

EURASIAN RESOURCES GROUP

ERG



Responsible Aluminium Framework

Overview of our approach

Introduction



ERG and aluminium assets

Eurasian Resources Group (ERG) is a leading diversified natural resources group with integrated mining, processing, energy, logistics and marketing operations.

Our Kazakhstan Aluminium Smelter JSC (KAS) is the only producer of high-grade primary aluminium in Kazakhstan. It ranks in the top ten of the world's 200 largest aluminium enterprises. We mine and process bauxite ore at Aluminium of Kazakhstan (AoK), which supplies alumina to KAS. Both assets, AoK and KAS, belong to ERG and are integrated into ERG-wide management practices.

We are committed to the responsible production of metals and have developed the ERG Responsible Aluminium Framework which will focus on metal production at AoK and KAS. Our goal is to ensure that our aluminium is produced responsibly and to address risks associated with the supply chain. This framework will provide us with a full overview of our supply chain, and help customers to perform due diligence when sourcing aluminium from ERG.

Aluminium value chain

Aluminium is expected to play an important role in the global energy transition – helping to reduce the weight of vehicles and supporting wind generation, solar power and the development of lithium-ion batteries. Thanks to its recyclability, aluminium is also supporting urbanisation and the development of a more circular economy. There is increasing public demand for assurances as to the responsible provenance of resources and materials.

Potential risks in the aluminium value chain include, but are not limited to, potential human and labor rights abuses and environmental damage. Aluminium production is very energy-intensive, and therefore carbon footprint disclosures and reduction are needed across the value chain.

Given this global context and the growing role of aluminium, it is critical that the aluminium supply chain aligns with international responsible sourcing standards, including those set out by the LME.

As ERG, we have full oversight and control of the origins of the ore in our aluminium supply chain. We do not purchase alumina from external sources, which reduces the risks in our supply chain.

Our three-element approach to responsible sourcing

Our Responsible Aluminium Framework covers the production, sourcing of metals and minerals and the procurement of goods and services at AoK and KAS. It commits us to a zero tolerance approach to human rights abuses and to strong leadership in environmental and sustainability matters across the value chain. Diagram 1 below depicts the three major elements of this framework.

We have established an overarching risk management system to ensure that risks within the supply chain are effectively managed and fall within the defined risk appetite. We adhere to internationally accepted standards on business ethics, environment and health and safety in our operational assets (see page 6).

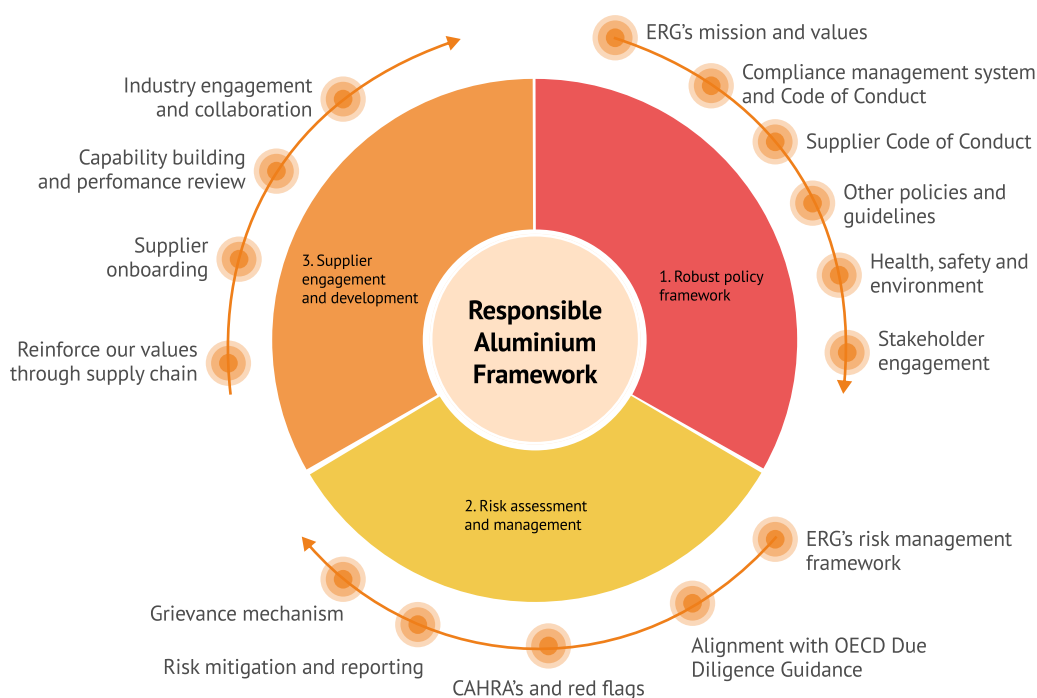
Our suppliers are required to undergo a stringent due diligence process prior to engagement, and we expect them to follow our Supplier Code of Conduct.

We work collaboratively with our suppliers, experts, industry consortia, peers and customers in order to enhance responsibility and sustainability practices in aluminium value chain.

Our supply chain procedures are aligned with OECD Due Diligence Guidance for Responsible Sourcing from Conflict-Affected and High-Risk Areas (OECD Guidelines), as well as with the LME's Responsible sourcing requirements.

We commit to continually improving as we implement our framework, starting with our aluminium supply chain and then extending to other minerals.

Diagram 1. ERG three element approach to responsible sourcing





Robust policy framework

Our mission and values

We aspire to be a sustainable, socially responsible and efficient natural resources company.

Our mission is to be the best at what we do, and navigate global change whilst holding true to our values. We strive to responsibly unlock the potential of the Earth and its people, ensuring the prosperity of those who rely on us.

Our values are safety, unity, efficiency, development and responsibility. Together, they reflect how we want to do business and guide us on our journey towards sustainability. We apply our values at all levels of our business – from the most senior manager to the most junior employee.

OUR VALUES



SAFETY



UNITY



EFFICIENCY



DEVELOPMNET



RESPONSIBILITY

Compliance management system and Code of Conduct

Compliance with the laws of our host countries – and the application of strong ethical standards, including those relating to human rights – underpins all that we do.

ERG has implemented a [Code of Conduct](#), which is binding on all our employees, managers and Board members. It applies a range of obligations with respect to:

- Compliance with laws, rules and regulations
- Anti-bribery and corruption
- Fair employment practices
- Health, safety and environment
- International trade, export controls and financial and political sanctions
- Human rights
- Political and non-political contributions

The Code of Conduct is supported by comprehensive policies and procedures in relation to these areas and implemented as part of our overarching Compliance management system.



Robust policy framework



Supplier Code of Conduct

In addition to our internal ERG's Code of Conduct, we also expect our partners to adhere to the same standards, which are set out in our [Supplier Code of Conduct](#).

Key requirements under the ERG Supplier Code of Conduct to our partners:

- **Health and Safety**

Provide workers with a safe and healthy work environment consistent with the relevant ERG's policies or procedures and applicable national and international standards

- **Business Integrity**

Maintain a zero-tolerance stance towards bribery and corruption

- **Labour Practices**

Do not engage in any use of forced or compulsory labour or child labour

- **Human Rights**

Comply with the ERG Human Rights Policy – as well as the UN Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance on Responsible Supply Chains of Minerals and the Voluntary Principles on Security and Human Rights

- **Transparency**

Co-operate with ERG's requests for due diligence information in relation to the supply of ore and mineral product

Other policies and guidelines

Our policy framework is based on our values, Code of Conduct, and includes, among others, the following documents:

- Anti-bribery and Corruption Policy
- Agents Compliance Policy
- Anti-Money Laundering Policy
- Human Rights Policy
- Competition Compliance Policy
- CSR Projects and Sponsorship Policy:
- International Economic Sanctions Compliance Policy
- Data Protection Policy

These policies and guidelines are implemented at all ERG's assets with assurance oversight provided at top management level. These documents are also subject to regular review and updates.



Robust policy framework

Health, safety and environmental stewardship

Under our 2025 Strategy we have prioritised our contribution to the well-being of communities in our regions of operation. This includes a focus on avoiding and minimising any potential negative environmental impacts, including through adhering to relevant international standards.

Environmental stewardship in Kazakhstan.

Our country-specific Environmental Strategy in Kazakhstan supports ERG's 2025 Strategy. Amongst other things, the Environmental Strategy is focused on:

- Emissions reduction
- Energy efficiency
- Water conservation
- Restoration of disturbed lands
- Waste management
- Biodiversity conservation
- Enhanced environmental monitoring

We intend to bring our Kazakhstan operations, including AoK and KAS, closer in line with relevant EU air quality standards relating to particulate matter, going far beyond current legal requirements in Kazakhstan.

Health and safety. We are committed to the delivery of a safe, attractive, productive and stable working environment for all our employees and contractors. Our commitments are supported by the requirements of our Health, Safety and Environment (HSE) Policy Statement, Human Rights Policy and our Code of Conduct.

Our HSE Policy Statement commits us to:

- Continually improving our performance
- Assessing and managing our risks
- Carrying out training, communication and reporting
- Implementing audit and review processes

International standards. Additionally, in our Kazakhstan operations, including all aluminium assets, we apply external management system standards. All aluminium supply chain operations in Kazakhstan are ISO 45001 (Occupational health and safety management system standard) and ISO 14001 (Environmental management system standard) certified and we intend to maintain this certification.



Robust policy framework



Stakeholder engagement and community investments

Under ERG's 2025 Strategy, we have prioritised our contribution to the socio-economic development of communities in our regions of operation.

We support our communities, including in the Kostanay and Pavlodar regions where ERG's aluminium assets are located, through a collaborative three-year regional development programme. This programme is based on in-depth analysis of the specific development needs of each region, which are identified through comprehensive and regular large-scale social surveys.

The programme focuses on the following priorities:

- **Improving living standards**
(including housing and utilities infrastructure, public transport and urban spaces)
- **Education and youth skills development**
- **Healthcare**
(including the modernisation of medical institutions including the modernisation and the provision of advanced training for doctors)
- **Promotion of sports and well-being**
(including the development of community infrastructure and youth sports leagues)

Specific initiatives within each programme are defined in collaboration with the local communities and authorities on a regular basis.

Community impacts. We are also committed to minimising the negative impacts of our activities. We conduct comprehensive impact assessments and community consultations whenever undertaking any major developments or operational changes. In addition, and in line with our Values, we respect cultural and regional traditions in our areas of operation.

These are conducted in line with national legal requirements and relevant international standards. In addition, local communities can raise grievances through our publicly available [Hotline](#).



Risk assessment and management



ERG’s risk management framework

Risk-based management is at the core of ERG’s approach to responsible sourcing. Our risk management process is integrated into our planning and decision-making in all processes, including sourcing, ensuring that all risks are properly identified, their impacts are analysed and assessed, and proper risk management actions are implemented (see Diagram 2).

ERG’s risk management framework is overseen by the Board and the Executive Committee. The ERG-wide risk management policy sets governing principles and corporate objectives for the risk management processes at ERG. Further application of these principles is channeled to all ERG assets, including AoK and KAS, through detailed methodologies, standards and guidelines.

Diagram 2. ERG risk management approach



Risk management policy	Sets principles and objectives
↓	
Risk management manual, Capital project risk management manual and Business continuity management standard	Sets process structure and requirements
↓	
Guidelines on risk management processes and business continuity plans templates	<div>Provides detailed guidance on processes and methodology</div> <ul style="list-style-type: none">Guidelines on risk identification, assessment, risk treatment strategies and development of risk treatment plansGuidelines on control over risks and development/update of ERG risk register, and on 18 months risk scenario updateQuantitative cost and schedule risk analysis guidelineBusiness continuity management standard



Risk assessment and management



Alignment with OECD Due Diligence Guidance

The most recognised and respected industry guidance for responsible metals supply chain due diligence is the OECD Due Diligence Guidance for Minerals from Conflict-Affected and High-Risk Areas ('OECD Guidance').

The OECD Guidance was originally conceived as a tool for businesses, including mining companies and recyclers, to control risks in supply chains associated with passing through conflict-affected and high-risk areas. We have adapted it to fit our mining and processing activity in the aluminium supply chain. We have embedded it into our existing risk, compliance and other management policies and systems. We conduct due diligence on all relevant risks presented by our own operations and our operating environment. We also conduct due diligence on our supplier and business partner relationships.

CAHRA's and red flags in the supply chain

A key element of our approach is identifying and assessing risks in the supply chain. We identify potential risks in our own operations as well as with our direct suppliers.

Prior to engagement, suppliers go through an attestation and counterparty due diligence (CPDD) process (see page 12). Based on this risk assessment, we decide whether or not to engage with a supplier, and what risk mitigation measures to implement. The assessment is also aligned with LME Red Flag Assessment (RFA) template.

Identification of CAHRA's. The Risk and Compliance Management Committee ensures risk owners at the asset level are assigned. Risk owners are responsible for conducting analysis and assessments to determine Conflict-Affected and High-Risk Areas (CAHRA's) as defined under the EU Regulation 2017/821, as they relate to our supply of minerals and metals in line with established CAHRA identification procedure. We assess each relevant area on three criteria:

- **Conflict**
- **Good Governance**
- **Human Rights**

The assessment is conducted at least annually, and also for all new mineral and metal suppliers using open available and reliable sources.

Based on the assessment, risk owners select a risk response strategy and, in accordance with this, develop mitigation actions for all relevant risks in line with the ERG Risk Management Policy.



Risk assessment and management

Additional red flags assessment.

Red flags are behaviours that we deem unacceptable. Below is the list of red flags, the presence of which will trigger an additional review by our compliance team and might result in a supplier being banned from working with us:

- Any form of bribery or corruption
- Any form of forced, compulsory or child labour
- Exposure to sanctions, money laundering or financing of terrorist activities or other financial crime
- Unwillingness to comply with diligence requests, accept relevant contractual terms or recommended mitigation actions
- Supplier's unwillingness to accept the ERG Supplier Code of Conduct

If any of the above mentioned red flags are recognised at non-mineral source suppliers, we undertake enhanced diligence, which includes further inquiries, interviews with management, external diligence and written warranties.

Additionally, if red flags are recognised at mineral source suppliers, the comprehensive due-diligence process recommended in the OECD Due Diligence Guidance is applied.

These red flag assessments (page 9-10) are performed by all ERG's assets, including AoK and KAS, prior to engagement with the supplier, and are overseen by the Compliance team.

Red flags in the aluminium supply chain.

At ERG, we have the full oversight of the origin of alumina as it is procured solely by an ERG asset (AoK) which controls its own bauxite mining and processing operations in Kazakhstan. We do not purchase alumina from external sources, which drastically reduces the risks in our supply chain.



Risk assessment and management

Risk mitigation and reporting

For each risk identified through our risk assessment, we develop and implement a plan to mitigate it. This is done for all ERG's assets, including AoK and KAS.

The Risk and Compliance Management Committee oversees implementation of the risk response plan, monitors and tracks performance of risk mitigation actions on all identified risks. This may be done in cooperation and/or consultation with local and central government authorities, upstream companies, international or civil society organisations and affected third-parties where the risk management plan is implemented.

In line with the fourth step of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals, we are committed to providing third party assurances for our responsible sourcing practices. For KAS, which is an LME listed brand, we will conduct an annual third party assurance of the Red Flag Assessment template provided by the LME in line with the LME requirements. The involved third party auditor will be chosen from the list of LME approved auditors. We will also conduct a third party review of our performance towards responsible sourcing practices outlined in this Framework for AoK and KAS, and publish the results on our website.

Grievance mechanism

We are committed to the development of robust, credible and reliable mechanisms that give our stakeholders a way to raise grievances.

We offer a confidential, anonymous [Hotline](#) operated by an independent third party. It is available to our employees, business partners, or any other stakeholders and third parties who wish to raise concerns about our practices and potential breaches of policies and procedures.

We strive to ensure that this hotline is easily accessible and known to our stakeholders. Information about the hotline is available on ERG's corporate website and also communicated regularly through internal communication channels. It is promoted at our assets via posters and information flyers.

We are committed to public reporting on our grievance mechanism and inform our stakeholders about the number and nature of complaints and concerns raised in our annual Sustainable Development Report.



Supplier engagement and development



Reinforcing our values throughout the supply chain

Our commitment to sustainable practices extends beyond our own activities. We also seek to promote responsible behaviour amongst our business partners, including our contractors and suppliers. We have set our firm expectations for ethical business practices, health, safety, human rights and environmental stewardship within our Supplier Code of Conduct.

We continuously communicate our Supplier Code of Conduct and procurement procedures to our partners. These are available online on our website, and are also published on our Kazakhstan regional procurement portal for potential suppliers.

To ensure the binding nature of the Supplier Code of Conduct, adherence to it is included in the contract clauses with our suppliers.

Supplier onboarding

Prior to onboarding, suppliers and contractors are assessed in relation to their legal standing and commercial viability, and are also subject to our Counter-Party Due Diligence (CPDD) process.

Dedicated compliance managers conduct CPDD reviews, using reputable third-party information and compliance databases. These cover sanctions violations, conflicts of interest, money laundering, bribery and corruption, data leakage, the infringement of human rights and other reputational issues and negative media coverage. This allows us to assign risk ratings in each case and identify appropriate mitigation actions.

In addition, our contracts with companies providing onsite services include a range of 'beyond compliance' health, safety and environment (HSE) elements, ranging from company certifications to waste removal and disposal.

Such contractors are subject to initial safety compliance assessments and are subject to defined penalties for safety violations. Those involved in higher-risk tasks are subject to supplementary contractual oversight and control measures.

Additionally, our confidential, anonymous [Hotline](#) is also available to our suppliers (see details on page 11).



Supplier engagement and development



Capability building for improved performance

We believe that engaging directly with our suppliers is critical for developing their practices. Therefore, we organise follow-up discussions, briefings, roundtables and webinars to keep them up to date with our processes and procedures, and communicate how they can improve.

We also celebrate partners who raise the standard of business excellence and motivate others to follow them through our annual ERG's Supplier Award. We recognise partners from across our entire ecosystem for their impeccable service, high quality products, reliability of supply, commitment to customers, innovative solutions and strategic approaches to partnership. In 2021 we have launched a new category for Responsible Suppliers to recognise their commitment to sustainability.

Industry engagement and collaboration

We are working with a range of high-profile, international partners to ensure that assurance is carried across the whole value chain in a credible and fully transparent way. By doing so, we are helping ensure that consumers can be certain that the final products have been produced in a responsible manner.

We are committed to further promoting responsible production of metals in our portfolio, actively seeking opportunities to share knowledge and advocating for a stronger and more responsible metals and mining industry. We will also continue supporting our customers' efforts by participating in their due diligence programmes.

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