

## Company Business Integrity Policy



Version 6 – July 2019

Dear colleagues,

We would like to present our Business Integrity Policy ('Policy'), the purpose of which is to establish guidelines that should help our behavior, so that we all act in accordance with our commitment to ethics and laws established in both Brazilian and United Kingdom (UK) jurisdictions.

We hope that the definitions and guidelines in this Policy will help you to engage in the preservation of our values, principles, and rules, so that we become a strong and respected company in the market.

A good ethical guideline allows the achievement of new opportunities for growth, maturation, and recognition. We will open new doors through the image we convey to society, and we expect our image to be of a straightforward company, with employees and partners who act according to our objectives.

Integrity is one of our Company's six core values. I expect all employees and partners of Horizonte to act with integrity when representing Horizonte Minerals.

Acting in accordance with the guidelines set out in this Policy is of the utmost importance because we will commit to a healthy business environment and collaborate in creating a more honest society.



Jeremy Martin, CEO Horizonte Minerals

## **1. Introduction**

Integrity and responsibility are core values for Horizonte Minerals Pls ('Horizonte' or 'the Company'). Earning and continuing to command trust are fundamental to the success of our business. Our stakeholders should be confident that we will deal with them fairly and ethically.

We are committed, through our involvement in international frameworks such as the Extractive Industries Transparency Initiative, to working with stakeholders in government, business and civil society to promote good governance and to prevent corruption.

The Business Integrity policy covers all employees and all third parties related to Horizonte. Any employee violating the policy through third-parties will be held accountable. All consultants and contractors hired by the Company group or subsidiaries must revise this policy and agree to the standards set-out in the policy before undertaking any work on behalf of Horizonte.

This policy is intended to guide Horizonte employees and third-party consultants throughout the exploration and development phases of its project. Once the Company moves into construction and operational phases, the Policy will be updated and new training courses will be provided to management by a suitable legal consulting firm based in Brazil. The updated policy and training will be delivered in accordance with both Brazilian and UK laws.

## **2. Legal Context**

UK Legal Context: The Bribery Act is legislation of great significance for companies incorporated in or carrying on business in the UK. It presents heightened liability risks for companies, directors and individuals. To avoid corporate liability for bribery, companies must make sure that they have strong, up-to-date and effective anti-bribery policies and systems.

The Bribery Act unlike previous legislation places strict liability upon companies for failure to prevent bribes being given (active bribery) and the only defence is that the company had in place adequate procedures designed to prevent persons associated with it from undertaking bribery.

The Bribery Act has extra-territorial reach both for UK companies operating abroad and for overseas companies with a presence in the UK.

Companies registered in the UK must take note of the extra-territorial reach of the Bribery Act. A company can commit an offence under section 7 of failure to prevent bribery if an employee, subsidiary, agent or service

provider ('associated persons') bribes another person anywhere in the world to obtain or retain business or a business advantage.

A foreign subsidiary of a UK company can cause the parent company to become liable under section 7 when the subsidiary commits an act of bribery in the context of performing services for the UK parent. If the foreign subsidiary were acting entirely on its own account it would not cause the UK parent to be liable for failure to prevent bribery under section 7 as it would not then be performing services for the UK parent.

However, the UK parent might still be liable for the actions of its subsidiary in other ways such as false accounting offences or under the Proceeds of Crime Act 2002.

Companies must recognise that although their anti-bribery programme may be compliant with the Foreign Corrupt Practices Act (FCPA) this does not ensure that it constitutes adequate procedures under the Bribery Act. The Act differs in several respects from the FCPA.

Brazilian Legal Context: This Policy applies to Horizonte's employees - including trainees, minor apprentices, workers and executives - as well as third parties that have a relationship with Horizonte and may act in its interest or benefit - which encompasses outsourced staff, suppliers, service providers, and business partners. According to Law n<sup>o</sup> 12,846/2013 (Antitrust Law), companies can be held liable for all harmful acts practiced in their interest. In general, any individual or company that has a relationship with Horizonte must be aware of and obey the values and guidelines of this document.

The aim of the Antitrust Law is to prevent and suppress infringements of the economic order and to ensure that companies can make commercial decisions independently so that free enterprise and competition are preserved and in order to prevent the execution of illegal agreements with competitors and abusive commercial practices.

The Antitrust Law provides that acts of any kind which have as their object or may have the following effects are considered as breaches of the economic order, regardless of fault, even though they may only potentially: (i) limit, distort or in any way jeopardize free competition or free enterprise; (ii) dominate the relevant market of goods or services; (iii) arbitrarily increase profits; and (iv) abuse of dominant position.

Among possible infractions, article 36, paragraph 3 of Law n<sup>o</sup> 12,529/2011, addresses horizontal (agreements between competitors), vertical (agreements involving customers, suppliers or distributors) and unilateral practices (abuse of a dominant position to harm third parties) capable of producing anticompetitive effects, such as: cartel, cartel in tenders, exchange of sensitive information between competitors, predatory pricing, resale pricing, exclusivity agreements, combined sale, refusal to contract, creation of difficulties for competitors, among others.

The Administrative Council for Economic Defense (CADE) is a federal agency, linked to the Ministry of Justice, responsible for application of the Antitrust Law. Its investigative instruments include the execution of Leniency Agreement (plea bargaining) and Termination Commitment Term (TCC), conduction of inspection and search and seizure, as well as telephone interception, and secret recording.

Horizonte is committed to complying with the Antitrust Law and its policy is to make commercial decisions individually and independently, based exclusively on its individual interests and in strict compliance with the laws.

### 3. Responsible Party

This Code presents a description of the conduct that may violate the Antitrust Law, with guidelines that must be followed in the day-to-day of the company to prevent or mitigate competitive risks for Horizonte and its employees. This guide aims to help identify sensitive issues and assist employees in complying with the Antitrust Law, FCPA and UK Bribery laws. In any case, if there is any doubt that a practice may or may not violate either Brazilian or UK laws, consult the Senior Legal Counsel of Horizonte Minerals Brazil.

### 4. Definitions

For the purpose of this policy, **corruption** is defined as any act intended to result in the misuse of entrusted power for personal or corporate gain. Corruption encompasses a variety of situations including bribery, conflicts of interest, theft, extortion, embezzlement, fraud and misuse of company assets.

**Bribery** is defined as promising, offering or giving an undue advantage to a person or entity, either directly or through an intermediary, in order that the person or entity should perform, or refrain from performing, an act in breach of their business or public duties. Common examples of bribery include:

- cash or other forms of payment to secure a contract or obtain a licence
- improper donations to political parties or related organisations; and
- excessive gifts or entertainment intended to influence the recipient to undertake a particular course of action.

For the purpose of this policy, a bribe may consist of anything of material value, not simply a payment of cash, and may include the provision or receipt of:

- lavish or disproportionate gifts and entertainment
- donations with an ulterior motive
- payment of travel expenses or accommodation for a customer or official when there is no underlying business purpose for a trip; or
- use of corporate assets for activities which are unrelated to our business or approved charitable purposes.

**Conflicts of interest** can arise when financial or personal considerations may influence or appear to influence the judgement or actions of our employees in performing their duties, or have the potential to do so. Such conflicts can occur when private and company interests are mixed or when business or governmental decisions are based on private interests.

**Extortion** is defined as the illegal use of an official position or powers to obtain property or funds.

**Fraud** can be defined as any deception deliberately practiced in order to secure unfair or illegal gain.

## 5. Horizonte Minerals Integrity Policies

### 5.1. – Gifts, entertainment and hospitality

#### Offering or Providing Gifts, Entertainment and Hospitality.

The exchange of modest gifts and entertainment may help to build goodwill and this policy is not intended to detract from the desirability of fostering good relations with business partners and other stakeholders through legitimate, occasional social interactions.

However, offering or providing inappropriate gifts or entertainment may cause embarrassment to Horizonte Minerals and damage our reputation. Particular concerns arise when the offering of gifts and entertainment may be connected in some way with an actual or potential business transaction or regulatory approval.

Even if the intent is not corrupt, there is still a risk that a recipient or an objective third party may perceive the gift or entertainment to be an attempt to gain an improper advantage.

Any gift or entertainment is always unacceptable if it:

- is offered or made in exchange for a contract, a permit or any other specific benefit
- is offered to obtain an improper advantage in the conduct of business
- is in breach of local or international bribery laws
- would be considered unacceptable if offered by a supplier or business partner to one of our own employees; and
- would, if it became public, adversely affect our reputation.

#### Example

*A meeting with a client who is a public authority ended at noon, and the meeting place was next to a famous restaurant in the city, which I know to be costly. Can I pay for a lunch for this public authority as a way of thanking him/her for the commercial relationship that we have had for so many years?*

*No. The offer of any item of considerable value, will not be permitted. No form of freebies, gifts or entertainment should be offered.*

### **Receiving gifts, entertainment and hospitality**

We have a responsibility to ensure that our dealings with suppliers are based on objective decisions and are not influenced by gifts or favours. We prohibit employees from soliciting or receiving gifts and entertainment including favours, goods, gratuities, money and services that:

- may create a sense of obligation
- may influence or be perceived to influence their business judgement; or
- may create, or appear to create, a conflict between an employee's personal interests and those of their employer.

#### **Example:**

*I received an invitation from a supplier to attend an event at a famous restaurant in the city, where there will be a show by a famous artist. Can I accept?*

*No. Receipt of any item of considerable value as outlined above will not be tolerated. No form of freebies, gifts, entertainment, and hospitality should be accepted.*

### **5.2. Conflicts of Interest**

Employees must avoid actual or perceived conflicts of interest, involving themselves or close relatives and where such a conflict has the potential to arise must draw this to the attention of their line manager. The conflict will be minuted in the form in Section 5 and held on file. Employees will not be prejudiced within the company throughout this process. Some risk mitigation measures may need to be implemented to ensure the integrity of Horizonte Minerals.

#### **Example:**

*I am responsible for acquiring Personal Protection Equipment and my brother owns a company that sells such equipment. I know the quality of the material he sells and, in order to contract as quickly as possible, I intend to close a contract with him. Can I proceed with the hiring?*

*No. All employees and third parties acting on behalf of the company must always act in the best interest of Horizonte. In order for the best interest to be respected, it is imperative that the performance of those who have decision-making power or participate in any decision be impartial, through the establishment of objective and well-defined criteria of hiring, aiming at efficiency in expenses and better results. Hiring a relative only for knowing that he or she has the expertise to provide certain*

*services or sells a product that Horizonte needs to buy, without having to participate in an appropriate competition, can be considered a conflicting situation that does not reflect Horizonte's best interests.*

### **5.3. Facilitation Payments**

We prohibit the making of facilitation payments. A facilitation payment is a payment of nominal value made to a low level government official whose duties are essentially administrative in nature in order to secure the performance of routine governmental non-discretionary actions to which the payer is legally entitled. Examples of such payments include for the processing of a visa application or connecting power or water supplies, when all relevant requirements have clearly been met.

We recognise that occasionally payments may be demanded under duress. Duress may be defined as a situation of actual or threatened violence, imprisonment or other personal threat to coerce person to enter into an agreement or to do an act against their will. The threat may be to the person themselves or to others. We do not expect any employees to compromise their safety or security or that of others in order to comply with our policy, but we do require employees to report any incidence where they have been threatened or intimidated so that appropriate action can be taken to prevent any recurrence.

#### **Attention to Facilitation Payments**

Facilitation payments are defined as those payments offered to public officials to facilitate a decision or expedite routine non-discretionary action, many popularly called “small coffee” in Brazil.

In some countries these payments are considered legal, but this is not the case in Brazil, where a payment or gift of any amount can be considered a crime for the individual and an infraction for the company.

Regardless of the values and circumstances, **Horizonte does not tolerate facilitation payments.**

#### **Example**

*I requested, through a public agent, a certain license for the company's business. At the commencement of the procedure, the public agent requested a sum of money to expedite the delivery of the license. Could I make the payment to receive the license faster?*

*You should not make any type of unofficial payment intended for public officials. Both the payment for a public agent to do an unlawful act that benefits the company, and a payment for a public agent to just accelerate a service that is already his legal duty, are prohibited and may lead to both the application of sanctions under this policy, as well as applications based on Brazilian legislation.*



*What if I hire a well-known local consultant to assist with the expedition of the licence?*

*All third-parties must adhere to the same policy as Horizonte employees. No unofficial payment can be made in Horizonte's interests, directly or indirectly.*

#### **5.4. Use of Company Assets**

We will not, either directly or indirectly through intermediaries and other third parties, offer, promise or provide money or anything of value or otherwise exercise improper influence in our business relationships, with the intention of obtaining a contract, permit or any other specific benefit or any improper advantage in the conduct of business. This applies both to our relationships with governmental organisations and officials and in our dealings with the private sector. We will not tolerate any such activity by our employees or business partners.

The use of company assets, such as premises, equipment or vehicles, free of charge represents something of value for the intended recipient. Company assets should not be provided for the personal or discretionary use of customers, public officials or other third parties where there is no underlying proper business purpose or clear public benefit.

#### **5.5. Political Donations**

We prohibit the making of donations for political purposes to any politician, political party or related organisation, an official of a political party or candidate for political office in any circumstances either directly or through third parties.

#### **Example**

*I made a political donation on my behalf, legally. I was so proud to contribute to democracy in the campaign of my candidate that I published on a social network all my pride in making an electoral donation as a citizen and employee of Horizonte. Is this attitude in line with the company's policies?*

*Horizonte respects the individual right to exercise democracy by participating in political processes through political donation, manifestations in favor of your ideology and even partisan affiliation. However, our employees should be aware that, when it comes to manifesting themselves politically, they must separate their personal convictions with the image and thinking of our company. In this way, this attitude is not adequate.*

#### **5.6. Government Officials and Lobbying**

We promote honest and constructive engagement with our host governments at all levels. We will consult widely with people who are affected by our activities and we will proceed in our dealings with governments and public officials in a transparent and ethical way.

We will not, either directly or indirectly through intermediaries and other third parties, offer, promise or provide money or anything of material value or otherwise seek to exercise improper influence in our business relationships, with the intention of obtaining a contract, permit or any other specific benefit or any improper advantage in the conduct of business.

This applies both to our relationships with governmental organisations and officials and in our dealings with the private sector. We will not tolerate any such activity by our employees or business partners.

*All meetings with government officials should be minuted and at least two employees be present at every meeting, including at least one direct Horizonte Minerals employee, with the exception of consultant socio-economic reviews of Horizonte Minerals performance.*

#### **5.7. Charitable Donations & Social Investment**

We make charitable contributions and social and community investments with the objective of promoting sustainable community development, combating poverty and disease, protecting the environment and developing the capacities of people or institutions in the countries where we work. We take care, however, that such donations do not work primarily to the benefit of a particular government official, politician or party and put controls in place to ensure that they are not misused by third parties. Donations and social and community investments should not be made if they either create or have the potential to create, the perception of impropriety.

In our dealings with communities and their representatives we will act transparently and in good faith.

#### **Example:**

*I have powers of approval within Horizonte and I was approached on the street by a representative of an NGO, in which I was interested. I therefore resolved to approve a grant from Horizonte to this NGO. Is this procedure correct?*

*Although you have the power of approval within Horizonte, the NGO must adhere Horizonte's social investment policy. This is in order to verify the alignment between the institutional positioning of Horizonte and the NGO's performance. Therefore, the procedure is not correct.*

#### **5.8. Associates**

Our reputation can be damaged by the actions of third parties such as advisers, suppliers, agents, contractors, lobbyists and partners and Horizonte Minerals may find itself liable for their actions. It is never acceptable for a third party to carry out an act on Horizonte Mineral's behalf which, were it done by Horizonte Minerals directly, would be a breach of this policy.

In order to protect against the risk of bribes being paid indirectly, we are committed to:

- taking all reasonable steps to ensure that our business partners understand and comply with our Business Integrity Policy
- investigating the reputation and qualifications of our business partners and carrying out formal due diligence, where appropriate, to satisfy ourselves of their integrity and bona fides
- putting in place appropriate controls and checks to monitor the use of Horizonte Mineral's money by third parties purporting to act on our behalf; and
- ensuring that joint ventures and associate companies have equivalent processes in place.

## **6. Reporting & Training**

Corruption comes in many forms. In many cases the proper course of action may not always be obvious. Employees must seek advice from Horizonte's Senior Legal Counsel and consult if they are unsure about the proper course of action.

Horizonte's Integrity Policy aims at full compliance with internal laws and policies. In this sense, the Corporate Department (including CFO, Brazil Country Manager, Brazil Senior Legal Counsel and Sustainability Manager), is responsible for its maintenance, has all the support and authority necessary to act independently.

The above mentioned maintenance includes the updating of policies that comprise the Policy; monitoring for eventual adjustments, guaranteeing continuous improvement of the Policy; joint action with our Accounting, Finance and Internal Controls department, seeking to maintain proper accounting records that fully and accurately reflect all our transactions; and implementation of internal controls that ensure the reliability of reports and financial statements.

The Corporate is also responsible for dissemination and application of Horizonte's Integrity Policy content, carrying out communication plans and periodic training; in addition to enforcing disciplinary measures in cases of proven violation of the policies that comprise the Program, including this Code, and/or applicable laws. In these cases, our Program also has procedures that ensure the prompt interruption of irregularities, with adequate remediation of damages.

Training must be conducted on an annual basis to all managers and co-ordinators within Horizonte by a member of the Corporate (CFO, Brazil Country Manager, Brazil Senior Legal Counsel, Sustainability Manager) or by a qualified legal firm in Brazil. All members of the wider Brazilian team must receive

training by Corporate or management staff on an annual basis. All employees and consultants must sign and renew forms attached to this policy on an annual basis and records kept on the Box system.

An anonymous form has been created, which allows all employees and external stakeholders have the ability to register any concerns or complaints.

Anonymous queries can be made via <https://anonymous.vostron.com/falecomagente.php>

## **7. Violation**

Violations of this Policy may result in significant sanctions for Horizonte, its collaborators and employees.

Under the Antitrust Law, fines imposed on companies in the event of breaches of the economic order vary from 0.1% to 20% of the gross turnover of the company, group or conglomerate, obtained in the last fiscal year prior to the establishment of the administrative proceeding, in the branch of business activity in which the infraction occurred, which will never be lower than the advantage obtained, when its estimation is possible. As a branch of activity, CADE establishes a non-comprehensive list of activities – as example of Horizonte’s activities, we could name: Extraction and beneficiation of minerals, among others.

Executives and directors who are directly or indirectly responsible for the violation are subject to fines ranging from 1% to 20% of the fine imposed on the company. In addition, other individuals involved in the conduct (employees and any other collaborators), are subject to fines ranging from R\$50,000.00 (fifty thousand reais) to R\$ 2,000,000,000.00 (two billion reais).

Other penalties provided by the Antitrust Law include a temporary prohibition of contracting with official financial institutions and participating in bids with the public authority, as well as receiving tax benefits (such as the federal tax installment).

In addition to the penalties provided for by the Antitrust Law, in the specific case of cartels, individuals involved are also subject to imprisonment from 2 (two) to 5 (five) years.

In addition, plaintiffs of private damage compensation claims allow individuals (customers, for example) to recover substantial amounts as a result of harm to their business through illicit conduct.

It is worth remembering that any kind of investigation and proof of Horizonte’s participation in any anticompetitive behavior may cause serious damage to your reputation that can seriously affect your business. Added to this is the fact that anti-competitive conduct by any of its employees can give Horizonte problems in dealing with competition authorities when it needs to obtain authorization for procedures, such as mergers and acquisitions. Finally, defending a company in competitive investigation proceedings before

CADE creates high costs for the company, as it involves lawyers, experts, economists, and any other necessary specialists, and it consumes a lot of administration time.

Lastly, it should be noted again that no collaborator of Horizonte, whatever his/her position may be, is authorized to act in disagreement with the policy established by the company, or to cover up such practice. Horizon expects strict compliance with this policy and advises that appropriate disciplinary actions, such as written warnings and dismissal, will also be taken in the event of its violation.

### 8. Conflict of Interest Questionnaire

Describe any potential conflicts of interest you may have. Indicate all potential conflicts even if you are unsure of their relevance. Examples include personal relationships with licensing agencies, government ministers, landowners or employees of companies participating in 'Request-For-Proposal' processes.

<b>Name</b>	
<b>Role</b>	
<b>Line Manager</b>	
<b>Date of disclosure</b>	

<b>Details of potential conflicts-of-interests with clients, suppliers or other businesses.</b>

<b>Details of potential conflicts-of-interests with landowners, community leaders, politicians, licensing agencies or other government officials.</b>

<b>Please give any other relevant information relating to the conflict/possible conflict of interest</b>

**Employee Approval**

I confirm that the information above, including all potential conflicts of interest, is complete and accurate to the best of my knowledge. I understand that my responses will be submitted to the Sustainability & External Affairs functions.

Signed (employee) ..... Date: .....

**Details of the risk assessment**

Consider the employee's role within Horizonte Minerals, the integrity and trust which the employee's position requires, the real or perceived conflict of interest being disclosed and any other pertinent information relating to the situation)

**Details of the decision and details of the recommendations**

<b>Assessor signature</b>	
<b>Name of Assessor</b>	
<b>Date</b>	

**TERM OF COMMITMENT**

I declare that I have received, read and understood HORIZONTE MINERALS' Integrity Policy, and I am committed to respecting and complying with it, ensuring its application.

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Company/Unit

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Date

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Taxpayer Individual Number (CPF) or  
Corporate Taxpayer Number (CNPJ) or  
Passport Number

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Full Name (legible) and job title

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Signature