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HOW WE MANAGE ENERGY AND CLIMATE CHANGE

This fact sheet is one of a series describing Capstone's management approach to material topics. For information on recent developments in our management approach and current performance, see our [Annual Sustainability Report](#).

This topic covers energy – the fuel and electricity we use for mining, ore processing, transportation and other related activities. It also covers climate change – both the impacts of our greenhouse gas emissions (GHGs) on the climate and the impacts of a changing climate on our business.

Impacts and Risks

We identify potential energy and climate-related impacts and risks through Environmental Impact Assessments (EIAs), permit conditions, risk assessments and our Enterprise Risk Management (ERM) Framework. We are enhancing our understanding of climate risks through a Task Force for Climate-Related Financial Disclosures-aligned (TCFD) climate-related risk and opportunities assessment and scenario analysis project.

Our mining operations depend heavily on fuel and electricity, which represent a significant portion of our operating costs. Securing stable, reliable, and cost-effective energy supply is essential to ensuring the operational continuity and long-term economic viability of our assets. Energy consumption for our operations is the primary source of our greenhouse gas (GHG) emissions, which contribute to climate change. The use of fossil fuels can release pollutants, including sulfur dioxide, nitrogen oxides and particulate matter, which can affect air quality and human health. In addition to our direct emissions, we have indirect impacts through our value chain. This includes GHG emissions and air pollutants generated by customers, such as refineries, as well as by contractors, suppliers, and other business partners.

Our operations are exposed to physical climate change risks. The primary physical risk being water stress caused by changes in precipitation patterns or intensities and prolonged drought conditions in already water-scarce regions. Increased severity and occurrence of the effects of extreme weather events such as floods, landslides, tidal waves, heat waves, drought and wildfires near our sites could lead to operational interruptions, health and safety risks to personnel due to reduced air quality or reduced visibility, disruptions to transport networks, damage to equipment and public infrastructure. These risks can also have negative impacts on communities and livelihoods.

Our company also faces climate-related transition risks, including reputation, insurance, and the impacts of governmental policy. Although these risks are limited at present, under more ambitious decarbonization pathways, risks such as carbon pricing and rising input costs will become more significant.

Both physical and transition risks have the potential to result in loss of revenue, loss of productivity, operational delays, and rising costs. Failure to recognize, respond and align to changing regulatory and stakeholder expectations and requirements related to climate change and GHG emissions could affect Capstone's growth opportunities, and future revenues.

For further details on our climate-related risks, see *Additional Information* at the end of this document.

Governance and Accountability

Capstone's energy and climate governance framework establishes clear roles, responsibilities, accountability, and oversight for energy and climate management decisions at both corporate and site levels.

Board oversight. The Board of Directors oversees our long-term goals and strategic plan, ensuring these reflect Capstone's energy and climate-related risks and opportunities. It also oversees the effectiveness of policies, procedures, practices, controls, reporting and disclosure relating to these risks and opportunities. The Board delegates oversight of climate-related risks and opportunities to its four committees as described in the table below.

Board Delegated Oversight of the Management of Climate-related Risks and Opportunities

The Governance, Nominating and Sustainability (GNS) Committee provides oversight and ensures Capstone's: • Sustainable Development Strategy includes Climate as a priority. • Business Strategy incorporates climate-related risks. • Material climate-related impacts are disclosed annually.	The Technical, Operations and Performance (TOP) Committee provides technical oversight of: • Sustainability risks, performance and operational opportunities, including those related to climate.	The Audit Committee provides oversight of: • Financial impacts of sustainability risks (including climate-related risks) and disclosure of material financial impacts.	The Human Resources Committee (HRC) provides oversight to ensure: • Sustainability goals (including climate-related) are integrated into executive compensation.
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Executive accountability and support. Responsibility for managing energy and climate-related risks is shared between three senior executives. The Chief Operating Officer (COO) is the senior executive accountable for environmental matters, including energy and climate. The COO oversees and implements strategies to align operations with our carbon reduction strategy. The Senior Vice President Risk, ESG and General Counsel (General Counsel) monitors progress related to the Sustainable Development Strategy, oversees climate-related disclosure practices, and manages regulatory compliance. The Senior Vice President, Technical Services ensures the responsible and sustainable management of tailings and water resources, including climate-related risks. Senior management reports on all major risks, including climate risks, identified through Capstone's ERM Framework, to the Board on a quarterly basis.

The Climate Working Group is comprised of corporate and site level employees with key responsibilities related to management of climate-related risks. The group supports implementation of the Climate priority of the Sustainable Development Strategy through development of site-level GHG management plans and establishment of site- and corporate-level KPIs. The group meets quarterly to review progress and provides quarterly updates to the General Counsel.

Site management. The General Manager (GM) is accountable to the COO for site-level energy and climate change management. Site teams are responsible for managing site-level energy and climate-related impacts and risks and the implementation of procedures and programs that comply with Environmental Impact Assessment (EIA) conditions and align with corporate policies and standards. Sites have formed cross-functional GHG and energy management teams, with representatives from mining, processing,

procurement, permitting, ESG, and safety, to develop site-level energy and GHG-management plans and reduction and abatement projects.

Stakeholder Engagement

Stakeholder engagement on energy and climate takes place at both the corporate and site level. Key stakeholders include investors, permitting authorities and other government agencies, energy suppliers, local business, and local communities. At the corporate level, we engage with investors on disclosure needs and global targets. Sites engage with energy suppliers on opportunities for renewable energy and collaborate with environmental authorities on initiatives to minimize impacts. Sites also adhere to conditions in EIAs, which may consider the needs of specific stakeholders and mandate specific engagement.

Policy Commitments

Our policy commitments guide our approach to responsible management of energy and climate change.

Our [Integrated Health Safety Environment and Community Policy](#) commits us to proactively identify and manage our impacts on the environment, people, and communities, and reduce the use of natural resources such as water and energy, minimize emissions, releases and wastes, and protect biodiversity, with the ambition of contributing to positive outcomes and climate change solutions. It also guides us to mitigate negative impacts we cause or contribute to through preventive or remedial actions as required.

Our [Human Rights Policy](#) addresses key climate-related impacts such as access to water, human security, and the protection of cultural values and traditions.

Our policies apply to all Capstone employees, subsidiaries and suppliers (as defined in the [Supplier Code of Conduct](#)). We communicate all policies to new Board members, executives, and employees as part of the onboarding process. Annual training on the Code of Conduct (COC) and all applicable policies is provided to all employees at both the corporate and site levels. In addition, Board members, executives, and employees are required to review the COC and applicable policies annually and formally acknowledge their commitment to uphold them. As new policies are introduced, we provide targeted training to relevant roles to facilitate effective implementation. Procurement teams are responsible for communicating the Supplier Code of Conduct requirements to suppliers, who agree to comply by signing our supplier agreement. All policies are available on Capstone's [website](#).

Strategy

Our business strategy considers future energy and climate change impacts and risks. Climate change requires an urgent and collaborative response from industry and society. As Capstone grows, we will require more energy for our operations. Capstone's current business strategy considers future energy use and can respond to various climate scenarios.

Climate is a priority of our Sustainable Development Strategy. Our Climate priority is to reduce Capstone's carbon footprint. Our carbon reduction strategy involves implementation of specific emissions-reductions initiatives and identification of future reduction opportunities including:

- Transition to >90% renewable electricity across Capstone by 2030.
- Assess future growth opportunities against our 2030 target and incorporate carbon reduction initiatives into engineering and design studies.
- Pursue diesel displacement opportunities.

We have adopted a GHG reduction target to drive climate action. Our target is to reduce GHG emissions from fuel and power by 30% by 2030, using a 2021 baseline. This is an absolute reductions target. Capstone has not set targets for Scope 1 or Scope 2 separately.

We report on our Sustainable Development Strategy performance in our [Annual Sustainability Report](#).

We pursue The Copper Mark award as part of our strategy to embed sustainability across operations. The Copper Mark includes performance criteria related to climate action and greenhouse gas emissions reductions. Mantos Blancos and Mantoverde were awarded The Copper Mark in 2023 and started the second cycle of re-assurance process in 2025. Pinto Valley was awarded The Copper Mark in 2025 and Cozamin signed a letter of commitment to participate in The Copper Mark Assurance Process.

We consider energy and climate change risks and impacts when making capital investments. Energy and climate change risks are a component of due diligence and considered in any technical evaluation. We assess opportunities to improve energy efficiency and investigate low-carbon technologies.

We have conducted a TCFD-aligned climate-related risk and opportunity assessment and scenario analysis. In 2024, we conducted a qualitative climate-related risk and opportunity assessment and scenario analysis for all assets, under a range of possible 'futures' including three physical and three transition scenarios. This assessment helped us to evaluate the resilience of our operations to different futures and our readiness/ability to manage potential risks. Water stress is projected to remain the most significant physical risk at assessed locations, with extreme heat emerging as an additional risk across all sites. The assessment identified limited exposure to transition risks at present. See *Additional Information* below for more on the assessment process and results.

We are beginning to quantify our climate risks. We have started to estimate the potential financial impacts and opportunity drivers associated with different climate scenarios as well as exploring ways to integrate climate considerations into Capstone's financial modelling and business planning processes. This will enable us to better understand potential financial implications and support more resilient long-term decision-making under a range of climate scenarios. We are not yet consistently integrating climate considerations into capital planning and operational decision-making. Sites are starting to consider GHG emissions impacts in project and capital planning. Santo Domingo project is assessing GHG reduction opportunities through the design phase including ball mill design and the use of more energy efficient heavy equipment.

Management of Impacts and Risks

We manage climate-related risks through our Enterprise Risk Management (ERM) Framework. We use our ERM Framework to identify, assess and monitor climate-related risks. Our ERM process reviews and reports on strategic, operational, and financial risks for Capstone. We also use the ERM Framework to identify where climate-related risks may accelerate and develop strategies to mitigate and address the risks. See *Climate-related Risks Identified through ERM* in the 'Additional Information' section below.

In 2025, building on the results of our climate-related risk and opportunities assessment and scenario analysis, we mapped the relevant climate-related risks and opportunities on our ERM Risk Assessment Matrix which includes likelihood and consequence to determine the overall severity of the risks. The results of the assessment were integrated into the ERM Framework to determine materiality and further evaluate existing controls and initiatives including the need for additional controls. See ‘Additional Information’ section below for more details regarding this process.

We comply with national laws and work to uphold international standards. Our corporate GHG reduction target aligns to the goals of the Paris Agreement. Sites are adopting industry-accepted good practices to reduce and manage emissions. Each site complies with local energy and emissions regulations. Cozamin adheres to Mexico’s Federal Electricity Commission (CFE) efficiency regulations, which can trigger fines for overconsumption. The CFE penalizes commercial users who operate below a 90% efficiency threshold. Cozamin’s objective is to maintain 98% efficiency. To comply with Chile’s energy efficiency law, both Mantos Blancos and Mantoverde have achieved and maintained ISO 50001 Energy Management Systems certification.

We pursue electrification, where feasible to reduce Scope 1 GHG emissions. Switching from fuel to electricity, where feasible, is a key pathway for reducing Scope 1 GHG emissions. Mantoverde has four electric rope shovels in its mining fleet. Pinto Valley continues to focus on displacing diesel generators with electric or renewable options. Refer to our [Annual Sustainability Report](#) for recent examples.

We are increasing our use of renewable energy. A key strategy for reducing our Scope 2 GHG emissions is to purchase renewable electricity where available. Our Chilean operations have increased the percentage of renewable electricity used in their energy portfolios. Since 2024, Mantoverde and Mantos Blancos have purchased International Renewable Energy Certificates (I-RECs), certifying that 100% of electricity purchases (around 30% of total energy) were from renewable sources.

We emphasize energy conservation and efficiency to reduce GHG emissions. Sites are responsible for implementing initiatives to reduce GHG emissions and identifying efficiency improvements across energy-intensive infrastructure. Energy efficiency is a key criterion when upgrading equipment and securing funding for on-site capital projects. Where feasible, we replace end-of-life equipment with more fuel-efficient models. For equipment that runs on fuel, Pinto Valley prioritizes the purchase of Tier 4 energy-efficiency equipment and has a protocol for rental generators to have Tier 4 engines. See our [Annual Sustainability Report](#) for recent examples.

We recognize the impact of climate change on water resources. We operate in water-scarce regions where water availability may also be affected by climate change. Our Sustainable Development Strategy includes a goal to increase low-quality water as a proportion of total water consumed and reduce freshwater intensity. We are prioritizing investments in technology and enhancements in operational practices to improve our water use efficiency, reduce our reliance on freshwater sources and make our operations more resilient. See [How We Manage Water](#) for additional details on our approach.

Monitoring and Continuous Improvement

We monitor our energy and climate change impacts and assess the effectiveness of our management system. Our ESG teams monitor energy use and GHG emissions and report results to regulators. We assess the effectiveness of our GHG management system through site-level monitoring, internal reporting, and external assurance under The Copper Mark Assurance Process.

We are improving our energy and climate change reporting and disclosures. Our baseline GHG inventory is the foundation of our reduction target. Capstone uses the GHG Protocol Corporate Standard as the basis for calculating GHG emissions. We measure and disclose Scope 1 (fuel related) and Scope 2 (electricity related) emissions. We are currently able to capture Scope 3 data for all sites and corporate office for years 2024 and 2025, using the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We have measured 10 of the 15 categories. Our goal is to disclose Scope 3 emissions for all sites in 2026.

We have processes for responding to stakeholder concerns. Stakeholders can report climate change-related concerns through our [Whistleblower Hotline](#) or site-level grievance procedures and seek remedy for negative impacts.

Our Climate Working Group serves as a vehicle for continuous improvement. Site and corporate participants share status updates and operational experiences, which facilitates knowledge transfer and supports progress and accountability. The group meets quarterly and monitors progress on the Climate priority of our Sustainable Development Strategy.

We track and report our performance on an annual basis. Please refer to our [Annual Sustainability Report](#) for energy and climate change performance data.

Metrics

Energy and Climate Change indicators reported at the site and consolidated levels include:

- Energy consumption
- Energy intensity
- Scope 1 and Scope 2 energy-related GHG emissions
- GHG emissions intensity

Additional Information

This section provides more details about the following:

- A. Climate-related risks and opportunities assessment and scenario analysis – approach and preliminary results
- B. Climate-related risks identified through ERM

A. Climate-related Risks and Opportunities Assessment and Scenario Analysis

Starting in 2024, Capstone conducted a systematic and TCFD-aligned process to identify and evaluate the potential effects of a changing climate and low carbon transition-related challenges that could materially impact Capstone's operations and projects. This process was referred to as the Climate-related Risk and Opportunities Assessment and Scenario Analysis (the "assessment"), and it was conducted in two phases: a qualitative first phase followed by a quantitative second phase. The assessment was carried out over the course of 2024 and the first half of 2025.

Through the assessment, we aimed to:

- Deepen our understanding of climate-related risks and opportunities facing the business and operations under different scenarios.
- Anticipate potential climate-related risks and generate action plans to ensure the operational continuity of our assets.
- Analyze Capstone's resilience under a range of possible 'futures,' or scenarios.
- Further align with TCFD and CSDS climate-related disclosures, Equator Principles framework and/or future regulatory requirements.

The assessment engaged stakeholders across the organization including cross-functional teams at the corporate office and asset locations. Workshops were held to identify and log the top climate-related risks and opportunities across the business and across all material locations. Stakeholder input paired with our consultant's Climate Impact Platform assisted with the exposure modeling of climate hazards for a particular geographic location. The results of the assessment and scenario analysis are being managed through our Enterprise Risk Management (ERM) Framework with support from the Climate Working Group.

Climate-related Scenarios

The scenario analysis was conducted under a range of possible 'futures' including three physical and three transition scenarios as outlined below.

PHYSICAL RISK SCENARIOS

The Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) uses Shared Socioeconomic Pathways (SSPs) scenarios to assess the state of the physical climate under a range of plausible futures. They combine qualitative storylines of societal features and quantified measures of development alongside climate data to create plausible scenarios for how quickly humans can curb emissions. The three scenarios chosen for this assessment were:

The SSP1-2.6 scenario, a low emissions scenario that stays below 2°C warming by 2100, aligned to current commitments under the Paris Agreement. Net zero emissions in the second half of the century.

The SSP3-7.0 scenario, a high emissions scenario following a ‘business as usual’ trajectory, assuming current levels of climate policy and seeing CO2 emissions increase significantly by 2100. Warming expected to be >3.0°C.

The SSP5-8.5 scenario, the highest emissions scenario with warming expected to be >4.0°C by 2100. This scenario is used for stress testing assets under severe impacts.

TRANSITION RISK SCENARIOS

The International Energy Agency (IEA) has developed three hypothetical scenarios that explore how emissions reductions might be achieved towards 2050 and the resultant temperature outcomes. Each scenario applies a varying composition to sectors, including but not limited to, market dynamics, energy systems, and technology progression. The three transition scenarios chosen for this assessment were as follows:

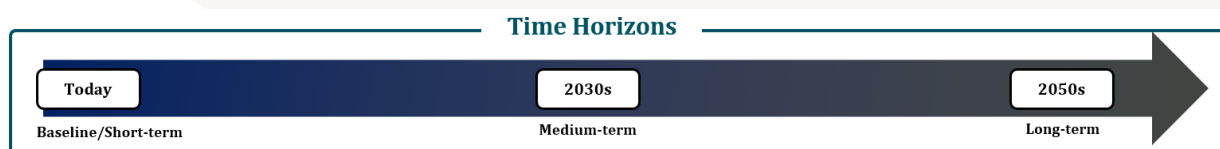
Net Zero Emissions (NZE) – Aligned with TCFD and IFRS S2, and consistent with the goals of the Paris Agreement, this scenario assumes that aggressive global emission reductions are achieved, preventing further temperature rise and stabilizing the climate. Under this pathway, warming of ~1.5°C is expected by 2050 and transition risks and opportunities are severe.

Announced Pledges Scenario (APS) – In line with TCFD recommendations and the Paris Agreement, this is a 2°C or lower scenario which assumes that national pledges made by governments around the world are achieved on time and in full. In this scenario, warming of ~1.7°C is expected by 2100, and transition risks and opportunities are high.

Stated Policies (STEPS) – This scenario explores how the energy system evolves if we retain current policy settings. This includes the latest policy measures adopted by governments around the world. In this scenario, warming of ~2.4°C is expected by 2100, and transition risks and opportunities are moderate.

Time Horizons

Climate-related risks and opportunities were evaluated over the short-term (2020), medium-term (2030) and long-term (2050) time horizons. These time horizons were selected to align with shorter-term strategy planning cycles, national climate policy milestones (e.g., the Canada’s 2050 climate-neutral target) and the current remaining mine life of Capstone’s asset portfolio¹.



¹ At the time of the assessment, the following Life of Mine (“LOM”) estimates were in effect: Mantoverde LOM 2042, Mantos Blancos LOM 2037, Pinto Valley LOM 2039 and Cozamin LOM 2031.

Qualitative Assessment

The high-level results of the qualitative phase of the assessment are outlined below.

PHYSICAL RISK ANALYSIS

A scenario screening was conducted against Capstone’s material locations (also referred to as “assessed locations”) using nine physical climate hazards both acute and chronic in nature. Many of these hazards will be exacerbated by climate change. The table below outlines the climate hazards and corresponding indicators evaluated during the qualitative assessment. These indicators are variables used to measure and monitor the potential changes in hazards over time.

Of the nine physical climate-driven hazards assessed, four were identified as primary risks for Capstone. These include:

- water stress
- extreme heat
- wildfire weather (conditions influencing the ignition, spread, intensity, and duration of wildfires)
- rainfall-induced landslides

Water stress is projected to be the primary physical risk for assessed locations in the coming years as water stress is high in the baseline years and continues to be high in future projected years. Elevated heat is identified as an emerging risk for all locations as the extreme heat hazard is projected to rapidly increase in future years. Below is a high-level summary of the climate hazards and their potential impacts to operations.

9 Physical Climate-driven Hazards Assessed

Primary Physical Risks Identified for Capstone								
Water Stress	Extreme Heat	Wildfire Weather	Landslide Susceptibility	Extreme Cold	Extreme Rainfall Flooding	Riverine Flooding	Coastal Flooding	Tropical Cyclone
Percent of total water withdrawals from the available water supplies	Percent of days when maximum temps > 90th percentile	Number of days with fire-permitting climatic conditions	Number of days with a potential chance of a rainfall-induced landslide	Percent of days when minimum temps < 10th percentile	1-in-500-year rainfall flooding inundation depth (meters)	1-in-500-year river flooding inundation depth (meters)	1-in-500-year coastal flooding inundation depth (meters)	Maximum tropical cyclone wind speed (knots)

High-level Summary of Climate Hazards and Potential Impacts to Operations

Hazards Driving the Risk	Physical Risks to Mining Sites	Potential Financial Impact
Water Stress Extreme Heat Wildfire Weather Rainfall-induced Landslides	1) Physical damage and degradation of mining sites / machinery	- Increased capital expenditures - Loss of production
	2) Reduced operating efficiency and output and increasing energy / power demands	- Loss of revenue - Rising fuel costs - Increased operational and capital expenditures
	3) Impacts to worker safety and access roads from extreme climate events	Operational downtime and working hours
	4) Increased strain on water supply	- Increased water costs - Productivity impacts and operational downtime if water is unavailable

TRANSITION RISK AND OPPORTUNITY ANALYSIS

The qualitative assessment analyzed how the changing environmental, political and market factors relating to climate change could impact Capstone. The following transition risks (top row) and opportunities (bottom row) were evaluated.

TRANSITION RISKS		
Policy and Legal	Technology	Market and Reputation
- Carbon pricing - Mandates on regulation of existing products and services - Exposure to litigation	- Unsuccessful investment in new technologies - Costs of / barriers to transition to lower emissions technology	- Changing customer behavior - Increased cost of materials and services - Increased stakeholder concern / negative feedback
TRANSITION OPPORTUNITIES		
Resource Efficiency	Energy Source	Products, Services and Markets
Use of more efficient modes of transport and production processes	- Use of lower-emission sources of energy - Use of new technologies - Participation in carbon market	- Development and / or expansion of low emission goods and services - Use of public-sector incentives

A high-level scenario screening was conducted across the categories above. The findings indicated that under the business-as-usual scenario i.e., taking into account current policies – the IEA Stated Policies Scenario (STEPS) – Capstone does not face significant risk exposure. Under the increased decarbonization ambition scenario Announced Policies Scenario (APS), potential risks with increasing significance begin to emerge including carbon pricing and increased costs of goods and services and further exacerbate in the Net Zero Emission Scenario (NZE). However, these risks could potentially be offset by Capstone’s role as a critical mineral producer and the increased demand for copper and respective upward pressure on copper prices, especially if there are future copper supply is constrained.

Quantitative Assessment

In late 2024 and early 2025, we conducted a quantitative climate-related risk and opportunity assessment and scenario analysis for all assets based on three physical and two transition scenarios, previously discussed.

The following physical and transition risks were evaluated:

- Extreme heat
- Water stress
- Flooding and hurricanes
- Raw material costs
- Carbon pricing

The climate impacts and exposures for these top 5 climate-related risks were quantified for each site and mapped onto our ERM Risk Assessment Matrix which includes likelihood and consequence to determine overall severity of the risks. Existing and potential climate risk controls and management strategies were identified and evaluated. The assessment identified current and future opportunities, highlighted gaps and outlined challenges to efforts to integrate climate risks more fully into our business practices. The results have been integrated into the ERM Framework. Site teams are tasked with reviewing gaps, opportunities and the need for additional controls and incorporating these findings into site GHG action plans.

B. Climate-related Risks Identified through ERM

In addition to the risks identified through the assessment, the climate-related physical and transition risks identified through ERM to date are listed in the tables below.

ERM Climate-related Physical Risks

Physical Risk	Potential Impacts	Initiatives to Manage Risks
Water Stress and Drought	Water shortages – caused by changes in precipitation patterns and prolonged drought conditions in already water-scarce regions – may impact the productivity of our operations.	Water risks are integrated into due diligence processes and are systematically considered during all technical evaluations. We have completed climate change impact assessments at both Pinto Valley and Cozamin, with similar studies currently underway at our remaining sites. In parallel, we are developing analytical tools to assess exposure to water risks and support scenario planning for future conditions. At present, water risks identified at the technical and operational levels are further evaluated, managed, and reported through the ERM system. Our Water Management Standard will establish requirements for identifying and managing water-related risks at each site, ensuring alignment with the ERM Framework. See How We Manage Water for more on our management of water impacts and risks.
Extreme Weather Events, Elevated Heat and Wildfire Hazards	Increased severity and occurrence of the effects of extreme weather events such as floods, landslides, tidal waves, heat waves, drought and wildfires near our sites could lead to operational interruptions, health and safety risks to personnel due to reduced air quality, disruptions to transport networks, damage to equipment and public infrastructure, and negative impacts to communities and livelihoods.	We monitor for escalating weather conditions particularly fire-permitting climatic conditions. We engage directly with authorities and stakeholders on regional emergency preparedness and response and adaptation planning. The effects of extreme weather events are considered in our site technical designs, stormwater management systems and mine closure plans.

ERM Climate-related Transition Risks

Transition Risk	Potential Impacts	Initiatives to Manage Risks
Regulatory Changes	Government policies and regulations aimed at mitigating or adapting to climate change could have financial implications for our operations. Carbon pricing policies may increase operating costs, including a higher cost of electricity and fuels, or costs linked to emissions produced. Costs for raw materials procured may increase due to suppliers passing through carbon pricing costs. Increased regulatory and permitting requirements related to energy and emissions management may require additional human resources and technology investments.	Currently, Mexico & Chile have a form of carbon pricing regimes. Chile has adopted a Green Tax law with a carbon tax component. At present, none of our Chile operations meet the thresholds for taxation. In Mexico, carbon pricing applies to the sale and import of fossil fuels (including coal, natural gas, fuel oil, gasoline, and diesel).
Restriction of Freshwater Use for Mining Purposes	Related to regulatory changes, any changes to the use of direct inputs for our operations such as the use of water could increase operating costs, result in further capital investments and/or cause operating restrictions.	Our Sustainable Development Strategy includes a goal to increase low-quality or recycled water as a proportion of total water consumed. We identify opportunities for low-quality water sourcing such as the use of a desalination plant for Mantoverde's operations.
Changes to Insurance Coverage	Exposure of our operations to physical climate risks could lead to increased insurance premiums or reduced availability of insurance.	Capstone continues to transfer risks as appropriate through a robust global insurance program. Capstone maintains an insurance captive as a strategic tool to mitigate against future gaps in coverage availability.
Supply Disruption or Shortage	Exposure of our supply chain to physical climate risks could lead to increased costs for repairs and/or operating disruptions.	There are several strategies to address this risk: identification of critical suppliers, multiple contracts for critical supplies and contracting with local suppliers. We also work closely with key transportation service providers to mitigate disruptions.
Reputation	Capstone's performance in managing climate change could impact our reputation with stakeholders, including communities, employees, investors, and governments. Poor performance could impact Capstone's ability to secure project financing or regulatory approvals.	Our Sustainable Development Strategy includes a goal to reduce GHG emissions from fuel and power by 30% by 2030, using a 2021 baseline. We disclose Scope 1 and 2 GHG emissions annually. We conduct proactive outreach with the investment community and stay up to date on disclosure requirements and expectations.