

Brazilian Nickel

Potential Sponsor / January 2022

1. Context

In May 2022, TechMet's Head of ESG conducted a monitoring visit to Brazilian Nickel. This visit aimed to ascertain the company's alignment with the IFC Performance Standards. The below Environmental and Social Action plan has been developed to record current ESG performance at the company and to detail the schedule of work that will need to be completed at the company moves towards construction of the full scale- project and aims to meet Good International Industry Practice.

Action items within the plan have been assigned by priority. 1 being highest priority and 5 being least.

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TECHMET

Ref #	Standard(s)	Issue and Current Status	Action/ Requirement	Prioritisation	Timeline	Resources require/ budget	Status
ESG Commitments / Policies and Capacity							
	IFC PS 1	<p>Environmental and Social Policy Statement (s) cover</p> <ul style="list-style-type: none"> • E&S matters • H&S • HR including zero tolerance for discrimination • Security and human rights • AML • D&I • Bribery and anti corruption. <p>Statements should be adopted formally (some on website haven't been formally approved or are in final draft stage.)</p> <p>Policies are available publicly on BRN website.</p>	<p>There is need to ensure that all PNM policies and BRN policies correspond with one another and are in alignment.</p> <p>All policies need to be reviewed by management on an annual basis.</p> <p>Policies on website should be reviewed annually, uploaded in their final version and the ones that are not currently approved need to be done so. Name of chairman in some policies also need updating.</p>	5	Annual/rolling	5 hours	Open
	IFC PS 1	<p>Organisation cap & comp roles and responsibilities for ESG (including HR) are identified and defined, and a training programme on material matters is implemented for workers and management, alongside a well-developed training and competencies matrix.</p> <p>Personnel managing E&S have the knowledge, skills and necessary experience to manage E&S risks and implement the ESMS.</p> <p>Job descriptions and organisational charts are readily available, and all staff understand their roles and responsibilities.</p>	<p>Continue training and induction programme with all new staff and provide refresher training for all current staff.</p> <p>There may be the need to build out the ESG function at BRN as the projects expands and this should be determined prior to construction of the full-scale project</p>	N/A 5	Ongoing As construction for full-scale project commences.	N/A TBD	Ongoing Open

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	IFC PS 1	There are measures in place to review performance against ESMS / overall E&S performance and KPIs, including monthly and quarterly ESG monitoring reports. ESG committee of BRN and PNM, and investors meet monthly. Minutes are recorded. No annual report is currently produced but this could be easily developed.	Annual ESG report to be produced and KPIs to be developed further.	5	Jan 2023	<\$5000	Open
	IFC PS1	Complete training needs matrix is maintained for all PNM staff and all contractors, this includes job-specific training needs, such as, working from height or hot works. All training is recorded, and training materials are available at request and are fit for purpose and of good standard.	Maintain training matrix and training programme.	N/A	N/A	N/A	Ongoing
Identification and Management of Risk							
	IFC PS 1	All relevant environmental and social risks and impacts of the project have been identified through the ESIA process, including the issues identified in Performance Standards 2 through 8, and those who are likely to be affected by such risks and impacts The full scale ESIA was completed in 2019. 10 Social and Environmental management programmes arose from the ESIA that are license conditions are currently being implemented by the company. Socio-economic data used to inform the ESIA was now dated, and a new baseline should be conducted to inform work going forward.	Company to have H&S, environment and social risk assessment and register in place, which may include ESIA conditions but also needs to cover material operational activities. BRN to appoint consultant to undertake a new socio-economic baseline survey that will inform risk and impact mitigation going forward.	1 1	End Q2 2022 End Q2 2022	<15 days USD 40,000	In progress In progress
	IFC PS 1	Company demonstrates that all relevant environmental and social laws and regulations are understood and being complied with, PNM maintain a legal and permits register.	Any new project development will need to be subject to relevant national legal and regulatory requirements with respect to ESG e.g., although the ESIA for the full scale has been completed the company will need to apply for subsequent 'installation licenses' before commencing construction.	2	Before construction for full scale commences.	Not yet defined	Open

Ref #	Standard(s)	Issue and Current Status	Action/ Requirement	Prioritisation	Timeline	Resources require/ budget	Status
	IFC PS 1	Risks and impacts in the project’s area of influence resulting from a third party’s actions, address these in a manner commensurate with the company’s control and influence over the third parties, and with due regard to conflict of interest.	Construction works will require a construction phase environmental and social action plan, focussing on any potentially significant impacts to the environment and local communities and particularly on the Health and Safety of the construction workers and contractors. A contractor management plan will need to be developed.	2	Before construction for full scale development commences.	3-5 days of consultant time	Open
PS 2 Labour and Working Conditions							
	IFC PS 1 / IFC PS 2	Management controls such as SOPs exist to address significant risks. The company have documented HR risk control measures in place, a Code of Conduct handbook (that has been distributed to all employees and contractors). All employees have written formal contracts regardless of their contract type. Safeguarding and gender policies are in place. All management controls are in line with Brazilian law, collective bargaining agreements and international best practice, although few of the workforce choose to join the union.	No Action				
	IFC PS 2	All employees are trained in company policies and procedures. CoC training is mandatory for all staff.	No Action				
	IFC PS 2	Reasonable working conditions and terms of employment are provided and communicated and understood to/by employees (including FTE and fixed term). All employees are provided with a written formal contract Average wage at BRN is understood to be 70% over Brazilian minimum wage. The Brazilian govt. have not stipulated a living wage.	No action. Continue to implement good working practises.	N/A	N/A	N/A	N/A

Ref #	Standard(s)	Issue and Current Status	Action/ Requirement	Prioritisation	Timeline	Resources require/ budget	Status
	IFC PS 2	<p>The company does not employ or make use of forced labour of any kind. Bonded labour, retention of documents, involuntary work, etc does not take place.</p> <p>The risk of forced, bonded or involuntary labour is low at PNM, due to lack of refugees and migrant workers.</p> <p>All roles are advertised locally, no middlemen or 3rd parties are used. Currently, there are few migrant workers, but this could become a risk as employment increases during full scale development.</p>	<p>Reassess risk or forced or bonded labour as the company going into a period of expansion during full scale construction and operation. Conduct risk assessments to document this process.</p> <p>The company to ensure than contractors and sub contractors use the same HR process as PNM to discourage forced or bonded labour, including no use of middlemen or agencies. Clauses to this effect should be included into contracts with the company.</p>	<p>3</p> <p>2</p>	<p>Ongoing – assessed on an annual basis.</p> <p>Written into new construction contracts</p>	<p>N/A</p> <p>N/A</p>	<p>Ongoing</p> <p>Open</p>
	IFC PS 2	<p>Confirmation that all workers at BRN are 18+. (ID documentation must be shown at hiring stage.)</p> <p>The company does offer internships to people under the age of 18, however PMN CoC states that they will not be engaged in any hazardous work.</p>	No Action	N/A	N/A	N/	
	IFC PS 2	<p>Confirmation that gender equality is promoted, and employees are treated fairly in terms of recruitment, progression, terms and conditions of work and representation, irrespective of gender, race, colour, disability, political opinion, sexual orientation, age, religion, social or ethnic origin, or HIV status.</p> <p>The company have a gender parity project which aims to attract, retain and promote women within PNM and report on salaries for both female and male employees.</p> <p>PNM have anti- discriminatory policies in their Code of Conduct.</p> <p>BRN have a Diversity and Inclusion policy.</p>	Continue to assess ways to promote gender equality.				

Ref #	Standard(s)	Issue and Current Status	Action/ Requirement	Prioritisation	Timeline	Resources require/ budget	Status
	IFC PS 2	Confirmation that worker accommodation and facilities on the PNM camps are safe and adequate for needs in line with local building standards, providing adequate privacy, sanitation, and security, especially with regard to fire and safety, and the separation of male and female workers. Workers are not charged for accommodation on the PNM camp.	Continue to provide high level of accommodation to workers on an as needs basis. Assess the need for adequate accommodation for construction for workers and sub contractors during full scale construction phase. Develop risk assessment that takes into consideration worker health and safety, and impacts on influx to ascertain whether camp- like accommodation or private rentals/ guesthouses provides the most practical option. Ensure that adequate building, and healthy and safety standards are included into contract clauses with company.	3	Before full scale construction commences.	Potentially significant.	Open
	IFC PS 2	Confirmation that PMN workers are provided consultative work-place structures and have the right to join trade associations that provide them opportunity to present views to management, including confidentially. Trade union participation (where employees are members) is permitted outside working hours or, with the agreement of the Company, within working hours.	Continue to permit collective bargaining and freedom of association.				
	IFC PS 2	Confirmation that the company does not plan on undertaking collective dismissals in the future, if they do happen , they will be fair and based on non-discrimination principles. All legal requirements will be met and there are no outstanding or pending legal claims.	Company has not undertaken collective dismissals to date. The company is not planning any dismissals in the future.	N/A	N/A	N/A	N/A
	IFC PS 2	Confirmation that PNM employees have access to a grievance mechanism. This is accessible and understood. Grievances may be lodged collectively and anonymously through an online portal. A register is maintained. Evidence of all previous grievances is provided and issues assessed. Appropriate measures for close out are implemented. PMN have a grievance committee that meet on a regular basis to discuss grievances and readdress.	Continue to assess accessibility of grievance mechanism to all employees and contractors. Including whether all employees can access the internet to log grievances anonymously or whether lockable ballot boxes may be more appropriate. Continue to maintain grievance register. Continue to conduct training on grievance mechanism with all employees and contractors.	3	October 2022 and ongoing	<\$200	Open and ongoing.
Health and Safety							

Ref #	Standard(s)	Issue and Current Status	Action/ Requirement	Prioritisation	Timeline	Resources require/ budget	Status
	IFC PS 1 / IFC PS 2	Confirmation that management controls (e.g., OPPs) to address H&S risks at the company are in place. SOPs are in place and training is conducted for these workers conducting high risk tasks such as working from height, hot works, confined space entry and importantly chemical handling.	Continue to refine Health and Safety SOPS and management plans. See below for more actions.	N/A	N/A	N/A	Ongoing
	IFC 2	Journey management and road safety programmes need to be strengthened as road safety is the one of the biggest risks to the project.	Develop Road Safety Management plan that is fit for purpose for the types of roads in the project are and the type of project leased vehicles using the roads. This should include maximum speeds and emergency response procedures in the event of an RTA. All employees and contractors to be trained on this.	1	End of Q3 2022	10 days Ongoing training requirement	Open
	IFC PS 2	Confirmation that appropriate PPE is issued (with gender considerations) and is in good condition. Uptake by employees is incredibly strong.	Continue to provide appropriate PPE in good quality and condition.	N/A			Ongoing
	IFC PS 2	Confirmation that clean drinking water is provided to all PNM employees and contractors (per country requirements and WHO).	Continue to provide clean drinking water to employees	N/A	N/A	N/A	Ongoing
Emergency Preparedness and Response							
	IFC PS 1	There are emergency preparedness and response plans in place, however this needs to be reviewed and updated. Periodic medical emergency drills are performed within the processing plant. Training on emergency procedures is conducted with employees and contractors.	The EPRP needs to be reviewed and distributed among the workforce. This workstream is currently ongoing. A crisis management team has been assembled to manage incidents and a new updated EPRP will be developed.	2	End Q3	5 days	Open
	IFC PS 1	Where communities may be affected (i.e., large dams with potential of breaking, fertilizer plants etc), the EPRP considers them, and they acknowledge these risks.	Revised EPRP needs to account for any emergency preparedness training for local communities.		End Q3	Open	

Ref #	Standard(s)	Issue and Current Status	Action/ Requirement	Prioritisation	Timeline	Resources require/ budget	Status
	IFC PS 1	Emergency signage, fire safety equipment is provided and serviced as required by law / specifications. Firefighters are on site at all times and are trained. Local fire service provides regular trainings and audits of facilities.	Continue to have firefighting presence on site.		Ongoing		Ongoing
Stakeholder Engagement and Community Issues							
	IFC PS 1	External stakeholders have been identified and a plan for engagement is in place, an SEP has been developed. Engagement is scaled to company risks and impacts and current stage of project development. Engagement is in a manner that provides the Affected Communities with opportunities to express their views on project risks, impacts and mitigation measures, and allows PNM to consider and respond to them.	No immediate action. However, continue to revise stakeholder mapping and identification and the SEP as project footprint increases during full scale development.	2	Before project moves into full scale production	Annually 3-4 days	Ongoing
	IFC PS 1	The PMN transparency channel can also be used as an external grievance channel. The company have trained members of the public on the channel and have publicised it. However, PNM recognise that they need to develop a standalone external grievance procedure and develop more channels for grievances to be logged such as a dedicated phone line and in writing. Register is maintained. Evidence of all previous grievances is provided, and issues assessed.	Develop internal Grievance procedure that includes the transparency channel and also ensure that external grievances can be logged via a phone line and in writing. Provide procedure for grievance readdress. Ensure the mechanism is accessible and in the correct language. Ensure that training is carried out with impacted communities and that the mechanism is well publicised within local impacted communities.	2	End of Q3	<\$1000 <10 days	Open
PS3 Resource Efficiency and Pollution Prevention							
	IFC PS 3	Electricity is drawn from grid. Back up generators are on site. Electricity supply is stable. Full scale project development will create its own electricity than can power part of processing plant.	N/A	N/A	N/A	N/A	N/A

Ref #	Standard(s)	Issue and Current Status	Action/ Requirement	Prioritisation	Timeline	Resources require/ budget	Status
	IFC PS 3	Water is currently drawn from boreholes that have been drilled on the PNM site. However, for full scale development, water will be drawn and transported from the Jenipapo dam. Water abstraction licences have been obtained for the boreholes and will be obtained for abstraction from Jenipapo dam. Water consumption is tracked.	Obtain water abstraction licence for Jenipapo dam before abstraction commences.	2	End of Q4 2022	<\$2000	Open
	IFC PS 3	All ponds are double lined and have bentonite linings. Fault /leak detectors are placed are all ponds water egress points and automatically monitored. Water quality monitoring programme is ongoing as per the ESIA license conditions.	Continue to monitor ponds for any faults and continue to monitor and report on water quality.	N/A	N/A	N/A	Ongoing
	IFC PS 3	All waste generated by project is logged on an online system and all waste is removed by suitably licensed contractors. A very small percentage of hazardous waste end up in landfill. All other waste is recycled. A waste management plan exists as does a waste database which also includes amount of and final destination of waste streams.	Continue to review waste management plans and processes as project expands and more waste is generated.	N/A	N/A	N/A	Ongoing
	IFC PS 3	Sulphuric acid is stored is transported to and stored on site in large quantities. Only qualified personnel who have been sufficiently trained are allowed to off load acid in storage tanks. Storage tanks are sufficiently banded.	Ensure that EPRP details all responses to emergencies scenarios arising from a chemical spill and/ or chemical incident.	N/A	N/A	N/A	
	IFC PS 3	Confirmation that Scope 1 and 2 emissions are collected and reported on in monthly ESG reports.	Expand data collection to cover scope 3 emissions and develop framework to facilitate this.	2	End of Q4 2022	<\$10000	Open
		Company has not conducted a future climate risk assessment and there is currently no management plan to address these risks.	https://thinkhazard.org/en/ The above link is useful to start scoping for climate related risks. PNM to develop a climate change risk assessment that should include risks to the project and impacted communities.	2	End of Q4 2022	<\$10000	Open
PS 4 Community Health Safety and Security							

Ref #	Standard(s)	Issue and Current Status	Action/ Requirement	Prioritisation	Timeline	Resources require/ budget	Status
	IFC PS 4	<p>The company is taking steps to manage community health and safety impacts. However, a few gaps remain. Employees over travel large distances between Petrolina and site and many roads are still unpaved and are used by many different road users. In additional cattle and livestock are also present along the road.</p> <p>Company should develop journey management procedure and assign someone within the company who is responsible for journey management.</p> <p>The mine site is not fenced and can be accessed by members of the community and animals, and this presents a risk to the public and their assets.</p>	<p>Develop journey management and traffic management plans that minimise risks to the local community and their assets (including livestock).</p> <p>Conduct awareness raising trainings with impacted community on the risk of increased project traffic.</p> <p>Traffic management plan should also schedule Heavy vehicle traffic arising form the project at times of the day which least impact the community.</p>	1/2	End of Q4 2022	< 14 days	Open
			<p>Company to explore options in making the site more secure to prevent access by members of the public.</p>	1	End of Q4 2022	<\$50,000	Open
	IFC PS 4	<p>The ESIA did not consider influx. Large number of subcontractors during construction of the full- scale development could result in positive and negative impacts for the local communities.</p>	<p>An influx management plan to consider impacts of project induced migration and/ or high numbers of contractor employees living in the surrounding communities. The plan should consider impacts to:</p> <ul style="list-style-type: none"> Local health services Prices and local economy Social problems such as school drop out rates/anti social behaviour. Educational Provisions. <p>The plan should be developed in consultation with local stakeholder, service providers and local governments and/ or councils.</p>	3	Before construction of full-scale development commences.	<\$10000	Open

Ref #	Standard(s)	Issue and Current Status	Action/ Requirement	Prioritisation	Timeline	Resources require/ budget	Status
	IFC PS 4	Currently, sites are not guarded, but access is controlled by gates and PNM employees. BRN has a Security policy, but the need for a security management plan has not yet been felt due to the secure operating environment and lack of theft.	As the project expands toward full-scale development, the company will need to further develop their physical security measures. Any company or contractor guards should be unarmed, and if in consultation with state agencies, it is felt that public security forces such as police should be present, these should only be armed if deemed necessary and if they have undergone all required training. All public and private security personal should undergo training on the Voluntary Principles on Security and Human Rights and this should be provided by the company. The company will need to conduct a human rights risk assessment for their security measures, and this should be included within their security management plan which also needs to be developed.	2	By commencement of full-scale construction phase	<\$10000	
	IFC PS 4	The ESIA did not consider impacts to Ecosystem services.	Conduct assessment of project impacts to eco-system services in the project footprint. This should include (but is not limited to) <ul style="list-style-type: none"> • Access to grazing areas • Access to fruit and nut trees for human and animal consumption • Access to water for human and animal consumption, and fishing areas • Access to any sites of intangible cultural heritage/spiritual value • Access to flora which has medicinal value • Access to land for any form of hunting 	3	By commencement of full-scale construction phase	<\$10000	Open
PS 5 Land Acquisition and Involuntary Resettlement							

Ref #	Standard(s)	Issue and Current Status	Action/ Requirement	Prioritisation	Timeline	Resources require/ budget	Status
	IFC PS 5	It is understood that there will not be any physical resettlement as part of project development. However, the company is planning to rent and buy land from local landowners on a 'willing buyer, willing seller' basis, which does present some risk.	Should any resettlement issues be identified this would need to be agreed with TechMet and comply with national law and PS5. Prior to land acquisition the company will need to undertake a socio-economic baseline survey. This will identify any vulnerable (single headed, female headed, widowed or disabled) landowners/ households and be used as baseline for ongoing monitoring and any required livelihood restoration. Regardless of land acquisition being voluntary, the company should aim to conduct land acquisition and any resettlement (economic or physical) within the spirit of PS5. (i.e., in kind compensation, monitoring and livelihood restoration programmes.) The work should be overseen by a suitably qualified and experienced external specialist.	1	End of Q4 2022	<\$100,000	Open
	IFC PS 5	Confirmation that there has not been any previous resettlement undertaken by any previous lease holder or company.	No action needed.				
PS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources							
	IFC PS 6	ESIA contained a Biodiversity impact assessment. The Project area will intercept 132 ha of permanent protected areas (PPA) covered by caatinga in different stages of regeneration and conservation. The project has the required license to intersect this protected area and the project meets all of its license conditions.	Develop Bio- diversity management plan to sustainably conserve biodiversity in the project area.	2	End of Q4 2022	<\$10000	Open
	IFC PS 6	Confirmation of no alien species in project area.	No action needed.	N/A	N/A	N/A	N/A
PS 7 Indigenous Peoples							
	IFC PS 7	The PNM full scale ESIA determined that there were no Indigenous Peoples present in or around the project area. Therefore, PS7 is scoped out.	Annually review whether this is still the case.	N/A	On annual basis	N/A	N/A
PS 8 Cultural Heritage							

Ref #	Standard(s)	Issue and Current Status	Action/ Requirement	Prioritisation	Timeline	Resources require/ budget	Status
		<p>The project and previous concession owners followed Brazilian legislation pertaining to cultural heritage meaning than only registered archaeologists from the government can assess and manage cultural heritage issues. According to BRN all tangible cultural heritage items have been removed from the site and have been catalogued and are now property of the State.</p> <p>The ESIA stated there is no intangible cultural heritage in the project area.</p>	<p>In alignment with PS 8, the company should develop a Chance Finds procedure that details the steps that should be taken if/when an item is recovered during any earth works (mining and construction). All staff, but speciality plant operators will need to be trained on the plan.</p>	3	End of Q4 2022	< 7 days <\$2000	Open