



2019 reporting on financial transparency of the Group

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MEMORANDUM RELATING TO THE 2019 REPORTING ON FINANCIAL TRANSPARENCY OF ERAMET GROUP (1/2)

The “accounting” directive 2013/34/EU was adopted in June 2013 and implemented into French law through the Law n° 2014-1662 of December 30th, 2014 (Article L.225-102-3of the Code du commerce). Those texts require large companies active in the extractive industry or the logging of primary forests to publish a report on payments to governments on an annual basis.

This obligation is directly inspired by the Extractive Industries Transparency Initiative (EITI) which ERAMET voluntarily integrated in 2011. The main goal of the EITI is to fight corruption by encouraging transparency on money transfers between mining, oil and gas companies and countries hosting those economic activities.

The payments to be declared shall include the payments in cash or in kind, made as a single payment or as a series of related payments, for an amount equal to or above 100.000 euros within a financial year. The following subsidiaries of the ERAMET group are subject to this obligation:

- SLN – Le Nickel (France – New Caledonia);
- Comilog SA (Gabon);
- Maboumine (Gabon);
- PT Weda Bay Nickel (Indonesia);
- Eramet South Africa (South Africa);
- Grande Côte Opérations SA (Senegal); and
- Eramine Sud America SA (Argentina).

Payments of the following types shall be taken into account:

- Production entitlements;
- Taxes levied on the income, production or profits of the companies, excluding taxes levied on consumption such as value added taxes, personal income taxes or sale taxes;
- Royalties;
- Dividends;
- Signature, discovery and production bonuses;
- License fees, rental fees, entry fees and other considerations for licenses and/or concessions; and
- Payments for infrastructure improvements.

MEMORANDUM RELATING TO THE 2019 REPORTING ON FINANCIAL TRANSPARENCY OF ERAMET GROUP (2/2)

In the absence of any precise legal compelling definition, the types of payments have been defined according to the EITI guidance. For the sake of clarity, the various types of payments have been separated into two general categories: payments imposed on the legal entity as a commercial entity and payments imposed on the legal entity as mining operator.

In 2018, the following subsidiaries did not make payments greater than 100.000 euros : Maboumine, PT Weda Bay Nickel, Eramet South Africa, Eramine Sud America SA.

This report was approved by the Board of Directors of ERAMET SA on May 23rd, 2019.

2019 REPORTING ON FINANCIAL TRANSPARENCY OF ERAMET GROUP – PAYMENTS PER CATEGORY (1/2)

Payments per category		Definitions	Countries	Legal Entities	Paid Amount (in euros)*	Public authority receiving the payment	
Payments imposed on the legal entity as a commercial entity	Taxes levied on the income, production or profits of companies	<i>Taxes levied on the profits of a company's upstream activities, excluding taxes levied on consumption such as value added taxes, personal income taxes or sale taxes.</i>	France (New Caledonia)	Société Le Nickel (SLN)	10 613 097	Public Treasury (Directorate Tax Services New Caledonia)	(a) (b)
			Gabon	Comilog SA	133 691 720	Ministry of Finance of Gabon	(c)
			Senegal	GCO	6 098 186	Ministry of Finance of Senegal	(d)
	Dividends	<i>A payment to a partner or shareholder out of the profit of a company as a return on the investment made. Dividends paid to the host government as shareholder of the national state-owned company in respect of shares and any profit distributions in respect of any form of capital other than debt or loan capital.</i>	Gabon	Comilog SA	46 922 362,00	Equatorial Society of Mines and Caisse des Dépôts of Gabon (both publicly owned by Gabon)	(e)
	Payments for infrastructure improvements	<i>Payment required by contract law or tax law (e.g. road building)</i>	Senegal	GCO	345 805	Municipality of Tivaouane	(d) (h)
			Gabon	Comilog SA	1 221 574	School of Mines and Metallurgy of Moanda	(f)
					1 372 041	National Social Security Fund of Gabon	(g)
Payments imposed on the legal entity as mining operator	Royalties	<i>Payments made to the government to compensate it for the right to extract (and purchase) a non-renewable natural resource. Most royalties are either ad valorem (based on a percentage of the value of output, e.g., 5% of the value of the minerals produced) or per unit (based on a fixed amount, e.g. \$10 per ton).</i>	France (New Caledonia)	Société Le Nickel (SLN)	1 062 538	Public Treasury (New Caledonia Tax Services Branch)	(a) (i)
			Gabon	Comilog SA	21 953 928	Ministry of Mines of Gabon	
			Senegal	GCO	5 789 290	Ministry of Mines of Senegal	(d)
	Export Duties	<i>Payments to the host government and/or national state-owned company for exporting minerals.</i>	Gabon	Comilog SA	28 017 427	Ministry of Mines of Gabon	
	Rental Fee	<i>Annual fee collected according to the surface of the land to which the title applies or which is granted to the company.</i>	Senegal	GCO	108 203	Autonomous Port of Dakar	(d)
TOTAL					257 196 171		

2019 REPORTING ON FINANCIAL TRANSPARENCY OF ERAMET GROUP – PAYMENTS PER CATEGORY (2/2)

- (a) Amounts collected on behalf of the provinces and collectivity of New Caledonia.
- (b) This amount includes the payments of the patent and the property taxes.
- (c) This amount covers the payment of corporation tax, land tax and withholding tax on the payment of dividends.
- (d) The company Grande Côte Opérations SA (GCO) is 90% owned by Tizir Limited, a company that was itself owned at 50% by Eramet up to July 2018 and then at 100% after the completion of a takeover bid performed by Eramet on Mineral Deposits Ltd. The amounts reported relates to the payments made by GCO in 2018.
- (e) This amount corresponds to the payment of the share of the dividend paid in 2018 paid to the Gabonese State for the 2017 financial year.
- (f) Grant to the operation of the School of Mines and Metallurgy of Moanda.
- (g) Payment made to the benefit of the National Social Security Fund (CNSS) of Gabon to support the Marcel Abéké Hospital in Moanda.
- (h) "Mandatory" social program of GCO for the execution of works or equipment for the benefit of villagers impacted by mining.
- (i) This amount represents the payment of the surface royalty. However, an administrative dispute is ongoing on the nature of the surface royalty, to determine whether it is a fee for public occupation or a tax. Litigation is pending with the Council of State to which the SLN lodged an appeal. This appeal is expected to be rendered in 2019, in that case the dispute will be referred to a new Administrative Court to be judged on substance.

* The exchange rate used for this purpose is the average exchange rate for 2018, which is also used for the financial reporting of ERAMET group.

2019 REPORTING ON FINANCIAL TRANSPARENCY OF ERAMET GROUP – PAIEMENTS PER COUNTRIES AND LEGAL ENTITIES

Countries / entities	Taxes levied on the income, production or profits of companies	Payments for infrastructure improvements	Dividends	Royalties	Export duties	Rental fee	Paid amount in 2018 (in euros)
Gabon / Comilog SA	133 691 720	2 593 615	46 922 362	21 953 928	28 017 427		233 179 051
Senegal / GCO	6 098 186	345 805		5 789 290		108 203	12 341 484
France (New Calédonia) / Société Le Nickel (SLN)	10 613 097			1 062 538			11 675 635
Group Total							257 196 171