

RESPONSIBLE PROCUREMENT POLICY

2022



NOUVEAU MONDE GRAPHITE

GENERAL PRINCIPLES

Driven by its mission to supply the most environmentally friendly advanced graphite materials with a carbon-neutral footprint for a sustainable world, Nouveau Monde Graphite (“NMG” or the “Company”) aspires to use its procurement practices as a catalyst for action, influence, and good governance.

Integrating the Company’s sustainability values into its procurement process is a way for NMG to ensure the adequacy between its policies and suppliers, maximize benefits for its communities and environment, apply best practices in occupational health and safety, and enhance its value chain practices and footprint.

As part of its growth, NMG is constantly improving and optimizing its processes while focusing on health and safety, environmental protection, Indigenous Peoples, local communities, and the carbon footprint of its activities and products.

To maintain its carbon-neutral profile and achieve its Net Zero goals by 2030, NMG wants to ensure that its procurement choices for products and suppliers are consistent with its greenhouse gas (“GHG”) emissions-reduction strategy. By considering its impacts beyond its operations and analyzing the life cycle of its products, NMG can align itself with other value-chain stakeholders to reduce direct and indirect emissions, maximize its use of local procurement and production, maximize opportunities for the circular economy, and promote a just energy transition.

NMG’s procurement practices are also adaptable so that they are consistent and tailored to the Company’s different stages of development and its purchasing categories (equipment, construction contracts, professional services, consumables).

Demonstration stage

The demonstration stage is a smaller-scale version of our commercial operations. At this stage, NMG is optimizing its processes and qualifying its products, which requires purchasing a limited or reduced volume and/or capacity of specialized equipment and production consumables.

Construction stage

The construction stage for its commercial facilities involves substantial and non-recurring expenses, particularly for industrial equipment and construction contracts. At this stage, most specialized equipment will likely have to be purchased from outside Québec and Canada due to a lack of local supply. However, construction contracts are an opportunity to maximize the Company’s benefits in terms of employment and contracting in local regions.

Commercial production stage

NMG’s commercial activities are expected to lead to greater needs for the purchase of consumables and professional services. NMG is seeking to establish longer-term contracts for its operating expenses and recurring purchases and to minimize the impact of these contracts on the life cycle of its products and the Company’s carbon footprint.

OUR APPROACH

Our Responsible Procurement Policy (the “Policy”) is an extension of the Company’s values and principles as established in its Health and Safety Policy, Environmental Policy, Sustainable Development Policy, Code

of Conduct, and Supplier Code of Conduct. It is also inspired the responsible procurement criteria outlined in the *Mining Association of Canada's Towards Sustainable Mining* standard. The following orientations also guide NMG's procurement practices:

- » Promote “zero-harm” standards among construction and business partners by encouraging them to adopt best practices in occupational health and safety and environmental protection.
- » Recognize Indigenous rights, knowledge and expertise and help these communities contribute to the development of the Company's activities.
- » Support the economic development of Indigenous communities by facilitating dialogue, fostering business and contracting opportunities, and setting parameters for opportunity matching.
- » Create value in our communities by hiring local and Indigenous workers and buying local services and products as much as possible.
- » Evaluate the impacts of our procurement choices on the life cycle of our products and the environmental footprint of our activities to identify improvement opportunities.
- » Develop strategies and mechanisms to minimize risks for people and the environment throughout our value chain.
- » Maintain interdisciplinary knowledge that is in line with international procurement standards, protocols, and best practices to support our procurement decisions and processes.

OUR COMMITMENTS

Maintain high health and safety standards

The health and safety of our employees, contractors, families, and communities is a core priority for NMG. Every commitment made in our Health and Safety Policy also applies to our subcontractors through our procurement protocols, construction contracts, and programs governing our operating sites. Health and safety are also specifically evaluated during the awarding of construction contracts and for on-site follow-up and training.

Protect the environment

NMG aims for environmental excellence in every aspect of its operations. The Company evaluates the environmental practices of its construction contractors during the selection process, implements training, and applies follow-up measures to ensure compliance with the work protocols and standards of our environmental program. As NMG develops its products and improves its production processes, special attention will be paid to the life cycle of consumables to ensure we select inputs that minimize the Company's environmental footprint as much as possible.

Prioritize local sourcing

To strengthen the socio-economic fabric of its communities and maximize local benefits, NMG is committed to sourcing local products, services, and expertise as much as possible in its purchasing decisions. The Company has implemented measures to inform suppliers, compile available services and products, raise awareness about opportunities among its employees and business partners, and facilitate contacts and/or opportunity matching. For its construction contracts, NMG gives extra weight to contractors who include a percentage of local labor in their tenders and/or who subcontract to local businesses.

Get Indigenous communities involved

NMG aspires to increase Indigenous participation in its projects in keeping with the interests, priorities, and capacities of Indigenous workers and contractors. NMG is committed to developing interaction and follow-up mechanisms with Indigenous communities to better communicate business opportunities and help these communities benefit from these opportunities. As with local procurement, contractors who plan to hire Indigenous labor or who subcontract to Indigenous businesses are given priority for construction contracts.

Adhere to NMG's values

Our suppliers and subcontractors are an extension of our operations. We apply a diligent process when choosing our suppliers to ensure compliance with the Company's values and principles. All suppliers who do business with NMG must make a formal commitment to comply with the Company's Supplier Code of Conduct. NMG examines selected suppliers based on a list of defined criteria to ensure their compliance with this Code. Suppliers who do not meet NMG's expectations must develop an action plan to improve their social and environmental standards.

Encourage transparency and disclosure

As it grows, NMG plans to implement a weighting system for calls for tenders to encourage tenderers to provide information about the carbon footprint of their products or services as well as other performance indicators related to sustainability. To promote transparency and the adoption of best reporting practices, NMG intends to support its suppliers in their data collection and disclosure process.

POLICY SCOPE

All Nouveau Monde Graphite business units are responsible for applying this policy and maintaining documentation associated with its business activities throughout the procurement process. This documentation is used to perform all necessary follow-ups, audits, or evaluations.

The President and CEO is responsible for the successful implementation of this policy with the support of our Director of Procurement, who is responsible for the review and update of the policy over the course of the Company's development stages.

Approved by the Board of Directors on November 10, 2022.