ATERIAN PLC
("Aterian" and/or the "Company")

Environmental, Social and Governance Policy

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1. INTRODUCTION TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

1.1 What is ESG

ESG encompasses a broad range of topics, including:

- Environment: covers the impact from operations on the environment and biodiversity as well as on communities adjacent to companies' operations.

- Social: covers a range of labor practices such as age of employment, fair working hours, minimum wages and overtime, grievance mechanisms, freedom of association and diversity provisions, including women's rights and under-represented communities.

- Governance: ensure that businesses are duly registered, adhere to laws and regulations. Included into the ESG remit is:

- Occupational health and safety provisions address company hygiene, safe operation of equipment, personal protection requirements and access to first aid and canteens.

1.2 Increased focus on ESG

Not only are companies required to be compliant with a growing number of regulations in this area, but also practicing good ESG is increasingly critical from strategic and marketing perspectives.

Various factors can be identified as shifting strategic focus to ESG, including:

i. Push factors, such as:

Compliance with mandatory and/or voluntary reporting and legal obligations relating to ESG procedures and standards; and

ii. Pull factors, such as:

Competitive advantages in differentiating from peers and securing investment amidst the rising influence of specialist ESG rating agencies;

Corporate values, commitments to deliver on ESG elements of corporate strategy, and a drive to operate ethically and promote more responsible mining practices; and

Technical (including from a health and safety perspective), social, political and reputational risk management by enhancing community engagement

1.3 ATERIAN's ESG Policy Statement

ATERIAN firmly believes it is part of our corporate responsibility to deliver returns by being a responsible investor. Integrating ESG matters into our operations and any investment decision-making processes are key elements to being a responsible corporate body.

1.4 Our Responsibility

Responsible mining and exploration is about being transparent and open. At ATERIAN, this is a commitment both to the safety of our people and to the protection of the environment, as well as to continuous improvement through technological innovation. This is made possible thanks to the dedication of our employees – and with the support of our leadership and the communities in which we operate.

1.5 Environmental Protection

ATERIAN recognizes that mining can directly or indirectly impact climate, water, land, and air. At each of our sites, we endeavor to reduce freshwater and energy consumption, reduce our carbon footprint, maintain local water quality backed by rigorous testing and monitoring, utilize methods and technologies that help protect all aspects of the environment, and restore the land once mining is complete.

2. ATERIAN'S ROLE IN THE UN SUSTAINABLE DEVELOPMENT GOALS

2.1 United Nations Sustainable Development Goals

The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including poverty, inequality, climate change, environmental degradation, peace and justice. Learn more and take action.

The 17 Sustainable Development Goals are a call for action by all countries – poor, rich and middle-income – to promote prosperity while protecting the planet. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.

2.2 ATERIAN ESG Principles
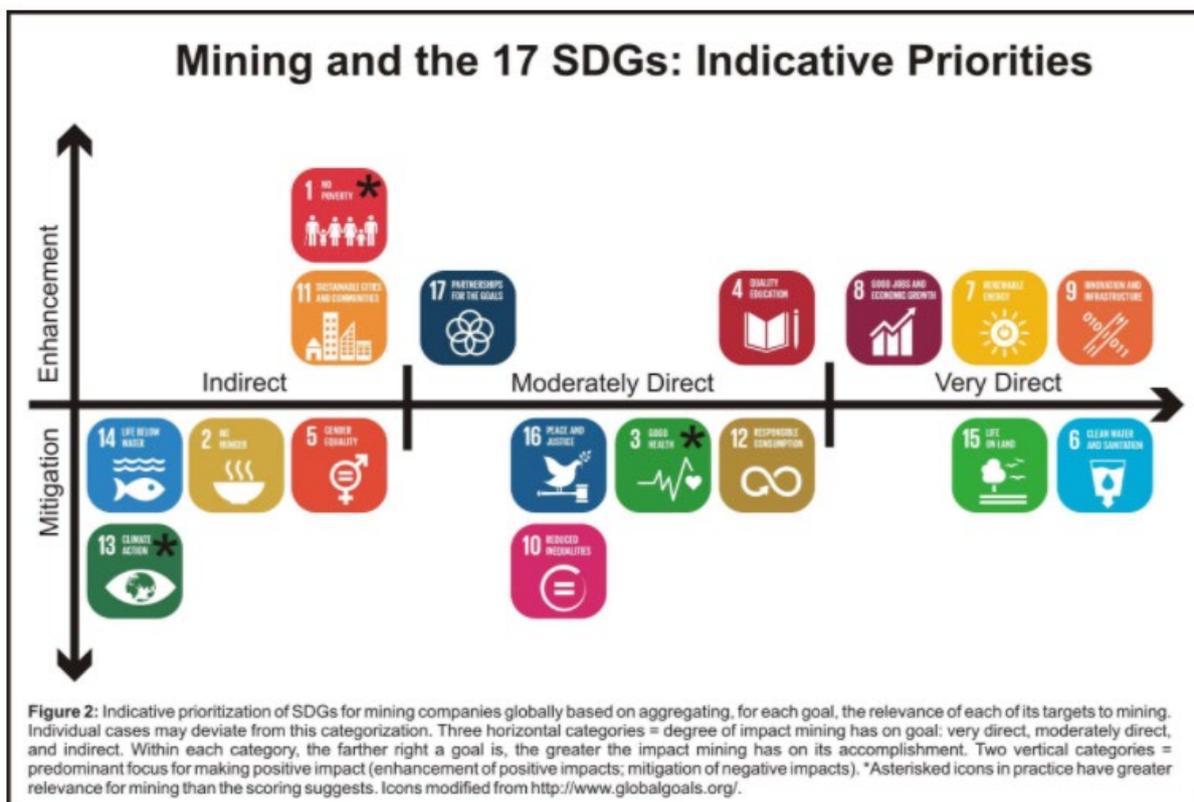
At ATERIAN we recognize the importance of the UN Sustainable Development Goals (UN SDG), and we indirectly contribute in some way to the majority of them. We have prioritized the SDGs that align most directly with our business, corporate strategy, sustainability efforts, and stakeholder expectations, while also representing our greatest opportunities to contribute further to the goals.

Mining companies have the potential to become leading partners in achieving the SDGs (www.un.org). Through their direct operations, mining companies, such as ATERIAN can generate profits, employment, and economic growth in low-income countries. And through partnerships with government and civil society, they can ensure that benefits of mining extend beyond the life of the mine itself, so that the mining industry has a positive impact on the natural environment, climate change, and social capital.

At the same time, mining companies will be called on to extract with responsibility, produce with less waste, use safer processes, incorporate new sustainable technologies, promote the improved wellbeing of local communities, curb emissions, and improve environmental stewardship.

Figure 2: Indicative prioritization of SDGs for mining companies globally based on aggregating, for each goal, the relevance of each of its targets to mining. Individual cases may deviate from this categorization. Three horizontal categories = degree of impact mining has on goal: very direct, moderately direct, and indirect. Within each category, the farther right a goal is, the greater the impact mining has on its accomplishment. Two vertical categories = predominant focus for making positive impact (enhancement of positive impacts; mitigation of negative impacts). *Asterisked icons in practice have greater relevance for mining than the scoring suggests. Icons modified from http://www.globalgoals.org/.

Mining companies committed to the SDGs will benefit from improved relationships with governments and communities and better access to financial resources; those that fail to engage meaningfully with the SDG's will put their operations at risk in the short and long term.

3. FIVE FOCUS AREAS FOR SUSTAINABILITY IN MINING

Sustainable mining comes down to multiple pillars that embody the extraction practices of the minerals. As stated in the Australian Center for Sustainable Mining Practices – Guide to Leading Practice Sustainable Development in Mining, mine managers will be on track in establishing a sustainable mining operation if they focus on the following five key areas: safety, environment, economy, efficiency and the community.

3.1 Safety

A mining operation should prioritize safety. 'Safe mines' include maintenance of a strong health and safety policy, a commitment to risk management, reporting systems for near misses and incidents, and a focus on education and training.

3.2 Economy

Unless a mine is profitable, it cannot be sustainable. The end-all goal for mine managers is to generate profit responsibly for as long as possible by keeping costs minimal while increasing revenue. This will maximize benefits to all stakeholders, including shareholders, employees, local communities, and businesses, which depend on the mine.

3.3 Resource Efficiency

A mine has to be efficient in the way its resources are managed and extracted. Mining engineers, geologists, and metallurgists work together to optimize resource extraction. Efficiency also encompasses the management dimension at a mine site, as poor management decisions can often lead to production problems. Efficiency may translate into how materials are recycled internally, such as the utilization of used oil for heating and utilization of spilled diesel for employee fire extinguisher training. Waste management at a mine is also becoming increasingly important; i.e. monthly inventories of all waste streams, material recycling, and employee training for onsite waste disposal.

3.4 Environment

Adopting leading environmental practices on mine sites is key to the management of a sustainable mine. Unless steps are taken in the planning and operational stages to protect environmental values, long-term liabilities may ensue.

3.5   Community

A mine needs a 'social license to operate.' Unless the community is engaged and supportive of a mining operation, opposition and confrontation may ensue. This can be improved through a number of initiatives, including preferentially employing local people, and training and providing skills in businesses or enterprises that will endure after the mine closes.

4.   ESG REPORTING AND MONITORING PERFORMANCE

Site-level ESG data is also important for other stakeholders, including for example investors, shareholders and governments. Investors are increasingly asking for site-level data as aggregated company-level data can hide risks and performance issues associated with particular mining operations.

Based on a study undertaken by the Responsible Mining Foundation (2019), namely "Mine-site ESG data disclosure by small and mid-tier mining companies", there are 15 key ESG topics identified that ATERIAN believes can act as reportable benchmarks on how we, together with our subsidiaries ("the Operating Company") and partners, can address, manage and report our ESG commitment.

4.1   Community engagement

The operating company engages with project-affected communities on matters that may impact them.

• The operating company implements ongoing engagement processes with project-affected communities on matters that may impact them.

• The community engagement processes include specific actions to engage with women.

• The operating company monitors community satisfaction with the outcomes of its engagement processes.

4.2   Local employment

The operating company publicly discloses data on the composition of its workforce.

• The operating company publicly discloses data on its workforce composition, showing numbers of expatriates and nationals.

• The workforce data show numbers of employees and contract workers.

• The workforce data also show numbers of workers from local communities (or from local municipalities/districts) among employees and contract workers.

4.3   Local procurement

The operating company publicly discloses data on local procurement and supports local suppliers.

• The operating company publicly discloses data on its procurement, showing proportions and amounts spent on national and local suppliers.

• The operating company provides support to local suppliers in navigating the tender process and responding to tenders.

• This support includes specific actions to support women entrepreneurs

4.4   Community grievance mechanism

The operating company publicly discloses data on its community grievance mechanism and takes actions to provide appropriate remedy.

• The operating company publicly discloses data on its community grievance mechanism, showing the number and nature of grievances filed by project-affected communities.

• The operating company takes actions in response to the grievances filed, to provide appropriate remedy.

• The operating company tracks the satisfaction of claimants with the remedies provided.

4.5   Living wage

The operating company ensures that the wages of all its employees and contract workers at least match fair living wage levels.

• The operating company publicly discloses data on the wages of its employees, showing they meet or exceed fair living wage levels applicable to the area of the mine site (or the legal minimum wage if higher).

• The operating company discloses this data specifically for contract workers as well as employees.

• The operating company discloses this data specifically for women workers as well as men.

4.6   Workers' safety

The operating company ensures its employees and contract workers are provided with appropriate safety equipment.

• The operating company identifies appropriate safety equipment for all workers.

• The operating company ensures the provision of appropriate safety equipment for all workers.

• The operating company ensures provision of suitable PPE for women workers.

4.7   Worker grievance mechanism

The operating company publicly discloses data on its worker grievance mechanism and takes actions to provide appropriate remedy.

• The operating company publicly discloses data on its worker grievance mechanism, showing the number and nature of grievances filed by workers.

• The operating company takes actions in response to the grievances filed, to provide appropriate remedy.

• The operating company tracks the satisfaction of claimants with the remedies provided.

4.8 Indigenous Peoples

The operating company consults with Indigenous Peoples potentially affected by its activities, and respects their right to Free, Prior and Informed Consent on the use of their land.

• The operating company identifies Indigenous Peoples potentially affected by its activities.

• The operating company implements consultation processes for Indigenous Peoples on the use of their land.

• The operating company publicly reports on whether Free, Prior and Informed Consent was obtained, and on the subsequent actions taken on this basis.

4.9 Artisanal and small-scale mining

The operating company engages with artisanal and small-scale mining (ASM) operations in and around its mine site.

• The operating company identifies any ASM operations in and around its mine site.

• The operating company engages with ASM miners to identify opportunities for constructive collaboration.

• These engagement activities include women working in these operations.

4.10 Environmental impact assessments

The operating company publicly discloses assessments of its environmental impacts, and discusses the results of these assessments with project affected stakeholders.

• The operating company publicly discloses assessments of its environmental impacts, including its impacts on biodiversity.

• These assessments are regularly updated, at least every two years.

• The operating company discusses with project-affected stakeholders the results of these assessments.

4.11 Water quality

The operating company publicly discloses water quality monitoring data, discusses monitoring results with project-affected stakeholders and takes actions to improve water quality in its catchments or regional basins.

• The operating company publicly discloses data on water quality in its catchments or regional basins, showing the data disaggregated by measuring point, and against applicable limit values.

• The operating company discusses with project-affected stakeholders the results of its water quality monitoring.

• The operating company collaborates with project-affected stakeholders in monitoring the actions taken to improve water quality in its catchments or regional basins.

4.12   Air quality

The operating company publicly discloses air quality monitoring data, discusses monitoring results with project-affected stakeholders and takes actions to improve air quality in and around the mine site.

• The operating company publicly discloses data on air quality in and around the mine site, showing concentrations of particulate matter and toxic gases, against applicable limit values.

• The operating company discusses with project-affected stakeholders the results of its air quality monitoring.

• The operating company collaborates with project-affected stakeholders in monitoring the actions taken to improve air quality in and around the mine site.

4.13   Progressive rehabilitation

The operating company publicly discloses and implements a rehabilitation and closure plan that includes plans for ongoing progressive rehabilitation.

• The operating company publicly discloses its rehabilitation and closure plan that includes plans for ongoing progressive rehabilitation.

• The progressive mine rehabilitation and closure plan is costed.

• The operating company tracks its progress on its rehabilitation and closure plan

4.14   Post-closure viability for communities

The operating company develops plans to ensure that project-affected communities remain viable after mine closure.

• The operating company develops plans to ensure post-closure socio-economic viability for project-affected communities.

• These plans include post-mining land-use opportunities.

• These plans take into account the goals and views of project-affected communities.

4.15   Emergency preparedness and response plans

The operating company publicly discloses and tests its emergency preparedness and response plans, including for risks associated with tailings dams and other waste facilities.

• The operating company publicly discloses its emergency preparedness and response plans.

• The plans include risks associated with tailings dams and other waste facilities.

• The operating company includes project-affected stakeholders in testing these response plans.

4.16   ATERIAN ESG reporting

Public disclosure of mine-site-level ESG data is an essential element for companies and local stakeholders to be able to develop trust-based relationships and engage in constructive discussions on issues of shared interest.

Eastinco will report on the ESG data from its operations sites on an annual basis, with the information included into the Annual Financial Report.

5.   CONFLICT MINERALS

New Regulations aim to boost corporate transparency and encourage companies to embrace a more sustainable approach to sourcing four key metals; tin, tantalum, tungsten and gold (also known as 3TG), and avoid supporting conflicts in areas where these minerals are produced.

As a responsible company, ATERIAN supports the goal of the Dodd-Frank Act of preventing armed groups in the Democratic Republic of the Congo and adjoining countries from benefitting from the sourcing of Conflict Minerals from that region.

5.1   Our commitment

I.   Support the aims and objectives of the Dodd-Frank Act concerning Conflict Minerals sourcing by working to educate our suppliers and partners Conflict Minerals.

II.   Help our suppliers understand the due diligence steps they can take to investigate the source of any Conflict Minerals in the products they sell to ATERIAN.

III.   Not continue to source from a supplier any product that contains Conflict Minerals if ATERIAN determines the product is not Conflict Free and the supplier fails to implement reasonable steps to transition to Conflict Free sources.

Further information of our policy is in the ATERIAN PLC Conflict Minerals Policy.

6.   ACCOUNTABILITY

ATERIAN and its subsidiaries and operating partnerships will maintain realistic expectations and targets for their ESG goals, ensuring the targets are achievable in order to avoid failure or avoidance of reporting downfalls with respect to a pre-established target.