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Media release

Eurasian Resources Group publishes Sustainable Development Report 2018

Eurasian Resources Group (“ERG” or “the Group”), a leading diversified natural resources group, is pleased to announce the publication of its Sustainable Development Report (“the Report”) for 2018. The Report highlights further progress in achieving long-term sustainability, which lies at the heart of the Group’s business strategy.

In **Kazakhstan**, ERG continued to improve its **operational performance**, supported by – amongst other things – **ongoing business transformation, operational efficiency initiatives and the development of its portfolio**.

Commenting on the report, *Benedikt Sobotka, CEO of ERG*, said: “We are focussed on ensuring that our business is in a position to generate value well into the future and for our multiple stakeholders and we have seen a plethora of positive milestones in 2018. Building on our Strategy, we were pleased to join the **UN Global Compact** at the beginning of 2019 and support key UN initiatives including the Sustainable Development Goals.”

The business’s vision, captured by ERG’s **2025 Strategy**, is being supported not only by the **Group’s Corporate Values** but also by the continuous cultural transformation at the workplace level. ERG has been working closely with international organisations such as the **World Economic Forum** to champion sustainability and encourage reform across the industry via its involvement with platforms including the **Global Battery Alliance** and the **Partnership Against Corruption Initiative (PACI)**.

In 2018, as part of the Group’s focus on enhancing overall business efficiency to prepare for the future, a number of continuous improvement programmes were ongoing. These included the **ERG Production System**, which supports efficiency across the product lifecycle, and the **ERG Business System** aimed at enhancing business processes. The Group formed a dedicated company, **ERG Capital Projects**, to support effective project execution and adopted a **new, enhanced approach to project due diligence and mine planning**. ERG also hosted a regular **Innovators’ Forum** and further rolled out its **Ideas Factory** concept collecting ideas from more than 3,000 employees and accepting over 1,600 of them.

The business continued to make improvements to the workplace culture in its enterprises aiming to achieve **Zero Harm**. In 2018, the **LTIFR** (lost time injury frequency rate) among ERG’s employees decreased by 15.9% year on year. 13.2 million consecutive LTI-free hours were achieved during the construction phase of **Metalkol RTR**, a major cobalt and copper operation in the Democratic Republic of the Congo (**DRC**).

The Group continued to make structural preparations to bring its business in line with the **Fourth Industrial Revolution**, including a focus on data analytics and the digitalisation of production. To this end, work was underway to implement a single **Manufacturing Execution System (MES)**. ERG launched a pilot project to implement a **blockchain-based solution on the IBM Platform** to enhance the traceability of its cobalt across the metal's global supply chain. In Kazakhstan, the **Group** also developed a partnership with **Astana International Financial Centre** and its **IT and start-up platform, Astana Hub**, which incorporates its initiatives to foster new digital solutions that can support ERG's business.

As part of the global **energy transition**, ERG commissioned **Metalkol RTR**, which produces copper and cobalt, products that are key for the global **lithium-ion battery sector**. The facility will help to improve the local environment via the decontamination of historical tailings in the area. At Metalkol RTR, in line with the principles of **responsible production**, ERG introduced its **Clean Cobalt Framework**, an innovative initiative, which comprises **seven goals** to tackle potential challenges in the production and supply chain, including **child labour**.

Aiming to help children in the DRC to transition out of mining, the Group also continued to advance its support for the work of the **Good Shepherd International Foundation (GSIF)** and to the rollout of the 'Children Out of Mining – Northern Kolwezi' programme by **Pact**, an international NGO. As part of cooperation with GSIF, 1,929 children received protection and around 300 women and 200 girls gained trainings for **alternative livelihood skills**.

ERG's commitment to responsibility also relates to avoiding and minimising potential negative environmental impacts across various product segments and regions. In 2018, ERG developed a new **long-term Air Emissions Strategy**, intended to bring the Group's assets in Kazakhstan closer in line with the EU air quality standards. Energy-saving measures applied across the Group's operations in Kazakhstan under its 2016-2020 **Energy Efficiency Programme** resulted in a total **reduction in consumption of 2,000Tj of energy** in 2018.

In 2019, ERG completed internal **risk assessments of tailings dams** and defined an action plan, which includes the engagement of third party expertise to support the Group's risk management efforts. In **Brazil**, the planned tailings dam at ERG's **Bahia Mineração (BAMIN)** integrated iron ore and logistics project was amended from an upstream to a downstream design.

The Group has continued to make a contribution to the socio-economic development and well-being of communities in its key operating regions. In Kazakhstan, **STEM laboratories** supported by ERG will benefit **9,000 pupils**. The Group also encourages young people and job creation through its **Student Entrepreneurship Ecosystem Project**, which is now operating in nine universities and colleges and saw the participation of **5,000 students**.

A similar emphasis on benefitting local communities is also reflected through the Group's initiatives in Africa and Latin America. In the **DRC**, ERG is working to **expand access to high-quality education** but also to **improve potable water distribution**, thus helping to address major challenges facing local communities. In 2018, the Group invested **US\$582,000 to provide potable water to local communities** using **wells and solar-powered water distribution facilities**. As part of its **agriculture programme**, around 500 community members were provided with seeds, equipment and technical support.

In **Brazil**, ERG also advanced efforts to **address clean water shortages** and provided 15 households with access to clean water for agricultural use.

The full version of the Report can be found here:
https://www.eurasianresources.lu/uploads/1/files/20077_ERG_SR%20ENG%20web2.pdf

Details of ERG's sustainable development journey from 2018 are listed below:

Preparing our business for the future

- Development of the **Group 2025 Strategy** and **start of its implementation**
- Further **upgrades by** leading credit rating agencies **Standard & Poor's** and **Moody's**
- **Savings of US\$91.7 m** from **operational efficiency initiatives** in **Kazakhstan**
- Continued **major rebuild of the Aksu Ferroalloy Plant's smelter furnace №64** to **improve furnace productivity by 50%** and **reduce energy consumption by 20%**. The project was commissioned in 2019
- Production of the **first copper cathode at Metalkol RTR**
- Launch of ERG's **Clean Cobalt Framework at Metalkol RTR** in pursuit of excellence in **responsible production** and **sustainability along the cobalt value chain**
- **Further development of ERG's strategic integrated iron ore mine, railway and port project BAMIN**
- **Communication of the Group's anticorruption policies and procedures** to over **12,000 business partners, governance body members and employees**

Helping our people thrive

- **Reduction of LTIFR among employees by 15.9%**
- Achievement of **13.2m consecutive lost time injury-free hours** during the construction phase at **Metalkol RTR**
- Further implementation of a **holistic talent management programme in Kazakhstan** encompassing '**Forum for Young ERG Leaders**', **League of Professionals and Innovators'** **Forum**

Community development and wellbeing

- The **Group-wide community social investment (CSI)** of **US\$115 m**
- **Continued support of youth innovation and job creation** through the **Student Entrepreneurship Ecosystem project in Kazakhstan**, with **over 5,000 students taking part**
- Investment of more than **US\$235,000 in the establishment of 11 STEM laboratories for 9,000 pupils**, in partnership with the local government education authorities and charities
- Launch of a **Sustainable Agricultural Programme** in partnership with local communities **in the DRC** Around 500 community members were provided with seeds, equipment and technical support
- Providing **community access to clean water through solar-powered installations in the DRC** with investment of **US\$582,000 in 2018**
- Helping children in the DRC to transition out of mining through **partnerships** with the **Good Shepherd International Foundation** and **Pact**, an international NGO
- Provision of **15 households in Brazil** with **access to clean water** for agricultural production

Environmental stewardship

- Development of a **new long-term Air Emissions Strategy** and implementation of **air quality monitoring programmes in Kazakhstan**
- Recorded **savings of over 2000 terajoules** as result of **energy efficiency initiatives in Kazakhstan**
- Completed **cross-lifecycle carbon footprinting of aluminum and ferrochrome production in Kazakhstan**
- Achievement of a **guaranteed supply of energy at Frontier SA and Metalkol RTR through third party agreements**
- **Sale of 158,000 tonnes of waste worth US\$9 m** as part of ERG's '**Waste into Profit**' programme in **Kazakhstan**, and **reprocessing of 1,328kt of historical tailings at Metalkol RTR in the DRC**
- **A Group-wide internal assessment of risks associated with tailings dams**

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About Eurasian Resources Group:

Eurasian Resources Group (ERG) is a leading diversified natural resources group with integrated mining, processing, energy, logistics, and marketing operations. The Group operates in 15 countries and is a major employer in the industry. In 2019, Eurasian Resources Group celebrates its five-year anniversary and the Group also marks 25 years of its business in Kazakhstan.

ERG is the world's largest high-carbon ferrochrome producer by chrome content and one of the largest producers of alumina and iron ore products in Eurasia. It is the only producer of high-grade aluminium in Kazakhstan. The Group is also among the principal copper and cobalt producers.

ERG represents one third of the metals and mining industry in the Republic of Kazakhstan. It is also a key power supplier and a large railway operator in Central Asia. ERG manages production entities in Kazakhstan that are among the nation's foremost enterprises, including Kazchrome, SSGPO, Kazakhstan Aluminium Smelter (KAS), Aluminium of Kazakhstan, Eurasian Energy Corporation, Shubarkol Komir, Transportation Group TransCom, 3-Energoortalyk and ERGService.

In Africa ERG mines and processes copper and cobalt ore and has also recently launched the Metalkol Roan Tailings Reclamation (RTR) project, a major tailings reprocessing operation in the Democratic Republic of the Congo.

The Group has further development projects in thermal coal, manganese, platinum, bauxite and fluorspar in South Africa, Zimbabwe, Mali and Mozambique. ERG controls its own supply chain on the continent through its company Sabot, a North-South Corridor logistics specialist.

In the State of Bahia in Brazil, ERG is pioneering an integrated mining and logistics project comprising the Pedra de Ferro iron ore mine, the Porto Sul deep-water port and the associated new FIOL broad-gauge railway.

ERG is a founding member of the Global Battery Alliance launched on the platform of the World Economic Forum and dedicated to ensuring that there is an ethical and sustainable global supply chain for the lithium-ion batteries that help power the Fourth Industrial Revolution and a low carbon economy, through electric vehicles, renewable energy technologies and smartphones.