ERG

CLEAN **COBALT**
& **COPPER**

An ERG Initiative

METALKOL RTR
CLEAN COBALT
& COPPER

Performance Report 2022

Reporting period: 01.10.2020 – 30.04.2022[1]

1. This Performance Report verifies the statements made in the Clean Cobalt and Copper Framework, published in October 2021 (Link), which is a revision to the Clean Cobalt Framework published in December 2018. These revisions formally included in the framework the management systems in relation to copper which are in all material respects the same as those applicable to cobalt, and were in place during the same period as the Clean Cobalt Framework.
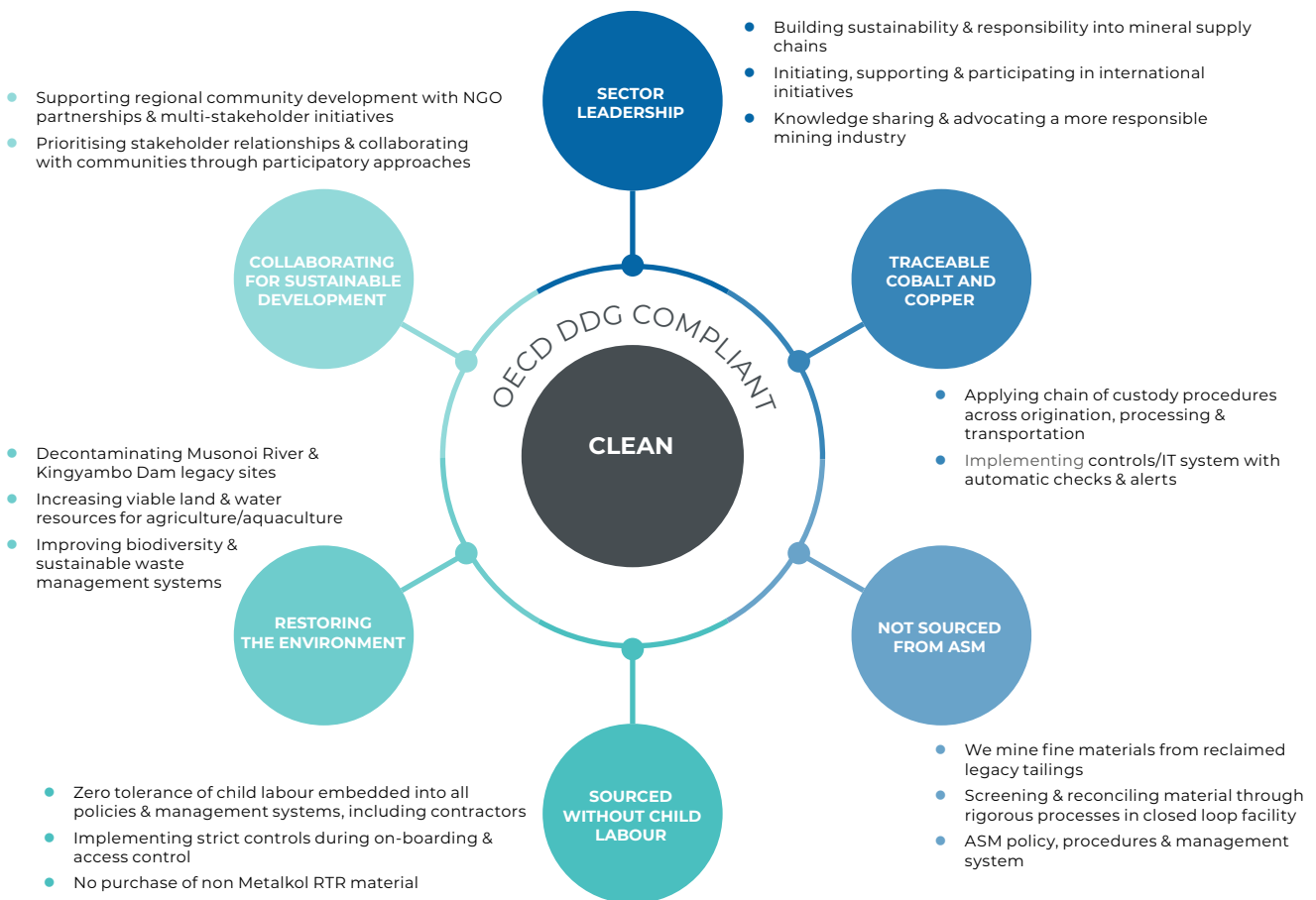
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Introduction

In 2020, Metalkol RTR, in the Lualaba province of the Democratic Republic of Congo (DRC), commenced the commercial reprocessing of historical cobalt and copper tailings previously deposited by other operators in the Kingamyambo Tailings Dam and Musonoi River Valley.

Our goal is continuous improvement and to drive positive outcomes by pursuing the seven Clean Cobalt & Copper Framework Goals. At the core, we apply the five steps of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD DDG). However, we go beyond this guidance to include operational management systems and risks, as opposed to only those relevant to our supply chain. We also expanded our scope beyond the Annex II risks of the OECD DDG to cover all human rights and opportunity enhancements with respect to the environment, social development and value chain leadership. (Figure 1).

Figure 1: Seven goals of the **Clean Cobalt & Copper Framework**

- Supporting regional community development with NGO partnerships & multi-stakeholder initiatives
- Prioritising stakeholder relationships & collaborating with communities through participatory approaches

COLLABORATING FOR SUSTAINABLE DEVELOPMENT

SECTOR LEADERSHIP
- Building sustainability & responsibility into mineral supply chains
- Initiating, supporting & participating in international initiatives
- Knowledge sharing & advocating a more responsible mining industry

TRACEABLE COBALT AND COPPER
- Applying chain of custody procedures across origination, processing & transportation
- Implementing controls/IT system with automatic checks & alerts

OECD DDG COMPLIANT

CLEAN

- Decontaminating Musonoi River & Kingyambo Dam legacy sites
- Increasing viable land & water resources for agriculture/aquaculture
- Improving biodiversity & sustainable waste management systems

RESTORING THE ENVIRONMENT

NOT SOURCED FROM ASM
- We mine fine materials from reclaimed legacy tailings
- Screening & reconciling material through rigorous processes in closed loop facility
- ASM policy, procedures & management system

- Zero tolerance of child labour embedded into all policies & management systems, including contractors
- Implementing strict controls during on-boarding & access control
- No purchase of non Metalkol RTR material

SOURCED WITHOUT CHILD LABOUR

In December 2018, the ERG Clean Cobalt Framework and goals for responsible production of cobalt in the DRC was released. In August 2019, Metalkol RTR provided its first performance report against the Clean Cobalt Framework as it related to the management system and processes of the cobalt reclamation process at Metalkol RTR, assured by independent auditors[2] through their limited assurance opinion on the Performance Report. The first Performance report is available here. The assurance opinion is provided on request.

2. PwC provided their independent ISAE 3000 limited assurance report on this Performance Report in respect of the activities undertaken by Metalkol RTR as of 1 March 2019 to demonstrate compliance with goals 1-6 of the Clean Cobalt Framework.

Status update

In November 2020, ERG committed to the Responsible Mineral Initiative's (RMI) Responsible Minerals Assurance Process (RMAP). Additionally, in September 2021, ERG expanded the scope of the Framework to include copper and therefore reflect the interconnected nature of these products and their supply chains.

RMAP uses an independent third-party assessment of management systems and sourcing practices to validate conformance with the RMAP Cobalt Refiner Due Diligence Standard. The assessment employs a risk-based approach to validate company-level management processes for responsible mineral procurement. With the addition of copper, Metalkol RTR will also be assessed against relevant sections of the Joint Due Diligence Standard for Copper, Lead, Nickel and Tin. The RMAP standards are developed to meet the requirements of the OECD Due Diligence Guidance, the Regulation (EU) 2017/821 of the European Parliament and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act. The lead assessor for RMAP is PwC Bedrijfsrevisoren bcvba/PwC Reviseurs d'Entreprises sccrl ("PwC").

The updated Clean Cobalt and Copper Framework can be found here.

We now provide an updated Performance Report, which reflects the operation moving into full commercial production and the extension of our Performance Report assurance to include RMAP and our copper production.

COVID-19

This report also reflects the global impacts of the COVID-19 pandemic and the adjustments that have been necessary as a result of this challenging and dynamic situation. The response of ERG, including Metalkol RTR, has been set out in the 2020 Sustainable Development Report and further detail in relation to impacts are provided in each section below.

Our immediate priority in 2020 was to shield our employees and contractors, their families and the wider community from exposure to COVID-19. We implemented a comprehensive range of measures both inside and outside our operations to minimise the spread of the virus. Nonetheless, tragically some of our colleagues died from health complications relating to COVID-19 or pneumonia.

Our response was coordinated through our specially established Anti-Crisis Control Centre, with the support of a range of our internal functions. This included:

- Employee awareness raising and the provision of personal protective equipment and hand sanitisers;
- The use of thermal scanners and touch-free thermometers at checkpoints, on buses and at our offices;
- Social distancing in the workplace and the use of additional buses to safely transport employees;
- The implementation of COVID-safe traffic management plans for truck drivers;
- Door-to-door engagement with employees' immediate families and communities focusing on hygiene and protection against COVID-19 – as well as the provision of reusable face masks and hand sanitisers, and testing where required;
- The donation of large capacity water tanks (and chlorine) to support hand sanitisation in the town of Kolwezi and other communities near Metalkol RTR; and
- Donations of medical equipment.

This annual assurance program and initiation of the RMAP process was disrupted due to COVID-19 travel restrictions.

This Progress Report should be read in conjunction with the ERG Clean Cobalt and Copper Framework.

All statements in this performance report are based upon the policies and procedures for the period 1 October 2020 to 30 April 2022.

RAID allegations against Metalkol RTR

On 7 November 2021, RAID published a report in relation to labour workers in the DRC: The RAID report can be accessed here.

The RAID report makes a number of allegations in relation to labour practices in industrial mines in the DRC, including in relation to Metalkol RTR and former and current Metalkol RTR contractors. These include breach of labour laws, bullying and harassment, excessive working hours, safety and health issues and COVID-19.

The majority of allegations are historical and relating to practices alleged to have been undertaken by subcontractors. Until 2020, Metalkol RTR was a development project which generally requires more extensive use of specialist subcontractors to construct the project, before it then moves into an operational stage.

In accordance with the ERG Supplier Code of Conduct and Human Rights Policy, where allegations are made in respect of third parties, Metalkol RTR follows up to ensure clarity and provide advice and support as needed including audits and mitigation measures.

Accordingly, Metalkol RTR has reviewed and followed up on the allegations in the RAID report and reports on our management systems and controls in this Performance Report. Metalkol RTR's detailed response is publicly available here.

Performance Report

In the following sections, we describe our supply chain due diligence and our operational risk management systems during the assessment period, including risk assessment and mitigation as well as opportunity enhancement.

All compliance statements refer to the period 1 October 2020 to 30 April 2022.

Goal 1 Compliance with the OECD Due Diligence Guidance

Compliance statement

Metalkol RTR has established and implemented management systems and procedures to align with the Clean Cobalt & Copper Framework and to conform with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance).

Systems for managing operational risks

1.a   We have established strong company management systems

The Clean Cobalt & Copper Framework and Supplier Code of Conduct describes our commitment and approach for achieving sustainability, conducting our business responsibly and respecting human rights in our operations and supply chain.

Compliance with the OECD Due Diligence Guidance is a goal in the Clean Cobalt & Copper Framework, and as such has been translated into our management systems and policies, in particular the Metalkol Human Rights Statement of Commitment, which has been reviewed and reissued in the relevant period. The Clean Cobalt & Copper Framework and the Metalkol Human Rights Statement of Commitment summarises our salient risks (set out below) and establishes the governance structure for our human rights due diligence practices. The Metalkol Human Rights Statement of Commitment ensures our alignment with ERG's Group level Human Rights Policy, which has been approved by the ERG Board. It lays out our commitment to respecting human rights and describes our approach for achieving this. It applies to all our operations and employees. All of these documents are available on the ERG website.

On 11 October 2021, ERG adopted a CAHRA procedure, which applies to the wider ERG Group. However, as the DRC is considered to be high risk, the principles set out in the CAHRA procedure had been applied to Metalkol RTR and the additional diligence procedures described in the OECD Guidance were already adopted and incorporated into the management systems described below and in the Clean Cobalt & Copper Framework.

At Metalkol RTR, the General Manager is responsible for overall governance and for managing risks including those related to human rights. This process forms part of the overarching enterprise risk management system which applies to all aspects of risk in relation to the business and is governed by the ERG Risk Management Policy and related policies and procedures. These are detailed further in our annual Sustainable Development Reports.

A Human Rights Working Group is responsible for approving and overseeing the implementation of the Clean Cobalt and Copper Framework and Human Rights Statement of Commitment. The Human Rights Working Group is chaired by the General Manager and comprises representatives from senior management including Compliance and Legal, Processing, Community and Responsible Mineral Development, Human Capital, Environment, Health & Safety, Security, Procurement and Supply Chain and Government Relations. The Human Rights Working Group meets on a regular basis.

Metalkol RTR has established management systems and policies across its business areas to support human rights due diligence practices and to ensure that responsibility lies at the management level. These include the ERG Group Code of Conduct (revised and reissued in 2021), ERG Supplier Code of Conduct and key policies in areas including human rights, anti-bribery and corruption, anti-money laundering, health and safety, management of social and environmental impacts, management of incidents and grievances, as well as chain of custody procedures for copper and cobalt, which will allow traceability of our product from the point of extraction.

We have rolled out these policies and commitments to staff and contractors through awareness campaigns including posters in high traffic areas and email notifications to staff. General refresher training is provided as part of the Code of Conduct and relate policy training. While COVID-19 has impacted face-to-face training, the 2021 refresher training has been conducted online with targeted audiences including management and key functional areas, based on the 2021 re-issue of the ERG Code of Conduct.

Extensive procedures in relation to human rights, including public and private security, are in place. Our guiding principles on human rights and security are documented and communicated in the 12 Golden Rules for Security.

Policies and procedures are reviewed on a periodic basis and updated as required in light of any operational, legal or other changes or improvements identified.

1.b   We identify and assess our risks and impacts

Metalkol RTR has established a Human Rights Risk Assessment that allows us to identify and assess the human rights risks and impacts of our operations. Each identified risk is assessed based on its likelihood and impact, and categorised as salient or non-salient. The saliency of risks is determined through a scoring system on the basis of scale/seriousness of the impact, scope, irremediability, and probability. This approach is consistent with the ERG enterprise risk management process. Where risks of adverse impacts and/or actual adverse impacts are identified during the risk assessment, the risk register sets out the strategy to respond to such risks and the on-going review monitors the implementation of action items. The human rights risk assessment is aligned with the UN Guiding Principles on Business and Human Rights.

The Human Rights Working Group is responsible for overseeing this process. Updates to the Human Rights Risk Assessment are conducted by each department and reviewed at each Human Rights Working Group meeting, including any changes to the risk profiles, new risks and the progress of mitigation measures.

The areas identified as salient are set out in the Metalkol Human Rights Statement of Commitment.

Salient risks for the reporting period included:

- **Security** – Metalkol RTR deploys private and public security. We are determined to provide for the security, health and safety of all those employed by us or working on our site. This commitment extends to ensuring that our security arrangements do not in themselves endanger those living nearby or otherwise threaten the strong relations we are building with neighbouring communities.

We seek to align ourselves with the Voluntary Principles on Security and Human Rights (VPSHR) and we run awareness campaigns including toolbox talks, posters and training to our security employees and contractors in human rights and the use of force. Further, Memorandum of Understanding (MOUs) with relevant Public Security Forces that communicate and embed our human rights commitments and expectations have been put in place.

- **Artisanal and small-scale mining** – Metalkol RTR operates in a region where artisanal and small-scale mining (ASM) is often the only or best source of income for many people. For those engaged in ASM, it can also be a dangerous form of livelihood and one with potentially negative impacts on the environment. Importantly, children are often involved. Beyond our zero tolerance of child or forced labour in our operations or through our supply chain and our commitment to being recognised as a responsible source of copper and cobalt, Metalkol RTR is developing a comprehensive programme of action designed to engage pro-actively with ASM and contribute to addressing the root causes of related issues through initiatives with NGOs and the supply chain.

- **Business relationships** – Metalkol RTR recognises its responsibilities extend to the whole of its operation. In this regard, we are committed to ensuring that our contractors and suppliers also respect the rights of workers and communities. To the extent possible, we seek to embed human rights requirements in new or renewed contracts with business partners, and include provision for periodic compliance checks against these requirements. In November 2021, the potential risks related to labour relations including directly and indirectly in relation to third parties, have been elevated. We continue to expand and adapt our ongoing mitigation measures in relation to this risk accordingly.

- **Social license to operate** – Metalkol RTR acknowledges the expectations that neighbouring communities have in respect of our potential to support jobs, sustainable livelihoods and wider community development. As part of our comprehensive strategy on social investment, we will look to recruit staff and source products locally in adjacent communities, and in the wider Kolwezi area as far as possible, as well as work in close partnership with communities, regional government and local and international organisations to support sustainable development amongst those communities most affected by our operation.

- **Environment** – Metalkol RTR supports the protection of the environment and the importance of identifying and managing the potential environmental impacts of our activities. We are committed to environmental stewardship and as such will develop an environmental management system and set performance indicators to ensure sustainable environmental practices.

- **Supply Chain and Transportation** – Metalkol RTR is conscious of the risks to both people and the environment of transporting our people and sometimes hazardous materials across long distances, especially in a region where the existing infrastructure is often in poor condition. Metalkol RTR has in place a comprehensive management plan and emergency response procedure to minimise the likelihood and severity of the risks.

The risk profile in relation to potential adverse impacts has fluctuated during the assessment period and is assessed on a regular basis by the Human Rights Working Group.

COVID-19 has manifested a wide number of potential or realised risks, from immediate impacts on employee and community health and well-being, changes to operational activities such as training and access control and operational impacts such as procurement and transportation delays and access to site through to potential human rights impacts such as freedom of movement.

In addition to the human rights risk assessment, an Environmental and Social Impact Assessment (ESIA) was conducted and approved by the DRC government in 2018. A gap analysis audit was performed in 2017 against IFC Performance Standards to align the submitted ESIA to international standards. The ESIA forms the basis of the Environmental Site Management Plan and supplemental management plans for the identified environmental and social impacts.

Health and safety is a top priority at Metalkol RTR and a Sustainable Health and Safety system has been implemented for risks and impacts for employees, suppliers and surrounding communities. An External Traffic Management Plan manages the transportation of products and of hazardous goods. Controls include road risk survey and assessments, awareness training and supplier audits.

Our risk identification and assessment process integrates stakeholder engagement. We have established internal and external grievance and whistleblowing mechanisms to enable continuous identification of risks and provide various channels where grievances can be voiced by employees, contractors and community stakeholders. Grievances can be voiced through letters, complaint forms, community meetings, union representatives, community boards, our website and a separate dedicated email inbox managed by Metalkol RTR, as well as the ERG Hotline (including email, web-intake and phone), which is 100% confidential and is manned 24 hours a day, seven days a week by an independent company. Grievances are managed according to our Grievance Management Procedure and recorded in our grievance registry. We also incorporate risks raised by other means, including non-governmental organisations.

In order to promote awareness of our Human Rights Policy, whistleblowing hotline and grievance mechanisms, we have developed a communication plan to proactively communicate with our staff, contractors, suppliers and community stakeholders. This includes prominently displayed posters in all relevant languages and distribution of copies of relevant documents to employees, suppliers and contractors.

Identification and assessment of risks specifically related to sourcing and transportation of our product and chain of custody are to be in accordance with the Chain of Custody Procedure and Copper and Cobalt standard operating procedures.

1.c   We manage our risks and impacts

For each identified and assessed human rights risk, Metalkol RTR has developed a mitigation plan with corresponding responsibilities, timelines and milestones. The mitigation plans are developed, overseen and implemented by the relevant company departments. The relevant departments report their progress at the Human Rights Working Group meetings, which tracks the implementation of the mitigation plans. To mitigate and monitor the environmental and social impacts identified in the ESIA, specific management plans have been developed.

Obligations from the ESIA are documented in a web-based database system, Isometrix, which stores and manages safety, health, environment and community data and allows us to track our performance in mitigating these risks and impacts.

A gap analysis for ISO 14001 and ISO 45001 certification (international standards for environmental management systems and health and safety management systems) is in progress.

1.d   We support customer audits and independently assure our reporting

Metalkol RTR allows customers to conduct due diligence and audits on its operations through a provision included in customer contracts. We support these exercises by completing customer questionnaires and allowing customer and auditor access to our sites (or virtual walk throughs or alternatives during COVID-19 restrictions), documentation and by facilitating contact with our staff and stakeholders.

PwC provided their first independent ISAE 3000 limited assurance report on this Performance Report in respect of the activities undertaken by Metalkol RTR on 1 March 2019 to demonstrate compliance with the Clean Cobalt Framework and we report publicly on this on our website. The second assurance report will be similarly publicised.

All assurance processes were impacted in the assessment period as a result of COVID-19 travel restrictions. This is the first assured update since the 2019 performance report.

1.e   We publicly report on our progress in fulfilling the Clean Cobalt and Copper Commitments

This Performance Report is Metalkol RTR's update for the period 1 October 2020 to 30 April 2022 to demonstrate that management systems and procedures have been designed to enable Metalkol RTR to be in compliance with the Clean Cobalt & Copper Framework. The report is issued as a stand-alone report.

The Clean Cobalt & Copper Framework, ERG Code of Conduct, ERG Supplier Code of Conduct, ERG Human Rights Policy and Metalkol Statement of Commitment and sample contractual terms are also publicly available.

In addition, we will publish on our website, a statement that outlines how we have received the second independent third-party validation on goal 1 to 6 from PwC on the compliance with the Clean Cobalt & Copper Framework and RMAP. Customers will receive the Clean & Copper Cobalt Framework, this Performance Report and the ISAE 3000 limited assurance report as a documentation package with their contract.

1.f   We support community participation

In addition to the OECD 5 Steps, the Responsible Mineral Assessment Process (RMAP) includes a Step 6 – Community Participation. Our Community and Responsible Mineral Development team lead community engagement and participation through stakeholder mapping and engagement planning, commitment register process, community development initiatives and partnerships, local economic development and a community grievance mechanism. Further detail is provided under Goal 6.

Summary of management systems and controls

- Policy framework including Human Rights Policy, Metalkol Statement of Commitment to Human rights, Code of conduct and Suppliers Code of Conduct
- Clean Cobalt & Copper Framework
- Risk management policy and procedure with ongoing oversight by Metalkol Human Rights Working Group and review of mitigation measures
- Staff and contractor training and awareness raising campaigns
- ESIA and related environment and social management plans and procedures
- SHS data management system
- Internal reviews and third-party audits
- Public reporting through Clean Cobalt & Copper Performance Report and ERG Sustainable Development Report

Additional controls in the reporting period

- Expansion of Clean Cobalt Framework to include copper and RMI/RMAP
- Implementation of formal CAHRA procedure
- Implementation of automated HR systems using HR SAP and enhanced SharePoint systems
- Recommunication of grievance mechanism process

Systems for managing supplier risk

As a primary extraction source of cobalt and copper, Metalkol RTR does not source or purchase any cobalt or copper minerals from others. As such, our supply chain due diligence and the ERG Supplier Code of Conduct refers to procurement of products required for the Metalkol RTR operation and the chain of custody of our product to customers.

In light of the CAHRA risk assessment in relation to the DRC, the systems for managing supplier risk are designed to monitor red flags and we apply enhanced due diligence accordingly.

For the assessment period, Metalkol RTR has adopted and implemented a Supplier Code of Conduct, which guides our approach to conducting business with suppliers or contractors.

Our suppliers and contractors are contractually obliged to adhere to the Code of Conduct, Supplier Code of Conduct and to the ERG Human Rights Policy and other key policies including Anti-bribery and Corruption, Anti-Money Laundering, Agents Compliance, Competition Compliance and International Economic Sanctions.

The Supplier Code of Conduct communicates our expectations for existing and potential suppliers and contractors regarding the management of risks related to health, safety and environment, integrity, fair employment practices, human rights, supply of ore and mineral products, confidentiality and data protection. It is distributed as part of our supplier's package.

We monitor our suppliers for adherence with the Supplier Code of Conduct by sending out an extended questionnaire to all business partners every two years and by checking on any allegations of human rights violations in relation to our suppliers. We require business partners to record all relevant documentation, which they must share with us upon request. For suppliers and contractors that are found to be non-compliant with our Supplier Code of Conduct, we will review the circumstances of the non-compliance with the supplier and work with them to address and remediate risk. If risks cannot be remediated, we will terminate the business relationship.

Selected suppliers have been trained by Metalkol RTR by Group Compliance on the Supplier Code of Conduct, through sessions held in conjunction with supplier audits.

For new business relationships, Metalkol RTR applies a risk assessment on two levels: 1. risk assessment of the nature of the product or service; and 2. Counterparty Due Diligence of the supplier or contractor itself. The Counter Party Due Diligence (CPDD) process vets new suppliers and other business partners from a threshold of 25,000 USD annual contract value. The purpose of the CPDD is to prevent risks of cooperation with persons or entities that are involved in bribery and corruption, money laundering, financing of terrorism and other crimes, or are subject to international sanctions. The CPDD also includes questions on environment, health and safety and human rights. The CPDD process is conducted by our compliance department. The combination of both risk assessments results in a risk score for a business partner, which influences our decision to enter into a business relationship with counterparties. Counterparties can be accepted, accepted with additional terms and conditions to address identified risk, or rejected.

Where we identify a supplier as high risk or allegations are made in relation to a supplier, we follow up to ensure clarity and provide advice and support as needed such as mitigation measures and audits. Our contracts with suppliers and contractors include a right to audit clause.

Records are processed and retained in accordance with ERG's Data Protection Policy and applicable statutory retention periods.

Summary of management systems and controls

- Suppliers Code of Conduct, Human Rights Policy and associated compliance polices
- Supplier monitoring, training and audits
- New supplier risk assessment and updated CPDD procedure

Additional controls in the reporting period

- Audit inquiries directed to relevant subcontractors, including NFC and current and former labour brokers requiring investigation of the allegations
- Continuation and expansion of supplier audit and training program with additional resources, and wider scope in relation to labour conditions
- Communications with suppliers in relation to expectations and requirements of adherence to DRC labour code
- Additional sample testing as part of expanded internal assurance programme in relation to employees and employees of labour brokers
- Inquiries and reviews of contractual terminations during the COVID-19 period
- Review of safety records/systems in place historically and during the assurance period
- Review of approach to labour brokers in light of the move into operations
- Implementation of short-term tracker for all employees and all onsite employees of subcontractors and labour brokers
- Implementation of automated HR systems using HR SAP and enhanced SharePoint systems
- Roll out of refresher induction training
- Completion of additional mess facilities and review of menu options

Goal 2 Clean cobalt and copper is sourced without child labour

Compliance statement

Metalkol RTR has established processes and controls to prevent child labour in its operations. These processes and controls furthermore aim to ensure we abide by DRC labour legislation on employment ages and comply with ILO Conventions on Child Labour.

Performance statements

Metalkol RTR has established processes and controls aimed at ensuring all of our workforce (including contractors) are above 18 years old and have a valid labour contract. Our policies, including our Recruitment and Selection Policy, do not permit employees or workers of our contractors to be below 18 years of age. An age-check is performed during the on-boarding process, when staff members or staff of contractors are issued a site-pass. We, or our contractors, will keep a record of all IDs and proof of age. The Labour Inspector of the DRC government verifies compliance with DRC Labour Regulation during their site inspections.

An Access Control Procedure is in place. Every person within our operational area must be admitted through access control, which includes an identity check. Entry into an operational area is not possible without passing the access control. The system is designed to apply multiple layers of control, which also includes the use of fingerprints for verification against access badges. COVID-19 health precautions have required the adaptation of these procedures to temporarily suspend the use of fingerprints. Security personnel are made aware of our zero tolerance of child labour and keep patrol schedules and logs.

Any visitors are issued passes only upon receipt and verification of identification documents.

Our standard contract requires all our contractors to abide by DRC labour law and stipulates a right for Metalkol RTR to audit contractors. Our Supplier Code of Conduct references child labour and requires contractors to have in place procedures to verify the age of employees. In addition, we proactively communicate and mitigate the risk of child labour through the promotion of our Human Rights Policy, whistleblowing hotline, and grievance mechanism.

We manage the risk of child labour also through our ASM Management Plan and Chain of Custody Procedure, ensuring that our product only comes from our operations.

Summary of management systems and controls

- Recruitment and Selection Policy with age checks and proof of ID
- Access Control Procedure including identity checks
- Age requirements in supplier contracts and Supplier Code of Conduct
- ASM Management Plan and Chain of Custody Procedure
- Human Rights Policy
- Community engagement and investment to highlight and address risks of child labour

Goal 3 Clean cobalt and copper is traceable

Compliance statement

Metalkol RTR has established processes and controls for the implementation of a chain of custody from the point of extraction up to point of sale to a customer.

Extraction and production overview

Metalkol RTR extracts tailings from two deposits, the Kingamyambo tailings facility and the Musonoi River tailings. The tailings are reprocessed at a centralised hydrometallurgical facility. The end products are high-quality copper cathode and cobalt in hydroxide. Waste generated during the production process is deposited in the residue storage facility, also known as the RSF. Kingamyambo is a conventional tailings facility, which holds approximately one-third of total copper and cobalt resources at Metalkol RTR and has been the primary source of feed for the processing plant to date. Tailings from Kingamyambo are extracted via hydrosluicing, also known as high-pressure water blasting or monitoring.

Musonoi is a tailings deposit formed by direct tailings discharge into the Musonoi River, behind a dam constructed at Kasobantu. Material is extracted through a combination of hydrosluicing and excavation, with dredging to be incorporated in the future.

The slurry collected at the plant feed tanks at Musonoi and Kingamyambo is pumped to the processing plant through overland pipelines. The processing of the slurry from Kingamyambo and Musonoi is conducted at a conventional hydrometallurgical facility which consists of feed dewatering, copper and cobalt leaching, split high-grade and low-grade solvent extraction, copper electrowinning. Cobalt is recovered as a hydroxide from the raffinate solution after a purification process to remove impurities.

The production is reported on a daily 24-hour cycle from operations records based on plant routing sampling, slurry and solution mass and flow measurements. The aggregated measurements are used to calculate recovery of metals from the ore. The process plant is controlled and operated on from a centralised control room utilising a supervisory control and data acquisition (SCADA) system architecture that comprises computers, networked data communications and graphical user interfaces for high-level supervision of machines and processes. The plant volumetric monitoring and control are achieved by integrated sensors and other devices, such as programmable logic controllers, which interface with process plant or machinery.

Chain of Custody Management System

Metalkol RTR has in place a Cobalt Chain of Custody Procedure and a Copper Chain of Custody Procedure and has developed related systems to ensure our product is traceable only to our operations. These procedures outline the chain of custody management system for copper and cobalt and related roles and responsibilities of various departments. It includes provisions for material segregation, bagging and tagging of cobalt hydroxide, bundling of copper, transportation, warehousing, data management, sign off and approvals, incident management, training and communication, and third-party audits. The procedure enables our material to be traced back to the date, shift, and point of extraction, and allows for verification of the flow and handling of product, including all stages of transformation, physical transfer and storage.

Our Chain of Custody Management System consists of three major stages: origination, processing and transport. At the first stage of our product chain, between the extraction point and our plant, we have implemented the following physical controls: we have fenced pumping stations, initiated a fencing plan (at Kingamyambo tailings) and have systems in place to secure the extraction area that is not fenced (extraction from the Musonoi River). Permanent security guards are placed around these points, and security patrols are conducted from the extraction points along the pipelines to the plant. The extracted tailings are fed from these secured areas into a closed and secured pipeline system which brings the extracted material to our processing plant.

At the second stage of our product chain, material enters from the pipeline into our secured processing plant and production line. The plant area is fenced and security surveillance and patrols are in place. Within the plant, processes are closely monitored – we take manual assay samples at the extraction points and automatic assay samples within the plant at every stage of the production process in order to cross-check whether the material's consistency differs from that of the extraction point.

At the end of processing, our cobalt product is bagged, data recorded, assayed and, once in commercial production, will be secured with tamper-resistant tags including GPS tracking devices. Every bag is marked with a unique identification number/ bar code, a lot number, its weight and shift of bagging. The bagged and tagged product is loaded to trucks in lots.

Bags are monitored and tracked from the on-site export area to the customer, by applying weight controls, visual inspections, GPS tracking of trucks and accompaniment by security personnel.

In relation to our copper product, Metalkol RTR electrowins copper in tank houses which is completed with the formation of bundles of cathodes. Upon pulling of cathodes from the cell, the cathodes are washed and stripped from steel plates using semi-automated machines. Thereafter the stripped copper is weighed prior to handing over for export.

Copper cathodes are weighed, marked and strapped, data recorded, bundles are tagged and loaded to trucks in lots. Bundles are transported in lots and are monitored and tracked from the on-site export area to the customer, by applying weight controls, visual inspections, GPS tracking of trucks and accompaniment by security personnel.

To enhance and further automate data management, Metalkol RTR has developed a digital data management system, which keeps a record with key data on who handled the product in what form, in which location and when, supported by evidence and verified through checks and balances.

A pilot blockchain project, Re | Source, has been completed at Metalkol RTR to explore traceability enhancements.

Summary of management systems and controls

- Closed loop production system with automated monitoring and data reporting
- Chain of Custody Procedure and digital data management system
- Physical controls including fencing and security
- ASM Management Plan and Confiscated Ore Procedure

Goal 4 No cobalt or copper is sourced from artisanal and small-scale mining

Compliance statement

Metalkol RTR has established processes and controls to monitor, assess and mitigate risks associated with artisanal and small-scale mining (ASM). Metalkol RTR does not purchase ASM material.

Performance statements

Metalkol RTR has established an ASM Policy and ASM Management Plan outlining the approach to managing ASM activities on and around its concession. None of our production comes from artisanal and small-scale mining (ASM). At the same time, we acknowledge the important role that ASM plays in supporting much-needed livelihoods in the DRC. This need is driven by structural conditions in the country, including inadequate access to education and related employment opportunities. COVID-19 has further exacerbated the situation, with higher numbers of local children missing school (and thus at greater risk of exposure to ASM activity).

In this context, we support a range of external initiatives to help improve the lives of local communities near Metalkol RTR. This includes a focus on helping children and young people to transition out of artisanal mining, strengthening the capacity of local communities to address this important challenge and supporting the development of a framework for responsible ASM.

We implement ASM standard operating procedures and tools setting out prevention, mitigation and remediation actions to address ASM-related risks. A management structure has been implemented in the form of a cross-departmental Joint ASM Working Group. The Joint ASM Working Group meets regularly, and when necessary, to address any potential ASM issues, and is responsible for reviewing ASM-related information, risks and incidents, assessing and classifying these, and devising recommendations for remediation or mitigation measures.

Metalkol RTR has established an ASM Monitoring and Reporting Procedure, for the recording of ASM developments on and around Metalkol RTR's concession, including an ASM incident reporting procedure and grievance system.

ASM-related information, risks and incidences are documented and managed by an ASM specialist in the Community and Responsible Mineral Development Department and reviewed by the ASM Joint Working Group.

The ASM Management Plan devises a differentiated management approach depending on the type of ASM activity and its location. Inside Metalkol RTR's operational areas, Metalkol RTR allows no trespassing and follows a zero-tolerance approach to ASM. Security standards are in place based on the Voluntary Principles on Security and Human Rights. A Voluntary Principles Train the Trainer programme was developed by the international NGO, Pact, for the security department. The security department has permanent security posts around Metalkol RTR's concession and conducts regular patrolling. Security procedures are defined to perform controls per sub-station and restricted areas. The security department has a fencing plan that informs security personnel about high-risk areas that are not fenced.

Outside the secured areas, but still on Metalkol RTR's concession, we allow for public access and ASM activities, as long as they do not interfere with Metalkol RTR's operations. However, ASM mining and digging operations in these areas are not authorised by Metalkol RTR. Metalkol RTR will report new mining and digging operations on the concession that are not able to be resolved by Metalkol RTR community relations or security to the holder of the subsurface rights. Material mined from ASM and unknown sources on the concession is kept separate from Metalkol RTR's processing in a secured container and will be returned to the legal owner of the subsurface rights. Outside the concession, Metalkol RTR monitors ASM activities in the close surroundings.

Metalkol RTR does not source or buy material from any other source including ASM. Our Chain of Custody Procedures ensures that our product only originates from our operations and remains in a closed loop from extraction to processing. Our processing plant can only process tailings material, not ore; any other material is discarded. The tailings pump stations at Kingamyambo and Musonoi are fenced with a 24-hour security patrol. The processing plant is located in a restricted access area.

Summary of management systems and controls

- ASM Policy, Management Plan and Procedures including reporting
- ASM Joint Working Group
- Security 12 Golden Rules and VPSHR training
- Chain of Custody Procedure including security patrol and fencing
- Community engagement and investment

Goal 5 Restoring the environment

Compliance statement

Metalkol RTR reclaims legacy tailings from the historical Kingamyambo tailings dam and the Musonoi River basin. We are implementing an environmental management system that is compliant to ISO14001 Standards.

Performance statements

In 2020, Metalkol RTR reached full Phase 1 production comprising the extraction and re-processing of historical, non-Metalkol RTR tailings which are contaminating the natural environment of the Kingamyambo tailings dam and the Musonoi River, and consolidates our own residual waste in a modern tailings storage facility.

The water used on our site is in a closed-loop system, and no process water is discharged from our site. A monitoring programme and stations have been set up for surface water, ground water, noise, GHG emissions and air quality as per statutory requirements and the approved ESIA.

Proper non-tailings waste management implementation and coordination of Metalkol RTR's approved waste landfill site is in place. Waste is separated into streams, disposed into demarcated waste trenches, compacted and covered with a layer of soil. A water monitoring program is in place to identify leachate from the landfill site.

To start to prepare for rehabilitation, we are collaborating with a DRC University in the development of a nursery to identify species tolerant to tailings "pollution" as described in the ESIA, which will assist with the rehabilitation process and development of a biodiversity monitoring programme. A Top Soil Management Plan is in place to enable future rehabilitation. A rehabilitation plan is to be developed based on these outcomes. We have a land clearance procedure in place to manage unnecessary clearing of land.

An Environmental Impact Assessment was approved by DRC authorities in 2018 and an Environmental Management System established. This included environmental management procedures and management plans for environmental aspects including soils, land use and land quality, climate and air quality, greenhouse gas impacts, noise and vibration, surface water and groundwater and terrestrial ecology.

The Metalkol Environmental Department is responsible for monitoring the environmental performance. Monthly reports are provided to the Metalkol General Manager and bi-monthly to the DRC government by means of the Safety and Health Committee Meeting and annually in the Sustainability Report.

Summary of management systems and controls

- Environmental Management System, Procedures and Reporting
- Tailings reclamation and residual tailings facility
- Closed loop water management system
- Environmental monitoring and reporting
- Waste Management Plan
- Top Soil Management Plan and Rehabilitation Plan

Additional controls implemented in reporting period

- Notifications to contractors reinforcing ERG OHS and incident reporting requirements
- Additional OHS audits
- Roll out of additional refresher toolbox training for all employee/contractor employees reminding of key safety principles, right to stop unsafe work, OHS incident reporting and escalation methods

Goal 6 Collaborating to promote sustainable development

Compliance statement

Metalkol RTR has in place processes and controls for engagement and collaboration with stakeholders and local communities. Through these, Metalkol RTR mitigates social impacts and contributes to community development.

Performance statements

Metalkol RTR has established and is implementing a Social Management System including procedures and plans for stakeholder engagement, sustainable socio-economic development, social risk and impacts, community health, safety and security, influx management, ASM management, land compensation, involuntary resettlement and livelihoods restoration and grievance management.

The Stakeholder Engagement Procedure and Plan structures our engagement with local communities and provides the basis for Metalkol RTR's community relations approach and priorities. The Procedure defines the purpose, scope, requirements and roles and responsibilities for our engagement with key stakeholders.

Through this procedure, we have identified and mapped relevant stakeholders, which include nine communities with a population of approximately 100,000 – 150,000 people. Metalkol RTR's engagement with these communities is structured in a Community Engagement Calendar that outlines which stakeholder we are engaging, on which scope, when, and through which engagement methods. At various times during the reporting period, the impact of COVID-19 impacted Metalkol RTR's engagements with the community due to Government restrictions on interactions and movement. The regular engagement schedule has since resumed.

Metalkol RTR has adopted a strategic community investment plan, which defines our social investment process. The Strategic Community Investment Plan's objectives are to be achieved through the implementation of a participatory rural appraisal process, which not only puts communities at the forefront but also involves them in defining their needs and priorities for development.

In 2017, we conducted nine Participatory Rural Appraisals covering populations affected by the Project. Access to clean water was identified as the top priority across communities; Metalkol RTR has installed solar-powered water stations in all nine impacted communities to be managed by community water committees. Metalkol RTR will continue to provide periodic assistance in relation to maintenance and testing.

In 2018, the revised DRC Mining Code introduced an obligation for mining companies to develop a Commitments Register (Cahier des Charges), defining social responsibilities for permit holders towards communities affected by mining activities, in addition to the 0.3% of turnover contribution to community development required under the Mining Code. During the development process of the Metalkol RTR Commitment Register, the priorities identified through the Participatory Rural Appraisals processes and reports were reinforced through intensive community consultations and other validation activities.

The Metalkol RTR Commitments Register, signed in November 2020, contains a set of periodic commitments negotiated and agreed upon between the company and the nine affected communities for the implementation of sustainable development projects.

A Grievance Mechanism Procedure for communities has been rolled out in all communities whereby community members can raise concerns to Metalkol RTR.

Metalkol RTR partners with civil society organisations and NGOs to promote sustainable development. We have partnered with the Good Shepherd Sisters since 2017 on multiple projects and activities on child protection, women's empowerment, alternative livelihoods and capacity building, including the construction of a child protection centre facility. In 2019-2020, we partnered with international NGO Pact to implement the children out of mining programme in Northern Kolwezi focused on awareness training, positive parenting and apprenticeships for child miners.

In November 2020, we supported the founding and were a first contributor to the Global Battery Alliance Fund for the Prevention of Child Labour in Mining Communities, administered by UNICEF, which supports projects in the DRC to strengthen communities and address the root causes of child labour.

In 2018, Metalkol RTR resettled 16 households from Samukonga village to a new co-designed village with solar powered services, and is implementing a Livelihood Restoration Programme. During the reporting period, we provided ongoing maintenance services for water supply systems, solar power systems and general housing stock. Nonetheless, other activities were disrupted due to COVID-19, as well as related procurement challenges. This resulted in a delay to the planned rollout of a livelihood restoration programme – supplementary food supplies will continue until the livelihood restoration programme has been fully established.

Summary of management systems and controls

- Social Management System, Procedures and Reporting
- Stakeholder Engagement Procedure, Plan and calendar of engagement
- Strategic community investment plan and Commitments Register
- Resettlement and livelihoods restoration procedure and plan
- Community Grievance Mechanism

Additional controls in reporting period

- Recommunication of Grievance Mechanism details
- Additional feedback boxes provided

Goal 7 Leading our industry towards more sustainable cobalt value chains

Compliance statement

Metalkol RTR supports and participates in industry and value chain initiatives.

Performance statements

ERG is a founding member of the Global Battery Alliance, a multi-stakeholder initiative (which transitioned in early 2021 from the World Economic Forum to the Responsible Business Alliance), aimed at ensuring the global battery value chain is socially responsible, environmentally and economically sustainable and innovative. Since 2017, the CEO of ERG has been a co-chair of the Global Battery Alliance. ERG participates in the Supervisory Council, Executive Board, Battery Passport Action Platform and Cobalt Working Group.

We continue to engage with the Extractive Industries Transparency Initiative (EITI) processes in the DRC and Zambia and publish relevant information in our annual Sustainable Development Report.

Metalkol RTR is a member of the Cobalt Institute and its Responsible Sourcing Committee. Metalkol RTR has adopted the Cobalt Institute Responsible Assessment Framework (CIRAF) and was an active member in its development. CIRAF seeks to make ethical and sustainable risk assessment and mitigation of cobalt production more standardized whilst aligning with the OECD Due Diligence Guidance.

ERG, with other cobalt supply chain actors, has led and developed a blockchain tracing solution, Re | Source, to provide a transparent, open and global registry of sustainably sourced cobalt. An initial pilot was completed at Metalkol RTR in the assessment period.

As the co-chair of the GBA, the CEO of ERG participates in HRH Prince of Wales' Sustainable Markets Initiative Task Force to advance supply chain action for sustainable batteries. This includes signature by ERG of the Terra Carta, a charter which puts sustainability at the centre of the private sector.

Through the Clean Cobalt and Copper Framework, Global Battery Alliance, RMI/RMAP, Cobalt Institute and independent assurance of our performance report, Metalkol RTR goes beyond current guidance and practices and leads the industry towards more sustainable cobalt value chains.

Management conclusion

For the period 1 October 2020 to 30 April 2022, Metalkol RTR implemented processes and controls for its cobalt and copper production in line with the principles and goals stated in the Clean Cobalt & Copper Framework and in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Metalkol RTR has developed processes and controls to implement a chain of custody, allowing our product to be tracked and its handling verified from the point of extraction up to our on-site warehouse. In addition, Metalkol RTR has implemented processes and controls to prevent and mitigate the risk of child labour in our operations, as well as complexities in relation to the intersection of large-scale mining with ASM.

Metalkol RTR has managed social and environmental impacts, has contributed to community development and has supported industry initiatives on an international level.

Addendum added 7 February 2023

ERG's approach to EITI

With regards to tax and payment transparency, our Group Tax Policy commits us to (amongst other things) complying not only with the letter but also the spirit of all local laws. In terms of transfer pricing, we conduct all internal transactions on an arm's length basis and determine pricing in line with the nature of the economic functions performed by each company (including capital use). Furthermore, we follow the methods and principles set out in the OECD Transfer Pricing Guidelines and retain relevant documentation relating to our intercompany transactions to demonstrate compliance with the same. The Board of Managers has approved the Group Tax Policy. The Group Tax Department reviews the Tax Policy on an annual basis and re-approves it with the Board of Managers, if necessary. Our Group Tax Code of Conduct includes detailed guidance with respect to tax reporting, transfer pricing, tax dispute resolution and tax risk management (amongst other issues) – as well as our tax assurance process. The internal audit function will report non-compliance to the Tax Code of Conduct to the Audit Committee and Board of Managers. In case of such findings, the Group CFO should be notified with non-compliance and designate appropriate course of remedial action.

We submit Extractive Industries Transparency Initiative (EITI) reports in Kazakhstan, DRC and Zambia as required. Furthermore, we file the following with the Luxembourg authorities:

- Report on Payments to Governments under the EU Accounting Directive (2013/34/EU)2
- OECD Country-by-Country Report under OECD BEPS Action 13

The DRC EITI status is currently "meaningful progress".

Results of supply chain due diligence risk assessments

This Metalkol Performance Report (Step 5 report) provides an overview of identified and ongoing salient risks (pages 6-7). For supply chain due diligence risks, our approach to managing and mitigating risks on an on-going basis is described on page 9. Our supply chain due diligence risk assessments did not identify any specific Annex II risks in the reporting period. During the period, reports of labour practice non-compliance were alleged by the NGO, RAID. This risk was already identified and part of Metalkol's ongoing management system. Allegations were investigated and an additional 3rd party audit conducted which resulted in no findings (see page 3 of this report).