REGISTRATION DOCUMENT
2014

THE FACES **OF OUR FINANCIAL** PERFORMANCE

ERAMET

ALLOYS, ORES AND PEOPLE.

Contents

Société anonyme
(French public limited company)
with registered capital of €80,956,814.90.

Registered office:
Tour Maine Montparnasse,
33, avenue du Maine, 75015 Paris,
France.

Registration number 632 045 381
in the Paris trade and corporate register.

This translation is a non binding translation into English
and is provided solely for the convenience of English-speaking readers

REGISTRATION DOCUMENT 2014

This document, prepared on the basis of the 2014 financial statements, includes all material information subsequent to the approval of the financial statements, as available at the date of its filing.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French language version of this Document de Référence (Registration Document) was filed with the AMF on 25 March 2015, pursuant to Article 212-13 of the AMF General Regulations. It may be used in support of a financial transaction if supplemented by a prospectus which will have received the visa of the AMF. This document has been drawn up by the issuer and is binding for its signatories.

1

GROUP OVERVIEW

1.1 GROUP PROFILE

The ERAMET group is a French mining and metallurgical group with leading global positions in each of its businesses. The Group, which employed close to 14,000 people in 2014 in some 20 countries, generated annual sales of €3.1 billion.

The ERAMET group holds leading global positions in each of its businesses:

- The Manganese Division is the world's second-largest producer of high-grade manganese ore at its mine in Moanda (Gabon), the world's second-largest producer of manganese alloys, the leading producer of very high value added alloys, "refined" alloys and the world's leading producer of manganese chemical derivatives.

  The Group is developing a new mineral-sands business segment within ERAMET Manganese, TiZir in a 50/50 joint venture with Mineral Deposits Limited, with the coming on stream of the Grande Côte site in Senegal in the first half of 2014, supplementing upstream the titanium ore pyrometallurgy beneficiation business at the Tyssedal production unit in Norway.
- The Nickel Division has nickel mines in New Caledonia and processes virtually all its ore itself. ERAMET is the world's seventh-largest nickel producer, the largest ferronickel producer, one of only three global producers of high-grade nickel and the global leader in nickel chloride. ERAMET is also studying the development of its Weda Bay nickel deposit located on the island of Halmahera in Indonesia. This world-class deposit would be developed locally using a hydrometallurgy process developed by the Group. In early 2014, the decision was deferred by the partners (see Chapter 2, Nickel).
- ERAMET Alloys is the second-largest global producer of closed die-forged parts for aeronautics and energy generation, with strong growth in titanium. It is also the world leader in gas atomised powder-metallurgy alloys.

The Group has major long-term competitive advantages:

- ore reserves of the highest quality in terms of both ore content and lifespan;
- highly-developed technological skills throughout the metal value chain, in mining, metallurgy, alloy processing and conversion (in particular high-power closed die-forging) as well as metal chemistry and metal powders.

The Group is implementing a long-term growth strategy designed to strengthen and diversify its present positions, along the following lines of development:

- widening our world leadership positions in alloys (in existing and new metals);
- strengthening our positions in top-of-the range metallurgy;
- diversifying our portfolio towards special metals with high growth potential (e.g. zirconium and titanium dioxide, lithium, etc.);
- increasing the Group's geographical diversification;
- pursuing growth in metal recycling.

These policy thrusts should enable the ERAMET group to scale up its diversification both geographically and in its metals portfolio, with the aim of improving its risk profile and strengthening its financial resilience. For certain large projects, ERAMET also works in partnership with industrial players.

In its development, the Group takes a long-term view. The Group acts responsibly towards its environment, employees and shareholders, in accordance with the principles of its Code of Conduct and its sustainable-development policy.

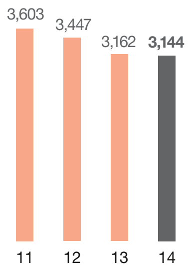
In the current market and global economic environment, and without losing sight of its strategic objectives, the Group continues to emphasise the preservation of its sound financial base and substantial cash reserves.

1.2 KEY FIGURES/COMMENTS ON THE FINANCIAL YEAR

1.2.1 Key business figures

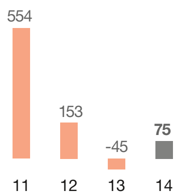
Key figures/Comments on the financial year (1)

Sales
(€ million)



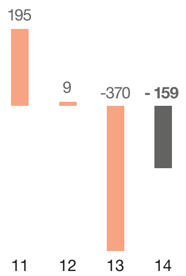
Sales in line with 2013 at €3,144 million.

Current operating profit
(€ million)



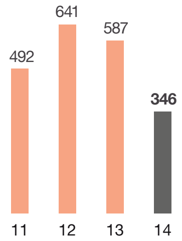
Current operating profit up sharply between 2013 and 2014.

Profit (loss) for the period, Group share
(€ million)



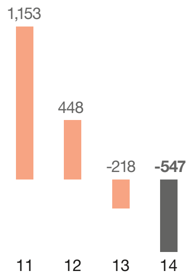
Profit (loss) for the period, Group share significantly improved in 2014 compared with 2013.

Industrial capital expenditure
(€ million)



Industrial capital expenditure limited to €346 million, 41% down on 2013.

Consolidated net cash
(€ million)



Strong financial position despite a reduction in consolidated net cash in 2014.

Breakdown of sales by Division in 2014

Sales by Division (€ million)	2014	2013
Nickel	781	704
Manganese	1,429	1,562
Alloys	938	904
Holding co. and miscellaneous	(4)	(8)
TOTAL	**3,144**	**3,162**

Breakdown of sales by geographic area in 2014

Sales by geographic area (€ million)	2014	2013
Europe	1,393	1,418
North America	664	642
Asia	947	949
Other regions	140	153
TOTAL	**3,144**	**3,162**

(1) The consolidated data presented, for the Group and the Divisions, in this Registration Document apart from Chapter 6, are adjusted data drawn from Group reporting, which consolidates joint ventures on a proportional basis. See reconciliation with the IFRS consolidated financial statements in Section 1.2.2.

1.2.2 Summary of consolidated financial statements

(€ million)	2014	2013
Sales	3,144	3,162
Current operating profit (loss)	75	(45)
Operating profit (loss) before impairment	(27)	(125)
Operating profit (loss)	(54)	(548)
Net profit (loss)	(171)	(507)
Profit (loss) for the period, Group share	(159)	(370)
Net cash generated by operating activities	43	161
Capital employed	3,184	2,992
Industrial capital expenditure	346	587
Average workforce	13,175	13,648

1.2.2.1 Income statement

Sales

ERAMET group's sales were almost unchanged in 2014 compared with 2013 at €3,144 million. The decline in sales at ERAMET Manganese, following a rail accident in Gabon and a fall in the price of manganese ore, was offset by a) the stronger performance at ERAMET Nickel as a result of higher average nickel prices and b) the performance of ERAMET Alloys.

Current operating profit (loss)

Group current operating profit came to €75 million, compared with a €45 million loss in 2013. This performance was mainly driven by higher nickel prices, improved productivity and cost cutting, partly offset by a decline in production volumes and prices of manganese ore.

The Group's focus on productivity and cost cutting across all business sectors resulted in 2014 savings of in excess of €100 million compared with 2013.

Operating profit (loss) before impairment

A loss of €27 million was returned as against €125 million in 2013. This improvement was mainly due to the €120 million increase in current operating profit (loss).

Other operating income and expenses (excluding impairment of assets) rose from €80 million in 2013 to €102 million in 2014, including in particular study costs on major projects and restructuring costs relating to ongoing reorganisation in France.

Operating profit (loss)

The operating loss of €54 million marked a significant improvement from the €548 million loss in 2013. 2013 operating profit was adversely affected by a €423 million expense for impairment of assets compared with €27 million in 2014 operating profit, mainly relating to the Grande Côte project (TiZir) in Senegal and the manganese alloys business in China (Guilin).

Net profit (loss)

The net loss for 2014 was €171 million compared with €507 million in 2013, after the effect of:

- the €40 million net borrowing cost, being the net result of an average €878 million in cash invested at some 1.07% and average gross debt of €1,421 million bearing 3.91% interest;
- other financial income and expenses, amounting to a loss of €28 million, of which €12 million in accretion expenses, €7 million of net interest on employee benefits, a €16 million expense on financial instruments ineligible for hedging partly offset by the €6 million gain on the disposal of Tinfos shares;
- a tax expense of €49 million, namely an effective rate of -39%, due to unrecognised or limited deferred tax assets at certain loss-making tax entities and the recognition of the accounting consequences of a tax audit at Comilog.

Profit (loss) for the period, Group share

The loss for the period, Group share was €159 million compared to €370 million in 2013, net of €12 million in non-controlling interests in 2014.

1.2.2.2 Financing (1)

The Group's net borrowings (2) stood at €547 million at 31 December 2014 compared with €218 million at 31 December 2013. This change results from the following flows:

- €43 million in net cash inflows from operating activities (€161 million in 2013);
- €320 million in net investment cash outflows including a cash outflow of €346 million in industrial capital expenditure;
- €25 million in cash outflows from equity capital transactions, consisting of dividend payments to non-controlling interests in Comilog;
- a minus €27 million impact from currency fluctuations.

The ERAMET group is not currently rated by a financial rating agency.

The Group may, if necessary, draw on sources of finance, details of which can be found in the Notes to the consolidated financial statements (Part 6 of this document):

1.2.2.3 Economic balance sheet (3)

The Group's economic balance sheet total at 31 December 2014 was €4,255 million compared with €4,084 million at 31 December 2013.

This €171 million increase chiefly results from the following:

- firstly, the €102 million increase in non-current assets with the level of capital expenditure outstripping depreciation for the financial year, the €63 million increase in simplified WCR as a result of operations with inventories in particular up €69 million;
- secondly, the €329 million increase in net borrowings (see the Financing section) and in particular in bonds following the additional bond issue, the private placements in euros and the Borrowing Base, the €92 million increase in derivative liabilities following the fall in the EUR/USD exchange rate at end-2014, and employee-related liabilities and provisions (€78 million) partly offset by the decline in equity (-€256 million) largely due to the 2014 net loss, the payment of dividends to non-controlling interests in Comilog and the impact on equity of the remeasurement of hedging financial instruments.

Contingent liabilities connected with disputes are detailed in Notes 20 and 36 to the consolidated financial statements.

The policy and objectives for management of financial risks, including its hedging policy as well as exposure to price, credit, liquidity and cash flow risks are presented in Note 24 "risk management and derivatives" to the consolidated financial statements.

Reconciliation of Group reporting and published financial statements

(€ million)	Full year 2014 Published (1)	Joint-venture contribution	Full year 2014 Adjusted (2)	Full year 2013 Published (1)	Joint-venture contribution	Full year 2013 Adjusted (2)
Sales	3,075	69	3,144	3,085	77	3,162
EBITDA	363	-	363	211	20	231
Current operating profit (loss)	86	(11)	75	(59)	14	(45)
Operating profit (loss)	(15)	(39)	(54)	(562)	14	(548)
Profit (loss) for the period—attributable to equity holders of the parent	(159)	-	(159)	(370)	-	(370)
Net cash generated by operating activities	50	(7)	43	134	27	161
Industrial capital expenditure	(305)	(41)	(346)	(459)	(128)	(587)
Net (debt)/cash position	(411)	(136)	(547)	(138)	(80)	(218)
Shareholders' equity—attributable to equity holders of the parent	2,322	-	2,322	2,532	-	2,532

(1) Financial statements prepared under IFRS applicable as of 01/01/2014, with joint venture accounted under equity method. See 2014 consolidated financial statements.

(2) Group reporting, with joint venture accounted under proportional consolidation method.

(1) Table of debt flows (Note 2.3 to the consolidated financial statements).

(2) Net borrowings is comprised of short and long-term borrowings less cash and cash equivalents and current financial assets.

(3) Economic balance sheet (Note 2.3 to the consolidated financial statements).

1.2.3 Capital expenditure

1.2.3.1 Goals

The ultimate aim is both to improve competitiveness and to grow the business of the three strategic Divisions (Nickel, Manganese and Alloys). The policy is based on product differentiation with a focus on markets with structural medium- to long-term growth.

1.2.3.2 Main capital expenditure

Total amount of capital expenditure

Capital expenditure on property, plant and equipment recognised at Group level came to €492 million in 2011, €641 million in 2012, €587 million in 2013 and €346 million in 2014.

Each major project may be differently financed (particularly from own resources, bank borrowings and finance leasing). Further information is given in Notes 6 and 7 to the consolidated financial statements. Current capital expenditure is generally funded from own resources.

Breakdown of capital expenditure by Division and description of major projects

ERAMET Nickel

(€ million)	2011	2012	2013	2014
Capital expenditure recognised	141	146	172	97

Improving production equipment

In 2014, ERAMET Nickel's capital expenditure budget was significantly scaled back. The projects chosen were rigorously assessed from the perspective of "productivity-safety-environment-renewal". In connection with this systematic search for performance, in a context of a limitation on the sums available to invest, the largest items of capital expenditure given priority were the following:

- For Société Le Nickel-SLN, the construction of the new coal workshop and new drying facilities, which on its own accounted for over 20% of the total amount for SLN. The complex is scheduled to become operational in early 2015. Overall, for SLN, there was an even split between so-called strategic capital expenditure on mines and plant, and ordinary expenditure on mines and plant, each grouping accounting for circa one-third of expenditure.
- In Sandouville, the focus was on improving the quality of effluent with the water treatment plant and on upgrading existing equipment.
- In Eurotungstene, capital expenditure was strictly limited to maintenance and diversification of production equipment.

Expenditure in 2015 will follow the same lines as in 2014, with each item of capital expenditure carefully and rigorously scrutinised.

Power station for Société Le Nickel-SLN

2014 was spent looking for a technical and financial partner in order to launch the project. Thus, following a call for proposals that resulted in receipt of three bids, the Boards of Directors of ERAMET meeting on 30 September 2014 and of Société Le Nickel-SLN meeting on 2 October 2014 selected Eiffage Group as the "preferred bidder" for the power station, which is intended to take over from the current station that supplies electricity to Société Le Nickel-SLN's Doniambo plant.

This project will help significantly improve Société Le Nickel-SLN's environmental and financial performance.

Weda Bay project

In view of the deterioration in the nickel market in 2013 and the short-term outlook for nickel prices as well as the need to continue discussions on the project's legal and tax framework, ERAMET, in agreement with its partners Mitsubishi Corp., Pamco and PT Antam, took the view at end-2013 that the conditions for making an investment decision in 2014 on the Weda Bay project were not fulfilled. The anticipated date of the FID was postponed beyond 2015. 2014 saw the completion of the optimisation phase of the feasibility study, as well as the continuation of the process of obtaining administrative permits and of negotiations with the Indonesian government.

ERAMET Manganese

(€ million)	2011	2012	2013	2014
Capital expenditure recognised	245	399	346	199

In 2014, ERAMET Manganese kept its overall capital expenditure at close to €200 million in what remained challenging market conditions, while safeguarding its strategic capital expenditure:

- metallurgy complex at Moanda (Gabon);
- 4-million-tonne capacity consolidation at Comilog (Gabon);
- renovation of the Setrag railway (Gabon).

The Metallurgy Complex project at Moanda

The construction of the plant to produce manganese alloys using pyrometallurgical methods was completed in 2014. A first silicomanganese manufacturing furnace began operating in August 2014 and the second at end-2014. Particular attention was paid to training the operational teams: a number of operators from the French and Norwegian plants took part in equipment acceptance testing as well as in commissioning the facilities, in order to help the local teams build up their skills. There will be a gradual ramp-up.

The plant to manufacture manganese metal using an electrolytic process is scheduled to open in Q1 2015.

Production-capacity consolidation at Comilog

Capital expenditure on consolidating production capacity at Comilog at four million tonnes per annum focused on two main points:

- the delivery of 30 ore-carrying wagons in mid-year, which makes it possible to safeguard Comilog's ore carrying capacity. 30 new wagons are expected in 2015, bringing the rolling stock up to the desired level;
- the purchase of six locomotives, scheduled for delivery in 2015-2016, represents the final item of capital expenditure planned in order to achieve and consolidate production and sales levels at four million tonnes.

Renovation of the Setrag railway line

After purchasing six new main-line locomotives in previous years, Setrag purchased six shunting locomotives in order to renew what was very old rolling stock. These six locomotives will be delivered in the course of 2015.

The major programme to upgrade the wagon fleet continued. In 2014, six tanker wagons were brought into service along with 50 flat wagons. These wagons meant that it was possible to significantly increase Setrag's carrying capacity. The plan to recondition the log-carrying wagon fleet was launched and will continue for a number of years.

Renovation of the track will continue at a steady annual pace of 30 km of rail and 80,000 sleepers. The machine for checking railway track alignment is very regularly used and makes it possible to precisely monitor track alignment.

In parallel, a major clean-up and renewal of the ballast was undertaken. A work train has been in service since the end of Q3 2014. This work will continue in 2015 and 2016.

Finally, the locomotives are being progressively fitted with a satellite communication and geo-location system, making it possible to significantly improve rail safety and operations.

In addition to ongoing work on these major projects, capital expenditure was targeted on reducing the environmental footprint of our operations. A number of major capital expenditure projects involving systems to capture and filter smoke were completed at all ERAMET Manganese plants.

In Norway, the "Sauda 12" furnace was significantly revamped in 2013 to increase its production capacity; it was restarted without incident in early 2014.

ERAMET Manganese also introduced a common management system at all its alloy plants, progressively rolling out a common ERP system. The first plant fitted with this system was Dunkirk, which began using it in mid-2014. The roll-out of this programme will continue in Norway in 2015.

Finally, Comilog reaffirmed and strengthened its local presence by beginning construction work on an *École des Mines et de la Métallurgie* (Mining and Metallurgy School) in Moanda, in partnership with the Gabonese State.

ERAMET Alloys

(€ million)	2011	2012	2013	2014
Capital expenditure recognised	100	84	64	48

In 2014, ERAMET Alloys significantly cut back its capital expenditure compared with previous years. It involved capital expenditure on the maintenance/modernisation of its existing facilities. This was mainly focussed on equipment used for the aerospace markets, and in particular on those connected with the increase in production rates of titanium parts.

Furthermore, there was significant capital expenditure on IT systems, including the new commercial system at Aubert & Duval.

1.2.4 Recent developments and outlook

1.2.4.1 Information as of the date of the Board of Directors Meeting on 19 February 2015

No other material events occurred up to the date of the Board Meeting.

1.2.4.2 Outlook for 2015

Certain economic conditions (exchange rate and fuel) should significantly benefit the ERAMET group's performance if they stay the same as in early 2015.

An improvement in nickel prices is expected for 2015 due to the Indonesian ban, with most metal and ore inventories built up prior to 2014 likely to be gradually reabsorbed.

In 2015, the Group is targeting approximately €90 million in cost reductions and productivity gains out of a total €360 million for 2014-2017.

The Group will keep capital expenditure below the €400 million threshold in 2015 as it did in 2014.

In all three Divisions, production should benefit from the ramp-up of the capital projects undertaken in recent years.

The Group, therefore, has robust levers for the significant improvement of its results.

1.3 HISTORY AND DEVELOPMENT OF THE COMPANY

1880: Société Le Nickel was incorporated in 1880 to exploit 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, which owns the mining assets located in New Caledonia, became a wholly-owned subsidiary of a new parent company called ERAMET-SLN, in which the shareholders continued to be ERAP (70%), Imétal (15%) and Elf Aquitaine (15%).

From 1989 onwards, in order to smooth out the effects of nickel cycles, the Company adopted a strategy of diversifying into complementary business activities.

1989-1991: Acquisition of the French company La Commentryenne and the Swedish company Kloster Speedsteel in the high-speed steels sector. These two companies were merged in 1992 to form a new company called Erasteel.

1991: Long-term commercial and financial partnership with Nisshin Steel. At end-October 1994, Nisshin Steel had a 10% interest 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: Acquisition of a 51% stake in Eurotungstene, a cobalt and tungsten powder producer.

A private placement was followed by 30% of ERAMET's share capital becoming listed on the Paris Stock Exchange *Second Marché*.

1994: The BRGM group (*Bureau de Recherches Géologiques et Minières*, a French state-owned company) transferred ownership of its Cofremmi subsidiary, which owned nickel ore reserves in New Caledonia, in return for the grant of 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.

1997: ERAMET acquired an additional 15% in Comilog from Gengabon (Gencor Group).

1998: Agreement to swap Poum/Koniambo mining rights in New Caledonia.

1999:

- The Group consolidated SIMA (Duval family), a producer and transformer of high-performance special steels;
- Disposal of a 30% interest in Société Le Nickel-SLN to ERAP in exchange for ERAMET shares; ERAP then transferred that interest to a New Caledonian publicly-owned entity, Société Territoriale Calédonienne de Participation Industrielle (STCPI). The French State transfers ERAP's remaining interest to Cogema, which then becomes part of the Areva group;
- Acquisition of the manganese business (refined alloys) of the Norwegian group Elkem.

With the completion of these operations, the Group's businesses have become organised into three Divisions—Nickel, Manganese and Alloys—and the Group's share capital is mostly held by private shareholders, with the French state retaining a non-controlling interest.

2000: Acquisition of the Mexican company Sulfamex, producing manganese-based agrochemicals. Opening of the Moanda industrial complex in Gabon.

2002: Acquisition of the Guilin manganese alloy plant (China).

2003: Acquisition of a 100% interest in the Trappes research centre (France) and a 100% interest in Eurotungstene.

2005: Acquisition of a 100% interest in Bear Metallurgical (a subsidiary of Gulf Chemical and Metallurgical Corp.) in the United States. Setrag was granted a 30-year concession to operate the Transgabon railway.

2006: Acquisition of Weda Bay Nickel in Indonesia.

2007: Shares in ERAMET were swapped for those in SLN for STCPI as part of the SLN shareholders' agreement.

2008: Acquisition of a 58.93% controlling interest in the Norwegian group Tinfos.

2009: Disposal of 33.4% of Strand Minerals (Weda Bay project holding company) to Mitsubishi Corporation.

ERAMET raised its stake in Eralloys (formerly Tinfos, Norway) to 100% after acquiring 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.

2010: Agreement with the Gabonese Republic for a phased increase (until 2015) of its interest in the capital of Comilog.

2011: Creation of TiZir, a joint venture in mineral sands with Mineral Deposits Ltd.

2012: Acquisition by Fonds Stratégique d'Investissement (which became BPI France) of the ERAMET shares previously held by Areva.

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: Commencement of the Moanda metallurgy complex in Gabon and (via TiZir) of Grande Côte in Senegal (mineral sands).

2

ACTIVITIES

2.1 GROUP STRUCTURE

ERAMET Group

ERAMET Ingénierie (100%)
ERAMET Research (100%)
ERAMET International (100%)

ERAMET Alloys

High performance special steels
and superalloys, high speed steels
Closed die-forged parts and forging

- A & D (France – 100%)
  - UKAD (France – 50%)
- Erasteel (France – 100%)
  - Erasteel HEIML (China – 49%)

ERAMET Manganese

Manganese: high-grade ore,
alloys & chemical derivatives
Recycling of catalysts
Ferrovanadium & ferromolybdenum
Titanium dioxide & high-purity
smelting business
Zirconium & ilmenite

- Comilog (Gabon – 63.71%)
  - – Setrag (Gabon – 99.96%)
  - – Maboumine (Gabon – 76.14%)
  - – Comilog Dunkerque (France – 99.99%)
  - – Erachem (Belgium, USA, Mexico – 100%)
  - – Gulf (USA – 100%)
- Comilog Asia Ltd (China – 80%)
- ERAMET Norway (100%)
- ERAMET Marietta (USA – 100%)
- TIZIR (Norway, Senegal – 50%)

80%

20%

ERAMET Nickel

Ferronickel, high purity nickel
Nickel and cobalt chlorides
Nickel carbonate
Cobalt and tungsten powders

- Société Le Nickel-SLN (56%)
- Production unit at Sandouville-Le Havre (100%)
- Eurotungstène (100%)
- Strand Minerals Pte. Ltd. (66.6%)
  - PT Weda Bay Nickel (90%) *

* Project deferred

2.2 ERAMET NICKEL

2.2.1 Nickel market

2.2.1.1 Uses of nickel

The primary use for nickel is in the composition of numerous special steels, broadly defined (stainless steel, alloy steels and hence, superalloys) which together account for some 85% of the uses for nickel.

Its rich and multifarious properties also make it useful in smaller volumes, for example in electroplating (electrodeposition in a thin layer on plumber's fittings or in automotive applications) or in rechargeable batteries. It also possesses catalytic properties.

The symbol for nickel in the periodic table of the elements, "Ni", is a commonly-used abbreviation for this metal.

In 2014, world primary nickel consumption, estimated at some 1.9 million tonnes, broke down as follows:

- Stainless steel: 67%
- Nickel alloys: 11%
- Electroplating: 8%
- Casting and alloy steels: 7%
- Other uses (including catalysis and rechargeable batteries): 7%

Sources: ERAMET estimates.

Stainless steel

Stainless steel is by far the world's largest-consuming sector for nickel. Combining nickel with chromium makes it corrosion-resistant and more ductile (easier to shape). The following are the main uses of stainless steel:

Food safety and hygiene: household equipment (sinks, cutlery, cooking pots, etc.), household appliances (washing machines, microwave ovens, etc.) and also the food industry (milk, wine, pharmaceutical preparations or surgical equipment).

Basic industries (corrosion resistance): chemicals, petrochemicals, paper, energy production, etc.

Building and construction industry (aesthetics, durability, low maintenance cost): lifts, stair-rails, urban furniture, building accessories.

Transport (corrosion resistance, low maintenance cost): trains, ships, tanker trucks, aerospace, automotive catalytic exhausts.

Nickel alloys

Aerospace superalloys (Ni content in excess of 45%, in combination with other metals, particularly cobalt and chromium). Superalloys can sustain good mechanical performance despite the increasingly high operating temperatures of jet engines.

Nickel/iron alloys: the production and transportation of industrial gases and liquid natural gas at very low temperatures require the use of certain nickel/iron alloys.

Other corrosion-resistant nickel alloys: used in chemical industries and in environmental-protection facilities (smoke and gas processing, water treatment, etc.).

Nickel recycling

Nickel can be recycled indefinitely and its high economic value makes it worthwhile to collect and recycle. The structure of the nickel recycling industry has been firmly established for many years. Nickel is most commonly recycled in stainless-steel production.

2.2.1.2 Nickel supply

Nickel ores

There are two main kinds of nickel ore: sulphide ores and oxide ores, the latter consisting of two ores in combination.

Sulphide ores

Sulphide ore mines are generally underground. Geographically they are mainly located to the North (Canada, Siberia, etc.) or the South (South Africa, Australia, etc.). In these ores, nickel is found with several other metals such as copper, cobalt, gold, silver and often platinoids. A physical process can be used to beneficiate (concentrate) the ore. The concentrate is processed by pyrometallurgy in furnaces, to yield an intermediate product, matte, which is then refined to obtain metallic nickel.

Oxide ores: laterites (upper stratum) and garnierites or saprolites (lower stratum)

Société Le Nickel-SLN's oxide ore deposits (garnierite) are mined opencast. These deposits, where nickel is concentrated by weathering due to climate and the nature of the terrain are situated in tropical climatic zones (New Caledonia, Indonesia, the Philippines, Cuba, etc.).

The ores are of two kinds: laterites and garnierites or saprolites.

Garnierites or saprolites lie beneath laterites, but are the richer of the two ores. They have higher nickel grades, of approx. 1.3 to 2.5%. For a long time, only garnierites were exploited.

The ore is treated by pyrometallurgy (in electric furnaces), which usually gives a finished product, ferronickel (used to make stainless steel) or, less frequently, an intermediate product, matte (nickel sulphate), which is refined to make metallic nickel.

Laterites have lower nickel contents, of around 1% to 1.4%, and their chemical composition tends to greatly shorten the life of the refractories in the furnaces processing garnierites or saprolites. However, the growing scarcity of sulphide ores such as high-grade garnierites or saprolites has stimulated interest in developing laterites since the early 1990s. These are developed using hydrometallurgy plant in which the ores are dissolved in sulphuric acid, then the nickel and cobalt are extracted and separated.

Laterites constitute the main resource for nickel in the long term, despite the difficulties experienced with certain projects. The ERAMET group has developed a special hydrometallurgical process for developing a mix of low-grade garnierites or saprolites and laterites. This process is at a lower pressure and temperature compared with existing projects processing laterites alone.

2.2.1.3 The main nickel-producing countries

Mining production *(nickel content, thousand tonnes)*	2013	2014
Philippines	316	351
Russia	264	264
Canada	223	235
Australia	234	225
New Caledonia	164	178
Indonesia	834	177
Brazil	108	102
China	107	100
Colombia	84	84
Cuba	66	50
Others	209	239
WORLD TOTAL	**2,613**	**2,020**

Sources: International Nickel Study Group, INSG.

In 2014, ERAMET was the world’s 7th-largest producer of refined nickel (the finished product). The country breakdown for refined nickel production was as follows:

	Metallurgical production Finished products	
(nickel content, thousand tonnes)	2013	2014
China	694	697
Russia	240	234
Japan	178	177
Canada	153	147
Australia	143	147
Norway	91	91
Brazil	57	77
New Caledonia	48	62
Colombia	49	42
Finland	44	43
United Kingdom	42	40
Other	196	205
WORLD TOTAL	**1,959**	**1,969**

Sources: International Nickel Study Group, INSG.

2.2.1.4 Recent market and price trends for nickel

Formation and monitoring of nickel prices

Nickel is a quoted commodity on the LME, the London Metal Exchange. A characteristic of this market is the possibility, though without the obligation, of delivering or taking delivery of the physical metal covered by matured future contracts.

Premiums or discounts are applied to this base price according to the products' quality or grade, processing stage, location and the physical market equilibrium at the time.

Recent years have featured strong growth in world demand for nickel, including demand in the developed countries. In view of the complexity and capital-intensiveness of investment in the nickel industry, this steep growth in requirements caused nickel prices to peak prominently in 2006/2007.

In reaction, the Chinese metallurgy industry successfully adapted old steel-industry sites, then developed specific production resources for melting imported nickel ores and satisfying a growing proportion of Chinese stainless steel producers' requirements, also heavily expanding.

Production by these new players in the nickel sector is below industry-standard grade and quality, and is generally referred to as "nickel pig iron", sold at a discount to LME prices.

China has few nickel deposits and is therefore massively dependent on oxide ore imports from two countries, Indonesia and the Philippines, where it has stimulated very rapid development of mining production.

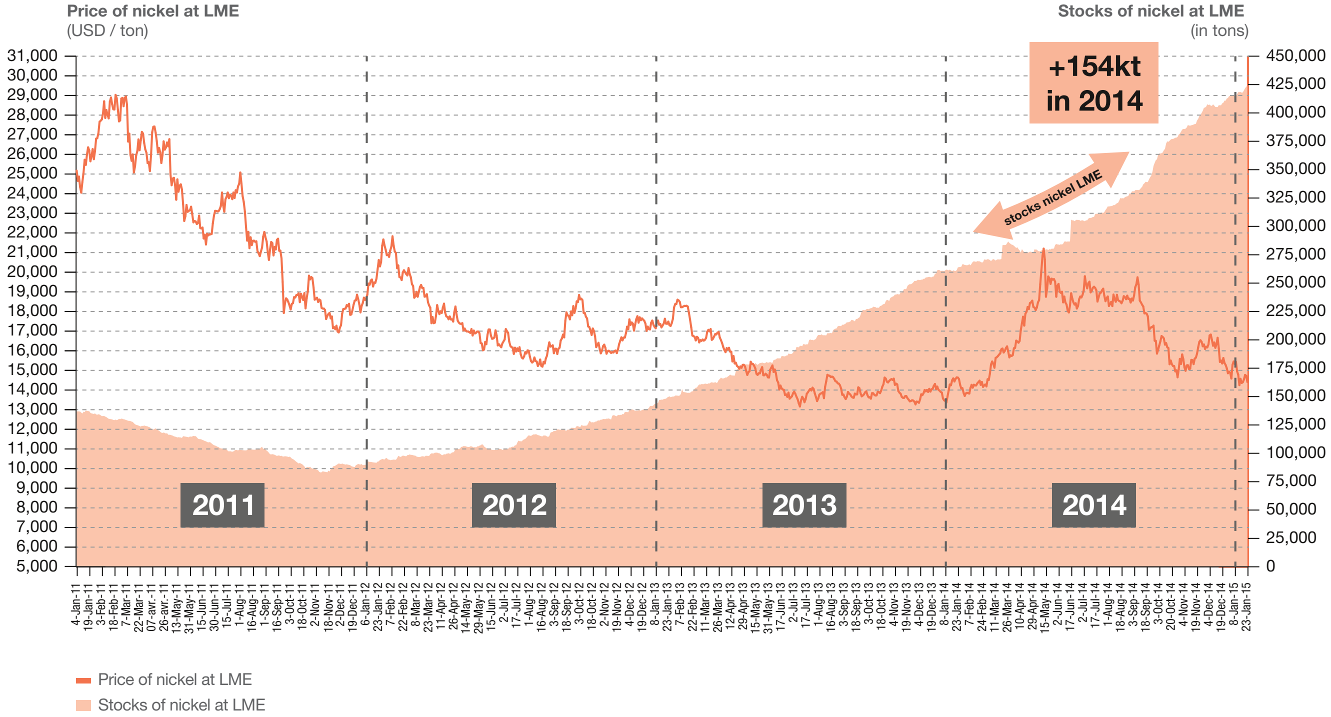
Between 2011 and 2014, nickel pig iron (NPI) took approximately half the Chinese market, equivalent to approximately a quarter of the world market. Note that this rapid growth entailed severe environmental impacts, both in China (particularly emissions, etc.) and at mining sites, in excess of industry standards.

However, this development far outgrew demand, and the world market saw a rapid rise in stocks throughout the industry chain, causing nickel prices to slump below production cost for a large proportion of world producers in 2013.

The main ore producer, Indonesia, withdrew from the ore market in 2014, under a strict ban on exports of ore not developed locally, as part of a policy laid down in 2009 requiring local processing of all ores extracted from the Indonesian subsurface.

In view of Indonesia's major significance in world nickel supply, and the effective enforcement of this new policy, at a time when world demand still remained firm, prices rebounded sharply in the 2nd quarter of 2014.

However, with the persistent increase in LME nickel stocks, prices fell back in the 2nd half of 2014.



Even so, this sharp expansion of LME stocks was offset by an almost equivalent quantity of metal destocked in China in 2014, particularly following the Qindao port scandal, which caused a massive withdrawal from stock of metallic nickel often for use as security for loans. The surplus metal stocks in China now appear to have been exhausted. In addition, the considerable ore stocks accumulated in China before the Indonesian export ban also decreased throughout the year.

In all likelihood, therefore, the market was only slightly in surplus overall at end 2014 as regards the metal, and even in deficit taking ore stock trends into account.

The Indonesian ban should tighten demand on the nickel market during 2015, This underpins most analysts' forecasts of major price rises in the coming years.

2.2.2 ERAMET Nickel overview

2.2.2.1 Key facts

ERAMET Nickel, through SLN in New Caledonia, is the world's seventh-largest nickel producer, with a production rising steadily in recent years to reach 55,000 tonnes in 2014.

ERAMET Nickel pursues a strategy of developing ores locally and positioning itself in high value added products, with reliance on the ERAMET group's internal R&D.

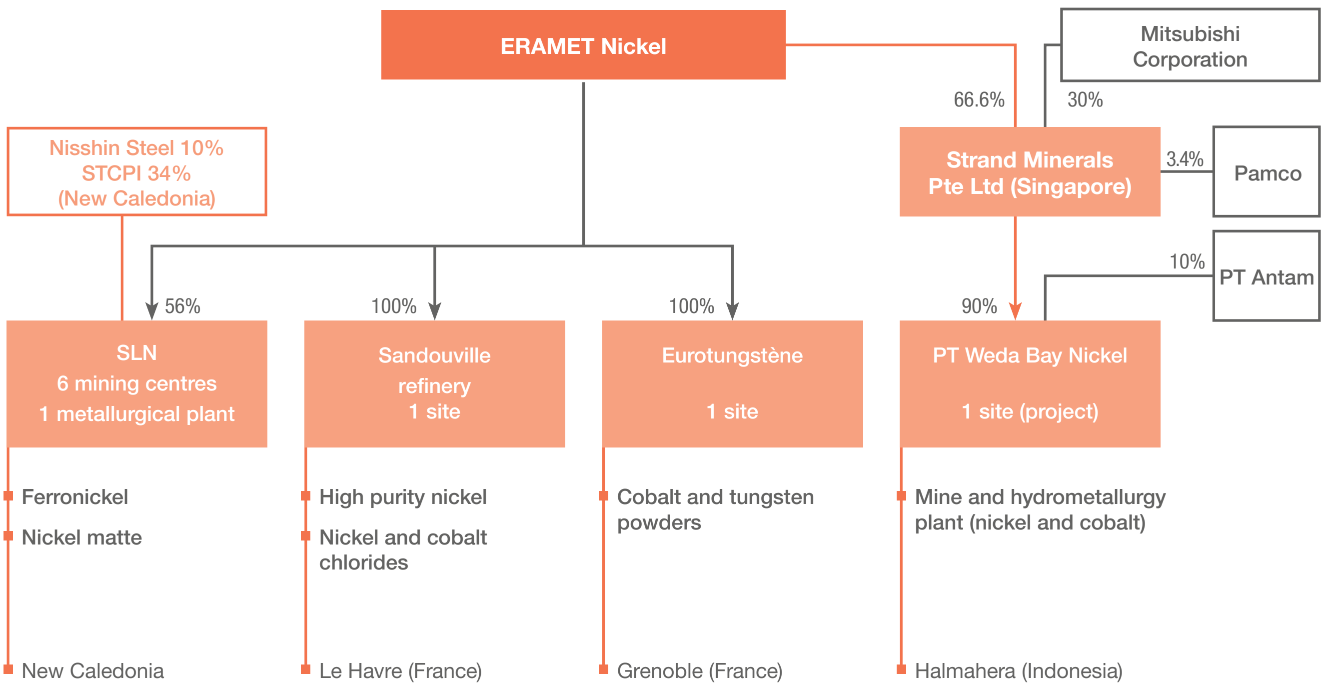
ERAMET is the world's second largest ferronickel producer, for the stainless steel market.

2.2.2.2 Structure

ERAMET Nickel now includes four main entities:

- at its Doniambo plant, Société Le Nickel-SLN in New Caledonia, a 56%-held subsidiary and the main mining and metallurgy business division, produces ferronickel (80 to 90% of volumes) and nickel matte, an intermediate product supplied to the Sandouville refinery;
- two French industrial sites:
  - the Le Havre Sandouville nickel refinery, specialising in high value added products, supplied with nickel matte by SLN,
  - Eurotungstene at Grenoble, where a large proportion of the cobalt extracted from New Caledonian ores at Sandouville is processed to make metal powders;
- the Weda Bay project in Indonesia, based on a world-class deposit.

Structure at 31 December 2014



Société Le Nickel-SLN

ERAMET has a strong and very long-standing presence in New Caledonia (since 1880) through Société Le Nickel (SLN), a subsidiary in which it holds a 56% interest.

The other shareholders are STCPI (34%), a business entity representing the interests of the three New Caledonian Provinces, and Nisshin Steel (10%), a major customer producing stainless steel in Japan.

ERAMET operates high-quality mines from the standpoint of both grade and reserves. As in the mining industry as a whole, their mining conditions have evolved in recent years (higher overburdens, rising humidity content, etc.), impacting production costs. However, the Group's research centre has enabled the Group to adapt its metallurgical process to these changes while continuing to enhance the operating efficiency of its mines and to invest in scaled-up mining equipment.

All ERAMET's metallurgical production uses ore from its own mines. The Doniambo plant in New Caledonia mainly produces ferronickel, with some 10 to 20% of production volumes in the form of nickel matte, processed to produce pure products at the Le Havre Sandouville refinery.

The Group has made very sizeable investments (over €1 billion) in New Caledonia over the last ten years, to renew a major proportion of SLN's mining and metallurgical equipment. It is working towards a decision to replace the fuel-burning electrical plant supplying its Doniambo plant.

ERAMET/SLN is examining the possibility of developing locally the New-Caledonian oxide ores of the Prony and Creek Pernod deposit, using the process devised by the ERAMET group for the Weda Bay development. Conditions for access to the deposit have not been finalised to date, but the Group reports a possible joint project with the Vale Group.

ERAMET markets all the Société Le Nickel SLN products, including the recent addition of low-grade nickel ores. In addition, ERAMET provides technical support for Société Le Nickel-SLN in several areas, particularly for its purchasing management, research, engineering, legal and financial needs.

ERAMET is thus both the majority shareholder and the industrial and commercial operator of Société Le Nickel-SLN.

Société Le Nickel-SLN sells all its metallurgical production from Doniambo to ERAMET. The sale price of the ferronickel sold to ERAMET depends on the average price at which ERAMET sells to its customers, minus marketing costs and a sales margin for ERAMET. A special contract covers the sale price of matte to the Sandouville plant, with the aim of mutually securing this arrangement over the long term.

The SLN governance system closely involves New Caledonia as a stakeholder.

Nickel mines

The Nickel Division mines located in New Caledonia benefit from:

- sizeable tonnages of saprolite resources for pyrometallurgy;
- high nickel contents of some 2.45-2.5%, with cut-off grades of 1.7 to 2.0% Ni;
- sizeable reserves, affording prospects over several decades (see the section entitled Resources and reserves);
- in-depth knowledge of the geology and mining methods developed by Société Le Nickel-SLN; and
- environmentally friendly mining techniques.

Société Le Nickel-SLN's oxide ore deposits (garnierite) are mined opencast. They are generally located at altitudes of 500-1,000 metres.

Société Le Nickel-SLN has extensive experience in mining deposits in New Caledonia. Deposits are identified by geological, geochemical and geophysical surveys, and their geological structures are modelled. Extraction is based on the mine's geology and is carried out using hydraulic shovels. The ore is transported by trucks with payloads of 50 to 100 tonnes, depending on the model.

The output is carried from the mine to the coast by truck, or at Kouaoua by an 11-kilometre-long conveyor, or in the form of slurry, as at Népoui or Tiébaghi. At the port, the ore is stored and standardised before it is loaded onto ships for transfer to the Doniambo plant.

Mining techniques factor in environmental needs, with tailings stored in stabilised heaps, control of water run-off and revegetation/restoration, among others.

Népoui and Tiébaghi beneficiation plants

At Népoui, ore is sent hydraulically through a seven-kilometre pipeline to the beneficiation plant. That plant was opened in 1994 and uses innovative technology based on sorting by particle size and density to increase ore content. This allows exploitation of a larger proportion of the deposit (including lower-grade ores), thus extending the lifespan of the reserves. This process has been adapted to process the ore from the Tiébaghi mine, The Tiébaghi beneficiation plant was opened in November 2008.

Doniambo metallurgical plant

The Doniambo plant produces directly marketable ferronickel (typically 80-85% of its output) and nickel matte, which is used in its entirety by the Sandouville plant. The ore received from mines is standardised and then dried. It is then calcined in five rotary furnaces. In the ensuing stage, the ore is melted in three Demag electric furnaces. The resulting product is converted, either into marketable ferronickel (SLN 25) by ladle refining and then granulating, or into nickel matte by the addition of sulphur and refining in a Bessemer furnace.

The Doniambo plant is one of the world's two largest ferronickel production units. Its proximity to the port at Nouméa affords direct access for cargo ships and ore carriers.

The production equipment at Doniambo has undergone a major modernisation programme. In all, four out of the five calcining rotary furnaces and two of the three electric furnaces were replaced in recent years. Ore-drying installations have also been developed. Sizeable investments have also been made for the environment.

Metallurgical production (ferronickel and matte) at the Doniambo plant *(tonnes of nickel content)*

2008	51,131
2009	52,131
2010	53,719
2011	54,360
2012	56,447
2013	53,015
2014	**55,012**

Sandouville refinery

The Le Havre-Sandouville refinery uses a high-performance hydrometallurgical process specially developed by ERAMET's research teams. The 70% nickel matte used is entirely sourced from Société Le Nickel-SLN's metallurgical plant in Doniambo, New Caledonia.

The matte is crushed and then corroded by an iron chloride solution. Several successive extraction stages in mixer-settlers separate out the iron and cobalt as the iron and cobalt chlorides. The various remaining impurities are then removed. The pure nickel chloride solution remaining is mostly processed by electrolysis in several stages. The very pure nickel cathode obtained is usually cut up and put into drums. The refinery makes high-purity nickel (over 99.97% nickel content) in metal form (sheet nickel), as well as nickel chloride, nickel carbonate, cobalt chloride and iron chloride.

ERAMET Nickel marketing policy and products

The Group adopts a long-term partnership approach in working with its customers. It possesses a worldwide marketing network, ERAMET International. The Group provides significant technical and sales support to help its customers derive maximum benefit from its products in their own production processes.

The Group's entire ferronickel production ("SLN 25") is sold to stainless steel producers, for which the Group supplies both nickel (20 to 25% of the gross weight) and iron of excellent quality. The Group usually operates under medium- or long-term contracts that provide for volume commitments under periodically-negotiated price reviews. These contracts guarantee ERAMET relatively regular shipments.

- Metallic nickel (HP Nickel) is produced in the form of high-purity nickel cathodes that meet the most stringent constraints and are mainly sold to nickel alloy manufacturers (superalloys for aerospace and nuclear power, etc.) and to nickel electroplating workshops.
- Nickel chloride ("SELNIC"), of which ERAMET is the world's leading producer is used in electroplating and in the chemicals industry (catalysts).
- Nickel carbonate ("Nickel ONE") is mainly used in the refining sector to make catalysts and in the ceramic industry as a pigment.
- Cobalt chloride used in the tyre industry and in the chemicals industry (catalysts) and by ERAMET's Eurotungstene subsidiary.

Eurotungstene

Eurotungstene specialises in the production of extra-fine cobalt powders, tungsten powders and alloy powders. These powders are used, among others, to make hardened carbides for metal machining and for diamond tools used to cut stone and building materials.

Eurotungstene, based in Grenoble, France, processes a significant proportion of the cobalt chloride supplied by ERAMET's Sandouville plant.

Weda Bay Nickel (Indonesian project)

Since 2006, ERAMET has been examining the development of the Weda Bay project at Halmahera in Indonesia, with its partners, Mitsubishi Corporation, Pamco and Antam. This project for a hydrometallurgy plant, using technology specific to the Group, is at a very advanced design stage, but in early 2014, the partners deferred a possible decision in the light of the market environment, the consequent impact on financing terms, and negotiations in progress with the Indonesian government. It is felt that a decision will not be reached before 2017. The decision to defer in no way reflects on either the quality of the project, which is based on one of the largest world-class nickel deposits, or the performance of the hydrometallurgy process developed by the ERAMET teams for this type of deposit.

2.2.3 ERAMET Nickel in 2014

(€ million)	2014	2013
Sales	781	704
Current operating profit (loss)	(52)	(222)
Net cash generated by operating activities	(18)	(116)
Capital employed	967	824
Industrial capital expenditure	97	172
Average workforce	2,859	3,015

Comments

ERAMET Nickel: the Division's turnover rose 11% compared with 2013 to €781 million. ERAMET Nickel's current operating income improved significantly, totalling -€52 million in 2014 compared with -€222 million in 2013, as a result of very substantial competitiveness gains and LME nickel prices which, despite a 12% rise over the year, remained relatively low at an annual average of USD7.7/lb.

The continued build-up of nickel inventory in LME warehouses weighed on nickel prices, which fell back to USD6.7/lb towards the end of the year. This significant increase in inventory should however be kept into perspective as a large share results from a transfer of existing metal inventory located mainly in China. Ore inventories in China have also decreased significantly since the introduction of Indonesia's ban on unprocessed ore exports from early 2014. The full effect of the Indonesian ban should be increasingly visible in 2015, after the consumption of surplus ore inventory.

ERAMET Nickel's productivity gains totalled €51 million in 2014 compared with 2013.

ERAMET Nickel's production increased 4% in 2014 compared with 2013.

ERAMET Alloys' return on capital employed

ROCE: Current operating profit (loss) restated for provisions or reversals on fair-value tests/Capital employed at 31 December of year y-1 (Consolidated equity capital for the Division, plus net financial borrowing, plus provisions for major disputes, redundancy plans and restructuring, less non-current financial assets, and excluding the Weda Bay investment).

Nickel ROCE (before tax)

%	2010*	2011*	2012**	2013	2014
Nickel	26	24	(5.3)	(69.8)	(6.3)

* *Not restated following the application of revised standard IAS 19.*

** *Restated for retroactive application of revised standard IAS 19.*

2.3 ERAMET MANGANESE

2.3.1 The manganese market

2.3.1.1 Manganese demand

Main applications

Steel

Over 90% of manganese worldwide is used in steel production. All steelmakers use manganese in their production processes; on average, 6-7 kg of manganese is used per tonne of steel. However, some 9 to 10 kg of manganese content in ore needs to be extracted per tonne of steel. Manganese represents a very small portion of the cost of steelmaking.

Manganese is mainly used in steel as an alloying element to improve hardness, abrasion resistance, elasticity and surface condition when rolled. It is also used for deoxidation/desulphurisation in the manufacturing process. It is consumed in the form of manganese alloys (ferromanganese and silicomanganese).

Other applications

- Disposable and rechargeable batteries: mainly alkaline disposable batteries. A smaller percentage continues to be used in saline disposable batteries, which are less efficient. Manganese derivatives are also used in rechargeable lithium batteries.
- Ferrites: used in electronic circuits.
- Agriculture (fertiliser and animal feed).
- Various chemical uses: pigments, fine chemicals.
- Other uses in metallurgy: mainly as a hardening agent for aluminium (beverage cans).

Key facts on the main market: carbon steel

Manganese demand is primarily influenced by trends in global carbon steel production.

Carbon steel production grew very fast from 2003 to 2008, by approximately 7%, mainly because of the Chinese economic boom due to the country's rapid urbanisation and the corresponding infrastructure requirements, together with strong growth in all areas world-wide.

After the crisis, which caused a severe fall in world steel production in 2009, growth resumed, although at an appreciably slower pace than in 2003-2008, and is converging upon some 3% per annum, of the same order as world GDP growth.

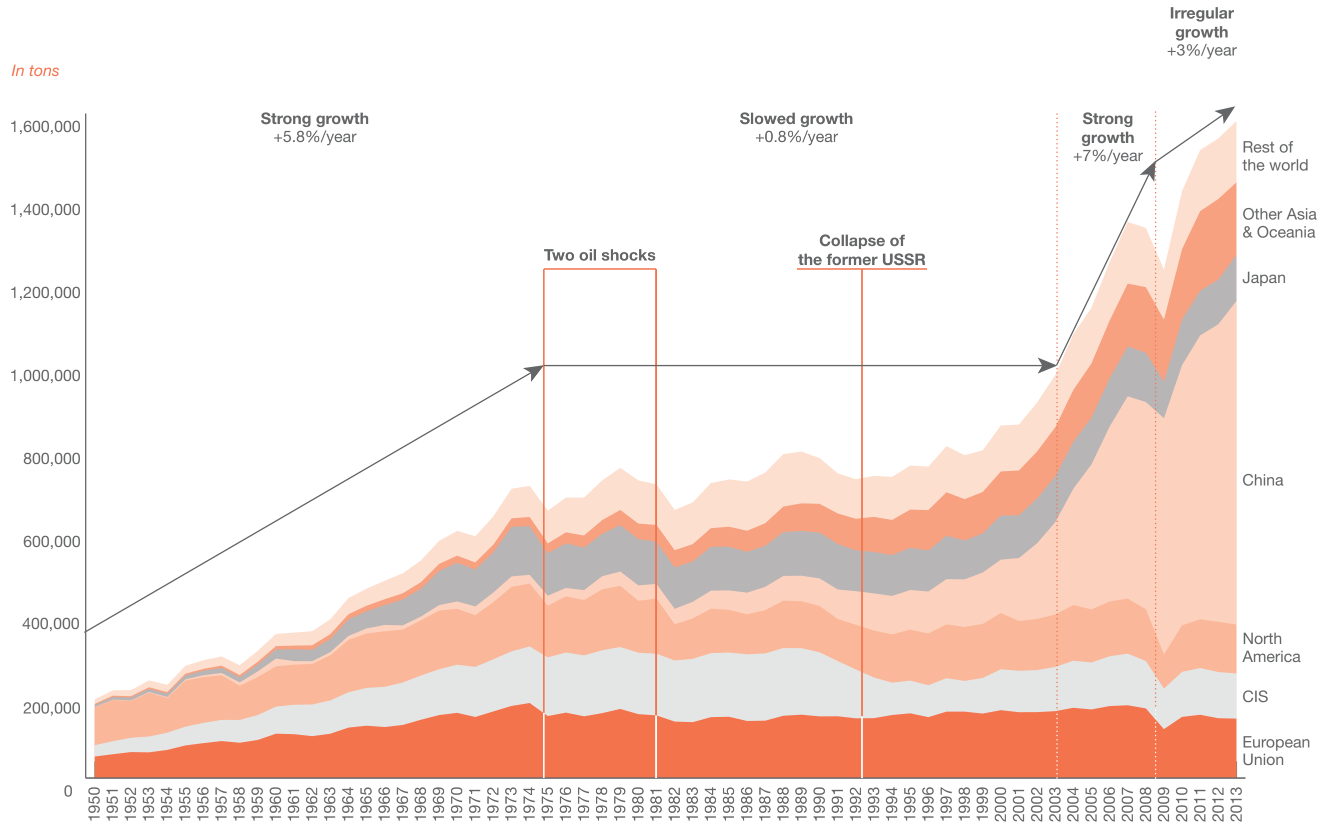
In 2014, world production of carbon steel rose 1%, with the most buoyant growth in the United States and the Middle East.

Medium- and long-term prospects remain favourable, since growth in world demand continues to be driven by the development of emerging countries, whose potential remains considerable, particularly in India. In particular, the urbanisation of world populations will undoubtedly continue to extend. Construction accounts for more than half the world consumption of steel. In addition, needs relating to infrastructure and industrialisation are steadily being supplemented by needs for durable consumer goods such as cars.

Global carbon steel production by geographic area

(millions of tonnes)	2012	2013	2014	%
Europe	170.3	167.5	172	10.4
Former USSR	110.8	108.7	106	6.4
NAFTA (Canada/USA/Mexico)	120.4	117.8	121	7.3
Japan	107.3	110.5	111	6.7
China	724.7	779.0	823	49.5
India	77.2	81.2	83	5.6
Asia elsewhere & Oceania	117.5	116.6	123	7.4
Others	122.1	123.3	122	7.3
TOTAL	**1,550.3**	**1,604.4**	**1,661**	**100%**

Carbon steel production by geographic zone



Source: WSA, ERAMET.

2.3.1.2 Manganese supply

Manganese ore

The supply of manganese ore is made up of numerous types of ore, of varying quality. As with iron ore, a distinction is made between high-grade ore with 35 to 48% content, for which shipment is affordable, and low-grade ore which is consumed locally. Although both types of ore are used in combination by alloy producers, the use value of the high-grade ore is very much higher than lower-grade ores.

Global ore production in 2014 was estimated to be 16.5 million tonnes of manganese content.

Manganese ore production in 2014
(manganese content, thousand of tonnes)

	2013	2014
	Mt-Mn	Mt-Mn
South Africa	4.5	5.3
Australia	3.2	3.2
China	2.7	2.7
Gabon	1.6	1.5
Brazil	1.0	0.9
India	0.8	0.8
Ghana	0.5	0.4
Ukraine	0.4	0.4
Kazakhstan	0.4	0.4
Malaysia	0.4	0.3
Mexico	0.2	0.2
Other	0.5	0.4
WORLD	**16.1**	**16.5**

Source: producer reports, ERAMET estimates

The main producers of high-grade manganese ore are BHP Billiton, Comilog (ERAMET), Assmang and Vale.

Manganese alloys

Manganese alloys are produced by reducing manganese ores at temperatures of approximately 1,600 °C. This process is carried out by adding coke to one of two types of furnace:

- electric furnaces: apart from China, virtually all manganese alloys are produced using this process.
- blast furnaces: the producers using this process are mainly based in China, due to the local availability of coke. Outside China, blast furnaces are exclusively located in Japan and Eastern Europe.

There are four product families:

- high carbon ferromanganese (HC FeMn) containing 65-79% manganese and 6-8% carbon. HC FeMn can be produced by two types of process, electric furnaces or blast furnaces;
- silicomanganese (SiMn): containing 60 to 77% of manganese. It can only be produced by electric furnace, using ore with the possible addition of FeMn slag;
- refined ferromanganese (MC FeMn...): this higher value-added product contains less carbon. It is mainly produced by transferring molten HC FeMn alloy to an oxygen converter, which lowers the carbon content to the desired level. Medium-carbon ferromanganese (1.5% carbon) is distinguished from low-carbon ferromanganese (0.5% carbon). These products are chiefly used to make flat steel products and special steels;
- low-carbon silicomanganese (SiMnLC):with the acquisition of Tinfos, ERAMET Comilog Manganese has strengthened its presence in the refined manganese alloy market, particularly in low-carbon silicomanganese. Tinfos has developed unique expertise in this alloy, which is used mainly in the production of stainless steel, one of the ERAMET group's main markets.

ERAMET Manganese is the world's leading producer of refined alloys.

Breakdown of global manganese alloy production in 2014

Silicomanganese	69%
High carbon ferromanganese	24%
Refined ferromanganese and refined silicomanganese	7%

Sources: ERAMET estimates.

Global manganese alloy production in 2014
(alloys, thousands of tonnes)

	2013	2014
China	11,392	10,633
India	2,156	2,170
Asia elsewhere	1,574	1,650
Europe	1,057	1,098
CIS	1,402	1,700
The Americas	693	683
Africa and the Middle East	950	1,108
WORLD	**19,224**	**19,042**

Sources: producer reports, International Manganese Institute, ERAMET estimates.

There are no significant technological barriers for high carbon ferromanganese and silicomanganese, which are standard products.

Among the standard alloys, silicomanganese has grown the fastest, driven by the fact both that it can be produced mainly using low-grade ore locally available in China (and also in India and Ukraine) that is easier to use for producing silicomanganese, even though it must be mixed with imported high-grade ore, with constant striving to strike a balance between price and performance.

The Chinese market features a large number of alloy producers who are dependent on imported high-grade ore. Previously a swing supplier ready to export its manganese alloy surpluses, China has since 2008 introduced export taxes which have actually closed export markets to it. India is the main country to have replaced China in this export role.

Within the Chinese market, alloy production is tending to migrate to draw closer to the coal-rich Northerly zones, where electricity is very competitively priced.

The refined manganese alloys market is a specialist-products market. Refined alloys represent some 7% of alloy production. This market is basically geared to the production of flat-steel products for markets such the automotive industry and shipbuilding.

2.3.1.3 Recent market and price trends

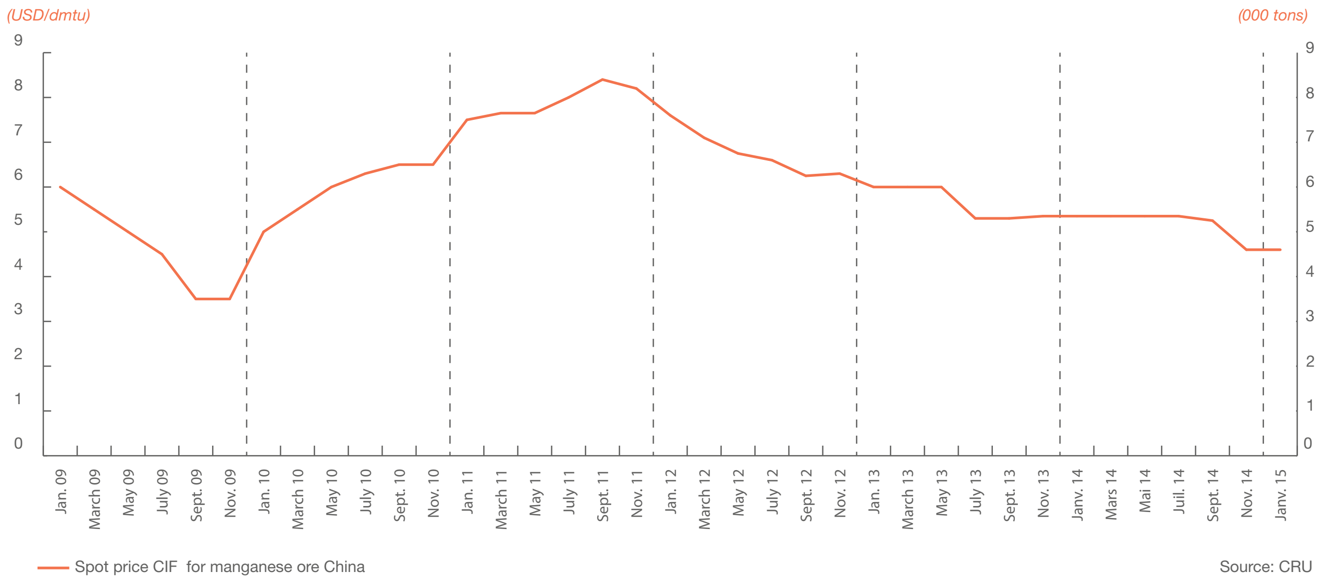
Formation and monitoring of manganese ore prices

The selling price of manganese ore, as with alloys, is negotiated directly between buyers and sellers. Prices are typically quoted in USD/dmtu (dry metric tonne unit). One dmtu corresponds to 10 kg of manganese content. The price of a dmtu is higher for rich ores and also depends on the granularity and the presence or absence of impurities.

Whereas previously, the high-grade ore price was set for one year, the validity term of contract prices has shortened since 2009, increasing the volatility of manganese ore prices. This trend has further accelerated since 2010, with prices moving from quarterly to monthly quotation.

The main indicator watched by the market is the monthly price of high-grade ore imported from China, according the surveys of specialists such as CRU, Metal Bulletin, etc. The TEX Report provides information more specific to a major producer.

Note that this is the CIF China price, which includes a fairly volatile and large component (around 30%): the cost of sea freight, which is specific to each market.



Formation and monitoring of manganese alloy prices

There is no futures market for manganese alloys. Prices are negotiated directly between producers and customers. For programmed sales, alloy prices are often negotiated on a quarterly basis. Non-scheduled sales are agreed on the basis of spot prices.

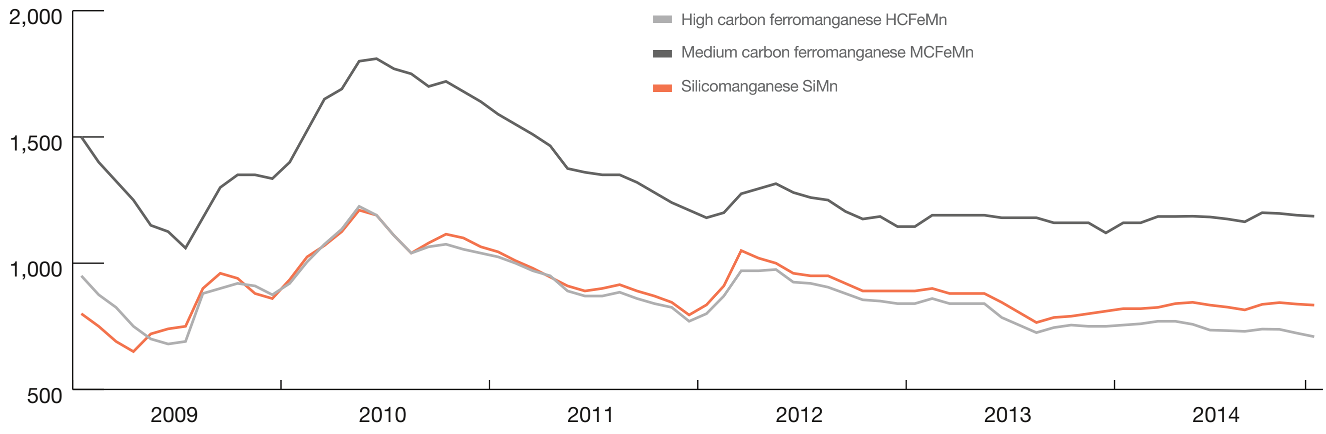
The manganese market is above all global and highly competitive. However, alloy flows between the main zones are relatively limited owing to the shipment cost. However, prices can sometimes vary between geographic areas (Europe, North America and Asia) because of movements in exchange rates, or lags between economic cycles.

Structural differences among the various alloy groups also exist because of their relative values in use. In particular, refined alloys have higher selling prices than standard alloys.

Outside Europe, manganese alloy prices are mostly denominated in US dollars (USD/$). In Europe, they are mainly negotiated in euros. Prices are determined per gross tonne of alloy and not on manganese content. However, product quality, particularly manganese content, is taken into account when negotiating.

There are several specialised publications for the metals market that track manganese price trends through monthly spot price surveys. The graph below is based on data published in the CRU (London).

Manganese alloy prices in Europe *(euros per gross tonne of alloy: €/t)*



Generally speaking, alloy price changes follow those in ore prices to large extent, although the scope for passing on those changes so as to preserve margins depends on regional balances between supply and demand for each alloy type.

Recent market and price trends

The phase of economic and steel-industry expansion in China and world-wide from 2000 to 2008 cause severe tension on the manganese ore market. A very sizeable prices peak in 2008 of up to USD18 per dmtu highlights the constraining and indispensable nature of high- and medium-grade manganese ore resources. A correction followed in 2009 due to the crisis, followed by a rebound in alloy prices in 2010.

Since 2011, world carbon steel production has been averaging 3 to 4% growth per year, while high-grade ore prices have ranged between USD4.5 and USD6 per dmtu. This is the area which apparently triggers the halting or restarting of production among producers of several types, who are among the industry's least competitive (particularly the supply in South Africa, which uses road transport instead of railways for its logistics).

The largest high- and medium-grade manganese ore resources are in South Africa, which will have to provide the largest share of future manganese supply growth in order to meet the world-wide growth in carbon steel production.

South Africa has decided to stimulate its manganese production with the aim of restoring economic equilibrium by allotting certain mining permits to new entrants, the majority of whose shareholders must be connected with "black economic empowerment". Several projects, whether started or in the pipeline, are aiming to build up speed in the coming years.

The pace of development is governed by the development of the railway and port infrastructures, managed by Transnet, a single State entity covering the entire logistical chain. Transnet has for several years been publicising a project for a new port to double the capacity of the existing facilities, from which the greater part of South African manganese is exported. It also plans sizeable railway investment to meet the desired expansion goals.

When the time comes, these developments could temporarily impact the market, but they are necessary in order to respond to demand for carbon steel if this continues to grow at some 2 to 3% per year, a view widely shared by external observers.

In the mean time, South African manganese ore producers use more costly and less suitable logistical means for carrying manganese, whenever prices rise sufficiently to justify the cost of these transport modes, and in the final resort, they use lorries to carry the ore up to the port.

In 2014, average prices for high-grade ore imports to China fell 16%. Carbon steel production slowed in 2014 with growth of 1% leaving a small surplus, slightly depressing the market.

Manganese alloy prices outside China stabilised or even grew slightly, with a favourable impact on margins at processing sites.

2.3.2 ERAMET Manganese overview

2.3.2.1 Key facts

Manganese (90% of 2014 sales): a world leader in manganese ore, throughout the value chain

The main business division is the Manganese division which extends from the mining of the ore in Gabon by Comilog (the world's second-largest producer), via its transport by rail (including the other transport activities relating to the Transgabonais railway concession) to its loading at the port; this Division's activities also include ore processing, in the form of manganese alloys for the steel industry, or chemical derivatives targeting a diversified custom in the chemicals industry. ERAMET Manganese is a world front-runner in the manganese industry, from the standpoint of both the mining and the processing of the ore: in Gabon, through its majority shareholding in Comilog, alongside the Gabonese Republic, it is **the world's second-largest producer of high-grade manganese ore**. Through several industrial sites sited close to consumption zones, it is the world's second-largest producer of manganese alloys, the world's leading producer of refined alloys and the leading global producer of manganese chemical derivatives.

Recycling: 5% of 2014 sales

This became part of the Group's activities when Comilog was acquired. The latter still owns the subsidiary operating in this area (GCMC or "Gulf"). Its main activity is oil catalyst recycling in the United States. This business segment has progressively developed: Bear, in the United States (ferromolybdenum, ferrovanadium), then the smaller Valdi in France, which nevertheless has a more diversified scope of activity, and some areas of synergy with ERAMET Alloys.

Apart from their service to the environment, these activities include the extraction for recycling and development of various alloy metals: mainly alloys based on molybdenum and vanadium, and also those based on nickel, cobalt, etc.

The technologies used (pyro- and hydrometallurgy) are the core of the ERAMET group's leading skills. Furthermore, some practical synergies are being instituted between ERAMET Alloys and Valdi, of which some activities will be transferred to the Commentry (Erasteel) plant.

Zircon/titanium dioxide: 3% of 2014 sales (accruing to ERAMET's 50% holding in TiZir).

With the commissioning of the Grande Côte project in the 1st half of 2014, the ERAMET group's long-run aim, when the project reaches cruising speed, is to become one of the world's leading players in zircon and titanium (with 7% of both markets). This activity should make an increasingly significant contribution to Group earnings.

Since the acquisition of the Norwegian group Tinfos in 2008, the Group has pyrometallurgy industrial equipment for processing titanium ore, to deliver a product with an enriched titanium dioxide content to white-pigment producer customers.

In 2011, ERAMET formed a new 50/50 partnership bringing together this front-running downstream assist and an upstream ore source about to be developed: the Grande Côte mining project in Senegal, developed until then by the Australian group Mineral Deposits Limited. Grande Côte began production in 2014.

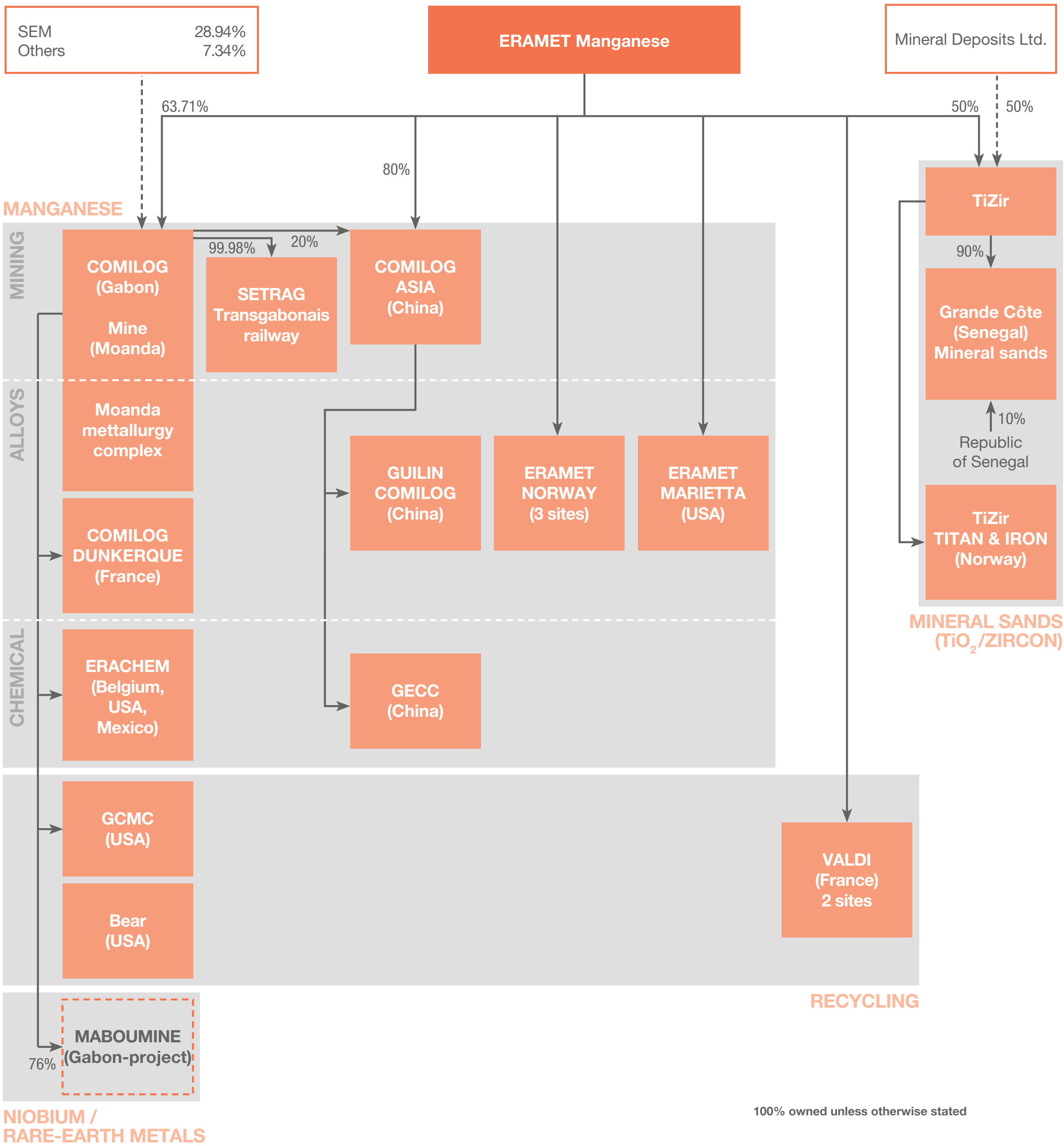
Maboumine project: niobium/rare-earth metals project in Gabon

ERAMET is examining a major development in Gabon, at Mabounié in the Moyen-Ogooué province, through Maboumine, a subsidiary of Comilog. The aim is to devise a process for developing this very large deposit of niobium and rare-earth metals in Gabon, since the ore's complexity precludes its development by direct pyrometallurgy. The Group is pursuing its research and development for an innovative and profitable process to allow larger-scale, validation of a process with a pilot plant in Gabon.

2.3.2.3 Structure

Organisation at 31 December 2014

ERAMET Manganese, the Group's Manganese Division, is now organised into six main companies, outlined below:



- Comilog is a company operating under Gabonese law and 63.71% owned by ERAMET. Its business activities include:
  - operation of the Moanda manganese mine and sintering plant;
  - operation of Setrag (Transgabonais railway);
  - production of manganese alloys in Dunkerque (France);
  - the production of manganese-based chemical derivatives, the recycling of metals contained in oil catalysts;
  - production of ferrovanadium and ferromolybdenum;
  - the Maboumine project (niobium, rare-earth metals).
- Comilog Asia includes the Chinese manganese chemical activities, producing alloys and chemical derivatives.

  In the alloys field, in 2013, the Group concentrated all its Chinese production of manganese alloys at the new Guilin site, replacing two older, less efficient sites that did not produce refined alloys and were closed in 2011 and 2012.

  Comilog Asia also includes under manganese chemical derivatives the electrolytic manganese dioxide plant at Chongzuo, for disposable batteries.
- ERAMET Norway has three Norwegian alloy plants at Porsgrunn, Sauda and Kvinesdal.
- ERAMET Marietta (US) produces manganese alloys;
- TiZir is the joint venture 50%-owned with the Australian group, Mineral Deposits Limited, with activities in mineral sands, and the production of titanium dioxide and zircon. TiZir groups together the titanium-ore beneficiation plant at Tyssedal (Norway) and the mining operation at Grande Côte, in Senegal, for which construction was completed in the 1st quarter of 2014, and which began mineral-sand production (zircon and titanium ore) in the 1st half of 2014.

Manganese mining and processing business (manganese alloys and chemicals)

The Moanda mine and sintering plant

The Moanda mine exploits one of the world's richest manganese ore deposits. The ore's manganese content averages around 46%. Ore reserves are discussed in Section 2.8.

The mine is opencast. The ore is covered by a 4-5 meter thick layer of overburden. The ore is extracted by draglines. The run-of-mine ore is extracted using mechanical excavators and loaded onto 100-tonne trucks. The ore is processed at the Moanda metallurgical washery. The ore thus beneficiated is transferred to Moanda railway station by conveyor.

The Moanda industrial complex develops the fine by-products from the metallurgical washery, together with manganese-bearing sediment extracted from the Moulili river bed. The fines are beneficiated using dense-medium and high-intensity magnetic separation techniques, designed to increase their manganese content, in approximate terms, from 35% to 50%. Part of the concentrates so produced is sold directly, while the remainder is mixed with coke and sintered in a furnace at 1,300 degrees Celsius to obtain a product containing approximately 56% manganese. This is transferred by conveyor to Moanda railway station, where it is loaded onto wagons. The sintering plant has an annual production capacity of 600,000 tonnes.

The Transgabonais railway runs from Franceville to Libreville over a distance of some 600 kilometres. In addition to Comilog's manganese ore, it carries timber and miscellaneous goods as well as transporting passengers. Comilog has its own locomotives and wagons.

Starting in November 2005, Comilog was granted a 30-year concession to operate the Transgabonais railway. This enables it to secure its logistics and ship fast-growing amounts of ore.

Comilog, via its subsidiary, Port Minéralier d'Owendo, holds the concession to operate its ore terminal, the port of Owendo, with the capacity to store approximately one-and-a-half months' production. The port can dock 60,000-ton ships and load them in three days.

Manganese alloy production

The Group is the world's second-largest producer of manganese alloys and the leading global producer of refined alloys, which are higher-value-added products. The Group possesses seven manganese alloy plants and is the only alloy producer with plant located in the three major consuming areas: Europe, the United States and Asia, enabling it both to provide better service to its customers and to protect itself from market and currency fluctuations.

In 2014, the Moanda Metallurgical Complex in Gabon (CMM) completed this industrial scheme. The Group produces a very wide range of alloys: high-carbon ferromanganese, silicomanganese, medium and low-carbon ferromanganese and low-carbon silicomanganese. ERAMET Manganese is gradually increasing the share of refined alloys in its production. MMC technology enriches the silicomanganese and manganese-metal product range.

ERAMET Manganese alloy production

(thousands of tonnes)	2014	2013	2012	2011	2010	2009
High carbon ferromanganese:	68	118	144	227	256	246
Standard silicomanganese	237	267	236	199	196	197
Refined alloys	389	366	350	358	327	174
TOTAL	**694**	**750**	**730**	**784**	**779**	**617**

Manganese alloy production sites

Sites	Country	Production capacity	Furnace type	Products
Dunkerque	France	70 kt	Electric furnace	SiMn
Sauda	Norway	210 kt	Electric furnace	HC, MC, LC FeMn, SiMn
Porsgrunn	Norway	165 kt	Electric furnace	HC, MC, LC FeMn, SiMn, LC SiMn
Kvinesdal	Norway	165 kt	Electric furnace	SiMn, LC SiMn
Marietta	United States	120 kt	Electric furnace	HC, MC, LC FeMn, SiMn
Guilin	China	165 kt	Electric furnace	HC FeMn, SiMn
Moanda	Gabon	65 kt	Electric furnace	SiMn
Moanda	Gabon	20 kt	Hydro + electrolysis	Manganese metal

In Europe, three alloy plants are located in Norway. The fourth plant is at Dunkerque in France.

In China, the industrial facilities were rationalised and repositioned to cope with a market surplus of standard alloys. The two plants at Guilin (the old plant) and Guangxi were closed, and a new plant was commissioned at Guilin in July 2012, using electric furnaces, and will boast a range of products including refined alloys.

In the US, of the two local manganese alloy producers, ERAMET Marietta is the leader.

ERAMET Manganese marketing policy

With its industrial network and very wide product range, the Manganese Division can provide a comprehensive product offer and a flexible response to its customers' varied manganese needs.

The Group takes a partnership approach to working with its customers and provides significant technical and sales support to help them derive maximum benefit from its products in their own production processes. Marketing policy is managed by ERAMET Comilog Manganese, using the ERAMET group worldwide marketing network, ERAMET International, which markets most of the Manganese Division's products. In countries where ERAMET International does not operate, the Group is represented by agents.

Manganese chemistry business

The Group is the global leader in manganese chemical derivatives. The manganese chemistry business is grouped together within Erachem Comilog and comprises five industrial sites:

Location	Products
Tertre (Belgium)	Manganese salts and oxides
Baltimore (United States)	Manganese salts and oxides
New Johnsonville (United States)	EMD (electrolytic manganese dioxide)
Tampico (Mexico)	Manganese oxide and sulphate
Chongzuo (Guangxi Province—China)	EMD (electrolytic manganese dioxide)

The main markets targeted by manganese chemical derivatives are:

- portable energy (rechargeable and disposable batteries);
- ferrites (electronics industry);
- agriculture (fertiliser and animal feed);
- fine chemicals.

Recycling business

This is currently carried on at four sites:

Location	Products
Tertre (Belgium)	Copper solutions recycling
Freeport (United States)	Recycling of oil catalysts and recovery of metal content (vanadium, molybdenum, etc.).
Butler (United States)	Ferromolybdenum and ferrovanadium production
Valdi—Le Palais-sur-Vienne (France)	Catalyst recycling for the oil industry Processing of other metallic waste

Recycling continued its steady recovery in the United States. Synergy gains between ERAMET Alloys and the activities of Valdi are also being examined.

TiZir 50% held by ERAMET: a major player on the newly-forming markets for titanium dioxide and zircon

TiZir was created in 2011 by ERAMET and the Australian company, Mineral Deposits Limited. 50% held by ERAMET, it has two sites. The Tyssedal plant in Norway produces titanium dioxide slurry for use in the pigments industry, as well as performing high-purity smelting using ilmenite ore sourced from several suppliers. Grande Côte is a mineral-sands deposit located in Senegal.

Sites	Country	Products
Tyssedal	Norway	Titanium dioxide (pigments industry) and high-purity smelting for the foundry industry
Grande Côte	Senegal	Mineral sands: Titanium dioxide (ilmenite, rutile, leucoxene) and zircon

The combination of both assets constitutes a vertically integrated entity and a major player in the mineral sands industry: from this year onwards, the Tyssedal plant will enjoy the security afforded by a new source of high-quality ilmenite—a titanium ore—supplied from the Grande Côte site, which for its part will benefit from assured sales over the long term for a major proportion of its production.

Today the Tyssedal plant currently sources its ore from other suppliers, including a Norwegian producer of ore suited to titanium dioxide production using a sulphate process.

Backing the plant onto the Grande Côte deposit opens up several options for future evolution and development, some of which would include titanium dioxide production by chloride process, a technology also controlled in the Group.

Mineral sands, the source for zircon and titanium dioxide

Mineral sands are mineral raw materials in which the minerals have become highly concentrated over time in alluvial areas (river plans, sea coasts or lake shores) or windswept areas (dunes). Mineral-sand deposits were thus formerly beaches, dunes or river beds. The main products from these sands are titanium dioxide—chiefly in the form of ilmenite ($FeTiO_3$), but also as rutile (TiO_2) and to a lesser extent as leucoxene ($FeTiO_3$. TiO_2)—and zircon ($ZrSiO_4$).

The content of these ores in the sand is often of the order of a few per cent. Accordingly, they must be concentrated by a first stage of gravimetric separation, then by magnetic or electrostatic separation. Zirconium and titanium ores are separated at the mine and are routed along separate logistical paths.

The main mineral-sand deposits exploited today lie chiefly in Australia and South Africa which, between them, account for almost 50% of the titanium ore supply and over half the supply of zircon.

The titanium dioxide market: high growth potential, driven by the emerging countries

While metallic titanium is well-known for its aerospace uses, as is the case at ERAMET Alloys, 90% of titanium units are consumed in the white pigments industry in the form of titanium dioxide.

Uses of TiO_2-based white pigment

- Paint 56%
- Plastics 25%
- Paper 9%
- Others 10%

The TiO_2-base pigment is a very pure white used in paints, plastics, textiles and paper; it has the advantage of being non-toxic.

World-wide, this market is growing some 4% per year.

Pigment producers need a raw material rich in TiO_2

This may be rutile, with over 95% of TiO_2 content; synthetic rutile is produced from high-grade ilmenite; TiO_2 slag is obtained by melting ilmenite which is produced in particular by the Tyssedal plant, now a part of TiZir. Ilmenite melting/reduction is also a method for producing smelted metal which, depending on the ore characteristics, may constitute a valuable by-product: this is the case for the Tyssedal plant, which is a supplier of high-purity smelted products used by foundries and in applications such as wind turbine hubs.

The following are the leading ilmenite producers:

■ Rio Tinto	30%
■ Chinese producers	20%
■ Indian producers	10%
■ Vietnamese producers	9%
■ Kronos	9%
■ Tronox	7%
■ Kenmare	5%
■ Iluka	2%

Market and price trends

After a long phase of stability, from 2011 onwards, prices began soaring on the titanium dioxide market throughout the value chain, with spot prices as much as trebling during the 2012 peak.

The market thereupon corrected excesses, leading to de-stocking which continued into 2015. A gradual recovery is expected.

The zircon market

Zircon is particularly used in ceramics as an opacifier, imparting brilliance and smoothness to ceramic items. Ceramic tiles or washbasins contain zircon: zircon sand is finely ground then added directly to the ceramic preparation.

This mineral also has very important refractory properties, making it useful in certain industrial segments as a component of moulding materials in high-precision foundry. The chemical derivatives of zircon are used in a multitude of applications such as abrasives, wear-resistant materials or some catalysts. Lastly, metallic zirconium is used among others in the nuclear industry, constituting the protective sheath of fuel rods (highly heat-resistant and permeable to neutrons).

As with titanium dioxide, zircon prices were very high in 2012, with tension on the physical market. This market tension was accentuated by stockpiling throughout the industrial chain.

In 2013, the trend reversed. The market featured a phase of de-stocking and sizeable price falls over most of the year, while some consumers made technical adjustments to their consumption patterns in order to optimise their use of zircon.

Producers successfully adapted to market conditions in 2014 and globally contributed to orderly destocking. Prices began to stabilise.

TiZir will be a key player in this new sector and, for the ERAMET group, will constitute a genuine avenue for both sectoral and geographical diversification, since the various mineral sands applications provide new outlets for the Group, thus widening the scope of its activity. ERAMET also has a foothold in Senegal via TiZir's subsidiary, Grande Côte S.A.

The Tyssedal plant

The Tyssedal plant is one of the two industrial sites that joined the ERAMET group in 2008 with the acquisition of Tinfos.

This plant employs 165 persons, producing titanium dioxide slag mainly for the pigments industry, with an annual capacity of 200 kt, and high-purity pig iron with an annual capacity of 120 kt, sold to foundries for various applications, particularly the production of wind turbine parts. The site also has unrivalled access to hydroelectric power, being located near sizeable waterfalls exploited for this purpose. The particularly complex technology involved in processing ilmenite, the flexibility of the Tyssedal process and its unique access to a competitive energy source make the Tyssedal plant a key asset in the titanium industry.

The Grande Côte project

The Grande Côte mineral sands project lies along the Senegalese coast. It starts some 50 km north of Dakar and extends northwards for over 100 km. This site is one of the few new projects worldwide that can take advantage of the major supply shortfall expected in the mineral sands industry.

Construction of the project began in the second quarter of 2011, and was completed in February 2014. After being interrupted in April, production resumed its steady climb. The investments include a dredger and a floating concentration unit to recover the sand and separate the main heavy minerals; a heavy mineral separating plant has also been constructed, together with an electricity generating plant. Logistics are a crucial factor for the success of this mining project. Accordingly, a railway line, port and storage infrastructures at Dakar have also been constructed.

2.3.3 ERAMET Manganese in 2014

(€ million)	2014	2013
Sales	1,429	1,562
Current operating profit (loss)	137	218
Net cash generated by operating activities	140	314
Capital employed	1,398	1,406
Industrial capital expenditure	199	346
Average workforce	5,600	5,813

Comments

ERAMET Manganese: results that remain sound in 2014, despite the rail accident in the 1st half of 2014 and the fall in manganese ore prices.

ERAMET Manganese's turnover decreased 9% in 2014 to €1,429 million. Current operating income remained firm at €137 million, albeit lower than in 2013 (€218 million).

Global carbon steel production rose 1% in 2014.

CRU CIF China spot prices for high-grade manganese ore decreased 16% on average in 2014 compared with 2013, ending the year around USD4.56/dmtu. This level reflects the slight surplus in inventory at Chinese ports and alloy producers, as well as the arrival of new South African producers on the market.

ERAMET Manganese's ore production in Gabon was penalised by the major accident that affected the railway in the 1st half of 2014. Overall ore production totalled almost 3.5 million tonnes for the year.

Refined manganese alloy production grew 7% in 2014 compared with 2013. The Group continues to focus its development on these alloys.

Manganese alloy prices recovered on average outside China, leading to an improvement in margis for alloy producers.

A highlight of 2014 was the start-up of Moanda Metallurgical Complex in Gabon, comprised of a silicomanganese plant (65,000 tons/year) and a metal manganese plant (20,000 tons/year). The ERAMET group has further bolstered its presence in Gabon.

Also in 2014, TiZir, a 50/50 joint venture with the Australian company Mineral Deposits Limited (MDL) began ramping up its new Grande Côte unit in Senegal; where mineral sands are mined and zircon and titanium ore are separated.

The first commercial ore shipments were made in the 2nd half of 2014.

ERAMET Manganese return on capital employed

ROCE: Current operating profit (loss) restated for provisions or reversals on fair-value tests/Capital employed at 31 December of year y-1 (Consolidated equity capital plus financial debt, plus provisions for major disputes, redundancy plans and restructuring, less non-current financial assets. excluding investment in the Moanda metallurgy complex).

Manganese ROCE (before tax)

%	2010*	2011*	2012**	2013	2014
Manganese	49	35	20.3	11.8	6.7

* *Not restated following the application of revised standard IAS 19.*

** *Restated for retroactive application of revised standard IAS 19.*

2.4 ERAMET ALLOYS

2.4.1 ERAMET Alloys overview

2.4.1.1 Key facts

The following are the key facts concerning ERAMET Alloys:

- global leadership in a number of respects: the second-largest global producer of closed die-forged parts for aerospace (Aubert & Duval), the leading producer of gas-atomised metal powders, a major player in titanium for aerospace and a leader in uprange high-speed steels;
- a strategy based on technological expertise and niche markets;
- four strategic investment projects commissioned in 2011/2012: a new titanium-ingot press (UKAD, a half-shares joint venture), a new powder-metallurgy atomising tower (Erasteel), a new VIM furnace for vacuum alloy production and an aluminium press (Aubert & Duval);
- new partnerships in China and India.

2.4.1.2 The ERAMET Alloys business lines: a top-of-the-range metallurgy operator upstream of strategic industries, particularly aerospace

ERAMET Alloys carries on its activities through two main subsidiaries: Aubert & Duval and Erasteel, both enjoying uprange positioning in alloys and metallurgical expertise.

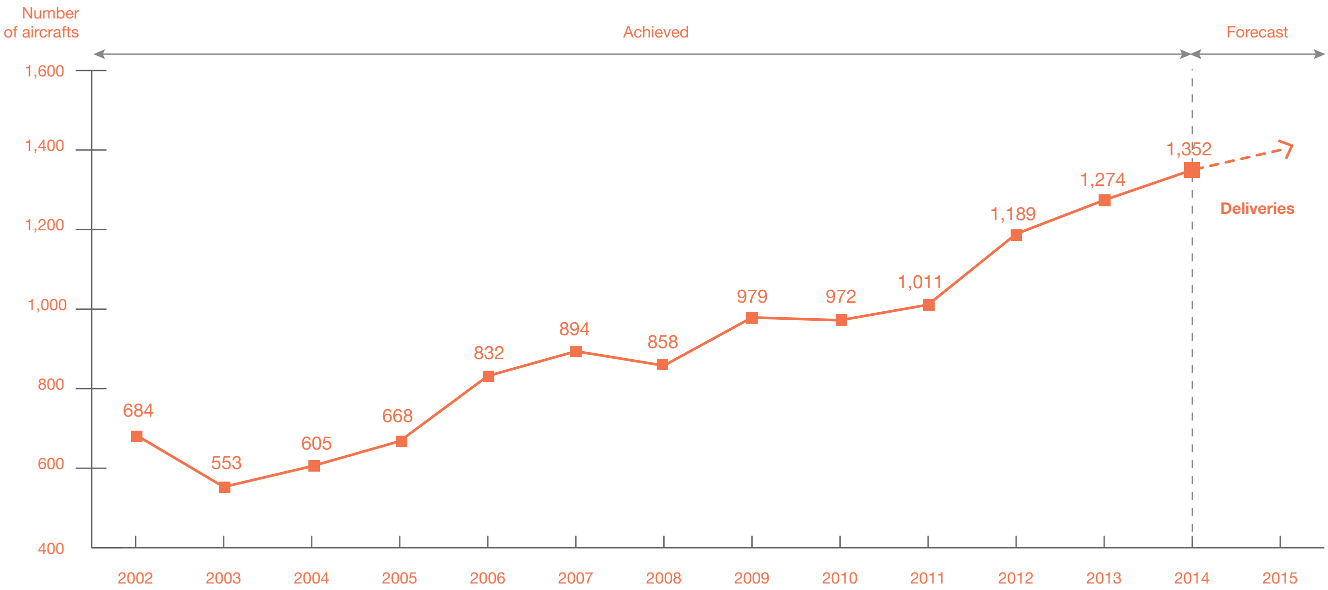
Aubert & Duval

Aubert & Duval features among the world's leading suppliers of high-performance metallurgical alloys, of critical importance to strategic industries.

Aubert & Duval's prime expertise is in aerospace above all, but also in the defence industries, energy production (particularly nuclear and gas turbines). This Group company is reputed for its high quality and its ability to provide metallurgical solutions to meet the most stringent constraints.

Aerospace, Aubert & Duval's main industrial sector, is experiencing strong growth over the long term, averaging a 5% annual rise in aircraft deliveries, outpacing the cyclical variations in this sector.

Number of aircraft delivered by Boeing and Airbus



Aubert & Duval is also very much to the fore in the new wide-body jet aircraft models (A350, A380, B787, etc.). It is a global front-runner in uprange metallurgy.

Aubert & Duval is both a high-performance steel and alloy producer (upstream) and a high-power closed die-forger (downstream, inherently in contact with industrial operators), as well as engaging in bespoke production runs involving the use of specific tooling.

- Producing parts using high-power closed die-forging for aerospace and energy (ranking 1st to 3rd world-wide according to material). This process involves hot-shaping metal parts with a press or a ram, using specific tooling. In this business line, Aubert & Duval manufactures items in four key materials: high-performance steel, nickel-based superalloys, aluminium and titanium. High power means thrusts in excess of 30,000 tonnes, and up to 80,000 tonnes (see below).
- A producer of high-performance special steels and nickel alloys; Aubert & Duval is positioned at the top of the "steel pyramid" (see below), and is also strengthening its positions in titanium at several levels in the value chain to benefit from the strong development in this metal in aerospace applications, particularly on account of its compatibility with composite materials. The company also produces limited quantities of tool steel for specific niche applications. These are shaped by forging or rolling.

Erasteel

Erasteel is the historic leader in high-speed steels, and retains the leadership in the uprange segment of these steels, which are used for machining, drilling and cutting tools, etc., to high performance standards.

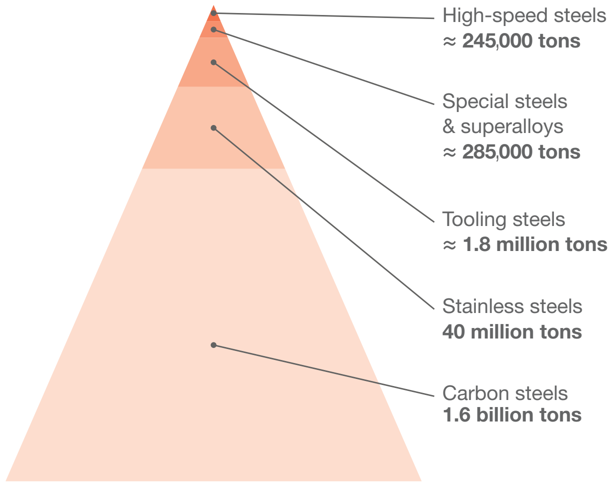
These steels are very hard, have a high alloy-metal content, and are used to make high-performance tools for working at very high speeds upstream of industries with critical requirements such as vehicle production.

Erasteel is the world leader in powder metallurgy, a process used to produce high-alloy steels while preserving very high-grade metallurgical properties. Starting from this well-established skill, Erasteel has begun developing in related, high-growth areas, involving other products manufactured using powder metallurgy.

2.4.2 ERAMET Alloys' uprange positioning

The materials and products marketed by ERAMET Alloys sell for far higher prices than carbon steel or even stainless steel items supplied unprocessed. Market volumes are also far smaller.

Breakdown of production by main types of steels in 2014



ERAMET Estimates

Working towards the top of the pyramid, we see the following (non-exhaustively):

Tool steel (some 2 million tonnes)

Tool steels are alloy steels containing approximately 5-15% alloying elements. These are chiefly nickel, chromium, molybdenum, vanadium, tungsten and cobalt.

Tool steels are used to make tools for shaping metals, plastics and glass (for stamping, extrusion, injection, moulding, etc.) upstream of the automotive industry, household appliances, electronics, etc.

High speed steel (some 245,000 tonnes)

High-speed steels have a high carbon content and also contain tungsten, molybdenum, vanadium, chromium and sometimes cobalt. They contain no nickel. After heat treatment, high-speed steels are extremely wear-resistant. Long products account for most of the total market and are used to make bits, taps, cutters, trimming cutters and reamers, etc. Flat products are used to make saw blades, cutting disks and industrial cutters.

These markets require distribution channels to respond to customer-specific requests.

Western consumption of high-speed steels has been affected by competition from tungsten carbide. Moreover, a large share of low-end tools and similarly-positioned high-speed steels has been captured mainly by China. Competitors producing high volumes of low-cost high-speed steels of lesser quality than Western producers have developed in China to meet this demand.

Accordingly, the Western high-speed steel market has increasingly refocused on more sophisticated tools using powder metallurgy or specific products (bimetallic, for localised use of high-speed steels on blades, etc.).

However, in China, demand for tools containing better-quality high-speed steels is growing fast as a result of the rapid economic and industrial development of that country, which has risen to world leadership in the number of car registrations.

Total world production of high-speed steel is estimated at approximately 245,000 tonnes.

Alloys with highly advanced characteristics and nickel alloys (some 285,000 tonnes)

There are several types of nickel alloy that can be grouped together according to the specific property required:

- alloys exhibiting high mechanical strength at high temperatures (superalloys).

  Superalloys contain 40-75% nickel. This is alloyed with chromium (15-30%) and, depending on the required grade, cobalt, molybdenum, titanium, aluminium or niobium. Their main outlet is aerospace (engines) and the gas turbine sector. The third focus of development is the automotive sector.

  Demand for superalloys is mainly driven by aerospace, where annual medium- to long-term growth is generally estimated at 5%. This line of business, however, is strongly cyclical in nature. The new-engine business is also complemented by the maintenance of existing engines;
- alloys for electronics industries, and electrical elements;
- alloys for transporting liquid natural gas;
- corrosion-resistant alloys (chemicals, food industry, offshore platforms, nuclear power and environmental applications).

2.4.3 Special production processes for steels with highly advanced characteristics and superalloys

ERAMET Alloys uses its own processes for its steels to guarantee the highest levels of process control and performance.

2.4.3.1 Production of steels with highly advanced characteristics and superalloys (upstream)

The production of steels with highly advanced characteristics and superalloys involves the production of an alloy with a perfectly controlled composition by melting recycled alloy scrap and primary metals in an electric furnace.

Several types of process are used, depending on the product: **Air metallurgy**, using an electrical-arc furnace, followed by a metallurgical processing phase (adding alloy metals) to achieve the required chemical analysis and purity.

Vacuum metallurgy, used to make alloys that withstand higher stresses (and contain nitrogen- and oxygen-reactive alloying elements). It is carried out in Vacuum Induction Melting (VIM) furnaces.

Remelting is needed for some critical parts used in the aerospace, power generation and tooling sectors.

Remelting takes place in slag (ESR furnace—Electro Slag Remelting) or in a vacuum (VAR furnace—Vacuum Arc Remelting). For some types of alloy used in aerospace, the two processes are carried out one after the other.

Powder metallurgy

This process, which follows melting in a furnace, consists of spraying a jet of liquid metal in the form of fine droplets that cool to form a powder. This is then turned into a perfectly dense material by hot isostatic compacting. This process is suited to highly alloyed grades with very advanced properties. It is also used in loose powder form for applications such as surfacing, MIM (Metal Injection Moulding) and additive manufacturing.

2.4.3.2 Alloy shaping (downstream)

After an alloy has been manufactured, various techniques are used to shape the material mechanically, usually using hot processes, so as to optimise the material's mechanical characteristics.

- **Closed die-forging**: see above.
- **Forging** involves shaping bars or simply-shaped blanks. This operation is conducted using heat and a press, a forging machine or even a ram, with a series of pressing runs between tools.
- **Rolling** consists of running the material between cylinders to shape it into sheets, bars (typically 20-200 mm in diameter) or wire (5-20 mm in diameter).

2.4.4 ERAMET Alloys competitors

Competitors in high-power closed die-forging:
In the high-performance steel and superalloy field, Aubert & Duval's main competitors are the US groups PCC, ATI-Ladish and the Austrian group Voest Alpine through its Böhler Uddeholm subsidiary.

For the closed die-forging of aluminium, its two main competitors are Alcoa (US) and Otto Fuchs (Germany and the USA). For the closed die-forging of titanium, its main competitors are the groups VSMPO AVISMA (Russia), PCC (United States), Otto Fuchs (Germany), Schultz and ATI-Ladish (both in the United States).

The main competitors in long products are the Carpenter/Latrobe (US), ATI (US), Tata Steel (UK) and Voest Alpine (Austria) groups.

The main players on the tool steels market are the groups Voest Alpine (Austria), Schmolz & Bickenbach (Switzerland), Hitachi and Daido (both in Japan).

The trade is marked by the following trends, among others:

- three-dimensional consolidation, vertically (from alloy melting to closed die-forging and even recycling) and horizontal (closed die-forging, foundry, etc.) and also multi-materials (titanium) in the United States;
- the emergence of new competitors intent on penetrating their domestic markets and reducing their dependence: Japan, China and also India…;
- the increasing importance of titanium to new and future aircraft models, in which industrial capital expenditure and strategic movements are being carried out.

The special skills of ERAMET Alloys reside in:

- its expertise in closed die-forging for the four main groups of material: aluminium, titanium, high performance steel and superalloys;
- upstream integration (production) in high-performance steels and superalloys.

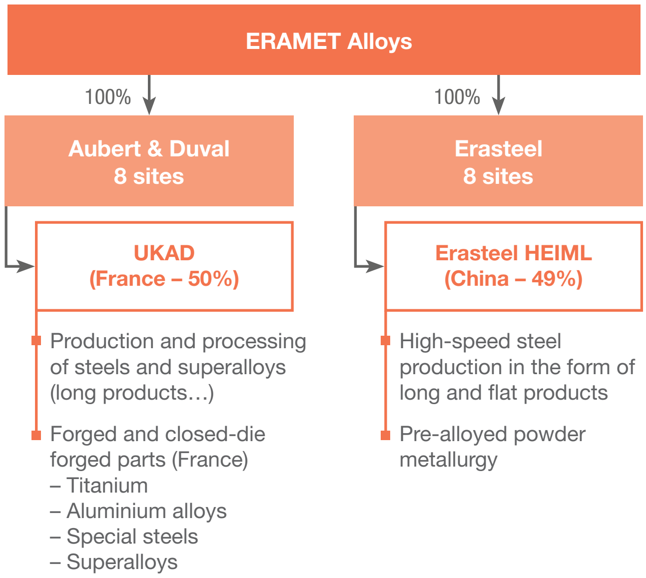
ERAMET Alloys has formed several strategic partnerships:

- UKAD in titanium forging, based on the upstream activity of UKTMP (Kazakhstan);
- Heye in China in high-speed steels;
- SQUAD in India, in aeronautics closed die-forging.

ERAMET Alloys has conducted on its own several developments of new materials, upstream (vacuum furnace for superalloys and other nickel alloys), powder alloy production (Sweden) and forging (aluminium-lithium, etc.).

2.4.5 ERAMET Alloys structure

2.4.5.1 Organisational structure at 31 December 2014



2.4.5.2 ERAMET Alloys production

Erasteel

Erasteel production

- Its specialisation gives Erasteel a high degree of control over the quality of its production and enables it to optimise its processes.

  Erasteel is one of the few producers with a presence in all global markets.
- Erasteel is the world leader in gas-atomised metal-alloy powders, and has recently doubled its capacity with the commissioning in 2011 of a new atomising tower in Sweden.

Erasteel's industrial organisation

The Erasteel group's industrial activity is now organised around eight production sites in France, Sweden, the United Kingdom, the US, China and Spain,

Aubert & Duval

Aubert & Duval has consistently pursued a strategy of focusing on speciality products that are technically advanced and intended for customers seeking high repeatability and reliability as touchstones of product quality. In line with this strategy of high value-added specialities, Aubert & Duval has a comprehensive set of industrial assets that enable it to meet stringent and highly diverse requirements.

Aubert & Duval closed die-forging tools

Aubert & Duval is the world's second largest closed die-forger and specialises in large parts and high-power closed die-forging in excess of 12,000 tonnes.

It is one of the few producers that closed die-forges all four types of material: steel, superalloys, aluminium and titanium. Steels and some of the superalloys are produced partly internally. Aluminium alloys and titanium are bought from third-party suppliers.

Closed die-forging is carried out at the Issoire and Pamiers sites (steel, titanium and superalloys).

The closed die-forging sector's industrial assets

The sector has the following equipment:

- closed die-forging presses from 4.5 kt to 65 kt;
- rams from 1 to 16 tonnes;
- various industrial facilities for finishing (grinding), heat treatment, non-destructive testing and machining (lathes, milling machines).

The Interforge press

The activity of Interforge, located in Issoire, has been carried on since the mid-1970s around a 65,000-tonne press that is the most powerful in the western world. The company carries out subcontracted closed die-forging solely for its shareholders and in proportion to their shareholding (namely 94% for Aubert & Duval and 6% for SNECMA).

The press is a key strategic advantage, as it positions the Aubert & Duval group favourably in comparison to global and particularly US competition:

- Its capacity enables it to make parts that would be difficult to produce on competitors' presses, which are limited to 40,000/50,000 tonnes. Few Western producers apart from Aubert & Duval have presses with capacities over 30,000 tonnes.
- Two 75,000-tonne presses exist in Russia (at aluminium producer Rusal and titanium producer VSMPO AVISMA).

The Airforge press

The Airforge plant at Pamiers, built around a fully integrated 40,000 tonne press, is particularly suited to the closed die-forging of aircraft engine parts, including large-sized parts.

Closed die-forging markets

In the large-part market (closed die-forging power of over 12,000 tonnes), the main outlets are:

- the aeronautics industry: this market is divided into two segments, engine parts (customers such as General Electric, SNECMA, Pratt & Whitney, Rolls Royce, etc.), airframe and equipment parts (Airbus, Boeing, Dassault Aviation, Messier-Bugatti-Dowty, etc.);
- the gas turbine industry: turbine manufacturing customers such as General Electric (Power Systems), Siemens and Alstom.

Aubert & Duval uses CAD and simulation software in combination to optimise the characteristics and costs of parts in direct coordination with the customer. This also considerably shortens research, development and production cycles.

In recent years, Aubert & Duval has strengthened its strategic position in the closed die-forging segment through:

- an innovative product R&D policy: new steel and superalloy grades, expertise in large parts to cater for growing equipment size (wide-body jets, high-power gas turbines, etc.);
- an innovative research and development policy for processes: closed die-forging to near-final dimensions designed to optimise material use, and high-speed machining;
- Optimisation of industrial performance, in terms of production costs, product quality and service reliability (specialisation of production plants, the rollout of Lean Manufacturing).

Aubert & Duval is also developing its positioning along the value chain both by capitalising on its upstream integration capacity (material production and closed die-forging) and by growing downstream in machining.

Aubert & Duval's other business sectors

Industrial assets for these other sectors include:

- Arc furnaces accommodating up to 60 tonnes, combined with ladle metallurgy tools (ladle, AOD or VOD furnaces);
- VIM furnaces of up to 20 tonnes capacity for vacuum alloy production;
- Powder metallurgy production units;
- Vacuum or slag remelting furnaces with capacity up to 30 tonnes;
- Rolling Mill trains for making long products with diameters of 5.5 mm-200 mm;
- Forging presses and machines with thrusts of up to 4,500 tonnes;
- Machining facilities (for milling, turning, reaming or drilling);
- Heat treatment equipment, accommodating parts of up to 50 tonnes or 20 metres in length;
- Non-destructive testing equipment (sweating, ultrasound, X-ray, magnetic particle inspection, etc.).

All these tools have computerised management and supervision systems and are certified to meet the requirements of high-technology markets (aerospace, energy, armaments, automotive, medical, etc.).

Long products

These are products with advanced characteristics and are intended for conversion or machining. Aubert & Duval focuses on critical applications in the aerospace, medical and automotive (engine valves, etc.) sectors.

The number of customers is limited. Sales are characterised by ongoing contracts and a high number of marketed grades, often in small quantities.

Tooling sector

This sector's products are large forged blocks, which may be pre-machined, and long products, usually with large sections. Target markets are the usual outlets for tool steels, namely hot working, cold working and plastic-injection moulds. The market is both fragmented (a large number of customers) and regional. Hence, the marketing arm plays an important part. Aubert & Duval is specifically positioned up-range, providing a high technical-consulting content.

Individual forged parts and specialities sector

This area combines various related activities calling for highly specific expertise:

- individual forged parts made in short runs for the defence, oil drilling and shipbuilding markets;
- remelting alloys;
- powder metallurgy: semi-finished products for turbine disk closed die-forging and surfacing powders.

2.4.5.3 Marketing policy and products

Erasteel's marketing policy and products

Erasteel works in close long-term partnership with its customers. It has its own sales subsidiaries in the main Western countries consuming high-speed steels. In certain countries, Erasteel is supported by the ERAMET International sales network.

In other countries, sales are made by local agents. To support this sales network, market managers are responsible for the whole range of products within their respective remits. Erasteel boasts a highly comprehensive range of products to respond to the needs of its markets.

Aubert & Duval's marketing policy: close relations with major buyers

Multi-year contracts (typically 3-10 years) with major aerospace buyers usually specify the share of procurement contracts awarded to Aubert & Duval. Shipments therefore move in step with aircraft production rates and, consequently, are dependent on the state of the aerospace market. Changes in raw material purchasing prices (cobalt, nickel, chromium, molybdenum, scrap iron, etc.) are passed on in selling prices.

Special-order single-part tooling (as is the case for closed die-forging) is usually financed by customers. This situation is a barrier to entry for new competitors once the initial contract has been awarded.

A high degree of integration with the major buyers' research departments from part design onwards is a key requirement in this business segment: Aubert & Duval's engineers cooperate closely with those research departments.

2.4.6 ERAMET Alloys in 2014

(€ million)	2014	2013
Sales	938	904
Current operating profit (loss)	23	4
Net cash generated by operating activities	18	34
Capital employed	789	760
Industrial capital expenditure	48	64
Average workforce	4,514	4,611

Comments

ERAMET Alloys: in 2014 very significant cost reductions and productivity gains offset difficult trends in market conditions. Current operating income therefore increased to €23 million, which was achieved in the 2nd half alone, compared with €4 million in 2013.

ERAMET Alloys' turnover improved 4% in 2014 compared with 2013. The energy sector's sales (mainly nuclear energy and high-power gas turbines), with high value-added, fell 17% in 2014 compared with 2013. On the other hand, the aerospace sector's sales climbed 7%.

The cost reduction and productivity improvement plans begun since the end of 2012 represented a total of €35 million in 2014, in line with objectives.

ERAMET Alloys' return on capital employed

ROCE: Current operating profit (loss) restated for provisions or reversals on fair-value tests/Capital employed at 31 December of year y-1 (Consolidated equity capital plus net financial debt, plus provisions for major disputes, redundancy plans and restructuring, less non-current financial assets).

Alloys ROCE (before tax)

%	2010*	2011*	2012**	2013	2014
Alloys	7	3	(0.6)	(3.7)	4.9

* *Not restated following the application of revised standard IAS 19.*

** *Restated for retroactive application of revised standard IAS 19.*

2.5 ORGANISATIONAL STRUCTURE OF ERAMET SA/ERAMET HOLDING COMPANY

ERAMET SA is the consolidating parent company, grouping together operationally two main functions:

- a pure holding company called ERAMET Holding bringing together the various support departments such as General Management, Administration & Finance, Human Resources, Communications and Sustainable Development, Legal Affairs, Purchasing, Information Systems, and the Strategy, Development and Innovation Department; and
- a section of the Nickel Division (General Management, and the Sales and Marketing Departments).

The costs of these various departments are re-invoiced to the three Divisions under management fee contracts. The other operating costs relating to Nickel are directly allocated to the Nickel Division.

ERAMET also has directly held subsidiaries, acting on behalf of the various entities or of the parent company. The main such subsidiaries are:

- ERAMET Research: ERAMET's research centre, responsible for research and development;
- ERAMET Engineering: a project and technology engineering company;
- ERAMET International: a company that pools the ERAMET sales network for certain activities of the three Divisions. ERAMET International has subsidiaries and branches across the globe. ERAMET International is generally paid for its work under agency agreements;
- Metal Securities: the Group's treasury management company which pools the surplus cash and short-term funding requirements of the Group as a whole;
- Metal Currencies: the Group's foreign exchange management company, which carries out foreign exchange hedging for the Group as a whole;
- ERAS: a reinsurance company;
- ERAMINE: a company engaging in lithium development;
- SialeO: a company engaged in the development of sea-floor metals.

At consolidated level, the ERAMET Holding section thus encompasses the holding role for ERAMET SA and its consolidated subsidiaries (Metal Securities, Metal Currencies and ERAS).

2.6 PRODUCTION SITES, PLANT AND EQUIPMENT

As a rule, the Group owns its production plant and the equipment therein. Some large items of equipment are financed under finance leases (IV30 and the 40,000-tonne press in the Alloys division, the Tiébaghi washing unit and the mining equipment in the Nickel Division) and are restated in the consolidated financial statements.

Property, plant and equipment are broken down by Division, below. Close upon 80% of the value of these non-current assets belongs to some ten industrial sites:

(€ million)	Gross value	%	Net value	%
Société Le Nickel-SLN (New Caledonia)	1,733	29.6%	659	24.9%
Other	145		40	
Nickel Division	**1,878**	**32.0%**	**699**	**26.4%**
Comilog SA (Gabon)	890	15.2%	563	21.3%
ERAMET Norway A/S (Norway)	358	6.1%	136	5.1%
Grande Côte Opérations SA (Senegal)*	312	5.3%	301	11.4%
Setrag (Gabon)	222	3.8%	155	5.9%
GCMC (United States)	178	3.0%	40	1.5%
ERAMET Marietta Inc. (United States)	159	2.7%	46	1.7%
Erachem Comilog sprl (Belgium)	127	2.2%	12	0.5%
Erachem Comilog Inc (United States)	126	2.1%	42	1.6%
Guilin Comilog Ferro Alloys Ltd (China)	105	1.8%	78	1.3%
Other	213		73	
Manganese Division	**2,690**	**45.9%**	**1,446**	**54.7%**
Aubert & Duval (France)	843	14.4%	399	15.1%
Erasteel SAS (France)	131	2.2%	21	0.8%
Erasteel Kloster AB (Sweden)	133	2.3%	13	0.5%
Other	156		56	2.1%
Alloys Division	**1,263**	**21.5%**	**489**	**18.5%**
Holding Division (France)	**32**		**11**	
TOTAL	**5,863**		**2,645**	

* *ERAMET holds 50%.*

2.7 RESEARCH AND DEVELOPMENT/RESERVES AND RESOURCES

2.7.1 Research & Development: R&D operating throughout the metals value chain, from mine to products

2.7.1.1 R&D activities

The ERAMET group conducts its R&D activities throughout the metals value chain from mine to products, including recycling. This value chain covers exploration, mining, extractive metallurgy, process metallurgy (primary processing, remelting processes, powder metallurgy), transformation metallurgy with open die-forging and closed die-forging. Metal recycling is factored into all stages of this value chain. This positioning constitutes a strategic opportunity for the ERAMET group to acquire a global insight into each of the value creation stages for products and processes.

More specifically, ERAMET is actively engaged in R&D in developing a number of metal elements in the periodic table, or their mineral derivatives, which the following metals in their atomic number order: aluminium, titanium, vanadium, manganese, iron, cobalt, nickel, copper, zirconium, molybdenum, tungsten and rhenium. Also in furtherance of its strategic projects, the Group conducts research into a wide range of other metals, such as the following, in atomic number order: lithium, yttrium, niobium, the lanthanides including rare-earth metals such a lanthanum, cerium, praseodymium, neodymium, samarium, europium, dysprosium and uranium.

ERAMET also conducts numerous R&D projects in the fields of superalloys, high-performance steels, aluminium alloys and titanium alloys, and in powder metallurgy.

These multi-metal and multi-alloy skills, also covering the whole value chain, contribute to a unique positioning for ERAMET R&D.

2.7.1.2 Areas of expertise

The ERAMET group's prime field of expertise is rooted upstream around the main extractive metallurgy disciplines of mineralogy, mineralurgy, hydrometallurgy and pyrometallurgy.

The ERAMET group's second major field of expertise is process metallurgy, covering innovation in all alloy grades together with all processes involved in this metallurgical area. Within that field, increasing emphasis is given to powder metallurgy, in which new developments reach as far as aerospace, particularly with the fast-expanding additive manufacturing.

The ERAMET group's third field of expertise is alloy fabrication by closed die-forging to produce parts with dimensions close to the finished products, particularly for the aerospace, nuclear and defence markets.

The fourth and last of the ERAMET group's fields of expertise is manganese chemistry, with the associated recycling activities.

Digital modelling, applied to areas such as thermodynamics, fluid mechanics, dynamic reactor simulation, chemical engineering and physical metallurgy, provides an indispensable adjunct to process and product development and optimisation.

2.7.1.3 Group R&D organisation

The Group's R&D organisation is divided operationally into each of the centres of expertise.

For extractive metallurgy, a dedicated research centre (a wholly-owned subsidiary of ERAMET since 2003) based in Trappes, which changed its name to ERAMET Research in 2008. The centre employs some 160 persons, including 110 researchers, engineers and technicians. This centre's activity on the Group's own account earned €22 million in 2014, trebled from 2006. This centre possesses ultra-powerful observation tools such as France's first microscope enhanced with the QEMSCAN mineralogical analysis software, together with state-of-the-art laboratory equipment and pilot plant, some of which is of semi-industrial scale (rotary furnaces, high and low impedance electric furnaces of approximately 1 MW), capable of sustaining several weeks' continuous use.

Société Le Nickel-SLN's Technical Studies and Investigations Department (DETI) in New Caledonia is also very active in this field, and employs some thirty persons.

For process metallurgy (air and vacuum processing, remelting) a major centre of expertise is located at Les Ancizes (Puy-de-Dôme) and a R&D team in closed die-forging is based in Pamiers (Ariège), with some thirty persons employed overall in this field.

In powder metallurgy, there are two different processes, each organised differently:

- Atomising, which employs 10 persons at Söderfors in Sweden. This is the activity of PEARL (Powder Expertise Analysis and Research Laboratory);
- Hydrogen reduction, carried on by the 13-person Eurotungstene team at Grenoble.

Lastly, in manganese chemistry and recycling, nine persons are engaged in R&D activities, mainly shared between Baltimore (USA), Tertre (Belgium) and Chongzuo (China).

In all, the ERAMET group employs some 260 persons full-time in R&D, not including the industrialisation teams and the process monitoring carried on at all the industrial sites. Within the strategic Divisions, these teams coordinate the tests and the essential industrialisation phases of the Group's research projects. A total of 1 to 2% of the industrial Divisions' sales revenue is devoted to R&D, accounting for some €50 million in 2014.

In 2010, in order to enhance the efficiency and effectiveness of its R&D activities, ERAMET brought under a single management authority the Research, Innovation and Engineering Division. This combined entity was brought under the Strategy Department in 2014.

2.7.1.4 Main R&D achievements in 2014

ERAMET targets its research & development efforts to meet the needs of its industrial clients, improve its competitiveness, offer new services and create new development opportunities. The environment is an abiding concern during the development of new processes, with the aim of reducing their environmental footprint.

For ERAMET's mining, metallurgical and chemical businesses, effective research is a critical advantage. Designed to meet or even work ahead of customers' expectations, the research and development programmes enable the Group to strengthen its positions, in even the most competitive markets.

These programmes are implemented within the Divisions or at the ERAMET Research centre. To ensure that their results are wholly relevant, the ERAMET Research's teams work in close collaboration with those responsible for development at the various units, who in turn are in direct contact with the operational teams. This makes for considerable efficiency gains, from determining programmes to introducing innovations, whether involving products, the processes themselves or productivity.

The main research themes for 2014 are detailed in the paragraphs which follow.

Nickel Division

ERAMET Research and the DETI have worked to improve the performance of nickel-ore processing practised at the Société Le Nickel-SLN plant in New Caledonia, viz.:

- improving economic performance: by investigating electrical consumption savings in furnaces, achieved by optimising ore calcining, and also by continuing work begun on seeking new nickel sources to supply the Bessemer converters that produce nickel matte;
- improving productivity: by optimising furnace operation to achieve greater stability in the ore flow against the electrodes;
- improving environmental performance: by working to upgrade the ferronickel refining process, with the aims of both reducing the environmental impact of the by-products generated and examining methods of developing them;
- improving mineralurgical processing yields, particularly in the beneficiation processes for ore from the Kopéto and Tiébaghi ore masses.

Eurotungstene's R&D activities, positioned downstream from the Sandouville nickel-cobalt refinery, were chiefly aimed at developing new powders for the diamond tools market, particularly in the open-air sintering application field.

Manganese Division

In 2014, ERAMET Research supported and advised on the start-up of the new C2M Moanda Metallurgical Complex in Gabon, focusing on this new plant's control of environmental constraints, with particular emphasis on metallic manganese. The studies for optimising manufacturing conditions for metallic manganese were continued using the electrolysis industrial pilot plant, aiming at high and constant faradic yields, and close to 100% metal electrode retrieval yields.

As concerns manganese alloys, ERAMET Research concentrated on improving plant performance, particularly with projects aimed at reducing process-inherent metal losses, increasing refining capacity, lowering production costs and improving furnace stability. Work on manganese metallurgy was conducted in close coordination with the ERAMET Norway R&D team based at Trondheim.

A very significant volume of R&D work focused on developing pyrochlore processing for the Mabounié deposit in Gabon, to develop niobium and rare-earth metals. Priority was given to work on ore beneficiation by mineralurgical processing and on improving niobium recovery yields. The hydrometallurgy process was piloted continuously for several weeks with stable performance, thus completing a key technical development stage for the process, and acquiring the necessary data for scaling and dimensioning the pilot plant.

Alloys Division

R&D activities are carried out in close coordination with the Division's business units, covering production, manufacturing metallurgy (forging, including closed die-forging), and powder metallurgy.

The main studies, usually in partnership with customers, covered the following themes:

- new alloy development (with higher temperature resistance, particularly for aircraft engines: performance of the new AD730 superalloy, metallurgy of alloys 706, 718 and 718+, titanium metallurgy);
- reduction of the "buy to fly" ratio, with the aim of improving competitive positions;
- new alloy grades for turbine shafts, such as ML340, which received the Safran group's 2014 Grand Prix for innovation;
- optimising and developing new titanium alloy parts in the structural field, particularly for aircraft manufacturers' new programmes;
- optimising stainless steel processes for offshore applications;
- optimising industrial process performance.

ERAMET Research, for its part, contributed to improved characterisation of freedom from inclusions, and to enrichment of the thermodynamic databases as part of a European consortium. At the same time, thermo-aeraulic modelling of heat-treatment conditions led to proposals for new, processes with improved performance.

Group projects

For Group projects, the main activities focused on developing the process for direct extraction of lithium from the Argentinean *salars.* Seven patents were filed for an innovative process and laboratory pilot testing was successfully performed for significant durations in 2014. In 2015, work will focus on optimising the process, particularly for downstream product applications.

Recycling

Lastly, R&D has a key role in the strategy backed by recycling. In 2014, ERAMET Research conducted several research and technical support activities in this area for the various ERAMET subsidiaries, featuring the following:

- assistance in restarting the GCMC electric furnace as part of a knowledge management exercise capitalising on the know-how and expertise of the teams on the spot;
- materials and heat balance for a battery melting/reduction process to support and advise ERAMET Engineering in scaling the associated pyrometallurgy furnace and its ancillary equipment;
- determination of the properties of slag derived from battery melting to scale a mobile ingot mould.

The challenges facing the Recycling segment include increasing recovered-material yields and lowering energy consumption by the processes involved. In 2014, efforts also addressed performance of refractory bricks and cooling systems, optimisation of furnace energy balances and the quality of products output.

To conclude, 2014 also witnessed the completion to the development of the rhenium recycling process working towards implementation of the first recycling line in Europe for this metal.

2.7.1.5 Collaborative ventures and partnerships

The ERAMET group's R&D is enriched by continuous contact with the academic world and by partnerships with research institutes and industrial firms.

In France, in the field of extractive metallurgy, ERAMET has standing partnerships with the Paris advanced learning institutes Chimie ParisTech, Mines ParisTech and *École Centrale* in Paris, and the Nancy-based Advanced National Geology School and the Mining Institute there. For many years, BRGM (the BRGM group (*Bureau de Recherches Géologiques et Minières,* a French state-owned company) has conducted numerous studies on ERAMET's behalf in widely-varied areas (geology, resource audits, research projects).

To devise the process for developing pyrochlores in the Mabounié deposit, ERAMET works in partnership with Areva (France), GTK (Geologian Tutkimuskeskus, Finland), Hazen Research (United States), SGS Lakefield (Canada), Solvay (Belgium), the Australian research institute CSIRO (the equivalent of the French CNRS), and with the French Universities of Lorraine and Burgundy.

ERAMET also works with Technip and Ifremer on prospective studies of marine mineral resources and, in partnership with IFP Energies Nouvelles for developing innovative lithium extraction processes.

The Group has entered into several pyrometallurgy research partnerships, particularly with the Trondheim University in Norway, the KTH (Royal Institute of Technology) in Sweden and the Swedish semi-public MEFOS research centre.

In France, in the field of alloys, the Group maintains close partnership relations with academic research centres contributing specific skills in metallic materials (design, structure, thermo-mechanical processing, manufacture, shaping) in association with the following major engineering institutes: Mines Paris Tech, *École Centrale* Paris, the advanced mining institutes at Nancy, Saint-Étienne and Albi, IFMA (Clermont-Ferrand), ENSMA (Poitiers). These partnerships mainly take the form of doctoral-thesis activities promoting the development and sharing of innovative techniques and skills in metallurgy, mechanics and process modelling. For the development of new alloys and of the products made from them, ERAMET is also involved in projects initiated in Competitiveness Clusters (ViaMéca, Aerospace Valley, *Pôle Nucléaire de Bourgogne,* Saint-Exupéry) and partners the M2P technological research institute based at Metz, Besançon and Troyes.

Also noteworthy in this field is the opening in 2014 of Metafensch, the metallurgy research centre at Florange, with the role of promoting progress in powder metallurgy by the partner industrial concerns. ERAMET is a full member of this centre.

Outside France, in the alloys field, Aubert & Duval continued its partnership with the University of Strathclyde in Scotland, with an active and continuous presence at the University's research and development centre on the forming and forging of parts for the aerospace industry (the AFRC). Partnership efforts are continuing with the University of Cambridge for developing new steels. Research programmes also continued with CEIT (Centre d'Études et d'Investigations Techniques), a semi-public technological research institution in the Spanish Basque province, specialising in powder metallurgy and materials.

With the European Union's emphasis for some years on the themes of innovation and raw materials, ERAMET is currently a member of several consortia being formed at European level under the EIPRM programme (European Innovation Partnership for Raw Materials) by the DG Enterprise which has now become DG Growth. Within this framework, seven research projects led by ERAMET received EIPRM labelling from the Commission in 2014.

ERAMET Engineering, a wholly-owned subsidiary of ERAMET, is regularly involved in the phases of industrial transposition of processes developed by ERAMET Research, by conducting engineering scoping studies, preliminary feasibility studies (PFS), detailed studies (BFS) or by conducting pilot runs for new investments.

Conclusion

The ERAMET group's R&D operates throughout the metals value chain, from mine to products. R&D organisation and governance focus on value creation for the Group, striking a balance between short-term themes of making industrial sites progress and marketing new products, and the longer-term concerns through innovative projects for developing new metals or new deposits. The Group's R&D is therefore an essential link in the chain of deploying its strategy in the long term, while it is so also in meeting shorter-term operational challenges.

2.7.2 Mineral resources and reserves

2.7.2.1 Overview

Location

Through its subsidiaries, Société Le Nickel-SLN in New Caledonia and Comilog S.A. in Gabon, the Group operates nickel and manganese deposits respectively. In addition, with the development of the Weda Bay Nickel project in Indonesia, ERAMET has plans to double its nickel production in the long term.

In New Caledonia, Société Le Nickel-SLN mines open cast nickel oxide deposits formed by superficial weathering of ultra-basic rocks. Mining and processing are currently concentrated in the saprolitic part of the weathering profile.

In Gabon, Comilog S.A. mines an open cast rich tabular manganese deposit, located under thin caprock and formed by superficial weathering of volcano-sedimentary rocks.

In Indonesia, the Weda Bay project continued its progress with an optimisation phase following completion of a feasibility study in 2013.

In October 2011, ERAMET SA created a joint venture with an Australian company Mineral Deposits Limited (MDL). On completion of the transaction, ERAMET now holds 50% of TiZir, the company undertaking the Grande Côte Heavy Mineral Sands project in Senegal. The Grande Côte deposit, which is located a few dozen kilometres north of Dakar, is a coastal-dune heavy-mineral placer containing large quantities of titanium bearing minerals (ilmenite, rutile, leucoxene) and zircons. These deposits can be mined by dredging. After a favourable feasibility study, construction of the Grande Côte mine began in the 3rd quarter of 2011 and production started in 2014.

Legal claims

Mining-claim instruments assures the Group's long-term rights over the reserves and resources. These rights mainly consist of perpetual concessions foreshortened to the expiry date of 31 December 2048 (Article 7 of the New-Caledonian *Loi de Pays* Act of 16 April 2009) and of rights conceded for a period of 75 years renewable in successive 25-year periods in New Caledonia, a 75-year concession in Gabon expiring on 31 December 2032 renewable for successive 10-year terms, and a Contract of Work for a renewable 30-year period in Indonesia.

The mineral deposits at the Grande Côte project lie within a mining concession granted to MDL by the Senegalese State in September 2007 for a renewable 25-year term.

The carrying amount of reserves is recognised at historical cost for purchased claims, with no measurement of granted concessions. The balance sheet amount does not necessarily reflect market value.

Estimates

The resource and reserve estimates were drawn up for Société Le Nickel SLN, Weda Bay Nickel and Comilog S.A. by professionals who are full-time employees of the Group, using conventional or geostatistical methods.

Geological reconnaissance, resource and reserve estimation, exploitation planning and mining are supplemented by over 40 years' industrial-scale experience. The methods used evolve constantly to take advantage of technical progress in these areas.

Basis of estimates

Estimates are based on sampling that can never be fully representative of the entire deposit. As and when deposits are explored and/or exploited, estimates may move increase or decrease in line with improvements in knowledge of the mineralized mass.

Estimation methodology

Having regard to the Group's presence in New Caledonia, the estimates of the Group's reserves and mineral resources as presented herein were drawn up pursuant to the 2012 edition of the JORC Code (Australian Code for Reporting of Mineral Resources and Ore Reserves) for all aspects relating to estimation methods and classification levels.

The published figures are internally validated by a board of referees and by Competent Persons as defined by the JORC code.

The resource and reserve estimates for the mineral sands project were made by Competent Persons from AMC Consultant, a company independent from MDL and ERAMET.

For PT Weda Bay Nickel (laterites and saprolites), Société Le Nickel-SLN (saprolites for input to the Doniambo plant) and Comilog S.A. (manganese ore), external audits conducted in 2009, 2013 and 2014 respectively, have certified that the resources and reserves thereto have been evaluated in a satisfactory manner and in compliance with the JORC code recommendations.

Mineral resources

Resources are calculated with the same cut-off grades as reserves (except where expressly specified otherwise), but without guaranteeing that these recoverable resources will be wholly converted into reserves following additional technical-economic and marketing studies.

A drilling intercept is considered positive if:

- it contains at least two metres of ore at a grade equal to or higher than the cut-off grade;
- it is not isolated.

The mineralized mass defined by drillings intercepts selected on the foregoing basis is included in mineral resources if its positioning and geometric and chemical characteristics are such that it is reasonably likely to be economically viable.

Recoverable mineral resources

Recoverable resources are those mineral resources where mining recovery and ore dressing factors have been applied on the basis of experience acquired on those sites.

The nickel or manganese tonnages given correspond to the quantity of metal present in the ores at the outlet point to the mining units when shipped to a metallurgical or chemical processing plant. The allowances for mining dilution and losses, and those relating to ore dressing, are established on the basis of mining summaries which compare production to estimates of volumes already extracted.

Recoverable resources are included in mineral resources.

Exploration results

Exploration results follow the same estimation process as resources.

Reserves

Reserve estimates are based on medium to long-term economic conditions (prices of fuel oil, coal, coke, electricity, metal prices and exchange rates, etc.), commercial constraints (quality, customers, etc.), environmental constraints (permits, mining limits, etc.) and constraints on current and foreseeable technical mining and treatment processes.
Reserves are estimated on the basis of a complete mining project. No assurance can be given as to the total recovery of the published reserves, insofar as market fluctuations and technical developments may make the recovery of certain deposits or parts of deposits economically viable or otherwise.

Reserves are included in mineral resources.

Presentation of estimates

Mineral resource estimates and those for recoverable resources and reserves are given for the mining deposit as a whole. Results may also be compared to production levels, thus providing an indication of the remaining mine life.

Definitions

Definitions of resources

A Mineral Resource is a concentration or occurrence of commercially valuable material in or on the Earth’s crust in such grade and quantity as to give reasonable likelihood that mining will be economically viable. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

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

An Indicated Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content 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, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A Measured Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content 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, workings and drill holes. The locations are spaced closely enough to confirm geological continuity and/or grade.

Definitions of reserves

An Ore Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. Reserves are estimated on the basis of a preliminary or actual feasibility study (a mining project in the broader sense), which takes account of any technical factors (shape of mine, dilution and losses depending on the mining method, industrial plant yields), economic, marketing, legal, environmental, social, employment and governmental factors in existence or foreseeable at the time of the estimate. The preliminary or actual feasibility study demonstrates at the time of reporting that extraction is viable. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proven Ore Reserves.

A Probable Ore Reserve is the economically mineable part of an Indicated Mineral Resource, and in some circumstances, a Measured Mineral Resource, whereas a Proven Ore Reserve is the economically mineable part of a Measured Mineral Resource.

Exploration Results

Exploration Results correspond to the same commercially valuable materials as are assessed for resources and reserves. The prospecting carried out suggests that an ore zone may be found, but available reconnaissance information is not sufficient to estimate a Mineral Resource.

2.7.2.2 Comilog S.A. reserves and resources

Mineral resources

The table below sets out the estimates for the mineral resources of Comilog S.A. at 1 January 2015. The figures are given in millions of Dry Metric Ton Units (dmtu million Mn, with 1 dmtu equivalent to 10 kg of manganese).

Bangombé deposit

For the Bangombé deposit which underwent mining in 2014, declared resources at 1 January 2015 correspond to the findings of the estimate at 1 January 2014, less the resources exploited during 2014.

Resources break down into two granulometric fractions: "Rock" ore (+5mm, 9% H_2O) and "Fines" (1-5mm, 12% H2O). The mineral resources consist of ores with a Mn content in the Rock fraction greater than or equal to 30%.

In the light of the findings of an external audit of resources and reserves external audit conducted in 2014 by Melabar GeoConsulting firm, the methods and practices for classifying mineral resources were supplemented and reviewed on the basis of criteria detailed by geological domains, which entailed downgrading part of the measured mineral resources to indicated resources.

Okouma, Bafoula and Massengo deposits

For the unexploited deposits of Okouma, Bafoula and Massengo, declared mineral resources at 1 January 2015 are identical to those published at 1 January 2014, according to the same granulometry criteria (fractions +5 mm, 1-5 mm), humidity (9%, 12%) and selection (30% Mn) as for the Bangombé ores.

Yéyé deposit

Reconnaissance work carried out on Yéyé indicates the existence of potential ore deposits. However, the quantity and quality of available information is currently insufficient to estimate inferred mineral resources.

Moulili deposit

The Moulili river bed was filled with a manganese ore deposit of which only the fine (1-10 mm) fraction has been evaluated to date. Working from upstream to downstream, the deposit was divided into sections, of which four, MT1 to MT4, are being surveyed and two, MT1 and MT3, are being exploited.

At 1 January 2015, the updating of the mineral resources in sections MT1, MT2 and MT3 takes account of the updating of the topographical survey data for the mined areas at end of December 2014 (MT1 and MT3), the construction (MT2) of geological models and their extension (MT1) to the deposit as a whole, with no application of a cut-off grade and dry densities derived from measurements made in 2012. Mineral resources are classified according to the extent of knowledge of the different sections.

Further studies are programmed for the MT4 section, for which no mineral resources have been published to date.

Mineral resources of manganese rock ore and fines at 1 January 2015

	Measured			Indicated			Inferred			Total		
Deposit	kt	% Mn	dmtu.10⁶	kt	% Mn	dmtu.10⁶	kt	% Mn	dmtu.10⁶	kt	% Mn	dmtu.10⁶
Rock ore > 5 mm												
Bangombé	24,366	45.2	1,102	41,181	45.5	1,875	1,656	46.7	77	67,203	45.5	3,054
Okouma	28,900	48.3	1,390	52,400	46.3	2,430				81,300	47.0	3,820
Bafoula							23,000	34.0	780	23,000	34.0	780
Massengo							12,000	40.0	480	12,000	40.0	480
TOTAL	**53,266**	**46.8**	**2,492**	**93,581**	**46.0**	**4,305**	**36,656**	**36.5**	**1,337**	**183,503**	**44.3**	**8,134**
Fines 1-5 mm												
Bangombé	9,298	41.0	382	16,012	42.2	675	574	43.4	25	25,884	41.8	1,082
Okouma	9,300	45.3	420	17,400	43.5	760				26,700	44.1	1,180
Moulili	3,240	44.7	145	2,735	40.4	111				5,975	42.7	255
Bafoula							15,000	32.4	490	15,000	32.4	490
Massengo							7,900	38.1	300	7,900	38.1	300
TOTAL	**21,838**	**43.4**	**947**	**36,147**	**42.8**	**1,546**	**23,474**	**34.7**	**815**	**81,459**	**40.6**	**3,307**

Recoverable resources and reserves

The table below sets out the figures for recoverable resources and reserves in the Bangombé and Okouma plateaus at 1 January 2015, broken down among four deposits. The production figures indicated in the above table correspond to ore shipments made in 2014, including production of sinter and beneficiated fines

Bangombé deposit

On the basis of the mineral resources, the figures for recoverable resources are established taking the following into account:

- geological uncertainties, hence excluding inferred mineral resources;
- the presence of durable infrastructures judged not to be moveable, of which mapping was completed in 2014;
- commercial specifications with a cut-off grade of 37% Mn on the rock-ore fraction;
- mining and technical factors derived from reconciliations.

The definition of recoverable resources factors in criteria established for the given geological domain that are subject to change in light of further information and studies. For the ore masses of the Plateau and the inner edges, these criteria relate to a minimum ore thickness of 2 metres and the mining methods associated with at least an outline diagram. For outer edges, recoverable resources correspond to the ore included in a mining plan with an excavation diagram.

Recoverable resources for which the mining project is completed, and which are included in a long-term planning sequence, are converted into reserves. The recommendations of the auditor (Melabar GeoConsulting 2014) led to exclusion of the reserve inner edges and the classification of part of the outer edges as probable reserves. These changes result in a decrease of 100 million dmtu (rock ore + fines) compared with the reserves published at 1 January 2014.

Okouma deposit

The ore at the Okouma deposit was estimated and classified as indicated recoverable resources using the same procedure as for the Bangombé plateau ore, regarding the plateau as a single geological domain. Given the uncertainties regarding mining recovery and dressing factors, the indicated recoverable resources have not been converted into reserves to date.

Bafoula and Massengo deposits

Given the uncertainties regarding ore recovery and dressing factors that may apply to inferred mineral resources, no recoverable resources have been calculated for the Bafoula and Massengo ore masses.

Moulili deposit

For the MT1 section, which has been mined since 2010, the recoverable resource figures are established on the basis of mining and technical factors derived from production balances. In 2013, the mining studies, concerning in particular the boundaries of the mineworking project, were consolidated and supplemented, allowing the mineral resources to be converted into reserves.

For the MT3 section, the production balances drawn up in 2013 enhanced the reliability of mining and technical factors and allowed the mineral resources to be converted into recoverable resources. To date, however, work remaining to be carried out on the mining project rules out their conversion into reserves.

Manganese ore recoverable resources and reserves at 1 January 2015 *(dmtu million)*

		Recoverable resources			Total
Deposit	Granularity	Measured	Indicated	Inferred	dmtu.10⁶
Bangombé	> 8 mm	779	1,138	-	1,917
Okouma	> 8 mm		2,710	-	2,710
TOTAL ROCK ORE		**779**	**3,848**	**-**	**4,627**
Bangombé	2-8 mm	296	443	-	739
Okouma	1-8 mm		1,200	-	1,200
Moulili	1-10mm	140	90	-	230
TOTAL FINES		**436**	**1,733**	**-**	**2,169**

		Reserves			
Deposit	Granularity	Proven	Probable	Total	2014 shipments
Bangombé	> 8 mm	631	465	1,096	
TOTAL ROCK ORE		**631**	**465**	**1,096**	**93**
Bangombé	1-8 mm	227	215	442	
Moulili	1-10mm	129	-	129	
TOTAL FINES		**356**	**215**	**571**	**57**

An external audit was carried out in 2014 by Melabar GeoConsulting, which certified that the resources and reserves estimated by Comilog were evaluated satisfactorily in accordance with the recommendations of the JORC code.

2.7.2.3 Société Le Nickel-SLN's reserves and resources

Saprolite reserves and resources for pyrometallurgy

An external audit was carried out in 2013 by Sigma Blue Pty Ltd, which certified that the estimates for resources and reserves of nickel-bearing saprolitic ores intended to supply the Société Le Nickel pyrometallurgy plant at Doniambo are free of material error and were evaluated acceptably and in compliance with the recommendations of the JORC code.

Mineral resources

Mineral resources are grouped together according to their classification, using the criteria defined by the SLN geologists and in accordance with the JORC code definition.

In accordance with the system for describing drilling data, the tonnages and grades given correspond solely to the weathered, ore-bearing phase of saprolite at a defined cut-off grade and not to the saprolitic column as a whole.

For the most part, mineral resources are estimated by modelling 3-D blocks using linear geostatistical methods for the ore masses as a whole.

Ore tonnages are given in millions of dry tonnes and the humidity contents, whether observed in production in progress or estimated, range from 22 to 45% according to ore mass.

Changes in mineral resources from 2013 to 2014

	2014			2013		
Mineral Resources	Mt	% Ni	kt Ni	Mt	% Ni	kt Ni
Measured	30.0	2.42	725	29.5	2.41	710
Indicated	80.1	2.41	1,930	77.8	2.42	1,884
Inferred	72.9	2.43	1,771	69.5	2.44	1,694
TOTAL	**183.0**	**2.42**	**4,428**	**176.8**	**2.43**	**4,288**

The figures were established with cut-off grades applied to the weathered fraction which range from 1.8 to 2.4% of nickel depending on the type of processing, whether mineralurgical or conventional, which is applied to the run-of-mine ore.

The change in the figures for resources arises from the combined effects of increases in resources due to the updating of geological models, mainly at the Thio and Kouaoua mining centres, and decreases in resources are accounted for by mining production during 2014. The work carried out on mines worked by sub-contractors ("tributer mines") and domains outside the mining centres leads in the final analysis to a significant increase in mineral resources.

Exploration results

The exploration results also correspond to the weathered saprolite phase. At 1 January 2015, the estimates of 680 kt Ni is appreciably higher than the 2013 figures. Prospecting carried out in 2014 mainly targeted locations situated in Meh Neuménié, Dothio and the Kouaoua outlying deposits. Efforts will continue in the years to come to advance these targets to the mineral-resources stage.

Recoverable resources and reserves

The table below sets out the figures for saprolite recoverable resources and reserves for the Doniambo pyrometallurgy plant surveyed in 2014 and published at 1 January 2015, with (in italics), the figures published at 1 January 2014. These figures are derived from the above-mentioned mineral resources and factor in the following:

- conventional treatment of run-of-mine ore, similar to current practices on Société Le Nickel-SLN and/or subcontracted sites which includes screening at approximately 80mm with or without recovery of part of the coarser fractions depending on the ore type;
- mineralurgical processing at Népoui Kopéto and Tiébaghi;
- Optimization of mining projects in the case of reserves.

Ore tonnages are given in millions of dry tonnes and the metal tonnages, in millions of tonnes of nickel content in the ore.

Recoverable resources and reserves of ore intended for mineralurgical processing are estimated as washery concentrate derived from processing all the ore from Népoui-Kopéto, and 1.8-2.8% Ni range for Tiébaghi.

Changes in recoverable resources and reserves from 2013 to 2014

	2014			2013		
Resources Recoverable	**Mt**	**% Ni**	**kt Ni**	**Mt**	**% Ni**	**kt Ni**
Measured	19.5	2.60	507	18.4	2.62	482
Indicated	53.5	2.53	1,355	51.1	2.56	1,304
Inferred	48.7	2.51	1,223	45.7	2.53	1,155
TOTAL	**121.8**	**2.53**	**3,085**	**115.2**	**2.55**	**2,941**

	2014			2013		
Reserves	**Mt**	**% Ni**	**kt Ni**	**Mt**	**% Ni**	**kt Ni**
Proven	14.1	2.68	378	13.5	2.69	362
Probable	24.9	2.60	648	23.4	2.62	615
TOTAL	**39.0**	**2.63**	**1,026**	**36.9**	**2.65**	**977**

SLN's mining production in 2014 amounted to 61.3 kt Ni (thousands of tonnes of nickel, corresponding to the tonnages of nickel contained in the ore carried to the various shore sites (wharf or mechanical loading)).

Reserves are estimated at some 1,026 kt Ni at 1/1/2015, compared with the 977 kt Ni at the corresponding date in 2013. This corresponds to a 180% renewal rate for the reserves. The proportion of proven reserves increased with the sinking of planning drillings.

Recoverable measured and indicated resources are estimated at 1862 kt Ni, with their proportion in the inventoried total remaining stable compared to the figures at the end of 2013. The increase in resources is driven mostly by new estimates for Thio, Kouaoua and the tributer mines.

Inferred recoverable resources are estimated at 1,223 kt Ni, an increase of 6% compared with the figures at the end of 2013. This difference mainly results from the estimation of ore masses in the outlying areas of Kouaoua, in the Poro region and at the tributer-mined sites.

The renewal rate of saprolite recoverable resources for pyrometallurgy was +333%.

SLN constructs its mining and industrial plan on the basis of all its reserves and part of the recoverable resources regarded as economically exploitable but not yet included in any mining project.

Mineral resources for hydrometallurgy

For the whole of the mineral deposits of Société Le Nickel-SLN and at a cut-off grade of 1.0% Ni, inferred to measured mineral resources in laterites are currently estimated at 6,000 kt Ni.

Outside the centres with mineralurgical processing facilities, exploration results on low-grade saprolite zones which are currently uneconomic for pyrometallurgy processing, point on a preliminary basis to 2,000 kt in nickel content which may be recoverable using the hydrometallurgical process developed by Eramet, or exported under contracts signed or in the process of being signed with ferronickel producers.

Mineral resources for hydrometallurgy have not been audited to date. Note that their estimation used the methodology defined for estimating resources intended for the Doniambo plant.

2.7.2.4 Reserves and resources of PT Weda Bay Nickel

Mineral resources

The data on mineral resources relate to the tonnages, Ni content and thousands of tonnes of nickel contained in ore envelopes within laterite and saprolite strata at a 1% Ni cut-off grade, without applying any transformation or enrichment factors. Mineral resources calculated at the 1% Ni cut-off grade are broken down by prospect, distinguishing between lateritic and saprolitic products.

Average dry densities for laterites and saprolites were established on the basis of measurements performed in 1999-2001 and 2008-2012.

Given the small proportion of sound dividing rock, the saprolite tonnages and nickel content provided are representative of the saprolitic column as a whole.

Global resources are calculated by 3-D block modelling performed by the PT Weda Bay Nickel geology team. Measured and indicated resources are estimated by ordinary kriging, while inferred resources are estimated either by inverse square distance or by ordinary kriging when kriging is permitted by variogram quality.

Local resources were estimated for the Bukit Limber Barat deposit by Tenzing Pty Ltd, and on the Coastal, Tofu Blowen and Kao Rahaï masses, by the Eramet/ PT Weda Bay Nickel teams, using multivariate uniform conditioning.

The figures set out below are derived from findings of local estimates for the saprolites classed as measured or indicated resources converted into reserves, and of global estimates for the other masses in the saprolites and the laterite horizon.

The measured and indicated mineral resources are unchanged from the figures for 2013. Only the inferred mineral resources have been revised upward, as a result of continued reconnaissance work in areas contained between identified ore masses.

Changes in limonite and saprolite mineral resources from 2013 to 2014

Mineral Resources	2014			2013		
Limonites	Mt	% Ni	kt Ni	Mt	% Ni	kt Ni
Measured	36.0	1.26	455	36.0	1.26	455
Indicated	66.4	1.22	809	66.4	1.22	809
Inferred	46.1	1.21	556	20.9	1.20	252
TOTAL	**148.5**	**1.23**	**1,820**	**123.3**	**1.23**	**1,516**

Mineral Resources	2014			2013		
Saprolites	Mt	% Ni	kt Ni	Mt	% Ni	kt Ni
Measured	98.8	1.72	1,694	98.8	1.72	1,694
Indicated	166.0	1.54	2,547	166.0	1.54	2,547
Inferred	219.8	1.49	3,284	175.8	1.49	2,623
TOTAL	**484.6**	**1.55**	**7,525**	**440.6**	**1.56**	**6,864**
TOTAL	**633.1**	**1.48**	**9,345**	**563.9**	**1.49**	**8,380**

At a 1% Ni cut-off grade, the measured, indicated and inferred resources have increased by more than five million tonnes of nickel over the estimates made at the time of acquisition in May 2006 (9.3 Mt Ni compared to 4.1 Mt Ni).

Reserves

The figures below relate to the saprolite and limonite reserves intended for hydrometallurgical processing. These data are unchanged from those published on 1 January 2014, and correspond to the conversion of resources that are in the masses covered by a mining project, with the application of mining factors based on the following criteria:

- 1% Ni Cut-off grade for the Coastal Deposits ores, earthy limonites and saprolites in the Bukit Limber masses and limonites in the Tofu Blowen and Kao Rahai masses;
- 1.4% Ni cut-off grade in the rocky saprolites at Bukit Limber and all the saprolites at Tofu Blowen and Kao Rahai West. The measured resources of these products established at a 1% Ni cut-off grade were converted into proven reserves following non-linear geo-statistical studies measuring the impact on those products of selectivity at 1.4% Ni.

PT Weda Bay Nickel limonite and saprolite reserves at 1 January 2015

Limonite Reserves	Mt	% Ni	kt Ni	% Co	kt Co
Proven	31.5	1.27	400	0.17	54
Probable	21.4	1.26	269	0.16	35
TOTAL	**52.9**	**1.26**	**669**	**0.17**	**89**

Saprolite Reserves	Mt	% Ni	kt Ni	% Co	kt Co
Proven	75.1	1.78	1,334	0.04	28
Probable	47.2	1.62	765	0.03	16
TOTAL	**122.3**	**1.72**	**2,099**	**0.04**	**44**
TOTAL	**175.2**	**1.58**	**2,768**	**0.08**	**134**

The experience garnered from a mining test carried out in 2007 determined the choice of mining and technical factors, and the geotechnical and environmental constraints currently used. Access issues and management of water draining from the mine led to areas of the ore masses with a natural incline greater than 30° to be discarded from mining zones and to limit the average pit slope to 35°. The same reasons determined the use of minimum ore thickness as a selection criterion for mineable zones, according to the climatic, geomorphological or environmental conditions specific to each ore mass.

Changes in resources and reserves in 2014

The change in resources and reserves observed at end 2014 reflects an appreciable increase in inferred mineral resources, while the measured and indicated resources and the reserves remain unchanged. Much of the work in 2014 focused on gaining closer insight into the ores in existing deposits and optimising the mining sequence.

Drilling will continue over the coming years to achieve a closer-set drilling pattern on certain strategic masses; the primary result of this will be to improve confidence levels and resource/reserve classification.

The figures published at 1 January 2015 are established using the procedure for estimating and classifying resources and reserves certified in 2009 by Melabar GeoConsulting.

2.7.2.5 TiZir's reserves and resources

Mineral resources

The data on mineral resources are mineral-sand tonnages and heavy-mineral content (HM).

Changes in TiZir mineral resources between 2013 and 2014

Resources	2014			2013		
Mineral	Run-of-mine *(Mt)*	HM *(%)*	HM *(Mt)*	Run-of-mine *(Mt)*	HM *(%)*	HM *(Mt)*
Measured	1,623	1.5	24.2	1,002	1.73	17.3
Indicated	214	1.4	3.1	74	1.77	1.3
TOTAL RESERVES	**1,837**	**1.5**	**27.3**	**1,075**	**1.73**	**18.6**

The estimates are calculated on block models using ordinary kriging. The mineral resources were estimated at a cut-off grade of 1.0 % HM, to a depth of 6 m below the natural groundwater level, with no processing or beneficiation factor applied.

Heavy Mineral contents were determined by heavy-liquid gravimetric separation at the cut-off density of 2.85 g/cm^3.

The mineralogical blend was determined on composite samples, using Mineral Liberation Analyser (MLA) technology, employing an electron microscope and a microprobe, and using X-ray fluorescence spectrometry.

On average, the heavy mineral concentrates contain approximately 10% of zircon and 75% of titanium-bearing minerals (ilmenite, pseudorutile, leucoxene and rutile).

Reserves

The data on reserves correspond to the conversion of resources discussed in the previous paragraph that lie within the area mined by dredging, with the application of mining factors for dilution and loss.

Changes in TiZir reserves between 2013 and 2014

	2014			2013		
Reserves	Run-of-mine *(Mt)*	HM *(%)*	HM *(Mt)*	Run-of-mine *(Mt)*	HM *(%)*	HM *(Mt)*
Proven	1,211	1.5	18.3	746	1.8	13.2
Probable	318	1.1	3.4	5	1.7	0.1
TOTAL RESERVES	**1,529**	**1.4**	**21.7**	**751**	**1.8**	**13.3**

The start of mining in mid-2014 demonstrated the technical feasibility of heavy-ore extraction and its separation by a mineralurgical method up to the production of commercial-grade concentrates.

Changes in resources and reserves in 2014

The change in resources and reserves observed from 2013 to 2014 features a sizeable increase (by 47%) in indicated and measured mineral resources, and by 63% in probable and proven reserves, mainly taking into account the following:

- the modelling of additional resources to the north and south of the area previously modelled;
- a lowering of the cut-off grade, on the model's 3-D blocks, to 1.0% HM, instead of the previous 1.25% HM;
- the updating of the area mined by dredging and of the mining plan;
- the factoring-in of tonnages mined in 2014.

The lifespan of the Grande Côte mine has thus been increased to 28 years, at a nominal mining output rate.

3

RISK FACTORS

3.1 COMMODITY RISK

The 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, aluminium).

The main Group entities involved are:

- ERAMET, Société Le Nickel-SLN and Aubert & Duval for nickel;
- Société Le Nickel-SLN for fuel oil;
- Aubert & Duval for aluminium;
- Erasteel Kloster AB and ERAMET Norway AS for electricity.

The manganese and coke exposures are not hedged since there is no organised market in these commodities.

Hedges are contracted with horizons of one to four years, depending on the commodities, and are based on the budget.

Only a portion of planned consumption or production is hedged when the criteria in the hedging policy are met. The Group uses various instruments to hedge and limit its exposure while profiting from favourable price movements (forwards/futures and options).

At 31 December 2014, the fair value of hedges set up for the various commodities breaks down as follows:

- €0 million liability for nickel (€0 million at 31 December 2013);
- €10 million liability for fuel (€0 million at 31 December 2013);
- €0 million liability for aluminium (€1 million liability at 31 December 2013).
- €2 million liability for electricity (€3 million liability at 31 December 2013).

3.2 SPECIAL RELATIONSHIPS WITH THE GROUP'S PARTNERS

3.2.1 Political risks

Some of the Group's activities are carried on in countries where political developments could lead to regulatory changes. In particular, the Group produces and/or markets its products in non-OECD countries, some of which may be classed as countries with no long-term political or economic stability. While the Group ensures that appropriate measures are taken to avoid such risks, political and/or economic changes could have a significant impact on its business.

3.2.2 Supply and marketing contracts

The Group has overall control of the contracts relating to the supply and marketing of ore and its by-products, where such contracts are entered into with companies it controls (such as the supply and marketing contract between ERAMET and Société Le Nickel-SLN and the supply of Manganese Division production sites by Comilog). The other commercial agreements relating to continuing operations do not entail any particular risks or commitments for the Group. Those agreements are mainly for purchases of commodities (electricity, coke, and special alloys) and freight services (sea and land).

To date, ERAMET has not entered into any major contracts entailing a major obligation or commitment for the Group as a whole, other than those entered into in the normal course of its business.

3.2.3 Special relationships with third parties

To support its various activities and projects, the Group's policy is to develop and maintain firm, sustainable and complementary partnerships with national partners or regional actors. These partnerships can take the form, among others, of taking interests in Group subsidiaries, with a number of special covenants taking account of the existing shareholding balance.

3.2.3.1 Nickel Division

Relations with STCPI and New Caledonia – Société Le Nickel-SLN shareholders' agreement

Société Le Nickel-SLN, a subsidiary 56%-owned by ERAMET with 10% held by Nisshin Steel, is 34% held by the Société Territoriale Calédonienne de Participations Industrielles—STCPI.

STCPI is an SAS (simplified joint-stock corporation) whose sole object is to hold this interest in Société Le Nickel-SLN and an interest of some 4% in the capital of ERAMET. Two directors represent it out of the seventeen on the ERAMET Board. The interest in the share capital of Société Le Nickel-SLN, initially of 30%, was raised to 34% in a share-swap transaction on 23 July 2007, then sold by the French State when ERAMET was privatised. Its political, financial and strategic value resides in its allying local public interests with the Group's mining and industrial interests in New Caledonia. The company represents the three New Caledonian Provinces: the Southern Province (with a population of mostly European origin) on one hand and the Northern and Island Provinces (a mainly Melanesian population) on the other hand. The Board members and observer are selected so as to ensure that, on one hand, the Southern Province and, on the other hand, the Northern and Island Provinces, have balanced representation.

The Société Le Nickel-SLN shareholders' agreement of 13 September 2000 followed on from the agreement of 17 July 2000 between the State, the Provinces of New Caledonia and representatives of the island's main political parties. In 2010, the shareholders' agreement was extended for a first additional term until 31 December 2011. Since 2010, it was extended each year for one-year periods. Its terms include the following:

- a distribution of the directorships on the following basis, at present: eight for ERAMET (including the representative of Nisshin Steel), and four for STCPI, with the latter also entitled to appoint an observer;
- a reciprocal right of pre-emption for each party;
- a reciprocal call option on the shares held by the party that falls under the control of a company, "of which the main activity, or the main activity of the Group to which it belongs competes with that of Société Le Nickel-SLN";
- a non-dilution clause whereby in the event of the sale of shares to another shareholder or a share capital increase, each party shall retain the same interest in the share capital or voting rights as they had previously, through either balancing transfers of shares or the joint exercise of subscription rights in a share capital increase.

Following a press release from STCPI on 27 June 2008, proposing the opening of discussions regarding the level of its interest in Société Le Nickel-SLN, ERAMET's Board Meeting of 11 July 2008 resolved that there was no reason to change the share-ownership structure of Société Le Nickel-SLN, which represents a satisfactory balance.

Following the meeting of its Board of Directors on 19 November 2009, Société Le Nickel-SLN announced that it was instituting new, modernised corporate-governance measures to further involve New Caledonia, with the creation of a Strategy Committee, an Audit Committee and a Remuneration Committee. STCPI has significant representation on all three Committees and chairs the Audit Committee.

On 13 July 2010, STCPI and ERAMET agreed to hold discussions aimed at adjusting that agreement. Its guiding principles would remain unchanged, but the adjustments would take account of the full array of industrial, commercial and technological changes both within Société Le Nickel-SLN and in its environment since the conclusion of the original agreement. The extensions of that agreement in 2011, 2012, 2013 and 2014 until 31 December 2015 allow these discussions to continue.

Supply contract with Nisshin Steel

ERAMET group and Nisshin Steel have had a ferronickel supply agreement in place since 1991. Nisshin Steel is a Japanese producer of stainless steel with a 10% interest in Société Le Nickel-SLN. Nisshin-Steel is a major customer that accounts for 10% of sales in the Nickel Division. This agreement was renewed in 2001 and 2007 and is designed to guarantee ferronickel deliveries for several years and smooth fluctuations in nickel prices.

Relations with PT Antam and Indonesia (Weda Bay project)

The Indonesian company, PT Weda Bay Nickel, is the project and exploration company created to develop the nickel and cobalt project at Weda Bay, situated on the island of Halmahera in Indonesia. 90% of its capital is held by Strand Minerals (Indonesia), with the remaining 10% in the hands of the nickel-producing Indonesian public limited corporation, PT Antam Tbk (Antam), a company specialising in exploration, mining operations, refining and distribution of mining products. Antam is represented by a director on the Board of Directors of PT Weda Bay Nickel (out of a total of five directors, of whom three represent ERAMET) and it also holds an option to increase its shareholding to 25%.

PT Weda Bay Nickel's exploration and mining are carried out under a "Contract of Work" with the Indonesian government.

Relations with Mitsubishi Corporation (Weda Bay project)

On 19 February 2009, Mitsubishi Corporation acquired a 33.4% interest in Strand Minerals, which owns 90% of the capital in the Indonesian company, PT Weda Bay Nickel. In December 2011, Mitsubishi Corporation decided to sell a 3.4% interest in Strand Minerals to the Japanese company, Pacific Metals Co. Ltd (Pamco). The shareholders' agreement between ERAMET and Mitsubishi Corporation was amended to allow the inclusion of Pamco. Under this amended shareholders' agreement, Mitsubishi Corporation is represented on the Board of Directors of Strand Minerals by two directors out of a total of six, as well as by one director on the Board of Directors of PT Weda Bay Nickel out of a total of five directors. Pamco is not represented on any of these boards.

3.2.3.2 Manganese Division

Relationship with the State of Gabon

Comilog has a special relationship with the State of Gabon and three Gabonese members are members of the Board of Directors. In 2014, Société Équatoriale des Mines, a state-controlled company 100% held by the State of Gabon, became shareholder of Comilog, in replacement to the State of Gabon, which had been a shareholder since 1973. From the outset, the State has supported Comilog through both tax measures (a mining agreement and special tax agreement to finance the sintering complex) and industrial measures (as Comilog's partner in building the Owendo Port, of which its subsidiary, Port Minéralier d'Owendo, holds the concession) and more recently by granting a railway concession to Setrag, in which Comilog is the leading partner, and by granting a mining exploration licence for the Mabounié polymetallic deposit (Maboumine project). This relationship, based on trust and the recognition of mutual interests, makes it possible to work together on a constructive basis and to plan for the development of new industrial projects.

For purposes of its project to construct two silicomanganese and metallic-manganese metallurgical units at Moanda in the Upper Ogooué (termed the "Moanda Metallurgy Complex"), Comilog signed two agreements with the Gabonese authorities on 7 January 2010, in Libreville; the first agreement laid down among other things the specific legal, tax and customs framework for the project, while the second specified the conditions for securing the future energy supply to the complex. To implement the project, a dedicated financing facility has been provided, with guarantees provided by ERAMET and the Gabonese Republic.

On 20 October 2010, ERAMET and the Gabonese Republic concluded an agreement to step up the Gabonese Republic's interest in the capital of Comilog. Under its terms, from 2010 to 2015, ERAMET will transfer in stages to the Gabonese Republic an additional interest of up to 10% of Comilog SA's capital, which would increase the Gabonese Republic's shareholding in Comilog SA to 35.4%. The first transfer stage involved 3.54% of the share capital; 2.17% of the capital was transferred on 17 December 2010, and the remaining 1.37% for this stage was transferred on 14 June 2011. In addition, a candidate proposed by the Gabonese State was appointed director by the ERAMET General Meeting of Shareholders on 15 May 2013.

TiZir partnership with Mineral Deposits Limited

On 25 October 2011, ERAMET and Mineral Deposits Ltd created a joint venture, 50%-owned by each partner, to hold a 100% interest in ERAMET Titanium and Iron (TTI) (Norway) and 90% of the Grande Côte mineral sands project in Senegal The purpose of the Grande Côte project is to provide TTI with a supply of good-quality ilmenite for its titanium dioxide slag production and TiZir with a strong position in the very promising zircon market. Lastly, TiZir is backed by ERAMET's skills in mineral processing, metallurgy, R&D, logistics and marketing, and by the experience of the MDL team in project development, and the exploitation of mineral sands.

3.3 MINING AND INDUSTRIAL RISKS

3.3.1 Risks entailed in evaluating mining reserves and resources

Mining reserves and resources may evolve over time, particularly with changes in the technical and economic assumptions used in mining (geological data, mining cost factors, mining technology). Accordingly, resource and reserve estimates are revised each year, both quantitatively and qualitatively. Details of the estimates and assumptions used for this purpose are given in Section 2, "Reserves and resources" subsection in this document.

3.3.2 Mining project development risks

In view of their capital-intensiveness and the time they involve, studies for the launch of new mining operations or for the renovation of existing operations are capital-expenditure decisions which require prior technical feasibility studies with financing assumptions and profitability calculations, which are themselves directly influenced by the relevant commodity prices and currency rates, the cost of credit and the type of financing chosen. In periods of slowing demand, some of these decisions may be delayed or cancelled, which may have an impact on a mining operation's profitability.

3.3.3 Safety and environmental risks

3.3.3.1 Industrial activity that factors in Sustainable Development

ERAMET's Communications and Sustainable Development Department (DC2D) is responsible for monitoring the Group's sustainable development policy in close cooperation with the three operating Divisions and the sites, the Group's Human Resources Department, the Group's Strategy, Development and Innovation Department and the Group's Legal Department.

The various environmental and social dimensions of sustainable development are included in the criteria applied as part of the Group's investment procedure and the Environment function is systematically represented on the management committees of major projects.

Given metals' unique feature of being almost endlessly recyclable, the Group's business activities naturally dovetail with a sustainable development approach in a global context of scarcity and, accordingly, of the maximum re-use and optimisation of natural resources. Nevertheless, these products, although durable and recyclable, may at some stage in their conversion or use present hazards or risks. The Group therefore has to face the challenge of identifying all such hazards, preventing and controlling the resulting risks to its sites and to the outside environment, while contributing to the sustainability and development of its business activity.

As regards regulatory compliance, ERAMET has set itself a goal of "zero disputes" as described below. Also reviewed are the various industrial-risk issues related to the Group's activities involving the status of polluted sites and soil, and the adequate control of industrial risks.

3.3.3.2 Industrial risk-control policy

Group crisis management procedures

These procedures set out best practices and communication requirements for three scenarios:

- crisis prevention: identification and taking into account at an operational level of weak signals, crisis simulation exercises so that each person knows their role and in order to continually improve emergency planning (in conjunction with the corresponding standard insurance procedure);
- serious incidents management: definition of a serious incident, Group reporting, feedback, communication;
- in a crisis: criteria for identifying crisis situations, Group reporting, organisation during crises (operations management, communication, recourse to experts, crisis unit), feedback.

These procedures have been rolled out to all sites. As in 2013, special attention was paid to crisis simulation exercises at all the sites.

Out of the 42 sites currently monitored, 90% conducted one or more exercises in 2014, some of them in cooperation with the Fire Brigade.

Risk-analysis methodological assistance

The Group provides assistance to the sites for their hazard studies. These analyses are used to exhaustively identify major accident scenarios, their causes and impacts, in the light of which, prevention and/or protection safeguards (important safety items) are installed to reduce the likelihood or seriousness of contingencies. In 2014, this mainly involved SLN and the Maboumine project.

Action plans to counter the risks of contact between water and molten materials

Following a major industrial accident in late June 2011 at the Valdi Feurs site in France, an action plan was decided, with the aim of eliminating the risk of explosions caused by contact between water and molten materials (liquid slag or metal), or to reduce such risks as far as possible.

The 18 sites where the processes employ molten metal are:

- Alloys Division: Aubert & Duval Firminy, Imphy and Les Ancizes, Erasteel Commentry, Söderfors and Metallied Irun;
- Manganese Division: ERAMET Norway Porsgrunn, Sauda and Kvinesdal, ERAMET Marietta, TTI Tyssedal, Comilog Dunkirk, Comilog SA CMM, GLC Guilin, GCMC Freeport, Valdi Le Palais;
- Nickel Division: SLN Doniambo;
- ERAMET Research.

The action plan was split into three phases:

- **Phase 1: Hazard studies:**

  Each site had to review the hazard studies already conducted, with a focus on the events under reference.
- **Phase 2: Plant inspections:**

  Inspections are conducted with an outside expert, involving a detailed study of the furnaces and their environment in order to examine, with the persons concerned at the sites, their hazard studies, the appropriateness of the measures taken (prevention/protection) and to consider any additional measures.
- **Phase 3: Site action plans:**

  These take account of the hazard-study findings and the expert's recommendations.

DC2D/RI monitors half-yearly progress on these action plans

Phase 1 was completed during the 2nd half of 2011.

Phase 2 was carried out in 2012 and 2013 and each of the 18 sites in question received an official expert report detailing the comments and recommendations of the independent expert.

A Group summary was circulated, bringing together the main recommendations applicable to all sites, as well as the critical issues to be addressed by each site.

The following overall observations were made:

- a high degree of commitment by all sites on this subject;
- a generally good standard of control of these risks;
- practical pointers for improvement, some applicable generally, and others specific to certain sites;
- one of the main actions to be undertaken was the training of personnel assigned to at-risk work positions, and the periodical checking of knowledge of the equipment and procedures.

In phase 3, which was carried out in 2014, the site action plans were fully completed.

Preventive engineering required under the Group's property insurance policy

In 2014, ERAMET continued the policy of biannual engineering visits (insurance preventive audits) to all industrial sites in close cooperation with the insurers, underwriters and the Group Insurance Department.

The following sites were visited:

- **Alloys Division:**
  - Aubert & Duval Firminy, Issoire, Les Ancizes and Interforge,
  - Erasteel: Champagnole and Commentry;
- **Manganese Division:**
  - ECI Baltimore and Valdi Le Palais;
- **Nickel Division:**
  - ERAMET Sandouville,
  - SLN (Doniambo, Kouaoua, Népoui, Thio and Tiébaghi),
  - as well as ERAMET Research.

The follow-up indicators for the actions decided as a result of these visits are included in a summary report issued twice a year, covering compliance with standard fire safety procedures and the actions to protect strategic facilities (version as of June 2014 circulated in September).

As always, close involvement of the on-site industrial-risk officers and the leading insurer's engineering teams in all capital-expenditure programmes ensured that insurer recommendations are factored into new facilities from design stage onwards.

In 2014, the studies focussed on the ECOTITANIUM project, the replacement of the transformer for the S60 furnace and of the ladle crane at Les Ancizes, acceptance of the fire protection systems on the C2M project in Gabon, the Maboumine project, the protection of critical electrical rooms, the planned new coal workshop and the Plant C project at SLN…

Environmental insurance policy—Risk-control inspections

In 2007, ERAMET signed an extension of its Group Civil Liability policy with Axa, including an Environmental Damage component (Ecosphère).

Thus, since 2008, an inspection programme has allowed the insurers to assess the risk of harm to the environment at 15 sites, in addition to the exchange of information and filling out of questionnaires by all the units covered by this policy.

Each inspection consists of reviewing the site's regulatory position, assessing existing action plans along with a field visit component.

The insurers' recommendations, ranked in order of priority, are then tracked in action plans by the sites, with a consolidated review being carried out at Group level every six months.

In 2014, two sites were visited: Erasteel Champagnole and ERAMET Norway Kvinesdal.

All these on-site evaluations by AXA come on top of the Group's HSE internal audit programme.

3.3.3.3 "Zero dispute" goal

The ERAMET group promotes a policy of strict regulatory compliance, transparency and dialogue with the supervisory authorities in all circumstances, particularly in the event of temporary difficulties or special operating conditions. Since 2007, it has worked towards a "Zero dispute" goal, aiming for zero formal notices or legal proceedings liable to arise from any breach by Group sites of binding regulatory requirements.

Since 2009, the "Zero dispute" assessment scope has been widened to cover all the Group's working mines and industrial sites.

This goal is split into three levels:

- **Level 1:** A letter from the authorities conveying a specific request (excluding inspection report) which, if not acted upon, could escalate to formal notice requiring compliance with regulatory obligations.
- **Level 2:** Formal notice served by, or an official complaint from the supervisory authority relating to a breach on our part of the regulatory obligations, liable to result in criminal proceedings or a fine.
- **Level 3:** Legal proceedings brought to trial and/or formal notice expired with consequent legal proceedings.

The 2014 "Zero Dispute" assessment shows that in aggregate terms the number of cases was in line with the previous assessment. The number of level 3 disputes is very low and unchanged (1 in 2014 like in 2013). The same goes for level 2 (8 versus 7 in 2013).

This very limited number of disputes should be set against all the detailed requirements in the various mining permits with which Group sites must comply. The number of mining permits in 2014 amounts to 192, each of which includes at least ten parameters to be complied with on an annual, quarterly, monthly or even continuous bases.

3.3.4 Transportation-related risks

3.3.4.1 Sea freight

The Group makes extensive use of shipping to transport its products; first, in various stages, to production sites, and then for deliveries to customers, because of the long distances between the mines where raw materials are extracted and the sites where they are processed, and between those sites and the markets. To protect itself against sharp rises in freight costs, the Group seeks to contract long-term at predefined prices and to reserve some ships on a long-term basis. During periods of low sales activity, on the other hand, this may entail renegotiation of some contracts.

The risk of property damage is moreover covered by specific insurance policies.

3.3.4.2 Rail transport and harbour facilities

In Gabon, the Group was awarded the concession to operate the "Transgabon" railway for a 30-year term beginning in November 2005. In addition to providing a public service and transporting miscellaneous goods, the railway carries manganese ore from the Moanda mine to the port in Owendo (Libreville). Comilog, through its Port Minéralier d'Owendo subsidiary, has a concession to operate the ore port of Owendo.

In Senegal, TiZir's Grande Côte operations also include the concession to operate railways to transport ore from the mining site to the Dakar harbour facilities. It also benefits from a license to use public domain at the Dakar autonomous port site.

An interruption in sea or rail transportation or a sharp rise in transportation prices, notwithstanding long-term contracts, would nevertheless have a negative impact on results.

3.4 LEGAL AND TAX RISKS/DISPUTES

3.4.1 The Group's dependence on the legislative and regulatory environment

3.4.1.1 Specific regulations

Mining operations are subject to specific regulations depending on extraction locations and activities. These regulations relate mainly to:

- mining permit and concession regimes;
- obligations specific to mining operations;
- environmental and biodiversity limits and controls; and
- site restoration after depletion.

These regulations may change, with possible impact on operations and results. This is currently the case in Gabon, where the authorities are reforming the Mining and Environmental Codes.

Independently of mining, industrial operations are also subject to specific regulations depending on the industrial sites. These regulations mainly cover:

- the regimes governing the mining permits and authorisations;
- compliance with limits on effluent discharge into the natural environment during site operation, taking due account of major industrial risks and health hazards entailed in operations, and the management and elimination of industrial waste;
- the obligations entailed in restoring the site after cessation of operations, particularly factoring in the risks relating to polluted sites, ground pollution and waste.

These regulations may change, with possible impact on operations, particularly where additional capital expenditures are required to factor in environmental concerns in response to changes in the regulations.

3.4.1.2 Tax framework

In addition, the Group's business is subject in part to a special tax framework (royalties, duties and taxes). Its companies and units in mainland France are chargeable at the standard French tax rate. The current corporate income tax rate is 33.33%, excluding both an additional corporate contribution of 3.3% and a special surcharge of 10.7% applicable since 2013.

It should be noted that ERAMET is the parent company of a tax consolidation group that comprised 21 companies at 31 December 2014.

The following notes apply to subsidiaries outside mainland France:

- Le Nickel-SLN is liable for the mining and metallurgical corporation tax in New Caledonia at the rate of 35%. Since 1975, the company has enjoyed a tax freeze which has been renewed several times. The last renewal was for 15 years as from 1 January 2002, namely to December 2016, pursuant to a local order of 13 June 2002. Moreover, some of the subsidiary's capital expenditure programmes in New Caledonia enjoyed the tax exemption measures introduced by the Paul and Girardin Acts and the relief granted under the New-Caledonian Tax Code on capital expenditure in metallurgy.

  In 2014, New Caledonia undertook a reform of its tax system. On 31 December 2014, a number of laws of the land were published in the Official Journal of New Caledonia, coming into force on 1 January 2015. SLN's distributions to ERAMET will henceforth be subject to an additional income tax contribution of 3% (any distribution in excess of 30 million pacific francs, i.e. €251,400). In addition, the withholding tax on dividend payments in New Caledonia has been raised from 5 to 10% as a result of the introduction of a Caledonian solidarity contribution of 5%.
- The Weda Bay investment project is governed by a contract of work defining, among others, the tax regime applicable to the production activity at the start of the site's operations. Tax matters currently under discussion with the Indonesian Government concern issues relating to State revenues (royalties, tax incentives, VAT). The outcome of these discussions will be decisive for the investment's success and profitability.
- For its part, the Comilog subsidiary is subject to corporate income tax at 35%, to export duty and mining royalties that represent approximately 6% of the pithead value of the mined products (close to FOB value), and to a 15% tax on dividends. This tax regime is fixed until 2032 as part of a mining agreement signed in October 2004 and which was ratified by the Gabonese Parliament in 2005. The double-taxation convention between Gabon and France signed in Libreville on 20 September 1995 took effect on 1 March 2008, superseding the earlier convention of 21 April 1966. The current convention was published in the Official Journal of the Republic of Gabon on 24 to 31 July 2011.

  A plan to reform the mining code was approved by the Council of Ministers in April 2013 and presented by the Mining Minister to the members of the parliamentary Economic Affairs, Production and Development Committee in June 2014. The reform plan was approved by the National Assembly and Senate in December 2014. The new mining code will come into force once the text of the act is promulgated, with mining companies expecting the text to contain favourable provisions for major mining projects.
- China is currently in the process of strengthening controls on foreign companies where there are cross-border flows. This translates into heightened reporting requirements, the adoption of anti-abuse tax rules and the reclassification of the business as a permanent establishment of the foreign company in China.

  In addition, China undertook a reform of its indirect taxation, with the introduction of a value added tax system to replace the existing "business tax".
- Under an Agreement signed with the Senegalese State in 2005 and amendment No. 1 signed in 2007, Grande Côte Opérations (GCO) benefits from a mining concession regime for a period of 25 years from November 2007. Under the provisions of the mining code it enjoys full exemption for 15 years (exemption from VAT, customs duties, income tax, levies and property tax…), not including the investment period (construction).

  Moreover, in the case of mining royalties, by way of exemption from the Mining Code, which sets these royalties at 3% of the pithead value, GCO agreed in 2007 to raise these royalties to 5% and to apply production sharing at 10% based on margin less a certain number of costs.
- Generally, subsidiaries based abroad are subject to standard-rate local taxation and benefit from the double-taxation conventions in force. Tax is not withheld on dividends paid to the parent company by the subsidiaries in Norway, Sweden, the United States, China and Belgium. On the other hand, withholding tax is charged on dividends paid by Comilog (Gabon) and SLN (New Caledonia) at rates of 15% and 10% respectively.

3.4.2 Major lawsuits

Apart from the matters detailed below, no government, judicial or arbitration proceedings exist, including any proceedings of which the Company is aware, whether pending or threatened against it, that is liable to have, or in the last 12 months has had, material effects on the financial position or profitability of the Company and/or the Group.

Carlo Tassara France litigation

On 17 December 2009, Carlo Tassara France summoned SIMA, SORAME and CEIR, as well as the members of the Duval family, to appear before the Paris Commercial Court. The summons specifies that these proceedings are being brought in the presence of ERAMET. The facts are detailed in Note 36 to the consolidated financial statements set out in Section 6 of this document.

On 2 December 2011, the Paris Commercial Court ruled that all of Carlo Tassara France's claims were inadmissible on the grounds that they were time-barred. Carlo Tassara France appealed the ruling. On 19 March 2013, the Paris Court of Appeal confirmed the judgement of the Paris Commercial Court in all its provisions.

On 8 July 2014, the Court of Cassation dismissed the appeal filed by Carlo Tassara France against the judgement handed down on 19 March 2013 by the Paris Court of Appeal.

On 10 April 2014, Carlo Tassara France filed an application for judicial review of the judgement handed down on 19 March 2013 by the Paris Court of Appeal. This application is being examined.

3.4.2.1 ERAMET Nickel

SLN management employees dispute

In 2012, some fifty management employees and former employees of SLN brought an action against their employer before the Nouméa Employment Tribunal, claiming, for the period that wasn't prescribed, back pay relating to the payment of an end-of-year bonus. The plaintiffs challenge the validity vis-à-vis them of a measure taken at end-1992 by virtue of which this bonus was incorporated into the annual salary paid in twelve monthly instalments.

In a binding judgement handed down on 26 August 2014, the Nouméa Employment Tribunal granted these requests for the period that wasn't prescribed. SLN appealed against this judgement.

3.4.2.2 ERAMET Manganese

Former employees of Comilog in Congo

Before the "Transgabon" railway started operating, Comilog exported its manganese ore via the Republic of Congo, where it then employed nearly 1,000 people. Following a very serious rail accident on 5 September 1991 in the Republic of Congo, Comilog's rail shipments of ore through this country were suspended. This situation showed no sign of coming to an end, and led to the discontinuation of Comilog's operations in the Congo and the severance of its Congolese employees. After several years of negotiations delayed by the civil war in the Republic of Congo, *"a memorandum of understanding for the final settlement of the dispute relating to the discontinuation of Comilog's operations in the Republic of Congo"* was agreed by the Republic of Congo, the Gabonese Republic and Comilog on 19 July 2003. Under this agreement, Comilog and the Republic of Congo put an end to all past and future disputes, with the latter taking over all liabilities and obligations resulting from Comilog's operations in the Republic of Congo. Under the terms of this agreement, Comilog paid the Republic of Congo the sum of one billion two hundred million FCFA to compensate the employees who were dismissed. This sum is in addition to the considerable real and movable assets transferred free of charge by Comilog. Considering that the terms of this agreement were unsatisfactory, 867 former employees of Comilog in the Republic of Congo summoned three French subsidiaries of Comilog, which had never employed them, and Comilog, to appear on 9 October 2008 before the Conciliation Board of the Paris Employment Arbitration Tribunal. In a ruling on 26 January 2011, the Judgement Board of the Employment Arbitration Tribunal declared that it had no territorial competence in the matter. The appellants have disputed that declaration in a referral to the Paris Court of Appeal. In a judgement handed down on 20 June 2013, following an objection lodged by six appellants against the decision of the Judgement Board of the Employment Arbitration Tribunal, which had declared that it had no territorial competence in the matter, the Paris Court of Appeal ordered two French subsidiaries of Comilog to provide it with a number of documents and deferred the matter to a later hearing. Comilog and its subsidiaries appealed this judgement to the Court of Cassation and, accordingly, asked the Court of Appeal for an adjournment until the Court of Cassation had ruled. On 28 January 2015, the Court of Cassation dismissed these appeals. The judgement of the Court of Cassation confirms that, in its judgement of 20 June 2013, the Paris Court of Appeal did not decide that French employment courts would be competent to rule on the merits of the dispute between the claimants and their former Gabonese employer and that it had moreover not decided that the French subsidiaries of Comilog were their employer. In view of the weak grounds for these actions, the various defendant companies have not funded any provision.

Criminal proceedings against the CEO of Setrag

On 3 February 2014, a rail accident involving a Setrag passenger train on a level crossing at Nkoltang (Gabon) cost the lives of seven occupants of a vehicle. Following this accident, the CEO of Setrag, the "Transgabon" railway concession operator, has been charged with manslaughter.

The evidence presented by the Public Prosecutor does not show any criminal offence or breach by Setrag of the concession agreement with the State or of the laws and regulations governing rail safety.

Moanda environmental dispute

Four NGOs (non-governmental organisations), an inhabitants' protest group *("collectif d'habitants")* and a former Member of Parliament made a number of applications to the Libreville Court of First Instance, in February and March 2011, instituting civil actions, seeking reparation from Comilog SA and ERAMET for environmental damage alleged to have been caused by the operation of the Moanda mining site.

On 13 November 2012, the Libreville Court of First Instance, in response to an application by Comilog SA and the other defendants, declined territorial competence. The appeal filed by the appellants against this judgement was deemed inadmissible by the Libreville Court of Appeal on 16 May 2013. The claimants appealed to the Court of Cassation against the September 2013 judgement of the Libreville Court of Appeal. On 7 January 2015, the Court of Cassation dismissed the claimants' appeal.

Gulf Chemical & Metallurgical Corp.

In February 2013, the Group was informed of civil proceedings against Group companies, seeking reparation of alleged damage to residents living close to the Freeport, Texas, USA, plant. As of the date of filing of this document, no formal notice has been received and the amount of damages which may be requested is not known.

3.4.2.3 ERAMET Alloys

Asbestos classification of Les Ancizes

The Les Ancizes establishment belonging to Aubert & Duval never produced or transformed asbestos nor sold materials that are fully or partly made of asbestos. This material has only ever represented a constituent of some of the materials used in its heat transfer equipment (furnaces). For example, heat-resistant materials containing asbestos, used in the past at the Les Ancizes site, represented less than 1% of all heat-resistant materials used at the site.

The regulatory scheme for the early retirement of asbestos workers is open to workers of establishments where a significant proportion of workers were significantly exposed to asbestos, regardless of the positions held. The Ministry of Labour is responsible for assessing how significant such exposure was and adding the establishments in question to the list of establishments, the employees of which qualify for this scheme. The Ministry of Labour carried out four successive enquiries regarding the Les Ancizes site and concluded that this establishment did not satisfy any of the regulatory criteria required for inclusion.

In its judgement of 7 May 2013, the Lyon Administrative Court of Appeal nevertheless ordered the Ministry of Labour to add the Les Ancizes establishment to the list of establishments, the employees of which qualify for the scheme, for the period before 2005.

On 1 August 2013, the Council of State suspended the judgement of 7 May 2013 for the period after 1992 and dismissed the appeal for the period before 1993. The classification of the Les Ancizes site was formalised, for the period before 1993, by interministerial decree of November 2013.

By decision of 19 May 2014, the Council of State overturned the judgement of the Lyon Administrative Court of Appeal of 7 May 2013 for the period after 1992. It referred judgement on the merits of the case for the period after 1992 back to the Lyon Administrative Court of Appeal.

3.5 LIQUIDITY, MARKET AND COUNTERPARTY RISKS

3.5.1 Liquidity risk

The Group has a comfortable liquidity position by virtue of:

- the Revolving Credit Facility (RCF), wholly undrawn, for €981 million largely maturing in January 2018;
- €80 million in financing available from the EIB;
- a €400 million commercial paper programme, €81 million of which was issued at 31 December 2014;
- a cash surplus of €938 million, €518 million of which was classified as Cash and cash equivalents. These cash surpluses are mostly transferred to Metal Securities, the Group's special-purpose entity responsible for pooling and investing Group cash surpluses.

Furthermore, the Group's net borrowings stood at €547 million at 31 December 2014. In 2014, ERAMET SA notably arranged:

- two borrowings in the form of Euro private placements, for €50 million each;
- an increase in listed bond issues to institutional investors on the Eurobond market, amounting to €125 million, maturing in November 2020;
- an increase in TiZir Ltd listed bond issues to institutional investors in USD, amounting to USD125 million (ERAMET's share being $62.5 million).

Covenants

The main covenants at Group level are described in Note 24 to the consolidated financial statements in Chapter 6 of this document.

3.5.2 Market risks

The Group is primarily exposed to three types of market risk: foreign-currency risk, interest-rate risk and commodity risks. These three types of risk are measured and managed by the Group Treasury Department in accordance with Group policies.

3.5.2.1 Foreign currency risk

The ERAMET group is exposed to two types of foreign currency risk, namely:

- Transactional currency risks when a Group company pays or receives net flows in a currency other than its functional currency;
- foreign currency risks to the balance sheet due to changes in the net assets of subsidiaries measured in currencies other than the euro.

Transactional risks

Since 2003, the Group has pooled its subsidiaries' transactional foreign currency risks. Each Group company reports to Group Treasury on its foreign currency exposure. This management scheme is part of a multiyear policy based on procedures approved by the Executive Committee and monthly reporting to its members.

Since 2007, foreign exchange hedging has been carried out via the special-purpose entity, Metal Currencies. The subsidiaries in question determine the amount of their net exposure. The associated risks are then hedged if the net amount is greater than €2 million or the equivalent thereof per currency and per year.

Currency hedging primarily involves the US dollar but also includes the Norwegian Krone, the pound sterling and the Swedish Krona.

Details of this hedging can be found in Note 24 to the consolidated financial statements set out in Section 6 of this document.

At 31 December 2014, the fair value of currency hedges covering transactional risks represented a €71 million net liability (31 December 2013: a net asset of €11 million).

Foreign currency denominated sales and purchases (invoices issued, invoices received, receipts and payments) are translated at a monthly exchange rate that represents an accurate approximation of the market exchange rate. At the end of each month, trade receivables, trade payables and bank-account balances are restated at the hedging rate indicated by the Treasury Department. Any differences between:

- the monthly exchange rate applied to recognise sales and receipts/purchases and payments; and
- the contractual settlement rate for hedges,

are recognised by each company under current operating profit (loss) on sales (under "Translation adjustments on sales") or purchases (under "Cost of goods sold").

A change of plus or minus 10 points in the euro-dollar rates would have an impact on the hedges recognised in equity of +€42 million were rates to rise and approximately -€56 million were they to fall.

Balance sheet risks

The ERAMET group manages part of the foreign currency risks to the balance sheet by issuing financial liabilities denominated in the same currency as the net assets in question.

The Group manages the foreign currency risk to the balance sheet for each case individually.

3.5.2.2 Interest rate risk

a) As regards its gross debt position, the Group looks at its debt position and market trends when deciding whether to hedge for interest rates. The Group's Treasury Department is responsible for setting up hedges.

   A 10 basis point change in rates would not have a significant annual impact on the Group's overall floating rate debt.

b) Cash surpluses managed by Metal Securities are mostly invested in instruments linked to the EONIA (Euro OverNight Index Average) or EURIBOR (Euro InterBank Offered Rate).

   A 10 basis point change in rates would not have a significant annual impact on financial income.

3.5.3 Counterparty risk

The Group is exposed to several types of counterparty risk, which arise from its customers and its financial partners, particularly because of its cash surpluses.

For customer risk, recourse is had to credit insurance or the setting up of letters of credit or documentary credits. For unsecured receivables, the Group has a number of different monitoring and hedging tools: business intelligence ahead of transactions (rating and business-intelligence agencies, published financial statements, etc.). Trade receivables are specifically monitored by a credit manager for each Group Division, with a Credit Committee meeting monthly to set credit and outstanding-balance limits for each customer. In addition, every two months, a Group Credit Committee exchanges best practices and reviews the commercial situation of the major customer accounts.

For issuers of bonds or negotiable debt securities of more than three months' maturity: the procedure applicable to Metal Securities sets general investment limits according to counterparty rating and maturity. Each counterparty is also subject to regular monitoring of the assessments by credit analysts and/or rating agencies and all risks are reviewed quarterly.

For UCITS, the procedure applicable to Metal Securities sets a double risk-dispersion rule, with both a maximum investment ratio for a given UCITS and the spreading of the assets managed by Metal Securities. This procedure applies in addition to the risk-spreading rules applied by the fund managers themselves to their assets.

3.6 INSURANCE/COVERAGE OF RISKS LIKELY TO BE INCURRED BY THE ISSUER

3.6.1 The Group's general coverage policy/risk coverage strategy

3.6.1.1 Group organisation

The Group Insurance Department was established in 2003 with the goal of setting up Group programmes, monitoring the prevention policy in coordination with the Communications and Sustainable Development Department and seeking optimal risk/premium/retention solutions, including use of the Group's captive reinsurer.

3.6.1.2 Risk identification and control

As part of the implementation of its risk management policy, in 2014 the Group re-mapped its risks, in order to set up action plans for each risk designed to prevent their occurrence and limit their impacts, particularly by having them transferred to the insurance market whenever possible.

This mapping was presented to the ERAMET Audit Committee on 8 December 2014. In addition, and in accordance with the Group's Risk Management Chapter approved by the Board of Directors on 11 December 2013, a certain number of mappings for each Division were carried out in 2014.

3.6.1.3 Use of the insurance market

As risks are identified and their impact controlled, the Group seeks the most appropriate solutions on the insurance market that offer an optimum cost/coverage balance. Through underwriters, the Group has thus put in place global insurance schemes with pools of internationally renowned and financially sound insurers. The Group also uses the market to cover risks that are specific to some of its subsidiaries' activities or non-recurring operations, as well as where insurance is required under local regulations.

3.6.1.4 Reinsurance

The Group also has a captive reinsurance company (ERAS) that enables it to provide primary coverage in some insurance schemes. The Group is thus able to more effectively manage premiums via a retrocession mechanism and to decide retention limits. The Divisions are accordingly encouraged to develop their own prevention programmes.

3.6.1.5 Coverage levels

The Group considers that it has established sufficient coverage, in terms of both scope and amounts insured or coverage limits, for the main risks relating to its global operations.

3.6.2 The different types of insurance taken out

The Group has a varied range of insurance schemes designed to cover the different insurable risks to which it is exposed.

The four main insurance schemes cover civil liability, environmental civil liability, property damage, business interruption and shipping risks.

3.6.2.1 Civil liability insurance

General Civil Liability insurance

This scheme covers the civil liability incurred by the Group as a result of damage caused to third parties by its business operations or products, i.e. general operating liability, lessors' insurance, product liability including for aerospace products, professional civil liability and sudden and accidental pollution cover. Coverage is comprehensive, meaning that everything not excluded is covered, exclusions being those commonly applied for such risks. Coverage is applied on a "claims" basis, meaning that it applies to any claim made during the insurance period (including the subsequent five year period, in line with French regulations). For any claims received, the scheme applies from France. If applicable, where local regulations require local policies, this insurance applies on top of those policies and to compensate for differences in conditions and/or limits on a DIC/DIL basis worldwide.

This scheme, which was arranged on 1 July 2004 with AXA Corporate Solutions, was the subject of a new call for tender as of its renewal in July 2014. The new scheme offers both markedly improved terms and a significantly lower premium.

In excess of local policies, this scheme is based on a Master policy issued in France covering €75 million and on two additional Excess policies of €50 and €25 million respectively, supplementing the Master policy and thereby offering overall cover of €150 million.

The applicable excess levels may vary depending on local policies, and are usually around €15,000 per claim.

This scheme also comes into play on top of the coverage and limits of several specific sub-schemes, particularly in North America, for motor insurance and employer's civil liability, and on top of mandatory insurance policies in the United Kingdom such as employer's civil liability.

The annual renewal date for this scheme remains 1 July.

Environmental Civil Liability

In 2007, a specific environmental civil liability policy was taken out for €10 million to cover certain subsidiaries. The cover terms for this policy were significantly improved in 2010, among others by raising the amount from €10 million to €25 million. At 1 July 2012, the scheme's scope was widened to include ecological damage. The scheme was renewed on 1 July 2014 without any increase in the flat-rate premium. The policies in place in the United States (€25 million) and New Caledonia (€20 million) were also renewed.

3.6.2.2 Property damage and business interruption insurance

This scheme covers property damage incurred suddenly and accidentally to the insured property, including machine breakage risk, and any resulting business interruption losses for all Group entities. Coverage is comprehensive, meaning that everything not excluded is covered, exclusions being those commonly applied for such risks. The scheme is based on a Master policy issued in France that directly covers the following countries: France, Belgium, Italy, Norway, United Kingdom and Sweden, providing cover on any difference in conditions and/or in limits (DIC/DIL) under local policies. With the inclusion in 2009 of the companies located in China, all Group companies are now covered by the scheme.

This scheme, arranged since 2005 with a pool of insurers and with AXA Corporate Solutions as the leading insurer, offers maximum coverage of €250 million.

There have been regular underwriting improvements in terms of coverage and it has been systematically renewed on satisfactory terms, in particular having regard to the varying number of claims from one year to the next.

With a view to its renewal on 1 January 2015, a call was made to the insurance market to tender proposals. Insurers were able to respond favourably as a result in particular of the attention paid to the recommendations made by them in the course of site risk-control visits.

3.6.2.3 Shipping insurance

On 1 January 2008, a Group global transport insurance scheme was established. This scheme covers all Group entities worldwide and for all types of shipping: sea, river, land or air. It covers all types of goods, freight or equipment shipped. The scheme comprises three policies: "marine cargo" for goods shipping, "charterer" with RAETS Club and "hull and machinery" with AXA Corporate Solutions. The introduction of this scheme secured particularly favourable terms for both coverage conditions and premiums. At end-2012, a new call for tender was launched, limited to just the "marine cargo" policy. Once again, it was won by AIG. A two-year agreement was signed with markedly improved coverage and pricing terms.

4

CORPORATE GOVERNANCE

4.1 REPORT FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS APPROVED BY THE BOARD OF DIRECTORS ON 19 FEBRUARY 2015

Pursuant to the provisions of Article L. 225-37 of the French Commercial Code, this report covers, on one hand, the composition of the Board of Directors, the application of the principle of balanced representation of men and women on the Board and the conditions governing the preparation and organisation of the Board's work and, on the other hand, the internal control and risk management procedures in place within the Company.

4.1.1 Composition of the Board of Directors and conditions for the preparation and organisation of its work

4.1.1.1 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 those recommendations for reasons detailed in the table set out in the Appendix to this report.

4.1.1.2 Board of Directors

Membership/independence

In accordance with the Shareholders' Agreement of 16 March 2012, amended on 21 March 2013, between SORAME and CEIR, on one hand, and FSI Equation (a subsidiary of Bpifrance Participations) on the other, since 15 May 2013 the Board of Directors has been comprised as follows:

- five directors put forward by the SORAME-CEIR concert party;
- three directors put forward by Bpifrance Participations;
- two directors put forward by STCPI;
- one director put forward by mutual agreement between SORAME-CEIR and Bpifrance Participations;
- five "qualified persons", three put forward by the SORAME-CEIR concert party and two by Bpifrance Participations, selected in view of their expertise and their independence from the party that proposes their appointment and from 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.

Furthermore, in accordance with the law of 14 June 2013 related to job security (Article L. 225-27-1 of the French Commercial Code and Article 10.9 of the Articles of Association, two directors representing employees were designated and took up their duties in 2014.

Full details of the composition of the Board of Directors and of its General Management, at 31 December 2014, can be found in the table set out in the Appendix to this report.

The Afep/Medef code considers that a director is independent "when he has no relationship of any kind whatsoever with the Company, its group or the management of either that could compromise his freedom of judgement" and also identifies a certain number of criteria that have to be analysed in order to decide whether a director may be classified as independent:

- "not being a salaried employee or corporate officer of the Company, a salaried employee or director of its parent company or of a company consolidated by the latter, and not having been so during the course of the previous five years";
- "not being a 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 a corporate officer (current or former within the past five years), of the Company";
- "not being (or being directly or indirectly linked with) a major customer, supplier, merchant banker or commercial banker of the Company or of its group, or one of the aforesaid for whom the Company or its group represents a significant percentage of its business activity";
- "not being related by close family ties with a corporate officer";
- "not having been an auditor of the Company during the past five years";
- "not having been a director of the Company for more than twelve years".

Based on an examination of these criteria by the Board, at 31 December 2014, the Board contained seven independent directors out of a total of 16 Board members (the two directors representing employees not being counted in accordance with Afep/Medef code provisions); therefore, more than one third of Board members are independent, in accordance with recommendation 9.2. of the Afep/Medef code in respect of controlled companies.

It is here specified 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. This appraisal enabled the Board to verify that there are 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.

With regard to the independence of directors where the duration of their duties extends beyond 12 years, at its meeting of 16 February 2011, the Board of Directors reasoned that Mr. Treuille, first appointed as a director of the Company in July 1999, could continue to be considered independent owing to his far-reaching experience and expertise. At its meeting of 21 March 2013, the Board of Directors also considered that Mr. Tona, representative of Areva from 2002 to 2012, who has had no ties with Areva since May 2012, satisfied the requisite conditions of independence.

The Board of Directors of ERAMET consists of 18 members, including four women, two of whom are directors representing employees, designated in accordance with Article L. 225-27-1 of the French Commercial Code. Consequently, women represent 22% of the full Board of Directors and 12.5% of Board members counted according to the Afep/Medef code (excluding directors representing employees). It should be noted that the appointment of two female directors is tabled for shareholder voting at the General Shareholders' Meeting in May 2015, which would bring the percentage of female directors to one third and one quarter, respectively, following that General Meeting.

Under Article 10 of the Articles of Association, directors may not be over seventy years of age when they are appointed and they are appointed for a four-year term of office. The Chairman and a majority of members of the Board of Directors (including legal entities and their permanent representatives) must be nationals of a member state of the European Union. In accordance with the Articles of Association, each director should hold at least one share in the Company and, at its meeting of 11 May 2011 the Board of Directors indicated that, in addition, each director should hold one hundred shares within eighteen months of joining the Board.

For historical reasons associated with the Company's shareholding structure and the existence of a Shareholders' Agreement since 1999, Board members' terms of office are not staggered. Fourteen terms of office will come to an end at the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2014 and three terms of office will end at the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2016.

Other participants at Board meetings

Observers

At its meeting of 12 April 2000, drawing on the option provided for in Article 18 of the Articles of Association, the Board of Directors decided to provide two Observer posts on the Board and to appoint Group employees to that role, in addition to Works Council representatives. In practice, the two Observers are appointed at the recommendation of the European Works Council; if an Observer quits his/her membership of the Council, the Board will order an early termination of his/her term of office. On 27 July 2012, the Board reappointed Daniel Signoret and Pierre Lescot as Observers for a further four years. On 26 July 2013, the Board appointed Jean-François Rebatel to replace Pierre Lescot for the remaining duration of his term of office.

In view of the new provision specifying mandatory representation of employees on the Board, introduced by the law of 14 June 2013 concerning job security (Article L. 225-27-1 of the French Commercial Code), the General Shareholders' Meeting held in May 2014 amended Article 18 of the Company's Articles of Association to remove the option offered to the Board of Directors to appoint Observers. The terms of office of the two Observers currently in office will continue to run until their expiry, under the conditions currently provided by the Articles of Association.

Company Works Council Delegate

Philippe Laignel.

ERAMET Directors' Charter

The duties and obligations of the directors are set out in the Directors' charter, provided for under Article 11-4 of the Articles of Association. Subsection 6 of Article 12 of the Articles of Association also states that "it is the duty of directors to defend the interests of ERAMET in all circumstances and, whilst carrying out their duties, they shall refrain from any and all actions, or inaction, that may compromise those interests".

Any new director elected by the General Shareholders' Meeting or co-opted by the Board, whether a director in his own right or the permanent representative of a legal entity, must adhere to the charter which gives a general description of the directors' responsibilities, the principles governing their actions and the rules of conduct imposed by current legislation and the Company's Articles of Association.

The charter, which was first adopted in 1999, places particular emphasis on directors' competence, their right of access to information and their duty of disclosure, their attendance at Board meetings and, insofar as possible, at General Shareholders' Meetings and their independence. In particular, Board Members are asked, at all times, to ensure that there is no direct or indirect conflict of interest existing between the Company and any company in which they may hold a position. Such a situation, which must be notified to the Board, may result in a refusal to appoint or a resignation (structural conflict) or an abstention (one-off conflict), depending on the case in point. At the time of writing this report, to the Company's knowledge, no director was involved in a conflict of interest within the meaning of paragraph 14.2 of Appendix 1 to EC Regulation No. 809/2004.

No member of the Board of Directors has entered into a service contract with the Company or one of its subsidiaries.

The obligation of confidentiality and of refraining from dealing in the Company's shares, when in possession of unpublished material information, is stressed. Since 2005, the rule prohibiting dealing in the Company's shares has been set down in a procedure that applies to corporate officers and executives and whose circulation list is regularly updated. At the Board meeting of 16 February 2011, the procedure itself was updated and reassessed and the Board adopted a securities' trading code of conduct for the ERAMET group. The securities trading code of conduct, aimed at preventing insider trading offences and infringements, 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.

By-laws

The By-laws specifying the arrangements for organisation of the Board of Directors are available from the Secretary of the Board of Directors at the Company's head office. It is specified therein that the Board approves the Group's strategic objectives and strategic investments, as well as any transaction, particularly acquisitions or disposals that may significantly affect Group results, the structure of its balance sheet or its risk profile. Prior to each Board meeting and according to the agenda, directors receive the accounts, the budget and forecasts. Board members will also examine press releases related to the financial statements or to acquisitions or disposals, prior to their distribution, except in a duly justified emergency.

The by-laws also specify the membership, organisation and operation of the Committees, as described here below. The Committees may, within the scope of their respective competencies and having first informed the Chairman, confer with members of the Group's management. They report on the information obtained and advice received.

Code of conduct

At the recommendation of the Audit Committee, on 20 January 2010, the Board of Directors adopted the provisions of the Group's code of conduct. The complete text of the code of conduct is available on the ERAMET website. The purpose of the code of conduct is to formalize a base of essential common principles of behaviour for everyone in the Group to refer to and comply with in all situations. These principles apply, in the first instance, to the Group, but the Group encourages all its partners to adhere to the same standards. The principles are as follows: combat any kind of fraud or corruption, avoid any conflict of interest, respect competition rules, protect Group information, respect and protect health and safety at work, supply quality products and services while observing security and environmental protection standards, promote the Group's territorial and civic responsibility, supply quality information to the Group's local partners and provide reliable and comprehensive information to its shareholders.

This code of conduct, translated into the Group's twelve languages, was distributed to all Group employees in 2010. It is passed on by members of the Executive Committee, the Management Committee of each Division and the main Corporate managers. An Ethics Officer has specific responsibility for monitoring proper application of the code of conduct. The internal audits initiated in 2012 were continued in several of the Group's main subsidiaries, with the support of independent specialists.

A new version of the code of conduct was drafted to further develop and better illustrate the principles guiding the Group's actions and those of its employees and has been in force since 1 January 2015.

The decision to redraft the code of conduct was taken for the following reasons:

- to take into account significant national or international legal developments that had arisen since the Group's previous code of conduct came into force in 2010;
- to enable ERAMET to respond more effectively to changes taking place in society worldwide and to the expectations of all of our stakeholders;
- to provide each employee of the Group with a detailed, clear and explicit reference document, encompassing the main legal or voluntary obligations that we should all respect as part of our duties.

Evaluation of the work of the Board of Directors

A further evaluation of the work of the Board of Directors was carried out in 2013 and its conclusions were reviewed by the Board of Directors at its meeting of 14 May 2014. The Board approved the main points drawn from these conclusions and called for the organisation of shorter Board meetings, an extended period of time for prior examination of the draft financial statements and annual budgets and a stronger role for the Selection Committee with regard to the executives' succession plan.

Meetings

Meeting notice

Meetings are called as often as necessary by the Chairman who addresses an invitation to all Board members, in accordance with the law. Invitations may be sent to members by any means, including email, in principle one week prior to the date of the meeting. With the exception of meetings held by telephone during the year, the Board's Meetings are usually held at the Company's head office (Tour Maine-Montparnasse).

Board meeting procedures

At each Board meeting, a dossier containing files on most of the items on the agenda is given to every participant in the Meeting.

The meeting usually begins with a preliminary report by the Chairman on the main events having occurred since the last meeting, followed by a presentation given by the three Divisional Heads on the market conditions relevant to each Division. Projects of particular importance in terms of the Group's strategy may be presented.

At the end of the meeting, particularly when the Board is approving the financial statements, a draft press release is usually submitted to directors for their approval and is published at the end of the day or the next day, before markets open, in order to report to the market on the main developments affecting the Company and the Group.

Minutes

The Secretary of the Board (in principle, the Company's Director of Legal Affairs) draws up the minutes for each Board meeting, which the Chairman submits to directors for approval at the next meeting, the draft minutes being sent to each participant (directors, observers and Group Works Council members), together with the invitation and agenda, approximately one week prior to the scheduled meeting date.

Work in 2014

The Board of Directors met seven times in 2014. The attendance rate of members was 89%.

In addition to examining recurring items relating to the Group's business, Board meetings were concerned, in particular, with:

- approval of the 2013 financial statements of the Company and of the Group and convening the annual General Shareholders' Meeting;
- review of the 2014 interim financial statements;
- review of the key events affecting the Group and its business divisions;
- the productivity improvement programmes and investment projects of the three Divisions;
- review of the 2014-2016 Operational Plan.

In order to carry out its work, the Board is also aided by the work of four Committees which it has set up. Each Committee may refer to independent experts, as necessary, on matters within their area of expertise.

Individual participation at meetings of the Board of Directors and of the Committees, in 2014, is shown in the table set out here below.

	Board of Directors	Audit Committee	Compensation Committee	Strategic Committee
Michel Antsélévé	86%	-	-	-
Patrick Buffet	100%	-	-	100%
Claire Cheremetinski (State Rep.) (7)	66%	-	-	100%
Cyrille Duval (SORAME)	100%	-	-	100%
Édouard Duval	100%	-	-	100%
Georges Duval	100%	-	-	-
Patrick Duval (CEIR)	100%	-	-	-
Marie-Axelle Gautier (5)	100%	-	-	-
Jean Yves Gilet (FSI Equation) (1)	100%	-	-	100%
Philippe Gomès (6)	100%	-	-	-
Caroline Grégoire-Sainte-Marie	100%	100%	-	-
Thierry Le Hénaff	71%	-	-	50%
Manoelle Lepoutre	86%	-	-	100%
Louis Mapou (2)	0%	-	-	-
Pia Olders (4)	100%	-	-	-
Michel Quintard (3)	80%	-	-	-
Michel Somnolet	71%	66%	66%	-
Claude Tendil	100%	-	100%	-
Frédéric Tona	100%	100%	100%	-
Antoine Treuille	100%	100%	100%	-
Alexis Zajdenweber (State Rep.) (8)	100%	-	-	-
AVERAGE	**89%**	**90%**	**90%**	**92%**

(1) In February 2014, Jean-Yves Gilet replaced M. Devedjian as permanent representative of FSI Equation.
(2) Resignation 26 June 2014.
(3) Resignation 31 July 2014.
(4) Appointment 23 June 2014.
(5) Appointment 12 November 2014.
(6) Co-option 10 December 2014.
(7) Resignation 5 December 2014.
(8) Co-option 10 December 2014.

Audit Committee

The bylaws specifying the membership of the Audit Committee (minimum three members, maximum five members, two thirds being independent Directors, in line with the Afep/Medef corporate governance code), its operation and its responsibilities were reviewed by the Board on 25 May 2012.

In accordance with Article L. 823-19 of the French Commercial Code, this Committee has particular responsibility for monitoring (i) the preparation of financial information (ii) the effectiveness of internal control and risk management systems (iii) statutory audit of the individual and, as applicable, consolidated financial statements by a Statutory Auditor and (iv) the independence of the Statutory Auditor.

To that end, and by application of the responsibilities referred to in the preceding paragraph, it is the responsibility of the Committee to (i) review the suitability and proper application of the accounting methods used (including off balance sheet commitments); (ii) analyse the interim and annual financial statements (iii) examine the internal audit plans and their conclusions (iv) monitor major disputes (v) examine the Group's foreign exchange and commodity risk management policy and its hedging and investment policies (vi) render an opinion to the Board concerning proposals for the appointment of Statutory Auditors, and (vii) examine the Chairman's report on the preparation and organisation of the Board's work and internal control procedures. It meets at least two days prior to the Board's review. In accordance with recommendations set out in Section 16.2.1 of the Afep/Medef code, the examination of financial statements is accompanied by a presentation given by the Statutory Auditors highlighting the main points arising from the statutory audit and the accounting methods chosen, and a presentation given by the Chief Financial Officer describing the Group's risk exposure and significant off balance sheet commitments.

The Company refers to the AMF working group's report on Audit Committees to organise the Committee's work (AMF recommendation of 22 July 2010).

Audit Committee meetings are attended, in particular, by the Chief Financial Officer, the Statutory Auditors, the Group's Internal Audit Director, the Accounting and Tax Director and the Financing and Treasury Director and the Group Director of Risk Management and Insurance.

The Audit Committee is currently comprised of four directors: Caroline Grégoire-Sainte-Marie (independent director), Michel Somnolet (independent director), Antoine Treuille (Chairman of the Committee—independent director) and Frédéric Tona (independent director).

Caroline Grégoire-Sainte-Marie, a graduate of IEP Paris and a Corporate Director, has worked in General Management and in the Finance Departments of industrial and pharmaceutical groups.

Michel Somnolet, a graduate of HEC, is a former Director, Deputy Chairman and CFO of L'OREAL.

Antoine Treuille, a graduate of ESSEC with an MBA from the University of Columbia, USA, is Executive Managing Director of Altamont Capital Partners LLC, a private equity firm based in New York.

Frédéric Tona, PhD in Applied Geology, spent 30 years working in the mining division of the Areva group. He is an independent consultant and a director of various companies.

The Audit Committee met three times in 2014.

In addition to presenting the financial statements for the previous year in February and examining the interim financial statements in July, each year the Committee reviews audit reports for the year as well as the audit programme for the following year. The examination of the financial statements by the Committee is accompanied by a presentation given by the Statutory Auditors describing the conclusions drawn from their work and the main issues concerned.

In addition to the review of the annual and interim financial statements, in 2014, the Committee examined the following points in particular:

- the Chairman's report on the work of the Board of Directors and on internal control;
- the work of the Internal Audit Department in 2014 and its scheduled work plan for 2015;
- the latest changes to IFRS;
- future cash flow needs;
- the Group's risk management structure;
- the procedures for reappointment of the Statutory Auditors;
- the draft review of the Group's code of conduct.

Compensation Committee

The bylaws specifying the membership of the Compensation Committee (minimum three members, maximum five members and a majority being independent directors), its operation and its responsibilities were reviewed by the Board on 29 July 2014. This Committee is mainly responsible for making suggestions to the Board of Directors with regard to the remuneration of executive corporate officers of the ERAMET group appointed by the Board of Directors.

The Group's Director of Human Resources, Health, Safety and Security acts as Secretary of the Committee.

The Compensation Committee currently has four members: Michel Somnolet (independent director), Claude Tendil (Chairman of the Committee—independent director), Frédéric Tona (independent director) and Antoine Treuille (independent director).

The compensation policy for corporate officers established by the Board of Directors is based on the following elements:

- Remuneration is comprised of a fixed portion and a variable portion, decided annually by the Board following recommendations from the Compensation Committee. The fixed portion has remained unchanged since 1 January 2013.

- The variable portion is based on a certain number of criteria and on specific goals, the choice and weighting of which are approved by the Board of Directors every year, at the recommendation of the Compensation Committee; for example, in 2014 it was based on: (i) actual economic performance (Current Operating Profit) (ii) financial performance (net cash position) (iii) the completion, vis-à-vis the budget and schedule, of major capital expenditure programmes, industrial projects or acquisition and development activities, and (iv) "managerial" results in terms of team motivation and leadership, strategic proposals, projects and goals in the fields of health, safety, the environment and industrial risk. For reasons of confidentiality, these results, compared against carefully defined targets set by the Compensation Committee and the Board of Directors, may not be disclosed to the general public. The variable portion may not exceed 70% of gross annual fixed remuneration (140% for the Chairman and CEO). The portion of variable remuneration based on qualitative criteria is set between 35% and 65% of variable remuneration, depending on the executive corporate officer concerned. Full details are set out in the section on remuneration items falling due or granted to each executive corporate officer of the Company for the financial year ended and submitted to voting at the General Shareholders' Meeting.
- In addition, in respect of profit-sharing, corporate officers may benefit from performance share plans or share subscription or purchase option plans, the terms and conditions of which are decided upon by the Board of Directors, at the recommendation of the Compensation Committee. Since the Board meeting of 23 July 2007, corporate officers are required to retain 20% of shares acquired under performance share plans, throughout their entire term of office. Given the significant level of this mandatory holding requirement, imposed when the shares are vested, the recommendation set out in the Afep/Medef code that an additional quantity of shares in the Company should be purchased when the share grant becomes available, is not imposed. 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. In 2014, a total of 37,590 performance shares, in the form of existing shares, all conditional upon the fulfilment of specific performance conditions, were granted to corporate officers. The 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 over a three-year period with that of a panel composed of around 30 comparable companies on the Stoxx 600 Basic Resources Index, with the performance conditions being fully achieved if the ERAMET share ranks among the top 15% of the panel) and the intrinsic performance achieved in three instalments over a three-year period of certain financial indicators for two-thirds of the share grant (50% operating margin (current operating income/revenue) and 50% operating cash-flow, with annual targets related to the Company's budgeted targets and with performance conditions only being fully achieved when these targets are significantly out-performed). No share subscription or purchase options were granted during the financial year to these same beneficiaries.
- Corporate officers are eligible for the existing defined benefit supplementary pension plan for ERAMET executives, with new arrangements applicable as from 1 July 2008. In the event of settlement of their pension rights vis-à-vis social security, they may be entitled to a supplementary pension that may not exceed 35% of the reference salary defined in the plan's internal regulations, with said reference salary being capped, in the same regulations, at twenty-five times the annual social security ceiling. The overall remuneration of corporate officers takes into account the benefit represented by the supplementary pension plan. People who have completed at least two years service with the Company are eligible for this plan. The reference period used to calculate the reference salary is twelve months for the annual fixed portion and the average of the three last variable remunerations, calculated on the basis of full years, for the variable portion. The arrangement does not provide for any specific annual rate of increase of potential pension entitlements. All these arrangements, combined with the overall limit of 35% of the reference salary, which is itself limited to 25 times the annual social security ceiling, [1] give the whole pension plan a balanced structure. Based on the latest actuarial calculation, the present value of the estimated portion of the four corporate officers in question who were still working as at 31 December 2014, out of total commitments in respect of the past service of all beneficiaries of this supplementary pension plan, amounted to €20.3 million at the end of December 2014, with the total amount of commitments being measured under IFRS at €52.3 million.
- Should the Chairman and CEO leave the Company (pursuant to forced resignation, cancellation or non-renewal of his term of office or modification of the conditions under which he originally joined the ERAMET group), his entitlement to severance pay, as provided for in his corporate officer contract, is conditional upon the fulfilment of performance conditions: the sum of gross variable remuneration (itself subject to specific performance conditions) received over the last three complete years of his term of office must be 20% or more of the total gross annual fixed remuneration received during the same three-year period. Consequently,

(1) In 2014, the annual social security ceiling was €37,548.

these arrangements exclude payment of such a benefit should the Chairman and CEO fail to achieve his targets. The amount of severance pay which may fall due is equal to three times the last gross annual fixed remuneration plus three times the average gross annual variable remuneration received in the last three complete years prior to his departure. Following the reappointment of the Chairman and CEO to that role, decided by the Board of Directors on 11 May 2011, and at the recommendation of the Compensation Committee, on 27 July 2011 the Board of Directors, with the Chairman and CEO abstaining, voted unanimously to retain all elements of his remuneration and all the provisions of his corporate officer's contract dated 20 February 2008 (incorporating all the amendments decided since by the Company's Board of Directors), including the provision related to severance pay, in order to preserve the general balance of the corporate officer's contract of 26 April 2007, drawn up when he joined the ERAMET group. In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, shareholders approved the upholding of these arrangements at the General Shareholders' Meeting of 15 May 2012. In addition, in accordance with Afep/Medef Code recommendations, Patrick Buffet does not hold a contract of employment binding him with the Company.

The other corporate officers do not benefit from a commitment or promise relating to the granting of severance pay in respect of their offices. The employment contracts between the Deputy CEOs and the Company have been suspended until their respective terms of office expire. The suspended employment contracts of Messrs Madelin and Vecten provide for the payment, in the event of dismissal, retirement or pensioning-off, of a customary payment, calculated on the basis of the national collective bargaining agreement for executives in the metallurgy industry and on the basis of their reference remuneration (fixed plus variable) as employees. The collective bargaining agreement provides for a maximum of 18 months' remuneration for maximum length of service of 28 or 30 years depending on the age of the persons concerned upon their departure. The suspended employment contract of Georges Duval contains a clause making provision for the payment, in the event of his dismissal, retirement or pensioning-off, of a contractual indemnity amounting to 18 months' salary, calculated on the basis of his reference remuneration (fixed plus variable) as an employee, which is not combined with the customary payments calculated by application of the national collective bargaining agreement for executives in the metallurgy industry. Édouard Duval's employment contract contained an identical clause. Having exercised his pension rights at 1 November 2014, a new part-time employment contract that does not provide for the payment of a contractual indemnity was concluded with Édouard Duval.

No payment relating to a non-competition commitment has been provided for corporate officers at the end of their respective terms of office, with the exception of Cyrille Duval whose employment contract made provision for the right for his employer to invoke a one-year non-competition obligation, renewable once for the same term, against payment of compensation equal to 50% of his average fixed remuneration for the twelve months preceding contract termination, regardless of the reason. In the event of dismissal, this indemnity would be raised to 60% of this average. Having exercised his pension rights at 1 December 2014, that non-competition clause was removed and a new part-time employment contract that does not include a non-competition clause was concluded with Cyrille Duval.

In the event of a change in control of ERAMET and the termination of an employment contract that is considered to be attributable to the employer, a specific guarantee, which may not be combined with other indemnities applicable under contracts or collective bargaining agreements, was decided in 2005 and enforced. At 31 December 2014, this guarantee applied to 15 of the Group's senior executives (Messrs Madelin and Vecten, the only corporate officer beneficiaries, certain members of the Group Executive Committee who are not corporate officers and members of the Divisional Executive Committees). This guarantee, which represents an indemnity of three years' remuneration (fixed plus variable) for each executive beneficiary concerned, was estimated at a total of €6.8 million at 31 December 2014. Patrick Buffet does not benefit from this guarantee.

Under their employment contracts, certain employees also benefit from contractual indemnities, including an indemnity payable upon retirement, calculated on the basis of one to two years' salary (fixed plus variable) and including the rights vested under the collective bargaining agreement to which they are subject.

- Executive Committee members also benefit from a supplementary healthcare plan and a supplementary disability and life insurance scheme, offered to all ERAMET group employees.
- Executive Committee members who are non-executive corporate officers also benefit from a collective discretionary profit-sharing scheme. The sums paid under the scheme in 2014 with respect to 2013 amounted to a total of €32,497, observing the legally prescribed ceiling.

The Compensation Committee met six times in 2014.

During the year, besides validating the proposed 2013 bonuses, the 2014 targets for corporate officers and new rules for the distribution of Directors' fees, with a predominant variable portion applicable from the 2015 financial year onwards, which the Board of Directors approved, the Compensation Committee also recommended a worldwide EraShare bonus share grant plan for 2014, as part of the annual performance share grant plan for corporate officers and senior executives of the Company and its subsidiaries, granting two bonus shares to all employees of the Company and its subsidiaries, and a selective performance share plan for 2014, granting a total of 143,510 performance shares to 213 Group executives (including 37,590 performance shares to corporate officers), also approved by the Board of Directors.

Selection Committee

Comprised of four members (three directors and the Chairman), it recommends the appointment of the corporate officers heading up each of the Group's three Divisions and the Group's Chief Financial Officer. The charter specifying its membership, operation and responsibilities, was reviewed by the Board of Directors on 25 May 2012.

With regard to the consideration of proposals for the appointment of new directors, the Selection Committee ensures that no legal incompatibility or conflict of interest exists and, concerning proposals for the appointment of new independent directors, it studies the extent to which potential candidates meet the independence criteria laid down by the Afep/Medef code. Finally, with regard to the replacement of executive corporate officers in the event of an unforeseen vacancy, it examines and renders an opinion on solutions for their succession.

The Committee is currently comprised of Patrick Buffet, Cyrille Duval, Édouard Duval and Jean-Yves Gilet. This Committee does not have an independent Director among its members. This is due to the specific rules of the Shareholders' Agreement designed to structure relationships between the controlling shareholders of the Company.

The Selection Committee met twice in 2014 to examine applications from candidates for new directorships and succession plans.

Strategic Committee

It was decided that a Strategic Committee should be set up comprising seven members (six directors and the Chairman). The charter specifying its membership, operation and responsibilities, was adopted by the Board of Directors' meetings of 14 May and 29 July 2014.

The role of the Strategic Committee is to examine and render an opinion to the Board of Directors on the main strategic lines of the Company as proposed by General Management and on investment, disposal or partnership projects of particular strategic importance, or indeed on any specific matter of strategic significance to the Group.

The Committee currently comprises Patrick Buffet, Alexis Zajdenweber, Cyrille Duval, Édouard Duval, Jean-Yves Gilet, Thierry Le Hénaff (independent director) and Manoelle Lepoutre (independent director).

In 2014, the Strategic Committee met four times. At these meetings, the Strategic Committee examined developments taking place in the markets in which the Group's three Divisions operate and their competitiveness. On a case by case basis, the Committee examined the productivity improvement programmes carried out, as well as certain investment or disinvestment projects.

4.1.1.3 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.

4.1.1.4 General Management

Company Management Method

Since the deliberations of the Board meeting of 26 March 2003, the Company's Chief Executive Officer is also Chairman of the Board of Directors, given that the Board considered this arrangement best suited to the Company's organisation and shareholding structure. Regular dialogue between the main shareholders and the Chairman and CEO is thus facilitated by a single point of contact. This governance method is by far the most common among French companies whose securities are listed on a regulated market. The amalgamation of the functions of Chairman and Chief Executive Officer is in compliance with balanced corporate governance rules, based on:

- a Board structure comprising at least one third independent directors, and two Committees (the Audit and Compensation Committees) that are entirely comprised of independent members;
- General Management comprising three Deputy CEOs.

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 must be nationals of a member state of the European Union and may not hold the position beyond the age of 70.

Membership of General Management

The General Management of the Company and of the Group is organised as follows:

Chairman and CEO

Patrick Buffet.

At its meeting of 25 April 2007, the Board of Directors granted him all powers conferred by French law to a Chairman and CEO of a public limited company. At its meeting of 11 May 2011, the Board of Directors renewed his powers and those of the Deputy CEOs. The Board also granted the Chairman and CEO powers to substitute and delegate, under his responsibility, to such persons as he sees fit, with the possibility of sub-delegating such part of his powers as he feels appropriate, by granting special powers for one or more specific purposes.

The Chairman 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 issues may be taken without first being discussed by the Board", as specified in Article 13, Subsection 2 of the Articles of Association.

In line with Article 13, Subsection 4 of the Articles of Association, "acts affecting the Company are signed either by the CEO, the Deputy CEO or by any specially authorised person."

Deputy CEOs

The following individuals were appointed in that capacity:

- Georges Duval (with effect from 23 May 2002), ERAMET Alloys;
- Bertrand Madelin (with effect from 1 January 2008), ERAMET Nickel;
- Philippe Vecten (with effect from 23 May 2007), ERAMET Manganese.

Each of the three Deputy CEOs is also a Division Head. The China Department reports to Philippe Vecten. The Administration and Finance Department, the Human Resources, Health, Safety & Security Department, the Communications and Sustainable Development Department, the Strategy, Development and Innovation Department, the Leaders' Programmes Department, the Group Financial Communication and Economic Studies Department, the Industrial Department, Legal Affairs Department and ERAMET International, all report to the Chairman and CEO.

The Chief Financial Officer, Jean-Didier Dujardin, also supervises IT systems, internal audit, management control, treasury, risk management and insurance, financing, accounting and tax matters.

Monthly Division meetings chaired by the Chairman and CEO enable monitoring of monthly reporting and the definition of essential operating choices for the Divisions.

Since September 2004, the Company's management method has also included an Executive Committee (COMEX) and an International Management Committee (IMC), which are both chaired by the Chairman and CEO.

The Executive Committee is comprised of the Chairman and CEO, the three Division Heads, the Human Resources, Health, Safety and Security Director, the Chief Financial Officer, and the Communications and Sustainable Development Director. The fact that the heads of corporate support departments (Human Resources, Health, Safety and Security Department, Administration and Finance Department and Communications and Sustainable Development Department) are Executive Committee members, strengthens the effectiveness and consistency of their actions. The aim is to enable cross-company departments to carry out their three essential roles, namely: an operational role, a supervisory role and a service role for the Divisions.

The International Management Committee meets on a quarterly basis and is attended by members of the Executive Committee, the CEO of Aubert & Duval and Erasteel, the Chairman of ERAMET International, the CEO of Société Le Nickel-SLN, the Maboumine Project Director, the Leaders' Programmes Manager, the Manager of ERAMET in China, the Executive Director in charge of Group development in Africa, ERAMET's General Representative in Gabon, the Group Strategy, Development and Innovation Director and the Group Legal Affairs Director.

4.1.2 Internal control procedures

4.1.2.1 The Company's internal control objectives

In accordance with the AMF reference framework issued in January 2007, the internal control procedures in force at ERAMET are designed to:

- ensure that transaction execution or management activities and the behaviour of personnel, comply with the policies laid down by the Company's governing bodies and those set out in applicable legislation and regulations and that they adhere to the Company's values, standards and internal rules;
- check that the accounting, financial and management information provided to the Company's governing bodies faithfully reflects the Company's business activities and position;
- ensure that insurance procedures and/or programmes are put in place to protect the Company's assets against risks of loss resulting from theft, fire, improper or illegal actions and natural hazards;
- prevent and control risks of error or fraud, in particular, in the areas of accounting and finance.

However, as with any control system, it cannot provide an absolute guarantee that these risks are totally eliminated.

4.1.2.2 Overview of the audit procedures in place

Internal control players

Owing to the diversity of its business activities, ERAMET is organised into three independent Divisions, each with all the functions required for its operations (management, production, sales, purchasing, finance, etc.). In addition to its General Management function, the head office provides support and carries out the control work required for the Group's overall cohesion. The following are the main internal control players:

- the Executive Committee, whose membership is set out in the "General Management" section above, meets once every two weeks. The International Management Committee, whose membership is also set out in the "General Management" section above, deals, more specifically, with organisational matters. It meets four times a year;
- the Internal Audit Department reports to the Chief Financial Officer (CFO). Based on an Audit Plan approved each year by the Executive Committee, the department carries out assignments in the Group's various business units as defined in the Plan and as instructed by the Chairman. It reports quarterly to the Executive Committee and annually to the Audit Committee on the results of its assignments and progress achieved with the resulting action plans. Each year the Audit Committee also reviews the internal audit plan of the Group and its subsidiaries (the current plan and the plan for the following year) and proposes any adjustments it considers necessary to the Board of Directors;

- the Group Planning and Management Control Department reports to the CFO. It sets out the structure of ERAMET's management controls and monitors the Divisions' developing management systems to ensure they are consistent with the Group's goals. The department defines the relevant key performance indicators for the Group, at each level, and helps to implement them for each Division and entity. It is also responsible for Group reporting;
- the Legal Affairs Department reports to the Chairman and CEO. As a service centre, it provides the whole Group with legal support on all issues within its area of expertise;
- the Financing and Treasury Department, reporting to the Chief Financial Officer (CFO), in liaison with the specialist committees of the main subsidiaries, manages hedging of foreign currency exposure and commodity risk, particularly with regard to nickel and oil, and is in charge of financial resource management (investments and borrowings) for the whole Group;
- the Group Risk Management and Insurance Department, reporting to the CFO, coordinates risk management procedures. With the assistance of the Group Risk Manager, it steers the deployment of the risk management function within the Group, performs regular risk mapping updates and ensures that action plans are implemented to increase levels of risk control. It reports to the Executive Committee and to the Audit Committee on risk management measures taken. It is also responsible for arranging and monitoring all insurance policies subscribed by the Group;
- the Tax Department, part of the Accounting, Tax and Consolidation Department, reporting to the CFO. As a service centre, it assists the Group's various subsidiaries with their respective tax obligations and fulfils those of the parent company;
- the Communications and Sustainable Development Department. It assists the various Divisions to control and reduce the Group's environmental impact, thereby ensuring the sustainability of ERAMET's business activities, products and markets in line with regulatory, political and labour developments;
- the Group Human Resources, Health, Safety and Security Department. It manages the Company's human resources and ensures that HR policies are consistent across the Group's various entities. The department coordinates Safety and Security policies within the Group and formalises health issues via a network of local contacts at the sites;
- more generally, every management level in the Company is responsible within its field of expertise for defining, implementing and steering internal control, under the management of the relevant Director and Executive Committee member.

Risk management

Risk Management Charter

On 11 December 2013, the Board of Directors adopted the terms of the ERAMET group Risk Management Charter. The ERAMET group defines its plan for risk management as follows: "Our plan of action for Risk Management is a lever for Group management and contributes, in particular, to achieving the following:

- protect our main human and financial resources, and our corporate image;
- safeguard value creation;
- encourage risk-taking at an acceptable level;
- comply with legal and regulatory obligations, and with the values promoted by the Group;
- seek out value-creating opportunities for the Group (e.g. new markets, new customers, etc.)."

The full text of the Charter is available on the ERAMET website.

Because of the constant change taking place in the economic and regulatory environments encompassing the Group's activities, ERAMET must be knowledgeable of the internal or external risks that could prevent it from achieving its objectives or that could impact on any of its main assets or key business processes. The approach implemented by the Group consists of two stages: firstly, the identification and assessment of major risks and, secondly, risk management.

Risk identification and assessment

- At the end of 2011, the Group performed a Group-wide risk mapping exercise with the assistance of a consulting firm. The method used enabled the identification of the major strategic, operational, financial and compliance risks which could affect the Divisions and, in a broader sense, the Group.
- In 2013, the risk identification and assessment measures were continued, with the aim of implementing best practice in this respect:
  - update of Division risk-mapping;
  - introduction of a risk monitoring tool;
  - the risk management charter and its related procedures was validated by the Audit Committee on 24 July 2013 and approved by the Board of Directors on 26 July 2013.
- At the end of 2014, the risk mapping underwent a general update.
- The main operational and financial risks faced by the Group are described in the 2013 Registration Document, in Chapter 3, Risk Factors, and, for financial risks, in the notes to the 2014 consolidated financial statements.

Treatment of risks

In 2014 and thereafter, the main risks identified by risk mapping are treated in two different ways:

- Action plans aimed at strengthening the existing control mechanisms are deployed for the major risks identified. The Group Risk Manager is responsible for monitoring this procedure.

- The result of the risk mapping is incorporated, as far as possible, in the Group's Internal Audit plan to ensure that controls are in place to manage risks.

The operational risks are mainly managed at Divisional level, in a manner adapted to the specific business activities. Industrial and environmental risks are monitored by the Divisions, together with the Communications and Sustainable Development Department.

Liquidity, interest rate, foreign currency and commodity risks are managed by the Treasury Department for the whole Group, together with the relevant contacts in the larger subsidiaries.

Finally, the Group Risk Management and Insurance department, together with the Division heads, establishes the policy for coverage of insurable risk, for all the Group's companies. The various insurance programmes are described in the Group's 2013 Registration Document. Any additions to those insurance programmes will be detailed in the Group's 2014 Registration Document.

Summary of internal control procedures implemented in the Group

- **Existing charters:** the Audit Committee, Internal Audit, Legal Affairs Department, Group Risk Management and Insurance Department, Management Control, Tax Department and IT Department have each published a charter. The purpose of these charters is to specify the operating rules of the various committees or departments and to formalise relationships with other parties. Finally, on 20 February 2014 the Board adopted the terms of the Group's new Code of Conduct which came into effect on 1 January 2015.
- **Signing authority, other powers:** the three Division Heads, who are Deputy CEOs, have all the powers granted by law. The Group CFO has the power granted by the Chairman and CEO to operate the Company's various banks accounts.
- **Information systems:** the role of the Group IT Department is to make IT systems more harmonised across the Group and support the various subsidiaries. It has set up a worldwide network and a single Group email system. Security has been improved through the auditing of certain systems and the implementation of specific tools. A standard for office technology (hardware and software packages) has been established. Several projects to improve management systems are ongoing in the Divisions, including the implementation of integrated procurement applications for better control of liabilities and separation of tasks throughout the supply chain. The "Spring" project was launched in 2011 to provide better security and to modernise our IT infrastructure. A global organisational structure, covering the whole Group and its subsidiaries, is in the process of being implemented. The modernisation work involves three aspects:
  - a redesigned workstation, encompassing the latest technologies for office systems, communications, data security and internet navigation, is currently being rolled out;
  - the main servers are consolidated in regional centres. The global network is to be reinforced and, if necessary, doubled in size, to support that new technical architecture;
  - concerning business applications, a number of projects are underway to modernise our main ERP platforms around the SAP solution with the aim of providing a more harmonised solution for the Group as a whole.
- **General organisation of procedures:** ERAMET has drawn up, and published within the Company and its subsidiaries, internal procedure manuals for capital expenditure, foreign currency hedging, management procedures (budgeting, operational planning, long-term financing plans, updating forecasts, analysis of over/under-spends, etc.), a consolidation manual and shared accounting rules, travel and expense accounts and financial procedures in relation to cash. Three procedures relating to crisis scenario prevention and management have been established and distributed. These relate to the anticipation and identification of weak signals, major incidents and crisis management in respect of issues or events relating to the safety of facilities, property or persons, and the control of industrial and environmental risks.
- **Legal and operational control of subsidiaries by the parent company:**
  - owing to the diversity of their businesses, the day-to-day running of each of the Divisions is managed independently. Each Division has a Management Committee that makes all the decisions within its area of responsibility, reporting to the Group Executive Committee on a regular basis;
  - the Legal Affairs Department acts as Secretary to the Board for the main companies (Société Le Nickel-SLN, Comilog S.A.);
  - in 2008, the Board of Directors of Comilog SA set up its own Audit Committee and Compensation Committee. At the meeting of the Board of Directors of Société Le Nickel-SLN, held in November 2008, the Directors representing ERAMET also proposed the establishment of three Committees: a Strategy Committee, an Audit Committee and a Compensation Committee, as part of a modernised corporate governance structure. This was implemented at the SLN Board meeting of 17 November 2009 and has since proved very successful. This arrangement was modified at the SLN Board meeting of 4 December 2012 to take into account the separation of the functions of Chairman and CEO of the Company and the appointment of new persons to those offices replacing the Chairman and CEO;
  - Division meetings: monthly meetings are organised for the management of each Division to review monthly performance and analyse budget over/under-spends and the resulting action plans. Management/Accounting and Treasury Committee meetings are also held monthly, bringing together Division and parent company CFOs, accountants, management controllers and treasurers, respectively, to deal with common issues and provide the necessary coordination. Specific meetings take place every month to discuss sales, accounting, treasury, insurance and other issues with the Divisions. Finally, specific budgeting, forecast updating and planning meetings are organised with the same participants as Division meetings to address these issues;

- implementation of the internal audit plan: Internal Audit carried out 12 assignments in 2014 across all the Group's subsidiaries.
- control of strategic investments: under the capital expenditure procedures, all projects exceeding €4 million are examined at corporate level in accordance with specific procedures (presentation dossier, approval meetings, follow-up, etc.). Capital expenditure projects are controlled and approved, from a technical perspective, by the Industrial Affairs Department and, from a financial perspective by the Administration & Finance Department. Strategic projects are presented to the Board of Directors of ERAMET. The main projects will be audited once capital expenditure has begun;
- monitoring of commitments undertaken/received: independently of the above mentioned procedure, quarterly accounting reporting provides information on these commitments. Moreover, the Legal Affairs Department provides support for major contract negotiations or in the event of disputes.

Internal control system for the preparation of financial and accounting information

- Organisation of the accounting function within the Group: the Accounting Units of the parent company and of its subsidiaries record daily transactions (purchases, sales, cash flow, etc.) and ensure that the accounting methods comply with the Group's established procedures. The Accounting, Tax and Consolidation Department, within the Group Administration and Finance Department, keeps the parent company's accounts, files tax returns and all those relating to tax consolidation, and publishes ERAMET's individual and consolidated financial statements. The necessary coordination with subsidiaries is provided by the Accounting/Management Committee, through monthly meetings attended by the CFOs, accountants and management controllers of the main Divisions and Subsidiaries.
- Procedures for the preparation of the consolidated financial statements: the consolidation returns are input into the BusinessObjects Finance programme by each subsidiary and Division-level consolidation is carried out by each Division under the supervision and with the support of the central consolidation department. This department also carries out Group consolidation. Consolidation is monthly with annual items (taxes, provisions, etc.) estimated at various times during the year.
- Accounting manual: the consolidation manual is distributed to all subsidiaries and contains the accounting rules which are common to the whole Group and which apply to financial statements drawn up in compliance with IFRS. It sets out the measurement methods used by the Group and specifies the rules to be followed for consolidation milestones when preparing the financial statements.
- Budget and management control: The budget for the three-year operational plan, including the budget for the first year, is calculated at year-end for the ensuing year and the budget forecast for the current year will be updated at least three times during the course of the year. These budgets and forecast updates, as well as the related action plans, are formally approved by Division management, the Group Executive Committee and, subsequently, by the Chairman and CEO of ERAMET. An analysis of gaps between budgeted and actual figures is carried out on a monthly basis, firstly at Division level and subsequently at Group level. As a supplement to the financial statements, the Management Control Department prepares analyses of the Group's performance for the period.
- Cash and Financing control: in addition to its pivotal role in managing foreign currency and commodity risk, the Group Administration and Finance Department sets up financing for the Group's main subsidiaries and carries out financial investments together with the managers of those subsidiaries. It centralises cash forecasting for the main companies and assists them in establishing payment methods for at-risk countries. At the end of 2004, the Group set up a cash pooling company, Metal Securities, to serve as a central cash hub for all Group companies. At the end of 2006, an "exchange rate guarantee" company, Metal Currencies, was established to centralise foreign exchange transactions, which had in the past been recognised in the financial statements of each Group entity. Both Metal Securities and Metal Currencies are subject to corporate governance established in full collaboration with the managers of the relevant subsidiaries.
- Work of the Board of Directors' Audit Committee: the Audit Committee reviews the interim and annual financial statements, monitors major disputes and ensures compliance with foreign currency and commodity risk management policy procedures as well as hedging policies. It reviews the internal audit plan and the actions decided upon based on the audits carried out.
- Liaison with the Statutory Auditors: the Auditors carry out half-yearly reviews of the financial statements which are approved at meetings held with the Divisional and Group Finance Departments, the Division Heads, the Group CFO and, subsequently, with the Chairman and CEO of ERAMET.

Paris, 19 February 2015.

The Chairman of the Board of Directors

Appendix – Composition of the Board of Directors and of General Management at 19 February 2015

List of Directors and their positions

Surname, forename or company name Position Family connection Expertise	Date of first appointment	Date of last reappointment and end date of term of office	Other positions held
Buffet Patrick Director (3) (5) Chairman and CEO since 25 April 2007 Born 19 October 1953 (61 years) French nationality **Business address:** Tour Maine-Montparnasse 33, avenue du Maine 75015 Paris, France Mr. Buffet is a mining engineer. He was Senior Executive Vice President of Suez until 2007.	Director: Co-opted to the Board on 7 March 2007 Chairman and CEO: Board Meeting of 25 April 2007	Reappointments: General shareholders' Meetings of 25 April 2007 and of 11 May 2011 for a four-year term. Expiry date: General shareholders' Meeting called to approve the 2014 financial statements	**In Group companies** • Director of Société Le Nickel-SLN • Director of Comilog S.A. **In non-Group companies** • Director of Bureau Véritas and Banimmo (Belgium) (listed companies) **Offices held and completed during the past five years** • Director of Rhodia (until 21 October 2011) • Chairman and CEO of Société Le Nickel-SLN (until 31 December 2012) • Member of the Supervisory Board of Arcole Industries (unlisted) (until 4 October 2014)
Antsélévé Michel Director Born 19 February 1965 (49 years) Gabonese nationality **Business address:** Présidence de la République Libreville Gabon Mr. Antsélévé is Special Advisor to the President of the Gabonese Republic, Head of the Mines, Hydrocarbon, Energy and Hydraulic Resources Department.	General Shareholders' Meeting of 15 May 2013	Expiry date: General shareholders' Meeting called to approve the 2016 financial statements	**In non-Group companies** • Director representing the Presidency of the Gabonese Republic on the Boards of Directors of Société de Développement des Ports (Gabon), Compagnie Minière de Belinga (Gabon) and Société Nationale de Gestion et de Construction du Logement Social (Gabon) **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)
Duval Georges Director Deputy CEO Born 03 May 1946 (68 years) French nationality **Business address:** Tour Maine-Montparnasse 33, avenue du Maine 75015 Paris, France Brother of Édouard Duval, cousin of Cyrille and Patrick Duval Mr. Duval is Deputy CEO of ERAMET, Manager of SORAME and CEO of CEIR.	General Shareholders' Meeting of 21 July 1999 Deputy CEO: Board meeting of 23 May 2002	Reappointment: General Shareholders' Meetings of 21 May 2003, 25 April 2007 and 11 May 2011, for a four-year term Expiry date: General shareholders' Meeting called to approve the 2014 financial statements	**In Group companies** • Chairman of: • Aubert & Duval (SAS) • ERAMET Holding Alliages (SAS) • ERAMET Alloys; Erasteel (SAS) **In non-Group companies (unlisted companies)** • Manager of SORAME SCA • CEO of CEIR **Offices held and completed during the past five years** • Chairman of UKAD (SA)

(1) Audit Committee.
(2) Compensation Committee.
(3) Selection Committee.
(4) Independent Director.
(5) Strategic Committee.

Surname, forename or company name Position Family connection Expertise	Date of first appointment	Date of last reappointment and end date of term of office	Other positions held
Duval Édouard Director (3) (5) Born 2 December 1944 (70 years) French nationality **Business address:** Tour Maine-Montparnasse 33, avenue du Maine 75015 Paris, France Brother of Georges Duval, cousin of Cyrille and Patrick Duval Mr. Duval is Chairman of ERAMET International, Chairman of the Management Board of SORAME and CEO of CEIR.	General Shareholders' Meeting of 21 July 1999	Reappointments: General Shareholders' Meetings of 21 May 2003, 25 April 2007 and 11 May 2011, for a four-year term Expiry date: General shareholders' Meeting called to approve the 2014 financial statements	**In Group companies** • Director of Société Le Nickel-SLN • Chairman of ERAMET International (SAS) • Deputy CEO of ERAMET Holding Alliages (SAS) **In non-Group companies (unlisted companies)** • Chairman of the Management Board of SORAME SCA • CEO of CEIR
SORAME Director (3) (5) represented by **Duval Cyrille** Permanent representative of SORAME to the Board of Directors Born 18 July 1948 (66 years) French nationality **Business address:** Tour Maine-Montparnasse 33, avenue du Maine 75015 Paris, France Brother of Patrick Duval, cousin of Georges and Édouard Duval Mr. Duval is Secretary General of the Alloys Division, Manager of SORAME and CEO of CEIR.	General Shareholders' Meeting of 11 May 2011	Expiry date: General shareholders' Meeting called to approve the 2014 financial statements	**In Group companies** • Deputy CEO of ERAMET Holding Alliages • Director of Comilog SA • Permanent representative of ERAMET Holding Alliages on the Board of Metal Securities • Chairman of Brown Europe and of Forges de Montplaisir • Manager of SCI Grande Plaine **In non-Group companies** • Director of Nexans (listed company) (unlisted companies) • CEO of CEIR Manager of SORAME **Offices held and completed during the past five years (Group companies)** • Chairman of AD TAF (until 2011) • Manager of Transmet (until April 2014)

(1) Audit Committee.
(2) Compensation Committee.
(3) Selection Committee.
(4) Independent Director.
(5) Strategic Committee.

Surname, forename or company name Position Family connection Expertise	Date of first appointment	Date of last reappointment and end date of term of office	Other positions held
CEIR Director represented by **Duval Patrick** Permanent representative of CEIR to the Board of Directors Born 15 May 1941 (73 years) French nationality **Business address:** c/o ERAMET Tour Maine-Montparnasse 33, avenue du Maine 75015 Paris, France Brother of Cyrille Duval, cousin of Georges and Édouard Duval Mr. Duval is Chairman of CEIR and Manager of SORAME.	General Shareholders' Meeting of 11 May 2011	Expiry date: General shareholders' Meeting called to approve the 2014 financial statements	**In non-Group companies (unlisted companies)** • Chairman of CEIR • Manager of SORAME SCA • Director of Cartonneries de Gondardennes SA • Manager of SCI Compagnie Franroval, SCI Les Bois de Batonceau, SCI de la Plaine, SCEA Les Terres d'Orphin **Offices held and completed during the past five years (Group companies)** • CEO of ERAMET Holding Alliages (until 2014)
Gautier Marie-Axelle Director representing employees Born 22 July 1974 (40 years) French nationality **Business address** Tour Maine-Montparnasse 33, avenue du Maine 75015 Paris, France Ms. Gautier is in charge of the public law—mining law unit of the Legal Affairs Department.	Appointed by the European Works Council on 12 November 2014 in accordance with Article 10.9 of the Articles of Association	Expiry date: 11 November 2018	**In Group companies** None **In non-Group companies** None **Offices held and completed during the past five years** • Director ArcelorMittal Geo Lorraine (until June 2011)
FSI Equation Director (3) (5) **Represented by** Jean Yves Gilet Born 9 May 1956 (58 years) **French nationality** Business address: 6-8 boulevard Haussmann 75009 Paris, France Mr. Gilet is Executive Director ETI/GE of Bpifrance.	Co-opted by the Board Meeting of 25 May 2012 (Ratified by General Shareholders' Meeting of 15 May 2013)	Expiry date: General shareholders' Meeting called to approve the 2014 financial statements	**In non-Group companies** • Executive Director ETI/GE of Bpifrance Participations • Member of the Boards of Directors of Eiffage, Orange and CGG Veritas **Offices held and completed during the past five years** • CEO of Fonds Stratégique d'Investissement • Member of Board of Directors of ArcelorMittal France, ArcelorMittal Stainless International, ArcelorMittal Europe, ArcelorMittal Stainless France, ArcelorMittal Stainless Belgium, ArcelorMittal Inox Brasil

(1) Audit Committee.
(2) Compensation Committee.
(3) Selection Committee.
(4) Independent Director.
(5) Strategic Committee.

Surname, forename or company name Position Family connection Expertise	Date of first appointment	Date of last reappointment and end date of term of office	Other positions held
Gomès Philippe Director Born 27 October 1958 (56 years) French nationality **Business address:** Assemblée Nationale 126, rue de l'Université 75355 Paris 07 SP Mr. Gomès is Member of Parliament for the 2nd constituency of New Caledonia.	Co-opted by the Board Meeting of 10 December 2014	Expiry date: General shareholders' Meeting called to approve the 2016 financial statements	**In Group companies** None **In non-Group companies** • Deputy Chairman of STCPI • Chairman of the Board of Directors of ENERCAL • Director of SEM of Tina **Offices held and completed during the past five years** • Deputy Chairman of STCPI (from 2004 to 2009) • Chairman of the New Caledonia Air Services Agency (*Agence pour la Desserte Aérienne de la Nouvelle-Calédonie*—ADANC) (from 2009 to 2011) • Chairman of Société Immobilière Calédonienne (SIC) (from 2004 to 2009) • Chairman of Société de Participation Minière du Sud Calédonien (SPMSC) (from 2005 to 2009 and in 2014)
Grégoire-Sainte-Marie Caroline Director (1) (4) Born 27 October 1957 (57 years) French nationality **Business address:** c/o ERAMET Tour Maine-Montparnasse 33, avenue du Maine 75015 Paris, France Ms. Grégoire-Sainte-Marie has worked in various General Management positions at the Frans Bonhomme, Tarmac and Lafarge groups, in an investor capacity.	Co-opted by the Board Meeting of 25 May 2012 (Ratified by General Shareholders' Meeting of 15 May 2013)	Expiry date: General shareholders' Meeting called to approve the 2014 financial statements	**In non-Group companies** • Director of Groupama SA (listed company), FLSMIDTH (Denmark) and Calyos (Belgium) • Observer of Safran (listed company) **Offices held and completed during the past five years** • Chairman and CEO of Frans Bonhomme, Chairman and CEO of Tarmac
Le Hénaff Thierry Director (4) (5) Born 4 May 1963 (51 years) French nationality **Business address:** ARKEMA 420, rue d'Estienne-d'Orves 92705 Colombes Cedex Mr. Le Hénaff has been Chairman and CEO of ARKEMA since 6 March 2006.	Co-opted by the Board Meeting of 25 May 2012 (Confirmed by the General Shareholders' Meeting of 15 May 2013)	Reappointment at General Shareholders' Meeting of 15 May 2013 Expiry date: General shareholders' Meeting called to approve the 2016 financial statements	**In non-Group companies** • Chairman and CEO of ARKEMA (listed company) • Chairman of the Board of Directors of ARKEMA France **Offices held and completed during the past five years** None

(1) Audit Committee.
(2) Compensation Committee.
(3) Selection Committee.
(4) Independent Director.
(5) Strategic Committee.

Surname, forename or company name Position Family connection Expertise	Date of first appointment	Date of last reappointment and end date of term of office	Other positions held
Lepoutre Manoelle Director (4) (5) Born 8 May 1959 (55 years) French nationality **Business address:** TOTAL 2, place Jean-Millier La Défense 6 92078 Paris-La Défense Cedex Ms. Lepoutre is Director of Senior Management and Management Teams of TOTAL Group and is a member of CODIR.	General Shareholders' Meeting of 11 May 2011	Expiry date: General shareholders' Meeting called to approve the 2014 financial statements	**In non-Group companies (unlisted companies)** • Director of Fondation Villette-Entreprises **Offices held and completed during the past five years** • Director of Ifremer (until 2011), TOTAL E&P Norway (until 2010)
Olders Pia Director representing employees Born 3 May 1971 (43 years) French nationality **Business address** Tour Maine-Montparnasse 33, avenue du Maine 75015 Paris, France Ms. Olders is Insurance Manager.	Appointed by the European Works Council on 23 June 2014 in accordance with Article 10.9 of the Articles of Association	Expiry date: 22 June 2018	**In Group companies** None **In non-Group companies** None **Offices held and completed during the past five years** None
Somnolet Michel Director (1) (2) (4) Born 6 February 1940 (74 years) French nationality **Business address:** c/o ERAMET Tour Maine-Montparnasse 33, avenue du Maine 75015 Paris, France Mr. Somnolet is former Director, Vice-Chairman and CEO in charge of Administration and Finance of L'Oréal (until 2002).	General Shareholders' Meeting of 21 May 2003	Reappointments: General Shareholders' Meetings of 25 April 2007, and 11 May 2011 for a four-year term Expiry date: General shareholders' Meeting called to approve the 2014 financial statements	**In non-Group companies** • Director and member of the Compensation Committee of L'Oréal USA • Chairman of the Board of Directors of CSTC (Tanzania) **Offices held and completed during the past five years** None

(1) Audit Committee.
(2) Compensation Committee.
(3) Selection Committee.
(4) Independent Director.
(5) Strategic Committee.

Surname, forename or company name Position Family connection Expertise	Date of first appointment	Date of last reappointment and end date of term of office	Other positions held
Tendil Claude Director [2] [4] Born 25 July 1945 (69 years) French nationality **Business address:** Generali France 7-9, boulevard Haussmann 75309 Paris Cedex 09 Mr. Tendil is Chairman of the Generali group in France.	Co-opted by the Board Meeting of 25 May 2012 (Ratified by General Shareholders' Meeting of 15 May 2013)	Expiry date: General shareholders' Meeting called to approve the 2014 financial statements	**In non-Group companies** • Chairman of the Board of Directors of Generali France, Generali Vie and Generali IARD • Chairman of the Board of Directors of Europ Assistance Holding and of Generali France Assurance • Director of SCOR SE • Chairman of the Board of Directors of Europ Assistance Italy **Offices held and completed during the past five years** • Director of Assicurazioni Generali S.p.A (until April 2010) • Permanent representative of Europ Assistance Holding on the Board of Europ Assistance Spain (until 2014)
Frédéric Tona Director [1] [2] [4] Born 27 August 1947 (67 years) French nationality **Business address:** c/o ERAMET Tour Maine-Montparnasse 33, avenue du Maine 75015 Paris, France Mr. Tona is an independent consultant in the mining field.	General Shareholders' Meeting of 15 May 2013	Expiry date: General shareholders' Meeting called to approve the 2016 financial statements	**In non-Group companies** • Director of CMT (Compagnie Minière de Touissit) (Morocco), and Minrex SA (Morocco). **Offices held and completed during the past five years** • Director of OMM (OSEAD Mining Morocco) (until 2014), OSEAD SAS (France), Somaïr (Niger), Cominak (Niger), Imouraren (Niger) and CFMM (France) • Director of ERAMET in his capacity as representative of Areva until May 2011, then in his own name until 25 May 2012.
Treuille Antoine Director [1] [2] [4] Born 7 October 1948 (66 years) **Business address:** Charter Pacific Corporation 3239, 47 Street Astoria, NY 11103 USA Mr. Treuille is Chairman of Charter Pacific Corporation (United States).	General Shareholders' Meeting of 21 July 1999	Reappointment: General Shareholders' Meetings of 21 May 2003, 25 April 2007 and 11 May 2011 for a four-year term Expiry date: General shareholders' Meeting called to approve the 2014 financial statements	**In non-Group companies (unlisted companies)** • Chairman of Charter Pacific Corporation (United States) • Director: French American Foundation and French American School of New York **Offices held and completed during the past five years** • Chairman of: Altamont Capital Partners, LLC (United States) (until 2014), Mercantile Capital Partners LLC (United States) (until 2014) and Partex Corporation (until 2013) • Director of BIC SA (France), Partex Corporation, and Imperial Headwear Inc. (United States) (until 2013)

(1) Audit Committee.
(2) Compensation Committee.
(3) Selection Committee.
(4) Independent Director.
(5) Strategic Committee.

Surname, forename or company name Position Family connection Expertise	Date of first appointment	Date of last reappointment and end date of term of office	Other positions held
Zajdenweber Alexis Director representing the State (5) Born 18 May 1976 (38 years) French nationality **Business address:** Agence des Participations de l'État 139, rue de Bercy Teledoc 229 75012 Paris, France Mr. Zajdenweber is Director of energy shareholdings at the French Government Shareholding Agency (*Agence des Participations de l'État*—APE).	Co-opted to the Board on 10 December 2014	Expiry date: General shareholders' Meeting called to approve the 2014 financial statements	**In non-Group companies** • Member of the Supervisory Board of Electricité Réseau Distribution France (ERDF) • Director of Areva **Offices held and completed during the past five years** • Director of Monnaie de Paris (from 2009 to 2011)
Madelin Bertrand Deputy CEO (non Director) Born 13 September 1954 (60 years) **Business address:** Tour Maine-Montparnasse 33, avenue du Maine 75015 Paris, France Mr. Madelin is Deputy CEO.	Appointed by Board Meeting of 12 December 2007		**In Group companies** • Chairman of the Board of Directors of Strand Minerals (Indonesia) Pte Ltd (Singapore) • Director of Société Le Nickel-SLN • Member of the Board of Commissioners of PT Weda Bay Nickel (Indonesia) • Chairman of Eurotungstene **Offices held and completed during the past five years** None
Vecten Philippe Deputy CEO (non Director) Born 22 April 1949 (65 years) **Business address:** Tour Maine-Montparnasse 33, avenue du Maine 75015 Paris, France Mr. Vecten is Deputy CEO.	Appointed by the Board Meeting of 23 May 2007		**In Group companies** • Director of Comilog S.A.; Comilog US; Port Minéralier d'Owendo, Maboumine; • Chairman of the Board of Directors of Setrag and of Eralloys Holding AS • CEO of ERAMET Comilog Manganèse • Manager of Comilog Holding **Offices held and completed during the past five years** • Director of Société Le Nickel-SLN (until June 2012),

(1) Audit Committee.
(2) Compensation Committee.
(3) Selection Committee.
(4) Independent Director.
(5) Strategic Committee.

As provided by paragraph 14.1 of Appendix 1 of EC Regulation No. 809/2004, the Company states that, to 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 or liquidation in their capacity as member of an administrative, management or supervisory body, or as CEO, of a company;
- no criminal charge 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 been barred by a court, in the last five years, from acting 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 is subject to a conflict of interest within the meaning of Section 14.2 of Appendix 1 of EC Regulation No. 809/2004 or has entered into a service contract with ERAMET.

Table summarising changes to the composition of the Board of Directors during the 2014 financial year and up to the date of filing of this registration document

Appointment of two directors representing employees, in accordance with the law of 14 June 2013 related to job security and Article 10.9 of the Articles of Association	Pia Olders, Insurance Manager, has been appointed director representing employees on 23 June 2014 for a four-year term of office. Marie-Axelle Gautier has been appointed director representing employees on 12 November 2014 for a four-year term of office.
Departures	In February 2014, Jean-Yves Gilet replaced Thomas Devedjian as permanent representative of FSI Equation. On 26 June 2014, Louis Mapou resigned from his position as director. On 31 July 2014, Michel Quintard resigned from his position as director. On 5 December 2014, Claire Cheremetinski, State representative, resigned from her position as director.
Co-options by the Board	On 10 December 2014, the Board co-opted Philippe Gomès to the Board of Directors, upon the resignation of Michel Quintard, for the remaining term of office of the latter. On 10 December 2014, the Board co-opted Alexis Zajdenweber to the Board of Directors, upon the resignation of Claire Cheremetinski, for the remaining term of office of the latter.

Appendix – Implementation of the "Comply or Explain" rule

Afep/Medef Code Recommendation	ERAMET Corporate Governance
Recommendation 10.3 on the evaluation of the Board of Directors: • Once a year, the Board should dedicate one of the points on its agenda to a debate concerning its operation. • A formal evaluation should be carried out once every three years at least.	The last formal triennial evaluation was carried out in 2013 and was presented to the Board on 14 May 2014. The Board does not necessarily dedicate a point on its agenda, once a year, to a debate concerning its operation.
Recommendation 10.4: It is recommended that the non-executive directors meet periodically without executive directors or in-house directors in attendance. The internal rules of operation of the Board of Directors should provide for such a meeting once a year, at which time the evaluation of the Chairman's, Chief Executive Officer's and Deputy Chief Executive's respective performance shall be carried out, and the participants shall reflect on the future of the Company's executive management.	The internal rules of the Board of Directors do not expressly mention the option of holding annual meetings for non-executive directors without having executive directors in attendance. However, in practice, the Compensation Committee is composed only of non-executive directors and it meets at least once a year, without executive directors in attendance, to evaluate the performance of the Chairman and CEO and that of the Deputy CEOs.
Recommendation 14: Directors' terms of office should be staggered so as to avoid replacement of the entire body and to favour a smooth replacement of directors.	The distribution of terms of office is currently staggered among two groups of directors: one of four directors and another of 13 directors. This is a consequence of the Company's shareholding structure and the provisions of the Shareholders' Agreement in force.
Recommendation 15 on Board of Directors' Committees: The Committees of the Board may request external technical studies relating to matters within their competence, at the Company's expense.	The internal rules of the Board of Directors and of the Committees do not expressly mention the option of taking recourse to external experts. However, external experts may be consulted, as and when necessary.
Recommendation 6.4: The objective is that each Board shall reach and maintain a percentage of at least 20% of women within a period of three years and at least 40% of women within a period of six years from the shareholders' meeting of 2010.	The Board of Directors of ERAMET consists of 18 members, including four women, two of whom are directors representing employees, designated in accordance with Article L. 225-27-1 of the French Commercial Code. Consequently, women represent 22% of the full Board of Directors and 12.5% of Board members counted according to the Afep-Medef code (excluding directors representing employees). The recommendations of the Afep/Medef code related to balanced representation of men and women on Boards of Directors will be taken into account in the forthcoming renewal of directorships.
Recommendation 17.1 (referring to 18.1): Composition of the Selection Committee: "it should not include any executive corporate officers and should be comprised mainly of independent directors. It should be chaired by an independent director".	The Selection Committee does not include any independent directors and the Chairman and CEO is a member of the Committee. This is due to the specific rules of the shareholders' agreement designed to structure the relations between the various Company shareholders.
Recommendation 17.2: The Selection Committee is in charge of submitting proposals to the Board for the selection of new directors.	It is not the remit of the Selection Committee to propose candidates for directorships to the Board of Directors. This situation is due to the particular rules of the Shareholders' Agreement, intended to structure relationships between controlling shareholders of the Company, which only makes provision to the effect that the Selection Committee "is responsible for proposing, to the Company's governing bodies, the appointment of candidates to senior management positions within the Company's various Divisions and to the position of Financial Director of the ERAMET group". However, the Selection Committee Charter specifies that "with regard to the examination of proposals for the appointment of new independent directors, the Selection Committee is responsible for examining, whilst adhering to the provisions of the Shareholders' Agreement, the extent to which possible candidates satisfy the independence criteria put forward by the Afep/Medef code and to report to the Board of Directors on its findings in that respect" and that "with regard to the examination of proposals for the appointment of new directors, the Selection Committee is responsible for ensuring, whilst adhering to the provisions of the Shareholders' Agreement, that candidates for directorships do not present any legal incompatibility or conflict of interest".

Afep/Medef Code Recommendation	ERAMET Corporate Governance
Recommendation 18.2 on the procedures for operation of the Compensation Committee: "When the report on the work of the Compensation Committee is presented, the Board should deliberate on issues relating to the compensation of executive corporate officers without the presence of the latter."	Executive corporate officers may be present during presentation of the report on the work of the Compensation Committee. The Board makes its deliberations in compliance with legal rules and governance recommendations.
Recommendation 23.2.4: performance shares. "In accordance with terms determined by the Board and announced upon the award, the performance shares awarded to executive corporate officers should be conditional upon the acquisition of a defined quantity of shares once the awarded shares become available."	Given the mandatory requirement, imposed upon the acquisition of shares, that a significant level of the shares acquired should be retained (20% of shares throughout the entire term of office), the requirement that an additional quantity of shares in the Company should be purchased when the share grant becomes available is not imposed. Furthermore, since the first performance share award introduced in 2010, the percentage of shares definitively vested by executive corporate officers, in comparison with the number of performance shares originally granted to them, has been very low, given the stringent performance conditions required.
Recommendation 23.2.5: Severance pay of the Chairman and CEO. Number of years of pensionable service taken into account: two years fixed and variable remuneration: These performance requirements set by the Board must be demanding and may not allow for the indemnification of an executive director, unless his or her departure is forced, regardless of the form of this departure, and linked to a change in control or strategy. The payment of any termination benefits to an executive director must be excluded if the said executive director elects to leave the Company in order to hold another position or is assigned to another position within the same group or is able to benefit in the near future from pension rights.	Should the Chairman and CEO leave the Company (pursuant to forced resignation, cancellation or non-renewal of his term of office or modification of the conditions under which he originally joined the ERAMET group), his entitlement to severance pay, as provided for in his corporate officer contract, is conditional upon the fulfilment of performance conditions: the sum of gross variable remuneration (itself subject to specific performance conditions) received over the last three complete years of his term of office must be 20% or more of the total gross annual fixed remuneration received during the same three-year period. Consequently, these arrangements exclude payment of such a benefit should the Chairman and CEO fail to achieve his targets. The amount of severance pay which may fall due is equal to three times the last gross annual fixed remuneration plus three times the average gross annual variable remuneration received in the last three complete years prior to his departure. Following the reappointment of the Chairman and CEO to that role, decided by the Board of Directors on 11 May 2011, and at the recommendation of the Compensation Committee, on 27 July 2011 the Board of Directors, with the Chairman and CEO abstaining, voted unanimously to retain all elements of his remuneration and all the provisions of his corporate officer's contract dated 20 February 2008 (incorporating all the amendments decided since by the Company's Board of Directors), including the provision related to severance pay, in order to preserve the general balance of the corporate officer's contract of 26 April 2007, drawn up when he joined the ERAMET group. In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, shareholders approved the upholding of these arrangements at the General Shareholders' Meeting of 15 May 2012. Finally, for the record, Patrick Buffet does not hold a contract of employment with ERAMET held in suspension during his term of office on the Board, unlike the three Deputy CEOs who are also corporate officers. In June 2014, the High Committee on Corporate Governance recommended that ERAMET establish a more precise definition of "forced departure" giving rise to severance pay; it also noted that severance pay is capped at three years rather than two years as specified in the Afep/Medef code.

Afep/Medef Code Recommendation	ERAMET Corporate Governance
Recommendation 23.2.6: Supplementary Pension Plans: The reference period used for the calculation of pension benefits must cover several years. The progressive increase of potential pension entitlements should be limited to 5% of the beneficiary's remuneration. The High Committee recommended specifying the annual rate of increase of potential pension entitlements.	The reference period is twelve months for the fixed portion and the average of the three last variable remunerations, calculated in full years for the variable portion. The arrangement does not provide for any specific annual rate of increase of potential pension entitlements. This is due to the Group's need to have the capacity to attract highly experienced staff with significant career history. These supplementary pension plan arrangements, combined with the overall limit of 35% of the reference remuneration, which is itself limited to 25 times the annual social security ceiling (1), provide the whole pension plan with a very well balanced structure.
Recommendation 24.1: ongoing provision of information to shareholders on remuneration received: All components of executive corporate officers' remuneration, whether potential or vested, must 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 registration document prior to shareholder consultation.

(1) In 2014, the annual social security ceiling was €37,548.

4.2 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE (*CODE DE COMMERCE*), ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF ERAMET

2014 Financial Year

This is a free 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.

To the Shareholders,

In our capacity as Statutory Auditors of ERAMET, and in accordance with Article L. 225-235 of the French Commercial Code *(Code de commerce)*, we hereby report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code *(Code de commerce)* for the year ended 31 December 2014.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on the internal control and risk management procedures implemented by the Company, and to provide the other information required by Article L. 225-37 of the French Commercial Code *(Code de commerce)* relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- confirm that the report also includes the other information required by Article L. 225-37 of the French Commercial Code *(Code de commerce)*. It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information, and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code *(Code de commerce)*.

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French Commercial Code *(Code de commerce)*.

Neuilly-sur-Seine and Paris-La Défense, 20 February 2015

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Alain Penanguer	Aymeric de La Morandière

4.3 REMUNERATION OF CORPORATE OFFICERS

4.3.1 Remuneration policy for executive corporate officers

The remuneration of executive corporate officers who are Executive Committee members is set annually by the Board of Directors at the recommendation of the Compensation Committee. For members of the Executive Committee who are not corporate officers, remuneration is set by the Chairman and CEO of the Group.

Remuneration of each Executive Committee member is broken down into a fixed portion and a variable portion. The goals of executive corporate officers are determined by the Compensation Committee and submitted to the Board of Directors for approval.

The remuneration policy for executive corporate officers is based on principles set out in detail in the report of the Chairman of the Board of Directors, under the paragraph heading "Compensation Committee".

The table below sets out an individual breakdown of gross remuneration due to corporate officers and members of the Group Executive Committee in 2014:

Table 1 – Table summarising the remuneration of all executive corporate officers in addition to shares and options granted to each one

	Remuneration due in the year		Value of performance shares granted during the year (2)		Total	Total
(€)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Patrick Buffet (1) Chairman and CEO	1,839,402	1,589,502	1,064,910	1,223,761	2,904,312	2,813,263
Georges Duval (1) Deputy CEO	494,478	474,939	241,690	277,743	736,168	752,682
Bertrand Madelin (1) Deputy CEO	458,565	383,868	188,694	216,841	647,259	600,709
Philippe Vecten (1) Deputy CEO	525,707	507,482	224,817	258,353	750,524	765,835
Édouard Duval Head ERAMET International	597,947	584,247	42,777	49,158	640,724	633,405
Cyrille Duval General Secretary Alloys Division	406,442	384,412	23,765	27,310	430,207	411,722
Total corporate officers	**4,322,541**	**3,924,450**	**1,786,653**	**2,053,166**	**6,109,194**	**5,977,616**
Michel Carnec (1) Human Resources Director	439,700	416,697	204,141	234,593	643,841	651,290
Jean-Didier Dujardin (1) Chief Financial Officer	454,392	455,682	236,224	271,461	690,616	727,143
Catherine Tissot-Colle (1) Communications & Sustainable Development Director	277,235	265,596	137,124	157,579	414,359	423,175
TOTAL CORPORATE OFFICERS AND COMEX MEMBERS	**5,493,868**	**5,062,425**	**2,364,142**	**2,716,799**	**7,858,010**	**7,779,224**

(1) Executive Committee member.

(2) Calculated according to the fair value of shares on the day of granting by the Board of Directors—No stock options were granted during the financial year.

Table 2 – Table summarising the remuneration of each executive corporate officer and or Executive Committee member

	Amount for 2014		Amount for 2013	
(€)	Due	Paid	Due	Paid
Patrick Buffet				
Chairman and CEO				
Fixed remuneration	807,365	807,365	807,365	807,365
Variable remuneration	949,151	712,566	712,566	804,479
Directors' fees	74,200	62,992	62,992	66,500
Benefits in kind (1)	8,686	6,579	6,579	6,579
Total	**1,839,402**	**1,589,502**	**1,589,502**	**1,684,923**
Georges Duval				
Deputy CEO				
Fixed remuneration	326,600	326,600	326,600	326,600
Variable remuneration	127,227	119,145	119,145	98,861
Directors' fees	36,700	25,000	25,000	23,500
Benefits in kind (1)	3,951	4,194	4,194	4,194
Total	**494,478**	**474,939**	**474,939**	**453,155**
Bertrand Madelin				
Deputy CEO				
Fixed remuneration	261,250	261,250	261,250	261,250
Variable remuneration	169,159	96,924	96,924	124,556
Directors' fees	23,000	22,500	22,500	24,500
Benefits in kind (1)	5,156	3,194	3,194	3,194
Total	**458,565**	**383,868**	**383,868**	**413,500**
Philippe Vecten				
Deputy CEO				
Fixed remuneration	306,940	306,940	306,940	306,940
Variable remuneration	173,821	156,191	156,191	150,699
Directors' fees	38,248	38,737	38,737	41,573
Benefits in kind (1)	6,698	5,614	5,614	5,614
Total	**525,707**	**507,482**	**507,482**	**504,826**
Édouard Duval				
Head ERAMET International				
Fixed remuneration (2)	198,327	198,327	281,740	281,740
Variable remuneration	9,000	9,000		23,262
Exceptional remuneration (4)	340,420	340,420		
Directors' fees	50,200	36,500	36,500	37,500
Benefits in kind (1)				
Total	**597,947**	**584,247**	**318,240**	**342,502**
Cyrille Duval				
General Secretary Alloys Division				
Fixed remuneration (3)	158,455	148,378	161,409	161,409
Variable remuneration	23,035	23,036	23,036	28,367
Exceptional remuneration (5)	169,249	169,249		
Directors' fees	52,700	40,995	40,995	39,500
Benefits in kind (1)	3,003	2,754	3,221	3,221
Total	**406,442**	**384,412**	**228,661**	**232,497**
SUB-TOTAL CORPORATE OFFICERS	**4,322,541**	**3,924,450**	**3,502,692**	**3,631,403**

(€)	Amount for 2014 Due	Amount for 2014 Paid	Amount for 2013 Due	Amount for 2013 Paid
Michel Carnec				
Human Resources Director				
Fixed remuneration	278,615	278,615	278,615	278,615
Variable remuneration	131,329	110,141	110,141	107,997
Directors' fees	24,000	23,495	23,495	24,500
Benefits in kind (1)	5,756	4,446	4,446	4,446
Total	**439,700**	**416,697**	**416,697**	**415,558**
Jean-Didier Dujardin				
Chief Financial Officer				
Fixed remuneration	322,400	322,400	322,400	322,400
Variable remuneration	84,916	86,509	86,509	104,776
Directors' fees	40,000	40,491	40,491	41,500
Benefits in kind (1)	7,076	6,282	6,282	6,282
Total	**454,392**	**455,682**	**455,682**	**474,958**
Catherine Tissot-Colle				
Communications & Sustainable Development Director				
Fixed remuneration	187,250	187,250	187,250	187,250
Variable remuneration	84,916	74,601	74,601	55,631
Directors' fees				
Benefits in kind (1)	5,069	3,745	3,745	3,745
Total	**277,235**	**265,596**	**265,596**	**246,626**
TOTAL CORPORATE OFFICERS AND COMEX MEMBERS	**5,493,868**	**5,062,425**	**4,640,667**	**4,768,545**

(1) This relates to the provision of a Company car.
(2) Part-time from 1 January 2014 to 31 October 2014, new open-ended part-time contract from 1 November 2014.
(3) Part-time until 30 November 2014, new open-ended contract part-time from 1 December 2014.
(4) Contractual indemnities for retirement and paid leave.
(5) Contractual indemnities for retirement.

No multi-year variable remuneration fell due or was paid out during the financial year.

The top ten earners at ERAMET in respect of 2014 received total remuneration of €4,997,367.11, as certified by the Statutory Auditors.

Table 3 – Table setting out Directors' fees and other remuneration received by non-executive corporate officers

The amount of Directors' fees paid to ERAMET's corporate officers in January 2015 in respect of 2014 was €600,158 (€497,600 in 2013). The total sum allocated to the Board of Directors was set at €700,000 at the General Shareholders' Meeting of 15 May 2013 (thirteenth resolution), to be distributed freely among the directors by the Board of Directors.

The Directors' fees for 2014 were distributed on the following basis:

- annual fixed amount of €13,000;
- €1,500 for each actual attendance at Board Meetings;
- annual fixed amount of €8,000 for Audit Committee members, Compensation Committee members or Strategic Committee members;
- €1,300 for each actual attendance at Audit Committee, Compensation Committee or Strategic Committee meetings.

From 2015 onwards, and in accordance with recommendation 21.1 of the Afep/Medef code, in order to have a predominant variable portion, the distribution rules for Directors' fees will be the following:

- annual fixed amount of €10,000;
- €2,000 for each actual attendance at Board Meetings;
- annual fixed amount of €5,000 for Audit Committee members, Compensation Committee members or Strategic Committee members;
- €1,800 for each actual attendance at Audit Committee, Compensation Committee or Strategic Committee meetings.

In addition, €1,525 in travel expenses is paid for each director living abroad in respect of each Board Meeting (and Committee Meetings in cases where a Committee Meeting takes place more than 48 hours before or after a Board Meeting).

The Directors' fees paid to ERAMET directors by other companies in the Group amounted to an overall total of €73,959 in 2014 (€79,487 in 2013).

No other remuneration was paid to non-executive corporate officers, with the exception of the remunerations specified here below.

The distribution of Directors' fees at the beginning of 2015 in respect of 2014 was as follows (in euros, before deductions):

(€)	ERAMET	Other companies	Total 2014	Total 2013
Michel Antsélévé (3)	31,150	-	31,150	20,225
Patrick Buffet (1)	36,700	37,500	74,200	62,992
Claire Cheremetinski (State Rep.) (2)	29,151	-	29,151	23,500
Cyrille Duval (1) (SORAME)	36,700	16,000	52,700	40,995
Édouard Duval (1)	36,700	13,500	50,200	36,500
Georges Duval (1)	23,500	-	23,500	25,000
Patrick Duval (CEIR)	23,500	-	23,500	22,000
Marie-Axelle Gautier (8) (Other remuneration: 89,104)	3,666		3,666	-
Jean Yves Gilet (FSI Equation) (4)	36,700	-	36,700	25,000
Philippe Gomès (10)	4,108	-	4,108	-
Caroline Grégoire-Sainte-Marie	35,400	-	35,400	36,900
Thierry Le Hénaff	31,100	-	31,100	25,000
Manoelle Lepoutre	35,200	-	35,200	22,000
Louis Mapou (5)	6,500	-	6,500	26,575
Pia Olders (7) (Other remuneration, part time: 49,694)	11,000	-	11,000	-
Michel Quintard (6)	18,158	6,959	25,117	40,575
Michel Somnolet	51,926	-	51,926	58,200
Claude Tendil	39,300	-	39,300	35,200
Frédéric Tona (3)	40,000	-	40,000	14,125
Antoine Treuille	66,450	-	66,450	62,300
Alexis Zajdenweber (State Rep.) (9)	3,249	-	3,249	-
TOTAL	**600,158**	**73,959**	**674,117**	**577,087**

(1) Other remuneration: see other tables related to corporate officers' remuneration.
(2) Resignation 5 December 2014—amount paid to the Ministry of Finance.
(3) Appointment at General Shareholders' Meeting of 15 May 2013.
(4) Amount paid to BPIFrance Participations—In February 2014, Jean-Yves Gilet replaced Mr. Devedjian as permanent representative of FSI Equation.
(5) Resignation 26 June 2014.
(6) Resignation 31 July 2014.
(7) Director representing employees—Appointment 23 June 2014.
(8) Director representing employees—Appointment 12 November 2014.
(9) Co-option 10 December 2014—amount paid to the Ministry of Finance.
(10) Co-option 10 December 2014.

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 each corporate officer during the year

Performance shares were granted to executive corporate officers and to 208 senior managers, executives and promising junior staff of the ERAMET group. In addition, each Group employee received two bonus shares as part of the EraShare 2014 bonus share plan for all Group personnel.

	Plan No. and date	Number of shares granted	Value of shares (1)	Acquisition date	Date available	Performance conditions
P. Buffet	Plan of 20/02/2014	22,405	1,064,910	20/02/2017	20/02/2019	Performance of the ERAMET share price in relation to that of comparable companies listed on the Stoxx 600 Basic Resources index (1/3) and intrinsic performance according to financial indicators (2/3) (operating margin (current operating income/revenue) and operating cash flow); progressive acquisition over three years
G. Duval	Plan of 20/02/2014	5,085	241,690	20/02/2017	20/02/2019	ditto
B. Madelin	Plan of 20/02/2014	3,970	188,694	20/02/2017	20/02/2019	ditto
P. Vecten	Plan of 20/02/2014	4,730	224,817	20/02/2017	20/02/2019	ditto
E. Duval	Plan of 20/02/2014	900	42,777	20/02/2017	20/02/2019	ditto
C. Duval	Plan of 20/02/2014	500	23,765	20/02/2017	20/02/2019	ditto
TOTAL		**37,590**	**1,786,653**			

(1) Calculated according to the fair value of shares on the day of granting by the Board of Directors, applying the method used in the consolidated financial statements.

The number of shares granted, as indicated above, refers to the maximum number of shares that may be granted subject to fulfilment of the performance conditions. These very rigorous performance conditions are calculated over a three-year period and are set out in the section of this document concerning the remuneration policy for executive corporate officers.

Details concerning the number of shares that may actually be acquired and their corresponding value will only be disclosed upon maturity of the plan, in 2017.

Table 7 – Performance shares becoming available during the financial year for each executive corporate officer

No performance shares became available during the financial year.

Table 8 – Not applicable

There is no share purchase or subscription option plan currently in operation.

Table 9 – Historical details of performance share grants—Information on performance shares

	Plan 2010	Plan 2011	Plan 2012	Plan 2013	Plan 2014
Date of Shareholders' Meeting	20/05/2010	20/05/2010	20/05/2010	15/05/2012	15/05/2012
Date of Board Meeting	20/05/2010	16/02/2011	15/02/2012	21/03/2013	20/02/2014
Total No. shares granted, of which number granted to (total)	65,008	71,665	89,885	145,040	143,510
Corporate Officers					
P. Buffet	8,670	8,605	10,755	22,405	22,405
G. Duval	1,600	2,030	1,000	5,085	5,085
B. Madelin	1,530	1,490	1,865	3,970	3,970
P. Vecten	1,865	1,820	2,275	4,730	4,730
E. Duval	600	750	865	900	900
C. Duval	630	600	370	500	500
Date of vesting of France Plan shares	20/05/2013	16/02/2014	15/02/2015	21//03/2016	20/02/2017
End date of holding period for France Plan	20/05/2015	16/02/2016	15/02/2017	21/03/2018	20/02/2019
End date of vesting and holding period for International Plan shares	20/05/2014	16/02/2015	15/02/2016	21/03/2017	20/02/2018
Performance conditions	Performance of the ERAMET share price (total shareholder return or TSR) in relation to that of comparable companies listed on the Stoxx 600 Basic Resources index (50%) and the intrinsic performance of financial indicators (50%) (operating margin (current operating income/ revenue) and operating cash flow); progressive acquisition over three years	Performance of the ERAMET share price (total shareholder return or TSR) in relation to that of comparable companies listed on the Stoxx 600 Basic Resources index (50%) and the intrinsic performance of financial indicators (50%) (operating margin (current operating income/ revenue) and operating cash flow); progressive acquisition over three years	Performance of the ERAMET share price in relation to that of comparable companies listed on the Stoxx 600 Basic Resources index (50%) and intrinsic performance according to financial indicators (50%) (operating margin (current operating income/ revenue) and operating cash flow); progressive acquisition over three years	Performance of the ERAMET share price in relation to that of comparable companies listed on the Stoxx 600 Basic Resources index (1/3) and intrinsic performance of financial indicators (2/3) (operating margin (current operating income/ revenue) and operating cash flow); progressive acquisition over three years	Performance of the ERAMET share price in relation to that of comparable companies listed on the Stoxx 600 Basic Resources index (1/3) and intrinsic performance of financial indicators (2/3) (operating margin (current operating income/ revenue) and operating cash flow); progressive acquisition over three years
Number of shares vested at 31 December 2014 (International Plan)	4,397				
Number of shares vested at 31 December 2014	17,494	8,008	0	0	0
Cumulative number of cancelled or lapsed shares	47,514	46,827	2,455	3,250	2,490
Performance shares remaining at end of financial year	0	16,686	87,430	141,790	141,020

The performance conditions are calculated over a three-year period and, for the 2010, 2011 and 2012 performance share plans, are as follows: the relative performance of ERAMET shares for 50% of the share grant (this involves comparing the change in total shareholder return over a three-year period with that of a panel composed of around 30 comparable companies on the Stoxx 600 Basic Resources Index, with the performance conditions being fully achieved if the ERAMET share is ranked in the top 15% of the panel) and the intrinsic performance achieved, in three instalments over a three-year period, of certain financial indicators for 50% of the share grant (25% operating margin (current operating income/revenue), and 25% operating cash-flow, with annual targets related to the Company's budgeted targets and with performance conditions only being fully achieved when these targets are significantly out-performed).

For the 2013 and 2014 performance share plans the 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 over a three-year period with that of a panel composed of around 30 comparable companies on the Stoxx 600 Basic Resources Index, with the performance conditions being fully achieved if the ERAMET share is ranked in the top 15% of the panel) and the intrinsic performance achieved, in three instalments over a three-year period, of certain financial indicators for two-thirds of the share grant (one-third operating margin (current operating income/revenue), and one-third operating cash-flow, with annual targets related to the Company's budgeted targets and with performance conditions only being fully achieved when these targets are significantly out-performed).

Table 10 – Summary table of executive corporate officers

Corporate officers	Contract of employment	Supplementary Pension Plan	Compensation or benefits falling due, or which may fall due, as a result of departure or a change of position	Compensation related to a non-competition clause
Patrick Buffet Chairman and CEO Start of term of office: 25/04/2007 End of term of office: AGM to approve 2014 financial statements	No	Yes	Yes	No
Georges Duval Deputy CEO Start of term of office: 23/05/2002 End of term of office as Director: AGM to approve 2014 financial statements	Yes—suspended	Yes	Yes (within limit of suspended contract of employment)	No
Bertrand Madelin Deputy CEO Start of term of office: 01/01/2008 End of term of office: open ended	Yes—suspended	Yes	Yes (within limit of suspended contract of employment)	No
Philippe Vecten Deputy CEO Start of term of office: 23/05/2007 End of term of office: open ended	Yes—suspended	Yes	Yes (within limit of suspended contract of employment)	No
Édouard Duval Head ERAMET International Director Start of term of office: 21/07/1999 End of term of office as Director: AGM to approve 2014 financial statements	Yes (part-time 2/5ths)	No	No	No
Cyrille Duval General Secretary Alloys Division Permanent representative of SORAME, Director Start of term of office SORAME: 11/05/2011 End of term of office as Director: AGM to approve 2014 financial statements	Yes (part-time 3/5ths)	No	No	No

4.3.2 Remuneration items falling due or granted to each Executive Corporate Officer for the financial year ended, subject to shareholder approval

Pursuant to recommendation 24.3 of the Afep/Medef code dated June 2013 which, in accordance with Article L. 225-37 of the French Commercial Code is the code of reference applicable to the Company, remuneration items falling due or granted to each Executive Corporate Officer of the Company for the financial year ended are subject to shareholder approval:

- the fixed portion;
- the annual variable portion and, as the case may be, the multi-year variable portion, with the targets used to determine that variable portion;
- exceptional remuneration items;
- stock options, performance shares and any other long-term remuneration item;
- compensation related to taking up or leaving a post;
- the Supplementary Pension Plan; and
- benefits of any kind.

By voting on the **22nd, 23rd, 24th and 25th resolutions**, shareholders are asked to approve the remuneration items falling due or granted to each Executive Corporate Officer, for the financial year ended 31 December 2014.

Consequently, shareholders are asked to consider the following remuneration items for each Executive Corporate Officer.

4.3.2.1 Patrick Buffet, Chairman and CEO

Remuneration items subject to shareholder approval

Remuneration items falling due or granted for the financial year ended

	Amount or carrying value subject to shareholder vote	Presentation
		No suspended contract of employment; Patrick Buffet has a straightforward corporate officer contract
Fixed remuneration	€807,365 (amount paid)	Gross fixed remuneration for the financial year 2014 approved by the Board of Directors on 20 February 2014 at the recommendation of the Compensation Committee, identical to the remuneration for 2013.
Annual variable remuneration	€949,151 (amount approved for 2014)	At its meeting of 19 February 2015, the Board of Directors, at the recommendation of the Compensation Committee and following validation of financial items by the Audit Committee, approved the amount of variable remuneration of Patrick Buffet for the financial year 2014 at €949,151 (84% of his maximum permitted variable remuneration). The variable portion is based on certain criteria and on specific targets, whose selection and weighting are proposed by the Compensation Committee and approved by the Board of Directors. The targets for 2014 were: (i) the Company's trading results (Current Operating Income); (ii) the Company's financial position (net cash); (iii) the accomplishment, vis-à-vis the budget and schedule, of major industrial projects or of development activities; (iv) "managerial" results in terms of team motivation and leadership, strategic proposals, projects and goals in the fields of health, safety, the environment and industrial risk. The level of accomplishment required, for each of these criteria, is precisely established at the start of the financial year but cannot be disclosed to the general public for reasons related to trade secrets and confidentiality. The variable portion may not exceed 140% of gross annual fixed remuneration for the Chairman and CEO. In 2014, the portion related to quantitative targets represented 60% of maximum annual variable remuneration.
Deferred variable remuneration	N/A	Mr. Buffet does not have any deferred variable remuneration.
Multi-year variable remuneration	N/A	Mr. Buffet does not have any multi-year variable remuneration.

	Amount or carrying value subject to shareholder vote	Presentation
Exceptional remuneration	N/A	Mr. Buffet does not have any exceptional remuneration.
Performance shares or stock options or any other long-term remuneration item	22,405 performance shares = €1,064,910 (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	On 20 February 2014, at the recommendation of the Compensation Committee and following the approval of the General Shareholders' Meeting of 15 May 2012 (10th resolution), the Board of Directors granted Patrick Buffet 22,405 performance shares (that is, 0.08% of share capital), for a value of €1,064,910 applying the method used in the consolidated financial statements (fair value of the share on the day of granting by the Board of Directors). The number of shares granted, as specified above, corresponds to the maximum number of shares that may be definitively vested, fully or partially, three years following granting and provided that the performance conditions are fully or partially met. The performance conditions are only fully met if the targets fixed are significantly out-performed. 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, calculated over a three-year period, are as follows: • relative performance of the ERAMET share price, for one third of the share grant (this involves comparing the change in total shareholder return over a three-year period with that of a panel composed of 28 comparable companies on the Stoxx 600 Basic Resources Index, with the performance conditions only being fully achieved if the ERAMET share is ranked in the top 15% of the panel); and • intrinsic performance achieved in three instalments over a three-year period of certain financial indicators for 2/3 (two-thirds) of the share grant (one-third operating margin (current operating income/revenue) and one-third operating cash-flow, with annual targets related to the Company's budgeted targets); this performance condition is only fully achieved in the event of significant out-performance of these targets. For information purposes, the 2012 performance share plan, which reached its conclusion in 2014, allowed for the acquisition of just 22.4% of all shares originally granted. Furthermore, these shares are subject to an additional two-year holding period. Mr. Buffet was not granted any stock options or any other long-term remuneration item during the financial year ended 31 December 2014.
Directors' fees	€74,200 (gross amount before deductions)	In accordance with the rules for the allocation of Directors' fees applicable to all ERAMET directors, Patrick Buffet received gross Directors' fees based on an annual lump sum of €13,000 in addition to €1,500 in respect of each Board meeting attended in person. He also received gross amounts of €24,000 and of €13,500, for his attendance at Board meetings of the subsidiaries Comilog and Société Le Nickel SLN, respectively, in accordance with the rules applicable to all directors of these two companies.
Benefits of any other kind	€8,686 (carrying value)	Mr. Buffet has 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

	Amount subject to shareholder vote	Presentation
Compensation related to taking up or leaving a post	No payment	As part of the overall balanced structure of his corporate officer contract, Patrick Buffet is entitled to severance pay of three times his last gross annual fixed remuneration plus three times the average of the gross annual variable remunerations received in the last three years prior to his departure. This severance pay benefit is conditional upon the fulfilment of performance conditions: the total gross variable remuneration (itself subject to specific performance conditions) received over the final three full financial years of his term of office must be 20% or more of the total gross annual fixed remuneration received during the same three-year period. In accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, this arrangement was authorised by the Board of Directors on 20 February 2008 and approved by the General Shareholders' Meeting of 16 April 2008 (4th resolution), subsequently, upon Patrick Buffet's reappointment as Chairman and CEO in 2011, authorisation was renewed by the Board of Directors on 27 July 2011 and approved by the General Shareholders' Meeting of 15 May 2012 (4th resolution).
Non-competition compensation	N/A	Patrick Buffet is not bound by a non-competition clause.
Supplementary Pension Plan	No payment	Patrick Buffet benefits from the existing defined benefit supplementary pension plan for ERAMET executives, entitling him to a supplementary pension that may not exceed 35% of the reference salary defined in the internal plan regulations, with said reference salary being capped at twenty-five times the annual social security ceiling (ASSC). The reference period used to calculate the reference salary is twelve months for the annual fixed portion and the average of the three last variable remunerations, calculated on the basis of full years, for the variable portion. In Patrick Buffet's case, supplementary pension income is capped at 35% of 25 times ASSC. This arrangement was authorised by the Board of Directors on 30 July 2008 and approved by the General Shareholders' Meeting of 13 May 2009 (3rd resolution). By way of illustration, assuming calculation based on the reference remuneration as set out above (fixed + average variable for the last three years), the annual income provided under this plan would be in the region of 20% of Patrick Buffet's reference remuneration. These supplementary pension calculations assume retirement at 65 years of age; a significant reduction would apply in the event of an early draw down of pension benefits, between 60 and 65 years of age.
Supplementary insurance scheme and healthcare plan		Patrick Buffet 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 17 February 2010 and approved by the General Shareholders' Meeting of 20 May 2010 (3rd resolution).
ASSEDIC entitlement	N/A	Patrick Buffet does not benefit from such entitlement.
Customary severance payments (collective bargaining agreement)	N/A	Patrick Buffet does not benefit from any customary severance indemnity under a collective bargaining agreement, whether upon retirement or upon departure for any other reason.

4.3.2.2 Georges Duval, Deputy CEO,

Remuneration items subject to shareholder approval

Remuneration items falling due or granted for the financial year ended

	Amount or carrying value subject to shareholder vote	Presentation
		Georges Duval has a contract of employment, suspended throughout his term of office on the Board.
Fixed remuneration	€326,600 (amount paid)	Gross fixed remuneration for the financial year 2014 approved by the Board of Directors on 20 February 2014 at the recommendation of the Compensation Committee, identical to the remuneration for 2013.
Annual variable remuneration	€127,227 (amount approved for 2014)	At its meeting of 19 February 2015, the Board of Directors, at the recommendation of the Compensation Committee and following validation of financial items by the Audit Committee, approved the amount of variable remuneration of Georges Duval for the financial year 2014 at €127,227 (55.65% of his maximum permitted variable remuneration). The variable portion is based on certain criteria and on specific targets, whose selection and weighting are proposed by the Compensation Committee and approved by the Board of Directors. The targets for 2014 were: (i) the Company's trading results (Current Operating Income); (ii) the Company's financial position (net cash); (iii) the accomplishment, vis-à-vis the budget and schedule, of major industrial projects or of development activities; (iv) "managerial" results in terms of team motivation and leadership, strategic proposals, projects and goals in the fields of health, safety, the environment and industrial risk. The level of accomplishment required, for each of these criteria, is precisely established at the start of the financial year but cannot be disclosed to the general public for reasons related to trade secrets and confidentiality. The variable portion may not exceed 70% of gross annual fixed remuneration for the Deputy CEOs. In 2014, the portion related to quantitative targets represented 65% of maximum annual variable remuneration.
Deferred variable remuneration	N/A	Mr. Duval does not have any deferred variable remuneration.
Multi-year variable remuneration	N/A	Mr. Duval does not have any multi-year variable remuneration.
Exceptional remuneration	N/A	Mr. Duval does not have any exceptional remuneration.

	Amount or carrying value subject to shareholder vote	Presentation
Performance shares or stock options or any other long-term remuneration item	5,085 performance shares = €241,690 (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	On 20 February 2014, at the recommendation of the Compensation Committee and following the approval of the General Shareholders' Meeting of 15 May 2012 (10th resolution), the Board of Directors granted Georges Duval 5,085 performance shares (that is, 0.02% of share capital), for a value of €241,690 applying the method used in the consolidated financial statements (fair value of the share on the day of granting by the Board of Directors). The number of shares granted, as specified above, corresponds to the maximum number of shares that may be definitively vested, fully or partially, three years following granting and provided that the performance conditions are fully or partially met. The performance conditions are only fully met if the targets fixed are significantly out-performed. 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, calculated over a three-year period, are as follows: • relative performance of the ERAMET share price, for one third of the share grant (this involves comparing the change in total shareholder return over a three-year period with that of a panel composed of 28 comparable companies on the Stoxx 600 Basic Resources Index, with the performance conditions only being fully achieved if the ERAMET share is ranked in the top 15% of the panel); and • intrinsic performance achieved in three instalments over a three-year period of certain financial indicators for 2/3 (two-thirds) of the share grant (one-third operating margin (current operating income/revenue) and one-third operating cash-flow, with annual targets related to the Company's budgeted targets); this performance condition is only fully achieved in the event of significant out-performance of these targets. For information purposes, the 2012 performance share plan, which reached its conclusion in 2014, allowed for the acquisition of just 22.4% of all shares originally granted. Furthermore, these shares are subject to an additional two-year holding period. Mr. Duval was not granted any stock options or any other long-term remuneration item during the financial year ended 31 December 2014.
Directors' fees	€36,700 (gross amount before deductions)	In accordance with the rules for the allocation of Directors' fees applicable to all ERAMET Directors, Georges Duval received gross Directors' fees based on an annual lump sum of €13,000 in addition to €1,500 in respect of each Board meeting attended in person.
Benefits of any other kind	€3,951 (carrying value)	Mr. Duval has 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

	Amount subject to shareholder vote	Presentation
Compensation related to taking up or leaving a post	No payment	Mr. Duval does not benefit from any commitment or undertaking related to severance indemnity under the terms of his corporate office. Georges Duval's suspended employment contract makes provision for the payment, in the event of his dismissal, retirement or pensioning-off, of a contractual indemnity amounting to 18 months' salary, calculated on the basis of his reference remuneration (fixed plus variable) as an employee, which is not combined with the customary payments calculated by application of the national collective bargaining agreement for executives in the metallurgy industry.
Non-competition compensation	N/A	Georges Duval is not bound by a non-competition clause.
Supplementary Pension Plan	No payment	Georges Duval benefits from the existing defined benefit supplementary pension plan for ERAMET executives, entitling him to a supplementary pension that may not exceed 35% of the reference salary defined in the internal plan regulations, with said reference salary being capped at twenty-five times the annual social security ceiling (ASSC). The reference period used to calculate the reference salary is twelve months for the annual fixed portion and the average of the three last variable remunerations, calculated on the basis of full years, for the variable portion. By way of illustration, assuming calculation based on the reference remuneration as set out above (fixed + average variable for the last three years), the annual income provided under this plan would be in the region of 31% of Georges Duval's reference remuneration. These supplementary pension calculations assume retirement at 65 years of age; a significant reduction would apply in the event of an early draw down of pension benefits, between 60 and 65 years of age.
Supplementary insurance scheme and healthcare plan		Georges Duval 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 17 February 2010 and approved by the General Shareholders' Meeting of 20 May 2010 (3rd resolution).

4.3.2.3 Bertrand Madelin, Deputy CEO

Remuneration items subject to shareholder approval

Remuneration items falling due or granted for the financial year ended

	Amount or carrying value subject to shareholder vote	Presentation
		Bertrand Madelin has a contract of employment, suspended throughout his term of office on the Board.
Fixed remuneration	€261,250 (amount paid)	Gross fixed remuneration for the financial year 2014 approved by the Board of Directors on 20 February 2014 at the recommendation of the Compensation Committee, identical to the remuneration for 2013.
Annual variable remuneration	€169,159 (amount approved for 2014)	At its meeting of 19 February 2015, the Board of Directors, at the recommendation of the Compensation Committee and following validation of financial items by the Audit Committee, approved the amount of variable remuneration of Bertrand Madelin for the financial year 2014 at €169,159 (92.5% of his maximum permitted variable remuneration). The variable portion is based on certain criteria and on specific targets, whose selection and weighting are proposed by the Compensation Committee and approved by the Board of Directors. The targets for 2014 were: (i) the Company's trading results (Current Operating Income); (ii) the Company's financial position (net cash); (iii) the accomplishment, vis-à-vis the budget and schedule, of major industrial projects or of development activities; (iv) "managerial" results in terms of team motivation and leadership, strategic proposals, projects and goals in the fields of health, safety, the environment and industrial risk. The level of accomplishment required, for each of these criteria, is precisely established at the start of the financial year but cannot be disclosed to the general public for reasons related to trade secrets and confidentiality. The variable portion may not exceed 70% of gross annual fixed remuneration for the Deputy CEOs. In 2014, the portion related to quantitative targets represented 55% of maximum annual variable remuneration.
Deferred variable remuneration	N/A	Mr. Madelin does not have any deferred variable remuneration.
Multi-year variable remuneration	N/A	Mr. Madelin does not have any multi-year variable remuneration.
Exceptional remuneration	N/A	Mr. Madelin does not have any exceptional remuneration.

	Amount or carrying value subject to shareholder vote	Presentation
Performance shares or stock options or any other long-term remuneration item	3,970 performance shares = €188,694 (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	On 20 February 2014, at the recommendation of the Compensation Committee and following the approval of the General Shareholders' Meeting of 15 May 2012 (10th resolution), the Board of Directors granted Bertrand Madelin 3,970 performance shares (that is, 0.01% of share capital), for a value of €188,694 applying the method used in the consolidated financial statements (fair value of the share on the day of granting by the Board of Directors). The number of shares granted, as specified above, corresponds to the maximum number of shares that may be definitively vested, fully or partially, three years following granting and provided that the performance conditions are fully or partially met. The performance conditions are only fully met if the targets fixed are significantly out-performed. 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, calculated over a three-year period, are as follows: • relative performance of the ERAMET share price, for one third of the share grant (this involves comparing the change in total shareholder return over a three-year period with that of a panel composed of 28 comparable companies on the Stoxx 600 Basic Resources Index, with the performance conditions only being fully achieved if the ERAMET share is ranked in the top 15% of the panel); and • intrinsic performance achieved in three instalments over a three-year period of certain financial indicators for 2/3 (two-thirds) of the share grant (one-third operating margin (current operating income/revenue) and one-third operating cash-flow, with annual targets related to the Company's budgeted targets); this performance condition is only fully achieved in the event of significant out-performance of these targets. For information purposes, the 2012 performance share plan, which reached its conclusion in 2014, allowed for the acquisition of just 22.4% of all shares originally granted. Furthermore, these shares are subject to an additional two-year holding period. Mr. Madelin was not granted any stock options or any other long-term remuneration item during the financial year ended 31 December 2014.
Directors' fees	€23,000 (gross amount before deductions)	Bertrand Madelin did not receive any Directors' fees from ERAMET, since he is not a director of ERAMET SA. He received a gross amount of €23,000 for his attendance at Board meetings of the subsidiary Société Le Nickel SLN, in accordance with the rules applicable to all directors of that company.
Benefits of any other kind	€5,156 (carrying value)	Mr. Madelin has 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

	Amount subject to shareholder vote	Presentation
Compensation related to taking up or leaving a post	No payment	Mr. Madelin does not benefit from any commitment or undertaking related to severance indemnity under the terms of his corporate office. Bertrand Madelin's suspended employment contract makes provision for the payment, in the event of dismissal, retirement or pensioning-off, of a customary indemnity, calculated on the basis of the national collective bargaining agreement for executives in the metallurgy industry and on the basis of his reference remuneration (fixed plus variable) as an employee. The collective bargaining agreement provides for a maximum of 18 months' remuneration for maximum length of service of 28 or 30 years depending on the age of the persons concerned upon their departure. In the event of a change in control of ERAMET and the termination of an employment contract deemed as being attributable to the employer, a specific guarantee, which may not be combined with other indemnities applicable under contracts or collective bargaining agreements, was decided upon in 2005 and would be enforceable. It represents an indemnity equivalent to three years' remuneration (fixed + variable).
Non-competition compensation	N/A	Bertrand Madelin is not bound by a non-competition clause.
Supplementary Pension Plan	No payment	Bertrand Madelin benefits from the existing defined benefit supplementary pension plan for ERAMET executives, entitling him to a supplementary pension that may not exceed 35% of the reference salary defined in the internal plan regulations, with said reference salary being capped at twenty-five times the annual social security ceiling (ASSC). The reference period used to calculate the reference salary is twelve months for the annual fixed portion and the average of the three last variable remunerations, calculated on the basis of full years, for the variable portion. This arrangement was authorised by the Board of Directors on 30 July 2008 and approved by the General Shareholders' Meeting of 13 May 2009 (3rd resolution). By way of illustration, assuming calculation based on the reference remuneration as set out above (fixed + average variable for the last three years), the annual income provided under this plan would be in the region of 35% of Bertrand Madelin's reference remuneration. These supplementary pension calculations assume retirement at 65 years of age; a significant reduction would apply in the event of an early draw down of pension benefits, between 60 and 65 years of age.
Supplementary insurance scheme and healthcare plan		Bertrand Madelin 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 17 February 2010 and approved by the General Shareholders' Meeting of 20 May 2010 (3rd resolution).

4.3.2.4 Philippe Vecten, Deputy CEO

Remuneration items subject to shareholder approval

Remuneration items falling due or granted for the financial year ended

	Amount or carrying value subject to shareholder vote	Presentation
		Philippe Vecten has a contract of employment, suspended throughout his term of office on the Board.
Fixed remuneration	€306,940 (amount paid)	Gross fixed remuneration for the financial year 2014 approved by the Board of Directors on 20 February 2014 at the recommendation of the Compensation Committee, identical to the remuneration for 2013.
Annual variable remuneration	€173,821 (amount approved for 2014)	At its meeting of 19 February 2015, the Board of Directors, at the recommendation of the Compensation Committee and following validation of financial items by the Audit Committee, approved the amount of variable remuneration of Philippe Vecten for the financial year 2014 at €173,821 (80.9% of his maximum permitted variable remuneration). The variable portion is based on certain criteria and on specific targets, whose selection and weighting are proposed by the Compensation Committee and approved by the Board of Directors. The targets for 2014 were: (i) the Company's trading results (Current Operating Income); (ii) the Company's financial position (net cash); (iii) the accomplishment, vis-à-vis the budget and schedule, of major industrial projects or of development activities; (iv) "managerial" results in terms of team motivation and leadership, strategic proposals, projects and goals in the fields of health, safety, the environment and industrial risk. The level of accomplishment required, for each of these criteria, is precisely established at the start of the financial year but cannot be disclosed to the general public for reasons related to trade secrets and confidentiality. The variable portion may not exceed 70% of gross annual fixed remuneration for the Deputy CEOs. In 2014, the portion related to quantitative targets represented 35% of maximum annual variable remuneration.
Deferred variable remuneration	N/A	Mr. Vecten does not have any deferred variable remuneration.
Multi-year variable remuneration	N/A	Mr. Vecten does not have any multi-year variable remuneration.
Exceptional remuneration	N/A	Mr. Vecten does not have any exceptional remuneration.

	Amount or carrying value subject to shareholder vote	Presentation
Performance shares or stock options or any other long-term remuneration item	4,730 performance shares = €224,817 (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	On 20 February 2014, at the recommendation of the Compensation Committee and following the approval of the General Shareholders' Meeting of 15 May 2012 (10th resolution), the Board of Directors granted Philippe Vecten 4,730 performance shares (that is, 0.02% of share capital), for a value of €224,817 applying the method used in the consolidated financial statements (fair value of the share on the day of granting by the Board of Directors). The number of shares granted, as specified above, corresponds to the maximum number of shares that may be definitively vested, fully or partially, three years following granting and provided that the performance conditions are fully or partially met. The performance conditions are only fully met if the targets fixed are significantly out-performed. 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, calculated over a three-year period, are as follows: • relative performance of the ERAMET share price, for one third of the share grant (this involves comparing the change in total shareholder return over a three-year period with that of a panel composed of 28 comparable companies on the Stoxx 600 Basic Resources Index, with the performance conditions only being fully achieved if the ERAMET share is ranked in the top 15% of the panel); and • intrinsic performance achieved in three instalments over a three-year period of certain financial indicators for 2/3 (two-thirds) of the share grant (one-third operating margin (current operating income/revenue) and one-third operating cash-flow, with annual targets related to the Company's budgeted targets); this performance condition is only fully achieved in the event of significant out-performance of these targets. For information purposes, the 2012 performance share plan, which reached its conclusion in 2014, allowed for the acquisition of just 22.4% of all shares originally granted. Furthermore, these shares are subject to an additional two-year holding period. Philippe Vecten was not granted any stock options during the financial year ended 31 December 2014.
Directors' fees	€38,248 (gross amount before deductions)	Philippe Vecten did not receive any Directors' fees from ERAMET, since he is not a director of ERAMET SA. He received a gross amount of €38,248 for his attendance at Board meetings of Comilog and its subsidiaries, in accordance with the rules applicable to all directors of that company.
Benefits of any other kind	€6,698	Mr. Vecten has 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

	Amount subject to shareholder vote	Presentation
Compensation related to taking up or leaving a post	No payment	Philippe Vecten does not benefit from any commitment or undertaking related to severance indemnity under the terms of his corporate office. Philippe Vecten's suspended employment contract makes provision for the payment, in the event of dismissal, retirement or pensioning-off, of a customary indemnity, calculated on the basis of the national collective bargaining agreement for executives in the metallurgy industry and on the basis of his reference remuneration (fixed plus variable) as an employee. The collective bargaining agreement provides for a maximum of 18 months' remuneration for maximum length of service of 28 or 30 years depending on the age of the persons concerned upon their departure. In the event of a change in control of ERAMET and the termination of an employment contract deemed as being attributable to the employer, a specific guarantee, which may not be combined with other indemnities applicable under contracts or collective bargaining agreements, was decided upon in 2005 and would be enforceable. It represents an indemnity equivalent to three years' remuneration (fixed + variable).
Non-competition compensation	N/A	Philippe Vecten is not bound by a non-competition clause.
Supplementary Pension Plan	No payment	Philippe Vecten benefits from the existing defined benefit supplementary pension plan for ERAMET executives, entitling him to a supplementary pension that may not exceed 35% of the reference salary defined in the internal plan regulations, with said reference salary being capped at twenty-five times the annual social security ceiling (ASSC). The reference period used to calculate the reference salary is twelve months for the annual fixed portion and the average of the three last variable remunerations, calculated on the basis of full years, for the variable portion. This arrangement was authorised by the Board of Directors on 30 July 2008 and approved by the General Shareholders' Meeting of 13 May 2009 (3rd resolution). By way of illustration, assuming calculation based on the reference remuneration as set out above (fixed + average variable for the last three years), the annual income provided under this plan would be in the region of 34% of Philippe Vecten's reference remuneration. These supplementary pension calculations assume retirement at 65 years of age; a significant reduction would apply in the event of an early draw down of pension benefits, between 60 and 65 years of age.
Supplementary insurance scheme and healthcare plan		Philippe Vecten 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 17 February 2010 and approved by the General Shareholders' Meeting of 20 May 2010 (3rd resolution).

4.4 SECURITIES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND BY GENERAL MANAGEMENT

Some directors have a material interest in the Company's share capital.

4.4.1 Indirect interests

Patrick Duval is Chairman of CEIR. Édouard Duval is Chairman of the Management Board of SORAME. Georges, Édouard, Cyrille and Patrick Duval are shareholders of SORAME and CEIR.

4.4.2 Direct interests

Shares held at 31 December 2014	Equities	Voting rights
Michel Antsélévé	100	100
Patrick Buffet	13,727	23,737
SORAME	8,051,838	16,103,676
Cyrille Duval	811	1,351
Édouard Duval	747	1,212
Georges Duval	1,965	3,174
CEIR	1,783,996	3,567,992
Patrick Duval	102	204
Marie-Axelle Gautier	4	4
FSI Equation	6,810,317	13,620,634
Jean-Yves Gilet	n/a	n/a
Philippe Gomès	-	-
Caroline Grégoire-Sainte-Marie	100	100
Thierry Le Hénaff	100	200
Manoelle Lepoutre	100	200
Pia Olders	11	18
Michel Somnolet	100	200
Claude Tendil	100	200
Frédéric Tona	204	204
Antoine Treuille	160	320
Alexis Zajdenweber (State representative)	n/a	n/a
Bertrand Madelin	3,829	3,829
Philippe Vecten	1,946	3,096

No director has a direct material interest in any Group subsidiary.

4.4.3 Loans and guarantees granted or arranged

The Company has not granted or arranged any loans or guarantees for the benefit of members of the administrative, management or supervisory bodies.

4.5 SPECIAL REPORT ON BONUS SHARE GRANTS

FY 2014

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.

4.5.1 Grants to corporate officers of the Company

Plan of 20 February 2014	Number of shares	Value *(€)*
Patrick Buffet	22,405	1,064,910
Cyrille Duval	500	23,765
Édouard Duval	900	42,777
Georges Duval	5,085	241,690
Bertrand Madelin	3,970	188,694
Philippe Vecten	4,730	224,817

4.5.2 Grants to non-corporate officer employees of the Company and its subsidiaries

Plan of 20 February 2014	Number of shares	Value *(€)*
Jean-Didier Dujardin	4,970	236,224
Michel Carnec	4,295	204,141
Catherine Tissot-Colle	2,885	137,124
Pierre Gugliermina	1,400	72,240
Philippe Gundermann	1,300	61,789
Paul Desportes	1,100	52,283
Jean Fabre	1,100	56,760
Jérôme Fabre	1,100	56,760
Denis Hugelmann	1,100	52,283
Guillaume Verschaeve	1,100	56,760

4.5.3 Grants to all beneficiary employees

Each employee on the payroll received two bonus shares, subject to length of service conditions, as part of the bonus share plan of 20 February 2014.

The Board of Directors

SUSTAINABLE DEVELOPMENT

5.1 INTRODUCTION

ERAMET is a mining and metallurgical group that operates three world-class mining sites and about fifty industrial sites, while developing projects. In 2014, the mineral sands extraction activities started up at Grande Côte in Senegal as did the production of silicomanganese at the Moanda metallurgy complex in Gabon. Due to the nature of its mining and industrial activities, the Group is concerned by all the aspects of sustainable development and social responsibility (economic and social development, environmental protection, good relations with stakeholders). Aware of its strong inter-dependence with the regions in which it operates, ERAMET has a long-term commitment to placing Sustainable Development at the heart of its activities and constantly improving this commitment. Through this approach, by pursuing its activities in a sustainable manner in the areas in which it operates, ERAMET's goal is to constantly increase the acceptability of its operations and accompany its development in new regions and new sectors.

Involvement from the highest levels of the Company reflects the Group's commitment. The Directors of Communications and Sustainable Development and Human Resources are both members of the Group's Executive Committee (COMEX) and they organise, support and follow up these various initiatives. The Communications and Sustainable Development Department (DC2D) has an Environment Department, a Public Affairs Department and an Industrial Risks coordination division, while the Human Resources Department (HR) includes a Health and Safety Department and a Security Department. Lastly, the Group also has a Medical Officer in charge of activating the Group's Health policy.

5.2 SUSTAINABLE DEVELOPMENT POLICY

The ERAMET group acts under a value-creating, continuous improvement rationale. In that framework, it has set up a Sustainable Development policy to enable it to conduct its activities on a lasting basis in the areas where it is based and to support its development in new territories.

This policy is based on four priorities:

- protecting and developing the Group's employees;
- managing risks and impacts on health and the environment;
- factoring sustainable development into the product and innovation policy;
- and lastly nurture a trusting relationship with stakeholders.

The full text of this policy is available on ERAMET's website at http://www.eramet.com/publications/la-politique-de-developpement-durable.

The Group's Sustainable Development Policy, adopted by the Board of Directors in 2010 was deployed at all the Divisions and sites and is applied to daily activities via a multi-annual action plan validated by the COMEX.

The action plan ranks the objectives according to three levels of priority:

- Level 1: Essential objectives:
  - related to compliance with existing statutory obligations,
  - to help defend markets and activities,
  - to actively prevent any potential risks and dangers that products and activities may present for the Group's employees;
- Level 2: Objectives enabling the actual deployment of the policy:
  - carrying out reviews prior to making improvements,
  - setting up and/or updating support tools;
- Level 3: Objectives corresponding to new or proactive approaches:
  - ideas to consider: new tools, defining indicators, new themes (example: biodiversity),
  - deploying action taken in certain areas (France, EU, etc.) throughout the Group,
  - long-term preventive action.

Here, for example, are a few examples of objectives that progressed in 2014:

- The Group's energy policy, adopted in the last quarter of 2013 was deployed at the Group's three Divisions and the 27 sites that consume a significant amount of energy. The main areas of continual improvement encouraged by ISO 50001 are systematically studied on the sites and various action plans are drawn up. The obligation to conduct energy audits in Europe is also anticipated.
- Based on work and studies carried out by Group experts, the biodiversity policy was finalised and validated. It proposes three main guidelines: "gain better knowledge on biodiversity and understand its functions"; "raise awareness, exchange and share" and "take action to protect biodiversity". Methodological guidelines adapted to Group specificities are provided to support the deployment.

- The Group continued to study and follow-up technical and regulatory dossiers on chemicals and became very involved in professional associations related to the nickel, cobalt and manganese sectors. Many teams within the Group worked together in a cross-functional manner on the classification of ores, the follow-up of dossiers and the answers to give to the European Chemicals Agency (ECHA) and the practical consequences (marketing, labelling, safety data sheets, exposure scenarios, transport, etc.) in order to address these issues appropriately.
- Several reference documents for the Group, plus explanatory and training materials were drawn up. This year, the work focused on environmental risk analysis, rules on good project management and the social-environmental aspects and rules on responsible management of mining environments.
- Based on its work and initiatives, the Public Affairs Department establish three main objectives:
  - preserve and defend the Group's products and activities;
  - improve the Group's visibility and credibility via reporting, particularly in the field of CSR (Corporate Social Responsibility);
  - strengthen our stakeholders' knowledge and the interfaces with them.
- The policy of ISO 14001 certification of industrial and mining sites continued and further progress was made in New Caledonia. The Doniambo site officially received its certification in 2014 and the Tiébaghi and Poum mines applied for certification in December 2014.

As is the case every year, the Group's Sustainable Development objectives were assessed and adapted (excluding social aspects which are addressed elsewhere). The new version, covering 2015-2016, was validated by the Group's COMEX in October 2014 and shared with Departments at the three Divisions.

These orientations and action plans are adapted to each operational entity and Division in the Group. In the past few years, ERAMET has set up several cross-functional working groups to reinforce environmental coordination between Head Office and the Divisions; between the Divisions and the sites and to deal with biodiversity and the environmental management of mining activities. This reinforces the sharing of experience and the proper application of the Group's rules.

At the same time, the Group is very careful to integrate social, environmental, cultural and societal criteria when it conceives and develops its projects. By referring to the best international standards, the Group strives to build long-lasting relations with its stakeholders everywhere it sets up business and to respect any specific rules and cultures and current scientific knowledge. In part 5.6 of this Chapter, we will describe how these general principles are applied in all the Group's major projects.

Lastly, the Group introduced instruments to monitor and control activities to ensure that sustainable development objectives have been implemented in a concrete manner across the whole scope.

Environmental data is analysed using specific Group software, EraGreen, which was fully implemented at all the industrial and mining sites in 2011. It is based on the GRI methodology and ensures that the requirements of French regulations are observed. In addition to generic indicators which apply to various industrial production activities, some other indicators were developed or were adjusted in order to better meet the specificities of the Group's activities, and reduce the time that site managers devote to this activity (40% less time) while ensuring a constant level of service.

The Group also makes use of a periodical internal auditing system to check the performance of its entities regarding the Environment, Health and Safety. It is based on a very demanding framework which adopts the requirements of standards ISO 14001 and OHSAS 18001 at least. Other inspections carried out as part of the insurance programme which address both industrial and environmental risks, provide more information on the environmental impact of the sites and the structures and actions implemented to minimise the impact. This on-site presence is essential to ensure the proper integration of multi-faceted regulations and the challenges that apply to various activities. This detailed knowledge is also primordial for the proactive study of regulatory changes and to encourage progress through exchanges and synergy between sites and Divisions.

The data produced by these auditing and control systems allows the Group to constantly bolster its ongoing improvement process.

5.3 ENVIRONMENTAL INFORMATION

5.3.1 ISO 14001 certification of the industrial sites

The significant progress made in recent years with regard to the goal of gradual introduction of measures along the lines of Environmental Management Systems continued in 2014.

As from 2013, the Group measured the progress of its ISO 14001 certification goal for sites likely to have a real impact on the environment.

Therefore, some sites whose activities do not present, or no longer present, significant environmental risks are not included in the scope of comparison, i.e. sites where operations have ceased and distribution centres. However, some of them have implemented, or are in the process of implementing, the necessary means to obtain and keep this certification. In December 2014, the ADES site in Ferrare Italy successfully underwent a triple certification audit on quality, security and the environment. New operating sites within the scope of the indicator (Moanda metallurgy complex and Grande Côte in Senegal) have joined the list of target sites.

Therefore, at the end of 2014, 34 out of the 47 sites obtained ISO 14001 certification. Certified sites now represent 72% (number of sites) of the target objective.

Two more sites obtained ISO 14001 certification:

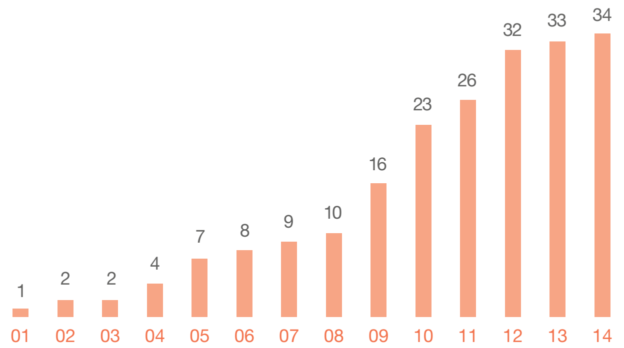
- SLN Doniambo;
- Les Forges de Montplaisir.

Moreover, as the sites of Airforge and Aubert & Duval Pamiers have merged, their two respective certifications now only represent one certification.

To support and evaluate sites in their environmental approach, the Group carries out internal pre-certification audits, and follow-up audits in the fields of health, safety (H&S) and the environment.

For this purpose, the Group works with a framework that is common to these various themes, developed in 2008, and which is perfectly adapted to ISO 14001 and OHSAS 18001 requirements.

Changes in sites with ISO 14001 certification (including mines)



At the start of 2015, the Group has some new sites undertaking this process, including the New Caledonian mines. The two mines in Poum and Tiébaghi successfully underwent their ISO 14001 certification audits at the end of 2014 and have applied for certification. They should officially receive this recognition in the first few months of 2015.

5.3.2 Resources devoted to preventing environmental contingencies

5.3.2.1 Technical and human resources

As indicated in the introduction (see paragraph 5.1), cross-functional, multi-year objectives are developed, updated and followed up annually. They are managed either by the Company, the Divisions or the sites.

To develop this process, the Group is supported by a network of in-house experts and a well structured organisation. This is ensured by:

- The Group's Environment Department is very active and coordinates numerous environmental protection initiatives as well as the general process of continual improvement which has prevailed for several years. "Environment" committees and "H&S" committees are active at Corporate level and in the Divisions to ensure everyone is properly informed and to coordinate action plans.

- The Group's three Divisions have a coordination structure to deal with environmental themes and monitor issues related to chemicals management. Cross-functional working groups develop, share and structure experiences on various themes such as developing a good understanding of regulations and the Group's fields of expertise. In 2014, there were many such sessions where people discussed the control of chemicals, biodiversity and mining environments.
- There is a network of over 80 people who carry out HSE duties and who report to General Management at most sites. The Group's new activities in Senegal and Gabon were provided with such structures long before their operations started up. They are reinforced in accordance with the many missions and tasks involved in the start-up and increase in operations.
- Once a year, the domain Committee on Health & Safety (H&S) and the Environment (E) analyses the skills available in the Group with regard to requirements and objectives. This proactive process is carried out in coordination with the Divisions' Human Resources Departments and the Health & Safety/Environment and Sustainable Development Departments.

On the sites, in the Divisions and even at Head Office, there are no end of training and awareness-raising initiatives covering the essential aspects of management and environmental responsibility. An e-learning tool aimed teaching all the Group's players about the essential aspects of sustainable development is being finalised and will soon be deployed.

Finally, the Group continues to carry out its Environmental audits of sites, and whenever possible, combines them with Health & Safety aspects. The audit framework common to the environment, health and safety is based on three main themes: the involvement of people, operational control and prevention It completely integrates the requirements of ISO 14001 and OHSAS 18001. It is periodically revised to update its level of requirements. These studies are carried out in a very consultative manner within the Group.

Mixed teams of Group auditors (central Departments, Divisional coordinators and site representatives), who have been trained and certified according to an in-house framework, organise these audits in as integrated a manner as possible so that HSE aspects at each site are assessed every two to four years at the most, depending on the improvements suggested at the previous audit. This involvement strengthens the level of cross-functional expertise of HSE managers and encourages operational teams to share experience. In 2014, 14 audits were carried within this framework.

With regards technical resources to control the impacts on aqueous discharge or the air emissions of its 57 sites, the Group has a large amount of equipment to treat and monitor its emissions:

- For water:
  - 90 aqueous discharge points are canalized and monitored. This number remained stable. It should be noted that several sites are trying to reduce this, but it is offset by discharge points at new sites, thus contributing to this reporting;
  - there are over 600 treatment facilities for these aqueous discharges (purification plants, septic tanks, pH adjustments, settling tanks, holding reservoirs, etc.) including more than 120 scrubbers/oil traps;
  - 111 air-cooling towers, which in most cases, allow water loops to be used and which are suitably monitored;
  - more than 400 piezometers to monitor on-site aquifers or mining concessions and more than 300 extra piezometers installed outside the sites' boundaries. There is a great increase in this type of equipment and this is mainly justified by the nature of activities at Grande Côte in Senegal.
- For air:
  - over 340 air emission points are canalized and monitored;
  - there are over 380 facilities to treat these discharges (dry or wet dust removers, cyclones, electrostatic filters, washing/absorption of gas, an ammonia incineration facility, desulphurisation, activated carbon absorption, afterburning, etc.);
  - there are about one hundred atmospheric fallout measurement points, half of which are on-site and the other half of which are outside site boundaries.

Whenever necessary, the sites have developed a sampling and analysis plan which is perfectly in line with the operating permit requirements.

Please refer to Section 5.4 on environmental data for further details on the appropriateness of resources implemented and the results obtained.

It should be noted that noise impact does not have a significant environmental effect. The various sites involved are in compliance with noise levels set in their operating permits. Some of them are paying close attention to this subject and are implementing various action plans in order to abate any noise nuisance towards surrounding areas.

5.3.2.2 Strong involvement in professional bodies

ERAMET is very involved in professional bodies at Group level, Division level and sometimes at subsidiary level. It holds several key positions in professional bodies operating in its sphere, including:

- the acting General Manager of the Alloys Division, member of the Board of the *Fédération Française de l'Acier* (FFA) and the *Alliance des Minerais, Minéraux et Métaux* (A3M);

- the General Manager of the Nickel Division, member of the Board of the Nickel Institute;
- the Director of the Communications and Sustainable Development Department, Chairwoman of the *Fédération des Minerais, Minéraux Industriels et Métaux non Ferreux* (FEDEM), Vice-Chairwoman of the *Alliance des Minerais, Minéraux et Métaux* (A3M), and Vice-Chairwoman of the Environment Section of the Economic, Social and Environmental Council (CESE). She is also Vice-Chairwoman of the Extractive Industries and Primary Processing Strategy Committee, and Chairwoman of the CSR committee at the MEDEF;
- the Director of Strategy, Development and Innovation, Chairman of the European Powder Metallurgy Association (EPMA), and member of the Eurométaux Executive Committee;
- the Managing Director of Eurotungstene, member of the Board at the Cobalt Development Institute;
- Sales & Marketing Director of the Nickel Division, member of the Steering Committee and the general assembly of REACH Nickel Consortia;
- Senior Vice-President Commercial, Ores and Alloys ERAMET Comilog Manganese, Chairman of the IMnI (International Manganese Institute) and Vice-Chairman of Euroalliages;
- Director of Public Affairs, Chairman of working group GT3 in the Extractive Industries and Primary Processing Strategy Committee, MEDEF representative at the CSR Platform;
- Environment Director, Chairwoman of FEDEM's Health, Safety and Environment Committee (HSE) (which has become A3M's ICPE working group) and, member of the BBOP Executive Committee.. She also chairs the Nickel consortia engineering group;
- the Environment Engineering Director chairs Euroalliages' EHS Committee (Environment Health and Safety) and the Manganese consortium's engineering committee.

5.3.2.3 Financial Resources

This overview focuses on the many improvements and capital expenditure implemented on sites during the year. Overall environmental capital expenditure is estimated to be almost €30 million in 2014, spread out over 39 sites. This represents about the same cost as that observed in 2013 and approximately the same number of sites involved.

The capital expenditure discussed here is strictly related to environmental protection and prevention. For example, it covers the installation of new facilities or work carried out to minimise impacts. The cost also covers some capital expenditure for new activities with exclusively environmental dimensions. If we consider the capital investment put into new activities that started in 2014, the amount has increased sharply for all their units devoted to environmental protection. For example, the cost of the facilities and units designed to prevent pollution caused by site activities can be estimated at 20% of the overall cost of the construction of the Moanda metallurgy complex, i.e. approximately €50 million, and this overall amount is not included in the assessment presented here.

Once again in 2014, more capital expenditure was devoted to the prevention of water pollution (almost 50%) while approximately 25% was devoted to the prevention of air pollution and the rest was devoted to waste, biodiversity, and the prevention of other types of pollution.

A considerable amount was progress was made in the prevention of water pollution at mining sites, both at SLN in New Caledonia and Comilog in Gabon. This capital expenditure was mainly aimed at controlling the quality of runoff water and heavily polluted water from the process carried out by settling tanks. Tanks and containments were also installed or replaced to prevent any hydrocarbon pollution. It can cover the construction of engineering works, the creation of settling tanks, work on down-coming water to optimise de-watering discharge points and work to improve filling stations. These different examples perfectly apply to the Kouaoua, Thio and Tiébaghi sites at the SLN in New Caledonia and the Comilog site in Gabon.

The industrial sites also devoted a great deal of capital expenditure to the prevention of water pollution. In no particular order, we can cite: holding tanks, double-walled storage tanks, gutters, slabs, repairs to sewerage systems, rainwater collection basins, recovery of process water, incidence basin in the event of fire or storms, etc. The sites of SLN in Doniambo, ERAMET Sandouville, New Guilin in China and C2M (Moanda—Gabon) have invested in such fields. The significant projects in 2014 include the Erachem site in Baltimore which started to construct a de-nitrification plant to enable it to comply with the new regulations being imposed upon it. As well as constructing a purification plant and an oil trap for its plant, the Grande Côte mining site (Senegal) invested in the installation of septic tanks to ensure proper sanitation for any sites not connected to the drainage network.

Many industrial sites distinguished themselves in the prevention of air pollution, including Aubert & Duval Les Ancizes, Erachem Mexico's Interforge, Erachem Comilog Tertre and GCMC Freeport (smoke recovery, improving extraction systems on various equipment and furnaces). The Moanda industrial complex (Gabon) replaced fume processing equipment on the chimney stack and SLN Doniambo made efforts to improve Bessemer dust processing filters. ERAMET Norway's three sites (Kvinesdal, Porsgrunn and Sauda) also invested in various improvements—replacing or reinforcing dust removers, installing aqueous sprays to cut down dust and putting up containment curtains to reduce the level of fugitive dust. Lastly, the New Guilin plant invested in a de-sulphurisation unit for its sintering plant.

A great deal of capital expenditure was also assigned to waste management improvements. At Aubert & Duval Firminy, a sludge de-watering unit was installed for its purification plant. Erasteel Kloster in Långshyttan Sweden invested in equipment to recycle metal hydroxide sludge which in the past was put on the landfill. In Owendo, the Comilog port facilities and Setrag invested in premises and other resources to consolidate waste collection at their respective sites. Lastly, ERAMET Marietta (Ohio—USA) took the voluntary initiative of cleaning up the former location of its Northern plant.

In 2014, numerous studies were also carried out at most of the Group's sites. These studies included environmental and social impact studies and statements in the case of developments and new projects, analysis reports on aqueous discharges, air emissions, noise pollution and other investigations aimed at better understanding the environmental situation of our sites (flora and fauna, hydrological studies, etc.).

All this capital expenditure shows just how much importance the Group's sites attach to preventing pollution and complying with regulatory requirements and the other obligations that apply to them. As most of the Group's sites have ISO 14001 certification, this capital expenditure illustrates the pertinence and continual improvement of their environmental management systems.

5.4 ENVIRONMENTAL DATA

The environmental reporting covers all the industrial and mining sites of the scope used for the Group (57 sites), spread out over five continents.

To monitor its key indicators, the Group uses an in-house tool called EraGreen, to report on environmental and energy factors. It is applied to all Group sites if these sites meet the following criteria:

- ERAMET has a controlling interest of at least 50%;
- The sites are subject to environmental regulations (licence, code, national regulations).

This reporting does not apply to sites:

- where only administrative work is carried out (e.g. sales offices);
- where the project stage is under way and no production intended for sale is conducted (except ERAMET Research).

In 2014, there were two significant events in terms of the reporting scope. The Grande Côte project in Senegal and the Moanda Metallurgy Complex (C2M) in Gabon started up their mining and industrial activities.

- Grande Côte is one of the two entities of TiZir Limited, a joint-venture in which ERAMET and the Australian company Mineral Deposits Limited (MDL) each hold a fifty percent share. This joint venture holds a 90% share in the Grande Côte mine and the Republic of Senegal holds a 10% share. This is one of the largest projects in the industry of mineral sands. As the mine started production in April 2014, the information on environmental impact control is included in the Mining Environment paragraph (see 5.4.4).
- In Gabon, the C2M, which is built close to Comilog's mining facilities, started up its first industrial plants in the summer of 2014. Operations at this plant were gradually increased during the second half of the year and this will continue during the first quarter of 2015. This complex uses pyrometallurgical and hydrometallurgical methods to process resources other than the ore resources currently sold or intended for Comilog's sintering plant, to produce silicomanganese and metallic manganese respectively. It is in line with Gabon's policy of economic expansion and value creation.

The following changes should be noted:

- In the Nickel Division, the Weda Bay project has been postponed so it no longer comes within the scope of EraGreen reporting.
- In the Alloys Division, Aubert & Duval Gennevilliers has ceased operations except for AD TAF.
- Airforge in Pamiers joined the Aubert & Duval site in Pamiers.
- The Valdi Feurs plant was ordered to cease its activities.
- Somivab, a subsidiary of Comilog involved in the treatment of wood, joined the reporting scope.
- In New Caledonia, the thermal, electricity producing, power plant was considered a site in its own right.

These changes led to the withdrawal of four sites and the addition of four other sites compared with the reporting of 2013. Therefore, there are still 57 sites concerned.

The following table indicates all the sites covered by the reporting:

Country	Legal entity	Town of operations
Norway	ERAMET Norway	Kvinesdal, Porsgrunn, Sauda
	TiZir Titanium and Iron	Tyssedal
Sweden	Erasteel Kloster	Söderfors, Långshyttan, Vikmanshyttan
Belgium	Erachem Comilog	Tertre
Germany	A&D Special Steel	Mönchengladbach
France	Aubert & Duval	Firminy, Heyrieux, Imphy, Issoire, Les Ancizes, Pamiers
	AD TAF	Gennevilliers
	Brown Europe	Laval-de-Cère
	ERAMET	Sandouville
	ERAMET Research	Trappes
	Eurotungstene Poudres	Grenoble
	Interforge	Issoire
	CMM	Landévant,
	Comilog	Dunkerque
	Erasteel	Champagnole, Commentry
	Forges de Montplaisir	Saint-Priest
	SUPA	Varilhes
	UKAD	Saint-Georges-de-Mons
	Valdi	Le Palais-sur-Vienne
Italy	ADES	Ferrare
United Kingdom	Erasteel Stubs	Warrington
New Caledonia	SLN	Doniambo Plant
		Doniambo Thermal Power Plant
		Thio, Tiébaghi, Poum, Kouaoua, Népoui Kopéto (Mining Centres)
USA	Erachem Comilog	Baltimore, New Johnsonville
	ERAMET	Marietta
	Erasteel	Boonton, Romeoville
	GCMC	Butler, Freeport
Mexico	Erachem	Tampico
Gabon	Comilog	Moanda Mine
	Setrag	Moanda Industrial Complex
	Somivab	Moanda, Metallurgy Complex (C2M)
		Owendo Port Minéralier, Owendo Track Maintenance Department
		Owendo (+ stations)
		Libreville/Essassa
China	A&D	Wuxi
	Comilog Ferro Alloys	Guilin
	GECC	Chongzuo
Senegal	GCO	Diogo

The EraGreen computer tool is used to collect and consolidate environmental data from industrial and mining sites. The main themes covered are water, air, soils, energy, waste, biodiversity and regulatory aspects.

All the quantitative data given in the present report (environmental data) has been extracted from EraGreen and comes exclusively from the data entered by each of the Group's sites and validated by each site director.

In an effort to adopt a continuous improvement approach, from one year to the next, some sites may update previous figures, thus causing a variation in data that was consolidated in the previous years. These situations are explained opposite the indicator concerned.

Environmental indicators have been improving over the past several years and this trend continued overall in 2014, even if some of the results in 2014 are proportional to the rates of activity, as has already been observed in previous years.

5.4.1 Pollution and waste management

5.4.1.1 Air emissions

Air emissions		2012	2013	2014
CO_2 emission related to energy	thousand tonnes	4,600	4,354	4,438
Sulphur oxides (SOx)	tonnes	17,751*	13,500*	11,021
Nitrogen oxide (NOx)	tonnes	5,763*	5,234*	6,366
Volatile organic compounds (VOC)	tonnes	454	438	377
Total canalised dust	tonnes	1,698	1,629	1,355
Nickel	tonnes	10	8.8	11.2
Manganese	tonnes	142	161	144

* *Result modified compared to Reference Document 2013.*

The Group's air emissions derive from energy requirements and the production of ferrous and non-ferrous metal alloys.

In parallel to energy requirements, it has been noted that it is above all the pyrometallurgical activities with their melting facilities and heat treatment furnaces that contribute to air emissions. The associated CO_2 emissions are calculated according to the type and quantity of energy consumed by a site and according to specific emission factors.

Air emissions are usually proportional to the activity of the facility emitting them. Nevertheless, it should be noted that some of the materials processed contain high levels of chemical elements and this can result in emissions. It should also be noted that the measurements taken by approved bodies are sometimes called into question and new measurements taken by another third-party expert can differ greatly from those taken earlier. As a certain number of measurements are taken in an isolated manner and then extrapolated to emissions for the whole year, the impact of the accuracy of the measurement can then prove to be very significant. This is supported by the fact that to calculate air emissions, one has to multiply concentrations of pollutants measured in mg/m^3 by very large quantities of emissions.

In pyrometallurgy, the emissions channelled are generated where material is handled, at furnaces and where there are operations involving casting and grinding, liquid metal and slag.

In hydrometallurgy, dust emissions are usually channelled when there are operations involving the handling, drying and transport of materials.

Collection and filtration systems accompany most operations that produce emissions. At the end of 2014, the Group had more than 380 air emission treatment facilities—this is an increase compared to 2013 which followed the increase of 2012.

Concerning sulphur oxide and nitrogen oxide emissions in 2014:

- As indicated in Reference Document 2013, the SLN greatly contributes to the Group's levels of SOx emissions so it reconsidered the approach it had taken up till then. This new system is more robust. It is based on a mass balance drawn up and measured every day rather on extrapolated measurements. Unlike observations made in previous years, and when this method is applied retrospectively to 2012 and 2013, we obtain more precise results. The Group's emissions in these two years have therefore been corrected.
- Taking account of the previous remarks, SOx air emissions continued to improve at the SLN, due to the predominant use of fuel with a very low sulphur content.
- Other sites in the Group contribute to this overall reduction in these emissions. This was the case with the GCMC Freeport plant (USA) where the low concentration of emissions was confirmed after the investments made in 2013. The New Guilin site, which also invested in similar equipment, saw its results improve in 2014.
- NOx levels often depend upon one-off measurements. As with SOx, the SLN audited the monitoring carried out on nitrogen oxide emissions in the previous years and observed that the results announced for 2012 also deserved to be corrected. As in 2013, the high level of activity at the Moanda Industrial Complex (Gabon) contributed to a lesser extent to the increase observed in 2014.
- It should be noted that, regarding these two types of emissions, the Group has not observed any non-compliances and the emissions comply with the levels set out in the operating permit.

Overall, in the past, Volatile Organic Compounds (VOC) in air emissions remained stable, but in 2014 there was a significant tendency towards a reduction, the main contributing sites being the Erasteel site in Commentry, the ERAMET Sandouville plant and the Moanda Industrial Complex in Gabon.

The total dust emission canalization fell once again in 2014. The ERAMET Marietta and New Guilin sites significantly contributed to this improvement of 15%. The various investments made over the past years have resulted in asymptotic levels that will be more and more difficult to improve but that should be maintained over time.

The Group also concentrates on diffuse releases. Initiatives continued in order to develop a deeper understanding of the sources of these releases. The situations are very varied and the rules and hypotheses adopted to assess these releases at sites or specific places of operations can be very variable.

Levels of nickel and manganese air emissions over the past three years remained more or less the same, and are influenced by the level of activity. Their relative variability can be explained by the fact that low concentrations are multiplied by high quantities.

5.4.1.2 Aqueous Discharges

Aqueous Discharges		2012	2013	2014
Suspended solids (SS)	tonnes	9,257	5,246	6,159
Chemical oxygen demand (COD)	tonnes	217	168	151
Nickel	tonnes	6.7	8.7	12.2
Manganese	tonnes	32.3	129.5	62.9

As with air emissions, ERAMET is determined to reduce its aqueous discharges. Industrial sites are striving to improve treatment processes to ensure that the water they release is of better quality.

The general tendency for Suspended Solids (SS) remains very variable from one year to the next and SLN Doniambo (New Caledonia) produces most of the Group's discharge. As explained in previous years, these variations are due to the variable amounts of SS found in the sea water used for plant cooling and slag granulation. In 2014, there was a slight upwards trend while in 2013, the same situation was the main cause of a sharp reduction. These quantities are contained in the final discharge, meaning that the total SS contained in the sea water collected beforehand is counted together with the SS linked to the operations. However, it should be noted that applicable regulations do not take this specific case into account.

Other industrial sites contribute to these figures but their quantities of SS are lower. This is the case with ERAMET Marietta, Erachem Comilog Tertre and TiZir TTI Titanium & Iron where the levels are all falling.

The Chemical Oxygen Demand (COD) has regularly improved over the past two years. This indicator is difficult to measure and various chemical elements may interfere with it, especially the presence of chlorides. This may lead to incoherent results. Regarding the pertinence of the measurement of this indicator at Eurotungstene Grenoble (France), the situation is not ideal. Yet the site's operating permit obliges it to carry forward its COD impact in accordance with the specified conditions and method of analysis. This matter must be re-examined with the authorities when the operating permit is next revised. Despite this difficulty, this site, which is the Group's largest contributor of COD, saw its content fall sharply in 2014.

As regards metal discharge, there was an increase in nickel discharge but the levels remained lower than those observed a few years ago. Although concentrations were low, the volumes released were high due to periods of high rainfall which led to a great deal of leaching at activity zones.

ERAMET Marietta significantly contributed to the quantity of manganese aqueous discharge, as was sometimes the case in previous years. Discharge into the natural environment also depends on weather conditions which on rare occasions lead to the overflow of the enormous basin that retains water from this plant. Such situations occurred in 2013, but were rarer in 2014, so the Group's results improved.

As indicated in paragraph 5.3.2, in 2014, a great deal of capital expenditure was put into improving the quality of the water released.

Finally, the Group's sites carefully monitor the quality of ground water and the impact of the activity on soils and sub-soils. A large number of piezometers are in place and this number continued to increase in 2014 (see 5.3.2.). These piezometers, deployed at the Group's different sites, both within their borders and outside their borders (characterisation of the initial state) accompany the first stages of all new projects and monitor any possible impact on ground water and surface water.

5.4.1.3 Waste

Waste Production		2012	2013	2014
Quantity of non-hazardous waste	thousand tonnes	3,309	3,647	3,764
Quantity of hazardous waste	thousand tonnes	64	72	71

The field of waste management is constantly changing. For years, ERAMET has strived to recycle the waste it generates in its processes and also to become involved in the different processes of recycling waste containing metals resulting from the manufacture or use of products marketed by other industrial players.

The Group's Alloys Division is a long-standing and major player in this recycling of materials. Indeed, internal metal residue (machining chips, offcuts, etc.) and external residue (secondary raw materials) are put into the Group's steelworks furnaces. This sector has extremely high recycling levels. The activities carried out by Valdi (France), a major player in the re-use of contained metals via the recycling of waste from the steel industry, catalysts from the petrochemicals industry and rechargeable and disposable batteries, joined the Alloys Division with a view to developing new synergies.

For many years, ERAMET has been developing its recycling business. Part of the Manganese Division is specialised in activities based on the use of secondary raw materials. This is the case with GCMC Freeport (USA) which mainly recycles used catalysts from the petrochemicals industry and Erachem Comilog Tertre (Belgium) which produces copper salts and oxides from waste.

The setting up of environmental management systems is always accompanied by reinforced waste management. The increased number of certified sites goes hand in hand with the setting up of specific channels to recover waste, i.e. scrap metal, neon tubes, printer toners, used grease, and aerosols. The annual accounting process reveals situations that involve the removal of hazardous and non-hazardous waste that was sometimes stored on site for several years. Quite often, when environmental management systems are set up, restructuring initiatives are taken that lead to an increase in the quantity of waste.

Non-hazardous waste

The notion of hazardous and non-hazardous waste is defined in accordance with the regulations of the countries in which the Group operates. Indeed, at the moment, the status of waste varies greatly from one country to another.

Mining activities and their related industrial operations are the main sources of non-hazardous waste. A large quantity of this is stored in industrial basins in Gabon. They are fine fractions of the ore produced when manganese ore is washed to separate the granular parts which are intended for sale. As regards nickel, the pyrometallurgical processing at the Doniambo plant generates a large quantity of non-hazardous waste in the form of slag.

Much smaller quantities of by-products and non-hazardous waste are generated by industries involved in steel-making, melting-reduction and the production of ferroalloys. They come in the form of slag and inert slag which is mainly stored in internal landfills and some of which is recycled by an external operator.

It should be noted that the non-hazardous waste calculations do not include the tonnages of deliberately rich slag generated in the ferromanganese pyrometallurgical process, which serve as a secondary raw material to fuel the furnaces which produce silicomanganese.

The calculation of non-hazardous waste is also affected by the significant tonnages that result from decommissioning operations (rubble, scrap metal, etc.) and large-scale civil engineering works involving the construction of new units or plants as was the case once again in 2014 with the silicomanganese and ferromanganese pyrometallurgical production plant in Guilin and the construction of the Moanda metallurgy complex in Gabon.

The overall quantity of the Group's non-hazardous waste remains relatively stable compared with previous years. As explained above, it was the mining activities, once again, that generated more than 95% of the total quantity calculated for 2014. The three main contributions from the SLN, the Moanda mine and the Moanda Industrial Complex (CIM) remain similar to those of 2013 with a slight increase for the CIM. Indeed, this complex produces manganese sinter from sediment from the river Moulili. The re-usable fraction of this is reduced as and when finer river sediments are used, and this increases the amount of non-hazardous waste stored in a purpose-built heap.

Hazardous waste

Activities that generate hazardous waste are mainly the pyrometallurgical and chemical processes carried out by the Manganese Division.

Therefore, the Manganese Division's "chemicals" operations generate a large quantity of production and purification residues (called ore gangues). The fact that approved landfill sites handle this waste means that the applicable regulations are complied with on all points.

Pyrometallurgy produces dust, sludge and slag, some of which can be considered as hazardous waste, according to their intrinsic characteristics and the places of operation.

The Group's figures remained stable between 2013 and 2014. They change slightly according to the level of activities of the main sites covered in the evaluation. The general results were uneven with some sites showing a sharp fall (Sandouville, Tertre) while other sites showed an increase, such as the ferro and silico-manganese production sites in Norway. The trends concerning waste may also be affected by changes to the status of waste and whether or not the waste is classified as hazardous. An example of this occurred at Comilog Dunkerque where material that was previously classified as hazardous waste is now be re-used as an alternative material in road building. This example shows that the Group and the sites are determined to recycle their waste as much as possible.

5.4.1.4 Site rehabilitation/restoration

The Group carefully monitors the management of issues with a potential impact on the soil and subsoil arising from past, continuing or future mining and industrial operations.

For several years, the Group has developed a policy and expertise in investigating, identifying, monitoring and managing land under potential impact from different projects like the rehabilitation of industrial areas, internal landfills at the end of their working life, former mines, etc. and also soil mapping before new projects are set up.

Moreover, the Group takes all these issues carefully into account in its internal audits and when it acquires new activities.

The key events of 2014 are listed below. In the industrial field:

- *Erasteel Kloster Söderfors (Sweden):* The rehabilitation of the two hazardous waste storage areas in Ingså, started in 2013 when one of the storage areas was covered with the first layer of moraine, was partially continued in 2014. Further studies were carried out on the second hazardous waste storage area to determine the size and type of covering to apply; the application was postponed for economic reasons.
- *Aubert & Duval Les Ancizes (France):* The rehabilitation of the non-hazardous industrial waste landfill (slag, firebricks, debris from the pouring basin), which ceased operations on 31 December 2010, was completed in 2012. The site received the final permit for the post-operational stage and set up ad hoc financial guarantees. The agreement setting out the post-operational follow-up conditions was finalised in 2014.
- *Aubert & Duval Firminy (France):* At Aubert & Duval, Firminy, the technical and financial feasibility studies on the possible recycling of slag present on the former sites of Layat and Dorian continued in 2014 in accordance with the tripartite agreement between the Canadian multinational Harsco, the municipality and the plant, signed in 2012. However, a technically and economically viable project was not found. Moreover, the impact of oil pollution of the subsoil on the river crossing the plant was controlled when drainage ditches where created in 2006, 2007 and 2010 and this is closely monitored.
- *Aubert & Duval Gennevilliers (France):* In 2011, the B&C plants ceased operations; dismantling and restoration work started at the end of 2013 and continued in 2014 in accordance with the objectives set out in 2012 by the supervisory authority in its order laying out target objectives for future industrial use. Further studies conducted upon completion of this work revealed the need to establish an additional management plan which would be submitted at the beginning of 2015 so that the work could be finalised during the year. Plant A started a similar process in 2014 and the file on its discontinuation of activities is being finalised. As was the case with plants B&C, the site called upon the services of a project management expert (the firm ENVIRON) to help it draw up the documents.
- *Erasteel Kloster Långshyttan (Sweden):* This Swedish entity continued to recycle the metal hydroxide sludge from its landfill. Thus in 2014, 25% of the stored residual sludge was sent to the Valdi plant in Le Palais-sur-Vienne (France), following conclusive melting tests.
- *GCMC Freeport (USA):* The site of GCMC Freeport (USA) recycles the metal found in used oil catalysts. The site reached an agreement with the authorities as part of a final judgement in 2013 including action it must take to control impact on soils. For this purpose and in accordance with a set schedule, in 2014, GCMC continued to carry out studies and to seek solutions; it proposed a management plan for the "Clean Closure" of the former remote storage area for residue from used catalyst processing. It will be carried out and finalised in 2015.
- *Valdi Feurs (France):* In 2014, the site announced its discontinuation of activities, filed the associated statement and proposed a management plan to the supervisory authority which led to an operating permit that set out the restoration objectives. The site adopted a similar type of procedure to that taken at the Gennevilliers B&C plants. A call for tenders was finalised, the aim being to work with a project manager and put together specifications and documents for the contract for a call for tenders and the works to be conducted in 2015.
- *Erasteel Champagnole (France):* In 2014, the site finished covering the steelworks' former slag dump, thus completing the action that had to be taken.
- *Erasteel Commentry (France):* At the start of 2011, Erasteel stopped putting the steelworks' waste ("non-hazardous, non-inert" waste: slag, firebricks, debris from the pouring basin) into the plant's internal landfill and started recycling all the material. The discontinued use of this landfill was established in an additional operating permit dated 29/08/2014.

- *Setrag (Gabon):* Since Comilog took over the railway concession, environmental audits have gradually been carried out and have revealed a significant impact on soils. Set up before any legislation on the environment was introduced, Setrag has undertaken to find solutions to this legacy problem. An environmental and social management plan (ESMP) was developed with the impact assessment file accompanying the voluntary process of ICPE regularization. In 2014, detailed studies on the initial diagnosis enabled the site to take the first measures to ensure safety and control; the action plan will continue in 2015.

Initiatives were also taken in the mining sector. They are described in the chapter on The Mining Environment and in Chapter 5.4.5 devoted to biodiversity.

Moreover, in 2014, in accordance with the IED directive transposed into French legislation (concerning industrial emissions) (2010/75/EU), four of the French Aubert & Duval sites produced a baseline report and gave to the supervisory authority. The sites concerned were those at Les Ancizes, Firminy, Commentry and Imphy. These files were drawn up following the publication in 2012 in the OJEU (Official Journal of the European Union) of the BREF (Best Available Techniques Reference Document) concerning steelworks. These studies are required in order to ensure that the quality of the soil and ground water is not impaired by the operations of a facility and they provide an opportunity to make a full assessment.

Lastly, an important point to note is the introduction of a policy of systematically mapping ground condition before the start to any new project, in accordance with the Group's Sustainable Development policy.

5.4.2 Sustainable use of resources

Consumption		2012	2013	2014
Total energy consumption	GWh	16,953	16,114	16,533
Total water consumption	millions m^3	28.2	31.5	33.5
Industrial water consumption	*millions m^3*	*16.5*	*16.5*	*5.1*
Mains water consumption	*millions m^3*	*2.6*	*2.5*	*2.3*
Surface water consumption	*millions m^3*	*6.9*	*13.9*	*21.9*
Ground water consumption	*millions m^3*	*2.2*	*2.1*	*4.2*
"Social" water consumption	*millions m^3*	-	*1.0*	*1.6*

5.4.2.1 Water consumption

Before discussing the water consumption of sites in the ERAMET group, it should be emphasised that none of the Group's industrial sites are located in countries confronted with "water stress", i.e. when water resources per inhabitant, including all uses, usually drops below 1,700 m^3 per person. Despite the fact that water resources are usually substantial and plentiful on its sites, the Group attaches great importance to preserving resources. Many initiatives are taken to ensure that just the required quantity is used.

Mining, metallurgy, hydrometallurgy and chemicals are activities that consume water for a range of purposes:

- cooling of furnaces and other metallurgical installations;
- washing of ore, raw materials and by-products;
- hydrometallurgy processes: solubilisation and reaction environments.

We should also remember that water is required to manage certain processes carried out within the Group. For example, the cooling of the electric furnaces must be perfectly managed and optimised. In some cases, a water supply shortage could present a high-risk situation during which security must be ensured before any other consideration.

When it is technically possible, the sites:

- favour the internal recycling of the water consumed. The cooling of furnaces and other metallurgic facilities as well as all other high-consumption processes are mainly carried out in a closed circuit. The water consumed is mainly top-up water to compensate for evaporation;
- use water from neighbouring industrial sites, like at ERAMET Norway Porsgrunn, or surface water, whenever the activity and production do not require the use of "clean water".

In 2014, total water consumption increased slightly. The activity carried out at Grande Côte Opérations (GCO) in Senegal requires a great quantity of ground water to manage the dredging and segregation operations from a floating plant. It is interesting to note that many systems are in place to monitor the balance of the deep water tables and that the circuits that recycle this water are designed to ensure an optimum rate of recovery. Moreover, water that does not enter this recycling loop goes into the high water table which local people need for their crops. The reporting on 2014 also made it possible to specify the breakdown of surface water and industrial water. Therefore, the breakdown was corrected and the consumption of the different types of water was adjusted without this having any impact on the Group's overall consumption.

Lastly, because it is restored, the sea water used to cool the SLN thermal power plant (New Caledonia) and for slag granulation is not counted in the present assessment.

Further efforts to reduce water consumption were still pursued. This year, they bore their fruit, mainly at the SLN, thanks to the initiative to "track down leaks". At Aubert & Duval in Pamiers (Ariège, France), the regular monitoring of consumption and the installation of sub-meters also enabled the site to considerably reduce its consumption.

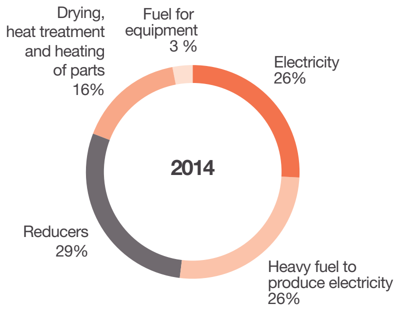
5.4.2.2 Energy

In 2014, energy consumption (16.53 TWh) increased slightly (+2.3%) compared with 2013 (16.11 TWh) but remained lower than that of 2012 (16.93 TWh). After several years of decreased consumption from 2010 to 2013, the Group reached a plateau of between 16 and 17 TWh.

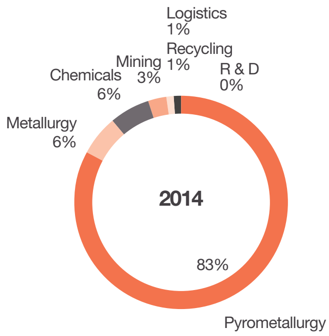
The Group's energy consumption corresponds to several main uses:

- as its core business involves transforming oxidised ores into alloys, the Group needs to use reducers which enable reduction reactions. The consumption of reducers is proportional to the activity;
- the processes used by the Group, based mainly on pyrometallurgy in the two mining divisions and arc furnaces in the Alloys division, require a supply of energy to produce the temperatures needed for reduction or fusion reactions. This energy is supplied via electricity which is either purchased or produced directly in the Group's thermal power plants using heavy fuel. Apart from the energy efficiency of thermal power plants, the consumption of electricity and heavy fuel is also proportional to the activity;
- to properly control processes, the water content of the ores has to be checked upstream and the thermal treatments have to be perfected downstream. The amount of energy needed to carry out these tasks firstly depends on the weather conditions and secondly, on the required quality of the parts;
- the last main use is fuel for mining and hoisting equipment. The consumption is proportional to the activity but also depends on the complexity of the mining plans.

Energy consumption 2014



Consumption by activities

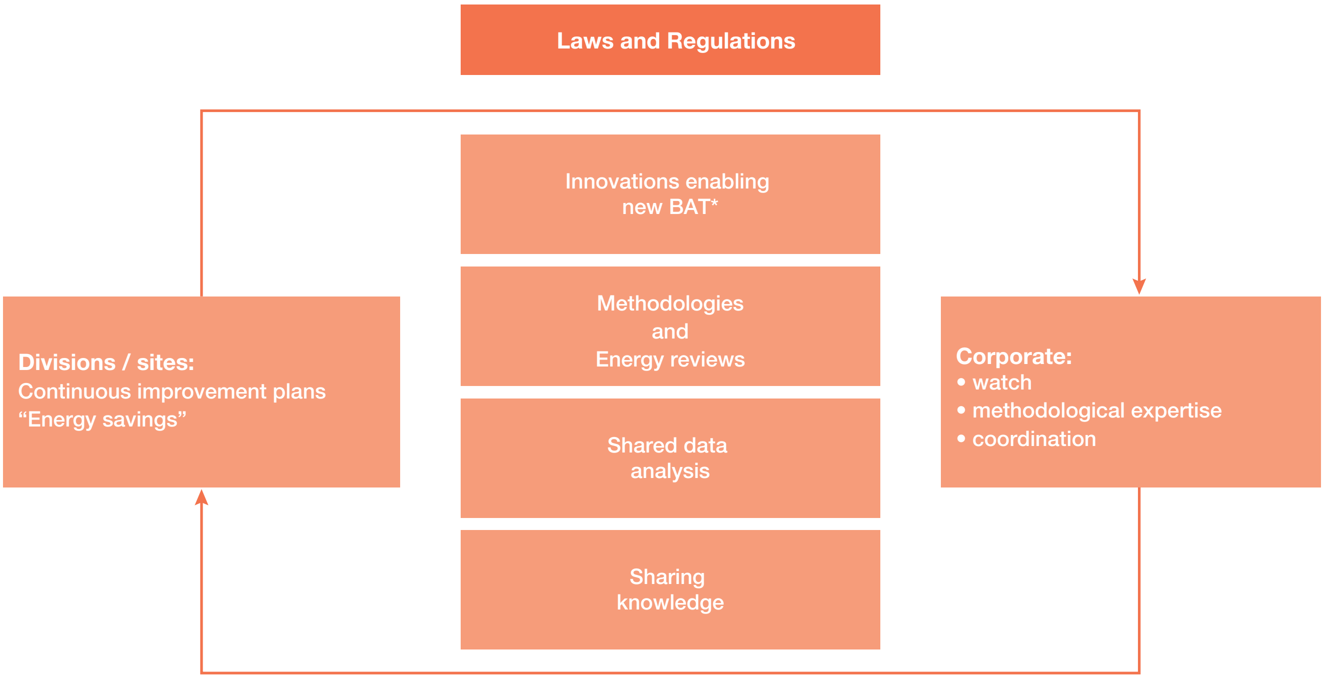


ERAMET group has seven core activities (pyrometallurgy, metallurgy, chemicals, mining, logistics, recycling and R&D). 83% of the energy requirements are consumed by 14 of the Group's pyrometallurgy plants.

5.4.2.3 Energy efficiency

After COMEX approved the Group's Energy Policy in September 2013, which adopts the principles of the ISO 50001 standard, the Group's Industrial Affairs Department started the continuous deployment of its energy efficiency process which had started in 2005. An additional operating mode associating those at site level and those at corporate level was set up. Three types of representatives were defined:

- the Group coordinator, mainly in charge of organising the process, providing methodology (the Group coordinator is an AFNOR certified ISO 50001 auditor), providing expertise on several of the Group's core businesses and keeping a close eye on regulations and technologies;
- site energy correspondents who represent the site's Departments in terms of the ISO 50001 standard; they are in charge of locally promoting continuous improvement in the field of energy;
- the Sites' Departments whose main role is to show great commitment to an energy management system based on the principles of the ISO 50001 standard, and of course, allocating the resources required to fulfil each site's objectives. The Divisional departments are called upon to support the sites' departments.



* BAT: Best Available Techniques

- This system was deployed in the three Divisions in 2014 and several sites apply the Group's new recommendations.
- As part of the energy efficiency process, energy performance indicators are set up for each site. They may concern:
  - as a minimum, the whole site (typically the energy footprint defined as the amount of energy consumed, expressed in the equivalent MWh, divided by the site's activity, expressed in tonnes of final products);
  - and/or the site's main product lines. In this case, energy modelling of the site becomes possible.
- The value and trend of these indicators must be analysed in relation to each local process. As there is such a wide range of activities and processes, there is no point in consolidating these indicators at Group level. Consequently, to ensure confidentiality and protect our processes, we have decided not to provide more detailed information on these indicators.
- In parallel, the four Norwegian sites have now been awarded ISO 50001 certification.

Changes in European regulations: compulsory energy audits

The Group's initiative is perfectly in line with Europe's new regulations which require large companies to carry out an energy audit every four years, the first of which should take place before 5 December 2015. To this end, several energy audits were conducted in 2014 by a team of in-house experts.

5.4.2.4 Use of Mineral Resources

This aspect is developed in The Mining Environment chapter (see § 5.4.4.2).

5.4.2.5 Industrial Ecology

Industrial ecology is an environmental and social management procedure that does not simply aim to reduce pollution at the end of the chain but tries to reduce the flow of material and energy by designing industrial ecosystems in which these flows would circulate as much as possible in closed loops. This type of process falls within the general scope of the circular economy, a theme that is now reflected in the strong commitment of responsible economic players.

According to this concept, instead of getting rid of the flows of matter emitted by a process, we can either re-use this matter within the Company or pass it on to third parties. This flow of matter, which can be electricity, steam, waste or water, can be re-used in three different ways:

- within the Company to fuel another process or for other purposes, like heating a plant's offices for example;
- by outside neighbouring companies to fuel their installations or flows from other companies can be used;
- the community can re-use these flows (to heat shops or sports facilities for example).

Aware of the need to control their impact, the Group's sites have for a long time sought to introduce or reinforce this type of initiative and to reduce their consumption or else enable third parties to benefit from resources, as illustrated in the following examples.

Re-using flows internally

There are many examples of internal, and often long-standing, recycling initiatives. All the pyrometallurgical plants that produce manganese alloys use large quantities of ferromanganese slag to produce silicomanganese. Water recycling initiatives are very common and sometimes the rates can reach 95%. This is just as much the case with large sites like New Guilin China or Pamiers France as it is with smaller sites like Les Forges Montplaisir (Rhône, France). Some sites also recover rainwater for use in the plant's industrial water circuit instead of ground water or surface water. In 2014, the Erasteel Commentry site (Allier, France) introduced this. To ensure energy efficiency, hot gas that has been generated is often re-used within the Company; Erachem Mexico recycles it to pre-heat manganese ore during grinding operations instead of using fossil energy. The most significant examples include the SLN site in Doniambo which has a sensible heat circuit and the ERAMET Norway site in Sauda which recycles and burns gas rich in carbon monoxide. Steam produced from the sensible heat of gases given off during processes is often used within companies to heat offices and buildings.

Re-use of flows by other companies or from other companies

Synergies between neighbouring companies are also closely pursued—like at ERAMET Norway Porsgrunn and Erachem Comilog Tertre in Belgium. The latter is involved in an Eco-Zoning project which, among other things, aims to get all the industrial facilities in the area to exchange matter and energy and optimise the management of water resources.

In France, ERAMET Sandouville (Seine-Maritime, France) started operating a gas/biomass-fired boiler instead of an oil-fired boiler. The wood used comes from contracted regional operations. This new boiler completes the supply of steam from the industrial and chemical waste incineration facility located in the same industrial area.

Re-use of flows by neighbouring communities

Some Group sites allow neighbouring communities to benefit from surplus flows, free of charge. ERAMET Norway in Sauda and Kvinesdal use their excess steam production to heat the ground under the towns' streets, which are often icy or covered in snow, and the stadium to prevent the ground from freezing in winter.

A large proportion of the Group's overall water consumption is used by the general public or the staff living in the accommodation provided to them. As in 2013, the proportion of "social" water was assessed at over one million m^3.

These types of initiatives are being generalised. In terms of R&D, the Group's ERAMET Research centre (Trappes, France) integrates these requirements into its process development programmes as objectives: ensuring optimal neutrality of residue, minimising emissions and consumption (energy, water and consumables, etc.).

5.4.3 Climate Change

5.4.3.1 Contribution to greenhouse gas management and reduction policy

Since 2003, the Communications and Sustainable Development Department has had a unit responsible for climate change related issues for the Group as a whole, the primary responsibilities of which are:

- active participation in the climate change committees of French and European professional bodies (AFEP, A3M, Eurofer, Euroalliages) that represent the industry vis-à-vis the French and European authorities in the drafting of related regulations;
- informing the relevant sites about such regulations and assisting them with their application;
- helping to define and roll out the Group's policy with respect to climate change, in close cooperation with the "energy management" unit of the Industrial Affairs Department and the three Divisions;
- providing information on CO_2 emissions and emission forecasts to the Group Purchasing Department, which is responsible for managing the accounts of the relevant French sites vis-à-vis the national greenhouse gas allowance registry. The Norwegian sites manage their accounts in close cooperation with the country's authorities.

ETS 3: Directive 2009/29/EC of 23 April 2009 amending Directive 2003/87/EC "in order to enhance and extend the Community system for greenhouse gas emission allowance trading".

The Group played an active role in the discussions between the industry (via professional bodies) and the national and European authorities (Commission, Parliament and Council).

ERAMET sites concerned

- **Alloys Division:**
  - Aubert & Duval: Les Ancizes, Firminy, Pamiers and Interforge,
  - Erasteel: Commentry;
- **Manganese Division:** Comilog Dunkerque, ERAMET Norway (Porsgrunn, Sauda, Kvinesdal) and TiZir Titanium & Iron in Tyssedal (Norway).

Free allowances

Calculation of the number of free allowances is based on the general formula:

Free allowances

=

specific emissions (according to benchmark)

x

historical production volume
(2005-2008 median activity)

x

trans-sectoral reduction factor

The Commission decision of 27 April 2011 set out the various terms which will differ according to the installations and sub-installations.

The forging sites (AD Pamiers and INTERFORGE) are not included in the list of sectors with a "risk of carbon leakage" and therefore, they will not be entitled to free quotas. For a transitional period, they received a decreasing number of free quotas (from the historic 80% of emissions in 2013 to 30% in 2020 and 0% in 2027).

At the end of 2013, the Commission approved the allocation of the free quotas proposed by the French and Norwegian authorities. Therefore, all the sites in the Group concerned officially received free quotas throughout period 3.

It should be noted that the Commission published the "trans-sectoral reduction factor" for the period, which takes account of the difference between the total number of free quotas requested by all the European sites and the "cap" that Europe set out to achieve internationally. This factor is lower than expected so this reduces the number of free quotas for the sites.

The sites' 2014 emissions are in the process of being checked by the Commission's approved bodies. They will then issue the "reasonable assurance reports" that are essential to surrender the quotas in the official registers at the end of February 2015.

Several sites (Comilog Dunkerque and the Alloys forging sites) will have a deficit of allowances in relation to their emissions of 2014. The Group's Purchasing Department will transfer allowances from other sites with a surplus of free allowances to these sites.

5.4.3.2 Grenelle II

Application of Article 75 of the French environment act Grenelle II and order 2011-829

Aubert & Duval (AD) is the only corporate entity of the Group in France to employ over 500 people and therefore it is subject to this law (approximately 3,800 ETP in 2011).

With the assistance of a BURGEAP consultant, an assessment was carried out **for 2011**, based on the "guidelines on greenhouse gas emission inventories" drawn up by the national coordination centre (Version 2 of April 2012).

The first part of the 27 November 2012 report details the consolidation of greenhouse gas emissions for all the French Aubert & Duval sites. The second part summarises the main initiatives that Aubert & Duval intends to take to reduce these emissions.

The review reports the following emissions:

- Direct emissions = 85,491 tCO_2e;
- Indirect emissions = 16,504 tCO_2e;
- **Total emissions = 101,995 tCO_2e.**

5.4.3.3 Impact of climate change

In the EraGreen reporting tool, there are three questions on this subject:

1. Could your site be affected by the consequences of climate change?
2. What are the likely consequences for your site and how were they identified?
3. What measures have you taken during the year or do you intend to take to adapt to the consequences of climate change?

In 2014, in answer to the first question, 28% of the sites replied "yes" and 72% replied "no".

Replies to the second question bring out two major themes:

- possible consequences of rising sea levels;
- possible consequences of extreme weather conditions (drought, violent winds, flooding, etc.).

With the current knowledge on possible consequences of climate change, and according to their own context, sites have not planned any short-term measures to adapt to any hypothetical consequences. Some sites have started to consider certain points. With regard to a possible rise in lea levels, sites located near the coast consider the altitude of their facilities to ensure minimal to negligible impact.

5.4.3.4 Carbon Footprint

ERAMET's initial Carbon Footprint, was carried out in 2007-2008 in joint consultation with Carbone 4, a company in receipt of ADEME approval.

The Group's carbon footprint for 2007 was approximately:

6.35 million tonnes CO_2 equivalent

Breakdown by item:

- **87% for "energy"** which includes energy consumption (electricity, gas, fuel oil, coal) and the consumption of reducing agents needed in processes (coke, coal, anthracite, etc.);
- **8% for freight**;
- **3% for "inputs"**: CO_2 emitting particularly during the production of scrap used in arc furnaces in steelworks.

According to the "GHG Protocol" classification, the Group's emissions can be broken down as follows:

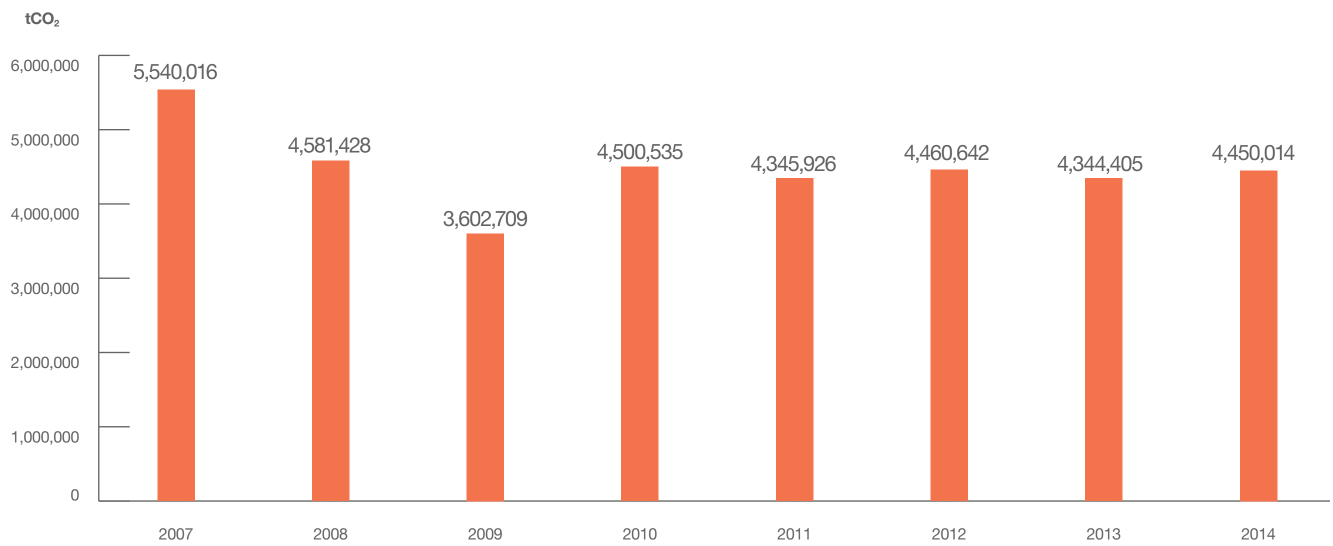
- Scope 1 emissions = 4,742,098 tonnes of CO_2, i.e. 74% of the total;
- Scope 2 emissions = 797,918 tonnes of CO_2, i.e. 13% of the total;
- Scope 3 emissions = 810,473 tonnes of CO_2, i.e. 13% of the total.

Changes in the Group's Carbon Footprint

To follow changes in the carbon footprint over time, only the emissions of scope 1 and 2 were taken into account (representing 87% of the total) because this data is directly related to the activity of the sites and is easy to follow.

The data used to calculate scopes is entered into the Group's system for consolidating environmental data (EraGreen).

The following table shows changes in the Group's emissions between 2007 and 2014.



Apart from 2009, this footprint remains stable.

The deviation from 2007 is mainly related to differences in scopes between the footprints (China, Norway, etc.).

5.4.4 The Mining Environment

This chapter is devoted to the environmental protection initiatives implemented at the Group's productive mining sites (excluding measures related to biodiversity which will be presented in Chapter 5.4.5). The TIZIR/Grande Côte mine in Senegal, where production started in April 2014, was included in this reporting for the first time. Measures related to mining projects under development are described in Chapter 5.6 Major Projects.

All the Group's productive mining operations are opencast mines.

The mine operated by Comilog on the Bangombé plateau in Gabon is one of the world's richest manganese ore deposits and is covered by a 4-5 meter-thick layer of overburden. Due to the characteristics of the deposit and the ore, this mine produces relatively little waste rock.

SLN operates 15 Nickel mines in New Caledonia; the seven largest ones are operated directly by SLN and the others are contracted out to local operators. The mines are located on rugged terrain at altitudes of between 250 and 1,000 meters. With this type of deposit, approximately 7 to 9 tonnes of overburden has to be removed in order to produce 1 tonne of useable ore. Therefore, it is essential that this waste rock is stored in such a way as to ensure the security and protection of the environment.

The Grande Côte mineral sands mine in Senegal produces zircon, ilmenite, rutile and leucoxene. The mining operations follow an optimised route to mine deposits in the coastal sand dunes to the north of Dakar. The extraction operations are carried out in a 12-hectare, 7-meter deep artificial basin. The mining process uses a dredge with a capacity of 7,000 tonnes per hour, a floating concentration plant where minerals are separated from the sand via a granulometric and gravimetric process.

After extracting the useable fractions (about 2% of the sand processed), the sand is put back in place behind the facilities to re-form the dune. The heavy mineral concentrate obtained is transferred to a land-based separating plant where commercial products are obtained by granulometric, gravimetric, electro-static and magnetic separation. The small quantities of products that are not used at this stage are reincorporated into the reconstituted dunes. The water required to carry out these operations is pumped from a deep aquifer and recycled, as far as possible. The mine does not use any chemicals and does not produce any mining waste.

Summary table of environmental vulnerability at ERAMET mining sites

	SLN mines in New Caledonia	Comilog mine in Gabon	GCO mine in Senegal	Comments
Strain on water resources (quantity)	Low vulnerability	Low vulnerability	Very vulnerable	Because of high rainfall at the sites in New Caledonia and Gabon, the matter of water consumption is relatively unimportant. However, in Senegal the opposite is true—the two aquifers used by the mine are important water reserves for local people and the country.
Erosion	Very vulnerable	Low vulnerability	Average vulnerability	The nature of the soil and rocks, the topography of the deposits and the presence of fragile receiving bodies make erosion a very sensitive subject New Caledonia. In Senegal, after the dredging operations, the reconstituted dunes are vulnerable to wind and water erosion.
Acid mine drainage	No acid mine drainage	Low risk of acid mine drainage	Low risk of acid mine drainage	Generally, ERAMET mining sites are not really concerned by the risk of acid mine drainage. In Gabon, only one horizon of barren rock located in the current extension of the deposit is likely to present this risk. In Senegal, a sand horizon containing peat can be encountered during mining operations and may potentially generate a slight acidification. This phenomenon is the subject of additional characterisation studies.
Production of waste rock	Very vulnerable	Low vulnerability	Low vulnerability	Most of the waste rock from the Moanda mine is put back into the pits immediately. The Senegal mine does not produce waste rock. However, in New Caledonia a lot more waste rock is produced, but the operating methods at SLN are changing and waste rock is used to fill up the pits more and more.
Production of residues	Low vulnerability	Low vulnerability	Low vulnerability	Only the Comilog mine and the Tiébaghi and Népoui mining sites produce significant quantities of mining residue during the concentration stages. This residue is chemically stable and cannot be considered as waste that is dangerous for the environment. In Senegal, 98% of the sand is returned to the environment after the useable fraction has been extracted.
Biodiversity	Very vulnerable	Average vulnerability	Average vulnerability	The biodiversity at New Caledonia's sites is considered remarkable mainly because of its highly endemic nature. Studies carried out show that the mining sites in Gabon and Senegal are not as vulnerable. However, the Senegal mine is next to important market gardening areas.

5.4.4.1 Mining environment management structures

Teams dedicated to ensuring that the environment is factored into mining operations are present on the sites and in the subsidiaries concerned in Gabon, Senegal and New Caledonia.

Since 2010, within the framework of its Sustainable Development Policy, ERAMET has strived to reinforce the construction, formalisation and international coordination of environmental management tools for mining activities. In concrete terms, the following initiatives were taken to achieve this:

- all the mining subsidiaries concerned drew up a Mining Environment action plan combined with an associated risk assessment; every two months, the progress of these action plans is reviewed with the Group's Environment Department;
- a community of internal practices made up of mining environment experts was set up and meets regularly. Its role is to draw up guidelines on the best practices to apply throughout the Group and to encourage sites to exchange expertise;
- the Group's internal audit guidelines were adapted to the specificities of mining activities, thus enabling the mining sites to be fully integrated into the Group's auditing system;
- Environment Management Systems compatible with the requirements of standard ISO 14001 were implemented by the mining subsidiaries. Two of the five main SLN mining centres applied for certification; the three others are pursuing the same objective. Meanwhile, in 2012, Comilog obtained its certification which covers the Moanda mining operations, storage activities, transportation of the ore and sinter to Owendo and equipment maintenance;
- in recent years, all SLN mining sites have updated their environmental impact studies within the framework of the reform to the New Caledonian Mining Code. This considerable task enables each site to have comprehensive studies on the environment and ecosystems in which they operate together with efficient environment management plans suited to their own specific characteristics;
- at the same time, since 2012, a lot of effort has been put into developing environmental studies for the Comilog mine in Gabon to gain a better understanding of the site's environmental characteristics with a view to developing a pertinent strategy for the rehabilitation of the site. These studies concern the hydrology, hydrogeology and biodiversity of the site. These studies will be continued and expanded in 2015;
- lastly, in consultation with the authorities, Comilog has decided to go beyond the mandatory regulations imposed upon it and to carry out a comprehensive environmental impact study to enable it to better prepare its project to extend Moanda's mining operations to the edge of the present deposit (the downward sloping part of the deposit within the Comilog concession);
- in Senegal, the supervisory authorities carried out an environmental and social audit the Grande Côte mining site. The results of this audit were considered as satisfactory by the authorities and served as a basis to update the site's Environment Management Plans.

5.4.4.2 Extracting the resource responsibly

Mining operations are one of the Group's core businesses. Mineral resources are extracted in a responsible way, i.e. by minimising impact during the exploration and extraction stages, and by optimising the use of deposits. In New Caledonia, geologists reduce the number of tracks opened, prefer indirect geophysical exploration that does not impact the environment and transport equipment by helicopter during exploration operations. They also use modelling tools to improve their understanding of deposits and better evaluate resources. This data is passed on to miners who optimise the extraction stages by reducing the volume of tailings handled, by mapping areas precisely, by keeping the surface areas of cleared land to a minimum, and by maximising the recycling of the mineral profile. On the sites, these recovery improvements can be seen in the implementation of GPS on diggers and the display of loading plans in the cabins.

Moreover, ERAMET researchers are seeking ways of recycling tailings and ore with an even lower content. This determination was demonstrated recently in Moanda, Gabon, where Comilog incurred a capital expenditure of €12 million. The sand processing workshop can recover the finest fractions of ore by using a magnetic separation process developed within the Group.

Since 2010, SLN has been recycling tailings from the washing unit and also the products stored on the terraced heaps of mining waste. In four years, more than 715,000 tonnes of products have been recycled, making the recycling of secondary raw materials a concrete reality. Finally, SLN has developed techniques to recycle ores that were initially considered as marginal, to lower the cut-off grade and thus greatly extend the life of deposits while reducing the final environmental impact. These results were achieved thanks to the construction of washing plants that allow ore to be concentrated without adding chemicals. Moreover, low-grade ore was mixed with higher grade ore to obtain the average-grade ore required.

5.4.4.3 Water Management

On the mining sites in New Caledonia, and to a lesser extent Gabon, the main objective of water management is to prevent erosion caused by the stripping of the land, and to prevent suspended solids (SS) being carried by runoff waters to the receiving bodies.

To avoid this, some time ago, SLN equipped its sites with sedimentation basins which trap the suspended solids and prevent them from being deposited in the natural environment. Before the water reaches these structures, many precautions are taken to limit erosion: keeping sites out of water, reducing uncovered areas as much as possible, preserving natural dikes around the edges of stripping sites, organising runoff water to reduce its speed, implementing hydraulic locks, etc. Each of SLN's mining sites has a Water Management Plan which describes these measures which fully comply with the New Caledonia's regulations. Implementing these Water Management Plans as and when operations develop represents an ongoing commitment and considerable capital expenditure. Thus, the capital expenditure devoted to water management at these sites exceeded €16 million over the past three years.

The specific know-how developed by SLN on erosion prevention has been compiled into a technical guide (called the "Blue Guide"). It is considered a reference by the profession in New Caledonia and by the Group worldwide.

In Gabon, the subject of erosion is less sensitive because the deposit is located on a plateau and the upper geological stratum offers better drainage. This observation was confirmed in a study carried out in 2012-2013 to characterise the bodies of water and the hydrology of the site. The mine operators are aware of the measures they need to take to limit erosion. However, this subject is drawing attention for the current extension of the deposit which is situated on a slope. Therefore, a specific water management plan was drawn up in the impact study related to this extension.

In addition, over the past few years, important progress has been made in the management of aqueous discharge from the ore concentration facility at the Moanda site. In 2010, basins to collect ultra-fine residue were built to prevent discharges from entering the river Moulili. Basins were built and installed to recover overflow water and redirect it to the concentration facility, thus preventing any direct discharge to the river.

In Senegal, water management is a sensitive subject because the country is located in an area confronted with "water stress" and mining operations make use of two aquifers that are important to the populations and to the country in general. Given this sensitive situation, many precautions are taken to ensure that the impact of the mine is as low as possible. The company GCO has a skilled team that is totally dedicated to hydro-geology.

The water management system was designed in such a way as to avoid any additional pressure on the groundwater table which is used by the neighbouring population to water their crops and has been authorised by the relevant department of the State of Senegal. All the mining facilities are managed to ensure minimal variations in the level this ground water. This aquifer is monitored twice a day. 80% of the net consumption of water is used to ensure a constant level of water in the basin in which the facilities float. To achieve this, the mine uses a deeper aquifer for which the authorities have set restricted pumping flow rates. In 2014, the quantities pumped from this aquifer represented 35% of the authorised flow rate. Moreover, this aquifer is constantly monitored too.

Monthly reports on this subject are sent to the authorities concerned. In 2014, the continuous monitoring demonstrated the efficiency of the measures taken and the absence of any harmful impact on the resources.

5.4.4.4 Managing tailings and mining waste

Given the considerable amount of tailings that SLN handles in its operations, in terms of environmental protection, it is extremely important to store tailings in suitable structures and replant the sites to reduce erosion and minimise the impact on ecosystems and landscapes.

Thanks to its long experience, SLN has developed efficient techniques, one of which involves creating heaps of tailings. The structures are built according to good practices and their long-term stability is ensured, even during times of cyclonic rainfall. These tailings heaps are constantly monitored (internal investigations) and regularly assessed by an outside third party. As it did for water management techniques, the SLN published a technical guide, updated in 2012, describing the construction methods for these heaps and the sizing rules. This guide applies to all SLN's direct and subcontracted mining operations. Moreover, to keep clearing to a minimum and aid in the rehabilitation of sites, for several years the SLN has been creating spoil tips within the former mines. Firstly, this improves stability and secondly it aids and facilitates the rehabilitation of sites.

In Gabon, the issue is not as sensitive because much smaller volumes of tailings are handled and the mining technique involves opening and closing pits one after the other, therefore most of the tailings are put back into the pits straight after the extraction process.

The mine in Senegal is not concerned by this issue at all because the sand dunes are reconstituted after the dredger has gone past and the useable fraction has been extracted.

The mining residue produced by ore concentration facilities at the mines is chemically stable and, according to the regulations, does not constitute hazardous waste. In Gabon, this residue is stored in seven basins with a capacity of one million cubic meters. These structures are subject to continuous environmental surveillance and monitoring. A study is currently underway on the rehabilitation of one these basins. In Senegal, the concentration plant produces very small quantities of residue with characteristics that allow it to be returned to the natural environment, mixed with the original sand. This residue may contain small quantities of natural slightly radioactive minerals which are managed in such a way as to minimise environmental exposure.

5.4.4.5 Rehabilitation of mining sites

In New Caledonia

Out of SLN's five mining centres, three have a formalised master plan on rehabilitation. Master plans for the other two sites will be finalised by the end of 2015. These documents aim to formalise the planning of rehabilitation operations, but of course even now the sites are gradually restored as work progresses at all the mining centres.

Therefore, major rehabilitation initiatives continued in 2013 and 2014. A considerable amount of restorative work to finish the rehabilitation was conducted, continued or completed:

- In Poum, the restoration of the former Fabrice tip (a tip that had slid down before SLN recovered the Poum Massif) was completed in 2014 and allowed more than 130,000 m^3 of fallen material to be evacuated and 50,000 m^3 of hillside to be remodelled.
- On the Thio Plateau the SLN teams continued to remodel a very old tailings tip. Most of the very large earthmoving works (about 200,000 m^3 of earth moved) and landscape remodelling was completed. It involves impressive water canalisation and management systems and the remodelling of the tip.
- In Kouaoua, the whole area of the former *"Pionniers"* mining sites was reshaped and is now at the final replanting stage.

Furthermore, a total surface area of 41 ha was replanted in the last two years.

At the same time, SLN makes significant contributions to the following:

- Committees on the rehabilitation of mining sites operated before 1975 (*Comités de Réhabilitation des Sites Miniers*—CRSM) financed pursuant to *Délibération* [motion] 104. Since its formation in 1990, SLN has contributed up to €24 million.
- The financing of the Fond Nickel fund provided under the development scheme. It was set up in March 2010 and is intended for the rehabilitation of mines operating mainly before 1975 which have no more re-usable mining resources. It has an annual budget of approximately €4 million. Half its funding is provided by the annual land royalties on mining concessions.

In Gabon

It is much easier to replant the landscape in Gabon than in New Caledonia because plants recolonize the area naturally. When restoring sites, the landscaping aspects are of key importance; mounds of tailings, a few meters in height created during operations, have to be remodelled.

- Since 2010, the mining procedure has been reviewed so as to integrate land remodelling as and when operations progress. Remodelling work on areas that were disturbed prior to this date was also undertaken and are the subject of an annual objective in the mine's environmental management system: In 2014, a new team dedicated to this work was formed, thus enabling approximately 100 ha to be remodelled that year, bringing the total area of remodelled land to about 250 ha. In addition to these concrete actions, prior studies to define a full rehabilitation strategy for the Bangombé mining plateau continued in 2014 (hydrology, water bodies and biodiversity studies).
- Moreover, since 2010, operations to restore the river Moulili by extracting ultra-fine residue deposited in the riverbed downstream from the mine washery continued. At the end of 2014, more than 6.5 million tonnes of manganese sediment had been excavated. These operations are carried out in strict compliance with the Environmental and Social Management Plan drawn up following the impact study. In June 2014, in a spirit of transparency and consultation, Comilog also organised a discussion seminar on the rehabilitation of the lower reaches of the river. This seminar was attended by all the stakeholders concerned (authorities, civil society, NGOs, scientists, etc.). It led to a consensus and recommendations on this downstream segment which were then passed on to the supervisory authorities. This was the first time such a consultation was carried out in Gabon.

In Senegal

The specific operating method used at this mine, whereby the plant is moved along the deposit gradually, means that the vegetation in the area, composed of sparsely distributed grasses and trees, is cleared away. After the mobile mining equipment has passed and the dunes have been reconstituted, the neighbouring populations very much expect the dunes to be replanted and this is challenging because the rainfall is limited to a short rainy season. A rehabilitation strategy was formalised at the end of 2013, after consulting the relevant authorities, the populations and their representatives. This rehabilitation strategy was also approved after an audit was carried out by the supervisory authorities in 2014.

5.4.5 Preserving biodiversity

ERAMET group is an important player in the mining and metallurgy sector. The multiplicity and geography of its activities has enabled it to acquire a considerable experience in the environment, particularly biodiversity.

Boosted by its experience on biodiversity conservation, and the mitigation of its activities' impact, and at the joint instigation of its employees and the Executive Committee, ERAMET decided to formalise its commitment in its Biodiversity Policy adopted in June 2014.

Directly based on its Sustainable Development Policy (2010) and its Environment Charter (2002) and in line with its Ethics Charter (2010), ERAMET's Biodiversity Policy is part of the continuous improvement process deployed within the Group.

It was developed in consultation with representatives of the sites, Divisions, and Company and with members of a dedicated in-house working group to ensure that it reflects the Group's experience, values and outlook.

It aims to bring all the sites' diversified practices together in one agreement. The principles set forth are to be applied in a manner proportional to local issues.

The Biodiversity Policy is based on three main areas:

1. gaining a better knowledge and understanding of biodiversity and its functions;
2. taking action to conserve biodiversity;
3. increasing awareness, exchanging and sharing.

5.4.5.1 Biodiversity issues

Since the Rio Convention on biological diversity was drafted in 1992, the erosion of biodiversity has been considered a major international problem. The industry has been under greater pressure from authorities, financial institutions and the general public over the past 20 years. The mining and metallurgical activities of ERAMET put a strain on species, habitats and ecosystem services. Its major development projects follow the global tendency of mining industries to push prospecting activities into more and more remote areas that had, up until then, been preserved. In this case, the threat to biodiversity is a reality that needs to be well assessed and well managed.

Over the past few years, the Group has taken advantage of its experience to take part in local, national and international *ad hoc* discussions.

ERAMET strives to develop high-quality studies with recognised specialists. The characterization study is considered a crucial stage which influences the relevance of the impact assessment and the definition of avoidance, mitigation and even compensation measures which will be implemented. The goal is to reduce the impact of the Group's activities on biodiversity, in a manner that is proportionate to the risks, throughout the life of the sites.

ERAMET' internal task force dedicated to biodiversity meets three times a year and brings together the main players in this field. It aims to encourage all the teams to exchange ideas, create networks with partners, share experiences and to work together to develop shared management tools. In 2014, this task force worked on a guide to the application of the Biodiversity Policy and on the implementation of offsets—compensation programmes developed on a case-by-case basis aimed at offsetting the residual impact on an ecosystem that is similar to the one damaged (or more diversified) and avoid a net loss of biodiversity.

This approach to biodiversity is applied at all sites where the actions are proportionate to the risks. ERAMET's activities can effect ordinary biodiversities just as it can effect remarkable biodiversities depending on the place of operations.

Sites	New Caledonia	Gabon	Indonesia	Others
Number of species (flora and flora) classified as CR (1) in the IUCN red list (2)	10	2 (*)	0 (*)	0
Number of species (flora and flora) classified as EN (3) in the IUCN red list	21	4 (*)	14 (*)	0

(*) These values depend on the results of the characterization studies being carried at the Weda Bay Nickel and Maboumine projects, on sites that were little studied before the development of said projects and therefore on which little has been written. They are likely to change.

The Group has no mining or metallurgical sites in protected areas. However, this is not the case with Setrag, the Gabon train company, whose railway tracks cross the *RAMSAR* (4) *du Bas-Ogooué* site (for 56 km), the *RAMSAR des Rapides de Mboungou Badouma* and Doume site (for 30 km) and the Lopé National Park which is a UNESCO World Heritage site (5).

The RAMSAR and National Park sites were set up in 2007 and 2009, i.e. 35 years after the construction of the Trans-Gabon railway. Moreover, Setrag joined forces with Gabon's Ministry of Water and Forests and the NGO WWF (6) to combat poaching by raising the awareness of its personnel and by prohibiting the transportation of protected species.

(1) CR: IUCN classification referring to critically endangered species.

(2) UICN: International Union for Conservation of Nature.

(3) EN: IUCN classification referring to endangered species.

(4) The RAMSAR list designates wetlands of international importance.

(5) UNESCO: United Nations Educational, Scientific and Cultural Organization.

(6) WWF: World Wildlife Fund.

Number of sites located within 10 km of a protected area	21
Average distance of these sites from protected areas	2 km
Types of protected areas	Nature Reserve, National Parks, ZNIEFF [1], ZICO [2], Natura 2000 [3], RAMSAR, UNESCO World Heritage

On the world stage and in relation to the French authorities

At an international level, in October 2011 ERAMET joined the Business and Biodiversity Offsets Programme (BBOP) which aims to share experiences and expertise in the field of biodiversity offsets. The BBOP is a group with many partnerships made up of over 80 companies, financial institutions, governments and non-governmental organisations (NGO) set up by Forest Trends and the Wildlife Conservation Society (WCS). It aims to test and develop best practices for the creation and implementation of biodiversity offset programmes, via pilot projects carried out worldwide. The first BBOP offset programme is under study for the Weda Bay Nickel project in Indonesia, the goal of which is achieve no net loss in biodiversity and the tools to implement the mitigation sequence were presented at the international No Net Loss conference in June 2014 in London.

In France, ERAMET took part in the studies to modernise environmental laws initiated by the Ministry of the Environment, particularly concerning the "Avoidance-Minimisation-Offsets" process.

The Group contributes to discussions on biodiversity at national and international level. In addition, it plays an active role in ad hoc working groups in professional associations (MEDEF [4], A3M [5], CNRT [6], etc.) and is a member of the Executive Committee of the think-tank BBOP.

5.4.5.2 In New Caledonia

The Société Le Nickel (SLN) mines nickel deposits at different sites in the heart of a region known for its great biodiversity and the very endemic nature of its plants and animal species. Since 1975, about 3,300 ha of land have been affected by mining activities.

The SLN has been developing reliable and environmentally-friendly prospection, exploration, mining and rehabilitation methods for more than 30 years. They are the subject of internal guidelines that were taken up in the guide to best New Caledonian mining practices shared with other mining companies and published in 2013.

Replanting work started at the SLN in 1993, and hydraulic seeding and planting has been carried out on approximately 240 ha of land. The low fertility of the soil, which is rich in metals and poor in organic elements, together with extreme weather conditions, make these studies very complicated and difficult and thus produce results that are not always very apparent in the short term.

Since 2010, the SLN has put a great effort into re-organising this "replanting" activity and has succeeded in considerably increasing the surface areas treated while at the same time continuing to improve the quality of the features created. To achieve this, the SLN reinforced its partnership with the local company SIRAS Pacifique, which has been SLN's service provider since 1993. In 2014, 26 ha of land were rehabilitated and 21 ha were replanted. The following table indicates the surface areas affected and rehabilitated in the last four years of operations at the five mining centres.

Surface area in ha	2011	2012	2013	2014
Surface area affected during the year	36	41	60	48
Surface area rehabilitated during the year	0	50	13	26
Surface area replanted during the year	18	29	21	21

New Caledonia's new Mining Code, dating from 2009, required each site to put together a file in 2011 and 2012 containing eight documents, including an environmental impact study. Nineteen research departments worked on the study and more than one hundred reports were completed. This led to concrete recommendations for the operator, thus enabling it to avoid and/or minimise identified impacts and eventually to develop and roll out biodiversity management plans for all the mining sites.

(1) *ZNIEFF: "Zone d'Intérêt Écologique, Faunistique et Floristique"—natural area of ecological, faunistic and floristic interest.*

(2) *ZICO: Zone Importante pour la Conservation des Oiseaux—Important Bird Area (IBA).*

(3) *Natura 2000 is a European network of Special Protection Areas and Special Areas of Conservation designated by Member States.*

(4) *MEDEF: Mouvement des Entreprises de France (movement of French enterprises).*

(5) *A3M: Alliance des Minerais, Minéraux et Métaux, France (ores, minerals and metals alliance).*

(6) *CNRT: Centre National de Recherche Technologique—"Nickel and its environment", New Caledonia (national centre for technological research into nickel and its environment).*

In an effort to improve scientific knowledge, enhance our understanding and protection of biodiversity, the SLN set up six scientific partnerships which cover several areas of environmental engineering: optimising the use of topsoil (UNC [1]-IAC [2] agreement), studying the genetic diversity and dynamics of the *Araucaria rulei* population, a conifer in danger of extinction (IAC/Southern Province/Northern Province agreement), assessing the impact of light pollution and wild cats on a species of petrel, a seabird that nests on mining massifs (IRD agreement [3]), a project to plant hyperaccumulator species capable of absorbing metal on tailing heaps and to monitor them (CNRS [4]-IAC agreement), a study of the interactions between micro-organisms in the soil and plants (IAC) to improve the growth and follow-up of plantations and lastly an agreement to set up a programme to manage rare and threatened species of flora in the SLN mining massifs (IAC).

On 1 January 2013, SLN's Management set up a Biodiversity Strategy based on international standards on biodiversity conservation and also offsets. Through this, the SLN hopes to establish an overall biodiversity management plan that encompasses the environmental issues facing all its mining centres in New Caledonia's Grande Terre. It can be consulted and is an integral part of the Company's global strategy

An initial analysis of possible offsets in New Caledonia was carried out by experts from The Biodiversity Consultancy (TBC) in 2012. In 2013, the SLN embarked upon the second stage of the process aimed at assessing the feasibility of achieving no net loss in biodiversity in New Caledonia by following an offset approach in a biodiversity hotspot. To do this, the SLN develops tools to assess the losses and gains in biodiversity with the support of its scientific partners and the firm MICA Environnement.

The SLN also includes the Doniambo site with its plant that processes nickel ore via a pyrometallurgical process. In 2014, the industrial site continued rehabilitating and planting a refining slag heap over a surface area of 6,200 m². The industrial site benefited from methods that were developed and tested at mining centres.

5.4.5.3 In Gabon

The Compagnie Minière de l'Ogooué (Comilog) has been mining manganese ore on the Bangombé plateau (altitude ~600 m), in Moanda, Gabon, for over fifty years. This concerns a surface area of approximately 1,600 ha.

Although there are still considerable reserves of manganese ore that will allow mining to continue for more than ten or even twenty years, part of the plateau has already been rehabilitated. This has involved a great deal of reshaping. The mined areas have formed bumps and hollows of a few metres high. Since 2010, more than 250 ha of land have been rehabilitated and the mining procedure has been reviewed so as to integrate a reshaping stage and the recycling of topsoil as and when work progresses.

In 2014, a mining environment brigade was created and this significantly increased the surface areas rehabilitated: in 2014, 95 ha of mining land were rehabilitated compared with 31 ha in 2013.

Nature is gradually reasserting its rights and numerous plants, herbs, flowers and shrubs are developing. A study of the flora and fauna is being finalised on the free zones of the plateau; it aims to compare this natural recolonisation with a reference state specific to this type of terrain.

Surface area in ha	2011	2012	2013	2014
Surface area affected during the year	67	46	64	67
Surface area rehabilitated and replanted during the year	40	28	31	102 [1]

(1) In 2014, the Moanda site reported the rehabilitation of 102 ha. This includes rehabilitation on the mining plateau (95 ha) and rehabilitation of the Moulili river since the start of work in 2010 (7 ha).

Alongside the mining activities of Comilog: the *Parc de la Lékédi* which is 5 km from Bakoumba, in the south-east of the Republic of Gabon, covers 14,000 hectares of savannah, gallery forests and lakes. It is made up of three reserves and is home to representative examples of local wildlife like buffaloes, mandrills, chimpanzees, gorillas, red river hogs, panthers, and numerous antelopes.

The park has been constantly maintained and regularly developed with a view to preserving protected species, animal observation and rearing. With the aim of protecting the great apes in Gabon, the *Parc de la Lékédi* works with international organisations such as the Aspinall Foundation for gorillas.

In 2014, a new programme to reintroduce species that are threatened or extirpated in Gabon was launched in collaboration with the National Parks Agency and the International Union for Conservation of Nature. The first reintroductions should take place sometime in 2015. In 2015, the first stages of a mission to assess the genetic make-up of the residual population of Cobe de Fassa antelopes in Gabon will be conducted.

(1) UNC: University of New Caledonia.

(2) IAC: New Caledonian Institute of Agronomy.

(3) IRD: Development Research Institute.

(4) CNRS: National Centre for Scientific Research.

In 2013, the Park also joined forces with the NGO Conservation Justice and the Regional Department for Water and Forests of Upper Ogooué to conduct joint anti-poaching campaigns. In 2014, the results were very positive in terms of seizure and confiscation of illegal weapons. In 2015, initiatives will be taken, in collaboration with Gabon's Ministry of Water and Forests, to raise the awareness of local authorities, village and district leaders, and elected representatives.

The Mandrillus project, set up in 2011 in partnership with the CNRS, was continued. The researchers and field assistants study a population of mandrills in the wild with a view to answering fundamental questions on evolutionary ecology, anthropology, feeding ecology, animal communication, etc. and also more specific questions on conservation and epidemiology.

In June 2014, a second group of mandrills from the Franceville International Centre for Medical Research (CIRMF) was successfully reintroduced into the park. A team watches over them and brings them food supplements every day. With the birth of four offspring, this unique operation was crowned with success.

In 2014, a project that was initiated several years ago in collaboration with the Ministry of Water and Forests and the CIRMF materialised: the seizure of primates who had been mistreated and whose health had not been monitored.

At the same time, the park conducts activities to highlight local resources and the remarkable natural heritage of the region. It develops ecotourism and fish farming (the leading producer of tilapias in Gabon), and fosters local craft industries like basketwork and pottery.

In Gabon, at about 250 km from Libreville, to the south of Lambaréné, a study is being carried out on the feasibility of an industrial and mining project involving the beneficiation of a deposit of niobium and rare earths. The site is located in quite a remote area where forestry activities were carried out in previous decades.

Right from this initial stage of the project particular attention is being paid to the site's great biodiversity which is related to:

- the location of the country: Gabon is part of the Congo Basin, the world's second largest area of tropical rainforest after the Amazon Basin;
- the fact that it is close to wetlands of international importance—the Bas-Ogooué RAMSAR site.

The project is still at the exploration stage, but the first initial characterization studies have been carried out, as well as the geological and ore beneficiation studies.

The first detailed inventories concerning the characterization and evaluation of fauna and flora were carried out between 2012 and 2013 with the assistance of recognised Gabonese and international experts. They were completed with an analysis of the biodiversity of ecosystems and landscapes and an initial evaluation of ecosystem services. An initial evaluation of biodiversity issues was carried out based on the criteria set out in IFC's performance standard 6 and the related guidance note.

Gabonese specialists and experts from the National Centre for Scientific and Technological Research (CENAREST), the National Herbarium of Libreville and TEREA (a firm of environmental consultants) have worked in tandem with international scientists:

- from the Missouri Botanical Garden (MBG), an organisation recognised internationally for its skills in botanical research and conservation;
- from the Wildlife Conservation Society (WCS), an international NGO which has been present in Gabon since the 1980s. the WCS helped the Gabonese Government create its 13 national parks in 2002;
- and the firm of environmental consultants Golder & Associates.

During floristic inventories, three samples of each fertile species (which have fruits or flowers) are collected. To increase the chances of identifying the family, genus and taxon, the MBG calls upon the knowledge and skills of three herbariums:

- the National Herbarium of Libreville;
- the Herbarium of the *Université Libre de Bruxelles;*
- the Wageningen Herbarium in Holland which contains the largest collection of Gabonese plants.

One specimen of each sample collected is given to the Herbariums. The Maboumine project is thus contributing to the supply of plants to Gabon's reference herbariums.

The above-mentioned studies were submitted for review to a firm specialised in the environment and ecology called Biotope. They are completed gradually to meet requirements; in 2014, they were reinforced as part of the feasibility studies underway concerning the continued development of the project. This led to management plans for the most vulnerable plants species and invasive plant species.

5.4.5.4 In Senegal

In Senegal, operations in Grande Côte started in 2014. The mining of mineral sands (ilmenite, zircon, etc.) involves gradually clearing away the vegetation as a floating dredger moves alongside the deposit.

The biodiversity is not particularly vulnerable here. The main challenge is the rehabilitation and replanting of large areas of land.

The replanting methods are the same as those developed in New Caledonia and Indonesia: the areas concerned are covered with topsoil which encourages seed and plant growth, then pioneer endemic species are sown or planted to stabilise the dunes in the short term and help other species recolonise the area in the long term.

However, there are two particularities:

- the reconstruction of a dune landscape;
- replanting operations can only be conducted during the rainy period, between July and September.

In 2014, two types of tests were carried out on the land:

- seeds harvested in that area were sown;
- local species of plants developed in nurseries were planted.
- Tests were conclusive and the implementation was successful. The nursery also showed its capacity because it supplied 150,000 seedlings which were planted on the site and also on 10 hectares outside the site.

5.4.5.5 In Indonesia

ERAMET is studying a project to extract and beneficiate nickel on the island of Halmahera, in the equatorial region in Indonesia. There are two well-known ecological features of this island which is located:

- near the three ecological boundaries of Wallace, Weber and Lydekker which means that the island has a mixture of Asian and Australasian species of fauna and flora;
- in the middle of the Coral Triangle which is world-renowned for its coastal and marine biodiversity and which stretches between the coasts of the Philippines, the Celebes and Papua.

Within this context, ERAMET and its subsidiary Weda Bay Nickel have placed biodiversity at the heart of this Greenfield project by conducting studies to establish and assess the initial state of the environment with recognised Indonesian and international experts and specialists. In 2012, the studies focussed on assessing the sensitivity of habitats (sensitive, critical, etc.), anticipating the impacts of the future project on biodiversity, choosing measures for avoidance, reduction and rehabilitation, and developing plans to manage biodiversity and initiatives to enhance knowledge, raise stakeholders' awareness, define the monitoring process and principles of bio-safety. In 2013, to complete the initial characterization studies, work was conducted on terrestrial fauna in the areas that were to be cleared first. More than 20 biologists worked on this study, all taxons taken together (flying mammals, micro-mammals, birds, reptiles, amphibians and invertebrates, including molluscs). Other tools and materials were also developed and implemented as part of the pre-construction work. For example, there is an alternative action management grid based on the Avoidance-Minimisation-Offsets method, which ensures that the preservation of biodiversity is integrated into the decision-making process. This sequential approach was presented at the BBOP No Net Loss conference in London in June 2014. There is also the whole process of raising the awareness of sub-contractors and other players, and supporting and supervising them in order to manage their impacts on biodiversity, whether terrestrial, aquatic or marine.

WBN reinforced its partnerships and thus:

- signed a Memorandum of Understanding (MoU) with the Indonesian Institute of Science LIPI *(Lembaga Ilmu Pengetahuan Indonesia)* in 2011 for the aquatic aspects of the studies and assessments;
- entrusted the task of reviewing the concession's botanical inventories and assessing its endemicity to the Missouri Botanical Garden (MBG), in association with the Saint Louis Botanical Gardens in the United States, the Bogor National Herbarium, and the Leiden Herbarium in Holland. Thus, all the data collected is fed into these public databanks;
- set up a programme to patrol and watch the forests in order to prevent any illegal land clearing in the areas of the concession concerned.

At the same time, rehabilitation programmes continued with:

- two nurseries on the plain and foothills, to ensure the proper reproduction and growth of local species capable of adapting to disturbed soil;
- the installation of a shade house where epiphytes are grown (plants which use other plants for support and to grow upon);
- experimental testing of potted plants which involves comparing plant growth based on soil quality;
- monitoring the 15-hectare area of foothills rehabilitated and replanted in 2008, following the completion of mining tests.

Moreover, since 2009, WBN has set up four observatories close to the future mines and industrial facilities.

In line with the performance standards set out by the International Finance Corporation (IFC), especially number six dedicated to biodiversity, the project undertook to ensure a positive impact on biodiversity, given the presence of critical habitats. WBN therefore developed a preliminary feasibility study to assess the impact on biodiversity, based on the BBOP standard.

5.4.5.6 In France

ERAMET is just as committed to the protection of biodiversity around its own industrial sites, where the mitigation sequence is also applied.

For example, in Saint-Georges-de-Mons, in Auvergne, a project to recycle titanium used in aerospace was the subject of in-depth impact studies that fully integrated all aspects of biodiversity. This project is perfectly in line with a sustainable development policy.

The project stretches over an enclosed surface area of approximately 6 hectares, on agricultural and wooded land, near the existing metallurgical sites of Aubert & Duval. It is located outside all protected or inventoried areas. However, there are several protected sites in the vicinity:

- Natura 2000 areas:
  - Special area of conservation (Habitats Directives) FR8301034, Gorges de la Sioule—3.5 km away,
  - Special protection area (Birds Directives) FR8312003, Gorges de la Sioule, bordering the area under study,
  - Site of community importance (Habitats Directives) FR8302021, Gîtes de la Sioule—3 km away;

- natural areas of ecological, faunistic and floristic interest (ZNIEFF) less than 2 kilometres away.

In 2013, an ecological assessment (fauna/flora) of the project siting and an evaluation of its impact on biodiversity was carried out by URS and Biotope, two consultancy firms specialised in the environment. Despite the fact that the project does not cross the boundaries of the Natura 2000 sites, an evaluation of its impact was carried out, because of any indirect effects it may have on the habitats and the species of community importance that justified the designation of the sites. The results of the different prospection activities and the areas identified as vulnerable were factored into the project right from its design stage and particularly into the optimisation of the location. Overall, the ecological risks at the location of the site appeared to be low.

The plant will not be placed near important woodland habitats that attract flocks of birds, most of which are protected. In an effort to follow the avoidance strategy, the site of the buildings was moved to conserve the "wood undergoing change" which is listed as highly vulnerable.

As regards indirect impact, measures to reduce the impact on the water, soil and air and to lower noise levels have been defined and should also help preserve the site's natural environment.

Moreover, as part of its landscaping projects, sturdy and local tree species will be planted. The project's residual impact on the fauna, flora, natural environments and ecological balance has been assessed as low.

5.5 INFORMATION ON SOCIETAL COMMITMENTS IN FAVOUR OF SUSTAINABLE DEVELOPMENT

5.5.1 Territorial, economic and social impact of the Company's activity

5.5.1.1 Employment and regional development

The ERAMET group is present in over twenty countries worldwide and actively participates in the economic and social development of the countries and regions in which it operates. This is seen in the emergence of companies linked to the sites' activities, the construction of local infrastructures that are important for the development and involvement of sites in major national or regional sustainable development initiatives.

The emergence of companies

Group sites encourage the emergence of local companies because the nature and development of the sites' activities often lead to a great deal of subcontracting which gives rise to specific requirements.

In 2014, Comilog in Gabon continued to reinforce and develop the social fabric by organising regular meetings with all its 300 subcontracting SMEs. These regular meetings are occasions to discuss subjects like economic development, safety, healthcare plans, etc. Gabon offers another concrete example with "La clé des champs", the market garden purchasing centre set up by the Maboumine project. It allows neighbouring villagers to sell fruit and vegetables to the service provider in charge of managing the site's canteen. This purchasing centre should eventually diversify its customers to become financially independent.

In New Caledonia, the SLN is at the origin of most of the industrial subcontracting in the region. These activities include contract work, transporting ore, watering tracks, replanting, and managing water at mines. Subcontracting allows local populations to become involved in sites' economic activities. Therefore, over time, business creation support services have been set up at most mining sites, in partnership with associations and finance bodies (SAEM des Provinces).

Construction of local infrastructures

The Group's major subsidiaries can contribute directly to the construction of local infrastructures.

In Gabon, for example, the Group's four Gabonese subsidiaries each took part in the development of major infrastructures in 2014. Comilog supported the Franceville prison administration in the construction of two classrooms for imprisoned minors and helped the town of Moanda renovate three schools. SODEPAL helped repair the road between the town of Bakoumba and the Parc de la Lékédi, SOMIVAB took part in the maintenance of a school and an infirmary at the Biliba site and Setrag maintained dispensaries and housing for the seven main stations on the Trans-Gabon railway line.

Other initiatives related to sustainable development

Aware of the impact they can have on their environment and communities, there are more and more sites undertaking regional and national initiatives related to sustainable development.

Site representatives contribute to local and national studies on themes like energy savings, clean production, climate plans and water conservation, via their participation in working groups on these themes. Some sites are also involved in national and European research programmes to work on various themes like energy efficiency in the industry for example. For example, the three ERAMET Norway sites volunteered to take part in a programme conducted by the national authorities aimed at monitoring the quality of the water in the fjords to prevent any possible pollution of the water by industrial operators.

5.5.1.2 Neighbouring and local populations

Aware of its responsibility towards society and more specifically towards neighbouring and local populations, the Group is committed to keeping its stakeholders informed of its activities by taking part in local information committees and by raising the general public's awareness of sustainable development.

Local information bodies

As sites are often located near towns, and nowadays in towns due to urbanisation, they are more than ever integrated into local life. They take part in local information and consultation commissions to keep populations informed about their activities, to give them news on the site, particularly regarding industrial risks, to ensure transparency.

In New Caledonia, SLN's activities in the Southern Province are monitored annually by the Local Information Committee (CLI), both in Doniambo and Thio. Future exploration projects are presented to New Caledonia's traditional leaders directly. The new electric power plant project (Plant C) was presented several times, via discussion panels, and a dedicated showroom (a scale model of the Doniambo site integrating the future plant, an instructive hologram and the projection of films).

Comilog took an initiative that is unique in the history of Gabon. From 23 to 25 June 2014 in Moanda (Haut-Ogooué), it organised a multi-stakeholder discussion seminar on the rehabilitation of the lower reaches of the river Moulili which contains manganese fines that the site used to throw in the river. The aim of this seminar was to collectively think about the most suitable means of rehabilitation. In a spirit of transparency and consultation, the event brought together 75 participants, representing all the stakeholders, i.e. national and local authorities, NGOs, research organisations and representatives of the Company. This seminar follows on from the work of the Formalised Consultation Framework (CCF), an institution that, since 2010, has organised quarterly meetings between representatives of Comilog and ministerial authorities, with local and national elected representatives and various local stakeholders taking part. The whole of this seminar, hosted by the Ministry of the Economy, resulted in consensual solutions for the rehabilitation of the lower reaches of the river Moulili. Another example is to be found at SOMIVAB (Gabon) where one of the site's employees was appointed as a Social Mediator and who now acts as a mediator between the site's management and the local populations.

Eramine Sudamerica (Argentina) appointed one of its team members as a community representative in charge of dealing with stakeholder relations in connection with the current exploration project in order to ensure ongoing ties with local populations, maintain good relations and remain attentive.

Raising populations' awareness on sustainable development

As regards sustainable development, the Group's sites go further than just informing the public; they help train the public and raise its awareness.

The four examples presented here illustrate the initiatives taken to raise people's awareness on the different aspects of sustainable development in the different countries in which the Group operates.

Eramine Sudamerica in Argentina organises training sessions on the collection and recycling of waste. In Mexico, Erachem Mexico takes part in the local and national recycling campaigns every year to promote the recycling of wood (pallets and material), the recycling of WEEE [(1)], incandescent lamps and empty ink cartridges.

In New Caledonia, the SLN organised several campaigns to raise the populations' awareness on sustainable development, particularly:

- the presentation of a film on "Miner Arts" dedicated to the major engineering structures built on mining sites to prevent the pollution of creeks and the lagoon. 1,200 visitors saw this film at the Doniambo plant's open days, at mining centres and at the Ciné City cinema in Doniambo;
- links with the education authorities to ensure the Sustainable Development certification of 10 pilot high schools in 2014;
- the presentation of an exhibition called "A Sustainable SLN for everyone" in several high schools: Jules-Garnier, Pouembout, Kaméré and Mont-Dore.

Lastly in Gabon, in 2014 Setrag renewed an agreement with the Ministry for Water, Forests, the Environment and the Protection of Natural Resources, to promote the protection of fauna, particularly anti-poaching initiatives.

(1) Waste Electrical and Electronic Equipment.

5.5.2 Relations with stakeholders

All ERAMET sites, whether involved in mining, metallurgy, chemicals, or distribution, interact with a wide variety of stakeholders on a daily basis, i.e. neighbours, schools, customers, public authorities, associations, etc. These interactions can take many forms—presenting their sites and celebrating events.

One of the first steps, prior to any discussions, is to identify and map the stakeholders, whose profiles vary according to their sites, location and activity. Using simple tools (Excel files) or specific tools, many of the Group's sites formalise these maps.

5.5.2.1 Initiatives that promote dialogue

There are many types of dialogue with local stakeholders. These can be local consultations, specific initiatives, information meetings, or Open Days and each site acts according to its own sensibilities and resources, in line with the Group's sustainable development policy.

Opening the sites to the public

To ensure transparency and communicate better, the Group's sites regularly open their doors to all types of stakeholders—employees' families, neighbouring populations, local authorities, customers, etc.

Site visits can be organised as part of a national plan such as the French "Industry Week" or be organised to meet a local demand. The Maboumine site (Gabon) organised an "Open Day" this year at the request of the NGO WWF Gabon.

Many other sites organise visits for their neighbours and they can host between a few dozen and a few hundred people who come to discover their facilities and activities. In Gabon, the feast day of Saint Eloi is a special occasion every year when the enclosure of Setrag and the port of Owendo in Libreville is open to one and all. Lots of local people and families of employees who work for the Trans-Gabon come to this open day. In 2014, over 4,000 people attended this festive event.

In New Caledonia, there are numerous visits to SLN's Doniambo plant every year. Indeed, the public can register for a visit of the plant every last Thursday of the month and in 2014 forty extra visits were organised for the general public and high school pupils. The mining centres in Thio and Tiébaghi also attracted numerous visitors (500 people in Thio and 200 in Tiébaghi).

Celebrating an event

Industrial and mining sites regularly celebrate events that are important to themselves and their stakeholders.

This year, ERACHEM Comilog Tertre (Belgium) celebrated its 50th anniversary by opening its site to the public. The site received 300 visitors, including the Prime Minister of Belgium, the town's junior high school, neighbouring industrial operators, representatives of different Walloon and national institutions and the press on a special day. ERAMET Norway Kvinesdal celebrated its 40th anniversary and this was an opportunity for the local community to discover its site. A visit of its facilities, presentations and a vehicle exhibition were organised.

5.5.2.2 Dialogue with educational institutions and support for education and training

The Group is committed to a policy of active support for the education and training of local communities and young people in particular. This support takes many forms on the sites and within the Group's major projects.

Dialogue with educational institutions

Numerous sites in the Group have strong ties with educational institutions. This is reflected in various ways:

- site visits organised for classes of all levels;
- sponsoring classes;
- partnerships with educational institutions.

Cooperation programmes with local institutions are also implemented. The French site of Aubert & Duval Les Ancizes (Puy-de-Dôme) once again took part in an organisation called "Science Schools". Made up of pupils, teachers, instructors, representatives of Aubert & Duval and local partners, this organisation sets up events related to education and in 2014 it organised two major events:

- introducing sustainable development to primary school classes via support with class projects, organising a day when all the classes presented their work and workshops prepared by Aubert & Duval;
- receiving teachers on the site to discuss the theme of water: they visited the water treatment facilities and the Aubert & Duval laboratories presented the analytical aspects.

In Indonesia, the WBN project makes access to training easier. Indeed, between 2008 and 2014, WBN financed the higher education of 48 students who went away to study at Indonesia's main universities in Ternate, Manado, Bandung, Makassar and Semarang. Five of them finished their studies in 2014: three students graduated from the Polytechnic School of Manufacturing, another graduated from the Polytechnic School of Health and the last one obtained a diploma from the Manado school of nursing.

Hosting students

Every year, most of the Group's sites host interns, apprentices and PhD students for a few weeks or a few months. The students come from various horizons: junior high schools, high schools, specialised schools, universities, and top graduate schools, and they learn how an industrial site operates. They are also given the opportunity to put the knowledge they acquired on vocational courses into practice.

Therefore, the Group's sites play an important role locally as regards knowledge transfer. The Chinese GECC Chongzuo site illustrates this well. It undertakes to offer an apprenticeship to a student from each of the three local universities every year, i.e. the Guangxi Nationality Normal College, the APEC International Occupational College and the Guangxi Science and Technology College.

Overall, the Group hosts approximately 1,000 students or apprentices every year.

5.5.2.3 Dialogue with the authorities

All the Group's sites are in regular contact with their supervisory authorities to discuss the site's situation and talk about any subject that either party may bring up. This is the case with the Chinese sites of GECC Chongzuo and GLC Guilin which meet the local government every month.

Even outside the context of everyday regulatory obligations, numerous sites keep in contact with their supervisory authorities; they regularly invite them to visit their facilities and learn about their business and activities. These visits are good opportunities to present what has been achieved with capital expenditure, what projects are in the pipeline and the main challenges. This was the case when the new workshops were inaugurated at the French site of Champagnole (Jura) in the presence of the local mayor, the regional councillor, and other government representatives. ERAMET Norway Porsgrunn regularly organises seminars for members of the newly elected Parliament to raise their awareness on industrial, and industrial issues about which little is sometimes known. Other examples of this dialogue are the meetings organised by the SLN with its authorities or at the request of elected representatives.

Relations with authorities are also fostered by the Group's Head Office. The various entities of the ERAMET group meet up with ministerial offices and departments to present the Group's activities and concerns, to take part in working groups, organise visits of our facilities, or simply answer their enquiries. Similar exchanges are had with the European authorities in Brussels.

5.5.2.4 Partnerships and sponsorships

The ERAMET group is involved, to varying degrees, in different partnerships and sponsorships, based on various themes like the environment, support for the population, sport and culture.

Local partnerships and sponsorships

The vast majority of sites have entered into one or more partnerships with local associations to finance activities. The sums involved are a few hundred or a few thousand Euros in each case. Sporting activities were sponsored by French, Norwegian, Chinese, and New Caledonian sites. In Gabon, via the Amissa Bongo Foundation, Setrag provides financial support of €45,000 to the "Tropicale", an international cycling race that attracts over one hundred cyclists from Africa and Europe.

Sites encourage the development of cultural initiatives and all contribute financially to the development of various activities: supporting shows aimed at developing people's interest in classical music in disadvantaged areas, supporting a festival of Sawai culture (Indonesia) and an international dance festival. The ERAMET Norway site in Porsgrunn contributed approximately €40,000 to sponsor several school music groups, the drama group "Grenland friteater" and also the town's theatre festival.

In the field of community and educational support, charities received many sponsorships. For example, in Gabon, the fight against HIV/AIDS received support; in the United States, small local projects were sponsored and in Argentina, the development of quinoa crops was supported. In Senegal, Grande Côte Opérations (GCO) developed four major partnerships this year amounting to €400,000. The first was with the NGO Family Health International 360 (FHI 360) and concerned community health and education; the second was with the *Agence Nationale des Éco-Villages* (ANEV) in Senegal to ensure that the new resettlement site for people affected by the current project was in line with the concept of the Eco-Villages (providing access to renewable energy, conserving natural resources and ensuring compliance with international standards on the environment, developing a culture of community entrepreneurship); the third was with Initiative RSE Senegal to develop a business incubator in Thiès; and the fourth was with Total Senegal to set up a solar energy project (Environment, Development, Action) to reinforce the technical capacity of market gardens.

Some sites fund environmental protection initiatives or enter into partnerships with NGOs. In 2014, the SLN entered into a partnership with the New Caledonian Institute of Agronomy in the region of Thio in New Caledonia to plant 18,000 *Arocaria Rulei* trees which are endemic to this region, the aim being to create a corridor and thus protect this species. The four Norwegian sites of TiZir Titanium & Iron in Tyssedal, ERAMET Norway, Kvinesdal, Porsgrunn and Sauda have been partners with Bellona for several years. This NGO provides them with advice and expertise on subjects related to the environment.

Foundations

The ERAMET group now supports two foundations created in 2010. The first was set up as part of the WBN project and the second was created by Aubert & Duval and is dedicated to this subsidiary's French sites.

The Saloi Foundation, set up and sponsored by the WBN project in Indonesia, aims to implement community development programmes on Halmahera Island. In concrete terms, it has four main thrusts (education, local economic activities, health, environmental and cultural initiatives) and has set itself the following objectives:

- Education: to upgrade facilities and teacher training so as to improve educational standards and enable local children to access higher education and prepare their future;
- Local economic activity: build capacity and provide opportunities for local people to develop their own sustainable businesses so they can benefit, either directly or indirectly, from the economic opportunities generated by the Project;
- Health: improve the quality of healthcare in the region through close collaboration with government;
- Environmental and cultural initiatives: conserve and promote both the original environment and the local culture.

The Aubert & Duval Foundation aims to develop initiatives that contribute to the vitality of the French regions in which AD sites operate and to support local micro-economic projects and associations. The Foundation focuses on two areas: promoting regional action (local economic initiatives, micro-entrepreneurship, the development of tourism, etc.) and human development (sporting, cultural, and leisure activities, training and education, etc.). With a budget of €450,000 for 2014, it collects applications from the French Aubert & Duval sites seeking funding for sponsorships, studies the projects and then arbitrates. The Foundation's Executive Committee then allocates a budget to the sites for their sports, cultural or charity sponsorships.

In 2014, Aubert & Duval's Foundation was particularly interested in the plan supported by the AFPI (Apprentice vocational training association) which involved creating a training centre near the Les Ancizes site (Puy-de-Dôme). The foundation funded 50% of this project. In concrete terms, it is a new tool to train students on sandwich courses, apprentices and salaried employees. This training centre, made up of two classrooms and an experimentation workshop, aims to teach future apprentices basic techniques and to develop skills, such as controlling automated equipment and carrying out industrial maintenance. These skills are very much in demand in the local companies.

Moreover, AFFRI (The African Foundation for Resources and Industry) was set up by two ERAMET and MDL shareholders from TiZir Ltd which owns the Grande Côte deposit in Senegal. This foundation was registered as a Charity in England in April 2014. It aims to combat poverty and promote economic development in Sub-Saharan Africa. It is now focussing its efforts on Senegal where preliminary studies have been launched to assess the possibility of conducting a social and economic development project for the benefit of rural communities living close to the Grande Côte project.

5.5.3 Responsible Governance

5.5.3.1 Code of Ethics and transparency

In line with the values the Group has established for itself and to respond more effectively to the global issues concerning it, in 2010, the Group adopted a Code of Ethics based on responsibility, citizenship, integrity and respect for individuals. This Code laid down a set of core shared principles so that everyone in the Group, from the Board of Directors to the Group's employees, can refer back to it and act in line with it at all times.

In 2014, the Group adopted a new Code of Ethics that has four objectives:

- respond to social change better;
- specify, clarify and explain the essential notions concerning the working environment of the Group's employees;
- give clearer, more explicit indications on the legal obligations imposed on everyone, and take account of changes in national and international legislation governing the Group's activities;
- ensure the internal coherence of documents and usefully complete the system of internal rules and commitments which has much evolved since 2010.

The Code of Ethics contains a detailed chapter on the prevention of corruption, a theme that will be specially highlighted in 2015 when the Code is sent to the Group's different entities.

Moreover, via its employees, ERAMET is involved in national, European and international federations representing the sector's interests. It is for this reason that the Group registered with the European Union's Transparency Register.

5.5.3.2 Extractive Industries Transparency Initiative (EITI)

ERAMET has been a supporter of EITI (Extractive Industries Transparency Initiative) since 2011. Based on a set of principles and rules, as well as a coalition made up of governments, companies, civil society groups, investors and international organisations, EITI promotes transparency on local revenues. In signing up to these principles, ERAMET shows its intention to beneficiate natural resources responsibly and be transparent on money transfers between businesses and host countries, but also to report regularly to its stakeholders.

By taking part in national and multi-stakeholder working groups, ERAMET's EITI correspondents help implement the EITI in the different countries in which the Group operates, i.e. the countries that adhere to this initiative or that have applied for membership. Moreover, ERAMET keeps a close watch on the changes and implementation of France's membership of the EITI announced by the President of the French Republic at the G8 Summit held in June 2013 in Moscow.

5.5.4 Responsible purchasing

5.5.4.1 The Group's Responsible Purchasing Charter

In 2013, the Group Purchasing Department, in consultation with the operational entities and the Communications and Sustainable Development Department, drafted the ERAMET group's Responsible Purchasing Charter. This Charter formalises the Group's desire to ensure that purchasing integrates sustainable development issues better and it strives to promote a process of continuous improvement. ERAMET's expectations with regard to its suppliers, subcontractors and service providers concern three main areas: working conditions and labour standards, the environment, good business practices.

5.5.4.2 Relations with subcontractors and suppliers

Due to ERAMET's activities, a great deal of purchasing and subcontracting is required. Great attention is paid to this subject because of the specific issues associated with the Group's activities and also because of the strong expectations of the stakeholders in this matter.

Therefore ERAMET gives priority to suppliers that offer products and services that are environmentally friendly and socially responsible while remaining very competitive and prefer to work with local suppliers.

With purchases representing almost XPF 35 billion (€293.3 million), 90% of which are made locally, a significant proportion of the SLN's expenses are incurred through purchases from companies in New Caledonia, and the SLN takes account of social and environmental aspects in its approach to local suppliers.

At the Aubert & Duval site in Les Ancizes (Puy-de-Dôme, France), suppliers are always required to provide indicators on safety and the environment, including their compliance with certifications such as the ISO 14001, EMAS, etc. Lastly, the site checks the dependency ratio of its suppliers and aims to ensure that it does not represent more than 20% of their sales. Another example of this approach can be seen at the GECC Chongzuo site (China) which purchases its main raw materials and consumables locally in China (except manganese ore) and visits the plants of its main suppliers.

At Eurotungstene (Isère, France), the level of quality of its suppliers is assessed according to their fulfilment of the commitments made. Boasting triple certification, the site adopts a continuous improvement approach with its suppliers. To ensure this approach, all of Eurotungstene's "key" suppliers are assessed by the Purchasing department every year. As the internal customers are involved in the assessment, it is an opportunity to exchange ideas and make progress. This type of annual assessment of suppliers that directly affect the final product delivered to the customer is also conducted on the sites of the Group's subsidiary ERASTEEL.

Some sites have also formalised this responsible purchasing process more specifically. This is the case with Comilog in Gabon which has drawn up a "Supplier Guide" describing the Purchasing Policy and the values on which it is based.

Moreover, the Group makes sure that its suppliers comply with the European REACH regulations and wishes to promote good business practices. ERAMET also took part in various French initiatives (SME pact, Innovative SME) aimed at improving the visibility of commitments among suppliers.

5.5.4.3 Product traceability

The Group's sites implement product traceability which involves providing information on all the stages of the process, i.e. the receipt of raw materials, the manufacturing of the finished product and delivery to the customer.

When compulsory, the sites produce safety data sheets (SDS) to circulate information on chemicals. However, when it is not compulsory to draw up a SDS but the Group considers that external and internal stakeholders should have sufficient information on products and substances, sites draw up RMIS (Risk Management Information Sheet), which are nearly the same as SDS.

Moreover, the Group's entities and sites only sell their products to other industrial operators ("Business to Business" relations). Within this framework, the Group produces full information on the product and its downstream use and distributes it to all its customers. Numerous information and discussion forums are organised for players involved in upstream and downstream sectors of the metal and metal processing industry.

Product traceability is mainly carried out upstream to identify the source of the raw materials. Those who use our products, especially major customers from cutting-edge sectors, attach great importance to traceability because it enables them to track the raw materials used to make a particular part and to identify all the stages that led to the production of the finished product from this material.

5.5.4.4 The supply of "conflict minerals"

Some of the Group's sites use tungsten, which, like tin, tantalum and gold, is one of the "conflict minerals", so-called because in some regions of the world the activity may be used to finance armed groups and fuel civil wars. As Eurotungstene is involved in raw materials, particularly tungsten and cobalt, it pays close attention to the conditions in which these resources are mined, to compliance with the "Conflict Mineral Trade Act" and to the guidelines set out for multinational companies by the OECD.

Eurotungstene is also a member of the TI-CMC (Tungsten Industry—Conflict Minerals Council) and as such is listed as a company that gets its tungsten supplies from compliant suppliers ("conflict free smelters"). Moreover, Eurotungstene has set up a process whereby it gets suppliers to make a written commitment to meet these requirements and it systematically examines any potential new entrant in the suppliers' list.

In 2014, the subsidiaries of ERAMET Alloys, Aubert & Duval and Erasteel, adopted a "Conflict Minerals Policy Statement" specifying that ERAMET Alloys will not obtain supplies of minerals from areas of conflict (tungsten is the only conflict mineral used in the production of the Group's alloys) and requires its suppliers to give information on the source of supply of tungsten.

5.6 INDUSTRIAL AND MINING PROJECTS

ERAMET is driving projects which are currently at different stages of maturity:

- the Weda Bay Nickel project in Indonesia;
- the Maboumine project in Gabon;
- enhancing the reliability and safety of the railway line in Gabon;
- the Lithium project in Argentina;
- the sea bed exploration project off the coast of Wallis & Futuna;
- the new electrical power plant in New Caledonia;
- developing the recycling of titanium offcuts in France.

All these projects are developed in accordance with the Group's Sustainable Development policy, with its Code of Ethics and environmental, health and safety charters and international reference standards. The aim is to establish a long-term trusting relationship with the communities present in the regions where the Group operates, and to prevent any violation of the basic rights of these communities, particularly the native communities, as appropriate. This is achieved by implementing mechanisms for dialogue with representatives of the stakeholders concerned.

Environmental, social, corporate and health aspects are taken into account right from the beginning. Experts and specialists in sustainable development are incorporated into the industrial, technical, legal and financial teams and participate in the various steering and management committees right from the project brief, feasibility and pre-construction stages. Likewise, they take part in the due diligence audits in the case of planned M&As. Lastly, the environmental and social aspects for which the Group can be held liable are integrated into the risk assessment and management process for these capital expenditures.

5.6.1 A Greenfield project in Indonesia

In Indonesia, on Halmahera Island, the Weda Bay Nickel (WBN) project involving the extraction and beneficiation of Nickel is developed in accordance with the Equator Principles, the International Financial Corporation's Performance Standards, the best international practices in mining and industry, and the Group's policies on the environment, vocational health and safety, and in compliance with Indonesian regulations.

Moreover, WBN has been insured by the World Bank's Multilateral Investment Guarantee Agency (MIGA) since 2010. This guarantee was granted following impact studies and in-depth audits which confirming compliance with World Bank standards. Every quarter, WBN sends a report to the MIGA on the Environment, Health, Safety, Public Affairs/Dialogue with stakeholders and Human Resources and MIGA representatives come to the site once a year to carry out an audit.

In February 2014, ERAMET announced the postponement of this project in a press release.

However, the Addenda on the impact study are still being drawn up to integrate the latest recommendations given in the International Financial Corporation's Performance Standards of 2012, and also the latest engineering adaptations of the project design.

Dedicated teams on site ensure continuity and have focussed their efforts on monitoring and managing the environmental and social aspects. In line with its commitments, WBN actively keeps up relations with local communities and its other stakeholders and continues to:

- receive all interested parties in the project's information centre;
- deploy the local development programmes (initiated in 2008) established with the populations and stakeholders on priorities such as education, health, economic development (agriculture, fishing, trade, etc.), conservation of the environment, the promotion of local culture and improvements to light infrastructures;
- organise public meetings in each village and ensure presence and continuous dialogue via a dedicated team;
- coordinate a complaints management system, formalising their receipt, registration and resolution;

- maintain its ties and partnerships with universities, institutions and non-governmental organisations (NGOs) and work together in social, societal and environmental fields;
- learn more about indigenous peoples and get to know them well in order to develop consultation and freely available information programmes.

WBN continues to deploy its social-environmental management plans in the field and with its subcontractors, and all this strengthens the overall environmental and social management system of the project.

5.6.2 The beneficiation of niobium and rare earths in Gabon

The company Maboumine, a subsidiary of Comilog, holds a mining exploration licence for the Mabounié polymetallic deposit, near the town of Lambaréné in Gabon. This deposit is rich in niobium (used in steels and super alloys), rare earths (group of 17 metals used in hybrid cars, wind turbines, oil catalysts, etc.) and uranium.

ERAMET's research centre is trying to develop an innovative hydro-metallurgical process to recover these resources, in cooperation with international research laboratories. Each stage of the process is simulated and/or tested on laboratory installations built for this purpose.

Given the innovative nature of the process, a plan to build a pilot-plant on the site in Gabon, fuelled by ore from an experimental mine, is being studied.

The purpose of the experimental mine is to supply ore to the pilot-plant and to collect data to determine the industrial mining methods to use. The pilot plant has several objectives: to finalise process developments, collect data needed to size a commercial plant, test alternative technologies for certain operations in the process if appropriate and train future operators.

A regulatory analysis was initiated in 2011 to identify the environmental, social, societal and sanitary issues: it was finalised in 2014 with the support of a firm of experts. The first initial environmental and social characterization studies were carried out between 2012 and 2013. They allowed an in-depth and full inventory to be drawn up, a system to monitor site data to be installed,, the presence of critical habitats to be identified and the first communication and consultation campaigns targeting local populations to be implemented. These studies will be completed as and when the project develops.

In 2014, a social and environmental impact study for the pilot-project (experimental mine and pilot plant) was underway. The potential impacts identified on terrestrial and aquatic fauna were considered acceptable; appropriate plans to manage them will be implemented during the subsequent stages of the project.

The project is developed in accordance with Gabonese regulations, the 10 Equator Principles, the International Financial Corporation's Performance Standards, the best international practices and Group policy, with support from a network of recognised national and international experts. The Maboumine Sustainable Development strategy was presented to Gabonese authorities which gave it their wholehearted support.

5.6.3 Enhancing the reliability and safety of the railway line in Gabon

The Trans-Gabon railway crosses Gabon, from Libreville to Franceville, over a distance of 710 km and has 52 engineering structures and 22 stations. As well as transporting ore from Comilog to the port of Owendo, it plays a strategic role in the country's economic development.

The company Setrag (Société d'Exploitation du Transgabonais) operates the railway within the framework of a Concession Agreement drawn up in 2005. Setrag manages the infrastructure, the traffic and railway operations (passengers, wood, ore and other goods).

Over the past several years, Setrag has stepped up the pace of maintenance and restoration work on the Trans-Gabon railway line. These efforts go beyond normal maintenance.

Yet despite all this work, the general state of the railway continues to penalise network operations. Therefore, Setrag has decided to intensify the infrastructure renovation programme. This project requires capital expenditure that cannot be borne by the company alone. So the company has turned to the International Financial Corporation to study the possibility of funding for this programme.

In order to complete the application for funding and also to manage the risks and impacts related to this programme and to apply for the operating permit, in the second half of 2014, Setrag launched an environmental and social assessment study and the development of management plans and associated initiatives.

5.6.4 Mining exploration in Argentina

Lithium is one of the metals with a high growth potential—to develop energy storage in portable equipment and electric vehicles for example. ERAMET teams made up of geologists, engineers and researchers assess the potential of lithium deposits and study the implementation of an innovative extraction process for the production of lithium salts used in the manufacture of cathodes for Lithium-ion batteries.

This is an alternative way of producing lithium salts from brine compared to the traditional brine evaporation process. Furthermore, the environmental impact of this new process is far lower than that of the traditional process. This new process was developed in partnership with IFPEN (IFP Energies Nouvelles). Seven patents have been filed for this process.

In 2012, the Argentinean subsidiary, Eramine Sudamerica SA, discovered a deposit of lithium in the Province of Salta, in the north of Argentina: the *"salar de Centenario-Ratones"*. Since then, it has conducted an exploration programme which revealed considerable potential resources, to develop a large-scale industrial project.

In May 2014, the Salta government officialised the agreement signed in April 2014 by REMSA, a public company in the Salta Province, and Eramine Sudamerica which allows ERAMET to acquire mining shares in the deposit that extends over almost 500 km^2. The agreement not only allows Eramine Sudamerica to carry out a programme of work to estimate the resources and evaluate the deposit, it also provides for the taxation framework for its industrial operations.

The exploration activities, such as the drilling, pumping tests, hydrodynamic modelling, and the installation of pilot units to concentrate lithium are conducted in accordance with the Group's sustainable development policy, in other words, in compliance with Argentina's regulations and international standards. The Group's Environment Department accompanies all the activities. Eramine Sudamerica has also launched several development projects with communities who live near the site of the project.

5.6.5 Sea bed exploration operations

ERAMET invests in research projects for which the scientific benefits surpass its own activities. Between 2010 and 2012, the Group took part in seabed and volcano exploration operations off the coast of the Wallis & Futuna islands, in the Pacific Ocean. These operations are conducted as part of a consortium. On the date of this document, the active members of which are Ifremer, Technip and ERAMET.

The results of the initial scientific explorations, partially financed by ERAMET, will greatly contribute to knowledge on the seabed in this area (topography, geology, volcanology, biology, biodiversity) because a great deal of analysis was carried out on the samples taken (fluids, rocks, living organisms). Moreover, the discoveries are promising: several hydrothermal sites that may represent a potential mineral resource have been identified.

In 2013, ERAMET's subsidiary "SialeO" was created to deal with the mining aspects of the project and a joint mission with Ifremer and Technip was carried out on-site in Wallis & Futuna, to present the project to local populations and prepare the future exploration operations. In 2014, the time was mainly spent defining and evaluating the funding, logistics and partnerships needed to be able to conduct a new scientific exploration campaign.

5.6.6 A new electrical power plant in New Caledonia.

In New Caledonia, at the Doniambo industrial site, the SLN recovers its nickel ores via a pyrometallurgical process. The drying, calcination and reduction furnaces are mostly fuelled by a fuel plant dating back to 1972 which is scheduled to be replaced in 2018.

This project should meet the two fundamental and unavoidable objectives for the SLN's site:

1. replace the present power plant, which will be 50 years old at the end of the decade, and thus sustain the industrial activity;
2. improve performance and considerably reduce the environmental footprint (the new power plant will comply with the most recent European environmental standards on air emissions).

5.6.7 An extension of titanium activities in France

In 2011, Aubert & Duval (ERAMET group) and its Kazakhstan partner UKTMP inaugurated their titanium ingot processing plant UKAD in the town of Saint Georges de Mons (Puy-de-Dôme), in France. UKAD produces and sells titanium products (billets, bars, wire, sheets) mainly to the aerospace industry. This new plant allows the partners to offer an integrated titanium sector which encompasses the extraction of the ore to the supply of pre-machined closed-die forged parts.

Another objective was to reinforce the critical supply chains of this raw material which is strategic for the aerospace industry in Europe. Therefore, Aubert & Duval and UKTMP have worked on a project to recycle the offcuts generated throughout the UKAD production process, the aeronautical titanium offcuts and chips from outside partners and eventually end-of-life components. Circular economy criteria and the need to make some strategic resources more accessible in Europe and France were taken into account. The EcoTitatium project, based on these objectives, was thus created. The recycling plant will also be set up in Saint Georges de Mons (Puy-de-Dôme).

In 2014, the complete impact assessment and risk management studies were finished and an application for an operating permit was submitted to relevant authorities. This permit was granted at the end of November 2014, after a process of investigation and public consultation.

5.7 RESPONSIBILITY FOR CHEMICALS

ERAMET is one of the world's leading producers of alloy metals, super-alloys and high-performance steels, and also a series of chemicals resulting from various hydro-metallurgical and recycling processes. The Group pays special attention to the management of chemical substances and mixtures it uses or produces, to ensure a high level of protection for human health and the environment.

Because of its diversified activities, ERAMET acts on two fronts—it both uses and produces substances and chemical mixtures. Indeed, the development of a these products requires the use of ores, minerals, recycled secondary materials and a series of metal additives to ensure the right composition of the shades required. The use of chemicals as "commodities" (acids, bases, salts, etc.) is also common. Moreover, the Group has to manage numerous products used in the laboratories, in the maintenance of facilities and for other specific purposes like purifying water, trapping gases, and airborne particles.

To improve knowledge on the intrinsic properties and impact of all the products marketed by the Group, and to specify risk management measures, a great deal of commitment is required. This involves both analysing the dangerousness of the metals in certain products and taking their physical form into account according to whether they are sold as solids or as powders. The Group's mining activities are also integrated into these studies.

The Group's commitment is reflected in its involvement in professional organisations dedicated to developing robust scientific knowledge and also in the role of lead registrant taken on by some subsidiaries to meet the requirements of the European REACH regulation (Registration, Evaluation and Authorisation of Chemicals).

At an international level, the Group follows regulatory changes introduced in different parts of the world, particularly in places where the Group's products are produced or marketed. In this respect, the Group pays very close attention to the Globally Harmonized System (GHS), an international classification system developed at the United Nations which led to a European version in 2012 called the CLP regulation, referring to the Classification, Labelling and Packaging of substances and mixtures. In various parts of the world, the transposition of the GHS classification system has been accompanied by specific rules that may have repercussions on the classification of some substances produced by the Group.

Determined to follow all aspects that concern the management of chemicals, the Group has integrated this theme at Corporate level and in its three Divisions. Each of them has a dedicated service to properly manage all the many aspects of chemicals. Within this context, 2014 saw an extension of tasks to ensure the integration of all the related regulations. The monitoring of the ten REACH consortia and the relevant professional organisations continued.

5.7.1 At Group level

During the year, the multidisciplinary network helped ensure that the impact of the application of various regulations was properly taken into account: buyers, sales people, plant representatives, R&D, logisticians, lawyers, IT experts, etc. In each Division, specific steering committees continued their work and the coordination of chemicals management (product stewardship) remained operational at Group level.

After the first phase of registrations required by REACH regulations were made in 2010, the organisation of product stewardship was concentrated on integrating the various aspects of chemicals management as much as possible, hopefully carrying out or supporting cross-functional actions that ensure consistency within the Group, and better assessing the consequences related to the dangerousness of some substances, and the resulting industrial constraints. In 2014, the preventive and protective measures taken in 2013 were pursued in order to consolidate the medium and long-term management of chemicals.

REACH regulations and any other regulations related to them are carefully monitored. It is now practically certain that the re-examination of REACH regulations should not lead to any significant changes in the text, but rather to a series of adjustments, to the revision of certain guiding principles and more specific focus on nanomaterials and endocrine disruptors. On initial examination, the Group's activities should not be affected by these changes. However, changes in the classification of substances via adaptations to technical progress (APT) of various regulations may lead to the updating of registration files for substances produced by the Group.

At European level, special attention is still paid to the authorities' monitoring of the selection of substances of very high concern and to the process that may result from their inclusion in the candidate list for authorisation. Indeed, the REACH regulation includes an authorisation procedure aimed at gradually replacing substances of very high concern with less hazardous substances. Selection of these substances involves the Member States, the European Commission and the European Chemicals Agency (ECHA), as well as producing companies, importers and users of these substances and other interested parties. This selection process continued throughout 2014. The Group took part in some of this work and actively contributed to discussions between producers and users, particularly within the professional organisations concerned.

At international level, attention was focused on regulations that apply to substances and products that the Group uses or markets (REACH-like regulations). In this respect, forward-looking work involving a quick review of scientific literature and current regulations in force in various parts of the world has been carried out for a series of metals and their compounds in direct relation to the Group's projects. Various other initiatives have been taken to provide support to the Divisions and sometimes to certain sites. Here are some examples: implementing RoHs (Restriction of Hazardous substances) regulation, monitoring changes to rules regarding transport, etc.

In 2014, the other key events for each of the three Divisions were as follows:

5.7.1.1 The Manganese Division

As a European importer of the first tonnages of silicomanganese and metallic manganese from C2M (Moanda Metallurgy Complex—Gabon), ERAMET Comilog Manganèse (ECM—Paris) registered manganese, iron and silicon in 2014.

Further to the compliance review initiated in 2013, the ECHA ordered more information to be provided on silicomanganese slag at the end of 2014; the conditions under which this information is to be collected are being studied within the Manganese Consortium.

ERAMET and the Division are also stakeholders and they actively contribute to the development of scientific knowledge applied to manganese and its compounds. The Group continued to contribute to studies regarding the International Manganese Institute's (IMnI) five-year plan to better integrate the notion of sustainability into the manganese industry. For this purpose, the Group takes part in the studies on socio-economic analysis applied to the productions and uses of manganese and studies on the life cycle of ferromanganese and silicomanganese. Specific studies of the possible impact of different types of manganese ores on health and the environment were also completed.

5.7.1.2 The Nickel Division

Changes and developments in the classification of nickel and cobalt compounds in 2014 were monitored in a proactive manner. This led to the updating of all the SDS (safety data sheets) on the products marketed. These updates included about thirty product references translated into numerous European and East Asian languages.

These efforts to support sales departments were also applied to land and sea transport services where developments in classifications have led to changes in the rules on the shipment of products.

As regards assessing and preventing chemical risks, two important initiatives were taken in 2014:

- Toxicity tests were carried out on several alloyed cobalt powders. The tests showed that these powders do not present any acute inhalation toxicity, thus confirming the simplified status of their conditions of use and transport.
- A benchmark and a summary of the exposure to metal dust on the Group's sites confirmed that the limits specified in applicable regulations are observed. All the sites concerned exchanged best practices in order to improve even further the levels of information, prevention and protection as regards these products. This process which was decided at the end of 2013, anticipated the recommendations made by France which proposes the establishment of a binding occupational exposure limit value for nickel compounds in the framework of the Risk Management Option Analysis required by the ECHA.

5.7.1.3 The Alloys Division

In 2014, the Authorisation procedure, specified in REACH for the use of substances included in its Annex XIV, remained the focus of attention in the work carried out in the Alloys Division on this matter. Concerning trichloroethylene which is already mentioned in Annex XIV and which is used as a degreasing agent at one of the Division's sites, research to find and validate a technically sound alternative solution continued, in consultation with the other economic players concerned by the authorisation of this substance.

The Alloys Division also put a great deal of effort into updating its safety data sheets on the alloy and steel powders marketed in order to integrate the new classifications proposed by lead registrants of substances used in their composition.

A working group was set up to check that sites complied with the cobalt and nickel exposure scenarios and to anticipate, through detailed analysis of exposure at production sites, the next developments in the OEL (Occupational Exposure Limit) for these two substances. This work will continue in 2015.

5.7.2 ERAMET and the international scientific community as regards HSE (Health & Safety and the Environment)

ERAMET's Environment Department and REACH managers take part in the various scientific working groups of professional organisations concerned by its activities. In no particular order, we can mention: work on Exposure Limit Values, on the updating of the Best Available Techniques for non-ferrous metals in Europe, on the development of environmental quality standards in Europe, on studies to assess the ecotoxicity of Nickel compounds and other studies to assess ore classifications.

Through its dynamic participation in the activities of Eurométaux, ERAMET continued to contribute to the preparation of new methodologies to assess the impact of metals on the environment and on health. The Group continued its involvement in the framework of the European project to identify and finalise methodologies to assess the health impact of mixtures and alloys with a view to the harmonised European classification scheduled for 2015.

5.8 HEALTH AND SAFETY

5.8.1 Safety

5.8.1.1 Policy, objectives and structures

The Group's commitment to Occupational Health and Safety is primarily reflected in the involvement of the Company's senior management. ERAMET's Director of Human Resources, who is a member of the Group's Executive Committee, is in charge of Health and Safety initiatives.

The Group Health and Safety Manager (H&S) reports directly to him, as does the Group Medical Officer. Together, they draw up the health and safety policy and related initiatives for the Group and they present them to the Executive Committee. Once these are approved, they are scheduled, implemented, checked via audits and then corrected or adapted. The objectives are reviewed quarterly.

In 2014, the main initiatives concerned:
the accident rate, with the objective of the lost-time accident frequency rate set at 4.5 on a like-for-like basis, broken down as follows:

- Alloys Division: 5,
- Nickel Division: 5.5,
- Manganese Division: 2.15,
- Administrative staff, ER & EI: 0;

- **introduction to accident rate follow-up for outside companies (informing, defining the method, collecting the first data);**
- following the safety campaigns conducted in 2011, 2012 and 2013, **organise a campaign on 1) confined spaces and 2) road risks;**
- **putting together and deploying an e-learning training session on "Chemical Risks";**
- lastly, in order to establish a real culture of prevention at our Group's sites, continue **rolling out the safety training modules (IMaGE modules).**

The coordinators for the Alloys Division and the Manganese Division, reporting to the Division's Directors, lead, coordinate and follow up the safety initiatives, in liaison with the Group's H&S Director. At all the sites, a network of leaders supports this policy and presents it to management.

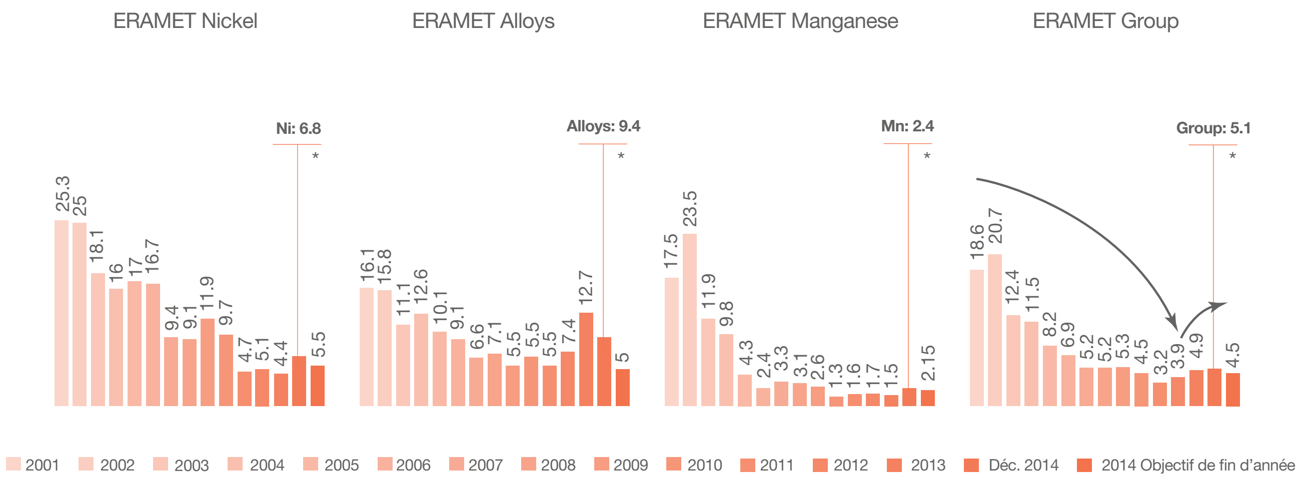
The H&S results are reviewed monthly at Executive Committee meetings, in the presence of the Group's Chief Executive Officer.

5.8.1.2 Accident rate and frequency rate trends

The frequency rate is defined as the number of lost-time accidents per million hours worked.

The chart below shows the Lost Time Injury (LTI) frequency rate (TF1) for the past fifteen years at a virtually constant scope (excluding Chinese metallurgical plants before 2003 and including successively Setrag in 2007, Weda Bay in 2008 and ten sites with a more limited workforce in 2014).

A steady improvement in the frequency rate since 2000 (with the exception of 2002) can be seen, with the Group rate falling by a factor of over four and a half in eight years, then this frequency rate levelled off and remained almost constant for three consecutive years, at around 5.2. The initiatives taken in 2010 and 2011 led to a further improvement in the frequency rate (value of 3 at the end of 2011) before a deterioration in 2012 (3.6), 2013 (4.9) and 2014 (5.1).



* 12 rolling months.

This deterioration over the past three years is related in 2012 and 2013 to a sharp increase in the accident rate in the Alloys Division (and more specifically at Aubert & Duval where the frequency rate increased by a factor of almost 2), and despite the continuing good results at the Nickel Division (4.2) and the Manganese Division (1.5). In 2014, the action plan deployed at the Alloys Division led to a considerable improvement in results but at the two other Divisions the accident rate greatly deteriorated (Nickel (6.8) and Manganese (2.4)).

In 2014, there were no workplace fatalities in the Group.

ERAMET has developed and implemented other indicators to better monitor and analyse the overall accident rate at sites:

- The severity rate (number of lost days (excluding the day of the accident) per thousand hours worked. At Group level, this severity rate considerably improved in 2014 (0.36, i.e. down 18% compared with 2013) and represents 8,769 lost days.
- The number of serious accidents: it is important to monitor this indicator because when a serious accident occurs, a specific plan of action is required to prevent it from occurring again on that particular site or on other sites with similar environments.
- Frequency rate 3 which represents all the events likely to cause some kind of human injury (lost-time-injury, no lost-time-injury and health-care slip) in relation to one million hours worked. Unfortunately, not all the Group's sites have the same system for recording these events and analyses of changes and comparisons between sites and/or Divisions are not really very meaningful, despite the attempts to harmonise the systems in 2012.
- In line with the objectives set out in the action plan, the accident rate at outside companies is now followed.

5.8.1.3 Remarkable results

Out of the fifty industrial sites monitored in the integrated reporting system, 26 have not suffered lost-time accidents for over one year, and even for several years. These achievements may be fragile but they are regularly celebrated at the sites to highlight the efforts accomplished every day by operators and their managers.

In 2014, the following sites were honoured:

- Erachem Baltimore (Manganese Division) which has not had a lost-time accident for over six years;
- the Erachem Tertre plant with more than 500,000 hours without any lost-time accidents;
- sites in the Alloys Division that, in August, had their first month without lost-time accidents since 2007.

5.8.1.4 Main spheres of action

Safety audits

A site assessment policy is carried out through systematic audits at the average rate of one audit every two years for every site worldwide. The audits are carried out by the safety coordinators on sites overseen by the Health and Safety Manager based on a customised framework for the Group. This framework was drawn up several years ago in cooperation with DNV and is based both on the International Safety Rating System and on the Group's Health and Safety policy.

Since 2009, the ERAMET group has carried out all H&S and Health Safety and Environment (HSE) audits with the Health Safety and Environment V3 framework (which, compared to V2, introduces new requirements, including those of the international framework OHSAS 18001-2008 and the international standard ISO 14001-2004).

In order to optimise the added-value for the sites, in 2009, the ERAMET group supplemented these audits with additional initiatives providing support, sharing best practices, training, use of Gap Analysis, etc.

The results of these audits partly serve as the basis for the Group's action plan and then the sites' action plan for the following two years.

Health and Safety audits in 2014

In 2014, following specific requests from sites, the teams of auditors (always made up of the Group Health & Safety Manager and senior auditors such as the Medical Officer or the Safety and/or Environment Coordinators) carried out a Health & Safety audit at one site and Health, Safety and the Environment audits at nine sites:

- Health, Safety and the Environment audits at nine sites: ERAMET Comilog in MARIETTA (USA), ERAMET Norway in KVINESDAL and PORSGRUN (Norway), BMC in Butler (USA), Aubert & Duval Les Ancizes, Issoire and Firminy (with the scope of the audit reduced in the Optimum framework) and lastly ADES Acciai in Italy (pre-certification audit);
- one single Health & Safety audit at the Setrag sites in Gabon.

Following these audits and before leaving the site, the audit team and Management draw up the guiding principles of the Action Plan to deal with any significant anomalies observed, highlighting, if appropriate, any of the other sites' Best Practices that the site could adopt.

Maturity of the "detection-action" initiative in the Alloys Division

Since 2013, the Alloys Division has been rolling out "detection-action" initiatives in its plants. This activity involves taking immediate action when a danger is detected. The objective is twofold: Firstly, it improves the approach to safety by forcing everyone in the plant to consider operations solely in terms of safety, and secondly it enables high-risk situations to be immediately corrected by removing any dangers that exist.

Every employee in the plant is expected to perform one detection-action initiative per week. This led to about 80,000 dangerous situations being identified and immediately dealt with in the Division.

The Alloys Division has now mastered this activity and it will be deployed in the Group's other Divisions.

Special Training Programmes

In addition to the "prescribed" training programmes (handling fire extinguishers, driving handling equipment, basic life-saving skills, prevention of physical activity-related risks, etc.) in recent years the ERAMET group has developed special training programmes for supervisors and/or operators.

The purpose of these modules is to explain and inform the Company's employees about a certain number of topics such as shared definitions for frequently used terms (accident, incident, danger, risk, etc.), accident occurrence methods (risk tolerance), roles and responsibility ("ordinary" and criminal) of supervisors, the rights and duties of operators, statistics, the increasing incidence of behavioural causes in the occurrence of accidents, management tools (BIRD pyramid, safety minute, audits, etc.), occupational health and safety management systems, Prevention Plans for external companies, the employer account, etc.

In 2014, two training sessions were organised for engineers from ERAMET Research and managers from Comilog Gabon and there was one "Executives" session in Libreville for directors from the Manganese Division.

Workstation Risk Analysis

Workstation risk analysis is the mainstay of a properly prioritised prevention policy. Since 2010, stages have been set every year to list all the existing workstations and analyse and assess the risks at the workstations identified. The goal of analysing and assessing risks on 100% of the workstations was practically achieved (97%), taking into account the integration of new sites into the scope of this initiative.

These risk assessments are regularly updated and, in France, they are completed by an evaluation of work hardness at workstations, in accordance with the regulations in force.

Safety campaign

Since 2011, ERAMET has organised a two-three-week safety campaign on a specific theme at each of the Group's sites or entities:

- Starting on 20 June 2011 and lasting two or three weeks, the campaign focused on risk prevention in handling operations, the most common cause of accidents in the Group (almost 40% of our lost time accidents).
- In 2012 (from 10 to 21 April), the aim was to raise awareness and present the theme of working at heights.
- In 2013, the campaign ran from 8 to 20 April and was on the Lock out/Tag out process.
- Lastly, in 2014, two themes were presented: confined spaces and road risks.

Sharing experience

Giving feedback and sharing experiences are essential aspects of risk management because by methodologically analysing accidents and malfunctions we can adjust our understanding and perception of risks and take steps to make the necessary corrections and improvements. They are also learning tools for everyone in the Company involved in operations or risk prevention, calling upon everyone to identify avenues of progress and to implement them, taking account of the various technical, human and organisational aspects.

Since 2012, ERAMET has formalised and expanded experience sharing by setting up:

- a monthly feedback session at Group level, usually based on a serious or significant accident that occurred in the previous month, the conclusions of which are passed on to the H&S network and 250 Group managers;
- systematic feedback drawn up by sites following accidents, incidents, or the implementation of good practices;

- the launching of a specific campaigns in the Alloys Division (duration: one year) during which each site issues good-practice sheets: on techniques used, efficient procedures and organisations, etc. The two 2012-2014 campaigns dealt with handling operations and PPE (personal protective equipment).

Preventing arduous work

In 2010, the French law on retirement made it compulsory to prevent arduous work.

Within this framework, a triennial Group Action Plan on the prevention of arduous work (2012-2014) was drawn up and implemented in mainland France. It aimed at reducing and even removing arduous work factors resulting from notable physical stress or a harsh physical environment, especially those related to handling and noise.

The 2014-40 law of 20 January 2014 re-adopted the provisions concerning arduous work (prevention, traceability, compensation) of previous legislation but in a different form. In particular:

- as from 2015, prevention sheets will only be compulsory in cases of exposure to factors of professional risks, beyond the exposure thresholds laid down in the decree, after the application of collective and individual protective measures;
- the creation of an arduous work account as from January 2015 managed by CARSAT and based on arduous work sheets.

ERAMET group attaches great importance to the prevention of arduous work. Therefore, the workstation assessments and on-site actions are expanded and recorded in the Single Document.

5.8.2 Health and Safety

ERAMET group gives top priority to the health and safety of its employees. This concern applies to all staff, whatever their status, and also to employees from outside companies, visitors and people living close to the operating sites.

There is a Group Health Policy that was adopted in 2007.

ERAMET is determined to gain a detailed, in-depth understanding of all the dangers and potential health hazards related to its activities, in order to remove, prevent or reduce them. The Group also wishes to play an active role in initiatives that promote public health.

The Group's Medical Officer is in charge of coordinating this Health Policy.

In its Sustainable Development policy of 2010, ERAMET reasserts its desire to protect its employees and control the impact of its industrial processes on health and the environment.

5.8.2.1 The Guiding Principles of the Health Policy

- Reducing work-related health risks and the health impact of ERAMET products or industrial activities.
- As regards health, complying with local regulations, current standards, best practices and standards drawn up by the Group.
- Promoting individual and company responsibility in safeguarding health via clear, transparent information on health hazards and suitable preventive measures.
- Actively contributing to scientific work aimed at a better understanding of products and processes and their potential health hazards and ensuring the work leads to concrete preventive measures.

5.8.2.2 Top priority health initiatives

- Making health and working conditions a decisive factor on a day-to-day basis and at all management levels in the same way as safety and the environment.
- Drafting, distributing and applying the standards, guidelines and procedures resulting from the objectives of the Group's Health Policy.
- Preparing a health action plan for each unit making it possible to respond to risk assessments.
- Setting up a monitoring system to quickly detect high-risk situations and recognise health problems that may be related to work. Measuring exposure levels (atmospheric measurements) and ensuring suitable medical monitoring are essential for occupational exposure tracking.
- Continuing the scientific watch and benchmarking on new health warnings and best practices. Actively contributing, particularly within professional organisations, to the development of scientific knowledge on the impact that the Group's activities and products have on health.
- Developing a policy to combat addictive behaviour.
- Identifying arduous workstations and preventing the onset of occupational illnesses (and notably preventing muscle-skeletal disorders).

5.8.2.3 The resources implemented

The Group's health-related initiatives are overseen by the Group Medical Officer and implemented in coordination with the Divisions and sites, through a network of healthcare professionals (doctors, nurses) and HSE (Health, Safety and the Environment) coordinators. The health function also aims to set up strategies for knowledge/skills sharing between the health units and the safety and/or environment units and for making the main operational managers aware of these initiatives. It acts as an interface between occupational health and environmental health aspects and helps draft the health sections of impact studies with regards existing facilities and planned facilities. Health & safety coordinators have been put in place at the Manganese and Alloys Division to facilitate the operational implementation of the Group's action plan.

The Psychosocial Risk Prevention programme was consolidated in 2014. The idea of "helping people adapt to change" was integrated into this programme.

5.8.2.4 Annual and multi-annual objectives within the framework of the Sustainable Development Policy

As part of the implementation of its Sustainable Development policy, the Group has defined annual and multi-annual objectives that integrate health aspects. These objectives were updated for 2014-2016.

5.8.2.5 Tangible initiatives

The Group's determination to ensure early detection of health problems that may be related to production processes has led to improvements in monitoring employees' exposure to chemical risks, in particular, atmospheric measurement and biometrology. Scientific monitoring, benchmarking of new risks and best practices are developed thanks to involvement in professional organisations, national and international conferences and enable occupational health and environmental health to be monitored. All this work enhances the health and safety standards established and shared by the Group.

Knowing the products

ERAMET continued to contribute to work carried out by professional bodies on the enhancement of knowledge.

The work carried out at the IMnI (International Manganese Institute) is scheduled to last five years and focuses on watching for changes to international regulations and anticipating the changes, developing acceptable occupational exposure threshold values and enhancing our knowledge on health.

The Nickel Institute and NIPERA continued to enrich our knowledge and assess the toxicology mechanisms of nickel compounds.

Taking action at sites

Fully aware of its social responsibilities, wherever necessary, ERAMET takes part in the health policies of the countries in which it operates and near its facilities.

- Through its medical, surgical and maternity units, Comilog's Marcel Abéké hospital in Moanda Gabon provides healthcare to the company's employees, to their beneficiaries and to some of the population. Specialist services (in gynaecology and paediatrics) are also provided. Capital expenditure on improvements to the quality of healthcare continued: this year efforts focused on the complete renovation of the testing laboratory premises and equipment.
- In Moanda once again, a full-time occupational health physician has spent two years setting up an occupational healthcare department; the plans for the occupational healthcare centre have been finalised and it will be built in 2015.
- In Owendo (Gabon), Setrag has a dispensary which provides consultations for employees and their beneficiaries thanks to the presence of four medical officers, two of whom are occupational health officers.
- These two establishments have laboratories and provide the medicines needed for treatments. Setrag's care facilities in the stations along the railway line are the subject of agreements with local doctors.
- To combat AIDS, the "GAMMA" plan continued its action in the field of prevention, information, and access to screening and treatments. It has been ongoing in Gabon since 2006. It targets employees and their families at Comilog, Setrag and Sodepal and in 2014 it was extended to the Maboumine project.

  This plan is part of a public-private partnership with government health organisations and is in line with the National Plan to combat AIDS.

  More than three hundred and fifty people suffering from HIV are given health care support and kept in employment.
- Following the recommendations of AEDES [European Agency for Development and Health] and in the framework of the 8th FED SYSMIN, Comilog conducted a series of epidemiological studies in Moanda in 2014, in order to assess the potential impact of its mining and industrial activities on the health of surrounding populations.

  All the stages of this unprecedented study were approved by Gabonese Ministry of Health and by the Moanda Consultation Framework that brings together all the stakeholders. The results will be published at the beginning of 2015.
- The Medfit programme has been ongoing since 2008. About 400 people in the Group benefited from it. It provides travellers and ERAMET expatriates with very comprehensive medical surveillance that covers travel-related problems. This programme now includes personal, confidential electronic files which employees can access from anywhere in the world via the Internet. At the same time, the Group's Safety Manager and Medical Officer have started to give health & safety training sessions.

  An e-learning programme on the prevention of malaria risks was developed and rolled out in the Group in 2014.
- Initiatives aimed at managing Carcinogenic, Mutagenic and Reprotoxic (CMR) products and Hazardous Chemical Agents were continued. In France, all the sites acquired CHEMHYSS, the software programme that manages chemicals. The Group's main priorities remain the same: finalise inventories, establish characterisation of exposure situations, a policy of introduction and substitution, traceability. Moreover, an e-learning training programme was developed and roll-out started at the end of 2014.

5.8.2.6 Asbestos-related Risks

As regards environmental asbestos, the Group continued to work with other mining companies in New Caledonia to ensure that the new national rules introduced in May 2011 are implemented in a consistent, coherent manner. An "Asbestos Committee" was set up including a sector on healthcare which groups together the doctors and healthcare professionals from the companies concerned. It aims to reach a consensus on medical surveillance and post-occupational monitoring of all the potentially exposed employees.

At the Weda Bay Nickel project in Indonesia, ERAMET adopted the same approach, despite the absence of statutory obligations.

The Group has a central in-house unit which tracks all cases of occupational illnesses and, in particular, those related to asbestos. It can prove that none of its industrial sites have ever produced or transformed asbestos nor sold materials that are fully or partly made of asbestos. This material has never been a raw material for the Company but only a constituent of some of the materials used in its heat transfer equipment.

For example, heat-resistant materials containing asbestos, used in the past at the Les Ancizes site, represented less than 1% of all heat-resistant materials used at the site.

In line with applicable regulations, most notably in France, technical asbestos audits were carried out by approved inspectors at all the Group's industrial sites, and the audit findings and recommendations have been used to prepare detailed action plans.

A survey carried out at ERAMET's French sites (including New Caledonia) covering the past five years revealed 90 cases of asbestos-related occupational illnesses, primarily pleural plaques and pleural thickening (80%), 23 of which were recognised and attributed to Group companies. 19 actions for gross negligence were filed during this period. Provisions for asbestos-related risks have been recognised based on the compensation typically awarded in such cases.

5.8.3 Security

The security function was created in 2012. It is responsible for protecting the Group's activities both in France and abroad.

Within this framework, the Security Department helps the Executive Committee and the operational managers protect:

- the Group's employees whether they are expatriates, local residents or away on business;
- facilities for which the Group is responsible;
- physical and intellectual property and sensitive information.

Initiatives taken in 2014

In 2014, ERAMET introduced a regulatory policy on work-related travel which is based on a software programme that centralises data on the employees' missions. By registering their trips on the dedicated site, employees receive practical recommendations on their country of destination before they leave. During their trip, and if the situation so requires, the Security Department can act quickly and take appropriate protective measures.

At the same time, a protection coordinator has been put in place in the countries and regions where the security situation and the activities of ERAMET group justify this (Mexico, Gabon, Senegal, South Africa, Indonesia, and New Caledonia). The protection coordinator is responsible for relaying and implementing the action specified by the Group's Security Department.

Lastly, as part of its plan to protect facilities in France, ERAMET started the certification process for an Authorised Economic Operator (AEO) in the field of security. The AEO certifying body will come and validate the measures taken on the sites, i.e. access control, boundary control, intrusion detection and security.

5.9 HUMAN RESOURCES

5.9.1 The Group's Human Resources Policy

The ERAMET group feels that the men and women in its community are the leading factors that drive its performance. They are responsible for the strength of the customer relationship, which is at the heart of the Group's business development. They are responsible for future growth driven by enhanced technological leadership and on the most comprehensive possible demonstration of their managerial and technical capabilities. Lastly, they are responsible for controlling the management and operational excellence in each Division.

The ERAMET group's Human Resources strategy is an adaptation of the strategy adopted by the Group to deal with its challenges. It is based on six main strategic objectives:

1. Identify, attract, retain and develop talented people, reflected in our will to diversify our talent pool and make it more international, with more women in managerial positions, develop local talent, anticipate skills that will be required, develop cross-functionality, versatility and mobility to provide staff for our projects and absorb cycles, prepare tomorrow's leaders, develop and pass on skills.
2. Develop and recognise performance that creates value by ensuring that a performance process is implemented and managed, supporting employees' performance and strengthening the relation between pay and performance: basic, variable and long-term pay.
3. Strengthen managerial skills, define and promote the role of management by associating it and training it to manage its teams.
4. Help implement an employee-friendly working environment that complies with Group values by aiming for 'zero accidents', by promoting well-being at work illustrated by equality, transparency, exemplary management, ethics and the observance of the Group values, by active management of issues related to Occupational Health, the implementation on all sites of national regulations and ILO directives, and by ensuring our employees benefit from social protection to cover major risks while maintaining our competitiveness.
5. Develop and promote constructive relations with social partners by ensuring the implementation of a decentralised but coordinated approach anchored to the economic realities of companies and sites, by promoting transparent and continuous dialogue, by ensuring that systems and organisations evolve and by being exemplary in the handling of social issues.
6. Develop the operational excellence of the HR function, by acquiring efficient an appropriate tools, by presenting a clear and legible organisation that serves its in-house clients, by placing the HR function at the heart of strategic and business objectives.

While ERAMET has a very marked international dimension (more than 62% of its workforce works outside mainland France), the Group also relies on subsidiaries which are highly present and well-known locally. The Group's human resources management is thus decentralised but it is still based on unifying principles and tools that are shared by all Group companies and sites.

ERAMET group's social policy clearly reflects its desire for:

- strong Group management involvement (information and discussion seminars, development courses, meetings with Group and company managers, intra and inter-divisional career development and mobility);
- employee involvement in the life of their Company and Group via regular, clear information (regularly distributed company and site newsletters, Group intranet, induction days for new recruits);
- dialogue with social partners, both formally (remuneration policy, training, welfare and employment management) and on a day-to-day basis on sites.

5.9.2 Employment

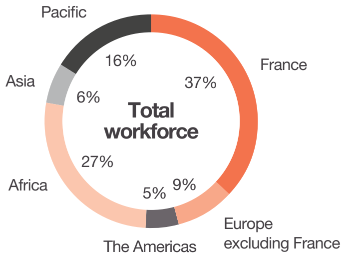
5.9.2.1 Total workforce and geographic breakdown

On 31 December 2014, the Group employed 13,992 employees in 21 countries, compared with 14,026 employees on 31 December 2013. The HR reporting in force within the Group concerns the consolidated workforce and the managed workforce [1]. The CSR report covers seven additional companies (TiZir Londres, Sodepal, Erasteel India, Maboumine, Metallied Irun, ERAMET Alloys UK, Erasteel Terrassa), representing 113 more employees.

Workforce on 31 December 2014 (open-ended and fixed-term contracts)

	2014	2013	2012	Breakdown in 2014
France	5,171	5,368	5,321	37%
Europe ex. France	1,345	1,370	1,392	10%
The Americas	665	693	732	5%
Africa	3,747	3,331	3,188	26%
Asia	854	1,045	1,476	6%
Pacific	2,210	2,219	2,244	16%
TOTAL	**13,992**	**14,026**	**14,353**	**100%**

Total workforce in 2014 by geographical area



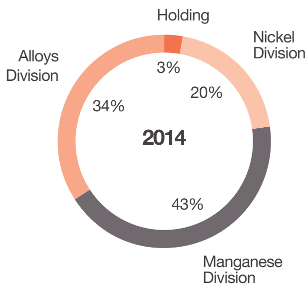
5.9.2.2 Breakdown of total workforce by Division

Between 2013 and 2014, the listed workforce remained stable in the Alloys Division, rose in the Manganese Division which had reinforced its activities particularly in Africa and dropped in the Nickel Division, particularly on its sites in Asia. The decision to freeze the recruitment of managerial staff had an impact, especially in the Holding company where their numbers fell.

Workforce per Division

	2014	2013	2012	Breakdown in 2014
Holding company	455	514	476	3%
Nickel Division	2,809	2,974	2,999	20%
Manganese Division	5,982	5,673	6,021	43%
Alloys Division	4,746	4,865	4,857	34%
TOTAL	**13,992**	**14,026**	**14,353**	**100%**

Total workforce in 2014 by Division



(1) *AD Gennevilliers, ADES, Aubert & Duval, Aubert & Duval Deutschland GmbH, Aubert & Duval Moulds & Die Technology (ADMDT), Aubert & Duval Special Steels GmbH, Aubert & Duval TAF, Bear Metallurgical Corp., Brown Europe Laval-de-Cère, CFED Hong Kong, Comilog Dunkerque, Comilog International, Comilog SA, Construction de Moules Métalliques (CMM), Erachem Comilog, Erachem Mexico, Eralloys Holding Norway, ERAMET Alliages, ERAMET Comilog Manganese, ERAMET Comilog Shanghai Consultancy Services (ECSCS), ERAMET Comilog Shanghai Trading (ECST), ERAMET Holding, ERAMET India Private Limited, ERAMET Ingénierie, ERAMET International, ERAMET Latin America, ERAMET Marietta, ERAMET Nickel, ERAMET North America, ERAMET Norway, ERAMET Research, ERAMET Titanium & Iron (ETI) Eramine, Erasteel GmbH, Erasteel Inc., Erasteel Kloster, Erasteel Stubs, Erasteel Trading Co. Ltd, Eurotungstene Poudres, Forges de Monplaisir, Grande Côte Opérations—TiZir, Guangxi ERAMET Comilog Chemical (GECC), Guilin Comilog Ferro Alloys Ltd, Gulf Chemical & Metallurgical, Interforge, PT Weda Bay Nickel, Setrag, SLN, Somivab, SUPA, Ukad, Valdi.*

5.9.2.3 Breakdown of total workforce by type of employment contract

On 31 December 2014, 91% of the Group's employees had open-ended contracts.

The technical nature of mining and metallurgical jobs calls for a long period of professional training, and very little use is made of short-term contracts.

30% of the fixed-term contracts concerned Asia where this type of contract is more widespread and corresponds to modes of management that are specific to this region.

Employees on fixed-term contracts within the Group have the same social entitlements and benefits (insurance schemes, healthcare costs, profit-sharing, etc.,) as employees on open-ended contracts.

Workforce by type of employment contract

	2014	2013	2012	Breakdown in 2014
Open-ended contracts	12,763	13,079	13,018	91%
Fixed-term contracts	1,229	947	1,335	9%
TOTAL	**13,992**	**14,026**	**14,353**	**100%**
Temporary staff *(full-time equivalent)*	1,137	2,557	902	

5.9.2.4 Breakdown of total workforce by socio-professional category

ERAMET has extended the French notion of socio-professional category 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)*

Workforce by socio-professional category

	2014	2013	2012
Workers	54%	52%	55%
Supervisory staff	32%	34%	32%
Management	14%	14%	13%

5.9.2.5 Average age and age pyramid

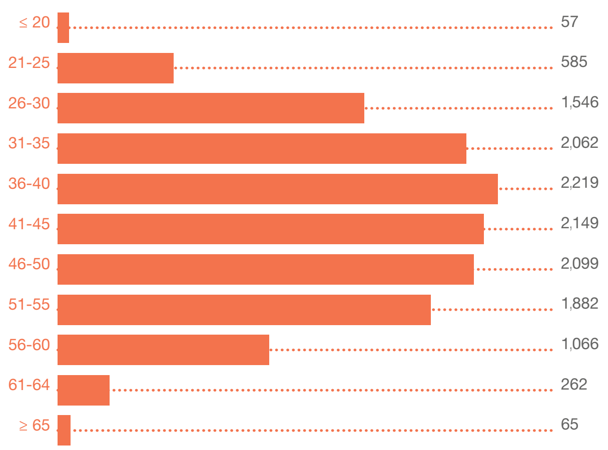
The average age of employees in the Group was 43.5 on 31 December 2014.

Workers	Supervisory staff	Management
41.2	44	45

Employees aged 50 and over accounted for 23% of the total workforce and those aged 30 or under a little over 16% of the total workforce.

ERAMET keeps a close watch on changes to the managers age pyramid, in order to anticipate the retirement of its key members of staff. Since the People Review process was set up locally, in Divisions and at Group level, ERAMET has access to updated succession plans every year for all its key positions.

Group age pyramid



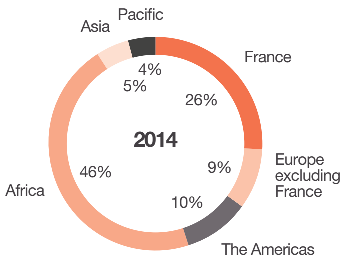
5.9.2.6 Recruitment

Companies in the Group recruited 1,405 employees in 2014 (excluding transfers between companies), up 5.5% compared with 2013. The number of recruits increased by 90% in Africa following the start of operations at the Moanda Metallurgy Complex. With the exception of this area, the number of recruits fell by about 20% in all the other geographic areas in which the Group operates. Since the summer of 2013, the Group has stopped recruiting managerial staff from outside the Group and has actively encouraged internal mobility.

New recruits by geographic region (excluding transfers between Group companies)

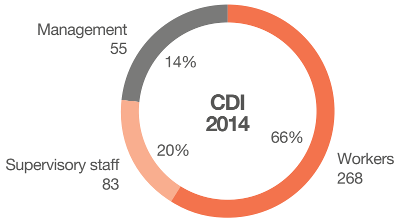
	2014	2013	2012
France	362	503	621
Europe ex. France	127	115	266
The Americas	136	145	62
Africa	654	359	421
Asia	74	126	122
Pacific	52	82	91
TOTAL	**1,405**	**1,330**	**1,665**

New recruits in 2014



The recruitment of employees on open-ended contracts can be broken down into the following professional categories:

Recruitment of staff on open-ended contracts in 2014



Since 1 January 2013, ERAMET has particularly followed the recruitment of employees on open-ended contracts aged under 30 and over 55.

	Recruitment of staff on open-ended contracts in 2014	
	< 30	> 55
TOTAL	**195**	**25**
Total percentage of employees recruited on open-ended contracts	79%	6%

5.9.2.7 Departures

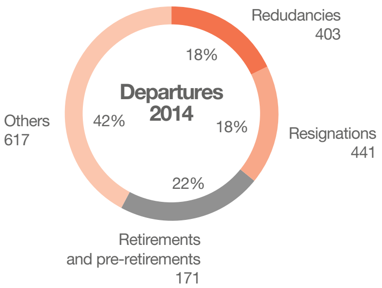
The total number of departures (this notion encompasses resignations, redundancies, retirements, contract termination by mutual consent, but does not include transfers within the Group) in 2014 reached 1,410, including 314 resignations (22% of departures), 252 redundancies (18% of departures) and 249 retirements (18% of departures).

Departures by geographic area (excluding transfers within the Group)

	2014	2013	2012
France	540	439	469
Europe ex. France	149	134	121
The Americas	168	199	63
Africa	221	208	114
Asia	265	551	788
Pacific	67	101	134
TOTAL	**1,410**	**1,632**	**1,780**

Breakdown of the reasons for the departures

Departures in 2014



5.9.3 Work organisation

5.9.3.1 Working hours

The types of working-hour organisation vary by company, their type of business and locations and are defined to match business needs and employee preferences as much possible. Wherever it operates, the ERAMET group complies with applicable legislation on working hours. For reference, working hours are as follows:

- in mainland France: 35 hours per week;
- in Norway: 37.5 hours per week;
- in New Caledonia: 37.5 hours per week;
- in Chine, Gabon, the United States, Sweden: 40 hours per five-day week.

Part-time workers

There are part-time employment contracts in many of the countries in which the Group operates. The workforce concerned by this type of contract represents 1.7% of the total workforce, all categories of staff taken together.

On 31 December 2014, 235 people had part-time employment contracts, two-thirds of whom were women.

76% of these part-time employees, i.e. 178 people, work in France and represent 3.5% of the total workforce in mainland France.

5.9.3.2 Work Organisation

In 2014, 57% of the employees worked daytime hours while 43% worked on shifts.

5.9.3.3 Absenteeism (data from the CSR survey)

The average rate of absenteeism in the Group was 4.3% in 2014. Out of the 26 French sites, only one had a rate lower than 1.5%, two had a rate higher than 7.5%. The average rate in France was 4.43%. In the rest of Europe, the average rate was 3.52% with fluctuations of 0.5% to 7%. In the Americas, the rate was about 1.6%. In Africa, the average rate was 2.12% with a range of between 0.72% and 5.75%. The average rate in Asia was lower than the Group's rate with a range of between 0.55% and 7.8%. The average rate in Pacific area was 5.79%.

5.9.4 A fair and competitive remuneration policy

Employee expertise and level of responsibility are remunerated with a fixed salary in line with past experience and the practice of each business in the sector. The Group's remuneration policy aims to be equitable and competitive but also tailored to the specific local factors of the country in which activities are carried on.

One in two executives has variable individual remuneration arrangements based on annual quantitative and qualitative objectives. The Group provides a common framework for setting and assessing annual objectives.

Remuneration arrangements based on collective results may exist in some countries; they can be legal arrangements (profit-sharing schemes in France, etc.) or voluntary arrangements set up by the Group according to local practices (incentive plans based on company results, collective saving plans).

Profit-sharing schemes are often based on negotiated criteria related to safety, the environment and the Company's activity. Depending on the arrangements in force, these bonuses can be invested in saving schemes offering advantageous terms. In 2014, one in two employees was entitled to variable collective compensation.

Surveys on remuneration are carried out each year to assess the competitiveness of the remuneration packages offered by the Group in relation to those offered by companies working in the same business sectors.

In each country in which the Group operates, the remuneration policy is designed to reward performance while adapting to the local environment.

5.9.4.1 Personnel—payroll charges

Salaries account for the main part of employee remuneration.

En 2014, the gross annual payroll for ERAMET group amounted to €643 million.

Over 5,500 employees, i.e. 39% of the workforce, had their fixed salary increased in 2014, either via a general increase or via an individual performance-related increase.

5.9.4.2 Employee benefits

In line with Group agreements on staff provident schemes for major risks and unforeseen events, the ERAMET group wants all mainland France employees to benefit from supplementary healthcare cover. In France, a new collective agreement was signed in July 2014 by all the employee representative bodies. These new provisions ensure the sustainability of the healthcare plan, by balancing the accounts and giving the plan an interdependent, collective and family character. The Company pays the health insurance contributions of employees leaving the Company and becoming affiliated to *Pôle Emploi* (the French employment agency). This portability enables former employees to enjoy the same guarantees as active employees for a period of one year.

Provisions have been recorded for all pensions, severance compensation, medical coverage, staff provident schemes and other benefits for working or retired personnel in line with current practices in each country.

Provisions are also recorded for the portion not covered by insurance companies or pension funds, particularly for US and Norwegian companies (generally defined-benefit plans). The liabilities under these specific plans are in the USA (42%), Norway (17%), New Caledonia (7%) and in France (very old specific plans which are now closed). The other plans are defined contribution plans whereby employer contributions are expensed in the period to which they relate. Details of the main assumptions used to calculate these liabilities are set out in the consolidated financial statements.

Finally, a supplementary pension plan for a group of managers has also been fully provided for. On 31 December 2014, the estimated actuarial value of the plan for active recipients was €52.3 million.

5.9.4.3 Employee share ownership

In an effort to develop a sense of Group belonging, in places in which it operates, and to share the value created, in 2009, the ERAMET group decided to implement worldwide bonus share plans. This plan, called EraShare, originally consisted in granting five bonus shares to each Group employee, regardless of the country, Division, job or level of responsibility.

Since July 2011 in France and Italy, and since July 2013 in other countries, employees have been entitled to all rights associated with ERAMET shares, including voting rights and dividend entitlement. An information leaflet on EraShare was also prepared in the nine languages used within the Group to support the worldwide implementation of the arrangement.

Five new plans to allocate bonus shares were implemented in 2010, 2011, 2012, 2013 and 2014 involving the same scope, and allowing two extra shares to be allocated to over 14,000 employees each year.

5.9.4.4 Employee profit-sharing scheme

In mainland France and New Caledonia, discretionary profit-sharing agreements are regularly negotiated and signed with the social partners. They supplement any regulatory provisions on profit-sharing. The discretionary profit-share is paid to employees with over three months' service on 31 December broken down into a fixed standard amount and a portion that depends on the reference gross annual remuneration. In 2014, the Group's Human Resources Department specified in a framework memorandum the three elements that ERAMET group wishes to find in the renewed agreements, as from 2014:

- the Group's financial income;
- the entity's financial income;
- the entity's specific operational progress criteria (security criteria, service rate, reject rate, WCR variation, etc.).

In 2014, eleven of the Group's companies in France and New Caledonia made profit-sharing payments for 2013. Thus, €15.9 million was paid to the beneficiaries concerned (gross amount).

5.9.4.5 Employee savings plan

In mainland France and New Caledonia, ERAMET group employees can sign up to a Company Savings Plan to set up salary savings. The sums paid under mandatory and discretionary profit-sharing schemes may also be paid in, as well as voluntary payments made monthly or on a one-off basis by employees. Group companies participate in the savings plan through a top-up to the sums paid by employees (the arrangements for paying the top-up vary from company to company).

A range of diversified employee shareholding funds (*Fonds Communs de Placement d'Entreprise* or FCPE) is offered to the Group's employees. There is also a collective pension fund scheme (*Plan d'Épargne Retraite Collectif* or PERCO).

On 31 December 2014, 6,240 employees and former employees of ERAMET in France had an Employee Savings Plan, with total assets of about €69 million, i.e. approximately €11,160 per saver. All the assets are broken down as follows—92% in the FCPE and 8% in the PERCO. In 2014, the Group's French companies paid approximately €2.6 million top-up money (gross amount) into the Group's Employee Savings Plan (PEG) and the PERCO, i.e. an average of €845 for each employee who paid into the plan (there were 3,128 in 2014).

5.9.5 Social dialogue on the Group's performance improvement objectives

Industrial Relations are coordinated at corporate level to ensure the traceability and follow-up of ongoing negotiations, the agreements reached (122 worldwide) and the social environment. Regular reporting is carried out via performance indicators, and regular or theme-based coordinated exchanges between sites on current and shared topics.

Moreover, agreements are negotiated and followed up in a centralised manner with trade unions in mainland France in order to ensure that they are implemented consistently at all the sites, particularly those related to employee benefits (healthcare costs, provident schemes, employee saving plans), safety and professional equality.

Lastly, via the European Works Council with its 34 elected representatives from France, Norway, Belgium and Sweden and the Group Works Council with its 32 elected representatives from mainland France and New Caledonia, it is possible to communicate with social partners and discuss the Group's outlook, the developments and projects and to answer their questions.

The Group's economic and financial results in 2013 and the uncertain outlook in many markets have led Management at corporate level, in subsidiaries and on sites to pursue and intensify their programmes to improve competitiveness, streamline organisations and reduce their overheads.

Faced with the continuing low price of nickel on international markets, the Nickel Division made numerous adjustments:

- its Weda Bay Project in Indonesia was put on standby, leading to the demobilisation of the project teams and the resizing of local teams from its subsidiary PT Weda Bay Nickel;
- industrial activities at the Sandouville site were reoriented to high-value-added production and the ensuing reduction in the level of production;
- ambitious action to improve the competitiveness and productivity at the SLN in New Caledonia was pursued;
- active participation in plans to streamline the organisation at head office.

At each stage of these developments, social partners, employee representative bodies (Works Council and Central Works Council) and representative Trade Unions were closely associated with the risk analysis and the stakes and were regularly consulted on each of the scopes concerned. Firstly, this enabled us to obtain favourable opinions on the reorganisation and secondly to ensure that the Division's improvement objectives are met. Within this context, specific appraisals were conducted by the site's Works Council and ERAMET's Central Works Council to analyse and assess the changing industrial situation at the Sandouville site, the outlook and the reorganisation needed to ensure its sustainability.

The Manganese Division took action at all of its business units according to the situation of each of its markets and within specific local contexts:

- The Ore and Alloys Business Unit pursued and intensified its action to enhance productivity and reliability:
  - in Gabon both in its subsidiary Comilog and in Setrag (improving the railway service and enhancing the logistics of ore transportation are major objectives),
  - in China by adapting production to market constraints and by adjusting the workforce at its Manganese Alloys plant in New Guilin,
  - reducing overheads by grouping ENA sales teams from Pittsburgh at the industrial site of Marietta in the United States,
  - in Norway by continually adapting its organisation;
- The Manganese Chemistry Business Unit, with its long-term commitment to the improvement process, pursued its action in Belgium and Mexico;
- The Recycling Business Unit pursued its objectives of recapturing market share in America.

Taking account of its local context, each entity and Business Unit, accompanied its action with specific social dialogue with its trade unions.

The Alloys Division continued to take action to improve its economic ratios, its customer service rate and its industrial organisation:

- On behalf of its subsidiary Aubert & Duval, the Management of Aubert & Duval undertook a major plan to improve its processes and reduce its overheads, therefore it conducted a very intensive communication and consultation process with its social partners within the framework of a Job-Saving Plan and, on 26 June 2014, it signed a majority agreement on social measures with all the Representative Trade Unions;
- A major industrial transformation project at ERASTEEL, involving a reduction in its workforce, was launched at the end of 2014. Discussions and consultations have started with employee representative bodies (Works Council and Health, Safety and Working Conditions Committee) alongside negotiations with Representative Trade Unions.

Lastly, a programme called Optimum was launched to improve performance and reduce costs. It concerns Group management, Division Management, R&D and Engineering. This programme aims to simplify, harmonise and rationalise operating procedures, in relation to the Group's changing outlook and the number of projects under study.

This programme involves reducing the workforce and reorganising corporate, research and engineering activities.

Within this context, the Works Council, the Central Works Council, and the Health, Safety and Working Conditions Committee were very involved in the Information and consultation processes and the Trade Unions Organisations took part in the negotiations, enabling an agreement to be reached on the central negotiation process and methods and thus a framework for the proceedings.

5.9.5.1 A wage restraint policy

The Group's financial position has restricted the 2014 wage policy, especially in the Nickel Division, head offices and some subsidiaries where a wage freeze has been applied. Changes in the other entities have remained very controlled.

5.9.5.2 Consolidating the social policy

In 2014, in addition to the agreements signed as part of the information and consultation procedures on reorganisation projects, the Group's social policy was consolidated through adaptations of the arrangements in force, and in consultation with the trade union organisations.

Thus, negotiations concerning mainland France led to:

- compliance of provisions and guarantees in the Agreement on Healthcare Costs in France was ensured to minimise the impact of evolving contributions;
- numerous profit-sharing agreements that had reached maturity in mainland France were negotiated.

In the framework of joint monitoring committees, discussions with trade unions continued on subjects like employee savings plans, the quality of life at work, the prevention of difficult working conditions, gender equality, etc.

5.9.5.3 Changes affecting governance

In accordance with the French law on job security, there was a change in the representation of the workforce on the Board of Directors which integrated two women employee Board members who were appointed by the Company Works Council of ERAMET SA and by the European Works Council.

It should also be noted that a consultation was carried out on the Company's Strategic Priorities with the Company Works Council of ERAMET SA, the parent company, and the Social and Economic Database was deployed.

This consultation and these new tools help improve the knowledge of the Company and Group and share the necessary information to enable social partners to perform their duties.

5.9.6 Employee development and career management

5.9.6.1 The process of career management

ERAMET has always paid particular attention to the development of its employees. Respecting people and developing their potential is one of the Group's values and is the first objective of its HR Strategy. With the freeze on outside recruitments introduced in the Group in July 2013 and the current restructuring operations, the advantages of our internal mobility and career development processes are even more evident.

ERAMET formalised and provided information on career management and the roles and responsibilities of each person.

The "Career Development and Mobility Charter" defines everyone's roles and responsibilities (employee, Manager and HR) so that the development and progress of people's careers can be promoted and encouraged in a clear, precise and shared framework using tools and processes.

It emphasises the importance of encouraging employees to take initiatives and be proactive in their own career development.

A brochure called *"Parcours: Carnet de route"* (careers—a roadmap) has been in wide circulation for two years. It illustrated the Charter's essential points via examples and testimonies from employees.

This "Roadmap", given to all the Group's managers, explains the basic aspects of the Charter, describes the tools and processes available for career development and above all shows the managers the vast range of opportunities and progressions possible via testimonies and examples.

To ensure this career development plan is implemented in an optimal manner, management processes are set up and coordinated throughout the year.

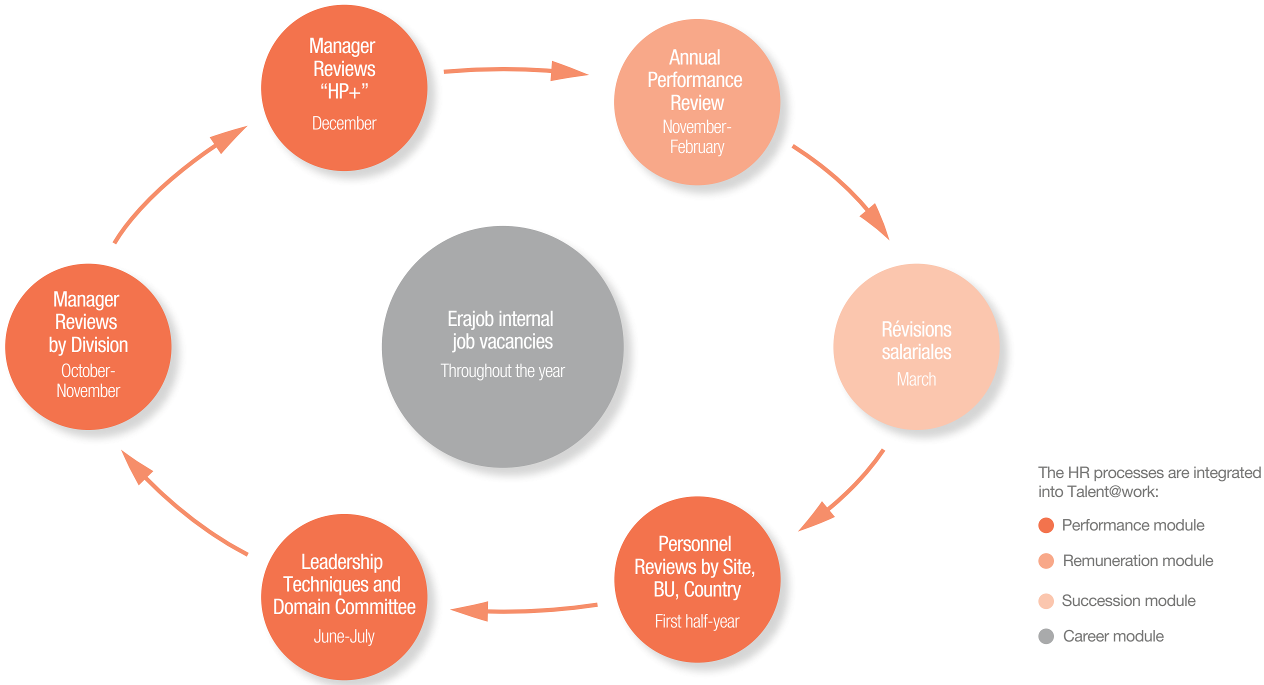
Annual Performance Reviews (APR) enable mobility wishes to be collected and taken into account at the monthly HR network meetings and the "People Reviews". These Manager Reviews are organised in the sites, Business Units, entities and countries. They aim to identify people who need to progress, to discover their potential, etc.

Other meetings are organised half way through the year, for each type of job (leadership techniques and job committees). These needs for progression are reviewed in a cross-departmental manner, and the medium-term needs and resources are assessed for each type of job.

These exchanges are consolidated in each Division at the Divisional Manager Reviews held at the end of the year, thus enabling concrete suggestions to be made at the Annual Performance Reviews.

A review of executives and key Group positions was held at the end of the year with the COMEX.

Reports are drawn up and the Talent@Work Succession module is used to record these career prospects.



5.9.6.2 A training module on recruitment/mobility for Managers and HR

To help Managers fulfil their role as career managers, a **training module on recruitment and mobility** was set up in the framework of **IMaGE**.

This module trains managers and HR to conduct job interview using the same tools, to choose people in an objective and transparent manner, to provide good-quality feedback to internal and external applicants.

This training is also based on the **"Recruitment" module** developed in Talent@Work which raises participants' awareness on subjects related to **non-discrimination**.

5.9.6.3 ERAJOB 2.0 and the Career Module

ERAJOB (the Group's internal job exchange) was re-developed in 2012 on the Human Resources Information System "Talent@Work": ERAJOB 2.0. The job offers are available via the Career module so people can apply online, transfer a job offer to another person, set up alerts for specific jobs, etc.

Due to the Group's difficulties, a measure to freeze the outside recruitment of managers on open-ended contracts has been in force since July 2013. However, special dispensations can be obtained upon approval from the COMEX.

A **Recruitment module** has also been developed in Talent@Work, enabling HR and managers in charge of an internal or external recruitment to follow the process, from the moment a position is defined to the moment it is filled.

5.9.6.4 Training

The different training modules designed within IMaGE (ERAMET group's Management Institute) are intended for Group employees:

- to encourage their integration by giving them the keys to understanding the Group's processes of organisation and management;
- to develop the Group's managers by giving them access to technical and managerial programmes;
- to encourage participants to exchange best practices;
- to build development courses.

Integrating and improving know-how, raising awareness of specific risks, sharing experience and best practices, developing a cross-company approach at Group level, promoting the application of managerial methods and reaffirming the Group's expertise and its technical leadership—these are the challenges for the training programmes that are undertaken by the Group annually at all its sites.

As regards the vocational training of its employees, the ERAMET group prioritises training that focuses, firstly, on safety and, secondly, on the development of technical skills giving employees a better understanding of processes and their environment.

In 2014, IMaGE (ERAMET group's Management Institute) provided about 10,000 hours of training. 916 people followed these various training programmes in 2014. This school now offers several training courses aimed at integrating and developing managerial staff.

The courses aimed at improving managerial skills, designed in 2012, were adjusted to enable two programmes ("Basic Management" and "Performance Based Management") to be more in line with the rationale behind managerial training.

As is the case every year, the ERAMET Discovery Days brought together about sixty participants from all over the world who had joined the Group that year or who wanted to learn more about the organisation of the Group, its major projects and its strategy.

More than 20 Group executives and managers attended the 11th session of the ERAMET Leaders Program lasting one week. Since 2006, 220 executives have taken part in this programme which allows them to create a network, improve their knowledge of the Group, discuss strategic development policies with senior management, etc.

The Group's executive development programme will be organised once again in 2015 for the third group. The ERAMET Executive Development Program is a twelve-day course given in English in partnership with Duke Corporate Education. It aims to enhance the participants' leadership skills and prepare them for their career within the Group. The third group to do this course will do their first session in Paris (five days in the classroom) and go on a Learning Trip abroad (seven days).

In 2014, a training module on Continuous Improvement and Change Management was also developed. Its roll-out started in 2014 and will continue in 2015.

At the SLN in New Caledonia, over 160 staff received training in continuous performance improvement with specific focus on the reliability of equipment.

The Alloys Division put a great deal of effort into training the Change Leaders appointed at all its sites. The subjects included Mini Transformations, Optimising technical Expenses and Flow Design.

The Manganese Division focused its attention on training employees at Comilog in Gabon, particularly in terms of change management (operational performance project) and also provided training to teams starting up the new facilities at the CMM.

New training modules were created in 2014 and were added to the IMaGE training catalogue, e.g. the penal liability of directors.

Emphasis was placed on developing e-learning training courses by rolling out a LMS (Learning Management System) in the Human Resources Information System (Talent@Work) to enable the distribution of these courses and allow people to acquire an authoring tool to design the content of these new on-line training courses.

There are now e-learning courses on the prevention of malaria and the prevention of chemical risks. Other subjects are to be developed in 2015.

Altogether, in 2014, ERAMET group employees received more than 374,500 hours of training, [1] i.e. about 27 hours of training per employee for the year. Thus, more than 11,200 employees, [1] i.e. 79% of the total workforce, received training in 2014.

5.9.6.5 Performance monitoring

There are three aspects to successful mobility and career development:

- good performance in the job;
- the existence of an opportunity;
- the desire to demonstrate mobility functionally and/or geographically.

(1) Data extracted from the HR annual questionnaire completed by Group entities on a declaratory basis.

Therefore, the Annual Performance Review (APR) is an important opportunity for employees to talk to their direct superiors about their performance, reaching their goals, determining the roadmap for the coming year and also their wishes as regards mobility.

The dedicated Talent@Work form is then completed with details from the APR. Thus, the details expressed are extracted and processed by the HR, as part of the People Reviews for example.

For several years, all members of Group management have had an Annual Performance Review, during which their performance is evaluated in relation to the goals set for the elapsed year alongside application of the values of the ERAMET group.

In 2014, more than 5,616 managerial and non-managerial staff had annual performance reviews. Indeed, many sites have started to extend the benefits of this system to non-managerial staff.

The document used for the Annual Performance Review (APR) was modified to integrate the roll-out of a new Goal Management module. Indeed, following the commitment survey, and in an effort to better monitor and assess performance, the working group in charge of performance decided to implement this module which enables managers to follow the progress of goals set for their teams, adjusting them if necessary, and using this tool for mid-year reviews, etc.

The widespread use of the APR form in Talent@Work has now considerably improved access to information on staff mobility requests and ensured that these requests are better taken into account in career management and people reviews and has optimised the follow-up.

In 2014, a programme on how to identify and assess talent potential was organised at the initiative of the Manganese Division in Gabon. This programme was used to train the Comilog Management Committee in methodology and to carry out an assessment campaign. The HR network of entities in Gabon also received training.

The OPTIMUM project aimed at improving performance at the Group's Head Offices and support departments identified current areas for improvement based on training, recruitment management, etc.

5.9.7 Equal opportunities – Measures to promote non-discrimination and diversity

5.9.7.1 Ensuring gender equality

Currently, 15% of the Group's total workforce is female, and more specifically: 7% of operators, 25% of supervisors, technicians and workers and 20% of managers are women.

% of women in total workforce	15%
% of women in managerial positions	20%
% of women hired on open-ended contracts in 2014	14%
% of women hired as managers on open-ended contracts in 2014	22%

All Group entities are striving to take initiatives to promote the employment of women even in jobs that, in the past, have usually been held by men.

Therefore, efforts are being made locally to encourage secondary and high school pupils and students to consider technical careers. Premises are being adapted to integrate the needs of female staff (changing rooms), and equal gender measures are being introduced in the collective agreements signed at many of the sites in mainland France. Moreover, Aubert & Duval was awarded the Diversity Label by AFNOR for the implementation of a managerial process to prevent discrimination and promote diversity at its Heyrieux site. The Alloys Division is also committed to hiring women to carry out machining jobs.

Initiatives to prevent discrimination are also taken in the United States, at the ERAMET Marietta Inc. site for example, where a course on diversity and anti-harassment is given every year to raise awareness.

In Gabon, during the campaign to recruit employees for the CMM's new industrial facilities, efforts were made to recruit women, who represent almost 25% of this unit's workforce. In 2013, women accounted for 14% of Comilog's workforce and in 2014, this figure rose to 17%.

5.9.7.2 Life-work balance

In mainland France, the Group continued its efforts to raise team awareness on Psycho-Social Risks via the ZEPHYR programme which was introduced three years ago.

This matter is also addressed during the Annual Performance Reviews. Indeed, during this special annual meeting, some of the interview between the employee and his/her manager is devoted to the organisation of work, the workload and the life-work balance.

In this field, the Group also encourages a certain number of local initiatives of different natures but all aimed at promoting this essential balance: sabbatical leaves were granted to employees wanting to pursue personal projects, teleworking measures were introduced for employees encountering personal problems, measures to facilitate parenthood were also introduced at some sites: the organisation of working time, the allocation of CESU cheques (cheques for universal employment services) to pay for home helps (child-minders, homework helpers, cleaners, etc.).

5.9.7.3 Employment and integration of disabled people

ERAMET group strives to employ and integrate disabled people.

The Group employs 215 disabled people (data from the CSR survey). This figure is probably an under-estimation because regulations in some States do not allow the number of disabled people to be counted.

At most of the Group's sites, different initiatives are undertaken to encourage the employment of disabled people: adapting premises, access points and workstations, organising awareness-raising campaigns, funding hearing aids, contributing to organisations and associations that help disabled people and at Aubert & Duval in Les Ancizes, there is even a firm that comes to the site two days a month to provide support and enable disabled employees to remain in work.

Work is also subcontracted out to sheltered workshops and associations that employ disabled people. Many of the Group's sites also address the issue of accessibility to premises.

On 18 November 2014, the Handicap mission made up of representatives from the entities present in Paris and Trappes (ERAMET TMM (Holding and Nickel), ECM, Erasteel, Aubert & Duval, ERAMET Research, ERAMET Ingénierie, ERAMET International) organised various awareness-raising events during the Disabled People's Employment Week (lecture by Etienne Hoarau followed by a debate to enable participants to better understand the specific aspects of everyday life and working life).

The Handicap Mission undertaken by ERAMET group entities based in Paris (Tour Maine-Montparnasse) and Trappes apply the measures set out in the law on Equal Rights and Opportunities, Participation and Citizenship of 11 February 2005. It was created in 2012 in order to make employees in the Group aware of the disability issues. It is made up of representatives of the entities' different departments (Health/Safety, HR, Communication, Purchasing). One of its objectives is to develop appropriate partnerships with companies that work in the adapted sector (catering services and meal trays, floral decoration, etc.).

ERAMET is a partner of *Officiel du Handicap,* an organisation made up of public and private players committed to promoting a better integration of disabled people in France (employment, sub-contracting, accessibility, technology, etc.).

5.9.7.4 Employing younger and older workers

In mainland France the Group's Management has signed an action plan related to the Generation Contract and it is committed to implementing inter-generational synergies. This plan expresses a desire to integrate young people and help them progress while at the same time putting the experience of older people to advantage and preserving their know-how.

Across the scope of the Group, 85 people who are 10 years from the legal age of retirement were recruited (data from the CSR survey).

In 2014, the Group received over 1,015 young people on work-based training contracts (apprenticeships or professional training contracts) and internships.

Together with 60 major groups, and within the framework of the AFEP *(Association Française des Entreprises Privées),* in 2013, ERAMET committed itself to the employment of young people. Indeed, the Group is a signatory to an initiative called *"Jeunes et Entreprises"* (Youth & Business).

Furthermore, ERAMET has developed relations with educational establishments locally and nationally. This has led to various initiatives and partnerships: for example, numerous visits were organised to more than 48 Group entities which received pupils from nearby secondary and high schools, students from local universities and *Grandes Écoles,* teachers and professors.

ERAMET takes part in many school forums in mainland France and in the countries in which it operates. This is an opportunity to present the Group and its different businesses, to talk to young people and advise them on the direction to take. Many of the Group's employees also contribute to the curriculum, most of them voluntarily, by presenting the Company or teaching about specialised technical fields. Some of these experts are also on school advisory boards or school boards of governors. There are also scientific exchanges between some projects and the laboratories of some *Grandes Écoles* or universities and teachers.

With a great deal of support from the Trappes research centre (ERAMET Research) and its teams, the Group is very involved in partnership operations with some *Grandes Écoles:* ERAMET sponsors the 2015 class of students from the *École Nationale Supérieure de Chimie de Paris* (Chimie ParisTech). It also has a long-standing partnership agreement with the *École Centrale de Paris* (ECP); it helps fund study trips or options (ENSG, *Université de Montpellier* (Geology), Mines ParisTech (ENSMP Soil and Subsoil option), ECP (Energy option)).

The SLN has a partnership with the preparatory classes at Jules-Garnier High School in Nouméa. The assistance provided by SLN is precious to these young Caledonians who go to mainland France to pursue their scientific studies.

In 2014, ERAMET once again took part in the *"Faites de la Science"* campaign (celebrating hands-on science) sponsored by the French Ministry of Education, Ministry of Culture and Communication, Ministry of Higher Education and Research and by the Academy of Sciences. This campaign aims to foster an interest in science among young people through concrete projects, to arouse their curiosity for scientific studies and develop a basic scientific culture in as many people as possible.

5.9.7.5 Observing the fundamental conventions of the International Labour Organisation and Human Rights

ERAMET complies with the regulations in force in the different countries in which the Group operates.

As the Group indicates in the Code of Ethics, ERAMET complies with the international standards of the International Labour Organisation, and more generally it complies with the principles of international law related to human rights. In particular, the Group bans the use of forced or child labour, whether directly or via its suppliers or partners and respects the freedom of association.

The Group also guarantees the fair treatment of all its employees in terms of professional equality by combating employment and job-related discrimination, seeks to prevent any physical harm to the people on its sites, and respects the moral integrity of all employees. The Group seeks to ensure good human relations within work teams. In particular, it undertakes to combat all forms of violence and promotes respect for others and warmth in professional relations.

When the Group's entities report on non-financial matters every year, they are asked a question concerning their compliance with the provisions of the fundamental conventions of the ILO (freedom of association or right of collective bargaining, the abolition of child labour, combating undeclared work, eliminating discrimination in employment and occupations) and it is important to stress that their feedback was excellent, illustrating the attention they pay to this subject.

5.10 REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD-PARTY, ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PUBLISHED IN THE MANAGEMENT REPORT INCLUDED IN THE REGISTRATION DOCUMENT

Year ended 31 December 2014

This is a free translation into English of the original report issued in French and is provided solely for the convenience of English speaking readers. 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,

In our capacity as Statutory Auditor of Eramet SA, and appointed as independent third-party, for whom the certification request has been approved by the French National Accreditation Body (COFRAC) under the number 3-1048 (1), we hereby present you with our report on the social, environmental and societal information prepared for the year ended December 31st, 2014 (hereinafter the "CSR Information"), presented in the management report included in the registration document (chapter 5) pursuant to Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the company

The Board of Directors of Eramet SA is responsible for preparing a management report including CSR Information in accordance with the provisions of Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the reporting protocol and guideline used by Eramet SA (hereafter the "Reporting Guideline"), which is available for consultation at the headquarters of the company.

Independence and quality control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional auditing standards and the applicable legal texts and regulations.

Responsibility of the Statutory Auditor

Based on our work, our responsibility is:

- to attest that the required CSR Information is presented in the management report or, in the event of omission, is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of CSR information);
- to express limited assurance on the fact that, taken as a whole, CSR Information is presented fairly, in all material aspects, in accordance with the adopted Reporting Guidelines (Formed opinion on the fair presentation of CSR Information).

Our work was carried out by a team of five people between October 2014 and March 2015 for an estimated duration of four weeks. To assist us in conducting our work, we referred to our corporate responsibility experts.

We conducted the following procedures in accordance with professional auditing standards applicable in France, with the order of May 13, 2013 determining the methodology according to which the independent third party entity conducts its assignment and, concerning the formed opinion on the fair presentation of CSR Information, with the international standard ISAE 3000 (2).

1. Attestation of completeness of CSR Information

Based on interviews with management, we familiarized ourselves with the Group's sustainable development strategy, with regard to the social and environmental impacts of the company's business and its societal commitments and, where appropriate, any resulting actions or programs.

We compared the CSR Information presented in the management report with the list set forth in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of certain consolidated information, we verified that explanations were provided in accordance with the third paragraph of the Article R. 225-105 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope, i.e., the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limitations presented in the chapter 5 of the registration document.

Based on these procedures and considering the limitations mentioned above, we attest that the required CSR Information is presented in the registration document.

(1) the scope of which is available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

2. Formed opinion on the fair presentation of CSR Information

Nature and scope of procedures

We conducted around fourty interviews with the people responsible for preparing the CSR Information in the departments in charge of data collection process and, when appropriate, those responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Reporting Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into consideration, when relevant, the sector's best practices;
- verify that a data-collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the CSR Information and review the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of the tests and controls according to the nature and significance of the CSR Information with regard to the company's characteristics, the social and environmental challenges of its activities, its sustainable development strategies and the sector's best practices.

Concerning the CSR Information that we have considered to be most important [(1)]:

- for the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the data consolidation, and we verified their consistency with the other information presented in the management report;
- for a representative sample of entities that we have selected [(2)] according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we held interviews to verify the correct application of the procedures and performed substantive tests using sampling techniques, consisting in verifying the calculations made and reconciling the data with supporting evidence. The selected sample represented between 18% and 52% of the published social information and between 24% and 64% of the environmental quantitative information.

Regarding the other consolidated CSR Information, we have assessed its consistency in relation to our understanding of the Group.

Lastly, we assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

We believe that the sampling methods and sizes of the samples we have used in exercising our professional judgment enable us to express limited assurance; a higher level of assurance would have required more in-depth verifications. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the CSR Information cannot be totally eliminated.

Qualification

During our work, we observed that data on number of training hours and trained employees, published in the management report, included in the registration document, are not reported in an exhaustive and homogeneous way. We were not able to evaluate the impact on the consolidated data published by the Group.

Conclusion

Based on our work, and subject to the above-mentioned qualification, we did not identify any material anomaly likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly, in accordance with the Reporting Guidelines.

Neuilly-sur-Seine, March 20th 2015.

French original signed by one of the statutory auditors:

Deloitte & Associés

Alain Penanguer	Olivier Jan
Partner, *Audit*	Partner, *Sustainability Services*

(1) *See Appendix 1 of this report.*

(2) *See Appendix 2 of this report.*

Appendix 1 – CSR Information that we have considered to be most important

Quantitative social information subject to limited assurance

- Workforce on 31 December 2014 (open-ended and fixed-term contracts)
- Workforce by type of employment contract – Open-ended contracts
- Workforce by type of employment contract – Fixed-term contracts
- Workforce by socio-professional category (Workers, Supervisory staff, Management)
- New recruits (excluding transfers between Group companies) – Total
- Departures (excluding transfers between Group companies) – Total, number of resignation, number of dismissals
- Percentage of women in managerial positions
- Number of training hours held during the exercise
- Lost Time Injury frequency rate
- Accident severity rate

Quantitative environmental information subject to limited assurance

- Air emissions: CO_2 emission related to energy
- Air emissions: Total canalised dust
- Aqueous Discharges: Chemical oxygen demand (COD)
- Waste Production: Quantity of hazardous waste
- Consumption: Total energy consumption
- Consumption: Total water consumption

Qualitative social information reviewed at Group level

- Safety: Policy, objectives and structures; Safety audits; Special Training Programmes ; Workstation Risk Analysis; Preventing arduous work
- Health and Safety: The Guiding Principles of the Health Policy; Top priority health initiatives; The resources implemented
- Work organization: working hours; part-time workers
- Coordination of Industrial Relations at corporate level
- Observing the fundamental conventions of the International Labour Organisation and Human Rights

Qualitative environmental information reviewed at Group level

- Sustainable Development Policy
- Biodiversity Policy
- Environmental audits of sites
- Sites rehabilitation/restoration
- The mining environment: environmental protection initiatives implemented at the Group's productive mining sites, extracting the resource responsibly

Qualitative governance information reviewed at Group level

- Territorial, economic and social impact of the Company's activity
- Relations with stakeholders
- Responsible Governance
- Responsible purchasing

Appendix – Selected entities

Entities selected for on-site detailed tests are the following:

- Société Le Nickel Doniambo
- Centre minier de Nepoui-Kopeto
- Comilog Dunkerque
- Aubert & Duval Firminy

6

FINANCIAL STATEMENTS

6.1 2014 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 Financial statements

Statement of comprehensive income

(€ million)	Notes	FY 2014	FY 2013 Restated
Sales	2/25.1	3,075	3,085
Other income	25.2	102	60
Cost of sales		(2,623)	(2,686)
Administrative and selling expenses		(161)	(201)
Research and development expenditure	6.3	(30)	(47)
EBITDA	2	363	211
Amortisation and depreciation of non-current assets and provisions	26	(277)	(270)
Current operating profit (loss)	2	86	(59)
Other operating income and expenses before impairment of assets	27	(102)	(80)
Operating profit (loss) before impairment		(16)	(139)
Impairment of assets	27	1	(423)
Operating profit (loss)	2	(15)	(562)
Net borrowing cost	28.1	(33)	(8)
Other financial income and expenses	28.2	(27)	(24)
Share of income from joint ventures	10	(44)	9
Share of income from associates	10	-	1
Income tax	29	(48)	77
Profit (loss) for the period		(167)	(507)
• Attributable to non-controlling interests	17	(8)	(137)
• Attributable to equity holders of the parent	30	(159)	(370)
Basic earnings per share *(€)*	30	(6.06)	(14.11)
Diluted earnings per share *(€)*	30	(6.06)	(14.11)
Profit (loss) for the period		(167)	(507)
Translation adjustments for subsidiaries' financial statements in foreign currency		28	(60)
Change in revaluation reserve for hedging financial instruments		(92)	11
Change in fair value of available-for-sale financial assets		-	(7)
Income tax	29	15	(2)
Items recyclable to profit or loss		(49)	(58)
Revaluation of net defined benefit plans liabilities	18	(18)	8
Income tax	29	1	(5)
Items not recyclable to profit or loss		(17)	3
Other comprehensive income		(66)	(55)
• Attributable to non-controlling interests		(9)	2
• Attributable to equity holders of the parent		(57)	(57)
TOTAL COMPREHENSIVE INCOME		(233)	(562)
• Attributable to non-controlling interests		(17)	(135)
• Attributable to equity holders of the parent		(216)	(427)

Note: the 2013 financial statements have been restated for the retroactive application of IFRS 11 (see Note 4—2013 financial statements restated).

Statement of financial position

Assets

(€ million)	Notes	31/12/2014	31/12/2013 Restated	01/01/2013 Restated
Goodwill	5	162	163	173
Intangible assets	6	431	395	654
Property, plant & equipment	7	2,296	2,248	2,273
Investments in joint ventures	10	222	241	226
Investments in associates	10	9	32	33
Non-current financial assets	11	141	137	89
Deferred tax	21	108	73	28
Other non-current assets	14	39	5	7
Non-current assets		**3,408**	**3,294**	**3,483**
Inventories	13	1,019	965	1,018
Trade receivables and other current assets	14	645	582	672
Tax receivables		61	48	38
Derivatives	24	23	45	50
Current financial assets	15	420	169	368
Cash and cash equivalents	15	516	738	611
Current assets		**2,684**	**2,547**	**2,757**
TOTAL ASSETS		**6,092**	**5,841**	**6,240**

Liabilities

(€ million)	Notes	31/12/2014	31/12/2013 Restated	01/01/2013 Restated
Share capital		81	81	81
Share premium		373	373	373
Revaluation reserve for available-for-sale assets		-	-	5
Hedging instrument revaluation reserve		(60)	10	4
Revaluation reserve for net defined benefit plans liabilities		(54)	(37)	(40)
Translation adjustments		1	(29)	32
Other reserves		1,981	2,134	2,539
Attributable to equity holders of the parent	**16**	**2,322**	**2,532**	**2,994**
Attributable to non-controlling interests	17	434	476	813
Shareholders' equity		**2,756**	**3,008**	**3,807**
Employee-related liabilities	18	202	183	188
Provisions	19	488	439	428
Deferred tax	21	242	277	352
Borrowings – long-term portion	22	1,031	713	255
Other non-current liabilities	23	29	27	28
Non-current liabilities		**1,992**	**1,639**	**1,251**
Provisions – short-term portion	19	42	32	30
Borrowings – short-term portion	22	316	332	249
Trade payables and other current liabilities	23	781	723	788
Tax liabilities		64	73	62
Derivatives	24	141	34	53
Current liabilities		**1,344**	**1,194**	**1,182**
TOTAL LIABILITIES		**6,092**	**5,841**	**6,240**

Statement of cash flows

(€ million)	Notes	FY 2014	FY 2013 Restated
Operating activities			
Net profit (loss)		(167)	(507)
Elimination of non-cash and non-operating income and expenses:			
• Depreciation, amortisation, impairment and provisions		299	704
• Accretion expenses		12	12
• Financial instruments		16	4
• Deferred tax	29.1	(65)	(142)
• Proceeds from asset disposals		(3)	-
• Share of income from joint ventures	10.1	44	(9)
• Share of income from equity-consolidated companies	10.1	-	(1)
Non-cash income and expenses		**303**	**568**
Cash generated from operations	**2**	**136**	**61**
(Increase)/decrease in inventories	13	(43)	32
(Increase)/decrease in net trade receivables		9	36
Increase/(decrease) in trade payables		(24)	11
Net change in other assets and liabilities		(28)	(6)
Net change in current operating assets and liabilities		**(86)**	**73**
Net cash flow from operating activities (1)	**2**	**50**	**134**
Investing activities			
Payments for non-current assets	7.3	(316)	(457)
Proceeds from non-current asset disposals		10	30
(Proceeds from)/repayment of borrowings		(5)	(51)
Net change in other current financial assets		(251)	199
Joint ventures capital increase	10.4	(3)	(23)
Impact of removals from consolidation scope		30	-
Net cash used in investing activities		**(535)**	**(302)**
Financing activities			
Dividends distributed to ERAMET SA shareholders	16	-	(34)
Dividends distributed to non-controlling interests in consolidated companies	17	(25)	(187)
Dividends (paid)/to be paid to non-controlling interests in consolidated companies		-	(31)
Proceeds from treasury share sales/(payments for purchases)		-	(6)
New borrowings	22	482	1,034
Repayment of borrowings	22	(194)	(493)
Change in bank overdrafts	22	(11)	10
Change in unmatured accrued interest and amortisation of debt issue expenses	22	10	-
Net cash used in financing activities		**262**	**293**
Exchange-rate impact		1	2
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(222)**	**127**
Opening cash and cash equivalents		**738**	**611**
Closing cash and cash equivalents	**15.2.1**	**516**	**738**
(1) Including under operational activities			
Interest income	*28.1*	*14*	*15*
Interest paid	*28.1*	*(50)*	*(24)*
Tax paid		*(59)*	*(72)*

Statement of changes in equity

(€ million)	Number of shares	Share capital	Share premium	Reserves/ Available-for-sale assets	Reserves/ Hedging instruments	Reserves/ Defined benefit plans	Translation adjustments	Other reserves	Attributable to equity holders of the parent	Attributable to non-controlling interests	Total shareholders' equity
Shareholders' equity at 1 January 2013	26,543,218	81	373	5	4	(40)	32	2,539	2,994	815	3,809
First-time adoption of IFRS 11									-	(2)	(2)
Shareholders' equity at 1 January 2013 restated	26,543,218	81	373	5	4	(40)	32	2,539	2,994	813	3,807
Profit (loss) for the period								(370)	(370)	(137)	(507)
Translation adjustments of subsidiaries' financial statements denominated in foreign currency							(61)		(61)	1	(60)
Change in revaluation reserve for hedging instruments					6				6	1	7
Change in fair value of financial assets available for sale				(5)					(5)		(5)
Change in net defined benefit plans liabilities						3			3		3
Other comprehensive income		-	-	(5)	6	3	(61)	-	(57)	2	(55)
Total comprehensive income		-	-	(5)	6	3	(61)	(370)	(427)	(135)	(562)
Dividends distributed – €1.30 per share								(34)	(34)	(187)	(221)
Treasury shares								(7)	(7)		(7)
Share-based payment								8	8		8
Other movements								(2)	(2)	(15)	(17)
Total transactions with shareholders		-	-	-	-	-	-	(35)	(35)	(202)	(237)
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2013	**26,543,218**	**81**	**373**	**-**	**10**	**(37)**	**(29)**	**2,134**	**2,532**	**476**	**3,008**
Profit (loss) for the period								(159)	(159)	(8)	(167)
Translation adjustments of subsidiaries' financial statements denominated in foreign currency							30		30	(2)	28
Change in revaluation reserve for hedging instruments					(70)				(70)	(7)	(77)
Change in net defined benefit plans liabilities						(17)			(17)		(17)
Other comprehensive income		-	-	-	(70)	(17)	30	-	(57)	(9)	(66)
Total comprehensive income		-	-	-	(70)	(17)	30	(159)	(216)	(17)	(233)
Dividends distributed									-	(25)	(25)
Share-based payment								5	5		5
Other movements								1	1		1
Total transactions with shareholders		-	-	-	-	-	-	6	6	(25)	(19)
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2014	**26,543,218**	**81**	**373**	**-**	**(60)**	**(54)**	**1**	**1,981**	**2,322**	**434**	**2,756**

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.

The "Available-for-sale assets" reserves include the cumulative changes to the fair value of the bonds classified as "Current financial assets" (Note 15.1).

The "Hedging instruments" 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 (Note 24).

The "Defined benefit pension plans" reserves include the impact of changes in actuarial assumptions used for commitments, and the variance between actual and expected returns on the plans' hedging assets (Note 18).

Translation adjustments recognise the conversion differences deriving from the translation of the financial statements of foreign subsidiaries into euros. They also comprise the fair value changes of the net investment hedges of foreign subsidiaries (Note 24).

6.1.2 Notes to the consolidated financial statements

Notes to the financial statements

ERAMET is a French public limited company *(société anonyme)* managed by a Board of Directors, governed by Articles L. 225-17 and R. 225-1 et seq. of the French Commercial Code and by its Articles of Association. As required by law, the Company is audited by two incumbent Statutory Auditors and two alternate Statutory Auditors.

Via its subsidiaries and investments, the ERAMET group operates in the nickel and manganese mining and production sectors, as well as in the alloys production sector, in which it is amongst the market leaders. A detailed description of the ERAMET group's activities can be found in Note 1.3 on operating segments.

ERAMET's shares have been traded on the Euronext Paris Deferred Settlement System (SRD) since 28 March 2006. On 2 January 2008, ERAMET joined the Euronext Paris N100 index.

The ERAMET group's consolidated financial statements for the year ended 31 December 2014 were reviewed by the Audit Committee on 17 February 2015, and approved by the Board of Directors on 19 February 2015. They will be submitted to the approval of the General Shareholders' Meeting of 29 May 2015.

Note 1 Accounting principles and measurement methods

1.1 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 2014 have been prepared in million euros in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union at 31 December 2014.

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 2014 and available on the website: http://ec.europa.eu/finance/accounting/ias/index_en.htm.

The accounting principles and methods adopted for the consolidated financial statements at 31 December 2014 are those that were used for the consolidated financial statements at 31 December 2013, except for the IFRS interpretations, standards and amendments adopted by the European Union and IASB whose application is mandatory for reporting periods opened as from 1 January 2014 (and for which the Group had not opted for early application), namely:

Amendments to IAS 32	Offsetting financial assets and financial liabilities
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets
Amendments to IAS 39	Novation of derivatives and continuation of hedge accounting
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IAS 28 (revised)	Investments in associates and joint ventures

IFRS 11 superseded IAS 31 "Interests in joint ventures" and the SIC 13 interpretation "Jointly-controlled entities—Non-monetary contributions by venturers". It clarifies the accounting of interests in a joint arrangement (jointly-controlled operation).

Following the application of IFRS 11 "Joint arrangements" from 1 January 2014, the companies—Ukad and the TiZir subgroup—that were proportionally-consolidated in the financial statements until 31 December 2013 are now equity-consolidated as of 2014 and retrospectively in 2013.

The impact of this restatement is detailed in Note 4 "2013 financial statements restated".

IFRS 12 specifies the disclosures to be made regarding the Group's interests in other entities and for non-controlling interests that are material to the Group's consolidated financial statements.

IFRS 11 and IFRS 12 aside, the other standards and amendments have had no impact on the Group's consolidated financial statements.

The Group did not opt for the early adoption of the standards, interpretations and amendments published respectively by IASB and IFRS IC (IFRS Interpretations Committee) whose application was not mandatory for the reporting periods opened as of 1 January 2014.

The consolidated financial statements are stated in million euros rounded to the nearest million, unless indicated otherwise.

The main rules and methods applied by the Group are outlined below.

1.1.1 Use of estimates and judgements

In preparing its financial statements under IFRS, the ERAMET group is required to make estimates and assumptions that affect the carrying amounts of some assets and liabilities and income and expenses, as well as the information provided in certain Notes.

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. As a result of changing assumptions and conditions, the amounts in future financial statements may differ from current estimates.

The main items affected by the changes in estimates are impairment tests, provisions for employee benefits and site restoration, and deferred taxes.

In principle, the ERAMET group reviews these estimates only once a year at each annual reporting date. However, when circumstances require, estimates may be updated at interim reporting dates.

Impairment losses

When events or economic changes in the markets in which the ERAMET group operates indicate the possibility of impairment losses on its goodwill, intangible assets and property, plant and equipment, these assets are subject to impairment tests (at least once a year for goodwill) to determine whether their carrying amount has fallen below their recoverable amount (Note 9). The recoverable value is the higher of fair value less selling costs and the value in use. In the event that the recoverable amount is below the net carrying amount, an impairment loss is recognised for the difference. The value in use is determined by applying the method of future cash flows expected from the use of the assets, projected over a five-year period, to which a terminal value is added.

Employee-related liabilities

ERAMET group companies offer their employees various long-term benefits such as retirement packages, pension plans and healthcare plans. All these liabilities are estimated on the basis of assumptions such as discount rates, salary increases, employee turnover rates and mortality tables. The Group generally updates these assumptions once a year and the most recent assumptions used are included in the specific Note (Note 18).

Provisions for site restoration

ERAMET group companies must meet their regulatory and constructive obligations with regard to the restoration of their mining sites at the end of operation. Accordingly, when a mining site is opened, a restoration provision is recognised, offsetting a dismantling asset. These provisions 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 (Note 19.2). In the absence of regulatory and constructive obligations, the sites for which the end of operation is not determined are not provisioned.

Deferred tax

Deferred tax assets recognised mainly relate to deductible temporary differences and tax loss carry-forwards (Note 21). These deferred tax assets are recognised whenever it is likely that the ERAMET group will have sufficient future taxable profit to absorb these timing differences and tax losses. The estimate of the Group's capacity to recover recognised deferred-tax assets is based in particular on the earnings forecasts drawn up by each tax entity.

1.1.2 Changes in accounting methods, errors and estimates

A change in accounting methods is applied only where required under a standard or interpretation and where it provides for more reliable and more pertinent information. Accounting changes are applied retrospectively, except in the event of transitory provisions specific to the standard or interpretation. The financial statements affected by a change in accounting method are adjusted for all the periods presented, as though the new method had always been applied.

Once a significant error is detected, it is likewise adjusted retrospectively.

Changes to estimates are recognised prospectively; they affect the financial year in which they arise and, as the case may be, future financial years.

The changes in accounting methods, errors and changes to estimates occurring during the year are detailed in a specific Note (Note 4).

1.1.3 "Current" and "non-current" assets and liabilities

"Current" refers to assets and liabilities that are part of the operating cycle, regardless of their maturity, and other assets and liabilities with a maturity of less than one year from their balance sheet entry date. "Non-current" assets and liabilities comprise other assets and liabilities, namely those with maturities of over one year that are not part of the operating cycle.

1.2 Scope and method of consolidation

1.2.1 Control and joint control

The Group controls an entity when the following three criteria are met:

(i) the Group has power over the entity (it has effective rights that gives it current ability to direct the relevant activities of the entity);

(ii) the Group is exposed to or is entitled to receive variable returns;

(iii) the Group has the ability to use its power over the entity.

Joint control is the contractually-agreed sharing of the control over a venture; it exists only in the case where the decisions concerning the relevant activities require the unanimous consent of all the parties sharing the control.

1.2.2 Full consolidation

The companies controlled directly or indirectly by the Group are fully consolidated.

1.2.3 Joint arrangements

A joint arrangement is a venture over which two or more parties share control.

There are two types of joint arrangements:

- joint operation is an arrangement in which the parties have rights over assets and obligations in respect of liabilities. The Group recognises the assets, liabilities, income and expenses relating to its interests proportionately to its stake in the capital of the joint operation;
- the joint venture is an arrangement in which the parties have rights over the net assets of the venture.

To classify a joint arrangement, the Group must consider the following:

- structure of the joint arrangement (whether or not a separate vehicle is used);
- legal form, stipulations of the agreement and other facts and circumstances if the joint arrangement is structured through a separate vehicle.

1.2.4 Investments in associates

An associate is an entity over which the Group has significant influence. If the Group directly or indirectly holds 20% of more of the voting rights in the issuing entity, it is deemed to have significant influence. If it holds less than 20%, the significant influence must be demonstrated.

Investments in associates are recognised under the equity consolidation method.

1.2.5 Non-controlling interests

Company securities that do not meet the criteria given in Sections 1.2.1 to 1.2.4 are recorded as other investment securities and recognised as available-for-sale financial instruments.

All the intra-Group profits and transactions between the consolidated companies are eliminated on consolidation.

The list of consolidated companies can be found in Note 3.

1.3 Operating segments

The segment reporting presented is prepared on the basis of the internal management data used by the Executive Committee, the Group's main operational decision-making body, to analyse business performance and allocate resources.

An operating segment is a separate component of the Group that engages in the provision of distinct products and services and is exposed to risks and profitability that differ from the risks and profitability of other operating segments.

Each operating segment is monitored individually for internal reporting purposes on the basis of performance indicators that are common to all segments. The management data used to assess a segment's performance is prepared in accordance with the IFRS principles applied by the Group for its consolidated financial statements.

The segments presented for the purposes of segment reporting are either operating segments or combinations of like operating segments. These are the Nickel, Manganese and Alloys Divisions:

- the Nickel Division, including mining, production and sales subsidiaries focussed on nickel and its derivative applications (ferronickel, high purity nickel, cobalt and nickel salts, and cobalt and tungsten powders);
- the Manganese Division, including mining, production and sales subsidiaries focussed on manganese alloys (ferromanganese, silicomanganese and refined alloys) and manganese chemical derivatives (oxides, sulphate, chloride). The Manganese Division also includes subsidiaries that provide services to the industry for the recovery and recycling of metals contained in oil catalysts, electric batteries and acid solutions from the electronics industry, as also the mineral sands project;
- the Alloys Division, including subsidiaries that produce and market special high-performance steels, superalloys and pre-machined parts using these materials or aluminium and titanium.

The column headed "Holding company and eliminations" comprises the Group's corporate departments as well as the financial entities Metal Securities (treasury management) and Metal Currencies (foreign currency risk management), and Eras SA, the captive reinsurance company. Commercial relationships between the Divisions are not material. The main relationships primarily arise from the billing of management fees and financial transactions.

Other relationships relate to the reinsurance company Eras SA and the financial companies Metal Securities and Metal Currencies, all three of which are fully consolidated via the Holding Division:

- Eras SA is a captive reinsurance company that acts as a primary insurer in certain reinsurance programmes.
- Metal Securities is a financial company responsible for pooling subsidiaries' cash to optimise its investment with financial organisations outside the Group.
- Metal Currencies is a financial company responsible for managing the Group's foreign currency risks.

1.4 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 translation are recognised in net income for the period, except those involving loans and borrowings between Group companies considered an integral part of the net investment in a foreign subsidiary. These are recognised directly in shareholders' equity under "Translation adjustments" and linked to the foreign subsidiary.

The financial statements of foreign entities with functional currencies other than the euro are translated using the official exchange rates at the end of the period for the statement of financial position, except for shareholders' equity, for which historical rates are applied. The items in the comprehensive income statement and the statement of cash flows are translated at the average exchange rates for the period. Goodwill arising from an acquisition is considered part of the acquired entity and therefore denominated in its functional currency; it is then translated in the same way as the other items in the statement of financial position. Translation adjustments stemming from currency fluctuations used to translate shareholders' equity and total comprehensive income 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 adjustments is recognised in net income for the period under "Other financial income and expenses" (Note 28.2).

1.5 Business combinations and goodwill

The assets, liabilities and contingent liabilities of an acquired company are measured at their fair value and valuation differences are charged to the relevant assets and liabilities, including the share of non-controlling interests. Any difference between the cost of the business combination and the share in the net fair value of the assets, liabilities and identifiable contingent liabilities is recognised as goodwill under assets in the statement of financial position.

When the ERAMET group acquires assets and liabilities from non-controlling interests in a company already controlled, no additional fair value adjustment is recognised and the difference between the purchase price and carrying amount of the net assets acquired is recognised in equity.

Any resulting goodwill is allocated to the relevant cash generating units (CGU). Goodwill is not amortised but is impairment-tested at least once a year at the annual reporting date. These impairment losses are not reversible.

Goodwill in associates and joint ventures is recognised under investments in associates and investments in joint ventures respectively (Note 10).

1.6 Intangible assets

1.6.1 Geology expenses

Geology, exploration, prospecting and mining research expenses incurred prior to operation are recognised as intangible assets under "Other intangible assets" (Note 6). Geology expenses for mining sites already in operation are recognised in the income statement under "Research and development expenditure". The royalties paid for mining prospecting and exploration are capitalised as and recognised under intangible assets (Note 6). They are measured at acquisition cost less amortisation and any impairment losses.

1.6.2 Other intangible assets

Intangible assets are measured at acquisition cost and amortised on a straight-line basis or on the basis of work units in current operating profit (loss) (Note 26).

Amounts capitalised with respect to mineral deposits relate to partial asset contributions or permits acquired since 1974. Depending on operating specificities, mining deposits are amortised on the basis of the ratio of annual production to the estimated reserves or the length of the concession (Note 6). Computer software is amortised over a variable period not exceeding five years.

1.7 Research and development expenditure

Research and development expenditure includes expenses for scientific and technical activities necessary for the development and implementation of new manufacturing processes or the improvement of existing processes.

Development expenditure is capitalised where it satisfies the following criteria:

- the technical and industrial feasibility of the project has been proven;
- the intention is to finish the project and put the results of the project to use;
- the project is clearly identified and the costs attributed are broken down and measured reliably;
- the likelihood of obtaining future economic benefits has been demonstrated; and
- the technical, financial and other resources allocated for the development and use or sale of the intangible assets are available.

Any other research expenditure not satisfying the above criteria is expensed in the period in which it is recognised (Note 6).

1.8 Property, plant & equipment

Items of property, plant and equipment are recognised in the statement of financial position at acquisition or production cost (Note 7). Items of property, plant and equipment are depreciated on a straight-line basis over the estimated lifespan or useful life, based on the components of the asset, in current operating profit (loss).

For reference:

Buildings	10-50 years
Industrial and mining facilities	5-50 years
Other Property, plant & equipment	2-10 years

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. The costs of borrowing that is directly attributable to the acquisition or production of an asset are incorporated in the asset's cost.

A provision is recognised upon starting up operations for the restoration of mining sites, offset by a component of an item of property, plant and equipment depreciated on a straight-line basis during the operation of the mine.

Mine stripping costs are capitalised under property, plant and equipment and depreciated on the basis of mined tonnage (Note 7).

Leases transferring the risks and benefits inherent in ownership (finance leases) to the Group are recognised as items of property, plant and equipment, offset by a debt (Note 22). These are amortised over their expected useful life on the same basis as the items of property, plant and equipment held or, if shorter, the term of the corresponding lease. Similarly, other agreements, and primarily sub-contracting, involving the use of a specific asset and the right to use it, are reclassified where necessary as leases.

1.9 Impairment of assets

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.

The impairment test consists of comparing the carrying amount of the assets with their recoverable amount. Impairment losses are calculated as the difference between the recoverable and net book value and recognised in the income for the period under "Other operating income and expenses" (Note 27). The recoverable amount is defined as the greater of the fair value less selling costs and the value in use. The fair value is the resale value determined, as appropriate, by reference to similar recent transactions or to appraisals carried out by independent appraisers with a view to disposal.

In order to determine the value in use, the 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 management at the business segments in question. These plans are created on the basis of 5- to 10-year projections plus a final value corresponding to the capitalisation to infinity of normative cash flows. Plans for certain business segments are prepared for longer periods that correspond to the operating period of the sites without assigning a terminal value.

Cash generating units (CGUs) are homogeneous groups of assets whose continuous use generates independent cash flows. The ERAMET group has defined its CGUs by reference to the various production sites of its Nickel, Manganese and Alloys divisions (Note 9). Impairment tests are performed at the level of the CGUs. All intangible assets, including goodwill, and all items of property, plant and equipment are allocated to CGUs.

The existence of events calling for impairment loss testing is determined following the opinion of the Group's General Management, based on several criteria. Impairment loss indicators correspond mainly to the changes and variations in:

- business (economic environment, markets);
- interest rate;
- technological level;
- asset obsolescence and performance.

An impairment loss test is carried out on the CGUs or on the individual assets concerned when these indicators show an adverse change.

1.10 Other non-current financial assets

Other non-current financial assets include available-for-sale financial assets (Note 12) and other long-term investments (Note 11).

1.10.1 Available-for-sale financial assets

These assets mainly consist of investments in non-consolidated subsidiaries (Note 12) and are measured at fair value. Investments in non-consolidated companies are recognised at their acquisition cost, less any impairment losses. Where those investments exhibit objective evidence of significant or lasting impairment, the impairment loss is recognised in net income for the period under "Other financial income and expenses" (Note 28.2).

Non-consolidated subsidiaries are classified into two categories:

- controlled companies that are not consolidated owing to their low impact on the Group's financial statements;
- non-controlled companies that are interests in companies over which the Group has no control or significant influence.

The fair value is measured on the basis of their listed share price or, if unavailable, using the discounted future cash flow method or, failing this, another appropriate method.

1.10.2 Other long-term investments

Other long-term investments (Note 11) relate to loans or current accounts extended to non-consolidated companies. They are initially recognised at fair value plus the acquisition expense and measured on each reporting date at amortised cost using the effective interest rate, less any impairment losses, offset in income for the period under "Other financial income and expenses" (Note 28.2).

1.11 Inventories

Inventories are measured using the weighted average unit cost for the industrial operations in the Alloys Division, and on a first-in-first-out (FIFO) basis for the industrial and mining operations in the Nickel and Manganese Divisions.

Inventories are assessed at cost price and only include production costs, while not exceeding the realisable value. Costs stemming from sub-normal capacity usage are eliminated from inventory measurement at the end of the period.

Impairment losses for raw materials are recognised when the net realisable value falls below the cost of entry into storage. Consumables are fully impaired 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 impaired. 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 "in-store" products are fully impaired.

Fixed production costs relating to recognised or planned sub-normal capacity usage are not incorporated in inventory measurement, and are recognised as ordinary operating expenses for the period in which they are incurred. Capacity usage is established as sub-normal when the actual production volume is below 10% of normal production volume (or normative capacity).

1.12 Receivables and debts

Receivables and debts are measured upon initial recognition at fair value plus any transaction expenses and are subsequently re-measured at each reporting date at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that precisely discounts the expected future cash movements. Foreign currency receivables and debts are re-measured at the rate prevailing at the period-end date. Resultant translation adjustments are recognised in the income statement as exchange differences under current operating profit (loss) or net borrowing cost, depending on the type of receivable or debt.

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 loss based on past experience of losses on receivables, ageing and a risk assessment. This impairment, offset in net income for the period under "current operating profit (loss)", reduces the nominal amount.

Receivables disposed of under a securitisation contract are derecognised in the balance sheet where the Group has transferred the contractual rights to receive the future cash flows, and where substantially all the risks and rewards attached to these assets have been transferred. Where the risks are retained without prejudicing deconsolidation of receivables, they remain recognised in the balance sheet under other operating receivables together with the related security deposits (Note 14).

Transfers with recourse against the transferor in the event of the debtor defaulting on payment preclude derecognition of receivables transferred and these assets are therefore retained in the balance sheet.

1.13 Other current financial assets

These assets mostly comprise securities (Note 15.1) that do not satisfy the criteria to qualify as cash equivalents. Derivatives are measured at their fair value upon first-time recognition. The fair value used is the stock-market value for listed securities, and for unlisted securities, is based on estimates using specific financial criteria reflecting the particular situation of each stock (similar transactions or discounted value of future cash flows). Changes in the fair value of these investments are recognised in transferable equity under "Change in fair value of available-for-sale financial assets". Where those assets exhibit objective evidence of significant or lasting impairment, the cumulative impairment loss, previously recognised in equity, is recycled to net income for the period under "Other financial income and expenses" (Note 28.2).

1.14 Cash and cash equivalents

Cash includes cash in hand and demand deposits, excluding bank overdrafts which appear under financial liabilities. Cash equivalents correspond to marketable securities and consist of investments held to meet short-term cash requirements and are not considered as held to maturity.

Marketable securities are recognised in the statement of financial position at their fair value. To be considered a cash equivalent, they must be readily convertible to cash and subject to negligible risk of fluctuations in value. Fair value changes are recognised in net income for the period under "Net borrowing cost" (Note 28.1).

1.15 Employee-related liabilities

Employee-related liabilities are classified under defined contribution plans or defined benefit plans.

Defined contribution plans

Payments made to defined contribution plans are recognised in the income statement when accrued to employees. As a result, these plans do not show any deficit or surplus.

Defined benefit plans

The liability or asset relating to retirement benefits recognised in the consolidated statement of financial position corresponds to the difference between the present value of the obligation in respect of defined benefits and the fair value of plan assets at the reporting date. When that difference shows a surplus in a defined benefit plan, the value recognised in connection with the plan assets is capped at the asset value, i.e. the present value of the available economic benefits in the form of refund by the plan, or decreased future contributions to the plan ("asset value ceiling test"). A minimum liability is recognised if the legal minimum funding requirement in connection with past services were to exceed the available economic benefits, either in the form of refund by the plan, or decreased future contributions to the plan. A constructive obligation is recorded as an obligation towards defined benefit plans where there is no realistic alternative other than to pay employee benefits.

The liability or asset for employee-related liabilities therefore accounts for the asset ceiling, any minimum liability, and any constructive obligation.

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 and the management's best estimation of salary growth, retirement age, life expectancy, inflation, discount rates and healthcare costs. Plan assets comprise assets held through a pension fund or insurance policies. Such assets are measured at their fair value at the reporting date.

The actuarial gains (losses) (including the foreign currency effect) on plan assets and the obligation in respect of defined benefits and the impact of any asset ceiling or any minimum liability 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.

The costs of services are recognised in the current operating profit (loss) in the period in which they are incurred. The costs of past services resulting from plan amendments and curtailments 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.

1.16 Deferred tax

The amount of tax actually owed at the reporting date is adjusted for deferred tax, which is calculated using the liability method with regard to temporary differences between carrying amounts and tax amounts, as well as with regard to consolidation restatements. 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. Deferred tax is not discounted.

To assess the likelihood that these assets will be realised, the Group reviews the following information:

- projected future profitability;
- extraordinary losses not expected to recur in the future;
- past taxable profits; and
- tax strategies.

Deferred tax assets and liabilities are recognised as assets or liabilities in the statement of financial position. Deferred tax is deemed to be non-current and classified as such.

In the statement of financial position, deferred tax assets and liabilities are offset individually within each tax entity, i.e. within the legal entity or tax consolidation group (Note 21).

Deferred tax liabilities on investments in subsidiaries, associates and joint ventures are recognised unless where the Group can determine the timetable for the reversal of the related temporary differences. Provisions are made for non-recoverable levies on dividends planned in the foreseeable future.

1.17 Provisions

Provisions are made, where their amount can be reliably estimated, to cover all liabilities stemming 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 economic benefits in order to settle the liability.

Provisions for mining site restoration are made when the mining sites open. Where there is a legal or contractual obligation to restore mining sites, a restoration provision is made, offset by a dismantling asset. The provision is based on site-by-site estimates of the cost of this work, the total cost being apportioned over the life of the operation of the mine. Restoration costs are discounted over the period remaining until the expected end of operation of the mine and the effects of accretion expenses are recognised in net income for the period under "Other financial income and expenses" (Note 28.2). Provisions are made for any other environmental contingencies on the basis of estimated future costs without, however, making any allowance for insurance indemnities receivable. As regards industrial sites, insofar as there are no plans to discontinue operations, no provision is made for site restoration.

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.

1.18 Recognition of financial instruments

Financial assets as defined in IFRS 7 are derecognised when the Group no longer expects future cash flows and all the risks and rewards relating to these assets have been transferred.

Risks

The Group uses financial instruments to hedge certain risks. To manage its foreign currency risk, the 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 Group has defined and documented the hedging relationship and demonstrated its effectiveness. Interest-rate risk is managed using interest-rate swaps. Lastly, the Group also uses collars and swaps when hedging commodity purchases and sales (nickel, fuel oil, aluminium and electricity).

Measurement and presentation

Derivatives are measured at their fair value upon initial recognition. Subsequently, the fair value of derivatives is remeasured at each reporting date. 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 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 presented as assets or liabilities in the statement of financial position (Note 24).

Hedge accounting

Gains or losses on hedging instruments are recognised symmetrically with the gains or losses on the hedged items. However, unrealised losses on financing hedging transactions ineligible under hedging standards are recognised in net income for the period.

The 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 operating profit (loss).
- 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 recycled to net income for the period when income is affected by the hedged item. The ineffective portion is retained in income for the period.
- 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 profit or loss 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 ineligible for hedge accounting: the Company uses these derivatives only to hedge future cash flows. Changes in fair value are immediately recognised in net financial income.

Fair value measurement

The Group measures financial instruments at fair value at each reporting date. The fair values of financial instruments measured at amortised cost are given in Note 24.1—Financial instruments included in the statement of financial position.

Fair value is the amount for which an asset could be sold, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. When measuring fair value, it is assumed that the transaction for selling the asset or transferring the liability is carried out:

- in the main market for that asset or that liability; or
- if there is no main market, in the best market for that asset or that liability.

The Group applies the same assumptions that the market participants would use to determine the price of the asset or the liability, on the consideration that the market participants act in their own best economic interests.

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 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 minimizing the use of non-observable inputs.

The fair values of financial instruments are ranked according to a three-level hierarchy:

- Level 1: Listed prices (unadjusted) on an active market for the same assets and liabilities;
- Level 2: Listed price on an active market for a similar instrument, or another measurement technique based on observable parameters;
- Level 3: Measurement technique incorporating non-observable parameters.

The Group specifies the criteria for classifying and recognising financial assets and liabilities, and where appropriate, any changeover from one level to another in the fair value hierarchy (Note 24.1).

1.19 Concession

The Transgabonais railway concession was recognised as follows—property owned by the company holding the concession 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 State that must be returned in the same state upon expiry of the agreement are not recognised in the balance sheet. Assets acquired by the concession holder following the signing of the concession agreement that must be turned over to the State 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 risk of non-renewal of the concession in line with investment assumptions.

1.20 Income

Income mainly comprises the following:

- Sales, including the sale of merchandise, goods and services generated in the course of the Group's main business activities. This is a component of "Current operating profit (loss)" (Note 25).
- Other revenue includes other income assigned to current operating profit (loss) (Note 25) such as translation adjustments on sales, lease income and insurance proceeds.
- Interest income recognised in net income for the period under "Net borrowing costs" (Note 28.1).
- Dividends included in net income for the period under "Other financial income and expenses" (Note 28.2).

The income recognition criteria by category are as follows:

- Sales and other revenue: revenue is recognised as sales income once the Company has transferred the main risks and benefits inherent in ownership of the goods to the buyer. Sales are measured at the fair value of the consideration received or receivable. In the event of a deferred payment having a material impact on the calculation of the fair value, future payments are discounted accordingly.
- Interest: the revenue is recognised for the amount of accrued interest.
- Dividends: revenue from investments in companies is recognised whenever the Group is entitled to receive payment as a shareholder.

1.21 Share-based payment

The Group has established various share award plans that are all equity-settled plans. 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 to the number of options that will have vested by the end of the vesting period. In this regard, the Group uses the Black & Scholes or Monte-Carlo mathematical valuation model.

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 as a personnel cost, offset by an increase in shareholders' equity.

1.22 Current operating profit (loss) and other operating income and expenses

ERAMET presents its income statement using the composite "function and nature" approach, so as to comply with the Group's internal management reporting procedures. The ERAMET group notably uses EBITDA and current operating profit (loss) as performance indicators. EBITDA includes the gross profit (difference between sales and the cost of sales), administrative and selling expenses and research & development expenditure before depreciation, amortisation and provisions, which are presented separately. Current operating profit (loss) includes EBITDA, depreciation, amortisation and provisions; it consists in particular of the cost of employee-related liabilities, the cost of employee profit-sharing and translation adjustments between the rates upon recognition and those at the reporting date (trade receivables and payables).

The tax credit to support competitiveness and employment (CICE) is shown deducted from personnel costs.

Other operating income and expenses only include very limited, unusual, abnormal and infrequent income and expenses for particularly material amounts that the Group presents separately in its income statement in order to facilitate understanding of current operating performance. This item primarily consists of:

- restructuring costs;
- costs incurred for development projects whose profitability has yet to be demonstrated;
- defined benefits plan settlements and modifications;
- capital gains and losses from sales of assets;
- impairment losses on goodwill, intangible assets and property, plant and equipment.

1.23 Net financial income

Net financial income consists of the following items:

- net borrowing costs, these being income statement items relating to balance sheet components of net borrowing, namely, financial liabilities and cash and cash equivalents;
- other financial income and expenses, such as dividends, provisions for securities, accretion expenses, net interest expense for employee benefits, and gains/losses on instruments that are not eligible as hedges.

1.24 Earnings per share

Basic earnings per share before dilution are obtained by dividing the Group profit (loss) by the average number of shares outstanding during the period. This average number of shares outstanding excludes treasury shares.

Diluted earnings per share are obtained by adjusting Group profit (loss) for the period and the number of shares for potentially dilutive effects, mainly represented by employee subscription and purchase option plans (stock options).

Note 2 Segment reporting

The business segment information is prepared on the basis of the Group's reporting data used by the General Management to analyse business performance of the segments (generally called Divisions in the Group) and allocate resources.

In order to reflect the economic reality of the Group's companies, the operating performance of jointly-controlled companies—Ukad and the TiZir subgroup—continue to be proportionally-consolidated in the Group's reporting which is used by the General Management and the Board of Directors to monitor operations.

The segment reporting integrated in the consolidated financial statements is hence in line with this internal information. As from the year 2014, the Group's financial communication derives from this financial reporting on operations, which is also reconciled with the financial statements published under IFRS.

2.1 By business segment

(€ million)	Nickel	Manganese	Alloys	Holding co. and eliminations	Total	Joint ventures contribution	Published
FY 2014							
Sales	781	1,429	938	(4)	3,144	(69)	3,075
EBITDA	42	266	81	(26)	363	-	363
Current operating profit (loss)	(52)	137	23	(33)	75	11	86
Operating profit (loss)					(54)	39	(15)
Net cash generated by operating activities	(18)	140	18	(97)	43	7	50
Industrial capital expenditure (intangible assets, property, plant & equipment)	97	199	48	2	346	(41)	305
(Net debt)/Net cash					(547)	136	(411)
FY 2013							
Sales	704	1,562	904	(8)	3,162	(77)	3,085
EBITDA	(130)	350	49	(38)	231	(20)	211
Current operating profit (loss)	(222)	218	4	(45)	(45)	(14)	(59)
Operating profit (loss)					(548)	(14)	(562)
Net cash generated by operating activities	(116)	314	34	(71)	161	(27)	134
Industrial capital expenditure (intangible assets, property, plant & equipment)	172	346	64	5	587	(128)	459
(Net debt)/Net cash					(218)	80	(138)

2.2 By geographic region

(€ million)	France	Europe	North America	Asia	Oceania	Africa	South America	Total	Joint ventures contribution	Published
Sales (sales destination)										
FY 2014	**407**	**986**	**664**	**947**	**16**	**81**	**43**	**3,144**	**(69)**	**3,075**
FY 2013	414	1,004	642	949	27	76	50	3,162	(77)	3,085
Industrial capital expenditure (intangible assets, property, plant & equipment)										
FY 2014	**56**	**28**	**19**	**20**	**73**	**149**	**1**	**346**	**(41)**	**305**
FY 2013	82	35	20	86	77	286	1	587	(128)	459

2.3 Performance indicators by period

The segment reporting has been supplemented by a comparison of the main performance indicators monitored by the General Management, across the consolidation and by period. These indicators are taken from the Group reporting.

Income statement

(€ million)	FY 2014	FY 2013
Sales	3,144	3,162
EBITDA	363	231
Current operating profit (loss)	75	(45)
Operating profit (loss) before impairment	(27)	(125)
Operating profit (loss)	(54)	(548)
Net borrowing cost	(40)	(7)
Other financial income and expenses	(28)	(25)
Share of income from associates	-	1
Income tax	(49)	72
PROFIT (LOSS) FOR THE PERIOD	**(171)**	**(507)**
• Attributable to non-controlling interests	(12)	(137)
• Attributable to equity holders of the parent	**(159)**	**(370)**
Basic earnings per share *(€)*	(6.06)	(14.11)
Diluted earnings per share *(€)*	(6.06)	(14.11)

Statement of changes in net debt

(€ million)	FY 2014	FY 2013
Operating activities		
EBITDA	363	231
Cash impact of items below EBITDA	(238)	(157)
Cash generated from operations	**125**	**74**
Net change in current operating assets and liabilities	(82)	87
Net cash generated by operating activities	**43**	**161**
Investing activities		
Industrial capital expenditure	(346)	(587)
Other investment flows	26	(7)
Net cash used in investing activities	**(320)**	**(594)**
Net cash used in financing activities	**(25)**	**(252)**
Exchange-rate impact	(27)	19
(INCREASE)/DECREASE IN NET BORROWINGS	**(329)**	**(666)**
Opening net cash (net debt) position	**(218)**	**448**
CLOSING NET CASH (NET DEBT) POSITION	**(547)**	**(218)**

Economic assessment

(€ million)	31/12/2014	31/12/2013
Non-current assets	**3,407**	**3,305**
Inventories	1,058	989
Clients	387	379
Suppliers	435	421
Simplified WCR	**1,010**	**947**
Other operating WCR items	(162)	(173)
Operating WCR	**848**	**774**
Derivatives	**-**	**5**
TOTAL	**4,255**	**4,084**

(€ million)	31/12/2014	31/12/2013
Equity, attributable to Group	**2,322**	**2,532**
Non-controlling interests	**432**	**478**
Cash and cash equivalents and current financial assets	938	911
Borrowings	1,485	1,129
Net debt	**547**	**218**
Employee liabilities and provisions	**732**	**654**
Net deferred tax	**130**	**202**
Derivatives	**92**	**-**
TOTAL	**4,255**	**4,084**

Note 3 Consolidation scope

At 31 December 2014, the consolidation scope included 63 companies (at 31 December 2013: 66), 57 fully-consolidated companies, 6 equity-consolidated companies (at 31 December 2013: 59 fully-consolidated companies and 7 equity-consolidated companies).

The Group sold its 33.35% interest in Tinfos A/S, in November 2014. That company was equity-consolidated.

The companies without operations Unimin AG, Miner Holding BV and GCMC Canada were wound up in the financial year 2014 without material impact on the Group's consolidated financial statements.

All companies within the scope of consolidation share the same reporting date of 31 December.

Company	Country	Consolidation method	Percentage (%)	
			control	interest
ERAMET	France	Consolidating entity	-	-
Nickel				
Le Nickel-SLN	New Caledonia	Fully consolidated	56	56
Cominc	New Caledonia	Fully consolidated	100	56
Poum	New Caledonia	Fully consolidated	100	56
Weda Bay Minerals Inc.	Canada	Fully consolidated	100	100
Weda Bay Mineral Singapore Pte Ltd	Singapore	Fully consolidated	100	100
Strand Minerals Pte Ltd	Singapore	Fully consolidated	66.6	66.6
PT Weda Nickel Ltd	Indonesia	Fully consolidated	90	59.94
ERAMET Holding Nickel	France	Fully consolidated	100	100
Eurotungstene Poudres	France	Fully consolidated	100	100
Manganese				
ERAMET Holding Manganèse	France	Fully consolidated	100	100
ERAMET Comilog Manganèse	France	Fully consolidated	100	81.86
ERAMET Marietta Inc.	United States	Fully consolidated	100	100
ERAMET Norway A/S	Norway	Fully consolidated	100	100
Valdi	France	Fully consolidated	100	100
Eralloys Holding A/S	Norway	Fully consolidated	100	100
DNN Industrier A/S	Norway	Fully consolidated	100	100
Comilog SA	Gabon	Fully consolidated	63.71	63.71
Setrag SA	Gabon	Fully consolidated	99.97	63.70
Somivab	Gabon	Fully consolidated	82.98	52.86
Comilog Holding	France	Fully consolidated	100	63.71
Comilog International	France	Fully consolidated	100	63.71
Comilog Lausanne	Switzerland	Fully consolidated	100	100
Port Minéralier d'Owendo SA	Gabon	Fully consolidated	97.24	61.95
Erachem Comilog SA	Belgium	Fully consolidated	100	63.71
Comilog US	United States	Fully consolidated	100	63.71
Gulf Chemical & Metallurgical Corp.	United States	Fully consolidated	100	63.71
Bear Metallurgical Corp.	United States	Fully consolidated	100	63.71
Erachem Comilog Inc.	United States	Fully consolidated	100	63.71
Comilog France	France	Fully consolidated	100	63.71
Comilog Dunkerque	France	Fully consolidated	100	63.71
Erachem Mexico SA	Mexico	Fully consolidated	100	63.71
TiZir Ltd	United Kingdom	Equity method	50	50

Company	Country	Consolidation method	Percentage (%) control	interest
TiZir Titanium & Iron A/S	Norway	Equity method	50	50
TiZir Mauritius Ltd	Mauritius	Equity method	50	50
Grande Côte Opérations SA	Senegal	Equity method	50	45
Comilog Asia Ltd	Hong Kong	Fully consolidated	100	92.74
Comilog Asia Ferro Alloys Ltd	Hong Kong	Fully consolidated	100	92.74
Guangxi Comilog Ferro Alloys Ltd	China	Fully consolidated	70	64.92
Guilin Comilog Ferro Alloys Ltd	China	Fully consolidated	100	92.74
Guangxi ERAMET Comilog Chemicals Ltd	China	Fully consolidated	100	92.74
Comilog Far East Development Ltd	Hong Kong	Fully consolidated	100	92.74
ERAMET Comilog Shangai Trading Co. Ltd	China	Fully consolidated	100	92.74
ERAMET Comilog Shangai Consultancy Services Co. Ltd	China	Fully consolidated	100	92.74
Alloys				
Erasteel	France	Fully consolidated	100	100
Erasteel Champagnole	France	Fully consolidated	100	100
Erasteel Kloster AB	Sweden	Fully consolidated	100	100
Erasteel Stubs Ltd	United Kingdom	Fully consolidated	100	100
Erasteel Inc.	United States	Fully consolidated	100	100
Erasteel Trading Ltd	China	Fully consolidated	100	100
HeYe Erasteel Innovative Materials Co Ltd	China	Equity method	49	49
ERAMET Holding Alliages	France	Fully consolidated	100	100
ERAMET Alloys	France	Fully consolidated	100	100
Aubert & Duval	France	Fully consolidated	100	100
Interforge	France	Fully consolidated	94	94
UKAD	France	Equity method	50	50
Holding co. and miscellaneous				
Eras SA	Luxembourg	Fully consolidated	100	100
Metal Securities	France	Fully consolidated	100	100
Metal Currencies	France	Fully consolidated	100	100
Eramine	France	Fully consolidated	100	100
Bolera Minera SA	Argentina	Fully consolidated	82.43	82.43
Eramine Sudamerica SA	Argentina	Fully consolidated	100	100

Note 4 2013 financial statements restated

The 2013 financial statements have been restated for the impact of the retroactive application of IFRS 11—Joint arrangements at 1 January 2014.

The companies—Ukad and the TiZir subgroup—that were proportionally-consolidated in the financial statements until 31 December 2013 are now equity-consolidated as of 2014 and retrospectively in 2013.

The tables below show the reconciliation of the income statement and statement of cash flows for the financial year 2013 and the balance sheet at 31 December 2013 comparing the financial statements published in 2013 and the restated financial statements.

The notes to the financial statements that follow incorporate the restatements pursuant to IFRS 11.

4.1 Statement of comprehensive income

(€ million)	FY 2013 Published	Restatements IFRS 11	FY 2013 Restated
Sales	**3,162**	**(77)**	**3,085**
EBITDA	**231**	**(20)**	**211**
Current operating profit (loss)	**(45)**	**(14)**	**(59)**
Operating profit (loss)	**(548)**	**(14)**	**(562)**
Net borrowing cost	(7)	(1)	(8)
Other financial income and expenses	(25)	1	(24)
Share of income from joint ventures	-	9	9
Share of income from associates	1	-	1
Income tax	72	5	77
PROFIT (LOSS) FOR THE PERIOD	**(507)**	**-**	**(507)**
• Attributable to non-controlling interests	(137)	-	(137)
• Attributable to equity holders of the parent	**(370)**	**-**	**(370)**

4.2 Statement of financial position

(€ million)	31/12/2013 Published	Restatements IFRS 11	31/12/2013 Restated
Goodwill	163	-	163
Intangible assets	455	(60)	395
Property, plant & equipment	2,536	(288)	2,248
Investments in joint ventures	-	241	241
Investments in associates	32	-	32
Other financial assets	119	18	137
Deferred tax	77	(4)	73
Other non-current assets	5	-	5
Non-current assets	**3,387**	**(93)**	**3,294**
Current assets	**2,573**	**(26)**	**2,547**
TOTAL ASSETS	**5,960**	**(119)**	**5,841**

(€ million)	31/12/2013 Published	Restatements IFRS 11	31/12/2013 Restated
Attributable to equity holders of the parent	**2,532**	**-**	**2,532**
Attributable to non-controlling interests	478	(2)	476
Shareholders' equity	**3,010**	**(2)**	**3,008**
Non-current liabilities	**1,727**	**(88)**	**1,639**
Current liabilities	**1,223**	**(29)**	**1,194**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5,960**	**(119)**	**5,841**

4.3 Statement of cash flows

(€ million)	FY 2013 Published	Restatements IFRS 11	FY 2013 Restated
Cash generated from operations	**74**	**(13)**	**61**
Net change in current operating assets and liabilities	87	(14)	73
Net cash generated by operating activities	**161**	**(27)**	**134**
Net cash used in investing activities	**(387)**	**85**	**(302)**
Net cash used in financing activities	**344**	**(51)**	**293**
Exchange-rate impact	3	(1)	2
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**121**	**6**	**127**
Opening cash and cash equivalents	**621**	**(10)**	**611**
CLOSING CASH AND CASH EQUIVALENTS	**742**	**(4)**	**738**

4.4 Net debt

(€ million)	31/12/2013 Published	Restatements IFRS 11	31/12/2013 Restated
Other current financial assets	169	-	169
Cash and cash equivalents	742	(4)	738
Borrowings – long-term portion	(799)	86	(713)
Borrowings – short-term portion	(330)	(2)	(332)
(NET DEBT)/NET CASH	**(218)**	**80**	**(138)**

Note 5 Goodwill

Goodwill stood at €162 million at 31 December 2014 (€163 million at 31 December 2013) and mainly relates to the acquisition of the Norwegian company Eralloys Holding A/S in 2008 and 2009 for €152 million (€153 million at 31 December 2013).

The impairment loss amount, included in goodwill and detailed in Note 9.2, stood at €12 million at 31 December 2014 (€39 million at 31 December 2013).

Note 6 Intangible assets

6.1 By category

(€ million)	Gross amount	Depreciation & amortisation	Impairment loss	Net amount 31/12/2014	Net amount 31/12/2013
Indonesia mining reserves – Nickel Division	234	-	-	234	206
Gabon mining reserves – Manganese Division	61	(32)	-	29	31
New Caledonia mining reserves – Nickel Division	54	(41)	-	13	13
Geology, prospecting and research expenses – Weda Bay	435	-	(352)	83	57
Other geology, prospecting and research expenses	25	(22)	-	3	9
Software	85	(61)	(2)	22	19
Other intangible assets	75	(56)	(2)	17	30
Work-in-progress, down-payments	31	(1)	-	30	30
TOTAL	**1,000**	**(213)**	**(356)**	**431**	**395**

6.2 Change over the period

(€ million)	FY 2014	FY 2013
At beginning of period	395	654
Investments for the period – Note 7.3	32	117
Disposals for the period	-	(3)
Depreciation and amortisation for the period – Note 26	(21)	(20)
Impairment losses for the period – Note 27.2	-	(323)
Translation adjustments and other movements	25	(30)
AT PERIOD END	**431**	**395**
• Gross amount	1,000	901
• Depreciation & amortisation	(213)	(195)
• Impairment losses – Note 9.2	(356)	(311)

The investments for the period mostly relate to the expenses in Indonesia (Weda Bay project) amounting to €19 million in 2014 (€82 million in 2013).

6.3 Research & development expenditure—expenses during the period

(€ million)	31/12/2014	31/12/2013
Non-capitalised research and development expenditure	30	47
of which, geological expenditure:		
• Nickel	7	11
• Manganese	-	-

Ordinary expenses for mining sites already opened or in operation (Nickel and Manganese Divisions) are not capitalised and are expensed in the financial year in which they are incurred.

Note 7 Property, plant & equipment

7.1 By category

(€ million)	Gross amount	Depreciation & amortisation	Impairment losses	Net amount 31/12/2014	Net amount 31/12/2013
Land and buildings	1,080	(546)	(16)	518	429
Industrial and mining facilities (1)	3,414	(2,040)	(99)	1,275	1,107
Other Property, plant & equipment	783	(484)	(4)	295	290
Work-in-progress, down-payments	209	-	(1)	208	422
TOTAL	**5,486**	**(3,070)**	**(120)**	**2,296**	**2,248**
(1) of which:					
• Assets funded by finance leases	182	(82)	-	100	92
• Dismantling assets – site restoration (Note 19.2)				104	106

7.2 Change over the period

(€ million)	FY 2014	FY 2013
At beginning of period	2,248	2,273
Investments for the period – Note 7.3	273	325
Disposals for the period	(6)	(19)
Depreciation and amortisation for the period – Note 26	(251)	(236)
Impairment losses for the period – Note 27.2	(14)	(77)
Reversal of write-downs for the period – Note 27.2	15	-
Change in the gross amount of dismantling assets – Note 19.2	10	(9)
Translation adjustments and other movements	21	(9)
AT PERIOD END	**2,296**	**2,248**
• Gross amount	5,486	5,224
• Depreciation & amortisation	(3,070)	(2,834)
• Impairment losses – Note 9.2	(120)	(142)

The main investments in the financial year 2014 relate to the Moanda Metallurgical Complex (CMM) representing €41 million.

The main investments in the financial year 2013 related to the CMM in Gabon (€80 million), the New Guilin plant in China (€12 million) and the extension of the manganese processing plant in Gabon (€5 million).

The main capital expenditure programmes are financed from cash and borrowings. Future finance lease payments are presented in Note 22.

7.3 Industrial capital expenditure and acquisition of non-current assets

(€ million)	FY 2014	FY 2013
Capital expenditure on property, plant & equipment for the period – Note 7.2	273	325
Capital expenditure on intangible assets for the period – Note 6.2	32	117
Other investments	-	17
Total industrial capital expenditure – Note 2	**305**	**459**
Change in payables for the acquisition of non-current assets – Note 23	11	(4)
Acquisition of investment securities	-	2
TOTAL ACQUISITION OF NON-CURRENT ASSETS – STATEMENT OF CASH FLOWS	**316**	**457**

Note 8 Mining projects

8.1 Weda Bay project in Indonesia

On 2 May 2006, ERAMET acquired Weda Bay Minerals Inc., a company that is listed on the Toronto stock exchange, whose subsidiary PT Weda Bay Nickel holds a world-class nickel deposit in Halmahera island, Indonesia under a "Contract of work" (COW) concession. Following this acquisition, ERAMET has contracted studies to exploit this deposit. These studies relate to the building of a mine and a plant using the hydrometallurgical process developed by ERAMET at its research centre.

Studies were continued in the course of the financial year 2013 to validate certain technical aspects notably relating to the hydrometallurgical process and the use of reserves.

Negotiations with Indonesia regarding the adjustment of the terms of the COW to the new Indonesian mining law should pursue concomitantly to clarify certain aspects of the regulatory and taxation framework applicable to the project.

At the same time, the nickel market conditions took a turn for the worse in the financial year 2013 causing uncertainty in the short- and medium term outlook.

These conditions do not allow financing the project satisfactorily. ERAMET and its partners decided to make no final investment decision in 2014. The project was mothballed over the financial year 2014.

The net value of the Weda Bay assets breaks down as follows:

(€ million)	31/12/2014	31/12/2013
Mining reserves	234	206
Geology, prospecting and research expenditure	435	367
Property, plant & equipment	14	13
Total assets – before impairment	**683**	**586**
Impairment (1)	(352)	(310)
TOTAL ASSETS – AFTER IMPAIRMENT	**331**	**276**

(1) USD427 million converted at the closing rates on 31 December 2014 and 2013.

Capitalised project expenditure mainly consists of the geology, exploration and prospecting costs, and the costs of technical and economic studies.

At 31 December 2013, the project's recoverable value had been measured on the basis of studies of the project's cost, its potential markets and nickel price forecasts. An impairment loss of USD427 million (€322 million shown in the income statement at the average EUR/USD exchange rate for FY 2013) was recognised in the financial year 2013 (see Notes 9.2 and 27.2) accounting notably for the project delay and the nickel market conditions.

At 31 December 2014, given that no new event had occurred that warranted the remeasurement of the project assets after impairment, the impairment loss amount of USD427 million remained unchanged.

ERAMET's partners on the project are the Mitsubishi Corporation and Pacific Metals Co Ltd groups, respectively holding 30% and 3.4% of the Strand Minerals Pte Ltd holding company and the Antam PT Group which owns 10% of the PT Weda Bay Nickel, the owner of the deposit.

PT Antam has several call options allowing it to increase its interest, the terms and conditions of exercise of which are given in Note 32. ERAMET also granted put options when Mitsubishi Corporation acquired an interest in Strand Minerals Pte Ltd. These options can be exercised on the basis of the final investment decision, under certain conditions detailed in Note 19.3.

8.2 TiZir project in Senegal and Norway

On 27 July 2011, ERAMET and Mineral Deposits Ltd (MDL) entered into an agreement to create a joint venture, the British company TiZir Ltd, bringing together the Norwegian company TiZir Titanium & Iron A/S and the Grande Côte Opérations SA mineral sands project in Senegal. The final agreements were completed on 25 October 2011. The ramp up began in July 2014.

The joint venture and its subsidiaries are equity-consolidated.

The portion of the net value of the project's capital assets attributable to the Group stood at €364 million at 31 December 2014 (€326 million at 31 December 2013).

An impairment of assets of €28 million (Group share) was recognised at 31 December 2014 given the unfavourable prospects regarding zircon sale prices compared to end-2013.

Note 9 Impairment of assets

9.1 Estimates and judgements

At 31 December 2014, the ERAMET group is divided into 17 cash generating units corresponding to the different production sites of the three Divisions:

- three CGUs in the Nickel Division;
- 12 CGUs in the Manganese Division;
- two CGUs in the Alloys Division.

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 2%, depending on the CGU.

The discount rate used to calculate the value in use is the weighted average cost of capital, which is:

- 10% for mining activities (compared to 10.5% en 2013);
- 9.0% for metallurgical activities (compared to 9.5% en 2013);
- 11.0% for the Weda Bay project in Indonesia (compared to 11.0% in 2013);
- 11.0% for the Grande Côte CGU (compared to 10.5% en 2013).

The gearing applied is the average gearing for the segment. Country risk was factored in for the Group's mining activity in Gabon, New Caledonia and Indonesia in the same proportion.

9.2 Annual test for impairment loss

Impairment losses and changes in these losses stem from the following factors:

	FY 2014				FY 2013			
	Total	Goodwill	Intangibles	PP&E	Total	Goodwill	Intangibles	PP&E
(€ million)		Note 5	Note 6	Note 7		Note 5	Note 6	Note 7
At beginning of period	(492)	(39)	(311)	(142)	(156)	(31)	-	(125)
• Impairment losses for the period – Note 27.2	(14)			(14)	(408)	(8)	(323)	(77)
• Reversals for the period – Note 27.2	15			15	-			
• Disposals for the period	-				47			47
• Translation adjustments and other movements	3	27	(45)	21	25		12	13
AT PERIOD END	(488)	(12)	(356)	(120)	(492)	(39)	(311)	(142)
• Ni – Weda Bay project in Indonesia	(352)		(352)		(310)		(310)	
• Mn – Recycling business	(47)		(1)	(46)	(54)	(10)	(1)	(43)
• Mn – Special products business	(5)			(5)	(25)			(25)
• Mn – Erachem Comilog SPRL	(5)			(5)	(6)			(6)
• Mn – Guilin China business	(15)			(15)	-			
• Alloys – High-speed steel business	(50)		(3)	(47)	(74)	(9)		(65)
• Other CGU	(14)	(12)		(2)	(20)	(20)		
Cash generating units (CGU)	(488)	(12)	(356)	(120)	(489)	(39)	(311)	(139)
Individual assets	-				(3)			(3)

FY 2014

An impairment loss of €14 million was recorded at 31 December 2014 for the China CGU in the Manganese Division owing to a severe downturn in the local market for its main products.

A reversal of the impairment of €15 million was recognised in Erasteel's "High-speed steel" segment, reflecting the better outlook for this business.

FY 2013

An impairment of €322 million has been recognised, at the average EUR/USD exchange rate for the period, for the intangible assets of the Weda Bay Nickel project following the deferred final investment decision (see Note 8).

An additional impairment of €39 million had been recognised in the "Recycling" business in the United States owing to the fall in molybdenum and vanadium prices that curbed production volumes.

An impairment of €14 million has been recognised for Valdi—a company in the "Recycling" business of the Division—including €8 million for the residual value of goodwill.

Impairment losses in the Alloys Division concerned Erasteel's "High-speed steel" business. An additional impairment of €33 million had been recognised following the sharp decline in that business mostly due to the lower demand for standard steel, and tougher competition.

9.3 Sensitivity

Sensitivity is determined by reference to changes in future cash flows and discount rates.

The Group's cash projections for its mining and metallurgical business are highly dependent on the sale price assumptions, notably that of ores (nickel, manganese, zircon, etc.), on the euro-dollar parity, and the world demand for the products sold by the Group.

The concerned cash-generating units are as follows:

- CGUs involving sizeable goodwill;
- CGUs whose test result is negative, or positive to a non-significant extent.

In the Weda Bay project CGU, a change in the main assumptions (discount rate, price of nickel, inflation rate) could have a material impact on the value in use.

As for the SLN-ERAMET Nickel CGU, the value in use is extremely sensitive to changes in nickel prices. The main assumptions made for the impairment test are based on the best assessment of developments in the Nickel market. An adverse trend in the long-term price forecasts for nickel could bring the recoverable value in line with the book value. However, impairment would not be recognised for a 0.5% increase in the discount rate, as also a 0.5% decrease in long-term growth rate in like operating conditions.

For the China CGU in the Manganese Division, a 0.5% increase in the discount rate and a downward trend in the projected gross margin would lead to additional impairment being recognised.

For the "Recycling" CGU, a 0.5% increase in the discount rate or a 10% fall in business or a 5% decrease in prices would not call for additional impairment.

At the Aubert & Duval CGU, the business plan expects increased profitability in this activity based on productivity plans, reduced structural costs and improved sales. The plans to reduce costs and improve productivity were initiated as from end-2012. A 0.5% increase in the discount rate, a 0.5% decrease in the long-term growth rate or a fall in the EBITDA margin by 1% in the final year would not call for impairment to be recognised.

Note 10 Investments in joint ventures and associates

10.1 Breakdown by entity

(€ million)			Share of		Share of	
Companies	Country	% interest	profit (loss) 2014	shareholders' equity 31/12/2014	profit (loss) 2013	shareholders' equity 31/12/2013
TiZir subgroup	United Kingdom	50%	(43)	217	11	239
Ukad	France	50%	(1)	5	(2)	2
TOTAL JOINT VENTURES			**(44)**	**222**	**9**	**241**
Tinfos A/S	Norway	33.35%	-	-	1	24
Heye Erasteel Innovative Materials Ltd	China	49%	-	9	-	8
TOTAL ASSOCIATES			**-**	**9**	**1**	**32**

The Group sold its 33.35% stake in Tinfos A/S in November 2014.

10.2 TiZir subgroup balance sheet

The fully contributory balance sheet of the TiZir subgroup is as shown below:

(€ million)	31/12/2014	31/12/2013
Non-current assets	726	650
Non-cash current assets	78	50
Liabilities excluding gross financial payables	104	56
Net debt	270	162
Non-controlling interests	(4)	4
Equity, attributable to Group	434	478
SHARE OF SHAREHOLDERS' EQUITY	**217**	**239**

The investments made for the TiZir project in Senegal (Grande Côte) stood at €79 million in 2014 (€252 million in the financial year 2013).

10.3 TiZir subgroup income statement

The fully contributory income statement of the TiZir subgroup is as follows:

(€ million)	FY 2014	FY 2013
Sales	122	152
EBITDA	(2)	44
Current operating profit (loss)	(18)	32
Non-controlling interests	(8)	-
Profit (loss), attributable to Group	(86)	22
SHARE OF PROFIT	**(43)**	**11**

Translation adjustments of €20 million for the financial year 2014 and -€15 million for the financial year 2013 were posted to items recyclable to profit or loss in the Group's comprehensive income statement.

10.4 Joint ventures capital increase

During the financial year 2013, TiZir Ltd launched a capital increase of USD50 million (€38 million) while Ukad called up its remaining share capital amounting to €7.5 million, resulting in the total cash impact of €23 million for the Group.

During the financial year 2014, Ukad launched a capital increase of €10 million of which €7 million was called up during the period, resulting in the cash impact of €3 million for the Group.

Note 11 Non-current financial assets

11.1 By category

(€ million)	Gross amount	Impairment	Net amount 31/12/2014	Net amount 31/12/2013
Deposits and guarantees	37	-	37	38
Shareholders' loan – TiZir	39	-	39	36
Other non-current financial assets	19	(2)	17	14
Total excluding non-consolidated subsidiaries	**95**	**(2)**	**93**	**88**
Non-consolidated subsidiaries – Note 12	85	(37)	48	49
TOTAL	**180**	**(39)**	**141**	**137**

The shareholders' loan to TiZir accounts for the loan amount granted by ERAMET SA to this entity, at 31 December 2014.

Other non-current financial assets chiefly relate to financial current accounts or loans granted to non-consolidated companies.

11.2 By currency

(€ million)	31/12/2014	31/12/2013
Euro	21	19
US dollar	62	60
CFP franc	7	7
Other currencies	3	2
TOTAL	**93**	**88**

11.3 By interest rate type

(€ million)	31/12/2014	31/12/2013
Interest-free	31	37
Fixed interest rates	8	13
Variable interest rates	54	38
TOTAL	**93**	**88**

Interest-free items mainly relate to deposits and guarantees and certain loans to employees.

Note 12 Non-consolidated subsidiaries

Non-consolidated subsidiaries mainly comprise the companies Heye Special Steel Ltd (10%, €14 million), Brown Europe (100%, €8 million) and Maboumine (76.14%, €26 million, that is fully provided for).

Non-consolidated subsidiaries are mainly controlled companies and are recognised in the balance sheet at their acquisition cost or at their value on the date of their deconsolidation, less any impairment provision.

Controlled but non-consolidated companies are mainly sales and research & development entities, the services of which are wholly for the ERAMET group, and the industrial subsidiaries of ERAMET Holding Alliages (shaping, wire-drawing and drawing of metallurgical products).

Investments in controlled companies are not consolidated since they have no material impact on the Group's consolidated financial statements.

Note 13 Inventories

(€ million)	Net amount 31/12/2014	Net amount 31/12/2013
At beginning of period	965	1,018
Change in gross inventories	16	17
(Impairment)/net reversals for the period	27	(49)
Increase/(decrease) in net inventories – cash flows	43	(32)
Translation adjustments and other movements	11	(21)
AT PERIOD END	**1,019**	**965**
Raw materials	277	308
Merchandise and finished products	397	331
Work in progress and semi-finished products	298	284
Consumables and spare parts	47	42
Breakdown of impairment losses:		
• **At beginning of period**	**(151)**	**(104)**
• (Impairment)/net reversals for the period	27	(49)
• Translation adjustments and other movements	(1)	2
• **At period end**	**(125)**	**(151)**

Impairment provisions mainly relate to raw materials and merchandise and finished products. Inventories pledged to secure liabilities appear in Note 31.

Note 14 Trade and other receivables

(€ million)	Gross amount	Impairment	Net amount 31/12/2014	Net amount 31/12/2013
At beginning of period	678	(91)	587	679
Changes in working capital requirement	84	-	84	(50)
Impairment losses for the period	-	(4)	(4)	(37)
Translation adjustments and other movements	17	-	17	(5)
AT PERIOD END	**779**	**(95)**	**684**	**587**
Trade receivables	395	(10)	385	382
Tax and payroll receivables	114	(1)	113	101
Prepaid expenses	29	-	29	21
Receivables on non-current assets	14	-	14	18
Security deposit – securitisation agreement	18	-	18	10
Receivables on the Setrag concession agreement – non-current asset	4	-	4	4
TiZir shareholder current account – non-current asset	35	-	35	-
Other operating receivables	170	(84)	86	51
TOTAL	**779**	**(95)**	**684**	**587**
• Non-current assets	39	-	39	5
• Current assets	740	(95)	645	582

The bulk of trade and other receivables are due in less than one year.

14.1 Securitisation of customer receivables

In 2012, the Group's wholly-owned subsidiary Aubert & Duval renewed the debt securitisation agreement it had concluded on 5 July 2007 with a bank with ceilings of €90 million and USD50 million. This contract provided for the securitisation during a five-year period of receivables from major customers, located primarily in Europe and North America.

Trade receivables and security deposit amounts were as follows:

(€ million)	31/12/2014	31/12/2013
Trade receivables – Invoices assigned	(116)	(89)
Trade receivables – Invoices reconsolidated	9	7
Other operating receivables – Security deposit	18	10

The reconsolidated trade receivables offset by financial liabilities relate to risks of trade disputes representing 8% of assigned receivables.

The security deposit is used to cover the commitments given by Aubert & Duval to the finance company and is returned upon the settlement of the operation; it comprises the reserves that serve to cover credit, late payment and dilution risks.

Note 15 Other current financial assets and cash & cash equivalents

15.1 Current financial assets

Other current financial assets consisted of bonds issued by some twenty listed European companies.

There was no change in the fair value of current financial assets recognised in equity for the financial year 2014 (-€5 million in the financial year 2013).

15.2 Cash and cash equivalents

15.2.1 By category

(€ million)	Net amount 31/12/2014	Net amount 31/12/2013
Cash	77	59
Cash equivalents	439	679
TOTAL	**516**	**738**

15.2.2 By currency

(€ million)	31/12/2014	31/12/2013
Euro	484	695
US dollar	17	14
Yuan Ren-Min-Bi (China)	6	9
Norwegian krone	3	12
Other currencies	6	8
TOTAL	**516**	**738**

15.2.3 By interest rate type

(€ million)	31/12/2014	31/12/2013
Interest-free	36	27
Fixed interest rates	68	270
Variable interest rates	412	441
TOTAL	**516**	**738**

Interest-free items mainly consist of non-interest-bearing sight deposits.

Cash includes cash in hand and at bank. Cash equivalents mostly comprise the following items managed by Metal Securities:

- money-market securities totalling €70 million (compared with €359 million at 31 December 2013) bearing interest based on the EONIA index rate (Euribor OverNight Index Average);
- negotiable debt securities totalling €242 million (compared with €203 million at 31 December 2013) bearing interest based on the EONIA index rate;
- interest-bearing bank accounts amounting to €65 million (compared to €103 million at 31 December 2013).

The change from one period to the next is analysed through the statement of cash flows drawn up using the indirect method.

Note 16 Shareholders' equity

16.1 Changes to the share capital

The share capital of €80,956,814.90 is composed of 26,543,218 fully paid-up shares with a par value of €3.05 each.

	FY 2014				FY 2013			
	Share capital		Voting rights		Share capital		Voting rights	
Breakdown	%	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares
Registered shares								
SORAME et Compagnie d'Études Industrielles du Rouvray (CEIR)	37.06	9,835,834	44.18	19,671,668	37.06	9,835,834	46.18	15,342,929
FSI Equation (Bpifrance subsidiary)	25.66	6,810,317	30.59	13,620,634	25.66	6,810,317	20.50	6,810,317
S.T.C.P.I.	4.03	1,070,587	4.81	2,141,173	4.03	1,070,586	6.44	2,141,172
ERAMET S.A.	0.87	230,051	-	-	1.07	284,861	-	-
ERAMET S.A. share fund	0.20	52,373	0.24	104,746	0.20	52,373	0.26	86,227
Other	32.19	8,544,056	20.18	8,985,301	31.98	8,489,247	26.62	8,842,358
TOTAL NUMBER OF SHARES	**100.00**	**26,543,218**	**100.00**	**44,523,522**	**100.00**	**26,543,218**	**100.00**	**33,223,003**
• of which, registered shares	69.51	18,449,298	82.02	36,519,203	69.54	18,457,986	75.99	25,244,765
• of which, bearer shares	30.49	8,093,920	17.98	8,004,319	30.46	8,085,232	24.01	7,978,238

Pursuant to a shareholders' agreement signed on 16 March 2012, which entered into force on 16 May 2012 and will expire on 31 December 2016, subject of the AMF decision and notification No. 212C0647, the Company, as of 16 May 2012, is under the majority control of a declared concert party of shareholders comprising:

- a concert sub-group comprised of SORAME and CEIR, companies controlled by the Duval family, pursuant to a simultaneous shareholders' agreement of 19 July 1999, that came into effect on 21 July 1999, and was amended by a rider on 13 July 2009;
- Bpifrance (public investment bank), via its subsidiary FSI Equation.

The provisions of the above shareholders' agreement and of the concert sub-group can be found in the main extracts of the texts of the AMF decision and notification No. 212C0647 and No. 209C1013 (rider of 13 July 2009).

Since 1 January 2002, registered shares meeting the required conditions have qualified for double voting rights.

Dividends paid

	FY 2014	FY 2013
Net dividends *(€ per share)*	-	1.30
Total return *(€ per share)*	-	1.30
TOTAL NET PAYOUT *(€ MILLION)*	**-**	**34**

No dividends were paid in the financial year 2014 in respect of the financial year 2013 (dividends paid in 2013 in connection with the financial year 2012 amounted to €34 million, i.e. €1.30 per share).

The distributable reserves of the parent company ERAMET SA amounted to €1,523 million prior to the appropriation of 2014 earnings (€1,656 million at 31 December 2013).

Treasury shares

At 31 December 2014, ERAMET held 230,051 treasury shares (284,861 shares at 31 December 2013); these included 89,601 shares (106,952 shares at 31 December 2013) representing shares purchased under the liquidity contract signed with Exane BNP Paribas, and 140,450 shares (177,909 shares at 31 December 2013) purchased by Exane BNP Paribas on instructions for it to buy back 250,000 shares (buyback ceiling reached in 2013). These transactions were fully recognised in shareholders' equity.

The change in treasury shares in the financial year 2014 results partly from movements in connection with the liquidity contract relating to a net decrease (purchase/sale) of 17,351 shares, as well as from the vesting of 37,459 bonus shares allocated to employees, deducted from the remaining shares following the share buyback instruction (Note 16.2).

The ERAMET treasury shares are classified under "Other reserves" and recognised at purchase cost for an amount of -€33 million at 31 December 2014 (-€44 million at 31 December 2013).

The table below summarises the treasury share transactions:

		Price support	Awards to employees	Total
Position at 31 December 2012		**62,554**	**207,945**	**270,499**
As a percentage of share capital	*26,543,218*	*0.24%*	*0.78%*	*1.02%*
Bonus share grants			(67,783)	(67,783)
Purchases		235,693	37,747	273,440
Sales		(191,295)		(191,295)
Position at 31 December 2013		**106,952**	**177,909**	**284,861**
As a percentage of share capital	*26,543,218*	*0.40%*	*0.67%*	*1.07%*
Bonus share grants			(37,459)	(37,459)
Purchases		232,759		232,759
Sales		(250,110)		(250,110)
POSITION AT 31 DECEMBER 2014		**89,601**	**140,450**	**230,051**
As a percentage of share capital	*26,543,218*	*0.34%*	*0.53%*	*0.87%*

16.2 Bonus share plan and share-based payments

The change in the number of non-vested bonus share grants was as follows in the financial year 2014:

(1)	Date of General Shareholders' Meeting	Date of Board meeting	At outset		At 31 December 2013		Changes in 2014				At 31 December 2014		Expiration date of plans
			Number of beneficiaries	Number of shares	Number of beneficiaries	Number of shares	New plans	Granted definitively	Lapsed	Expired	Number of beneficiaries	Number of shares	
1	13/05/2009	29/07/2009	14,677	73,385	-	-					-	-	29/07/2013
2	20/05/2010	20/05/2010	14,412	28,824	7,682	15,364		(15,352)	(12)		-	-	20/05/2014
3	20/05/2010	20/05/2010	162	65,008	53	4,452		(4,397)		(55)	-	-	20/05/2015
4	20/05/2010	16/02/2011	14,292	28,584	7,697	15,478			(90)		7,694	15,388	16/02/2015
5	20/05/2010	16/02/2011	205	71,665	193	54,078		(8,008)	(1,065)	(41,460)	66	3,545	16/02/2016
6	20/05/2010	15/02/2012	14,210	28,420	12,610	26,590		(9,702)	106		8,497	16,994	15/02/2016
7	20/05/2010	15/02/2012	201	89,885	197	76,351			(1,755)	(9,979)	190	64,617	15/02/2017
8	20/05/2010	21/03/2013	14,353	28,706	12,651	25,302			(94)		12,604	25,208	21/03/2017
9	20/05/2010	21/03/2013	209	145,040	204	143,390			(2,000)	(22,252)	199	119,138	21/03/2018
10	20/05/2010	20/02/2014	13,351	26,702	-	-	26,702		(2,672)		12,015	24,030	20/02/2018
11	20/05/2010	20/02/2014	213	143,510	-	-	143,510		(2,490)		204	141,020	20/02/2019
TOTAL			**-**	**729,729**	**-**	**361,005**	**170,212**	**(37,459)**	**(10,072)**	**(73,746)**	**-**	**409,940**	

(1) Final vesting date: 1 = 29 July 2011 France and 29 July 2013 Worldwide, 2 = 20 May 2012 and 20 May 2014, 3 = 20 May 2013 and 20 May 2015, 4 = 16 February 2013 and 16 February 2015, 5 = 16 February 2014 and 16 February 2016, 6 = 15 February 2014 and 15 February 2016; 7 = 15 February 2015 and 15 February 2017; 8 = 21 March and 21 March 2017; 9 = 21 March 2016 and 21 March 2018; 10 = 20 February 2016 and 20 February 2018; 11 = 20 February 2017 and 20 February 2019.

The shares cannot be sold prior to: 1 = 29 July 2013, 2 = 20 May 2014, 3 = 20 May 2015, 4 = 16 February 2015, 5 = 16 February 2016, 6 = 15 February 2016; 7 = 15 February 2017; 8 = 21 March 2017; 9 = 21 March 2018; 10 = 20 February 2018; 11 = 20 February 2019.

Share-based payments relate only to plans for bonus share awards to employees. They represented an expense of €5 million (€8 million at 31 December 2013).

Bonus share plans 1, 2, 4, 6, 8 and 10 are not subject to performance conditions and their fair value was measured using the Black & Scholes model.

Bonus share plans 3, 5, 7, 9 and 11 are subject to two performance conditions—one intrinsic condition based on ERAMET's financial performance and one external condition based on the ERAMET stock performance. The fair value of these plans was measured using the Monte-Carlo model.

The bonus share awards to employees who are tax-domiciled in France fully vest after a two-year vesting period for plans that are not subject to performance conditions, and after three years for plans that are subject to performance conditions, on the understanding that the beneficiaries must retain the shares awarded to them for an additional two years.

The bonus share awards to employees who are tax-domiciled outside France fully vest and are freely transferable after a four-year period.

The assumptions used to measure the plans are based on:

- expected volatility determined on the basis of an observation of the stock's historic performance;
- a risk-free zero coupon rate over the term of the plan;
- a future distribution rate based on the average for the past five years.

The characteristics of the two new bonus share award plans for the financial year 2014 are as follows:

		Number of shares	Exercise price *(€)*	Maturity *(years)* (1)	Risk-free rate	Average dividend yield	Fair value of option *(€)* (2)
Plan No. 10 – Note 16.2.	France	10,538	free	2 + 2	0.22%	1.50%	57.77
	World	16,164	free	4 + 0	0.71%	1.50%	66.96
Plan No. 11 – Note 16.2.	France	109,725	free	3 + 2	0.40%	1.50%	60.46/30.56
	World	33,785	free	4 + 0	0.71%	1.50%	66.96/33.85

(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

Note 17 Attributable to non-controlling interests

(€ million)	% of non-controlling interests	Share of profit (loss) 2014	Share of shareholders' equity 31/12/2014	Share of profit (loss) 2013	Share of shareholders' equity 31/12/2013
At beginning of period			476		813
Dividends distributed			(25)		(187)
Profit (loss) for the period			(8)		(137)
Change in financial instrument revaluation reserve			(7)		1
Translation adjustments			(2)		1
Other movements			-		(15)
AT PERIOD END		**(8)**	**434**	**(137)**	**476**
Le Nickel-SLN	44%	(18)	287	(58)	308
Comilog SA	36.29%	11	211	36	232
Strand Minerals Inc. (1)	33.4%	(2)	(85)	(115)	(76)
PT Weda Nickel Ltd	10%	-	17	-	14
Guangxi Comilog Ferro Alloys Ltd.	30%	-	-	-	-
Interforge	6%	-	2	-	2
Other companies		1	2	-	(4)

(1) In the event of the Group's acquiring 33.4% of minority interest in Strands Minerals Inc. or of Mitsubishi's exercising the put options (see Note 19.3), the minority equity amount would then be reclassified as shareholders' equity attributable to the Group.

The negative earnings of -€115 million from the minority interest in Strand Minerals Inc. in 2013 were due to the impairment losses of €322 million recognised on the Weda Bay project in Indonesia.

Note 18 Employee-related liabilities

18.1 Overview of plans

The current and former employees of the Group's companies avail of various defined contribution or defined benefit plans. The characteristics of these plans vary in line with the governing laws and regulations in each country and the agreements in force in each company.

Description of the main defined benefit plans and associated risks

The Group's main defined benefit plans are offered in France, United States, Norway and New Caledonia. The main plan assets are therefore located in these countries. The fundamental characteristics of the plans described below relate to these four countries.

Retirement packages are generally paid as a lump sum or as annuities determined on the basis of the employee's length of service, final salary or average final remuneration. Pre-retirement and additional healthcare benefits as well as life insurance are also provided under the pension plan, along with long-service bonuses that are awarded through the payment of a lump sum that varies according to the completed service year brackets.

In the United States and Norway, most defined benefit plans are no longer accessible to new employees. They participate in defined contribution plans.

In New Caledonia, the commitments 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, price and frequency depends on the employee's professional category.

Risks associated with the plans

The 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, notably investment risk, interest rate risk and longevity risk. The plans are also exposed to the risk of negotiation to reach a more favourable internal agreement, and the risk of increase in taxes or in annuities for supplementary pension plans.

Governance policy

Under the laws governing defined benefit plans, it is the 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.

Investment policies and risk management initiatives

The investment policies are designed to obtain long-term return on investment that, 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, suffered from the deterioration of bond returns for some years now and are still exposed to the 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 among the key players in the business; index-based management is used for the most part and active management for the rest. Half of the asset allocation is in State bonds and American companies, denominated in USD, with the objective of backing the liability duration. The other half is invested through 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 as concerns bonds, and market risk and capital risk for equities. However, in 2014, the markets in which the assets are invested performed well.

In Norway, the Group chooses the investment portfolio type from a set of options proposed by two leading insurance firms (DNB and Storebrand)—as is customary market practice in that country. On an average, moderate profile investment portfolios comprise 58% of bonds and 18% of liquidities. The rest is invested in real estate and in equities.

18.2 Overall cost of employee-related liabilities

The cost of employee-related liabilities recognised in consolidated earnings and in the comprehensive income statement is as follows:

	Pension plans		Retirement package		Other benefits		Total employee-related liabilities	
(€ million)	2014	2013	2014	2013	2014	2013	2014	2013
Service cost	6	4	5	5	4	2	15	11
Past service cost (1)	-	3	(5)	1	(1)	-	(6)	4
Net interest expense (Note 28.2)	2	3	3	2	2	2	7	7
Cost recognised in income	**8**	**10**	**3**	**8**	**5**	**4**	**16**	**22**
Impact of revaluation on commitments	31	-	1	6	(5)	(8)	27	(2)
• Experience	(1)	3	(3)	8	(1)	(1)	(5)	10
• Demographic assumptions	8	10	-	1	-	(7)	8	4
• Financial assumptions	24	(13)	4	(3)	(4)	-	24	(16)
Impact of revaluation on pension plan assets	(9)	(5)	-	1	-	-	(9)	(4)
Change in non-recoverable surplus	-	(1)	-	(1)	-	-	-	(2)
Cost recognised in other comprehensive income	**22**	**(6)**	**1**	**6**	**(5)**	**(8)**	**18**	**(8)**
TOTAL COST RECOGNISED IN COMPREHENSIVE INCOME	**30**	**4**	**4**	**14**	**-**	**(4)**	**34**	**14**

(1) Pension plan changes and curtailments.

18.3 Change in obligations and plan assets

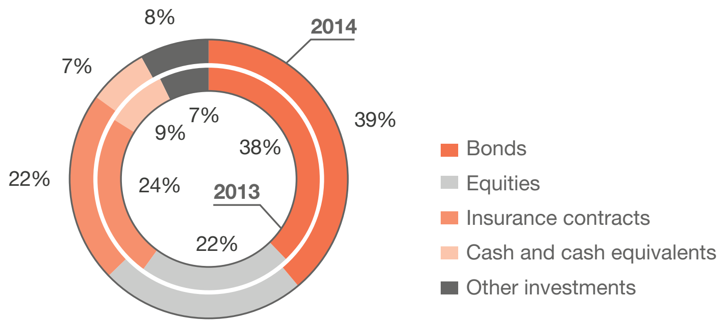
In connection with employee-related liabilities, the table below illustrates the change in obligation by plan type, distribution by beneficiaries and based on whether or not pre-financing is used, as well as the change in the fair value of the plan assets and its differentiation by category (listed and unlisted assets).

	Pension plans		Retirement package		Other benefits		Total employee-related liabilities	
(€ million)	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Change in the obligation								
Obligation at beginning of period	254	262	101	103	46	53	401	418
• Cost recognised in income	15	16	4	10	5	4	24	30
• Impact of revaluation	31	-	1	6	(5)	(8)	27	(2)
• Contributions and benefits paid	(13)	(13)	(3)	(14)	(4)	(3)	(20)	(30)
• Translation differences and other movements	12	(11)	(2)	(4)	1	-	11	(15)
Obligation at end of period (I)	299	254	101	101	43	46	443	401
Obligation attributable to								
• *Working beneficiaries*	*136*	*114*	*100*	*100*	*35*	*36*	*271*	*250*
• *Beneficiaries entitled to deferred benefits*	*36*	*10*	*-*	*-*	*-*	*-*	*36*	*10*
• *Pensioners*	*127*	*130*	*1*	*1*	*8*	*10*	*136*	*141*
	299	***254***	***101***	***101***	***43***	***46***	***443***	***401***
Obligation								
• *Prefinanced*	*271 91%*	*230 91%*	*63 62%*	*61 60%*	*- 0%*	*- 0%*	*334 75%*	*291 73%*
• *Not financed*	*28 9%*	*24 9%*	*38 39%*	*40 40%*	*43 100%*	*46 100%*	*109 25%*	*110 27%*
	299	***254***	***101***	***101***	***43***	***46***	***443***	***401***
Change in plan assets								
Fair value of plan assets at beginning of period	184	183	34	49	-	-	218	232
• Interest income recognised in income	7	6	1	2	-	-	8	8
• Impact of revaluation	9	5	-	(1)	-	-	9	4
• Contributions paid	7	8	1	1	-	-	8	9
• Benefits paid	(11)	(11)	(2)	(13)	-	-	(13)	(24)
• Translation differences and other movements	11	(7)	-	(4)	-	-	11	(11)
Fair value of plan assets at period end (II)	207	184	34	34	-	-	241	218
Plan assets								
• *Listed on an active market*	*152 73%*	*130 71%*	*34 99%*	*34 100%*	*-*	*-*	*186 76%*	*164 75%*
• *Unlisted*	*55 27%*	*54 29%*	*- -*	*- -*	*-*	*-*	*55 23%*	*54 25%*
	207	***184***	***34***	***34***	***-***	***-***	***241***	***218***
NET LIABILITIES IN THE BALANCE SHEET (I) - (II)	**92**	**70**	**67**	**67**	**43**	**46**	**202**	**183**

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.

(€ million)	31 December 2014				31 December 2013			
	Current value of obligations (a)	Fair value of plan assets (b)	Net liabilities in the balance sheet (a) + (b)	Financial cover ratio – (b)/(a)	Current value of obligations (a)	Fair value of plan assets (b)	Net liabilities in the balance sheet (a) + (b)	Financial cover ratio – (b)/(a)
France	165	(63)	102	38.2%	147	(63)	84	42.9%
United States	146	(121)	25	82.9%	120	(97)	23	80.8%
Norway	59	(37)	22	62.7%	59	(38)	21	64.4%
New Caledonia	34	(10)	24	29.4%	38	(10)	28	26.3%
Other countries	39	(10)	29	25.6%	37	(10)	27	27.0%
TOTAL	**443**	**(241)**	**202**	**54.4%**	**401**	**(218)**	**183**	**54.4%**

The chart below illustrates how the funds are invested:



18.4 Main actuarial assumptions and related sensitivity

The Group's liabilities are appraised by independent actuaries. 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 December 2014		31 December 2013	
	Rates		Rates	
	Discount	Inflation	Discount	Inflation
Euro zone	2.20%	1.80%	3.30%	2.00%
Norway	3.00%	1.90%	4.00%	1.80%
United States	3.75%-3.90%	2.20%	4.35%-4.70%	2.20%
New Caledonia	3.50%	1.30%	3.95%	1.70%

In the Euro zone and in the United States, the discount rates were determined on the basis of AA10+ corporate bonds. In Norway, since 2012, the discount rate is determined based on secured bonds such as mortgage-backed bonds.

In New Caledonia, given that the corporate bond market is not liquid, as also the State bonds market, the approach used to determine the rates applies a method to replace returns from State bonds, i.e. the expected long-term return of inflation in consumer prices plus the expected long-term return of growth in GDP on a multiplicative basis.

An increase or decrease in the discount rate or inflation rate by 0.5 percentage point will have the following impact, with other actuarial assumptions remaining constant:

	Discount rate change		Inflation rate change	
	+0.5%	-0.5%	+0.5%	-0.5%
Increase (decrease) in discounted value of obligations *(%)*	-5,41%	+5.66%	+3.20%	-3.14%
Increase (decrease) in present value of obligations *(€ million)*	(24.0)	25.1	14.2	(13.9)

18.5 Projected cash outflows

The overall duration is 13.6 years at 31 December 2014 (11.5 years at 31 December 2013).

For the year 2015, the contributions that will be paid in respect of employee-related liabilities are estimated at €6 million. Future benefits that will be taken from investments or paid directly by the Group, are estimated at €21 million.

Note 19 Provisions

(€ million)	FY 2014		FY 2013	
At beginning of period		**471**		**458**
Provisions (reversals) for the period		39		26
• Provisions for the period	54		44	
• (Reversals) in the period	(27)		(30)	
• Accretion expenses	12		12	
Dismantling assets		10		(9)
Translation adjustments and other movements		10		(4)
AT PERIOD END		**530**		**471**
• Long-term portion		488		439
• Short-term portion		42		32
Personnel – Note 19.1		41		18
Environmental contingencies and site restoration – Note 19.2		369		351
Other contingencies and losses – Note 19.3		120		102

19.1 Personnel

(€ million)	31/12/2014	31/12/2013
Restructuring and redundancy plans – Alloys Division	15	7
Restructuring and redundancy plans – Manganese Division	14	8
Restructuring and redundancy plans – Holding company	7	-
Restructuring and redundancy plans	**36**	**15**
Other labour contingencies and losses	5	3
TOTAL	**41**	**18**

19.2 Environmental contingencies and site restoration

(€ million)	31/12/2014	31/12/2013
Environmental contingencies	25	29
Site restoration [(1)]	344	322
TOTAL	**369**	**351**
(1) of which provisions offsetting a dismantling asset	*313*	*292*
• Long-term portion	358	340
• Short-term portion	11	11

Environmental contingencies

The provision relating to the Manganese Division amounted to €16 million (€19 million at 31 December 2013), and for the Alloys Division it stood at €6 million (compared with €7 million at 31 December 2013), and for the Nickel Division, it remained at €3 million (unchanged from 31 December 2013).

Site restoration

(€ million)	FY 2014		FY 2013	
At beginning of period		322		325
Provisions (reversals) for the period		9		8
• Provisions for the period	1		2	
• (Reversals) in the period	(4)		(6)	
• Accretion expenses – Note 28.2	12		12	
Dismantling assets – Note 7.2		10		(9)
Translation adjustments and other movements		3		(2)
AT PERIOD END		**344**		**322**
Le Nickel-SLN (New Caledonia) – Nickel Division		263		239
Comilog (Gabon) – Manganese Division		29		37
ERAMET Marietta (United States) – Manganese Division		26		21
Comilog France – Manganese Division		16		16
GCMC (United States) – Manganese Division		6		5
Other companies		4		4

Site restoration costs are discounted over the residual period up to the scheduled mine closure date, such period not extending beyond 2055 in New Caledonia, 2032 in Gabon and 2074 in the United States.

The following actuarial assumptions are used:

	31/12/2014		31/12/2013	
	Discount rate	Inflation rate	Discount rate	Inflation rate
United States	3.75%	2.20%	4.35%	2.20%
New Caledonia	3.50%	1.50%	3.95%	1.50%
Gabon	8.00%	2.50%	6.50%	2.50%

An increase or decrease by 0.25% in the discount rate would result in an increase or decrease by about €12 million in provisions. The Group has no decommissioning fund as defined by the IFRIC 5 interpretation.

19.3 Other contingencies and losses

(€ million)	FY 2014		FY 2013	
At beginning of period		**102**		**89**
Provisions (reversals) for the period		10		14
• Provisions for the period	17		28	
• (Reversals) in the period	(7)		(14)	
Translation adjustments and other movements		8		(1)
AT PERIOD END		**120**		**102**
Financial risks associated with the put options granted by ERAMET to Mitsubishi		49		44
Boulogne-sur-Mer plant closing costs		5		5
Commercial disputes		11		7
Provisions for tax contingencies		26		22
Provision for free return – Concession		20		17
Other provisions for contingencies and losses		9		7

The financial risks associated with put options amounted to USD60 million and relate to the put options granted by ERAMET to Mitsubishi Corporation in connection with the disposal of 33.4% of the shares in Strand Minerals Pte Ltd. In parallel with the sale agreements, ERAMET granted Mitsubishi Corporation put options in respect of the shares acquired. These options may be exercised under certain conditions, which are mainly linked to the success of the mining project. They may also be exercised during specific windows. In particular, the deadline for one of these options was deferred from end-September 2014 to end-March 2015.

The exercise price is an agreed price that varies in line with the circumstances provided for in the contracts (between USD118 million and USD58 million) plus the proceeds from the resale of the receivable owed by Strand Minerals Pte Ltd. In addition, Mitsubishi Corporation has an open-ended option to sell its interest to ERAMET at fair value in the event of a change in control at ERAMET. In return, ERAMET has an open-ended option to buy Mitsubishi Corporation's interest in Strand Minerals Pte Ltd at fair value in the event of a change in control at Mitsubishi Corporation.

19.4 Ongoing disputes

To the best of the Company's knowledge, there are no other extraordinary situations (except for the Carlo Tassara France proceedings described in Note 36) or disputes likely to have a material impact on the financial position, results or assets of the Company or Group.

Note 20 Contingent liabilities

Moanda environmental dispute

Four NGOs (non-governmental organisations), an inhabitants' protest group *("collectif d'habitants")* and a former *député* (Member of Parliament) filed a number of applications in February and March 2011 with the Libreville Court of First Instance, instituting various civil proceedings in Gabon, seeking damages from Comilog SA and ERAMET for alleged environmental harm caused as a result of the operation of the Moanda mining site. On 13 November 2012, the Libreville Court of First Instance, in response to the demand of Comilog SA and the other defendants, declined territorial competence. The appeal filed by the applicants against this ruling was declared inadmissible by the Libreville Court of Appeal on 16 May 2013. The applicants appealed to the *Cour de cassation* against the judgement delivered by the Libreville Court of Appeal on September 2013. On 7 January 2015, the *Cour de cassation* dismissed the applicants' appeal.

Asbestos classification of Ancizes

In its judgement delivered on 7 May 2013, the Administrative Court of Appeals of Lyon revoked the Labour Minister's decision to refuse the inclusion of Aubert & Duval's Ancizes site in the list of sites whose employees are entitled to the early retirement system for asbestos workers for the period prior to 2005.

Aubert & Duval filed an appeal against this ruling with the Council of State. Aubert & Duval also requested the Council of State to grant a stay of execution of the judgement as it had called upon the Labour Minister to classify the Ancizes site. That stay request was notably called for owing to the operational risk of disruption and loss of know-how for the company that would be caused by the early retirement of several very highly-qualified employees under the regulatory framework in force.

In its judgement delivered on 7 May 2013, the Administrative Court of Appeals of Lyon nevertheless requested the Labour Minister to include the Ancizes site in the list of sites whose employees are entitled to the measure, for the period prior to 2005.

On 1 August 2013, the Council of State issued a stay of execution of the ruling of 7 May 2013 for the period after 1992 and rejected the appeal for the period prior to 1993.

The classification of the Ancizes site was ordered for the period prior to 1993 through a joint ministerial decision of November 2013.

In its decision of 19 May 2014, the Council of State revoked the judgement of 7 May 2013 delivered by the Administrative Court of Appeals of Lyon for the period after 1992. It referred the ruling on the merits of the case to the Administrative Court of Appeals of Lyon for the period after 1992.

Note 21 Deferred tax

21.1 By category

(€ million)	**31/12/2014**	31/12/2013
Difference between tax and consolidated amounts of assets	179	140
Restatement of tax entries	190	201
Other timing differences	148	192
Hedging instruments	4	12
Elimination of gains (losses) on internal disposals	15	11
Planned intra-Group dividend payments	-	6
Deferred tax liabilities before netting	**536**	**562**
Deferred tax netting by tax entity	(294)	(285)
Deferred tax liabilities	**242**	**277**
Other timing differences	189	161
Tax loss carry-forwards (1)	127	154
Elimination of gains (losses) on internal disposals	29	30
Hedging instruments	35	9
Difference between tax and consolidated amounts of assets	22	4
Deferred tax assets before netting	**402**	**358**
Deferred tax netting by tax entity	(294)	(285)
Deferred tax assets	**108**	**73**
NET DEFERRED TAX – LIABILITIES	**134**	**204**
(1) Unrecognised deferred tax assets	*209*	*135*

The deferred tax relating to the restatement of tax-related entries is due to the statutory provisions and special depreciation allowances recorded in Gabon, New Caledonia and France.

Other temporary differences recognised at 31 December 2014, representing €41 million in net assets (€189 million in assets and €148 million in liabilities) mainly relate to impairment losses on internal receivables (net liability: €55 million), employee benefits (net asset: €56 million), provisions for contingencies and losses (net asset: €32 million).

21.2 Changes over the period

(€ million)	Liabilities	Assets	Net FY 2014	Net FY 2013
At 1 January	**277**	**73**	**204**	**324**
Deferred tax offset in shareholders' equity	(12)	4	(16)	7
Deferred tax on profit (loss)	(39)	26	(65)	(142)
Deferred tax netting by tax entity	(9)	(9)	-	-
Translation adjustments and other movements	25	14	11	15
AT PERIOD END	**242**	**108**	**134**	**204**

Deferred tax assets and liabilities have been presented separately in the balance sheet after offsetting within each tax entity. Except for tax consolidation in France (Note 21.3), every company is an independent tax entity.

21.3 Tax consolidation in France

Tax losses of €219 million (€137 million at 31 December 2013) mainly arose during the 2009, 2010, 2013 and 2014 financial years, and were partially capitalised as deferred tax for €0 million compared to €34 million at 31 December 2013 (after the €77 million limit as opposed to the €13 million limit at 31 December 2013).

In addition, the net position of deferred tax arising from tax consolidation in France after the limit was null at 31 December 2013 and 2014.

Note 22 Borrowings

22.1 By category

(€ million)	31/12/2014	31/12/2013
Borrowings on capital markets	687	455
Borrowings with credit institutions (1)	523	463
Bank overdrafts and creditor banks	24	35
Finance lease liabilities	60	51
Other borrowings and financial liabilities	53	41
TOTAL	**1,347**	**1,045**
• Long-term portion	1,031	713
• Short-term portion	316	332
(1) of which issued commercial paper	*81*	*148*

22.2 Borrowings on capital markets and bank loans

(€ million)	Nominal	Interest rate	Maturity	31/12/2014	31/12/2013
Bond issue – ERAMET S.A.	€525 million	4.50%	2020	525	396
Euro private placement – ERAMET S.A. (1)	€50 million	5.29%	2026	52	-
Euro private placement – ERAMET S.A.	€50 million	5.10%	2026	51	-
Deutsch Bank (Schuldschein) loan – ERAMET S.A.	€60 million	6-month EURIBOR +2%	2020	59	59
Borrowings on capital markets				**687**	**455**
ICBC/BNP Paribas/BGFI – Comilog SA borrowings	USD217 million	6-month Libor +4.3%/+2.1%	2018/2022	140	137
Issued commercial paper – ERAMET S.A.	€81 million	Between 0.45% and 0.81%	1 year max.	81	148
Repos – Metal Securities	€64 million	3-month EURIBOR +0.4%	Feb. 2014	-	64
Borrowing base – ERAMET S.A.	€100 million	1-month EURIBOR +2.1%	2017	73	-
Other borrowings with credit institutions				229	114
Borrowings with credit institutions				**523**	**463**

(1) With investor put options that may be exercised after the 7th year.

ERAMET has had a commercial paper programme since 2005. Certain borrowings are subject to financial ratios or covenants are given in Note 24.4.4—Liquidity risks.

The Group continued to diversify its funding sources in the financial year 2014. The increased borrowings on capital markets and bank loans are therefore mainly due to:

- two borrowings in the form of Euro private placements, of €50 million each;
- an increase in the listed bond issue to institutional investors on the Eurobond market, amounting to €125 million, and maturing in November 2020;
- a borrowing base of up to €100 million on which €73 million was drawn at 31 December 2014.

22.3 Change over the period

(€ million)	FY 2014	FY 2013
At beginning of period	**1,045**	**504**
New borrowings	482	1,034
Repayment of borrowings	(194)	(493)
Change in bank overdrafts	(11)	10
Change in accrued interest and amortisation of expenses	10	-
Translation adjustments and other movements	15	(10)
AT PERIOD END	**1,347**	**1,045**

22.4 By currency and by maturity

(€ million)	31/12/2014	31/12/2013
Euro	1,074	795
US dollar	210	175
CFA franc	28	29
Pound sterling	2	2
Norwegian krone	6	12
Other currencies	27	32
TOTAL	**1,347**	**1,045**
Less than one year	316	332
One to five years	273	179
Over five years	758	534
TOTAL	**1,347**	**1,045**

ERAMET enjoys confirmed medium and long-term credit facilities (with maturities ranging from one to five years). The unused amounts of these credit facilities at the reporting date would allow the Group to refinance its short-term debt on a longer-term basis (see Note 24.4.4).

(€ million)	31/12/2014	31/12/2013
Unused confirmed credit facilities (1)	981	981
Undrawn borrowing base	27	Not applicable
Undrawn BEI financing	80	Not applicable

(1) Bank covenants relating to these credit facilities are wholly satisfied. These covenants relate to the ratio of the Group's net debt to shareholders' equity. At 31 December 2014, this syndicated credit facility was not drawn.

22.5 By interest rate

(€ million)	31/12/2014		31/12/2013	
Interest-free		27		15
Fixed interest rates		771		466
• Below 5%	641		412	
• 5% to 10%	130		54	
• Above 10%	-		-	
Variable interest rates		549		564
• Below 5%	538		554	
• 5% to 10%	11		10	
• Above 10%	-		-	
TOTAL		**1,347**		**1,045**

22.6 Finance lease liabilities

	31/12/2014		31/12/2013	
(€ million)	Nominal value	Discount value	Nominal value	Discount value
Less than one year	13	11	10	9
One to five years	39	36	35	32
Over five years	14	13	10	10
Total before interest expense	**66**	**60**	**55**	**51**
Interest expense	-	6	-	4
TOTAL	**66**	**66**	**55**	**55**

22.7 (Net debt) or net cash

(€ million)	31/12/2014	31/12/2013
Borrowings	(1,347)	(1,045)
Cash	77	59
Cash equivalents	439	679
Other current financial assets	420	169
TOTAL (NOTE 2.1)	**(411)**	**(138)**

Note 23 Trade and other payables

(€ million)	31/12/2014	31/12/2013
At beginning of period	**750**	**816**
Changes in working capital requirement	(47)	(60)
Change in payables for non-current assets – Note 7.3	(11)	4
Translation adjustments and other movements	118	(10)
AT PERIOD END	**810**	**750**
• Non-current liabilities	29	27
• Current liabilities	781	723
Trade payables	418	406
Tax and payroll liabilities	208	220
Other operating payables	93	7
Payables on non-current assets	54	72
Unearned income	8	19
Setrag debt for the purchase of own property and inventory – non-current	5	5
Strand debt for Weda Bay project expenses – non-current	24	21

Most of the trade and other payables are due in less than one year.

Foreign-currency denominated debt is translated at the closing rate.

The debts recognised under non-current liabilities include:

- Setrag SA's 25-year debt to the Gabonese State for the purchase of own property and for a portion of the spare parts inventory;
- the USD29 million debt recognised following the sale of 33.4% of Strand Minerals Pte Ltd shares to Mitsubishi Corporation, in connection with mining project expenses (Note 8).

Note 24 Risk management and derivatives

24.1 Financial instruments included in the statement of financial position

(€ million)	31/12/2014 Statement of financial position	Breakdown by type of instrument				
		Fair value through P&L	Assets available for sale	Loans and receivables	Liabilities at amortised cost	Derivatives
Non-consolidated subsidiaries	48		48			
Other non-current financial assets	93			93		
Other non-current assets	39			39		
Trade receivables	385			385		
Other current assets	260			260		
Derivatives	23					23
Other current financial assets	420		420			
Cash and cash equivalents	516	516				
ASSETS	**1,784**	**516**	**468**	**777**	**-**	**23**
Borrowings – long-term portion	1,031				1,031	
Other non-current liabilities	29			29		
Borrowings – short-term portion	316				316	
Trade payables	418			418		
Other current liabilities	363			363		
Derivatives	141					141
LIABILITIES	**2,298**	**-**	**-**	**810**	**1,347**	**141**

(€ million)	31/12/2013 Statement of financial position	Breakdown by type of instrument				
		Fair value through P&L	Assets available for sale	Loans and receivables	Liabilities at amortised cost	Derivatives
Non-consolidated subsidiaries	49		49			
Other non-current financial assets	88			88		
Other non-current assets	5			5		
Trade receivables	382			382		
Other current assets	200			200		
Derivatives	45					45
Other current financial assets	169		169			
Cash and cash equivalents	738	738				
ASSETS	**1,676**	**738**	**218**	**675**	**-**	**45**
Borrowings – long-term portion	713				713	
Other non-current liabilities	27			27		
Borrowings – short-term portion	332	35			297	
Trade payables	406			406		
Other current liabilities	317			317		
Derivatives	34					34
LIABILITIES	**1,829**	**35**	**-**	**750**	**1,010**	**34**

No reclassification among categories of financial instruments was carried out during the period. Investments in associates 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). Securities and borrowings may, as appropriate, be interest-rate hedged and the portion linked to interest-rate changes is remeasured; their fair value is close to their value shown in the balance sheet, owing to their small amount and the hedges (Notes 22 and 24.3.2).

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 (Notes 14 and 23).

The fair value of financial instruments broken down by fair-value hierarchy is as follows:

(€ million)	31/12/2014 Value in the balance sheet	Breakdown by fair value category Level 1	Level 2	Level 3
Available-for-sale assets	420	420		
Cash and cash equivalents	516	516		
Derivatives	23		23	
ASSETS	**959**	**936**	**23**	**-**
Borrowings	1,347	24	1,323	
Derivatives	141		141	
LIABILITIES	**1,488**	**24**	**1,464**	**-**

(€ million)	31/12/2013 Value in the balance sheet	Breakdown by fair value category Level 1	Level 2	Level 3
Available-for-sale assets	169	169		
Cash and cash equivalents	738	738		
Derivatives	45		45	
ASSETS	**952**	**907**	**45**	**-**
Borrowings	1,045	35	1,010	
Derivatives	34		34	
LIABILITIES	**1,079**	**35**	**1,044**	**-**

24.2 Effects of financial instruments on the income statement

(€ million)	FY 2014 Impact on profit (loss)	Financial income and (expenses)	Amortised cost	Fair value	Translation adjustments	Profit (loss) on disposal	Net impairment
Investment securities	11	2	-	-	-	10	(1)
Other financial assets	(2)	(1)	-	-	-	-	(1)
Derivatives	11	-	-	11	-	-	-
(Net debt)/Net cash	(34)	(36)	(2)	(1)	4	1	-
TOTAL	**(14)**	**(35)**	**(2)**	**10**	**4**	**11**	**(2)**

(€ million)	FY 2013 Impact on profit (loss)	Financial income and (expenses)	Amortised cost	Fair value	Translation adjustments	Profit (loss) on disposal	Net impairment
Investment securities	(3)	2	-	-	-	-	(5)
Other financial assets	-	(3)	-	-	-	-	3
Derivatives	11	-	-	11	-	-	-
(Net debt)/Net cash	(7)	(10)	-	3	1	(1)	-
TOTAL	**1**	**(11)**	**-**	**14**	**1**	**(1)**	**(2)**

The financial revenue from investment securities consists of dividends. The gains or losses on currency and commodity hedges are for the most part recognised in current operating profit (loss). The portion that does not qualify as hedges is recognised in other financial income and expenses.

24.3 Breakdown of derivatives included in the statement of financial position

	31/12/2014		31/12/2013	
	Assets	Liabilities	Assets	Liabilities
At beginning of period	45	34	50	53
Change in hedging instruments for the period – shareholders' equity (1)	(19)	62	(3)	(9)
Change in hedging instruments for the period – financial income/loss (2)	(4)	12	(1)	3
Net change in hedging derivatives (3)	1	33	(1)	(13)
AT PERIOD END	**23**	**141**	**45**	**34**
Net position in hedging derivatives (3)	10	37	9	4
Financial instruments – currency hedges	13	83	32	21
Financial instruments – interest-rate hedges	-	8	-	3
Financial instruments – commodity hedges	-	13	4	6

(1) The impact corresponds to the effective portion of the change in fair value of derivative instruments used to hedge foreign currency, interest rates and commodities risks.

(2) The impact corresponds to the non-effective portion of the change in fair value of derivative instruments used to hedge foreign currency, interest rates and commodities 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".

24.4 Risk management

The Group uses derivatives to control its exposure to foreign currency, interest-rate and commodity risks. The Executive Committee delegated the management of the main risks to the ERAMET group Finance Department. This management is carried out directly by ERAMET or via companies such as Metal Currencies, created specifically to manage the Group's foreign currency risk.

The Group's policy is to reduce its exposure to interest rate and foreign currency fluctuations, but not to speculate. Positions are traded either on organised markets, or over the counter with top-notch banking counterparties.

Gains or losses on hedging instruments are recognised symmetrically with the gains or losses on the hedged items. However, unrealised losses on financing hedging transactions 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, with no set-off.

24.4.1 Foreign currency risks

When the exposure stemming from borrowings taken out by Group companies in currencies other than their functional currencies is not offset by income in those currencies, the Group may have recourse to hedging instruments. In addition, the Group uses financial instruments to limit its exposure to the currency risk on its sales and on certain dollar-denominated costs.

ERAMET is exposed to two types of foreign currency risk, namely:

- transactional foreign currency risks where a company has income in a currency other than its functional currency that is not offset by purchases in that currency;
- foreign currency risks to the balance sheet related to the changes in net assets of subsidiaries measured in currencies other than the euro.

The Group centralises the subsidiaries' foreign currency risk. Each Group company reports its exposure in currencies other than its functional currency, to Group Treasury. This management is part of a multiyear policy with procedures approved by the Executive Committee along with monthly reporting to its members. The Group manages the foreign currency risk to the balance sheet for each case individually.

Transactional risks

Currency hedging primarily involves the US dollar but also includes the Norwegian Krone, the pound sterling, the Swedish Krona and the Japanese yen. These hedges are designed to protect the 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 if the amount is greater than €2 million or the equivalent thereof per currency, unless exemptions apply. The Group uses various instruments to hedge against currency risk, such as futures/forward contracts and options.

Balance sheet risks

ERAMET manages foreign currency risks to the balance sheet, primarily related to the U.S. dollar, by issuing financial liabilities denominated in the same currency as the net assets in question, or *via* currency swaps.

The breakdown of the hedging portfolio by currency is shown below:

At 31 December 2014	2014 sales			2015 sales			2016 sales and beyond		
(foreign currency unit million)	Amount	Currency	Rate	Amount	Currency	Rate	Amount	Currency	Rate
Commercial hedges									
EUR/USD	317	USD	1.23	394	USD	1.29	213	USD	1.30
EUR/NOK	46	EUR	8.34	86	EUR	8.55	70	EUR	8.82
Other hedges									
EUR/USD	582	USD	1.27						
EUR/NOK	(1,118)	NOK	8.70						
USD/CNY	139	CNY	6.23						

At 31 December 2013	2013 sales			2014 sales			2015 sales and beyond		
(foreign currency unit million)	Amount	Currency	Rate	Amount	Currency	Rate	Amount	Currency	Rate
Commercial hedges									
EUR/USD	243	USD	1.37	371	USD	1.30	81	USD	1
EUR/NOK	11	EUR	8.44	111	EUR	8.02	380	NOK	8.45-8.56
JPY/SEK	51	JPY	0.11	-	-	-	-	-	-
EUR/JPY	47	JPY	86.19	25	JPY	141.25	-	-	-
Other hedges									
EUR/USD	515	USD	1.37						
EUR/NOK	(152)	NOK	8.57						
USD/CNY	178	CNY	6.31						

At 31 December 2014, the fair value of currency hedges covering transactional risks represented a net liability of €71 million (net asset of €11 million at 31 December 2013).

Foreign currency-denominated sales and purchases (invoices issued, invoices received, receipts and payments) are translated at a monthly exchange rate that represents an accurate approximation of the market exchange rate. At the end of each month, receivables, payables and bank account balances are remeasured at the hedging rate indicated by the Group's Treasury Department. Any differences between:

- the monthly exchange rate applied to recognise sales and receipts/purchases and payments; and
- the contractual settlement rate for hedges,

are recognised by each company under current operating profit (loss) on sales (under "Translation adjustments on sales"—Note 25.2) or purchases (under "Cost of goods sold").

A change of plus or minus 10% in the US dollar would have a pre-tax impact on the hedges recognised in equity of +€42 million should exchange rates rise and approximately -€56 million should those rates fall.

The notional amount of currency hedging contracts breaks down as follows:

	31/12/2014				31/12/2013			
(foreign currency unit million)	Forward/ future sales	Forward/ future purchases	Call options (1)	Put options (1)	Forward/ future sales	Forward/ future purchases	Call options (2)	Put options (2)
Currency against EUR								
• USD	870	22	589	320	963	100	380	347
• JPY	203	-	-	-	192	120	-	-
• GBP	9	1	-	-	11	10	3	5
• NOK	229	2,277	807	1,167	19	396	401	626
Currency against NOK								
• EUR	-	-	-	-	51	-	120	105
Currency against SEK								
• JPY	75	-	-	-	241	190	-	-
• USD	14	3	-	-	8	-	-	-
Currency against USD								
• CNY	-	18	68	121	-	30	148	246

(1) Not including USD59 million in exotic call options and USD59 million in exotic put options.

(2) Not including USD303 million in exotic call options and USD40 million in exotic put options.

The pre-tax impact on shareholders' equity and earnings of financial instruments hedging foreign currency risks is shown below:

	Currency hedges			
	FY 2014		FY 2013	
(€ million)	Transactional risks	Balance sheet risks	Transactional risks	Balance sheet risks
At beginning of period	16	(29)	11	32
Change in unexpired hedging portion [(1)]	(73)	-	15	-
Change in ineffective portion via income [(2)]	(15)	-	(4)	-
Change in effective portion via income [(3)]	(26)	-	(6)	-
Translation adjustments and other movements	-	30	-	(61)
AT PERIOD END	**(98)**	**1**	**16**	**(29)**
Changes recognised in shareholders' equity:				
• Fair value reserve	-	-	-	-
• Hedging reserve	(99)	-	9	-
• Translation reserve	-	30	-	(61)
TOTAL	**(99)**	**30**	**9**	**(61)**
Changes recognised via income:				
• Current operating profit (loss)	26	-	6	-
• Net financial income	(15)	-	(4)	-
TOTAL	**11**	**-**	**2**	**-**

(1) The impact corresponds to the effective portion of the change in fair value of derivative instruments used to hedge foreign currency, interest rates and commodities risks.

(2) The impact corresponds to the non-effective portion of the change in fair value of derivative instruments used to hedge foreign currency, interest rates and commodities 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".

24.4.2 Interest rate risks

Depending on market conditions and on forecast changes in net debt, the Group Finance Department monitors the breakdown between fixed and floating rate debt and cash investments, and decides on whether or not 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 classified among "Other current financial assets" (Note 15.1) 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 (Note 15.2).

24.4.3 Commodity risks

The 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, aluminium).

The Group holds derivative instruments for the purposes of reducing its exposure. For this purpose, ERAMET mainly uses forwards, combined call and put options and call options.

The main Group entities involved are:

- ERAMET, Le Nickel-SLN and Aubert & Duval for nickel;
- Le Nickel-SLN for fuel oil;
- Aubert & Duval for aluminium;
- Erasteel Kloster AB and Tinfos Jenverk A/S for electricity.

The exposure to manganese and coke is not hedged since there is no organised (over the counter) market in 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 Group uses various instruments to hedge and limit its exposure: futures and options.

At 31 December 2014, the fair value of hedges set up for the various commodities stood at €3 million in liabilities (at 31 December 2013: €3 million in liabilities).

The main commodities contracts outstanding are set out below:

	31/12/2014			31/12/2013		
(tonnes)	Swaps	Call options	Put options	Swaps	Call options	Put options
Nickel	151	-	-	115	-	-
Fuel oil	120,000	60,000	60,000	-	-	-
Brent *crude oil (barrel)*	-	660,000	660,000	-	-	-

A change of plus or minus 10% in commodity prices would have no material pre-tax impact on the hedges recognised through shareholders' equity.

24.4.4 Liquidity risks

The Group is not exposed to liquidity risks because of its clearly positive net cash position, its investments and bonds. Cash surpluses of the Group's subsidies are mostly transferred to Metal Securities, the Group's special purpose entity responsible for pooling and investing the Group's cash surpluses.

Besides, the Group has two additional sources of financing, as required, from a revolving credit facility and the issue of commercial paper.

Revolving credit facilities

In 2012, ERAMET signed the extension of its credit facility as provided for in the multicurrency revolving facility agreement up to 2017, for €800 million. In early 2013, ERAMET signed an amendment to this agreement raising its amount from €800 million to €981 million, and extending it by another year, from January 2017 to January 2018. The credit line intended to finance the operations and investments in assets was entered into on terms congruent with market conditions at the time of its signature. This credit line has a single covenant and was not drawn at 31 December 2013 and 2014.

Commercial paper

In 2005, ERAMET set up a €400 million commercial paper programme, €81 million of which was raised in 2014 (and €148 million was raised in 2013).

The Group is liable to repay its borrowings, primarily comprising finance leases and bank borrowings, and its other liabilities and derivatives for which the schedule at fair value (including future interest) is given below:

		Future payment schedule at fair value			
(€ million)	Statement of financial position	Less than one year	One year to five years	More than five years	Total
Borrowings on capital markets	687	38	123	738	899
Bank loans	523	257	277	46	580
Bank overdrafts and creditor banks	24	24			24
Finance lease liabilities	60	13	39	14	66
Other borrowings and financial liabilities	53	34	2	17	53
TOTAL BORROWINGS	**1,347**	**366**	**441**	**815**	**1,622**
Derivatives	141	141	-	-	141
Trade and other payables	781	781	-	-	781
Tax liabilities	64	64	-	-	64
TOTAL OTHER FINANCIAL LIABILITIES	**986**	**986**	**-**	**-**	**986**

The schedule of future receipts on financial assets is set out below:

(€ million)	Statement of financial position	Future receipts schedule at fair value			
		Less than one year	One year to five years	More than five years	Total
Other current financial assets	420	420	-	-	420
Cash and cash equivalents	516	516	-	-	516
TOTAL CASH AND CASH EQUIVALENTS	**936**	**936**	**-**	**-**	**936**
Derivatives	23	23	-	-	23
Trade and other receivables	684	645	-	39	684
Tax receivables	61	61	-	-	61
TOTAL OTHER FINANCIAL ASSETS	**768**	**729**	**-**	**39**	**768**

Where appropriate, financial liabilities are covered by banking covenants at the Group level or locally; the main covenants are described below:

Description of main banking covenants

Company	Type of credit facility		Ratio	Amount
ERAMET S.A.	Revolving credit facility	Net debt/Shareholder's equity	< 1	EUR981 million
	Borrowings with credit institutions	Restated net debt/Shareholder's equity – Attributable to Group	< 1	EUR60 million
	Borrowings with credit institutions	Net debt/Shareholder's equity	< 1	EUR100 million
	Borrowings with credit institutions	Net debt/Shareholder's equity	< 1	EUR80 million
Comilog SA	Borrowings with credit institutions	Net debt/Shareholder's equity	< 1.15	USD217 million
		Net cash flow/Debt servicing	> 2	
		Sales to ERAMET Norway A/S/Debt servicing	> 150%	(1)

(1) Covenant applicable only to one of the two USD30 million borrowings subscribed by Comilog.

ERAMET's covenants are determined on the basis of the published consolidated financial statements. Comilog's covenants are determined on the basis of Comilog SA.'s separate financial statements.

At 31 December 2014, the covenants showed no circumstances of acceleration.

24.4.5 Credit or counterparty risks

The Group may be exposed to credit risk owing to default by a counterparty—customers and financial partners—because of its cash surpluses invested by its dedicated entity, Metal Securities. The Group has several means to limit this risk—gathering information ahead of transactions (from rating agencies, published financial statements, etc.), credit insurance and the arrangement of letters of credit and documentary credits. Specifically for trade receivables, there is a credit manager for each Group Division.

The age of the Group's trade receivables and overdue receivables is shown below:

(€ million)	31/12/2014 Gross amount	31/12/2014 Impairment	31/12/2014 Net amount	31/12/2013 Gross amount	31/12/2013 Impairment	31/12/2013 Net amount
On-time or not due	305	(2)	303	315	(2)	313
Delays:						
• less than one month	63	(1)	62	55	(1)	54
• one to three months	13	-	13	9	(1)	8
• three to six months	7	(2)	5	5	-	5
• six to nine months	3	(1)	2	4	(2)	2
• nine to twelve months	1	(1)	-	2	(2)	-
• over one year	3	(3)	-	3	(3)	-
TOTAL TRADE RECEIVABLES – NOTE 14	**395**	**(10)**	**385**	**393**	**(11)**	**382**

No material unpaid or impaired receivables have been renegotiated.

24.4.6 Equity risks

ERAMET and its subsidiaries do not speculate in the stock markets; the investments held relate to unlisted controlled companies entirely in line with the Group's activities (Note 10).

At 31 December 2014, ERAMET held 230,051 treasury shares (284,861 shares at 31 December 2013), representing an investment recognised as a €33 million reduction in shareholders' equity (€44 million at 31 December 2013).

It should be noted that at 31 December 2014, the capital loss with respect to the market value of the treasury stock portfolio stood at €16 million (€24 million at 31 December 2013).

Note 25 Sales and other income

25.1 Sales

Consolidated sales for 2014 amounted to €3,075 million compared to €3,085 million for the financial year 2013.

Consolidated sales mostly comprise sales of goods (ores and manufactured goods).

25.2 Other income

Other income includes translation adjustments on sales amounting to €82 million in 2014 compared to €37 million for the financial year 2013. This item includes the differences between the monthly exchange rate used to recognise sales and the monthly exchange rate used to recognise receipts as well as the differences between the contractual exchange rate for settling hedge (or guaranteed-rate) positions and the monthly exchange rate used to recognise receipts.

Note 26 Amortisation and depreciation of non-current assets and provisions

(€ million)	FY 2014	FY 2013
Intangible assets – Note 6.2	(21)	(20)
Property, plant & equipment – Note 7.2	(251)	(236)
Amortisation and depreciation of non-current assets	**(272)**	**(256)**
of which, amortisation and depreciation of acquisition price allocation	*(10)*	*(10)*
Provisions	(5)	(14)
TOTAL	**(277)**	**(270)**

Note 27 Other operating income and expenses

(€ million)	FY 2014	FY 2013
Other operating income and expenses before impairment	(102)	(80)
Impairment of assets	1	(423)
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(101)**	**(503)**

27.1 Other operating income and expenses before impairment of assets

(€ million)	FY 2014	FY 2013
Niobium project	(45)	(52)
Lithium project	(4)	(9)
Other projects	(16)	(13)
Development projects	**(65)**	**(74)**
Restructuring and redundancy plans	(32)	(12)
Employee benefits	5	-
Other items	(10)	6
Other income and expenses	**(37)**	**(6)**
TOTAL	**(102)**	**(80)**

Niobium project

The Group is examining a major project in Mabounié, Gabon via a subsidiary of Comilog, Maboumine. It involves setting up a process to exploit a very large deposit of niobium and rare earths in Gabon. After completing a research and laboratory adjustments phase, the Group is conducting pre-project studies in a pilot plant that should enable it to continue validating the process on a much larger scale in Gabon.

Lithium project

In 2012, the Group's Argentinean subsidiary identified a lithium deposit in the Province of Salta, in the north of the country. In 2013, it conducted an exploration programme which revealed potential resources. At the same time, the Group developed a process for the extraction and production of lithium carbonate.

Restructuring and redundancy plans

The amounts recognised in the financial year 2014 relate to the ongoing reorganisation in France.

27.2 Impairment of assets

(€ million)	FY 2014	FY 2013
Losses on impairment tests – Goodwill	-	(8)
Losses on impairment tests – Intangible assets	-	(323)
Losses on impairment tests – Property, plant & equipment	(14)	(77)
Reversals on impairment tests – Property, plant & equipment	15	-
Losses on impairment tests – Note 9	**1**	**(408)**
Other impairment of assets – Weda Bay	-	(15)
TOTAL	**1**	**(423)**

Note 28 Net borrowing cost and other financial income and expenses

28.1 Net borrowing cost

(€ million)	FY 2014	FY 2013
Interest income	14	15
Interest expense	(50)	(24)
Net income on marketable securities	1	-
Changes in fair value of marketable securities	(1)	1
Net translation differences	3	-
TOTAL	**(33)**	**(8)**

The increase in net borrowing cost between 2013 and 2014 results from the rise in net borrowing.

The net borrowing cost includes interest income on current financial assets (bonds) and on cash and cash equivalents.

28.2 Other financial income and expenses

(€ million)	FY 2014	FY 2013
Investment and dividend income	2	2
Gains (losses) on the disposal of investments in associates	6	(2)
Employee benefits – net interest	(7)	(7)
Accretion expenses – Note 19.2	(12)	(12)
Financial instruments ineligible as hedges – currency	(15)	(4)
Financial instruments ineligible as hedges – commodity	(1)	-
Securitisation financial expense	(1)	(1)
Other	1	-
TOTAL	**(27)**	**(24)**

Proceeds from sales of investment securities relate to the capital gains on the sale of Tinfos shares.

Accretion expenses relate to provisions for mining site restoration (Note 19.2).

The financial instruments that do not qualify as hedges correspond to the portion of hedging instruments recognised in income (Note 24).

Note 29 Income tax

29.1 By category

(€ million)	FY 2014	FY 2013
Current tax	(113)	(65)
Deferred tax	65	142
TAX INCOME/(EXPENSE)	**(48)**	**77**

Comilog SA is undergoing tax audits for the years 2007 to 2010. Two tax assessment notices were received in 2011 and 2012 with respect to these four financial years. Following the company's responses in 2012, a notice was received on 24 January 2013 followed by a collection notice on 5 February 2013. Disputing virtually all of the assessments, the company filed a claim with the Gabon tax authority on 20 February 2013 and received a second collection notice on 23 April 2013. Discussions continued through the year 2014 and an agreement was reached, whose terms and procedures for the period from 2007 to 2013 are to be finalised. The accounting impact is reflected in the financial statements at 31 December 2014.

29.2 Effective tax rate

(€ million)	FY 2014	FY 2013
Operating profit (loss)	(15)	(562)
Net borrowing cost	(33)	(8)
Other financial income and expenses	(27)	(24)
Pre-tax profit (loss) of consolidated companies	**(75)**	**(594)**
Standard taxation rate in France (%)	*34.43%*	*34.43%*
Theoretical tax income/(expense)	**26**	**205**
Impact on theoretical tax of:		
• permanent differences between accounting and taxable profit	(10)	(59)
• standard tax rate differences in foreign countries	(6)	(6)
• reduced tax rates	1	2
• tax credits	5	1
• unrecognised or limited deferred tax assets	(67)	(51)
• miscellaneous items	4	1
Actual tax income/(expense) before dividend payout	**(47)**	**93**
Effective tax rate before dividend payout	**-63%**	**16%**
Impact on theoretical tax of:		
• withholding tax on dividends	-	(5)
• shares of overheads	(1)	(11)
ACTUAL TAX INCOME/(EXPENSE)	**(48)**	**77**
EFFECTIVE TAX RATE	**-64%**	**13%**
Pre-tax profit (loss) of consolidated companies	(75)	(594)
Impact of impairment of assets	(1)	423
Pre-tax profit (loss) of consolidated companies before impairment	**(76)**	**(171)**
Actual tax income/(expense)	(48)	77
Effective tax rate before impairment	**-63%**	**45%**

The income tax rate applied in France is 34.43%.

The main income tax rates prevailing in other countries are as follows:

(%)	FY 2014	FY 2013
Sweden	22.0%	22.0%
Norway	28.0%	28.0%
United States	35.0%	35.0%
New Caledonia	35.0%	35.0%
Gabon	35.0%	35.0%
China	12.5%-25.0%	12.5%-25.0%

29.3 Income tax on other comprehensive income

(€ million)	FY 2014	FY 2013
Change in financial instrument revaluation reserve	15	(4)
Change in fair value of available-for-sale financial assets	-	2
ITEMS RECYCLABLE TO PROFIT OR LOSS	**15**	**(2)**
Actuarial gains and losses on employee benefits	1	(5)
ITEMS NOT RECYCLABLE TO PROFIT OR LOSS	**1**	**(5)**

Note 30 Earnings per share

	FY 2014			FY 2013		
	Net profit (loss) Group share	Average number of shares	Earnings per share	Net profit (loss) Group share	Average number of shares	Earnings per share
Basic earnings per share	(159)	26,303,185	(6.06)	(370)	26,256,822	(14.11)
Diluted earnings per share [1]	(159)	26,303,185	(6.06)	(370)	26,256,822	(14.11)

(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 anti-dilutive.

Note 31 Off-balance sheet commitments

(€ million)	31/12/2014		31/12/2013	
Commitments given				
Endorsements, guarantees and deposits		318		312
Collateral security:		50		16
• Property, plant and equipment	43		16	
• Inventories	-		-	
• Receivables and other assets	7		-	
Commitments received				
Endorsements, guarantees and deposits		13		23
Collateral security		None		None
Credit facilities		1,088		981

This table does not include current business orders (from customers or with suppliers, or non-current asset orders).

The endorsements, guarantees and deposits given comprise:

- the bank guarantee given to the Southern Province of New Caledonia by Le Nickel-SLN in earnest of environmental supervision of the Doniambo site, any servicing works and the restoration of the site after its closure. A site restoration provision was recognised for a portion of these commitments (Note 19.2);
- the bank guarantee given to finance investments in the Alloys Division; and
- the bank guarantee given for contracting the ICBC loan towards the construction of Comilog SA's Moanda Metallurgical Complex (CMM).

Moanda Metallurgy Complex (CMM) investment project—Comilog SA

Comilog SA entered into an EPC—Open Book contract with TCC (a Chinese engineering firm) for an amount of 1.3 billion renminbi (CNY), equivalent to USD209 million, for the supply of the equipment for and construction of CMM. The contract states that TCC shall issue its invoices in dollars on the basis of the USD/CNY exchange rate applicable on the dates the various invoices are issued. The payments under this contract began in November 2010 and amounted to USD188 million at 31 December 2014.

In order to limit its exposure to fluctuations in the USD/CNY exchange rate, Comilog has set up a USD/CNY hedging programme involving forwards/futures and options. At 31 December 2014, in line with the options taken for the programme as a whole, the maximum hedging was for USD22 million with CNY/USD at 6.231, whereas the minimum hedging was for USD14 million with CNY/USD at 6.232.

A loan of USD157 million was contracted from BNP Paribas and ICBC (Chinese financial institution), relating to the setting-up of the project. At end December 2014, USD157 million was drawn down on that loan (USD148 million at 31 December 2013). The loan agreement was signed on 10 September 2010. The guarantees by the Gabonese State and ERAMET (for 25% and 75% of the amount respectively) were given in end-2011. Two other loans were contracted from BNP Paribas and BGFI (Gabonese bank) of USD30 million each. The funds were drawn down entirely in 2012.

Investment project in Senegal through the TiZir Ltd joint venture

ERAMET, together with its partner Mineral Deposit Ltd (MDL), is developing a mineral sands project in Senegal. Each partner has committed, on top of the initial funds put in, to contribute USD137.5 million in capital which was fully paid in at 31 December 2013. The partners were also party to a mutual USD25 million guarantee covering certain specific contingencies. Lastly, ERAMET had committed to granting a shareholders' loan of USD45 million to TiZir Ltd, the full amount of which was paid out in the financial year 2013.

"Transgabonais" railway concession – Setrag SA

Under the terms of the November 2005 agreement, signed for an initial period of 30 years, Setrag SA, 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 SA, is committed to ensuring that the necessary funding is made available for the capital expenditure required to achieve the operating capacity targets.

Note 32 Other commitments

Call options on PT Weda Bay Nickel in favour of PT Antam

The Indonesian State company PT Antam, which owns 10% of PT Weda Bay Nickel, has a call option exercisable between the submission date of a feasibility study by an independent banking institution and 30 days later. This option, which relates to 15% of PT Weda Bay Nickel's share capital, will be priced at 150% of the expenses incurred at the time of the decision to begin construction. PT Antam also has an additional call option exercisable during the first 60 days of the 14th year of production on an interest of between at least an additional 5% and the percentage required to hold a maximum interest of 40%. If PT Weda Bay Nickel's shares are listed, the price of the shareholding will be calculated from the average market price for the 60 days preceding and 60 days following the option exercise. If PT Weda Bay Nickel is not listed, the shareholding value will be assigned by independent experts.

Agreement to increase the Gabonese Republic's interest in Comilog SA

After approval by its Board of Directors on 14 October 2010, ERAMET signed an agreement with the Gabonese Republic on 20 October 2010, increasing the Gabonese Republic's shareholding in Comilog SA; before the agreement, ERAMET's interest was 67.25%, and 25.4% was held by the Gabonese Republic, and the remainder was in the hands of various private investors.

Under this agreement, from 2010 to 2015, ERAMET will transfer in stages to the Gabonese Republic an additional interest of up to 10% of Comilog SA's capital, which would increase the Gabonese Republic's shareholding in Comilog SA to 35.4%. The first transfer stage (2010-2011) involved the sale of a 3.54% interest in Comilog SA's capital; 2.17% (50,583 shares) of the capital was transferred on 17 December 2010, and the remaining 1.37% (31,935 shares) was transferred on 14 June 2011.

During the period from 2012 to 2015, the Gabonese Republic will acquire the remaining 6.46% from ERAMET according to terms and procedures to be determined at the time.

Note 33 Related-party transactions

Related-party transactions include the main ordinary transactions with non-consolidated controlled companies (Note 11) and associates (Note 10).

To the best of the Group's knowledge, there were no transactions with shareholders holding over 5% of the share capital.

33.1 Income statement

Details of related-party transactions in the financial years 2013 and 2014 are provided below.

(€ million)	FY 2014	FY 2013
Sales		
• Non-consolidated controlled subsidiaries	29	29
• Associates and joint ventures	4	5
Cost of sales, administrative and selling expenses		
• Non-consolidated controlled subsidiaries	(6)	(8)
• Associates and joint ventures	(26)	(14)
Net borrowing cost		
• Non-consolidated controlled subsidiaries	-	-
• Associates and joint ventures	3	-

33.2 Balance sheet

In the financial years 2013 and 2014, the balance sheet assets and liabilities resulting from related-party transactions were as follows:

(€ million)	FY 2014	FY 2013
Trade and other receivables		
• Non-consolidated controlled subsidiaries	11	8
• Associates and joint ventures	25	23
Trade and other payables		
• Non-consolidated controlled subsidiaries	13	11
• Associates and joint ventures	5	3
Net financial assets (liabilities)		
• Non-consolidated controlled subsidiaries	15	10
• Associates and joint ventures	35	33

ERAMET does not in any way guarantee related-party debts.

33.3 Gross compensation and benefits to Directors and members of the Executive Committee

In 2014, the gross compensation and benefits to Directors and members of the Executive Committee included in the Group's net income were as follows:

(€ thousand)	FY 2014	FY 2013
Short-term benefits		
• Fixed compensation	2,893	2,971
• Variable compensation	2,262	1,403
• Directors' fees	793	690
Other benefits		
• Post-employment benefits	642	760
• Retirement package	-	-
• Compensation paid in shares	1,824	3,051
TOTAL	**8,414**	**8,875**

Note 34 Workforce and personnel costs

34.1 Average workforce and workforce by Division at end of period

The average workforce and workforce at end of period includes fully-consolidated companies and the share of joint ventures:

	FY 2014	31/12/2014	FY 2013	31/12/2013
	Average workforce	Workforce at year-end	Average workforce	Workforce at year-end
Nickel	2,859	2,809	3,015	2,974
Manganese	5,600	5,731	5,813	5,427
Alloys	4,514	4,509	4,611	4,603
Holding co. and miscellaneous	202	196	209	211
TOTAL	**13,175**	**13,245**	**13,648**	**13,215**

34.2 Personnel costs by category

(€ million)	FY 2014	FY 2013
Wages and salaries	(465)	(458)
Social security contributions and other personnel costs	(188)	(196)
Profit sharing	(16)	(16)
Share-based payment	(5)	(8)
Subtotal personnel costs	**(674)**	**(678)**
Personnel costs – temporary staff	(27)	(28)
TOTAL PERSONNEL COSTS INCLUDING TEMPORARY STAFF	**(701)**	**(706)**
Personnel costs (including temporary staff) as % of sales	23%	23%

The tax credit to support competitiveness and employment (CICE) is shown deducted from personnel costs at €6 million for the financial year 2014 (€4 million for the financial year 2013).

Note 35 Statutory Auditors' fees

The fees paid for the legally mandated auditing of the separate and consolidated financial statements and for other work (consultancy and services), whether directly related or not are provided below:

	Deloitte & Associés		Ernst & Young		Other		Total	
(€ thousand)	2014	2013	2014	2013	2014	2013	2014	2013
Statutory audit, certification, examination of individual and consolidated financial statements								
• ERAMET S.A.	192	215	192	198	-	-	384	413
• Fully consolidated subsidiaries	936	1,029	1,092	1,148	126	108	2,154	2,285
Subtotal	**1,128**	**1,244**	**1,284**	**1,346**	**126**	**108**	**2,538**	**2,698**
	59%	*66%*	*92%*	*80%*	*73%*	*33%*	*73%*	*69%*
Other work and services directly relating to the statutory audit								
• ERAMET S.A.	330	27	-	75	-	-	330	102
• Fully consolidated subsidiaries	20	60	9	84	-	14	29	158
Subtotal	**350**	**87**	**9**	**159**	**-**	**14**	**359**	**260**
	18%	*5%*	*1%*	*9%*	*0%*	*4%*	*10%*	*7%*
Other services provided by the Statutory Auditors firms to fully consolidated subsidiaries								
• Legal, tax and employee-related	403	377	101	13	5	166	509	556
• Other	27	174	-	172	42	37	69	383
Subtotal	**430**	**551**	**101**	**185**	**47**	**203**	**578**	**939**
	23%	*29%*	*7%*	*11%*	*27%*	*62%*	*17%*	*24%*
TOTAL	**1,908**	**1,882**	**1,394**	**1,690**	**173**	**325**	**3,475**	**3,897**

The other services carried out by the members of the Statutory Auditors' network, mainly relate to audits conducted in connection with sales or acquisition projects, and tax reviews notably abroad.

Note 36 Other information

Carlo Tassara France (part of the Romain Zaleski group) is an ERAMET shareholder and owns 3,394,146 shares (namely 12.87% of the capital as of 31 December 2009), having regard to an estimate based on the most recent threshold crossing declaration by this company (No. 207C0134 of 17 January 2007).

On 17 December 2009, Carlo Tassara France summoned SIMA, SORAME and CEIR, as well as the members of the Duval family, to appear before the Paris Commercial Court. The summons specifies that these proceedings are being brought in the presence of ERAMET. In its writ of summons, Carlo Tassara France claims first, that the SIMA group's presentation to the ERAMET shareholders in 1999 misled those shareholders by concealing from them the indebtedness of SMC, a 38.5%-owned subsidiary of SIMA, consolidated not fully, but by the equity method, whereas SIMA is stated to have concealed from both the Appraisers for the transfer of assets *(commissaires aux apports)* and the ERAMET shareholders that it had full control of that subsidiary. Secondly, Carlo Tassara France challenges the terms on which ERAMET financed SMC through the intermediary of SIMA from 1999 to 2002 (at which date, SMC filed for bankruptcy), by loans alleged to have been granted unlawfully for lack of their having received prior authorisation from the ERAMET Board of Directors; the claimant also requests the Court to find that those loans proved prejudicial to ERAMET and is applying to have Messrs. Édouard, Georges, Patrick and Cyrille Duval found jointly and severally liable to pay ERAMET a total sum of €76.4 million in damages.

Carlo Tassara France is seeking the cancellation of the resolutions of the ERAMET General Shareholders' Meeting on 21 July 1999 approving the contribution of SIMA's shares to ERAMET, the cancellation of the ERAMET shares issued in consideration for said contribution and the reduction of ERAMET's share capital by the amount of the cancelled shares, as well as the return by the holders of those shares of the dividends earned since 1999 and estimated by Carlo Tassara France at €201 million and the return by ERAMET to said contributors of the SIMA shares and of the dividends received from SIMA since 1999.

Though the summons is not directed against ERAMET or against its past or current corporate bodies, it is however likely that, were it to prevail, it would have serious implications for ERAMET as, in particular, it would lead to a significant reduction in its share capital and the exit of SIMA (and hence of Aubert & Duval) from the Group's scope of consolidation. ERAMET points out that the SIMA share contribution was approved by the ERAMET Extraordinary General Shareholders' Meeting on 21 July 1999, based on the report of two Appraisers appointed by the President of the Paris Commercial Court, the report of the Board of Directors of ERAMET, the appendix to which was approved by the COB (French Securities and Exchange Commission) on 6 July 1999 (document No. E 99-944) and the opinion as regards fairness attached to that document E.

In September 2010, the defendants lodged submissions in reply to the claims of Carlo Tassara France.

On 2 December 2011, the Paris Commercial Court ruled that all of Carlo Tassara France's claims were inadmissible on the grounds that they were time-barred. Carlo Tassara France appealed the ruling. On 19 March 2013, the Paris Court of Appeal upheld the ruling of the Paris Commercial Court in all its provisions.

On 8 July 2014, the *Cour de cassation* dismissed the appeal filed by Carlo Tassara France against the judgement delivered on 19 March 2013 by the Paris Court of Appeal.

On 10 April 2014, Carlo Tassara France had also filed an application for judicial review of the judgement delivered on 19 March 2013 by the Paris Court of Appeal. This application is under consideration.

Note 37 Events after the balance sheet date

To the best of the Company's knowledge, there are no events to report after the reporting date.

6.1.3 Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2014

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, and should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your general meeting of shareholders, we hereby report to you, for the year ended 31 December 2014, on:

- the audit of the accompanying consolidated financial statements of ERAMET;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 31 December 2014 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.

Without qualifying our opinion expressed above, we draw your attention to the matter set out in note 4 "2013 financial statements restated" of the consolidated financial statements regarding the effects of the application of IFRS 11 ("joint arrangements") starting from 1 January 2014.

II. Justification of our assessments

Pursuant to Article L. 823-9 of the French Commercial Code *(Code de commerce)* governing the justification of our assessments, we bring your attention to the following matters:

Intangible and tangible assets

Your group performs annual impairment tests on goodwill and also assesses its long-term assets if there is an indication of impairment. The tests are performed under the conditions described in the note 1.9 to the consolidated financial statements. We analyzed the methods for implementing these impairment tests as well as the cash-flow forecasts and the consistency of the assumptions used by your group, and verified the appropriateness of the information of the note 9 to the consolidated financial statements.

Provisions

As stated in the notes 1.17 and 19 to the consolidated financial statements, your group is required to perform estimates and to make assumptions concerning provisions for liabilities and charges. Our work consisted in assessing the approaches used and the documentation provided, in particular regarding the provisions for the rehabilitation of mining sites. On these bases we assumed the reasonableness of these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, 20 February 2015

The Statutory Auditors
French original signed by:

ERNST & YOUNG et Autres	DELOITTE & ASSOCIÉS
Aymeric de La Morandière	Alain Penanguer

6.2 2014 SEPARATE FINANCIAL STATEMENTS

6.2.1 2014 Income statement, Balance sheet

Income statement

(€ thousand)	Notes	FY 2014	FY 2013
Operating income			
Sales of goods and merchandise		708,468	627,271
Income from ancillary activities		71,424	80,461
Sales	**16**	**779,892**	**707,732**
Change in inventories of finished products and work in-progress		885	(7,707)
Capitalised production		603	6,650
Operating subsidies		4	18
Reversal of provisions, excess depreciation & amortisation, expense transfers		12,741	9,762
Other income		36	34
Other income		**14,267**	**8,756**
TOTAL INCOME		**794,159**	**716,488**
Operating expenses			
Purchases of goods		564,421	429,416
Change in inventory (merchandise)		(7,598)	11,671
Raw materials and other supplies purchased		121,995	138,167
Change in inventory (raw materials and supplies)		(10,106)	4,233
External purchases and expenses		96,072	113,607
Taxes other than on income		4,093	4,546
Wages and salaries		31,665	32,948
Payroll charges		25,177	23,716
Depreciation and amortisation charges		9,468	7,913
Provisions for losses on current assets		4,841	4,806
Provisions for contingencies and losses		12,310	9,330
Other expenses		2,319	1,774
TOTAL EXPENSES		**854,657**	**782,126**
Operating profit (loss)		**(60,498)**	**(65,638)**
Net financial income	**19**	**12,271**	**(89,984)**
Profit (loss) before tax and extraordinary items		**(48,227)**	**(155,622)**
Extraordinary items	**20**	**(23,744)**	**14,447**
Employee profit-sharing & incentives		(1,475)	(1,425)
Income tax	17	2,897	9,594
PROFIT (LOSS) FOR THE PERIOD		**(70,550)**	**(133,006)**

Balance sheet

Assets

(€ thousand)	Notes	Gross amount	Depreciation, amortisation and provisions	31/12/2014 Net amount	31/12/2013 Net amount
Intangible assets					
Patents, rights and similar assets		14,805	12,999	1,806	3,147
Non-current assets in progress		21,965		21,965	20,866
Subtotal		36,771	12,999	23,772	24,013
Property, plant & equipment					
Land		1,131		1,131	1,131
Buildings		26,592	20,503	6,089	6,650
Technical installations, machinery and equipment		71,759	57,638	14,121	15,997
Other		14,321	10,957	3,364	3,562
Non-current assets in progress		468		468	1,373
Down payments				0	0
Subtotal		114,271	89,098	25,173	28,712
Non-current financial assets					
Investments in associates		1,557,049	450,338	1,106,711	1,187,130
Receivables on investments in associates	5	1,569,873	306,069	1,263,804	1,035,219
Other capitalised investments		33,319	26,351	6,968	7,122
Other		11,440		11,440	9,104
Subtotal		3,171,681	782,758	2,388,923	2,238,576
NON-CURRENT ASSETS	4	3,322,723	884,856	2,437,867	2,291,301
Inventories and work-in-progress					
Raw materials and other supplies		44,745	4,841	39,905	29,899
Work-in-progress		10,622		10,622	9,341
Semi-finished and finished products		12,821		12,821	13,217
Merchandise		28,370		28,370	20,772
Subtotal	10	96,559	4,841	91,718	73,229
Down payments made on orders		336		336	133
Operating receivables					
Trade receivables		74,306	835	73,471	74,603
Other receivables		90,992	15,257	75,734	57,256
Subtotal	5 & 10	165,297	16,092	149,205	131,859
Cash & cash equivalents	6	60,594		60,594	4,643
Accruals	7	13,427		13,427	16,220
CURRENT ASSETS		336,213	20,933	315,280	226,084
TOTAL ASSETS		3,658,937	905,789	2,753,148	2,517,386

Liabilities

(€ thousand)	Notes	31/12/2014	31/12/2013
Share capital		80,957	80,957
Issue, merger and contribution premiums		373,337	373,337
Legal reserve		8,096	8,096
Other reserves		253,839	253,839
Retained earnings		895,960	1,028,966
Profit (loss) for the period		(70,550)	(133,006)
Net equity	8	**1,541,638**	**1,612,188**
Regulated provisions	11	48,155	47,934
Shareholders' equity		**1,589,793**	**1,660,122**
Provisions for contingencies		14,467	10,102
Provisions for losses		16,467	8,499
Provisions for contingencies and losses	11	**30,935**	**18,601**
Bond issues		632,254	403,000
Borrowings from and payables to credit institutions		255,515	225,512
Miscellaneous borrowings		460	460
Inter-company current accounts		96,228	60,153
Long-term borrowings		**984,457**	**689,125**
Down payments received on current orders		**7,140**	**395**
Operating payables			
Trade payables		95,800	103,580
Tax and payroll liabilities		17,219	18,066
Miscellaneous liabilities			
Liabilities on non-current assets and related payables		1,664	1,531
Other liabilities		26,140	25,945
Accruals		**0**	**20**
Liabilities	13 & 14	**1,132,420**	**838,662**
TOTAL LIABILITIES		**2,753,148**	**2,517,386**

Statement of cash flows

(€ thousand)	FY 2014	FY 2013
Operating activities		
Net profit (loss)	(70,550)	(133,006)
Elimination of non-cash and non-operating income and expenses	76,289	400,141
Cash generated from operations	**5,739**	**267,135**
Change in operating working capital requirement	(38,362)	24,451
Net cash generated by operating activities	**(32,623)**	**291,586**
Cash flows from investing activities		
Net payments for non-current financial assets	(7,146)	(3,150)
Payments for non-current intangible assets, PP&E	(8,811)	(14,944)
Proceeds from non-current asset disposals	36,030	3,144
Change in other receivables and debts	(4,606)	(10,479)
Subtotal	**15,467**	**(25,429)**
Other movements		
Net cash used in investing activities	**15,467**	**(25,429)**
Cash flows from financing activities		
Dividends paid to ERAMET SA shareholders	0	(34,098)
Share capital increases	0	0
Change in working capital requirement from financing activities	0	0
Net cash used in financing activities	**0**	**(34,098)**
INCREASE (DECREASE) IN NET CASH	**(17,156)**	**232,059**
Net cash (borrowings) at beginning of period	**663,166**	**431,107**
NET CASH (BORROWINGS) AT PERIOD-END	**646,009**	**663,166**

Highlights

Sales

Sales of metallurgical products were up 11.6% compared with 2013, boosted by the increase in the average sales price (linked to Nickel prices) that rose from USD7.1/lb in 2013 to USD7.8/lb in 2014.

Over the same period, the tonnage sold rose by some 2.5% to 53.9 thousand tons in 2014 (52.6 thousand tons in 2013).

Operating profit (loss)

Operating loss was virtually stable compared to 2013, dropping from (€66) million to (€60) million in 2014.

Net financial income

Net financial income consisted primarily of dividends received from subsidiaries (Manganese: €40.52 million), provision for investments in companies (ERAMET Holding Alliages: €20 million; Erasteel: €14.17 million; Eralloys Holding: €20 million; Eramine: €10 million), and reversal of the provision for investments in companies (Tinfos: €22 million) following the disposal of Tinfos shares.

Net foreign exchange gains amounted to €8.2 million in 2014 compared to a net gain of €1.4 million at end-2013.

Extraordinary items

Extraordinary items mainly comprise the €14 million loss on disposal of Tinfos shares and the €6.9 million provision for restructuring.

Changes in the cash position

Net cash comprised receivables on investments in associates and cash & cash equivalents, less borrowings and inter-company current accounts. Net cash decreased from €663.17 million to €646.01 million.

6.2.2 Notes to the separate financial statements

Accounting principles, rules and methods

The ERAMET SA Board of Directors closed the financial statements for the year ended 31 December 2014 on 19 February 2015.

Note 1 Overview of principles

The financial statements were prepared in accordance with the general chart of accounts as amended by Regulation 99-03 of 29 April 1999 issued by CRC (French Accounting Regulations Committee—*Comité de la règlementation comptable*).

Generally accepted accounting principles were applied, while complying with the principle of prudence based on the underlying assumptions, i.e. going concern, consistency of accounting methods from one period to another, application of the matching principle, and in line with the rules for preparing and presenting separate financial statements.

The historical cost method is the basic method used to measure items.

Note 2 Change in methods

There has been no change in method compared to 31 December 2013.

Note 3 Rules and methods applied to the various balance sheet and income statement line items

3.1 Property, plant and equipment and intangible assets

The gross amount of assets is the amount at which the items were first recognised in the Company's balance sheet and includes any expenses required to bring them into working order. Unused assets or assets with fair market values lower than the carrying amount are, as a general rule, impaired by non-recurring depreciation expense or by charging to provisions.

Economically justified depreciation is calculated using the straight-line method. This depreciation is calculated over the asset's useful life.

The useful lives in depreciation periods for property, plant and equipment are as follows, apart from exceptional cases:

- Buildings: 20-30 years;
- Technical installations: 12-20 years;
- Machinery, equipment and tooling: 3-10 years;
- General installations, fittings and fixtures: 5-10 years;
- Transportation equipment: 5-8 years;
- Office furniture and equipment, computer equipment: 3-8 years.

The impact of any difference between the straight-line and declining balance depreciation methods is recognised via excess depreciation.

3.2 Non-current financial assets

As from 1 January 2006, the gross amount of non-current financial assets includes the purchase cost less incidental expenses. Borrowings are recognised at their nominal value. Securities are estimated at their value in use, which takes account of both their net asset value and the likely returns. If the value in use is lower than the gross amount, an impairment loss is recognised for the difference.

3.3 Ongoing development projects

As a rule, development projects are initiated by ERAMET as the holding company. The costs incurred on these projects are recognised either as Non-current financial assets or as Other Receivables if they are to be billed back to the Divisions, or are expensed. For acquisitions, those costs are included in the value of the shares. If the development projects are not successful, their costs are impaired or booked under non-recurring losses.

3.4 Inventories

Inventories of nickeliferous products are measured at cost, calculated on a first-in-first-out (FIFO) basis. If the value thereby obtained is greater than the net realisable value (i.e. selling price less selling expenses), a provision is recognised for the difference.

Consumables are measured at cost, which is calculated using the weighted average price method.

Spare parts inventories are fully impaired for any item whose quantity exceeds one year's supply.

3.5 Receivables and payables

Foreign currency receivables and payables are remeasured at the closing rate or at the forward hedging rate, as appropriate.

Unrealised losses or gains on foreign exchange arising from re-measurement at the forward hedging rate or, where unhedged, at the closing rate, are recognised as exchange losses or gains in the income statement.

Impairment losses on trade receivables are measured for each customer individually, based on the estimated risk.

3.6 Investment securities

Investment securities are measured at acquisition cost, with an impairment loss recognised if their net asset value is lower. Unrealised capital gains are not recognised.

3.7 Other provisions for contingencies and losses

Provisions are recorded, where their 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 economic benefits in order to settle the liability.

Employee indemnities and benefits

ERAMET offers its employees various long-term benefits such as retirement indemnities or other additional post-employment benefits and long-service bonuses.

Some liabilities are wholly or partly covered by contracts taken out with insurance companies. In this case, the liabilities and hedging assets are measured independently. A provision is then made on the basis of the amount of financial assets and liabilities.

ERAMET's liabilities are appraised by independent actuaries. The actuarial assumptions used (likelihood of working employees staying with ERAMET, mortality tables, retirement age, salary trends, etc.) vary according to the prevailing demographic and economic conditions in the country. The discount rates used are based on the rate of government bonds or bonds of blue-chip companies with a maturity equivalent to that of the liabilities on the appraisal date.

The expected long-term return on assets was calculated by taking into account the structure of the investment portfolio.

The following actuarial assumptions are used for measurement:

	2014	2013
Discount rate	2.20%	3.30%
Inflation rate	1.80%	2.00%
Rate of increase in salaries	3.00%-3.75%	3.00%-3.50%
Return on plan financial assets	3.50%	3.30%

Employee bonus share plan

The Company has eight ongoing bonus share plans:

- two plans approved by the Board of Directors' meeting of 16 February 2011 for 28,614 and 71,665 shares;
- two plans approved by the Board of Directors' meeting of 15 February 2012 for 28,620 and 89,720 shares;
- two plans approved by the Board of Directors' meeting of 21 March 2013 for 28,706 and 144,840 shares;
- two plans approved by the Board of Directors' meeting of 20 February 2014 for 27,218 and 143,510 shares.

The corresponding provision was measured on the basis of the value of treasury shares (140,450 shares) and the stock price on 31 December 2014 (for 269,846 shares).

The provision was staggered over the vesting period (two or three years depending on the plan) for the ERAMET SA staff. For the other beneficiaries (outside ERAMET SA), the provision is made as of the plan award date.

Shares under the democratic plan of 15 February 2012 and the selective plan of 16 February 2011 issued to the employees of French companies in February and April 2014 respectively were fully vested.

3.8 Sales

Sales consist of the following:

- ferronickel sales (purchase and sale of SLN products);
- nickel salts (produced at the Sandouville plant);
- provision of services and re-invoicing of shared expenses.

Income is recognised as revenue once the Company has transferred to the buyer the main risks and benefits inherent in ownership of the goods.

Note 4 Non-current assets

Purchase values

(€ thousand)	Acquisition values 31/12/2013	Acquisitions	Disposals, retirements and adjustments	Acquisition values 31/12/2014
Intangible assets				
Patents, rights and similar assets	14,305	500		14,805
Non-current assets in progress (1)	20,866	4,227	(3,128)	21,965
Subtotal	**35,171**	**4,728**	**(3,128)**	**36,771**
Property, plant & equipment				
Land	1,131			1,131
Buildings	25,855	737		26,592
Technical installations, machinery (2) and equipment	69,497	2,262		71,759
Other	13,521	800		14,321
Non-current assets in progress	1,373	284	(1,189)	468
Down payments	0			0
Subtotal	**111,378**	**4,083**	**(1,189)**	**114,271**
Non-current financial assets				
Investments in associates	1,593,800	10,000	(46,751)	1,557,049
Receivables on investments in associates	1,347,648	235,488	(13,263)	1,569,873
Other capitalised investments (3)	44,217		(10,897)	33,319
Other	22,447	7,250	(18,257)	11,440
Subtotal	**3,008,112**	**252,738**	**(89,168)**	**3,171,681**
TOTAL	**3,154,660**	**261,549**	**(93,485)**	**3,322,724**

(1) Non-current assets connected with the IT infrastructure (€3.4 million at 31 December 2014, €2.8 million at 31 December 2013) and the development of hydrometallurgical technology (€18.5 million at 31 December 2014, €17.9 million at 31 December 2013).

(2) The increase is due to the construction of pilots for developing the process in connection with the Mabounié project.

(3) The line "Other capitalised investments" relates to treasury shares.

The decrease stems partly from the disposal of shares amounting to €1.7 million under the price support agreement, as also from bonus share awards to French and foreign company employees under the selective award plan of 2010 and 2011 and under the democratic plan of 2010 and 2012.

The shares acquired as part of the buyback instructions (balance of 140,450 shares at 31 December 2014) are intended to be distributed under bonus share plans.

Provisions have been funded for the full value of the treasury shares set aside to cover the requirements of the bonus share plans (€21.7 million at 31 December 2014).

A provision of €4.7 million was made for the other treasury shares held under the price support agreement (including a provision reversal of €1.6 million during the financial year), given that the stock market price at 31 December 2014 was under the portfolio price.

Depreciation, amortisation and provisions

(€ thousand)	Depreciation, amortisation and provisions at 31/12/2013	Depreciation, amortisation and provisions	Reversals of depreciation, amortisation and provisions	Disposals, retirements and adjustments	Depreciation, amortisation and provisions at 31/12/2014	Carrying amounts at 31/12/2014
Intangible assets						
Concessions, patents, licences, trademarks, processes, rights and similar assets	11,157	1,842			12,999	1,806
Non-current assets in progress	0				0	21,965
Subtotal	**11,157**	**1,842**	**0**	**0**	**12,999**	**23,772**
Property, plant & equipment						
Land	0				0	1,131
Buildings	19,205	1,298			20,503	6,089
Technical installations, machinery and equipment	53,501	4,222	(85)		57,638	14,121
Other	9,960	998			10,957	3,364
Non-current assets in progress	0				0	468
Down payments						0
Subtotal	**82,666**	**6,518**	**(85)**	**0**	**89,098**	**25,173**
Non-current financial assets						
Investments in associates [(4)]	406,670	65,669	(22,000)		450,338	1,106,711
Receivables on investments in associates	312,428	3,640	(10,000)		306,068	1,263,805
Other capitalised investments [(3)]	37,095		(10,744)		26,352	6,968
Other [(5)]	13,343		(13,343)		0	11,440
Subtotal	**769,536**	**69,309**	**(56,087)**	**0**	**782,758**	**2,388,923**
TOTAL	**863,359**	**77,668**	**(56,172)**	**0**	**884,856**	**2,437,867**

(1) Non-current assets connected with the IT infrastructure (€3.4 million at 31 December 2014, €2.8 million at 31 December 2013) and the development of hydrometallurgical technology (€18.5 million at 31 December 2014, €17.9 million at 31 December 2013).

(2) The increase is due to the construction of pilots for developing the process in connection with the Mabounié project.

(3) The line "Other capitalised investments" relates to treasury shares.

The decrease stems partly from the disposal of shares amounting to €1.7 million under the price support agreement, as also from bonus share awards to French and foreign company employees under the selective award plan of 2010 and 2011 and under the democratic plan of 2010 and 2012.

The shares acquired as part of the buyback instructions (balance of 140,450 shares at 31 December 2014) are intended to be distributed under bonus share plans.

Provisions have been funded for the full value of the treasury shares set aside to cover the requirements of the bonus share plans (€21.7 million at 31 December 2014).

A provision of €4.7 million was made for the other treasury shares held under the price support agreement (including a provision reversal of €1.6 million during the financial year), given that the stock market price at 31 December 2014 was under the portfolio price.

(4) Provision for ERAMET Holding Alliages shares (formerly SIMA) (€20 million), Erasteel (€14.7 million), Eralloys Holding (€20 million), Eramine (€10 million). Reversal of provision for Tinfos shares (€22 million) following their disposal.

(5) Reversal of provision for the option purchased on a project to exploit a manganese deposit in Namibia, since the project was removed from the books.

Note 5 Schedule of receivables

(€ thousand)	Gross amount 31/12/2014	1 year or less	Over 1 year	Reminder 31/12/2013
Receivables on investments in associates (1)	1,569,873	1,569,873		1,347,648
Pension plan assets (2)	1,638	1,638		6,450
Other long-term investments	9,802	9,802		15,997
Trade receivables	74,306	73,504	802	75,438
Other receivables (3)	90,992	90,992		79,175
Prepaid expenses	5,588	5,588		4,768
TOTAL	**1,752,198**	**1,751,396**	**802**	**1,529,476**

(1) Receivables on investments in companies: loans to Group companies:

(€ thousand)	31/12/2014	31/12/2013
Strand Minerals Ltd/Weda Bay Minerals Singapore	436,278	400,847
ERAMET Holding Alliages (formerly SIMA)	251,970	252,060
Erasteel SAS	128,423	120,996
CFED	58,976	62,118
ERAMET Research	30	60
Eramine SAS	4,569	10,928
Metal Securities	615,691	464,077
TiZir	73,936	36,560
TOTAL	**1,569,873**	**1,347,647**

(2) Excess contribution to defined benefit supplementary pension plan.

(3) Other receivables include, amongst other things, a tax consolidation receivable net of corporation tax of €55.6 million, profit-sharing based on the performance of Metal Currencies amounting to €9.4 million, and payments of a net amount of €4 million on development projects, likely to be billed back to the operational companies of the Divisions should they succeed.

Note 6 Cash & cash equivalents

Cash & cash equivalents comprise marketable securities amounting to €46.6 million and debit bank accounts totalling €14 million.

Note 7 Prepaid expenses and accrued income

(€ thousand)	31/12/2014	31/12/2013
Prepaid expenses (1)	5,588	4,768
Deferred debt issue costs (2)	7,839	8,592
Bond redemption premiums	0	2,862
Translation adjustment losses	0	(2)
TOTAL	**13,427**	**16,220**

(1) Prepaid insurance premiums totalled €2.4 million (compared with €2.6 million at 31 December 2013) while interest on the borrowing with Deutsch Bank stood at €1.2 million.

(2) Debt issue costs (syndicated credit facility, bond borrowing, Schuldschein, borrowing base).

Note 8 Net equity

The share capital breaks down as follows:

	31/12/2014	31/12/2013
F.S.I. Equation (Bpifrance)	25.66%	25.66%
SORAME/CEIR	37.06%	37.06%
STCPI	4.03%	4.03%
Miscellaneous	33.25%	33.25%
TOTAL	**100%**	**100%**

Pursuant to a shareholders' agreement signed on 16 March 2012, which entered into force on 16 May 2012 and will expire on 31 December 2016, subject of the AMF decision and notification No. 212C0647, the Company, as of 16 May 2012, is under the majority control of a declared concert party of shareholders comprising:

- a concert sub-group composed of SORAME and CEIR, companies controlled by the Duval family, pursuant to a simultaneous shareholders' agreement of 19 July 1999, that came into effect on 21 July 1999, and was amended by a rider on 13 July 2009;
- Bpifrance (public investment bank), via its subsidiary FSI Equation.

The provisions of the above shareholders' agreement and of the concert sub-group can be found in the main extracts of the texts of the AMF decision and notification No. 212C0647 and No. 209C1013 (amendment of 13 July 2009).

ERAMET's distributable reserves amounted to €1,523 million prior to the allocation of 2014 earnings (€1,656 million at 31 December 2013).

(€ thousand)	Number of shares	Share capital	Premiums, reserves and retained earnings	Profit (loss) for the period	Total
Net equity at 31 December 2012	**26,543,218**	**80,957**	**1,377,273**	**321,062**	**1,779,292**
Dividend payout				(34,098)	(34,098)
Allocation to retained earnings and reserves			286,964	(286,964)	0
Withholding tax					0
Other transactions					0
Share capital increases for cash					0
Share capital increases via capitalisation of reserves					0
Contributions in cash					0
Dividends paid in shares					0
Share capital increases in kind					0
Profit (loss) for the 2013 financial year				**(133,006)**	**(133,006)**
Net equity at 31 December 2013	**26,543,218**	**80,957**	**1,664,238**	**(133,006)**	**1,612,188**
Dividend payout					0
Allocation to retained earnings and reserves					0
Withholding tax					0
Other transactions					0
Share capital increases for cash					0
Share capital increases via capitalisation of reserves					0
Contributions in cash					0
Dividends paid in shares					0
Share capital increases in kind					0
Profit (loss) for the 2014 financial year				**(70,550)**	**(70,550)**
NET EQUITY AT 31 DECEMBER 2014	**26,543,218**	**80,957**	**1,664,238**	**(203,556)**	**1,541,638**

The share capital is comprised of 26,543,218 fully paid-up ordinary shares (26,543,218 ordinary shares at 31 December 2013) with a par value of €3.05.

Note 9 Treasury shares

The table below summarises the treasury share transactions:

		Price support	Awards to employees	Total
Position at 31 December 2012		62,554	207,945	270,499
As a percentage of share capital	*26,543,218*	*0.24%*	*0.78%*	*1.02%*
Bonus share awards				
• Bonus share grants			(67,783)	(67,783)
Purchases		235,693	37,747	273,440
Sales		(191,295)		(191,295)
Position at 31 December 2013		106,952	177,909	284,861
As a percentage of share capital	*26,543,218*	*0.40%*	*0.67%*	*1.07%*
Bonus share awards				
• Bonus share grants			(37,459)	(37,459)
Purchases		232,759		232,759
Sales		(250,110)		(250,110)
POSITION AT 31 DECEMBER 2014		**89,601**	**140,450**	**230,051**
As a percentage of share capital	*26,543,218*	*0.34%*	*0.53%*	*0.87%*

The balance of 230,051 shares corresponds to:

- the shares purchased under the share price support agreement with EXANE BNP Paribas and not yet registered at the date of drawing up the table;
- shares intended to be awarded under the bonus share plans.

Note 10 Provisions for impairment of current assets

(€ thousand)	31/12/2013	Additions	Reversals	31/12/2014
Raw materials				
Other supplies (1)	4,741	4,841	(4,741)	4,840
Trade receivables	835			835
Miscellaneous receivables (2)	21,920	1,832	(8,495)	15,257
TOTAL	**27,495**	**6,673**	**(13,236)**	**20,933**

(1) Full provisions are made for items in spare parts inventories whose consumption is short of one year's supply.

(2) The additions to provisions are recognised mainly in the expenses recorded under Other receivables on the Lithium exploration and operation project. The reversal of provision relates to the project to exploit a manganese deposit in Namibia, which was removed from the books.

Note 11 Provisions under liabilities

			Reversals			
(€ thousand)	31/12/2013	Additions	Used in period	Unused in period	Reclassification	31/12/2014
Provisions for price increases	32,836					32,836
Extraordinary amortisation and depreciation (2)	15,098	1,221	(1,000)			15,319
Provisions for restoring mining deposits	0					0
Total regulated provisions	**47,934**	**1,221**	**(1,000)**	**0**	**0**	**48,155**
Foreign currency losses						
Employees (1)	7,647	12,914	(136)		(4,812)	15,613
Environment (2)	802	3				804
Segment-based contingencies	0					0
Taxes	0					0
Other provisions for contingencies (3)	3,374		(2,738)			636
Other provisions for losses (4)	6,778	7,103	(9,153)		9,153	13,882
Total provisions for contingencies and losses	**18,601**	**20,020**	**(12,027)**	**0**	**4,341**	**30,935**
PROVISIONS FOR LIABILITIES	**66,535**	**21,242**	**(13,027)**	**0**	**4,341**	**79,090**

(1) ERAMET makes provisions for pension and related liabilities on the basis of the actuarial appraisal by an outside firm. Detailed calculations were carried out at 31 December 2014. The excess payment of defined benefit supplementary pension plan contributions was reclassified under "Other investments".

The pension and related liabilities balance stood at €8.7 million at 31 December 2014. This balance also includes a provision for restructuring amounting to €6.9 million.

(2) Provision to clear the drainage channel at the Sandouville plant before its sale back to Port Autonome du Havre (Le Havre Port Authority).

(3) The provision for financial contingencies mainly relates to the potential loss on the Metal Securities bond portfolio secured by ERAMET.

(4) The provision for loss was recognised in connection with bonus share award plans.

Note 12 Employee-related liabilities

(€ thousand)	Actuarial value of liabilities	Fair value of plan assets	Financial position Surplus/(deficit)
Retirement benefits	74,560	(53,103)	21,457
Retirement package	7,046	(1,895)	5,151
Long-service bonuses and awards	4,218	-	4,218
Healthcare plans	4,552	-	4,552
TOTAL	**90,376**	**(54,998)**	**35,378**

(€)	Unrecognised actuarial (Gains)/losses	Unrecognised past services	Balance sheet provision (Assets)/ Liabilities
Retirement benefits	(19,124)	(3,836)	(1,503)
Retirement package	(3,244)	(1,058)	849
Long-service bonuses and awards	-	-	4,218
Healthcare plans	(1,055)	-	3,497
TOTAL	**(23,423)**	**(4,894)**	**7,061**

Actuarial assumptions

Discount rate	2.20%
Inflation rate	1.80%
Salary increase rate	3%-3.75%
Return on plan financial assets	3.50%

Breakdown of pension fund investments

(€)	Insurance contract	Other investments	Total
Amount	53,103	1,895	54,998
Percentage	96.6%	3.4%	100%

Change in pension liabilities

(€)		
At beginning of period		**1,197**
Expenses recognised		6,000
• service cost	3,824	
• amortisation of actuarial gains (losses) and past service cost	1,903	
• net interest expense	2,147	
• return on plan assets	(1,874)	
Contributions and benefits paid		(136)
AT PERIOD END		**7,061**

The €7.1 million balance breaks down into a €8.7 million provision for contingencies and losses, and pension plan assets of €1.6 million in the balance sheet of ERAMET SA at 31 December 2014.

Note 13 Breakdown of liabilities and maturity schedule

Net amount (€ thousand)	31/12/2014	1 year or less	Over 1 year to under 5 years	Over 5 years
Other bond issues [(1)]	632,254	7,254		625,000
Borrowings with credit institutions [(2)]	255,515	161,471	34,044	60,000
Miscellaneous long-term borrowings [(3)]	96,688	96,688		
Trade payables [(4)]	95,800	95,800		
Tax and payroll liabilities	17,219	17,219		
Liabilities on non-current assets and related payables	1,664	1,664		
Other miscellaneous liabilities [(5)]	26,140	26,140		
Unearned income	0	0		
TOTAL	**1,125,280**	**406,237**	**34,044**	**685,000**

(1) *Other debt issues include the various bond issues by ERAMET SA in 2013 totalling €400 million and in the first half-year of 2014 amounting to €225 million.*

(2) *Bank borrowings include €81 million in commercial paper issues by ERAMET, assignment of trade receivables of €73 million, assignment of tax credit of €39 million, and a Schuldschein loan of €60 million.*

(3) *ERAMET is financed by Metal Securities, its 87.92%-owned subsidiary. The amount stood at €94 million at 31 December 2014 (compared to €58 million at 31 December 2013).*

(4) *The Company's supplier payables outstanding from more than 60 days as of the invoice date amount to €58,000.*

(5) *In 2014, the tax-consolidated French subsidiaries paid corporate income-tax instalments to ERAMET SA exceeding the corporation tax payable by €25.1 million.*

Miscellaneous borrowings:

Net amount (€ thousand)	31/12/2014	31/12/2013
Current accounts with Metal Securities	94,299	58,274
Borrowing from Weda Bay Minerals, Inc.	1,929	1,879
Deposits received	460	460
TOTAL	**96,688**	**60,613**

Note 14 Breakdown of liabilities and accrued expenses

Gross amount (€ thousand)	31/12/2014	31/12/2013
Miscellaneous borrowings	96,688	60,613
Trade payables	95,800	103,580
Tax and payroll liabilities	17,219	18,066
Liabilities on non-current assets	1,664	1,531
Other miscellaneous liabilities	26,140	25,945
Unearned income	0	20
TOTAL	**237,511**	**209,756**

Note 15 Information on related companies

Amount *(€ thousand)*	31/12/2014	31/12/2013
Balance sheet		
Investments in associates	1,556,584	1,593,335
Financial receivables	1,569,873	1,347,648
Trade receivables	8,779	17,526
Miscellaneous receivables	496	5,054
Miscellaneous financial borrowings	(96,228)	(60,153)
Trade payables	(74,089)	(65,397)
Other liabilities	(25,142)	(21,705)
Income statement		
Operating income	71,477	85,405
Operating expenses	(679,340)	(557,335)
Financial income	72,748	319,763
Financial expenses	(588)	(1,049)

Note 16 Sales

(€ thousand)	Total	France	International
Sales of goods and merchandise (1)	708,468	16,915	691,553
Income from ancillary activities	71,424	32,146	39,278
SALES	**779,892**	**49,061**	**730,830**

(1) Sales included a foreign currency gain of €11 million resulting primarily from USD hedging.

Note 17 Increases and reductions in future tax liabilities

(€ thousand)	31/12/2014	31/12/2013
Increases in taxable base		
• Regulated provisions	48,155	47,937
• Translation adjustment losses at close		
• Deferred expenses		
Reductions in taxable base		
• Provisions not deductible during the financial period	(768,548)	(688,834)
• Accrued expenses	(270)	(1,181)
• Translation adjustment gains at close		
• Unrealised financial income		
• Tax loss carry-forwards	(230,328)	(137,023)
Reductions in taxable base	(950,991)	(779,101)
INCREASE IN FUTURE TAXATION	**(327,426)**	**(268,244)**
	34%	34%

Breakdown of income tax

(€ thousand)	Gross amount	Tax owed	Net profit (loss)
Current profit (loss)	(48,228)		(48,228)
Extraordinary items	(23,744)		(23,744)
Employee profit-sharing and incentives	(1,475)		(1,475)
Impact of tax consolidation and research tax credit		2,897	2,897
TOTAL	**(73,447)**	**2,897**	**(70,550)**

Corporation tax

The tax consolidation agreement signed between ERAMET and its subsidiaries complies with the principle of neutrality and places the subsidiaries in the situation in which they would have been in the absence of such consolidation. Each subsidiary calculates its tax as if it did not form part of a consolidated tax group and pays its corporation tax contribution to ERAMET as Group parent company.

The subsidiaries retain their losses to determine the amount of the corporation tax contribution they should pay ERAMET.

As a result of tax consolidation, the corporation tax line item breaks down as follows: +€18.3 million in tax income for the tax-consolidated group (of which +€17.7 million of 2014 in tax credit, and a +€0.8 million adjustment of Group tax credit for 2013, (€0.3) million in tax reassessment), +€1.6 million of income from tax consolidation (2014 income tax for consolidated subsidiaries) and (€17.1) million in tax consolidation expenses (including tax credits passed on to subsidiaries: (€0.4) million in adjustments for 2013 and (€16.7) million in research tax credit for 2014).

Note 18 Tax consolidation

All French subsidiaries that are at least 95%-owned are consolidated for tax purposes, ERAMET being the Group parent.

Tax consolidation in France comprises the following companies:

Tax-consolidated companies	31/12/2014	31/12/2013	31/12/2012	31/12/2011
Consolidated companies				
ERAMET	x	x	x	x
Metal Securities	x	x	x	x
ERAMET Holding Nickel (EHN)	x	x	x	x
Eramine	x	x	x	x
Eurotungstene Poudres	x	x	x	x
ERAMET Holding Manganèse (EHM)	x	x	x	x
ERAMET Holding Alliages (formerly SIMA)	x	x	x	x
ERAMET Alliages	x	x	x	x
Aubert & Duval (AD)	x	x	x	x
Airforge			x	x
Erasteel	x	x	x	x
Erasteel Champagnole	x	x	x	x
Valdi	x	x	x	x
Non-consolidated companies				
ERAMET International	x	x	x	x
ERAMET Ingénierie (formerly TEC)	x	x	x	x
ERAMET Research (formerly CRT)	x	x	x	x
Forges de Montplaisir	x	x	x	x
Supa	x	x	x	x
Transmet	x	x	x	x
Brown Europe	x	x	x	x
Metal Securities Investissement	x	x	x	x
AD TAF	x	x	x	x
Campus Alliages	x	x	x	

Eligible Group losses from tax consolidation at 31 December 2014 amounted to €218.60 million.

Note 19 Net financial income

(€ thousand)	31/12/2014	31/12/2013
Dividends from associates (1)	40,579	299,324
Interest from associates (2)	32,225	20,484
Other dividends and interest	879	486
Reversals of provisions (3)	36,329	8,284
Foreign currency gains (4)	18,502	1,280
Net gains on disposal of marketable securities	105	
Financial income	**128,619**	**329,858**
Depreciation and amortisation expense and addition to provisions (3)	(69,582)	(407,776)
Interest and similar expenses (5)	(36,512)	(12,215)
Foreign currency gains (4)	(10,254)	149
Net losses on disposal of marketable securities		
Financial expenses	**(116,348)**	**(419,842)**
NET FINANCIAL INCOME	**12,271**	**(89,984)**

(1) Dividends from the Manganese Division (€40.52 million).

(2) Interest income on Group current-account loans (€32 million).

(3) Reversal of provision for financial contingencies covering the potential loss on the Metal Securities bond portfolio secured by ERAMET: €2.73 million.

Reversal of provisions for treasury shares amounting to €1.6 million under the price support agreement.

Reversal of provision of €22 million for Tinfos shares following their disposal.

Reversal of provision of €10 million for the Eramine loan following a capital increase by offsetting a debt in favour of Eramine SAS.

Additions to provisions of (€3.6) million on the Eramine loan and (€14.7) million on Erasteel shares, of (€20) million on ERAMET Holding Alliages shares, of (€20) million on Eralloys Holding shares.

In 2013, reversals of provision for financial contingencies covering the potential loss on the Metal Securities bond portfolio secured by ERAMET amounted to €8.28 million.

(4) Net exchange gain of €8.2 million resulting mainly from the remeasurement of the Group's loans and borrowings in foreign currencies.

(5) Interest expenses on debt (syndicated credit facility, Metal Securities, bond issue, Schuldschein).

Note 20 Extraordinary items

(€ thousand)	31/12/2014	31/12/2013
Hedging gains	30	19
Gains on share capital transactions (1)	36,032	3,144
Reversal of provisions and expense transfer (2)	31,990	37,439
Non-recurring income	**68,053**	**40,602**
Hedging losses (3)	(22,408)	(29)
Expenses on share capital transactions (4)	(58,923)	(19,831)
Extraordinary depreciation and amortisation expense and addition to provisions (5)	(10,467)	(6,296)
Extraordinary expenses	**(91,797)**	**(26,156)**
EXTRAORDINARY ITEMS	**(23,744)**	**14,447**

(1) Income from disposals notably following the sale of Tinfos.

(2) Reversal of provision of €21.7 million following the removal from the books of the project to exploit a manganese deposit in Namibia, regulated provisions of €1 million for Sandouville assets, reversal of provision amounting to €9.2 million for the bonus share award plan.

(3) Costs of the project to exploit a manganese deposit in Namibia recognised in losses amounting to (€21.7) million.

(4) Net book value of capitalised asset disposals (Tinfos) and impact of the disposal of free shares under the plan vested in 2014.

(5) Additions to regulated provisions totalling (€1.1) million, additions to provisions for restructuring amounting to (€6.9) million, and additions to provisions for sundry receivables totalling (€1.8) million, mainly for the Lithium exploration and operation project.

Note 21 Headcount

	FY 2014	FY 2013
Management	185	205
Supervisory staff	176	187
Workers	40	48
WORKFORCE AT PERIOD-END	**401**	**440**
AVERAGE NUMBER OF EMPLOYEES	**418**	**446**

Note 22 Off-balance sheet commitments

(€ thousand)	31/12/2014	31/12/2013
Commitments given		
Endorsements, guarantees and deposits	121,936	131,558
Collateral security	None	None
Forward/future sales in USD	None	168,769
Commitments received		
Endorsements, guarantees and deposits	None	None
Collateral security	None	None
Multi-currency syndicated loan	981,000	981,000
BPI credit facility	80,000	None
Forward/future purchases in USD	None	None
Reciprocal commitments		
Currency hedge *via* Metal Currencies	105,428	47,700

The above table does not include current business orders or liabilities stemming from orders for non-current assets under capital expenditure programmes.

Note 23 Risk management

Note 23.1 Foreign currency risk

ERAMET has two levels of exposure to currency risk:

- All Nickel earnings are invoiced in currency (for the most part in US dollars), whereas its costs are mainly denominated in euros (Sandouville plant expenses and purchases of nickel and matte from SLN). Accordingly, hedging transactions are performed on the basis of multi-year budgets and forecasts, within a maximum 36-month horizon.

  Under the technical support arrangements between ERAMET and its subsidiary SLN, all commercial hedging is performed on behalf of SLN and billed back directly to SLN under the marketing agreement.
- For all other currency transactions, particularly long-term loans to Group companies, ERAMET may be required to set up currency hedges according to the loan repayment schedules. At 31 December 2014, there was no currency hedging on long-term loans.

Note 23.2 Commodity risk

ERAMET is exposed to commodity price volatility, impacting its sales. ERAMET hedges part of its nickel sales on the basis of one- or two-year budget forecasts. The hedges in question are contracted on behalf of SLN, which produces ferronickel and matte. Under the technical support agreement, the profit or loss on these hedges is passed on in the monthly invoicing to SLN. At 31 December 2014, 151 tonnes were hedged for a fair value of (USD249,000) (for the record, in 2013: 106 tonnes for a fair value of (USD73,000). ERAMET mainly uses forwards, combined call and put options and purchase options.

Note 23.3 Credit or counterparty risks

ERAMET's counterparty risks mainly arise on its commercial transactions and hence, on trade receivables. ERAMET may thus be exposed to credit risk in the event of default by a counterparty. ERAMET has various means at its disposal to limit this risk, for which the maximum exposure is equal to the net amount of receivables recognised in the balance sheet—gathering information ahead of financial transactions (from rating agencies, published financial statements, etc.), credit insurance and the arrangement of letters of credit and documentary credits to hedge certain specific inherent risks, such as the geographic location of its customers. In any event, ERAMET's customer base is primarily composed of leading international metallurgy groups for which insolvency risks are limited.

Note 23.4 Interest rate risk

At 31 December 2014, ERAMET had no interest rate hedges covering its net debt. Its surpluses invested with Metal Securities are remunerated at (floating) market rates.

Note 23.5 Liquidity risk

Measured Group-wide, ERAMET's financial situation renders it relatively immune to liquidity risk: In fact, ERAMET SA's net cash position at 31 December 2014 stood at €646.01 million (as opposed to net cash of €663.17 million at 31 December 2013). All of its debt is towards Metal Securities, the Group's special-purpose company in charge of pooling and managing Group surpluses.

Furthermore, the Company may if necessary resort to any of the following three additional sources of financing:

Revolving credit facilities

In 2012, ERAMET signed the extension of its credit facility as provided for in the multicurrency revolving facility agreement up to 2017, for €800 million. In early 2013, ERAMET signed an amendment to this agreement raising its amount from €800 million to €981 million, and extending it by another year, from January 2017 to January 2018. The credit line intended to finance the operations and investments in assets was entered into on terms congruent with market conditions at the time of its signature. This credit line has a single covenant and was not drawn at 31 December 2014.

Commercial paper

In 2005, ERAMET set up a €400 million commercial paper programme, of which €81 million had been raised at 31 December 2014 (€148 million was raised in 2013).

Note 24 Property finance leases

Not applicable.

Note 25 Consolidation of the separate financial statements

The Company is consolidated within the ERAMET group, of which it is the parent company.

Note 26 Compensation of management and supervisory bodies

(€ thousand)	FY 2014	FY 2013
Short-term benefits		
• Fixed compensation	2,893	2,971
• Variable compensation	2,262	1,403
• Directors' fees	600	498
Other benefits		
Post-employment benefits	642	760
TOTAL	**6,397**	**5,632**

The ten highest paid individuals received a total of €4.9 million in 2014.

Note 27 Bonus share award plan

			At outset		At 31 December 2013		Changes in 2014				At 31 December 2014		
(1)	Date of General Shareholders' Meeting	Date of Board meeting	Number of beneficiaries	Number of shares	Number of beneficiaries	Number of shares	Granted at outset	Fully vested	Lapsed	Expired	Number of beneficiaries	Number of shares	Expiration date of plans
1	13/05/2009	29/07/2009	14,677	73,385	-	-					-	-	29/07/2013
2	20/05/2010	20/05/2010	14,412	28,824	7,682	15,364		(15,352)	(12)		-	-	20/05/2014
3	20/05/2010	20/05/2010	162	65,008	53	4,452		(4,397)		(55)	-	-	20/05/2015
4	20/05/2010	16/02/2011	14,292	28,584	7,697	15,478			(90)		7,694	15,388	16/02/2015
5	20/05/2010	16/02/2011	205	71,665	193	54,078		(8,008)	(1,065)	(41,460)	66	3,545	16/02/2016
6	20/05/2010	15/02/2012	14,210	28,420	12,610	26,590		(9,702)	106		8,497	16,994	15/02/2016
7	20/05/2010	15/02/2012	201	89,885	197	76,351			(1,755)	(9,979)	190	64,617	15/02/2017
8	20/05/2010	21/03/2013	14,353	28,706	12,651	25,302			(94)		12,604	25,208	21/03/2017
9	20/05/2010	21/03/2013	209	145,040	204	143,390			(2,000)	(22,252)	199	119,138	21/03/2018
10	20/05/2010	20/02/2014	13,351	26,702	-	-	26,702		(2,672)		12,015	24,030	20/02/2018
11	20/05/2010	20/02/2014	213	143,510	-	-	143,510		(2,490)		204	141,020	20/02/2019
TOTAL			**-**	**729,729**	**-**	**361,005**	**170,212**	**(37,459)**	**(10,072)**	**(73,746)**	**-**	**409,940**	

(1) Final vesting date: 1 = 29 July 2011 France and 29 July 2013 Worldwide, 2 = 20 May 2012 and 20 May 2014, 3 = 20 May 2013 and 20 May 2015, 4 = 16 February 2013 and 16 February 2015, 5 = 16 February 2014 and 16 February 2016, 6 = 15 February 2014 and 15 February 2016; 7 = 15 February 2015 and 15 February 2017; 8 = 21 March 2015 and 21 March 2017; 9 = 21 March 2016 and 21 March 2018; 10 = 20 February 2016 and 20 February 2018; 11 = 20 February 2017 and 20 February 2019.

The shares cannot be sold prior to: 1 = 29 July 2013, 2 = 20 May 2014, 3 = 20 May 2015, 4 = 16 February 2015, 5 = 16 February 2016, 6 = 15 February 2016; 7 = 15 February 2017; 8 = 21 March 2017; 9 = 21 March 2018; 10 = 20 February 2018; 11 = 20 February 2019.

Note 28 Individual training rights

Individual training rights earned over a full year amount to 20 hours per full-time employee and prorated for employees working part-time or hired during the year.

Taking into account the size of the workforce at 31 December 2014, individual training rights totalled 38,400 hours (32,895 hours at 31 December 2013).

Note 29 Other information

Carlo Tassara France (part of the Romain Zaleski group) is an ERAMET shareholder and owns 3,394,146 shares (namely 12.87% of the capital as of 31 December 2009), having regard to an estimate based on the most recent threshold crossing declaration by this company (No. 207C0134 of 17 January 2007).

On 17 December 2009, Carlo Tassara France summoned SIMA, SORAME and CEIR, as well as the members of the Duval family, to appear before the Paris Commercial Court. The summons specified that these proceedings were being brought in the presence of ERAMET. In its writ of summons, Carlo Tassara France claims first, that the SIMA group's presentation to the ERAMET shareholders in 1999 misled those shareholders by concealing from them the indebtedness of SMC, a 38.5%-owned subsidiary of SIMA, consolidated not fully, but by the equity method, whereas SIMA is stated to have concealed from both the Appraisers for the transfer of assets *(commissaires aux apports)* and the ERAMET shareholders that it had full control of that subsidiary. Secondly, Carlo Tassara France challenges the terms on which ERAMET financed SMC through the intermediary of SIMA from 1999 to 2002 (at which date, SMC filed for bankruptcy), by loans alleged to have been granted unlawfully for lack of their having received prior authorisation from the ERAMET Board of Directors; the claimant also requests the Court to find that those loans proved prejudicial to ERAMET and is applying to have Messrs. Édouard, Georges, Patrick and Cyrille Duval found jointly and severally liable to pay ERAMET a total sum of €76.4 million in damages.

Carlo Tassara France is seeking the cancellation of the resolutions of the ERAMET General Shareholders' Meeting on 21 July 1999 approving the contribution of SIMA's shares to ERAMET, the cancellation of the ERAMET shares issued in consideration for said contribution and the reduction of ERAMET's share capital by the amount of the cancelled shares, as well as the return by the holders of those shares of the dividends earned since 1999 and estimated by Carlo Tassara France at €201 million and the return by ERAMET to said contributors of the SIMA shares and of the dividends received from SIMA since 1999.

Though the summons is not directed against ERAMET or against its past or current corporate bodies, it is however likely that, were it to prevail, it would have serious implications for ERAMET as, in particular, it would lead to a significant reduction in its share capital and the exit of SIMA (and hence of Aubert & Duval) from the Group's scope of consolidation. ERAMET points out that the SIMA share contribution was approved by the ERAMET Extraordinary General Shareholders' Meeting on 21 July 1999, based on the report of two Appraisers appointed by the President of the Paris Commercial Court, the report of the Board of Directors of ERAMET, the appendix to which was approved by the COB (French Securities and Exchange Commission) on 6 July 1999 (document No. E99-944) and the opinion as regards fairness attached to that document E.

In September 2010, the defendants lodged submissions in reply to the claims of Carlo Tassara France.

On 2 December 2011, the Paris Commercial Court ruled that all of Carlo Tassara France's claims were inadmissible on the grounds that they were time-barred. Carlo Tassara France appealed the ruling. On 19 March 2013, the Paris Court of Appeal upheld the ruling of the Paris Commercial Court in all its provisions.

On 8 July 2014, the *Cour de cassation* dismissed the appeal filed by Carlo Tassara France against the judgement delivered on 19 March 2013 by the Paris Court of Appeal.

On 10 April 2014, Carlo Tassara France had also filed an application for judicial review of the judgement delivered on 19 March 2013 by the Paris Court of Appeal. This application is under consideration.

Gabon environmental dispute

Four NGOs (non-governmental organisations), an inhabitants' protest group *("collectif d'habitants")* and a former *député* (Member of Parliament) filed a number of applications in February and March 2011 with the Libreville Court of First Instance, instituting various civil proceedings in Gabon, seeking damages from Comilog SA and ERAMET for alleged environmental harm caused as a result of the operation of the Moanda mining site. On 13 November 2012, the Libreville Court of First Instance, in response to the demand of Comilog SA and the other defendants, declined territorial competence. The appeal filed by the applicants against this ruling was declared inadmissible by the Libreville Court of Appeal on 16 May 2013. The applicants appealed to the *Cour de cassation* against the judgement delivered by the Libreville Court of Appeal on September 2013. On 7 January 2015, the *Cour de cassation* dismissed the applicants' appeal.

Note 30 Events after the reporting date

To the best of the Company's knowledge, no other events have occurred since the reporting date.

6.2.3 Table of subsidiaries and investments

At 31 December 2014

(€ thousand or foreign currency units except XAF in millions)		Share capital	Own funds other than 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 in the period	Total sales of past financial year	Profit (loss) in last financial year closing
		Currency	Currency	%	EUR	EUR	EUR	EUR	EUR	Currency	Currency
I. Detailed information on each stock (gross amount exceeding 1% of the Company's share capital)											
Subsidiaries (at least 50% of share capital owned)											
Eras	EUR	2,000	0	100.00	1,986	1,986				0	0
ERAMET Ingénierie	EUR	525	2,516	100.00	838	838				8,789	(1,478)
ERAMET Research	EUR	1,410	26,930	100.00	1,161	1,161	30			28,094	9,022
ERAMET International	EUR	160	2,259	100.00	892	892				9,428	(780)
ERAMET Holding Nickel	EUR	227,104	24,141	100.00	229,652	229,652				0	978
Weda Bay Mineral Inc.	USD	35,505	11,952	100.00	3,616	0				0	0
Weda Bay Mineral Singapore Ltd	USD	347,743	(347,787)	19.75	52,570	0	436,278			0	309,900
ERAMET Holding Manganese	EUR	310,156	189,023	100.00	310,156	310,156			23,582	0	1,444
Eralloys Holding	NOK	12,800	1,501,790	100.00	419,445	202,945			3,006	673	(70,098)
ERAMET Holding Alliages (formerly SIMA)	EUR	148,000	21,069	100.00	329,584	305,100	251,970			4,423	3,153
Erasteel	EUR	15,245	8,403	100.00	143,169	0	128,423			140,674	(25,399)
					1,493,069	1,052,731					
Investments in companies (between 10% and 50% owned)											
Comilog	XAF	40,812	285,303	23.22	53,407	53,407			13,542	340,617	(26,854)
Tinfos	NOK	0	0	0.00	0	0			393	0	0
					53,407	53,407					
II. General information on other stock (gross amount not exceeding 1% of the Company's share capital)											
French subsidiaries	EUR				10,117	117	620,260				
Foreign subsidiaries	EUR										
Investments in companies	EUR				456	456		37,453	56		
TOTAL					**1,557,049**	**1,106,711**	**1,436,961**	**37,453**	**40,579**		

	SIREN business identifier	Address of registered office
I. Detailed information on each stock (gross amount exceeding 1% of the Company's share capital)		
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 Ingénierie	301 570 214	1, avenue Albert Einstein 78190 Trappes, France
ERAMET Research	301 608 634	1, avenue Albert Einstein BP 120 78193 Trappes, France
ERAMET International	398 932 939	Tour Maine-Montparnasse 33, avenue du Maine 75755 Paris Cedex 15 France
ERAMET Holding Nickel	335 120 515	Tour Maine-Montparnasse 33, avenue du Maine 75755 Paris Cedex 15 France
Weda Bay Mineral Inc.	N/A	14th Floor, 220 Bay Street Toronto Ontario, M5J2W4 Canada
Weda Bay Mineral Singapore Ltd	N/A	8 Marina Boulevard #05-02 – Marina Bay Financial Centre – Singapore 018981
ERAMET Holding Manganese	414 947 275	Tour Maine-Montparnasse 33, avenue du Maine 75755 Paris Cedex 15 France
Eralloys Holding	N/A	Eralloys Holding AS Strandv 50 1366 Lysaker Norway
ERAMET Holding Alliages (formerly SIMA)	562 013 995	Tour Maine-Montparnasse 33, avenue du Maine 75755 Paris Cedex 15 France
Erasteel	352 849 137	Tour Maine-Montparnasse 33, avenue du Maine 75755 Paris Cedex 15 France
Investments in companies (between 10% and 50% owned)		
Comilog	N/A	Compagnie Minière de l'Ogooué Z.I. de Moanda BP 27-28 Gabon

6.2.4 Statutory Auditors' report on the financial statements

Year ended 31 December 2014

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed 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,

In compliance with the assignment entrusted to us by your annual Shareholders' Meetings, we hereby report to you, for the year ended 31 December 2014, on:

- the audit of the accompanying financial statements of ERAMET;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 2014 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French commercial code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

As mentioned in note 3.2 "Accounting policies and methods" to the financial statements, equity interests in subsidiaries are measured taking into account the value of the net assets held and the profitability outlook. Our procedures consisted in assessing the financial information and the assumptions upon which these estimates were based and in reviewing the calculations performed by your company. On these bases, we assessed the reasonableness of these estimates.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

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 documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French commercial code *(Code de commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favour, 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 controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this 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.

Neuilly-sur-Seine and Paris-La Défense, 20 February 2015

The Statutory Auditors
French original signed by:

Deloitte & Associés	Ernst & Young et Autres
Alain Penanguer	Aymeric de La Morandière

6.2.5 Special report of the Statutory Auditors on regulated agreements and commitments

Year ended 31 December 2014

This is a free translation into English of the "Special report of the Statutory Auditors on regulated agreements and commitments" issued in French and provided solely for the convenience of English speaking users. This report includes information specifically required by French law in such reports, and should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other commitments and agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code *(Code de commerce)*, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code *(Code de commerce)* relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements and commitments submitted to the approval of the Shareholders' Meeting

A. Agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code *(Code de commerce)*.

B. Agreements and commitments authorized after the year-end closing

We have been advised of the agreement described below which was subject to prior authorization by the Board of Directors.

With Le Nickel-SLN

Amendment to the marketing contract

Nature and purpose

The Board of Directors of 19 February 2015 authorized an amendment to the original contract entered into between ERAMET and Le Nickel-SLN in 1985, pursuant to which ERAMET ensures the marketing of Le Nickel-SLN products (low and intermediate ore products or co-products from the washing plant) with retroactive effect from 1 January 2015.

Terms and conditions

Pursuant to this amendment, ERAMET ensures the marketing of low and intermediate ore products, or co-products from the washing plant, for a commission rate of 1.5% of the revenue resulting from the products sold (rate in conformity with market practice). This amendment enables Le Nickel-SLN to use the expertise of the marketing teams and ERAMET international network in order to optimize ore sales.

Persons concerned holding a directorship or a General Management position in both companies: Patrick Buffet, Édouard Duval and Bertrand Madelin.

Agreements and commitments previously approved by the Shareholders' Meeting

A. Agreements and commitments approved in prior years which remained in force during the year

Pursuant to Article R. 225-30 of the French Commercial Code *(Code de commerce)*, we have been informed that the following agreements and commitments, previously approved by Shareholders 'Meetings of prior years, have remained in force during the year.

1. With Le Nickel-SLN

<u>Technical assistance contract</u>

Nature and purpose

Pursuant to the technical assistance contract signed in 1999, ERAMET provides strategic, industrial, financial, tax and human resource management assistance to Le Nickel-SLN. This agreement was amended with retroactive effect from 1 January 2010.

Terms and conditions

These services are remunerated based on actual costs incurred by ERAMET to perform such services, plus an 8% margin. In 2014, the amount invoiced totalled €8,120,450 compared to €9,118,250 in 2013.

Marketing agreement

Nature and purpose

The marketing agreement entered into between ERAMET and Le Nickel-SLN in 1985 pursuant to which ERAMET ensures the marketing of Le Nickel-SLN products (excluding ore) was also amended with retroactive effect from 1 January 2010.

Terms and conditions

Pursuant to this agreement, ERAMET purchased nickel and ferronickel matte from Le Nickel-SLN at a selling price that allowed ERAMET to make a 3% margin, plus a premium the calculation methods and trigger price of which have been redefined. The total amount invoiced by Le Nickel-SLN to ERAMET was €674,072,507 in 2014 compared to €551,647,051 in 2013.

Under this same agreement, ERAMET invoiced to Le Nickel-SLN a contribution to other costs instead of a flat rate fee, intended to cover standard nickel matte transformation costs incurred by ERAMET prior to the marketing of the finished products The total amount invoiced to Le Nickel-SLN was €22,330,281 in 2014, compared to €26,698,090 in 2013.

Persons concerned holding a directorship or a General Management position in both companies: Patrick Buffet, Édouard Duval and Bertrand Madelin.

2. With Messrs. Patrick Buffet, Georges Duval, Bertrand Madelin et Philippe Vecten

Membership of the ERAMET corporate officers in an ERAMET group complementary health, disability and death benefit plan

Nature, purpose and terms and conditions

The Board of Directors Meeting of 17 February 2010 authorized Messrs. Patrick Buffet, Georges Duval, Bertrand Madelin and Philippe Vecten, corporate officers, to join the Group's complementary health, disability and death plan.

Agreements and commitments approved in prior years which have not been enforced during the year

Moreover, we have been informed that the following agreements and commitments, previously approved by Shareholders' Meetings of prior years, have not been enforced during the year.

1. With Messrs. Patrick Buffet, Georges Duval, Bertrand Madelin and Philippe Vecten

Defined benefits retirement plan

Nature, purpose and terms and conditions

This plan is applicable to all ERAMET group corporate officers, authorized by the Board of Directors Meeting on 30 July 2008 and approved by the Shareholder's Meeting on 13 May 2009. The terms of this plan are detailed within the report from the Chairman of the Board of Directors.

2. With Mr. Patrick Buffet

Termination benefits

Nature, purpose and terms and conditions

The termination benefits were authorized by the Board of Directors on 20 February 2008 and approved by the Shareholders' Meeting on 16 April 2008, then following the renewal of the term of office of the Chairman and CEO, they were authorized by the Board of Directors on 27 July 2011 and approved by the Shareholder's Meeting on 15 May 2012.

The payment of the termination benefits in the event of departure will be subject to the following performance conditions: the amount of variable gross compensation (itself subject to specific performance conditions described in the report from the Chairman of the Board of Directors, under the "compensation committee" section), received during the last three full fiscal years of his term of office as Chairman & CEO must exceed or be equal to 20% of the annual gross fixed compensation paid during those same fiscal years. Consequently, these arrangements exclude payment of such benefit, should the chairman and CEO fail to achieve his targets. In this respect, the amount of termination benefits to be owed will be equal to three times his most recent annual gross fixed compensation, to which will be added an amount equal to three times the average of the variable gross compensation received during the last three full fiscal years prior to his departure.

Paris-La Défense and Neuilly-sur-Seine, 20 February 2015

The Statutory Auditors
French original signed by:

ERNST & YOUNG et Autres	DELOITTE & ASSOCIÉS
Aymeric de La Morandière	Alain Penanguer

6.2.6 Separate financial results over the past five financial years

	2010	2011	2012	2013	2014
Share capital at financial year-end					
a) Share capital *(€)*	80,866,071	80,883,304	80,956,815	80,956,815	80,956,815
b) Number of shares issued	26,513,466	26,519,116	26,543,218	26,543,218	26,543,218
Transactions and profit (loss) for the financial year *(€ thousand)*					
a) Sales excl. tax	1,067,012	1,043,590	880,306	707,732	779,892
b) Profit (loss) before tax, employee profit-sharing, depreciation, amortisation and provisions	127,381	608,704	278,523	243,083	(40,061)
c) Income tax	(9,900)	(9,641)	(27,790)	(9,594)	(2,897)
d) Employee profit-sharing	0	0	0	0	0
e) Profit (loss) after tax, employee profit-sharing, depreciation, amortisation and provisions	146,112	340,942	321,062	(133,006)	(70,550)
f) Proposed dividend amount	92,797	59,668	34,506	0	0
Earnings per share *(€)*					
a) Profit (loss) after tax, employee profit-sharing, but before depreciation, amortisation and provisions	5	23	12	10	(1)
b) Profit (loss) after tax, employee profit-sharing, depreciation, amortisation and provisions	6	13	12	(5)	(3)
c) Proposed dividend per share	4	2	1	0	0
Employees					
a) Average number of employees	381	402	432	439	418
b) Total wage bill *(€ thousand)*	30,873	32,573	33,259	34,373	33,141
c) Amount paid out in employee benefits *(€ thousand)*	22,105	50,189	27,845	23,716	25,177

6.3 CONSOLIDATED FINANCIAL STATEMENTS FOR 2012 AND 2013

Pursuant to Article 28 of EC Regulation No. 809/2004 of the Commission, the following information is included by reference in this Registration Document:

a) the 2012 consolidated financial statements, the related audit report and the overview of the items included respectively in Sections 6.1, 6.1.3 and 2 of the 2012 Registration Document filed with the AMF on 27 March 2013;

b) the 2013 consolidated financial statements, the related audit report and the overview of the items included respectively in Sections 6.1, 6.1.3 and 2 of the 2013 Registration Document filed with the AMF on 26 March 2014.

The sections of the 2012 and 2013 Registration Documents not included are therefore either of no relevance to investors or covered elsewhere in this Registration Document.

The two abovementioned Registration Documents can be found on the Company's website (www.eramet.com) and on that of AMF (www.amf-france.org).

6.4 DIVIDEND POLICY

6.4.1 Dividend payout arrangements

Dividends are paid annually at the times and in the places specified by the General Shareholders' Meeting, or failing that by the Board of Directors, within nine months of the end of the financial year. Dividends paid under normal conditions cannot be repeated.

Interim dividend payments may be made prior to the date of the Meeting setting the amount thereof, at the initiative of the Board of Directors pursuant to the provisions of Paragraph 2 of Article L. 232-12 of the French Commercial Code.

Shareholders may be given the option of payment wholly or partly in new Company shares, pursuant to the provisions of Paragraph 1 of Article L. 232-18 of the French Commercial Code.

In accordance with applicable provisions in France, unclaimed dividends lapse five years from the date of payment.

Unclaimed amounts are paid over to the French State during the first 20 days of January of each year following the year in which they are time-barred, pursuant to the provisions of Articles L. 27 and R. 46 of the French Public Property Code.

6.4.2 Allocation and distribution of earnings (Article 24 of the Articles of Association)

"5% of earnings, as defined by law, less any past losses, where applicable, are withheld to make up the legal reserve, until such time as the reserve is equal to 10% of the share capital.

Distributable earnings consist of earnings for the financial year, less any past losses and the abovementioned withheld amount, plus any retained earnings. Out of the distributable earnings, the Ordinary General Shareholders' Meeting may deduct any sum it deems appropriate, either to be carried forward to the following financial year or to be added to one or more special or general reserves, of which it determines the allocation or use.

Any surplus is divided equally between all shares.

The General Shareholders' Meeting may grant each shareholder, for all or part of the dividend being distributed, the option to be paid in shares in the legally established manner, or in cash."

Breakdown of 2014 earnings allocation

The proposed allocation of the 2014 earnings can be found in Resolution 2 of the upcoming General Shareholders' Meeting, in Chapter 8 of this document.

6.4.3 Dividend policy

6.4.3.1 Policy applied

Payment arrangements

As the Company does not usually make interim payments, dividends are paid annually after the General Shareholders' Meeting called to approve the management activities and financial statements for the past financial year.

Mixed payments, in cash and shares, are sometimes offered at the shareholder's option.

Amount of dividend

For many years now, the Company has endeavoured to pay a regular and substantial dividend. No proposal for dividend payout has been made to the General Meeting of May 2015.

Dividends paid out over the past years

	2014	2013	2012	2011	2010
Number of shares receiving dividends	26,543,218	26,543,218	26,543,218	26,519,116	26,513,466
Net profit (loss), Group share	(€159) million	(€370) million	€8 million	€195 million	€328 million
Dividends per share	€0	€0	€1.30	€2.25	€3.50
TOTAL PAYOUT	**€0 MILLION**	**€0 MILLION**	**€34.5 MILLION**	**€59.7 MILLION**	**€92.8 MILLION**

6.4.3.2 Outlook

The Company intends to continue to follow the policy applied over the past years.

6.5 FEES PAID TO THE STATUTORY AUDITORS

Full details of the fees paid for the past two years to the various audit firms, with the breakdown by type of service, can be found in Note 35 to the consolidated financial statements.

7

CORPORATE AND SHARE CAPITAL INFORMATION

7.1 MARKET IN THE COMPANY'S SHARES

7.1.1 Market on which shares are listed

The Company's shares are traded on the Euronext Paris market (ISIN code: FR0000131757) where ERAMET is included in segment A.

The stock is included in the Euronext Paris CAC MID 60 index.

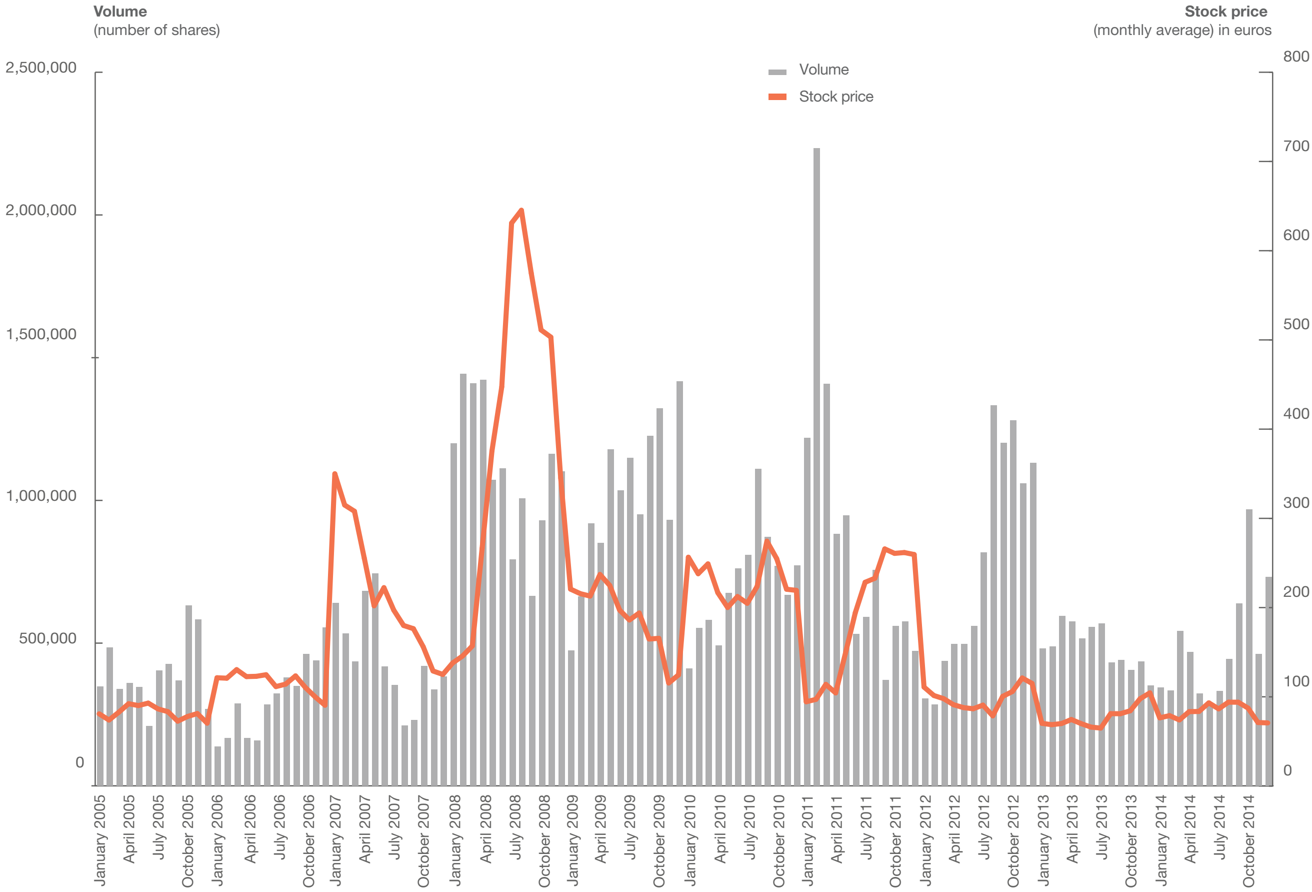
No securities of any other Group company are traded on any other stock exchange.

7.1.2 Share price performance

ERAMET shares closed the year 2014 up 8%, at €76.5 per share, out-performing the CAC 40 index that dropped by 0.54%, as well as the Dow Jones 600 Basic Resources. The share price was particularly impacted by the nickel-specific market conditions. After a sharp rise in April, it peaked at 102 on 9 May 2014, then fell steeply as of August 2014, and became relatively stable at the end of the year. The volumes traded—5,859,835 shares—representing about 23,000 shares per session are very stable compared to 2013.

Changes in trading volumes and ERAMET share price performance

(Volume in thousands of shares/Stock price in €)



Stock market data

	Price (€)			Stock-market capitalisation at 31/12	Number of shares traded
	Extremes for the period				
	High	Low	Year ended 31/12	*(€ million)*	*(daily average)*
2004	72.90	36.70	66.20	1,704	15,953
2005	94.90	66.10	81.00	2,089	19,319
2006	147.40	79.00	121.40	3,142	14,806
2007	391.26	114.00	350.00	9,067	24,022
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

	Price (€)			Number of shares traded
	Low	High	Average (year-end)	*(monthly average)*
2014				
December	69.75	83.57	77.75	345
November	71.55	82.50	76.09	334.7
October	69.00	83.52	74.55	543.2
September	79.63	90.42	84.63	449.2
August	80.00	93.00	86.39	323.5
July	85.14	98.00	89.92	287.9
June	86.52	99.00	93.67	332.5
May	89.15	102.00	94.60	444.1
April	87.71	100.50	94.14	639.3
March	68.82	89.00	76.34	967.8
February	65.85	72.10	69.88	462.1
January	67.60	77.49	71.89	731.1
2013				
December	63.76	70.48	66.572	478.1
November	65.20	73.94	69.800	486.7
October	66.82	75.69	70.579	594.3
September	71.19	82.50	76.823	576.4
August	64.85	75.99	70.777	516.45
July	64.01	74.97	68.730	555.9
June	65.00	81.85	73.337	568.3
May	80.00	89.00	83.357	432.2
April	76.52	86.50	81.563	440.1
March	84.00	96.83	90.460	405.2
February	89.40	106.00	99.243	434.8
January	102.50	116.00	111.193	352.2
2012				
December	100.50	114.15	109.27	305.3
November	92.40	102.40	98.21	284.1
October	90.40	105.00	96.89	438
September	85.68	107.00	95.57	490.4
August	82.01	93.00	88.09	496.5
July	80.00	96.79	87.13	560.1
June	77.50	95.24	86.50	818.3
May	75.95	102.75	86.68	1,029
April	92.00	109.80	100.95	1,201
March	102.25	122.50	111.29	1,280
February	115.45	139.90	125.81	1,060
January	94.97	124.50	113.02	1,130.9
2011				
December	86.80	104.15	94.54	1,218,964
November	80.05	113.95	98.75	2,233,782
October	96.70	127.10	108.02	1,409,007
September	103.05	150.00	124.79	883,210
August	132.00	196.65	148.75	947,185
July	190.00	231.70	212.60	532,776
June	208.65	236.35	221.75	596,236
May	226.40	267.50	240.60	2,120,666
April	253.50	273.85	265.29	371,891
March	230.00	268.80	255.15	560,001
February	251.75	278.50	265.15	575,457
January	249.00	266.50	256.76	476,163

Source: NYSE Euronext.

7.1.3 Securities services

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, France

Exane BNP Paribas was commissioned to implement the liquidity contract.

7.2 SHARE CAPITAL

7.2.1 Subscribed capital

7.2.1.1 Amount and shares

At 1 January 2014, share capital amounted to €80,956,814.90, in the form of 26,543,218 fully paid-up shares in the same class with a par value of €3.05 each.

7.2.1.2 Rights attached to the shares

Every share provides entitlement to ownership in the Company's assets and a share of its earnings, in an amount proportional to the percentage of the share capital it represents, taking into account, as appropriate, the redeemed and unredeemed share capital, paid-up and unpaid share capital, and the par value and rights of the various share classes.

Every share provides entitlement, whether as a going concern or in the event of liquidation, to payment of the same net sum for any distribution or redemption, in such a way that any tax exemptions or tax to which the Company may be entitled or liable shall be applied to all shares.

7.2.1.3 Subscribed unpaid capital

None.

7.2.2 Securities not representing share capital

7.2.2.1 Founders' shares, voting right certificates

None.

7.2.2.2 Other securities

The Company has not issued any other currently valid financial instruments that do not represent share capital but which may provide entitlement to the share capital in the future or by way of options. However, authorisations exist for such issues, upon a decision of the Board. No use has yet been made of such authorisations.

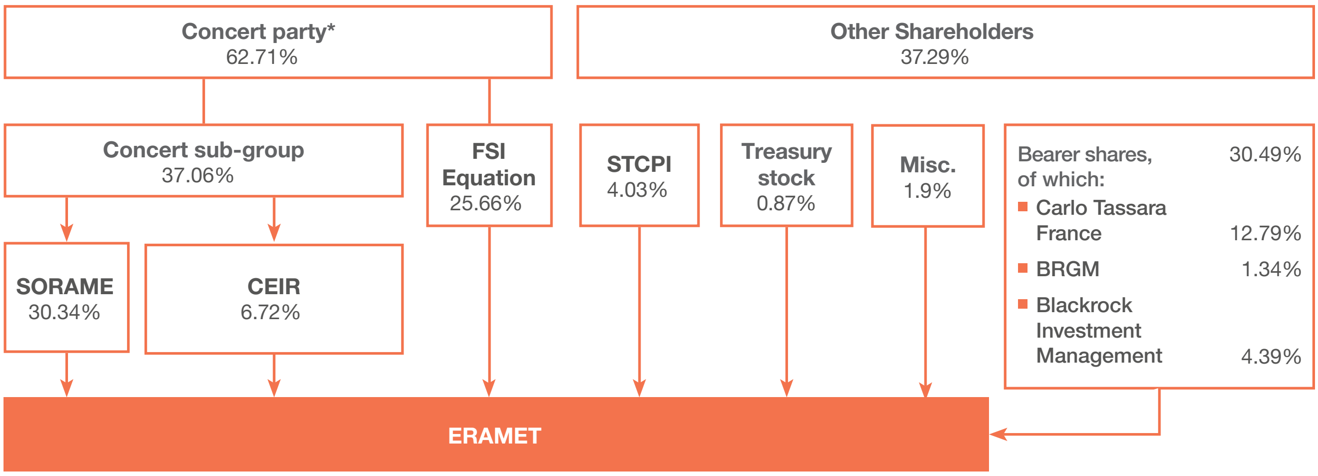
7.2.3 Changes in share capital and breakdown over the past three years

Details of share capital are given in Note 16.1 to the consolidated financial statements in Chapter 6 of this document. The Company has not been notified of any material change in shareholdings since the end of the year.

7.2.4 Share ownership

7.2.4.1 Ownership structure

Company shareholders as at 31 December 2014 *(% of shares)*



* *Pursuant to a shareholders' agreement, subject of the AMF decision and notification No. 212C0486 published on 12 April 2012.*

7.2.4.2 At 31 December 2014 (including shareholders holding — or potentially holding — at least 1% of the share capital or voting rights and of which the Company is aware)

Main shareholders	Equities	Percentage of capital	Theoretical voting rights	Percentage of theoretical voting rights	Voting rights exercisable at GSM	Percentage of voting rights exercisable at GSM
SORAME (1)	8,051,838	30.33%	16,103,676	35.98%	16,103,676	36.17%
CEIR (1)	1,783,996	6.72%	3,567,992	7.97%	3,567,992	8.01%
Total for the SORAME/CEIR (1) concert sub-group	9,835,834	37.06%	19,671,668	43.96%	19,671,668	44.18%
FSI Equation (Bpifrance subsidiary) (1)	6,810,317	25.66%	13,620,634	30.43%	13,620,634	30.59%
Total concert party (SORAME/CEIR/Bpifrance) (1)	16,646,151	62.71%	33,292,302	74.39%	33,292,302	74.77%
Carlo Tassara France (Romain Zaleski group company) (2)	3,394,146	12.79%	3,394,146	7.58%	3,394,146	7.62%
STCPI	1,070,587	4.03%	2,141,173	4.78%	2,141,173	4.81%
BRGM (3)	356,044	1.34%	356,044	0.80%	356,044	0.80%
BlackRock Investment Management UK Ltd (3)	1,165,441	4.39%	1,165,441	2.60%	1,165,441	2.62%
Employees (ERAMET share fund)	52,373	0.20%	104,746	0.23%	104,746	0.24%
Corporate officers	23,127	Not significant	36,603	Not significant	36,603	Not significant
ERAMET treasury shares	230,051	0.87%	230,051	0.51%	0	0.00%
Others	3,605,298	13.67%	4,033,067	9.09%	4,033,067	9.14%
TOTAL SHARES	**26,543,218**	**100.00%**	**44,753,573**	**100.00%**	**44,523,522**	**100.00%**
TOTAL REGISTERED SHARES	**18,449,298**	**69.51%**	**36,659,653**	**81.91%**	**36,519,203**	**82.02%**
TOTAL BEARER SHARES	**8,093,920**	**30.49%**	**8,093,920**	**18.09%**	**8,004,319**	**17.98%**

(1) SORAME, CEIR and FSI Equation are party to a Shareholders' Agreement constituting a concert party, subject of the AMF decision and notification No. 212C0486.

(2) Since the latest declaration by Carlo Tassara France of its crossing a significant-shareholding threshold, No. 207C0134 of 17 January 2007.

(3) Estimate on the basis of the most recent Thomson Reuters survey. BlackRock Investment Management (UK) Ltd stated that BlackRock Global Funds controlled 1,303,888 shares (4.92% of the capital) as from 13 March 2012.

7.2.4.3 At 31 December 2013 (including shareholders holding — or potentially holding — at least 1% of the share capital or voting rights and of which the Company is aware)

Main shareholders	Equities	Percentage of capital	Theoretical voting rights	Percentage of theoretical voting rights	Voting rights exercisable at GSM	Percentage of voting rights exercisable at GSM
SORAME [1]	8,051,838	30.33%	13,558,933	40.46%	13,558,933	40.81%
CEIR [1]	1,783,996	6.72%	1,783,996	5.32%	1,783,996	5.37%
Total for the SORAME/CEIR [1] concert sub-group	9,835,834	37.06%	15,342,929	45.79%	15,342,929	46.18%
FSI Equation (Bpifrance subsidiary) [1]	6,810,317	25.66%	6,810,317	20.32%	6,810,317	20.50%
Total concert party (SORAME/CEIR/Bpifrance) [1]	16,646,151	62.71%	22,153,246	66.11%	22,153,246	66.68%
Carlo Tassara France (Romain Zaleski group company) [2]	3,394,146	12.79%	3,394,146	10.13%	3,394,146	10.22%
STCPI	1,070,586	4.03%	2,141,172	6.39%	2,141,172	6.44%
BRGM [3]	356,044	1.34%	356,044	1.06%	356,044	1.07%
BlackRock Investment Management UK Ltd [3]	987,240	3.72%	987,240	2.95%	987,240	2.97%
Employees (ERAMET share fund)	52,373	0.20%	86,227	0.26%	86,227	0.26%
Corporate officers	21,855	Not significant	35,667	Not significant	35,667	Not significant
ERAMET treasury shares	284,861	1.07%	284,861	0.85%	0	0.00%
Other	3,729,962	14.13%	4,069,261	12.25%	4,069,261	12.36%
TOTAL SHARES	**26,543,218**	**100.00%**	**33,507,864**	**100.00%**	**33,223,003**	**100.00%**
TOTAL REGISTERED SHARES	**18,457,986**	**69.54%**	**25,529,626**	**76.19%**	**25,244,765**	**75.99%**
TOTAL BEARER SHARES	**8,085,232**	**30.46%**	**7,978,238**	**23.81%**	**7,978,238**	**24.01%**

(1) SORAME, CEIR and FSI Equation are party to a Shareholders' Agreement constituting a concert party, subject of the AMF decision and notification No. 212C0486.

(2) Since the latest declaration by Carlo Tassara France of its crossing a significant-shareholding threshold, No. 207C0134 of 17 January 2007.

(3) Estimate on the basis of the most recent Thomson Reuters survey. BlackRock Investment Management (UK) Ltd stated that BlackRock Global Funds controlled 1,303,888 shares (4.92% of the capital) as from 13 March 2012.

7.2.4.4 At 31 December 2012 (including shareholders holding — or potentially holding — at least 1% of the share capital or voting rights and of which the Company is aware)

Main shareholders	Equities	Percentage of capital	Theoretical voting rights	Percentage of theoretical voting rights	Voting rights exercisable at GSM	Percentage of voting rights exercisable at GSM
SORAME (1)	**8,051,838**	**30.33%**	**13,558,933**	**40.50%**	**13,558,933**	**40.83%**
CEIR (1)	**1,783,996**	**6.72%**	**1,783,996**	**5.33%**	**1,783,996**	**5.37%**
Total for the SORAME/CEIR (1) concert sub-group	**9,835,834**	**37.06%**	**15,342,929**	**45.83%**	**15,342,929**	**46.20%**
FSI Equation (1)	**6,810,317**	**25.66%**	**6,810,317**	**20.34%**	**6,810,317**	**20.51%**
Total concert party (SORAME/CEIR/FSI) (1)	**16,646,151**	**62.71%**	**22,153,246**	**66.17%**	**22,153,246**	**66.71%**
Carlo Tassara France (Romain Zaleski group company) (2)	3,394,146	12.79%	3,394,146	10.14%	3,394,146	10.22%
STCPI	1,070,586	4.03%	2,141,172	6.40%	2,141,172	6.45%
BRGM (3)	356,044	1.34%	356,044	1.06%	356,044	1.07%
BlackRock Investment Management UK Ltd (3)	1,280,694	4.82%	1,280,694	3.83%	1,280,694	3.86%
Employees (ERAMET share fund)	52,373	0.20%	83,511	0.25%	83,511	0.25%
Corporate officers	17,560	Not significant	33,506	Not significant	33,506	Not significant
ERAMET treasury shares	270,499	1.02%	270,499	0.81%	0	0.00%
Others	3,455,165	13.02%	3,765,958	11.25%	3,765,958	11.34%
TOTAL SHARES	**26,543,218**	**100.00%**	**33,478,776**	**100.00%**	**33,208,277**	**100.00%**
TOTAL REGISTERED SHARES	**18,434,261**	**69.45%**	**25,369,819**	**75.78%**	**25,099,320**	**75.58%**
TOTAL BEARER SHARES	**8,108,957**	**30.55%**	**8,108,957**	**24.22%**	**8,108,957**	**24.42%**

(1) SORAME, CEIR and FSI Equation are party to a Shareholders' Agreement constituting a concert party, subject of the AMF decision and notification No. 212C0486.

(2) Since the latest declaration by Carlo Tassara France of its crossing a significant-shareholding threshold, No. 207C0134 of 17 January 2007.

(3) Estimate on the basis of the most recent Thomson Reuters survey. BlackRock Investment Management (UK) Ltd stated that BlackRock Global Funds controlled 1,303,888 shares (4.92% of the capital) as from 13 March 2012.

To the best of the Company's knowledge, no other shareholders directly or indirectly hold more than 1% of the share capital or voting rights in the Company and there are no pledged shares. Apart from the treasury shares referred to in the above table, the Company does not own any other of its own shares. The shareholdings of corporate officers are detailed in the chapter on Corporate Governance.

7.2.4.5 Foreseeable changes in voting rights

At 31 December 2014, a total of 98,493 registered shares, which were registered for less than two years, did not have double voting rights. If those shares were to enjoy double voting rights, the total of double voting rights would be increased to 36,618,000 plus the single voting rights of bearer shares, making 8,093,920 additional rights at 31 December 2014.

7.2.5 Stock option plan and bonus shares

At the time this registration document was submitted, the Company had issued no dilutive instrument (no convertible or exchangeable security or security with warrants).

The bonus shares granted and still open at 31 December 2014, whose plan details are given in Note 16.2 to the ERAMET consolidated financial statements set out in Chapter 6 of this document, are shares in existence. There are no current stock options.

7.2.6 Summary table of financial authorisations

Summary table of existing financial authorisations

Share capital increases authorised	
A. By issuing shares, various transferable securities and/or subscription warrants, with shareholders' preferential subscription rights. Art. L. 225-129 of the French Commercial Code	
By the EGM for an amount of €24,000,000	15 May 2013 (Resolution 16)
Term of delegation	26 months until 14 July 2015
Use of the authorisation	None
B. By issuing shares, various transferable securities and/or subscription warrants, with waiver of shareholders' preferential subscription rights, through a public offer.	
By the EGM for an amount of €16,000,000	15 May 2013 (Resolution 17)
Term of delegation	26 months until 14 July 2015
Use of the authorisation	None
C. By issuing shares, various transferable securities and/or subscription warrants, with waiver of shareholders' preferential subscription rights, in connection with an offer specified in Section II of Article L. 411-2 of the French Monetary and Financial Code.	
By the EGM for an amount of €16,000,000	15 May 2013 (Resolution 18)
Term of delegation	26 months until 14 July 2015
Use of the authorisation	None
D. By issuing shares, with waiver of preferential shareholder rights, resulting from the issue, by subsidiaries, of marketable securities granting access to the Company's share capital.	
By the EGM for an amount of €16,000,000	15 May 2013 (Resolution 19)
Term of delegation	26 months until 14 July 2015
Use of the authorisation	None
E. By capitalising reserves, earnings, premiums or other capitalisable items.	
By the EGM for an amount of €24,000,000	15 May 2013 (Resolution 15)
Term of delegation	26 months until 14 July 2015
Use of the authorisation	None
F. By issuing shares or miscellaneous marketable securities, in consideration of non-cash transfers of assets to the Company, without shareholders' preferential subscription rights. Art. L. 225-147, sub-paragraph 6 of the French Commercial Code	
By the EGM for 10% of the share capital, in an amount of €8,086,607.	15 May 2013 (Resolution 20)
Term of delegation	26 months until 14 July 2015
Use of the authorisation	None
Total issues limit (total A+B+C+D+F)	
By the EGM	15 May 2013 (Resolution 21)
Maximum amount	€24,000,000
Use of the authorisations	None
Share capital increase reserved for employees	
G. By the EGM	**15 May 2013 (Resolution 23)**
Term of delegation	26 months until 14 July 2015
Maximum amount	€500,000
Use of the authorisation	None
Share capital reduction	
H. By the EGM	**15 May 2013 (Resolution 24)**
Term of delegation	26 months until 14 July 2015
Maximum amount	10% of share capital
Use of the authorisation	None
Bonus share awards (Art. L. 225-197-1 and L. 225-197-2 of the French Commercial Code)	
I. By the EGM	**15 May 2012 (Resolution 10)**
Maximum total number	550,000 shares.
Length of authorisation	38 months until 14 July 2015
Used in 2013 and 2014	317,256
Balance available	232,744

7.2.7 Description of the share buyback programme

7.2.7.1 Report on the 2014 buyback programme

The Combined Ordinary and Extraordinary General Meeting of Shareholders on 14 May 2014 authorised the Company to buy back its own shares representing up to 10% of the share capital, for a maximum purchase price of €300 per share, thereby authorising a maximum total expenditure of €796,296,300 by the Company. This authorisation expires at the Ordinary General Shareholders' Meeting called to approve the financial statements for the 2014 financial year and was granted for the following purposes:

- support the share price via a liquidity contract with a market maker, in accordance with the AMAFI code of conduct recognised by AMF;
- retain or contribute them (by way of a stock swap, against payment, or otherwise) in connection with acquisition transactions;
- provide shares upon the exercise of rights attached to marketable securities granting access to the share capital by redemption, conversion, stock swap or by any other manner;
- implement any purchase options plan concerning the Company's shares under the terms of Articles L. 225-177 et seq. of the French Commercial Code;
- allocate bonus shares pursuant to the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code;
- allocate or transfer shares to employees as their share in the profits of the business or for the purpose of implementing any employee savings plan under the statutory provisions, with particular reference to Articles L. 3332-1 et seq. of the French Labour Code;
- cancel them, in accordance with the 24th resolution put to the Shareholders' General Meeting of 15 May 2013 authorising a reduction in the Company's capital for a period of 26 months.

7.2.7.2 Details of treasury shares traded over the year (Article L. 225-211 of the French Commercial Code)

The following table summarises treasury share transactions carried out by the Company between 1 January and 31 December 2014.

		Price support	Awards to employees	Total
Position at 31 December 2012		**62,554**	**207,945**	**270,499**
As a percentage of share capital	*26,543,218*	*0.24%*	*0.78%*	*1.02%*
Bonus share grants			(67,783)	(67,783)
Purchases		235,693	37,747	273,440
Sales		(191,295)		(191,295)
Position at 31 December 2013		**106,952**	**177,909**	**284,861**
As a percentage of share capital	*26,543,218*	*0.40%*	*0.67%*	*1.07%*
Bonus share grants			(37,459)	(37,459)
Purchases		232,759		232,759
Sales		(250,110)		(250,110)
POSITION AT 31 DECEMBER 2014		**89,601**	**140,450**	**230,051**
As a percentage of share capital	*26,543,218*	*0.34%*	*0.53%*	*0.87%*

Over the course of the year, 232,759 shares were purchased at an average share price of €82.34 and 250,110 shares were sold at an average price of €83.60.

The carrying amount of the portfolio of 230,051 shares with a par value of €3.05 each, held at 31 December 2014, was €33,290,006.75, with a market value of €76.50 per share at that same date, representing a total of €17,598,901.50.

The Company did not use any derivatives during the year.

7.2.7.3 Liquidity contract

In order to ensure minimum liquidity levels for its stock at all times, the Company implements a liquidity contract with EXANE BNP PARIBAS as of 18 July 2003. This liquidity contract complies with the AMAFI charter. A summary of share price support transactions can be found in the details of trading set out above. At the settlement date of 31 December 2014, the following resources were available on the liquidity account: 90,049 ERAMET shares and €3,364,429.

7.2.7.4 Description of the 2015 share buyback programme

Legal framework

In accordance with the provisions of Article 241-2 of the general regulations of the AMF and European Regulation No. 2273/2003 of 22 December 2003, the purpose of this section is to describe the terms and goals of the Company's share buyback programme. This programme, which falls within the scope of Article L. 225-209 of the French Commercial Code, shall be put to the Shareholders' General Meeting of 29 May 2015, voting under the quorum and majority conditions for Shareholders' Ordinary General Meetings.

Number of shares and proportion of capital held by the Company

At 31 December 2014, the Company's capital comprised 26,543,218 shares.

On that date, the Company held 230,051 treasury shares, equivalent to 0.87% of the share capital.

Breakdown by purpose of the equity securities held by the Company

As at 31 December 2014, the 230,051 treasury shares held by the Company were allocated as follows by purpose:

- share price support (liquidity contract): 89,601 shares;
- grants to employees: 140,450 shares.

Goals of the new buyback programme

The intended goals of this programme are to:

- support the share price via a liquidity contract with a market maker, in accordance with the AMAFI code of conduct recognised by AMF;
- retain or contribute them (by way of a stock swap, against payment, or otherwise) in connection with acquisition transactions;
- provide shares upon the exercise of rights attached to marketable securities granting access to the share capital by redemption, conversion, stock swap or by any other manner;
- implement any purchase options plan concerning the Company's shares under the terms of Articles L. 225-177 et seq. of the French Commercial Code;
- allocate bonus shares pursuant to the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code;
- allocate or transfer shares to employees as their share in the profits of the business or for the purpose of implementing any employee savings plan under the statutory provisions, with particular reference to Articles L. 3332-1 et seq. of the French Labour Code;
- cancel them, in accordance with the 24th resolution put to the Shareholders' General Meeting of 15 May 2013 authorising a reduction in the Company's capital for a period of 26 months.

Maximum portion of the capital, maximum number and characteristics of the equity securities

10% of the registered capital at 31 December 2014, representing 2,654,321 shares, before deduction of the treasury shares held by the Company.

ERAMET shares are listed in segment A of Euronext Paris (ISIN code: FR0000131757).

The intended maximum purchase price is €300 per share.

The intended maximum total amount to be used in these purchases is €796,296,300 for 2,654,321 shares representing 10% of the Company's share capital.

Buyback terms

Share purchases, sales and transfers may be carried out by any means in the market or over the counter, including share block transactions or via derivatives, on the understanding that the resolution put to shareholders does not limit the portion of the programme that can be carried out via share block purchases.

The Company notes that if derivatives are used, the Company's goal would be to cover the option positions taken by the issuer (share purchase or subscription options granted to Group employees, debt instruments granting equity rights). More specifically, the use of derivatives shall consist of buying call options and the Company should not have occasion to sell put options.

Length of the buyback programme

The validity of the programme is limited to a period that will end at the Shareholders' General Meeting approving the financial statements for the 2015 financial year.

7.3 COMPANY INFORMATION

7.3.1 Company name (Article 2 of the Articles of Association)

ERAMET. In this document, the company is referred to as "the Company" or "the Issuer"; the group formed by ERAMET and its subsidiaries is referred to as "the Group".

7.3.2 Company registration number

The Company is registered in the Paris trade register under number 632 045 381 and under SIRET business identification number 632 045 381 000 27. Its business consists in exploring for and operating mining deposits of any kind, metallurgy of all metals and alloys, and trading in them.

7.3.3 Date of incorporation and term of the Company (Article 5 of the Articles of Association)

The Company was incorporated for a term of 99 years from 23 September 1963, expiring on 23 September 2062, except in the event of early dissolution or extension.

7.3.4 Registered office (Article 4 of the Articles of Association)

Tour Maine-Montparnasse

33, avenue du Maine

75015 Paris, France

Telephone: +33 (0)1 45 38 42 42

Fax: +33 (0)1 45 38 41 28

Website: www.eramet.com

7.3.5 Legal form and applicable legislation

ERAMET is a French public limited company with a Board of Directors, governed by the provisions of Articles L. 224-1 et seq. of the French Commercial Code (legislative and regulatory part) as well as by the provisions of its Articles of Association.

7.3.6 Statutory auditing of the Company (Article 19 of the Articles of Association)

As required by law, the Company is audited by two Incumbent Statutory Auditors and two Alternate Statutory Auditors.

Pursuant to Article 19 of the Articles of Association, the Statutory Auditors must be nationals of one of the Member States of the European Union.

7.3.7 Corporate object (Article 3 of the Articles of Association)

"The object of the Company, in all countries, is exploring for and operating mining deposits of all kinds, the metallurgy of all metals and alloys and trading in them.

For this purpose, it is involved in the following activities, whether directly, or indirectly through investments:

- the uncovering, acquisition, farmout, disposal, concession and exploitation of all mines and quarries of any kind whatsoever;
- the processing, transformation of and trading in all ores, mineral and metal substances and their by-products, alloys and any derivatives;
- the manufacture and marketing of any products of which the above-mentioned materials or substances are components;
- more generally, any transactions directly or indirectly related to the above objects or that may be conducive to developing the Company's business.

To achieve this object, the Company may, in particular:

- create, acquire, sell, exchange, take on lease or lease-out, with or without a purchase undertaking, manage and operate directly or indirectly any industrial or commercial companies, plant, construction sites and premises whatsoever, and any movable and tangible objects;
- obtain or acquire any patents, licences, processes and trademarks, exploit, transfer or contribute them as capital, and grant all manner of operating licences in any country;
- and, in general, carry out any commercial, industrial, financial, property or chattel transactions that may directly or indirectly relate or contribute to the corporate object or that may facilitate the achievement thereof. It may directly or indirectly act on its own behalf or on behalf of third parties, whether alone or via a partnership, joint venture or company, with any other company or person, and carry out, directly or indirectly, in France or abroad, in any form whatsoever, all transactions or other operations that are within the scope of its corporate object. It may take any interest or stake, in any form and in any French or foreign company that may aid the development of its own business."

7.3.8 Financial year (Article 23 of the Articles of Association)

The financial year runs for 12 months, beginning on 1 January and ending on 31 December of each year.

7.3.9 General Shareholders' Meeting

7.3.9.1 Calling of meetings and terms of admission (Articles 20 to 22 of the Articles of Association)

Composition

Shareholders' General Meetings comprise all shareholders in the Company, regardless of the number of shares they hold.

Meeting notice

Shareholders' General Meetings are called and held pursuant to the provisions of the French Commercial Code and Articles 20 to 22 of the Articles of Association.

Meetings are held either at the registered office or at any other venue in the same French region specified in the meeting notice.

Terms of admission

All shareholders are entitled to take part in Shareholders' General Meetings, subject to proof of their identity, either in person or by proxy through another shareholder or their spouse, the partner with whom they have concluded a civil-union pact or by any other individual or legal entity they choose under the conditions prescribed by current regulations.

Holders of registered shares and holders of bearer shares must carry out the formalities provided for in the applicable regulations. These formalities must be completed by midnight, Paris time, at least two business days prior to the Meeting. Shareholders may also vote by correspondence pursuant to the provisions of Article L. 225-107 and R. 225-75 et seq. of the French Commercial Code, using a form that must reach the Company at least three days prior to the date of the Meeting.

Where the Board of Directors so resolves when calling the Meeting, shareholders may participate in the Meeting using video-conferencing or any other means of telecommunications or remote transmission, including the Internet, in accordance with the provisions of applicable regulations. Where applicable, mention of this decision is included in the meeting notice published in the BALO (*Bulletin des annonces légales obligatoires*—French official bulletin of legal notices).

Shares that are jointly-owned, split, pledged or under escrow

In the absence of specific provisions of the Articles of Association, and pursuant to the provisions of Article L. 225-110 of the French Commercial Code, any holder of a jointly owned share, a split share—bare ownership and usufruct, a pledged share or a share under escrow, is invited to the Meeting and may attend, subject to compliance with the following legal provisions or provisions of the Articles of Association with regard to the exercise of voting rights.

7.3.9.2 Terms of exercise of voting rights (Articles 8 and 20 of the Articles of Association)

Shareholders have the same number of voting rights as the shares they own or represent, subject to the double voting rights attached to some shares. The Extraordinary General Shareholders' Meeting of 21 July 1999 granted a double voting right, with effect from 1 January 2002, to every fully paid-up share for which it can be demonstrated that it has been registered in the name of the same shareholder for more than two years.

Bonus shares granted through the incorporation of reserves, earnings or issue premiums on the basis of old shares benefiting from double voting rights, also gain such rights after two years.

Double voting rights cease for any shares that are converted to bearer shares or transferred, except, in accordance with the law, any transfer by succession, settlement of communal property between spouses or family gift, or through the merger or demerger of the shareholder company.

In accordance with the law, double voting rights may be cancelled only by a decision of the Shareholders' Extraordinary General Meeting and following approval by the Special Meeting of Beneficiary Shareholders.

Electronic voting

Shareholders may also, where the Board of Directors so resolves when calling the Meeting, vote by correspondence or appoint a proxy using any means of remote transmission, including the Internet, in accordance with the regulatory provisions applicable when used.

Where an electronic form is used, the shareholder's signature may take the form of either a secure digital signature or a reliable identification process that provides a failsafe link with the instrument in question, possibly consisting of a username and a password. Where applicable, mention of this decision is included in the meeting notice published in the BALO (*Bulletin des annonces légales obligatoires*—French official bulletin of legal notices).

The proxy given or vote cast electronically prior to the meeting, as well as the acknowledgement of receipt given, shall be deemed irrevocable written instruments that are binding on all parties, it being noted that where the shares are sold at least two business days prior to midnight (00:00) on the date of the meeting, Paris time, the Company shall cancel or, as the case may be, amend accordingly the proxy given or vote cast prior to that date and time.

Shares that are jointly-owned, split, pledged or under escrow

In the absence of specific provisions of the Articles of Association and pursuant to Article L. 225-110 of the French Commercial Code, the voting right is exercised by the usufructuary at Shareholders' Ordinary General Meetings, by the bare owner at Shareholders' Extraordinary General Meetings, by one of the joint owners or by a sole proxy in the case of shares jointly owned *in indivisum,* and by the owner of pledged shares or shares under escrow.

7.3.10 Transfer of shares

Since the removal of the approval clause by the General Meeting of 15 June 1994, shares may be traded freely, subject to compliance with the rules applicable to companies whose shares are admitted to trading on a regulated market.

7.3.11 Identification of shareholders

7.3.11.1 Crossing significant-shareholding thresholds/Declaration of intent

Legal declarations

Pursuant to Articles L. 233-7 to L. 233-11 of the French Commercial Code, any individual or legal entity, whether acting alone or in concert, acquiring ownership of 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 share capital and/or voting rights, must inform the AMF and the Company within the prescribed period, by registered letter with acknowledgement of receipt, of the total number of shares and/or voting rights owned. The same persons or entities are also required to inform the Company whenever their interest falls below any of the above-mentioned thresholds.

Finally, in addition to this legal duty of disclosure, any person crossing above or below the abovementioned thresholds of one-tenth, three-twentieths, one-fifth or one-quarter of the share capital is legally required to declare within the prescribed period, their intentions for the coming six months.

In the event of non-compliance with these disclosure obligations, the provisions of Article L. 233-14 of the said Commercial Code shall apply.

Additional disclosures in accordance with the Articles of Association

Since the amendment of Article 9 of the Articles of Association by the General Meeting of 15 June 1994, any individual or legal entity, whether acting alone or in concert, acquiring or ceasing to own a fraction equal to 1% of the share capital and/or voting rights, or any multiple of that percentage, must inform the Company within ten days, by registered letter with acknowledgement of receipt, sent to the Company's registered office, stating the number of shares and voting rights held.

Failure to make this disclosure shall result in a loss of voting rights for the shares or voting rights in excess of the fraction that should have been disclosed, for a period of two years from the date when the situation is rectified and upon the mere request of one or more shareholders holding 5% of the share capital or voting rights, at a General Meeting.

7.3.11.2 Identifiable bearer shares

Pursuant to Article L. 228-2 of the French Commercial Code and Article 9 of the Articles of Association, the Company may at any time ask Euroclear SA to carry out the "identifiable bearer share" (IBS) procedure to identify the holders of such shares.

7.3.11.3 Published declarations of significant-shareholding threshold crossings

Date	AMF Decision No.	Object
03/08/1999	199C1045	Declaration of the crossing of a significant-shareholding threshold (ERAP-CEIR-SORAME). Declaration of intent.
		Appointment of 5 qualified persons as directors. Reminder: dispensation from obligation to file an intended public offer.
29/12/1999	199C2064	Declaration of the crossing of a significant-shareholding threshold. Cogema substituted for ERAP.
30/12/1999	199C2068	Declaration of the crossing of a significant-shareholding threshold. AFD substituted for ERAP.
25/07/2001	199C0921	Proposed amendment to shareholders' agreement: assigning ERAMET shares held by Cogema to CEA Industrie.
12/09/2001	201C1140	Declaration of the crossing of a significant-shareholding threshold. Amendment to the shareholders' agreement following the substitution of Areva for Cogema.
20/12/2004	204C1559	Declaration of the crossing of a significant-shareholding threshold and declaration of intent. Substitution of Carlo Tassara International for Maaldrift BV.
14/02/2006	206C0296	Declaration of crossing above a significant-shareholding threshold by M&G Investment Management Limited to 5.0034% of the share capital and 2.98% of the voting rights.
17/01/2007	207C0134	Declaration of crossing above a significant-shareholding threshold, to 13.16% of the share capital and 7.74% of the voting rights, and declaration of intent by Carlo Tassara France.
18/01/2007	207C0137	Declaration of crossing below a significant-shareholding threshold (0%) by Carlo Tassara France.
24/07/2007	207C1569	Declaration of crossing below a significant-shareholding threshold to 4.14% of the share capital and 4.81% of the voting rights by STCPI.
30/05/2008	208C1042	Amendment to the (CEIR-SORAME-Areva) shareholders' agreement of 17 June 1999.
03/06/2008	208C1083	Declaration of crossing below a significant-shareholding threshold by M&G Investment Management Limited to 4.95% of the share capital and 2.93% of the voting rights.
21/07/2009	209C1013	Amendment to the SORAME-CEIR shareholders' agreement of 19 July 1999.
20/03/2012	212C0416	Declaration of crossing above a significant-shareholding threshold and then below, by BlackRock Inc. (4.92% of the share capital and 2.94% of the voting rights).
12/04/2012	212C0486	Advertisement of the SORAME-CEIR-FSI shareholders' agreement clauses.
21/05/2012	212C0634	Declaration of crossing below a significant-shareholding threshold by Areva—End of the SORAME-CEIR-Areva shareholders' agreement.
23/05/2012	212C0647	Declaration of crossing above a significant-shareholding threshold by FSI.
22/07/2013	213C1027	Declaration of crossing above a significant-shareholding threshold by BPI Groupe via BPIfrance Participations (formerly FSI)
22/07/2013	213C1028	Statement of shareholding by Caisse des Dépôts et Consignations via BPI Groupe
21/07/2014	214C1461	Declaration of crossing above a significant-shareholding threshold by Caisse des Dépôts et Consignations and BPI Groupe, via BPI France Participations, as a result of the double voting rights granted.

7.3.12 Factors likely to influence a public offer

In addition to the information relating to significant-shareholding threshold crossing, double voting rights, shareholders' agreements and undertakings detailed in this Chapter, the following factors should be noted:

Possibility of using capital increase authorisations during a public offer

In accordance with the new wording of Article L. 233-32 of the French Commercial Code, pursuant to law No. 2014-384 of 29 March 2014, the capital increase authorisations set out in resolutions 27 to 31 put forward for voting at the General Meeting of May 2015, namely, the authorisation of a capital increase with preferential subscription rights (27th), with no subscription rights by a public offer (28th), by a private placement (29th), by subsidiaries (30th) or by contributions in kind (31st), within a limit on the total nominal amount of €24 million for resolutions 27 to 31, (that is, slightly less than one third of the share capital), may be used by the Board of Directors during a public offer for purchase or share swap, subject to the powers expressly granted to General Shareholders' Meetings and insofar as such action is in the interests of the Company.

7.4 SHAREHOLDERS' AGREEMENTS

Pursuant to a shareholders' agreement signed on 16 March 2012, which entered into force on 16 May 2012 and will expire on 31 December 2016, subject of the AMF decision and notification No. 212C0647, the Company, as of 16 May 2012, is under the majority control of a declared concert party of shareholders comprising:

- a concert sub-group composed of SORAME and CEIR, companies controlled by the Duval family, pursuant to a simultaneous shareholders' agreement of 19 July 1999, that came into effect on 21 July 1999, and was amended by a rider on 13 July 2009;
- Bpifrance Participations (formerly FSI), via its subsidiary FSI Equation.

In a rider dated 21 March 2013, the parties to the shareholders' agreement agreed that as from the 2013 General Shareholders' Meeting, the Board of Directors shall comprise five directors proposed by SORAME/CEIR, three directors proposed by Bpifrance Participations, five directors who must be individuals, of whom three are proposed by the SORAME-CEIR concert sub-group and two are proposed by Bpifrance Participations on the grounds of their competence and their independence, two directors proposed by Société Territoriale Calédonienne de Participation Industrielle (STCPI), one director nominated jointly by SORAME/CEIR and Bpifrance Participations, and one director to chair the ERAMET Board of Directors.

The provisions of the aforementioned shareholders' agreement and those of the concert sub-group are contained in the main extracts of the texts of the AMF decision and notification No. 212C0486 and No. 209C1013 (amendment of 13 July 2009) given below (the full version of these texts is available on the AMF website).

7.4.1 Decision and notification No. 212C0486 of 12 April 2012

The main clauses of the shareholders' agreement are as follows:

Composition of the ERAMET Board of Directors

The Board of Directors shall comprise five directors proposed by SORAME/CEIR, three directors proposed by FSI, four directors who must be individuals, of whom two are proposed by the SORAME-CEIR concert sub-group and two are proposed by FSI on the grounds of their competence and their independence, two directors proposed by Société Territoriale Calédonienne de Participation Industrielle (STCPI), and one director to chair the ERAMET Board of Directors.

This composition shall be maintained except in the event of (i) a change by more than 10% in ERAMET's share capital or in the interests held at the time of the signing of the shareholders' agreement, either by SORAME and CEIR, or by FSI, or (ii) a material change in the capital interest held by STCPI in ERAMET, resulting in a reduction to under 635,372 ERAMET shares.

Chairmanship, Board of Directors Committees

The parties (namely SORAME, CEIR and FSI) intend to consult each other before the appointment of a Chairman of the Board of Directors, a Chief Executive Officer, or a Deputy CEO, or the appointment of the Division managers of each of the ERAMET group's three business divisions. The membership and workings of the Board of Directors' Committees are also set out, namely the Selection Committee, the Remuneration Committee and the Audit Committee. If the consultation were to be unsuccessful, the rules of ordinary law shall apply.

Concert stability

Covenant to consult

The parties undertake to consult each other prior to the Board of Directors' meeting and the ERAMET General Shareholders' meeting, to ensure the concordant exercise of their voting rights and to implement a joint policy with respect to the Company, and lays down that if it fails to reach an agreement on any matter brought before the Board of Directors, it shall ensure that its decision is deferred to the very next meeting (1).

Commitment to hold

SORAME and CEIR undertake to hold, at least 70% for the former and up to 30% for the latter, of the overall interest in ERAMET, and so long as FSI does not increase its overall interest in ERAMET, to hold 2% more of ERAMET's capital than FSI, so that the overall concert party holds 51% of voting rights in ERAMET, provided that FSI's stake in ERAMET remains equal to 25.68% of the capital. The SORAME-CEIR concert sub-group however remains free to transfer at least 80% of its interest in ERAMET, and its commitment to hold shall lapse if FSI were to exercise its option to purchase ERAMET shares from SORAME.

Obligations in the event of a public bid or offer

Each party undertakes to file the reports or perform the obligations required of it within the prescribed period, to solely bear any sanctions arising from the failure to do so, and to file and singly undertake the public bid or offer that would have become mandatory owing to its acquisition, if any, of ERAMET shares, or any of its actions, or the failure to fulfil any of its obligations.

(1) *It is stated that, in this event, the parties are not required to reach an agreement and can exercise their voting rights freely, and notably that the parties have not laid down any power of veto.*

ERAMET stock options granted by SORAME and CEIR

SORAME grants FSI a stock purchase option on its ERAMET shares which shall be indivisible, exercisable in the event of a transfer of shares or of one or more general partner shares or any transaction involving SORAME that would result in the Duval family losing its control over SORAME. CEIR grants FSI a stock purchase option of all of its ERAMET shares which will be indivisible, and FSI grants CEIR a stock sale option of all of its ERAMET shares, which shall be indivisible. These two options can be exercised in the event that FSI exercises its purchase option on the ERAMET shares held by SORAME.

Reciprocal pre-emptive right

The parties agree to a reciprocal right of first refusal, (i) in the event of a firm intention to sell a specified number of ERAMET shares on the market to unidentified third parties, piecemeal or by accelerated bookbuilding (ABB) or through a fully marketed offering (FMO); (ii) in the event of a proposed sale of one or more blocks of ERAMET shares to one or more identified third parties, by matched bids or off-market; and in the event of an intended contribution as capital of all or part of its interest in ERAMET, in consideration for shares in the transferee company.

The right of first refusal does not apply to:

- transfers under the agreement: for SORAME and CEIR as long as they comply with their commitment to hold, and for FSI provided that it retains 20% of ERAMET capital;
- transfers to one or more identified third parties or for an intended contribution as capital: for SORAME and CEIR, as long as they comply with their commitment to hold, and that no block of shares representing over 5% of the capital is transferred to any one investor group, and for FSI, provided that it retains 20% of ERAMET capital and that no block of shares representing over 5% of the capital is transferred to any one investor group.

The notification requirements and rights of refusal generally do not apply to (i) transfer without charge to natural persons, *mortis causae* or *inter vivos;* (ii) transfers within the SORAME-CEIR concert sub-group, subject to the former's holding at least 70% and the latter's holding not more than 30% of their overall interest in ERAMET; (iii) in the event of a merger between SORAME and CEIR, if SORAME is the acquiring company and remains under the Duval family's control; and (iv) in the event of transfer of its ERAMET shares by FSI to one of its subsidiaries, or by way of a capital contribution in one of its subsidiaries, provided that the transferee enters the shareholders' agreement and takes over FSI's rights and duties resulting from the transfer.

Term

The shareholders' agreement shall enter into force when the transfer by Areva to FSI of its interest in ERAMET takes effect. It is entered into for a fixed term expiring on 31 December 2016, and may be extended thereafter by tacit renewal for one year periods, unless terminated by means of a notice served by any party to the other no less than one month before the expiration of the current period. The agreement shall cease immediately and as of right in the event of (i) a change of predominance within the overall concert party owing to acquisitions or share subscriptions by FSI; (ii) the disposal or contribution or transfer by any of the parties of over 80% of its interest in ERAMET; or (iii) FSI's direct or indirect interest in ERAMET capital falls below 15%.

SORAME and CEIR therefore decided to sign the amendment No. 2 on 16 March 2012 to the term clause of the shareholders' agreement signed on 17 June 1999 and amended earlier by amendment No. 1 on 13 July 2009.

It is noteworthy that SORAME and CEIR have given a commitment to FSI to convert the required number of ERAMET shares into bearer shares so that the SORAME-CEIR concert sub-group's current interest is not accretive by more than 2% owing to the loss of double voting rights attached to the ERAMET shares transferred to FSI. Once the ERAMET shares have been transferred, SORAME, CEIR and FSI shall request ERAMET to re-enter all of their ERAMET shares as registered shares in order to recover their double voting rights two years later.

7.4.2 Decision and notification No. 209C1013 of 21 July 2009

Under cover of a letter dated 16 July 2009, the AMF (French Financial Markets Authority) was sent a shareholders' agreement entitled "Amendment No. 1 to the agreement of 19 July 1999 among the shareholders in ERAMET between SORAME and CEIR", concluded on 13 July 2009 between SORAME being a partnership limited by shares and the simplified joint-stock corporation, CEIR.

A/ It is hereby recalled that on 19 July 1999, SORAME and CEIR (being companies controlled by the Duval family) concluded a shareholders' agreement instituting a concert party between them for a term of 10 years as from 21 July 1999.

This shareholders' agreement provided notably for the following:

- the non-transferability of their ERAMET shares for five years, except within a maximum 1.5% of ERAMET's share capital for each of them;
- full freedom for them to transfer their ERAMET shares among themselves provided SORAME continues to hold not less than 70% of the ERAMET shares held by their concert party, and CEIR continues to hold a maximum of 30%, with the undertaking to maintain this distribution among them in the event that their interests increase;
- reciprocal rights of pre-emption over their ERAMET shares;
- an undertaking to consult before any Shareholders' General Meeting, to ensure concordant exercise of their voting rights for the implementation of a common policy as regards ERAMET.

(...)

C/ On 13 July 2009, SORAME and CEIR signed an amendment to the shareholders' agreement of 19 July 1999 described in point A above, extending their concert agreement until 21 July 2014 with various amendments, accordingly substituting as from 13 July 2009 a redrafted version for the earlier version of their shareholders' agreement of 19 July 1999.

The following are the main terms of the amendment concluded between SORAME and CEIR:

- stability of the SORAME-CEIR concert party: except in the event of a disposal of not less than 80% of the interest of their concert party in ERAMET, and for as long as Areva does not increase its interest in ERAMET by more than 2%, the parties undertake to maintain the number of shares and voting rights in ERAMET required for the concert sub-group to remain predominant in the overall concert party;
- transfer of ERAMET shares between SORAME and CEIR: the parties may freely transfer ERAMET shares among themselves, provided SORAME continues to hold not less than 70% of the ERAMET shares held by the concert sub-group and CEIR continues to hold a maximum of 30%;
- increase of SORAME and CEIR shareholdings in ERAMET: the parties may freely increase their interest in ERAMET, provided they do not increase the interest by more than 2% of the capital or voting rights within less than twelve months;
- an undertaking to consult before any Shareholders' General Meeting, to ensure concordant exercise of their voting rights for the implementation of a common policy as regards ERAMET.

This agreement supersedes the shareholders' agreement of 19 July 1999. It is concluded for a term expiring on 21 July 2014, renewable thereafter by tacit extension for successive two-year periods, unless denounced by either party serving notice one month before the expiry of the current period.

It shall cease, as shall the concert party between the parties, in the event that either party disposes of more than 80% of its interest in ERAMET.

* * *

The distribution of the directors on the Board of Directors and on the Committees is further detailed in Chapter 4 of this document, entitled Corporate Governance.

To the best of ERAMET's knowledge, there are no other shareholders' agreements.

8

GENERAL SHAREHOLDERS' MEETING – DRAFT RESOLUTIONS

8.1 EXPLANATORY NOTE

We have set out below, for your attention, an explanatory note regarding the resolutions proposed for voting at your General Meeting.

The **1st and 2nd resolutions** concern the approval of the individual and consolidated financial statements. The financial statements are set out in detail in the documents submitted to shareholders and are also commented on in the management report.

In the **3rd resolution**, you are asked to approve the special report prepared by the Company's Statutory Auditors concerning the agreements referred to in Articles L. 225-38 et seq. of the French Commercial Code.

This report provides an account of related-party agreements previously authorised by a General Shareholders' Meeting which were ongoing in 2014. Having already received approval from a General Shareholders' Meeting, those agreements will not be submitted to a vote at this Meeting.

The purpose of the **4th resolution** is to propose that the losses for the 2014 financial year be carried forward to retained earnings.

The **5th and 6th resolutions** concern ratification of the co-option of directors, approved by the Board of Directors at its meeting of 10 December 2014, namely: Philippe Gomès, put forward by STCPI and Alexis Zadjenweber, representing the State.

Mr. Gomès is Member of Parliament for the 2nd constituency of New Caledonia.

Mr. Zajdenweber is Director of energy shareholdings at the French Government Shareholding Agency (*Agence des Participations de l'État*—APE).

Resolutions 7 to 17 concern the reappointment of directors whose terms of office expire at this General Meeting. The new permanent representative of CEIR is Nathalie de La Fournière, Administration and Finance Director of the urban wing of the Toulouse Planning and Development Agency *(Agence d'urbanisme et d'aménagement de Toulouse)*. She is the daughter of Patrick Duval.

In addition, in the **18th resolution** you are asked to approve the appointment of a new director, Valérie Baudson (independent director).

Ms Baudson is Director of Amundi's global index-fund and ETF business lines.

Upon conclusion of the voting on these resolutions, the Board will be comprised as follows:

- Patrick Buffet;
- Michel Antsélévé;
- Valérie Baudson (independent director);
- Édouard Duval;
- Georges Duval;
- CEIR, represented by Nathalie de La Fournière;
- SORAME, represented by Cyrille Duval;
- Marie-Axelle Gautier (director representing employees);
- FSI-Equation, represented by Jean-Yves Gilet;
- Philippe Gomès;
- Caroline Grégoire-Sainte-Marie (independent director);
- Thierry Le Hénaff (independent director);
- Manoëlle Lepoutre (independent director);
- Pia Olders (director representing employees);
- Claude Tendil (independent director);
- Frédéric Tona (independent director);
- Antoine Treuille (independent director);
- Alexis Zajdenweber.

As the mandates of the Statutory Auditors expire at this General Meeting, the **19th and 20th resolutions** concern the reappointment of ERNST & YOUNG as Statutory Auditor, and of their Alternate Auditor, AUDITEX, for a further six financial years, and the appointment of KPMG as second Statutory Auditor, together with their Alternate Auditor. Their mandates will expire on conclusion of the General Shareholders' Meeting called to approve the financial statements for the 2020 financial year.

The **21st resolution**, pursuant to Article L. 225-209 of the French Commercial Code, requests the General Shareholders' Meeting to authorise the Board to renew the Company's share buyback programme, pursuant to legal and regulatory conditions, allowing the repurchase of shares, by any means, including during a public offer period. The maximum amount of the share buyback is 10% of the share capital and the maximum purchase price is €300 per share. What is at issue here is the annual renewal of that authorisation. The purpose of this authorisation is to allow the existing liquidity contract to continue and to implement bonus share awards to employees through the allocation of existing shares.

Pursuant to recommendation 24.3 of the Afep/Medef code dated June 2013 which, in accordance with Article L. 225-37 of the French Commercial Code is the code of reference applicable to the Company, remuneration items falling due or granted to each Executive Corporate Officer of the Company for the financial year ended are subject to shareholder approval and consist of:

- the fixed portion;
- the annual variable portion and, as the case may be, the multi-year variable portion, with the targets used to determine that variable portion;
- exceptional remuneration items;
- stock options, performance shares and any other long-term remuneration item;
- compensation related to taking up or leaving a post;
- the Supplementary Pension Plan; and
- benefits of any kind.

In the **22nd, 23rd, 24th and 25th resolutions** you are asked to approve the remuneration items falling due or granted to each Executive Corporate Officer of the Company for the financial year ended 31 December 2014.

Consequently, in the **22nd resolution** you are asked to approve the remuneration items falling due or granted in the past financial year to Patrick Buffet, Chairman and CEO.

Furthermore, in the **23rd resolution** you are asked to approve the remuneration items falling due or granted in the past financial year to Georges Duval, Deputy CEO.

In the **24th resolution** you are asked to approve the remuneration items falling due or granted in the past financial year to Bertrand Madelin, Deputy CEO.

Finally, in the **25th resolution** you are asked to approve the remuneration items falling due or granted in the past financial year to Philippe Vecten, Deputy CEO.

The **26th, 27th, 28th, 29th, 30th and 31st resolutions** propose the renewal of authorisations previously agreed by the General Shareholders' Meeting of 15 May 2013 permitting the Board of Directors to carry out one or more capital increases:

- by capitalisation of reserves or earnings up to a maximum nominal amount of €24,000,000 (**26th resolution**);
- in cash with preferential subscription rights, up to a maximum nominal amount of €24,000,000 (**27th resolution**);
- in cash with no preferential subscription rights, up to a maximum nominal amount of €16,000,000 through a public offer (**28th resolution**);
- in cash with no preferential subscription rights, up to a maximum nominal amount of €16,000,000 through a private placement (**29th resolution**);
- in cash with no preferential subscription rights, up to a maximum nominal amount of €16,000,000, through the issue, by subsidiaries of the Company, of marketable securities granting access to the Company's share capital (**30th resolution**);
- in consideration of contributions in kind with no preferential subscription rights, up to a maximum of 10% of the share capital (**31st resolution**).

The **32nd resolution** proposes that the authorisations granted under resolutions 27 to 31 be subject to an overall nominal amount limited to €24,000,000 (that is, slightly less than one third of the share capital). The aim of this resolution is to renew the arrangements approved by the General Shareholders' Meeting of 15 May 2013.

In accordance with the new wording of Article L. 233-32 of the French Commercial Code, pursuant to law No. 2014-384 of 29 March 2014, the capital increase authorisations set out in resolutions 27 to 31 put forward for voting at the General Meeting, namely, the authorisation of a capital increase with preferential subscription rights (27th), with no subscription rights by a public offer (28th), by a private placement (29th), by subsidiaries (30th) or by contributions in kind (31st), within a limit on the total nominal amount of €24 million for resolutions 27 to 31, (that is, slightly less than one third of the share capital), may be used by the Board of Directors during a public offer for purchase or share swap, subject to the powers expressly granted to General Shareholders' Meetings and insofar as such action is in the interests of the Company.

The **33rd resolution** proposes a capital increase reserved for employees for a maximum amount of €500,000 (0.6% of the share capital), in compliance with the legal obligation existing when a General Shareholders' Meeting is called to vote to authorise a capital increase in cash (L. 225-129-6 of the French Commercial Code). This proposal concerns the same amount as that concerned by the authorisation given by the General Shareholders' Meeting of 15 May 2013 (21st resolution), which was not utilised. At 31 December 2014, employees held approximately 0.20% of the share capital under collective management.

The **34th resolution** concerns the renewal, upon expiry, of the authorisation granted on 15 May 2013 to reduce share capital by a maximum 10%, in compliance with statutory provisions.

The **35th resolution** authorises the Board of Directors of ERAMET to grant a number of existing shares, not exceeding 550,000, in the form of bonus shares, over a three-year period (2016, 2017 and 2018) in accordance with the following conditions:

- all Group employees (provided the applicable local legal, accounting and tax provisions so permit), to be granted bonus shares that are not contingent upon performance conditions;
- all key executives of the Group, that is, around 280 individuals (provided the applicable local legal, accounting and tax provisions so permit), to be granted bonus shares that are, for the most part, contingent upon performance conditions;
- Executive Committee members (including those who are corporate officers) to be granted bonus shares that are fully contingent upon performance conditions.

The maximum portion of the overall amount of bonus shares that may be received by Executive Committee members is 35%.

The performance conditions for the first year of utilisation (2016) of this authorisation to implement a selective performance share plan shall be as follows:

- relative performance of the ERAMET share price for one third of the share grant. This involves comparing the change in total shareholder return over a three-year period with that of a panel of comparable companies on the Euromoney Global Mining Index for Diversified Metals & Mining in the Steel segment, with the performance conditions being fully achieved if the ERAMET performance ranks among the top 15% of the panel);

- intrinsic performance according to the following financial indicators, for two-thirds of the share grant (the performance conditions only being fully achieved when these targets are significantly out-performed):
  - 50%: current operating income over sales, calculated according to the budget,
  - 50%: operating cash-flow, calculated according to the budget.

The 550,000 bonus shares represent 2% of the share capital at 31 December 2014.

The 36th **resolution** authorises fulfilment of the formalities involved in implementing the other resolutions passed by combined Ordinary and Extraordinary General Shareholders' Meeting.

8.2 WORDING OF DRAFT RESOLUTIONS – WITHIN THE REMIT OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING

First resolution

(2014 Annual Financial Statements)

Having heard the report from the Board of Directors and the report from the Statutory Auditors on the financial statements for the year ended 31 December 2014, the General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, approves the financial statements for said financial year as presented to it and the transactions reflected in those financial statements or summarised in those reports.

Second resolution

(2014 Consolidated Financial Statements)

Having heard the report from the Board of Directors and the report from the Statutory Auditors on the consolidated financial statements for the year ended 31 December 2014, the General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, approves the consolidated financial statements as presented to it and the transactions reflected in those financial statements or summarised in those reports.

Third resolution

(Related-party Agreements)

Having heard the special report of the Statutory Auditors on the agreements covered by Articles L. 225-38 et seq. of the French Commercial Code and commenting on the absence of new agreements of the kind referred to in Articles L. 225-38 et seq. of the French Commercial Code, the General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, approves that report and the agreements referred to therein.

Fourth resolution

(Allocation of earnings—Setting the dividend)

The General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, resolves to allocate the losses for the past financial year, amounting to (€70,550,105.03), to retained earnings, thus reducing the amount of that account from €895,959,885.34 to €825,409,780.31.

The General Shareholders' Meeting, acting as an Ordinary General Shareholders' Meeting, notes that the dividends per share paid out with respect to the past financial year and the three previous financial years, were as follows:

	2011	2012	2013	2014
Number of shares subject to dividends	26,519,116	26,543,218	26,543,218	26,543,218
Dividend	€2.25	€1.30	€0	€0

Fifth resolution

(Ratification of the co-option of a director)

The General Shareholders' Meeting ratifies the co-option of Philippe Gomès as director, approved at the Board of Directors' Meeting of 10 December 2014. Mr. Gomès replaces Michel Quintard, who resigned with effect from 31 July 2014, for the remaining term of office of the latter, specifically, until the end of the General Shareholders' Meeting called to approve the financial statements for the 2016 financial year which should take place in 2017.

Sixth resolution

(Ratification of the co-option of a director)

The General Shareholders' Meeting ratifies the co-option of Alexis Zajdenwebet as director, approved at the Board of Directors' Meeting of 10 December 2014. Mr. Zajdenweber replaces Claire Cheremetinski, who resigned with effect from 5 December 2014, for her remaining term of office, specifically, until the conclusion of today's General Shareholders' Meeting.

Seventh resolution

(Reappointment of a director)

The General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, renews the directorship, expiring at this meeting, of Patrick Buffet for a four-year term, that is, until the General Shareholders' Meeting called to approve the financial statements for the 2018 financial year which should take place in 2019.

Eighth resolution

(Reappointment of a director)

The General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, renews the directorship, expiring at this meeting, of Georges Duval for a four-year term, that is, until the General Shareholders' Meeting called to approve the financial statements for the 2018 financial year which should take place in 2019.

Ninth resolution

(Reappointment of a director)

The General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, renews the directorship, expiring at this meeting, of Édouard Duval for a four-year term, that is, until the General Shareholders' Meeting called to approve the financial statements for the 2018 financial year which should take place in 2019.

Tenth resolution

(Reappointment of a director)

The General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, renews the directorship, expiring at this meeting, of SORAME represented by Cyrille Duval, for a four-year term, that is, until the General Shareholders' Meeting called to approve the financial statements for the 2018 financial year which should take place in 2019.

Eleventh resolution

(Reappointment of a director)

The General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, renews the directorship, expiring at this meeting, of CEIR represented by Nathalie de La Fournière, for a four-year term, that is, until the General Shareholders' Meeting called to approve the financial statements for the 2018 financial year which should take place in 2019.

Twelfth resolution

(Reappointment of a director)

The General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, renews the directorship, expiring at this meeting, of FSI Equation represented by Jean-Yves Gilet for a four-year term, that is, until the General Shareholders' Meeting called to approve the financial statements for the 2018 financial year which should take place in 2019.

Thirteenth resolution

(Reappointment of a director)

The General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, renews the directorship, expiring at this meeting, of Caroline Grégoire-Sainte-Marie for a four-year term, that is, until the General Shareholders' Meeting called to approve the financial statements for the 2018 financial year which should take place in 2019.

Fourteenth resolution

(Reappointment of a director)

The General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, renews the directorship, expiring at this meeting, of Manoëlle Lepoutre for a four-year term, that is, until the General Shareholders' Meeting called to approve the financial statements for the 2018 financial year which should take place in 2019.

Fifteenth resolution

(Reappointment of a director)

The General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, renews the directorship, expiring at this meeting, of Claude Tendil for a four-year term, that is, until the General Shareholders' Meeting called to approve the financial statements for the 2018 financial year which should take place in 2019.

Sixteenth resolution

(Reappointment of a director)

The General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, renews the directorship, expiring at this meeting, of Antoine Treuille for a four-year term, that is, until the General Shareholders' Meeting called to approve the financial statements for the 2018 financial year which should take place in 2019.

Seventeenth resolution

(Reappointment of a director)

The General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, renews the directorship, expiring at this meeting, of Alexis Zajdenweber, State representative, for a four-year term, that is, until the General Shareholders' Meeting called to approve the financial statements for the 2018 financial year which should take place in 2019.

Eighteenth resolution

(Appointment of a director)

The General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, appoints Valérie Baudson to the Board as a director, for a four-year term, that is, until the General Shareholders' Meeting called to approve the financial statements for the 2018 financial year which should take place in 2019.

Nineteenth resolution

(Appointment of a Statutory Auditor and reappointment of the Alternate Auditor)

The General Shareholders' Meeting notes that the mandates of the Statutory Auditors, Ernst & Young and Others and of the Alternate Auditor, Auditex, expire on conclusion of this meeting and resolves to appoint, for a period of six financial years, that is, until the General Shareholders' Meeting to be held in 2021 to approve the financial statements for the 2020 financial year, the following firm:

- Ernst & Young Audit (344 366 315 RCS Nanterre) as Statutory Auditor.

The General Shareholders' Meeting also resolves to reappoint, for a period of six financial years, that is until the General Shareholders' Meeting to be held in 2021 to approve the financial statements for the 2020 financial year, the following firm:

- Auditex (377 652 938 RCS Nanterre) as Alternate Statutory Auditor.

Twentieth resolution

(Appointment of Statutory Auditor and of Alternate Auditor)

The General Shareholders' Meeting notes that the mandates of the Statutory Auditor, Deloitte & Associés and of the Alternate Auditor, B.E.A.S., expire on conclusion of this meeting and resolves to appoint, for a period of six financial years, that is, until the General Shareholders' Meeting to be held in 2021 to approve the financial statements for the 2020 financial year, the following firms:

- KPMG (775 726 417 RCS Nanterre) as Statutory Auditor;
- Salustro Reydel (652 044 371 RCS Nanterre) as Alternate Statutory Auditor.

Twenty-first resolution

(Authorisation to trade in the Company's shares)

Having familiarised itself with the report from the Board of Directors and the description of the Company's share buyback programme, the General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings and making use of the powers provided by Article L. 225-209 of the French Commercial Code, authorises the Board of Directors to buy, or to arrange the purchase of, the Company's shares up to a limit of 10% of the share capital, in order to:

- support the share price via a liquidity contract with a market maker, in accordance with the AMAFI code of conduct recognised by the AMF;
- retain or contribute them (by way of a stock swap, against payment, or otherwise) in connection with acquisition transactions;
- provide shares upon the exercise of rights attached to marketable securities granting access to the share capital by redemption, conversion, stock swap or by any other manner;
- implement any share purchase option plan concerning the Company's shares within the terms of Articles L. 225-177 et seq. of the French Commercial Code;
- allocate bonus shares pursuant to the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code;
- allocate or transfer shares to employees as their share in the profits of the business or for the purpose of implementing any employee savings plan under the statutory provisions, with particular reference to Articles L. 3332-1 et seq. of the French Labour Code;

- cancel those shares in accordance with the 34th resolution of this General Shareholders' Meeting, authorising a reduction of the Company's share capital for a period of 26 months.

Such shares may be purchased, sold, transferred or swapped, by any means, in the market or over the counter, including, where appropriate, by means of derivatives and the whole of the authorised share buyback programme may be acquired or transferred in the form of share blocks.

Such transactions may also be carried out during a public offer period if the purchase offer for the Company's shares is fully paid in cash.

Payment may be made by any means.

The maximum purchase price may not exceed €300 per share.

This authorisation is granted for a period that will end at the General Shareholders' Meeting called to approve the financial statements for the 2015 financial year.

Based on the number of shares comprising the share capital at 31 December 2014, assuming a price of €300 per share, the maximum theoretical investment would amount to €7,962,965,400.

For the purposes of implementing this resolution, the Board of Directors is granted full powers and may, in turn, delegate those powers, in order to:

- place all stock market orders, enter into all agreements, particularly with regard to the keeping of share purchase and sale records;
- lodge all filings with the AMF *(Autorité des marchés financiers);*
- assign or reassign the acquired shares to various objectives in line with the applicable legal or regulatory provisions;
- complete all formalities and, in general, do whatever may be necessary.

Twenty-second resolution

(Approval of remuneration items falling due or granted to Patrick Buffet, Chairman and CEO, for the financial year ended 31 December 2014)

Adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, the General Shareholders' Meeting, consulted pursuant to recommendation 24.3 of the June 2013 Afep/Medef Code which, in accordance with Article L. 225-37 of the French Commercial Code, is the code of reference applicable to the Company, approves the remuneration items falling due or granted for the financial year ended 31 December 2014 to Patrick Buffet, Chairman and CEO, as set out in the 2014 registration document in Section 4 "Corporate Governance", under the paragraph heading "remuneration of corporate officers", on page 103.

Twenty-third resolution

(Approval of remuneration items falling due or granted to Georges Duval, Deputy Chief Executive Officer, for the financial year ended 31 December 2014)

Adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, the General Shareholders' Meeting, consulted pursuant to recommendation 24.3 of the June 2013 Afep/Medef Code which, in accordance with Article L. 225-37 of the French Commercial Code, is the code of reference applicable to the Company, approves the remuneration items falling due or granted for the financial year ended 31 December 2014 to Georges Duval, Deputy CEO, as set out in the 2014 registration document in Section 4 "Corporate Governance", under the paragraph heading "remuneration of corporate officers", on page 106.

Twenty-fourth resolution

(Approval of remuneration items falling due or granted to Bertrand Madelin, Deputy Chief Executive Officer, for the financial year ended 31 December 2014)

Adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, the General Shareholders' Meeting, consulted pursuant to recommendation 24.3 of the June 2013 Afep/Medef Code which, in accordance with Article L. 225-37 of the French Commercial Code, is the code of reference applicable to the Company, approves the remuneration items falling due or granted for the financial year ended 31 December 2014 to Bertrand Madelin, Deputy CEO, as set out in the 2014 registration document in Section 4 "Corporate Governance", under the paragraph heading "remuneration of corporate officers", on page 109.

Twenty-fifth resolution

(Approval of remuneration items falling due or granted to Philippe Vecten, Deputy Chief Executive Officer, for the financial year ended 31 December 2014)

Adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, the General Shareholders' Meeting, consulted pursuant to recommendation 24.3 of the June 2013 Afep/Medef Code which, in accordance with Article L. 225-37 of the French Commercial Code, is the code of reference applicable to the Company, approves the remuneration items falling due or granted for the financial year ended 31 December 2014 to Philippe Vecten, Deputy CEO, as set out in the 2014 registration document in Section 4 "Corporate Governance", under the paragraph heading "remuneration of corporate officers", on page 112.

8.3 WORDING OF THE DRAFT RESOLUTIONS – WITHIN THE REMIT OF THE EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING

Twenty-sixth resolution

(Delegation of authority granted to the Board of Directors with regard to the capitalisation of reserves, earnings, premiums or other items that may be capitalised)

Having noted the report of the Board of Directors, the General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings by application of Article L. 225-130 of the French Commercial Code and in accordance with the provisions of Articles L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. authorises the Board of Directors to increase the Company's share capital, on one or more occasions, in the proportion and at such times as it shall see fit, either by capitalising reserves, earnings, premiums or other items that may be capitalised, or by combining it with a cash capital increase carried out by application of the **27th resolution**, and in the form of a bonus share grant or an increase in the par value of existing shares, or a combination of both;
2. resolves that the maximum nominal amount of capital increases that may be undertaken, immediately or in the future, pursuant to this authorisation, is fixed at €24,000,000;
3. resolves that the Board of Directors shall be fully empowered, with the right to sub-delegate such powers in the legally prescribed manner, to implement this authorisation, particularly in order to:
   - establish all the terms and conditions of authorised transactions and, in particular, set the amount and nature of the reserves and premiums to be capitalised, set the number of new shares to be issued or the amount by which the par value of existing shares in the share capital is to be increased, decide on a date, which may even take retroactive effect, from which new shares will carry a dividend entitlement or the date on which the increased par value will take effect and, where appropriate, allocate all charges to the share premiums, in particular the cost of carrying out share issues,
   - decide, if necessary, in the event of a distribution of bonus shares, pursuant to the provisions of Article L. 225-130 of the French Commercial Code, that rights forming fractional shares shall not be negotiable and that the corresponding shares shall be sold, the proceeds of the sale being allocated to the rights holders within a maximum of 30 days following the date of registration of the entire number of shares allocated in their name,
   - and, in general, carry out any useful or requisite actions, in particular, the execution of agreements, the fulfilment of any acts or formalities to document the capital increase or increases, the corresponding modification of the Articles of Association and the completion of any formalities required so that the shares issued may be admitted to trading.

This delegation of authority, which renders any prior authorisation ineffective, is valid for a period of twenty-six months from the date of this General Shareholders' Meeting.

Twenty-seventh resolution

(Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares or any other marketable securities granting access to the share capital, with shareholders' preferential subscription rights upheld)

Having noted the report from the Board of Directors and the special report from the Statutory Auditors, in accordance with the provisions of Articles L. 225-129-2 and L. 228-92 of the French Commercial Code, the General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Extraordinary General Shareholders' Meetings, authorises the Board of Directors, granting it additional powers to sub-delegate under the legally prescribed conditions, to make decisions to increase the Company's share capital, at its sole discretion, by issuing, on one or several occasions, in or outside France, marketable securities granting rights over a portion of the Company's share capital, immediately or in the future, in the form of:

a) ordinary shares in the Company, by issuing new shares to be subscribed in cash or by offsetting debt, with or without an issue premium;
b) marketable securities, other than shares, giving the right, whether directly or indirectly, through conversion, stock swap, redemption, presentation of a warrant or by any other manner, to the allocation, at any time or on set dates, of securities representing a portion of the Company's share capital that shall be issued for that purpose. These marketable securities may be in the form of convertible bonds, bonds with share subscription warrants, bonds redeemable in shares, or any other form that does not breach the applicable legal provisions.

   These marketable securities may be issued in euros, in a foreign currency or in a monetary unit established with reference to a basket of currencies;

c) warrants granting their holders the right to subscribe for securities representing a portion of the Company's share capital, on the understanding that the issue of such warrants may take place, either by subscription for cash or by a bonus grant and that, moreover, these warrants may be issued alone or attached to both the shares and securities mentioned in (a) and (b) above issued simultaneously.

The maximum nominal amount of capital increases that may be undertaken, immediately or in the future, pursuant to this delegation of authority is fixed at €24,000,000. If necessary, the nominal amount of any additional shares that may be issued in the event of further financial transactions, will be added to that upper limit to preserve the rights of holders of marketable securities granting access to the share capital. This amount will be included in the overall ceiling established in the **32nd** resolution.

The owners of existing shares on the issue date of the securities issued for cash referred to in (a), (b) and (c) shall be entitled, as of right and in proportion to the number of shares they own at that time, to a preferential right to subscribe for those securities; the Board of Directors shall set the terms and time frames within which shareholders may exercise their subscription rights as of right, for each issue, in line with applicable legal provisions.

The Board of Directors may grant shareholders the right to subscribe for excess shares to be exercised in proportion to their rights and up to the limit of their request.

If the subscriptions as of right and, where applicable, the subscriptions for excess shares, do not take up the whole share, security or warrant issue, the Board of Directors may limit the issue, in the legally prescribed manner, to the amount of subscriptions received or may freely allocate the shares, securities or warrants which have not been subscribed for as of right and, where applicable, unsubscribed excess shares, or even offer all or part thereof to the general public; the Board of Directors may use the above mentioned powers, or some of them, in any order it sees fit.

In the event that the issue of securities gives entitlement to the allocation of shares on presentation of a warrant, the Board of Directors shall be fully empowered to set the terms and conditions under which the Company shall be entitled to buy subscription warrants on the stock market, at any time or during specific periods, in order to cancel them.

The General Shareholders' Meeting acknowledges that the decision to issue marketable securities granting access to the Company's share capital involves a waiver on the part of shareholders of their preferential subscription right in respect of the shares that the securities issued grant a right to, pursuant to application of the provisions of Article L. 225-132 of the French Commercial Code.

The General Shareholders' Meeting notes that the Board of Directors may make use of all or part of this authorisation, subject to legal provisions, if one or more public purchase or exchange offers for the securities issued by the Company were to take place.

The General Shareholders' Meeting fully empowers the Board of Directors, granting it the right to sub-delegate in the legally prescribed manner, to implement this authorisation, on one or several occasions, particularly in order to:

- establish the terms and conditions for capital increases and decide upon the dates and procedures for issues of securities carried out pursuant to this resolution;
- set the opening and closing dates for subscriptions, the price, the date from which attendant rights come into effect for securities issued, the payment terms for the shares and time frames for such payment;
- charge, if it deems fit, the expenses, duties and fees arising from the share issues against the corresponding share premium amount and deduct from that amount the sums required to bring the legal reserve to one-tenth of the new share capital following each increase;
- and, in general, carry out any useful or requisite actions, in particular, the execution of agreements, the fulfilment of any acts or formalities to document the capital increase or increases, the corresponding modification of the Articles of Association and the completion of any formalities required so that the shares issued may be admitted to trading.

This delegation of authority, which renders any prior authorisation ineffective, is valid for a period of twenty-six months from the date of this General Shareholders' Meeting.

Twenty-eighth resolution

(Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares or any other marketable securities granting access to the share capital, without preferential subscription rights for existing shareholders, as part of a public offering)

Having noted the report from the Board of Directors and the special report from the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129-2, L. 225-135, L. 225-136 and L. 228-92 of the French Commercial Code, the General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Extraordinary General Shareholders' Meetings, authorises the Board of Directors, granting it additional powers to sub-delegate under legally prescribed conditions, to make decisions to increase the Company's share capital, involving a corresponding withdrawal of shareholders' preferential subscription rights, by issuing, on one or several occasions, in or outside France:

a) new ordinary shares in the Company to be subscribed in cash or by offsetting debt, with or without an issue premium;

b) marketable securities, other than shares, giving the right, whether directly or indirectly, through conversion, exchange, redemption, presentation of a warrant or by any other manner, to the allocation, at any time or on set dates, of securities representing a portion of the share capital that shall be issued for that purpose. These marketable securities may be in the form of convertible bonds, bonds with share subscription warrants, bonds redeemable in shares, or any other form that does not breach the applicable legal provisions. These marketable securities may be issued in euros, in a foreign currency or in a monetary unit established with reference to a basket of currencies;

c) warrants that give their holders the right to subscribe for securities representing a portion of the Company's share capital, on the understanding that these warrants may be issued alone or attached to both the shares and securities mentioned in (a) and (b) above issued simultaneously.

The maximum nominal amount of increases to the Company's share capital that may be undertaken, immediately or in the future, pursuant to this delegation of authority, is fixed at €16,000,000. If necessary, the nominal amount of any additional shares that may be issued in the event of further financial transactions, will be added to that upper limit to preserve the rights of holders of marketable securities granting access to the share capital. This amount will be included in the overall ceiling established in the **32nd** resolution.

The securities mentioned under (a), (b) and (c) above may be issued to compensate securities that may be contributed to the Company as part of a stock swap satisfying the terms of Article L. 225-148 of the French Commercial Code.

The General Shareholders' Meeting decides to withdraw shareholders' preferential right to subscribe for ordinary shares in the Company or marketable securities granting access to the Company's share capital, issued pursuant to this resolution, and decides to offer these securities as part of a public offer under the conditions and up to the maximum limits prescribed by law and regulations, on the understanding that the Board of Directors may introduce a preferential right for shareholders to subscribe for shares as of right and/or for excess shares, over all or part of the issue, within the time frame and under the conditions that it will establish in accordance with legal and regulatory provisions, which must be exercised in proportion to the number of ordinary shares held by each shareholder; it is further understood that such preferential right shall not give rise to the creation of any marketable or transferable rights.

The General Shareholders' Meeting acknowledges that this resolution involves a waiver on the part of shareholders of their preferential subscription right in respect of the ordinary shares that the securities issued on the basis of this authority would grant a right to.

The General Shareholders' Meeting notes that the Board of Directors may make use of all or part of this authorisation, subject to legal provisions, if one or more public purchase or exchange offers for the securities issued by the Company were to take place.

The General Shareholders' Meeting decides that (i) the issue price of ordinary shares will be at least equal to the minimum amount prescribed by laws and regulations in force at the time of application of this authorisation, following adjustment, if necessary, to take into account differences in the date from which attendant rights come into effect, and that (ii) the issue price of marketable securities granting access to the Company's share capital will be such that the amount immediately received by the Company, plus any amount that may subsequently be received by the Company will, for each ordinary share issued as a consequence of the issuance of these marketable securities, be at least equal to the minimum stipulated in subsection (i) here above, following any adjustment of that amount to take into account differences in the date from which attendant rights come into effect;

The General Shareholders' Meeting fully empowers the Board of Directors, granting it the right to sub-delegate in the legally prescribed manner, to implement this authorisation, on one or several occasions, particularly in order to:

- establish the terms and conditions for capital increases and decide upon the dates and procedures for issues of securities carried out pursuant to this resolution;
- set the opening and closing dates for subscriptions, the price, the date from which attendant rights come into effect, the payment terms for the shares and time frames for such payment;
- charge, if it deems fit, the expenses, duties and fees arising from the share issues against the corresponding share premium amount and deduct from that amount the sums required to bring the legal reserve to one-tenth of the new share capital following each increase;
- and, in general, carry out any useful or requisite actions, in particular, the execution of agreements, the fulfilment of any acts or formalities to document the capital increase or increases, the corresponding modification of the Articles of Association and the completion of any formalities required so that the shares issued may be admitted to trading.

This delegation of authority, which renders any prior authorisation ineffective, is valid for a period of twenty-six months from the date of this General Shareholders' Meeting.

Twenty-ninth resolution

(Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares or any other marketable securities granting access to the share capital, without preferential subscription rights for existing shareholders, as part of an offer as specified in Article L. 411-2 of the French Monetary and Financial Code)

Having noted the report from the Board of Directors and the special report from the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129-2, L. 225-135, L. 225-136 and L. 228-92 of the French Commercial Code, the General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Extraordinary General Shareholders' Meetings, authorises the Board of Directors, granting it additional powers to sub-delegate under legally prescribed conditions, to make decisions to increase the Company's share capital, involving a corresponding withdrawal of shareholders' preferential subscription rights, by issuing, on one or several occasions, in or outside France:

a) new ordinary shares in the Company to be subscribed for in cash or by offsetting debt, with or without an issue premium;
b) marketable securities, other than shares, giving the right, whether directly or indirectly, through conversion, stock swap, redemption, presentation of a warrant or by any other manner, to the allocation, at any time or on set dates, of securities representing a portion of the share capital that shall be issued for that purpose. These marketable securities may be in the form of convertible bonds, bonds with share subscription warrants, bonds redeemable in shares, or any other form that does not breach the applicable legal provisions. These marketable securities may be issued in euros, in a foreign currency or in a monetary unit established with reference to a basket of currencies;
c) warrants that give their holders the right to subscribe for securities representing a portion of the Company's share capital, on the understanding that these warrants may be issued alone or attached to both the shares and securities mentioned in (a) and (b) above, issued simultaneously.

In the event that the issue of securities gives entitlement to the allocation of shares on presentation of a warrant, the Board of Directors shall be fully empowered to set the terms and conditions under which the Company shall be entitled to buy subscription warrants on the stock market at any time or during specific periods, in order to cancel them.

The maximum nominal amount of increases to the Company's share capital that may be undertaken, immediately or in the future, pursuant to this delegation of authority, is fixed at €16,000,000. If necessary, the nominal amount of any additional shares that may be issued in the event of further financial transactions, will be added to that upper limit to preserve the rights of holders of marketable securities granting access to the share capital. This amount will be included in the overall ceiling established in the 32nd resolution.

The General Shareholders' Meeting decides to withdraw shareholders' preferential right to subscribe for ordinary shares or marketable securities granting access to the Company's share capital, issued pursuant to this resolution, and decides to offer these securities as part of an offer as specified in Section II of Article L. 411-2 of the French Monetary and Financial Code, under the conditions and up to the maximum limits prescribed by law and regulations, on the understanding that the Board of Directors may introduce a preferential right for shareholders to subscribe for shares as of right and/or for excess shares, over all or part of the issue, within the time frame and under the conditions that it will establish in accordance with legal and regulatory provisions; such rights must be exercised in proportion to the number of ordinary shares held by each shareholder and shall not give rise to the creation of any marketable or transferable rights.

The General Shareholders' Meeting acknowledges that this resolution involves a waiver on the part of shareholders of their preferential subscription right in respect of the ordinary shares that the securities issued on the basis of this authority would grant a right to.

The General Shareholders' Meeting notes that the Board of Directors may make use of all or part of this authorisation, subject to legal provisions, if one or more public purchase or exchange offers for the securities issued by the Company were to take place.

The General Shareholders' Meeting decides that (i) the issue price of ordinary shares will be at least equal to the minimum amount prescribed by laws and regulations in force at the time of application of this authorisation, following adjustment, if necessary, to take into account differences in the date from which attendant rights come into effect, and that (ii) the issue price of marketable securities granting access to the Company's share capital will be such that the amount immediately received by the Company, plus any amount that may subsequently be received by the Company will, for each ordinary share issued as a consequence of the issuance of these marketable securities, be at least equal to the minimum stipulated in subsection (i) here above, following any adjustment of that amount to take into account differences in the date from which attendant rights come into effect;

The General Shareholders' Meeting fully empowers the Board of Directors, granting it the right to sub-delegate in the legally prescribed manner, to implement this authorisation, on one or several occasions, particularly in order to:

- establish the terms and conditions for capital increases and decide upon the dates and procedures for issues of securities carried out pursuant to this resolution;
- set the opening and closing dates for subscriptions, the price, the date from which attendant rights come into effect, the payment terms for the shares and time frames for such payment;
- charge, if it deems fit, the expenses, duties and fees arising from the share issues against the corresponding share premium amount and deduct from that amount the sums required to bring the legal reserve to one-tenth of the new share capital following each increase;
- and, in general, carry out any useful or requisite actions, in particular, the execution of agreements, the fulfilment of any acts or formalities to document the capital increase or increases, the corresponding modification of the Articles of Association and the completion of any formalities required so that the shares issued may be admitted to trading.

This delegation of authority, which renders any prior authorisation ineffective, is valid for a period of twenty-six months from the date of this General Shareholders' Meeting.

Thirtieth resolution

(Delegation of authority granted to the Board of Directors to issue ordinary shares consequent to the issue, by subsidiaries of the Company, of marketable securities granting access to the Company's share capital)

Having noted the report from the Board of Directors and the special report from the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129 to L. 225-129-6, L. 225.132, L. 225-136, and L. 228-91 to L. 228-93 of the French Commercial Code, the General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Extraordinary General Shareholders' Meetings, delegates authority to the Board of Directors so that it may:

(i) authorise, in accordance with Article L. 228-93 of the French Commercial Code, the issue, by one or more companies in which ERAMET directly or indirectly holds over half the share capital (the "Subsidiary" or "Subsidiaries"), on one or several occasions, both in and outside France, with the Company's consent, of any marketable securities granting rights, either immediately or in the future, to ordinary shares to be issued by the Company;

(ii) decide, as a consequence, to issue new ordinary shares in the Company, on one or several occasions, both in and outside France, with or without an issue premium, which the marketable securities that may be issued by the Subsidiaries, as referred to in paragraph (i) here above, would grant a right to.

The General Shareholders' Meeting acknowledges that this decision automatically involves a waiver on the part of shareholders of their preferential subscription right in respect of the ordinary shares of the Company that the securities issued on the basis of this authority would grant a right to, in favour of holders of any such marketable securities that may be issued by the Subsidiaries.

The General Shareholders' Meeting acknowledges that the Company's shareholders have a preferential right of subscription to the marketable securities referred to in section (i) here above issued by the Subsidiaries under the legal conditions in force.

The General Shareholders' Meeting notes that the Board of Directors may make use of all or part of this authorisation, subject to legal provisions, if one or more public purchase or exchange offers for the securities issued by the Company were to take place.

The General Shareholders' Meeting decides that the maximum nominal amount of increases to the Company's share capital that may be undertaken, immediately or in the future, pursuant to this delegation of authority, is fixed at €16,000,000. If necessary, the nominal amount of any additional shares that may be issued in the event of further financial transactions, will be added to that upper limit to preserve the rights of holders of marketable securities granting access to the share capital. This amount will be included in the overall ceiling established in the 32nd resolution.

The General Shareholders' Meeting decides that in the event that the Board of Directors makes use of this authorisation, the sum paid to the Company, at the time of the issue or subsequently, for each ordinary share issued as a consequence of the issuance of the marketable securities referred to in paragraph (i) here above, must be at least equal to the weighted average share price over the three stock market sessions immediately preceding fixing of the issue price of the marketable securities referenced in paragraph (i) here above, with a possible discount of up to 5% following any adjustment that may be required to that weighted average to take into account different dates from which attendant rights may come into effect.

The General Shareholders' Meeting grants all powers, with the right of sub-delegation, to the Board of Directors, so that it may implement this resolution, with the agreement of the Boards of Directors, Executive Boards or other management or administrative bodies of issuer Subsidiaries, in accordance with French law and regulations and, as the case may be, applicable foreign law and regulations and, in particular, to:

- set the amounts to be issued, the kind of marketable securities to be created, their features and issuance procedures (including payment conditions for the Company's ordinary shares), and the date from which attendant rights come into effect, with retroactive effect or otherwise, for the shares to be created;
- charge expenses arising from the capital increase against the corresponding share premium amount and deduct from that amount the sums required to bring the legal reserve to one-tenth of the new share capital following each capital increase;
- take all measures and enter into any agreements or arrangements required to achieve the successful conclusion of the intended issues, carry out the capital increases and all consequent formalities and make any necessary amendments to the Articles of Association by application of this authorisation, in accordance with the terms of the report from the Board of Directors addressed to this meeting and, in general, take all necessary measures.

This delegation of authority, which renders any prior authorisation ineffective, is valid for a period of twenty-six months from the date of this General Shareholders' Meeting.

Thirty-first resolution

(Delegation of authority granted to the Board of Directors to increase the share capital by issuing shares or any other marketable securities granting access to the share capital, in consideration of contributions in kind involving equity securities or marketable securities granting access to share capital, with shareholders' preferential subscription rights withdrawn)

Having noted the report from the Board of Directors and the special report from the Statutory Auditors, and in accordance with the provisions of the last subsection of Article L. 225-147 of the French Commercial Code, adopting resolutions under the conditions of quorum and majority required for Extraordinary

General Shareholders' Meetings, the General Shareholders' Meeting:

1. fully empowers the Board of Directors to compensate, up to a maximum of 10% of the share capital, contributions in kind granted to the Company consisting of equity securities or marketable securities granting access to share capital, where the provisions of Article L. 225-148 of the French Commercial Code are not applicable, by issuing, on one or more occasions, both in and outside France, ordinary shares or marketable securities granting access to the Company's share capital;
2. resolves, insofar as this is necessary, to withdraw shareholders' preferential subscription rights in respect of the shares and marketable securities that will be issued, in favour of the holders of shares or marketable securities that are the subject of contributions in kind;
3. acknowledges that the decision to issue marketable securities granting access to the Company's share capital involves a waiver on the part of shareholders of their preferential subscription right in respect of the shares that the securities issued grant a right to, pursuant to application of the provisions of Article L. 225-132 of the French Commercial Code;
4. notes that the Board of Directors may make use of all or part of this authorisation, subject to legal provisions, if one or more public purchase or exchange offers for the marketable securities issued by the Company were to take place;
5. resolves that the nominal amount of any capital increases decided by virtue of this resolution shall be included in the overall ceiling established in the **32nd** resolution presented to this meeting;
6. decides that the Board of Directors shall have all powers to implement this resolution and, in particular, to approve the report of the Asset Transfer Auditors *(commissaires aux apports)*, establish all the terms and conditions of issues, draw up the list of contributors, the value of the contributions and the list of securities contributed, record the resulting capital increase(s), allocate all charges to the contribution premium(s), particularly transaction costs or taxes incurred or sums required to raise the legal reserve to its maximum amount and, in general, carry out any useful or necessary actions, in particular, the execution of agreements, the fulfilment of acts or formalities to document the capital increase or increases, the corresponding modification of the Articles of Association and the completion of any formalities required so that the shares issued may be admitted to trading;
7. sets the period of validity during which the Board of Directors may make use of this authorisation at 26 months from the date of this meeting.

Thirty-second resolution

(Limit on total amount of issues)

The General Shareholders' Meeting, adopting resolutions under the conditions of quorum and majority required for Extraordinary General Shareholders' Meetings, resolves that the capital increases that may result from the use of the authorisations governing the issue of shares, other marketable securities and warrants, as provided for in resolutions **27 to 31** here above, whether immediate or deferred, may not exceed a total maximum nominal amount of €24,000,000, plus the sum of additional capital increases required to preserve the rights of holders of marketable securities granting a right, in any form whatsoever, over shares representing a portion of the share capital.

Thirty-third resolution

(Delegation of authority granted to the Board of Directors with regard to a capital increase reserved for employees with shareholders' preferential subscription rights withdrawn)

Having noted the report from the Board of Directors and the special report from the Statutory Auditors, and adopting resolutions in accordance with the provisions of Articles L. 225-129, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-18 to L. 3332-24 of the French Labour Code, the General Shareholders' Meeting delegates powers to the Board of Directors, which may in turn sub-delegate those powers, to increase the Company's share capital, on one or several occasions, up to a maximum nominal amount of **€500,000**, by the issue for cash of new shares reserved for employees and former employees of the Company and of its affiliated companies, within the meaning of Article L. 225-180 of the French Commercial Code, who have signed up to a company savings plan or a group pension scheme.

The Meeting resolves to withdraw shareholders' preferential right to subscribe to the ordinary shares to be issued, in favour of these employees and former employees, in the event that they are granted as bonus shares on the basis of this resolution.

This delegation of authority is granted for a period of twenty-six months from the date of this meeting.

The subscription price of the shares shall be set in accordance with the provisions of Articles L. 3332-18 et seq. of the French Labour Code.

Thirty-fourth resolution

(Delegation of authority to reduce the share capital by cancelling shares)

Having noted the report from the Board of Directors and the special report from the Statutory Auditors and adopting resolutions under the conditions of quorum and majority required for Extraordinary General Shareholders' Meetings, in accordance with Article L. 225-209 of the French Commercial Code, the General Shareholders' Meeting delegates powers subject to prior approval by the General Shareholders' Meeting of the **21st** resolution concerning authorisation to trade in the Company's shares, to the Board of Directors, which may in turn sub-delegate those powers under legally prescribed conditions, to reduce the Company's share capital by cancelling, on one or several occasions, all or part of the shares acquired in accordance with the provisions of Article L. 225-209 of the French Commercial Code.

The General Shareholders' Meeting bestows all powers on the Board of Directors in order to decide upon the cancellation of shares, record the share capital reduction, allocate the difference between the buyback value of the cancelled shares and their par value to the premiums and available reserves, make corresponding amendments to the Articles of Association and, generally, do whatever is necessary and complete all formalities.

This authorisation is valid for 26 months from the date of this General Shareholders' Meeting, up to a maximum of 10% of the Company's share capital in any 24-month period. It supersedes any previous delegation of authority having the same purpose.

Thirty-fifth resolution

(Allocation of bonus shares)

Having noted the report from the Board of Directors and the special report from the Statutory Auditors and adopting resolutions under the conditions of quorum and majority required for Extraordinary General Shareholders' Meetings, the General Shareholders' Meeting authorises the Board of Directors to grant, on one or more occasions, existing shares in the form of bonus shares to employees and executive corporate officers of the Company and of its related companies, within the meaning of Article L. 225-197-2 of the French Commercial Code, in accordance with Articles L. 225-197-1 et seq. of the French Commercial Code.

The General Shareholders' Meeting decides that the total number of bonus shares that may be granted under this authorisation may not exceed 550,000 shares.

In accordance with regulations, this upper limit does not include additional shares to be issued or granted in order to preserve the rights of beneficiaries in the event of transactions involving the Company's share capital.

Share grants carried out pursuant to this authorisation may be awarded, under the conditions prescribed in law, to eligible executive corporate officers of the Company, provided that the vesting of these shares is conditional upon the attainment of one or more performance conditions, established by the Board of Directors, when the share grant is decided, and provided that the number of shares granted does not represent more than one third of the upper limit specified here above.

The share grant to the beneficiaries shall be definitive at the end of a vesting period of at least two years.

In addition, beneficiaries may not sell the shares granted to them under this authorisation for a minimum of two years from the definitive share grant.

However, given that the vesting period for all or part of one or several share grants is at least four years, the General Shareholders' Meeting authorises the Board of Directors to refrain from imposing any holding period for the shares in question, such that the aforesaid shares shall be freely transferable once vested.

As an exception to the foregoing, the aforesaid shares may be vested by beneficiaries prior to the end of the vesting period specified here above in the event that the beneficiary sustains a disability classified as category 2 or 3 under Article L. 341-4 of the French Social Security Code; the aforesaid shares shall also be freely transferable in the event that the beneficiary sustains a disability corresponding to the above-mentioned categories under the French Social Security Code.

The General Shareholders' Meeting decides that in the event the law is modified, particularly if such modification allows the reduction of vesting and/or holding periods or the withdrawal of holding periods, the Board of Directors may reduce the vesting period and/or reduce, or even eliminate, the holding period, to the extent permitted by the performance conditions.

Bonus shares granted shall consist of existing shares.

As the decision to grant bonus shares falls to the Board of Directors, it shall determine the identity of the share grant beneficiaries and shall establish the terms and, where appropriate, the share grant criteria.

The Board of Directors may make use of this authorisation, on one or more occasions, for a period of thirty-eight months from this meeting.

Thirty-sixth resolution

(Powers)

The Combined Ordinary and Extraordinary General Shareholders' Meeting fully empowers the bearer of an original, an extract or a copy of the minutes of this meeting to carry out any filing or formality that may be necessary.

8.4 STATUTORY AUDITORS' REPORTS ON THE RESOLUTIONS PRESENTED TO THE GENERAL SHAREHOLDERS' MEETING

Statutory auditors' report on the issue of shares or marketable securities with retention and/or waiver of preferential subscription rights - Combined Shareholders' Meeting of May 29, 2015 - 27th, 28th, 29th, 30th, and 31st resolutions

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company (the "Company") and in accordance with the procedures set forth in Articles L. 228-92 and L. 225-135 *et seq* of the French Commercial Code (*Code de Commerce*), we hereby report to you on the proposed delegation of powers to the Board of Directors to perform various issues of shares or marketable securities, transactions on which you are asked to vote.

Your Board of Director proposes, based on its report:

- that shareholders delegate to it, for a period of 26 months, the authority to decide the following transactions and set the final terms and conditions of these issues and, when necessary, asks that you waive your preferential subscription rights:
  - issue of (a) ordinary shares, or (b) marketable securities other than shares conferring entitlement, directly or indirectly, by conversion, exchange, redemption, presentation of a warrant or any other manner, to the allocation, at any time or on set dates, of securities that, for this purpose, will be issued to represent a share of the Company's share capital, or (c) warrants that confer on their holders the right to subscribe for securities representing a share of the Company's share capital, with retention of preferential subscription rights (27th resolution);
  - issue of (a) ordinary shares, or (b) marketable securities other than shares conferring entitlement, directly or indirectly, by conversion, exchange, redemption, presentation of a warrant or any other manner, to the allocation, at any time or on set dates, of securities that, for this purpose, will be issued to represent a share of the Company's share capital, or (c) warrants that confer on their holders the right to securities representing a share of the Company's share capital, with waiver of preferential subscription rights, it being specified that these securities may be issued in consideration of securities that would have contributed to the Company as part of a public exchange offer on the securities satisfying the conditions set forth in Article L. 225-148 of the French Commercial Code (28th resolution);
  - issue of (a) ordinary shares, or (b) marketable securities conferring entitlement, directly or indirectly, by conversion, exchange, redemption, presentation of a warrant or any other manner, to the allocation, at any time or on set dates, of securities that, for this purpose, will be issued to represent a share of the Company's share capital, or (c) warrants that confer on their holders the right to subscribe for securities representing a share of the Company's share capital, with waiver of preferential subscription rights, in connection with an offer referred to in Section II of Article L. 411-2 of the French Monetary Code (*Code monétaire*) (29th resolution);
  - issue of ordinary shares, resulting from the issue by one or more companies in which the Company holds, directly or indirectly, more than 50% of the share capital, of marketable securities conferring entitlement to the Company's ordinary shares to be issued, in accordance with section 2, Article L. 228-93 of the French Commercial Code (30th resolution);
- that shareholders delegate to it, for a period of 26 months as of the date of this Shareholders' Meeting, the authority to proceed with the issue of ordinary shares or marketable securities conferring entitlement to the Company's share capital, in consideration for contributions in-kind granted to the Company and comprised of equity or marketable securities conferring entitlement to the Company's share capital, for up to a maximum of 10% of the share capital (31st resolution).

The total par value amount of share capital increases likely to be carried out immediately or in the future may not exceed €24,000,000 pursuant to the 27th resolution, €16,000,000 pursuant to the 28th, 29th and 30th resolutions, it being specified that the overall par value amount of share capital increases performed pursuant to the delegations granted in resolutions 27 to 31 may not exceed €24,000,000 pursuant to the 32nd resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified information extracted from the financial statements, on the proposed waiver of preferential subscription rights and on certain other information concerning these transactions, contained in this report.

We performed the procedures that we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying the content of the Board of Directors' report relating to these transactions and the terms and conditions governing the determination of the issue price of equity securities to be issued.

Subject to a subsequent review of the terms and conditions of proposed issues, we have no comments on the terms and conditions governing the determination of the issue price of equity securities to be issued presented in the Board of Directors' report in connection with the 28th, 29th and 30th resolutions.

Furthermore, as the report does not include information on the terms and conditions governing the determination of the issue price of equity securities to be issued pursuant to the 27th and 31st resolutions, we cannot express an opinion on the issue price calculation inputs.

As the final terms and conditions of the issues have not been determined, we do not express an opinion thereon and, as such, on the proposed waiver of preferential subscription rights submitted for your approval in the 28th, 29th and 30th resolutions.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report should these delegations be used by your Board of Directors in the event of issues of marketable securities conferring entitlement to the equity securities to be issued or in the event of issues of ordinary shares with waiver of preferential subscription rights.

Paris-La Défense and Neuilly-sur-Seine, February 20, 2015

The Statutory Auditors

Ernst & Young et Autres	Deloitte & Associés
French original signed by	*French original signed by*
Aymeric de la Morandière	Alain Penanguer

Statutory auditors' report on the share capital increase reserved for employees who are members of a corporate savings plan or a group retirement plan – Combined Shareholders' Meeting of May 29, 2015 - 33rd resolution

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures set forth in Articles L. 225-135 *et seq.* of the French Commercial Code (*Code de Commerce*), we hereby report to you on the proposed share capital increase via the issue of ordinary shares, with waiver of your preferential subscription rights for a maximum par value of €500,000, reserved for current and former employees of the Company and affiliated companies within the meaning of Article L. 225-180 of the French Commercial Code, that are members of a corporate savings plan or a group retirement plan, a transaction on which you are being asked to vote.

Shareholders are asked to approve this share capital increase pursuant to Article L. 225-129-6 of the French Commercial Code and Article L. 3332-18 *et seq.* of the French Labor Code (*Code du travail*).

Your Board of Directors recommends that, based on its report, you confer on it, for a period of 26 months as of the date of this Shareholders' Meeting, the authority to set the terms and conditions of this transaction and proposes that you waive your preferential subscription rights to the shares to be issued.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R 225-113 and R. 225-114 of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data extracted from the financial statements, on the proposed waiver of preferential subscription rights and on certain other information pertaining to the issuance, as presented in this report.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. Such procedures consisted in verifying the content of the Board of Directors' report relating to this transaction and the terms and conditions under which the issue price of the shares was determined.

Subject to our subsequent review of the terms and conditions of the proposed capital increase, we have no comments to make on the procedures for determining the issue price of the shares to be issued, as presented in the Board of Directors' report.

As the final terms and conditions under which the capital increase will be carried out have not been determined, we do not express an opinion thereon and, consequently, on the proposed waiver of preferential subscription rights on which you are being asked to vote.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report should this delegation be used by your Board of Directors.

Paris-La Défense and Neuilly-sur-Seine, February 20, 2015

The Statutory Auditors

Ernst & Young et Autres	Deloitte & Associés
French original signed by	*French original signed by*
Aymeric de la Morandière	Alain Penanguer

Statutory auditors' report on the capital decrease by the cancellation of purchased shares – Combined Shareholders' Meeting of May 29, 2015 – 34th resolution

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures set forth in Article L. 225-209 of the French Commercial Code (*Code de Commerce*) on the decrease in share capital by the cancellation of purchased shares, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed decrease in share capital.

Shareholders are requested to confer all necessary powers on the Board of Directors, during a period of 26 months as of the date of this Shareholders' Meeting, to cancel, on one or more occasions and for up to a maximum of 10% of its share capital by 24-month periods, the shares purchased by the Company pursuant to the authorization to purchase its own shares under the provisions of the above-mentioned Article; this purchase authorization is proposed subject to the approval by the Shareholders of the 21st resolution on the authorization to trade in the company's shares.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. Such procedures consisted in verifying the fairness of the reasons for and the terms and conditions of the proposed decrease in share capital, which should not interfere with the equal treatment of shareholders.

We have no comments on the reasons for and the terms and conditions of the proposed decrease in share capital.

Paris-La Défense and Neuilly-sur-Seine, February 20, 2015

The Statutory Auditors

Ernst & Young et Autres

French original signed by

Aymeric de la Morandière

Deloitte & Associés

French original signed by

Alain Penanguer

Statutory auditors' report on the authorization to grant existing shares for no consideration – Combined Shareholders' Meeting of May 29, 2015 - 35th resolution

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures set forth in Article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed authorization to grant existing shares for no consideration to corporate officers and employees of your Company and of its affiliated companies within the meaning of Article L. 225-197-2 of the French Commercial Code, a transaction on which you are being asked to vote.

Based on its report, the Board of Directors recommends that you confer on it the authority, for a period of 38 months as from the date of this Shareholders' Meeting, to grant existing shares for no consideration.

It is the role of the Board of Directors to prepare a report on the transaction it wishes to carry out. Our responsibility, when necessary, is to make comments on the information which is provided to you on the planned transaction.

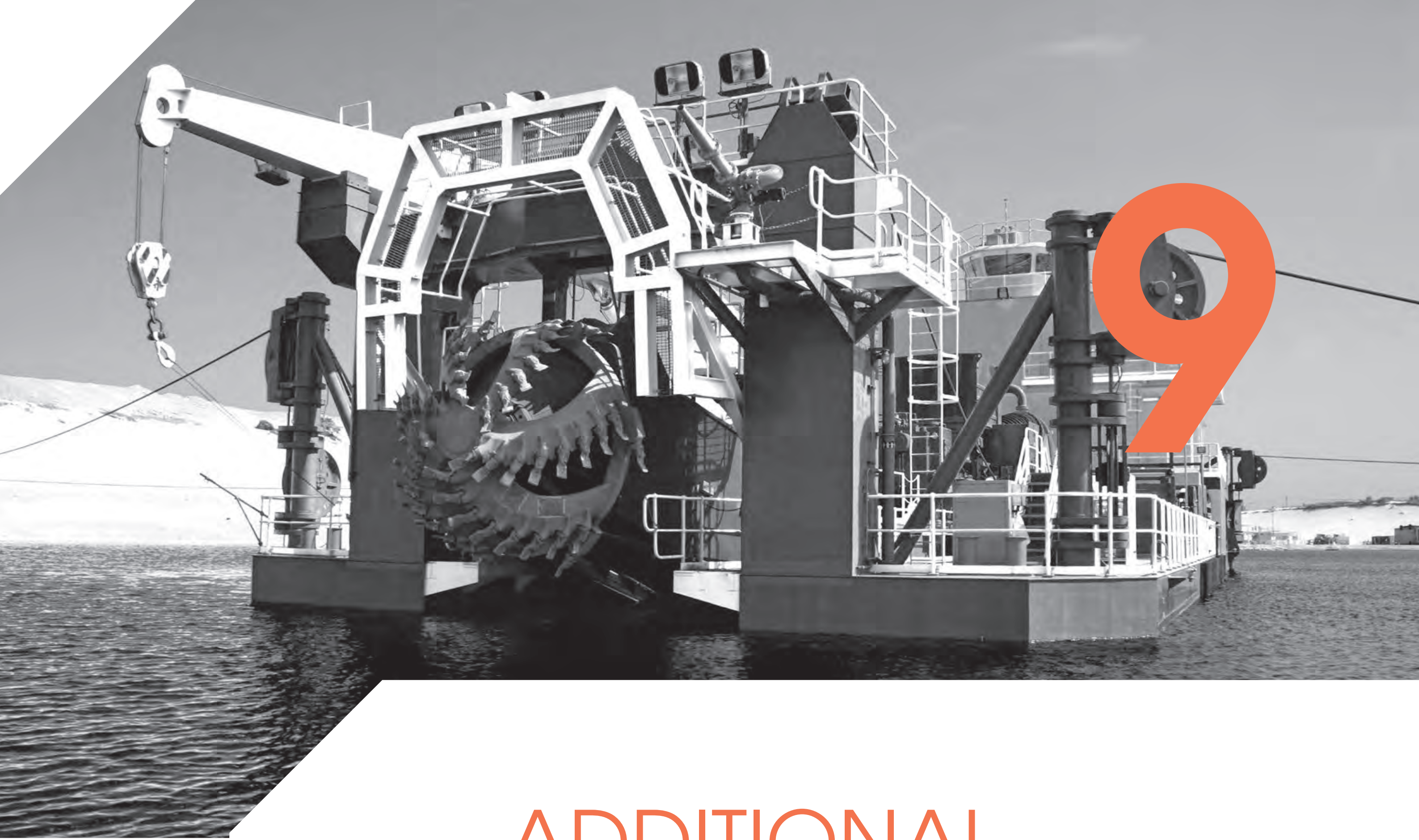
We performed the procedures that we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying that the planned methods as described in the Board of Directors' report comply with legal provisions.

We have no comments to make on the information provided in the Board of Directors' report on the proposed authorization to grant existing shares for no consideration.

Paris-La Défense and Neuilly-sur-Seine, February 20, 2015

The Statutory Auditors

Ernst & Young et Autres	Deloitte & Associés
French original signed by	*French original signed by*
Aymeric de la Morandière	Alain Penanguer



ADDITIONAL INFORMATION

9.1 PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT

9.1.1 Name and positions of persons responsible

Patrick Buffet

Chairman and CEO of ERAMET.

Jean-Didier Dujardin

Chief Financial Officer.

9.1.2 Declaration by the persons responsible for the Reference Document

We declare that to the best of our knowledge, and after having taken all reasonable measures in this regard, the information in this Reference Document is accurate and does not contain any omission that could affect its scope.

We declare that to our knowledge the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and earnings of the Company and of all the companies within the scope of consolidation, and that the Management Report (as set out in Sections 1 – Group overview, 2 – Activities, 3 – Risk factors, 4 – Corporate governance, 5 – Sustainable development and 7 – Corporate and share-capital information) presents a true and fair view of the business developments, earnings and financial position of the Company and of all companies within the scope of consolidation as well as a description of the main risks and uncertainties they face.

The Statutory Auditors have provided us with a letter of completion of assignment in which they state that they checked the information relating to the financial position and the financial statements presented in this Reference Document and that they read the document in its entirety.

A report by the Statutory Auditors on the consolidated financial statements for 2014 set out in the registration document is included on page 244 of that document. That report contains a remark on the effects of the application at 1 January 2014 of standard IFRS 11 – Joint arrangements, set out in Note 4, "Restatement of 2013 financial statements" in the Notes to the Financial Statements.

A report by the Statutory Auditors on the consolidated financial statements for 2013 set out in the registration document for 2013 filed with the AMF on 26 March 2014 is included on page 260 of that document. That report contains a remark on the effects of the application at 1 January 2013 of the amendments introduced by revised standard IAS 19 "Employee benefits", set out in Note 4, "Restatement of 2012 financial statements" in the Notes to the Financial Statements.

No remarks or reservations were made concerning the consolidated financial statements for 2012.

Signed in Paris, on 25 March 2015

Jean-Didier Dujardin	Patrick Buffet
Chief Financial Officer	Chairman and CEO

9.2 STATUTORY AUDITORS

The Company's individual and consolidated financial statements are audited by the Statutory Auditors listed below:

9.2.1 Incumbent Statutory Auditors

9.2.1.1 Ernst & Young and Others

Address: Tour First—1, place des Saisons 92400 Courbevoie, Entry 438 476 943 in the Nanterre trade and corporate register (RCS).

Partner responsible for the audit: Aymeric de La Morandière.

Date of appointment: Shareholders' General Meeting of 13 May 2009.

Term expiry date: Shareholders' General Meeting called in 2015 to approve the 2014 financial statements.

The Board will propose a resolution to the Shareholders' General Meeting in May 2015 appointing as replacement Ernst & Young Audit (Nanterre trade and corporate register (RCS) No. 344 366 315), with Mr. Jean-Roch Varon as partner responsible for the audit, to serve for a term of six financial years expiring at the Shareholders' General Meeting convened in 2021 to vote on the financial statements for the 2020 financial year.

9.2.1.2 Deloitte & Associés

Address: 185, avenue Charles de Gaulle, 92254 Neuilly-sur-Seine Cedex, Entry No. 572 028 041 in the Nanterre Trade and Corporate Register (RCS).

Partner responsible for the audit: Alain Penanguer.

Date of appointment: Shareholders' General Meeting of 11 May 2005, for renewal at the Shareholders' General Meeting of 13 May 2009.

Term expiry date: Shareholders' General Meeting called in 2015 to approve the 2014 financial statements.

The Board will propose a resolution to the Shareholders' General Meeting in May 2015 appointing as replacement KPMG (Nanterre trade and corporate register (RCS), entry No. 775 726 417), with Mr. Denis Marangé as partner responsible for the audit, to serve for a term of six financial years expiring at the Shareholders' General Meeting convened in 2021 to vote on the financial statements for the 2020 financial year.

9.2.2 Alternate Statutory Auditors

9.2.2.1 Auditex

Address: Tour First—1, place des Saisons 92400 Courbevoie, Entry 377 652 938 in the Nanterre trade and corporate register (RCS).

Date of appointment: Shareholders' General Meeting of 13 May 2009.

Term expiry date: Shareholders' General Meeting called in 2015 to approve the 2014 financial statements.

The Board will propose a resolution to the Shareholders' General Meeting in May 2015 reappointing Auditex to serve for a further term of six financial years expiring at the Shareholders' General Meeting convened in 2021 to vote on the financial statements for the 2020 financial year.

9.2.2.2 Cabinet BEAS (Bureau d'Études Administratives Sociales et Comptables)

Address: 7/9, Villa-Houssay -92524 Neuilly-sur-Seine Cedex, Entry No. 315 172 445 in the Nanterre Trade and Corporate Register.

Date of appointment: Shareholders' General Meeting of 11 May 2005, for renewal at the Shareholders' General Meeting of 13 May 2009.

Term expiry date: Shareholders' General Meeting called in 2015 to approve the 2014 financial statements.

The Board will propose a resolution to the Shareholders' General Meeting in May 2015 appointing as replacement Salustro Reydel (Nanterre trade and corporate register (RCS) No. 652 044 371), to serve for a term of six financial years expiring at the Shareholders' General Meeting convened to vote in 2021 on the financial statements for the 2020 financial year.

9.3 FINANCIAL INFORMATION

9.3.1 Name of the person responsible for information release

Person responsible:	Mr. Philippe Joly.
Position:	Group Director of Financial Communication and Economic Studies
Address:	ERAMET Tour Maine-Montparnasse 33, avenue du Maine 75755 Paris Cedex 15 Telephone: +33 (0)1 45 38 42 02

9.3.2 Terms of information release

Frequency: in accordance with the regulations, ERAMET publishes its annual and interim results and releases its quarterly sales.

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 the AMF regulations.

The Articles of Association, Meeting minutes, separate and consolidated financial statements, reports of the Statutory Auditors and all documents made available to shareholders can be consulted at the Company's registered office.

All data indicated in this document for which no source is specifically indicated are from the Company's internal reporting and data.

All copies of documents included in this Registration Document may be viewed on the ERAMET Website (http://www.eramet.com) or consulted on application to the Company's Director of Legal Affairs at its registered office: Tour Maine-Montparnasse—33, avenue du Maine, 75015 Paris.

9.3.3 List of financial-information releases including press releases

20 February 2015: 2014 annual results.

29 October 2014: Sales for 3rd quarter 2014.

2 October 2014: New Caledonia, plans for a new electricity generating plant.

20 August 2014: Report on the situation at the Grande Côte site in Senegal.

30 July 2014: Release of the 2014 half-yearly financial report.

30 July 2014: Results for 1st half-year 2014.

14 May 2014: Shareholders' General Meeting.

13 May 2014: Reopening of and €125 million increase in the bond issue.

29 April 2014: Sales for 1st quarter 2014.

16 April 2014: Release of information concerning the 2014 Shareholders' General Meeting.

26 March 2014: Release of the 2013 Registration Document.

21 February 2014: 2013 annual results.

Publications in the BALO compulsory legal notices bulletin

Announcement of the Shareholders' General Meeting:	28 March 2014
Notice calling the Shareholders' General Meeting:	28 April 2014
Notice of approval of financial statements without amendment:	26 May 2014

9.4 LIST OF REPORTS

Financial year ended on 31 December 2014

Internal reports

	Section
Report by the Chairman of the ERAMET Board of Directors—Financial Year 2014	4.1

External reports

	Section
Statutory Auditors' report on the 2014 consolidated financial statements	6.1.3
Statutory Auditors' report on the 2014 annual financial statements	6.2.4
The Statutory Auditors' special report on related-party agreements and regulated commitments in 2014	6.2.5
Statutory Auditors' report drawn up pursuant to Article L. 225-235 of the French Commercial Code on the report of the Chairman of the ERAMET Board of Directors—2014 Financial Year	4.1
Statutory Auditors' report on the resolutions submitted to the Shareholders' General Meeting	None

9.5 TABLE OF CORRESPONDENCE 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.	Annual financial report information	Registration document
1	Senior managers' declaration attesting to the truthfulness and accuracy of information	Section 9.1
2	Consolidated financial statements	Section 6.1
3	Report by the Statutory Auditors on the consolidated financial statements – Financial year ended 31 December 2014	Section 6.1.3
4	Separate parent-company financial statements – Financial Year ended 31 December 2014	Section 6.2
5	Statutory Auditors' report on the annual financial statements – Financial year ended 31 December 2014	Sections 6.2.4 and 6.2.5
6	Management report:	
	• Activity,	Sections 1 & 2
	• Financial comments	Section 1
	• Research and Development	Section 2
	• Organisation chart	Section 2
	• Corporate data and remuneration of the corporate officers	Sections 4 & 5
	• Environmental information	Section 5
	• Table of delegations of powers to increase share capital	Section 7
	• Factors likely to influence a public offer	Section 7
	• Share buybacks.	Section 7
7	Fees paid to the Statutory Auditors	Section 6.1
8	Report by the Chairman of the ERAMET Board of Directors – Report of the Statutory Auditors drawn up pursuant to Article L. 225-235 of the French Commercial Code on the report of the Chairman of the ERAMET Board of Directors	Section 4

9.6 TABLE OF CONCORDANCE WITH EUROPEAN REGULATION 809-2004

The following correspondence table identifies the main sections required under European Regulation No. 809-2004, implementing the "Prospectus" directive.

Section	Information	Registration document
1	**Persons responsible**	**9.1**
1.1	Persons responsible	9.1
1.2	Declaration by the persons responsible	9.1
2	**Statutory Auditors**	**9.2**
2.1	Information on the Statutory Auditors	9.2
2.2	Changes	9.2
3	**Selected financial information**	**1**
3.1	Selected financial information	1
3.2	Interim periods	Not applicable
4	**Risk factors**	**3**
5	**Information concerning the issuer**	
5.1	History and development of the Company	1.3
5.2	Capital expenditure	1.2.3
6	**Business overview**	
6.1	Main activities	2
6.2	Main markets	2
6.3	Exceptional events, if any, likely to affect activities and markets	2
6.4	Likely dependence	2
6.5	Competitive position	2
7	**Organisational structure**	
7.1	Group	2.1
7.2	Major subsidiaries	2.1
8	**Real property, production sites, plant and equipment**	
8.1	Property, plant and equipment	2.6
8.2	Environmental aspects of such plant and equipment	5.4
9	**Examination of financial position and earnings**	
9.1	Financial position	1.2
9.2	Operating profit	1.2
10	**Cash, cash equivalents and capital**	
10.1	Capital	1.2
10.2	Cash flows	1.2
10.3	Financing structure	1.2
10.4	Any restrictions on the use of capital	1.2
10.5	Sources of finance	1.2
11	**Research and development – Patents and licences**	**2.7**

Section	Information	Registration document
12	**Information on trends**	
12.1	Trends	1
12.2	Any likely influence	1
13	**Profit forecasts or estimates**	
13.1	Assumptions	Not applicable
13.2	Report	Not applicable
13.3	Comparison	Not applicable
13.4	Updating	Not applicable
14	**Administrative, managerial and supervisory bodes, and General Management**	
14.1	Information on members	4
14.2	Conflicts of interest	4
15	**Remuneration and benefits**	**4**
15.1	Remuneration	4
15.2	Pensions and other retirement schemes, other benefits	4
16	**Functioning of Administrative and management bodies**	
16.1	Term of office expiry date	4
16.2	Service contracts	4
16.3	Committees	4
16.4	Corporate-governance declaration	4
17	**Employees**	
17.1	Employee information	5.9
17.2	Profit sharing and options to subscribe shares	5.9
17.3	Employee profit sharing	5.9
18	**Principal shareholders**	
18.1	Shareholders	7.2
18.2	Voting rights	7.2
18.3	Shareholding and control	7.2
18.4	Control-related agreements	7.4
19	**Related-party transactions**	**6.2**
20	**Financial information concerning the Issuer's net assets, financial position and results**	
20.1	Historic financial information	6
20.2	Pro forma financial information	Not applicable
20.3	Financial statements	6
20.4	Checking of historic financial information	6
20.5	Date of latest financial information	6
20.6	Interim and other financial information	Not applicable
20.7	Dividend distribution policy	6.4
20.8	Judicial and arbitration proceedings	3 and 6
20.9	Significant changes in the Issuer's financial or commercial situation	Not applicable

Section	Information	Registration document
21	Additional information	
21.1	Registered capital	7.2
21.1.1	Subscribed capital	7.2
21.1.2	Other non-equity shares	7.2
21.1.3	Treasury shares	7.2
21.1.4	Convertible or exchangeable securities, or securities with subscription warrants	7.2
21.1.5	Acquisition conditions	7.2
21.1.6	Options or agreements	4.5
21.1.7	Record of changes in share capital	Note 16 Consolidated financial statements
21.2	Certificate of incorporation and Articles of Association	7.3
21.2.1	Corporate object	7.3
21.2.2	Corporate-governance bye-laws	4.2
21.2.3	Rights and privileges attaching to shares	7.2
21.2.4	Changes to the rights of shareholders	7.3
21.2.5	General Meetings	7.3
21.2.6	Change of control	7.3
21.2.7	Significant-shareholding thresholds	7.3
21.2.8	Conditions governing the amendments to the Articles of Association	7.3
22	Significant contracts	3
23	Third-party information, statements by experts and declarations of interest	
23.1	Declarations of interest	Not applicable
23.2	Certificate	Not applicable
24	Public-access documents	9
25	Information on equity investments	2 and 6

9.7 CONCORDANCE TABLE FOR EMPLOYMENT, SOCIETAL AND ENVIRONMENTAL DATA

The reconciliation table which follows refers to the main sections covering employment, societal and environmental data in Decree No. 2012-557 of 24 April 2012, amending Articles L. 225-102-1, R. 225-104 and R. 225-105-1 of the French Commercial Code.

Employment data	Sections
Employment data	
Employment	
Total workforce (employee breakdown by sex, age and geographical zone)	5.9.2.1 to 5.9.2.5
Recruitments	5.9.2.8
Redundancies	5.9.2.8
Remuneration and changes	5.9.3.4
Work Organisation	
Work time organisation	5.9.3
Absenteeism	5.9.3
Employee relations	
Organisation of the management-employee dialogue (procedures for information, consultation and negotiation with the personnel)	5.9.5
Summary of collective employment agreements	5.9.4
Health and safety	
Health and safety conditions at work	5.3.2.1 and 5.8.2
Health and safety at work agreements signed with the trade-union organisations or personnel representatives	5.3.2.1 and 5.8.2
Workplace accident frequency and seriousness rate and occupational illness records	5.3.2.1 and 5.8.2
Training	
Total numbers of hours of training	5.9.6
Training policies implemented	5.9.6
Diversity and equality of opportunity (policy implemented and promotion measures taken)	
Equality between men and women	5.9.7.1
Handicapped persons' employment and inclusion at the workplace	5.9.7.3
Measures to combat discrimination	5.9.7.1
Preventive measures and compliance with the ILO fundamental conventions	**5.9.7.5**
Environmental Information	
General environmental policy	
Corporate organisation and assessment or certification initiatives	5.1/5.2
Employee training and information on environmental protection	5.3.2
Resources devoted to preventing environmental contingencies and pollution episodes	5.3.2
Amount of environmental-risk provisions and guarantees	6.1 (Note 19.4)
Pollution and waste management	
Prevention, reduction or remedying of atmospheric, water and ground discharges with severe environmental impacts	5.4.1
Preventive measures for waste production, waste recycling and elimination	5.4.1
Factoring in noise pollution and any other type of pollution specific to a given activity	5.4.1

Employment data	Sections
Sustainable use of resources	
Water supply and consumption taking account of local constraints	5.4.2
Consumption of raw materials and measures taken to enhance efficient use of them	5.4.2
Energy consumption, measures to improve energy efficiency and use of renewable energy sources	5.4.2
Land use	5.4.4
Contribution to combating and adapting to global warming	
Greenhouse gas emissions	5.4.1.1
Adaptation to the consequences of climate change	5.4.1.4
Protecting biodiversity	
Measures taken to preserve or develop biodiversity	5.4.5
Society data	
Territorial, economic and social impact of the Company's activity	
Activities relating to employment and regional development	5.5.1
Impact of the activity on neighbouring and local populations	5.5.1
Relations with stakeholders	
Dialogue with stakeholders	5.5.2
Support, partnership or patronage activities	5.5.2
Sub-contractors and suppliers	
Factoring social and environmental issues into purchasing policy	5.5.3
Importance of subcontracting	5.5.3
Social and environmental responsibility in relations with suppliers and sub-contractors	5.5.3
Fair dealing	
Actions undertaken to prevent all forms of corruption	5.5.3
Measures taken to promote consumer health and safety	5.7
Other activities to promote human rights	**5.9.7**

Design and layout:
makheia sequoia

Photos credits: Photothèque Eramet

ERAMET
ALLOYS, ORES AND PEOPLE.

Tour Maine-Montparnasse
33, avenue du Maine
F-75755 Paris Cedex 15

Tel.: 00 33 1 45 38 42 42
Fax: 00 33 1 45 38 41 28
www.eramet.com