

METHODOLOGY NOTE

Group materiality analysis – December 2019

In keeping with and alongside its 2018-2023 CSR roadmap, the Eramet group has published its materiality analysis after consulting with internal and external stakeholders.

1/ Definition of issues

Based on a sectoral benchmark, a diagnostic of CSR macro-trends impacting the group and its activity, and with the support of internal and external experts, the group has identified 27 CSR issues deemed relevant to submit for stakeholder consultation. The issues are divided into four categories: Human capital; Products and know-how; Environmental responsibility; Ethics, governance and social responsibility. The list of issues and their definitions is provided in the appendix.

2/ Selection of stakeholders

The group identified an expanded list of stakeholders, both internal (site directors and managers, staff representatives, board members, etc.) and external (suppliers, customers, NGOs, etc.), contacted for the consultation via an online questionnaire, which ran for three weeks between June and July 2019.

The consultation by questionnaire was supplemented with individual interviews of a selection of stakeholders between July and August 2019.

3/ Consultation method

3.1 Opinion-based importance of issues

Via the online questionnaire or during individual interviews, the participants were asked to indicate the five most important and five least important of the 27 issues presented along with their definition, all categories combined and without categorization.

3.2 Group performance on the issues

The participants were then asked to indicate their perception of the group's performance on the 27 issues, choosing from five options: "insufficient", "standard", "good", "very good" or "don't know".

4/ Analysis of results and scoring methodology

The results from the online questionnaire and individual interviews were consolidated and analyzed using the following methodology:

4.1 Importance of issues

- An issue rated important was scored 1
- An issue rated not important was scored -1
- An issue not selected was scored 0

4.2 Group performance on the issues

- A performance rated "insufficient" was scored -1
- A performance rated "standard" was scored 0
- A performance rated "good" was scored 1
- A performance rated "very good" was scored 2
- No score was assigned to "don't know" answers, which were therefore excluded from the overall averages

An equiweighting was used, with all stakeholder categories and all responses having the same weighting in the final consolidation of results.

5/ Construction of the matrix

The results were converted into a matrix, where

- On the x axis, the issues were categorized based on their performance for the internal participants (Importance for the activity),
- On the y axis, the issues were categorized based on their performance for the external participants (Importance for the external stakeholders),
- The bubbles represent the participants' perception of the group's performance in the various issues.

The matrix identifies three main categories of issues:

- Moderately important issues (bottom left),
- Important issues (in the middle),
- Very important issues (top right).

For more information about the Group's materiality approach, contact public-affairs@eramet.com.

Appendix: List of issues and related definitions

Human capital		
1	Health & Safety of employees and contractors	Set up all necessary measures to ensure employees' and contractors' health and safety at workstations
2	Employee development and talent management	Retain employees and ensure their career development, through individual support, training, mobility, advantages, compensation, etc.
3	Employee commitment	Strengthen employee commitment in corporate vision and culture, ensuring a sustained and profitable performance
4	Promotion of diversity and inclusion	Fight and tackle any form of discrimination and enhance diversity and equality of opportunities, at recruitment and during the execution of professional activities
5	Working conditions	Guarantee proper working conditions, ensuring the quality of working life, proper work schedules, balance between private/work life, and preventing any form of harassment.
6	Support for labor relations	Encourage social dialog and ensure dynamic and transparent labor-management relations
Products and Expertise		
7	Product quality and safety	Ensure product safety and traceability, prevent risks of exposure to hazardous substances and ensure product compliance to applicable regulation and to quality specifications requested by clients
8	Innovation & eco-design	Innovate and include eco-design criteria to reduce product environmental impacts at all steps of their life cycle
9	Strategic metals and energy transition	Provide sustainable procurement of materials for the energy transition and of strategic metals (examples: lithium, metals, etc.)
Environmental responsibility		
10	Management and use of resources	Ensure sustainable resources management (raw materials, energy, water) and optimize their use; comply with local and international regulation and encourage the development of the sector's best practices
11	Biodiversity and rehabilitation of mine sites	Accelerate the rehabilitation of mine sites and avoid/reduce/offset the impacts on biodiversity
12	Historical soil pollution of industrial sites	Control and limit soil pollution and engage in the rehabilitation of former industrial sites (not including mining operations)
13	Mine waste rock and tailing management	Properly manage mine waste rock and tailings, by ensuring safety of shoreline residents and employees, minimizing impacts on the environment and favoring reuse in a circular economy approach

14	Waste management and circular economy	Reduce the quantity of waste produced by the activity, ensure and trace the waste destination towards recycling or reuse streams to support the circular economy, and lend particular consideration to the proper management of hazardous waste (not including mine waste rock and tailings)
15	Energy use and GHG emissions	Optimize production processes to limit energy consumption, reduce the consumption of fossil energies that emit GHGs and in particular CO ₂ , and promote the use of renewable energy sources
16	Impacts on water resources	Optimize production processes to limit water consumption and withdrawal; prevent water pollution and chemical/toxic discharges in water; control impacts on biodiversity and prevent erosion and stream silting
17	Control of air emissions	Control air emissions and their local impacts (SO _x , NO _x , VOC, dust, etc.) around industrial and mining sites
18	Adaptation to climate change	Adapt the activity to climate changes and developments by including ESG criteria in risk analysis; measure and anticipate the effects of direct and indirect activities on the climate (throughout the value chain)
Ethics, governance and societal responsibility		
19	Respect for human rights	Assess human rights and fundamental freedoms risks related to the activity and set up all necessary measures and diligences to preserve and maintain them
20	Fair competition	Ensure compliance with fair competition standards throughout the group's activities
21	Commitment to stakeholders	Build a special relationship and dialog with the group's stakeholders, acknowledge their specific issues and consider them in the decision-making process
22	Fight against corruption	Prevent and fight against any form of corruption and influence-peddling, in the company and its value chain
23	Compliance with tax ethics	Prevent and combat tax evasion
24	Share added value and contribute to host countries' economy	Ensure that host economies benefit from resource utilization and ensure tax transparency
25	Commitment to communities	Contribute to local communities' development according to their needs, for example through direct and indirect job creation, support for education and vocational training, health, development of infrastructures, etc.
26	Duty of vigilance and responsibility in the supply chain	Guarantee compliance with societal and environmental responsibility, human rights and business ethics criteria by all business partners throughout the value chain (suppliers, subcontractors, customers), through high and ambitious standards
27	Promotion of responsible finance	Include ESG criteria in the financing tools and support the development of responsible finance products (green loans, green bonds, etc.)