

14 October 2020, Luxembourg



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MEDIA RELEASE

Eurasian Resources Group publishes Sustainable Development Report 2019

Eurasian Resources Group (“ERG” or “the Group”), a leading diversified natural resources group, announces the publication of its Sustainable Development **Report** (“the Report”) for **2019, entitled ‘Building A Sustainable Business’**. The Report outlines the Group’s key achievements as well as broader sustainable development performance in order to generate long-term value for stakeholders. In 2019, ERG marked the **25th anniversary of its business in Kazakhstan and the 5th anniversary of its head office in Luxembourg**.

Key highlights and milestones of the year:

- 1. Ensuring a responsible supply chain:** Adoption of ERG’s Group Supplier Code of Conduct; First independent, third-party assurance of ERG’s Clean Cobalt Framework at Metalkol RTR; Ongoing support of the Global Battery Alliance and helping establish World Economic Forum’s Metals and Mining Blockchain Initiative
- 2. Enhancing business efficiency:** Rollout of the ERG Way Production System in Kazakhstan; US\$68 million saved through operational efficiency programmes; Commissioning of furnace No. 64. as part of the Workshop No. 6 major renovation project at the Aksu Ferroalloys Plant in Kazakhstan; Establishing ERG Capital Projects and ERG Recycling companies
- 3. Implementing a new Environmental Strategy in Kazakhstan:** Advancing the 10-year, c.US\$350 million programme to reduce particulate emissions to air
- 4. Becoming a member of the United Nations Global Compact**
- 5. Advancing Metalkol RTR in the Democratic Republic of the Congo (DRC):** Production ramp-up and initiation of Phase II of development
- 6. Benefitting local communities, shaping an innovative environment in Kazakhstan:** Launching ERG’s three-year regional development programme; Partnering with the Digital Ventures Fund

7. Preventing child labour in the mining industry: Working with the Good Shepherd International Foundation to construct a new Child Protection Centre in Kolwezi, DRC, and Pact on their ‘Children out of Mining – Northern Kolwezi’ project

Commenting on the Report, **Benedikt Sobotka, ERG’s CEO**, said: “Last year, we continued to embed our 2025 Strategy, placing particular focus on organisational transformation, meeting the expectations of our stakeholders, digital technology, and the enhancement of our financial position. Our key priorities are ensuring the health and safety of our people and building on our existing efforts to enhance our operational and financial resilience, which is particularly important against the backdrop of the COVID-19 pandemic.”

Looking ahead, ERG’s immediate priority remains **keeping its employees and local communities safe** whilst ensuring operational continuity and resilience. This is overseen by ERG’s dedicated **Anti-Crisis Control Committee**. **Contributing to local efforts to address COVID-19 is central to ERG’s corporate mission**. In 2020, in Kazakhstan alone, ERG committed more than US\$10 million to the creation of a national foundation aimed at minimising the socio-economic impact of the outbreak and contributed US\$230,000 to the fight against the virus in Nur-Sultan¹. The Group has been continuously committing resources to this cause during 2020.

Through its assets in Kazakhstan as well as **Metalkol RTR and BAMIN**, the Group is well-positioned to play an important role in facilitating the transition to a low-carbon economy as well as capitalising on future opportunities and growth in the aftermath of the pandemic.

More details of ERG’s sustainable development initiatives in 2019 are listed in the Appendix.

The full version of the Report can be found [here](#).

¹ In the second quarter of 2020, ERG committed an additional US\$4 million to Kazakhstan’s regions, which will be reflected in the Group’s Sustainable Development Report for 2020.

APPENDIX. Overview of ERG's sustainable development initiatives:

PREPARING OUR BUSINESS FOR THE FUTURE

Whilst the year presented challenging external conditions and uncertainty, the Group succeeded in **strengthening its financial position** through debt refinancing and the expansion of credit lines. These measures proved prescient given the economic impact of the COVID-19 pandemic. At the same time, progress was made in preparing the business for the future in line with ERG's 2025 Strategy. This was reflected, amongst other initiatives, in the rollout of the **ERG Way Production System** in Kazakhstan focused on improvements across ERG's operational performance and working culture as well as **savings of \$68 million**, resulting from a range of operational efficiency measures.

The Group maintained positive momentum in the **ramp-up** of Phase I of the **Metalkol RTR**, an operation to reprocess historic tailings in the Democratic Republic of the Congo (DRC), and initiated Phase II of development, setting the project on course to become a world-leading producer of cobalt. In 2019, ERG **started to sell cobalt hydroxide from Metalkol RTR to major refineries in China**.

As part of the Workshop No. 6 major renovation project at the **Aksu Ferroalloys Plant** in Kazakhstan, ERG **commissioned furnace No. 64**. This is expected to improve workshop productivity, reduce energy consumption and emissions to air.

The **life of mine at Frontier in the DRC** is expected to be **extended to 2024** as a result of the **continued expansion of the open pit** – referred to as **Cut 3** – and in combination with the processing of ore stockpiles.

In support of its strategic vision, the Group launched **ERG Capital Projects** to ensure excellence in project delivery, and **ERG Recycling**, a company dedicated to reprocessing industrial waste.

In addition, 2019 saw the completion of **ERG's Digital Strategy** at the Group level, which will guide the business in how it applies digital technology to increase the efficiency of the business and move ERG further towards **Industry 4.0**.

HELPING OUR PEOPLE THRIVE

The Group is committed to achieving Zero Harm and recognises that further improvements are required in this regard. ERG's efforts in delivering a safe, productive and stable working environment are reflected in the **completion of comprehensive audits of the safety management systems at the Group's operations in Kazakhstan**, as well as the initiatives to reinforce the **integrated Safety, Health and Sustainability (SHS) management system in Africa**. In Brazil, the company continued to implement new training programmes for high-risk activities at BAMIN.

In early 2020, due to the **COVID-19 pandemic**, the Group took **extensive measures to keep its people and local communities safe**.

ERG also furthered its long-standing commitment to the professional development of its staff, ensuring they meet the current and future skills requirements, as well as promoting opportunities for young people in Kazakhstan. In 2019, this included supporting the launch of the **of New Professions** and a steadfast commitment to the **Student Entrepreneurship Ecosystem Programme**. In Brazil, ERG continued to implement its **Mining Talent programme at Porto Sul** to provide local communities with technical training and improve access to employment opportunities.

ENVIRONMENTAL STEWARDSHIP

As part of its new **Environmental Strategy in Kazakhstan**, ERG progressed a **10-year**, approximately **US\$350 million programme**, to reduce its emissions to air. Over the last year, this included a set of initiatives at Kazchrome's Aksu Ferroalloy Plant; commissioning filter upgrades at Aluminium of Kazakhstan's sintering shop and developing a staged filter upgrade programme at Aluminium of Kazakhstan's power station.

In 2019, ERG implemented a **Group-wide, internally managed risk assessment of its large-scale waste storage facilities**. This prompted the development of a management action plan, as well as the engagement of third-party international experts to support the Group's risk management efforts. As part of this, ERG initiated a **risk assessment programme covering 14 existing facilities** in Kazakhstan, including **Aluminium of Kazakhstan's sludge storage facility in Pavlodar**; commissioned a **third-party risk review of its new tailings storage facility (TSF) at Metalkol RTR**; and had all **tailings storage facilities in Africa risk assessed by independent specialists**. The Group achieved an **extension of the environmental permit at its BAMIN iron ore mine**, despite a significant toughening of regulation post-Brumadinho. Prior to that, the Group changed the tailings storage facility design at BAMIN from an upstream to a safer, more stable downstream model.

COMMUNITY DEVELOPMENT AND WELL-BEING

ERG places great importance on the socio-economic development of its communities and countries of operation. Amongst its initiatives is the launch of ERG's **three-year regional development programme in Kazakhstan**, which will be supported by the **ERG Town programme**. The latter gives employees and, over the long-term, local communities an opportunity to shape local development priorities.

Furthermore, in recognition of how digital technology can act as a catalyst for economic, social and cultural growth, ERG partnered with the **Digital Ventures Fund** to engage with innovative start-ups in Kazakhstan and enable local communities to use technology to meet their needs.

In Africa, through its support of the **Good Shepherd International Foundation** in the **Democratic Republic of the Congo**, ERG has helped to protect **2,263 children** from child labour in the course of three years and helped fund the construction of a new **Child Protection Centre**. The Centre accommodates up to **1,000 children** from ASM communities.

The Group also began supporting international NGO Pact and their '**Children out of Mining – Northern Kolwezi**' project with **120 young people aged between 15 and 17** set to receive training and assistance to transition out of mining into alternative employment. The project also aims to raise awareness and educate young adults about the dangers of child labour through a range of tailored interventions focused on tackling the risks they may face in ASM communities.

OUR RELATIONSHIP WITH BROADER SOCIETY

In 2019, ERG distributed a total of **US\$4,183 million to its stakeholders** – including to host governments, employees, communities, suppliers and finance providers.

ERG also made major progress in maintaining a responsible supply chain, helping provide assurance to customers and other downstream stakeholders. This included the adoption of ERG's **Group Supplier Code of Conduct** as well as the first independent, third-party assurance of its **Clean Cobalt Framework at Metalkol RTR**. ERG's participation in the **Global Battery Alliance**, of which ERG is a founding member and co-chair, World Economic Forum's **Metals and Mining Blockchain Initiative**, as well as the **Cobalt Institute** further supports the Group's efforts in this area.

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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 celebrated a five-year anniversary of its office in Luxembourg, and also marked 25 years of its business in Kazakhstan.

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

In Kazakhstan, ERG represents one third of the metals and mining industry. 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 ERG Service.

In Africa, ERG mines and processes copper and cobalt ore and produces copper and cobalt hydroxide. It has recently launched Metalkol Roan Tailings Reclamation (RTR), 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.