.87	44.20	40.78	79.4

8.1.3 Share service

The Company's share register is maintained by:

- BNP Paribas Securities Services

  GCT – Issuer Services

  Grands Moulins de Pantin – 9, rue du Débarcadère – 93761 Pantin Cedex

The implementation of the liquidity agreement was entrusted to Exane BNP Paribas.

8.2 SHARE CAPITAL

8.2.1 Subscribed capital

8.2.1.1 Representative amount and shares

The share capital, as of 31 December 2020, amounted to €81,239,815.25, represented by 26,636,005 shares with a nominal value of €3.05, all of the same class and fully paid up.

8.2.1.2 Rights attached to the shares

Each share entitles the holder, in the ownership of the Company's assets and in the sharing of profits, to a share equal to the portion of the share capital it represents, taking into account, where appropriate, the amortised and unamortised capital, paid and unpaid, the nominal amount and the rights of the shares of different classes.

Each share shall give the right, during the Company's life and in the event of liquidation, to payment of the same net amount in any allocation or redemption, such that all shares shall be considered together, where applicable, regardless of any tax exemptions or any taxation likely to be assumed by the Company.

8.2.1.3 Subscribed capital not yet paid

None.

8.2.2 Securities not representing capital

8.2.2.1 Founders' shares, voting certificates

None.

8.2.2.2 Other securities – Potential capital

The potential capital consists of ODIRNAN.

On 5 October 2016, the Company issued 2,158,428 perpetual bonds with an option to repay in cash and/or new shares (ODIRNAN) for a total amount of €99,999,969.24.

Total amount of the issue	€100 million
Maturity	Indefinite
Number of bonds issued	2,158,428
Number of bonds at 31/12/2020	2,065,640
Nominal value (with a 30% premium based on the reference price of €35.64)	€46.33
Fixed interest rate until 4 October 2022	4%

The ODIRNANs are admitted to trading on the regulated market of Euronext Paris (ISIN code FR0013204492).

The purpose of the ODIRNAN issue was to strengthen Eramet's balance sheet structure by accounting treatment of shareholders' equity and the proceeds from the issue will be used to finance the Group's general needs.

The nominal unit value of ODIRNAN was set at €46.33, showing a conversion premium of 30% over the reference price of the Company's share at €35.64 on the Euronext Paris regulated market.

The ODIRNANs were issued at par on 5 October 2016, the settlement/delivery date. The bonds constitute direct, general, unconditional, non-subordinated and unsecured obligations.

From the date of issue until 4 October 2022, the ODIRNANs will bear interest at the annual nominal rate of 4%, payable semi-annually in arrears on 5 October and 5 April of each year, and for the first time on 5 April 2017, subject to suspension of interest payment. Effective from 5 October 2022, the ODIRNANs will bear interest at a discounted rate on the basis of the six-month EURIBOR variable interest rate plus 1,000 basis points, expressed on an annual basis, payable semi-annually in arrears on 5 October and 5 April of each year, and for the first time on 5 April 2023, subject to a suspension of interest payment.

Subject to early amortisation at the option of the Company, the ODIRNANs will only be redeemable in the event of liquidation of the Company or at the end of the lifetime specified in the Company's Articles of Association (23 September 2062), unless this period of life is extended under the conditions provided for by the applicable legislation. The refund will be, in both cases, equal to par.

The ODIRNAN holders may exercise their share allotment right at any time from the date of issue (inclusive) until the 18th trading day (excluded) before 5 October 2022, or any earlier date of early redemption. In the event of the exercise of the share allotment right, the ODIRNAN holders will receive, at the option of the Company, either an amount in cash, or a combination of an amount in cash and new shares, or new shares only.

The Autorité des marchés financiers has affixed to the prospectus visa No. 16-448 dated 26 September 2016.

The Company has not issued any other currently valid financial instruments – that do not represent a share in capital – but are likely to give access to capital in the future or by option.

However, authorisations exist to do so, by decision of the Board. This has not been used to date.

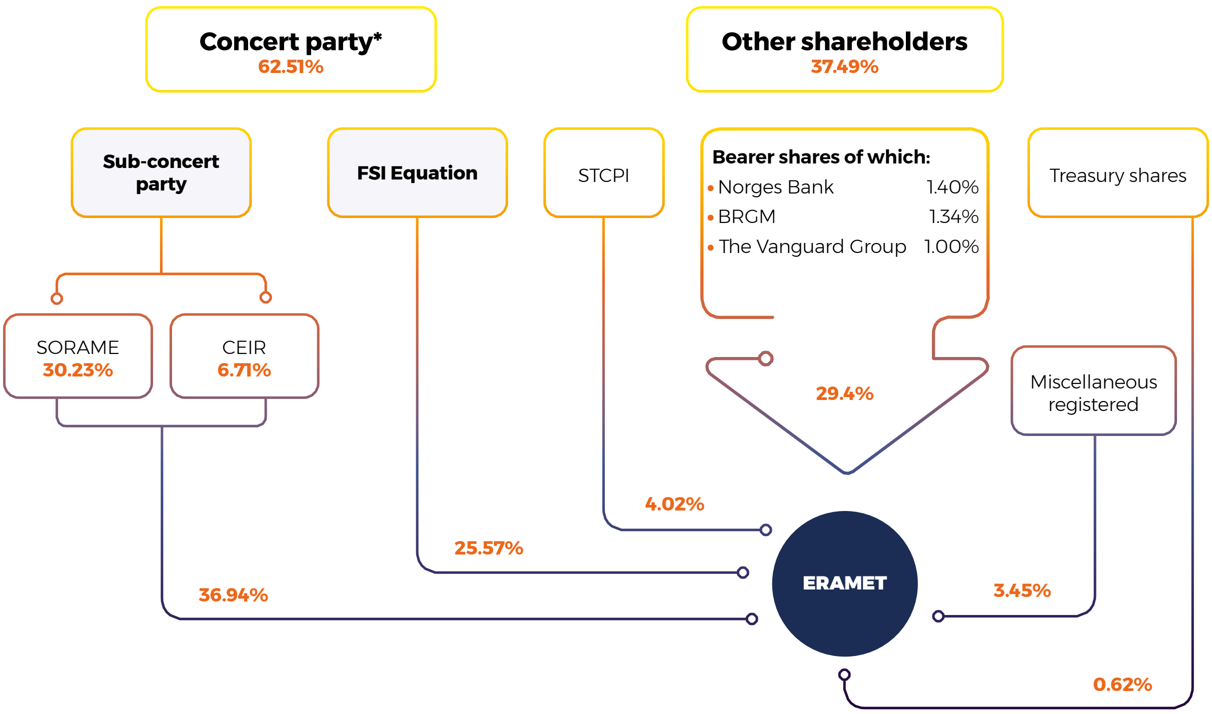
8.2.3 Recent changes in share capital and its distribution

Since the close of the financial year, the Company has not been informed of any significant change in shareholding.

8.2.4 Distribution of share capital

8.2.4.1 Control organization chart

Shareholders of the Company as at 31 December 2020 *(in % of shares)*



* *Pursuant to a Shareholders' Agreement which was the subject of a decision and information of the AMF published on 12 April 2012 under the No. 212C0486 at the time of its conclusion, a decision and information of the AMF published on 28 July 2016 under the No. 216C1753 relating to the changes in the group at the time of the acquisition of the entire FSI Equation capital by the Agence des participations de l'État (APE), and a decision and information of the AMF under No. 220C5283 relating to an amendment to the agreement.*

8.2.4.2 As at 31 December 2020 (including shareholders holding – or those likely to hold – at least 1% of capital or voting rights, and known to the Company)

Major shareholders	Shares	% capital	Theoretical voting rights	Percentage of theoretical voting rights	Voting rights exercisable at Shareholders' Meeting	Percentage of voting rights exercisable at Shareholders' Meeting
Sorame[(1)]	8,051,838	30.23%	16,103,676	35.70%	16,103,676	35.83%
CEIR[(1)]	1,788,305	6.71%	3,572,301	7.92%	3,572,301	7.95%
Total for the Sorame/ CEIR subgroup[(1)]	**9,840,143**	**36.94%**	**19,675,977**	**43.62%**	**19,675,977**	**43.78%**
FSI Equation (held by the French State)[(1)]	6,810,317	25.57%	13,620,634	30.20%	13,620,634	30.31%
State (direct ownership)	100	not significant	200	not significant	200	not significant
Group total (Sorame/ CEIR/FSI)[(1)]	**16,650,560**	**62.51%**	**33,296,811**	**73.82%**	**33,296,811**	**74.09%**
Norges Bank[(2)]	373,706	1.40%	373,706	0.83%	373,706	0.83%
The Vanguard Group[(2)]	267,613	1.00%	267,613	0.59%	267,613	0.60%
STCPI	1,070,587	4.02%	2,141,174	4.75%	2,141,174	4.76%
BRGM[(2)]	356,044	1.34%	356,044	0.79%	356,044	0.79%
Capital held by employees (including Eramet Share Fund)[(3)]	402,895	1.51%	525,441	1.16%	525,441	1.17%
Corporate officers	9,051	not significant	16,335	not significant	16,335	not significant
ERAMET treasury shares	165,188	0.62%	165,188	0.37%	0	0.00%
Other	7,340,361	27.59%	7,964,213	17.69%	7,964,213	17.76%
TOTAL SHARES	**26,636,005**	**100.00%**	**45,106,525**	**100.00%**	**44,941,337**	**100.00%**
Total Registered Shares	**18,825,153**	**70.68%**	**37,186,116**	**82.44%**	**37,020,928**	**82.38%**
Total Bearer Shares	**7,810,852**	**29.32%**	**7,810,852**	**17.32%**	**7,810,852**	**17.38%**

(1) The companies Sorame, CEIR and FSI Equation are signatories to a Shareholders' Agreement constituting a joint action and have been the subject of a decision and information of the Financial Markets Regulator under the No. 212C0486.

(2) Estimate based on last TPI survey.

(3) According to the new drafting of Article L. 225-102 of the French Commercial Code, issued after Article 135 of the Law 215-990 of 6 August 2015 (Macron law), the share of capital held by employees on the last day of the year includes, in addition to the shares allocated to a salary savings plan or an FCPE, free registered shares issued from bonus share plans authorised by a general meeting subsequent to the entry into force of the law, i.e. from 8 August 2015. As at 31 December 2020, 402,895 shares met this definition (including the shares held by the Eramet mutual fund). The share capital held by employees as at 31 December 2020 is therefore equal to 1.51% of the share capital.

8.2.4.3 As at 31 December 2019 (including shareholders holding – or those likely to hold – at least 1% of capital or voting rights, and known to the Company)

Major shareholders	Shares	% capital	Theoretical voting rights	Percentage of theoretical voting rights	Voting rights exercisable at Shareholders' Meeting	Percentage of voting rights exercisable at Shareholders' Meeting
Sorame[(1)]	8,051,838	30.23%	16,103,676	35.85%	16,103,676	35.99%
CEIR[(1)]	1,788,305	6.71%	3,572,301	7.95%	3,572,301	7.98%
Total for the Sorame/ CEIR subgroup[(1)]	**9,840,143**	**36.94%**	**19,675,977**	**43.80%**	**19,675,977**	**43.97%**
FSI Equation (held by the French State)[(1)]	6,810,317	25.57%	13,620,634	30.32%	13,620,634	30.44%
State (direct ownership)	100	not significant	200	not significant	200	not significant
Group total (Sorame/ CEIR/FSI)[(1)]	**16,650,560**	**62.51%**	**33,296,811**	**74.12%**	**33,296,811**	**74.41%**
Norges Bank[(2)]	373,706	1.40%	373,706	0.83%	373,706	0.84%
Dimensional Fund Advisors lp[(2)]	391,591	1.47%	391,591	0.87%	391,591	0.88%
STCPI	1,070,587	4.02%	2,141,174	4.77%	2,141,174	4.79%
BRGM[(2)]	356,044	1.34%	356,044	0.79%	356,044	0.80%
Employees (Eramet share fund)[(3)]	260,005	0.98%	312,378	0.70%	312,378	0.70%
Corporate officers	9,051	not significant	16,335	not significant	16,335	not significant
ERAMET treasury shares	176,562	0.66%	176,562	0.39%	0	0.00%
Other	7,347,894	27.62%	7,858,007	17.53%	7,858,007	17.60%
TOTAL SHARES	**26,636,000**	**100.00%**	**44,922,608**	**100.00%**	**44,746,046**	**100.00%**
Total Registered Shares	**18,706,172**	**70.23%**	**36,942,189**	**82.24%**	**36,765,627**	**82.17%**
Total Bearer Shares	**7,929,828**	**29.77%**	**7,929,828**	**17.65%**	**7,929,828**	**17.72%**

(1) The companies Sorame, CEIR and FSI Equation are signatories to a Shareholders' Agreement constituting a joint action and have been the subject of a decision and information of the Financial Markets Regulator under the No. 212C0486.

(2) Estimate based on last TPI survey.

(3) According to the new drafting of Article L. 225-102 of the French Commercial Code, issued after Article 135 of the Law 215-990 of 6 August 2015 (Macron law), the share of capital held by employees on the last day of the year includes, in addition to the shares allocated to a salary savings plan or an FCPE, free registered shares issued from bonus share plans authorised by a general meeting subsequent to the entry into force of the law, i.e. from 8 August 2015. As at 31 December 2019, there were 260,005 shares answering this definition.

8.2.4.4 As at 31 December 2018 (including shareholders holding – or those likely to hold – at least 1% of capital or voting rights, and known to the Company)

Major shareholders	Shares	% capital	Theoretical voting rights	Percentage of theoretical voting rights	Voting rights exercisable at Shareholders' Meeting	Percentage of voting rights exercisable at Shareholders' Meeting
Sorame[1]	8,051,838	30.23%	16,103,676	35.85%	16,103,676	35.92%
CEIR[1]	1,788,305	6.71%	3,572,301	7.95%	3,572,301	7.97%
Total for the Sorame/CEIR subgroup[1]	**9,840,143**	**36.94%**	**19,675,977**	**43.80%**	**19,675,977**	**43.89%**
FSI Equation (held by the French State)[1]	6,810,317	25.57%	13,620,634	30.32%	13,620,634	30.38%
State (direct ownership)	100	not significant	200	not significant	200	not significant
Group total (Sorame/CEIR/FSI)[1]	**16,650,560**	**62.51%**	**33,296,811**	**74.12%**	**33,296,811**	**74.28%**
Schroders plc[2]	685,644	2.57%	685,644	1.53%	685,644	1.53%
BlackRock[4]	428,114	1.61%	428,114	0.95%	428,114	0.96%
Norges Bank[2]	373,706	1.40%	373,706	0.83%	373,706	0.83%
Acadian Asset Man. llc[2]	360,172	1.35%	360,172	0.80%	360,172	0.80%
Dimensional Fund Advisors lp[2]	302,451	1.14%	302,451	0.67%	302,451	0.67%
STCPI	1,070,587	4.02%	2,141,174	4.77%	2,141,174	4.78%
BRGM[2]	356,044	1.34%	356,044	0.79%	356,044	0.79%
Employees (Eramet share fund)[3]	136,306	0.51%	184,538	0.41%	184,538	0.41%
Corporate officers	15,143	not significant	25,952	not significant	25,952	not significant
ERAMET treasury shares	95,164	0.36%	95,164	0.21%	0	0.00%
Other	6,161,993	23.19%	6,672,838	14.91%	6,672,838	14.94%
TOTAL SHARES	**26,635,884**	**100.00%**	**44,922,608**	**100.00%**	**44,827,444**	**100.00%**
Total Registered Shares	**18,525,883**	**69.55%**	**36,780,500**	**81.88%**	**36,685,336**	**81.84%**
Total Bearer Shares	**8,110,001**	**30.45%**	**8,110,001**	**18.05%**	**8,110,001**	**18.09%**

(1) The companies Sorame, CEIR and FSI Equation are signatories to a Shareholders' Agreement constituting a joint action and have been the subject of a decision and information of the Financial Markets Regulator under the No. 212C0486.

(2) Estimate based on last TPI survey.

(3) According to the new drafting of Article L. 225-102 of the French Commercial Code, issued after Article 135 of the Law 215-990 of 6 August 2015 (Macron law), the share of capital held by employees on the last day of the year includes, in addition to the shares allocated to a salary savings plan or an FCPE, free registered shares issued from bonus share plans authorised by a general meeting subsequent to the entry into force of the law, i.e. from 8 August 2015. At 31 December 2018, there were 136,306 shares corresponding to this definition (126,298 Eramet employee mutual funds and 10,008 under the Erashare 2016 resident plan).

(4) BlackRock: to the best of the Company's knowledge.

To the best of the Company's knowledge, there are no other shareholders directly or indirectly holding more than 1% of the Company's capital or voting rights and there are no pledged securities. Except for the treasury-held shares mentioned in the table above, there are no other treasury shares. The holding of shares by corporate officers is detailed in the Governance Chapter.

8.2.4.5 Foreseeable changes to voting rights

At 31 December 2020, 245,076 shares registered for less than two years in registered form do not benefit from the double voting right. Should these shares qualify for double voting rights, double voting rights would be increased to a total of approximately 37,361,000, to which the simple voting rights of the bearer shares should be added i.e. 7,810,852 additional rights as of 31 December 2020.

8.2.5 Stock option plans and bonus shares

As at the date of this registration document, there are no other dilutive instruments (convertible or exchangeable negotiable securities or any negotiable securities with warrants) issued by the Company besides the ODIRNANs described in section 8.2 above.

The bonus shares allocated, including details of the granted and open plans as at 31 December 2020, are presented in the notes to the consolidated financial statements of Eramet described in Chapter 3 of this document, and are existing shares. There are no other stock-option plans in force.

8.2.6 Summary of financial authorisations

AUTHORISED CAPITAL INCREASES	
A – By issuing shares, other securities and/or warrants, with preferential subscription rights for the shareholders (Article L. 225-129 of the French Commercial Code)	
By the EGM for an amount of €24,000,000	23 May 2019 (19th resolution)
Duration of the delegation	26 months until 22/07/2021
Use of authorisation	None
B – By issuing shares, other securities and/or warrants, with the cancellation of the preferential subscription rights of the shareholders in the context of a public offer *other than those referred to in Article L. 411-2 of the Monetary and Financial Code*	
By the EGM for an amount of €16,000,000	23 May 2019 (20th resolution)
Duration of the delegation	26 months until 22/07/2021
Use of authorisation	None
C – By issuing shares, other securities and/or warrants, with the cancellation of the preferential subscription rights of the shareholders in the context of an offer referred to in 1° of Article L. 411-2 of the Monetary and Financial Code	
By the EGM for an amount of €16,000,000	23 May 2019 (21st resolution)
Duration of the delegation	26 months until 22/07/2021
Use of authorisation	None
D – By issuing shares, with the cancellation of shareholders' preferential subscription rights, as a result of subsidiaries issuing securities which give access to the Company's capital	
By the EGM for an amount of €16,000,000	23 May 2019 (22nd resolution)
Duration of the delegation	26 months until 22/07/2021
Use of authorisation	None
E – By incorporation of reserves, profits, premiums or otherwise, the capitalisation of which would be permitted	
By the EGM for an amount of €24,000,000	23 May 2019 (18th resolution)
Duration of the delegation	26 months until 22/07/2021
Use of authorisation	None
F – By issuing shares, other securities, as compensation for contributions in kind granted to the Company, with cancellation of the preferential subscription rights of the shareholders (Article L. 22-10-53 of the French Commercial Code)	
By the EGM for an amount of 10% of the capital	23 May 2019 (23rd resolution)
Duration of the delegation	26 months until 22/07/2021
Use of authorisation	None
LIMITATION OF THE AMOUNT OF ISSUES (TOTAL A+B+C+D+F)	
By the EGM	23 May 2019 (24th resolution)
Maximum amount	€24,000,000
Use of authorisations	None
CAPITAL INCREASE RESERVED FOR EMPLOYEES	
G – By the EGM	**23 May 2019 (25th resolution)**
Duration of the delegation	26 months until 22/07/2021
Maximum amount	€500,000
Use of authorisation	None
CAPITAL REDUCTION	
H – By the EGM	**23 May 2019 (26th resolution)**
Duration of the delegation	26 months until 22/07/2021
Maximum amount	10% of capital
Use of authorisation	None
ALLOCATION OF BONUS SHARES (ARTICLES L. 225-197-1 AND L. 225-197-2 OF THE FRENCH COMMERCIAL CODE)	
By the EGM	24 May 2018 (11th resolution)
Maximum total number	550,000 shares
Duration of authorisation	38 months until 23/07/2021
Used in 2019 and in 2020	278,428
Available balance	271,572

8.2.7 Description of the share buyback programme

8.2.7.1 Details of the purchase and sale of treasury shares during the year (Article L. 225-211 of the French Commercial Code)

The table below summarises the treasury share transactions that were made by the Company between 1January and 31 December 2020.

	Total number of shares	Market making[1]	Grants to employees	Total
Position at 1 January 2019		**63,057**	**32,107**	**95,164**
As a percentage of capital	*26,635,884*	*0.24%*	*0.12%*	*0.36%*
Buyback mandate			193,250	193,250
Final allocation of bonus shares			(128,228)	(128,228)
Purchases/sales		16,376		16,376
Position at 31 December 2019		**79,433**	**97,129**	**176,562**
As a percentage of capital	*26,636,000*	*0.30%*	0.36%	0.66%
Buyback mandate			131,625	131,625
Final allocation of bonus shares			(119,197)	(119,197)
Purchases/sales[1]		(23,802)		(23,802)
POSITION AT 31 DECEMBER 2020		**55,631**	**109,557**	**165,188**
As a percentage of capital	*26,635,005*	*0.21%*	*0.41%*	*0.662%*

(1) Liquidity agreement signed with Exane BNP Paribas.

The book value of the portfolio of 165,188 shares with a nominal value of €3.05 per share, held as at 31 December 2020, amounted to €13,978,386.96, with a market value, on the same date, of €42.92 per share, or €7,089,868.96.

The Company did not use derivatives during the year.

No Group company holds shares in the parent company Eramet.

8.2.7.2 Liquidity agreement

To ensure minimum liquidity at any time of its share, the Company entered into a liquidity agreement with Exane BNP Paribas on 18 July 2003. This liquidity agreement is in accordance with market practice accepted by the AMF. The summary of the market making operations is given in the details of the purchase and sale transactions carried out above.

8.2.8 Description of the 2021 buyback programme

8.2.8.1 Legal framework

In accordance with the provisions of Article 241-2 of the general regulations of the Autorité des marchés financiers and of EU Delegated Regulation 2016/1052 of 8 March 2016, the aim of this description is to state the purposes, terms and conditions of the Company's share buyback programme. This programme, which falls within the scope of Article L. 22-10-62 of the Commercial Code, will be subject to authorisation by the General Shareholders' Meeting of 28 May 2021, meeting the quorum and majority requirements in ordinary matters.

8.2.8.2 Breakdown by equity securities objectives held by the Company

As at 31 December 2020, the 165,188 treasury shares held by the Company were distributed as follows by objective:

- market maker (liquidity agreements): 55,631 shares;
- allocation to employees: 109,557 shares.

8.2.8.3 Objectives of the new share buyback programme

The objectives of this programme are:

- supporting the share price via a liquidity agreement with a market maker, in accordance with the market practice accepted by the AMF;
- the delivery of shares upon the exercise of rights attached to securities giving access to the share capital by redemption, conversion, exchange or otherwise;
- the implementation of any stock option plan of the Company pursuant to the provisions of Articles L. 225-177 et seq. and L. 22-10-56 et seq. of the French Commercial Code;
- the allocation of bonus shares under the provisions of Articles L. 225-197-1 et seq. and L. 22-10-59 and L. 22-10-60 of the French Commercial Code;
- the allocation or the transfer of shares to the employees with respect to their participation in the benefits of the expansion of the company, or the implementation of any employee savings plan under the conditions stipulated by the law, in particular, the articles L.3332-1 et seq. of the French Labour Code;
- their cancellation, in accordance with a resolution authorising the reduction of the share capital of the company.

8.2.8.4 Maximum number of shares to be purchased and maximum cash amount allocated to the programme

10% of the share capital as at 31 December 2020, or 2,663,605 shares, before deducting the treasury shares held by the Company.

The Eramet shares are listed on Euronext Paris (ISIN code: FR0000131757).

The maximum purchase price would be €200 per share (or the exchange value of this same amount on the same date into any currency or currency unit established by reference to several currencies).

The maximum amount allocated to these acquisitions would be €532,720,100 euros for 2,663,605 shares representing 10% of the Company's share capital.

8.2.8.5 Terms of repurchase

Shares, disposals, and transfers may be made by any means on the market or over the counter, including by transactions in blocks of securities or via derivatives, provided that the resolution proposed to the vote of the shareholders does not limit the part of the programme which can be realised by purchase of blocks of securities.

The Company specifies that in the event of the implementation of derivatives, the objective of the Company would be to cover optional positions taken by the issuer (purchase options or subscription of shares granted to Group employees, debt securities giving access to the capital of the issuer). The use of derivatives will more specifically consist of buying call options and the Company will not be required to use sales of put options.

8.2.8.6 Duration of the buyback programme

The validity of the programme is limited to a period ending with the General Shareholders' Meeting convened to approve the financial statements for 2021.

8.3 INFORMATION ABOUT THE COMPANY

8.3.1 Corporate name (Article 2 of the Articles of Association)

Eramet. In this document, the Company is called “the Company” or “the issuer”: the Group comprising Eramet and its subsidiaries is referred to as “the Group”.

8.3.2 Registration number of the Company – LEI

The Company is registered in the Paris Trade and Companies Register under the No. 632 045 381 and under the SIRET No. 632 045 381 000 27. Its industry is the research and exploitation of mineral deposits of all kinds, the metallurgy of all metals and alloys, and their trading.

LEI 549300LUH78PG2MP6N64.

8.3.3 Date of incorporation and duration of the Company (Article 5 of the Articles of Association)

The Company has been incorporated for a period of 99 years commencing on 23 September 1963 and expiring on 23 September 2062, except in the case of early dissolution or extension.

8.3.4 Headquarters (Article 4 of the Articles of Association)

10, boulevard de Grenelle

75015 Paris

Telephone: + 33 (0)1 45 38 42 42

Website: www.eramet.com

(information on the website is not part of the prospectus, unless it is referenced therein).

8.3.5 Legal form and applicable law

Eramet is a limited company under French law, run by a Board of Directors, governed by Articles L. 224-1 et seq. of the Code of Commerce (the legislative and regulatory part), insofar as it is not exempted by more specific provisions such as, notably, ordinance No. 2014-948 of 20 August 2014 with respect to governance and share capital transactions of publicly-owned companies, and the provisions of its own Articles of Association.

8.3.6 Legal audit of the Company (Article 19 of the Articles of Association)

In accordance with the law, the legal audit of the Company is provided by two Statutory Auditors and two alternate Statutory Auditors.

8.3.7 Corporate purpose (Article 3 of the Articles of Association)

“The objective of the Company in all countries is the research and exploitation of mineral deposits of all kinds, the metallurgy of all metals and alloys, and their trading.

To this end, it operates directly, or indirectly, by way of participation in the following activities:

- research, acquisition, leasehold, alienation, concession and operation of all mines and quarries of any nature whatsoever;
- Treatment, processing and sale of all ores, mineral substances and metals, as well as their by-products, alloys and all derivatives;
- the manufacture and marketing of all products in the composition of which the aforesaid materials or substances are incorporated;
- more generally, all operations directly or indirectly related to the above items, or to promote the development of corporate interests.

To achieve this objective, the Company may:

- create, acquire, sell, exchange, take or lease, with or without a promise to sell, manage and exploit directly or indirectly all industrial and commercial establishments, factories, sites, and premises, movable and immovable objects;
- obtain or acquire any patents, licences, processes and trademarks, use, assign or provide them, grant licences in any country;
- generally carry out all commercial, industrial, financial, movable or immovable transactions, which may relate, directly or indirectly, to the Company's objective or which may facilitate its implementation. It may act, directly or indirectly, on its own behalf or on behalf of third parties and either alone or in association, partnership, or company, with any other companies or persons and carry out, directly or indirectly, in France or abroad, under whatever form it may take, the operations falling within its purpose. It may take, in any form, all interests and participations, in all companies or enterprises, French or foreign, such as to favour the development of its own affairs." "

8.3.8 Fiscal year (Article 23 of the Articles of Association)

The financial year, of twelve months, begins on 1 January and ends on 31 December of each year.

8.3.9 General Shareholders' Meeting

8.3.9.1 Convocation and conditions for admission (Articles 20 to 22 of the Articles of Association)

Composition

The General Shareholders' Meeting is composed of all the shareholders of the Company, regardless of their number of shares.

Convocation

The General Shareholders' Meeting is convened and deliberates in accordance with the provisions of the French Commercial Code and Articles 20 to 22 of the Articles of Association.

Meetings are held at the head office or any other place within the same department specified in the meeting notice.

Conditions of admission

Any shareholder has the right, upon proof of identity, to participate in the Meetings, either by attending personally or by being represented by another shareholder, his spouse, the partner with whom he has entered into a civil union, or by any other natural or legal person of his choice under the conditions provided for by the regulations in force.

Holders of registered shares and holders of bearer shares must complete the formalities prescribed by the regulations in force. These formalities must have been completed no later than the second business day preceding the Meeting at midnight Paris time prior to the Meeting. Shareholders are also entitled to vote by correspondence in accordance with Articles L. 225-107 and R. 225-75 et seq. of the French Commercial Code, by means of a form to be sent to the Company at least three days before the meeting.

If the Board of Directors so decides at the time of convening the Meeting, participation in the Meeting by video conference or by any means of telecommunication and remote transmission, including the Internet, is authorised in accordance with the regulations. If applicable, this decision is communicated in the meeting notice published in the Bulletin of Mandatory Legal Notices.

Undivided, split, pledged or sequestered shares

In the absence of specific statutory provisions, and pursuant to the provisions of Article L. 225-110 of the Commercial Code, any holder of an undivided share, a split share (bare owner and beneficiary), a pledged share or a sequestered share, is called to the Meeting and may attend, subject to compliance with the legal or statutory provisions below with respect to the exercise of voting rights.

8.3.9.2 Conditions for exercise of voting rights (Articles 8 and 20 of the Articles of Association)

Each shareholder has as many votes as the shares he owns or represents, subject to the double voting rights attached to certain shares. The Extraordinary Shareholders' Meeting convened on 21 July 1999 conferred a double voting right to each fully paid-up share for which a nominal registration has been valid for at least two years in the name of the same shareholder, with effect from 1 January 2002.

Shares granted free of charge, with respect to an incorporation of reserves, profits, or issue premiums, on the basis of old shares with double voting rights, also confer double voting rights at the end of a period of two years.

Double voting rights cease for any share which has been converted into bearer form or transferred, except, by law, any transfer by succession, liquidation of community property between spouses or family donation or a merger or division of the shareholding company.

In accordance with the law, double voting rights may only be abolished by a decision of the Extraordinary General Shareholders' Meeting and after ratification by the Special Shareholders' Meeting.

Electronic voting

Any shareholder may also, if the Board of Directors so decides at the time of the convening of the Meeting, transmit a vote by correspondence or proxy, by any means of remote transmission, including the Internet, in accordance with the regulations applicable at the time of use.

In the case of the use of an electronic form, the signature of the shareholder may take the form either of a secure signature or of a reliable identification process guaranteeing its connection with the act to which it relates, specifically consisting of an identifier and a password. If applicable, this decision is communicated in the meeting notice published in the *Bulletin of Mandatory Legal Notices*.

Proxies or votes expressed electronically in this way before the meeting, and the confirmation of receipt given in reply, shall be regarded as irrevocable written instructions enforceable on all parties, it being stipulated that if the shares are sold before midnight, Paris time, on the second business day preceding the meeting, the Company shall invalidate or amend, as the case may be, proxies or votes expressed before such date and time.

Undivided, split, pledged or sequestered shares

In the absence of specific statutory provisions and pursuant to the provisions of Article L. 225-110 of the Commercial Code, the voting right is exercised by the usufructuary at the Ordinary General Shareholders' Meeting, by the bare owner at the Extraordinary General Shareholders' Meeting, by one of the undivided co-owners or by a single representative in the case of co-owners of undivided shares and by the owner of securities pledged or under escrow.

8.3.10 Transmission of shares

Since the elimination of the approval clause adopted by the Meeting of 15 June 1994, shares are exchanged freely subject to compliance with the rules applicable to companies whose shares are admitted to trading on a regulated market.

8.3.11 Identification of shareholders

8.3.11.1 Crossing thresholds / Declaration of Intent

Legal declarations

Under Articles L. 233-7 to L. 233-11 of the Commercial Code, any natural or legal person, acting alone or in concert, holding a number of shares representing more than one twentieth, one tenth, three-twentieths, one fifth, one quarter, three-tenths, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the Company's capital and/or voting rights must inform the Autorité des marchés financiers and the Company – within the agreed time limits by registered letter with acknowledgement of receipt, of the total number of shares and/or voting rights in his possession. The same people are also required to inform the Company when their participation falls below any of the above mentioned thresholds.

Finally, this reporting obligation is supplemented by the legal obligation to report, on time, the objectives over the next six months for any person crossing, upward or downward, the above mentioned thresholds of one tenth, three-twentieths, one fifth, or one quarter.

In the event of non-compliance with these reporting obligations, the provisions of Article L. 233-14 of the said Code shall be applied.

Additional statutory declarations

Since the amendment of Article 9 of the Articles of Association by the General Shareholders' Meeting on 15 June 1994, any natural or legal person, acting alone or in concert, who comes to hold or ceases to hold a fraction equal to 1% of the capital and/or voting rights, or any multiple thereof, is required to inform the Company within ten days by registered letter with acknowledgement of receipt addressed to the Company's head office, including the number of shares and voting rights held.

Failure to do so results in the deprivation of voting rights for the shares or voting rights exceeding the fraction that should have been declared for a period of two years commencing from the regularisation and on request, at a Meeting, of one or more shareholders owning 5% of capital or voting rights of a Meeting.

8.3.11.2 Identifiable bearer shares

Pursuant to Article L. 228-2 of the Code of Commerce, the Company, whose shares are admitted for trading on a regulated market, may, at any time, appeal to Euroclear SA for the procedure for identifying the holders of bearer shares called "identifiable bearer shares".

8.3.12 Publicly made declarations of threshold crossing

Date	AMF Decision No.	Subject
03/08/1999	199C1045	Declaration of threshold crossing (ERAP – CEIR – Sorame). Declaration of intent. Appointment of five people qualified as directors. Reminder: exemption from the obligation to file a public tender offer.
29/12/1999	199C2064	Declaration of threshold crossing Cogema replaces ERAP.
30/12/1999	199C2068	Declaration of threshold crossing AFD replaces ERAP.
25/07/2001	199C0921	Draft amendment to the Shareholders' Agreement: reclassification of Eramet shares held by Cogema at CEA Industrie.
12/09/2001	201C1140	Declaration of threshold crossing Amendment to the Shareholders' Agreement following the substitution of Cogema by AREVA.
20/12/2004	204C1559	Declaration of threshold crossing and declaration of intent. Substitution of Maaldrift BV by Carlo Tassara International.
14/02/2006	206C0296	Declaration of threshold crossing upward to 5.0034% of capital and 2.98% of voting rights by M & G Investment Management Limited.
17/01/2007	207C0134	Declaration of threshold crossing upward to 13.16% of capital and 7.74% of voting rights and declaration of intent by Carlo Tassara France.
18/01/2007	207C0137	Declaration of threshold crossing downward (0%) by Carlo Tassara International.
24/07/2007	207C1569	Declaration of threshold crossing downward to 4.14% of capital and 4.81% of voting rights by STCPI.
30/05/2008	208C1042	Amendment to the Shareholders' Agreement (CEIR – Sorame – AREVA) of 17/06/99
03/06/2008	208C1083	Declaration of threshold crossing downward to 4.95% of capital and 2.93% of the voting rights of M & G Investment Management Limited.
21/07/2009	209C1013	Amendment to the Sorame – CEIR Agreement of 19/07/99
20/03/2012	212C0416	Declaration of threshold crossing upward and then downward (4.92% of capital and 2.94% of voting rights) by BlackRock Inc.
12/04/2012	212C0486	Publication of the Sorame-CEIR-FSI Shareholders' Agreement clauses
21/05/2012	212C0634	Declaration of threshold crossing downward by AREVA – End of Sorame-CEIR-AREVA Shareholders' Agreement.
23/05/2012	212C0647	Declaration of threshold crossing upward by FSI
22/07/2013	213C1027	Declaration of threshold crossing upward by BPI Group through Bpifrance Participations (ex FSI)
22/07/2013	213C1028	Declaration of participation of the Caisse des Dépôts et Consignations through the BPI Group
21/07/2014	214C1461	Declaration of threshold crossing upward by Caisse des Dépôts et Consignations and BPI Group, through BPI France Participations, as a result of the allocation of double voting rights.
28/07/2016	216C1753	Consideration of the consequences of the change within the group (change of control of FSI Equation without affecting the equilibrium of the controlling group Eramet, the Sorame-CEIR-FSI Equation shareholder agreement remaining unchanged)
02/09/2016	216C1953	Declaration of threshold crossing upward by the Agence des participations de l'État (APE), together with the FSI Equation which it controls and the companies Sorame and CEIR
02/09/2016	216C1957	Declaration of threshold crossing downward by Bpifrance, through Bpifrance Participations, and the end of collaborative action with FSI Equation, Sorame and CEIR
05/09/2016	216C1971	Declaration of threshold crossing downward by Caisse des Dépôts et Consignations, through Bpifrance Participations
20/12/2016	216C2860	Declaration of threshold crossing upward by Intesa SanPaolo S.p.A.
21/12/2016	216C2884	Declaration of threshold crossing downward by Carlo Tassara France SAS
19/09/2017	217C2159	Declaration of threshold crossing downward by Intesa SanPaolo S.p.A.
04/12/2020	220C5283	Amendment to the Shareholders' Agreement (Sorame – CEIR – FSI)

8.3.13 Elements likely to have an impact in the event of a public offer

In addition to the information on threshold crossings, double voting rights, shareholder agreements and commitments detailed in this section, the following items are to be noted.

8.3.13.1 Possibility of using the capital increase authorisations during public offers

According to the new wording of Article L. 233-32 of the Commercial Code, resulting from Law No. 2014-384 of 29 March 2014, the capital increase, authorisations put to vote at the General Shareholders' Meeting may be used during a takeover bid or exchange by the Board of Directors, subject to the powers expressly granted to general meetings and within the limits of the corporate interest of the Company.

8.3.13.2 Loans

The Multicurrency Revolving Credit Facility Agreement (RCF) described in the Notes to the consolidated statements (Chapter 3), provides for the possibility for each bank, in the event of a change of control of the Company, to notify the cancellation of its commitment and the early repayment of its participation in the advances in progress.

In addition, the perpetual bond loan with an option to repay in cash and/or new shares (ODIRNAN) in the amount of approximately €100 million described in Note 7 to the consolidated financial statements provides for:

- the possibility of early redemption at the option of the Company within forty-five days following the change of control of the Company for all outstanding bonds;
- in the event that the Company decides not to proceed with the early repayment of the bonds following the change of control, an automatic surcharge of 500 basis points of the nominal rate will apply as of the first interest period following said change of control.

The bond loans described in the notes to the consolidated financial statements include a change of control clause that could lead to the mandatory early redemption of bond loans at the request of each bondholder in the event of a change of control of the Company.

8.4 SHAREHOLDERS' AGREEMENTS

Pursuant to a Shareholders' Agreement concluded on 16 March 2012 – which entered into force on 16 May 2012, was last amended on 30 November 2020 and is tacitly renewable from 1 January 2021 for periods of six months, unless one of the parties notifies the other of its termination at least one month before the expiration of the current period – which was the subject of a decision and information of the Autorité des marchés financiers (AMF) under No. 212C0647 at the time of its conclusion, a decision and information of the Autorité des marchés financiers under No. 216C1753 relating to the change within the group acting in concert during the acquisition by the Agence des participations de l'État (APE) of the entire share capital of FSI Equation, and a decision and information of the AMF under No. 220C5283 relating to an amendment to the agreement, the Company is majority controlled by a group of shareholders having declared to be acting in concert, including:

- a subgroup between Sorame and CEIR, companies controlled by the Duval Family, under a concurrent Shareholders' Agreement dated 19 July 1999, which came into force on 21 July 1999 and was the subject of an amendment on 13 July 2009;
- the Agence des Participations de l'État (APE), through its subsidiary FSI Equation.

The Shareholders' Agreement provides that the Board of Directors include five directors proposed by Sorame/CEIR, three directors nominated by APE, five directors must be natural persons, including three individuals proposed by the subgroup Sorame/CEIR and two proposed by APE, selected on the basis of their competence and independence, two directors nominated by the Caledonian Territorial Corporation of Industrial Participation (hereinafter "STCPI"), a director proposed by agreement between Sorame/CEIR and APE, and a director called upon to chair the Eramet Board of Directors.

The provisions of the Shareholders' Agreement referred to above as well as those of the subgroup are contained in the main extracts of the AMF's decision and information texts No. 216C1753, No. 212C0486 and No. 209C1013 (amendment of 13 July 2009) reproduced below (the full text of these texts is available on the AMF website).

8.4.1 Decision and Information No. 220C5283 of 4 December 2020

In a letter dated 1 December 2020, the Autorité des marchés financiers (AMF) was notified on 30 November 2020 of the signing of an amendment to the Shareholders' Agreement of 16 March 2012 (see D&I 212C0486 dated 12 April 2012 and 212C0647 dated 23 May 2012), as amended on 21 March 2013 and 1 April 2019, between Sorame and CEIR (both controlled by the Duval family) and FSI Equation (100% owned by Bpifrance Participations, itself 100% owned by Bpifrance SA, which is jointly controlled 50% by the public institution Bpifrance and 50% by the Caisse des Dépôts et Consignations). As provided for in the above-mentioned amendment which will come into force on 1 January 2021, the Shareholders' Agreement will now be extended by tacit agreement for periods of six months (instead of one year) unless one of the parties notifies the other of its termination at least one month before the expiration of the current period.

8.4.2 Decision and Information No. 216C1753 of 28 July 2016

On 29 August 2016, the Agence des participations de l'État, acting on behalf of the State, acquired the entire capital of FSI Equation, which holds 6,810,317 Eramet shares – i.e. 25.66% of the capital of this company.

In this context, the Agence des participations de l'État filed a request for dismissal of a proposed public offer for the Eramet shares with the AMF, which issued a decision No. 216C1753 on 28 July 2016, the terms of which are reproduced below.

"At its meeting of 13 July 2016, the Autorité des marchés financiers considered a request to dismiss a proposed public offer for the Eramet shares, which is part of the amendment to the shareholding of this company[1]. The group consisting of Sorame[2] and CEIR[3] (both controlled by the Duval family) and FSI Equation[4] holds 16,646,151 Eramet shares, representing 33,292,302 voting rights, or 62.71% of the capital and 74.34% of voting rights of this company[5], apportioned as follows:

	Shares	% capital	Voting rights	Percentage of voting rights
Sorame	8,051,838	30.33	16,103,676	35.96
CEIR	1,783,996	6.72	3,567,992	7.97
Total for the Sorame/CEIR subgroup	**9,835,834**	**37.06**	**19,671,668**	**43.93**
FSI Equation	6,810,317	25.66	13,620,634	30.41
GROUP TOTAL	**16,646,151**	**62.71**	**33,292,302**	**74.34**

The Agence des participations de l'État (APE), acting on behalf of the State, intends to acquire, in the second half of 2016, the entire capital of FSI Equation, which holds 6,810,317 Eramet shares, i.e. 25.66% of the share capital of this company. As a result of the APE's acquisition of the entire share capital of FSI Equation, the direct shareholding of Eramet will not be changed, so the above-mentioned shareholding table will remain unchanged. Nevertheless, due to the APE replacing Bpifrance Participations in the control of FSI Equation and in the group formed with the Sorame-CEIR subgroup, it will indirectly increase the threshold of 30% of the voting rights of Eramet and, in collaboration with the Sorame-CEIR subgroup, the thresholds of 30% of the capital and voting rights of this company.

In this context, the APE has asked the Autorité des marchés financiers to note that there is no reason to file a public offer for the shares of Eramet, particularly on the basis of Article 234-7 of the general regulations.

In particular, the applicant contends that:

- *Eramet is controlled by a group composed of Sorame, CEIR and FSI Equation, which holds 74.34% of Eramet's voting rights (of which 30.41% of the voting rights are held by FSI Equation), i.e. the majority of voting rights in the Company;*
- *the subgroup Sorame-CEIR is predominant within the group it forms with FSI Equation(1) and the result of the proposed substitution transaction for the capital of FSI Equation, this predominance of the subgroup Sorame-CEIR will not be called into question insofar as the balance of the interests between the said shareholders in the capital of Eramet will remain unchanged;*
- *the transaction will not entail any change in the terms of the exercise of power within Eramet due to the absence of any modification of the provisions of the Shareholders' Agreement concluded on 16 March 2012 between the current collaborators, which provides, in particular, for the composition of the corporate bodies and the rules for cooperation[6].*

On this basis, the AMF noted (i) that the change of control of FSI Equation in favour of the APE will have no implication for the balance of the group controlling Eramet, within which Sorame and CEIR remain predominant over FSI Equation, (ii) the Shareholders' Agreement between the subgroup Sorame-CEIR and FSI Equation will remain unchanged, particularly with regard to the terms of exercising governance within Eramet and, therefore, on the basis of Article 234-7 of the general regulations there was no need for the compulsory filing of a draft public offer.

In the event of a modification of the agreements concluded or the respective interests of the collaborators, the AMF would need to be informed so that it can assess the consequences of these changes with regard to the obligation to file a public offer." "

(1) See, in particular, the communication issued by the State (APE) on 27 July 2016.

(2) Société de Recherche et d'Applications Métallurgiques controlled by the Duval family.

(3) Compagnie d'Études Industrielles de Rouvray, controlled by the Duval family.

(4) 100% owned by Bpifrance Participations, itself 100% owned by Bpifrance SA, which is jointly controlled 50% by the public institution Bpifrance and 50% by the Caisse des Dépôts et Consignations.

(5) Based on share capital of 26,543,218 shares representing 44,783,479 voting rights under the second paragraph of Article 223-11 of the general regulations.

(6) See in particular D&I 212C0486 of 12 April 2012 and 212C0647 of 23 May 2012.

8.4.3 Decision and Information No. 212C0486 of 12 April 2012

The main clauses of the said agreement are as follows:

Composition of the Eramet Board of Directors

The Board of Directors will be made up of five directors proposed by Sorame/CEIR, three directors proposed by FSI, four directors who must be natural persons, of which two natural persons will be proposed by the Sorame/CEIR subgroup and two proposed by FSI, selected on the basis of their competence and independence, two directors nominated by the Caledonian Territorial Corporation of Industrial Participation (hereinafter "STCPI") and a director called upon to chair the Board of Eramet.

This composition must be maintained except in the case of (i) a capital change of more than 10% of the share capital of Eramet of the capital interests held at the signing of the Agreement, either by Sorame and CEIR, or by FSI, or (ii) a significant change in STCPI's participation in Eramet, in terms of capital, constituting a reduction to below 635,372 Eramet shares.

Chair and committees of the Board of Directors

The parties (i.e. Sorame, CEIR and FSI) plan to consult before any appointment of a Chairman of the Board, a Managing Director, or a Deputy CEO, or appointment of leaders of each of the three Divisions of the Eramet Group. The composition and duties of the committees of the Board of Directors, namely the Selection Committee, the Remuneration Committee, and the Audit Committee, are also defined. In the event of failure of the collaboration, the rules of general law apply.

Stability of the group

Commitment of collaboration

The parties agree to consult before any meeting of the Eramet Board of Directors and any General Shareholders' Meeting with a view to a concerted exercise of their voting rights and the implementation of a common approach to it, and stipulate that, in instances of disagreement on a matter before the Board of Directors, they will ensure that its decision is postponed to its next meeting[(1)].

Commitment to retain

The companies Sorame and CEIR undertake to hold the first 70%, at least, and the second 30% of their total interest in Eramet and, as long as FSI does not increase its overall interest in Eramet, to retain 2% more of the Eramet capital than FSI, which ensures the overall group the retention of 51% of the Eramet voting rights as long as the participation of FSI in Eramet will remain equal to 25.68% of the capital. However, the Sorame/CEIR subgroup remains free to sell at least 80% of its interest in Eramet, and its commitment to retention ceases if FSI exercises its option to purchase the Eramet shares from Sorame.

Obligations in case of public offer

Each party undertakes to make or execute in due time the declarations and obligations to which it is bound, to bear only the penalties for their possible non-performance, and to deposit and assume alone the public tender offer which became mandatory because of its possible acquisitions of Eramet shares, or any of its acts, or a breach of any of its obligations.

Options to buy and sell the Eramet shares of Sorame and CEIR

Sorame grants to FSI an indivisible purchase option for its Eramet shares, exercisable in the event of a transfer of shares or one or more shares of general partners or of any transaction on Sorame that results in the Duval Family losing control of Sorame. CEIR grants to FSI an indivisible purchase option for all of its Eramet shares, and FSI grants CEIR an indivisible sale option for all of its Eramet shares. These two options will be exercisable upon exercise by FSI of its option to purchase the Eramet shares held by Sorame.

(1) It is specified that in such a case, the parties are not required to agree and remain free to exercise their voting rights as they wish; in particular, they did not provide veto rights.

Rights of reciprocal first refusal (pre-emption)

The parties agree to a right of reciprocal first refusal, (i) in case of a firm intention to sell, on the market to unidentified third parties on an *ad hoc* basis or by accelerated bookbuilding (ABB) or by a fully marketed offer (FMO), a specified number of Eramet shares; (ii) in the event of a proposed assignment to one or more identified third parties of one or more Eramet share blocks, by application or off the market; and in the case of plans to contribute all or part of its interest in Eramet, paid for by the shares of the Company benefiting from the contribution.

The right of first refusal is excluded in the following cases:

- transfers in the market: for Sorame and CEIR, as long as the commitment to retain is respected, and for FSI, as long as it retains 20% of Eramet's share capital;
- transfers to a third party or several third parties identified or proposed contribution: for Sorame and CEIR, as long as the commitment to retain is respected and that a block of more than 5% of the capital is not sold to the same group of investors and for FSI, as long as it keeps 20% of the Eramet capital and that more than 5% of the capital is not sold to the same group of investors.

Generally, there is no obligation of notification and rights of first refusal for (i) free transmissions, upon death or inter vivos, to individuals, (ii) assignments within the Sorame/CEIR subgroup, provided that the first of these retains at least 70%, and the second at most 30% of their overall participation in Eramet, (iii) in case of a merger of Sorame and CEIR, if Sorame is the absorbing firm and remains controlled by the Duval family, and (iv) in case of FSI making a transfer or contribution of its Eramet shares to one of its subsidiaries, provided that the recipient adheres to the Shareholders' Agreement and replaces FSI in the resulting rights and duties.

Duration

The pact will enter into force on the actual transfer by AREVA to FSI of the interest it holds in Eramet. It is concluded for a fixed term ending on 31 December 2016, and extends beyond that date by tacit agreement for periods of one year, unless one of the parties notifies the other of its termination at least one month before the expiration of the current period. The agreement will cease immediately and automatically in the event of (i) a change of predominance within the global group due to acquisitions or share subscriptions by FSI, (ii) sale or contribution or transfer by one of the parties of more than 80% of its stake in Eramet, or (iii) reduction to less than 15% of FSI's direct or indirect stake in Eramet capital.

Consequently, Sorame and CEIR decided by addendum No. 2, concluded on 16 March 2012, to amend the duration clause of the Shareholders' Agreement which they concluded on 17 June 1999, already amended by addendum No. 1 of 13 July 2009.

Finally, it is specified that Sorame and CEIR have committed to FSI to convert the required number of Eramet shares to bearer shares so that the current interest of the Sorame/CEIR subgroup is not increased by more than 2% as a result of the loss of the double voting rights attached to the Eramet shares sold to FSI. After the sale of Eramet shares, Sorame and CEIR and FSI will ask Eramet to re-register all of their Eramet shares in order to recover the double voting rights two years later.

8.4.4 Decision and Information No. 209C1013 of 21 July 2009

By letter dated 16 July 2009, the AMF was the recipient of a shareholder agreement entitled "Amendment No. 1 to the Eramet Shareholders' Agreement of 19 July 1999 between Sorame and CEIR" concluded on 13 July 2009 between the company Sorame, partnership limited by share capital, and the company CEIR, by simplified joint-stock.

A/ It is recalled that the companies Sorame and CEIR (companies controlled by the Duval family) concluded on 19 July 1999 a Shareholders' Agreement establishing them in concert for 10 years, effective 21 July 1999.

This agreement provided, in particular:

- the inalienability of their Eramet shares for five years, except, for each of them, up to a maximum of 1.5% of the Eramet share capital;
- complete freedom to sell between themselves their Eramet shares, provided that Sorame continues to hold at least 70% of the Eramet shares held by their collaboration and CEIR, a maximum of 30%, with the commitment to maintain this distribution between them in case of an increase in their holdings;
- reciprocal pre-emption rights over their Eramet shares;
- a commitment to collaborate prior to any Eramet General Shareholders' Meeting, with a view to the concordant exercise of their voting rights for the implementation of a common policy regarding that company.

B/ It is further recalled that the companies Sorame and CEIR, certain members of the Duval family and AREVA are united by a Shareholders' Agreement establishing them in collaboration with respect to Eramet, which results from a private agreement dated 17 June 1999, and a supplementary agreement of 27 July 2001 having substituted AREVA for Cogema, itself already substituted for ERAP on 1 December 1999, pursuant to the provisions of the said agreement.

Amendment No. 2 to the aforementioned private deed of 17 June 1999 was signed on 29 May 2008, by which the parties extended their agreement of collaboration until 31 December 2008, and made various modifications to it, and for that reason substituted, as of 29 May 2008, a new wording to the previous drafting of their Shareholders' Agreement as of 17 June 1999.

In the absence of termination by the parties before 15 December 2008 and then 15 June 2009, the new agreement was tacitly extended twice, the last time from 1 July 2009 for a period of six months ending on 31 December 2009.

As of 16 July 2009, the parties to the agreement together hold 61.57% of the capital and 73.57% of the voting rights of Eramet, broken down as follows:

	Shares	% capital	Voting rights	Percentage of voting rights
Sorame	7,818,919	29.37	15,637,838	35.16
CEIR	1,783,996	6.70	3,567,992	8.02
Sorame/CEIR subtotal	**9,602,915**	**36.07**	**19,205,830**	**43.18**
AREVA	6,787,277	25.39	13,514,554	30.63
GROUP TOTAL	**16,390,192**	**61.57**	**32,720,384**	**73.57**

C/ On 13 July 2009, Sorame and CEIR signed an amendment to the agreement of 19 July 1999 described in point A above, extending their collaboration agreement until 21 July 2014, by providing different modifications, and, as of 13 July 2009, substituted a new wording to that of the Shareholders' Agreement of 19 July 1999.

The main clauses of the amendment between Sorame and CEIR are as follows:

- stability of the Sorame/CEIR group: except in the event of a sale representing at least 80% of the group's interest in Eramet and as long as AREVA does not increase its stake in Eramet by more than 2%, the parties undertake to retain the number of shares and voting rights required for their subgroup to remain predominant in the overall collaboration;
- transfer of Eramet shares between Sorame and CEIR: any sale of Eramet shares may be carried out freely between the parties, provided that Sorame continues to hold at least 70% of the Eramet shares held by the subgroup and CEIR, a maximum of 30%;
- increase in holdings by Sorame and CEIR in Eramet: the parties are free to increase their participation in Eramet, provided that they do not increase their shareholding by more than 2% of the capital or voting rights in less than twelve months;
- commitment to collaborate between the parties prior to any Eramet General Shareholders' Meeting, with a view to the concordant exercise of their voting rights for the implementation of a common policy regarding Eramet.

This agreement replaces the agreement of 19 July 1999. It is concluded for a period expiring on 21 July 2014 and shall thereafter be tacitly renewed for periods of two years, in the absence of its termination notified by either party with one month's notice before the expiry of the period in progress.

It shall cease, as will the concerted action between the parties, in the event of the sale by one of the parties of more than 80% of its interest in Eramet.

x x x

Furthermore, the distribution of directors on the Board and committees is detailed in Chapter 4 "Governance" of this document.

To the knowledge of Eramet, there is no other agreement or pact.

Track monitoring
by drone, Setrag,
Gabon

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General Shareholders' Meeting

9.1 EXPLANATORY STATEMENT AND TEXT OF DRAFT RESOLUTIONS

Within the Authority of the Ordinary Shareholders' Meeting

Resolutions 1 and 2 concern the approval of the parent company financial statements and the consolidated financial statements for the past financial year. The detailed financial statements can be found in the documents distributed to shareholders and are commented upon in the management report.

First resolution

(2020 annual financial statements)

The Shareholders' Meeting, acting with the quorum and majority required for ordinary shareholders' meetings, after hearing read aloud the Board of Directors' report and the Statutory Auditors' report on the annual financial statements for the financial year ended 31 December 2020, approves said annual financial statements as presented to it, and the transactions translated in these financial statements or summarised in these reports.

Second resolution

(2020 consolidated financial statements)

The Shareholders' Meeting, acting with the quorum and majority required for ordinary shareholders' meetings, after hearing read aloud the Board of Directors' report and the Statutory Auditors' report on the consolidated financial statements for the financial year ended 31 December 2020, approves the said consolidated financial statements as presented to it, and the transactions translated in these financial statements or summarised in these reports.

In **resolution 3** you are asked to approve the special report of the Statutory Auditors of your Company pertaining to the agreements specified in Articles L. 225-38 et seq. of the French Commercial Code and authorised during the past financial year. You are asked to note that the report also presents the agreements previously authorised by your Meeting, which continued in the prior year and that, as these previously authorised agreements have already been approved by your Meeting, they are not being put to a vote by this Meeting.

Third resolution

(Regulated agreements)

The General Shareholders' Meeting, acting with the quorum and majority required for ordinary shareholders' meetings, after hearing read aloud the special report drawn up by the Statutory Auditors on the agreements specified in Articles L. 225-38 et seq. of the French Commercial Code, approves this report and the transactions set out therein.

The purpose of **resolution 4** is to propose to the Shareholders' Meeting, the appropriation of net income for the 2020 financial year.

Fourth resolution

(Appropriation of income)

The General Shareholders' Meeting, acting with the quorum required for ordinary shareholders' meetings,

- recognises that the net income for the financial year ended is -€907,356,153.69;
- added to which are €292,590,841.80 in retained earnings at 31 December 2020.

The General Shareholders' Meeting resolves:

- to allocate the net income for the prior financial year to retained earnings which will then total -€614,765,311.89.

The General Shareholders' Meeting, in its ordinary session, duly notes that the dividends per share to be paid for the past year and the three previous years are, or were, as follows:

	2017	2018	2019	2020
Number of shares receiving dividends	26,633,660	26,635,884	26,636,000	26,636,005
Dividend *(in euros)*	2.30	0.60	0	0

The purpose of **resolution 5** is to ratify the co-optation of Mr Jean-Philippe Vollmer as director at the Board meeting of 15 October 2020. Mr Vollmer is Chairman of Société des Hôtels de Nouméa in New Caledonia.

Resolutions 6 and 7 concern the four-year renewal of the directorships expiring at this Shareholders' Meeting:

- renewal of the term of office of Ms Christine Coignard (independent director). Ms Coignard is Managing Director of Coignard & Haas GmbH, a strategy and development consulting firm;
- renewal of the term of office of Ms Catherine Ronge (independent director). Ms Ronge is Chairperson and Chief Executive Officer of Le Garrec et Cie Group and Founder and Chief Executive of Inneva, a strategy consulting company.

The **eighth resolution** concerns the appointment of Mr Alilat Antsélévé-Oyima as director to replace Mr Michel Antsélévé whose term is expiring. Mr Alilat Antsélévé-Oyima is Special Advisor to the President of Gabon and Head of the Department of Industry, Mines and Hydrocarbons.

Fifth resolution

(Ratification of the co-optation of Mr Vollmer as director)

The General Shareholders' Meeting ratifies the co-optation of Mr Jean-Philippe Vollmer as director, at the Board of Directors' meeting of 15 October 2020, to replace Ms Sonia Backès, who resigned on 26 May 2020, for the outstanding period of her term of office, i.e., until the General Shareholders' Meeting called to approve the financial statements for the 2023 financial year.

Sixth resolution

(Renewal of the directorship of Ms Coignard)

The General Shareholders' Meeting, acting with the quorum and majority required for ordinary shareholders' meetings, renews the term of office of Ms Christine Coignard, which expires at this Meeting, for a period of four years, i.e., until the General Shareholders' Meeting to be held in 2025, called to approve the financial statements for the 2024 financial year.

Seventh resolution

(Renewal of the directorship of Ms Ronge)

The General Shareholders' Meeting, acting with the quorum and majority required for ordinary shareholders' meetings, renews the term of office of Ms Catherine Ronge, which expires at this Meeting, for a period of four years, i.e., until the General Shareholders' Meeting to be held in 2025, called to approve the financial statements for the 2024 financial year.

Eighth resolution

(Appointment of Mr Alilat Antsélévé-Oyima as director)

The General Shareholders' Meeting, acting with the quorum required for Ordinary Shareholders' Meetings, appoints Mr Alilat Antsélévé-Oyima as director to replace Mr Michel Antsélévé at the expiry of his term of office, for a period of four years, i.e. until the General Shareholders' Meeting called to approve the financial statements for the 2024 financial year.

The **Ninth resolution** concerns the renewal of the term of office of Ms Christel Bories, Chair and CEO, for a four year term, and that the Board of Directors will also propose the renewal of Christel Bories' appointment as Chair and CEO after the General Meeting of Shareholders.

The Board of Directors assessed positively Christel Bories' term of office as Chair and CEO during her first mandate, considering that she succeeded in leading the development of the Group in an often tough environment and in carrying out a deep transformation, including through an ambitious new approach to turn Eramet into a key player in terms of Corporate Social Responsibility.

The Board of Directors intends the Group roadmap to be continued under the leadership of Christel Bories, to whom it renews its trust.

Moreover, the Board of Directors intends to change the Company's governance in the future towards separating the roles of Chair and CEO before the end of the new term of office of Christel Bories.

Ninth resolution

(Renewal of the directorship of Ms Bories)

The General Shareholders' Meeting, acting with the quorum and majority required for ordinary shareholders' meetings, renews the term of office of Ms Christel Bories, Chair and CEO, which expires at the Meeting for a period of four years, i.e., until the General Shareholders' Meeting to be held in 2025 and called to approve the financial statements for the 2024 financial year.

"Say on pay *ex ante*"

Pursuant to the provisions of Article L. 22-10-8 paragraph II (formerly numbered L.225-37-2) and Article R. 22-10-14 (formerly numbered R.225-29-1) of the French Commercial Code, the General Shareholders' Meeting is called to approve in **resolution 10**, the remuneration policy applicable to the members of the Board of Directors, and in **resolution 11**, the remuneration policy applicable to Ms Christel Bories, Chairperson and Chief Executive Officer. These disclosures are provided in Chapter 7 of the 2020 Universal Registration Document, "Remuneration of the management and administration bodies".

In accordance with the wording of Article L. 22-10-8, the approval of the General Shareholders' Meeting is required every year and upon each material change to the remuneration policy. If the General Shareholders' Meeting does not approve the resolution and if it has previously approved a compensation policy, the latter shall continue to apply and the Board of Directors shall submit a draft resolution presenting a revised remuneration policy to the next General Shareholders' Meeting for approval. In the absence of a previously approved compensation policy, if the General Shareholders' Meeting does not approve the draft resolution, remuneration shall be determined in accordance with the remuneration assigned in the previous year, or, in the absence of remuneration assigned in the previous year, in accordance with existing practices within the Company.

"Say on pay *ex post*"

Pursuant to the provisions of Article L. 22-10-9 (formerly numbered L.225-37-3) paragraph I of the French Commercial Code, the General Shareholders' Meeting is called to approve in **resolution 12** the information mentioned in Article L. 22-10-9 paragraph I of the French Commercial Code. These disclosures are provided in Chapter 7 of the 2020 Universal Registration Document, "Remuneration of the management and administration bodies". Pursuant to the provisions of Article L. 22-10-34 (formerly numbered as paragraph III of Article L.225-100) of the French Commercial Code, the General Shareholders' Meeting is called to approve in **resolution 13**, the fixed, variable and exceptional components of the remuneration and benefits of any kind, paid in the past financial year or assigned in the same **financial year** to Ms Christel Bories, Chairperson and Chief Executive Officer in respect of the 2020 financial year. These disclosures are provided in Chapter 7 of the 2020 Universal Registration Document, "Remuneration of the management and administration bodies".

Tenth resolution

(Approval of the remuneration policy applicable to the members of the Board of Directors – "*say on pay ex ante*")

Pursuant to the provisions of Article L. 22-10-8 (formerly numbered L. 225-37-2) and of Article R. 22-10-14 (formerly numbered R. 225-29-1) of the French Commercial Code, the General Shareholders' Meeting, acting with the quorum and majority required for ordinary shareholders' meetings, approves the remuneration policy applicable to the members of the Board of Directors, as presented in the Company's corporate governance report described in Article L. 225-37 of the French Commercial Code and in the 2020 Universal Registration Document, section 7 "Remuneration of the management and administration bodies", paragraphs 7.1.1.3 and 7.1.2.2.

Eleventh resolution

(Approval of the remuneration policy applicable to Ms Christel Bories, Chairperson and Chief Executive Officer – "*say on pay ex ante*")

Pursuant to the provisions of Article L. 22-10-8 (formerly numbered L. 225-37-2) and of Article R. 22-10-14 (formerly numbered R. 225-29-1) of the French Commercial Code, the General Shareholders' Meeting, acting with the quorum and majority required for ordinary shareholders' meetings, approves the remuneration policy applicable to Ms Christel Bories, Chairperson and Chief Executive Officer, as presented in the Company's corporate governance report described in Article L. 225-37 of the French Commercial Code and in the 2020 Universal Registration Document, section 7 "Remuneration of the management and administration bodies", paragraph 7.1 and notably 7.1.2.1.

Twelfth resolution

(Approval of the information mentioned in Article L. 22-10-9 paragraph I of the French Commercial Code – "*say on pay ex post*")

Pursuant to the provisions of Article L. 22-10-9 (formerly numbered L.225-37-3) paragraph I and of Article L. 22-10-34 (formerly numbered paragraph II of Article L.225-100) of the French Commercial Code, the General Shareholders' Meeting, acting with the quorum and majority required for ordinary shareholders' meetings, approves the information mentioned in paragraph I of Article L. 22-10-9 (formerly numbered L. 225-37-3) of the French Commercial Code as presented in the Company's corporate governance report described in the last sub-paragraph of Article L. 225-37 of the French Commercial Code appearing in the 2020 Universal Registration Document, section 7 "Remuneration of the management and administration bodies", paragraphs 7.2.1 and 7.2.2.

Thirteenth resolution

(Approval of the fixed, variable and exceptional components of the total remuneration and the benefits of any kind paid or assigned in respect of the 2020 financial year to Ms Christel Bories, Chairperson and Chief Executive Officer – "say on pay ex post")

Pursuant to the provisions of Article L. 22-10-34 (formerly numbered paragraph III of Article L.225-100) of the French Commercial Code, the General Shareholders' Meeting, acting with the quorum and majority required for ordinary shareholders' meetings, approves the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid or assigned in respect of the 2020 financial year to Ms Christel Bories, Chairperson and Chief Executive Officer, as presented in the Company's corporate governance report described in Article L. 225-37 of the French Commercial Code appearing in the 2020 Universal Registration Document, section 7 "Remuneration of the management and administration bodies", paragraph 7.2.3.

Within the Authority of the Extraordinary Shareholders' meeting

In **resolution 14**, the Board proposes to change article 11.5 of the Company's Articles of Association to provide for an obligation to appoint a Lead Director chosen among Board members, should the offices of Chair and CEO be held by a single person. The list of duties of the Lead Director are as per Board's internal regulations.

Fourteenth resolution

(Changes in article 11.5 of the Articles of Association)

The General Shareholders' Meeting, acting with the quorum and majority required for extraordinary shareholders' meeting, after hearing read aloud the Board of Directors' report, changes article 11.5 of the Articles of Association as follows:

Current version	New version
5. The Board may choose to appoint a Lead Director, whose missions are defined by the Board in accordance with the AFEP-MEDEF Code.	5. The Board of Directors is required to appoint a Lead Director if the positions of Chair and Chief Executive Officer are held by one person. The missions of the Lead Director are defined by the Board in accordance with the AFEP-MEDEF Code.

Within the Authority of the Ordinary Shareholders' meeting

The purpose of **resolutions 15 and 16** is to propose for six financial years respectively:

- the renewal of the term of office of KPMG as primary Statutory Auditors, appointed as the Company's Statutory Auditors for the first time in 2015, and whose term of office expires at this Meeting;
- the appointment of the firm Grant Thornton as primary Statutory auditor to replace Ernst & Young Audit, since the Ernst & Young network has been the Company's Statutory auditor since 1991, and given that the firm's term of office expires at this Shareholders' Meeting.

Pursuant to the provisions of Article L. 823-1-I, sub-paragraph 2, the appointment of an alternate Statutory auditor called to replace the primary auditor is only required when the primary statutory auditor is a natural person or a single person company. In the present case, the appointment of alternate statutory auditors is therefore not required and accordingly, no proposal has been made to appoint alternate statutory auditors.

Fifteenth resolution

(Renewal of the term of office of a primary Statutory auditor)

The General Shareholders' Meeting recognises that the terms of office as statutory auditors of KPMG and of Salustro Reydel, respectively primary and alternate statutory auditors, expire at this Meeting and have decided to appoint as replacement, for a period of six financial years, that is, until the Shareholders' Meeting called to approve the financial statements for the 2026 financial year and which will be held in 2027:

- KPMG S.A. (775 726 417 RCS Nanterre) as the primary Statutory auditor.

Sixteenth resolution

(Appointment of a primary Statutory auditor)

The General Shareholders' Meeting recognises that the terms of office of Ernst & Young and of Auditex as Statutory Auditors, respectively primary and alternate statutory auditors, expire at this Meeting and have decided to appoint for a period of six financial years, i.e., until the Shareholders' Meeting called to approve the financial statements for the 2026 financial year and which will be held in 2027:

- the Grant Thornton firm (632 013 843 RCS Nanterre) as primary Statutory auditor.

The purpose of **resolution 17**, in the context of the provisions of Article L. 22-10-62 (formerly numbered L. 225-209) of the French Commercial Code, is to request authorisation from the General Shareholders' Meeting to renew, in accordance with applicable laws and regulations, the Company's share buyback programme, using any and all means, including during a public offering. The maximum buyback amount is 10% of the capital and the maximum purchase price per share is €200. This resolution concerns the annual renewal of this authorisation. The main purpose of this authorisation is to allow the existing liquidity agreement to continue, and the employee free share grant plans to be implemented through the award of existing shares.

Seventeenth resolution

(Authorisation to act on the Company's shares)

The General Shareholders' Meeting, acting with the quorum and majority required for ordinary shareholders' meetings, after acknowledging the Board of Directors' report and the description of the Company's share buyback programme, using the option provided by Article L. 22-10-62 (formerly numbered L.225-209) of the French Commercial Code, authorises the Board of Directors to purchase or arrange for the purchase of the Company's shares within the limit of 10% of the share capital, with a view to:

- supporting the share price via a liquidity agreement with a market maker, in accordance with the market practice accepted by the AMF;
- the delivery of shares upon the exercise of rights attached to securities giving access to the share capital by redemption, conversion, exchange or otherwise;
- the implementation of any stock option plan of the Company pursuant to the provisions of Articles L. 225-177 et seq. and L. 22-10-56 of the French Commercial Code;
- allocation of bonus shares under the provisions of Articles L. 225-197-1 et seq. and L. 22-10-59 and L. 22-10-60 of the French Commercial Code;
- the allocation or the transfer of shares to employees with respect to their participation in the benefits of the expansion of the Company, or the implementation of any employee savings plan under the conditions stipulated by the law, in particular, Articles L. 3332-1 et seq. of the French Labour Code;
- their cancellation, pursuant to a resolution authorising the reduction of the Company's share capital..

These shares may be purchased, disposed, transferred or exchanged by any and all means, on the market or over the counter, including as applicable, through derivatives and the maximum share may be acquired or transferred in the form of share blocks, which may comprise the entirety of the authorised share buyback.

They may also be made during a period of public offering if the purchase offer for the Company's securities is fully settled in cash.

The payment may be made as follows.

The maximum purchase price shall not exceed €200 per share (or the equivalent value of the same amount on the same date in any other currency or monetary unit established by reference to several currencies).

This authorisation is given for a period ending with the General Shareholders' Meeting called to approve the financial statements for 2021.

On the basis of the number of shares comprising the share capital at **31 December 2020**, the maximum theoretical investment, assuming a share price of **€200,** will be **€532,720,100**.

In order to ensure this resolution is executed, all powers are granted to the Board of Directors, which may delegate them for the purpose of:

- executing all stock exchange orders, entering into all agreements concerning in particular, keeping share purchase and sale registers;
- making all declarations to the French financial markets authority;
- assigning or reassigning the shares acquired to the different objectives pursued in accordance with the applicable laws and regulations;
- fulfilling all other formalities and, generally, doing whatever is needed.

Within the authority of the Extraordinary Shareholders' Meeting

The Board did not wish to submit to vote a renewal of delegations of authorities to the Board for capital increases and capital decreases as previously voted by the AGM on 23 May 2019 and which expire on 22 July 2021.

The purpose of the 18th **resolution** is to allow the Eramet Board of Directors to grant a number of shares that may not exceed 700,000 existing bonus shares over a period of three years (from May 2021 to May 2024) according to the terms below:

- to all Group employees (subject to applicable local accounting and tax laws), allocation of bonus shares without performance conditions through the Erashare three-year programme;
- to the Group's main executives (i.e., around 280 people) (subject to applicable local accounting and tax laws) allocation of bonus shares, the majority of which (all for the Executive Committee, including the executive corporate officer) are subject to performance conditions that can be assessed over a period of three years.

The 700,000 bonus shares over a period of three years represent an annual allocation of 0.8% of the share capital at 31 December 2020. The allocated bonus shares will consist of existing shares.

The share of the maximum overall envelop that can be given to executive corporate officers is 20%.

The performance conditions defined for the first year of use (in 2021) of this authorisation for the selective allocation of performance shares will be as follows:

- relative performance of the Eramet share for 30% of the allocation. This means comparing over three years, the trend of total shareholder return to that of a sample of comparable mining companies included in the Euromoney Global Mining Index, with the performance conditions considered to be 100% fulfilled if Eramet's ranking ranges between the 1st and 15th percentile in the sample;
- intrinsic performance of EBITDA for 50% of the grant, at constant budget economic conditions, 100% fulfilled if the budget is met;
- intrinsic performance of meeting the CSR criteria of the CSR roadmap over three years for 20% of the grant, with 100% of the performance conditions fulfilled if the criteria are fully met. The results of the roadmap are published annually.

Eighteenth resolution

(Allocation of bonus shares)

The General Shareholders' Meeting, voting under the quorum and majority conditions required for extraordinary meetings, after reviewing the Board of Directors' report and the Statutory Auditors' special report, authorises the Board of Directors to proceed, on one or more occasions, in favour of the eligible employees and executive officers of the Company and of the affiliated companies within the meaning of Article L. 225-197-2 of the French Commercial Code, with allocations of existing bonus shares, in accordance with Articles L. 225-197-1 et seq. and L. 22-10-59 of the French Commercial Code.

The General Shareholders' Meeting resolves that the total number of shares that may be allocated free of charge pursuant to this authorisation may not exceed 700,000 shares.

In accordance with the regulation, this ceiling does not take into account the additional shares to be issued or allocated to maintain the rights of beneficiaries in the event of capital transactions.

Allocations made pursuant to this authorisation may, under the conditions provided for by law, benefit the Company's eligible executive corporate officers, provided that final allocation of the shares is subject to the achievement of one or more performance conditions determined by the Board of Directors at the time the decision is taken to allocate the shares, and that the number of shares allocated does not represent more than **20%** of the ceiling indicated above.

For executive corporate officers and beneficiaries of so-called selective plans, the allocation of shares will be final at the end of a vesting period, the minimum duration of which is set at three years. No minimum holding period shall be imposed for the shares under consideration, such that the said shares shall be freely transferable as soon as they are definitively allocated.

For the beneficiaries, excluding corporate executive officers, of so-called democratic plans, the allocation of shares will be definitive at the end of a vesting period, the minimum duration of which is set at two years. Furthermore, beneficiaries may not transfer the shares allocated to them under this authorisation during the minimum period of one year from the final allocation of shares. However, the General Shareholders' Meeting authorises the Board of Directors, to the extent where the vesting period for all or part of one or more allocations would be for a period of at least three years, not to set a mandatory holding period for the shares under consideration, such that the said shares will be freely transferable as soon as they are finally allocated.

Notwithstanding the foregoing, the allocation of said shares to their beneficiaries shall become final before the expiry of the aforementioned vesting periods in the event that the beneficiary suffers from a second or third category disability as defined in Articles L. 341-1 et seq. of the French Social Security Code, and said shares shall be freely transferable in the event that the beneficiary suffers from a disability corresponding to the classification in the aforesaid categories of the Social Security Code.

The allocated bonus shares will consist of existing shares.

The Board of Directors is responsible for the decision to grant bonus shares, as such it will determine the identity of the beneficiaries of the share allocations, set the conditions and, if necessary, the criteria for granting the shares.

The Board of Directors may use this authorisation, on one or more occasions, for a period of thirty-eight months as from this Meeting.

Resolution 19, which concerns the amendment of Article 3 of the Articles of Association, is proposed in order to incorporate a purpose in accordance with the provisions of Article 1835 of the French Civil Code (from Pacte law 2019-486 of 22 May 2019).

Nineteenth resolution

(Amendment of Article 3 of the Articles of Association)

The General Shareholders' Meeting, acting with the quorum and majority required for Extraordinary Shareholders' Meetings, after reviewing the Board of Directors' report and the provisions of Article 1835 of the French Civil Code resulting from law 2019-486 of 22 May 2019 (known as the "Pacte law") resolves to amend Article 3 of the Articles of Association in order to adopt the following text.

Present version Article 3 - Objective	New version *Article 3 - Objective*
The objective of the Company in all countries is the research and exploitation of mineral deposits of all kinds, the metallurgy of all metals and alloys, and their trading. To this end, it operates directly or indirectly by participating in the following activities: Research, acquisition, leasehold, alienation, concession and operation of all mines and quarries of any nature whatsoever; Treatment, processing and sale of all ores, mineral substances and metals, as well as their by-products, alloys and all derivatives; The manufacture and marketing of all products that include in their composition the aforesaid materials or substances; More generally, all operations directly or indirectly related to the above items, or to promote the development of corporate interests. To achieve this objective, the Company may: Create, acquire, sell, exchange, take or lease, with or without a promise to sell, manage and exploit directly or indirectly all industrial and commercial establishments, factories, sites, and premises, movable and immovable objects; Obtain or acquire any patents, licences, processes and trademarks, use, assign or provide them, grant licences in any country, and generally carry out all commercial, industrial, financial, movable or immovable transactions, which may relate, directly or indirectly, to the company's objective or which may facilitate its implementation. It may act, directly or indirectly, on its own behalf or on behalf of third parties and either alone or in association, partnership, or company, with any other companies or persons and carry out, directly or indirectly, in France or abroad, under any form whatsoever, the operations falling within its purpose. It may take, in any form, all interests and participations, in all companies or enterprises, French or foreign, such as to favour the development of its own affairs.	*The objective of the Company in all countries is the research and exploitation of mineral deposits of all kinds, the metallurgy of all metals and alloys, and their trading.* *To this end, it operates directly or indirectly by participating in the following activities:* *Research, acquisition, leasehold, alienation, concession and operation of all mines and quarries of any nature whatsoever;* *Treatment, processing and sale of all ores, mineral substances and metals, as well as their by-products, alloys and all derivatives;* *The manufacture and marketing of all products that include in their composition the aforesaid materials or substances;* *More generally, all operations directly or indirectly related to the above items, or to promote the development of corporate interests.* *To achieve this objective, the Company may:* *Create, acquire, sell, exchange, take or lease, with or without a promise to sell, manage and exploit directly or indirectly all industrial and commercial establishments, factories, sites, and premises, movable and immovable objects;* *Obtain or acquire any patents, licences, processes and trademarks, use, assign or provide them, grant licences in any country, and generally carry out all commercial, industrial, financial, movable or immovable transactions, which may relate, directly or indirectly, to the company's objective or which may facilitate its implementation. It may act, directly or indirectly, on its own behalf or on behalf of third parties and either alone or in association, partnership, or company, with any other companies or persons and carry out, directly or indirectly, in France or abroad, under any form whatsoever, the operations falling within its purpose.* *It may take, in any form, all interests and participations, in all companies or enterprises, French or foreign, such as to favour the development of its own affairs.* ***The company's purpose is to: Become a reference for the responsible transformation of the Earth's mineral resources for "living well" together***

Within the Authority of the Ordinary Shareholders' Meeting

Resolution 20 allows the formalities involved in implementing the other resolutions voted by the combined General Shareholders' Meeting to be fulfilled.

Twentieth resolution

(Powers)

The General Shareholders' Meeting, acting with the quorum and majority required for ordinary shareholders' meetings, endows the bearer of any original, excerpt or copy of the minutes of this Shareholders' Meeting with full powers to carry out all the necessary filings or formalities.

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Manganese ore dry screening, Moanda, Gabon

10

Additional information

10.1 PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

10.1.1 Name and status of officials

Christel Bories

Chairperson and CEO of Eramet.

Thomas Devedjian

Executive Vice President in charge of Finance, Digital and Group Purchasing

10.1.2 Declaration by the persons responsible for the universal registration document

We declare that to the best of our knowledge, having taken all reasonable measures in this regard, the information in this Universal Registration Document is accurate and does not contain any omission that could affect its scope.

We certify that, to the best of our knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the financial position and results of the Company and of all the companies included in the consolidation, and that the management report (presented in Chapters 1 "Presentation of the Group", 2 "Activities", 3. "Financial Statements", 4 "Corporate governance", 5 "Risk management", 6 "Non-financial performance statement", 7 "Remuneration of the management and administration bodies" and 8 "Eramet and its shareholders") faithfully reflects the changes in the business, earnings and the financial position of the Company and all of the companies included in the basis for consolidation, while presenting the main risks and uncertainties faced by them.

Signed in Paris, on 14 April 2021

Thomas Devedjian

Executive Vice President in charge of Finance, Digital and Group Purchasing

Christel Bories

Chairperson and CEO

10.2 STATUTORY AUDITORS

The Company's corporate and consolidated financial statements are audited by the Auditors listed below:

10.2.1 Statutory Auditors

Ernst & Young Audit

Address: Tour First – 1, place des Saisons, 92400 Courbevoie, 344 366 315 RCS Nanterre.

Partner in charge of audit: Nicolas Macé.

Date of appointment: General Shareholders' Meeting of 29 May 2015, replacing Ernst & Young and Others.

Term expiry date: General Shareholders' Meeting called in 2021 to approve the 2020 financial statements.

The Ernst & Young network has been Eramet's Statutory Auditor since 1991.

The Shareholders' Meeting called in 2021 to approve the 2020 financial statements is asked to appoint Grant Thornton as Statutory Auditors for a period of six financial years.

KPMG

Address: Immeuble Tour EQHO – 2, avenue Gambetta – CS 60055 92066 – Paris La Défense Cedex, 775 726 417 RCS Nanterre.

Partner in charge of audit: Michel Piette.

Date of appointment: General Shareholders' Meeting of 29 May 2015.

Term expiry date: General Shareholders' Meeting called in 2021 to approve the 2020 financial statements.

The Shareholders' Meeting called in 2021 to approve the 2020 financial statements is asked to reappoint KPMG as Statutory Auditors for a period of six financial years.

10.2.2 Deputy auditors

Auditex

Address: Tour First – 1, place des Saisons, 92400 Courbevoie, No. 377 652 938 in the RCS Nanterre.

Date of appointment: General Shareholders' Meeting of 13 May 2009, renewed at the General Shareholders' Meeting of 29 May 2015.

Term expiry date: General Shareholders' Meeting called in 2021 to approve the 2020 financial statements.

In accordance with paragraph 2 of Article L. 823-1-I of the French Commercial Code, the Shareholders' Meeting called in 2021 to approve the 2020 financial statements is not asked to renew the term of office of the Deputy Auditors, which has expired.

Salustro Reydel

Address: Immeuble Le Palatin – 3, cours du Triangle, 92800 Puteaux, 652 044 371 RCS Nanterre.

Date of appointment: General Shareholders' Meeting of 29 May 2015.

Term expiry date: General Shareholders' Meeting called in 2021 to approve the 2020 financial statements.

In accordance with paragraph 2 of Article L. 823-1-I of the French Commercial Code, the Shareholders' Meeting called in 2021 to approve the 2020 financial statements is not asked to renew the term of office of the Deputy Auditors, which has expired.

10.3 FINANCIAL INFORMATION – AVAILABLE DOCUMENTS

10.3.1 Name of Information Officer

Head:	Sandrine Nourry-Dabi
Position:	Director of Investor Relations
Address:	Eramet
	10, boulevard de Grenelle – CS 63205
	75015 Paris
	Telephone: 33 (0)1 45 38 37 02

10.3.2 Communication methods

Periodicity: in accordance with regulations, Eramet publishes its annual and interim results and releases quarterly sales figures.

Information release: in addition to legal publication in financial publications, press releases and all regulated financial information are made available to the public on the Company's website (http://www.eramet.com – in the Investors section) and released in accordance with AMF regulations.

The Articles of Association, minutes of AGMs, Company and consolidated financial statements, reports by the auditors and all documents made available to shareholders can be consulted at the Company's headquarters.

All data indicated in this document for which no source is specifically indicated is from the Company's internal reporting and data.

Copies of all documents included in this Universal Registration Document may be viewed on the Eramet website (http://www.eramet.com) or consulted by making a request to the Company's Director of Legal Affairs at its headquarters.

During an embargo period (quiet period) of 15 calendar days before the quarterly sales publications or annual or interim results, the Company refrains from contact with analysts, investors or brokers who operate both in securities and credit.

10.4 CONCORDANCE TABLE WITH THE ANNUAL FINANCIAL REPORT

This Registration Document contains all the information required in annual financial reports pursuant to Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulations of the AMF.

In order to facilitate the reading of this annual financial report, the concordance table below identifies the sections contained herein.

No.	Information in the annual financial report	**Registration Document**
1	Statement by management on the accuracy of the information	Section 10.1
2	Consolidated financial statements	Section 3.1
3	Auditors' Report on the consolidated financial statements	Section 3.1
4	Financial statements of the parent company	Section 3.2
5	Auditors' report on the annual financial statements	Section 3.2
6	Management report	See management report reconciliation table
7	Fees of the Statutory Auditors	Section 3.1
8	Report by the Board of Directors on Corporate Governance attached to the management report	Chapter 4

10.5 MANAGEMENT REPORT RECONCILIATION TABLE

The reconciliation table below identifies the main sections required by the French Commercial Code, the French Monetary and Financial Code, the French General Tax Code and the AMF's General Regulations.

ACTIVITY	Registration Document
Major events after the reporting date	Chapter 1
Foreseeable outlook	Chapter 1
Results of subsidiaries and companies controlled, by areas of activity	Chapter 2 – Chapter 3
Research and development	Chapter 2
Description of the main risks and uncertainties	Chapter 3 – Chapter 5
Group policy concerning management of financial risks, exposure to price, credit, liquidity and cash risk	Chapter 3
Analysis of business developments, results and the financial position of the Company in the course of the year	Chapter 3
Stakes or controlling interests in companies based in France	Chapter 3
Information on supplier payment terms	Chapter 3
Table of the financial results of the Company over the past five years	Chapter 3
Reincorporation of general costs and sumptuary expenses	Chapter 3
LEGAL INFORMATION AND INFORMATION CONCERNING SHAREHOLDER STRUCTURE	
Sum of dividends paid out over the last three financial years	Chapter 3
Identity of shareholders with more than 5% of equity	Chapter 8
Employee shares held on the last day of the year	Chapter 8
Information on share buybacks during the year – treasury shares	Chapter 8
Table summarising valid authorisations granted to the Board by the General Shareholders' Meeting concerning share capital increases, and the use made of these authorisations during the year	Chapter 8
Elements likely to have an impact in the event of a public offer	Chapter 8
INFORMATION CONCERNING CORPORATE OFFICERS	
Terms and functions of members of the Board of Directors and General Management	Chapter 4
Total remuneration and any benefits granted to each corporate officer	Chapter 7
INFORMATION PROVIDED FOR IN ARTICLES L. 225-102-1-II AND L. 22-10-36 OF THE FRENCH COMMERCIAL CODE – NON-FINANCIAL PERFORMANCE DECLARATION	
1/ The Group's CSR issues and approaches	**6.1**
2/ Environmental protection	**6.2**
Challenges, policies, objectives, organization and resources for the prevention of environmental risks	6.2.1
ISO 14001 certification and environmental compliance indicators	6.2.2
Emissions reduction (air emissions, water emissions, site remediation/restoration)	6.2.3
Circular economy (waste, beneficiation of raw materials)	6.2.4
Optimisation of water consumption	6.2.5
Fight against climate change	6.2.6
Environmental protection at mining sites (water management, tailings and waste management, rehabilitation)	6.2.7
Preservation of biodiversity	6.2.8
Responsibility for chemicals	6.2.9

3/ Social and societal commitments	**6.3**
Commitments to human rights	6.3.1
Social commitments to employees	6.3.2
Employee safety	6.3.2.1
Employee health	6.3.2.2
Employee security	6.3.2.3
Promotion and development of employees	6.3.2.4
Social indicators	6.3.2.5
Commitments to communities	6.3.3
Impact management and risk prevention for local communities	6.3.3.2
Dialogue with local communities	6.3.3.3
Contribution to the development priorities of communities	6.3.3.4
4/ Business ethics	**6.4**
Ethics, Compliance and Anti-Corruption	6.4.1
Responsible value chain (purchasing, sales)	6.4.2
Responsible interest representation	6.4.3
Combating tax evasion	6.4.4
Governance of the Sustainable Development of industrial and mining projects	6.4.5

10.6 RECONCILIATION TABLE WITH EUROPEAN REGULATION (EU) 2017/1129

The following reconciliation table identifies the main sections required under Annexes 1 and 2 of European Regulation No. 2019/980 of 14 March 2019, implementing Regulation (EU) 2017/1129, known as the "Prospectus" directive.

Chapter	Information	Registration Document
1	**Persons responsible**	**10.1**
1.1	Identification of persons responsible	10.1
1.2	Statement of responsible persons	10.1
1.3	Expert declaration or report	N/A
1.4	Third-party testimonial	N/A
1.5	Declaration without prior approval	AMF insert on the first page
2	**Statutory Auditors**	**10.2**
2.1	Information on Statutory Auditors	10.2
2.2	Changes	10.2
3	**Risk factors**	**5**
4	**Information concerning the issuer**	**8**
4.1	Company name	8
4.2	Place of registration, registration number, LEI	8
4.3	Date of incorporation and duration of the Company	8
4.4	Registered office, legal form, legislation governing the Company's activities, country of incorporation, address of statutory head office, website	8
5	**Business overview**	
5.1	Main activities	2
5.1.1	Main products sold or services provided	2
5.1.2	Any major new product or service under development or recently launched	2
5.2	Main markets (allocating the total revenues by activity type and geographic market for each financial year)	2
5.3	Important events in the development of the issuer's activities	2
5.4	Strategy and objectives (financial and otherwise), taking account of prospects and future challenges.	1
5.5	Likely dependence on patents or licences; industrial, commercial or financial contracts; if this impacts the issuer's activities or financial viability	2
5.6	Information upon which any declaration by the issuer concerning their competitive position is based	2
5.7	Investments	
5.7.1	Description and amount of important investments	2
5.7.2	Description of current investments and how they have been financed (internal or external sources of funding)	2
5.7.3	Information regarding joint ventures in which the issuer holds a portion of the capital likely to have a significant impact on the value of its assets and liabilities, its financial position or its outcomes	2
5.7.4	Environmental issues which may have a bearing on the use of Company property, plant and equipment	6
6	**Organizational structure**	
6.1	Brief overview of the Group to which the issuer belongs (organization chart)	2
6.2	List of important subsidiaries	3 (scope of consolidation)

10

Chapter	Information	Registration Document
7	**Review of financial position and results**	
7.1	Financial position	1
7.1.1	Review of shifts in activities and key indicators	1
7.1.2	Probable future shifts in Company activities	1
	R&D	2
7.2	Operating revenue	1
7.2.1	Important factors influencing the operating revenue	1
7.2.2	Explanations for major changes in turnover or net revenue	1
8	**Cash and equity**	
8.1	Short- and long-term capital	1
8.2	Cash Flow	1
8.3	Funding requirements and structure	1
8.4	Potential restrictions on capital use	1
8.5	Sources of financing	1
9	**Regulatory framework**	
	Description of the regulatory framework which may have a significant impact on activities, making mention of any factor – be it administrative, economic, budget-related, monetary or political – that has influenced or may significantly influence the issuer's activities, either directly or indirectly	5
10	**Information on trends**	
10.1	Trends having affected production, sales, costs between year's end and the document date	1
10.2	Any likely influencing factor	1
11	**Projected or estimated profit**	
11.1	Assumptions	not applicable
11.2	Declaration as to assumptions	not applicable
11.3	Declaration as to comparability of projections or estimations	not applicable
12	**Administrative, management and supervisory bodies and General Management**	
12.1	Information on members	4
12.2	Conflicts of interest	4
13	**Compensation and benefits**	
13.1	Compensation	7
13.2	Pensions, retirement or other benefits	7
14	**Functioning of the administrative and management bodies**	
14.1	Date of expiry of mandates	4
14.2	Service contracts	4
14.3	Committees (composition and duties)	4
14.4	Declaration on corporate governance	4
14.5	Potential significant impacts on future modifications to the composition of the administrative and management bodies (where such changes have already been decided upon)	not applicable
15	**Employees**	
15.1	Employee information	6
15.2	Profit-sharing and options to subscribe shares held by the administrative and management bodies	4
15.3	Employee sharing in the issuer's capital	6 and 8

Chapter	Information	Registration Document
16	**Major shareholders**	
16.1	Overview of shareholding	8
16.2	Voting rights	8
16.3	Ownership and control of issuer	8
16.4	Agreements related to control	8
17	**Related-party transactions**	**3**
18	**Financial information concerning assets and liabilities, financial position and issuer's results**	
18.1	History of financial information	3
18.2	Intermediary financial information and other	3
18.3	History of annual financial information audits	3
18.4	Pro-forma financial information	not applicable
18.5	Dividend distribution policy	3
18.6	Judicial and arbitration proceedings	3
18.7	Significant alteration of financial position	not applicable
19	**Additional information**	
19.1	Share capital	8
19.1.1	Issued capital	8
19.1.2	Other non-equity shares	not applicable
19.1.3	Treasury shares	8
19.1.4	Convertible or exchangeable securities, or securities with subscription warrants	8
19.1.5	Acquisition conditions for authorised capital not issued	not applicable
19.1.6	Options or agreements regarding the capital of a Group company	3
19.1.7	Share capital history for the financial year	3
19.2	Memorandum and Articles of Association	8
19.2.1	Registration number, corporate purpose	8
19.2.2	Description of rights in case of multiple share classes	not applicable
19.2.3	Influencing factors in case of a change of management	8
20	**Important contracts (other than those struck in the normal course of activities)**	**5**
21	**Available documents**	**10**

10.7 CONCORDANCE TABLE WITH THE GLOBAL COMPACT PRINCIPLES – ERAMET COP

In the context of the commitments made by Eramet as a signatory to the UN's Global Compact, each year, the Group publishes its Progress Report. Thus, Eramet publishes information about its contribution to the Global Compact principles, through its *Déclaration de performance extra-financière* (DPEF – Non-Financial Performance Report) and Vigilance Plan. These two annual publications allow Eramet to reflect the policies, actions and results which the Group implements as part of its approach to CSR.

UN GLOBAL COMPACT
NOUS SOUTENONS LE PACTE MONDIAL

Ceci est notre **Communication sur le Progrès** sur la mise en œuvre des principes **du Pacte mondial des Nations Unies.**

Nous apprécions vos commentaires sur son contenu.

Global Compact Principles	Eramet DPEF		Eramet Vigilance Plan	
HUMAN RIGHTS	6.3.1 6.3.2 6.3.3	Commitment to Human Rights Social commitments to employees Commitments to communities	II.1.a III.2.a V.	Risks' mapping to human rights violations Actions to manage human rights risks Identification, assessment and management of risks related to suppliers and subcontractors
INTERNATIONAL LABOUR STANDARDS	6.3.2	Social commitments to employees	II.1.b III.2.b V.	Risks' mapping of harm to human health and safety Actions to manage risks of harm to human health and safety Identification, assessment and management of risks related to suppliers and subcontractors
ENVIRONMENT	6.2	Environmental protection	II.1.c III.2.c V.	Environmental risks' mapping Actions to manage environmental risks Identification, assessment and management of risks related to suppliers and subcontractors
FIGHT AGAINST CORRUPTION	6.4.1	Ethics, Compliance and Anti-Corruption	/	

10.8 CONCORDANCE TABLE WITH THE MAIN CONSEQUENCES OF THE COVID-19 PANDEMIC

Risk analysis – Type of consequences	Eramet URD 2020 financial year
Main risk factors to which the Group is exposed:	Chapter 5: Operational Risks: Risks related to the impact of pandemic coronavirus disease (COVID-19)
Impact on financial performance	Chapter 1 – Integrated Report
Impact on Divisions' activities	Chapter 2 – Activities
Governance and risk management	Chapter 4 – Governance
Impact on social and societal aspects	Chapter 6 – Non-Financial Performance Statement
Recognition of impacts	Chapter 7 – Remuneration

Forging operation,
Aubert & Duval
Pamiers, France

11

2020 Vigilance Plan – Eramet Group

I. SCOPE AND OBJECTIVES

The aim of this Vigilance Plan is to meet the requirements of Law No. 2017-399 of 27 March 2017 on the duty of care of parent companies and contracting companies.

The scope of this plan primarily covers all Group entities: the parent company, Eramet SA, and the companies it directly or indirectly controls. This scope is also described in the methodological note of the Non-Financial Performance Statement (presented in 6.5 of the Universal Registration Document).

The scope of the plan also covers suppliers and sub-contractors of Group entities (parent company or controlled subsidiaries). Risks related to entities are discussed in section 5 of this plan, as the assessment and management of risks in the supply chain is subject to specific measures.

The Eramet Group

(See also www.eramet.com.)

Eramet is one of the world's leading producers of:

- manganese and nickel, used to improve the properties of steels, mineral sands (titanium dioxide and zircon);
- parts and semi-finished products in alloys and high-performance special steels used by industries such as aerospace, power generation, and tooling.

Eramet is also developing activities with strong growth potential, such as lithium mining and recycling, which will play a key role in the energy transition and mobility of the future.

The Group employs approximately 13,000 persons in twenty countries.

A more detailed description of the Eramet Group is provided in Chapters 1 and 2 of the Universal Registration Document in which this Vigilance Plan is published.

II. RISK MAPPING AND ASSESSMENT OF SUBSIDIARIES

As part of its risk identification and control process, the Group compiles every three years and annually updates its major risk map, the implementation of which is managed by the Risk Management, Internal Control and Audit Department. The risk map is presented to the Executive Committee and to the Audit, Risks and Ethics Committee of the Group's Board of Directors. The map identifies major strategic, operational, financial and compliance risks. It is complemented by more detailed risk mappings focusing on specific cross-functional themes, such as human rights, environment and human health and safety.

1. Risks

a. Human rights

In 2017, Eramet formalised its first mapping of the risks of violations of Human Rights and Fundamental Freedoms, with the support of external expertise. As a key milestone in 2020 of the Human Rights objective of the CSR Roadmap, the exercise was renewed this year, with the support of a specialised external firm with extensive experience in the extractive sector. The Human Rights risk mapping exercise is based on a range of preparatory tasks. These include documentary analyses, interviews with Group managers and its Business Units within key functions and broader consultation through questionnaires (HRD, HSE, Health, Safety, Community relations, Site directors, Ethics Compliance officers, etc.) of all Eramet Group activity sectors, entities and geographic areas where Eramet operates.

In each risk category, scenarios linked to the company's activities, local context and commercial relations have been identified. Assessment guidelines, drawn from international standards such as the UN Guiding Principles on Business and Human Rights, the Fundamental Conventions of the International Labour Organization (ILO), and the Performance Standards of the International Finance Corporation (IFC), and adapted to the mining and metallurgy sector are used. The impact of the health, economic and social crisis caused by the global pandemic was also factored into the 2020 analysis.

The criticality level of the scenarios and risk categories were defined as a function of the probability of occurrence and seriousness of the risk for potentially affected third parties (and not for Eramet directly). Seriousness is measured on the basis of three criteria, in accordance with the UN Guiding Principles on Business and Human Rights: scale, scope and irremediable character. Seriousness has more weight than probability, to ensure that serious risks for individuals are prioritised in accordance with the aforementioned Guiding Principles and the Group's methodologies. Current risk control mechanisms, such as existing policies and risk mitigation procedures, are taken into account to determine the criticality level. The current risk level is then defined using a criticality matrix and the degree of risk control.

The risk universe of Human Rights infringements defined during this exercise for the Eramet Group can be broken down into the following three broad categories, and the main risks were assessed for each of them as follows:

- **risks for Group employees,** mainly those related to health and safety at work (which are described in greater detail in Section Ii.1.b below), and to those related to discrimination (mainly gender equality) and harassment;
- **risks for local communities** related to potential impacts associated with the activities of Group entities, land purchases and population displacements, the environmental protection of communities and security measures;
- **risks generated by contributors to the supply chain,** such as, for example, non-compliance with the fundamental conventions of the International Labour Organization. These risks are addressed in the section of the Vigilance Plan that focuses on the supply chain (section V).

Risk mapping is reviewed regularly, and relies most specifically on monitoring related action plans and assessments of the situation at the Group's sites and entities as it relates to these risks, as updated using the results of internal audits and the continuous reporting of information by the sites.

b. Health and safety of individuals

This section focuses on the risks of harm to the health and safety of employees and subcontractors working at the Group's sites. Risks to the health and safety of other people, such as residents close to the sites, are discussed in the sections on human rights and environmental risks and the associated control measures.

Risks of harm to safety

The prevention of risks of work-related accidents is based primarily on the analysis of risks in the workplace, conducted within the plants with the help of employees. This highly operational analysis makes it possible to secure a specific operation by identifying all the risks to which the operators are exposed and the means of control implemented to manage them. These local analyses are compiled in the risk register of each site (known as the "single risk assessment document" for French sites). These risks are assessed according to a scale based on the frequency x gravity pair, taking into account the protection measures in place. This methodology makes it possible to identify the most critical risks and thus feed into the site's Safety Improvement Plan. Risk registers make it possible to group the risks by standard activities specific to each site. For example, they include mechanical handling, machine driving, walking, etc.

The Group's risk analysis of workplace accidents allowed the risks identified to be grouped into three distinct categories:

- **Technological risks** associated with processes and installations present the most serious potential hazards. An explosion, a toxic gas leak, or equipment failure can impact several people in a single incident. The frequency of occurrence of these events is the lowest in the Group's history. These risks are specifically covered by the Industrial Risk analysis carried out in collaboration with the insurers.
- **Critical activities** are dangerous tasks that are carried out on a daily basis as part of the operation of facilities. They include machine work, height work, vehicle traffic, working in confined spaces and working with liquid metal, etc. Failure to control these risks can lead to serious accidents. These risks are covered by the implementation of "Essential Safety Requirements", which define the basic rules to follow and compliance with which is regularly monitored.
- Finally, the Group's operations involve many routine activities, such as walking, lifting and moving objects and using hand tools. About two-thirds of the Group's accidents involve these activities, but the severity of the accidents associated with them is statistically less serious than for critical activities. For these routine activities, we prevent risks by reminding employees to stay vigilant and having regular onsite exchanges. Eramet groups these activities which are difficult to categorise under the heading "**non-standardised activities**".

Risks of harm to health

Based on the analysis of risks in the workplace recorded in the risk registers of each site, occupational health professionals identify the risks that may have a lasting or deferred impact on the health of employees. These risks may relate to physical health (noise, vibrations, awkward postures, repetitive movements, night or alternating work, electromagnetic fields, extreme temperatures, exposure to dangerous chemical agents, including asbestos), psychological health (workload, organization of work, autonomy), biological risks (malaria) or environmental risks (high altitude work or extreme weather conditions).

Deferred risks are risks of occupational diseases, which are reported separately based on reports sent to the employer or which result in investigations by internal or regulatory prevention services. In France, a Table of Occupational Diseases is regularly updated and specific regulations are implemented in the other countries where the Group operates.

These risk maps and analyses to health and safety are regularly updated.

c. Environment

As part of its environmental protection commitments and objectives, the Group maps the environmental damage risks for each of its sites. Environmental impact and risk assessment studies are carried out as part of the sites' exploration licences, ISO 14001 management systems and the Group's internal environmental audits. They are supplemented by industrial risk assessments carried out with insurers.

In 2017, the assessments resulting from these various activities were aggregated and harmonised in order to formalise a Group-worldwide risk map of damage to the environment. The environmental risks map was updated at the end of 2020.

The main risks and challenges for the Group's sites are related to the following potential impacts:

- **water consumption/pressure on water resources** (for industrial and mining sites);
- **emissions into water** (for industrial sites);
- **atmospheric emissions** (for industrial sites);
- **production of hazardous waste** (for industrial sites);
- **risks of historical soil pollution** (for industrial sites);
- **impact on biodiversity** (for mining sites);
- **increase of erosion and impacts associated with rainwater run-off** (for mining sites);
- **production and storage of waste rock and tailings** (for mining sites).
- **energy consumption and greenhouse gas emissions** (for industrial sites);

Since 2020, the Group's risk mapping formally includes a section dedicated to climate-related risks. This section reviews all physical and transition risks for each Division and each product category.

The details of the nature of the risks associated with these impacts are described along with the corresponding control measures in section III.2 of this plan.

Furthermore, industrial risks (the occurrence of an industrial accident) can also lead to environmental damage. The main industrial risks to which the Group's sites may be exposed are geotechnical (subsidence risk for mining structures), fire, explosion (including, for certain sites, related to the risk of contact between water and molten metal), machine breakdown on critical equipment, rail-related (risk of derailment) and natural events (floods, storms/cyclones, etc.).

2. Procedures for the regular risk assessment of subsidiaries

Given the risks presented above, the risk situation at the subsidiaries is regularly assessed through two main mechanisms: the internal reporting and feedback mechanism, and the internal audit mechanism.

An information system dedicated to Safety, Environment and Energy has been deployed in all industrial and mining sites, allowing for the collection and consolidation of environmental performance indicators. The tool, which has been gradually rolled out since 2020, collects and manages quantitative and qualitative data, records incident, prevention and audit reports, analyses risks, accidents and anomalies, and implements adapted action plans. It has the capacity to compile information not only nationally and internationally, but locally. The data analysis will help when it comes to decision-making and monitoring action plans by transforming it into a tool not only for reporting data but also for managing it as accurately as possible. The Environment and Energy indicators are mostly derived from the sampling and analysis plans developed by the sites as part of their operating permits and the priorities identified by the Group. The tool will replace the information and reporting systems dedicated to current Safety management in place, including accident declaration with or without work stoppage and first aid, covering all those operating at Eramet's sites (employees, temporary workers, subcontractors), as well as the hours worked by each person. This will consolidate frequency rates monthly for each site, subsidiary, Division and Group.

In 2021, the new tool will include the management of safety, environment and energy incidents, as well as societal data and data relating to relationships with stakeholders, in particular local communities, which is currently processed using other reporting and communication methods with the sites. Human rights-related risks are assessed on the basis of the dedicated risk map, drawing on information from regular events and committees and the annual CSR reporting of site data, which covers Human Resources management indicators and the management of potential impactson the local communities where sites are located. This assessment also takes into account data from the monitoring of the social and environmental management of Group projects, carried out as part of the provision of project support and any alerts relayed by the alert system, where applicable.

In terms of environment, health, safety, energy, human rights and ethics, the Group also relies on a sophisticated internal audit mechanism to monitor the performance of its entities. Mixed teams of the Group's Internal Auditors (corporate departments, Division coordination, and site representatives), trained according to an internal guidelines system, conduct these audits, making it possible to situate in detail the performance of the sites. Specific Safety audits covering critical activities are carried out at all sites by internal or external auditors and are used to validate the level of compliance with Essential Safety Requirements and the Safety management framework and to adapt and redirect improvement action plans where necessary.

The mechanism includes internal environmental performance review internal audits and subject-specific audits (e.g., air pollution). A significant number of sites are also subject to external environmental regulatory compliance review audits. The implementation of the recommendations resulting from audits and defined as high priority is monitored by the Environment and ESG Performance Department.

Carried out by the Risk Management, Internal Control and Audit Department, audits based on human rights criteria for employees and/or communities are performed on the basis of a dedicated internal framework, based on the Quick Check published by the Danish Institute for Human Rights. The latter was reviewed in 2020 to take into account the Group's requirements on the fundamentals of community relationship, formally expressed in an ad hoc procedure. These audits give priority to the most sensitive sites identified during the human rights risk mapping exercise.

Corrective action plans are defined at the end of each audit, and for all risks considered significant, a report on the implementation of corrective actions is consolidated at Group level.

With regard to the risk assessment of subsidiaries in terms of industrial risk, the control system is based primarily on the programme of biennial insurance engineering visits (insurance prevention audits) to its industrial sites in close collaboration with insurers, brokers and the Group Insurance Department. Any significant risk detected during these audits results in a corrective action plan by the site concerned.

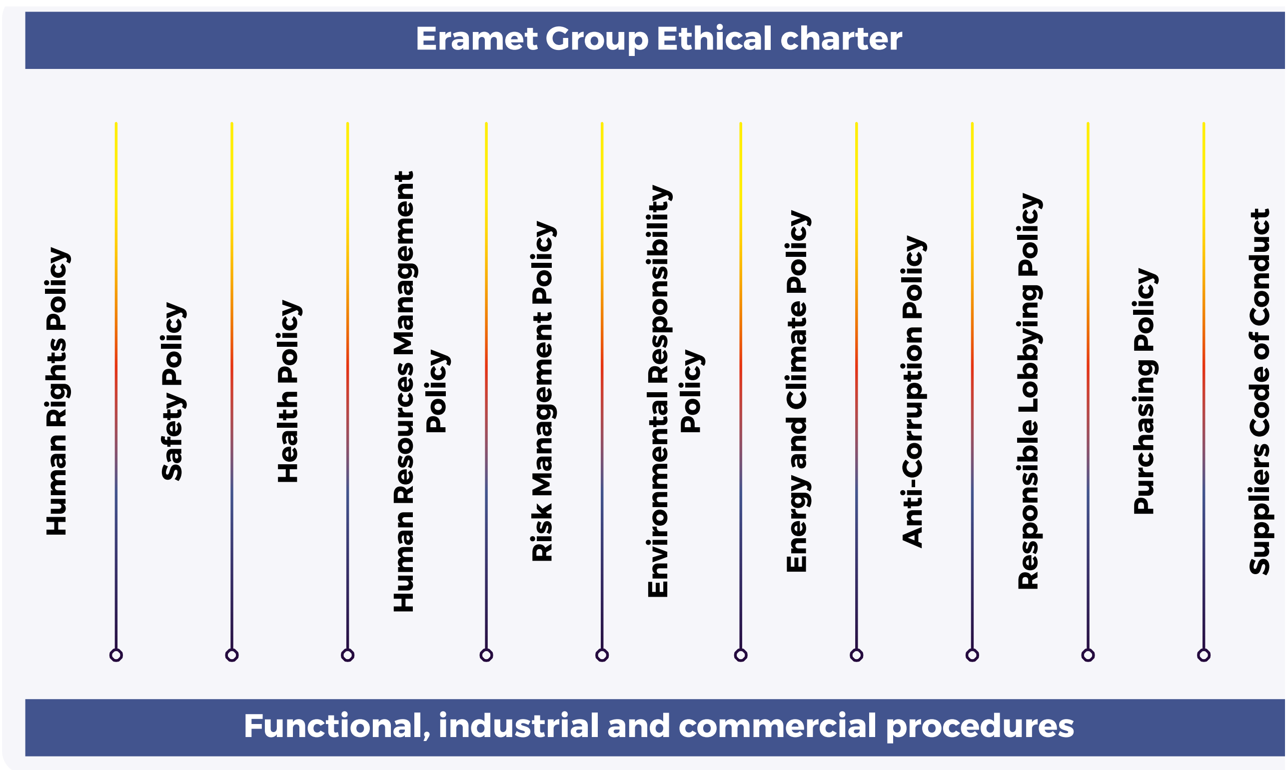
III. RISK MANAGEMENT

1. Risk management commitments and organization

The management of risks related to human rights, health, safety and the environment is the focus of a clear commitment by the Group in all of these areas.

The Group framework of commitments, made up of its charters and policies, presents the fundamentals of the Sustainable Development approach of Eramet, a committed corporate citizen.

The Eramet Management System CSR commitment framework



In 2020, the Group reviewed its guidelines platform, now formalised in its management system: Eramet Management System (EMS). Eramet has thus adopted a set of core commitments and standards that apply to all of the Group's companies and their employees and brings together its policies and procedures.

Thus, the policies form a set of principles, standards, and behaviours that translate the long term intentions of the Group concerning the nature of its activity and the company's relations with the main internal (staff and their representatives) and external stakeholders (suppliers, customers, shareholders, competitors, etc.). They were adopted on subjects considered to be essential in terms of performance and commitment for the Group. These main principles are then translated into functional, industrial or commercial procedures. Thus, the latter determine the Group's requirements guidelines, with a concern for ensuring compliance with the Group's commitments and minimising related risks.

Implemented in 2015 and reviewed in 2020, the Group's Ethics Charter sets out the rules and principles of action and behaviour that are applicable to and binding on all Group employees. It relates to the Group's commitments and those of its employees in many areas, notably development, stakeholder relations, employee safety, protection of the environment, security, customer engagement, social dialogue, combating harassment, transparency, anti-corruption, compliance with competition rules and others.

Translated into the 12 languages of the countries where the Group operates, this reference charter is the subject of e-learning courses for employees, covering all its topics.

Dedicated policies, presented in the foregoing diagram, allow the Group to further commit to certain themes, and are detailed in the sections on these topics. All of these texts are available on the Group's website (www.eramet.com). To raise employee awareness of the principles of these policies, theme-specific e-learning courses are rolled out, for example, on human rights, safety, the environment, etc.

The Group's commitment translates into involvement at the highest level of the Company and at all management levels. The Sustainability and Corporate Engagement Department and the Human Resources, Health, Safety and Security Department, both members of the Group's Executive Committee, propose, support and monitor the multi-year objectives and associated action plans. They report to the Executive Committee. The Safety and Prevention Department and the Ethics and Compliance Department report directly to the Group's Chairperson and CEO.

The effective integration of CSR topics into the Group's activities is also closely monitored by Eramet's Board of Directors, in particular through two of its Committees, the Strategy and CSR Committee, and the Audit, Risks and Ethics Committee. This integration was further supported by the adoption of the Group's CSR Roadmap, which is set out in section IV of this plan.

The Sustainability and Corporate Engagement Department has an Environment and ESG Performance Department and a Societal Impact and Human Rights Department, while the Human Resources Department (DRH) includes a Social Relations, Diversity and Inclusion Department, a Security Department and a Medical Advisor, responsible for promoting the Group's Health Policy. The Energy and Climate Department, which reports to the Strategy Department, the Ethics and Compliance Department and the Group Purchasing Department, round out this system.

These corporate functions are organised and structured around practices and processes aimed at continuously strengthening their commitment and efficiency, highlighting a strong culture of risk identification and control. Onsite teams and networks of correspondents ensure standards are correctly applied and information is reported daily.

Board of Directors

The Committees of the Board, including

- Strategy and CSR Committee
- Audit, Risks and Ethics Committee

Executive Committee

- Human Resources, Health and Security Department
- Sustainability and Corporate Engagement Department
- Strategy and Innovation Department

Direct reporting to the CEO

- Ethics and Compliance Department
- Safety and Prevention Department

Support Departments

- Group Doctor
- Human Resources Department
- Purchasing Department
- Security Department
- Societal Impact and Human Rights Department
- Climate & Energy Department
- Environment and ESG Performance Department

Operational entities

- Sites Directors
- HSE Correspondents
- HR Managers
- Safety Coordinators
- CSR / Community Relations Correspondents
- Protection coordinators
- Energy correspondents
- Purchasers
- Ethics Compliance Officers and Ambassadors
- Diversity and Inclusion Referees
- Sexual Harassment and Sexist Acts Referees
- Security Managers

The objectives and action plans are implemented across all the Group's Divisions and operational entities. Their effective execution and the good coordination between the Corporate functions and the Divisions have been strengthened by the establishment of working groups and cross-functional committees focusing on various themes (CSR, Biodiversity, Mining Environment, Responsible Purchasing, Responsible Sales, Human Rights, Ethics).

Furthermore, the Group pays particular attention to the integration of social, environmental, health and safety, cultural and societal criteria at the earliest stages of their projects. The experts and specialists are integrated into the industrial, technical, legal and financial teams, and participate in the various steering committees, from pre-project phases to feasibility studies and pre-construction. Likewise, they participate in acquisition audits in the case of merger or acquisition projects, as well as in due diligence related to the transfer of assets.

As part of their role, these various Departments turn to stakeholders to take part in risk assessment exercises and implement appropriate management measures. This includes managers, employees and employee representatives who address issues that have a major impact on employees, such as safety and human rights. Dialogue with external stakeholders takes place at the local level. Whether it concerns the roll-out of operations, risk management measures or again local development support programmes, Eramet and its subsidiaries make sure they continuously inform and consult nearby populations. A few examples are presented in the Plan.

2. Risk management actions

a. Human rights

Eramet has decided to strengthen its commitment in Human rights by including this concern in its CSR roadmap, through its eighth goal. Eramet aims to become, by 2023, a reference company in terms of respect for Human Rights in its sphere of activity and measures this development through its application of the United Nations guiding principles. To meet this objective requires a specific approach and process to identify its risks, anticipate controls, and implement risk prevention and management measures, even corrective measures where necessary. A Steering Committee composed of various Departments is dedicated to rolling out the Human Rights approach. The Committee monitors in particular the progress of management measures implemented in response to the risks identified during the risk mapping exercise.

In 2019, Eramet adopted its Human Rights policy (available at www.eramet.com). Through this specific declaration, Eramet reaffirms the essential place of this topic in its managerial and operational approach, as well as in its relations with both internal and external stakeholders.

It covers internationally recognised human rights and breaks down more accurately the commitments made by the Group on its salient issues, identified through the risk assessment exercises carried out by Eramet and classified into three areas:

- respecting the Human Rights of employees, in order to guarantee a safe, healthy and respectful work environment;
- respecting the Human Rights of commercial partners (customers, suppliers, subcontractors and partners), in order to develop a responsible value chain;
- respecting the Human Rights of communities, by reducing impacts and striving to make a positive contribution.

One of the key factors in preparing this commitment involved developing a consultative approach with two objectives: sharing Eramet's vision on Human Rights and gathering feedback from internal and external stakeholders. This collaborative approach consisted of consulting top managers, talking to employee representative bodies and distributing a special questionnaire to employees. As such, more than 600 people have helped to build the Group's Human Rights commitment. To measure the expectations of civil society with regard to the Group's commitments, the opinion of external Human Rights specialists was also taken into account during the consultation.

Employee awareness is a key element of the Human Rights approach. After the policy was adopted, Eramet launched an internal communication campaign on its websites, its social media pages and distributed an explanatory medium to roll out this new Group commitment in all the countries where it operates. Teaching resources have been gradually developed and made available to the Group's managers and employees. These are provided in several formats: *e-learning* courses, summary teaching materials, practical case studies, face-to-face awareness-raising sessions, etc.

Human rights in the workplace

Health and safety is an integral part of fundamental human rights, and as such has been integrated into the Group's risk mapping exercise on human rights violations. Due to the nature of their industrial and mining activities and their countries of operation, the Group's sites may incur risks related to the health and safety of employees, the management of which is one of the Group's priorities. These measures are described in section III. 2. b of this plan.

In order to strengthen the control of workplace discrimination and harassment risks identified during the Group mapping exercise, an e-learning course is gradually being rolled out to all Group employees to raise awareness about the Ethics Charter, including a section dedicated to these issues. "Ethics kits" on topics related to employee human rights, have been included in the training catalogue and allow managers to educate their co-workers about discrimination and harassment. More generally, information is sent to all employees, through infographics displayed at all the Group's sites concerning the organization of ethical compliance and in particular the existence of the professional whistleblowing system, presented in section VI of this plan. In addition, as part of trade union agreements related to the prevention of psychosocial risks, monitoring units have been set up at the various sites in mainland France to anticipate risk situations and give warning if an employee with psychological difficulty is identified. These topics can also be discussed by occupational health services on sites.

Following the creation of the Diversity and Inclusion Department, the Group drafted its first Roadmap to fight discrimination and promote gender equality. Measures already implemented have incorporated diversity into internal and external recruitment processes, talent management with neutral offers, management training (e.g., non-discriminatory hiring) and awareness-raising among employees, which has been facilitated since the introduction of a network of Diversity and Inclusion advocates active across all entities. At the same time, Eramet has appointed Sexual harassment – Sexist acts advocates. This scheme, which was initially limited to France, was extended to Gabon and to Senegal. Roll-out continued in other Group countries, with the gradual appointment and training of these advocates by external experts.

All measures being carried out are monitored under Objective 4 of the CSR roadmap "Integrate and foster the wealth of diversity".

Measures to manage risks to the rights of workers in the supply chain, which were also identified during the mapping exercise, are presented in section V of this plan.

Rights of communities bordering Group sites

Most of the Eramet Group's sites have a permanent presence in the areas in which they operate, which with they develop highly interdependent relationships. The local integration of sites, particularly with regard to neighbouring communities, is therefore a key element in the sustainability of the Group's activities. As a result, the Group has built long-term relationships of trust with neighbouring communities, and works to prevent any risk of violation of their fundamental rights. The Human Rights policy sets out Eramet's commitments in this area and addresses issues such as dialogue and appeals, relocation activities, land purchases and involuntary resettlements, environmental and climate impacts and impacts related to activities and site security measures.

In terms of societal responsibility, two procedures guide the practices of the Group's subsidiaries:

- the "HSE/CSR criteria for projects" procedure applicable to new Group projects;
- the "Relations with host communities" procedure applicable to all of the Group's productive sites. This is modelled on the standards and good practices of the International Finance Corporation (IFC, World Bank Group). They adopt a proportionality approach according to which the required measures must be scaled to match the challenges of the sites.

The fundamentals of Eramet's community relations, incorporated into the societal procedures which apply to the Group's sites and projects, focus on three pillars:

1. Management of risks and impacts on communities:

Risk prevention and management of the impacts inherent in mining and metallurgy activities is a fundamental aspect of the relations maintained with local populations. These risks and impacts are identified and covered by containment measures in accordance with the "mitigation hierarchy" which entails avoiding, reducing and compensating these impacts. Complaints handling mechanisms available to local populations ensure that any incident or concern can immediately be brought to the attention of the entity. These incidents are then handled through corrective actions and used as feedback for the continuous improvement of the management system. These mechanisms are presented in Section VI of this plan.

Measures relating to the management of the main risks and societal impacts of the Group's subsidiaries are presented below.

Land purchases and population displacements

The activities of certain Group sites require the acquisition of land from communities that reside or carry out economic activities (agricultural or commercial) in the area. These operations may present risks of human rights violations (property rights or the right to an adequate standard of living of these communities). In terms of preventing these violations, the Group refers to the principles set out in the Performance Standards of the International Finance Corporation (World Bank Group) relating to these relocation activities, with particular focus on the implementation of resettlement action plans. For each of these operations, resettlement action plans are automatically drawn up with the affected parties prior to the displacement. These plans include jointly outlining the compensation matrix for compensated assets, the resettlement location and schedule, as well as measures to restore livelihoods.

The environmental protection of communities

Some sites also present environmental impact risks that may affect local residents. These may be pollution risks or risks of reducing communities' access to the natural resources they use. All these risks are covered by risk-management strategies, presented in section III. 2. c. of this plan, on management of risks of damage to the environment. Depending on the nature of these impacts or risks, local residents may be involved in the definition or execution of these control measures. In particular, local communities are associated with baseline characterisation studies that include their knowledge of biodiversity, its uses and ecosystem services.

Security measures

In addition, some of the countries or regions in which the Eramet Group operates may experience unstable political, security or climate situations (terrorism, information theft, crime, earthquakes, cyclones, etc.). In this context, the Group Security Department implements measures to ensure the protection of employees (whether travelling for business reasons, or foreign or local residents), intellectual property and Eramet facilities. Eramet is aware that these measures must be established in respect of the rights of communities bordering the Group sites, therefore it is integrating this topic into its Human Rights policy and has established a Group Security Policy that respects international law, French law and the laws of the countries in which the Group operates. As part of this policy, in accordance with the principles of the Eramet Group Ethics Charter, the prevention of safety risks first requires dialogue and a relationship of mutual respect with local communities. Similarly, training and rules governing the use of force and the equipment of the security personnel are decided, designed and controlled by a Site Security Officer, who acts within the framework defined by the Group Security Director.

2. Engage with local stakeholders

Whether it concerns the roll-out of operations, risk management measures or again local development support programmes, Eramet and its subsidiaries make sure they continuously inform and consult nearby populations. This is done through various ways: organising public information meetings or open days at facilities, setting up joint committees, holding public consultations, distributing written publications etc.

The scope of these actions is most often adequately defined by national or local regulations. In France, for example, because of their Seveso "High Threshold" status or their ICPE (Installation Classified for the Protection of the Environment) status, several sites participate in "Site Monitoring Commissions", composed of representatives of the State, local authorities, local residents, farmers and employees. As part of authorisation processes and studies of societal and environmental impacts, the projects establish mechanisms for consulting with local residents and other stakeholders in order to take into account their expectations in controlling these impacts at all stages of the project.

In consultation with the Communication and Sustainable Development Department, some sites may go beyond the regulatory requirements for dialogue with local residents. In particular, the sites exercise greater vigilance with regard to the indigenous or vulnerable populations that may reside in the surrounding area.

As part of a process of continuous improvement, actions to reinforce these dialogue mechanisms with the affected people are included in a multi-year action plan drawn up by the Group.

3. Contribution to local development priorities

Eramet aims to make the Group's activities a source of net benefits for local populations. Through employment, local sourcing and subcontracting, the Group's subsidiaries constantly strive to increase their contribution to the economy of the territories where they are based. Above all, the Group's sites develop community investment or sponsorship programmes aimed at supporting local development priorities. In a partnership approach, these priorities are identified and monitored collectively: support to economic activities, actions to promote education, health, sport, culture and the environment or construction of infrastructures.

How sites are deployed and comply with Group standards in terms of community relations are monitored via Objective 5 of the Roadmap "Be a valued and contributing partner of our host communities". A five-year programme in respect of host communities is implemented by the Divisions for this purpose. The achievement of the objective will be measured against two targets by 2023:

- 100% of sites have established a mechanism for dialogue with local stakeholders;
- 100% of sites have implemented an investment programme to contribute to local development, with a focus on actions in favour of young people.

b. Health and safety of individuals

Actions to prevent risks to the health and safety of employees are coordinated by the Safety and Prevention Director and the Group Medical Advisor, who both report directly to the Chairperson and CEO and the Director of Human Resources, Health and Security. They establish and propose to the Executive Committee the Group's health and safety guidelines. Once validated, these guidelines are defined in the Divisions by the Deputy General Managers, assisted by Health and Safety coordinators, and then on site by the Site Managers, who are themselves assisted by a site Health and Safety coordinator.

Prevention of damage to health and accidents is at the heart of the system, and concerns Eramet employees and temporary workers and subcontractors who work on the sites. It is based on the analysis of risks in the workplace, which determines the actions and preventive measures to be implemented. The Group's commitments and expectations on these topics are set out in the Safety policy and the Health policy (available at www.eramet.com).

Management of risks related to safety

In relation to Safety, actions at Group level are coordinated within the framework of the "Group Safety Committee" which includes the Human Resources, Health and Safety Director, the Director of Strategy, the Division Directors, the Safety and Prevention Director, and the Safety Directors of the Divisions.

Prevention tools are adjusted to the three major risk groups identified:

- The prevention of technological risks is based on the implementation of barriers (technical, organizational and human) as a result of hazard studies. Prevention depends greatly on the technical expertise of the teams that has been acquired over years of operations and their ability to identify and respond to weak signals;
- The risks associated with critical activities are too important to leave the choice of method of operation to the stakeholders; these activities are also strongly governed by rules. Eramet has compiled a set of minimum essential rules – "Essential Safety Requirements" – that are required by all sites, in compliance with local legal requirements. Limited in number, they are communicated via training and onsite exchanges. They are auditable and audited as part of Corporate audits;
- Finally, non-standardised activities cannot reasonably be governed by simple rules. For the work situations concerned, Eramet develops the situational intelligence of its teams so that the stakeholders learn to make safety-related decisions. Team awareness, feedback, and especially interactions with the chain of command in the field are all systematically used to guide decisions towards safer behaviour.

For each risk identified, risk reduction measures are implemented to reduce the criticality to an acceptable level. Routine tasks are carried out according to work guidelines that take into account the risks identified for the task in question. A work permit must be obtained for tasks not covered by a specific work guideline. Missions and work carried out by subcontracted companies are accompanied by a specific prevention plan and compliance with safety rules is verified onsite.

Safety is an absolute priority for the Group and is the leading objective in the CSR Roadmap. The Group's FR2 (Eramet + temporary workers + external companies) fell to 4.1 in 2020, a 24% decrease year on year, after falling by 35% in 2019, and a threefold reduction over four years. This significant decrease is the result of the progress made in the different Divisions. The Seriousness Rate (Eramet and Temp staff scope) improved, dropping to 0.14, a 37% decrease compared to 2019.

Management of risks related to health

In terms of prevention of health risks, the Group's strategy is based on the Group's Health policy, which covers four main areas, broken down into specific priority actions. The strategic areas are:

- reducing and managing the effects and impacts of the Group's activities on the health of employees and local residents;
- continued employment for all employees during their professional career, including when affected by poor health;
- participation in general public health and chronic disease prevention campaigns;
- the prevention of risks to psychological health and the implementation of actions for the quality of working life.

Within this framework, specific measures aimed at combating addictive habits (smoking, drinking, etc.), preventing stress and psychosocial risks (PSR), and measures to fight biological risks/diseases (such as malaria) are implemented at the Group's various sites, according to their level of criticality.

A Group standard has been rolled out in the EMS for the prevention of chemical risks and the management of hazardous products. Group Products Coordination, within the Sustainability and Corporate Engagement Department, and the Group's coordinating medic are responsible for communicating, guaranteeing and controlling the application of this standard. They organise a Group Products Committee meeting once a year to outline strategic priorities and the support to be provided to Divisions and sites to help them comply with the numerous regulations. The action of this structure has three main objectives:

- improve the technical and scientific knowledge of Group products;
- provide support and information to internal and external clients;
- harmonise the chemical risk management methods on the sites.

Harmonising the chemical risk management on the sites is a major challenge. Eramet Group production sites are found on five continents, and they must, therefore, follow and respect various regulations concerning hygiene and controls of chemical exposures in the workplace. In this area of regulation, there may be significant differences from country to country for the same substance. Harmonisation and communication between sites on these subjects is therefore important for exchanging, explaining and implementing practices and references, ensuring a corresponding protection that is the same or higher than the regulations in force in the relevant country.

Performance is measured based on the Group's EMS standard, for which compliance with the first two chapters is an essential prerequisite:

- The chemical products present on site are listed according to how hazardous they are. Mapping of chemical risks has been completed and is used to monitor exposures.
- Exposure monitoring (metrology of work stations and biometrology) must be carried out on site each year, and compared to the references defined by the Group (such as toxicological data sheets). *Corporate* functions are provided with a summary of these measures and help the sites interpret these results.

For the Group, chemical risk management does not cease when a site has been closed. The consequences of activities on the health of local populations are also investigated. Of particular focus in this respect is the risk of environmental asbestos at nickel mines. In New Caledonia, specific operating procedures exist to control veins of asbestos-containing ores in the event that the mining activity uncovers them. The operators are trained in the precautions to be taken, and special medical monitoring has been set up, in consultation with the authorities, social partners, and other mining operators.

In Gabon, the Group has studied and measured manganese levels in the immediate environment of the Moanda mine, and was able to demonstrate that there was no health impact relating to manganese in the air. Generally, the health impact of activities is always assessed in detail during project phases.

The health prevention strategy is based on the Group's Health Policy, described above. This approach was significantly impacted throughout 2020 by the COVID-19 health crisis, as the Group harnessed all the resources at its disposal to guarantee the health security of its employees.

In these exceptional times of the COVID pandemic, the Eramet Group fully harnessed all its resources to deal with the situation as it unfolded. The Group's priorities are based on three key areas:

- protect the health of all its employees and service providers as well as their families;
- set up and ensure compliance with all the strict health security measures, mandated by local, national and global authorities, in order to help stop the spread of the pandemic;
- ensure business continuity by adapting organization, working closely with suppliers and customers.

As of February 2020, an international crisis unit, comprised of the Executive Committee, the Group Medical Advisor, experts from the Human Resources Department, the Communication, Social Impact and Human Rights Department, Purchasing, Operational and Commercial Departments, met regularly, sometimes daily, at the peak of the crisis.

The health protocol implemented as of March 2020 at all Group sites was regularly updated to anticipate new developments in the pandemic and to comply with the guidelines of local authorities (for further details please refer to the Non-Financial Performance Statement).

c. Environment

Eramet's environmental responsibility policy (available at www.eramet.com) is broken down into three areas:

1. implementing effective environmental and industrial risk management systems across all of its plants as well as within its transport and supply chain. Contingency plans and crisis response structures have been defined to ensure an efficient response in the event of an incident;
2. taking the environmental aspect into consideration as early as possible when designing and developing industrial and mining projects, based on national regulations, Group policies, and the international standards within the industry or of project funders.
3. the supply of necessary metals to ensure the energy transition and develop activities that contribute to a more efficient economic model in terms of its primary resources and more circular.

To manage its environmental risks, the Group relies on a network of internal experts and on a structured organization. The Environment and ESG Performance Department defines the Group's benchmarks, coordinates the general dynamics of continuous improvement, implements the control mechanisms of internal standards and provides expert technical support to the sites and projects. The monitoring and anticipation of regulatory changes are performed jointly with the Social Impact and Human Rights Department. In addition, more than 60 people make up the network of HSE functions at the sites with a reporting line to their senior management for the vast majority of them. Training and awareness activities on the essentials of environmental responsibility management are also developed at the sites, within the Divisions and at Corporate level.

The management of environmental risks begins with the implementation of environmental management systems. This is why the Group pursues the objective of ISO 14001 certification for all its sites, except those that have no significant impact on the environment. The latter category includes sites with purely administrative activities, such as offices, distribution centres or sites in project or closure phase. At the end of 2020, 80% of sites capable of hitting this target had been certified, including all mining sites except for GCO where the certification process is underway.

The more targeted measures and actions to control each of the environmental risks are described below.

Water consumption/pressure on water resources (industrial and mining sites)

Mining, metallurgy and hydrometallurgy activities consume water in several ways: for the cooling of furnaces and other metallurgical plants, for the washing of ores, raw materials and by-products, and finally for hydrometallurgical processes (solubilisation and reactive environments).

In 2020, Eramet conducted a significant study on the water footprint of all its active sites. The goal was to achieve a more accurate definition of the risks associated with water use in the different plants. The study used renowned international tools to reach its goal: *Aqueduct Water Risk Atlas* (developed by the *World Resources Institute* – WRI) and the *Water Risk Filter.*

The study confirmed the absence of a production site with significant water consumption (> 5000 m^3 per year) in a catchment area with high water stress risk, i.e., with a ratio above 40% between total water taken and renewable and available water supplies as defined by the WRI. Only one site (Commentry, France) sits in an "average to high" risk catchment area. However, the latter's consumption accounts for less than 1% of the Group's consumption. Without being concerned by a physical risk of water shortage in the short term, Eramet considers the GCO site (Senegal) as a sensitive site with regard to water, considering the crucial use of aquifers for the mine area residents, who mainly earn their living from market gardening activities. The Argentine Centenario lithium project site, located in a salt flat where water is critical, can be added to this list.

Although this water resource is often substantial or abundant on its sites, the Group attaches real importance to its preservation. Multiple actions are taken to use only the required amount.

Whenever technically possible, the sites encourage internal recycling of the water consumed. The cooling of furnaces and other metallurgical facilities, as well as other high-consumption uses, are mainly done in a closed circuit. The water consumption is then essentially supplemented in order to compensate for evaporation or losses in the system. Where possible, the sites also source water from a nearby industrial site.

With regard to mining sites, the issue of water consumption mainly concerns the Grande Côte Operations (GCO) site in Senegal. The subject of water management is sensitive there, as the operation of the mine uses two aquifers, one of which is very important for the people and the country in general. Given this situation, every precaution is taken to ensure that the impact of the mine is as low as possible. GCO has an expert team in hydrogeology, and the water management system was designed and authorised by the competent department of the Senegalese Government to avoid additional pressure on the surface water table used to supply agricultural crops for local residents. All mining installations are controlled to ensure minimal variations in the level of this water table.

To anticipate future water shortage, Eramet has fully committed to reducing water-intensive operations in all its development mining projects: the recognition of water as a key factor in developing the Argentine Lithium project adsorption process, as this made it possible to reduce the water intensity of processes by 30% with R&D progress, resulting in a final recycling rate of 60%.

Emissions into water (industrial sites)

Hydrometallurgical sites are the sites that present relatively the most significant risks of water pollution, due to the use of chemicals and an aqueous process. Eramet is committed to reducing its aqueous emissions, and all industrial water is managed in accordance with applicable regulations.

In addition to preventive systems, such as ponds and double-walled storage tanks, curative mechanisms, such as effluent treatment plants using physico-chemical processes or hydrocarbon separators (separation by decantation) are used to allow discharges that are in accordance with the statutory limit values.

The Group's sites also closely monitor the quality of groundwater and the impact of the activity on soils and subsoils. Several hundred piezometers are distributed throughout the Group's various sites, both within and outside of the Company, to support the initial phases of any new project (characterisation of the initial state) and also to monitor any impacts on ground and surface water.

Atmospheric emissions (industrial sites)

Pyrometallurgical activities with their fusion plants and heat treatment furnaces contribute the most to stack dust air emissions, including power plants. The CO_2 emissions are discussed below.

Air emissions are a function of the nature of raw materials and ores used, the transfer and loading technologies in place, the installed capacity of the equipment and especially the level of activity of the sites.

In pyrometallurgy, stack dust emissions are generated in the handling of materials, furnaces, grinding and milling operations, as well as operations involving molten liquid metal and slag. In hydrometallurgy, stack dust emissions most often occur during the handling, grinding, drying or transfer of materials.

The effluent purification systems generally used in the Group's factories are electrostatic precipitators, baghouses and washing towers. Specific treatment systems for certain pollutants can also be used, such as activated carbon filters. The different items of equipment are installed according to the characteristics of the industrial processes, the targeted purification performances and regulatory constraints.

According to its CSR Roadmap, Eramet has undertaken a vast project aimed at decreasing its stack dust emissions by 80% over a period of five years. A reduction of around 50% has already been achieved after two years of work.

Production of hazardous waste (industrial sites)

The activities that generate hazardous waste are mainly derived from the pyrometallurgical processes of the Group's mining divisions. The High Performance Alloys Division sites that are significant in terms of their size also generate significant quantities of hazardous waste.

These activities produce dust recovered by filtration systems, sludge and sodium-calcium slag which, depending on their intrinsic properties and the location of the operation, can be considered hazardous waste. The hazardous waste is treated through specific, authorised channels. Controls are put in place to ensure the proper management of this waste throughout the process (transport of waste, delivery to approved centre and final treatment).

Impact on biodiversity (mining sites)

In terms of controlling biodiversity risks, Eramet has formalised its commitments through a dedicated policy, which is structured around three main areas:

1. better awareness and understanding of biodiversity and its features;
2. acting to preserve biodiversity by applying the Avoid, Reduce, Rehabilitate, Offset mitigation sequence;
3. raising awareness, exchanging and sharing.

These principles are to be adapted at sites in a manner proportionate to local issues.

In New Caledonia, Société Le Nickel (SLN) operates nickel deposits on various sites in the heart of a region renowned for its rich biodiversity and the high rate of endemism among its flora and fauna species. It has developed reliable and environmentally friendly rehabilitation methods including revegetation by hydraulic seeding and plantations. The naturally low fertility of the soils, rich in metals and poor in organic elements, as well as the extreme rainfall conditions, make it difficult to see the results of this work in the short term because of the very slow growth.

SLN has implemented a global biodiversity management plan derived from a biodiversity strategy that incorporates international preservation standards in this area. Through this strategy, SLN implements its global biodiversity management plan.

In this context, SLN is working on the reintroduction of rare and threatened plant species through inventories of mining centres, as well as phenological monitoring to better control the reproduction of these species. SLN also monitors the wildlife (reptiles, birds, bats), the marine environment and the water quality of its mining creeks on all of its active sites.

In Gabon, the mining procedure includes a remodelling step and the progressive upgrading of the topsoil. The gradual reshaping of historically disturbed surfaces has also been completed.

In Senegal, the exploitation of mineral sands involves the clearing of vegetation as a floating dredge moves along the deposit. Biodiversity is of medium sensitivity in the areas currently being exploited. The issues are mainly related to the rehabilitation and revegetation of large areas when the exploited sites are made available. Revegetation (sowing/planting of local species) occurs after the reshaping of slag heaps to maximally reflect the original landscape (dunes). An additional irrigation system is also in place to allow the continuity of revegetation operations during the nine months of the dry season.

According to its CSR Roadmap, Eramet has committed to increasing the pace of mining rehabilitation being carried out at its sites. Mining rehabilitation is the key operation in limiting the impact on biodiversity, as well as on water resources. The goal over a given period is to rehabilitate a surface area that is greater than the surface area cleared for extraction needs. This is a rare commitment in this industry and represents significant progress compared with previous years. The objective has been met two years of operation.

Increased erosion and impacts associated with rainwater run-off (mining sites)

At mining sites in New Caledonia, and to a lesser extent in Gabon, the major issue of water management is to prevent the entry of suspended solids (SS) into the receiving environment through run-off caused by erosion due to surface stripping.

To avoid this, the sites are equipped with sedimentation ponds that trap suspended matter to prevent their transport into the natural environment. Upstream from these works, many precautions are taken to minimise erosion: roofing of sites to prevent water entry, minimisation of open areas, conservation of natural embankments at the edges of stripping sites, organization of runoffs to reduce speed, implementation of hydraulic locks, etc. These measures are documented in the water management plans.

In Gabon, the subject of erosion is less significant given the topography of the plateau deposit and the draining characteristics of the upper geological layers of the plateau. This topic still attracts attention due to the ongoing extension of the deposit into the sloping part. A specific water management plan associated with the extension of the deposit has been developed. As part of this plan, a specific environmental monitoring system is in place, which confirms the effectiveness of the measures taken and makes it possible to verify that the very limited and localised phenomenon of acid mine drainage does not have a significant impact on the natural environment.

In Senegal, protecting the dunes reconstituted after dredging against wind and water erosion is an issue. This risk of erosion is controlled by means of regeneration of the reconstituted dunes, as the revegetation stabilises the sands.

Production and storage of waste rock and tailings

Given the considerable volume of waste rock being handled at SLN operations, the storage of waste rock in appropriate structures and their revegetation is a vital environmental task in order to minimise erosion and the impacts on the ecosystem and landscape.

SLN has implemented effective techniques that have been validated by the authorities, one of which is to create waste rock stockpiles. The stability of these structures is guaranteed in the long term, even during exceptionally heavy rains. These waste rock stockpiles are subject to continuous monitoring and regular audits by an external third party. Moreover, in order to minimise land clearing and promote site rehabilitation, SLN prioritises the creation of flat-top piles in old mining pits, when the environmental conditions are favourable.

In Gabon, the problem is less sensitive since, on the one hand, the volumes of waste rock being handled are much less, and on the other hand because the technique of exploitation by the successive opening/closing of extraction compartments allows the majority of waste rock to be placed directly into the compartments after extraction.

The Senegal mine is not at all affected by this problem, since the sand dune is reconstituted after passing the dredge and extracting the recoverable part.

Mine waste rock, which are produced in ore concentration plants at the mines in Gabon and in New Caledonia, are chemically stable and therefore are not hazardous waste within the definition of the regulations. In New Caledonia, all processing residues from enrichment plants are also commercially exploited as by-products of the mine. In Gabon, mine waste rock are stored in basins consisting of closed dykes. The residues of the metallurgical enrichment plant are stored in a retaining dyke. These structures are continuously monitored for their stability.

These structures are of a modest size when compared to structures in Brazil involved in catastrophic failures. Eramet has nevertheless always wanted to contribute to global progress and in 2020 strengthened the governance and operation framework of its mining waste storage facilities and adopted a specific procedure directly inspired by the global standard for the management of mining waste published in 2020 by the ICMM and the UNEP. Internal and external verification audits are carried out in this regard.

The GCO plant in Senegal produces a very small amount of residues. The residual products have characteristics which allow their return to the natural environment when the dune is reconstituted.

Finally, Eramet is committed to developing alternatives to storing waste in dams (wet method). In Gabon, 50% of flows in the mine extension will therefore use a dry stacking method which removes the risk of geotechnical stability and also enables the recycling of water. This method is also used for the nickel hydrometallurgy project developed by Eramet in Indonesia.

Risks of historical soil pollution (industrial sites)

The Group exercises the utmost vigilance against potential impacts on soils and subsoils resulting from its past, current or future activities, both in the area of its industrial and mining activities.

Over several years, the Group has developed expertise to support the cessation of activity of certain industrial sites. This expertise concerns the investigation, identification, monitoring and management of potentially impacted sites through various projects, such as the rehabilitation of industrial sites and the end-of-life of landfills or old mines. This expertise is also consulted in the context of internal audits or in advance of acquisitions and disposals. It is important to mention the implementation of a policy of systematic characterisation of soil conditions before any new project is undertaken.

Energy consumption and greenhouse gas emissions (industrial sites)

Through its Energy and Climate policy, published in 2020 (accessible on www.eramet.com), Eramet is committed to reducing its greenhouse gas emissions, in particular by reinforcing its approach to improving energy efficiency, by promoting and developing the recycling of raw materials in a circular economy approach, and prioritising low-carbon energy sources and processes under economically acceptable conditions.

The Group takes climate issue to the highest level of its management bodies. Governance is organised at three levels:

- the Board of Directors which relies on the recommendations of its Strategy Committee and CSR;
- the Executive Committee is backed by the Energy and Climate Department created in 2018, which reports to the Director of Strategy and Innovation, a member of the Group's Executive Committee.
- the Energy & Climate Department which relies on operations conducted on a network of energy and climate specialists and on the Divisions and Business Units Departments, and reports on the progress of Group-wide action plans.

Decarbonisation is central to mine, metal and alloy momentum. As this is a short, medium and long-term problem, reducing CO_2 emissions is backed by governance that takes into account an optimisation of existing assets, the development of new technologies in partnership with peers, academics and suppliers, as well as supporting the decarbonisation of customers.

As such, Eramet's answer to climate change is based on the following focus points:

- the reduction of CO_2 emissions on scopes 1 & 2;
- helping customers (scope 3 emissions) to reduce their GHG emissions, by offering products and solutions that mainly contribute to reducing the carbon footprint. This is reflected in one of the three pillars of the Group's strategy: "to expand the portfolio of activities towards energy transition metals";
- promoting the circular economy.

The Group's commitments are extended, with the support of the Energy and Climate Department, to all of its sites. Each site's General Management applies an energy management system based on ISO 50001 standards, and even the most energy-intensive have obtained certification.

In 2020, Eramet continued to grow its activity (15% per year) without increasing its emissions. The medium-term objective set by the Group (26% reduction in specific emissions in 2023 compared with the 2018 level) was therefore almost achieved as of 2020, with a 25.4% reduction in the generated tonnes of CO_2 per tonne. The Group has assessed its scope 3 emissions pursuant to the rules set out in the *GHG Protocol,* as well as its areas for improvement.

Eramet decided this year to ramp up the process again by pledging to a *Science Based Target*. This approach initiated with the SBTi *(Science Based Target initiative)* is at the "*committed*" stage and targets a 40% reduction in absolute scope 1 and 2 emissions by 2035 compared with 2019. Eramet is also targeting carbon neutrality within this scope by 2050.

IV. GOVERNANCE AND SYSTEMS TO MONITOR THE MEASURES IMPLEMENTED AND ASSESS THEIR EFFECTIVENESS

Several of the Group's systems make it possible to monitor the implementation of the measures presented in this plan and to evaluate their effectiveness.

The Group's systems for reporting and monitoring committees/rituals, described in section II.2 of this plan, measure the resources deployed and their results on each site. The data is collected and controlled by the Sustainability and Corporate Engagement Department, the Safety and Prevention Department and the Human Resources Department. The internal audit system, also described in section II.2 of this plan, is a monitoring tool for each of the Group's sites, resulting in the development of recommendations.

In the specific case of Group projects, the implementation of environmental and societal impact management action plans is monitored on a continuous basis as part of project support provided by the Environment and ESG Performance Department.

The monitoring of these subjects is increasingly integrated into the management bodies and Division steering bodies, according to the challenges identified for their respective activities and entities. Formalisation of the Group's CSR Roadmap has also facilitated greater supervision by top management of the most sensitive subjects addressed through measures set out in the Vigilance Plan.

The Eramet Group has adopted a roadmap to guide its CSR performance. The roadmap is a comprehensive tool that addresses its challenges and risks and integrates its contribution into the United Nations SDGs. This Roadmap, which links CSR priorities and the pillars of the Group's five-year strategic vision, covers the 2018-2023 period. The CSR Roadmap has 13 objectives.

The Safety, Environment and Human Rights measures included in the Roadmap when it was designed are monitored under this framework, covering the main risks identified within the Group's Vigilance Plan. In practice, Objective 1 covers measures fostering the Health and Safety of employees and subcontractors. The main human rights topics highlighted by the dedicated risk mapping are processed via Objective 4 on diversity, Objective 5 on relations with host communities, as supplemented by Objective 8 which provides guidelines for the implementation of the human rights collective commitment approach. Environment-related subjects are mainly addressed via Objectives 11, 12 and 13, which are dedicated respectively to reducing air emissions, safeguarding water resources and accelerating the rehabilitation of our mining sites by fostering biodiversity and shrinking the energy and climate footprint. Additional elements for each of these objectives are available in each point of section III. Risk management actions

The Roadmap has been shared and validated by the Strategy and CSR Committee and the Board of Directors, which review it periodically. The Executive Committee also closely monitors the progress of the commitments made, during regular reviews carried out based on careful internal management and organised on a quarterly *ad hoc* basis, the CSR Steering Committee. This Committee gathers representatives of the Departments in charge of the CSR Roadmap objectives and experts from the individual businesses (Finance, Operational Divisions). It also generates proposals and initiatives for the Group, with the aim of continuously improving its CSR approach.

V. IDENTIFICATION, ASSESSMENT AND MANAGEMENT OF RISKS RELATED TO SUPPLIERS AND SUBCONTRACTORS

The Eramet Group's activities involve the significant use of external purchasing and, to a lesser extent, outsourcing. The entire Eramet Group spends about 60% of its turnover on the purchase of goods and services. As a result, the Group pays particular attention to CSR issues related to its upstream value chain.

1. Risk mapping and supplier and subcontractor assessment procedures

Risk mapping

As part of its responsible purchasing approach, every year since 2017 the Group has conducted a risk mapping exercise to identify the risks generated by the activities of its suppliers and subcontractors in relation to human rights and fundamental freedoms, human health and safety, and the environment ("CSR risks").

In order to develop this risk map, an approach based on the business categories of the various suppliers and subcontractors was chosen. The ISIC (International Standard Industrial Classification of All Economic Activities) nomenclature developed by the UN was used. This nomenclature contains several hundred categories. The Group's suppliers fall into 66 of them, each of which was assessed according to two criteria: the CSR risk of the category and the importance of the category for the Eramet Group:

- for the assessment of the CSR risk of the business categories, Eramet availed of the expertise of an external company, proposing a CSR risk rating for each business sector. This rating is the result of data analysis and sectoral studies on the impacts and practices specific to each business category. These risks are analysed in the four areas: working conditions and respect for human rights, the environment, ethics and fair practices, and issues related to the supply chain of the sector itself;
- the assessment of the importance of the purchase categories for Eramet is based on several Group-specific criteria. These criteria include the purchase volume, the number of potential suppliers or subcontractors in the purchase category, or the impact of the purchased product on the quality of the products marketed by the Group.

Updated each year, the combination of these two assessments made it possible to position the categories into four risk areas, and in particular to identify seven purchase categories that are both important for the Group and pose CSR risks:

- manufacture of non-metallic mineral products;
- manufacture of coke and refined petroleum products;
- metallurgy and processing of basic precious and non-ferrous metals;
- recovery of materials (waste treatment consisting of secondary raw materials, recovery by sorting material from non-toxic waste);
- wholesale trade of solid, liquid and gaseous fuels and related products;
- wholesale trade of metals and ores;
- mining of coal and lignite.

This mapping exercise, whose methodology will evolve as part of a continuous improvement approach, is renewed every year.

Procedure for assessing the situation of suppliers and subcontractors with regard to CSR risks

In addition to the annual suppliers CSR risk mapping exercise, the Eramet Group has introduced a Group management procedure (EMS) which defines the methods for the assessment and ethical screening of its suppliers.

As part of this procedure, CSR assessment and ethical screening methods are defined according to the following criteria:

- the supplier's business sector;
- the supplier's country;
- the expenditures with the supplier.

The CSR assessments are therefore either carried out using a questionnaire completed by the supplier and analysed by a specialised external partner, or via an internal Eramet questionnaire the answers to which are verified internally. In both cases, the CSR questionnaire covers the four areas: working conditions and respect for human rights, the environment, ethics and fair practices, and the supply chain of the sector. The companies questioned are required to provide documents to support their declarations (certifications or policies, for example). Any supplier that does not provide supporting documentation and/or proof to support their answers shall be considered and processed as a high-CSR risk supplier.

During the 2017-2020 period, Eramet has questioned all of its suppliers identified as at-risk in terms of CSR according to its mapping.

Although the number of suppliers assessed and monitored is constantly evolving, with the arrival of new suppliers in Eramet's supplier base, more than 300 suppliers had been assessed with regard their CSR performances at the end of December 2020, which represent almost 41% of the Group's purchasing expenses in 2020.

Criteria that trigger so-called ethical *screening* are based on the country in which the supplier operates and the amount of expenditure incurred. In order to carry out this assessment, the Group uses a specialised Know Your Customer (KYC) database. During the 2019-2020 period, more than 2,000 suppliers from countries identified as at-risk according to a listing drawn up by an external expert, and/or reaching a defined revenue threshold, were subject to this analysis.

In addition to this process which covers all Group purchasing, a due diligence procedure for conflict ore was introduced within the Eramet Group.

Some of the Group's activities require the use of tungsten in metallic form or, more anecdotally, the use of tantalum or tin in their manufacturing processes. These metals may be called "conflict" metals if their exploitation is used to finance armed groups and fuel civil wars in some parts of the world. Eramet is very attentive to the conditions of supply of these materials and in particular to compliance with the specific provisions of the "US Dodd Frank Act" and the European regulation that enters into force on 1 January 2021, as well as the guidelines set by the OECD for multinational companies.

The Eramet buyers in charge of these supplies thus systematically require their suppliers to provide information concerning the origin of the ores used for the manufacture of the ores/metallic products sold to Eramet. To this end, Group buyers use the Conflict Minerals Reporting Template (CMRT), supplied and updated regularly by the Responsible Minerals Initiative (RMI), of which Eramet is a member.

In addition to this commitment to inform, Eramet also ensures that all conflict ore supplies come from refineries or foundries recognised as compliant with the RMAP standard developed by the RMI, which is a benchmark in this domain.

2. Risk management

Risk management policy and organization

Eramet has adopted a Suppliers' code of conduct, which formalises the Group's desire to strengthen the integration of sustainable development issues related to procurement, and promotes a dynamic of continuous improvement. Eramet's expectations with regard to its suppliers, subcontractors and service providers primarily target three main areas: Human Rights and working conditions, environment and products, and good business practices. It is available on the Eramet website.

In order to oversee the Group's responsible purchasing approach, Eramet has established a Responsible Purchasing Committee, bringing together the Group Purchasing Manager, the Supplier Performance Coordinator and representatives of the Sustainability and Corporate Engagement Department and the Group Legal Department. This Committee is an integral part of the Group's ethics compliance organization, led by the Compliance and Ethics Department.

In December 2019, Eramet acquired an SRM *(Supplier Relationship Management)* tool to identify and closely monitor its entire supplier base. More than 18,000 active suppliers have been subject to continuous CSR and ethics risk mapping and their assessments or *screenings* can now be automatically launched.

This tool also enables the Eramet Group to be more proactive in its assessment and monitoring of suppliers' CSR risks. Risks are now identified and assessments and *screenings* launched when a potential supplier is still at the prospecting stage. A prospect with high CSR-risks and a weak risk management approach can therefore be disregarded before being included in Eramet's supplier base.

Risk management actions

Compliance with the principles set out in the Eramet Group's Suppliers' code of conduct forms part of Eramet's contractual requirements for all its suppliers and subcontractors. The code specifies that assessments and audits may be carried out by Eramet at suppliers' premises to verify compliance with the principles stated therein.

All subcontractors operating on Eramet's sites must also comply with the rules in force at these sites in relation to environmental, health and safety risk management. To do so, HSE contractual clauses are included in the agreements signed with subcontractors. These clauses clearly define the expectations and commitments of each party in terms of Safety in particular.

The results of the CSR assessments and/or ethics screenings, which may be supplemented by due diligence measures, allow the Responsible Purchasing Committee to define the degree to which the suppliers identified as at risk are in compliance, or in breach. Then, arbitration committees decide upon the risk management actions that need to be implemented for the suppliers currently judged to be non-compliant. Among the actions to control potential risks, dialogue with suppliers and the development of targeted action plans are given priority. 59 suppliers are currently the subject of a corrective action plan, tailored to their specific characteristics and areas for improvement. The Group is also planning on-site CSR audits to find out more about the situation, practices and constraints of suppliers.

Eramet can also decide to terminate the relationship with the supplier when it considers that the situation requires it, specifically if a supplier refuses or is unable to implement corrective measures. Eramet reserves the right to terminate the contractual relationship and this case is provided for in the suppliers' code of conduct. During the 2019-2020 period, Eramet suspended its business relations with thirteen suppliers following the identification of a clear CSR/ethical risk, for which an adequate action plan could not be implemented, or following a supplier's repeated failure to respond to the Group's requests.

3. System to monitor the measures implemented and assess their effectiveness

For actions related to responsible purchasing, the monitoring of the implementation of measures and the assessment of their effectiveness is carried out both on the supplier side (risk management measures) and internally (implementation of the approach).

In the first place, compliance by suppliers with the requirements of the Suppliers' code of conduct or the corrective measures requested as a result of CSR assessments is monitored by means of supplier audits, as described above.

The Group's supplier relation management tool (SRM) is used on a daily basis to steer all the necessary CSR assessments (invitation, reminders, renewals, etc.) and ethics surveys to ensure the compliance of all suppliers with the Group's procedures and standards.

Performance indicators relating to the updating of risk maps, the roll-out of assessments, and audits of suppliers are monitored by the Responsible Purchasing Committee. Some of these indicators are related to Objective 10 of the CSR Roadmap, which monitors, in particular, the compliance rate of Group suppliers identified as at-risk. In late 2020, 63% of suppliers were considered compliant with the Group's requirements. Most of the suppliers ranked non-compliant suppliers are suppliers who failed to answer the questionnaire, the absence of an evaluation automatically places them in the category of high-risk suppliers. The CSR Roadmap is executed subject to a mid-year report to the Group's Executive Committee and to the Board of Directors' Strategic and CSR Committee.

VI. WHISTLEBLOWING AND REPORTING MECHANISM

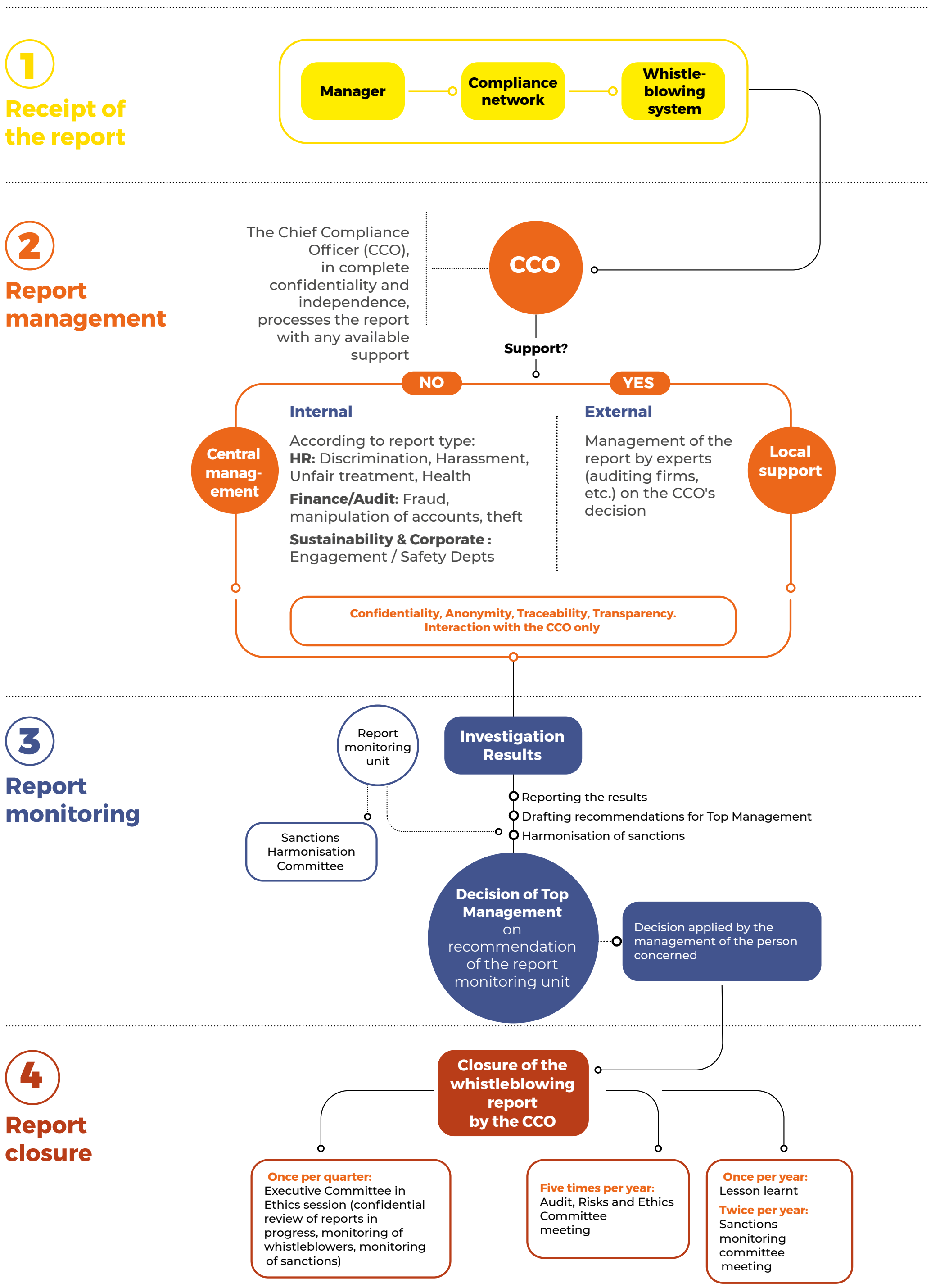
A professional whistleblowing system is available to all employees, as well as to external stakeholders affected by Eramet's activities. This system is used to alert the Group's highest authorities of any behaviour which violates the Ethics Charter or Group rules, including:

- corruption, bribery and facilitation payments;
- money laundering;
- favouritism, influence peddling and the illegal acquisition of interests;
- fraud and the falsification of documents;
- theft and embezzlement;
- conflicts of interest;
- anticompetitive practices;
- discrimination and unequal treatment;
- bullying or sexual harassment;
- sexist actions or violence;
- serious violations of human rights and fundamental freedoms, including those of local communities;
- breaches of personal data laws;
- conduct contrary to the Group's policies and standards in relation to health, hygiene, safety at work and protection of the environment;

Employees have several whistleblowing channels at their disposal: they can notify their managers as well as the Ethics Compliance Managers. They can also, in the event of inaction and/or conflict of interest, notify the Group of inappropriate conduct by using the outsourced digital whistleblowing platform, subject to the General Data Protection Regulation (GDPR) provisions, which were rolled out in all of the Group's countries in June 2020. This system ensures total confidentiality for employees and external stakeholders, and guarantees that no retaliatory measures will be taken against those who use the tool, so long as they actions are not self-serving and made in good faith. The whistleblower can remain anonymous if allowed by local law.

The Group, with the aim of ensuring constant improvement and compliance with the latest and highest ethical standards, has decided to review these issues on a regular basis. Thus, the whistleblower reports are regularly reviewed, with the highest degree of confidentiality.

A Governance policy associated with alert management was put in place, clarified in the whistle-blower alert management procedure (see the diagram below).


1
Receipt of the report
Manager
Compliance network
Whistle-blowing system
2
Report management
The Chief Compliance Officer (CCO), in complete confidentiality and independence, processes the report with any available support
CCO
Support?
NO
YES
Central manag-ement
Internal
According to report type:
HR: Discrimination, Harassment, Unfair treatment, Health
Finance/Audit: Fraud, manipulation of accounts, theft
Sustainability & Corporate: Engagement / Safety Depts
External
Management of the report by experts (auditing firms, etc.) on the CCO's decision
Local support
Confidentiality, Anonymity, Traceability, Transparency.
Interaction with the CCO only
3
Report monitoring
Report monitoring unit
Investigation Results
Reporting the results
Drafting recommendations for Top Management
Harmonisation of sanctions
Sanctions Harmonisation Committee
Decision of Top Management on recommendation of the report monitoring unit
Decision applied by the management of the person concerned
4
Report closure
Closure of the whistleblowing report by the CCO
Once per quarter: Executive Committee in Ethics session (confidential review of reports in progress, monitoring of whistleblowers, monitoring of sanctions)
Five times per year: Audit, Risks and Ethics Committee meeting
Once per year: Lesson learnt
Twice per year: Sanctions monitoring committee meeting

Eramet organised a Group-wide and external campaign to ensure general awareness of the whistleblowing system.

Complete information on how to use the system and on whistleblowing processing can be found on the special Ethics & Compliance page of the Group's website and intranet, as well as on the Group's various websites. The Ethics Charter also contains detailed information about the system. Posters, leaflets and events are circulated on the premises of the Group's different entities, worldwide.

Key performance indicators are used to assess the system's effectiveness on a regular basis. 31 alerts were received in 2020. Around 60% of the alerts received are related to Human Resources type complaints (discrimination, harassment, unfair treatment) and 40% are related to financial topics. 100% were investigated, which led to remediation plans and/or disciplinary sanctions (eight). 30% of whistleblowers chose to stay anonymous. Two alerts were made by external stakeholders, who were given full access to the whistleblowing system in 2020.

The increase in the number of whistleblowing alerts can be mainly explained, first, by the introduction of the new system in June and the massive communication campaign which accompanied its roll-out, and second, by the specific attention paid to improving the relaying of whistle-blower alerts in certain regions, as well as the implementation of specific action plans in 2020.

In addition to the Group's whistleblowing mechanism, and depending on their potential impacts on the environment and local residents, some sites have also set up dedicated systems to receive and respond to concerns, questions or complaints from local residents. For all of the Group's mining sites, these mechanisms are developed in reference to the IFC's standards and best practices of grievance management. The receipt, processing and resolution procedures are therefore adapted to the cultural context of the entity and the nature of the impacts that may affect local residents. All stages of the process must be comprehensible and transparent, and the it must be easily accessible to local stakeholders at no cost to them.

VII. REPORT ON THE EFFECTIVE IMPLEMENTATION OF THE VIGILANCE PLAN

The purpose of this publication is to comply with the obligations of Law No. 2017-399 of 27 March 2017 on the duty of vigilance of parent companies and contracting companies relating to the publication of the report on the effective implementation of the plan published in 2017 and reproduced above.

The risk assessment work used by Eramet to formalise its Non-Financial Performance Statement has provided the Group with a very precise view of the challenges it faces. The material risks for which the Group must annually present risk control policies and measures and their results include violations relating to the environment, human health and safety, human rights and fundamental freedoms, for the Group and its supply chain (see 6.1.2 "CSR risk assessment").

The table below presents for each category of risks expected in the Vigilance Plan and the risks identified, the elements of the Non-Financial Performance Statement, published in the management report, making it possible to report in more detail on risk control actions and their results, supplementing or amending the information presented in the Vigilance Plan above.

CROSS-REFERENCE TABLE VIGILANCE PLAN – NON-FINANCIAL PERFORMANCE STATEMENT

Vigilance Plan items	Risks identified	Integration with the Non-Financial Performance Statement	
Environment	Water consumption (industrial and mining sites)	6.2.5 6.2.6.3	Optimisation of water consumption Water management
Environment	Emissions into water (industrial sites)	6.2.3.2 6.2.7.3	Aqueous waste Water management
Environment	Atmospheric emissions (industrial sites)	6.2.3.1	Airborne emissions
Environment	Energy consumption/greenhouse gas emissions (industrial sites)	6.2.6	Fight against climate change
Environment	Production of hazardous waste (industrial sites)	6.2.4.1 6.2.4.2	Optimisation of the consumption of primary raw materials Waste prevention and recovery
Environment	Risks of historical soil pollution (industrial sites)	6.2.3.3	Rehabilitation of closed industrial sites
Environment	Production of waste rock and tailings (mining sites)	6.2.7.2 6.2.7.4	Responsible resource management Tailings and mine waste management
Environment	Impact on biodiversity (mining sites)	6.2.8	Preservation of biodiversity
Environment	Erosion (mining sites)	6.2.7.3 6.2.7.4 6.2.7.5	Water management Tailings and mine waste management Rehabilitation of mining sites
Human Health and Safety	Safety	6.3.2.1 6.3.2.1.1 6.3.2.1.2 6.3.2.1.3 6.3.2.1.4	Employee safety Main safety issues and risks Safety governance Risk prevention strategy Safety performance
Human Health and Safety	Health	6.3.2.2 6.3.2.2.1 6.3.2.2.2 6.3.2.2.3 6.3.2.2.4	Employee health Main health issues and risks Health Governance Risk prevention strategy Health Performance
Human rights and fundamental freedoms	Human rights in the workplace: Discrimination and harassment	6.3.2.4.4	Equal opportunities – measures to foster non-discrimination and diversity
Human rights and fundamental freedoms	Rights of communities bordering the sites	6.3.3 6.3.3.1 6.3.3.2 6.3.3.3	Commitments to host communities Objectives, organization and instruments Impact management and risk prevention for local communities Dialogue with local communities
Risks for suppliers and subcontractors	Non-compliance with ILO conventions in the supply chain	6.4.2 6.4.2.1 6.4.2.2	Responsible value chain Governance Responsible purchasing
Whistleblowing and reporting mechanism	N/A	6.4.1.3 6.3.3.2.4	Risk prevention strategy/Whistleblowing system Local complaint management mechanisms

Appendix – Glossary

Financial Glossary

Consolidated performance indicators

The consolidated performance indicators used for financial reporting of the Group's revenue and financial performance, and presented in this document, are restated data taken from the Group Reporting and monitored by the Comex. In accordance with the accounting principles adopted for the Group's Reporting, the operating performance of the joint ventures have been accounted for under proportionate consolidation until 2018: the TiZir subgroup (Mineral Sands BU, Mining and Metals Division) until 30 June and UKAD (High Performance Alloys Division) until 31 December.

A comparison of the Group's sales figures against the reported data is given in Chapter 3.

Sales figures on a like-for-like basis, with constant scope and exchange rates

The sales figures on a like-for-like basis correspond to the sales figures adjusted for the effect of changes of scope and exchange rate variations from one financial year to the next.

The scope effect is calculated as follows: for companies acquired during the year, by eliminating the sales figure for the current period, and for companies acquired in the previous period, by integrating the full-year sales figure for the previous period; for companies divested, by eliminating the sales figure for the period in question and the previous financial period.

The exchange effect is calculated by applying the exchange rates from the previous financial year to the sales figure for the year in question.

EBITDA *(Earnings before interest, taxes, depreciation and amortisation)*

Earnings before financial income and expenses and other operating income and expenses, income tax, provisions for liabilities and charges, and depreciation of property, plant and equipment and amortisation of intangible assets.

Cash-cost of the SLN

SLN's cash-cost is defined as all production and fixed costs (R&D including exploration geology, administrative expenses, logistical and commercial expenses), net of by-products credits including nickel ore exports and local services, which cover all the stages of industrial development of the finished product until delivery to the end customer and which impact the EBITDA in the company's financial statements, over tonnage sold.

Break-even cost of the SLN

The break-even cost of SLN is defined as SLN's cash-cost as defined above, plus capex (actual capex versus yearly tonnage for annual accounts; projected capex and projected tonnage for the current year) non-recurring income and expenses, and financial expenses (recognised in SLN's corporate financial statements).

Financial glossary consolidated financial statements

(See Chapter 3.)

11

Technical glossary

Processes

Hot Isostatic Pressing (HIP)

A process of pressing of powdered inoxidisable alloys, into an iron alloy mould made in the shape of the desired part. Hot pressing takes place in a closed chamber, at a pressure of 1,000 bars and a temperature of 1000°C, but below the alloy's melting point. This produces a fine grain of inferior quality to that which is produced by forging. The alloys used are extremely pure, ensuring optimal resistance to corrosion and oxidation. In addition, Hot Isostatic Pressing (HIP) can produce mechanical characteristics with no prevailing spatial orientation (i.e. Isotropic properties), and can be used to make complex shapes and optimise thickness from the earliest stage of a design. Another advantage of HIP is the option of making bimetallic parts with two different types of surface, with a seamless join between them and no need for welding.

Ore enrichment

Used by Société Le Nickel-SLN, this innovative technology is capable, by sorting matter by particle size distribution and density, of increasing ore content, in order to be able to exploit a greater proportion of the source and thus improve the life span of the resource reserves.

Drawing

Drawing is a cold shaping process, which involves passing a layered stub through a narrower channel, the shape of which is appropriate for the profile and dimensions we wish to obtain. This transformation exploits the plasticity of steel, and can be used to make circles, hexagons, squares and flat products, as well as more complex profiles.

Forging

Plastic deformation of the metal between two flat implements. By forging, we can make parts with simple geometry.

Electroplating:

The process of forming a metal coating using electrochemistry on a metallic or non-metallic surface.

HIP

See Hot Isostatic Pressing.

Hydrometallurgy

Reduction of metal oxides and separation of metal from oxide by chemical means (dissolution, solvent-based extraction, electrolysis).

Rolling

Reduction of the thickness of an ingot, a bar, a sheet of metal, etc., by passing it between the rotating cylinders of a rolling mill.

Acid leaching

Exploitation of nickel oxide ores (laterites) by dissolving them in acid.

Swagging

Complex shaping of a metal stub by pressing it between two etched instruments simultaneously, at slow speed.

Alloy metallurgy

- Air metallurgy: done in an electric arc furnace, metal is melted, followed by metallurgic processing to add alloy metals, eliminate impurities and obtain the desired chemical composition.
- Vacuum metallurgy: used for alloys capable of withstanding higher stress levels (nitrogen content, oxygen-reactive alloy elements, etc.), this process, carried out in special furnaces, is known as Vacuum Induction Melting (VIM).
- Remelting: this process is crucial for certain critical parts designed for use in the aeronautics and energy sectors. It facilitates fuller control of the segregations and the inclusion morphology, and helps lower the gas content, thereby significantly improving the characteristics and mechanical reliability of the finished product.
- Powder metallurgy: Production of alloys with excellent properties by pulverisation of a jet of liquid metal.

PM HSS

powder metallurgical high-speed steel: a process of producing high-speed steel (HSS), combining powder metallurgy with shaping processes. The process consists of placing the high-speed steel powder, produced by gas atomisation, into a vacuum, welded capsule, then applying hot isostatic pressing, and transforming it by forging, hot or cold rolling and drawing, to produce bars, rings, blades and sheets.

Press

An industrial tool used for forging and swagging (see definitions of these terms). The pressure it applies is measured in thousands of tonnes.

Pyrometallurgy

Reduction of metal oxides and separation of metals from their oxides by melting (blast furnace or electric furnace).

Products

High-speed steel

Highly wear-resistant steels, extremely hard in both hot and cold conditions, designed primarily for the production of cutting tools (drill bits, taps, reamers, saws, etc.) and cold work tools.

Alloys

Metallic materials composed of different metals, having specific properties suited to particular uses, such as wear-resistance or corrosion-resistance, mechanical strength at high temperatures, etc.

Ferroalloys

Alloys containing iron and at least one other metal, added to the liquid metal during the steel production process, to adjust its composition to deliver the desired properties.

Manganese

Used in alloys (such as ferromanganese and silicomanganese), this metal is used in the composition of steel in a proportion of between 6% and 7%. It improves the product's hardness, abrasion resistance, elasticity and surface state during rolling. It is also used in production processes for deoxidation/desulphurisation. Other applications: chemistry, cells and batteries, electronic circuits, fertiliser, hardening agent for aluminium, and so forth.

Leucoxene

A heavy mineral whose composition is between those of ilmenite and rutile.

Nickel

An essential element in alloys, this metal lends steel numerous properties which range depending on nuances: resistance to atmospheric corrosion in combination with chromium (stainless steel), high temperature resistance, ductility, mechanical strength, electrical resistivity, magnetic properties, etc. Nickel is infinitely recyclable.

Primary nickel

Differs from secondary nickel which comes from the recycling of stainless steel.

Nuances

Different alloy qualities obtained by varying the mixture of metals in their composition, to produce specific characteristics. Each nuance is suited to particular needs.

Long products

Unfinished alloy products with high characteristics, designed to be transformed subsequently.

Rutile

Natural titanium dioxide (TiO_2).

Superalloy

Alloys of multiple metals where nickel is generally the chief ingredient (nickel-based superalloys). They exhibit excellent mechanical strength at high temperatures and corrosion resistance. Superalloys are used to manufacture parts for the aeronautics and space industries, energy production, the chemical industry, and environmental protection.

Risk management glossary

Risk

"A risk is the threat that an event, action or lack of action could significantly impact on:

- our ability to achieve our objectives and discharge our duties;
- our ability to detect development opportunities, in any and all areas, connected to our activity;
- the principal assets which are the fundamentals for our activity (be they tangible or intangible, financial, human resources, image, etc.);
- a critical process for our activity;
- the Eramet Group's ability to comply with its values, ethics and the laws and regulations in force." "

Criticality (of a risk)

The criticality of a risk is the assessment of the degree of seriousness of that risk, weighted by the estimated probability of that risk becoming a reality. Criticality may be high, medium or low.

Design and production: côté corp.

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