



ENVIRONMENTAL POLICY



PURPOSE

The Company is committed to minimize the environmental footprint of its activities and promote environment protection and solutions, by implementing responsible practices through all phases of our projects' life cycle.

The Policy is part of the Governance structure of the Company's ESG Framework. It outlines our environmental commitments, and determines the processes comprised by the Environmental and Social Management System (ESMS). A well implemented ESMS promotes sound environmental performance and improves financial, social and environmental outcomes, benefiting the Company and society.

The Policy is consistent with the IFC Performance Standard 1 (Assessment and Management of Environmental and Social Risks and Impacts), the United Nations Sustainable Development Goals, the Responsible Minerals Initiative (RMI) ESG Standards and other principles and frameworks (see References).



APPLICABILITY

This Policy is mandatory for all our employees, directors, officers, contractors under our direct supervision and applies to all our activities globally.

The company will strongly encourage its supply chain partners to follow the principles outlined in this policy to their overall activities, to ensure the development of business in a sustainable, respectful and diligent manner.



COMMITMENTS

In our operational practices globally, we commit to support the implementation of the United Nations Sustainable Development Goals related to environmental protection and management.

UN Sustainable Development Goals



Climate Action

Our Commitments

We commit to achieve Net Zero greenhouse gas (GHG) direct and indirect emissions by 2050, and to develop a decarbonization roadmap, with short- and medium-term goals, within one year of the publication of this Policy.



Clean Water

We commit to the principles of water stewardship across our operations, ensuring water availability and quality.



Responsible Consumption and Production

We commit to take all necessary precautions to minimize the environmental impact of our operations and to develop controls to mitigate environmental risks..



Life on Land

We commit to manage risks and impacts to Biodiversity by adopting prevention, mitigation/control, offset and monitoring measures.

We respect legally designated areas, such as International Union for Conservation of Nature category I-IV protected areas. We do not operate in World Heritage Sites.



Partnerships for the Goals

We commit to engage with stakeholders to meet Global, National, Local and Company goals and regulations related to the environment protection, promotion and restoration.

Here are our commitments beyond the UN Sustainable Development Goals:



Legal Compliance

We commit to identify and comply with all applicable permitting, authorizations and regulatory requirements at all jurisdictional levels.



Environmental and Social Management System (ESMS)

We commit to develop and implement the Company's global ESMS within one year of the publication of this Policy. Based on the PDCA (Plan, Do, Check and Act) management model, the system aims to set the infrastructure to monitor and achieve the intended goals on key performance indicators (KPIs), to identify

and address internal and external issues, risks and opportunities, and encompasses the following processes:

A | Governance

The Company shall develop and implement internal procedures and determine staff resources and accountabilities and training that support the implementation of this Policy, the ESMS and to ensure the Company is compliant with all applicable permitting, authorizations and regulatory requirements at all jurisdictional levels. The company should engage with stakeholders to ensure the ESMS development and implementation captures all relevant environmental aspects and issues.



B | Grievances Mechanism

Grievance mechanisms include regular consultations, online and offline platforms that encourage all kinds of manifestations from stakeholders and hold the company accountable for responding properly. We commit to continuously develop our grievances mechanism as part of the implementation of this Policy, as well as utilizing our current channels such as: community relations routines, Whistleblower Policy, engagement with suppliers, industry associations mechanisms, among others.

C | Environment Aspects Identification

The Company shall identify the environmental aspects, or how the Company's activities interact with the environment and have a potential impact. We commit to manage the significant environmental aspects consistently with the precautionary principle and with the best practices and standards in the industry. Some environmental aspects examples to be considered are: GHG emissions; Other air emissions; Energy consumption; Water management; Land management; Waste management.

D | Database

The Company shall develop and implement an Environment database, comprising KPIs to be monitored regularly by each site, in accordance with regulatory requirements and the Company disclosure routines.

E | Risk Assessment

Environmental risks are potential events that may cause environmental impacts. The Company shall appoint projects and/or operations staff resources to perform environmental risk assessment annually or by request, following the steps below:

01 Risk Identification

The Company will identify projects and operations' environmental risks and opportunities, based on the Company's interactions with the prioritized environmental aspects. Additionally, the Company will utilize the Grievances mechanism as an input for the risks and opportunities identification process.

02 Risk Assessment Matrix

The Company will utilize the Risk Assessment Matrix as a tool to assess Likelihood and Impact for each risk, enabling risk prioritization and the elaboration of mitigation plans.

03 Example of Risk Assessment Matrix

		IMPACT				
		Negligible 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
LIKELIHOOD	Almost Certain 5	Moderate 5	High 10	Extreme 15	Extreme 20	Extreme 25
	Likely 4	Moderate 4	High 8	High 12	Extreme 16	Extreme 20
	Possible 3	Low 3	Moderate 6	High 9	High 12	Extreme 15
	Unlikely 2	Low 2	Moderate 4	Moderate 6	High 8	High 10
	Rare 1	Low 1	Low 2	Low 3	Moderate 4	Moderate 5

04 Risk Mitigation

Based on the potential damage caused by the risks, the Company will develop mitigation plans, including actions, roles, responsibilities and timelines.

F | Environmental Remediation

The Company will maintain a process to respond to all potential environmental emergency situations and incidents, as well as contingency plans, including plans to engage and support stakeholders involved. The process shall include:

- ▶ Inventory of all contaminant materials (chemicals, fuels) and potential emergency situations;
- ▶ Controls to prevent spills or releases;
- ▶ Emergency plans, procedures, equipment and training for employees in case of emergency;
- ▶ Periodic inspections to review data, controls and emergency plans and equipment.

G | Audit

The ESMS will be audited annually, in accordance with RMI Standards and other international references, and the first audit shall be executed within two years of the publication of this Policy.



Transparency & Engagement

The Company commits to disclose the outcomes of this Policy and the ESMS development and implementation through our ESG transparency channels, such as Sustainability reports, due diligence reports, stakeholders' engagement opportunities, etc.



POLICY UPDATES

This Policy shall be reviewed at least once every three years or by request of our Technical and Sustainability Committee at the Board of Directors level.

REFERENCES

IFC Performance Standard 1 – Assessment and Management of Environmental and Social Risks and Impacts

Responsible Minerals Assurance Process – Environmental, Social and Governance (ESG) Standard for Mineral Supply Chains

United Nations Sustainable Development Goals

To access our Whistleblowing channel, please visit <https://report.whistleb.com/en/electrabmc>