

Doc ID:	Issue Date:	Status
BRN_REP_Social Actions & Stakeholders Management	June 30 <sup>th</sup> 2022	Released

#### **Presentation**

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This report compiles evidence of the social development actions and stakeholder engagement and management being carried out by Brazilian Nickel (BRN), through its subsidiary, Piauí Níquel Metais SA (PNM) over the last 12 months, related to the PNP1000 phase of the Piaui Nickel Project – PNP being implemented in the municipality of Capitão Gervásio Oliveira, Piaui State, Brazil.

The actions being performed are in line with those required for the PNP1000 in its current Installation and Operation Licenses (respectively LI 38/21 and LO 39/21) awarded by SEMAR – the responsible environmental authority, and therefore with the Environmental & Social Action Plans submitted and approved for their award. The aims of these are to ensure strong socio-environmental performance in the project's area of influence, as well as maintaining a harmonious, transparent and positive relationship with local communities and key stakeholders, and also assuring their understanding and acceptance of the project in the region, through timely and culturally appropriate communication.

To this date the PNP1000 construction phase is about 99% complete, and the production areas 100 (mine) to 300 (leaching) are now operational with the second module fully stacked by the end of May/22 and heap irrigation started. PNM now employs over 200 people (aiming reaching 2018 in the next months) and continues to successfully maintain about 75% of its workforce as local hires (from the 3 municipalities of the project's direct area of influence), considerably above the committed target of 60% set as feasible by the company during PNP1000 construction. About 30% of the employees were hired after graduating from the "Mina do Saber", a 3-month professional training course provided by PNM in partnership with SENAI between Nov/21-Feb/22 to 130 local residents (free of charge). The current average salary to local employees is about 180% above the Brazilian minimum wage, adding social economic value to the population of this underdeveloped region of Brazil.

33% of the company's workforce are females (66 in total), and they continue to be, on average, slightly better paid than men for the same job/function, all demonstrating the company's commitment to achieving gender parity (and local sustainable development).

Besides prioritizing hiring the workforce locally (key expectation from local communities and authorities), PNM also endeavours to support and hire local service providers, aiming to contribute to local sustainable development. Since PNP1000 construction started in Jan/21 till Mar/22, PNM has spent some R\$ 17.2 million reais in local services and goods, in addition to paying over R\$ 700 thousand in local taxes. Significant numbers for the local socio-economic conditions.

Complaints and grievances from local and affected communities and stakeholders have been continuously recorded, addressed and closed, through both direct communication by the community relations team as well as through complaints registered in PNM's Transparency Channel (which are addressed by the company's Compliance committee).

In order to effectively measure the project's Environmental, Social and Governance (ESG) performance, KPIs have been registered and disclosed in the company's monthly reports and also in specific ESG Quarterly reports. The results and KPIs related to Social Communication and Stakeholder engagement performances are presented here along with a photographic register of events and actions taken to achieve them

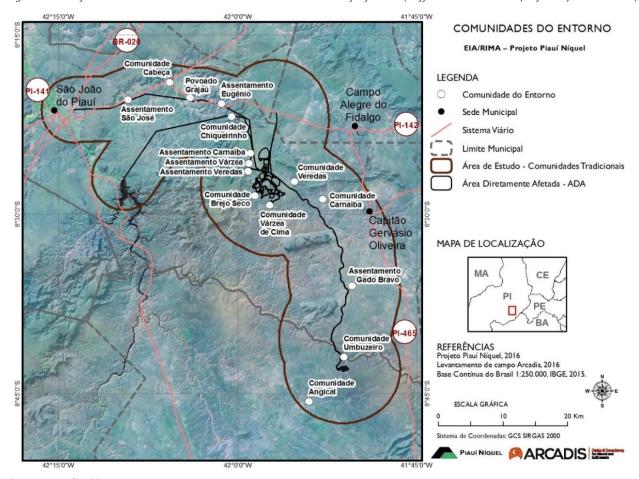


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#### 1 PNP Area Social Economic Conditions

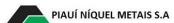
As demonstrated in the PNP Full Scale ESIA, the surrounding communities to be affected by the Piaui Nickel Project – PNP implementation (figure and table below), ...are (and continued to be) made up of small groups of small rural communities, based on subsistence agriculture. However, due to the prolonged drought in the last years, agriculture has been little used (especially due to the lack of access to water), with extensive livestock farming being prioritized, especially goats and sheep, poultry and cattle in smaller scale. Houses of the communities surrounding the Project are mostly of simple pattern, built in masonry and covered with clay tiles. Electricity is provided in all communities, and in those with the highest concentration of homes, settlements and villages, public lighting is provided. With regard to sanitation conditions there is no sewage collection system in any of the surrounding communities, human waste being incorrectly disposed in rudimentary pits or ditches. Solid waste in general is burned by residents, as there is no collection by the municipalities. It is important to note that the Piaui Nickel Project does not envisage any overlap over residential units of the neighbouring communities, therefore no requirement for any physical resettlement of any fence line communities. Nor does it expect any new stakeholders to be identified that have not already been identified to date.

Figure 1: Identified communities within the PNP Full Scale direct area of influence (buffer area around the project layout - in black).



Source: Arcadis, 2017.





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Table: Communities existing surrounding the PNP Full Scale Project

<b>Territorial Unit</b>	Community	Nº of families (aprox.)
	Camaiba settlement	13
	Varzea settlement	16
Capitão Gervasio	Veredas settlement	18
Oliveira - PI	Veredas Community	50
	Várzea de Cima Community	10
	Carnaíba Community	12
Dom Inocêncio	Angical Community	20 to 30
Dom mocencio	Umbuzeiro Community	8
	Eugenio settlement	70 (35 settlers)
	Chiqueirinho Community	10
São João do Piaui	São Jose settlement	27
	Cabeça Community	30
	Grajaú Community	47

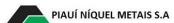
Source: Arcadis, 2017.

Over the past 5 years of PNM's presence in the region operating tests at the former Demonstration Plant and now PNP1000 being implemented since Jan.21, the company has continuously confirmed that the social-economic conditions, demography and land use in the area remained practically unchanged as assessed by Arcadis in the mentioned ESIA. Special attention to the 3 rural settlements (Várzea, Veredas and Carnaíba) and the Umbuzeiro community closest to the PNP's core areas (Nickel Mine and Plant, and Limestone Mine respectively) but that shall not suffer overlay from the project facilities over housing areas, but rather mainly over native vegetation existing in the Várzea rural settlement property.

PNM has already hired Market Value Assessment Reports for 60 properties directed related to PNP Full Scale that were prepared by Vaz de Mello, an independent and specialized consulting company, in Sept.2021. This effort is part of the company's ongoing "Land Access Plan", and an update from similar work done by Vale in 2007, which confirmed there were almost no changes in terms of land ownership, limits and land use over the years, reinforcing how stable and stagnated the social-economic conditions in the area are. The maps below present the land ownership assessed by Vaz de Mello over the PNP core areas (Nickel and limestones Mines and Plants).

In relation to expectations from local communities and authorities PNM has also confirmed the key one continues to be "job opportunities" and "income generation", to which PNM is highly committed and has been performing well as shown in the KPIs presented along this report.





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Figure 2: PNP Full Scale Master Plan – Nickel Mine area (BFS 2022), overlaid with PNM's Mineral Rights (blue and red squares), and the Properties' limits (purple polygons) with Market Value Assessment Reports (sept.2021).

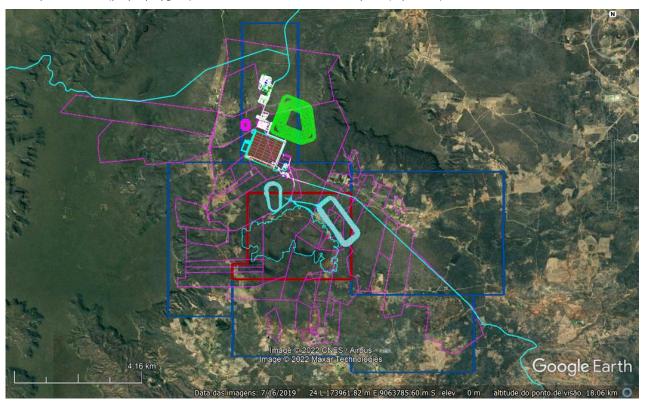
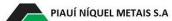


Figure 3: PNP Full Scale Master Plan – Limestone Mine area, overlaid with PNM's Mineral Right (orange square), and the Properties' limits (white polygons) with Market Value Assessment Reports (sept.2021).







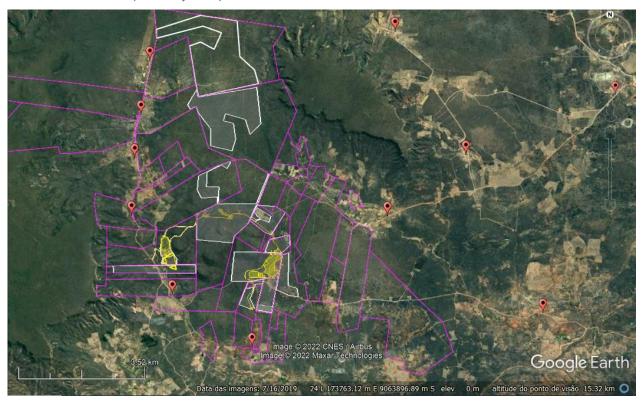
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#### Current PNP1000 Land Management Status:

To date, PNM has settled 13 land lease agreements amicably with the respective landowners, paying monthly an average price above the current local market values for bare land, as shown in the Figure below. Special attention that one of these agreements settled is for a 200ha area (native vegetation) of the rural Várzea settlement (second property bottom down of the figure).

Figure 4: Properties (purple) and 13 areas rented by PNM (shaded white), over PNP1000 overall layout (yellow), and surrounding communities' households (central reference) in red markers.



Considering the objective of the company's Land Access Plan is to: assure land access necessary for the PNP full scale development in a timely manner and before actual need, prioritizing purchasing the properties through friendly and fair agreements (employing the principle of willing buyer, willing seller), and also ensuring the levels of economic activity and life quality of families directly impacted by the project implementation to be improved or at least maintained (complying with IFC Performance Standards-PS), PNM will also conduct a Socioeconomic field survey in the next 2 months (and prior to land acquisitions). The final report will support negotiations (for fair compensations and for alignment with the IFC PS 1 and 5), as well as serve as baseline for future monitoring campaigns of the socio-economic conditions of the communities/stakeholders that are registered as vulnerable by the survey.

### Social and Stakeholder Management Program

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As planned in the "Environmental and Social Plans" document (called PCA), this specific program aims to establish an effective communication process between PNM and Stakeholders (such as communities and associations, public authorities, neighbours and other local and regional actors) of the project, through bidirectional communication channels, continuous disclosure of information about the project, and positive



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interaction with members and representatives of the various interest groups existing in the area of influence of the project.

PNM already operates a Grievance Mechanism based on PNM's Code of Conduct and Ethics, which is trained to employees, subcontractors and disclosed to surrounding communities. The Code of Conduct is the key guideline (7 pages) on how the company expects all its stakeholders (management, employees, subcontractors, providers, clients, and partners) to act aiming to comply with the highest ethical and behavioural standards. It also provides the tools and means for compliance with it, consequence management and for formal complaints of violation (or suspicion) that can be done through direct management and human resources, or even through the company's operational anonymous and independent Transparency Channel at: <a href="https://www.canaldatransparencia.com.br/piauiniquelmetais">www.canaldatransparencia.com.br/piauiniquelmetais</a> or the toll free number +55 0800 591 2605.

PNM maintains a register and contact list of local communities' and authorities' representatives, including key stakeholders as exemplified in the spreadsheets below, that are coordinated and updated by the community relations supervisor (living and citizen of the area for over 20 years).



PIAUÍ NÍQUEL ME	TAIS S.A			L	ISTA DE LID	ER.	ANÇAS LOCAIS DO PROJ	ΕŢ	O PIAUÍ	NÍQUEL	L	
MUNICÍPIO	ENTIDADE		NOME		FUNÇÃO		ENDEREÇO		TELEFONE		EMAIL	
CAPITÃO GERVASIO OLIVEIRA	ONG - Instituto Integral de Missões - Instituto de Desenvolvimento Social	Di	•		Presidente	Av. F 6476		EP	(89) 93	siminstit		<u> </u>
CAPITÃO GERVASIO OLIVEIRA	Sindicato dos Servidores Municipais	A		to	Presidente	Rua : Capi	Det	us -	(89) 95	professorar		com
CAPITÃO GERVASIO OLIVEIRA	Sindicato dos Trabalhadores Rurais de Capitão Gervásio Oliveira	Jo			Presidente	Rual			(89) 9:	sindicatoger		mail.
CAPITÃO GERVASIO OLIVEIRA	Religiosa	P. Ni		ıS	Padre	Poró de S 000	mi 63	ino 3-	(89) 98			
CAPITÃO GERVASIO OLIVEIRA	Religiosa	Fr		sis	Pastor	Asse Capi	er	ntro	(89) 95	jesse		
CAPITÃO GERVASIO OLIVEIRA	Assentamento Vereda	Jo		nães	Liderança Comunitária	Asse Gerv	ipi	itão	(89) 95			
CAPITÃO GERVASIO OLIVEIRA	Assentamento Várzea	Li		des	Liderança Comunitária	Asse Gerv	tä	io	(89) 9 ou 99			
CAPITÃO GERVASIO OLIVEIRA	Assentamento Carnaíba	Jo		9	Liderança Comunitária	Asse Olive	•		(89) 95			
CAMPO ALEGRE DO FIDALGO	Religiosa	Ju		iro	Pastora Igreja Batista	Rual CEP	eni	itro	(89) 9:	ledin		
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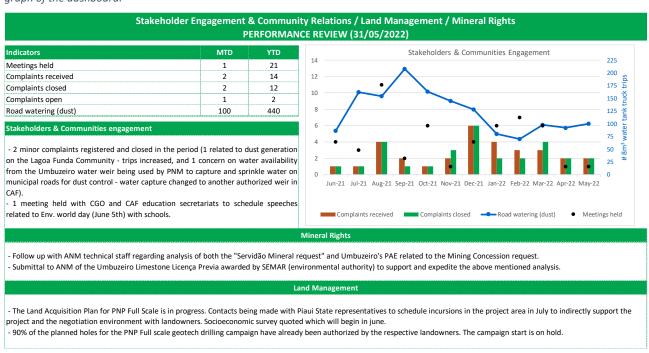
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The Figure below exemplifies part of the total engagement events performed by PNM with local stakeholders of different groups such as Surrounding Communities, Landowners, Authorities, and other recognized leaders, for all sort of reasons and subjects such as disclosing the project development and job/service opportunities, donations for fighting COVID-19, local access roads improvements/maintenance, complaints register and resolution, meetings for partnership actions, training courses offered, HSEC speeches, agreements settled with landowners, among others. These events have been registered and disclosed on the company's monthly reports as exemplified below.

Figure 5: Stakeholder Engagement and Community relations dashboard monthly reported. Number of meetings, complaints registered and closed, and roads water sprinkling close to communities for dust control – most frequent complaint, are shown in the graph of the dashboard.

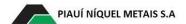


The table below summarizes the Social and stakeholders' engagement events occurred in the last 12 months (all disclosed in the above-mentioned monthly reports) in order to fulfil the company's policies, values and Social programs (transparent and positive engagement, leave a positive legacy and support local sustainable development).

Month/year	Events	Topics	STKH groups
May/22	<ul> <li>2 minor complaints registered and closed in the period</li> <li>1 meeting held with CGO and CAF education secretariats</li> </ul>	<ul> <li>dust generation, water availability</li> <li>schedule speeches related to Env. world day</li> <li>(June 5th) with schools.</li> </ul>	- Lagoa Funda Community - Public authorities
Apr/22	- 2 minor complaints registered and closed - 1 meeting held with local Mayor	<ul> <li>dust generation and new access road</li> <li>about the "business fair" initiative so PNM can</li> <li>register more local service suppliers.</li> </ul>	- community, landowner - Public authorities
Mar/22	<ul> <li>- 3 complaints registered (2 closed 1 open)</li> <li>- 2 meetings (1 with Mayor and other with SENAI)</li> <li>- 4 meetings to settle access authorizations</li> </ul>	<ul> <li>new access road being enlarged to deviate from the mine area; inappropriate communication during contract cancelling</li> <li>local economic development support</li> <li>geotech drilling campaign</li> </ul>	- Landowners; local market supplier - Public authorities - Landowners

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Month/year	Events	Topics	STKH groups
Feb/22	<ul> <li>- 3 complaints registered and closed</li> <li>- 1 meeting with Cap. Gervásio's mayor</li> <li>- 6 meetings to settle access</li> <li>authorizations</li> </ul>	<ul> <li>road damages by project's trucks; for road block between the mine and plant; goats intoxication</li> <li>more Covid-19 vaccine shots</li> <li>geotech drilling campaign</li> </ul>	- Chiqueirinho community, Landowners - Public authorities - Landowners
Jan/22	<ul><li>- 4 complaints registered (2 closed 2 open)</li><li>- 3 meetings (CGO mayor and military police)</li></ul>	<ul> <li>dust generation, safety on road, goat</li> <li>hitting, road damages by project's trucks</li> <li>water treatment, security, and access road</li> <li>maintenance</li> </ul>	- Landowners - Public authorities
Dec/21	<ul><li>- 6 minor complaints were registered and closed</li><li>- 4 engagement meetings</li></ul>	- dust generation, improper waste disposal in plant's surroundings, problem with the road drainage, 1 mistaken - health, education and security	- Community, landowners - Public authorities
Nov/21	<ul> <li>2 complaints registered and closed</li> <li>monitoring campaigns close to</li> <li>communities/ receptors (quarterly).</li> <li>1 large opening meeting</li> </ul>	- small fence damage, closing the drill holes in the mine - Air and noise quality - "Mina do Saber" training program offered	- Landowners - Communities - Local residents; Public Authorities
Out/21	<ul><li>2 complaints registered</li><li>4 meetings with community</li><li>representatives</li><li>2 meetings with key stakeholders</li></ul>	<ul> <li>dust generation; existing drill holes in the access road</li> <li>to assess PNP1000 expectation levels</li> <li>disclose the "Mina do Saber" training course enrolment</li> </ul>	- Community, landowner - Communities - Leaders
Sep/21	<ul><li>2 complaints registered</li><li>1 meeting</li><li>2 support actions</li></ul>	<ul> <li>dust generation; existing drill holes in the access road</li> <li>presentation of the Municipal Sanitation</li> <li>Plan</li> <li>help extinguish forest fire close to a community</li> <li>and 1 to supply drinking water to locals</li> </ul>	- Community, landowner - Public Authorities - Communities
Aug/21	<ul> <li>4 complaints registered</li> <li>3 meetings - Capitão Gervásio's mayor and secretariats</li> <li>8 random field assessment talks</li> <li>2 monitoring campaigns</li> </ul>	<ul> <li>dust generation and 1 for speeding</li> <li>Partnership establishment</li> <li>about social challenges and perceptions over PNP</li> <li>Air and noise quality</li> </ul>	- Landowners and communities - Public Authorities - Communities and landowners - Communities and landowners
Jul/21	- 1 complaint - Support actions	<ul> <li>dust generation</li> <li>Improvement and installation of safety road signs on the access road to the project</li> </ul>	- Community - Communities
Jun/21	<ul> <li>Support Actions</li> <li>Donation (against COVID-19)</li> <li>Update letter to key stakeholders</li> <li>Camp visit by the Piaui State</li> <li>Governor, Finance secretariat, federal deputy, and mayors of Capitão Gervásio and São João do Piaui hosted by PNM.</li> </ul>	- improvements on sectors of the project's municipal access road - 200 "basic food and hygiene baskets" donated to support local vulnerable families - disclosure that 78% of PNM's current 200 workers are locals - strengthened the partnership	- Communities - Communities - All - Public authorities

PNM's anonymous and independent Transparency Channel abovementioned (reached through the toll free number +55 0800 591 2605 or by the specific website <a href="www.canaldatransparencia.com.br/piauiniquelmetais">www.canaldatransparencia.com.br/piauiniquelmetais</a>) received 6 complaints in the first quarter of its operation (Q1/22) being: 1 of high importance, 1 medium, 4 low. All have been addressed, and the high importance one related to a threat from a contractor's employee to a safety technician after being required to use the mandatory PPE. After internal collection of testimonials and analysis of evidence by the company's Compliance committee (formed by 2 PNM's directors and the organisational development manager) the contractor's employee was appropriately dismissed.

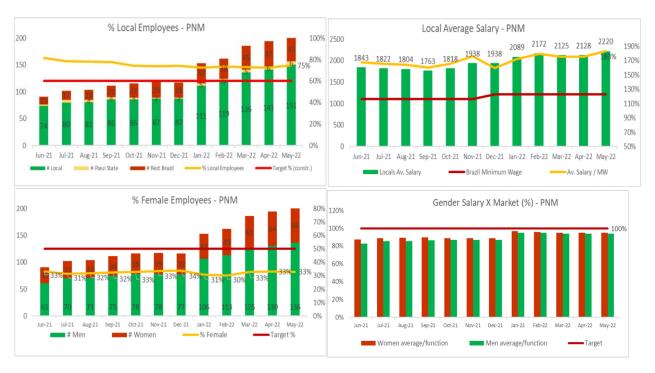
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The graphs below present results of complementary Key Performance indicators – KPIs being recorded, monitored and disclosed by the company that contribute with social & stakeholders engagement towards local sustainable development.

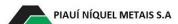


A 3-month free professional training program entitled "Mina do Saber" was organized and offered by PNM, in partnership with SENAI/PI (federal professional educational institution to the industrial sector) and municipalities, to form 127 "mining operators" to be selected and hired by PNP1000 operations. There were more than 1100 subscriptions (offered only for residents from the 2 local municipalities related to PNP1000). The Program initiated on Nov.18<sup>th</sup>, 2021 with conclusion on Feb. 5<sup>th</sup>, 2022. PNM then immediately started the selection process and has already hired 60 of the graduated candidates for PNP1000 operations (current summary table below, May/22), reinforcing the company's commitment to support local education improvement and local social economic sustainable development.

"MINA DO SABER" CANDIDATES STATUS	TOTAL	CGO	CAF	MALE	FEMALE
EMPLOYED BY PNM	60	38	22	42	18
CALLED FOR NEXT INTERVIEW	26	4	22	13	13
ALREADY INTERVIEWED	13	11	12	11	12
DROPPED OUT	9	7	2	7	2
FAILED DURING PROCESS	7	4	3	6	1
WITHOUT CONTACT	2	1	1	1	1
	127	65	62	80	47

CGO = Capitão Gervásio Oliveira; CAF = Campo Alegre do Fidalgo





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### 3 Pictures

Picture 1 – Active communication with local communities to gather and solve issues related to the project (majority on road traffic dust generation and safety).



Picture 2 – Active communication with local communities to gather and solve issues related to the project (majority on road traffic dust generation and safety).



Picture 3 - Active engagement with local communities.



Picture 4 – Active engagement with local landowners.



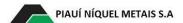
Picture 5 – 200 basic food and hygiene baskets donated local vulnerable families during Covid-19 Pandemic- June 2021.



Picture 6 – 200 basic food and hygiene baskets donated local vulnerable families during Covid-19 Pandemic- June 2021.







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Picture 7 – Market Value assessment of properties surrounding PNP Full Scale done with landowners.



Picture 9 – Improvements done by PNM in municipal access road – May-June 2021.



Picture 11 – New access road to Plant signalling by PNM.



Picture 8 – Market Value assessment of properties surrounding PNP Full Scale done with landowners.



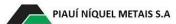
Picture 10 – Improvements done by PNM in municipal access road – Out.2021.



Picture 12 – Bumps built by PNM close to communities and households for speed (safety) and dust control.







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Picture 13 – Daily water sprinkling on the municipal access road and close to communities/households for traffic dust control.



Picture 14 – Road sign installed and water sprinkling on access road.



Picture 15 – Safety speech to surrounding communities on road traffic to increase awareness and prevent accidents.



Picture 16 – Wooden material from authorized deforestation donation to landowner.



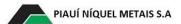
Picture 17 – Air quality monitoring campaign close to receptors.



Picture 18 – Noise monitoring campaign close to receptors.







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Picture 19 – Inclusion, Diversity & parity commitment.



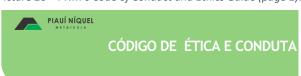
Believing in people and valuing their potential is part of the BRN ethos. As part of the commitment within the Inclusion & Diversity Policy, we support development within the business, and have promoted four female employees in the last quarter.

This is Ana. She was an Administrative This is Ana. She was an Administrative Assistant but has been promoted to Facilities Supervisor, where she'll be responsible for the management of accommodations, ordinances, building maintenance, air fare logistics & the co-leadership of the cafeteria & housekeeping teams

#BRN #Diversity #GenderParity



Picture 20 – PNM's Code of Conduct and Ethics Guide (page 1).



## 1. Missão, Visão e Valores (MV&V PNM)

### 2. Código de Conduta e sua Aplicação

Picture 21 – "Mina do Saber" professional training program provided to 127 local candidates (Nov21 to Feb22).



Picture 22 – Partnership stablished with municipal Education Secretariat for Env. Education actions with local students.



Picture 23 – Piaui's Governor site visit to PNM camp reinforcing the partnership and support to PNP development, accompanied by other authorities. June 2021.



Picture 24 – Local "Business fair" prep. meeting with local potential entrepreneurs. April 2022.

