



ATALAYA
MINING

Climate Change Report

September 2023

Summary

- Atalaya Mining Purpose
- Introduction
- Governance on Climate Change
- Risk Management
- Climate Change Risks, Opportunities and Strategy
- Metrics and goals



Atalaya Mining Purpose



OUR INITIAL CLIMATE CHANGE REPORT

We are Atalaya Mining plc, AIM listed mining and development company involved in the production of copper concentrate in Europe. Given the importance of copper for the energy transition, Atalaya is a strong ally in the shift towards a more sustainable future. We strive to become a leading multi-asset copper producer in Europe, maximising the potential value of our current low-risk assets and further exploring new opportunities.

Copper supply is a key player in achieving the Paris climate goals and in consolidating an economic autonomy strategy. Our activity therefore is well positioned to play a fundamental role in the global, EU and Spanish decarbonization strategy, providing the necessary ore for the energy transition and contributing to economic independence.

In this context, sustainability is not just a key pillar of our growth strategy, but also a management principle that is critical to develop mining activities with the responsibility that is required nowadays to maintain the social license to operate.

Given our growth potential and leading position in Europe and considering the strategic importance of copper production within the EU (copper is listed as one of the strategic “minerals” in the draft EU Raw Materials Act) we aim to reinforce our market position and market value.

With this in mind, we issue this report in order to inform all potential stakeholders about the way in which climate change related issues are governed and managed within our company, our current performance, the ambitions for the decarbonization of our business, the risks of climate change (physical and transition) that we may face, and the efforts that we are considering to minimize their potential impact.

When elaborating this report, we have followed the recommendations from the **Task Force on Climate-related Financial Disclosures (TCFD)** as a framework reference.



ALBERTO LAVANDEIRA

Chief Executive Officer

September 2023



Introduction

ATALAYA MINING CLIMATE CHANGE COMMITMENT

At Atalaya Mining we believe that climate change is one of the biggest challenges of our era. Combatting the impacts of climate change will require large volumes of investment and global action. Atalaya is committed to disclose **transparently** about our efforts and actions against climate change through this initial **Climate Report**. In line with international best practice, we are using the **Task Force Recommendations on Climate-related Financial Disclosures**, as a guideline for disclosure, striving to get to a full alignment in the future.

We believe climate change entails risks and opportunities for our current business model. By addressing climate change risks in the correct way, we can create opportunities and move towards a low-carbon company. For this reason, Atalaya has calculated its **carbon footprint (scope 1, 2, and 3)** annually since 2020. To offer the greatest transparency, the carbon footprint is **verified by a third party against ISO 14064** and the results are registered in the **Ministry for the Ecological Transition of Spain and in the Junta de Andalucía (Regional Government)**. As part of our plan to reduce and offset Atalaya Mining's greenhouse gas (GHG) emissions, at Atalaya Riotinto we are completing the construction of a **50 MW solar plant for self-consumption of renewable energy**. In addition, Atalaya Mining is also evaluating other sources of green electricity for further reductions of the GHG emissions.

The next milestone is to **integrate climate change into our Strategy**, in a way that the business can respond to potential risks and opportunities in the short, medium and long-term. To do this, a **first climate-related risk assessment** has been developed in 2023 using 2022 as baseline year. In this report, we provide information about the **risks and opportunities** identified. We also recognize the importance of having **solid governance for managing** the risks and opportunities related with climate change and thus provide an overview of our governance model on these matters. Ultimately, in our commitment towards achieving a low-carbon company, we disclose the **climate-related metrics used** to monitor risks and opportunities, and a **carbon footprint assessment**, together with the **climate-related goals** defined by the company so far.

This is an ongoing journey in which we are committed to improve our climate change performance in the coming years to contribute to the **transition to a low-carbon economy** and to disclose regularly in this matter as a priority for the business.

OUR ACHIEVEMENTS IN 2022



- Start the construction of a 50 MW solar plant in Atalaya Riotinto
- Creation of the Sustainability Committee in the Board of Directors
- First Climate-related risks and opportunities assessment using scenario analysis and calculation of impact of the most severe risks (physical and transition)

- Improvement of carbon intensity in the carbon footprint
- Calculation of scope 3 emissions
- Reduction of external water consumption thanks to the recovery of process water in the tailings thickener

ATALAYA MINING PLC

Atalaya Mining plc is the parent company of a number of entities:

- Atalaya's current active operations (Atalaya Riotinto Minera S.L.U.) include the Cerro Colorado open pit mine and a modern 15Mtpa processing plant (Atalaya Riotinto), which has the potential to become a processing hub for owned regional projects currently in the permitting stage.
- Other entities mainly manage a number of projects in the exploration and permitting phases for Cu-rich projects in polymetallic sulphide deposits, such as:
 - Cobre San Rafael S.L., in charge of developing Atalaya Touro (Proyecto Touro, A Coruña province, NW Spain); currently in the permitting phase, and expected to become the Company's second key asset.
 - Atalaya Masa Valverde, S.L.U. in charge of developing Masa Valverde project (Proyecto Masa Valverde), located in Valverde del Camino (Huelva, SW Spain).
 - Atalaya Ossa Morena S.L.U., in charge of developing the Proyecto Extremadura located in Alconchel, (Badajoz, SW Spain).
- Owner of an industrial plant under construction in Proyecto Riotinto (Riotinto, Huelva) to produce high value metals from mixed concentrates of primary copper and zinc sulphides with E-LIX, a technology owned by Lain Tech Ltd.
- Up to 6 new research permits have been requested from the Junta de Andalucía (Regional Government) in the Pyrite Belt, in the province of Huelva.

Key Figures 2022

	52.3 kt Cu Annual production
	> 12 years Mine life
	3.37 ~US\$/Lb AISC
	~ 186 Mt Ore reserves ³
	~ 703 kt Cu Contained reserves

Production data related to Atalaya Riotinto, the only asset under production of Atalaya Mining.

Source: ATYM Sustainability report 2022

Introduction

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Global warming caused by the increase in greenhouse gas (GHG) emissions in recent decades **poses great challenges in the medium and long term for the world economy**. Due to the complexity of the risks that the weather can cause in different economic sectors, it is very difficult to know the exposure and the impacts that companies may experience.

The Financial Stability Board (FSB) was created by the G20 in 2015 after the last financial crisis to manage the systemic risk of the world economy. The FSB concluded that there was insufficient information in the market to assess climate risk in investment and lending decisions. **The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2017** to answer this question.

The task force consists of 32 members from across the G20, who come from various organizations such as large banks, insurance companies, asset managers, pension funds, large non-financial companies, accounting and consulting firms, and credit rating agencies. The TCFD is chaired by Michael Bloomberg.

The FSB urged the TCFD to develop climate-related disclosures that *"could promote more informed investment, credit [or lending], and insurance underwriting decisions"* and, *"allow stakeholders to better understand carbon-related asset concentrations in the financial sector and financial system exposures to climate-related risks."*

At Atalaya, we use the recommendations of the TCFD for the evaluation, selection and quantification of risks and opportunities related to climate change at asset (Atalaya Riotinto) and group level. We also follow the recommendations as a guideline for disclosing the climate change related information*.

*Sections and contents of this report are organised following the TCFD recommendations. Note however that information contained herein does not constitute a full disclosure "in accordance" with the recommendations



Source: [About | Task Force on Climate-Related Financial Disclosures \(TCFD\) \(fsb-tcfd.org\)](https://www.fsb-tcfd.org/)

FRAMEWORK FOR DISCLOSURE

The TCFD developed **recommendations on climate-related financial disclosure that are applicable to organizations across all sectors and jurisdictions.**

TCFD is structured into **four pillars, with 11 recommended disclosures associated** with the pillars, as shown below.

Core Elements of Recommended Climate-Related Financial Disclosures



Governance

The organization's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Source: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures

Although the TCFD recommendations remain voluntary, they are becoming mandatory in many countries. Also the EU Corporate Sustainability Reporting Directive (EU 2022/2464) has established a reconciliation table between the respective requirements which are similar.

Specifically in Spain, the Law 7/2021 on Climate Change and Energy Transition and the Project of Royal Decree of Law 7/2021 require companies to disclose on climate change related matters..



Regulation in Spain

Summary

Besides the requirements imposed by EU CSRD, Law 7/2021 on Climate Change and Energy Transition aims to ensure compliance with the objectives of the Paris Agreement. Specifically, article 32 of this law will oblige certain organizations, such as those required to disclose their non-financial information, to report on the financial implications of Climate Change research and development. This law proposes a structure of the contents to be reported, which is closely aligned with the recommendations of the TCFD.



Project of Royal Degree under Spain legislation - article 32.5 of the 7/2021 Law

Summary

OUR PROGRESS ON TCFD AS OF SEPTEMBER 2023

RECOMMENDATION	DISCLOSURE TOPIC	ATALAYA'S ALIGNMENT
GOVERNANCE	Board oversight	Our Board is ultimately responsible for the proper management of climate change, setting the objectives and supervising the implementation and fulfillment of the actions established in the Sustainability Strategy, through the Sustainability Committee
	Management's role	Our management model ensure continuous assessment and monitoring of climate-related risks and opportunities.
STRATEGY	Climate-related risks and opportunities	The first climate-related risk assessment was performed in 2023 using 2022 data as baseline year. The analysis included scenario analysis to assess the real and potential financial impact of the main risks and opportunities.
	Impact on Atalaya Mining	Several physical and transition risks that can have a moderate to high impact on Atalaya's assets and business.
	Resilience of the strategy	Different scenarios have been used to assess risks and opportunities, considering global temperature increase of less and more than 2°C. Two different time horizons were used for the analysis: medium (2032) and long-term (2050).
RISK MANAGEMENT	Risk identification and assessment	The results shows several existing and emerging physical and transition climate risks and the impact is in the process of being estimated.
	Risk management	Risk owners are identified, and we are now establishing additional measures to mitigate, and control the impacts of identified climate-related risks.
	Integration of risk management	At operations, the management team assess and manage climate-related risks and opportunities systematically, as part of the on-going Risk Management process of the company. Climate-related risks are integrated into the overall risk management.
METRICS AND TARGETS	Climate-related metrics	Atalaya Riotinto annually assesses GHG emissions, energy consumption, and water consumption, among other relevant environmental KPIs. We will continue to evaluate other relevant metrics as we analyze further the results of the climate risk assessment and implement further actions stemming from our climate change strategy.
	Scope 1, Scope 2, and Scope 3	We report scope 1, 2 and 3 emissions. The GHG inventory is verified annually by an independent third-party against ISO 14064.
	Climate related targets	Proyecto Riotinto is our only mine asset operating at present and we have established mid-term climate reductions targets for scope 1 and scope 2 according to the mine life

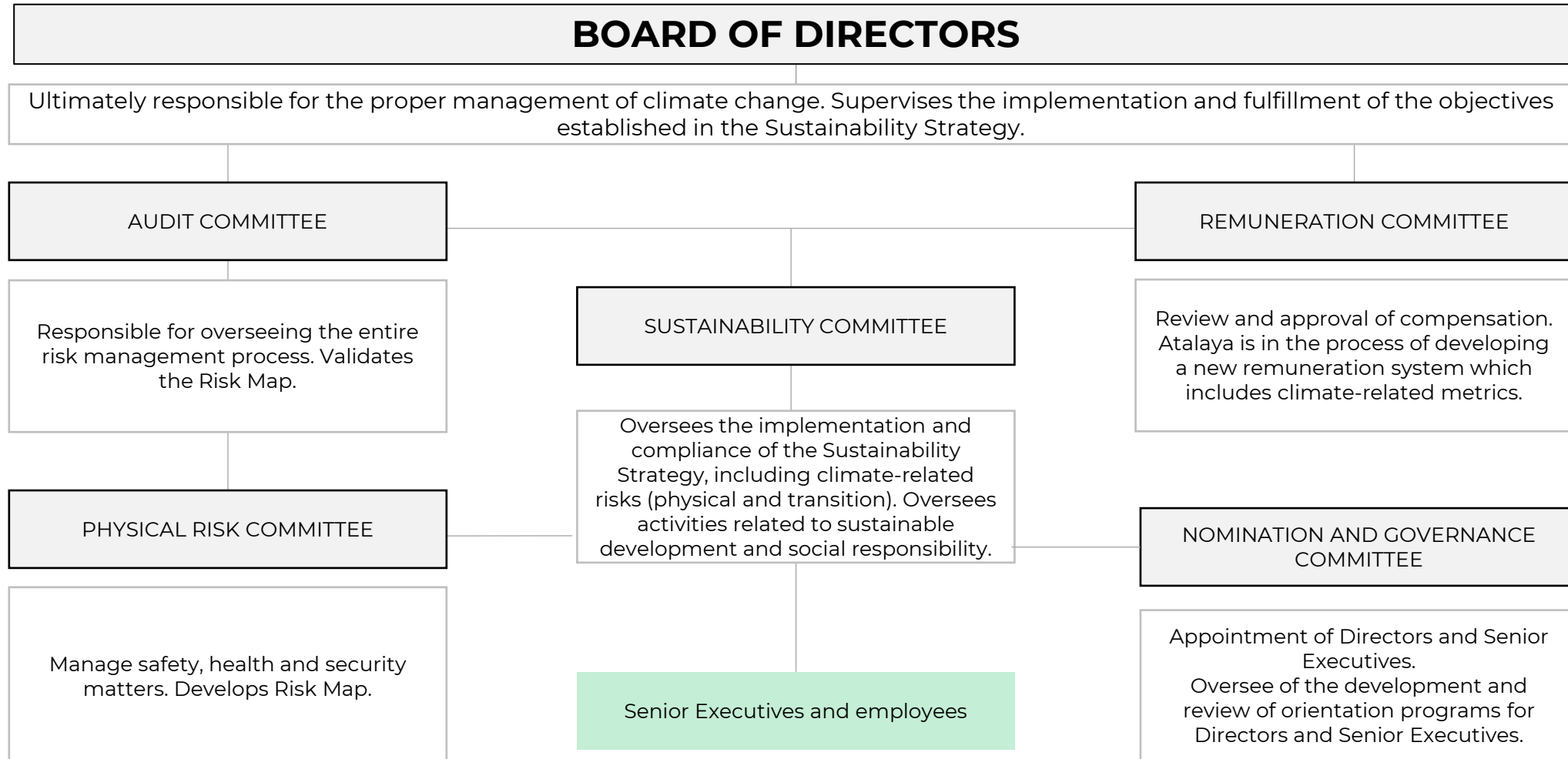


*Governance on
Climate Change*

Governance on Climate Change

GOVERNANCE STRUCTURE

The Structure of the Governing bodies in relation to climate change is as follows:



Governance on Climate Change

RESPONSIBLE GOVERNANCE

We recognize the importance of sustainability in our business as a key success factor for long-term operations. Well-governed organizations understand that survival and success are intertwined and related to environmental and social performance. In this respect, our Governance structure relevant to Climate Change issue includes:

- Our **Board of Directors** is ultimately responsible for the proper management of risks and opportunities related to climate change. It oversees the implementation and compliance with the objectives set out in the Sustainability Strategy and proposes changes and updates if needed.
- In 2022, a **Sustainability Committee on the Board of Directors** was established. The **Sustainability Committee** is chaired by a non-executive director and is responsible for **setting the sustainability strategy and promote board commitment to risks and the company's sustainability performance**. The Sustainability Committee has the following responsibilities:
 - The Sustainability Committee supervises the implementation of the Sustainability Policy and Strategy and advises the Board on any sustainability topic, **such as climate change governance, climate risks and opportunities**, human rights, diversity, resource efficiency, natural capital, waste management and circular economy. This Committee is also in charge of **setting ESG goals** for the coming years.
- The **Audit Committee** is responsible for overseeing the financial risk management process.





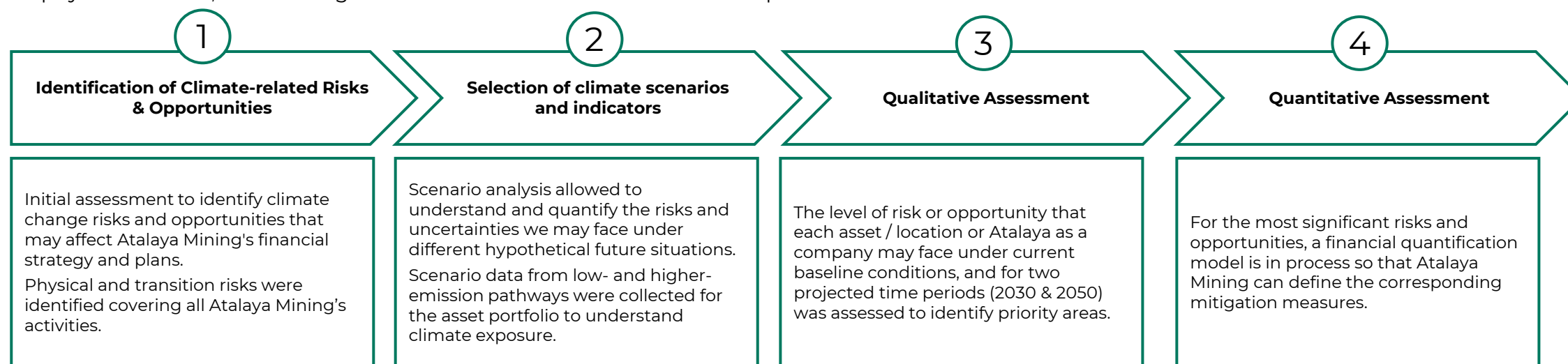
Climate Change Risk Management

IDENTIFICATION, ASSESSMENT, AND MANAGEMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The risks and opportunities associated with climate change are considered as a category within Atalaya Mining's general risk system.

We conducted our **first analysis on climate-related risks** in 2023 using 2022 data as baseline year, both for physical and transition issues. This exercise will be the basis for the development and continuation of Atalaya Mining's sustainability strategy and financial plan. These results will soon be integrated into the company's general risk management process.

- **Physical:** risks and opportunities associated with changing physical climate, including acute changes, such as more extreme heat and water stress events, and chronic changes, such changes in average precipitation and sea level rise; and
 - **Transition:** risks and opportunities associated with a low carbon economy transition, e.g., the shift to low carbon energy and increasing carbon prices.
- ❖ For the **physical variable**, the risk assessment and scenario analysis covered all Atalaya Mining's portfolio, helped to prioritise the most material risks and to quantify its potential financial impact.
 - ❖ For the **transition risks and opportunities**, we identified all climate-related hazards based on a systematic desk study and internal discussions. A **qualitative assessment** was performed to assign a preliminary scoring considering the **likelihood and impact** of each risk and opportunity. As for the physical variable, the most significant were taken forward to financial quantification.



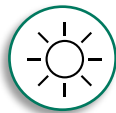
IDENTIFICATION OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Our first climate risk assessment takes into consideration both physical and transition risks and opportunities. The TCFD framework and sectoral trends were used as a base for this identification. The assessment considered 9 physical hazards, while for the transition variable the TCFD transition categories were considered when identifying risks and opportunities for Atalaya as a business.

PHYSICAL RISKS



WATER STRESS



EXTREME HEAT



LANDSLIDES



EXTREME WINDS & STORMS



WILDFIRES



COLD SPELLS



COASTAL & OFFSHORE



RIVER FLOODING



RAINFALL FLOODING

TRANSITION RISKS & OPPORTUNITIES



LEGAL AND REGULATORY

Increased pricing of GHG emissions

Mandates on and regulation of existing Products and Services

Enhanced climate reporting obligations

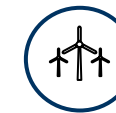


MARKET

Costs of transition to lower emissions technology

Access to new markets

Access to more favorable financing and/or lower financing costs



TECHNOLOGY

Use of lower-emissions sources of energy

Use of more efficient production and distribution process



REPUTATION

Increased stakeholder concern or negative stakeholder feedback

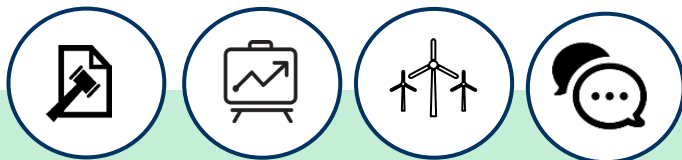
SELECTION OF CLIMATE SCENARIOS

In order to analyze and assess the impact of climate-related risks and opportunities, we conducted an analysis against different scenarios, including scenarios aligned with a global temperature increase of less than 2°C. To evaluate the potential risks and opportunities under future hypothetical scenarios, **two different time horizons were defined: medium (2030) and long-term (2050).**



Physical risks

The level of risk posed to Atalaya's assets and projects under the SSP 1-2.6 and SSP 5-8.5 from the **Intergovernmental Panel on Climate Change (IPCC)** climate change scenarios was assessed for two different time horizons - 2030 and 2050.



Transition risks and opportunities

The level of risk posed to Atalaya's company under the Stated Policies Scenario (STEPS) and Announced Pledges (APS) from the **International Energy Agency (IEA)** climate change scenarios was assessed for two different time horizons - 2030 and 2050.

Scenario (IEA)	Characteristics	Scenario (IPCC)	Characteristics
STEPS	<u>DESCRIPTION:</u> This represents a more conservative benchmark for the future because it takes a more granular, sector-by-sector look at what has actually been put in place to achieve these and other energy-related goals	RCP 8.5	<u>DESCRIPTION:</u> This is known as the high emissions scenario, consistent with a future with no policy changes to reduce emissions and characterized by increasing greenhouse gas emissions that lead to high greenhouse gas concentrations over time.
	<u>TEMPERATURE:</u> ~2 to ~2.6 °C		<u>TEMPERATURE:</u> ~3.2 to ~5.4 °C
APS	<u>DESCRIPTION:</u> A scenario which assumes that all climate commitments made by governments around the world, including Nationally Determined Contributions (NDCs) and longer-term net zero targets, as well as targets for access to electricity and clean cooking, will be met in full and on time.	RCP 2.6	<u>DESCRIPTION:</u> This scenario represents a low-emissions scenario. Globally, this scenario projects a substantial cut in the amount of CO ₂ emitted by 2050 (in alignment with projections of achieving net-zero by 2050).
	<u>TEMPERATURE:</u> ~1.8 to ~2.1 °C		<u>TEMPERATURE:</u> ~0.9 to ~2.3 °C

Source: IEA WEO 2021

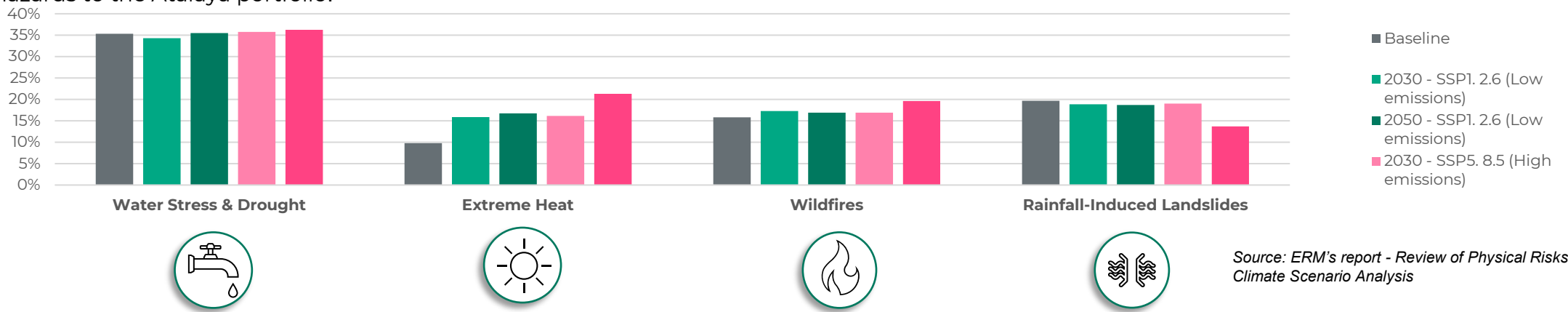
Source: IPCC

QUALITATIVE ASSESSMENT

PHYSICAL RISKS

Our **physical risk assessment** considered nine climate hazards and they were all assessed across the full portfolio. The risks that these physical climate hazards may pose on the assets were measured through the **Climate Impact Platform, ERM's internal tool** that evaluates the level of risk that each asset/location may have under current baseline conditions, and for two projected time periods (2030 & 2050). As these are future projections, reference scenarios from the Shared Socio-economic Pathways (SSPs) were used. The SSP scenarios are future narratives explaining different global socio-economic developments set out by the United Nations (UN). In this assessment, two of these SSP scenarios were compared for each time period. The first one is a **low emissions scenario (SSP1-2.6)**, in which global mean temperature stays below the 2°C warming by 2100 (compared to 1990 levels) set out by the Paris Agreement. The second one is a **high emissions scenario (SSP5-8.5)**, which extrapolates a 'Business As Usual' socio-economic development scenario assuming CO₂ emissions triple by 2100 (compared to 1990 levels).

The screening results suggested that **water stress & drought** is the key risk for our business, since all the assets analyzed, except for Touro project, showed high to a very high level of risk under current and projected conditions. The following graph shows the contribution of the four key climate hazards to the Atalaya portfolio.



Source: ERM's report - Review of Physical Risks from Climate Scenario Analysis

Note: **ERM Iberia S.A.U** (ERM) is our advisor and has performed the physical and transition risk assessment for Atalaya Mining Plc

QUALITATIVE ASSESSMENT

TRANSITION RISKS AND OPPORTUNITIES

Our transition risk assessment considered the TCFD categories: legal and regulation, market, technology, and reputational risks. For each category, one or more risks and opportunities were identified based on trends in the mining sector. By using socioeconomic data from Internal Energy Agency (IEA), these risks and opportunities were evaluated for Atalaya’s business for current conditions and for two projected time periods (2030 & 2050). In this assessment, two IEA scenarios were compared for each time period. The first one is the **Stated Policy Scenario (STEPS)**, which provides a more conservative benchmark for the future, because it does not take it for granted that governments will reach all announced goals. The second one is the **Announced Pledge Scenario (APS)**, which assumes that all climate commitments made by governments around the world, including Nationally Determined Contributions (NDCs) and longer-term net zero targets.

The screening results suggested that **Increased pricing of GHG emissions** is the key transition risk for our business, while the **Access to new markets** is the key transition opportunity. The following table shows the level of impact for both risks and opportunities at corporate level.

Risk/opportunity	Baseline	2030	2040	2050
Increased pricing of GHG emissions	Minor risk/opportunity	Low risk	Moderate risk	High relevant risk
Mandates on and regulation of existing Products and Services	Minor risk/opportunity	Low risk	Low risk	Moderate risk
Costs to transition to lower emissions technology	Minor risk/opportunity	Low risk	Low risk	Moderate risk
Enhanced climate reporting obligations	Minor risk/opportunity	Low risk	Low risk	Low risk
Increased stakeholder concern or negative stakeholder feedback	Minor risk/opportunity	Low risk	Low risk	Low risk
Access to new markets	Minor risk/opportunity	Low opportunity	Moderate opportunity	High relevant opportunity
Access to more favorable financing and/or lower financing costs	Minor risk/opportunity	Low opportunity	Moderate opportunity	Moderate opportunity
Use of more efficient production and distribution process	Minor risk/opportunity	Minor risk/opportunity	Low opportunity	Moderate opportunity
Use of lower-emissions sources of energy	Minor risk/opportunity	Minor risk/opportunity	Minor risk/opportunity	Minor risk/opportunity

- High relevant risk
- Moderate risk
- Low risk
- Minor risk/opportunity
- Low opportunity
- Moderate opportunity
- High relevant opportunity

Source: ERM’s report - Transition Risk Assessment



*Climate Change Risks,
Opportunities and
Strategy*

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Our Sustainability Strategy defines the lines of work in the Environmental, Social, and Governance (ESG) aspects of Atalaya. We have made material progress in the identification, evaluation and quantification of risks and opportunities related to climate change. The results of our analysis feed into the strategy, identifying in detail the physical and transition risks with more significant impact on Atalaya's activity in the short, medium and long term.

The **analysis on climate-related risks and opportunities** described above was carried out across our entire portfolio. However, the actions and measures to be adopted are focused specifically on Atalaya Riotinto, the only current producing project. Following the official approval by the authorities of the extension of this project, the operational life of the Atalaya Riotinto has been extended until 2032.

In this context, Atalaya has defined the **timeframe** in which the **risks / opportunities may materialise** according to the following time horizons:

- **Short-term:** Potential events until 2025.
- **Medium-term:** Potential events until 2030.
- **Long-term:** Potential events until 2050.



The following sections present the risks and opportunities that have been identified for the company, as well as their level of impact for the time horizons selected.



TRANSITION RISKS AND OPPORTUNITIES

Atalaya has identified nine transition risks and opportunities (see section *Climate Change Risk Management*). Only three of those risks resulted in a moderate to high potential impact to Atalaya's business. The risk related to the **Increased pricing of GHG emissions** resulted as the one which could have the most significant financial impact. All risks in the list provided below have the potential to become material to the business should they occur.

Material transition risks resulting from the analysis

Risk subtype	Climate-related risk	Risk description	Impact	Time horizon
 Legal and regulatory	Increased pricing of GHG emissions	<ul style="list-style-type: none"> The mining sector is energy and emissions intensive. Therefore, GHG emissions associated to Atalaya's activity are expected to be higher than previously. It is likely that increasing regulation of carbon emissions will generate increased costs associated with carbon taxes (European and/or National level). For Atalaya this would mean an increase in operating costs as it would have to assume the carbon price per tonne of CO₂e emitted as well as higher prices on electricity and raw materials. 	High	Medium – term Long-term
	Mandates on and regulation of existing Products and Services	<ul style="list-style-type: none"> Specific regulations on climate change, circular economy and energy transition applicable to the mining sector are expected to be developed at the national and European level in the following years. Current and incoming climate-related mandates and regulation that impact the operations of the metals and mining sector could have substantial impact across many areas of Atalaya's operations. 	Moderate	Medium – term Long-term
 Market	lower emissions technology	electricity or less emission-intensive fuels) can require very significant CAPEX and associated financing, thus posing a risk to the company.	Moderate	Long-term

TRANSITION RISKS AND OPPORTUNITIES

Two opportunities resulted in a moderate to high potential impact to Atalaya’s business. **Access to New Markets** resulted as the one which could have the most significant financial impact. All opportunities in the list provided below have the potential to become material to the business should they occur.

Material transition opportunities resulting from the analysis


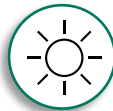


Opportunity subtype	Climate-related risk	Risk description	Impact	Time horizon
Market	Access to new markets	<ul style="list-style-type: none"> The supply of metals is key for decarbonizing, (e.g., the build out of renewables, need for batteries, changing infrastructure). Copper demand for clean energy technologies remains one of the largest both by weight and monetary value. Clean energy technologies are also the fastest growing segment for copper demand. Electricity networks need a huge amount of copper and aluminum, with copper being a cornerstone for all electricity-related technologies. Furthermore, copper will also be used in EV production. 	High	Long-term
	Access to more favorable financing and/or lower financing costs	<ul style="list-style-type: none"> Mining and metals companies that can demonstrate a low GHG footprint and firm commitments to decarbonize operations may be eligible to more favorable financing, e.g., sustainability-linked loans and green bonds. If Atalaya shows its progress over the years and commits to official international GHG reduction initiatives like Science-Based-Target (SBTi) could opt to more favorable financing. 	Moderate	Medium – term Long-term



PHYSICAL RISKS AND OPPORTUNITIES

Out of the nine physical climate hazards analyzed, only four resulted in a moderate to high level of risk at locations of the Atalaya Mining portfolio. The results of this analysis showed that **Water stress and drought** is the most significant risk at portfolio level. All risks in the list provided below have the potential to become material to the business if they materialize.

Material physical risks resulted from the analysis

Climate-related risk	Risk description	Impact	Time horizon
 Water stress and drought	<ul style="list-style-type: none"> Atalaya's operations are often reliant on large quantities of clean water; therefore, water stress and drought presents a significant risk to Atalaya, particularly for water intensive processes. Significant production delays and downtime may be experienced if there is a reduction in water availability. Reduced supplies may reduce the efficiency of mining production processes, resulting in revenue losses, or increase operational costs by heightening water prices. Additional water supplies may need to be purchased from other sources, which could increase costs further. 	High	Medium – term Long-term
 Extreme heat	<ul style="list-style-type: none"> Extreme heat is expected to pose a high risk to Atalaya's sites. The on-site equipment and systems used can overheat, causing inefficiencies or disruptions in work. Additional cooling capacity may also be needed for indoor areas where personnel work, such as offices, to avoid an unsafe working environment. Safety thresholds could be compromised during extreme heat conditions, which could lead to a higher chance of plant failure e.g., fires, explosions etc. Prolonged heat periods can pose a health and safety risk for site personnel. 	Moderate	Medium – term Long-term
 Rainfall-induced landslides	<ul style="list-style-type: none"> Landslides are expected to pose a very high risk to mining manufacturing. They could lead to direct damage to operational assets e.g., by damaging, or compromising the stability of dumps and storage units or damaging vehicles and equipment. Access roads may be blocked for transport of supplies and site personnel, leading to downtime. Evacuations and time off may be necessary which could lead to loss in revenue and potential reputational impacts. 	Moderate	Medium – term Long-term
 Wildfires	<ul style="list-style-type: none"> Wildfires can cause direct damage to assets and infrastructure, or cause health and safety risks to site personnel due to direct flame or heat exposure. Evacuations of staff or halting of outdoor or indoor operations may be necessary, which could lead to downtime. Flammable chemicals and products may ignite or explode if exposed to direct flame or heat from wildfires, which can cause further damage to the site and surrounding area. 	Moderate	Medium – term Long-term

CLIMATE PRIORITIES

Our **Sustainability Strategy** is the key element for building a robust and resilient business model in the medium and long term. This Strategy implies adapting our financial planning and business strategy to climate change, by considering the climate-related risks and opportunities identified. In particular, our strategy focuses in the most critical identified risks: **Increased pricing of GHG emissions** and **Water stress and drought**. In this context, some actions have already been agreed and approved in order to progress towards a low-carbon Atalaya Mining.

CLIMATE CHANGE BASELINE

- GHG inventory includes Scope 1, 2 and 3 emissions. Annual third-party verification against ISO 14064:2019 for Atalaya Riotinto.
- Initial GHG target: reduction of 15% of our GHG emissions by 2025.
- Current GHG reduction initiatives: Construction of a 50MW solar photovoltaic plant (expected reduction between 30% and 60% between 2023 and 2030). Additional energy generation ventures under current study.
- First Climate-related Risk Assessment performed for 2022 data.

CLIMATE CHANGE OBJECTIVES

- Atalaya is in the process of defining a Decarbonization Strategy and Plan aligned with the Paris Agreement.
 - We will establish mid-term objectives (2030) and strive for net zero by 2050.
 - Define specific measures to decarbonize scope 1, 2, and 3.
- Consolidation of Atalaya's climate change leading position:
 - Align Atalaya fully with TCFD recommendations.
 - Participate in the Carbon Disclosure Project Initiative.

WATER MANAGEMENT BASELINE

- Water footprint developed according to Water Footprint Network methodology.
- Atalaya Riotinto has a zero liquid discharge approach (ZLD).
- We have achieved significant improvements on water management, such as improvements in the tailings thickener.
- Procedures related to the control of tailings dams to manage potential impacts to human health or water ecosystems.
- First Climate-related Risk Assessment performed for 2022.

WATER MANAGEMENT OBJECTIVES

- Definition of a Water Management Strategy and targets.
 - Conduct a water risk assessment process.
 - Define and set mid-term (2030) water related targets.
 - Define a Water Policy and adhere to an international water management standard (AWS).
 - Establish measures to minimize consumption and optimization.
- Consolidation of Atalaya's water security and management leading position:
 - Participate in the Carbon Disclosure Project Water Security Initiative.



Metrics and targets



ATALAYA
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CLIMATE TARGETS

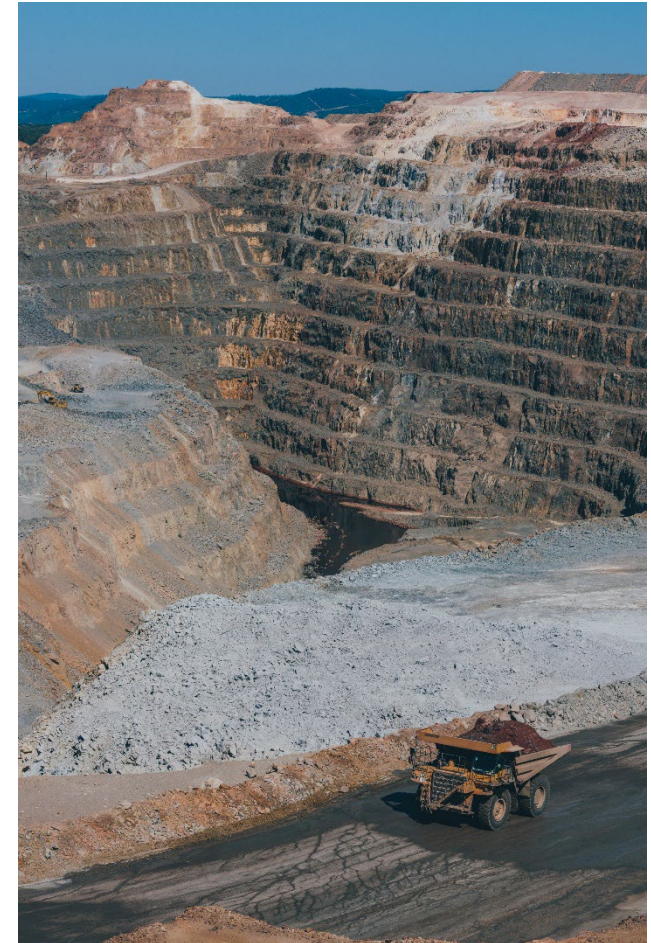
In Atalaya we include the **fight against climate change** in our corporate and operational policies, approved at the highest level of the Company.

We set our initial **first climate goal back in 2021**: reduce our greenhouse gas emissions greenhouse effect (GHG) in Atalaya Riotinto by **15% by 2025**, which will be largely achieved.

As a result of the assessment of climate change risks and opportunities developed in 2023, at the time of the issue of this document, the company is working actively in producing a Climate Change Strategy and Decarbonisation Plan. This may imply some changes of our current objectives, which are:

- **Establish mid-term objectives (2030)** using 2022 as baseline year.
- **Striving to become a net zero company by 2050.**
- **Define a Decarbonisation Plan in 2024** including reduction objectives for Scope 1, 2 and 3 emissions.

Some ongoing actions are already helping to achieve this decarbonization: the construction of a photovoltaic solar plant for self-consumption of renewable energy in Atalaya Riotinto, which will come into operation by the end of 2023, will help us reducing our Scope 2 emissions, which are the main contributor to our footprint. We are considering alternative options for increasing our capability to produce renewable energy for self-consumption.



Metrics and targets

CARBON FOOTPRINT

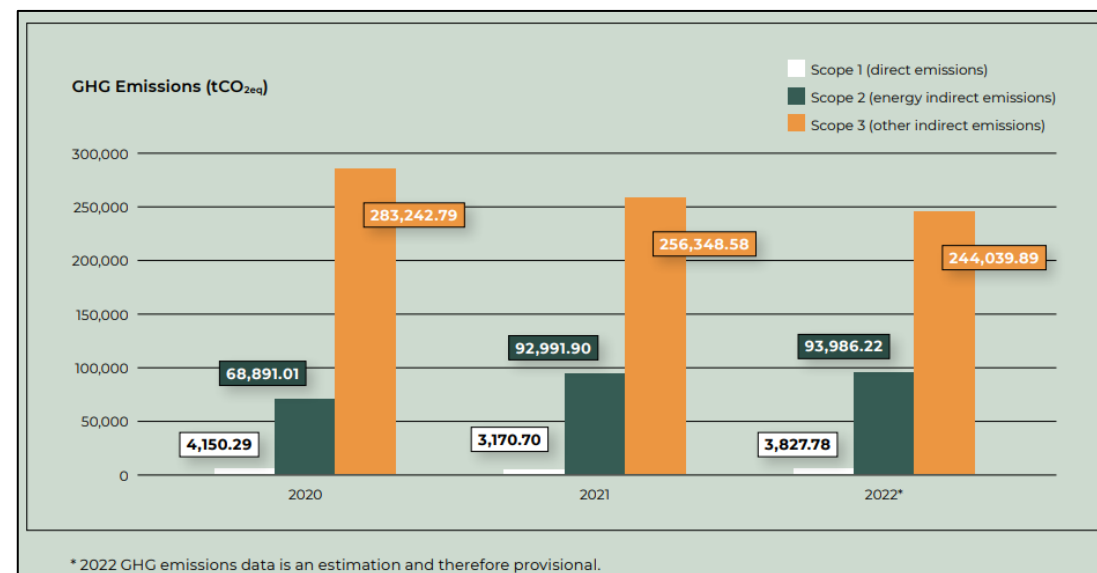
We are aware of our role in the transition towards a low-carbon economy. Therefore, we are committed to disclose actions aimed at combating climate change, as well as the evolution of our **GHG emissions**. We carry out an annual inventory of Atalaya Riotinto GHG emissions, for which the **ISO 14064 standard** is used, and the footprint calculation is verified by an external third party. In respect of our key asset, Atalaya has estimated its carbon footprint for 2020, 2021 and 2022, resulting in **341,853.9 tCO₂eq* for 2022 year**.

The results show that **scope 1 emissions account for the lowest percentage** of total emissions and are mainly derived from the consumption of diesel in the various processes of the industrial plant and in the transportation of raw materials. **Scope 2 emissions** account for a large part of the total. In order to reduce them, a photovoltaic solar plant for self-consumption is under development. The **solar plant** will have an installed capacity of 50 MW and will be one of the **largest industrial self-consumption facilities in Spain**, with an annual reduction of more than 40,000 tCO₂eq.

In 2022, we improved the calculation of our **carbon footprint** by including **indirect emissions (Scope 3)**. It is planned to conduct a materiality assessment in the following years to understand which Scope 3 emissions are the most relevant for the business and define specific emission reduction initiatives.

Year	Scope 1 emissions (tCO ₂ eq)	Scope 2 emissions (tCO ₂ eq)	Scope 3 emissions (tCO ₂ eq)*	Total GHG emissions (tCO ₂ eq)
2020	4,150.29	68,891.01	283,242.79	356,284.09
2021	3,170.74	92,991.93	256,348.57	325,511.24
2022	3,827.78	93,986.22	244,039.89	341,853.9

- *Scope 3 emissions categories under assessment:
- Upstream categories: Purchased goods and services; Transportation and distribution; Waste generated in operations; Employee commuting
 - Downstream categories: Transportation and distribution; Process of sold products



* At the time of issue of this report, the verification of the 2022 footprint was in progress, so this data might experience small variation

Metrics and targets

ALIGNMENT METRICS

The **key metrics** used to measure and manage climate-related risks and opportunities are described in the following table. All the environmental indicators reported correspond to **Atalaya Riotinto** as the only current significant operation of the Company

Climate-related metrics				
Metric	Unit	2022	2021	2020
Total GHG emissions	tCO ₂ eq	341,853.9	325,511.24	356,284.09
Emissions intensity (Scope 1 and 2)	tCO ₂ eq/ton of copper concentrate	0.39	0.36	0.29
Emissions intensity (Scope 1, 2 and 3)	tCO ₂ eq/ton of copper concentrate	1.37	1.3	1.39
External water consumption	m ³ /tons of processed ore	0.32	0.41	0.35
Consumption of recycled water compared to annual consumption	%	79.3	77	74.1
Water withdrawn from surface waters over the total water consumed	%	20.7	23	25.9
Total Energy Intensity	GJ/tons of copper concentrate	5.26	4.80	4.69
Total fuel consumption in the organization from sources non-renewable	m ³	18,689	16,176	15,383
Total electricity consumption	kWh	364,287,687	354,947,693	342,700,014



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