

Due Diligence in Mineral Supply Chain Report

January 2025

1. ABOUT THE COMPANY

Brazilian Nickel (BRN) is a private mining company, headquartered in the United Kingdom, founded in 2013 with the goal of developing nickel laterite projects globally, through the heap leaching process. The company's flagship project is the Piauí Nickel Project, located in Brazil. This is an innovative project that incorporates advanced technology, combining high efficiency with sustainable practices. All intermediate products produced by the company are generated in its own mine located in the Piauí state, in Brazil. To find more information about the company, please refer to the link: [*About us - Brazilian Nickel Limited.*](#)

This report covers the calendar years 2023 and 2024, considering the project and local context presented here. Updates will be provided in a timely manner, in accordance with the requirements outlined in the OECD's "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas".

2. RESPONSIBLE MINERAL SUPPLY CHAIN

In recognition of the potential risks associated with mineral extraction from conflict-affected and high-risk areas (CAHRAs), BRN is committed to maintaining ethical practices and upholding human rights across all its operations. This commitment is reflected in the company's Responsible Mineral Supply Chain Policy, which was implemented in August 2023 and reviewed in November 2024. The policy is aligned with the guidelines set forth in the OECD's "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas". It has been approved by BRN's executive management, who are fully committed to its implementation and ongoing maintenance, and it applies to the company, its subsidiaries, suppliers, contractors, subcontractors, consultants, and all other business partners.

The Responsible Mineral Supply Chain Policy is consistent with other internal policies, including the Code of Ethics and Conduct for Employees & Suppliers (attached to all BRN contracts), Anti-Corruption & Anti-Bribery Policy, Anti-Money Laundering and Anti-Terrorism, Security Policy, and Human Rights Policy. The policies are publicly available on our website: [*Brazilian Nickel Limited | Nickel & Cobalt Technologies for Industry.*](#)

3. COMPANY'S MANAGEMENT SYSTEM

BRN has established internal processes and procedures to effectively manage its supply chain. We have a policy that standardizes the supplier registration process, clearly defining roles and responsibilities within the organizational structure. The Procurement Department is responsible for registering new suppliers, collecting the required documentation, and providing information on the company's policies and guidelines. These documents are attached as annexes to the contracts, and suppliers are required to acknowledge their agreement with them upon signing the contracts.

All potential suppliers undergo an initial due diligence process using a software provided by an external auditing firm. This process evaluates suppliers for potential compliance, financial, data security, and Environmental, Social and Governance (ESG) risks. The goal is to ensure suppliers comply with all relevant laws and regulations, safeguarding the Group's reputation, preventing potential fraud, promoting ethical and sustainable practices, and mitigating the risks of engaging non-compliant suppliers. This process strengthens the integrity and security of the supply chain while fostering trust and transparency in our relationships with suppliers. After receiving technical and commercial proposals, the Procurement Manager assesses whether a more in-depth compliance check is necessary. If required, a full due diligence review is requested from the external auditor. The Supplier Approval Committee is responsible for final approval of the supplier's registration. In cases of high-risk findings, the Executive Committee must be consulted for further assessment.

Additionally, BRN has implemented a procedure for identifying Conflict-Affected and High-Risk Areas (CAHRAs). The Sustainability Department is responsible for performing this analysis, which is reviewed and approved by senior management.

All supplier compliance analyses are documented and can be verified through the records retained by the relevant departments. These procedures are reviewed and updated annually by senior management, or whenever there are updates to international standards or changes within the company that require an update. Furthermore, all relevant BRN employees receive training annually or whenever there are changes to the policies or procedures they are required to follow.

BRN has also implemented a Grievance Mechanism that allows both internal and external stakeholders to raise concerns, anonymously if preferred, regarding the circumstances of mineral extraction, transport, trade, handling, processing, and export, including in Conflict-Affected and High-Risk Areas (CAHRAs). The mechanism can be accessed via the following link: [Canal da Transparência](#).

4. INTERNAL CONTROL SYSTEM

Brazilian Nickel currently operates its own mining facility and, therefore, does not rely on external suppliers for mineral materials. All ore extracted from the mine and transported to the processing plant is rigorously monitored, with lot control managed through the ERP system. This ensures continuous traceability of materials, from raw material extraction, through loading and transportation to the plant, weighing and lot identification, all the way to the final product's dispatch.

5. RED FLAGS IDENTIFICATION AND RISK ASSESSMENT

The extraction, trading, handling, and export of minerals, especially from conflict-affected and high-risk areas, carry significant risks of adverse impacts. These include, as outlined in Annex II of the OECD Due Diligence Guidance, risks associated with: serious abuses associated with the extraction, transport or trade of minerals, direct or indirect support to non-state armed groups, public or private security forces, bribery and fraudulent misrepresentation of the origin of minerals, money laundering and, payment of taxes, fees and royalties due to governments.

To identify and mitigate these risks in our supply chain, BRN has implemented a comprehensive process consisting of the following steps:

- 1) **Supplier Registration:** supplier must provide their information along with a list of required documents that attest legal compliance, including negative certificates, labour records, federal tax filings, and legal constitution documents.
- 2) **1ST Tier Evaluation:** A due diligence assessment is performed using a software provided by an external auditing company, aiming at identifying potential compliance, financial, data security, and ESG risks. If a risk is identified, the registration is not finalized.
- 3) **2nd Tier Evaluation:** After registration and receiving technical and commercial proposals, the Procurement Manager assesses whether a more in-depth compliance check is necessary. If required, a full due diligence review is requested from the external auditor. If high risks are identified, the Executive Committee is consulted for further assessment, or depending on the nature of the risks, the supplier is immediately eliminated.

Additionally, as BRN does not rely on external mineral suppliers, the company has assessed its own operations to determine whether it is located in a Conflict-Affected and High-Risk Area (CAHRA). For this assessment, 16 data sources were consulted, including:

- The European Union's indicative non-exhaustive list of CAHRAs under regulation (EU) 2017/821

- Section 1502 of the US Dodd-Frank Wall Street Reform and Consumer Protection Act
- Rule of Law in Armed Conflicts (RULAC - Geneva Academy)
- Uppsala Conflict Data Program (UCDP)
- Armed Conflict Location and Event Data (ACLED)
- Land Links
- Order and Security Index
- Security Apparatus Index
- Corruption Perceptions Index
- International Financial Action Group (FATF)
- Fundamental Rights Index (World Justice Project)
- The Fragile States Index (Political Indicator 3: Human Rights and Rule of Law)
- UNDP Human Development Indicators
- The Trafficking in Persons Report Index (TIP)
- Global Slavery Index Proportion in Slavery (Walk Free)
- US DOL (ILAB) List of Products and List of Goods Produced by Child Labor or Forced Labor

Overall, based on these 16 risk assessment tools, four of them could categorize Brazil as a CAHRA at the national level. However, when assessed at the project area level, these four sources do not classify the area as a CAHRA. Therefore, the conclusion is that Brazil is not considered a CAHRA in the context of the Piauí Nickel Project.

Furthermore, BRN has been assessed in February 2024 by a third-party assurance company against the *Copper Mark Joint Due Diligence Standard for Copper, Lead, Molybdenum, Nickel and Zinc (August 2022)*. The assessment has confirmed that the company is operating in a closed mineral supply chain and has a strong management system in place to support supply chain due diligence, appropriate to the nature, scale and operational context of the company. The gaps identified (such as public disclosure of the Responsible Mineral Supply Chain Policy, inclusion of the US Dodd-Frank as a source in the CAHRA procedure) were fully addressed along with this report disclosure.

6. CONCLUSION

BRN currently does not have external suppliers of mineral materials, transporting and processing only ore from its own mine, thus operating a closed mineral supply chain.

The company has established a strong management system, with policies and procedures, that applies to the company, its subsidiaries, suppliers, contractors, subcontractors, consultants, and other business partners, including supplier compliance analysis (due diligences), to effectively prevent and address risks outlined in Annex II of the OECD Due Diligence Guidance. Internal controls systems have been implemented to monitor the entry and exit of mineral materials, ensuring both traceability and transparency.

BRN has also put in place a procedure for identifying Conflict-Affected and High-Risk Areas (CAHRAs). Based on this process, it has been determined that its operations are not located within a CAHRA.

Furthermore, BRN has established a Grievance Mechanism to address concerns related to mineral extraction, transport, trade, handling, processing, and export, including in Conflict-Affected and High-Risk Areas (CAHRAs).

In conclusion, the OECD five-step due diligence process has not identified any red flags in the company's operations.