



HORIZONTE
MINERALS PLC

Investing in a Sustainable Future

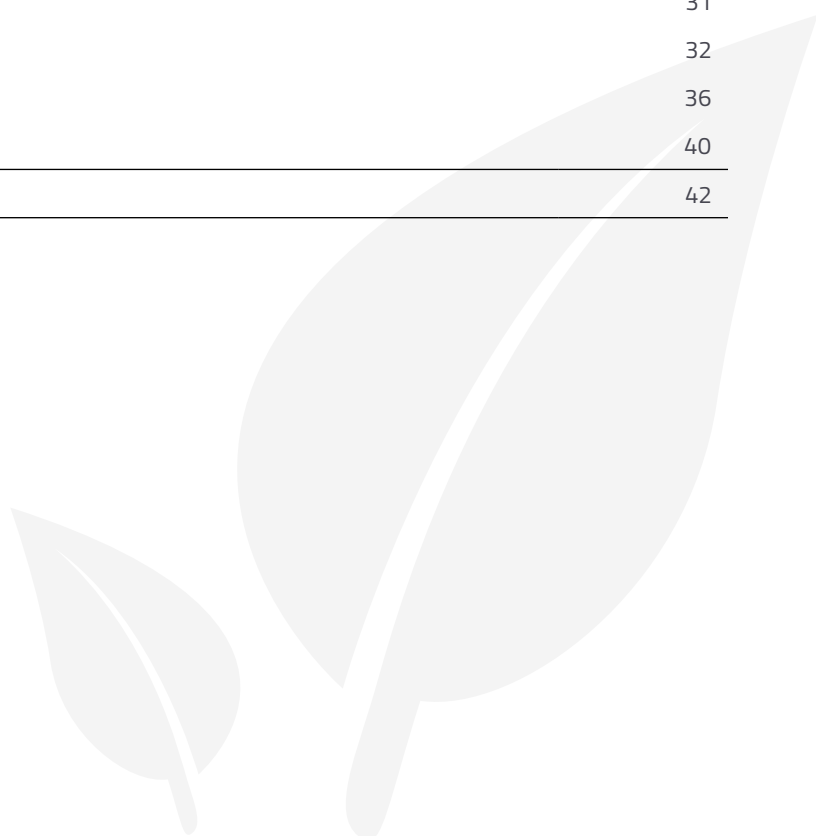
Sustainability Report 2019





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NICKEL IS A FUNDAMENTAL MATERIAL IN OUR MODERN EVERYDAY LIVES.

AS A CRITICAL COMPONENT IN BOTH STAINLESS STEEL AND NEW BATTERY TECHNOLOGY NICKEL IS A KEY ENABLER OF THE CLEAN ENERGY TRANSITION. AS A MEMBER OF THIS SUSTAINABILITY DRIVEN SUPPLY CHAIN IT IS IMPORTANT THAT WE CHAMPION INNOVATION, PROMOTE ETHICAL BEHAVIOUR AND MINIMISE OUR WATER USAGE AND CARBON FOOTPRINT.

HORIZONTE IS ON A JOURNEY TO BECOMING A NICKEL PRODUCER, WITH SUSTAINABLE PRACTICES UNDERPINNING EVERY ASPECT OF OUR OPERATIONS. OUR COMMITMENT TO SUSTAINABILITY WILL POSITION THE COMPANY AT THE FOREFRONT OF THE NEXT GENERATION OF NICKEL PRODUCERS. ”

Katie Millar

Head of Environment
Social and Governance, & Communications





2019 PERFORMANCE HIGHLIGHTS

Over **200**
community engagements

US\$1.5 m
Direct Economic Contribution

US\$25,000
invested in social projects

Zero
Lost Time Injuries
& fatalities

618 students
engaged in environmental
awareness initiatives

55%
of total purchases
from local suppliers

42%
female employees

46%
of Brazil employees
from Pará State

ABOUT US

**HORIZONTE MINERALS
IS A NICKEL
DEVELOPMENT
COMPANY FOCUSED
IN BRAZIL.**

The Company is developing two, 100% owned, Tier 1 nickel projects in Pará State, north Brazil. The area has well-developed infrastructure, including roads, rail and hydroelectric power as a result of its proximity to the Carajás Mining District.

With both projects, Araguaia and Vermelho, in operation Horizonte will become a major nickel producer supplying the stainless steel and battery markets.

Headquartered in London, the Company is listed on the London and Toronto Stock Exchanges. The Company also has an administrative office in Belo Horizonte, Brazil.



ABOUT OUR SUSTAINABILITY REPORT

HORIZONTE HAS ALWAYS PLACED GREAT IMPORTANCE ON ITS ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RESPONSIBILITIES.

The Company has provided commentary on its ESG initiatives in the Annual Report, corporate presentations and media interviews for many years. Now, as the Company evolves so should its sustainability efforts.

This report is our first standalone Sustainability Report. Not only does the report highlight our ESG achievements but it discusses our approach to accountable and transparent corporate governance, maintaining a safe workplace, minimising our environmental impact and providing value for all stakeholders as well as outlining our commitment to future goals.

This report focuses on the Araguaia Project (Araguaia Niquel Metais Ltda. & HM do Brazil), the Company's most advanced project. Where relevant the Vermelho Project (Trias Brasil Mineração Ltda.) and London head office is included to provide context as to how sustainability is integrated across all Horizonte activities. The report spans the 2019 calendar year, in line with the Company's financial year ended 31 December, and we plan to adopt an annual reporting cycle in future. All financial figures are quoted in United States dollars (US\$) unless otherwise noted with an exchange rate of R\$3.94.

This report should be read on conjunction with the Company's Annual Report published in April 2019 and is available at www.horizonteminerals.com

If you would like to receive more information or have any questions regarding our sustainability reporting, please write to us at: info@horizonteminerals.com

OUR APPROACH

A comprehensive sustainability programme needs to be implemented and measured in line with internationally recognised standards. Our approach to sustainability is in line with, and working towards the requirements of:

- ☞ IFC Performance Standards
- ☞ Equator Principles
- ☞ World Bank guidelines on Environment
- ☞ World Bank guidelines on Health & Safety
- ☞ United Nations Sustainable Development Goals
- ☞ International Council of Metals and Mining principles
- ☞ CONAMA Health and Safety legislation (Brazil specific)

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 'Essential' option and has not been externally audited. For reference the GRI Index is included on page 42 of this report.

In line with these international standards, we understand the importance of tailoring our approach to sustainability to the specific requirements of our business and our stakeholders. For this reason, due to Covid-19 pandemic times, we only conducted a desk-based materiality assessment to gain insight into the views and priorities of our stakeholders.

MATERIALITY ASSESSMENT PROCESS

1. Identification of relevant sustainability related topics

A full list of topics relating to the environmental impact, social impact and governance (2019) of Horizonte's activities was compiled.

2. Consultation with stakeholders

Questionnaires sent to or meetings held with key stakeholders to assess the relevance and priority of each topic for each stakeholder group.

3. Classification of impact

Topics like influence on stakeholder assessments & decisions as well as significance of economic, environmental, & social impacts of the company are assessed by means of questionnaires and meetings with key stakeholders.

4. Determination of level of materiality

Materials topics identified using scored based system on their importance to Horizonte and its stakeholders.

Our material topics as a result of the materiality assessment process are detailed on page 14 and 15.

A LETTER FROM OUR CEO

“

I AM DELIGHTED TO INTRODUCE OUR FIRST SUSTAINABILITY REPORT, WHICH WE BELIEVE IS AN IMPORTANT STEP IN THE COMPANY'S EVOLUTION AND DEVELOPMENT INTO A NICKEL PRODUCER. SUSTAINABILITY HAS BEEN CENTRAL TO HORIZONTE'S OPERATIONS IN BRAZIL FOR THE PAST 10 YEARS, AND OUR ABILITY TO DELIVER ON OUR ESG COMMITMENTS WILL BE KEY TO OUR FUTURE SUCCESS. ”



Jeremy Martin, CEO

Projects of the scale of Araguaia and Vermelho need to be underpinned by robust sustainability performance, reporting and measurement. This maiden report highlights the extensive environmental, social and governance initiatives we have already undertaken and sets a baseline against which we will measure ourselves in future.

This commitment and undertaking required for such a programme should not be underestimated, particularly for a company of the size of Horizonte. We will only achieve our goals with the support from the communities of Pará state, in which we operate, local and national government departments, and our shareholders.

We have spent many years creating these critical relationships, developing a deep local knowledge, nurturing talent amongst our workforce and instilling a culture based on our core company values. This work culminated in a materiality analysis to understand what matters to our key stakeholder groups.



The topics identified inform how we will develop and prioritise initiatives within our broader environmental stewardship, social engagement and corporate governance structure.

Horizonte is currently growing its teams in the UK and Brazil. 1,000 jobs will be created during the construction stage of Araguaia and approximately 500 people will be employed to operate the mine. This equates to more than US\$280 million in employee and contractor wages over the life of the mine, and an injection of US\$400 million of company spending into the Brazilian economy. We also anticipate spending US\$7.4 billion on operations and approximately US\$2.8 billion in local, state, and national taxes in relation to the Vermelho Project.

The scale of our operations in Pará State is significant. The level of growth we are targeting over the next few years will not be without challenges, but our operations will span decades and we are committed to a responsible and sustainable future.

Our people are central to the success of the Company. We have spent time developing a culture within which our employees can operate safely and responsibly with care and respect for fellow team members and the communities in which we operate. Further details about our core values and how we apply them in our daily work are described throughout the report. We have worked hard to instil a culture of Zero Harm, which will guide our operations as we move towards production. We are proud to have operated with zero fatalities since operations began, and zero Lost Time Injuries for over two years.

Our existing focus on Health and Safety not only amongst our employees but also our communities has recently proven invaluable in our response to the current Covid-19 pandemic. Since the beginning of the pandemic we have implemented several preventive procedures in line with the hygiene measures recommended by the World Health Organization (WHO) and the Brazilian Ministry of Health to protect our employees.

As the Company progresses its projects through the construction stage and into production we will continue to evolve and adapt to the ongoing changes both within the communities in which we operate, and globally.

Overall our goal is simple: to develop Brazil's next major nickel mines with the highest sustainability standards. We believe that our success is intrinsically intertwined with the delivery of value to all our stakeholders.



Thank you,
Jeremy Martin
CEO Horizonte Minerals plc



OUR OPERATIONS

HORIZONTE IS DEVELOPING TWO 100% OWNED PROJECTS WITH THE AIM OF BECOMING A MAJOR PRODUCER OF NICKEL, A CRITICAL METAL FOR MODERN EVERYDAY LIVES.

ARAGUAIA NICKEL PROJECT

Araguaia is a Tier 1 mining project with a high-grade scalable resource, a long mine life and a low-cost source for ferronickel for the stainless-steel industry. Discovered by the Horizonte team in 2012 the Company completed its Feasibility Study for the project in 2018. The project is now construction ready and due to commence production by the end of 2022.

The Araguaia mine will comprise an open pit nickel laterite mining operation that delivers ore from a number of pits to a central rotary kiln electric furnace (RKEF) metallurgical processing facility. The metallurgical process comprises a single line (RKEF) to extract ferronickel from the ore.

The project has been designed to allow for a second RKEF process plant, which would double Araguaia's output of ferronickel.

The ferronickel product will be transported by road to the port of Vila do Conde in the north of the State for sale to overseas customers.

STAGE 2 EXPANSION, NICKEL PRICE US\$16,400/T

26 YEAR MINE LIFE

US\$1.2B NPV

29,000T/PA NICKEL

30.7% IRR

US\$3.8B FREE CASH FLOW

US\$6,613/T NI CASH COSTS



VERMELHO NICKEL COBALT PROJECT

Acquired by Horizonte in 2017, from Vale, the Vermelho nickel cobalt project is a Tier 1, large, high-grade project with a long mine life and a low-cost source of nickel and cobalt sulphate for the battery industry.

The Company completed a Pre-Feasibility Study (PFS) in 2019.

The planned Vermelho mine is an open pit nickel laterite mining operation that covers a number of different pits.

The hydro-metallurgical process comprises a beneficiation plant where ore is upgraded prior to being fed to a centralised High-Pressure Acid Leach (HPAL) and refining plant which produces the sulphates.

NICKEL PRICE US\$16,400/T

38 YEAR MINE LIFE

US\$1.7B NPV

24,000T/PA NICKEL

1,250T/PA COBALT

26.3% IRR

US\$7.3B FREE CASH FLOW

US\$7,286/T NI CASH COSTS



OUR MARKETS

NICKEL IS A KEY BASE METAL FOR BUILDING SUSTAINABLE SOCIETIES DUE TO ITS USE IN STAINLESS STEEL AND BATTERY TECHNOLOGY.

ITS MULTIPLE PHYSICAL AND CHEMICAL PROPERTIES MAKE IT ESSENTIAL IN THOUSANDS OF PRODUCTS FROM MOBILE MOBILES TO MEDICAL EQUIPMENT AND FROM WIND TURBINES AND BATTERIES.

NICKEL PROPERTIES

1,453° C

High melting point



Corrosion resistant



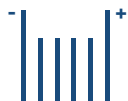
Highly ductile



Alloys readily



Magnetic at room
temperate



Can be deposited
by electroplating



Catalytic properties

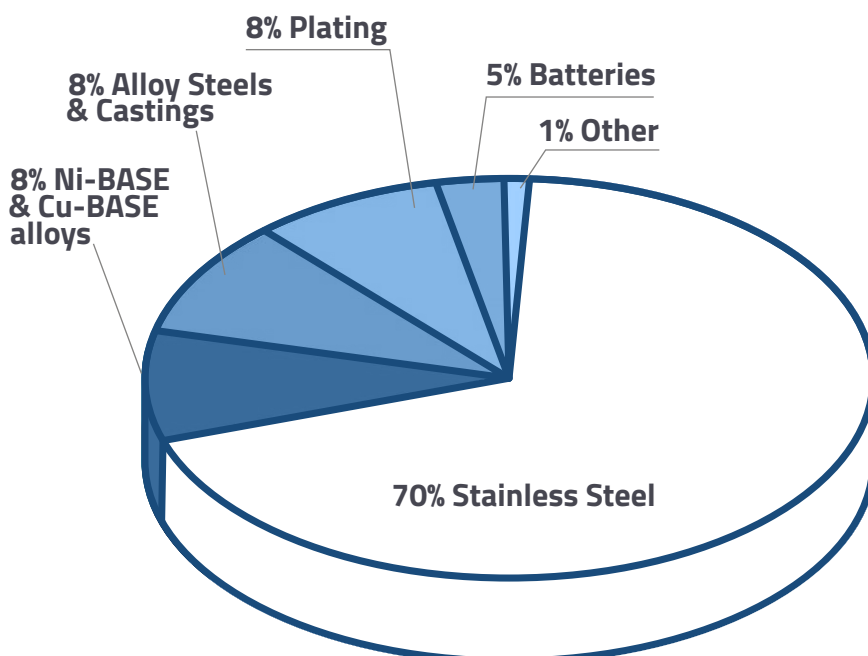


Fully recyclable

END USE OF NICKEL

Today's nickel market is dominated by stainless steel but demand for nickel from the battery market will reshape the nickel industry over the coming decades.

According to the World Bank report "Minerals for Climate Action: The Mineral Intensity for the Clean Energy Transition" finds that the production of minerals such as nickel and cobalt, could increase by nearly 500% by 2050, to meet the growing demand for clean energy technologies. As the world moves to realise a lower-carbon future there will be a substantial increase in demand for several key minerals and metals to manufacture cleaner energy technologies. The clean energy transition will be significantly mineral intensive - nickel intensive.



By 2040 Wood Mackenzie predicts stainless steel will account for **1.9Mt** compared with **1.65Mt** in 2019 and demand from the battery sector will have increased to **1.23Mt** from **163kt** in 2019.

With cheaper battery technologies entering the market the Electric Vehicle (EV) revolution is gaining pace. BloombergNEF predicts global EV sales rise from 2 million in 2019 to 8.5 million by 2025, then climb to about 26 million by 2030.

Wood Mackenzie predicts this will result in the share of global nickel demand by EVs increasing to 31% by 2040 from 4% in 2018.

NICKEL CONTRIBUTES TO THE ACHIEVEMENT OF THE UN SUSTAINABILITY GOALS



SDG3: Good Health & Well-Being

Nickel plays a vital role in the manufacture of advanced medicines and medical devices and equipment. Nickel enhances the ability of stainless steel to withstand repeated sterilisation while remaining strong and resistant to corrosion.



SDG6: Clean Water & Sanitation

Nickel's strength, toughness, ductility, ease of welding and corrosion resistance are ideal for use in water treatment, transportation and distribution. Stainless steel is used in water pipes, water treatment plants and equipment that is durable, easy to install and safe to use.



SDG7: Affordable & Clean Energy

Nickel is a key component in batteries, wind turbines, solar cells, bio-energy plants as well as carbon capture and storage and nuclear energy equipment. Nickel plays a crucial role in the production and storage of low carbon energy and is central to the world's efforts to tackle climate change.



SDG9: Industry, Innovation & Infrastructure

Nickel's properties creates strong and long lasting stainless steel which is ideal for a wide range of construction and infrastructure applications.



SDG11: Sustainable Cities & Communities

Nickel-containing materials create cost-effective, longer lasting infrastructure, buildings, water supplies and sustainable energy generation.



SDG12: Responsible Consumption & Production

The properties of nickel contribute to materials which are long lasting and can be recycled at the end of life.



SDG14: Life Below Water

Nickel-containing materials are helping the marine industry to minimise the release of harmful emissions. Marine scrubbers rely on nickel alloys and stainless steel to minimise the release of sulphur into the oceans from ships.

Sources: Wood Mackenzie, Nickel Institute.

SUSTAINABILITY MANAGEMENT TOPICS



TRANSPARENCY & ACCOUNTABILITY

Transparent corporate governance ensures we are accountable to all our stakeholders. We implement appropriate checks and balances to maintain the sustainability of our business model.

Material Topics:
Accountability
Stakeholder Engagement

See page 16



OUR PEOPLE

We are committed to employing locally, upskilling our workforce, respecting all cultures and promoting diversity and inclusion.

Material Topics:
Labour Rights & Conditions

See page 20



HEALTH & SAFETY

The health, safety and wellbeing of our employees is at the forefront of everything we do. We implement the highest standards to mitigate risks.

Material Topics:
Health and Wellbeing
Accident & Emergency Prevention

See page 24



ENVIRONMENTAL STEWARDSHIP

We operate in an environmentally responsible manner, minimising the impact of our activities and, where possible, aiming to improve and enhance the environment within which our projects are located.

Material Topics:

Biodiversity & Baseline Monitoring
Climate Change Objectives
The Environment and Our Communities

See page 26



BUILDING TOGETHER WITH OUR COMMUNITIES

We value the trust and support from our local communities. We strive to be a good corporate member of our communities, working collaboratively to deliver shared value.

Material Topics:

Economic Impact on Communities
Local Procurement
Community Socioeconomic Initiatives
Resettlements

See page 30

TRANSPARENCY AND ACCOUNTABILITY



HORIZONTE IS COMMITTED TO GOOD CORPORATE GOVERNANCE AND ACCOUNTABILITY TO ALL STAKEHOLDERS. ROBUST CORPORATE GOVERNANCE IMPROVES PERFORMANCE AND MITIGATES RISK, IT IS THEREFORE AN IMPORTANT FACTOR IN ACHIEVING THE MEDIUM TO LONG TERM SUCCESS OF THE COMPANY.

Horizonte's primary listing is on the London Alternative Investment Market (AIM). The Company abides by AIM rule 26 regulation in respect to reporting and has therefore chosen to adhere to the Quoted Company Alliance's (QCA) Corporate Governance Code for Small and Mid-Size Quoted Companies.

The Company's corporate governance principles are available at www.horizonteminerals.com.

In Brazil the Company has been a member of the Brazilian Association of Mineral Exploration Companies (ABPM) since 2013 and in 2020 it became a member of Brazilian Mining Institute (IBRAM).

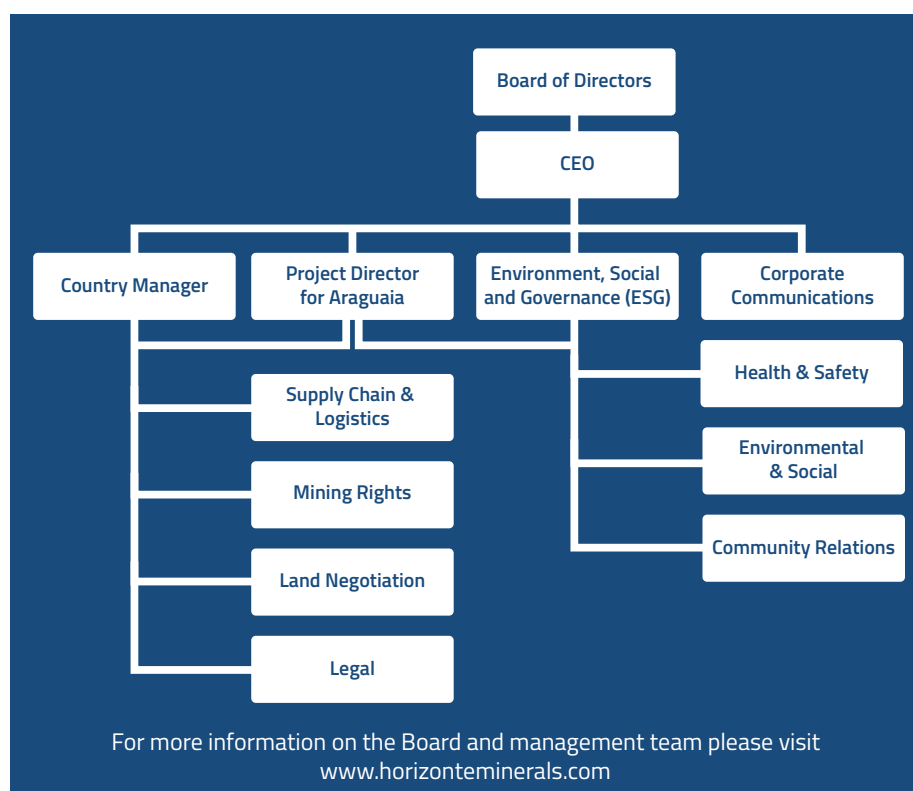
Creating a culture of good governance is led from the top, by Horizonte's Board, and is cultivated in every part of the organisation. The Board is committed to ensuring best practice sustainability initiatives are implemented as a day-to-day requirement of the successful running and progression of the Company.

OUR SUSTAINABILITY STRUCTURE

Horizonte has created an organisational structure that ensures sustainability practices run throughout the Company, from the corporate level, in London, to the project management in Brazil.

Sustainability is a key part of all our responsibilities and is included as part of all employee's Key Performance Indicators (KPIs). At the corporate level, sustainable development is carried out by managers with extensive experience in environment, social, governance and communication issues reporting directly to the CEO.

The management of operations in Brazil relies on sustainability management covering the topics of Health and Safety, Environment and Licensing, Community Relations and Land Management, reporting directly to the Project Director for Araguaia.



PRINCIPLES AND POLICIES

The Company has implemented several policies to facilitate transparency and responsibility while underpinning a commitment to act ethically and respect legislation.

These policies include:

- ☞ Business Integrity Policy
- ☞ Health, Safety & Welfare Policy
- ☞ Sustainability Policy
- ☞ No Slavery & Illegal Labour Policy
- ☞ No Child Labour Policy
- ☞ Social Responsibility Policy

In 2019, Horizonte revised its Integrity Policy, all employees renewed their commitment to perform their work correctly, not tolerating any situations of corruption, bribery or conflicts of interest. The Company also takes a zero tolerance approach to any kind of harassment as well as any racial, religious, sexual orientation or gender based discrimination.



CORPORATE RESPONSIBILITY COMMITMENTS

- ☞ Adopt sustainable processes in the development of activities that minimize negative impacts on the environment, including the development and improvement of operations and technologies to eliminate waste.
- ☞ Ensuring responsible use of energy throughout our business, including rationalisation, energy efficiency and, where possible, adopting renewable energy sources.
- ☞ Comply with all applicable government requirements and voluntary requirements that Horizonte subscribes to, seeking to be at the forefront of sustainability.
- ☞ Conserve natural resources by promoting the reduction of consumption, reuse of materials and recycling of generated waste where possible.
- ☞ Be an environmentally responsible neighbour in the communities where we operate, acting promptly and responsibly in incidents or conditions that put the health, safety and environment of our community at risk
- ☞ Invest in environmental protection and disseminate its importance by sharing knowledge, technology and appropriate methods for the prevention of air, water and soil pollution.
- ☞ Preserve local biodiversity and quality of life.
- ☞ Ensure that employees are trained and have access to emergency and safety equipment appropriate for their work activities.
- ☞ Report any and all types of accidents immediately to the line manager, including the facts observed and the parties affected.
- ☞ Strive to continuously improve our environmental management system and periodically issue performance reports to the general public.

STAKEHOLDER ENGAGEMENT

Strong relationships with communities, institutions, suppliers, investors and governments are critical to the development of the Company.

In order to ensure transparency across all its operations Horizonte runs a comprehensive engagement process for all stakeholders.

Over the past 10 years that Horizonte Minerals has been operating in Pará, its engagements with local communities and local governments have always occurred in a proactive and cooperative manner.

The Company's public listing requirements in the UK and Canada also result in structured disclosure and engagement with our business and financial stakeholders.

Stakeholder	Interests	Engagement frequency	Relevant report section
Employees	Safe working environment Access to opportunities	Safety Daily Dialogues (SDD) Team meetings	Our people Page 20
Local communities	Direct job opportunities Broader economic growth Protection of environment Infrastructure improvements Good dialogue with the Company	Weekly/Monthly/Quarterly Community meetings Local government/educational institutions/ individual stakeholders meetings	Building Together with our communities Page 30
Shareholders, investors	Return on investment Sustainable business practices Good corporate governance Mitigation of risk	Market announcements via RNS & SEDAR Adhoc meetings Company presentations Media interviews Quarterly and Annual disclosure requirements	All

LOCAL STAKEHOLDER ENGAGEMENT FOR THE ARAGUAIA PROJECT

For Araguaia Project the Company has completed extensive stakeholder mapping. These stakeholder maps enable the Company to provide socioeconomic diagnosis for the environmental impact studies, with the identification of how the implementation and operational activities can impact their lives, and how the Company can mitigate negative impacts and enhance social opportunities. This process is a two-way dialogue. The Company has developed the Social Communication Programme.







SOCIAL COMMUNICATION PROGRAMME

The Social Communication Programme promotes a continual dialogue with our local stakeholders with the aim to continuously improve our relationship with the population, local representatives, educational institutions, government officials and any other group that demonstrates interest in our projects.

The Company has fully implemented a set of tools and procedures for listening to and responding to questions, complaints and feedback.

This commitment to frequent and transparent communications will span the life of our projects. Our tools and procedures will be reviewed and updated accordingly to ensure we are reaching all stakeholder groups in an effective and easy to access manner.

In 2019 the Company implemented a multi-channel, free communication platform "Talk to Us."

-  **Free anonymous contact phone: 0800-015-6000 (24h per day, 7 days per week - only for Brazil)**
-  **Anonymous online messaging channel: <https://anonymous.vostron.com/falecomagente.php>**
-  **E-mail: falecomagente@horizonteminerals.com**
-  **Service via Whatsapp: +55 (94) 99284-0317**
-  **Physical boxes for depositing messages on paper, which can be anonymous, in the rural area of Conceição do Araguaia**
-  **Horizonte Minerals Group website: www.horizonteminerals.com**

During 2019 Horizonte hosted **13 community engagement meetings**, held in rural communities in Conceição do Araguaia, Floresta do Araguaia and Xinguara. These meetings always happen in a place of reference for the community with prior scheduling and communication to a local leadership, in a space that is easily accessible and that leaves the participants at ease. The topics are usually about the project's progress, besides being a moment to talk about

the expectations of the communities, whose main themes are the **beginning of the works and the generation of jobs** (manifested even in other groups, such as public power, class associations and population in general). In some communities there may be resettlement situations due to the implementation of the project and this topic is only discussed with the families possibly involved. For more information on resettlement please see page 40.

In addition to these specific meetings, more than **200 engagements** were made with other stakeholders, such as public authorities, community partners, press, educational institutions. There are no indigenous or traditional communities surrounding Araguaia's Direct and Indirect Impact Areas.



WORKSTREAMS & GOALS

2020

- ☞ Increased transparency on sustainability related KPIs for board and management
- ☞ Improved sustainability reporting inline with GRI and SASB (Sustainable Accounting Standards Board), and cross referencing with United Nations Sustainable Development Goals and International Council of Metals and Mining principles

Long Term

- ☞ Creation of Sustainability Committee
- ☞ Corporate Governance focussed investor roadshow to gain greater insight on ESG requirements of investors and to access larger pools of capital
- ☞ Alignment of policies with international Human Rights and child labour policies

OUR PEOPLE



A MOTIVATED AND DEDICATED
WORKFORCE IS KEY TO OUR
ONGOING SUCCESS.

The Company has worked hard to create a company culture through the implementation and promotion of our core values. Horizonte strives to provide a safe, stimulating and productive workplace where the development of employees is encouraged, all employees are treated fairly and Human Rights are upheld.



VALUES

Horizonte's values inform the behaviour and standards expected of all our employees irrespective of their place of work or role.

Safety

Our highest priority is the health and integrity of our employees.

Care and Respect

We believe that respect, dignity and kindness towards people, regardless of their background, lifestyle or social position, are essential in our work.

Integrity

We take an honest, fair, ethical and transparent approach to everything we do.

Responsibility and Trust

We take responsibility for our decisions, our actions and our results. We meet our demands and recognise our mistakes.

Teamwork and Cooperation

We are united by a single goal, we seek improvements together, we work as a team to make our decisions, carrying out our activities in a more effective and focused way.

Communication

Effective, open and transparent communication with our employees, customers, suppliers, government and society.

Social Responsibility / Staff support and community involvement

We assume ethical and transparent behaviour and responsibility for the impacts of our decisions.

LABOUR RIGHTS AND CONDITIONS



42% of the employees are women

DIVERSITY AND INCLUSION

Horizonte recognises the significant benefits of a diverse workforce, at all levels, providing breadth in thought, approach and strategy. We are proud to already have strong gender diversity and are working hard to ensure it reaches the highest levels of the Company. Currently, 42% of our employees, in Brazil and UK, are female and 22% of our head office in London is female.



46% of the Brazil employees are from the state of Pará

LOCAL EMPLOYMENT

Horizonte is committed to hiring locally where possible. The Company currently employs 26 people in Brazil, 46% of whom are from the state of Pará. The Company also utilises the services of four consultants to meet technical services, two of them from the state of Pará.



HORIZONTE MINERALS GROUP WORKERS (BRAZIL)

Company	Employees					Interns				Consultants			
	Gender		Region			Gender		Region		By gender		By region	
	Men	Women	MG	Pará	Other	Men	Women	MG	Pará	Men	Women	Other	Pará
2019													
Araguaia Níquel Metais	10	9	2	12	5	0	1	1	0	1	1	1	1
HM do Brasil	3	3	5	0	1	0	0	0	0	2	0	1	1
2018													
Araguaia Níquel Metais	9	10	1	11	7	0	0	0	0	1	0	1	0
HM do Brasil	3	1	3	0	1	0	0	0	0	2	0	1	1
2017													
Araguaia Níquel Metais	13	7	1	12	7	1	3	0	4	1	0	1	0
HM do Brasil	2	0	1	1	0	0	0	0	0	3	0	2	1

Employee Retention

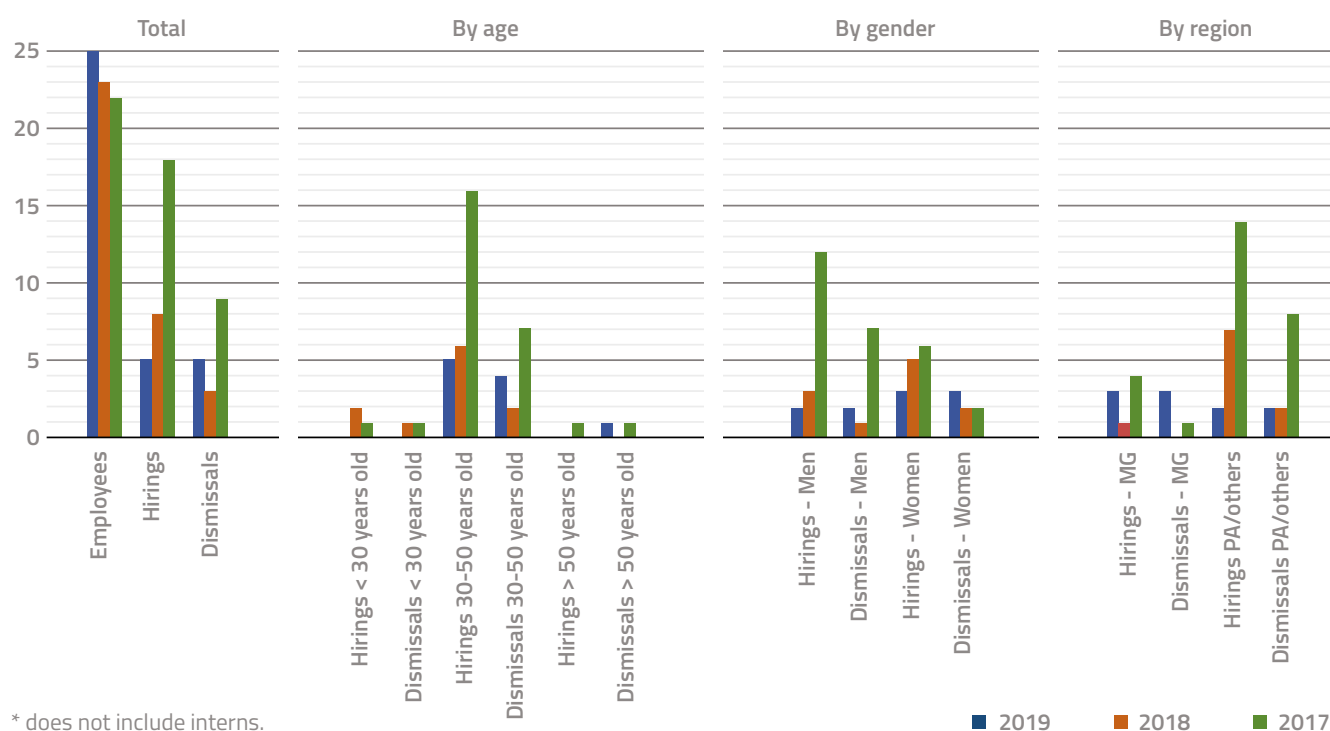
Our employees are mainly located in Minas Gerais and Pará states. Historically, Horizonte has hired new employees each year as part of the growth of the organisation. In 2019 we restructured our teams to create a team for the Vermelho Pre-Feasibility Study in addition to the team required for the multiple workstreams at Araguaia. The graph below shows the total number of hires and dismissals in the states of Minas Gerais and Pará over the last three years.

Union Membership

Horizonte has been associated with the Miners' Union of the State of Pará (SIMERAL) since 2019. There has been no need for complementary collective agreements to date. The Company adopts union regulated salary increases (2019, increase of 0.26%) and complies with all applicable labour legislation including the limit on overtime hours. The hours employees work are closely monitored on a monthly basis to ensure all employees have sufficient rest time and time to return to their homes, if they are not residents of the local communities.

The Company provides employees with multiple benefits including medical and dental assistance, life insurance, transportation vouchers, meal aid, maternity leave and private pension contributions.

Hirings and dismissals in the last 3 years at Horizonte Minerals in Brazil*



WORKSTREAMS & GOALS

2020

- ☞ Increased gender diversity at all levels of the Company
- ☞ Increase breadth of skills in team to prepare for construction phase of Araguaia Project – training and new hires
- ☞ Adapt operations and workplaces in response to Covid-19 pandemic

Long Term

- ☞ Sustainability training for all employees
- ☞ Develop professional training initiatives
- ☞ Create programme to promote employment of local people



HEALTH & SAFETY



THE HEALTH AND SAFETY OF ALL OUR EMPLOYEES, CONTRACTORS AND VISITORS IS AT THE FOREFRONT OF ALL ASPECTS OF OUR OPERATIONS.

OUR 5 GOLDEN RULES



Do not perform any activity unless fully trained and properly authorized



Use appropriate equipment for protection and work execution



Communicate and lead effectively



Always comply with traffic regulations for light and heavy vehicles



Do not enter areas with restricted or private access without proper authorization

Regardless of job title or role, health and safety is everyone's responsibility as the Company strives for a zero-harm workplace.

The Company has implemented an Occupational Health and Safety Management System based on Brazilian legislation and follows protocols such as Consolidation of Labour Laws (CLT) and other industry best practice policies and procedures.

All employees, contractors and visitors to site must follow our non-negotiable, five golden rules to ensure their safety at work.

We also undertake:

- Safety Daily Dialogues (SDD)
- Safety inductions & regular refreshers
- Specific activity-related safety training
- Communication & action procedure training in case of emergencies
- Vehicle and equipment check for each time of use

New safety procedures and controls have been implemented including a new Risk Management Plan and Occupational Health Medical Control Programme which cover all activities and workers, following an internal audit in 2018 and an external audit in 2019.

In the last year, the main activities occurring on site at the Araguaia Project included: environmental monitoring (air quality, water, sound pressure and updating the environmental database), mineral research, soil sampling and geotechnical studies. To carry out these activities, the Company has mining technicians, engineers, field assistants and geologists who have the appropriate training and education to perform their functions and carry out their activities always accompanied by the Company's sustainability team, ensuring compliance with safety principles and environmental legislation.

Horizonte has provided a safe environment for its employees and contractors. In the last three years no worker has acquired any occupational illness or suffered any accident that would prevent them from carrying out their activities. To conclude, there have been zero incidents that lead to loss of productive work in the form of absenteeism (LTI) in the last two years, and zero fatalities throughout the company's operation time (TRFI¹).

As for incidents with material damage, where there are no injuries, personal or environmental damage - there were 5 occurrences in 2019 involving employees and 1 in 2018 with contractors. For all these events, investigations were carried out and action plans were established so that these near misses would not be repeated.

ZERO LOST TIME INJURIES
(last two years)

ZERO FATALITIES
(since Horizonte activities started in Brazil)

¹ The Company is revalidating the number of hours worked database and because of it was not possible to report Disclosure 403-9 completely.

HEALTH AND WELLBEING

In addition to the “at work” safety measures, we support the health and wellbeing of our employees, and their dependents. The Company performs regular medical examinations for all employees to ensure they are fit and healthy for their role. Disease prevention material is circulated to employees via email and discussed at Safety Daily Dialogues. The Company also carries out annual vaccination campaigns in partnership with the Conceição de Araguaia Health Department. Vaccinations for employees include common flu, yellow fever and hepatitis.

SOCIAL CARE

Horizonte recognises that its presence has an impact on the social services of the region that support its local communities. With the development of the Company’s projects this impact will increase with an increasing workforce. In order not to overload current public services the Company will monitor trends created by its presence and support social and health care services accordingly.



ACCIDENT AND EMERGENCY RESPONSE

An Emergency Response Plan has been developed as the Company heads towards the construction phase at the Araguaia Project. The plan is currently based on the ongoing exploration phase activities at site but will evolve as the project progresses through construction and in to production. The Environmental Licensing of the Araguaia Project included the creation of accident prevention

and emergency response programmes covering the stages of project installation and operation. All risks to employees, contractors and local communities will be reviewed and prepared for. Training and simulations are planned for employees, and engagement and education programmes are planned for issues relating to the local communities.

TAILINGS DAM

Following recent tailings dam failures in Brazil, the legal framework on dam safety (Law 12,334/2010, specific resolutions and administrative ordinances) has been updated, and stricter criteria have been established for the classification of dam risk and the establishment of emergency plans for these structures. There will be no tailings dam at Araguaia, but a cooling and recirculation water dam to supply water to the beneficiation plant. This reservoir is not classified as a high risk structure, and does not reach volume risk criteria established by the National Dam Safety Policy.

WORKSTREAMS & GOALS

2020

- ☞ Provide ongoing information and support to employees and communities regarding Covid-19 pandemic
- ☞ Development operational standards
- ☞ Increased training for all employees in preparation for construction phase of Araguaia Project

Long Term

- ☞ Continued development of hazard awareness protocol
- ☞ Continued promotion of health and wellbeing initiatives amongst employees

ENVIRONMENTAL STEWARDSHIP



HORIZONTE AIMS TO OPERATE IN AN ENVIRONMENTALLY RESPONSIBLE MANNER TO MINIMISE THE IMPACT OF THE COMPANY'S ACTIVITIES AND, WHERE POSSIBLE, IMPROVE AND ENHANCE THE ENVIRONMENT AROUND OUR PROJECTS.

Horizonte is committed to mitigating the environmental impact of its operations, from the initial exploration to mine closure. In order to achieve this the Company implement high internal standards and practices in line with local and international regulations.

The Environmental Impact Studies for the Araguaia Project covered all requirements of the Secretary of Environment and Sustainability of the State of Pará (SEMAS), and presented a comprehensive Environmental Control Plan with 27 programmes to be implemented from the pre-construction phase through to mine closure. These programmes are designed to mitigate the impact of the project to fauna and flora, atmospheric emissions, water quality, noise pollution

and waste management. The Vermelho Project is at the Pre-Feasibility stage. The project is currently reinitiating environmental licensing, with the start of environmental monitoring and engagement with the local community. Environmental impact studies and preliminary engineering studies initially conducted by Vale are being resumed as part of the Pre-Feasibility Study.

BIODIVERSITY AND BASELINE MONITORING

The south region of Pará state, where the Araguaia and Vermelho Projects are located, is an agricultural region. The land is predominately used for rearing cattle and growing pineapples. Original indigenous vegetation was cleared over 50 years ago.

The total area occupied by the Araguaia Project is around 1,100 hectares of which only 3% is considered a Permanent Protect Area². The project does not extend in to any National Park, Conservation Area, or indigenous or traditional communities.

As a result of the agricultural industry the vegetation surrounding the Araguaia Project is not diverse, it is predominately grassland. Nonetheless, as part of the comprehensive Environmental Control Programme the Company has established a Conservation and Management of Vegetation initiative. The Company will rehabilitate areas affected by the project with native species.

This approach aims to mitigate the cumulative effects of our operations by means of an Integrated Environmental

Impact Assessment. These two initiatives are the result of large studies conducted as part of the permitting process for Araguaia, and cover the project's water and industrial facilities, energy and transmission line.

Horizonte has been carrying out baseline studies for air quality, water quality and flow, and noise levels since 2013. These studies inform the Company's environmental programmes and enable us to monitor impact and progress.

0 ENVIRONMENTAL INCIDENTS
(last three years)

2. As defined by Law Brazilian Legislation (n. 12,651/2012), Permanent Preservation Area is a protected area, covered or not by native vegetation, with the environmental function of preserving water resources, landscape, geological stability and biodiversity, facilitating the fauna and flora gene flow, protecting the soil and ensure the wellbeing of human populations.

CLIMATE CHANGE OBJECTIVES

Following IFC principles, the Company has assumed a commitment when projects are under construction, to voluntarily report emissions through the Brazil Green House Gases (GHG) Protocol Program, developed by the World Resources Institute (WRI) and the World Business

Council on Sustainable Development (WBCSD). Before the construction phase commences we are undertaking benchmarking studies and designing the engineering process in order to reduce GHG emissions.

This involves modelling alternative renewable energy sources with the view to reducing the use of metallurgical coal. The GHG emission forecast is under review and we look forward to providing more information in future.



THE ENVIRONMENT AND OUR COMMUNITIES

Educating our local communities, and providing them with the means to protect the environment is as important as demonstrating our own commitments. Environmental stewardship is a responsibility we undertake in partnership with our local communities.

Each year, in collaboration with teachers and students from Conceição do Araguaia and Floresta do Araguaia municipalities, we develop multiple activities to increase environmental awareness in the broader communities.

In March 2019 the Company promoted the planting of native seedlings to recover natural springs for World Water Day. During Environment Week in June, there were three days of activities for children from municipal schools and the Federal Institute of Pará, and in December interactive classes were held in rural schools to promote Mining and Sustainable Development Week.

ENVIRONMENTAL CONTROL PROGRAMMES

To obtain the Installation Licence for the Araguaia Project, Horizonte presented SEMAS/PA with a package of 27 programmes covering the environmental (physical and biotic) and socioeconomic factors, to mitigate negative impacts and create opportunities for environmental recovery, social and economic development for the municipalities of Conceição do Araguaia and Floresta do Araguaia. All work has been undertaken to IFC Performance Standards 1, 2 and 5 (consistent with the Equator Principles) and Brazilian CONAMA (environmental) legislation.

Programme	Pre-operation	Construction	Production
Physical Factor			
Construction Environmental Plan (PAC)		x	
Noise Level Monitoring Programme		x	x
Air Quality Management Programme (PGQAr)		x	x
Solid Waste Management Programme (PGRS)		x	x
Water Resources Management Plan (PGRH)		x	x
Morphodynamic Processes Monitoring Programme		x	x
Accident Control and Prevention Programme (PCPA) - Project focus		x	
Emergency Action Plan (PAE)			x
Degraded Areas Recovery Plan (PRAD)		x	x
Mine Closure Plan (PFM)			x

WORKSTREAMS & GOALS

2020

- Implementation of Biodiversity Action Plan for Araguaia Project
- Commencement of Environmental & Social Impact Studies for Vermelho Project
- Adoption of integrated sustainability management system

Long Term

- Significant portion of primary energy requirements for Araguaia Project to be sourced from renewable energy, predominantly hydroelectric sources
- Majority of water consumption to be recycled at Araguaia Project
- No tailings produced at Araguaia Project
- Shared infrastructure between projects to reduce vehicle movements and lower CO₂ footprint
- Comprehensive carbon reduction programme to be implemented across all activities with transparent greenhouse gases (GHG) reporting

Programme	Pre-operation	Construction	Production
Biotic Factor			
Conservation and Management of Vegetation		X	X
Environmental Compensation Programme	X	X	X
Ground Fauna Monitoring and Management Programme		X	X
Ichthyofauna and Hydrobiological Monitoring and Management Programme		X	X
Infectious Insect Survey		X	X
Socioeconomic Factor			
Road Access Re-composition Programme	X	X	X
Programme to Promote Tourism Potential	X	X	X
Impact Mitigation Plan for School Community Located along PA-449	X	X	X
Local Suppliers Programme	X	X	X
Local Labour Training Programme	X	X	X
Social Communication Programme	X	X	X
Environmental Education Programme	X	X	X
Programme for Monitoring the Health Conditions of Population and Workers	X	X	X
Programme for Monitoring Migratory Flow and Interference in Public Services	X	X	X
Heritage Education Programme		X	X
Local Development Agenda		X	
Resettlement Programme	X	X	X



BUILDING TOGETHER WITH OUR COMMUNITIES



A STRONG RELATIONSHIP WITH OUR LOCAL COMMUNITIES IS OF THE UTMOST IMPORTANCE TO OUR DEVELOPMENT AND GROWTH.

Our social licence to operate is largely dependent on the continued support of our communities. We are committed to making a positive contribution to these stakeholders and delivering shared value. All Horizonte's projects are covered by local community engagement practices, impact assessments and development programmes in accordance with each project phase.

OUR CONTRIBUTION IS ORGANISED UNDER THREE PILLARS



Economic Development

- ☞ Maximising local employment opportunities
- ☞ Developing local suppliers who can provide services to the Company and others in the region
- ☞ Developing small and medium enterprises, particularly in the rural area



Social Development

- ☞ Providing capacity building programs to the local government and communities where the Company operates
- ☞ Investing in education/cultural activities (once the project is in production phase)



Care and Respect

- ☞ Public health program, including sexual health education
- ☞ Environmental education programme
- ☞ Resettlement program aligned with IFC guidelines
- ☞ Mine closure plan and environmental management plans
- ☞ Engagement and continuous communication

ECONOMIC IMPACT ON COMMUNITIES

The Company makes a contribution to its communities via direct employment, use of local suppliers, the payment of federal, state and municipal taxes, and social investments directed to communities in cities related to the location of projects.

The following table shows the consolidated contributions of HM do Brasil Ltda. and Araguaia Níquel Metais Ltda. companies³ for 2019 and two previous years.

Value Added Statement

Amounts in US\$

Description	2019	2018	2017
Interest Income	37,406	19,077	50,467
Operating costs	1,706,671	1,503,571	1,953,695
Salaries and employee benefits	834,577	792,917	772,639
Payments to government	175,443	153,557	155,410
Payments to providers of capital	—	—	—
Investments in the Community	25,344	21,892	20,983
Accumulated economic value (economic value generated less economic value distributed)	1,511,146	1,314,154	1,765,068

JOB CREATION

The Company anticipates the generation of more than 1,000 jobs during the construction phase at the Araguaia Project and approximately 500 jobs during production.

According to the PFS, the Vermelho Project will generate over 1,800 jobs in the construction phase and over 600 jobs during operation. In addition to direct jobs, the Company anticipates both projects will significantly enhance the local economy and local employment.



3. The Company's Annual Report presents the complete financial performance of the Group and can be accessed at https://horizonteminerals.com/uk/en/annual_reports/.

LOCAL PROCUREMENT

It is clear that the eventual arrival of the Araguaia Project will change the local economy significantly in the municipalities of Conceição do Araguaia and Floresta do Araguaia, bringing new opportunities but also a new balance between supply and demand for products and services.

Since the beginning of its exploration activities, Horizonte has been carrying out local procurement and is increasingly seeking to expand its network of suppliers in the cities of Conceição do Araguaia and Floresta do Araguaia, and more recently in Canãa dos Carajás and Xinguara. The value of local purchases has been increasing year on year.

In 2019, Horizonte utilised a network of 65 local suppliers providing the Company with products, totalling US\$73,750 (55% of total purchases) in items such as food, stationery, construction materials, fuels and electronics.

The Company also sources fresh fruit and vegetables from local, family-run farms for the staff canteen in Conceição do Araguaia. As the demand for fresh produce increases with an increasing workforce Horizonte will look to formalise and aid the establishment of these agricultural entrepreneurs. In 2019 58% of all produce purchased was sourced from within Pará state.



CONSUMPTION OF PRODUCTS AND SERVICES

US\$865,000

spent during the last
3 years in the state
of Pará

41%

of local purchases
of products are in
Conceição do Araguaia;
58% in Pará

US\$402,000

spent on local* products
and services in the
last 3 years

126

local suppliers* of
products and services
in 2019

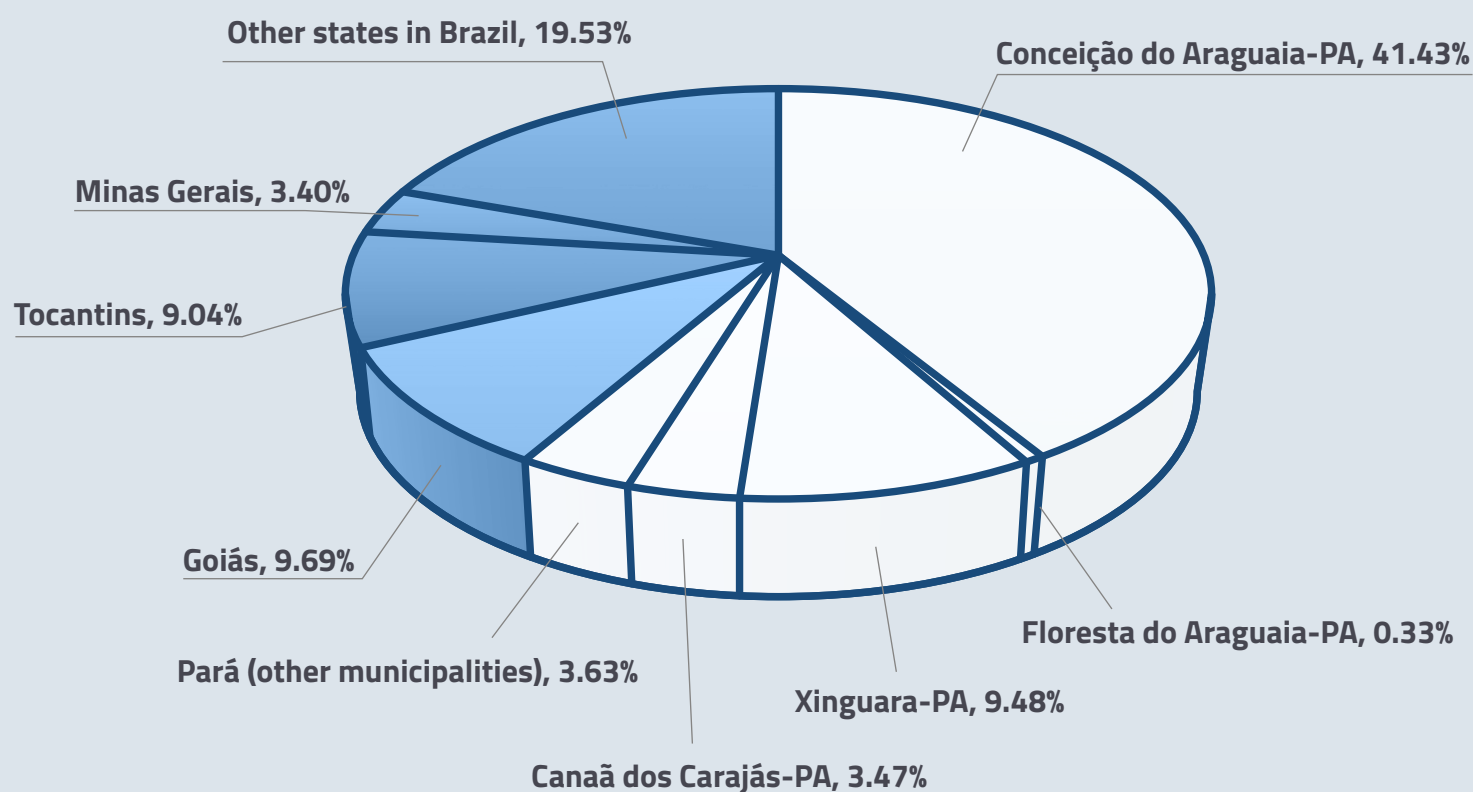
*Conceição do Araguaia, Floresta do Araguaia,
Canaã dos Carajás and Xinguara.

SUPPORT FOR LOCAL SUPPLIERS

PRODUCTS

	2019		2018		2017	
	Amounts	(%)	Amounts	(%)	Amounts	(%)
Conceição do Araguaia	\$55,939.72	41.43%	\$60,495.59	58.60%	\$91,258.82	44.52%
Floresta do Araguaia	\$442.08	0.33%	\$489.98	0.47%	-	0.00%
Xinguara	\$12,803.46	9.48%	\$7,315.93	7.09%	\$9,397.16	4.58%
Canaã dos Carajás	\$4,689.25	3.47%	\$296.64	0.29%	\$31.32	0.02%
Pará (other cities)	\$4,903.47	3.63%	\$6,775.14	6.56%	\$49,256.32	24.03%
Goiás	\$13,081.57	9.69%	\$3,754.71	3.64%	\$18,877.21	9.21%
Tocantins	\$12,199.61	9.04%	\$2,728.82	2.64%	\$2,726.93	1.33%
Minas Gerais	\$4,594.40	3.40%	\$123.69	0.12%	\$15,216.11	7.42%
Other states BR	\$26,367.17	19.53%	\$21,256.02	20.59%	\$18,240.72	8.90%
Total	\$135,020.73	100%	\$103,236.52	100.00%	\$205,004.58	100.00%

EXPENDITURE ON PRODUCTS



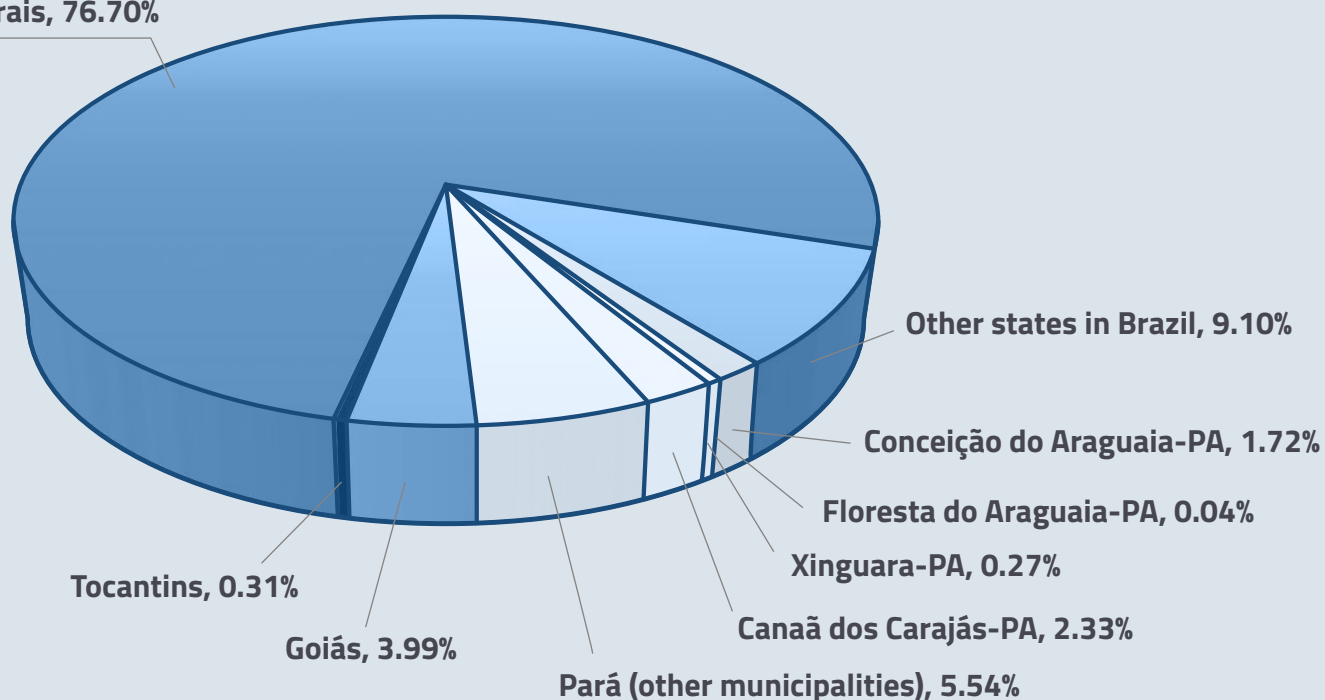
SERVICES

	2019		2018		2017	
	Amounts	(%)	Amounts	(%)	Amounts	(%)
Conceição do Araguaia	\$18,406.27	1.72%	\$35,009.66	4.14%	\$67,563.90	6.89%
Floresta do Araguaia	\$392.32	0.04%	\$1,187.81	0.14%	\$-	0.00%
Xinguara	\$2,915.13	0.27%	\$2,978.86	0.35%	\$2,590.45	0.26%
Canaã dos Carajás	\$24,994.98	2.33%	\$2,153.13	0.25%	\$546.51	0.06%
Pará (other cities)	\$59,281.38	5.54%	\$42,173.97	4.99%	\$300,807.85	30.69%
Goiás	\$42,716.02	3.99%	\$61,739.29	7.31%	\$75,573.11	7.71%
Tocantins	\$3,341.05	0.31%	\$2,659.53	0.31%	\$1,347.48	0.14%
Minas Gerais	\$821,100.13	76.70%	\$617,044.43	73.04%	\$486,114.70	49.60%
Other states BR	\$97,417.52	9.10%	\$79,860.33	9.45%	\$45,520.37	4.64%
Total	\$1,070,564.81	100%	\$844,807.02	100.00%	\$980,064.37	100%

With regard to services, 61 suppliers from our local communities were contracted by the Company and accounted for 6% of the total services performed. In total, 10% of the services were hired in the state of Pará, while most of the services are still concentrated in the state of Minas Gerais, where the Brazilian administration office is located. The services mainly involve technical support to project engineering, environmental and social assessments, technology and communication (via headquarters), including civil construction, environmental technical support, security, travel support, among others contracted locally.

EXPENDITURE ON SERVICES

Minas Gerais, 76.70%



COMMUNITY SOCIOECONOMIC INITIATIVES

The commitment to strengthen our local supplier network will continue in line with Araguaia's development towards production. We intend to support the growth and diversification of sources of employment and income.

As part of the Environmental Control Programme of the Araguaia Project Horizonte created two socioeconomic programmes linked to the promotion of positive impacts in the generation of jobs and economic stimulation – the Local Labour Programme and the Local Suppliers Programme. These programmes are expected to create local opportunities aligned to the project's development.

In December 2019, Horizonte in partnership with Federation of Industries of the State of Pará (Redes/ FIEPA) began a survey of commercial activities (including educational institutions) in the cities of Conceição do Araguaia and Floresta do Araguaia to find out which industries are present in these cities and which sectors can be strengthened in order to meet our likely near-term demands. The result was presented in March of this year. More than 500 establishments were inventoried, highlighting sectors such as food, transportation, hotels, vehicle maintenance, civil construction and health services as potential direct and indirect suppliers to the Araguaia Project.

During 2020 and 2021 the Company will evaluate the measures it can implement, in partnership with entrepreneurs and trade associations, to improve local business' capabilities, and training potential workers both as a requirement for a mining project and as stimulation for the broader local economy. Horizonte positions itself as an enabler of local business for the municipality.

☞ **Local Labour:** promote the hiring and training of labour during the installation, operation and closing stages of the project, aiming to increase of employability of community members, and the benefits associated with employment and income generation in the municipalities of Conceição do Araguaia and Floresta do Araguaia.

☞ **Local Suppliers:** promote, as much as feasible, the hiring of services and procurement of products from local suppliers, in addition to promoting and enhancing the positive contributions to the local economy.



Horizonte is dedicated to contributing to local initiatives that bring immediate social benefits, as well as partnerships that build stronger communities, connected with their culture and vocations, placing mining as a potential business for the region.

In 2019, US\$25,000 was allocated to social projects, a 25% increase from 2018. The allocation of funds is analysed by Sustainability and Corporate Managers upon the prospects for positive long-term impacts of social initiatives for local communities.

2019: US\$25,000
allocated to social projects



“CASA DE FARINHA” — THE FLOUR HOUSE

Casa de Farinha is a family inclusion project in the Joncon Lote 19 community, led by women and made for women. The Women's Association of PA Arraias (AMA) is composed of 20 women from farming families who dreamed of creating a “flour house” to manage the entire flour production cycle. The women involved in the project plant and harvest cassava and then produce the final product - cassava flour.

The project offers an opportunity for rural women's empowerment that goes beyond increasing income - it promotes the strengthening of community ties and helps rural women develop roles of autonomy and leadership, with the prospect of involving more women.



These are specific objectives of the project:

- ☞ Encourage entrepreneurship;
- ☞ Provide training to rural producers for the cultivation and processing of cassava, through partnerships with the National Service of Rural Learning (SENAR), (Public) Company for Technical Assistance and Rural Extension of the State of Pará (EMATER) and Conceição do Araguaia Secretary of Agriculture;
- ☞ To provide improved selection of material for planting and growing cassava in the region, thus fomenting the insertion of local producers in the national market;
- ☞ Contribute to increasing the income of the families involved;
- ☞ Agricultural crop diversification in the Conceição do Araguaia-PA region.

Horizonte donated the construction materials and brought other partners in to help support the initiative. In December Horizonte allowed the Federal Institute of Pará (IFPA), to plant 52 varieties of cassava on a piece of land by the Company's administrative centre used for field work to determine which variety provides the highest yield. The results will further support the flour house.

COPAG

The Araguaia Small Farmers Cooperative (Cooperativa Mista dos Pequenos Agricultores do Araguaia – ‘COPAG’), founded in 1996 in the municipality of Conceição do Araguaia, arose after the potential to commercialise family agriculture products was identified.

The cooperative primarily produces fruit pulp as it was identified as the most profitable commodity. In order to standardise the way the pulp is produced, an agro-industrial facility with frozen

fruit pulp production equipment has been built, increasing installed capacity of 40 tonnes per month, up from the 3 tonnes per month produced by individual farmers.



COCOA CULTIVATION

In partnership with EMATER, Horizonte offered free technical training around 30 farmers in the region to grow cocoa. A plant nursery was built where more than 30 thousand cacao seedlings and native Brazilian trees have already been cultivated. In addition, Horizonte arranged visits to other, established cocoa farmers in the regions close to the state of Pará, and also helped with the identification of potential cultivation sites, authorisations for water supply and implementation of environmental control programmes.

These efforts have allowed for further economic diversification in the municipality of Conceição do Araguaia.



"YOUTH: OUR TURN" – "JUVENTUDE: A NOSSA VEZ!"

Juventude: A Nossa Vez! is a sexual and reproductive health awareness programme for young people created in partnership with the Barong Cultural Institute, a Brazilian NGO. The programme is a digital platform and a direct communication channel helping young people to better understand sexual health issues. In addition to the digital platform, training is planned for around 240 participants, including university students and health, social assistance and education professionals to help support outreach.

Due to the Coronavirus pandemic, the training will be reorganised in order to be conducted under social distancing guidelines. It is important to ensure that participants who go through the project are better prepared to guide adolescents in workshops, contributing to the strengthening of public health policies. The project has broad support from the municipal departments and health and education institutions of Conceição do Araguaia and Floresta do Araguaia.



RESETTLEMENTS

The Araguaia and Vermelho Projects are located in the south of Pará. Before mining commenced in the area the main economic activity was agriculture and livestock.

The Araguaia Project is located in the rural areas of Conceição do Araguaia, Floresta do Araguaia and Xinguara. Some families live in the concession area of the project or within an area required by the project for its wider infrastructure including access roads, water supply systems, mine pits and the processing plant. The Company has therefore established a Resettlement Programme. This programme establishes guidelines for agreements with families that will be affected by the project by either change in housing or source of income. All families will be treated equally based on national legislation and international best practices such as those from the International Finance Corporation (IFC). Families will be compensated for their change in circumstances irrespective of formal title to land ownership.

The Resettlement Programme aims to replicate and, whenever possible, improve the living conditions, in terms of housing, economic and historical relationships with the land, as well as the maintenance of the socioenvironmental means responsible for the cultural traits, community values and social identity of the affected population.

In the last year, nine meetings have been held to inform the families, and wider communities, on the scale of the Araguaia Project as well as the specific Resettlement Programme as part of the Environmental Licensing approved by SEMAS/ PA. The compensation measures that the Company will offer should a resettlement be necessary have also been communicated.

Two data gathering exercises, to determine how many families may be affected by the project, have already been conducted. The latest survey conducted earlier this year was met with positive engagement, and the Company maintains a dialogue with these families.

The resettlements, when they occur, will be made in stages as the operation of the pits advances in order not to move the families from their original homes unnecessarily early. Horizonte recognises the expectation and possible impacts on families that will go through this resettlement process. The Community Relations team is also available to answer their questions and address their concerns.

The Vermelho Project is located 5 km from the urban area of the city of Canaã dos Carajás which has a population of 37,000 people. The project is in the process of resuming Environmental Licensing and will restart socioeconomic studies in the next two years as part of the Environmental Impact Studies and an updated profile of the region surrounding the project will be designed. Due to the presence of families living in the vicinity of the project, it is possible to predict that resettlement may occur due to the implementation of the project. The Company will begin conducting consultations with residents, landowners, government officials and the broader community as part of its feasibility studies. An update on any potential resettlements for the project will be provided when this process is complete.

WORKSTREAMS & GOALS

2020

☞ Align resettlement programme for Araguaia Project with IFC guidelines

☞ Development of local suppliers to help support the Company's future needs

☞ Continued engagement with local stakeholders as Araguaia Project moves into new phase of development

Long Term

☞ Develop local investment strategy to ensure appropriate investment decisions

☞ Become a partner to local government to aid economic development of the region



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