METALKOL RTR
CLEAN COBALT & COPPER

Performance Report 2023

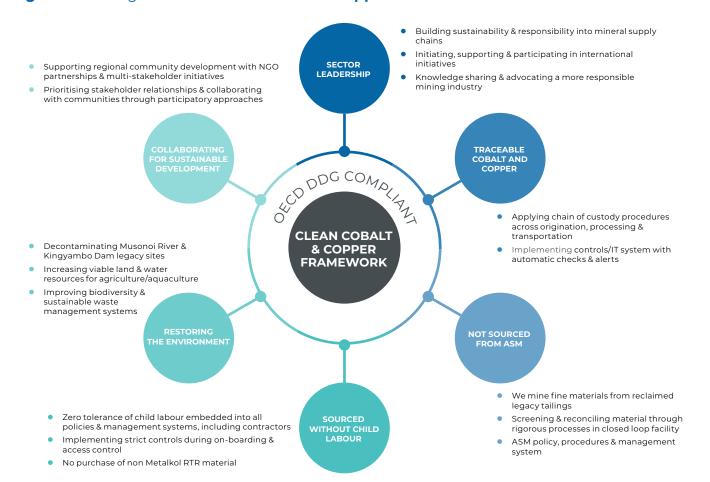CLEAN **COBALT** & **COPPER**

An ERG Initiative

ERG

Contents

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). In 2022, we included our commitment to conformance with the Responsible Minerals Initiative (RMI) Responsible Minerals Assurance Process (RMAP) and achieved compliance with the Cobalt Refiners Standard and the RMI Joint Due Diligence Standard for Copper, Lead, Molybdenum, Nickel and Zinc.

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

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

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

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

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

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

SOURCED WITHOUT CHILD LABOUR
- 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

CLEAN COBALT & COPPER FRAMEWORK — OECD DDG COMPLIANT

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 through their limited assurance opinion on the Performance Report. The first performance report and assurance opinion is available here. In October 2021, the expanded Clean Cobalt & Copper Framework was published and in June 2022, the independent auditors' limited assurance report on the Metalkol Clean Cobalt & Copper Performance Report 2022 was provided.

In March 2023, Metalkol RTR received reconfirmation of conformance to the RMI cobalt standard and Joint Due Diligence Standard for Copper, Lead, Molybdenum, Nickel and Zinc, after third party audit by RMI assurance providers. There were no non-compliance findings and therefore no corrective action plan required. Confirmation of conformance can be found here.

We now provide a third Clean Cobalt & Copper Performance Report. This should be read in conjunction with the updated Clean Cobalt & Copper Framework dated September 2022 and 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 May 2022 to 30 April 2023.

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 a minimum, 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 summarise 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.

 ERG has in place a CAHRA procedure, which applies to the wider ERG Group. The DRC is considered to be high risk and the principles set out in the CAHRA procedure have been applied to Metalkol RTR in relation to the additional diligence procedures described in the OECD Guidance.

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 ERG Sustainable Development Report.

A Human Rights Working Group is responsible for approving and overseeing the implementation of the Clean Cobalt & 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 related policy training. As an evidence of our commitment, a total of more than 1,200 employees (61% of total staff) have received face to face Code of Conduct in-class trainings performed by the Compliance team as of 6 April 2023, in addition to close to 700 contractors' staff. Our target is to reach all employees on an annual basis. We also have in place an online Code of Conduct training module to supplement face to face training.

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. These risks are considered present and managed on an on-going basis by Metalkol. Salient risks for the reporting period were as follows. Relevant management and mitigation measures are provided throughout this document:

- **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 since April 2022, Metalkol is represented in the monthly Lualaba Province Working Groups for VPSHR to ensure our Security and Human Rights standards meet the local expectations and best practices. In addition, we run awareness campaigns including toolbox talks, posters and training to our security employees and contractors in human rights and the use of force. During the reporting period, VPSHR trainings were provided to Security Officers across Metalkol and its service providers. In 2023, Community and Security teams will provide joint trainings to all the Security and Community officers. 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 recognized as a responsible source of copper and cobalt, Metalkol RTR has developed a pilot programme with actions aiming at better understanding the challenges of a cooperative and support them in identifying possible socio-economic solutions for their 10,000 members. This programme, implemented through an NGO, is designed to engage with ASM in a constructive manner and contribute to addressing the root causes of related issues.

- **Fair Employment Practices** – ERG strives to treat employees fairly and impartially in all aspects of employment and to comply with applicable employment laws in all the countries in which it operates. This means observing those laws that pertain to freedom of association, privacy, recognition of the right to engage in collective bargaining, the prohibition of forced, compulsory and child labour and prohibition of any illegal employment discrimination or harassment. Metalkol ensures that it has in place labour practices that comply with relevant laws and enshrines these principles. We support our employees in membership of unions and engage

- **Health and Safety** – Health and safety is a top priority at Metalkol RTR and a comprehensive Health and Safety management system has been implemented for risks and impacts for employees, suppliers and surrounding communities. All employees and contractors must undertake health and safety training and wear task appropriate PPE. The management system is aligned with ISO45001 and Metalkol is working towards certification in 2025. 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.

- **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. We are continuing to transition employees from labour brokers to direct employment with more than 300 workers transferred in the reporting period. We have also received Union and Labour Inspectorate approval for job classifications during this period.

- **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. Further information can be found within our Sustainability Development Reports.

- **Environmental impacts** – 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. Our environmental management system is aligned with ISO14001 and working towards certification in 2024.

- **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 impacts has fluctuated during the assessment period and is assessed on a regular basis by the Human Rights Working Group.

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 and is being updated as any operational changes occur, or at least every five years. At Metalkol RTR, we submitted an updated ESIA for government approval in 2021, which covers planned additional processing activities at the site which has been approved in principle, pending approval of the Cobalt Purity Enhancement (CoPE) ESIA submitted in June 2022.

Our risk identification and assessment process integrate 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/or distribution of copies of relevant documents to employees, suppliers, contractors and communities.

Identification and assessment of risks, specifically related to sourcing and transportation of our product and chain of custody are done 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) has been conducted and work towards certification 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. In the reporting period, a multi-customer 2nd party audit was conducted of OECD Due Diligence Guidance, Cobalt Refiner Standard and IRMA critical requirements, and multiple customer questionnaires completed.

PwC have provided two independent ISAE 3000 limited assurance report on this Performance Report, as described above.

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 May 2022 to 30 April 2023 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 and is publicly available through our website.

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 third party independent 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, RMI conformance certificates 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 leads 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, social, health and safety management plans and procedures
- SHS data management system (Isometrix)
- Internal reviews, second-party and third-party audits
- Public reporting through Clean Cobalt & Copper Performance Report and ERG Sustainable Development Report
- Commitment to RMI Cobalt and Joint Due Diligence Refiners Standards.
- Implementation of formal CAHRA procedure
- Implementation of automated HR systems using HR SAP and enhanced SharePoint systems
- Regular communication and review 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 and by Group Compliance on the Supplier Code of Conduct, through sessions held in conjunction with supplier audits. We provide training to suppliers and have rolled out an e-learning training course on our Supplier Code of Conduct.

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.

This Metalkol Performance Report (Step 5 report) provides an overview of identified and ongoing salient operational and supply chain risks (pages 6-7)). For supply chain due diligence risks, our approach to managing and mitigating risks on an on-going basis is described in this section. Our supply chain due diligence risk assessments did not identify any specific Annex II risks in the reporting period.

Summary of management systems and controls

- Suppliers Code of Conduct, Human Rights Policy and associated compliance policies
- Supplier monitoring, training and audits
- New supplier risk assessment and updated CPDD procedure
- Commitment to OECD Due Diligence Guidance, UN Guiding Principles on Business and Human Rights and RMI Cobalt and Joint Due Diligence Refiners Standards.
- Internal reviews, second-party and third-party audits
- Public reporting through the Clean Cobalt & Copper Performance Report

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 (which was partially suspended during the reporting period as a COVID-19 safety measure) for verification against access badges. 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, and through community investment projects such as Good Shepherd Sisters and our apprenticeship program, we invest in child labour prevention.

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. Metalkol also participated, via Re|Source, in a pilot of the Global Battery Alliance Battery Passport and its pilot rule books on GHG emissions, child labour and human rights.

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
- Development of the Re|Source* Blockchain traceability application

*Notwithstanding that, if the Re|Source project is formally constituted, it will be a joint venture between multiple parties, its constitution is subject to global anti-trust approvals being granted. As such, until such time as Re|Source is constituted, the consortium partners in Re|Source act individually only in relation to Re|Source.

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.

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 standards framework for responsible ASM by RMI. In addition, we have provided 18 workshops through an NGO to strengthen the capacity of a cooperative to operate with greater responsibility in our surroundings. In a participatory manner, the 23 participants members analysed health and safety risks and proposed strategies to improve access to sanitary services, access to water and clean and safe working conditions on the mining cooperative's site.

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 tolerate 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
- Support for development of responsible cobalt ASM standard

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.

In 2022, we supplemented our existing air quality measures at Metalkol RTR through the application of 'directional' dust monitoring (i.e. to inform more effective and timely control measures), molasse-based road treatments during the dry season and real-time monitoring of diesel generator running hours and fuel consumption.

Metalkol RTR operations are largely supplied with power from DRC utility SNEL, which is highly reliant on hydropower. Supply outages have been a longstanding challenge in the country (due a structural energy deficit, poor infrastructure and inadequate water levels). In 2022, the region's energy challenges became more severe. This partly reflects new demand from recently established, third-party mining operations, recent weather patterns and an increase in copper cable theft. This has contributed to a considerable rise in power costs and increased use of our backup diesel generators, which are relatively expensive to run and increase our carbon emissions.

To help address this challenge, we are actively investigating (via parallel pre-feasibility studies) if we can:

- Secure alternative, cost effective energy supplies in the medium-term through the potential development and/or support of renewable energy projects (including solar)
- Apply a fast-acting, battery-based backup system to mitigate the effects of increasingly frequent outages (i.e. as our diesel generators come on line)

We are also engaging with other peers in the region to explore if and how we could collectively support improvements to the public power grid.

In 2022, a Carbon Footprint calculation of Metalkol Cobalt production process against the Global Battery Alliance GHG emission rulebook has been completed. Since then, the team has been working on improving the results and access to qualitative and quantitative reliable data in order to undergo a similar reassessment in 2023 and calculate its 2022 emissions. Our focus is to improve our understanding of the input flows for each production stage particularly at the hydrometallurgical processes, support our reagent and auxiliary materials production suppliers in providing qualitative data, and better monitor our associated diesel emissions in our transportation routes.

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 ESIA 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 environmental management system is aligned with ISO14001 and certification is being sought by 2024. At Metalkol RTR, we submitted an updated ESIA for government approval, which covers planned additional processing activities at the site which has been approved in principle, pending approval of CoPE ESIA submitted in June 2022.

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 ERG Sustainable Development 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
- Notifications to contractors reinforcing ERG OHS and incident reporting requirements
- OHS audits
- Induction and refresher toolbox training for employee/contractor employees on 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 with a team of nine community relations staff.

Metalkol RTR has adopted a strategic community investment plan, which defines our social investment process. The Strategic Community Investment Plan's objectives are informed by 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 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.

In 2022, we developed the 'ERG Mining Academy', a partnership with the University of Kolwezi to provide scholarships for approximately 200 Congolese graduates seeking to complete master's degrees in mining-related disciplines.

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 and feedback boxes

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 circular. Since 2017, the CEO of ERG has been a co-chair of the Global Battery Alliance Supervisory Council. ERG participates in the Supervisory Council, Board of Directors, Battery Passport Steering Committee and Critical Minerals Action Group. Metalkol participated in the Battery Passport pilots of GHG, child labour and human rights rule books through Re|Source.

Metalkol RTR is a member of the Cobalt Institute and its Responsible Sourcing Committee. 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 supervisory council, the CEO of ERG participates in the Sustainable Markets Initiative and leads the Sustainable Battery 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 & 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.

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. 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 1

The DRC EITI status is currently "meaningful progress" and the Metalkol is working on the reports for the period. The internal processes implemented by ERG in relation to reporting on the above are set out in the ERG annual Sustainability Reports.

Management conclusion

For the period 1 May 2022 to 30 April 2023, 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 traced, enabling a verified handling 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, including security considerations.

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