

# 2018 reporting on financial transparency of the Group



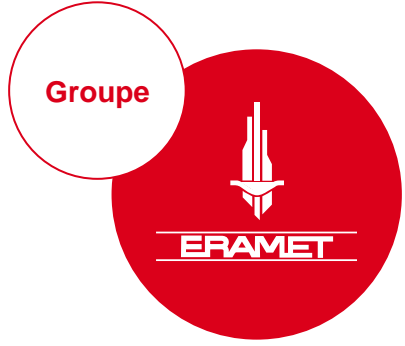
# CONTENT

**1**

**MEMORANDUM RELATING TO THE 2018 REPORTING  
ON FINANCIAL TRANSPARENCY OF ERAMET GROUP**

**2**

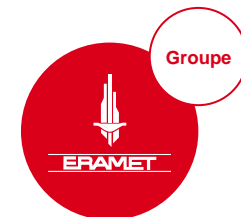
**2018 REPORTING ON FINANCIAL  
TRANSPARENCY OF ERAMET GROUP**



# 1

## **MEMORANDUM RELATING TO THE 2018 REPORTING ON FINANCIAL TRANSPARENCY OF ERAMET GROUP**

# MEMORANDUM RELATING TO THE 2018 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 30<sup>th</sup>, 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.

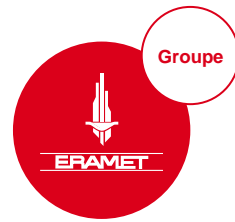
The payments to be declared shall include the payments in cash or in kind, made as a single payment or as a series of related payments, for an amount equal to or above 100.000 euros within a financial year. The following subsidiaries of the ERAMET group are subject to this obligation:

- 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 SUDAMERICA 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.

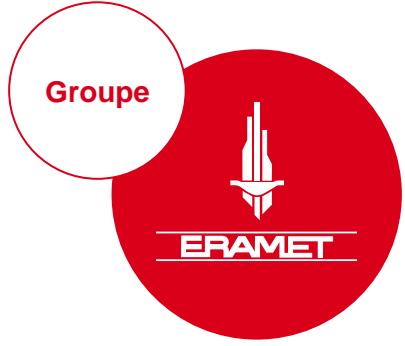
# MEMORANDUM RELATING TO THE 2018 REPORTING ON FINANCIAL TRANSPARENCY OF ERAMET GROUP (2/2)



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 2017, the following subsidiaries did not make payments greater than 100.000 euros : Maboumine, PT Weda Bay Nickel, ERAMET South Africa, ERAMINE SUDAMERICA SA.

This report was approved by the Board of Directors of ERAMET SA on May 24<sup>th</sup>, 2018.

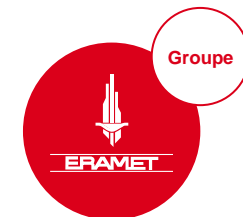


# 2

## 2018 REPORTING ON FINANCIAL TRANSPARENCY OF ERAMET GROUP

# 2018 REPORTING ON FINANCIAL TRANSPARENCY OF ERAMET GROUP

## – PAYMENTS PER CATEGORY



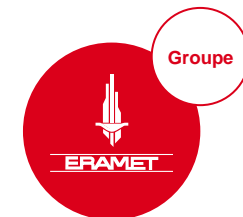
Payments per category		Definitions	Countries	Legal Entities	Paid Amount (in euros)*	Public authority receiving the payment
Payments imposed on the legal entity as a commercial entity	Taxes levied on the income, production or profits of companies	Taxes levied on the profits of a company's upstream activities, excluding taxes levied on consumption such as value added taxes, personal income taxes or sale taxes.	France (Nouvelle Calédonie)	Société Le Nickel (SLN)	9 824 231	Public Treasury (Directorate Tax Services New Caledonia)
			Gabon	Comilog SA	69 547 661	Ministry of Finance of Gabon
	Payments for infrastructure improvements	Payment required by contract law or tax law (e.g. road building)	France (Nouvelle Calédonie)	Société Le Nickel (SLN)	167 600	City of Koumac
			France (Nouvelle Calédonie)	Société Le Nickel (SLN)	167 600	City of Thio
			Gabon	Comilog SA	249 635	Mining and metallurgy School of Moanda
			Gabon	Comilog SA	240 599	District of Lastourville
			Senegal	GCO	307 415	City of Tivaouane
Payments imposed on the legal entity as mining operator	Royalties	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).	France (New Caledonia)	Société Le Nickel (SLN)	1 040 538	Public Treasury (Directorate Tax Services New Caledonia)
			Senegal	GCO	3 795 689	Ministry of Finance of Senegal
			Gabon	Comilog SA,	23 786 301	Ministry of Mines of Gabon
	Export Duties	Payments to the host government and/or national state-owned company for exporting minerals.	Gabon	Comilog SA	12 509 273	Ministry of Finance of Gabon

- (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 includes the payment of the income tax and a property tax.
- (d) Funding of a kid school, a music school, a library and a cultural centre in the city of Koumac.
- (e) Funding of roads and the mining museum and a sports centre in the city of Thio.
- (f) Annual funding of the Mining and Metallurgy School of Moanda (Official opening in 2017).
- (g) Funding of a project to bring water and electricity to some areas of the city of Lastourville.
- (h) Grande Côte Opérations SA (GCO) is owned at 90% by Tizir Limited, a joint venture 50%-owned with the Australian group, Mineral Deposits Limited. The indicated amount represents the whole payment made by GCO.
- (i) Funding program to which GCO is committed in order to perform improvement work for inhabitants that are impacted by the mining activity.
- (j) This amount equals the payment of the land tax. However, there is currently an administrative litigation in New Caledonia regarding the nature of this tax in order to determine whether it is a tax or a fee for occupying public land.

\* The exchange rate used for this purpose is the average exchange rate for 2017, which is also used for the financial reporting of ERAMET group.

# 2018 REPORTING ON FINANCIAL TRANSPARENCY OF ERAMET GROUP

## – PAIEMENTS PER COUNTRIES AND LEGAL ENTITIES



Countries / Legal entities	Taxes levied on the income, production or profits of companies	Payments for infrastructure improvements	Royalties	Exit fee	Paid (in euros)
Gabon / Comilog SA	69 547 661	490 235	23 786 301	12 509 273	106 333 470
Senegal / GCO		307 415	3 795 689		4 103 105
France (New Caledonia) / Société Le Nickel (SLN)	9 824 231	335 200	1 040 538		11 199 969
<b>Total Group</b>					121 636 544