



HORIZONTE
MINERALS PLC

2020 SUSTAINABILITY REPORT

DEVELOPING OUR SUSTAINABILITY FRAMEWORK



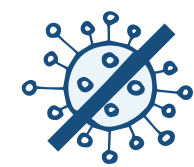
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Please note all group photos where face masks are not being worn were taken pre Covid-19 pandemic.



2020 HIGHLIGHTS



ZERO WORK-RELATED COVID-19 TRANSMISSIONS



ZERO ENVIRONMENTAL INCIDENTS



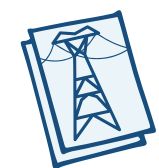
ZERO LOST TIME INJURIES AND FATALITIES



1ST FEMALE BOARD DIRECTOR



DEVELOPMENT OF INTEGRATED STAKEHOLDER ENGAGEMENT PLAN



OBTAINED FINAL PERMITS TO CONSTRUCT SUPPORTING INFRASTRUCTURE TO ARAGUAIA PROJECT (ENERGY/WATER)

A MESSAGE FROM OUR CEO



Jeremy Martin, CEO

Sustainability is a critical element of our business strategy. The past year has presented unprecedented challenges for us all and will continue to impact the way in which we operate for the near term. Whilst Horizonte has always placed significant importance on sustainability, the Covid-19 pandemic has pushed good environmental, social and governance (ESG) management to the forefront of our stakeholder's priorities. The benefits of our early adoption of best practice ESG initiatives and sustainability reporting, aligned with international standards, has started to yield important results. We are in the process of setting strong, sustainability-focused foundations on which we will build a significant, next generation nickel business.

Our sustainability framework is evolving in line with the progress of our operations, the requirements of our stakeholders and the priorities of our shareholders. We are committed to continually improving our sustainability practices, performance and reporting. In the near term, this will focus on increased disclosure, development of our sustainability owners team, listening to our local communities and adapting our projects accordingly, and further alignment with internationally recognised standards including the United Nations Sustainable Development Goals.

Despite the significant limitations in our ability to undertake our usual level of social and environmental activities on the ground in Brazil during 2020, we are proud of our overall performance throughout the year. The health and safety of our employees and the support to our communities are always the focus at Horizonte. Safety is our most important company value. During the year we have managed to keep all our employees safe and well and continue critical environmental and social work on site albeit in a new Covid-safe manner. I was particularly impressed with our team's ability to keep the land and resettlement programmes on track in this challenging remote working environment.

During a year where sustainability has been in the spotlight, Horizonte has been able to shine. With increasing focus on the clean energy transition as countries work towards the Paris Climate Agreement and their own commitments to cutting carbon emissions to net-zero by 2050, the urgent need to accelerate investment in critical minerals such as nickel and cobalt has been at the forefront of international media coverage. While the nickel market is currently oversupplied, a large deficit is anticipated to emerge from 2025. With limited new nickel projects in the global pipeline, Horizonte is uniquely positioned with significant, scalable production. Our strong sustainability credentials will also allow us to market premium products that will be low-carbon and conflict free. Sustainability is critical to our business strategy.

As we work to bring our first Project, Araguaia, into construction, this sustainability-focused approach is already attracting interest in our equity story from ESG-focused financial institutions. We are confident this interest, and subsequent investment, will continue as we start to deliver on our sustainability goals and the number of ESG funds increases.

The progress we achieved in 2020 is testament to the hard work, dedication, and resilience of our team for which I would like to thank them, and I look forward to building on this throughout 2021.

Jeremy Martin
Chief Executive Officer

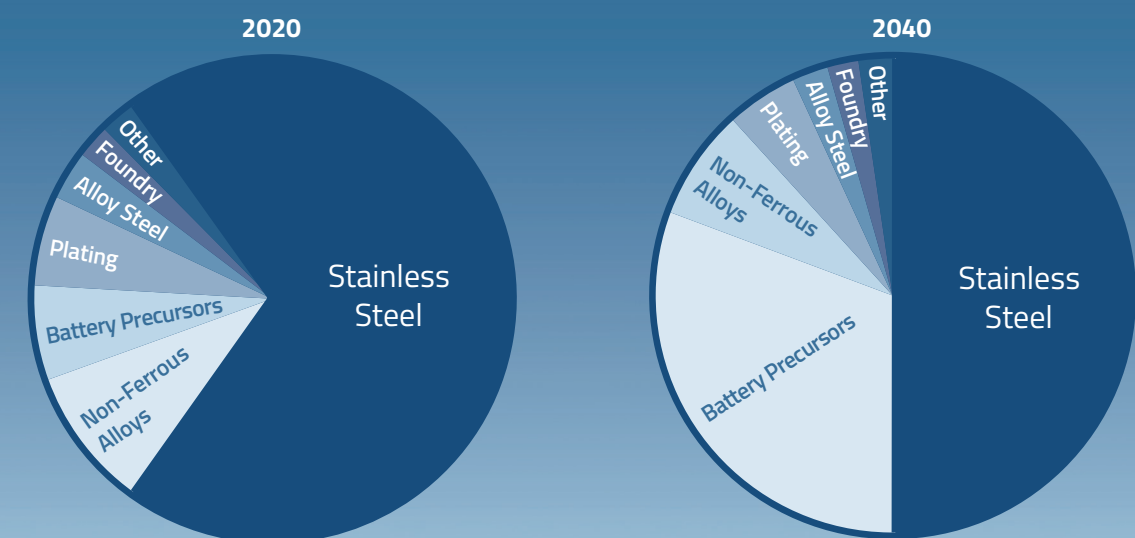
DEVELOPING A NEW NICKEL DISTRICT TO SUPPLY GROWING DEMAND

Due to its use in stainless steel and battery technology, nickel is used in multiple low-carbon technologies. Nickel is therefore defined as a "critical metal" by the World Bank in the clean energy transition. The International Renewable Energy Agency predicts that by 2050, 85% of global electricity supply will be generated by low-carbon technologies, compared with 30% today. This increase in low-carbon technologies will require an additional 2.3 million tonnes of nickel, doubling the current global nickel production.

As part of this sustainability focused supply chain, Horizonte is becoming a significant nickel producer, with sustainable practices underpinning every aspect of its operations. Our commitment to sustainability will position Horizonte at the forefront of next generation nickel producers.

Stainless steel currently dominates the market consuming 70% of global nickel production in 2020. Whilst stainless steel is anticipated to grow at a steady rate, the demand for nickel in battery technology used in electric vehicles is anticipated to surge from 2025 causing a significant shift in the global nickel market. Nickel is used in the cathode of batteries. Multiple different battery technologies are being developed but a nickel-rich battery continues to be favoured due to its energy dense properties.

GLOBAL NICKEL DEMAND BY FIRST USE



Source: Wood Mackenzie



HORIZONTE AT A GLANCE

Horizonte is a leading nickel development company that owns two tier one projects in Pará State, Brazil. The Araguaia Ferronickel Project and the Vermelho Nickel-Cobalt Project are both high grade, lowest cost quartile, long mine life projects. These projects provide Horizonte with a scalable production profile of ~50,000 tonnes of nickel per year and will supply both the stainless steel and battery markets. As a participant in this sustainability driven supply chain, Horizonte is developing its operations focused on producing a comparably low carbon product, ethically, safely, and responsibly.

HEADQUARTERS	LONDON
NUMBER OF EMPLOYEES	34*
LISTINGS	AIM TSX
BRAZIL OFFICE	BELO HORIZONTE
LOCATION OF OPERATIONS	PARÁ, BRAZIL

* 25 in Brazil and 9 in United Kingdom.



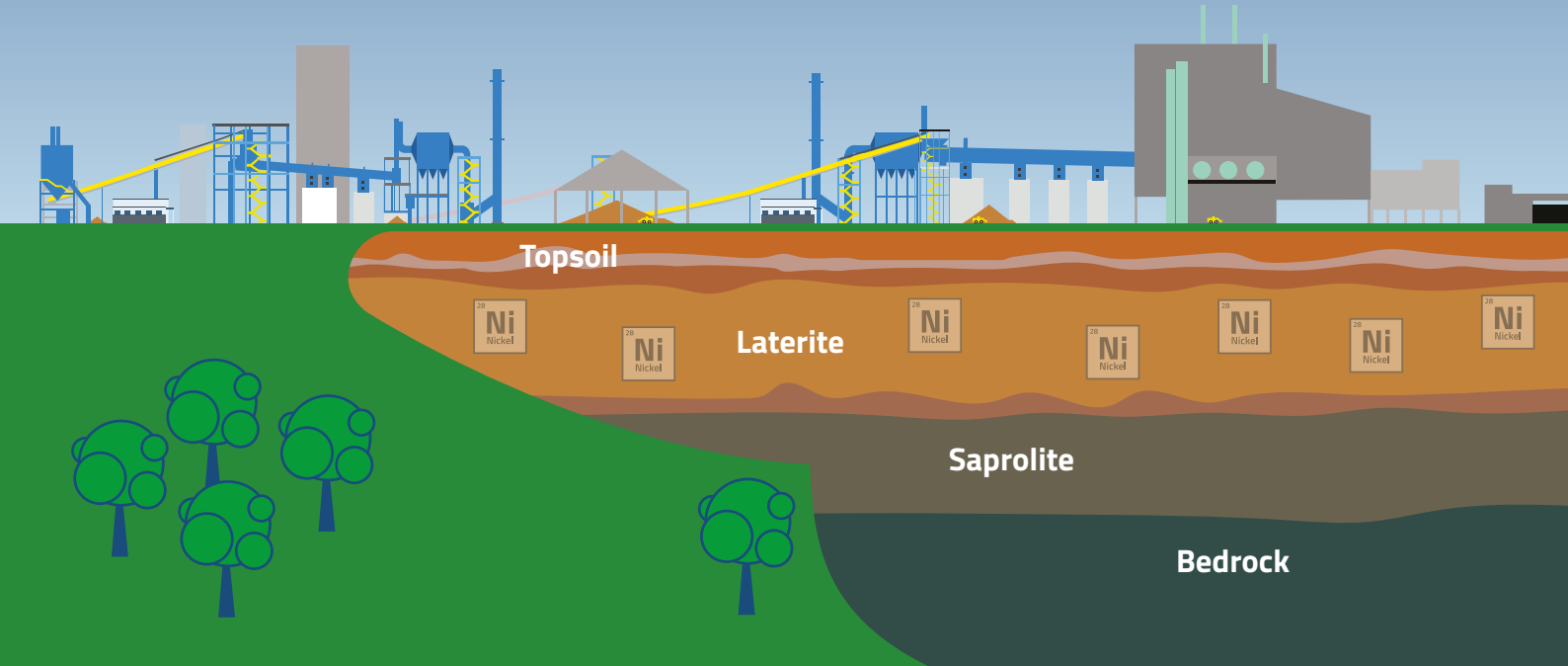
ARAGUAIA

Deposit type	Laterite
Resources & Reserves	Combined Mineral Resource of 119 Mt at a grade of 1.27% nickel for Measured and Indicated Mineral Resources at a cut-off grade of 0.90% Ni (inclusive of Mineral Reserves)
Life of mine	28 years with resources to extend
Production profile	~28,000/t nickel per year scalable in two stages
Mining method	Shallow open pit
Processing technology	Rotary kiln electric furnace
Capital cost	US\$443m for stage 1. Stage 2 funded through cash flow
Net cash flow	Stage 1 US\$2.4bn Stage 2 US\$3.8bn* *US\$16,400/t nickel price
C1 cash costs	Lowest quartile
Market	Stainless steel
Local economic impact	US\$700m over 28 year LOM*

* LOM: Life of Mine

VERMELHO

Deposit type	Laterite
Resources & Reserves	Combined Mineral Resource of 145.7 Mt at a grade of 1.05% nickel and 0.05% cobalt for Measured and Indicated Mineral Resources. A further 3.1 Mt at a grade of 0.96% nickel and 0.04% Cobalt is defined as an Inferred Mineral Resource at a cut-off grade of 0.7% nickel
Life of mine	38 years
Production profile	~25,000/t nickel per year
Mining method	Shallow open pit
Processing technology	High pressure acid leach
Capital cost	US\$625m (PFS estimate)
Net cash flow	US\$7.3bn *US\$16,400/t nickel price
C1 cash costs	Lowest quartile
Market	Battery
Local economic impact	US\$2.8bn over 40 year LOM*



OUR COMMITMENT TO SUSTAINABILITY

SUSTAINABILITY IS INTRINSICALLY LINKED TO OUR BUSINESS STRATEGY. WE CAN SEE THE BENEFITS OF THIS APPROACH BOTH ON THE GROUND IN OUR STAKEHOLDER RELATIONS AND THROUGH INTEREST FROM INVESTORS.



Katie Millar, Head of ESG and Communications

Our commitment to the highest sustainability standards and the transparent reporting of our sustainability practices positions Horizonte at the forefront of next generation nickel producers.

As our Araguaia Project advances towards the start of construction, in 2020 our focus was to ensure we built strong sustainability-related foundations on which to support the company's transition to a successful producer. This focus has provided us with effective risk management, enhanced relationships with local stakeholders and agencies, as well as a clear pathway for implementation of social and environmental programmes ahead of Araguaia's construction.

Ongoing, proactive, and open engagement with all our stakeholders is key to ensuring our approach to sustainability continues to be relevant and valuable to Horizonte, all stakeholder groups and the environment in which we operate. Through this report we are able to openly discuss topics that our stakeholders consider to be material, report an evolving set of key performance indicators and demonstrate our progress in advancing our projects with integrated sustainability practices.

Unsurprisingly the Covid-19 pandemic has dominated both our engagement and activities this year, as well as significantly changing the way in which we work. The switch to remote working required us all to implement a greater use of technology into our daily working lives and adapt to more flexible working hours to compensate for the many different time zones on which the company operates. The pandemic also brought a greater focus on employee wellbeing and community support in a manner that we have not experienced before. Whilst the pandemic presented significant challenges, there have been many positive outcomes and we are very proud to have achieved so much in a difficult year.

The health and safety of our employees, contractors and local communities is always our priority, we were therefore quick to adopt World Health Organisation (WHO) recommendations and implement new company health and safety protocols including moving to remote working, wherever possible, and limiting field work activities from March 2020. At a time of preparation for a significant transition for the company, keeping our local stakeholders informed and engaged in the process

was paramount. With in-person engagement very limited the environmental and social team successfully implemented virtual engagement methodologies through phone, internet, radio, and social media.

In addition, we identified the need to help educate our communities with clear, accurate and up to date health and safety measures in line with the WHO and the Brazilian Health Ministry recommendations. This information was critical in helping to keep our local communities safe. To support the most vulnerable families in our communities, food parcels were donated throughout 2020, and in early 2021 we donated 10,000 medical items to the Municipal hospital in Conceição do Araguaia.

Alongside managing the impacts of the Covid-19 pandemic, our team continued to conduct the critical workstreams required for commencement of construction. The priority for 2020 was the implementation of the resettlement programme. During the year, the team conducted more detailed baseline studies with families to be affected by Araguaia's first phase of the land and resettlement programme. Our land and resettlement programme has been developed in line with International Finance Corporation (IFC) Performance Standards and Equator Principles, with the Company electing to engage with eligible families, including those who both have and do not have legal title to the land. The team engaged with over 70 families as part of this resettlement consensus and 18 families were deemed eligible for the Phase 1 resettlement process. This engagement process was a positive step for Araguaia and the affected families, as it has opened channels of communication and ensures that affected families as well as non-eligible families nearby the Project are closely involved in the resettlement process.

Finally, environmental stewardship continues to be a core theme for Horizonte's sustainability agenda. In addition to our ongoing baseline monitoring, in 2020 the team focused on water, biodiversity and greenhouse gas (GHG) emissions.

With our goal to create a net positive impact on biodiversity, ERM Consultancy undertook an integrated Biodiversity Action Plan, which assessed biodiversity impacts of all infrastructure components, including transmission line, mine pits, processing plant, water pipeline, and provided a framework to identify, protect and promote high value biodiversity areas, particularly the Brazilian savanna formations, a rare ecosystem in Brazil. With high water dependence in the region and limited water infrastructure, Horizonte is implementing multiple environmental control plans relating to water as part of our Ecological Services Plan created in 2020.

Although Araguaia Project is likely to be in the lowest half of carbon emitters amongst its nickel laterite peers, which are also using the same Rotary Kiln Electric Furnace (RKEF) processing method, we plan to further reduce our footprint. IGEO Consultancy is currently assisting Horizonte in developing a CO₂ emissions reduction programme and we look forward to reporting the results in our 2021 Sustainability Report.

Our dedicated and diverse team of professionals with entrepreneurial spirits are helping to make Horizonte's vision to become a sustainable nickel business a reality.

Katie Millar
Head of ESG and Communications

ABOUT THE REPORT

Horizonte published its first standalone sustainability report last year, in 2020, and has been encouraged by the positive feedback received from all our stakeholders to continue this process. Year on year we aim to increase our engagement with all our stakeholders and improve our disclosure and transparency on our sustainability activities, challenges, and performance.

SCOPE

The report covers our approach, achievements, and goals for accountable and transparent corporate governance, developing a local, inclusive and diverse workforce, maintaining a safe workplace, minimising our environmental footprint and creating value for our key stakeholder groups (shareholders, communities and employees).

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 are included to provide context as to how sustainability is integrated across all Horizonte activities. The report spans the 2020 calendar year, in line with the

Due to the development stage of our projects, it is difficult to quantify some of our results; however, we endeavour to provide relevant data, with comparisons to previous periods, where possible, and provide qualitative information to supplement that data and demonstrate our progress in a holistic manner.

company's financial year ended 31 December 2020. All financial figures are quoted in United States dollars (US\$) unless otherwise noted with an exchange rate of R\$5.16.

This report should be read on conjunction with the company's Annual Report published in April 2021 and 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 and best practices. Our approach to sustainability is in line with multiple international standards and institutions detailed on page 18.

MATERIALITY ASSESSMENT

In line with established reporting practices, in 2020, we conducted a materiality assessment to inform our sustainability reporting. The output of this assessment enables us to define the environmental, social and governance disclosure topics that are of most importance to our stakeholders – shareholders, communities and employees. The assessment results also inform our ongoing business strategy and plans.

Having published our maiden sustainability report last year for the financial year 2019, we improved our understanding of materiality. With a comprehensive list of relevant sustainability topics identified we conducted a materiality assessment. A range of internal and external stakeholders were consulted, both formally and informally to rate the sustainability topics related to Horizonte's operations in terms of their relevance and importance to them today.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 'Core' option and has not been externally audited. For reference the GRI Index is included on page 38 of this report.

We are committed to continually improving our materiality assessment process. While unable to engage with a range of stakeholders due to Covid-19 restrictions, we did have a greater level of participation from investors, business partners and employees in this year's report.

The company conducted this process internally and we plan to engage an external party to conduct a more extensive, independent assessment in the future.

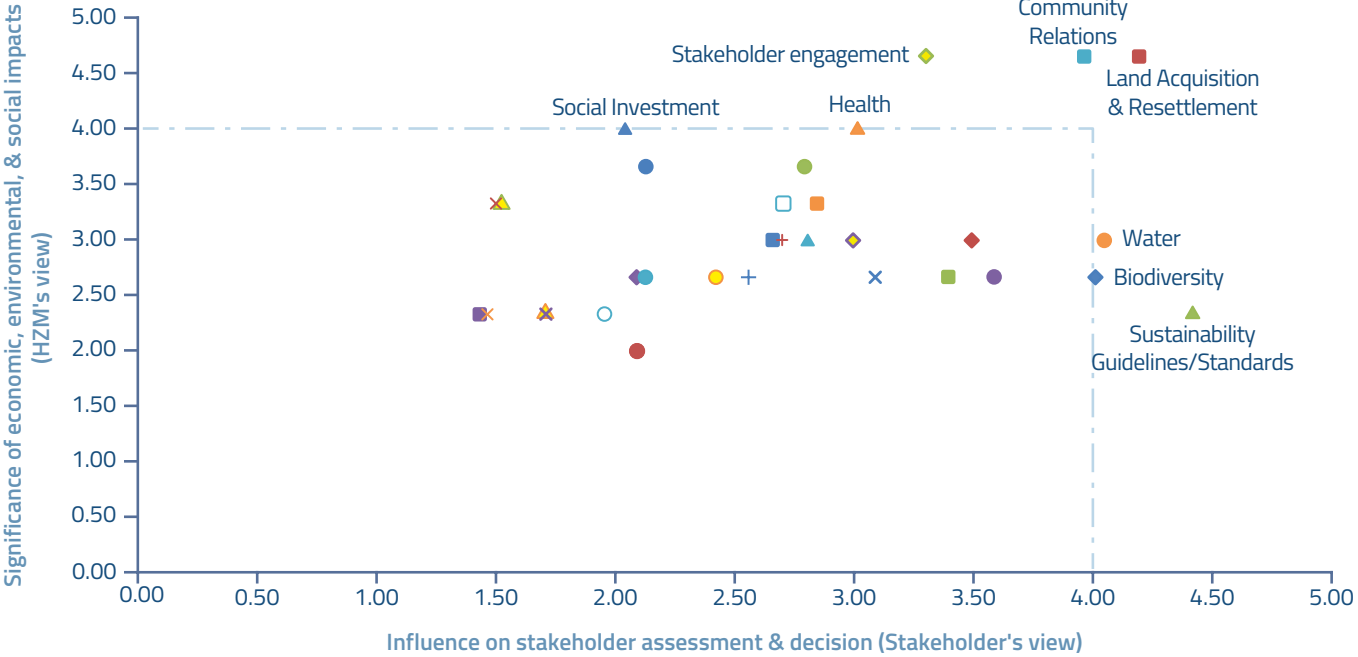


OUR MATERIALITY ASSESSMENT PROCESS

<div>REVIEW</div> <div></div> <div><ul style="list-style-type: none">Review 2019 topics, report and feedbackReview relevant sustainability frameworks and standards including GRI, IFC, World Bank, UNSDG*Review relevant industry reports, thought leaderships and peer group reporting</div>
<div>DEFINE</div> <div></div> <div><ul style="list-style-type: none">Define comprehensive list of sustainability-related topics to ensure both continuity of reporting and relevance to 2020 activity</div>
<div>ENGAGE</div> <div></div> <div><ul style="list-style-type: none">An employee questionnaire was completed by 27 employeesFeedback from local communities collated throughout the year was assessedFive institutional investors provided direct indications of importance and feedbackShareholder meeting minutes were analysed alongside all sustainability issues raised during the year</div>
<div>CONSULT</div> <div></div> <div><ul style="list-style-type: none">A consultation with senior management and members of the Board of Directors was held to align results of stakeholder engagement with Horizonte's strategic objectives</div>
<div>ANALYSE</div> <div></div> <div><ul style="list-style-type: none">Results from our stakeholder engagement and management consultation were analysed to determine relevant inputs in to the materiality matrix</div>
<div>DETERMINE</div> <div></div> <div><ul style="list-style-type: none">Completion of the materiality matrix determines the materiality topics based on their importance to Horizonte and its stakeholders</div>

* United Nations Sustainable Development Goals

MATERIALITY MATRIX



● Water	◆ Biodiversity	■ Land Acquisition & Resettlement
■ Construction Impacts	+ Due Diligence/Audits	● Integrated Management System
▲ Health	× Human Rights	◆ Wastes
● Cumulative Impacts	■ Energy	+ Human Resources
× Noise	● Permitting	× Process (plant process)
▲ Cultural Heritage	▲ Social Investment	
▲ Sustainability Guidelines/Standards	● GHG/CO2/Climate Risk	● Araguaia Project Footprint
● Safety	◆ Air Quality	■ Community Relations
◆ Stakeholder Engagement	◆ Supply Chain	▲ Accountability
▲ Logistic	× Mining Closure	○ Mining Resources
■ Workforce	■ Caves	□ Corporate Communication

MATERIAL TOPICS

Based on our materiality assessment process, nine material topics were identified in 2020. In this report the level of detail reflects the relative importance of these topics and Horizonte’s stage of development.

Some topics are discussed in this report that are not material topics but are considered of significant importance to business, it’s current activity and long-term strategic objectives.

ENVIRONMENT



1. WATER

Water is a critical resource for both Horizonte and our communities and it has been identified as one of the main priorities as a shared resource in the region.
See page 27



2. BIODIVERSITY

Whilst our projects are located mostly on pastoral lands, it is important that the company seeks to manage and mitigate impacts on local fauna and flora. Our goal is to have a net positive impact on biodiversity.
See page 28



3. GHG EMISSIONS

As businesses and governments transition towards a carbon-neutral economy, Horizonte aims to be a global leader in low-GHG emissions products within the nickel industry.
See page 28

GOVERNANCE



4. SUSTAINABILITY FRAMEWORKS AND STANDARDS

Delivering our operations compliant with Brazilian Legislation and also in line with internationally recognised sustainability frameworks and standards ensures we are transparent, accountable and measurable.
See page 18



5. STAKEHOLDER ENGAGEMENT

Open and honest engagement with all stakeholders strengthens our corporate governance, improves our reporting and adapts our strategies in line with changing environment as we work to deliver value to all our stakeholders.
See page 20

SOCIAL



6. EMPLOYEE HEALTH & SAFETY

The health, safety and wellbeing of our employees is one of our values and therefore at the forefront of our operations.
See page 24



7. COMMUNITY RELATIONS

Nurturing strong, proactive and collaborative relations with our communities is critical to maintaining our social licence to operate and securing land access.
See page 32



8. LAND ACQUISITION AND RESETTLEMENT PROGRAMME

Families currently living within the footprint of our future operations are some of the most affected. Horizonte is committed to respecting the rights of those families in a transparent and participative manner.
See page 36



9. SOCIAL INVESTMENT

Our operations are catalysts for local socio-economic development, both directly and indirectly. Effective inter-dependent enterprises ensure we deliver shared value.
See page 37

TRANSPARENCY & ACCOUNTABILITY

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

OUR GOVERNANCE STRUCTURE

Horizonte's Board of Directors (the Board) is the highest corporate governance body within the organisation. The Board is responsible for setting the vision and business model of the company to deliver value to all stakeholders by effectively executing its strategy. The Board delegates the responsibility of the day-to-day operations to the Chief Executive Officer and Horizonte's senior management team. Further information on the Board, Board committees and the company's overall corporate governance structure can be found in the 2020 Annual Report.

The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to delivering shared value to all stakeholders. Leading by the example of the Board and our senior management team, this culture is disseminated to all levels of the business.

Best practice sustainability initiatives run throughout our organisational structure. Sustainability related key performance indicators are included in all employee's personal development plans.

VISION AND VALUES

Horizonte's culture is built from our core values. All members of our team share our vision and work hard to continually progress the company through dedication, and entrepreneurialism in order for us to create a modern, sustainable business.

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



Seedlings are being planted by Horizonte to recover springs on Araguaia Project's Direct Affected Area.

VISION



Horizonte's vision is to become a globally significant producer of low-cost, sustainably sourced nickel.

MISSION



At Horizonte, we are working to make this vision a reality – brining innovative, entrepreneurial-minded people together – to build the world's next large-scale nickel producer which will provide the globe with sustainable sources of nickel to a growing and electrified world population.

VALUES



Health & Safety



Commitment & Cooperation



Integrity & Respect



Responsibility & Accountability



Sustainability & Innovation



INTERNATIONAL GUIDELINES AND STANDARDS
We understand that transparent reporting is of little value if it is not aligned with internationally recognised standards. Despite the pre-production nature of our operations, Horizonte already operates in line with many host-country and international reporting guidelines and standards.

The following standards have been applied to the Araguaia Project:

Reporting	<ul style="list-style-type: none">Global Reporting Initiative
Environment	<ul style="list-style-type: none">Equator Principles 4 (EP4) (recently updated in July 2020) - principles 1-10 appliedCONAMA Brazilian Environmental LegislationBrazil Greenhouse Gases Protocol ProgrammeThe World Bank Group (WBG) Environmental Health and Safety (EHS) Guidelines (2007);IFC EHS Guidelines for Mining (2007).
Stakeholder engagement	<ul style="list-style-type: none">International Finance Corporation Sustainability Framework, in particular the IFC Performance Standards (2012) - all principles except principle 7 on indigenous communities as it is not applied to AraguaiaInternational Council on Mining and Metals Stakeholder Research Toolkit (2015)International Organisation for Standardisation (ISO 14001: 2015) (ISO 45001: 2018)The Equator Principles IV (July 2020);IFC / EBRD Workers Accommodation: Processes and Standards (2009)
Resettlement	<ul style="list-style-type: none">IFC Performance Standard 5: Land Acquisition and Involuntary ResettlementEquator Principles III & IVBrazilian land acquisition regulations
Human rights	<ul style="list-style-type: none">United Nations (UN) Guiding Principles on Business and Human Rights; the UN declaration on Human Rights; International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work; the UN Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
Health and safety	<ul style="list-style-type: none">World Bank Group Environmental Health and Safety Guidelines (2007)IFC Environmental Health and Safety Guidelines for Mining (2007)CONAMA Brazilian Health & Safety LegislationIFC / EBRD Workers Accommodation: Processes and Standards (2009)IFC - Performance Standard 4: Community Health, Safety, and SecurityInternational Organisation for Standardisation ISO 45001: 2018
Governance	<ul style="list-style-type: none">London Stock Exchange Alternative Investment Market Rule 26Toronto Stock Exchange National Instrument 43-101Quoted Companies Alliance Corporate Governance CodeExtractive Industries Transparency InitiativeExtractives Sector Transparency Measures ActThe UK Bribery ActBrazilian Law N° 12,846/2013 - Antitrust LawGlobal Reporting Initiatives (GRI)Good International Industry Practice (GIIP) GuidanceInternational Council on Mining and Metals (ICMM) Mining Principles

In 2021 we will start to report on our alignment with the United Nations Sustainable Development Goals.

CASE STUDY:

INTEGRATED
MANAGEMENT
SYSTEM



In partnership with ERM, a leading global provider of environmental, health, safety, risk, and social consulting services, a health, safety, environmental and social Integrated Management System (IMS) is being developed for effective risk management. The IMS allows Horizonte to develop policies and control procedures for all project risks and impacts, ensure legal compliance and promote continuous improvement of HSE performance. The system integrates all areas of the future construction and operation and will provide real-time data. ERM carried out a full assessment of Horizonte’s project related activities in order to develop the IMS framework aligning the Araguaia Project permitting obligations and Brazilian legal requirements with IFC Performance Standards ensuring Horizonte’s ongoing compliance with the ISO 14001 (2015) and ISO 18001 (2018) Standards. In 2020, the Horizonte team spent significant time in training and inputting all historical data into the system to create a comprehensive database which the Company can utilise and build upon. In addition to providing the Company with one point of reference for all sustainability related data the IMS allows us to provide more detailed and timely information in our sustainability reporting.

ETHICS AND INTEGRITY

In line with our values, we are committed to conducting our business activities with the highest level of integrity and business ethics. To support this, the company has a Business Integrity Policy founded on the guiding principles of the laws of Brazil and the United Kingdom. The Business Integrity Policy is applicable to all employees and third parties related to Horizonte, regardless of position or area of operation. The company refreshed the Business Integrity Policy in 2019 and renewed all employees’ commitment to it. All consultants and contractors to the company and its subsidiaries must review and agree to the principles and standards set out in the policy before undertaking any work on behalf of Horizonte and on an annual basis.

Any employee violating the policy will be held accountable. Any consultant or contractor violating the policy will have their contract suspended pending the outcome of a review by Horizonte.

Our current Business Integrity Policy is relevant to the development stage of the company’s projects. As we move into construction in 2021 this policy will be reviewed and updated in line with the company’s level of activities. Additional policies including a Code of Conduct, Anti-bribery Policy, Human Rights Policy and a Modern Slavery Act Statement will be defined and distributed to employees and third parties. In conjunction with this, training on the updated and new policies will be provided to all management and employees.

All stakeholders have access, through the company’s website, to an anonymous form providing the ability for all employees and external parties to register any concerns or complaints. We intend to develop this process into a comprehensive Whistleblowing Policy in 2021.

Horizonte is also committed to working with stakeholders in government, business and civil society to promote good governance and prevent corruption. We are fully compliant with the Canadian Extractives Sector Transparency Measures Act (ESTMA) and are committed to the Extractive Industries Transparency Initiative. These disclosures are available on our website www.horizonteminerals.com.



Engagement with a rural villager as part of Heritage Education Programme in 2020.

STAKEHOLDER ENGAGEMENT

We are committed to delivering value to all our stakeholders. To achieve this, it is essential that we understand who our stakeholders are and what value means to them. Through stakeholder mapping and continued stakeholder engagement we are able to determine their perspectives and priorities and align these with our strategy and key business objectives. With this knowledge and alignment, the Board is able to consider the full range of impacts on all stakeholder groups in its decision-making process. This is relevant for both short-term and long-term decisions and therefore a continual, flexible and responsive approach to stakeholder engagement is required to ensure we consider relevant impacts.

We have identified five main stakeholder groups it is currently critical for us to engage in a proactive and positive dialogue. These groups are employees, shareholders and investors, local communities, suppliers and government and civil society.

During 2020, ERM was contracted to develop an Integrated Stakeholder Engagement Plan as part of the company's Environmental and Social Action Plan. The Integrated Stakeholder Engagement Plan establishes engagement strategies with regards to development of Araguaia Nickel South mine and processing plant in Conceição do Araguaia, Araguaia Nickel North remote mine pit in Xinguara, construction of an 11 km water pipeline in Conceição do Araguaia and construction of a 122 km powerline crossing the municipalities of Conceição do Araguaia, Floresta do Araguaia, Rio Maria and Xinguara. This engagement plan was developed in line with the IFC Performance Standard 1: Assessment and management of social and environmental risks and impacts.

CASE STUDY:
INTEGRATED
STAKEHOLDER
ENGAGEMENT PLAN

The objective of the Integrated Stakeholder Engagement Plan is to offer the project's local stakeholders the means to express their concerns, doubts and suggestions, incorporating the stakeholders' perspective as an element of information and input into the general management framework.

We involve stakeholders to understand our risks and opportunities where we operate. The involvement of stakeholders is therefore a crucial element in deepening our understanding of the local context, in order to adapt the project and management frameworks. Community engagement in the initial phase of each of our project's is essential for obtaining and maintaining the social licence to operate.



Respectful community engagement is part of Horizonte's practice.

We undertake the following process in our engagement:

- Provide a structure to identify and analyse stakeholders according to their profile, interest and influence in their spheres of action.
- Contribute to the alignment and understanding between the project, the licensing processes and the development of socio-environmental programmes.
- Support the identification of environmental, social, economic issues that require efficient and/or proactive management, anticipating potential risks and impacts of the installation phase of the projects.
- Obtain feedback on the efficiency of the plans and programmes for managing socio-environmental impacts and other initiatives that the company will implement (such as, for example, social investment actions).
- Provide an effective communication channel to document and manage complaints, expectations and demands from stakeholders that will be registered on the M-Risk platform and incorporated into the Integrated Management System (IMS) when applicable.
- To present ongoing communication and engagement strategies, as well as proposals for reporting to affected communities.

The Integrated Stakeholder Engagement Plan will be updated periodically at each macro stage of the project (construction, operation and closure), and will build-on previous successes and lessons learned.

The following table gives a brief view of our stakeholder engagement during 2020.

STAKEHOLDER GROUP	AREAS OF INTEREST	TYPE OF ENGAGEMENT & FREQUENCY	COMPANY CONTACTS
Employees	Health & Safety Access to training Team capacity building	Weekly one-to-one meetings with line managers Weekly team meetings Quarterly company meetings	Team Leaders Senior managers CEO, CFO
Shareholders & Investors	Project finance Sustainability practices Development of senior management team	Regulatory news announcements Social media Investor webcasts One-to-one meetings	CEO, CFO Head of Investor Relations Senior management
Local communities	Covid-19 response Resettlement Economic development opportunities	Conversations and messages by mobile phone (due Covid-19 pandemic) on demand	Community Relations Coordinator Senior managers
Suppliers	Contracts for pre-construction phase of Araguaia Project and environmental licensing for Vermelho Project.	Demand based telephone/ email contact and monthly reports.	Procurement Manager and Contract Manager.
Government & Civil society	Araguaia Project construction period forecast; local employment perspectives; support to municipalities during pandemic scenario	Conversations by phone in Biweekly basis	Sustainability managers and Community Relations Coordinator



Floresta do Araguaia is one of the main pineapple producers in Pará state.

OUR PEOPLE

AT HORIZONTE, TEAM IS EVERYTHING. WE WORK HARD TO ATTRACT AND RETAIN LIKE-MINDED ENTREPRENEURIAL SPIRITED PEOPLE TO BE PART OF BUILDING THE WORLD'S NEXT MAJOR NICKEL PRODUCER. A MOTIVATED AND DEDICATED WORKFORCE IS KEY TO OUR ONGOING SUCCESS.



The year 2020 was a very challenging one for all teams across the world amidst the Covid-19 pandemic. Horizonte's team demonstrated true allegiance with the company's values during this difficult time as the vast majority of the team moved to remote working environments. The team collaborated, quickly implemented remote communication methods and continued to drive results for shareholders.



38% OF ALL EMPLOYEES ARE WOMEN

OVER 53% OF THE OPERATIONS EMPLOYEES ARE FROM THE STATE OF PARÁ.*

BRAZIL

Year	Employees					Interns				Consultants			
	Gender		Region			Gender		Region		Gender		Region	
	Men	Women	MG	Pará	Others	Men	Women	MG	Pará	Men	Women	Others	Pará
2020	16	9	8	16	1	1	4	5	0	13	3	15	1
2019	13	9	4	12	6	0	0	0	0	3	1	2	2
2018	13	9	5	11	6	0	0	0	0	3	0	2	1

Note: in this edition the total number of workers in Brazil are compiled only by year. Workers values were reviewed for 2019 and 2018.

EMPLOYEE DEVELOPMENT

We are in the process of implementing an employee development programme which identifies the requirements of each individual employee to develop in their role or in to a new role within the company. We commenced implementation of employee evaluations in 2020, with over 96% of employees participating. In 2021, we plan to hire a Human Resources and Employee Relations Manager to complete the roll-out of our employee development programme, including implementation of training modules and bonuses directly related to company and project deliverables.

EMPLOYEE ENGAGEMENT

Our internal engagement approaches have intensified in 2020 as we moved to a remote working environment throughout Covid-19 with very limited staff on site to reduce potential exposures to Covid-19. Each department meets virtually once or twice a week to collaborate and problem-solve workstreams. All employees participate in weekly Araguaia Project meetings and quarterly company calls hosted by the CEO.



Members of staff ready to work on field following Horizonte's Covid-19 protocols.

* Considering employees and interns only in Brazil.

EMPLOYEE RETENTION

In 2020, the company hired 6 new employees in Brazil. Horizonte anticipates an intensive hiring period in the second half of 2021 ahead of the start of construction at Araguaia. The new employees are all between the ages of 30 and 50, one woman and one a resident of Pará State. We had a positive hiring rate of 0.24 due to the increase in total employees in Brazil. The turnover rate was 0.12 due to three layoffs in 2020.

UNION MEMBERSHIP

Horizonte has been associated with the Miners' Union of the State of Pará (SIMERAL) since 2019. No Company-specific collective agreements have been developed to date and this is in line with the Company's pre-construction profile. We adopt union regulated salary increases and comply 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 working a Fly-In-Fly-Out schedule. We provide employees with multiple benefits including medical and dental assistance, life insurance, transportation vouchers, meal vouchers, maternity leave and private pension contributions (UK employees).

DIVERSITY AND INCLUSION

Diversity and inclusion are intrinsic to sustainability. Horizonte recognises the significant benefits of a diverse workforce in its ability to provide breadth in thought, approach and strategy. We have an inclusive recruitment policy in order to promote diversity across all areas and levels of the organisation. In 2020, we implemented a Zero Tolerance Policy, which specifically prohibits behaviours that could objectify those from minority groups. Our Zero Tolerance Policy is a procedure that prohibits behaviours that could distract our workforce from focusing on activities that deliver value.

In April 2020, Septanta Dorri joined the Board as a Non-Executive Director. Septanta is our first female board member and an important step in our diversity at a leadership position.

We have a multicultural and multi-racial, predominantly Brazilian team. Our employees and consultants come from countries around the globe including Australia, South Africa, Canada and the United Kingdom. Horizonte preferences hiring of Brazilians, particularly those from the Pará State to increase benefits for the local region where we operate.

Horizonte continues to demonstrate a high rate of gender diversity, with over 38%* of our permanent employees being women. This rate of our female workforce has declined slightly in 2020 and we anticipate that it will be challenging to maintain high numbers of women as we progress the project towards construction, which in Brazil is still a very male-dominated industry. However, the leadership team is committed to embedding diversity & inclusion values in our culture and in our hiring processes. In early 2021 the recruitment team and recruiters were briefed and trained on methods to remove bias and increase access to Horizonte in an endeavour to hire the best person for the job in each role that we fill.

*Considering employees and interns in Brazil + employees in UK.

LOCAL EMPLOYMENT OPPORTUNITIES

Horizonte strives to employ members of the local communities where possible, currently 53% of Horizonte's Brazilian employees originate from Pará State. During 2020, Horizonte maintained its usual workforce throughout Covid-19 pandemic. Those who usually conduct predominately field work were given the appropriate training and switched to desk based tasks such as the significant data entry required for the IMS.

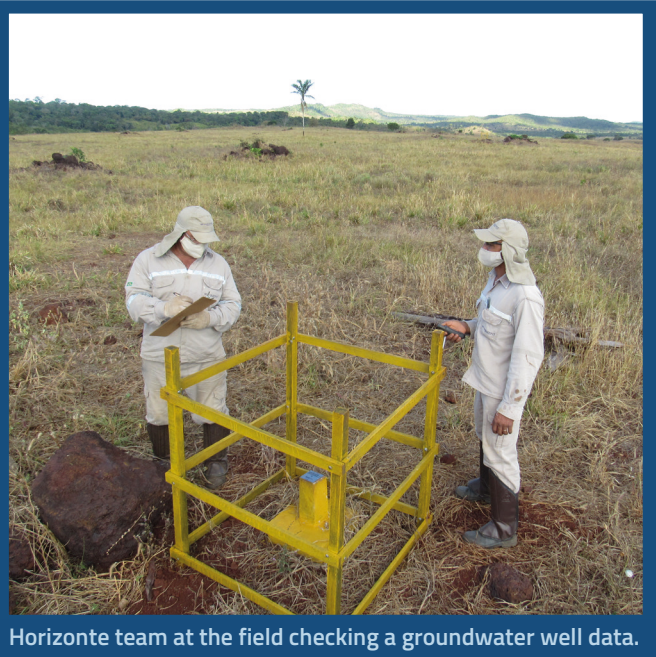
As we transition into the construction phase at Araguaia Project our workforce will increase significantly. To maintain our local employment strategy, we must ensure our local community members have the appropriate skills. We are therefore developing strategic alliances with local technical schools, including with SENAI, Brazil's national technical training institution, to develop and implement a multi-skill training programme targeted at the mining, process and laboratory disciplines required for Araguaia's construction and operations. This is intended to increase the skillsets of the local workforce and aid with attraction and retention of employees.

The intent is to train a number of Araguaia's construction workers to continue onto the operational phase and thereby promote local employment whilst retaining important skills for our future operation. The company is also ensuring that its selected Engineering, Procurement and Construction Management contractor has a commitment to local employment.

HEALTH AND SAFETY

Our focus on health, safety and well-being was heightened during 2020 as a result of the Covid-19 pandemic. New policies and procedures were adopted to mitigate the new risks and we focused on ensuring our employees wellbeing as they were required to quickly adapt to a new, restrictive way of working.

Throughout 2020, we implemented multiple new policies related to Covid-19 and operational readiness to further embed and reinforce our commitment to health and safety ahead of the Araguaia Project construction. All employees received training and development as part of the roll-out of these policies.



Horizonte team at the field checking a groundwater well data.

HEALTH & SAFETY MANAGEMENT

Safety is our first and foremost value and it is our highest priority. We strive daily to create a safer environment and we believe that every accident is preventable. By working together, we can make safety a way of life, both inside and outside the workplace.

Health & Safety is integrated into the business at all levels, via the following:

- ☞ Company values
- ☞ Induction training for all employees and contractors
- ☞ Contractor Management Plan
- ☞ Workers Accommodation Plan
- ☞ Annual safety policy/incident reviews and audits on Company policies
- ☞ Strict reporting and Company-wide reviews on all incidents
- ☞ Overarching memorandums for Project activities
- ☞ Specific task-related safety procedures relevant to our current activities
- ☞ HAZIDs and HAZOPs for future construction activities
- ☞ Project risk registers
- ☞ Daily safety briefings with operational team
- ☞ Activity-specific safety briefings for higher risk work streams
- ☞ Weekly team safety shares with operational team
- ☞ Monthly safety shares within corporate and technical (investor) committee

We are proud to report that we have now operated for three consecutive calendar years without a single work-related injury recorded and continue our zero fatality record since inception.

In 2020, we commenced the implementation of a health and safety integrated management system which will be the platform for development of all procedures required for the construction phase. The system captures all of the company's commitments, including those required for Brazilian environmental/mining licences, international best practice guidelines and company-specific policies.

Leaders and responsible team members are alerted regularly on activities required to meet health & safety commitments and reports. The system provides a one-stop-shop for all health, safety, environment & social key performance indicators (KPIs) and we anticipate that it will be in full operation by mid 2021 to support future construction activities.

HEALTH & SAFETY TRAINING

All consultants and contractors working at the site are required to meet Horizonte's training standards in line with our values and standards and legal compliance. This includes specific training tailored to risks associated with the local site and operational activities. All employees and site visitors are required to wear Personal Protective Equipment (PPE) and Horizonte supplies all required equipment. All motorists have been supplied with defensive driver training.

In light of the Covid-19 pandemic, the company adapted and intensified its health and safety training, with a specific protocol designed to educate, train and reduce likelihood of infection. This protocol has undergone multiple revisions as new information has become available around the Covid-19 pandemic. All employees receive new training with each revision of protocol. The leadership team also reviews the Covid-19 situation in Brazil and in the United Kingdom on a weekly basis.

In line with our transition into construction at Araguaia Project, a comprehensive health and safety system is being implemented to develop policies, procedures, controls, training and awareness to all company's workers extending practices also to communities in order to provide a safety environment and mindset to all related to Araguaia Project.

CASE STUDY:

COVID-19 RESPONSE

Horizonte quickly established a Covid-19 pandemic response and protocol in line with the sanitary measures recommended by the World Health Organization (WHO) and the Brazilian Ministry of Health to protect its employees, contractors and local communities. The measures adopted have been scaled up and down in line with the changing situation. An internal protocol was developed to define general rules and guidelines for employees and outsourced staff to perform their work including visits with community stakeholders, in order to minimise the risks of infection by Covid-19. Remote working for all employees commenced in March 2020. Field work was limited and those operating in the field where required to be physically distanced, wearing face masks and sanitising or washing their hands regularly. Priority field work included delivery of community donations (food and hospital equipment), minimal baseline data collection and stakeholder mapping as part of IFC and Equator Principles requirements.

To date, we have not recorded a single Covid-19 case as a result of a work-related transmission. In 2021, the company adapted a rostered return to the office with weekly testing.



Social distancing during preparation for field work.

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.

Horizonte has always aimed to implement the highest standards of environmental stewardship across its projects, integrating Brazilian standards with international guidelines for mining projects.

We understand that fresh water is a scarce resource globally, that climate change and greenhouse gas emissions management is of utmost importance to our stakeholders, and that all fauna and flora habitats should be treated respectfully and carefully. Our experience is that people thrive when they live in a healthy and sustainable environment. There is also mounting evidence to indicate that companies with good environmental stewardship policies outperform those with poor policies in their risk management and return to shareholders.

Horizonte is committed to mitigating the environmental impact of its operations, from the initial exploration to mine closure. In order to achieve this, we 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 impacts of the project across physical environmental aspects, across fauna and flora, and also across socio-economic aspects. A significant part of the workload undertaken by the sustainability team in 2020 was designed to integrate all of Araguaia's licences and environmental impact assessments and elevate these to international standards, including IFC Performance Standards and Equator Principles (III/IV). These activities stemmed from the Environmental and Social Action Plan (ESAP) which we created as a result of the Independent Expert review of Araguaia, by qualified consultants Arcadis.

Following the completion of the Environmental and Social Impact Assessment (ESIA) in 2016, Horizonte commissioned ERM, in 2020, to complete a project-wide cumulative impacts assessment. This assessment did not identify any significant cumulative impacts which require additional mitigation measures over and above those identified in the individual ESIA's and covered by the new project wide documents such as Biodiversity Action Plan, Stakeholder Engagement Plan, and Ecological Services Plan.

We have advanced Araguaia Project to a construction-ready phase with all permits in place, including the water pipeline licence granted in 2020 and the powerline licence granted in 2021. The project is aligned with national laws and regulatory requirements for mining developments in Brazil, and also aims to integrated international lender requirements at both of its projects.

In conjunction with our established in-house sustainability team Horizonte has contracted the services of multiple agencies to help develop specialist areas. In 2020, ERM was appointed as the Lead Sustainability Partner for the Araguaia Project to assist us to address several of the Environment and Social Action Plan work areas, and IGEO Engineering was appointed to develop CO₂ emissions reduction plan for the Araguaia Project. We also completed a value engineering study during the year which has led to the optimisation of the project.

The Vermelho Project is at the Pre-Feasibility stage and continues to advance along the development pathway. We are currently reinitiating environmental licensing for the project, with the start of environmental monitoring and engagement with the local community. A robust tender process was undertaken in 2020 and Ramboll were awarded the contract for the Brazilian Environment and Social Impact Assessment (ESIA), which is being undertaken throughout 2021 in a Covid-19 safe manner.

WATER

Water is a critical resource for both Horizonte and our communities, and has been identified as one of the main priorities as a shared resource in the region. We respect that access to clean water is a basic human right. Whilst our projects are not located in a water scarce region, we are committed to managing the impact of our operations on local water resources.

Araguaia Project is located in the Tocantins-Araguaia hydrographic basin, specifically in the municipality of Conceição do Araguaia. The project is located 11 km from the Arraias State River. The region is considered to have a water surplus, since the availability of water is higher than the current demands. Water is used mostly for subsistence as well as for fishing, agricultural farming, mostly in the cattle, pineapple and soy industries.

All water used at the Araguaia Project will be drawn from the Arraias River and will be within a closed-circuit system. We anticipate approximately 90% of all water required by the project will be recycled. Some water will be lost in the process, mostly due to evaporation. We have established a seasonal water balance to mirror the local region's characteristics. Our water permit was received in August 2020.

Resource efficiency has been explicitly considered by our sustainability team with improvements made during the value engineering process. These include layout modifications, and engineering design changes in the water pipeline and dam to reduce anticipated environmental impacts, and to enable a more efficient mining development process taking into account physical and infrastructure engineering constraints. The review of Araguaia Project baseline studies, water balance updated documentation, and stream flow monitoring data, are just some of the areas where we have shown due consideration of water resource efficiency.

In 2020, ERM were contracted to conduct an Ecological Services Report for the Project. Stakeholder consultation was an important part of this report. Over 35 stakeholders were consulted including landowners, government bodies and community focus groups in order to assess the ecosystem of services used locally. Data on the economic and productive activities carried out by the surface owners and properties neighbouring the mine and data on the use and occupation of land and natural resources in the areas of influence of the project was collected.



Employee captures surface water sample as part of Water Quality Monitoring Programme during 2020.

In relation to water and fishing ERM analysed:

- ☞ Water sources and quantity consumed per property
- ☞ Water quality
- ☞ Trend of water availability
- ☞ Fishing and aquaculture activity, when available (species caught, fishing gear, productive volumes, location of fishing areas, importance of the activity for food security)
- ☞ Trend in quality and volume of fish produced

There is a high dependence on water in the region, and there is little investment by the majority of users on suitable alternative sources, such as drilling for wells or building dams. Horizonte is committed to implementing all of its environmental control plans relating to water, including surface water and ground water as well as closely monitoring of community perceptions of the impacts of the project on water supply and quality. We have undertaken detailed water modelling plans around all of the Araguaia mine pits and have ensured that all households within the dewatering boundary are included in either the land acquisition or land resettlement programmes.

The ESIA for Vermelho will commence in 2021, with new baseline data to be collected which will help us to characterise the water resources in the area of influence of the project, and to make predictions of future impacts and management programmes.

BIODIVERSITY

Our goal is to have a net positive impact on biodiversity. This will be managed through our Biodiversity Action Plan at Araguaia. Throughout the life of mine land acquisition programme, we plan to rehabilitate approximately 1,000 hectares of pasture back to native vegetation in the region. Horizonte also plans to double the number of critical habitats under its protection through protection of high value Savanna areas/Canga areas. We have already mapped out those areas which are being targeted for protection for the future Araguaia mine.

Araguaia is located in an agricultural region, where farming for cattle takes up the vast majority of land. Based on the flora inventories undertaken by Horizonte’s specialist consulting biologists, we estimate that within the Project’s area of influence, over 70% of the land has been cleared for farming, around 24% is open Ombrofolia forest and around 4% is classified as Metallophile savanna of ‘Canga’ areas. The vegetation is classified as ‘transition’ vegetation, which is the area combining Amazon and Savanna native flora and fauna.

In 2020, ERM undertook an integrated Biodiversity Action Plan, which assessed biodiversity impacts of all infrastructure components, including transmission line, mine pits, processing plant, water pipeline, and provided a framework to identify, protect and promote high value biodiversity areas, particularly the Brazilian savanna formations, a rare ecosystem in Brazil.

CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

As both our projects are in development phase, the company has negligible emissions as a result of its current activities. Current emissions are related to light vehicle transport and air transport of people and consumables to support the engineering and socio-environmental work in the lead up to start of construction at Araguaia Project and development phase of Vermelho Project.

CASE STUDY:

PLANT NURSERY

Horizonte has partnered with its local communities and commenced the recovery of natural habitats in the project area of Araguaia. The team is working to rehabilitate fauna and flora, particularly around Brazilian savanna areas that host important flora species and around natural springs, which have been degraded over time as a result of irrigation. The company has developed a seedling nursery with several native regional species, including species from ‘transitional’ vegetation which cross between Cerrado and Amazon flora types. In 2020 12,000 seedlings were grown. Horizonte’s nursery cultivates seedlings that contribute to environmental recovery. In 2020, 3 springs were recovered through the planting of 1,000 shrubs in the region nearby our future Araguaia Project infrastructure pad. The shrubs improve the water quality and attract local fauna.

Horizonte is committed to the recovery of all Permanent Preservation Areas (APP) where Araguaia will be built and has Environmental Control Programs licensed by the Environmental Agency of the State of Pará (SEMAs) in which it reports the progress of these programmes annually.

The cultivation of seedlings in the company’s nursery also benefits the community in the project’s region. Rural producers who are included in the community partnership SIAFRA Project, benefit from donations of cocoa seedlings. The objective of the SIAFRA project is to diversify the agricultural economy through production of a native crop. In 2020, 3,000 native seedlings were donated to local communities.



Employee working at seedling nursery during 2020.

However, due to the increasing importance of transparent greenhouse gas emissions reporting, Horizonte has taken a proactive approach to estimating its GHG emissions for its projects. This has included studies to meet both IFC Performance Standards and Equator Principles IV.

Horizonte has a three-tier approach to climate risk for Araguaia

- 1: Physical GHG & climate risk assessment
- 2: CO₂ reduction plan including short-term and medium-term goals
- 3: Transitional risk assessment aligned with the Task Force on Climate-Related Disclosures guidelines & integrated climate management plan

Three independent experts have been engaged to guide Horizonte in pursuing best-practice in each of the three components of our GHG emissions management approach.

GHG emissions from the facilities owned or controlled by Horizonte within the project boundary and those from off-site production of energy have been estimated (Scopes 1 and 2) for the construction and operation phase and forecasted emissions for the 28-year operational period. Decommissioning/closure is not included in this assessment as the design is at a preliminary stage.

The GHG Protocol and Brazilian GHG Protocol Program methodologies for estimation were adopted. Global warming potentials used are from the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report.

For the operations, Horizonte concludes that other indirect emissions (Scope 3) will be included in a revised GHG assessment when the contracting arrangements are finalised.

Araguaia Project is likely to be in the lowest half of carbon emitters amongst its nickel laterite peers which are using the same RKEF processing method. This lower carbon footprint will be achieved due to the higher nickel content of the ore, higher nickel content in the product and the bespoke modern design of the plant which has incorporated the latest technologies.

A number of operational efficiencies and fuel alternatives have been studied for Araguaia Project by Independent Ferronickel Expert Consultants, IGEO. IGEO is assisting Horizonte in developing a CO₂ emissions reduction programme. The results of this study will be reported in the 2021 Sustainability Report.

As we advance Vermelho through to development, it will be important to replicate this same three-tier climate risk approach. Although given the HPAL processing route for Vermelho, Horizonte anticipates that this will be a very low carbon emitter per tonne of nickel globally.

CASE STUDY:

BIODIVERSITY ACTION PLAN

Horizonte hired ERM Brazil to create a Biodiversity Action Plan (BAP) for Araguaia Project to meet international environmental requirements in line with IFC Performance Standard 6, its Guidance Note (GN6) and Business and Biodiversity Offsets Program (BBOP) principles. The mitigation hierarchy considered steps in terms of prevention, minimization and restoration before compensation. The objective of BAP's actions is to result in "no net loss" of biodiversity in natural habitat and achieve "net gain" of critical habitat. Araguaia Project's infrastructure has been designed to minimise impacts on critical habitat. Araguaia’s total footprint is estimated to be around 1,700 hectares over the life of mine of which ~71% is pasture, around 24% is natural habitat and approximately 5% is classified as critical habitat. The BAP identifies habitats of importance for the company as well as strategies to protect those habitats and increase habitats where possible.

As a result of the BAP, Horizonte plans to link properties through its land acquisition programme, rehabilitate pasture back to natural vegetation and create green corridors to promote flora and fauna diversity and movement. Net gain will be delivered for both critical habitats and natural habitats.

Horizonte does not anticipate that it will have a significant negative impact on biodiversity as a result of its mining activities. This is predominantly because the region has already undergone significant vegetation clearing as a result of farming over the past five decades. However, fragmented areas of forest remain in the area and we recognise our role in protecting and promoting biodiversity in the region by:

- ☞ protecting existing fragments of forest where they lie outside the direct area of infrastructure;
- ☞ rehabilitating unused farming areas acquired with native flora species;
- ☞ protecting high value biodiversity areas of Savanna/Canga;
- ☞ linking native reserves to form green corridors, allowing the natural spread of both fauna and flora; and
- ☞ share data collected with the professional community through scientific publications and education programmes.

COMMUNITY

A STRONG, OPEN AND COLLABORATIVE RELATIONSHIP WITH OUR COMMUNITIES IS CRITICAL TO OUR CONTINUED DEVELOPMENT AND GROWTH. WE STRIVE TO BE AN INTEGRATED AND PROACTIVE MEMBER OF THE COMMUNITY WORKING IN PARTNERSHIP TO MAKE A POSITIVE CONTRIBUTION AND DELIVER SHARED VALUE.



We organise our community contributions 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
- ☞ Partnerships with technical institutions, including FIEPA, UEPA and SENAI to support training and development to individuals and companies



Social Development

- ☞ Providing capacity building programmes to the local government and communities
- ☞ Investing in education/cultural activities (once the project is in production phase)
- ☞ Regional development programme aimed at supporting the UN Sustainable Development goals



Care and Respect

- ☞ Public health programme, including sexual health education
- ☞ Environmental education programme
- ☞ Resettlement programme aligned with IFC guidelines
- ☞ Mine closure plan and environmental management plans
- ☞ Engagement and continuous communication
- ☞ Risk Management
- ☞ Health & Safety programmes for community, employees and partners

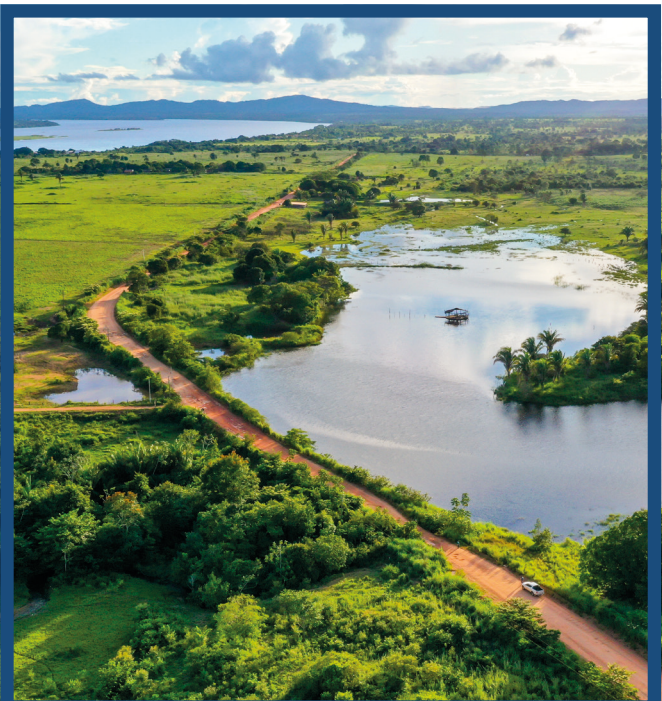
Through our ESIA's, we have identified 27 environmental control plans and many of these are targeted towards social or economic development of our local communities.

Araguaia is located in an under-developed rural region in the north of Brazil where low-income unskilled jobs, unemployment and a lack of public services present significant challenges for the region's communities. Horizonte has identified the following potential negative social impacts on the local communities:

- ☞ in-migration flow of people seeking employment and their demand for public services
- ☞ increased traffic on some roads
- ☞ voluntary & involuntary resettlement
- ☞ regional economic dependence on the mine
- ☞ mine closure

Therefore, while Araguaia Project is expected to be a catalyst for economic development through employment opportunities, its local supply chain and taxation, we are developing comprehensive management and mitigation measures and initiatives for each of these impacts.

A Local Development Agenda is being developed to ensure this economic development supports the requirements of the south-east region of the Pará State and that the region develops in a way that promotes equal opportunities in the communities.



Region around our Araguaia Project.

CASE STUDY:

THE LOCAL DEVELOPMENT AGENDA

The Local Development Agenda will be advanced in conjunction with other community representatives and the local government and will focus on creating inclusive and community-centred initiatives that are integrated, multi-dimensional and inter-sectoral with an emphasis on shared governance to promote a thriving, diversified economy where community members have access to work. This work will be in an environment that promotes inclusion, diversity, human rights, ethical behaviour and health and safety. The Local Development Agenda aims to directly align Horizonte's activities to multiple United Nations Sustainable Development Goals including UNSDG 8: Decent Work and Economic Growth, UNSDG 10: Reduced Inequalities and UNSDG 17: Partnerships for the Goals, and indirectly UNSDG 1: No Poverty, UNSDG 2: Zero Hunger, UNSDG 4: Quality Education, UNSDG 9: Industry,

Innovation and Infrastructure and UNSDG 11: Sustainable Cities and Communities.

In 2020, we sought an experienced partner to help us develop the Local Development Agenda. Humana was selected in early 2021 with the view that this initiative will commence before the start of construction. We look forward to reporting early results of this project in next year's sustainability report.



Municipality of Conceição do Araguaia.

COMMUNITY RELATIONS

We have been present in the communities surrounding the Araguaia Project for the past 10 years and therefore have an advanced community relations programme. Our community relations team continually engages with community members, landowners, rural hub leaders and local government ministers.

The Covid-19 pandemic posed challenges for our community engagement agenda during multiple lockdowns and the requirement of social distancing. Our Community Relations Coordinator is continuing to liaise remotely with the communities and other stakeholders and manages the grievance mechanism. Horizonte is committed to supporting the region in which it operates, and protecting the health and safety of its employees, their families and the wider community.

In 2020, ERM integrated impact assessments through the Cumulative Impacts Assessment and the integrated Stakeholder Engagement Plan. ERM analysed all ESIA's for each infrastructure component of Araguaia, including Araguaia South, Araguaia North, 120 km Transmission Line and the 11 km water pipeline. The Cumulative Impacts Assessment integrates Horizonte's management plans across the full infrastructure suite and makes improvements to those plans where required in the case of cumulative impacts. All of the results from this study are being consolidated into Araguaia's Integrated Management System to ensure the sustainability team can meet its commitments in a streamlined and effective manner.

The Vermelho Project will intensify its engagement with local communities in 2021 as part of the ESIA implementation. To date, the company has established good and open channels of communication with local government and landowners in and nearby the Vermelho Project.



Horizonte works on long-term community relationships.

CASE STUDY:

SUPPORTING OUR COMMUNITIES IN THE COVID-19 PANDEMIC

The Covid-19 pandemic created significant challenges for the communities surrounding our projects and Pará State more broadly. Health services in the region were stretched, appropriate medical equipment was in short supply and many vulnerable families lost access to basic services including supermarkets. The local social agency received a 300% increase in requests for help during the year. Horizonte partnered with the agency to help to support the local communities throughout the pandemic by providing essential food donations to those in need and providing accurate health and safety information to ensure appropriate measures are understood and actioned. The information disseminated is in line with measures recommended by the World Health Organisation and the Brazilian Ministry of Health.



Horizonte donated food parcels to the communities' most vulnerable families.

In 2021 Horizonte also donated over 10,000 medical items including syringes, personal protective equipment and sanitising gel, to Conceição do Araguaia's Municipal Health Secretariat.

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. companies for 2020 and two previous years.

Consolidated Values: Araguaia, Trias and HM Brazil

Statement of Added Value Description	R\$			US\$		
	2020	2019	2018	2020	2019	2018
Revenue	558,948	147,594	69,712	108,323	37,406	19,077
ECONOMIC VALUE GENERATED	558,948	147,594	69,712	108,323	37,406	19,077
Operational costs	13,093,488	6,734,077	5,494,375	2,537,498	1,706,671	1,503,571
Salaries and benefits	4,490,489	3,293,021	2,897,492	870,250	834,577	792,917
Payments to the Government	1,043,857	692,253	561,130	202,298	175,443	153,557
Payments to capital providers	—	—	—	—	—	—
Social Investments	57,176	100,000	80,000	11,081	25,344	21,892
DISTRIBUTED ECONOMIC VALUE	18,685,009	10,819,351	9,032,996	3,621,126	2,742,035	2,471,937
Accumulated economic value (economic value generated minus distributed economic value)	(18,126,061)	(10,671,757)	(8,963,283)	(3,512,803)	(2,704,629)	(2,452,859)

JOB CREATION

Horizonte anticipates to generate of more than 1,000 jobs during the construction phase at the Araguaia Project and approximately 500 jobs during operation. According to the Pre-Feasibility Study, the Vermelho Project will generate over 1,800 jobs in the construction phase and over 600 jobs during operation. In 2021 Horizonte is developing a comprehensive People Plan to source and recruit the required workforce.



Local procurement is part of Araguaia Project commitments.

LOCAL SUPPLY CHAIN

Local procurement will become a significant economic contribution to the communities and region in which we operate during the construction and operation phases of our projects. Our current focus is on developing our supply chain through the development of a local supplier programme in the closest communities to Araguaia Project in its construction phase, which are in the municipalities of Conceição do Araguaia and Floresta do Araguaia. In 2020 this included a partnership with Pará Institute – FIEPA – to diagnose the supply chain and establish pathways for development. In 2021, we anticipate further partnerships with SENAI, Brazilian’s technical training institution, with on-the-ground courses delivered directly to communities in preparation for the construction project, leading to longer courses in mining/process/laboratory technician qualifications for the future operation. We are also expanding our supply chain network in relation to the Vermelho project, which is located in Canãa dos Carajás and the northern part of Araguaia, located in Xinguara.

Our local supplier network has been increasing in recent years with an exception in 2020 due to the global pandemic. As a result of reduced fieldwork at the projects, only essential items were purchased locally, such as food, fuel and PPE. In 2020, Horizonte utilised a network of 79 suppliers for products and services providing the company totalling US\$45,088.61.

Horizonte’s administration hub is located in Belo Horizonte, Minas Gerais, therefore the majority of our service contracts originate here. Typical service contracts include engineering, technology and communications services. In the state of Pará, the company has established service contracts with over 26 suppliers in 2020 and spent over US\$48 thousand dollars (US\$238 thousand dollars in the past three years).



Promoting health guidelines for local community members on Covid-19 protocol.

PRODUCTS

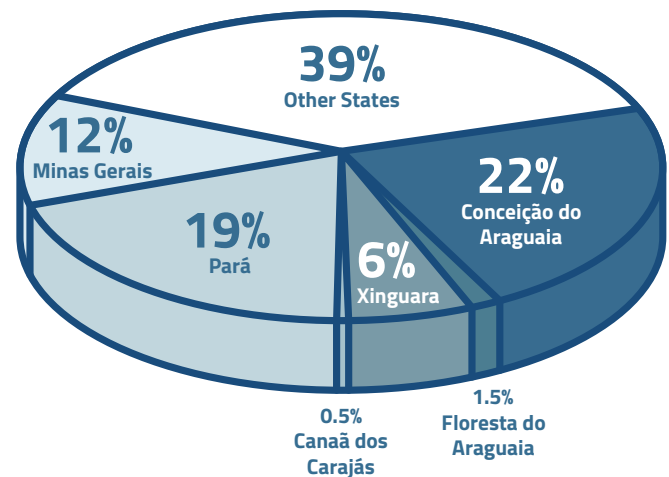
	2020		2019		2018	
	Amounts	%	Amounts	%	Amounts	%
Conceição do Araguaia	\$22,256.77	22%	\$55,939.72	41%	\$60,495.59	59%
Floresta do Araguaia	\$1,274.75	1.5%	\$442.08	0%	\$489.98	0%
Xinguara	\$5,773.96	6%	\$12,803.46	9%	\$7,315.93	7%
Canaã dos Carajás	\$438.35	0.5%	\$4,689.25	3%	\$296.64	0%
Pará (other municipalities)	\$19,090.73	19%	\$4,903.47	4%	\$6,775.14	7%
Minas Gerais	\$11,524.30	12%	\$4,594.40	3%	\$123.69	0%
Other states	\$38,927.16	39%	\$51,648.35	40%	\$27,739.55	27%
Total	\$99,286.02	100%	\$135,020.73	100%	\$103,236.52	100%

SERVICES

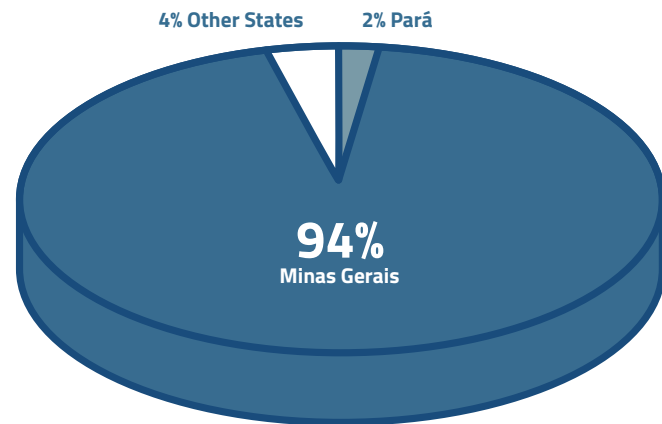
	2020		2019		2018	
	Amounts	(%)	Amounts	(%)	Amounts	(%)
Conceição do Araguaia	\$13,537.11	0.5%	\$18,406.27	2%	\$35,009.66	4%
Floresta do Araguaia	\$779.07	0%	\$392.32	0%	\$1,187.81	0%
Xinguara	\$958.25	0%	\$2,915.13	0%	\$2,978.86	0.5%
Canaã dos Carajás	\$70.35	0%	\$24,994.98	2%	\$2,153.13	0.5%
Pará (other municipalities)	\$33,245.79	1.5%	\$59,281.38	6%	\$42,173.97	5%
Minas Gerais	\$2,017,830.56	94%	\$821,100.13	77%	\$617,044.43	73%
Other states	\$86,440.31	4%	\$143,474.60	13%	\$144,259.15	17%
Total	\$2,152,861.44	100%	\$1,070,564.81	100%	\$844,807.02	100%

LOCAL PROCUREMENT

PRODUCTS



SERVICES



SOCIAL INVESTMENT

The company's largest economic impact in its communities comes from employment creation, local supply and tax revenues. However, we also recognise our place as a leader in the community and investing directly in society, culture and economic development is an important way for Horizonte to be seen as a community partner of choice. In 2020, unsurprisingly, Horizonte's social investment initiatives turned towards supporting the community. The company supported its local communities throughout the Covid-19 pandemic by providing essential food donations to those in need and promoting a wide-spread community education campaign on preventative health and safety measures. The information decimated is in line with measures recommended by the World Health Organisation and the Brazilian Ministry of Health.

The year 2020 was an important one also in preparing the company for the Araguaia Project construction phase. In doing so, throughout 2020, Horizonte:

- ☞ formalised a social investment policy which aims to increase transparency and integrity within our social agenda;
- ☞ ran a tender process to attract a not-for-profit social partner to lead our important Local Development Agenda programme implementation in 2021 and throughout construction;
- ☞ contracted sustainable development partner ERM to conduct an integrated stakeholder engagement plan incorporating all elements of Araguaia's infrastructure;
- ☞ continued donation of shrubs and community partnerships to rehabilitate springs in the region that have been degraded due to agriculture and cattle raising activities.



Horizonte's employees checking seedlings grown at the plant nursery.

LAND ACQUISITION AND RESETTLEMENT

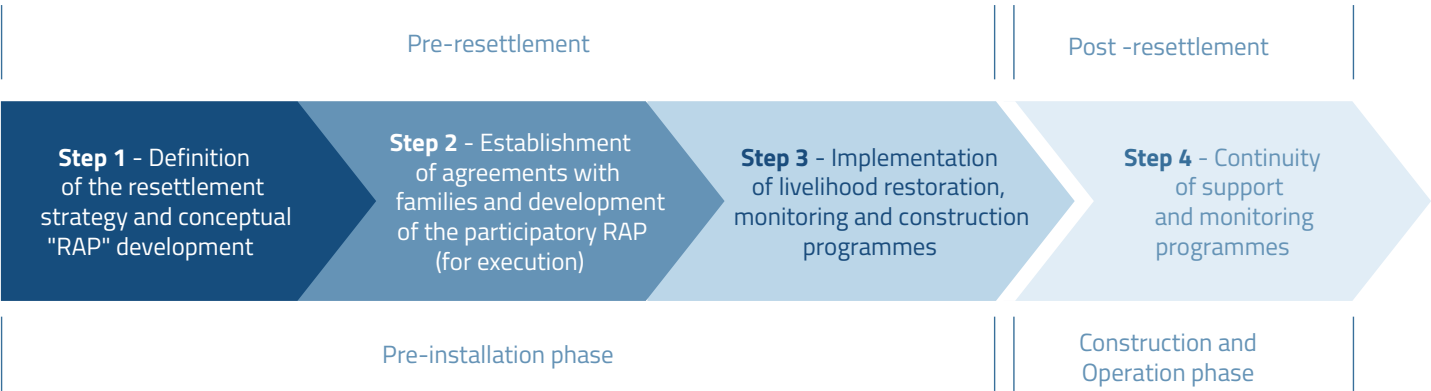
Whilst we manage our mine and related infrastructure layouts to minimise social and environmental impacts, sometimes the resettlement of households is unavoidable.

Horizonte voluntarily aligns its projects with IFC Performance Standards and Equator Principles (III & IV). This means that we apply IFC's Performance Standard 5 on Land Acquisition and Involuntary Resettlement on top of Brazilian land acquisition regulations.

Araguaia Project is located in a sparsely populated area, comprising a few large farms which are located a significant distance from the urban centres. The project will trigger both physical relocation and economic displacement of approximately 40 families in a

staggered approach during the course of the mine development. No resettlement is anticipated for the transmission line, as the right-of-way was established to avoid significant social and environmental impacts.

A resettlement and land acquisition plan was developed by Horizonte and approved by the State Environmental Agency, SEMAS, as part of the Construction Licence process in December 2018. This plan was updated in 2020 and, as a part of this process, eligible families for resettlement were identified. An engagement programme with the affected families to formalise resettlement agreements commenced in 2021. The resettlement process is detailed below.



We want to make sure we respect the rights of all individual families, as well as recognise their right to collective representation. For this reason, ERM is implementing the Resettlement agreements via two key steps. The first, is to create local committees, with participation from individual families and local leaders.

Once the committee agrees on broad parameters for the resettlement process, Horizonte will pursue individual meetings and agreements with each family to advance the Resettlement programme and complete the Resettlement Action Plan.



CASE STUDY:
OUR SOCIAL INVESTMENT POLICY

Our social investment policy was created in March 2020 to enhance the transparency of the company's social investments and to clearly define its eligibility criteria for investment enabling all stakeholders to identify justifications for approval or denial of requests.

Our priorities for investment are:

- ☞ Education and training
- ☞ Health and well-being
- ☞ Water and sanitation
- ☞ Local training (community and/or institutional)
- ☞ Local socioeconomic development
- ☞ Environmental stewardship
- ☞ Sports, arts, culture, historical and archaeological heritage
- ☞ Disaster and Relief
- ☞ Local economic diversification



A local producer in Conceição do Araguaia holds a freshly harvested cassava root.

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Disclosure 102-11 Precautionary Principle or approach	Horizonte MineVrals supports the Precautionary Principle, and applies this through our Health and Safety performance as well as through minimising any environmental impact from our operations.
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