

EURASIAN RESOURCES GROUP



GREEN FINANCE FRAMEWORK

February 2022



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OVERVIEW

01 ERG AND SUSTAINABILITY

ABOUT ERG

Eurasian Resources Group (ERG) is an international diversified group with more than 67 thousand workforce. It owns integrated mining, processing, energy, logistics and marketing operations in Kazakhstan, Africa and Brazil. ERG operates in 15 countries on four continents.

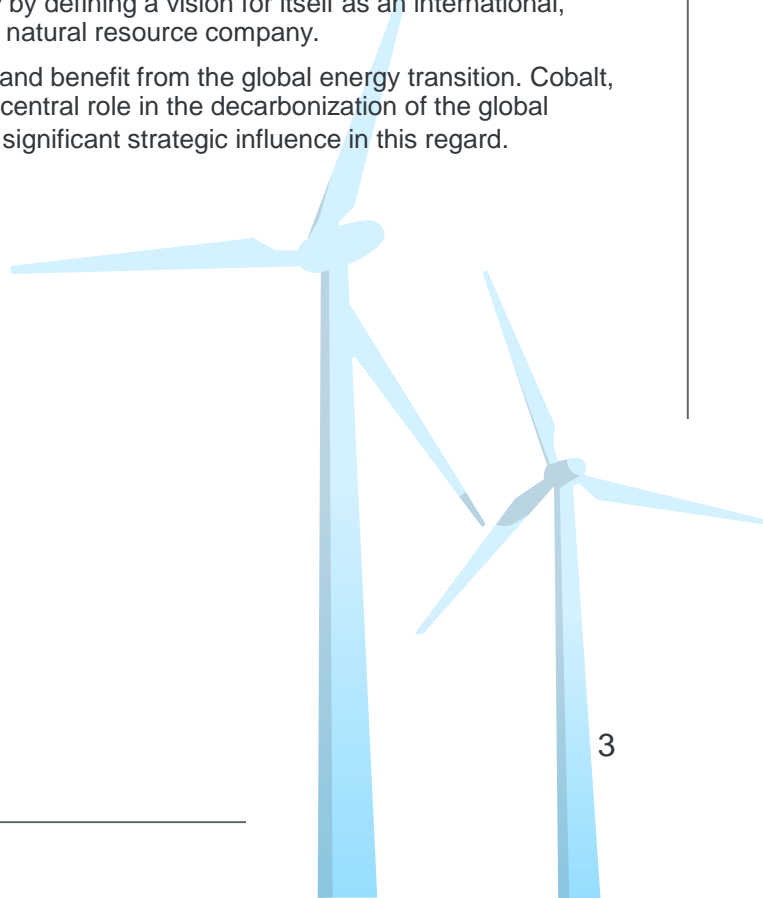
ERG represents one third of the metals and mining industry in Kazakhstan, and is the world leader in high-carbon ferrochrome production by chrome content. We are also a substantial supplier of iron ore, aluminium and alumina in Eurasia, as well as a provider of energy and railway services.

In Africa, we are a large producer of copper – with further development projects focused on coal, manganese, platinum, bauxite and fluorspar. Our Metalkol RTR operation in Africa is the world's second largest producer of cobalt.

In Brazil, we are developing an integrated iron ore mining and logistics operation ([BAMIN](#)).

The Group is fully aware of the importance of responsible management in the areas of environmental impact, social development and corporate governance. ERG supports and benefits from the global transition to a green economy by defining a vision for itself as an international, sustainable, socially responsible and efficient natural resource company.

ERG's products enable the Group to support and benefit from the global energy transition. Cobalt, copper and aluminum are expected to play a central role in the decarbonization of the global economy, and ERG will have an increasingly significant strategic influence in this regard.



OVERVIEW

01 ERG AND SUSTAINABILITY

ERG APPROACH TO SUSTAINABILITY

Sustainability is an integral part of ERG's business model and is increasingly being integrated into core business processes in all areas of activity, including ensuring safe working conditions, responsible environmental management, supporting local communities, responsible supply chain management. In 2019, ERG declared its commitment to the ten principles of [the UN Global Compact](#) and continues to be guided by them in its activities.

In 2021, the Group established the Environment, Social and Governance (ESG) Committee to act as the main decision-making body on ESG policies and objectives, review the Group's ESG projects in detail and ensure proper accountability. The Committee initiated the process of developing long-term ESG goals 2030, including goals for the use of electricity from renewable sources and the reduction of greenhouse gas emissions, improving the efficiency of water resources use, reducing emissions into the environment (waste, atmosphere), happy diverse and healthy team, development of communities and regions of operation and leadership in business standards. ESG goals are developed in accordance with prioritized [SDGs](#).

The Group is working to reduce the Group's carbon footprint through the implementation of the Energy Efficiency Improvement Program. [The environmental strategy of ERG](#) until 2030 defines the planned investments in the implementation of the environmental program of about 1.6 billion US dollars. As a result of the implementation of the strategy, the following is expected as compared to 2019:

Reduction of particulate pollutants emissions

56%

Reduction of pollution discharge to water bodies and filtration fields

30%

Reduction of water withdrawal from water bodies

33%

Share of hazardous and non-hazardous recyclable waste, overburden rock excluded

23%

Share of recyclable enclosing and overburden rock

43%

OVERVIEW

01

ERG AND SUSTAINABILITY

ESG RISK MANAGEMENT

ERG has implemented a risk management system that ensures the identification, assessment and management of risks affecting business sustainability and the most significant sustainability issues. The ERG risk management policy has been developed in accordance with the international risk management standard ISO 31000. The risk management process is integrated into all planning and decision-making processes. Key risks are regularly analyzed by the Risk Management and Compliance Committee, the Executive Committee and the Board of Managers. This ensures that the Group's overall exposure to risk is understood and mitigation measures are properly prioritized. The Risk Management Department ensures control over the timely implementation of these measures, thereby ensuring the proactive reduction of key risks in accordance with the approved levels of risk appetite.

The Group's enterprises apply the ISO standards of the occupational health and safety management system (ISO 45001), energy management system (ISO 50001/EN 16001) and environmental management system (ISO 14001).

SUSTAINABILITY POLICIES AND REPORTING

ERG has implemented policies and procedures on significant aspects of sustainable development, including the following:

- [Corporate Code of Conduct](#),
- [Human Rights Policy](#),
- [Supplier Code of Conduct](#),
- Health&Safety, Labor and Environment Policy,
- [Responsible Aluminum Framework](#),
- [Responsible Cobalt and Copper Framework](#).
- Group corporate social responsibility and sponsorship policy and etc.

As part of the processes for managing significant aspects of sustainable development, the ERG corporate management system provides relevant procedures and instructions.

To ensure transparency and visibility of its activities for all stakeholders, ERG publishes [Sustainable development reports](#) annually.

OVERVIEW

02 INTRODUCTION TO ERG GREEN FINANCE FRAMEWORK

This Green Finance Framework (hereinafter referred to as the “Framework”) has been developed in accordance with the Green Bonds Principles (GBP) of the International Capital Market Association and the Green Loan Principles (GLP) of the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and is designed to provide transparency in the process of attracting investments through green financing instruments such as Green Bonds and Green Loans of the ERG Group.

The structure of the Framework is based on four GBP and GLP criteria:



«Use of Proceeds»



«Process for Project Evaluation and Selection»



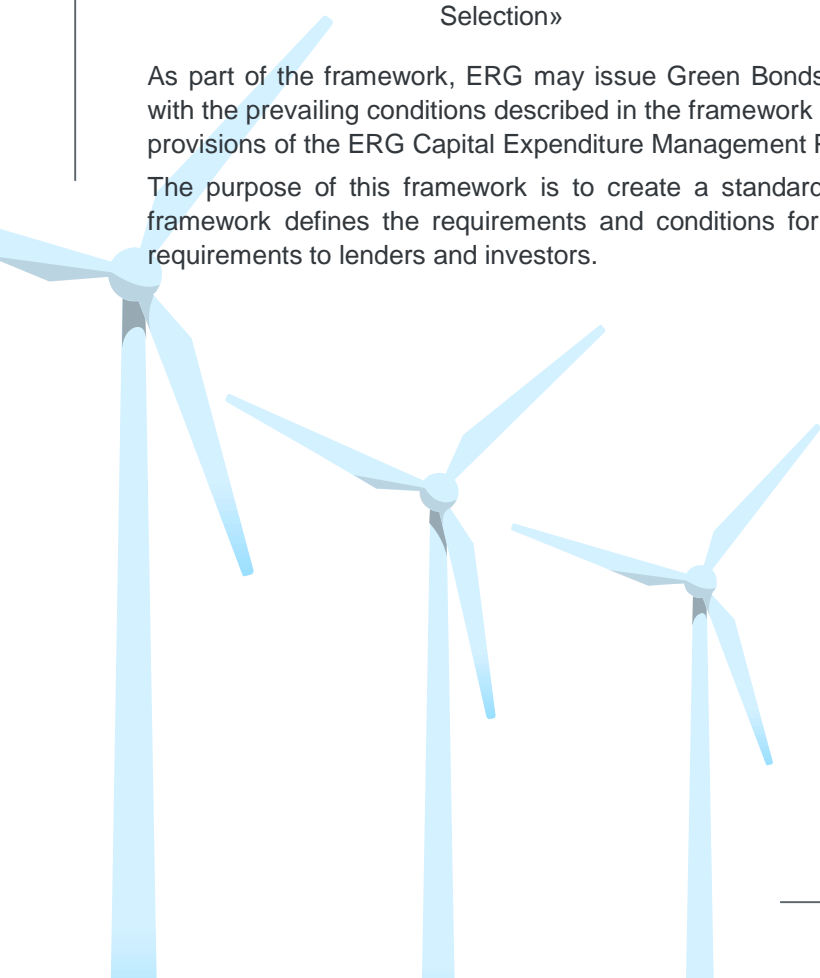
«Management of Proceeds»



«Reporting»

As part of the framework, ERG may issue Green Bonds and raise Green Loans in accordance with the prevailing conditions described in the framework below, as well as in accordance with the provisions of the ERG Capital Expenditure Management Policy.

The purpose of this framework is to create a standard for green finance for the Group. The framework defines the requirements and conditions for attracting green finance and reporting requirements to lenders and investors.



ERG GREEN FINANCE FRAMEWORK

03 USE OF PROCEEDS

The Use of Proceeds financing instruments may be issued by Eurasian Group LLP or any of ERG subsidiaries or project companies in Kazakhstan. In the future, it is planned to expand the scope of the Framework to all regions where the ERG Group operates.

Proceeds from issued Green Bonds or raised Green Loans will be used exclusively to finance or refinance eligible projects that contribute to the achievement of environmental goals such as: renewable energy, energy efficiency, pollution prevention and control, sustainable use of water and waste, clean transport, sustainable forest management and conservation of biodiversity and ecosystems, adaptation to climate change (“Eligible Projects”). Eligible projects may include, but are not limited to, projects that meet the eligibility criteria (column IV), as described in Table 1.

An equivalent amount of the net proceeds of Use of Proceeds green instrument will be used to:

- Finance Eligible Projects occurring post issuance of each financing instrument; and/or
- Refinance disbursements in Eligible Projects initiated up to 36 months prior to the date of issuance of any Use of Proceeds Financing Instrument.

If projects qualify as Eligible projects but are not included in the categories in Table 1, an additional Second Party Opinion for such assets will be provided if needed. Additional categories and eligibility criteria may be described in the Green Bond Program/prospectus/listing documentation or loan documentation.









In case of projects for which an environmental impact assessment is required in accordance with the national laws and regulations of the country where the project is being implemented, the Company undertakes to conduct an environmental impact assessment of the project.

Accounting for and assessing environmental factors when considering eligible green projects include checking the project for the presence of activities that may cause a significant deterioration in the environment, social working conditions and life of the population, which are qualified as illegal by national legislation and regulatory requirements of the state implementation of the project or international conventions and agreements, or are subject to withdrawal from international circulation or prohibition.

ERG GREEN FINANCE FRAMEWORK

03 USE OF PROCEEDS

Table 1. ELIGIBLE PROJECTS













I	II	III	IV	V	VI
Category	Subcategory	Description	Eligibility Criteria	ICMA category	SDGs
Renewable energy 	a. Wind b. Solar c. Hydropower d. Geothermal e. Bioenergy f. Transmission and distribution networks	Energy production and transmission, facilities and supporting infrastructure for production, storage systems	a. No additional thresholds b. No additional thresholds c. CO2 emissions during the life cycle not higher than 100gCO2e/kWh, or specific power (the ratio of the nominal power of the facility to the surface area of the reservoir) > 5W/m2 d. No additional thresholds e. 1) A minimum 80% reduction of greenhouse gas emissions over the life cycle of the project compared to the coal baseline, and 2) biofuels must be obtained from raw materials formed by environmentally sustainable methods (wood must be represented by wood waste; high (over 50%) minimum share of waste, etc.). And also for installations over 50 MW - compliance with the requirements of BREF ¹ / best available technologies of the country of implementation in terms of waste management, use of materials, emissions of SO2, NOx and CO f. No additional thresholds	Renewable energy	  
Green hydrogen 		Plants for the production of hydrogen using renewable energy (green hydrogen)	The maximum direct CO2 emissions from hydrogen production are 3 tonnes CO2e/tonne hydrogen; electricity consumption in the production of hydrogen by electrolysis is no more than 58 MWh/ton of hydrogen; average specific emissions from the production of electricity used in the production of hydrogen do not exceed 100 grams of CO2e/kWh.	Renewable energy	  

1. BREF – EU BAT reference documents, available at <https://eippcb.jrc.ec.europa.eu/reference/>

ERG GREEN FINANCE FRAMEWORK

03 USE OF PROCEEDS











Table 1. ELIGIBLE PROJECTS

I	II	III	IV	V	VI
Category	Subcategory	Description	Eligibility Criteria	ICMA category	SDGs
 <p>Energy efficiency</p>	<p>a. Modernization (reduction of the basic level of energy consumption) at generation facilities, infrastructure for the transmission of electricity and heat</p> <p>b. Energy-saving lighting or equipment for non-industrial facilities</p> <p>c. Energy efficient products</p>	<p>Modernization or replacement of existing generation facilities that contribute to a significant increase in energy efficiency, installation of more efficient equipment, reduction of heat losses, installation of CHP/co-generation or trigeneration equipment, modernization of transmission lines or construction of new distribution systems, smart grids, modernization of district heating, production, purchase and use of more energy efficient products, replacing of carbon fuels with hydrogen in industrial processes</p>	<p>a. 20% reduction in energy consumption, or direct greenhouse gas emissions when generating less than 100 g CO2e/kWh</p> <p>b. 45% reduction in energy consumption</p> <p>c. Top class energy efficiency label</p>	<p>Energy efficiency</p>	    
 <p>Pollution prevention and control</p>	<p>a. Air cleaning</p> <p>b. Carbon capture and storage</p> <p>c. Reduced soil pollution</p> <p>d. Soil restoration</p>	<p>Wastewater treatment plants, equipment for air recirculation, equipment/technologies for reducing air emissions, carbon capture and storage plants, equipment and technologies for soil restoration, phytomelioration</p>	<p>a. Compliance with the best available technologies of the country of implementation (in relation to industrial pollution)</p> <p>b. Compliance with the best available technologies of the country of implementation in terms of waste management and use of materials</p> <p>c. No additional thresholds</p> <p>d. No additional thresholds</p>	<p>Pollution prevention and control</p>	    

ERG GREEN FINANCE FRAMEWORK

03 USE OF PROCEEDS









Table 1. ELIGIBLE PROJECTS

I	II	III	IV	V	VI
Category	Subcategory	Description	Eligibility Criteria	ICMA category	SDGs
 <p>Sustainable water and wastewater management</p>	<ul style="list-style-type: none"> a. Water conservation, storage and distribution of water b. Water treatment facilities c. Wastewater treatment for recycling d. Recycling e. Industrial waste f. Waste water treatment 	<p>Production, acquisition and implementation of technologies and systems for water conservation, storage and distribution; technologies and equipment for drinking water treatment; groundwater reservoirs for collecting melted snow or floods, as well as for regulating the water level in the river, industrial water-saving technologies and measuring equipment; monitoring and measuring the quality or quantity of water; smart networks for water monitoring; wastewater treatment equipment; wastewater treatment plants; reuse and recycling of secondary raw materials, infrastructure for recycling and reuse of waste; equipment for the collection, sorting, recovery, reuse, processing and disposal of industrial and hazardous waste; networks for the collection, storage, treatment and disposal of wastewater; wastewater treatment plants; sludge treatment facilities</p>	<ul style="list-style-type: none"> a. Reducing the consumption of natural water by at least 40% for household and drinking needs, 30% for irrigation and 70% for industrial and technical needs b. Drinking water - compliance with sanitary requirements c. Intended use d. Not less than 80% e. Compliance with BREF / best available technologies of the country of implementation in terms of waste and by-products, hazardous industrial waste management f. 1) compliance with the established requirements and norms of the country where the project is being implemented; 2) Compliance with the BREF/Best Available Techniques of the country of implementation for anaerobic waste treatment (if applicable); 3) compliance with the best available technologies of the country of implementation (if applicable) 	<p>Sustainable management of water resources and wastewater Pollution Prevention and Control Products, production technologies and processes adapted to the circular economy</p>	    
 <p>Clean transportation</p>	<ul style="list-style-type: none"> a. Low carbon vehicles b. Clean transport infrastructure 	<p>Manufacture or purchase of low-carbon vehicles, including electric vehicles, hydrogen vehicles, hybrid vehicles, batteries for them, charging stations</p>	<ul style="list-style-type: none"> a. For passenger road transport, public transport <50 g CO2e/passenger-km; for road freight transport – with emissions below 45 g CO2e/tonne-km b. No additional thresholds 	<p>Clean transportation</p>	  

ERG GREEN FINANCE FRAMEWORK

03 USE OF PROCEEDS

Table 1. ELIGIBLE PROJECTS

I	II	III	IV	V	VI
Category	Subcategory	Description	Eligibility Criteria	ICMA category	SDGs
Sustainable forest management and conservation of biodiversity and ecosystems 	a. Afforestation and reforestation, sustainable forest management, creation of green areas b. Preservation of biodiversity and ecosystems	Planting forest crops, creating green areas around settlements, in sanitary protection zones, projects to preserve ecosystems and natural complexes, protection, protection and / or restoration of degraded ecosystems Support and development of national parks, nature reserves Stocking of reservoirs, cleaning of reservoirs, etc.	a. b. No additional thresholds	Environmentally sustainable management of living natural resources and land use	 
	Climate change adaptation 	Climate Observing and Early Warning Systems	Monitoring, early warning systems for storms, droughts, floods or dam failures; processes for monitoring and measuring water quality or quantity; smart grids for monitoring	Automated and smart systems	Climate change adaptation
Green buildings 	a. Building b. Construction materials c. Infrastructure	Use of high-performance architectural designs, energy-efficient equipment, construction methods that reduce the energy consumption of the building, water-saving fixtures, use of building material that minimizes the number of components, green areas	a. b. c. Meet LEED, EDGE, BREEAM, DGNB	Green buildings	  

ERG GREEN FINANCE FRAMEWORK

04 PROCESS FOR PROJECT EVALUATION AND SELECTION

All projects to be financed through the issue of Green Bonds must comply with Section 3, “Use of Proceeds”.

Proposed investment projects must have a positive environmental impact (e.g. reduction and/or avoidance of greenhouse gas emissions) and must meet the sustainability criteria above in order to be selected as eligible.

To determine whether the project meets the criteria set out in this framework, the ERG has established a Green Finance Working Group. The Working Group includes representatives of departments responsible for corporate finance, sustainable development, production, energy supply and environmental protection, logistics, design, construction, representatives of other departments and enterprises of the Group may be additionally invited.

Potentially eligible projects are proposed by the initiator, which may be the technical management (technologist, process and production manager, project manager, etc.) at the enterprise in the project country based on profitability indicators, the eligibility criteria given in this framework, and the expected and/or achieved environmental effects.

The Green Finance Working Group, together with the initiator, determines the metrics that best describe the achieved positive effect and decides on the inclusion of the project in the list of eligible green projects.

The list of eligible green projects, formed according to the criteria of profitability and the above criteria, may be periodically reviewed with the addition of new eligible projects or the exclusion of projects that no longer meet the specified criteria.

A company may have a single portfolio of eligible assets under a green bond program or a green loan portfolio.

In addition to selecting eligible projects, the tasks of the Green Finance Working Group include:

- preparation, verification and approval of annual reporting on green projects;
- overseeing the implementation of this framework;
- revision of the framework to reflect any changes to ERG's sustainability strategies and initiatives.

ERG GREEN FINANCE FRAMEWORK

05 MANAGEMENT OF PROCEEDS

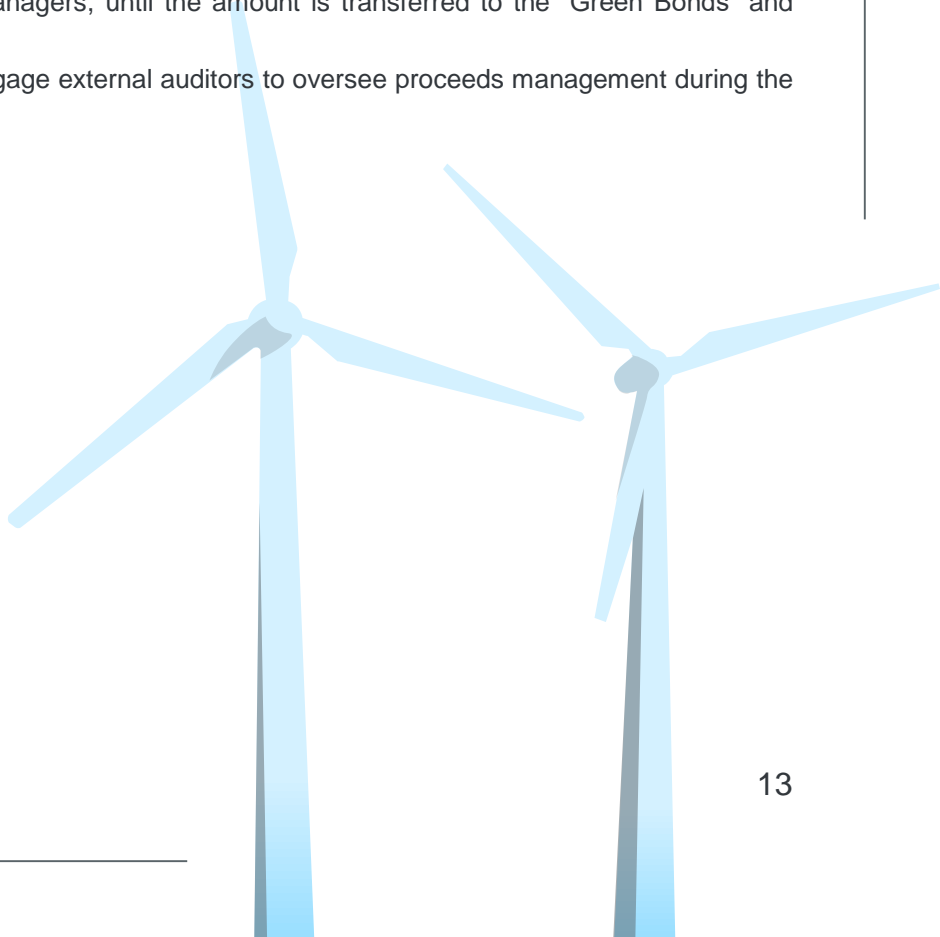
The net proceeds of issued Green Bonds or raised Green Loans will be credited by ERG to a special account for separate accounting and control of proceeds accounting. All qualifying assets will be labeled as Green Bonds and Green Loans in a separate portfolio of assets, and proceeds from issued Green Bonds or raised Green Loans will be tracked in ERG's management reporting system.

Proceeds from the bond issue must be directed to eligible green projects within 24 months of the bond issue date. Proceeds can be directed to additional financing of previously launched projects and refinancing of projects.

The Green Finance Working Group will quarterly monitor the total amount of assets in the Company's "Green Bonds" and "Green Loans" asset portfolio to ensure that it equals or exceeds the total amount of proceeds received from issued Green Bonds and raised Green Loans.

If, for any reason, the total amount in the "Green Bonds" and "Green Loans" asset portfolio is less than the total amount of outstanding Green Bonds issued or Green Loans raised, ERG will withhold the unallocated amount in accordance with the Group's Funding and Treasury Policy approved by the Board of Managers, until the amount is transferred to the "Green Bonds" and "Green Loans" asset portfolio.

The Company will seek to engage external auditors to oversee proceeds management during the annual reporting stages.



ERG GREEN FINANCE FRAMEWORK

06 REPORTING

The Company intends to provide and keep publicly available annual updated reports on issued Green Bonds and raised Green Loans from the moment of issue or raising until full redemption and in case of any significant changes. These reports will be published on the official ERG website <https://www.eurasianresources.lu/> and may include, but not be limited to:

ALLOCATION REPORTING

- Proceeds received from each issued green bond of the Group or from each raised loan;
- The cumulative amounts of funds allocated to each of the Eligible Categories (as shown in Table 1);
- Balance of unallocated proceeds at the end of the reporting period.









IMPACT REPORTING

Where possible, ERG will provide additional information and examples of eligible projects financed or refinanced through Green Bonds and/or Green Loans, including quantitative performance indicators as described in Table 2. Disclosures related to the use of proceeds, impact reporting, and projects funded or refinanced are subject to the Group's obligations regarding the confidentiality and availability of such information.

ERG GREEN FINANCE FRAMEWORK

06 REPORTING

Table 2. **IMPACT METRICS**

Eligible categories	Potential quantitative performance indicators
Renewable energy and green hydrogen	 <ul style="list-style-type: none"> Total installed capacity (MW) Electricity generation (thousand kWh) GHG emission reduction (tCO2E)
Energy efficiency	 <ul style="list-style-type: none"> Expected energy savings per year (MWh) GHG emission reduction (tCO2E) <p>Additionally: Reduced water use (m3/year)</p>
Pollution prevention and control	 <ul style="list-style-type: none"> Reduction of fine particulate matter (PM 2.5) and/or other contaminants <p>Additionally: Reduced water use (m3/year)</p>
Sustainable use of water and waste	 <ul style="list-style-type: none"> Volume of water loss reduction Annual volume of treated or prevented wastewater Amount of prevented, recycled, neutralized or liquidated waste before and after the project in % of total waste and/or in absolute volumes in tons
Clean transport	 <ul style="list-style-type: none"> GHG emission reduction (tCO2E)
Sustainable forest management and conservation of biodiversity and ecosystems	 <ul style="list-style-type: none"> Maintaining/protecting/increasing the area of natural landscape and green spaces (including forest) in km² and in % of growth Absolute abundance of native species of flora and fauna restored under the project <p>Additionally: Reducing or avoiding annual greenhouse gas emissions (CO₂ equivalent)</p>
Adaptation to climate change	 <ul style="list-style-type: none"> Increasing the number of households/population/businesses with access to sustainable water and energy systems Amount of prevented damage, etc.
Green buildings	 <ul style="list-style-type: none"> Number of properties that comply with local green building regulations, if applicable, or with internationally recognized green building certifications such as LEED, EDGE, BREEAM, energy certifications such as US Energy Star, and energy labeling schemes such as EU energy performance certifications <p>Additionally: Decrease in water use, Reducing the number of involved equipment</p>

ERG GREEN FINANCE FRAMEWORK

07 EXTERNAL REVIEW

ERG will engage an external organization to conduct an independent evaluation of this Framework, its transparency and governance as well as its alignment with the relevant standards, in the form of a second party opinion.

The first annual report on the use and management of proceeds will be audited and signed by an independent auditor to confirm the green status of a bond/loan. This may be in the form of a letter signed by an independent auditor and may also include a financial auditor's statement regarding the use of proceeds. Subsequent annual reports on the use and management of proceeds may be audited by an independent auditor at ERG's discretion.

External audits and annual reports on Green Bonds issued/Green Loans raised will be published on the ERG website <https://www.eurasianresources.lu> from the issuance/raising until the maturity of the Green Bonds/Green Loans.



DISCLAIMER

This document is not exhaustive, but provides general information about ERG's green finance framework. The document may contain certain forward-looking statements that reflect current expectations and forecasts regarding future events and the financial and operating results of the Group. Forward-looking statements based on current expectations and forecasts are subject to risks and uncertainties that could cause the Group's future actual performance and results to differ materially from those stated or implied by such statements. This discrepancy is due to a wide variety of factors, many of which, including changes in legislation, market changes, price fluctuations and unavailability of fuel, and other risks, are beyond the Group's ability to control or accurately estimate these factors. You are cautioned not to rely on any forward-looking statements contained in this document as of the date of this document. ERG undertakes no obligation to publish updated or revised forward-looking statements that reflect events or circumstances that have arisen since the publication of this document. This framework does not, and should not be construed as, legal, financial or technical advice.