



KPMG Audit
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

Deloitte.

Deloitte & Associés
6 Place de la Pyramide
92908 Paris la Défense Cedex
france

RECYLEX S.A.

Statutory auditors' special report on regulated agreements

Shareholders' Meeting held to approve the financial statements
for the year ended December 31, 2020

RECYLEX S.A.

6, place de la Madeleine - 75008 Paris

This report contains XX pages



KPMG Audit
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France



Deloitte & Associés
6 Place de la Pyramide
92908 Paris la Défense Cedex
france

RECYLEX S.A.

Registered office: 6, place de la Madeleine - 75008 Paris

Statutory auditors' special report on regulated agreements

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2020

This is a free translation into English of the Statutory Auditors' special report on regulated agreements that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders' Meeting of Recylex S.A.,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements.

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 brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such 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 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 relating to the implementation during the past year of agreements previously approved by Shareholders' Meeting, if any.

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. These procedures consisted in agreeing the information provided to us with the relevant source documents.



AGREEMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements authorized and entered into during the year

We hereby inform you that we have not been advised of any agreement authorized and entered into during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code.

Agreements not previously authorized

Pursuant to Articles L. 225-42 and L. 823-12 of the French Commercial Code, we bring to your attention the following agreements which were not previously authorized by your Board of Directors.

Our role is to communicate to you the circumstances which explain why the authorization procedure was not followed.

- **Agreements waiving the immediate repayment of the 2014 Loan granted to your Company by Glencore International AG**

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale (until September 3, 2020) and Mr. Nick Popovic (from September 3, 2020), also employees of Glencore International AG.

On October 1, 2014, your Company signed a loan agreement with Glencore International AG for an amount of €16 million (hereinafter the "2014 Loan"), the main terms and conditions of which are detailed in the second part of this report.

In fiscal year 2017, in the context of the payment plan for the €26.7 million fine imposed by the European Commission, Glencore International AG accepted to defer the repayment date for the 2014 Loan to June 30, 2024.

During the past fiscal year and in early 2021, an agreement waiving the immediate repayment of the 2014 Loan was entered into by your Company and Glencore International AG, with two successive extensions:

- On May 18, 2020, following the placing of the entities of the German sub-group of the Recylex Group in insolvency proceedings, your Company entered into an agreement with Glencore International AG temporarily waiving, subject to conditions, the right to claim immediate repayment of the 2014 Loan, as amended in 2017.

Your Company therefore obtained the suspension of payment of accrued interest under the 2014 Loan and the temporary waiver, subject to conditions, of Glencore International AG's right to claim immediate repayment until October 31, 2020.

Due (i) to the need to enter into this agreement without delay, under financial conditions favorable to your Company, in order, according to your Board of Directors, to immediately maintain the Company's ability to continue in business, and (ii) the complexity of convening, within the time available, a Board of Directors' meeting prior to the signature of the agreement due to the urgency of the situation, your Board of Directors, which was fully informed prior to the conclusion of this agreement, was only able to authorize this agreement subsequently during its meeting of June 12, 2020.

- On October 16, 2020, an initial extension up to February 28, 2021, subject to the conditions of the temporary waiver agreement, was entered into by your Company and Glencore International AG, integrating the suspension of interest due on December 5, 2020.

During its meeting of October 16, 2020, under the same conditions as in May 2020, your Board of Directors subsequently authorized the conclusion of this agreement enabling, according to your Board of Directors, the Company's ability to continue in business to be maintained, under favorable financial conditions.

- On February 10, 2021, a second extension until January 31, 2022 at the latest, subject to the conditions of the temporary waiver agreement, was entered into between your Company and Glencore International AG. The expiry date of this waiver could nonetheless be shortened if your Company does not satisfy the conditions precedent of the waiver granted, that is the continued supply by your Company of secondary raw materials to Weser Metall GmbH or the successful continuation of your Company's financial and non-financial debt restructuring.

This second extension also includes the suspension of interest due on May 5, 2021 and December 5, 2021, as well as the temporary waiver by Glencore International AG of the right to claim payment of amounts due under the financial recovery clause on debts waived in 2005 as part of the Company's continuation plan, as detailed in the second part of this report, for an amount of €2.5 million.

During its meeting of February 25, 2021, under the same conditions as in May 2020, your Board of Directors subsequently authorized the conclusion of this agreement enabling, according to your Board of Directors, the Company's ability to continue in business to be maintained, under favorable financial conditions.

AGREEMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements approved during previous years

a) with continuing effect during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

- ***Second rank pledge agreement between your Company and Glencore International AG on shares held by your Company in Recytech S.A. (50%)***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale (until September 3, 2020) and Mr. Nick Popovic (from September 3, 2020), also employees of Glencore International AG.

On December 5, 2016, the Group's German subsidiaries, Recylex GmbH, Weser-Metall GmbH, Harz-Metall GmbH, PPM Pure Metals GmbH, Norzinco GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungs GmbH, signed a loan agreement with a bank consortium for €67 million, subject to the lifting of several conditions precedent (hereinafter the "**Loan**").

Among the conditions precedent for the Loan, in December 2016 Glencore International AG granted commitments to the German subsidiaries, Recylex GmbH, Harz-Metall GmbH, Weser-Metall GmbH, Norzinco GmbH, C2P-Germany GmbH, PPM Pure Metals GmbH and Recylex Grundstücksverwaltungs GmbH, notably to cover any overrun in the budget for Weser-Metall GmbH's new reduction furnace (of up to €10 million) and any specific cash requirements of these German subsidiaries (up to a maximum of €25 million).

In addition, under the conditions precedent for the Loan and with a view to guaranteeing the performance of its obligations stipulated in the Loan agreement, the shares of Recylex GmbH, Harz-Metall GmbH and Weser-Metall GmbH were transferred to two special purpose Trustees under a Trust agreement governed by German law signed on December 19, 2016 between Recylex Beteiligungsgesellschaft Eins, a wholly-owned subsidiary of your Company, Recylex GmbH, Weser-Metall GmbH, Harz-Metall GmbH, the two Trustees and Glencore International AG. The Recylex group entities retain the economic ownership of these entities, and continue to exercise and benefit from their shareholder rights provided the borrowers do not default on their obligations.



In the context of this Trust arrangement, Glencore International AG has suspended, for the term of the Trusteeship, its rights under the first rank pledge on the Recylex GmbH shares, guaranteeing the performance by your Company of its obligations pursuant to the financial recovery clause set out in your Company's continuation plan.

On December 19, 2016, in order to guarantee the performance by the German subsidiaries of their obligations under the aforementioned commitments granted by Glencore International AG and your Company's obligations to Glencore International AG under the aforementioned financial recovery clause, your Company entered into an agreement providing a second rank pledge in favor of Glencore International AG on all the shares held by your Company in Recytech S.A. (i.e. 50%), as well as a cash proceeds special account which will be credited by future dividends received by your Company from Recytech S.A. Your company is free to use this cash proceeds special account except in the event of failure by the German subsidiaries or by your Company to respect their aforementioned obligations, duly notified.

This agreement was authorized by the Board of Directors' meeting of November 7, 2016.

- ***Pledge in favor of Glencore International AG on shares held by your Company in Recylex GmbH***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale (until September 3, 2020) and Mr. Nick Popovic (from September 3, 2020), also employees of Glencore International AG.

1) Guaranteeing repayment of a credit facility

To guarantee the repayment of amounts due under a credit facility granted by Glencore International AG in favor of your Company on September 30, 2002, your Company granted a first rank pledge to Glencore International AG on all shares held by your Company in Recylex GmbH.

This agreement was authorized by the Board of Directors' meeting of September 20, 2002.

Costs and interest relating to the aforementioned credit facility have not been paid in full and were recorded in liabilities in your Company's continuation plan. As the continuation plan is interest free, the repayment of receivables under this plan does not bear interest.

At your Company's request, Glencore International AG accepted to defer until November 24, 2019 repayment of the residual receivable included in your Company's continuation plan of €149,571.57, in accordance with the same conditions provided for by the plan. The amendment to this agreement was authorized by the Board of Directors' meeting of October 16, 2013.

In fiscal year 2017, in the context of the payment plan for the €26.7 million fine imposed by the European Commission, Glencore International AG accepted to defer the repayment date to 2026 for this receivable. As the amendment of this agreement was a prerequisite to the acceptance of the payment plan for the European Commission fine, it was authorized by the Board of Directors' meeting of May 24, 2017 in the interests of your Company.

2) *Guaranteeing repayment of amounts due under the financial recovery clause stipulated in your Company's continuation plan*

Glencore International AG holds a second rank pledge on all shares held by your Company in Recylex GmbH guaranteeing the repayment of a debt initially owed to the Company's historical banks and assigned by them in July 2005 to Glencore International AG, accompanied by the pledge guaranteeing repayment. Your Company was notified of the assignment of the receivables on September 1, 2005.

Following the decision of the Paris Trade Court of December 15, 2015 noting the proper performance of the continuation plan, the financial recovery clause stipulated in this plan gave rise to the recognition in favor of Glencore International AG of an outstanding receivable of €17,812,955.84, repayment of which is guaranteed by a second rank pledge on all shares held by your Company in Recylex GmbH.

The continuation plan, including the financial recovery clause, was approved by the Board of Directors of your Company on September 5, 2005.

Under this financial recovery clause, your Company irrevocably undertook, as from December 31, 2015, to allocate 20% of its available cash (i.e. cash and short-term securities), as of December 31 of each fiscal year, to the repayment of the outstanding receivables on a pari passu basis between the continuation plan creditors benefiting from the financial recovery clause, with no limit in time (see Note 18.2 to the consolidated financial statements for the year ended December 31, 2016).

In the context of the Loan and the Trust agreement described above and entered into in December 2016, Glencore International AG suspended, for the entire duration of the trusteeship implemented until repayment in full of the Loan, its rights under the pledge on Recylex GmbH shares held by your Company.

• *Provision by Glencore International AG of a credit facility in favor of your Company*

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale (until September 3, 2020) and Mr. Nick Popovic (from September 3, 2020), also employees of Glencore International AG.

Glencore International AG provided your Company with a credit facility available from April 16, 2003 to August 29, 2003 with the following terms and conditions:

- Date of the agreement : April 16, 2003
- Maximum drawdown amount : €12,000,000.00
- Expiry date : August 29, 2003
- Interest rate : 1 month Euribor + 1.00

This agreement was authorized by the Board of Directors' meeting of April 8, 2003.

At your Company's request, Glencore International AG accepted to defer until November 24, 2019 repayment of the residual receivable included in your Company's continuation plan of €4,900,507.33, in accordance with the same conditions provided for by the plan. This agreement was authorized by the Board of Directors' meeting of October 16, 2013.

In fiscal year 2017, in the context of the payment plan for the €26.7 million fine imposed by the European Commission, Glencore International AG accepted to defer the repayment date to 2026 for this receivable. As the amendment of this agreement was a prerequisite to the acceptance of the payment plan for the European Commission fine, it was authorized by the Board of Directors' meeting of May 24, 2017 in the interests of your Company.

The balance of this receivable, including interest of €149,575, was €5,050,079 as of December 31, 2020.

- ***Debt waiver with a financial recovery clause in favor of Glencore International AG***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale (until September 3, 2020) and Mr. Nick Popovic (from September 3, 2020), also employees of Glencore International AG.

As part of your Company's continuation plan, approved by the Board of Directors' meeting of September 5, 2005, Glencore International AG waived its receivable of €17,812,955, subject to a financial recovery clause. Under this financial recovery clause, your Company irrevocably undertook, as from December 31, 2015, to allocate 20% of its available cash (i.e. cash and short-term securities), as of December 31 of each fiscal year, to the repayment of the outstanding balance on a pari passu basis between the continuation plan creditors benefiting from the financial recovery clause, with no limit in time.

Under this financial recovery clause, your Company has allocated €4.1 million to liabilities as of December 31, 2020.

As detailed in the first part of this report, on February 10, 2021, Glencore International AG temporarily waived the right to claim payment of amounts due under the financial recovery clause on debts waived in 2005 as part of the Company's continuation plan, for an amount of €2.5 million.

- ***Loan agreement between your Company and Glencore International AG***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale (until September 3, 2020) and Mr. Nick Popovic (from September 3, 2020), also employees of Glencore International AG.

On October 1, 2014, your Company signed a loan agreement with Glencore International AG with the following main terms and conditions:

- Maximum amount: €16 million;
- Purpose: payment of the last two installments under your Company's business continuation plan and cash requirements provisioned in your Company's accounts as of June 30, 2014;
- Interest: 7% per annum + average Libor, payable half-yearly;
- Repayable in full in one installment on June 30, 2019 or in advance either at the initiative of your Company or in case of events that make or are likely to make the financial situation of your Group significantly worse.

This agreement was authorized by the Board of Directors' meeting of September 23, 2014, which considered it was in the interests of your Company, given the forecast cash requirements identified by your Company at the authorization date.

In fiscal year 2017, in the context of the payment plan for the €26.7 million fine imposed by the European Commission, Glencore International AG accepted to defer the repayment date for this loan facility to June 30, 2024. As the amendment of this agreement was a prerequisite to the acceptance of the payment plan for the European Commission fine, it was authorized by the Board of Directors' meeting of May 24, 2017 in the interests of your Company.

Your Company performed drawdowns totaling €16 million on this loan facility, generating interest of €1,093 thousand in fiscal year 2020.

As detailed in the first part of this report, agreements waiving the immediate repayment of this loan were entered into in 2020 and early 2021.

- ***First rank pledge agreement between your Company and Glencore International AG on shares held by your Company in Recytech S.A. (50%)***

Directors concerned: Mrs. Laetitia Seta, Mr. Christopher Eskdale (until September 3, 2020) and Mr. Nick Popovic (from September 3, 2020), also employees of Glencore International.

On October 1, 2014, to guarantee the repayment of the aforementioned loan, your Company entered into a pledge agreement with Glencore International AG, whereby your Company granted a pledge in favor of Glencore International AG on all shares held by your Company in Recytech S.A. (owned 50%), as well as a cash proceeds special account to be credited with any future dividends received by your Company from Recytech S.A. Your company is free to use this cash proceeds special account except in case of events that make or are likely to make the financial situation of your Company significantly worse, as detailed in the above loan agreement.

This agreement was authorized by the Board of Directors' meeting of September 23, 2014.

b) without effect during the year

In addition, we have been informed of the following agreements, previously approved by Shareholders' Meetings of prior years, which had no effect during the year.

- ***Commitment to contribute to transportation costs and steel mill dust recycling costs on the industrial site of Recytech S.A. (owned 50%) in case of closure or cessation of Recytech S.A.***

Director concerned: Mr. Sebastian Rudow (until March 1, 2021), also a director of Recytech S.A.



Deloitte.

*RECYCLEX S.A.
Statutory auditors' special report on regulated
agreements
April 27, 2021*

Decree 2012-633 published on May 3, 2012 includes the obligation for certain installations treating waste and classified for the protection of the environment to set up financial guarantees to ensure the clean-up and rehabilitation of the site in case of closure. In this context, your Company committed to recover all the steel mill dust on the industrial site of Recytech S.A. and pay the dust transportation and recycling costs in case of closure or cessation of Recytech S.A.

This agreement was authorized by the Board of Directors' meeting of March 27, 2014.

Paris La Défense, April 27, 2021

KPMG Audit
Division of KPMG S.A.

Deloitte & Associés

Alexandra Saastamonien
Partner

Frédéric Neige
Partner