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Cover

Aerial view the Eau Morte Creek south of the Matawinie Mine captured by our Environment Team during a surveillance round of the ecosystems and wetlands near the final effluent.

Content

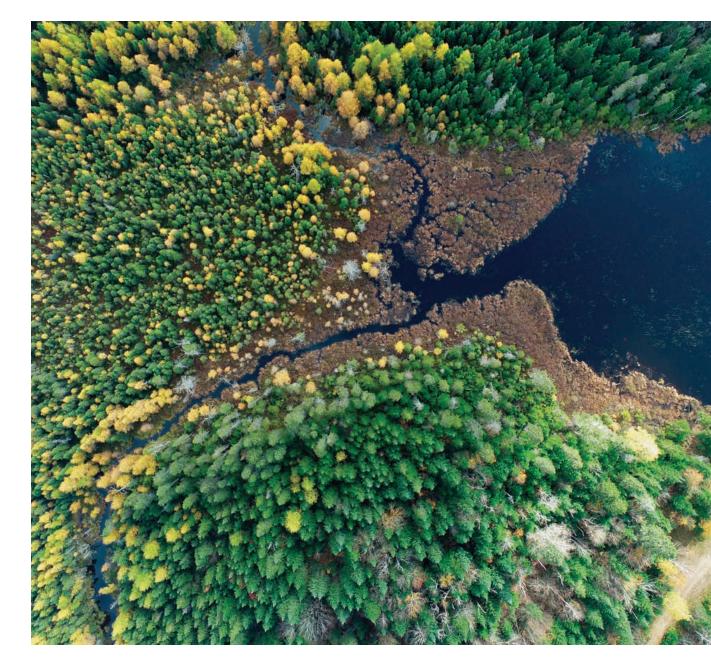
Information in this report relates to Nouveau Monde Graphite Inc.'s ("NMG", "we" or the "Company") activities in relation to the Company's Phase-1 operations, the planned Phase-2 Matawinie Mine and Bécancour Battery Material Plant, the contemplated Phase-3 Uatnan Mining Project, as well as corporate development.

Our environmental, social and governance ("ESG") report discloses data reported for the 2022 period with significant updates up to April 30, 2023. All monetary amounts included in this report are expressed in Canadian dollars ("CAD"), the Company's reporting and functional currency.

Publishing date: May 10, 2023

Questions and feedback on the report and NMG's sustainability efforts are most welcomed. You may communicate with Julie Paquet, our Vice President, Communications & ESG Strategy, at jpaquet@nmg.com











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Message from the Chair

I am delighted to present you with our 2022 ESG Report documenting our philosophy, practices, and performance on the key sustainability and governance matters that underpin our corporate development.

Modern themes permeate industries and periods. They shape new market dynamics and provide springboards to those who recognize the opportunities and embrace the uncertainty to dive into whitewater. Megatrends that marked 2022 propel us forward. In these vigorous currents, we maintain our pace, energy, and commitment to become a key contributor to the sustainable energy revolution.

- » Adoption of cleantech solutions on the rise across continents¹.
- » Disclosure regulation on ESG top issues such as diversity, climate risks, environmental impacts, and human rights.
- » Ever-growing environmental and social scrutiny matched with stakeholder pressure and activism².
- Record global investments into the energy transition.
- » Biodiversity losses threaten nature's and humanity's equilibrium, requiring urgent attention³.
- » International race to ensure the localization and resilience of critical supply chains, especially in the battery space.

Fast-moving water is indeed the perfect metaphor for our sector. We call Québec home. Our main playground is North America. The velocity of development in the battery and electric vehicle ("EV") here is unprecedented. And correspondingly, the call for standardized sustainability requirements, traceability of supply chains, and greater efforts to advance circularity is accelerating.

Legislation, whether the American Inflation Reduction Act tying EV incentives to sourcing critical minerals and advanced materials from trusted and ESG-compliant countries to progressive bans on internal combustion engine sales in Europe and North America, matches consumers' appetite and pressures industry laggers to adopt responsible production practices.

Striving to become North America's largest integrated natural graphite producer, NMG welcomes this mobilization for an ethically-and environmentally-responsible energy transition. While the Company is climate-oriented by design, we continue to refine, elevate, and connect our sustainability practices to drive the greatest impacts possible in our sector.

We embrace the United Nations Global Compact initiative and actively work to extend its principles to our ecosystem, recognizing the criticality of our supply chain to our sector's overall performance.

We also employ the Taskforce on Climate-related Financial Disclosures' ("TCFD") recommendations to bolster greater ownership of our corporate exposure to climate risks and opportunities thus informing our business strategy and sound management. This year's ESG Report features the first integration of this reporting system into our disclosure.



Cognizant of the looming biodiversity crisis and our responsibility in developing our projects and operations, we seek to enhance our leadership and intend to keep an eye on the development of the Taskforce on Nature-related Financial Disclosures ("TNFD") framework as a potential complementary lens to robust management.

Indeed, we view disclosure as an opportunity for strengthened governance and dialogue. By measuring and reporting our efforts, we strive to ensure accountability, transparency, and continuous improvement.

¹Benchmark Mineral Intelligence, March 2023.

²BloombergNEF, January 2023

³United Nations Environment Programme, December 2022.







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Our dedicated ESG team leads transversal initiatives; enlists employees and partners in advancing sustainability practices; monitors shifts in regulatory, sectorial, and societal expectations; and ensures communication and coordination across our governance structures. This work informs the Company's risk management approach and guides environmental, human capital, Indigenous, community, industry, and corporate efforts for greater impact.

Consequently, the principles, programs, advancements, case studies, and metrics presented in the following pages are truly a reflection of our values and day-to-day engagement across the Company.

On behalf of the Board of Directors, I salute our employees' commitment to translating our values into action,

I encourage management to continually push forward on reimagining practices, processes, and partnerships, I thank customers, suppliers, and collaborators for amplifying our efforts, and

I acknowledge the vision and trust of our shareholders and stakeholders in rallying behind the Company.

May this reading spark interest and ideas. Sincerely and respectfully,



Arne H FrandsenChair of the Board of Directors









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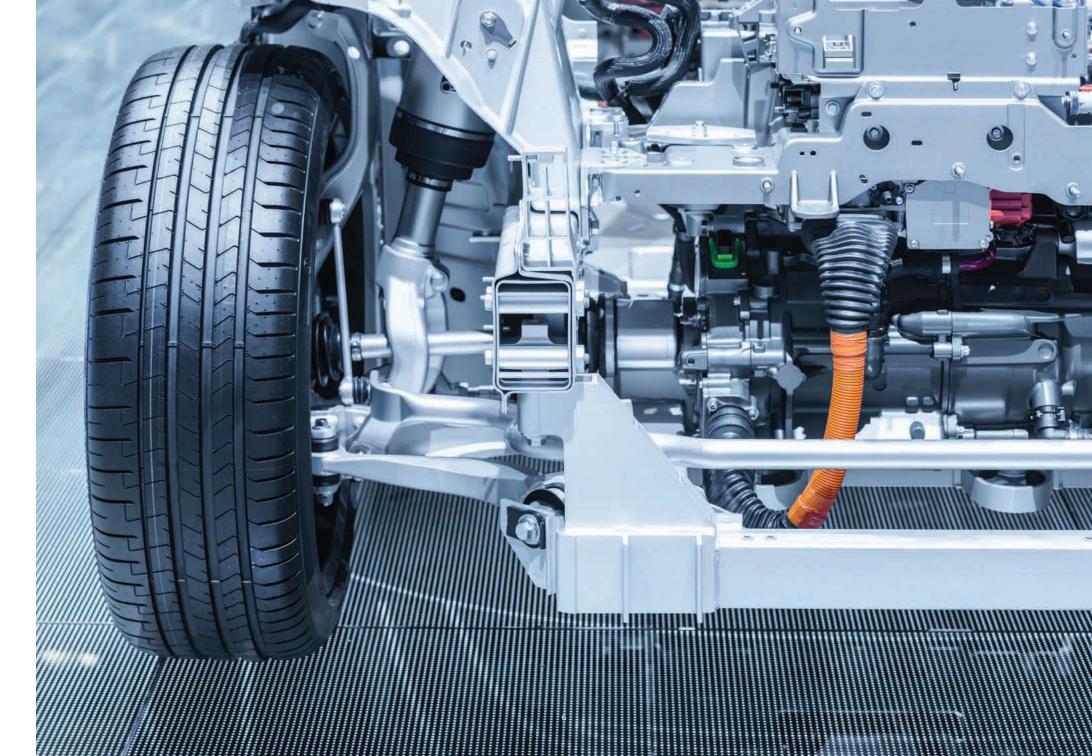


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Message from the President & CEO

It is palpable.

The time for promises has long passed. Swift action is the only path forward as we endeavor to construct a just and sustainable future.

Energy is critical to that end.
Clean energy that is. Sourced from renewables. Powered by local, ethical, sustainable, traceable, and carbon-neutral solutions.

NMG strives to become this driving force in the clean energy transition.

Responsible mining, ecotechnologies for advanced manufacturing, electrification of our operations and equipment, partnered development with First Nations and communities, environmental stewardship, and industrial leadership frame our business model to serve the battery and EV market with sustainable graphite-based materials.

In today's economy, companies are expected to demonstrate commitments, a holistic approach, and a roadmap to deliver returns for profit, people, and the planet.

I am certain that our resolute ESG compass will deliver on this promise.

In fact, we made significant advancements in 2022 toward that objective.

Respect, collaboration, and support for reconciliation with Indigenous Peoples transpire our engagement across projects and corporate development. Discussions with the Atikamekw First Nation of Manawan toward an impact and benefit agreement, underpinned by the two agreements we have already concluded together, progressed significantly this year, in what I hope is pointing to a near-term conclusion. We also appointed an Indigenous Relations Manager on our team to liaise with Indigenous communities, leaders, and organizations, and enhance our corporate initiatives and practices. Moreover, we launched a dialogue with the Waban-Aki First Nation and the Innu First Nation of Pessamit regarding our developing projects in each of these regions. A new corporate policy, a dedicated training program, increased consideration internally as well as awareness building among our employees, business partners, and communities also figure among our efforts this year.

In parallel, active outreach and dialogue with stakeholders continued for our Matawinie Mine and beyond. We expanded our horizons and deepened our relationships to inform specific measures and project development, including the Bécancour Battery Material

and the contemplated Uatnan Mining Project. After a pandemic-imposed quieter period, 2022 marked the first year of being truly back to normal for in-person events and engagement activities.

Proactive environmental management advanced at the Matawinie Mine with the launch of site remediation efforts via testing of vegetation parameters and preservation of organic resources. We continued to integrate innovative and forward-looking practices at every stage of our projects' development to truly limit impact on water, biodiversity, and communities.

We also adopted our Climate Action Plan mapping our transition to Net Zero and completed an ISO-compliant lifecycle assessment for our portfolio of graphite-based materials, confirming the minimal and industry-leading environmental footprint of our planned production model. Our commercial engagement this year, including our memorandum of understanding with Panasonic Energy Co., Ltd. toward an offtake, reaffirm the relevance and importance of our ESG approach.

While not always as prominent, governance upholds sound decisions and management. From key nominations and refined structures to the adoption of policies and programs, we continued to elevate our systems and practices so they reflect our highest principles.

We recognize that as a developing company working to reach the commercial stage, variations in performance are to be expected due to the changing nature and scope of our activities. We strive to better understand our impacts and enhance our management at every step of our development to generate positive improvements.









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Our Zero-Harm Philosophy underpins our business at every level. It guides our decisions, behaviors, policies, and operations to safeguard our people, our communities, and our environment's wellbeing. Thus, we have set high standards in preventing and managing environmental, occupational health and safety risks for our employees, contractors, and the communities in which we operate.

There remain challenges in reaching some of our goals. For example, we fell short of attaining our targeted Occupational Safety and Health Administration ("OSHA") rate due to minor incidents at our Phase-1 plant. While our health and safety culture, program, and training were strengthened this year, we still need to work on their effective translation to on-the-ground results. We are of the opinion that all incidents are

avoidable and that safety is paramount to the success of our business. Having improved work protocols and our management approach in light of last year's incidents and near-missed, we intend to double down on health and safety efforts as we approach the construction of our Phase-2 facilities which is set to host up to 450 workers at peak periods on each construction sites for the Matawinie Mine and Bécancour Battery Material Plant.

We also consider that greater diversity should be present within Team Nouveau Monde to leverage a richer variety of experiences and perspectives, and to reflect the composition of our communities. NMG is already ahead of the Canadian mining sector's average in terms of female representation and we have succeeded in increasing the proportion of managers who identify as women within the Company. We will continue our efforts along this path with strategies dedicated and adapted to different minority groups, including Indigenous Peoples.

We view sustainability as a journey; I am confident in the team that we have assembled to guide us forward. To that effect, we welcome stakeholder involvement at every step of this corporate development to guide our growth with the utmost holistic view.

Onwards, En avant, Wapita Nikanik, nik8nosada, Nikanitetau,



Eric Desaulniers President & CEO







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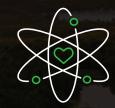
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Corporate Overview









Drive the transition to a green future through sustainable zero-carbon solutions.

VISION

MISSION

Provide the greenest advanced graphite materials with a carbon-neutral footprint for a sustainable world.

VALUES

Safety + Responsibility Openness + Integrity Entrepreneurial spirit



Corporate structure

NMG was established on December 31, 2012, under the Canada Business Corporations Act. NMG's registered office is located at 481 Brassard Street, Saint-Michel-des-Saints, Québec, Canada, J0K 3B0.

The Company's shares are listed under the symbol NMG on the New York Stock Exchange ("NYSE"), NOU on the TSX Venture Exchange ("TSX.V"), and NM9A on the Frankfurt Stock Exchange.

All monetary amounts included in this report are expressed in Canadian dollars ("CAD"), the Company's reporting and functional currency, unless otherwise noted.







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NMG is an integrated company developing responsible mining and advanced manufacturing projects to supply the global economy with carbon-neutral anode material to power EVs and energy storage systems.

Based in Québec, Canada, the Company is focused on the planned Matawinie graphite mine (the "Matawinie Mine") and the planned commercial value-added graphite products transformation plant (the "Bécancour Battery Material Plant"), both of which are progressing concurrently towards commercial operations. NMG is also exploring the potential of developing and operating the Uatnan mining project (the "Uatnan Mining Project") that leverages Mason Graphite Inc.'s ("Mason Graphite") Lac Guéret graphite deposit.

The Company is carrying out a phaseddevelopment plan to derisk its projects, advance toward commercialization, and prepare a roadmap for growth in line with the market demand.

Striving to establish a fully integrated, local, carbon-neutral, and traceable turnkey supply of graphite-based advanced materials for the Western World, NMG is developing a portfolio of products, from flake concentrate to active anode material. The Company's business strategy is underpinned by proprietary technologies, a mobilized and diverse team of nearly 100 employees, clean hydroelectricity powering its operations, and a resolute ESG mindset.

Our plan

PHASE 1 2017-2022



De-Risking

Integrated demonstration facilities for optimization and product qualification

Our goal

PHASE 2 2023-2025



Execution

Matawinie Mine and Bécancour **Battery Material Plant**

Our vision

PHASE 3 2025+



Development of the Uatnan Mining Project and expansion of anode material production









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Operations

PLANNED TO BE

NORTH AMERICA'S

LARGEST INTEGRATED

NATURAL GRAPHITE PRODUCER

MATAWINIE

Mine & Concentrator

FLAKE GRAPHITE

- Mine and concentrator to produce103 ktpa of flake concentrate
- » Advanced strategy to become the world's first all-electric open-pit mine for carbon-neutral operations – underpinned by renewable hydropower
- 25-year life of mine, with the scale to expand

*As part of the option and joint venture agreement signed with Mason Graphite, NMG is exploring the development of the Uatnan Mining Project.

■ UATNAN*

Mine & Concentrator

LARGE VOLUME PRODUCTION OF FLAKE GRAPHITE CONCENTRATE

- » Mine and concentrator to produce500 ktpa of flake concentrate
- » Onsite extraction and concentration operations to optimize production efficiency, limit transportation and reduce environmental impact
- » Projected to become the largest natural graphite production in the world for a 24-year life of mine

BÉCANCOUR

Battery Material Plant

ACTIVE ANODE MATERIAL & MORE

- » Beneficiation of graphite
 concentrate from Matawinie to be
 transformed into approximately
 46 ktpa of active anode material
 and specialty products
- » Short road transport (150 km) from the Matawinie Mine to the Bécancour Battery Material Plant
- Modular design to allow for scalable expansion as the market grows



CANADA

USA

QUÉBEC







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MATAWINIE MINE

At the Matawinie Mine, located 120 km north of Montréal, NMG advances the development of its wholly-owned flagship Matawinie graphite property to produce an average of 103,328 tonnes per annum ("tpa") of **graphite concentrate** over the 25-year life of mine. Large, quality mineral reserves coupled with a skilled workforce, existing infrastructure, and a dynamic regional business ecosystem provide a strong foundation for this operation.

In reinventing traditional practices to limit potential impacts and plan beyond the life of mine, NMG has developed the Matawinie Mine with environmental and social considerations at the forefront.

The project has been reviewed and approved by governmental authorities; preliminary work is underway. Detailed engineering, procurement activities, construction planning, and electrification development advance in parallel.

As part of its climate action strategy, the Company is committed to having both heavy equipment used for mining operations and its processing activities become fully electric within the first five years of production. This operating model, which is projected to be the **world's first all-electric open-pit mine**, represents a potential reduction of over 300,000 tonnes of CO₂ emissions over the mine's lifespan.





BÉCANCOUR BATTERY MATERIAL PLANT

Graphite refining is indispensable for the material to reach the optimal properties and performance required for use in lithium-ion batteries or bipolar plates for fuel cell technologies. The Bécancour Battery Material Plant to be located in Bécancour, Québec, approximately 150 km northeast of Montréal, on the Saint Lawrence River, constitutes NMG's comprehensive advanced manufacturing platform. This facility is set to provide the marketplace with about 43,000 tpa of anode material, 3,000 tpa of purified jumbo flakes and other specialty products as per customers' specifications.

The majority of the Matawinie Mine's production will be used as feedstock for value-added transformation at this plant, hence capitalizing on operational efficiency, product traceability, and greater margins from NMG's vertically integrated business model.

NMG's 200,000-m² site, in the heart of the Québec Government "battery valley", benefits from robust industrial infrastructure, access to clean and affordable hydroelectricity, a direct supply of required chemicals, a regional pool of skilled workforce as well as a multi-modal logistical base (international port, railway and expressway) in proximity to U.S. and European markets.

The property presents no environmental limitations. Engineering, process optimization, permitting, procurement, and stakeholder engagement are underway in preparation for the construction of the Bécancour Battery Material Plant.



UATHAN MINING PROJECT

In line with the option and joint venture agreement signed with Mason Graphite, NMG is developing the Uatnan Mining Project in Northern Québec, Canada. Updated operational parameters for this property now target the production of approximately 500,000 tpa of graphite concentrate over a 24-year life of mine.

Intended as NMG's Phase-3 expansion, the Uatnan Mining Project is being planned to reflect the Company's responsible mining practices, commercial discussions, a focus on battery material feedstock, and booming market conditions⁴. The Uatnan Mining Project is currently **one of the largest projected natural graphite projects in development in the world**.

The Company has initiated a thorough and pragmatic studying and planning process starting with a preliminary economic assessment that confirmed the technical feasibility and economic viability of the contemplated project.







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Technologies

Thanks to proprietary transformation processes and a license to commercialize Hydro-Québec's battery material technologies, NMG produces up to 99.99%-pure advanced graphite material samples. From simple milling and flotation circuits at its Phase-1 Matawinie concentrator yielding 97%-pure flakes in a variety of sizes to its **patent-pending thermochemical purification technology** that avoids using hydrofluoric acid in favor of high temperatures, the Company has placed clean processes and products' environmental footprint at the center of its business model.

Each step of NMG's integrated value chain is engineered to enhance the materials' properties, provide the capacity to tailor products to a variety of specifications, and align with market's requirements for high-performing graphite solutions. The Company's dedicated battery laboratory facility provides in-house capacity, flexibility, and speediness in testing advanced materials and specifications for potential customers.

Recognizing the rapid pace of cleantech development and striving to elevate the environmental and ethical DNA of its products, NMG maintains a wide portfolio of research and development ("R&D") projects. Elite research and close collaboration with academia, governments, technology transfer centers, and industry partners complement the efforts of NMG's own R&D and Engineering teams.











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Philosophy & Sustainability Promise

We are NMG; an ESG-minded company working to reimagine the traditional practices of the mining sector and the technologies underpinning battery material manufacturing to supply international markets in the push toward decarbonization.

Climate action underpins our business model. Sustainability guides our ethics and development.

We are committed to a holistic approach to managing our strategy, operations, and relationships. Through robust governance, a mobilized and diverse team as well as our resolute ESG compass, we are advancing our projects and the Company's growth.

We understand the responsibility and unique privilege of developing large-scale mineral resources. In partnership with our communities, First Nations, and key stakeholders, we strive to be a model in the development of responsible mining operations and clean advanced material manufacturing.





GRAPHITE DONE RIGHT BY

THE ENVIRONMENT, THE COMMUNITIES,

AND THE MARKETPLACE, WITH

A CARBON-NEUTRAL FOOTPRINT.

We hold ourselves accountable to that promise and aspire to drive greater sustainability into our sector and the industries we serve.







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Since the Company's inception, we have set our minds on sustainability, accountability, and continuous improvement. NMG invests time and effort at every level of the organization and stage of our development to integrate ESG-leading practices directed at minimizing our footprint and maximizing our contribution.

We employ ESG principles as a lens to check, measure, align, and enhance a sound business model. Hence, our performance in regard to environmental, social, and governance components is just as important as the financial parameters on which we build the Company.

We practice an open-door policy at our sites, inviting community members, regulators, shareholders, media, elected officials, and even opponents, to visit our facilities, engage with our team, and see for themselves how we live by our sustainability promise. Since 2020, we have also implemented public disclosure of our managerial approach, practices, and performance in line with recognized standards. We consider transparency as the cornerstone to trusting relationships with our stakeholders.





Building on this foundation, this report is part of our annual disclosure cycle. It has been written with reference to the Global Reporting Initiative ("GRI"), the Value Reporting Foundation (SASB Standards) for the Metals & Mining sector, and the Task force on Climaterelated Financial Disclosures ("TCFD") recommendations. We have also included our contributions to the United Nation's Sustainable Development Goals ("UN SDGs") and our progress towards the UN Global Compact ("UNGC") principles on human rights, labor, the environment, and anti-corruption practices. Our complete communication on progress regarding these specific principles will be publicly available on the UNGC website in July 2023.

Let us also note that NMG voluntarily initiated reporting under the Carbon Disclosure Project ("CDP") in 2022 to demonstrate its management of climate risks and opportunities, environmental performance, and greenhouse gas ("GHG") reduction efforts, as well as climate action (see the Ratings subsection, p. 24, for additional information).



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Acknowledging our Impacts

We assume responsibility for our present and long-term impacts on the people, environment, technology, and economy we engage with.

Understanding the natural milieu and socioeconomic fabric in which we operate, the priorities of our stakeholders and the footprint of our activities is the first step in designing a responsible business that avoids adverse effects and seizes the opportunities for shared benefits.

Materiality Assessment

To create long-term value, NMG conducted materiality assessments in 2020 and 2021 to identify the most significant ESG risks and opportunities for our stakeholders. These results guide our managerial approach, disclosure, engagement efforts, and sustainability journey.

Our materiality assessment was developed using various sources of information. The X axis represents how significant the topic is for our industry based on peer benchmarking, documented feedback from our Matawinie Mine Environmental and Social Impact Assessment ("ESIA"), and a review of relevant disclosure frameworks such as GRI and SASB. The Y axis shows how important those topics are to our stakeholders, based on interviews with 11 different external stakeholder groups and with members of NMG's senior Management Team.

As our projects advance, NMG continues to collect feedback from stakeholders, monitor societal and market realities, as well as track trends and updates in sustainability, securities, and financial standards to further refine our understanding and management of key ESG topics.









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Stakeholder Engagement As part of its participative efforts, NMG is making a priority of communicating its progress and providing tailored information to all its relevant stakeholder groups through various communication channels. NMG regularly gathers feedback through its outreach efforts and ensures that stakeholder expectations are reflected in its public reporting.	Board of Directors	Citizens and users of the territory	Community and economic development organizations	Customers, actual and potential	Employees	Environmental groups	Indigenous communities and organizations	Industry and sectoral associations	Members of the public, media, and end-users	Municipal and governmental authorities	Shareholders and investors	Suppliers and business partners
Annual general meeting											•	
Biannual activities report										•		
Biannual full-staff training seminars and other internal events					•							
Dedicated liaison and coordination committees										•		
ESG Report, CDP survey		•	•	•		•	•		•	•	•	•
Events, panels, and conferences				•				•	•		•	•
Information session on upcoming business opportunities												•
Internal newsletter, team weekly meetings					•							
Local and community activities		•	•				•					
Meetings, site visits, and direct interaction with NMG's representatives	•	•	•	•		•	•		•	•	•	•
Press releases, quarterly and annual reports				•					•	•	•	•
Public newsletter, website, traditional and social media		•		•			•	•	•		•	•
Quarterly and ad hoc Board of Directors and committee meetings	•											
Representation and active participation within task forces, committees, and organizations								•				
Representation and/or reserved seat at the Matawinie Mine monitoring committee (the "Monitoring Committee")		•	•			•	•			•		







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Mapping a Sustainable Path Forward

Progress on our ESG Roadmap

NMG's commitments to sustainability are supported by a three-year action plan intertwining all business units and projects at the Company, in line with each pillar of our Sustainable Development Policy, as well as performance targets to integrate ESG-leading practices ahead of full-scale commercial operations.

Our ESG Strategy Team is responsible for driving and monitoring this roadmap. Through direct engagement with department leads, technical teams, and operators, they support internal groups in achieving their goals, identifying risks and opportunities to be addressed, and proposing solutions if certain actions or targets require adjustments.

2021-2023 Sustainability Action Plan

In early 2023, our ESG Strategy Team met with department leads to assess the progress made on our Sustainability Action Plan. Overall, 77% of our sustainability actions have met their targets for the year. Given our dynamic context, NMG is optimistic about these results. Indeed, some actions depend on operational progress or corporate priorities and were either postponed, delayed, or modified.

NMG's current Sustainability Action Plan comes to a close in 2023. New actions and targets will be developed to ensure our ESG priorities are integrated and aligned with our next development phase.

2021-2023 Sustainability Action Plan



Creating shared value

- » Advance zero-harm standards within the Company and with construction and business partners through robust governance and exemplary practices in relation to health, safety, and the environment
- » Improve Indigenous participation in the project and promote a shared perspective within the Company and community
- » Maximize benefits for local community and stakeholders
- » Foster diversity and inclusion within the Company
- **Execute business plan responsibly** to deliver on
 commitments to stakeholders,
 shareholders, and customers



Powering a cleaner future

- » Attain carbon neutrality for past and current operations, with a plan for future activities
- » Elevate environmental and ethical DNA of the Company's products
- » Create synergy with other industries in line with the circular economy approach
- Carry out responsible construction of commercial projects through proactive waste management, infrastructure and logistics optimization, and sustainable design choices



Accelerating the wheel of change

- Establish first-class approach to ESG and transparent disclosure
- » Invest in training, research, and leadership initiatives to advance global sustainability agenda
- » Promote and call for sustainability throughout our value chain, business ecosystem, and community







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ESG Targets

NMG recognizes that setting quantitative targets for material topics is the exemplary path to improving ESG performance. As a pre-revenue company with forecasted construction and growth over the next few years, our current development stage is not an ideal context for setting long-term targets since we would be relying on projections instead of actual baselines. Hence, our targets focus on immediate priorities for improving ownership and management of material topics as we progress toward the commercial stage.

Here is the status on the advancement of our targets at the end of 2022



Achieve a recordable incident rate below 2, as per the OSHA calculation

This year, NMG recorded an OSHA Recordable Incident Rate of 2.25 at the Company's facilities and 0 at contractors' work sites. Refer to p. 42 for more information on how NMG manages health and safety.



Maintain our major environmental incidents track record at 0

No major environmental incidents as per the Global Reporting Initiative's definition. Refer to <u>p. 61</u> for more information on NMG's environmental program.



Meet 100% of quality standards for water treatment and final effluent at our Matawinie Mine, Phases 1 and 2

All samples at our Phase-1 final effluent complied with quality standards. Refer to p. 62 for more information on our water monitoring program.



Maintain our carbon neutrality status and transition to Net Zero by end of 2030

NMG maintained its carbon-neutral balance by purchasing verified carbon credits to offset its 2022 emissions. Refer to p. 78 for more information on our compensation strategy and our action plan to reach Net Zero.



Complementary to our Environmental Policy, adopt a Water Stewardship Policy to strengthen our governance and practices by end of 2023

Our Water Stewardship Policy is planned to be developed and adopted in 2023. To learn more about our current Environmental Policy, refer to p. 60.



Provide training on Indigenous awareness and unconscious bias to 100% of employees by end of 2023

Specific training on cultural diversity in a mining context, with an emphasis on Indigenous Peoples, is planned for 2023. Refer to <u>p. 53</u> for more information on how NMG engages with Indigenous Peoples, communities, and organizations.



Conduct a life cycle assessment ("LCA") on NMG's graphite materials by 2022 to understand and proactively manage the full impact of our production model

NMG published its LCA results in July 2022, demonstrating industry-leading results with an impact up to 11 times smaller than that of benchmarked production. Additional information is available on p. 70.



Maintain or improve the Company's A2 sustainability rating

An internal roadmap was developed to ensure our next sustainability rating remains A2 or higher. NMG intends to begin a new rating assessment with Moody's in 2024.

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Partner with at least 3% of suppliers that are Indigenous-owned, hire Indigenous labor and/or subcontract to Indigenous businesses as of 2025

NMG partnered with 1.8% of suppliers that are Indigenousowned, hire Indigenous labor, and/or subcontract to Indigenous businesses in 2022, an increase from the previous year. To learn more about our efforts to integrate Indigenous businesses and workers in our operations, refer to p. 56.



Confirm 100% of our suppliers and contractors' adherence to our Suppliers Code of Conduct by end of 2023

At year-end, 76% of active suppliers confirmed their adherence. For more information on our responsible procurement practices, refer to p. 37.



Progressively increase diversity representation on the Board of Directors and Management Team by 2025

Our Diversity, Equity, and Inclusion ("DEI") Action Plan was deployed in 2022 to increase our diversity representation at all levels of the Company. Refer to p. 44 for more information on our DEI culture and practices.



Engineer low-carbon infrastructure, deploy an all-electric fleet by year 5 of Phase-2 of the Matawinie Mine, and adopt clean energy sources and technologies in every other area of our operations as they become available

Refer to <u>p. 70</u> for a detailed overview of our journey to decarbonize our operations, including our agreement with Caterpillar to develop an all-electric mining fleet. We aim to use 99% of renewable energy by 2030.



Increase our biodiversity leadership by ensuring compliance with our protocols from both our employees and contractors, launching site reclamation initiatives, and identifying opportunities for additional ecosystem compensation projects by end of 2023

Three site reclamation initiatives were launched this year in addition to our biodiversity protection and surveillance efforts. For more information on our practices, refer to p. 66.



Reduce our Phase-2 operations' Scope 1 emissions:

- bebebeby 65% in 2035

To be deployed when our Phase-2 operations' emission baseline is established. Refer to <u>p. 70</u> for additional information on our climate action.









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Towards Sustainable Mining

This year, NMG initiated a gap analysis against the eight protocols of the Mining Association of Canada's Towards Sustainable Mining initiative ("TSM"). The TSM initiative is a globally recognized performance system that assists mining companies in evaluating and managing their environmental and social responsibilities. While the TSM initiative is usually only deployed in commercial production mining operations, NMG stayed true to its reputation of leading the way and took upon itself to start the TSM gap analysis process early. All protocols were assessed by an independent consultant and respective leads internally. Our TSM coordinator then developed an implementation roadmap to ensure that we adopt the best sustainable practices ahead of our full commercial-scale Phase 2.



Ratings

To provide shareholders, stakeholders, and investors with an independent review of our sustainability approach, practices, and efforts, we sought an assessment by Moody's ESG Solutions⁵ ("Moody's"). Following a thorough review of the Company's practices and interviews with senior executives, Moody's provided a Sustainability Rating of A2 ('Robust'), the second-highest grade on its rating scale, to NMG.

Moody's | ESG Solutions



In its positive opinion, Moody's highlighted the integration of ESG factors in the Company's strategy, operations, and risk management, and noted our "outstanding efforts to promote health and safety of the direct and indirect workforce, advanced management of impacts on biodiversity, as well as promotion of the involvement of local communities and local economy"⁶.

Moody's opinion on our sustainability <u>can be consulted on</u> <u>our website</u>.



Target Maintain or improve the Company's A2 sustainability rating

At the end of 2022, NMG obtained its first CDP Score for the Climate Change questionnaire based on the Company's 2021 performance. CDP is a non-profit organization that encourages companies and cities to disclose how they measure and manage their impacts on water, forests, and climate change. Participants are scored by the CDP internal team of experts on a scale from F to A.







As its first reporting year, NMG is pleased with its C score and welcomes this result as another opportunity to keep improving its management and disclosure of climate-related issues. For now, NMG's score is in line with its reference group's average performance. The Company's rating and detailed survey responses are publicly available on CDP's platform.

The Company also received a CDP Supplier Engagement Rating evaluating our supplier engagement practices on climate-related issues. NMG received a B score, higher than the North American regional average and the Other mineral mining sector averages. This result highlights our commitment to responsible practices, our transparency in measuring and reporting a portion of our Scope 3 emissions, and our engagement to advance green solutions with suppliers, such as our collaboration with Caterpillar Inc. ("Caterpillar") for an all-electric mining fleet.





⁵ The Sustainability Rating was originally conducted by V.E, which is now part of Moody's ESG Solutions

⁶ Moody's, December 2021







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Contribution to Global Efforts

UN SDGs

The United Nations ("UN") 2030 Agenda for Sustainable Development has outlined 17 interlocking global goals ("SDGs") for equitable, socially inclusive, and environmentally sustainable economic development.

Considering our mission and ESG commitment, NMG has the opportunity to contribute to most of the SDGs. Based on an analysis of our activities, we are focused on goals on which we can truly have an impact by mitigating and managing risks, as well as by providing a responsible product.



Through our Zero-Harm Philosophy, we make it a priority to protect the environment and our communities, and to provide a safe workplace for our employees through health and safety programs, benefits, and employee assistance services.

In parallel, our products are intended to enable the energy transition and can help significantly reduce air pollution associated with fossil fuels. which represents a major threat to public health.



We promote education



and continuous learning, with special initiatives for the Indigenous and local workforce, through workstudy programs, internship opportunities, and training.



We promote gender equality at all levels of the Company, including in leadership and management positions. We are committed to building an organizational culture that is free of any gender-based discrimination and where

women feel empowered, as outlined by the Women's **Empowerment Principles set by the United Nations Global** Compact and UN Women.



Water protection is a priority that we carefully and diligently address by proactively managing tailings to prevent acid mine drainage, treating and analyzing our effluent discharges, and reducing our freshwater consumption using recirculation systems.



We are engineering our battery anode materials to power and optimize clean energy technologies, thus supporting the adoption of renewable energies in transport and energy storage sectors. Through our carbon offsetting strategy, we invest in clean energy solutions in developing countries.



We stimulate

economic growth in

our communities via

business opportunities

for small and medium

entrepreneurs and by

creating quality jobs in

work environment.

an inclusive and equitable

Leveraging renewable energy and ecotechnologies, we are producing and supplying high-performing, traceable, and carbonneutral advanced graphite materials that support electrification. We work to enhance the environmental and ethical footprint of our products through our extensive R&D program.



As a progressive employer, we promote an inclusive workplace with equal opportunities for all our employees and extend this philosophy to our business and community relationships. We have a zero-tolerance approach toward discrimination.



We are committed to transitioning from our current carbon-neutral status to Net Zero while maximizing our products' contribution to global decarbonization efforts.



We are meaningful when it comes to adopting sustainable practices and efficiently managing our natural resources. We are committed to monitoring our environmental and social impacts to reduce our footprint, improving our processes and products, responsibly sourcing our materials, equipment, and services, and promoting circularity.



We make it our mission to safeguard our ecosystems by using the mitigation hierarchy and protecting biodiversity and at-risk species on our lands. Through our carbon offsetting strategy, we invest in protecting, restoring, and/or enhancing natural ecosystems in developing countries.



We partner with civil, public, and private organizations across the globe to advance technology development and ESG standards for our sector.







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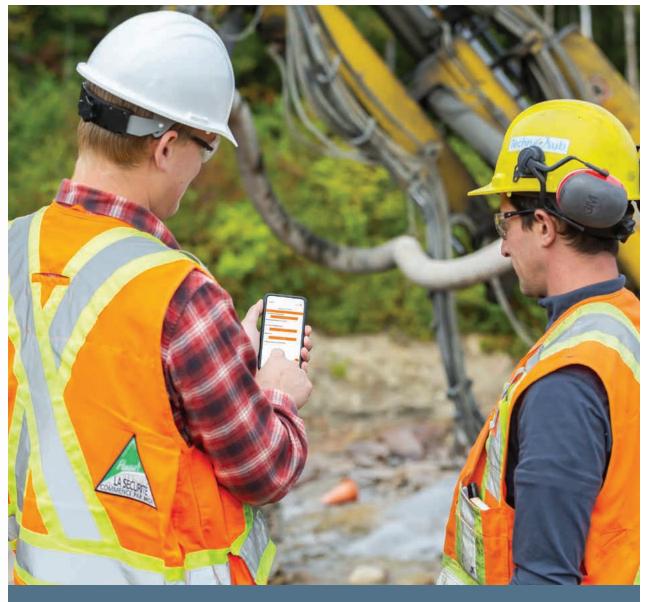
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Our Environment Coordinator Kevin shows Technician Marc-Antoine how to log site activities via the traceability app.

Global Battery Alliance

An active member of the World Economic Forum's Global Battery Alliance ("GBA"), NMG subscribes to the objective of establishing a circular and sustainable battery value chain through public-private leadership and partnerships.



We participated in documenting traceability application at the mining level and informing the development of the GBA's Battery Passport which is set to become the dominant norm attesting to the environmental and social compliance of a battery throughout its value chain. A proof of concept of the Battery Passport was launched in early 2023, demonstrating the viability of having a digital twin for physical batteries to track and disclose key information about all sustainability and lifecycle standards.

"The Battery Passport provides a springboard for the adoption of cleantech that truly promotes decarbonization and a just transition at every stage of their value chain. By informing GBA's traceability efforts, committing to responsible mining practices, partnering on battery recycling, and embedding carbon neutrality into our business model, NMG proudly supports the advancement of a transparent, sustainable, and circular battery industry."

- Eric Desaulniers







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Corporate governance lays a strong framework of ethics, oversight, structure, and accountability that is reflected in all aspects of our business.

We maintain high standards of integrity and seek to mitigate risk and protect shareholders when executing our business strategy.

Structures & Oversight

We are committed to the principles of sustainability and integrity; the Board of Directors and the Management Team recognize the value of good corporate governance and the need to adopt best practices in terms of social, economic, and environmental responsibility.

Board of Directors

Our Board of Directors oversees the business conduct of NMG and management's responsibilities for the day-to-day operations and corporate development. It upholds the Company's long-term vision with stakeholders in mind, weighing in on business orientation and performance, capital strategy, oversight of risks and opportunities, and ESG integration.

An international collective of business executives with a wealth of expertise and experience constitutes our Board of Directors. It is currently comprised of eight directors, five of whom are independent.

Leveraging their track record as top-level executives and contributing their professional perspectives, Directors' profiles weave a rich warp to guide the Company.



NMG recognizes that a diverse and inclusive environment that values the diversity of thought, background, skills, and experience facilitates a broader exchange of perspectives and improves oversight, decision-making, and governance in the Company's best interests. NMG is working towards increasing the presence of minority groups and the depth of expertise on its Board of Directors to guide its corporate growth.

→ 25% of Directors are women.



Target Progressively increase diversity representation on the Board of Directors and Management Team by 2025 Directors are elected through a nomination every year at the Company's Annual General and Special Meeting of Shareholders. The Corporate Governance and Nomination Committee, which is responsible for recommending director nominees to the Board of Directors, seeks to attract high-quality individuals. In assessing potential candidates, the Committee considers their merit based on a balance of skills, abilities, personal qualities, educational qualifications, and professional experience.

A total of six Board of Directors meetings were held in 2022, plus 26 committee sessions, including four Audit Committee meetings. Directors have the opportunity to engage directly and regularly with key managers within the Company to monitor and guide crucial developmental efforts, projects, and corporate matters.

As per tradition, Directors took part this year in a special two-day site visit to see the Company's facilities, interact with employees and better grasp the environmental, social, and technological realities of each project.







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Member	Arne H Frandsen	Daniel Buron	Stephanie Anderson	Eric Desaulniers	Jürgen Köhler	Nathalie Pilon	James Scarlett	Andrew Willis
Position	Chair	Lead Independent Director	Director	Director, President and CEO	Director	Director	Director	Director
Tenure	3 years	3 years	<1 year	10 years	2 years	2 years	2 years	2 years
Independence	No	Yes	Yes	No	Yes	Yes	Yes	No
Gender	Male	Male	Female	Male	Male	Female	Male	Male
Expertise	Legal, investment banking, executive management, natural resources, financing	Finance, investor relations, information technology, business administration, corporate governance	Corporate finance, marketing, mining, logistics	Exploration, mining development	Business management, technology development & innovation, manufacturing & construction, sales & marketing, corporate governance, health, environment & safety	Heavy industry and manufacturing, business administration, project management, sustainability, diversity & inclusion	Legal, investment, corporate governance, finance, indigenous relations	Investment, corporate finance
Committee participation	2, 3, 4	1, 2, 3	5	-	1, 5	1, 4, 5	2, 3, 4	5

Legend

- 1. Audit Committee
- 2. Human Resources, DEI, and Compensation Committee
- **3.** Corporate Governance and Nomination Committee
- **4.** ESG, Health and Safety, and Sustainability Committee
- **5.** Projects and Development Committee







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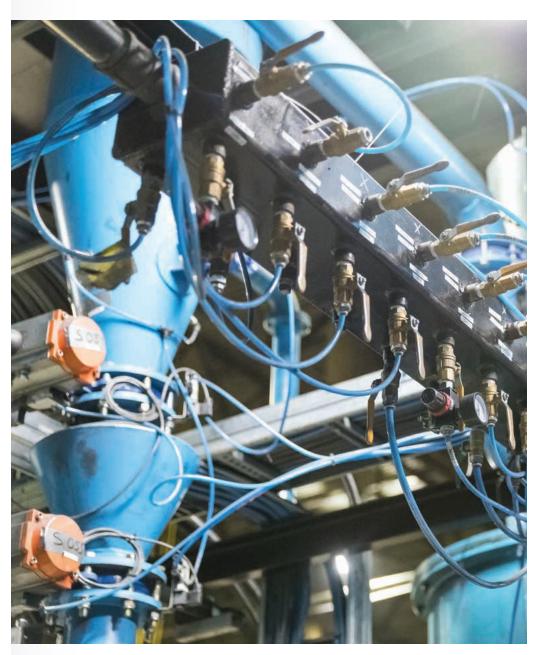
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Board Committees

After some reorganization in 2022, the following committees support the Board of Directors' activities:

- » The Audit Committee assists the Board of Directors in its oversight of the integrity of the financial statements and financial reporting process, the appointment and performance of the external auditor, disclosure and internal controls, as well as risk management processes. The Audit Committee also provides an avenue for communication between the external auditor, management, and other employees of the Company, as well as the Board of Directors, concerning accounting and auditing matters.
- » The Corporate Governance and Nomination Committee is responsible for the review, development, and implementation of effective corporate governance policies and compliance with legal and regulatory obligations. It assists the Board of Directors in ensuring that it is comprised of directors with the necessary skills to effectively discharge its oversight responsibilities relating to the Company's activities.
- The ESG, Health and Safety, and Sustainability Committee provides corporate direction to, monitors and reviews health and safety, well-being, security and other management systems, policies and programs, and targets to assist the Board of Directors in overseeing the Company's performance in these areas. It also oversees the Company's initiatives and approach to matters related to the environment, transition to Net Zero and climate change, human rights, Indigenous relations, stakeholder and community engagement, transparency and communication related to sustainability matters and government relations. It reviews the Company's material reports pertaining to ESG performance, including the content of this report.
- The Projects and Development Committee works closely with management and oversees the development and construction plans related to its mining and industrial projects.
 It serves as an "advisory counsel" regarding technical matters and economic considerations related to the Company's projects.
- » The Human Resources, DEI, and Compensation Committee supports the Board of Directors in relation to the compensation and retention of key senior management employees having the skills and expertise needed to enable the Company to achieve its goals and strategies at a fair and competitive compensation. It also looks after the Company's efforts and performance related to diversity, equality, and inclusion.

We ensure a continuous review of the Board of Directors structure and governance practices to reflect best practices and the Company's evolving nature.







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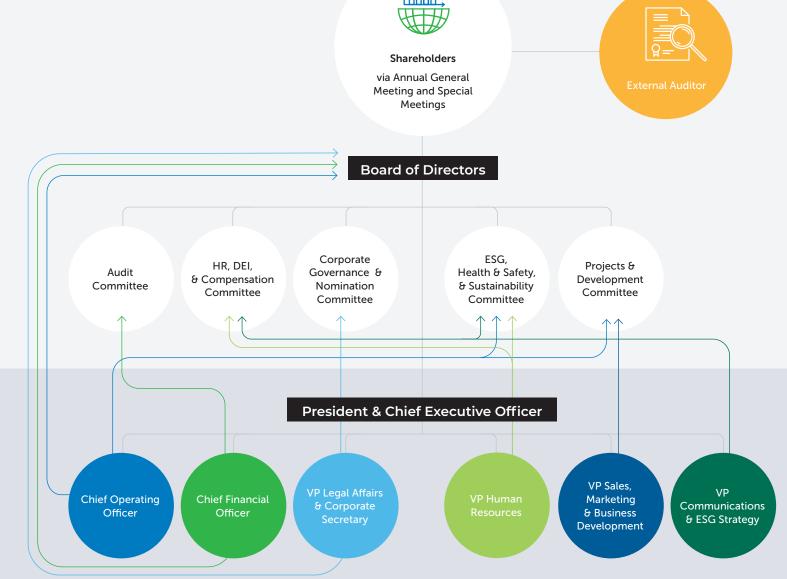
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Governance Structure

Executive Committee









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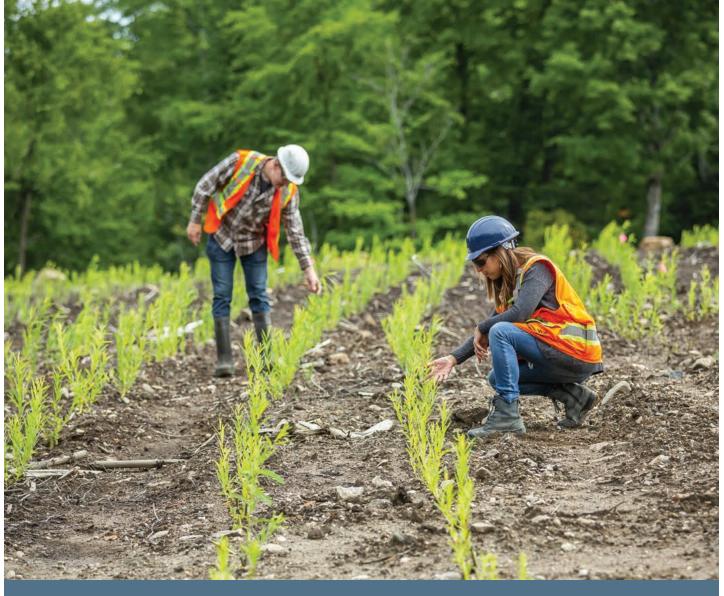


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ESG Direction

Sustainability has always driven our culture, decision-making, and growth at NMG. We seek to embed ESG-leading practices across all aspects of our business and empower employees, at every level of the Company, to participate and innovate in that regard.

Reporting to the President and CEO, our Vice President, Communications and ESG Strategy leads these efforts. She is responsible for the identification, management, and mitigation of NMG's impacts on the economy, environment, and people in collaboration with colleagues in Environment, Human Resources, Community Relations, Operations, and other corporate functions. She leads and supports initiatives across the Company, our communities, and our industry to help us reach our sustainability goals. She accounts for the Company's initiatives, risks, and opportunities at the Board of Directors' ESG, Health and Safety, and Sustainability Committee. She is supported by our Manager, Carbon Neutrality Program, our Manager, Indigenous Relations, and our Strategic Advisor, Sustainability.



Julie Paquet, Vice President, Communications and ESG Strategy, visits NMG's willow plantation at the Matawinie Mine with Environment Coordinator Kevin.







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Engagement

ESG matters are discussed and coordinated with the President and CEO, and reviewed with the executive team that regroups senior management across all business divisions. NMG's executive team looks after the overall business strategy, oversees day-to-day business activities and operations, and assists the Board of Directors in the fair governance of the Company by identifying strategic priorities and monitoring risks and opportunities.

The Board of Directors oversees ESG risks and opportunities, including climate-related risks and opportunities, mainly at its ESG, Health and Safety, and Sustainability Committee, and also at its Audit Committee which is responsible for the enterprise risk management ("ERM") system. Both committees meet every quarter, or more often if specific matters arise, and report on their activities and progress to the Board of Directors.

We set targets on priority issues, structure ESG efforts via our overarching 2021-2023 Sustainability Action Plan, plus track implementation and performance with more granularity for certain goals. Policies, programs, and initiatives are presented at employee summits and weekly meetings. These activities help generate alignment and engagement, reinforce our internal culture, and elevate our impact.

A staff-imagined and -led initiative, the Environmental Social Committee ("ESC") is formed of volunteer employees from different sites and departments who manifested interest in sustainability. It seeks to stimulate employees' reflections and initiatives related to sustainable development and facilitate their implementation within the Company. Through internal communications and special events, employees are invited to submit any idea they feel could improve NMG's sustainability performance. For example, Carl-André's suggestion helped reduce waste at our plant through the collection of protection gloves; it is featured on page 68 of this ESG Report. The committee meets every quarter to discuss ongoing projects and resource allocation.

NMG aspires to consider its stakeholders' perspectives and interests in managing the Company. Feedback from stakeholders is documented and reflected in the Company's governance framework through its ESG, Health and Safety, and Sustainability Committee, its Monitoring Committee at the community level, shareholder meetings, and active engagement of executives within the Company, communities, and industry.

Regulatory Framework

A Canadian company operating in a tier-1 jurisdiction with recognized standards, laws, and programs charting extractive industries and general business activities, NMG abides by high standards of corporate stewardship. NMG complies with Canada and Québec's applicable regulations on environmental management, health and safety, human rights, child labor, lobbying, corruption, and taxes among key precepts. Canada ranks 14th out of 180 countries assessed on their level of perceived corruption.

In our jurisdiction, human rights are formalized by Québec's Charter of Human Rights and Freedoms, and the Canadian Charter of Rights and Freedoms. Québec's Charter of Human Rights and Freedoms is a fundamental law that supersedes all other Québec laws, including employment laws regulating

working conditions. Prohibited grounds of discrimination under Québec's *Charter of Human Rights and Freedoms* include race, color, sex, gender identity, pregnancy, sexual orientation, civil status, age, religion, political convictions, language, ethnic origin, social condition, and disability.

The Company adopts the UN Declaration on the Rights of Indigenous Peoples as a framework for collaboration and reconciliation, and applies its principles, norms, and standards to our corporate values and core operational activities involving Indigenous Peoples and their lands and resources. Refer to the Indigenous Engagement section on page 53 for further information on NMG's approach and practices in that regard.

Québec legislates GHG emissions and has had a carbon market since 2013. linked to the California market as part

of the Western Climate Initiative ("WCI"). NMG has aligned its activities in parallel to this GHG emission cap-and-trade system even though it is not subject to this program since its emissions are below the thresholds.

At last, NMG is listed on the TSX.V and NYSE, and thus complies with securities control and disclosure requirements, including *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings*, to protect shareholders and the general public from errors and fraudulent practices, and to improve the accuracy of corporate disclosures. NMG has deployed an extensive program to design, test, implement, and audit processes and associated controls across the Company.

⁷Transparency International, Corruption Perception Index 2022, January 2023.







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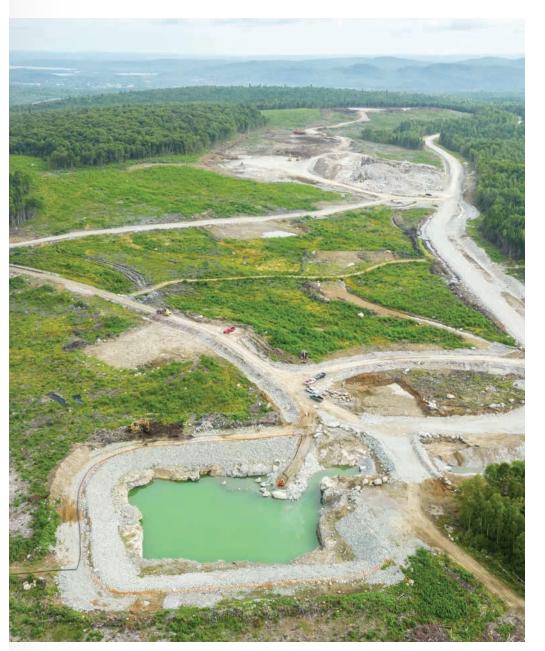
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Leadership in Action

Business Ethics

As NMG grows, we are implementing policies and practices to strengthen our commitment to sustainability, transparency, fairness, and equality. 2022 was a pivotal year for our governance practices. Indeed, NMG adopted eight new policies, along with its Climate Action Plan, to oversee its ways of doing business.

Recent governance principles, policies, and programs adopted include:

- » Health and Safety Policy;
- » Human Rights Policy adopted in 2022;
- Indigenous Relations Policy adopted in 2023;
- » Environmental Policy adopted in 2022;
- Harassment Prevention Policy:
- » Anti-Bribery and Anti-Corruption Policy;
- Code of Conduct updated in 2022;
- » Supplier Code of Conduct adopted in 2022;
- Diversity, Equity, and Inclusion Policy adopted and updated in 2022;
- » Board Diversity Policy adopted in 2021;

- » Sustainable Development Policy;
- » Whistleblowing Policy;
- Climate Action Plan adopted in 2022;
- » Charters for the Board of Directors and each of its committee;
- » Corporate Disclosure, Confidentiality, and Securities Policy;
- » Responsible Procurement Policy adopted in 2022;
- » Sustainable Mobility Policy adopted in 2022;
- » Investment Strategy Policy;
- » Information Security Policy.

NMG is committed to conducting its business in accordance with all applicable laws, rules, and regulations and the highest ethical standards. This commitment is embodied in its overhauled Company's Code of Conduct, its Supplier Code of Conduct, and its Anti-Bribery and Anti-Corruption Policy. It is our policy to conduct business in an honest, fair, and ethical manner. We do not tolerate bribery nor corruption, and we are committed to acting professionally, honorably, and with integrity in all business dealings and relationships. Employees at all levels of the Company are encouraged to seek guidance if they have questions about how to comply with our values and policies. The Code of Conduct and policies are made available internally to our employees and provided to new employees as part of our onboarding process, in addition to being posted on our website for key governance charters and guidelines.







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Accountability

The Company has a Whistleblower Policy and implemented a third-party-managed confidential hotline to report potential violations and unethical conduct

- → 0 whistleblowing for violations or unethical conduct in 2022;
- → 0 incidents of corruption; and
- → 0 legal actions for anti-competitive behavior practices.

As a company based in Canada, we report under the *Extractive Sector Transparency Measures Act*; this reporting is intended to increase transparency around payments made to governments and deter corruption. This disclosure is publicly available on our website and the Government of Canada's, in addition to being included in our annual ESG reports.

→ In 2022, NMG paid \$416,338 to the municipality of Saint-Michel-des-Saints in relation to taxes and its collaboration agreement signed as part of the development of the Matawinie Mine.

We disclose our lobbying mandates in Québec's Lobbyists Registry (now known as Carrefour Lobby Québec) on an ongoing basis. NMG employees interact with several government representatives, namely due to the permitting processes for its projects, the vested governmental interests in the Company being a shareholder via its Investissement Québec branch, and both the provincial and federal governments' strategies to develop a battery value chain and promote the extraction and transformation of strategic minerals. NMG is also an active member of business and sectoral associations that represent industrial interests.

→ No financial or in-kind political contributions made by NMG in 2022.









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Risk Management

As any company, NMG is exposed to a number of risks associated with its activities, business environment, corporate strategy, project development, technologies, commercial relationships, regulatory and securities obligations, financial conditions, climate change, etc. NMG is implementing an ERM framework to better control its risk position and shape its strategic approach. The Board of Directors, along with the Management Team, contributed to the initial stages of risk identification and weighting to inform the development of our risk management plan. Environmental, social, and climate risks are reflected in this assessment.

Plus, the Company acknowledges the recommendations of the TCFD and has initiated the integration of this framework into the assessment, management, and disclosure of its climate risks and opportunities.

360° View: Using Different Lenses to Scope Climate Risk and Opportunities

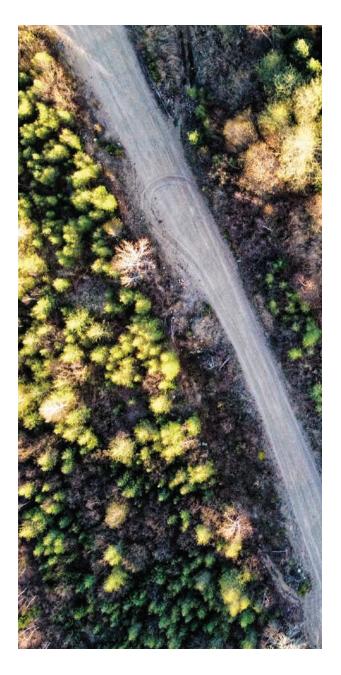
In December 2022, NMG's Management Team participated in a workshop on climate-related risks and opportunities. After an introduction of the four pillars of TCFD and the fast-evolving landscape of climate-related disclosures, management was presented with examples of physical (e.g., acute, chronic) and transition risks (e.g., policy, legal, technology, market) and opportunities, along with their possible financial implications. Each participant, whether they oversaw legal, marketing, operations, finance, environment, or human resources, was tasked to identify how climate-related risks and opportunities could affect his/her business unit in the short, medium, and long term.

This exercise stimulated for an open discussion on how climate could exacerbate or reduce our current corporate risks. The outcome of the session was a common acknowledgment that NMG's business model is mostly aligned with opportunities resulting from transitioning to a lower-carbon economy.

This conclusion will be further explored and challenged in 2023 as we conduct a scenario analysis using a combination of conservative and ambitious scenarios.

Refer to p. 73 for more information on NMG's climate-related risks and opportunities.

Given the importance of graphite in a battery's performance and lifespan, NMG is set on delivering the highest-quality product to meet its customers' requirements. In 2022, NMG took its first steps in the implementation of a quality management system with the assistance of a subject matter expert in certifications related to the automotive industry. Our internal project lead, who also has years of experience in implementing quality management systems, surrounded herself with a team of six internal auditors. They received a two-day training on their vital role as internal auditors and the requirements of the ISO 9001 standard. Throughout the year, the Company has progressed along its quality roadmap through process definition, documentation, quality control planning, and internal audits.









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Corporate Responsibility

We value the relationships with our suppliers and contractors as they are critical to the Company's success. In many ways, our suppliers constitute an extension of our business in their interactions with our communities and stakeholders and represent an important lever for environmental and socioeconomic development. With this in mind, we set clear expectations regarding compliance, business dealings, labor, and human rights, health and safety, protection of the environment, and community and Indigenous engagement.

As we transition to the construction of our Phase-2 facilities, special attention is given to our contracting strategy and associated ethical and environmental requirements. Our procurement process specifies that a portion of local and/or Indigenous participation (workforce and/or service/supply agreement) is expected from our contractors on site. Bidders' offers and their effort in this regard are assessed in the procurement process, along with their environmental and health and safety practices and track record.

A look at our procurement needs as the Company evolves toward our Phase-2 Commercial stage:

DEMONSTRATION STAGE

The demonstration stage (Phase 1) 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 NMG's commercial Phase-2 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 (Phases 2 and 3) are expected to lead to greater needs for the purchase of consumables and professional services. NMG intends to establish longer-term contracts for its operating expenses and recurring purchases with a view to minimize the impact on the life cycle of its products and the Company's carbon footprint.





Aspiring to further embed its sustainability values into its procurement process, NMG adopted a Supplier Code of Conduct. This code marks an important milestone in the environmental and socio-economic development of our value chain as we establish standards for responsible performance as a requirement for doing business with the Company. It also provides a springboard for ongoing dialogue with our suppliers, continuous improvement, healthy competition driven by ESG-leading practices, and active monitoring.

- → At year-end, 76% of active suppliers confirmed their adherence to our Supplier Code of Conduct.
- → All new suppliers are now required to confirm their adherence to the Code upon starting to do business with NMG.



Target Confirm 100% of our suppliers and contractors' adherence to our Suppliers Code of Conduct by end of 2023



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The next steps in our responsible procurement journey will include better monitoring of our supply chain by encouraging our suppliers and tenderers to provide information about their product's carbon footprint as well as other sustainability performance indicators. It will be key for NMG to develop a close relationship with its tier-1 suppliers as we will aim to reduce our Scope 3 emissions to reach our climate ambitions.

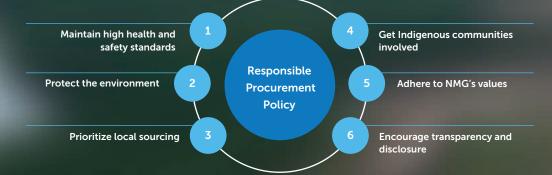
Our proactive and collaborative mindset toward our supply chain allowed NMG to obtain a CDP Supplier Engagement Rating of B (see <u>Ratings</u> section on p. 24 for additional details)

Along with the Supplier Code of Conduct and the Responsible Procurement Policy, NMG adopted a Human Rights Policy to ensure that our dealings and activities are carried out in compliance with the human rights standards established within the Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and are in adherence with the principles set out in the UN Guiding Principles on Business and Human Rights and the Women's Empowerment Principles. The Company also adheres to the UN Declaration on the Rights of Indigenous Peoples.

NMG operates within a robust regulatory framework and promotes internationally recognized standards. We firmly believe that favoring local procurement for products, services, and key expertise, and implementing sound governance reduces our exposure risk to human rights violations.

Impacts Beyond our Operations

This year, NMG adopted a Responsible Procurement Policy with the objective of integrating the Company's ESG values and priorities into the purchasing decision-making, spanning all sectors of the business. The Policy is built on six commitments to direct our efforts:



Along with the policy, we developed a roadmap with the necessary mechanisms to ensure accountability for our commitments. For example, we started mapping our procurement categories and their related risks as per the SASB materiality map. Starting with our tier-1 suppliers, we plan on building upon this exercise to prioritize further engagement with suppliers who might be at risk of non-compliance with our Supplier Code of Conduct, or suppliers we want to encourage and support in their journey to improve the carbon profile of their operations/products or their data collection and disclosure process.

Understanding the extent of our impacts provides us with an opportunity to influence lasting changes, for the better.











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Team Nouveau Monde

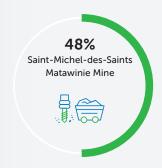
From plant operations and R&D to administration, environmental monitoring, and engineering, our team unites diverse knowledge, capabilities, and profiles to drive our operations forward. We consider our employees to be our greatest asset because they help advance our projects, bolster innovation, and elevate our vision.

Year over year, we continue to grow by supporting training and internships, expanding employees' responsibilities and opportunities, promoting from within, and recruiting new talents. We strive to maintain open communications, a positive work environment, and opportunities for personal and professional well-being at the center of our employee experience.

Workforce Profile

At the end of 2022, Team Nouveau Monde was composed of 98 permanent employees, including 94 full-time employees and 4 part-time employees.





21%Montréal
(corporate office)

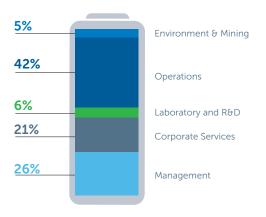


11%Bécancour
Battery Material Plant



19% Working from home











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NMG is committed to protecting the rights and interests of workers and communities across our entire supply chain, operations, and business partnerships, including vulnerable populations such as children. The Company does not permit or condone any form of forced or child labor at our operations nor via our suppliers. Our recruitment processes are conducted in a transparent manner and in accordance with the principles of the International Labor Organization, Québec's Labor Code, Québec's Charter of Rights and Freedoms as well as Canada's Charter of Rights and Freedoms.

We respect the rights of our employees to freedom of association and the right to collective bargaining and do not interfere in an employee's decision whether to join an association. The Company's policies, procedures, and practices are intended to ensure compliance with Québec's Labor Code and prevent anti-union discrimination. Although

NMG currently functions as a non-unionized company, employees have the right to engage in activities protected under Québec's *Labor Code* and Canada's *Charter of Rights and Freedoms*, which includes: the right to form or join unions, engage in protected, concerted activities to address or improve working conditions or refrain from engaging in these activities.

In building a performing team, NMG is committed to promoting equal opportunity and employment through local training opportunities and recruitment efforts, as well as adapted career management efforts like internships, coaching, continuous learning, and internal promotions. Leveraging the existing pool of labor and proximity to urban centers, we strive to hire locally and avoid "fly-on in-fly-out"-type practices as much as possible.

NMG recognizes that attraction, engagement, and retention of human capital pose challenges in today's tight labor market and may constitute an obstacle to companies' success and growth. We see this challenge as an opportunity to collaborate with our communities to improve services and social infrastructure that can help attract families, partner with educational organizations on developing a pipeline of talents, and reinforce our culture and practices to align with new working mindsets. Hence, we have and continue to position NMG as an employer of choice and a purpose-driven company in our communities, industries, and academic circles.









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Health, Safety and Well-Being

Safety – that of our employees, contractors, families, communities, and the environment – is paramount. Our Zero-Harm Philosophy underpins our activities and management to guide our decisions, behaviors, policies, and operations to safeguard our people. NMG's safety governance extends from the Board of Directors to the operators via a responsibility framework that drives awareness, alignment, prevention, and action.

All commitments within our Health and Safety Policy apply to our contractors via our procurement and contracting protocols as well as our visitors via site inductions and supervision of tours. While management is ultimately accountable for occupational health and safety, the adoption of safe work practices is a shared responsibility between management, employees, and contractors.

- → In 2022, our OSHA recordable incident rate was 2.25. The rate reflects minor incidents that occurred at the Company's Phase-1 plant, which were investigated and addressed.
- → The Company also tracks its contractors' health and safety performance on-site; the OSHA recordable incident rate for these third-party activities was 0 for the period.
- → No fatality, either for NMG's employees or contractors' workers.



Target Achieve a recordable incident rate below 2, as per the OSHA calculation



When an incident or significant near-miss happens, an investigation is conducted to document and assess the nature of the event, its causes, and corrective actions. A debrief meeting with all employees involved, concerned managers, the Chief Operating Officer, and the President and CEO is also held. Reporting is escalated to the Board of Directors' ESG, Health and Safety, and Sustainability Committee every quarter.

NMG's Prevention Program covers all operations and includes applicable policies, hazard identification, and preventive measures. Special attention is given to respiratory protection as graphite extraction and transformation generate crystalline silica. Public health authorities were called upon in the development of our program and periodic third-party inspections are carried out. The Company also ensures regular medical exams, notably for pulmonary health, for employees interacting with our products.

At our Phase-1 facilities, daily toolbox meetings are held before each shift at the operational level and employees must fill out a safety analysis booklet before starting a new task. Job safety analysis is regularly performed to update and enhance the Prevention Program and ensure it remains effective in preventing accidents and injuries. This is especially important as variations in the nature of operations, the presence of contractors and/or visitors, as well as seasonal factors regularly affect employees' working environment. Employees, contractors, and visitors alike are encouraged to report any hazards or unsafe conditions they observe.

- » A refresher training on our Prevention Program was given to all contractors and full-time employees at our Phase-1 facilities.
- » NMG also held a management review of its health and safety program to assess the effectiveness of its policies and procedures. Based on the review findings, corrective actions to improve our processes and mitigate risks were identified and implemented.

Safety training on hazard recognition, control measures, and safe work practices is held regularly at our sites.

→ 1,120 hours of training on health and safety provided in 2022.









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Joining Efforts to Advance Health and Safety

This year as per Québec's Loi sur la santé et la sécurité du travail, NMG established its first Joint Health and Safety Committee ("JHSC") at our Matawinie Phase-1 plant to strengthen the ownership and depth of its health and safety employee engagement at the operational level.

The committee is comprised of six members: three employer representatives and three employee representatives, including Martin who has been designated by the other employees to take on the role of prevention representative. With the Company since 2018, Martin also happened to be the very employee who proposed the idea of forming the JHSC. He saw an opportunity to work with his peers to maintain a safe working environment.



Members of the committee come from different departments, such as machinery operation and laboratory, to widen our coverage of health and safety practices. The committee meets once a month to discuss a detailed agenda that covers the entire health and safety prevention program. More specifically, the committee is responsible to:



- Conduct review of incidents and near-misses, and discuss investigations and corrective actions;
- » Raise awareness on preventive inspection and participate in the selection of personal protective equipment;
- » Identify training and awareness needs;
- Address any safety concerns from employees;
- » Conduct job hazard analysis;
- » Establish action plans to improve health and safety practices.

Both co-chairs, one employer representative and the prevention representative, are responsible to moderate meetings. Action items are listed in the meeting minutes and progress monitoring is conducted during the following meeting.

NMG strives to provide employees with a safe, positive, rewarding, and enviable work environment. We are invested in the well-being and development of our workforce. We support a healthy work-life balance and strive to embed adapted measures when possible. We facilitate work-study alternation and offer flexible working hours and a hybrid workplace model for most positions outside operational jobs.

Recognizing that our employees' success is multifactorial, we strive to look after our employees holistically:

- → 100% of our employees are covered by an Employee Assistance Program and have access to telemedicine services, including mental health and well-being consultations, for them and their families.
- → 100% of our employees have a benefits plan, including insurance coverage and health and dental care, that can be extended to their families.
- → Employees, regardless of their gender, have access to a paid parental leave program as per the Québec Parental Insurance Plan (18 weeks for a mother, 5 weeks for a father, and 32 weeks to be used by either parent).

NMG offers Company-wide training on its Harassment Prevention Policy, which comprises a mechanism for reporting, investigating, and addressing discriminatory behaviors, including sexual, physical, and mental harassment.

→ No complaints of harassment or discrimination reported in 2022.

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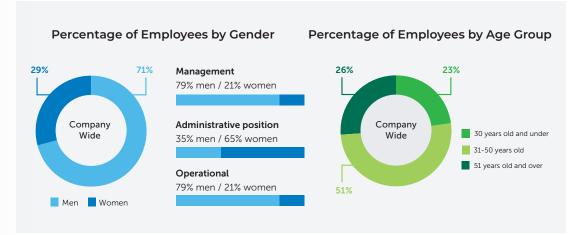
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Diversity, Equity, and Inclusion

We regard diversity as an important driver of strategy, creative thinking, and business performance. We are committed to creating a culturally safe environment for minority groups. The Board of Directors has adopted a Diversity, Equity, and Inclusion Policy and a Board Diversity Policy to guide NMG in its journey to build a more inclusive workforce.



Some key indicators of our team's diversity:

- → 4% of employees have a disability
- → 2% of employees identify as Indigenous
- → 8% of employees identify as a visible minority⁸
- → 3% of employees identify as an ethnic minority⁹

Our diversity data is collected through a voluntary self-identification survey. Our response rate is currently 89.7%; some of our employees have chosen not to provide this kind of information. To remain fully transparent, we made the choice to calculate our diversity indicators based on our total employee population. This means that the representation of our minority groups may slightly differ in reality.



⁸Persons, other than Indigenous, who are non-caucasian in race or non-white in skin color, regardless of place of birth or citizenship ⁹Persons, other than Indigenous or visible minority persons, whose first language is neither English nor French







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In 2022, NMG adopted and launched its Diversity, Equity, and Inclusion Action Plan which encompasses initiatives related to our culture and practices, training and recruitment, retention and inclusion, business opportunities, as well as partnerships and communities.

Examples of initiatives include:

- » expanding outreach efforts, relationships, opportunities, and coordination with Indigenous communities and organizations;
- » holding theme activities that support cultural awareness (see Acknowledging Truth and Reconciliation Day, p. 57);
- » reviewing our job posting process to ensure inclusivity is reflected in the language and requirements, and distribution channels are widened to attract a greater variety of profiles;
- » ensuring representation of minority groups on communication platforms and corporate material;
- » offering expanded content (articles, videos, news stories, podcasts, books, etc.) related to cultures and diversity via our internal communications.



Target Progressively increase diversity representation on the Board of Directors and Management Team by 2025

The Company recognizes that a balanced representation of minority groups in management positions is required to drive change and foster the development of proactive and engaged leaders at every level of the organization. Efforts yielded this year an increase in the representation of women in management positions, from 18% to 21%. We intend to continue progressively expanding diversity representation across the Company, with special attention given to the Board of Directors and Management Team.

Finding One's Place: Hantsa's Journey

Originally from Madagascar, Hantsa has always had a passion for mining and a love of nature. Now a resident of the magnificent Matawinie region, she has found a rewarding professional path that combines her interests.

"NMG's commitment to sustainable development is very important to me. Nature is so precious; we have a responsibility to ensure that the energy transition is done responsibly. What I like most about my job is that innovation drives everything we do. I work with new equipment and perform testing to improve procedures. We are constantly advancing and evolving toward that goal. That's extremely motivating!"

Hantsa started with NMG as an apprentice after having obtained a professional diploma in mineral processing. This training was not only a chance to join her two sisters who had settled in Québec but also a springboard into the province's mining industry.

Indeed, with her mining engineering background from her native Madagascar, a new professional diploma in hand, and a strong commitment to the environment, Hantsa found her place as part of Team Nouveau Monde. She is now a laboratory technician at NMG's Phase-1 plant.

Her supervisor saw her potential and tasked her with assisting in the implementation of the lab's quality assurance program, a project she is very committed to.

Joining Team Nouveau Monde was both an attractive career opportunity and a chance to connect with the environment for Hantsa. We, at NMG, are pleased to see the next generation of talents develop within our ranks.













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Learning and Professional Development

NMG is committed to offering its employees a stimulating work environment where their entrepreneurship, initiatives, professionalism, leadership, and commitment are recognized and encouraged. In doing so, NMG endorses an organizational structure that enables professional development and internal promotion opportunities, setting up career management mechanisms to ensure employees reach their full potential.

Among our initiatives to facilitate employment and bolster our communities' socioeconomic fabric, NMG led the implementation of a professional vocational studies program in production equipment operation in collaboration with the school board and a wood product company. The program supports reskilling of the local workforce ahead of our commercial operations at the Matawinie Mine. Since its launch in 2020, this on-the-job, paid training program has welcomed eight cohorts, leading graduates to a diploma and an operator position at our Phase-1 ore concentrator plant or the local sawmill.

A socio-vocational integration program for members of the Atikamekw communities was also carried out this year following a pandemic-imposed suspension (see <u>Solid Foundations to Fulfilling Jobs</u>, p. 53).

Through on-site training, development of professional skills, all-staff conferences, and continuous education, employees are offered multiple opportunities to learn and develop their competencies.

- → In 2022, 15,416 hours were dedicated to development training.
- Training represented more than 7% of our payroll expenditures.

Awareness and Ideas Bloom at the Annual Employee Summit

In the spirit of team building, NMG holds annual Company-wide training events. In 2022, this two-day, all-staff meeting was focused on one of our favorite themes: the environment. Following a presentation of key corporate policies and an update on NMG's environmental initiatives, employees were invited to attend workshops where they were encouraged to identify environmental risks and suggest solutions to manage them. This enabled employees to scope potential environmental issues and assimilate roles and responsibilities in sound environmental management.

Additionally, on-site visits were arranged to allow employees to see the progress of the Matawinie Mine construction and understand the environmental measures implemented to ensure the protection of water and biodiversity. This was a great opportunity for employees to see first-hand the proactive and innovative practices embedded into our operations.

To further support the employees' development and encourage continuous learning, a conference on change management and adaptation was also offered. Through this conference, employees learned new stress and change management skills, ultimately benefiting both the Company and them.









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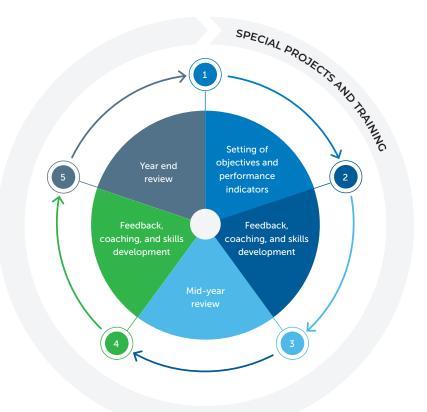
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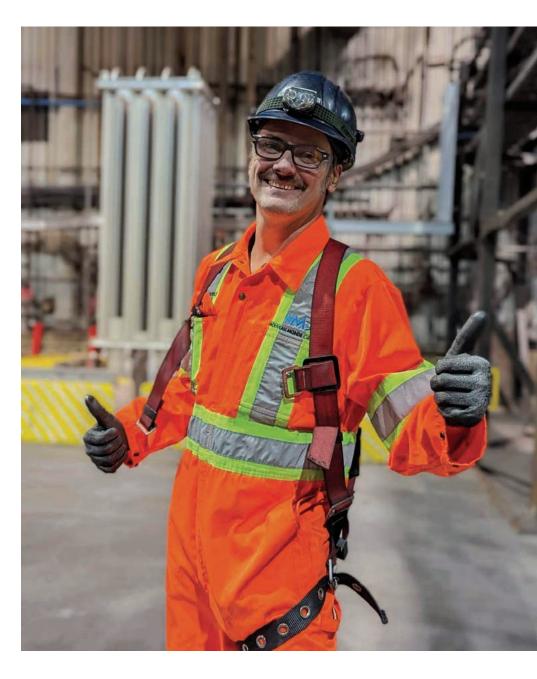


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Nurturing employees' development is supported year-round through goals, supervision and coaching, as well as special projects. Our performance review process enables effective management of organizational and individual performance to ensure that each of our employees understands their role and contribution to our corporate objectives.

At the beginning of each year, employees and their manager discuss achievements, technical skills, and engagement at work, and define performance objectives to set expectations for the year to come. Throughout the year, managers are accountable for providing constructive feedback and for guiding employees toward appropriate training opportunities when skills gaps are detected.











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Stakeholder Engagement

We are looking for ways to be dependable and valuable members of our communities by supporting local socioeconomic development, partnering with other organizations to share ideas and services, and encouraging social dialogue.

Our projects are embedded in different and dynamic territories, marked by unique heritages, communities, interests, and priorities. We promote a tailored approach to stakeholder engagement, respectful of First Nations' rights and context on their ancestral land, and drawing citizens, community and environmental groups, elected officials and governmental branches, business owners, socioeconomic organizations, etc., into proactive consultation and continued communication.

Community Outreach

Community engagement and social acceptability are central to the harmonious development of our projects and operations. NMG makes it its responsibility to be transparent and proactive with local stakeholders, promoting an open-door policy.





From the start of exploration at the Matawinie Mine and initial stages of development for both the Bécancour Battery Material Plant and Uatnan Mining Project, we have held and participated in over 100 information events, including public sessions, consultations, and open-house events, to establish a transparent and constructive dialogue with local organizations, members of First Nations, residents, cottage owners, and environmental groups.

We ensure regular and multiplatform communications to keep stakeholders informed of our projects and recent developments (see p. 20 for a complete overview of engagement mechanisms). NMG is an active participant within regional community and associative networks, including chambers of commerce, working to promote employment and economic opportunities associated with our operations and workforce attraction.

A Complaint Management Policy provides a framework for handling comments and complaints associated with NMG's operations. All complaints received by NMG are recorded in the Company's complaints register and reviewed at the Matawinie Mine Monitoring Committee meetings. A quarterly summary of the complaint register is made available on the Company's website.

 → NMG received 0 complaints in 2022

In addition to making information about the Company and the project available, NMG's community involvement also aims at developing synergies between our operation sites and communities. We intend to play our social and economic role by concretely supporting initiatives that respect the principles of sustainable development and strive to improve our communities' quality of life.







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Matawinie Mine

In addition to Company-led consultation efforts, NMG presented the Matawinie Mine project at Québec's *Bureau d'audiences publiques sur l'environnement* ("BAPE") public hearings, an independent commission responsible for consulting stakeholders and assessing the project based on sustainability principles.

Moreover, NMG has renovated a historical house in the heart of the Saint-Michel-des-Saints village to establish its headquarters and a community office. Our Community Relations Manager is on-site on weekdays to meet citizens, contractors, potential employees, and local partners who may stop by seeking information. A showroom with informational posters, a 3D model of the mine site, videos, drill cores and graphite samples, and documentation on the project is accessible to visitors.

Since 2017, a committee also follows the development of the Matawinie Mine project. Composed of local citizens, business representatives, and local organizations, the committee plays a crucial role in helping NMG identify stakeholders' concerns and improvement avenues for the next steps of the project. The committee functions both as a consultative body as well as a platform for environmental and social surveillance of NMG's operations. The Monitoring Committee will remain in place until the post-closure monitoring period of the mine.

→ In 2022, the Monitoring Committee met 5 times, which included a site visit to our Matawinie Mine. Minutes for each meeting are publicly available on NMG's website.



Members of our team at our information booth during the country weekend in Saint-Michel-des-Saints. Visitors were invited to participate in our quiz on environmental measures, ask questions about our operations, and visit our site and demonstration plant with our expert tour guides!







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In Haute-Matawinie, where the Matawinie Mine is located, NMG is actively involved in advancing regional priorities in partnership with socio economic and municipal stakeholders. NMG participates in a housing committee to address accommodation shortages and improve affordability in the region, as this represents a crucial component of workforce attraction.

In 2020, NMG signed a collaboration and benefit-sharing agreement with the municipality of Saint-Michel-des-Saints. This agreement entails:

- » annual advance contributions to prepare and upgrade the municipality's infrastructures in anticipation of the Matawinie Mine full-scale operations;
- » as of commercial operations, annual payments of up to 2% of the Matawinie Mine's net after-tax cash flows for reinvestments in the community;
- » liaison mechanism to drive collaboration and local benefits:
- » financial contribution to a Community of the Future Fund, which will serve as a catalyst for structuring development projects beyond the mine's life.

This agreement also includes concrete actions for training, employment, and business opportunities tailored to address local stakeholders' requests.

An involved corporate citizen, NMG takes part in local festivities and community campaigns. Setting up initiatives and organizing events in collaboration with local partners are proving to be effective ways to reach and inform citizens about our projects and play an active social role.

When Mining and Tourism Come Together

NMG continues to be an active member of Espace nature Haute-Matawinie, a nonprofit organization leading the deployment of the territory integration plan that we imagined and created to ensure the harmonious integration of the Matawinie Mine into its milieu. Pulling from stakeholders' feedback and priorities to improve the region's tourism and educational offer, NMG developed an ambitious concept that has now taken a life of its own through Espace nature Haute-Matawinie.





The project entails 4 km of multi-use trails and 31 km of mountain bike trails, a graphite interpretation center with industrial tours, a service pavilion with a café-boutique, and a lookout point to observe the mining site.

In 2022, a lot of progress was made in the project development namely:

- » Geolocation of recreational infrastructures and marking of 20 km of trails;
- » Preparation of permit and authorization applications;
- » Planning of commercial, sustainability, and operational aspects of the site; and
- » Submission of multiple grant and sponsorship applications to complement NMG's financial contribution.

Espace nature Haute-Matawinie is governed by a Board of Directors composed of two citizens of Saint-Michel-des-Saints, a socioeconomic representative, a representative of the municipality, and two employees of NMG.

The integration project will live on beyond the mine's life as a legacy for our community.







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Bécancour Battery Material Plant

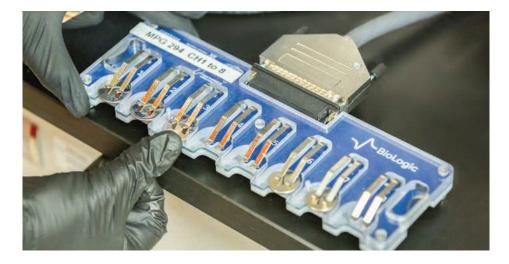
Our promise of open and proactive engagement also extends to our Bécancour Battery Material Plant, where we are making progress in terms of project development and outreach activities. The proud industrial heritage of this region, robust infrastructure, and established partnerships facilitate NMG's arrival and integration within the community.

The Bécancour industrial park where NMG is located is targeted to become a battery valley as per the Québec Government's strategy. Major companies from the mineral and battery industry are regrouping their industrial development in that sector for increased synergies. GM-Posco, BASF, Nemaska Lithium, Vale, and Electra Battery Materials are among the announced players of this new hub.

This context of organized and rapid expansion of the industrial park provides a positive backdrop for NMG's development in the area. After numerous years of idle development, the region is now at the center of an economic boom.

NMG's engagement efforts with elected officials, industrial partners, business organizations, citizens, and community groups are very constructive. Our carbon-neutral promise and proprietary clean technologies provide reassurance regarding the nature and potential impacts of our plant, while our active engagement with municipal, academic, and community organizations demonstrate our commitment to helping prepare the social infrastructure and educational programs required to meet this regional growth.





Uatnan Mining Project

As it initiated studies for a new mining project leveraging the Lac Guéret deposit, NMG resumed engagement efforts originally led by Mason Graphite and met with various stakeholders in the Manicouagan region. Through visits and a series of meetings in Baie-Comeau and the Pessamit community, NMG gathered feedback from local organizations and leaders who were initially involved in the Lac Guéret Project, established a dialogue as the new forecasted operator of the Uatnan Mining Project, and informed stakeholders of the next steps in the project development.

Participation and engagement at these meetings were positive with frank discussions. Several socioeconomic actors expressed their disappointment toward the extended inactivity of the former project and the recent lack of communications. Still, they were open to a new mining project in their community, which would lead to territorial development, new economic opportunities, and job creation.

Upon the publishing of the Uatnan Mining Project preliminary economic assessment results, NMG's Management Team carried out a series of on-site meetings in the Baie-Comeau/ Manicouagan region. Building on the first visit to the region, Company representatives reinforced the dialogue with local organizations, groups, citizens, authorities, and elected officials and presented the new project. NMG is committed to maintaining active engagement and timely communications with the milieu as it advances the development of the Uatnan Mining Project. NMG has appointed employees to further social efforts and act as points of contact for local groups.







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Ewan (to the right), from the Atikamekw First Nation of Manawan, who completed the Diploma of Vocational Studies in Production Equipment Operation has been working at the Company's Phase-1 plant as an operator since 2021.

Indigenous Relations

The Company is committed to meaningful engagement with Indigenous Peoples, communities, and organizations where we operate to build long-term trusting and mutually beneficial relationships based on the values of respect, inclusion, sustainability, and accountability.

We value our relationships with Indigenous Peoples; we strive to maintain and develop harmonious and constructive relationships with the communities impacted by our activities. We recognize the deep connections that Indigenous Peoples have to the land, waters, territories, and resources. Respect for the rights of Indigenous Peoples, recognition of their traditional knowledge, participation in environmental stewardship, and collaboration to ensure positive outcomes from our projects are at the core of our engagement with Indigenous Peoples, communities, and organizations.

In addition to the Crown's obligation to consult and accommodate Indigenous Peoples, NMG seeks to fully inform Indigenous communities and consult them on the likely impacts and opportunities arising from our activities, including early and timely consultation at every stage of our projects, with a view to obtaining their free, prior, and informed consent for our proposed development.







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First Nations Engagement

The Matawinie Mine is located on the municipal territory of Saint-Michel-des-Saints, situated in the large ancestral Atikamekw Nehirowisiw Territory, the Nitaskinan.

The mining site is located 85 km from the Manawan First Nation community. NMG signed a framework agreement (2018) and a pre-development agreement (2019) with the Atikamekw Nation Council and the Atikamekw Council of Manawan. We are actively progressing toward the finalization of the impact and benefit agreement for the commercial phase of the Matawinie Mine to structure collaboration and monitoring mechanisms, as well as maximize social and economical benefits.

As part of its training and recruiting efforts, NMG supported the launch of a socio-professional integration program to increase the employability of Atikamekw workers.



Solid Foundations to Fulfilling Jobs

After the postponement of the original 2020 cohort due to the pandemic, it was with great satisfaction that we were able to kick off the "Mining and Logging Essential" program in 2022.

The socio-vocational integration program, developed by the Mining Industry Human Resources Council of Canada and the Assembly of First Nations of Canada, was offered to members of the Atikamekw communities to reinforce their preparedness for the job market.

The cohort was formed and deployed, thanks to the efforts of NMG and its partner, at the Saint-Michel Sawmill. After 360 hours of training over a period of three months, eight Atikamekw learners graduated. They acquired employability skills and key knowledge for integrating the mining and wood sectors.

They proudly received a certificate of completion of the program and enjoyed a beautiful evening over a meal and Indigenous music. One graduating student, supported by NMG, has enrolled in the seventh cohort of the Diploma of Vocational Studies in Production Equipment Operation to pursue his education further and obtain a position within the Company.









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The proposed Bécancour Battery Material Plant is projected to be developed in the industrial park of Bécancour, situated on Ndakinna, the traditional Abenaki Indigenous territory, 5 km from the Wôlinak First Nation community.

Several meetings were held in 2022 with representatives from the First Nation to learn more about the People's heritage, interests, and culture, to inform the development of NMG's project, and to foster a mutually beneficial relationship. Indeed, the Grand Council of the Waban-Aki, which regroups land consultation and key services for the Wôlinak and Odanak communities, offers various technical and specialized services that could support the development of the Bécancour Battery Material Plant.



In Search of Ancestral Heritage

In planning our Bécancour Battery Material Plant, NMG mandated the Ndakina Office of the Grand Council of the Waban-Aki Nation to conduct an archaeological study for our industrial site. It was important for NMG to involve the First Nation in this exercise, ensuring they could share their expertise and participate in the archaeological studies related to their cultural and ancestral heritage. The Waban-Aki Nation have a right to the narrative and analyses that concern them.

The study was done using an Indigenous as well as a landscape archeology approach, which provide a broader perspective on the occupation, the use of the territory, and the landscape modifications resulting from human presence. It entailed a documentary review and on-site surveys to assess the potential presence of artifacts.

The archaeological professionals proceeded with a visual inspection of the land, surveys, and excavations of the archaeological layers to identify potential areas in June 2022. The visual inspection did not reveal any structural remains on the surface and the 32 surveys revealed soils disturbed by past agricultural activities, but no artifacts or archaeological sites of a historical or pre-colonial nature were

discovered. The few objects found were a ceramic tile deposit and drawn nails and tiles in plowed soil layers. These modern objects were not considered artifacts related to an archaeological site.

Given these results, the Ndakina Office did not recommend additional archaeological monitoring during the construction of the Bécancour Battery Material Plant. However, in the event of accidental archaeological discoveries during construction, NMG has established a protocol and will immediately contact the Ministère de la Culture et des Communications du Québec and the Ndakina Office team.







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The proposed Uatnan Mining Project is located in the Côte-Nord Administrative Region approximately 285 km north of the city of Baie-Comeau, on the Nitassinan of Pessamit, the ancestral territory of the Innu First Nation of Pessamit. In revisiting the potential of the Lac Guéret graphite deposit in line with NMG's investment and option and joint venture agreement with Mason Graphite, we engaged the dialogue with the First Nation.

In light of the new proposed mining project, we initiated a name change with the collaboration of the Innu First Nation of Pessamit. NMG seeked to recognize the rich Innu heritage and the deposit's presence on the Nitassinan. Designated collaborators from the First Nation of Pessamit proposed a geographical reference of the location of the project as a source of inspiration: the sector is referred to as *Ka uatshinakanishkat* meaning "where there is Tamarack". Hence, the name *Uatnan* meaning Tamarack, a conifer prominent in the area, was chosen to identify the property and project.

In 2017, the Innu Band Council of Pessamit and Mason Graphite signed the Mushalakan agreement, an impact and benefit agreement that outlined the mutual desire to work closely together and ensure the Lac Guéret project would result in benefits for both parties. Considering the significant modifications to Mason Graphite's original project, the Innu Band Council of Pessamit expressed their desire to collaborate with NMG and develop a new agreement that would reflect the Uatnan Mining Project's characteristics.

We plan to maintain a transparent dialogue with the Innu First Nation of Pessamit as we advance the project development to ensure the respect of their rights, the protection of the environment, their culture, way of life and spirituality, as well as the inclusion of their perspective, and traditional knowledge.







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Corporate Efforts

This year, NMG hired an Indigenous Relations Manager to deploy our outreach program and strengthen our relationships with our neighboring Indigenous communities. Having a dedicated resource seemed essential to building an integrated and coherent approach with Indigenous Peoples. We hope to increase Indigenous participation in all aspects of our projects while keeping with the interests, priorities, and capacities of Indigenous communities, workers, and contractors. Positioned as a point of contact with Indigenous communities, our Indigenous Relations Manager is actively developing interaction and follow-up mechanisms to better communicate business, employment, and training opportunities.

She is also tasked with supporting internal teams in embedding better practices that support inclusion and retention, adaptive measures and facilities, awareness training, and meaningful engagement.

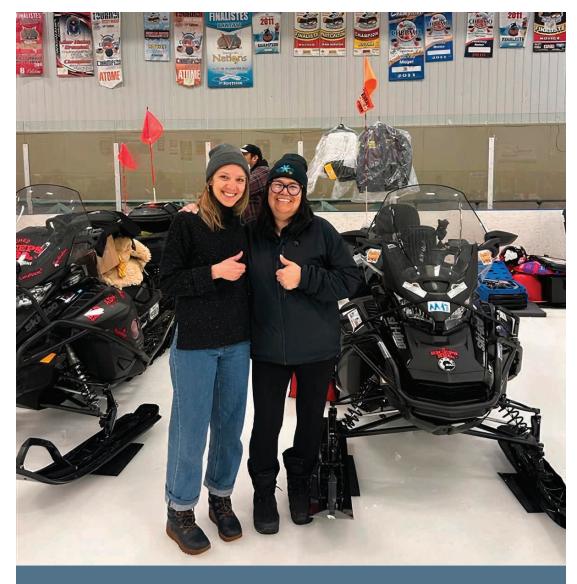
- → In 2022, 2% of our employees identified as Indigenous.
- → 1.8% of our suppliers were Indigenous-owned and/or reported actively hiring Indigenous workers.



Target Partner with at least 3% of suppliers that are Indigenous-owned, hire Indigenous labor and/or subcontract to Indigenous businesses as of 2025



Target Provide training on Indigenous awareness and unconscious bias to 100% of employees by end of 2023



Kelly, NMG's Indigenous Relations Manager, takes the pose with First Nation Expedition participant Debbie prior to the departure. NMG sponsored the 4,500-km snowmobile adventure across Québec, and Debbie's participation, to help promote dialogue on key Indigenous issues and advance reconciliation.







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Acknowledging Truth and Reconciliation Day

On September 30, NMG organized a flag-raising ceremony in honor of Truth and Reconciliation Day. A national commemoration in Canada, this day recognizes the tragic history and repercussions of residential schools on Indigenous children, survivors, families, and communities.

Some of our employees gathered in the early morning and held a minute of silence for the missing children of residential schools and the intergenerational impacts of that system.

A list of resources, such as books, websites, podcasts, and TV shows, was also shared during our Annual Employee Summit to foster greater understanding and awareness of Indigenous cultures, histories, and contemporary issues.

By engaging in these kinds of activities, NMG is hoping to build a more inclusive and just society where the experiences and contributions of Indigenous Peoples are recognized and valued.









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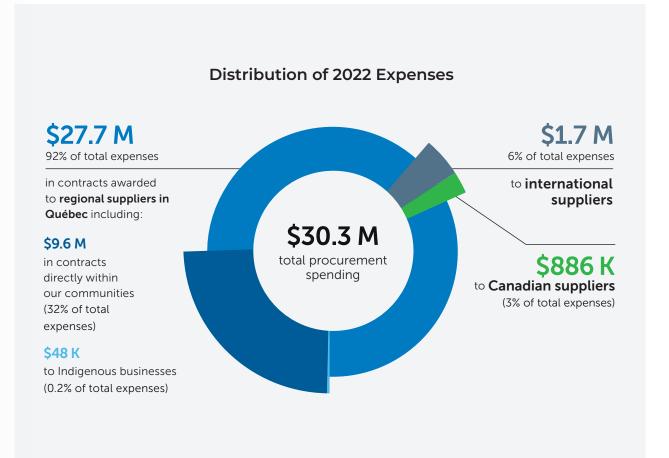


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Local Benefits

In addition to training and employment efforts, NMG has made local and Indigenous procurement a priority. Regular information sessions for contractors and suppliers have been held since 2017 to promote business opportunities and inform providers of NMG's environmental and social standards. Special sessions have also been held for the Atikamekw First Nation.

Through our tendering process and Responsible Procurement Policy, we encourage our suppliers and contractors to adopt sustainability best practices, which include hiring local and Indigenous workers and partnering with local and Indigenous contractors as much as possible.





NMG intends to play its social and economic role by concretely supporting initiatives that respect the principles of sustainable development and strive to improve our communities' quality of life. Through its Donations and Sponsorships Program, we engage in the development and well-being of our communities, encourage education and skills development and participate in the advancement of our sector.

→ NMG donated \$86,298 in sponsorships to local organizations and events.

From sponsoring a music festival in Manawan and the First Nation Snowmobile Expedition for reconciliation to supporting the purchase of kayaks and paddleboards for the recreation center of St-Zénon, our financial support was offered to various cultural events and leisure activities in the region. Through its program, NMG is aiming to make a positive impact and create meaningful opportunities for our communities to come together.







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In line with our Zero-Harm Philosophy, NMG seeks to prevent, minimize, and manage its environmental risks. Responsible mining practices, such as dry-stacking and co-disposal of tailings, backfilling, progressive restoration and water stewardship, greener manufacturing technologies, and innovation are embedded into the Company's business model

Our commitment to high environmental standards extends beyond our compliance with regulations; through design, processes, operations, and partnerships, we look for innovative solutions to advance stewardship and best practices in our sector. Through its Environmental Policy and Sustainable Development Policy, NMG has established commitments that guide the choices we make when developing our projects:

COMPLIANCE AND ACCOUNTABILITY

We are committed to complying with environmental laws, regulations, and other requirements specific to our projects. The Company values transparency and accountability. In addition to annual disclosure through our ESG Report, NMG reports periodically to the Québec Ministry of Environment on advancement and key indicators, including water quality, noise, and vibration levels, GHG emissions, as well as mitigation measures applied to safeguard vulnerable species. We also involve stakeholders in surveillance through our Monitoring Committee and ad hoc meetings with environmental groups.

WATER

We strive to limit our environmental footprint, minimize our freshwater intake, and safeguard water quality to avoid any material impacts on wildlife, ecological resources, and human health. Considering that tailings management can have a significant impact on water effluents and management, NMG is dedicated to mitigating that risk to protect water, surrounding ecosystems, landscape, and communities

ENERGY AND CLIMATE

We are committed to adopting clean energy sources and technologies as they become available and to provide sustainable and carbonneutral materials.

NOISE

We are mindful of our neighbors, users of the territory, and local fauna, and are committed to maintaining noise levels in compliance with regulation through monitoring, equipment selection, proactive design of our facilities, and operational parameters.

CIRCULAR ECONOMY

We seek to integrate recycled materials into our value chain, establish industrial synergies, and continuously improve our approach to residual and hazardous materials management.

SOCIAL ACCEPTABILITY

We consult our communities and concerned stakeholders on our forecasted development to make sure that their preoccupations and concerns are addressed and answered. We keep them regularly informed of our activities and our efforts to preserve the community's essence and well-being.

BIODIVERSITY

We pledge to reach no net loss and even exceed, when possible, the original biodiversity threshold of our sites while ensuring the community's safety and protection of natural resources.

AIR QUALITY

We acknowledge air quality as an essential component of a healthy living environment.
Our objective is to always maintain air contaminant concentrations under regulated levels and to avoid pollution to protect biodiversity and public health.







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Environmental Management

Assessing, documenting, and addressing the potential impacts of our operations on the environment constitutes the first step in establishing a sound and comprehensive management approach.

NMG demonstrated its environmental leadership from the outset when the Company filed the ESIA for the Matawinie Mine in 2019. Recognizing that a mining project would have impacts of varying intensities on the physical, biological, and human environment, the ESIA informed avoidance strategies in the design of our operations and provided mitigation measures to limit repercussions in the vicinity of the mine site.

Following the positive outcome of the BAPE, which consisted of a public examination of the project's benefits and impacts, design parameters, and integration within the community, the Québec Government issued a ministerial decree that authorized the Matawinie mining project (number 47-2021) in 2021. The decree includes additional mandatory mitigation measures for all phases of the project, from conception to mine closure. NMG must report on the progress of these measures twice a year to the Ministry of Environment. Our Commitments table outlining our mitigation efforts is available on our website.

For its Bécancour Battery Material Plant, NMG conducted a complete environmental baseline study of the 200,000-m² land located within an industrial park for the future. A detailed list of identified threatened, vulnerable, and at-risk on-site species is available in our 2021 ESG Report. The Company also had an archaeological study carried out in collaboration with the Waban-Aki First Nation (see In Search of Ancestral Heritage, p.54).

As NMG progresses toward commercial operations, we are refining our governance, management, and monitoring of key environmental issues, including tailings and water.



Target Maintain our major environmental incidents track record at 0

- → In 2022, NMG maintained its major environmental incidents track record to 0, meaning no spills qualified as non-compliance with environmental laws or regulations.
- → NMG inventoried 36 minor spill incidents¹o at its Matawinie site; all contaminated soils were managed by our contractor in collaboration with our Environment Team.



For its Phase-1 operations and the construction of the Matawinie Mine, NMG closely oversees its activities through its environmental protection program, by which contractors are also required to oblige. Our environmental protection program entails directives and protocols for:

- » Control and treatment of drainage water from the site, and protection of waterways and wetlands;
- » Soil and groundwater protection;
- » Tree clearing management;
- Wildlife protection, monitoring, and supervision for additional measures in the presence of special status fauna or species;
- » Noise level and vibrations;
- » Dust emissions and discharges related to the construction site:
- » Management of fuels and hazardous materials;
- » Waste management;
- » Management of excavated soils;
- Protection against accidental spills and spill management;
- » Proper operation of sanitary facilities.

Our Environment Team is on-site daily, at the mining site and Phase-1 facility, to oversee the application and respect of our program, monitor indicators, identify opportunities for improvements, and analyze potential risks and shortfalls. During construction activities, a representative of the Environment Team participates in worksite coordination meetings and ensures the implementation of the environmental monitoring and surveillance program.

¹⁰Our minor spills ranged from 0.1L to 140L. Spills mainly consisted of hydraulic oil, diesel, antifreeze and engine oil.







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Water

We consider water as a form of collective wealth.

Safeguarding water quality to avoid any material impacts on wildlife, ecological resources, and the human environment is vital to us, our local communities, and our stakeholders.



Target Complementary to our Environmental Policy, adopt a Water Stewardship Policy to strengthen our governance and practices by end of 2023

In a mining context

At the Matawinie mining site, surface water quality and groundwater regime are significant concerns for our surrounding communities. In line with our Zero-Harm Philosophy, NMG took great care to develop an integrated water management system that meets the highest standards of tailings management and water protection.

Through a system of ditches and basins, all precipitation, surface water, and groundwater that may have been in contact with the Phase-1 site is collected and then directed to the collection and polishing basins for treatment. Once water is treated and tested to confirm compliance with regulatory standards, it is released into the Eau Morte Creek.

→ 100% of water discharge at our final effluent followed the quality criteria of Québec's Directive 019 on the Mining Industry.



Target Meet 100% of quality standards for water treatment and final effluent at our Matawinie Mine, Phases 1 and 2

A robust water quality monitoring program was developed to ensure that our activities have no negative impacts on the receiving environment. The program relies on the sampling of several observatory wells upstream and downstream of our operation facilities, as well as sampling from wetlands, and nearby lakes and water streams. All samples are analyzed by an accredited external laboratory based on 39 different chemical and physical parameters.

Adapted protection and monitoring measures are also deployed in parallel at the adjacent Phase-2 site to ensure that water quality is maintained during the construction phase.

Groundwater monitoring: Groundwater monitoring occurs twice a year in the spring and summer, providing an overview during periods of high and low water levels. One of our monitoring measure in preparation for commercial mining activities consists of 33 observatory wells drilled progressively since 2017, generates a comprehensive baseline of groundwater quality in the area before our commercial operations. The study area is located in the Matawin River subwatershed, which flows along the northern part, about 3 km from the site, and drains almost the entire Saint-Michel-des-Saints region. NMG also offers to nearby citizens the possibility of monitoring their private wells on a voluntary basis.

Surface water monitoring: Our surface monitoring program is based on the frequent analysis of 10 different sampling points in surrounding lakes and water streams. Samples are taken three times a year during summer and fall for each location. More sampling points will be added to our program once we enter our commercial operations. By starting our monitoring program as early as our pre-construction and construction phases, the Company collects data on the quality of its natural aquatic environment that could help assess any degradation throughout the mine lifecycle.









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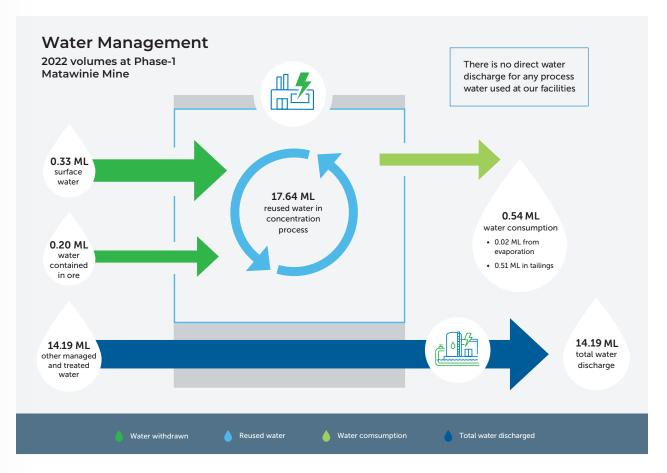
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Our water management philosophy also promotes the reuse of water at every opportunity to minimize our use of freshwater. While our facilities are located in low-risk water stress zones¹¹ and our processes are not water-intensive, NMG carefully manages water and advocates for a precautionary approach in all its engineering.

As such, precipitation from both the mining site and the dewatering pit will be prioritized as the water source for the concentrator during our Phase-2 commercial operations. Currently, our Phase-1 unit also relies on a water recirculation circuit for the concentration process. Hence, freshwater input is only required to compensate for water losses caused by evaporation in the process and the water contained in the tailings pore.

In an industrial setting

At our Phase-1 purification plant in Bécancour, water is primarily used to capture chloride and sulfur fumes from our purification process. This process water is currently sent into a basin waiting to be pumped and disposed of by a wastewater service provider.

For our Phase-2 Bécancour Battery Material Plant, the water management plan strictly relies on water recycling. While most of our process water will be reused in a closed loop, we are seeking opportunities for the remaining quantity to be recovered by a third-party facility for valorization. There is no continuous discharge of industrial wastewater planned. Consequently, other than water contained in the solid waste collected at the filter press, the only water that will be running off the commercial project site would therefore be rainfall and snowmelt, which are projected to be managed through a mix of existing and new drainage ditches, culverts, and pipelines flowing toward existing watercourses.

The environmental baseline assessment for the land of our Phase-2 Bécancour Battery Material Plant has confirmed that soil quality meets industrial use requirements and presents no sign of contamination, hence presenting no potential impact on the water table.



¹¹Agueduc Water Risk Atlas, World Resources Institute, 2022.







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Biodiversity

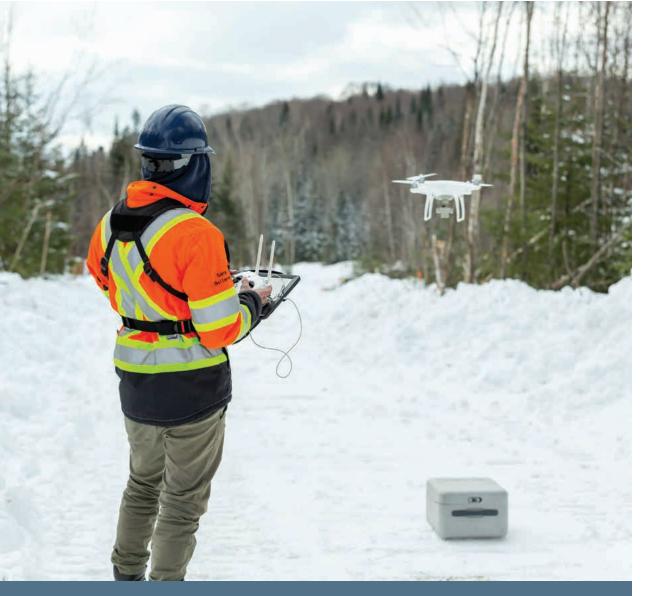
Resource exploitation can be an important driver of biodiversity loss. If not proactively managed, land-use changes can lead to habitat degradation, pollution, and threat to native species. NMG is aware that the construction of our facilities will cause a temporary change in land use for the Matawinie Mine and minimal changes to our greenfield industrial land for the Bécancour Battery Material Plant.

Engineering of our facilities and associated infrastructure is carried out to limit the footprint on the natural environment to a minimum. Construction schedules and the mining plan are also optimized to reduce the impact on ecosystems and delay land use changes until the phase of activity requiring it.

During winter 2022, tree clearing was required at our Matawinie site to accommodate environmental infrastructure for the commercial mining facilities. As the clearing work was completed during the cold season, NMG avoided any encounter with vulnerable species which are most likely to be present during summer for their breeding (bats) and nesting season (turtles, snakes, and birds). Wood and residues from tree clearing were recovered and valued through local sawmills and on-site collection as a source of organic matter for the site reclamation.



Target Increase our biodiversity leadership by ensuring compliance with our protocols from both our employees and contractors, launching site reclamation initiatives, and identifying opportunities for additional ecosystem compensation projects by end of 2023



Geomatician Samy oversees tree clearing actitivites as part of preparatory work at the Matawinie Mine.







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As per our restoration and remediation plan, we project to cover the co-disposed tailings stockpiles using capillary barrier capping and vegetation as soon as Year 4 of commercial operations, followed by the progressive backfilling of the pit as of Year 7. To successfully achieve its plan, NMG will require a large amount of organic matter supply to nourish its soil and ensure sustainable vegetation. In anticipation of this progressive reclamation, NMG launched multiple environmental initiatives in 2022:



Collaboration with Groupe Ramo to secure a future biomass deposit from a willow trees plantation. Willows were planted on an 0.29-hectare area near our Phase-1 tailings facilities in late June 2022. Willows are fast-growing shrubs that can be transformed into mulch for soil restoration, they regenerate themselves once cut down allowing for a constant blooming plantation. Furthermore, they support carbon capture and their roots have water-filtering capacities. Our plantation will thus be put to work to complement water treatment from our dewatering process and reduce the amount of chemicals required.



Hydroseeding testing project on our access road embankments to evaluate the effectiveness of various mixes of native plant species and find the best formula for the vegetation of our co-disposed tailings and pit covering.



New pilot project of windrow composting for forest residues and topsoil from tree clearing and soil stripping at our construction site. This pilot project is tested at an early stage of our development to ensure that the used windrow technique will promote slow degradation of forest residues and allow for the best physicochemical stability. Our end goal is to generate organic matter that will be plentiful of nutrients while avoiding GHG emissions and leachate that could be caused by an anaerobic phase.



From April to December, NMG's Environmental Team conducted 44 visual searches to document the species that live and interact with our Matawinie site. Wanting to improve our wildlife monitoring, the team started using an automated location tool to record the exact location of species seen on the site. Species seen this year are mainly frogs, deer, wild turkey, and partridge.

→ No threatened, vulnerable, or at-risk species were identified during construction activities.

In late 2022, NMG hired a consultant to conduct a new habitat classification for our project activities to meet the International Finance Corporation ("IFC") criteria for Performance Standard 6 on biodiversity conservation and sustainable management of living natural resources. This work constitutes an important lever to build a biodiversity management plan in which our biodiversity commitments, monitoring protocols, and mitigation and compensation measures will be integrated. A biodiversity action plan will also be developed to guide NMG in its journey to reach no net loss, and if possible, reach positive net gain.







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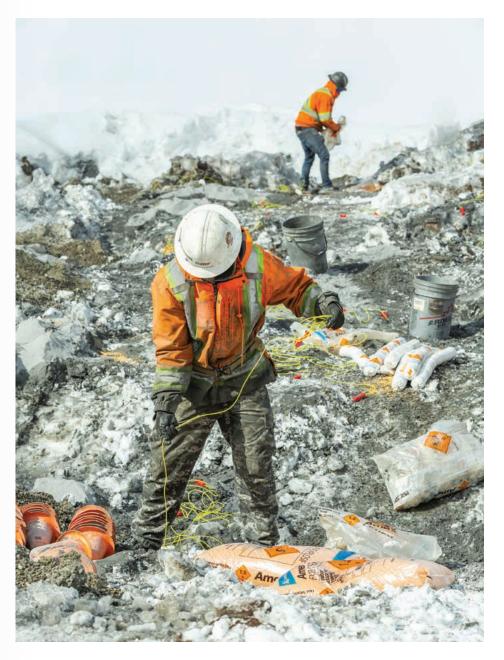
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Tailings and Waste

We have designed our projects with a view to limiting waste generation and our impact on the environment. Properly managing waste material, with particular attention to tailings in a mining context, is essential to protecting water, fauna, and flora.

For the Matawinie Mine, our tailings management approach was developed with the main objective of avoiding the use of dams and reducing the infrastructure's environmental footprint. The engineering design for our commercial operations leverages a desulphurization process with dry-stacking and co-disposal of waste to prevent acid mine drainage. Our approach aligns with best practice requirements such as the Toward Sustainable Mining Standard, the Global Industry Standard on Tailings Management, and the International Network for Acid Prevention.

Tailings are first desulphurized and separated to isolate potentially acid-generating tailings ("PAG") from non-acid-generating ("NAG") tailings. Once divided, the tailings are filtered to reduce their water content and then transported to the stockpile to be dry-stacked.

A co-disposal approach is used in order to prevent sulfur oxidization, whereby the waste rock and tailings are managed within the same stockpile to leverage the benefit of each material's properties. With this co-disposition method, waste rocks are used in the design instead of being placed in waste dumps. In addition to improving the physical and geochemical stability of the tailings, and reducing the infrastructure's footprint, co-disposal allows for better control of runoff water infiltration and metal leaching as well as segregation. This process is completed without the use of any tailing ponds or dams, which can present long-term environmental liabilities.

Field-scale cells were built in 2020 to demonstrate this innovative environmental method in real conditions and calibrate the parameters with respect to the performance of the tailings codisposal objectives design including preventing sulfide oxidation and mine water contamination. The field test cells are instrumented to study geochemical behavior under real conditions with sensors monitoring oxygen, water, and temperature. The Company's Environment Team monitors the evolution of these parameters, thus supporting the optimization of tailings deposition plans for the future commercial mine. Positive results from test cells obtained thus far validate the management approach developed.







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In 2022, we conducted a visual characterization of our residual waste at our Phase-1 plant in Saint-Michel-des-Saints to identify opportunities to increase the recycling or recovery of valuable materials. The exercise revealed that we had highly recoverable materials (e.g. plastic, wood, cardboard) generated by the commissioning of our demonstration units that were not valued through adequate recycling streams. Since our limited space was not fit for sorting materials at the source, searches began to identify a new service provider that could ensure proper sorting. NMG was successful in finding a new provider that was closer to our site and that would do the sorting and divert our recyclable materials from landfills. By saving on transport costs, NMG was able to improve its recovery rate for wood, plastic, cardboard, and metal without additional costs.

→ Of the 39.6 tonnes of waste collected in our containers at the mine site and the demonstration plant, 5.4 were recovered and diverted from the landfill, representing a recovery rate of 13.6%. NMG hopes to increase this rate year after year.

A Small Gesture to Reduce the Environmental Impact of Waste Disposal

At one of our employee's quarterly ESC meetings, a member raised his concern that several pairs of nitrile gloves were used and thrown out daily by operators. Used nitrite gloves can not be recycled through regular recycling, which called for an innovative solution.

NMG identified a service provider whose technology could transform different types of synthetic polymers into plastic pellets to form new products such as gymnasium equipment, playground turf, agricultural mats, etc.

Through this program, glove collection is made easy with designated recycling boxes that are shipped directly to our site. NMG installed three boxes at strategic locations in the plant where employees are likely to change gloves. Through its traceability system, our supplier provides NMG with recycling certificates when gloves are treated. For 2022, NMG received the confirmation that 138.3 kg of its used nitrile gloves were recycled.



Carl-André, operator at our Phase-1 plant, is the instigator of the glove recycling initiative.







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At the Bécancour Phase-1 facility, recyclable materials generated by our operations are sorted at the source and collected through distinctive bins (metal, wood, plastic, and cardboard). To improve monitoring of its operation outputs, NMG is now recording the weight of its bins prior to emptying them.

→ 0.5 tonne of recyclable materials were collected at our Bécancour Phase-1 facility. In its effort to improve our waste management systems, NMG also updated its environmental protection program to strengthen the oversight of waste management practices on construction sites. Since this responsibility will eventually be shared with our construction manager, it was important to clearly establish roles and responsibilities between NMG and all parties involved during the construction phase. Namely, the construction manager will be required to develop a waste management plan, which must include diversion strategies for each material depending on available options within a reasonable geographical scope.

The implementation of awareness measures is also expected to ensure that all workers and subcontractors comply with the requirements of the waste management plan. Finally, the construction manager will collect and compile information on generated waste materials and their recovery streams so that NMG can monitor the performance of residual materials management.

Hazardous waste at our Matawinie Phase-1 facilities primarily consists of used oil and filters, batteries, paint, and aerosol containers. Most of hazardous waste from our Bécancour Phase-1 facility consists of acidic wastewater from our gas purification system. All hazardous wastes are handled by a third-party service provider.

- → 140 tonnes of hazardous waste collected and treated by a third-party provider.
- → 0 significant incidents associated with hazardous waste.













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Climate Action

We firmly believe that our operations and corporate activities can contribute to the joint effort to limit global warming to 1.5 °C by 2050, as agreed to in the Paris Agreement. Hence, we are diligently pursuing our development to serve the growing EV and cleantech markets with green battery materials.

Climate action is central to our business strategy. While our ability to maintain a carbon-neutral footprint and commercialize green products is critical for our market segment, we also seek to proactively manage the social acceptability of our operations, our ability to attract and retain workers, climate risks, and existing and future regulatory requirements.

Our goal to become the largest producer of natural graphite anode material in North America comes with a pledge of responsible operations and carbon neutrality. Regardless of our growth and the construction and commissioning of new facilities, we are committed to reducing and controlling our emissions while increasing our effectiveness and energy efficiency. The development of NMG's business model is a source of multiple opportunities in terms of design, engineering, technology, synergies, and partnerships.

The Company's <u>Climate Action Plan 2022-2030+</u> lays out our ambition and approach to achieving Net Zero emissions by 2030. It reiterates our commitment to maintaining a carbon-neutral footprint at every stage of our development and guides our transition to our Net Zero target by tracking, reducing, and offsetting our carbon impact at every level. Namely, NMG has identified several strategies focused on the use of renewable energy, transitioning from petroleum-based products to bio-based products, and integrating measures to maximize energy efficiency in its facilities and processes.

Unearthing our Products' Environmental Profile

We continually seek to elevate the environmental and ethical DNA of our products to help power a clean energy transition. This year, NMG released its first LCA for its product line. This independent analysis confirmed the low environmental footprint of our production model and leading performance within our sector.

Our Phase-2 facilities are expected to produce coated spherical purified graphite ("CSPG"), anode material for lithium-ion batteries, with a global warming potential ("GWP") of 1.23 kg $\rm CO_2$ equivalent per kilogram, which is 11 times less significant than reference production.

These findings indicate that NMG's planned 100% electric extraction operations, powered by renewable energy, as well as our value-added ecotechnologies, should generate advanced materials with an exceptionally low carbon footprint, contributing to global decarbonization efforts.

Extraction and concentration	Advanced manufacturing	GWP (kg CO ₂ eq per kg)
China	China	14.1
Mozambique	U.S.	6.1
Sweden	Sweden	3.1

Streamlined Life Cycle Assessment Study of Global Anode Grade Natural Graphite Manufacturing, Minviro, March 2022.



Achieved

Target Conduct an LCA on NMG's graphite materials by 2022 to understand and proactively manage the full impact of our production model

More broadly, the LCA examined the impacts on climate change as well as freshwater acidification, land acidification, freshwater eutrophication, marine eutrophication, photochemical oxidant formation, and depletion of the ozone layer of five graphite-based products and one co-product. The results were compared to those of natural graphite for three production routes for climate change impact.

These results provide a competitive advantage for NMG as potential customers seek to secure sources of low-carbon supply to reduce their Scope 3 emissions and comply with increasingly stringent environmental regulations.

GWP of NMG's CSPG (kg CO₂ eq per kg)

1.23



LCA of Natural Graphite-Based Products Manufactured by NMG, CT Consultant, July 2022.







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Energy

Québec's clean, affordable, and abundant hydroelectricity is an exceptional linchpin in the implementation of our climate strategy. Electrifying our production is NMG's central mechanism for decarbonizing its operations and products. We are committed to adopting clean energy sources and technologies as they become available.

Québec's energy grid is among the greenest in the world. Hydro-Québec – the government corporation that produces, transmits and distributes electricity in Québec – generates over 99% of its electricity from renewable energy sources, mainly through hydroelectric generating stations, for an emission factor of 0.6 kg CO₂ eq/MWh¹².



Target Engineer low-carbon infrastructure, deploy an all-electric fleet by year 5 of Phase-2 of the Matawinie Mine, and adopt clean energy sources and technologies in every other area of our operations as they become available

NMG mandated Hydro-Québec to design, build, and operate a 120-kV electrical line to supply the Matawinie Mine site.

The goal is to connect the Matawinie mining infrastructure and concentrator to Hydro-Québec's hydroelectric network

via a dedicated line in order to fully electrify our operations. Matawinie is projected to become the world's first all-electric open-pit mine.

For our Bécancour Battery Material Plant, NMG will also be supplied by the Hydro-Québec network through existing infrastructure. Renewable electricity is central to our thermochemical purification technology to ensure graphite refining at a lower emission level than current industry practices.

At Phase-1 facilities and in engineering our future sites, we are working to maximize energy efficiency in the design of buildings, planning of operations, and optimization of processes. For example, NMG's choice of technology for its coating equipment is projected to reduce energy consumption by up to 25%.

For 2022, NMG consumed a total of 36,256 GJ for energy purposes:

- → 16,656 GJ of fuel from non-renewable sources. Diesel was the primary fuel used by our contractors' mobile equipment during construction and clearing work. No fuel from renewable sources was used.
- → 19,600 GJ of electricity generated by renewable energy. All our electric consumption, which includes heating at our Phase-1 facilities and corporate offices, is sourced from Hydro-Québec's clean power grid.



 $^{^{12}}$ "CO $_2$ Emissions and Hydro-Québec Electricity, 1990-2021", Hydro-Québec. 2021.

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Our Roadmap to Zero-Exhaust Emission Mining

Since 2021, NMG and Caterpillar, one of the world's largest manufacturers of construction and mining equipment, are collaborating to develop, test, and supply an integrated all-electric fleet for the Matawinie Mine.

NMG's and Caterpillar's technical teams are actively engaged in assessing technology opportunities and planning the all-electric fleet development and testing for the Phase-2 Matawinie Mine. The goal: deploying a complete and integrated zero-exhaust emission solution that covers fleet, infrastructure, and service by the fifth year of commercial operation at Matawinie.

Caterpillar is set to be NMG's exclusive supplier of heavy mining equipment, supporting the progressive transition from traditional models to Cat® all-electric machines as they become available. The agreement encompasses machines such as hydraulic excavators, mining trucks, wheel loaders, dozers, and motor graders, but also charging and energy storage infrastructure as well as equipment maintenance services.

Moreover, NMG and Caterpillar advance commercial discussions targeting NMG's active anode material. A full circular value chain could be established whereas NMG would supply carbon-neutral graphite materials to Caterpillar for the development of its secure, resilient, and sustainable battery supply chain that would serve to electrify heavy vehicles, including NMG's Matawinie fleet.

"Not only will we benefit from Caterpillar's stellar expertise, renowned products, and latest technological developments, but our team will also be at the forefront of the electric revolution in the sector, sharing insight, testing equipment for further optimization, and providing battery materials to support electrification beyond our mine. This collaboration truly reflects our vision for leadership and unified efforts to advance responsible mining practices and global decarbonization. I salute the commitment of Denise Johnson, Group President, Resource Industries, and Caterpillar's team, without which our ambition would not have materialized so efficiently."

- Eric Desaulniers, President & CEO



This collaboration is a concrete example of NMG's commitment to environmental stewardship.



NMG leaders attended Caterpillar's Sustainability Showcase where new equipment and technologies, such as the battery-electric Cat® 793 mining truck, were displayed. Through this leading collaboration, NMG is directly contributing to the technological advancement of emission-free heavy vehicles.







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Climate Resilience

Strategy and Risk Management

At the Company's current stage of development and with a focus on its short-term horizon, climate-related risks are minimal and partly managed through existing commitments, environmental measures, and NMG's Climate Action Plan. NMG intends to continue assessing and strengthening its management of climate issues as it builds its Phase-2 commercial operations, implements its ERM, and integrates the TCFD approach to its ESG strategy and disclosure.



NMG's exposure to climate risks and opportunities was assessed internally by our ESG Strategy Team pulling from the expertise of our Management Team, TCFD publications, and additional resources applicable to our sector and geographical environment. This mapping was used to complete our first CDP questionnaire on climate change and presented to NMG's Board of Directors for validation. Refer to Table 1: Key Climate-Related Risks and Opportunities (p. 75) for an overview of NMG's most important climate risks and opportunities.

TRANSITION RISKS AND OPPORTUNITIES

As any company, NMG is exposed to policy, legal, market, and technology risks. It is safe to say that extractive and manufacturing industries face more pressure to lower their GHG emissions and to align their business with a low-carbon economy, whether those changes are required by law (e.g. carbon taxes, climate-related disclosures) or organic shifts in supply and demand for low-carbon products. We believe our business model, which is centered around providing carbon-neutral products to power the energy transition, is mostly aligned with opportunities that shield us from major financial impacts in the short (0-5 years) and medium (5-10 years) terms.

We have taken major steps in our journey to decarbonize our operations: we signed an agreement with Caterpillar to develop an all-electric mining fleet, we mandated Hydro-Québec to design, build, and operate a 120-kV electrical line to supply the Matawinie Mine, we developed a proprietary purification technology that leverages clean hydropower to manufacture active anode materials, we conducted an LCA to understand our products' footprint, and we invest in R&D efforts to develop greener manufacturing techniques and battery materials.

Electricity in Québec is currently very affordable, but we could expect prices to rise over the years as demand rises and energy efficiency measures are pushed forward. NMG intends to closely monitor electricity prices in Québec and secure long-term volume and rates as it is a vital input to our production and profitability.

We recognize that we are exposed to fossil fuel price fluctuations in the short term as we will require conventional mobile equipment for the construction of our Phase-2 facilities and the first five years of mining operations. NMG's business strategy focuses on responsible extractive operations and innovative technologies that can generate low-carbon solutions and on changing market expectations such as traceability, circularity, local sourcing, and carbon neutrality. For example, our proprietary thermochemical purification technology avoids the use of hydrofluoric acid in favor of clean energy, providing NMG with a commercial differentiator that is aligned with customers' search for greener alternatives. Furthermore, NMG entered an agreement in 2021 with Lithion Recycling to recover and recycle graphite for reuse as an anode material. Our goal is to insert an increasing percentage of recycled material into our transformation process to offer even more sustainable solutions.

Our Climate Action Plan helps decrease the need and financial risks associated with carbon credits through our use of renewable energies, strategies of reduction at the source, and the development of offset projects with a focus on nature-based solutions.

Finally, our voluntary ESG reporting aligned with GRI, SASB, and TCFD, our surveillance of disclosure regulations, as well as our engagement with shareholders and customers prevent us from being cut off guard by future mandatory climate-related requirements. Our ESG Strategy Team continuously monitors shifts in policies and reporting frameworks.









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PHYSICAL RISKS AND OPPORTUNITIES

In southern Québec, climate projections under medium and high emissions scenarios forecast that average temperatures and annual precipitation will increase over time. The frequency of extreme rainfall events is also expected to increase throughout the years, along with longer periods without rainfall during summer¹³. These risks were listed in the environmental impact study for the Matawinie Mine and accounted for through adaptation measures included in the project design.

Other unpredictable extreme weather events such as violent storms, heat waves, ice storms, and wildfires could impact our site in Saint-Michel-des-Saints and result in a slowdown in our operations. In Bécancour, our operations will mainly be indoors and in an industrial setting, thus they are less likely to be significantly impacted by extreme weather events. However, low risk does not mean no risk, and extreme weather events could cause damage to our infrastructure, impact our supply chain or cause transportation delays for our customers.



¹⁸ Bussière, B., Demers, I., Charron, P., Bossé, B., Roy, P., Jébrak, M., & Trépanier, S. (2017). Analyse de risques et de vulnérabilités liés aux changements climatiques pour le secteur minier québécois. Report submited to MERN.







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Table 1: Key Climate-Related Risks and Opportunities

	Ri	sks	Opportunities			
	Increased cost of raw materials or resources	Acute physical risk	Shift in consumer preferences	Use of new technologies and development of low-emission goods and services	Use of recycling	
Description	Disruption in the supply chain caused by climate-related events could increase the availability and cost of equipment and materials needed for the construction of the Company's Phase-2 Matawinie Mine and Bécancour Battery Material Plant. Over the long term, electricity prices might increase in Québec for energy-intensive sectors.	By 2040 in Québec, the long- term physical effect of climate change will result in increasing temperatures and changes in precipitation patterns. Over the short-medium term, extreme weather events such as heavy rain, ice storm, drought, heat waves, tornadoes, and wildfires, represent the main source of exposure.	Continued consumer enthusiasm for cleantech and more generalized and stringent climate-related regulations are creating significant pressure on battery and EV manufacturers to adopt a responsible supply chain.	NMG is developing proprietary advanced materials with a carbon-neutral footprint, a significant market advantage as battery and EV manufacturers seek low-emission materials and responsible alternatives to traditional anode material products. Electrifying our production with Québec's clean, hydroelectricity is a central mechanism for decarbonizing our operations.	Recycling battery materials is a critical lever for global decarbonization. It could provide a secure secondary supply of materials to help meet the projected demand growth while improving the environmental footprint of anode material production.	
Time period ¹⁴	Short and long terms	Short, medium, and long terms	Medium term	Medium term	Long term	
Impacts	Increased capital expenditures (short-term) and increased production costs due to changing input prices (long-term).	Possible slowdown of NMG operations or damage to infrastructure.	Increased revenues resulting from increased demand for products and services.	Increased revenues resulting from increased demand for products and services.	Increased revenues resulting from increased production capacity.	
Management response	A P50 management risk reserve has been included in the Company's feasibility study to address this risk.	Phase-2 facilities have been designed to reflect climate change and mitigation measures were adopted, both for infrastructure and environmental management.	NMG's carbon-neutral footprint and ESG profile, as well as its location, all advantageously position the Company to seize this opportunity.	NMG's business model is anchored in this opportunity. The Company has also submitted a patent application for its purification technology and continues to invest in R&D.	In collaboration with recycling partners, NMG is working to recover and recycle graphite for reuse into the production of anode material.	

At NMG, climate-related issues are monitored at the corporate level through strategic initiatives, partnerships, and stakeholder interaction by the Vice President, Communications and ESG Strategy; at the operating level through oversight and management by the Vice President, Environment and Sustainable Infrastructure; and at the market level through interaction with customers, industry, and regulators by the Vice President, Sales, Marketing, and Business Development. Risks and opportunities, exposure levels, and mitigation strategies are reviewed by the Management Team. Results are presented to the Board of Directors via the Audit Committee and the ESG, Health and Safety, and Sustainability Committee.

NMG is currently implementing an ERM framework to better control its risk position and shape its strategic approach. Climate risks and opportunities are reflected in this assessment.

¹⁴ Short term: 0-5 years, medium term: 5-10 years, long term: 10+ years







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While not at the commercial production stage yet, we track key metrics and have set targets that reaffirm our commitment to responsible production and strive for continuous improvement.



Targets	Status
Emissions	
Maintain our carbon neutrality status and transition to Net Zero by 2030	On track – NMG has purchased verified carbon credits to offset its emissions since the Company's inception and has an established roadmap to Net Zero.
Reduce our Phase-2 operations' Scope 1 emissions: » by 30% in 2030 » by 65% in 2035 » by 100% in 2040	<u>To be deployed</u> when our Phase-2 operations' emission baseline is established
Environmental footprint	
Conduct an LCA on NMG's graphite materials by 2022 to understand and proactively manage the full impact of our production model	Achieved
Engineer low-carbon infrastructure, deploy an all-electric fleet by year 5 of Phase-2 of the Matawinie Mine, and adopt clean energy sources and technologies in every other area of our operations as they become available	On track – NMG's journey to decarbonization is well underway.
Implement 100% of our initiatives to minimize land-use change at Matawinie Mine through co-disposal of tailings, backfilling, and progressive reclamation by 2060	On track – To be fully deployed during commercial operations
Reach a cradle-to-gate GWP of $1.1~\rm kg$ of $\rm CO_2$ per kg of CSPG by 2030 through targeted actions on LCA results, continued R&D investments, and the use of recycled materials in production	<u>On track</u> – Through all its initiatives to reach Net Zero, NMG is directly reducing its carbon footprint.
Renewable energy	
Use 99% of renewable energy in 2030	<u>On track</u> – Thanks to Québec's clean electricty grid, electrifying our operations, including our mining fleet, is a central mechanism for decarbonizing our operations.







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NMG calculates its GHG emissions using the guidance and standards of the GHG Protocol. Our GHG calculation entails scope 1, scope 2, and a portion of scope 3 on which the Company has visibility and financial control, namely construction at its sites, business travel, and transport between sites.

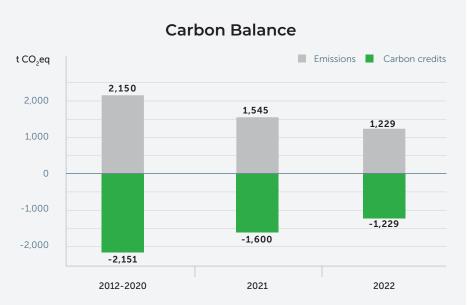
Scope	2022 Emissions	Description
Scope 1	267 t CO₂eq	Scope 1 GHG direct emissions are related to stationary combustion and process emissions from our graphite processing at our Phase-1 facilities, as well as mobile combustion from the use of company vehicles.
Scope 2	3 t CO ₂ eq	Scope 2 GHG emissions are related to hydroelectricity consumption at our Phase-1 facilities and corporate offices. The electricity comes from Hydro-Québec's renewable sources.
Scope 3	959 t CO₂eq	Partial Scope 3 GHG emissions are related to business travel, transportation of goods between sites, and direct emissions associated with our contractors' construction work associated with the Company's direct operations.







True to its ambition to remain carbon neutral while working to transition to Net Zero by 2030, NMG has purchased verified carbon credits to offset its emissions since the Company's inception. In 2021, NMG laid the foundation for its climate strategy first by tracking its historical emissions from the initial phases of its mining exploration and offsetting this carbon footprint, and then by subsequently committing to prevent, reduce, and fully compensate for its GHG emissions as the Company develops.









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In 2022, our construction work revolved around the development of key environmental infrastructures and the preparation for our upcoming civil work. This work was less intensive than groundwork the previous year, which explains our Scope 3 emissions decrease compared to 2021. The increase in our Scope 1 and Scope 2 emissions were respectively driven by the use of propane at our Phase-1 coating unit and the full deployment of our Phase-1 purification furnaces. NMG is conducting research to find bio-based alternatives to substitute fossil-based products in our processes (see Leadership and Partnerships section, p. 80).



Maintain our carbon neutrality status and transition to Net Zero by end of 2030



Purchased credits for 2022 were generated by three projects that were carefully selected using a set of 12 criteria to ensure their alignment with our climate approach, their relevance to our mission, and their quantifiable benefits:

- » Construction and operation of a greenfield 20 MW solar photovoltaic power plant in Ambatolampy, Madagascar, to reduce the country's dependence on imported fossil fuels. The project is the first large-scale solar photovoltaic power plant on the island and is set to generate approximately 23,431 tonnes of CO₂ equivalent emission reductions per year. Reduction project: 966 verified carbon credits retired
- » Forest plantations on degraded grasslands under extensive grazing in the Guanaré Forest in Uruquay.

Sequestration project: 200 verified carbon credits retired

» Preservation of 64,000 hectares of tropical peat swamp forest via the Rimba Raya Biodiversity Reserve Project in Indonesia. The area, rich in biodiversity including the endangered Bornean orangutan, was originally slated to be converted into palm oil estates.

Reduction project: 63 verified carbon credits retired

As part of its Climate Action Plan, NMG has established progressive targets to guide its choice of carbon credits, particularly for the location and type of credits it will acquire. The targeted compensation structure consists of at least 50% sequestration credits for all emitted emissions between 2022 and 2025 (Phase 1 of our operations), 75% between 2025 and 2030 (Phase 2 for commercial production), and 100% starting in 2030.

As a complementary initiative, NMG aspires to create opportunities and shared value in its communities. We, therefore, want to incorporate credits from local projects, i.e. within 250 km of our operations, into our offset structure so that they represent 50% of our offsets by 2030. Due to the limited offer of local projects, NMG has focused its carbon credit purchases on projects in developing countries.









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To provide sound financial management and reduce risks associated with the carbon market's volatility and limited supply, NMG intends to gradually develop its portfolio of offset projects to reach 50% of its offset structure by 2030. We are currently working with various partners to design potential sequestration projects (e.g. reforestation, agroforestry, woodland protection) in the region.



Helping Shape a Net Zero Future: Gabriel's story

Gabriel aspires to make an impact on society and the planet's future through his work. Taking on the role of Manager, Carbon Neutrality Program at NMG proved to be his opportunity to shift his efforts and expertise from corrective environmental measures to proactive and innovative climate solutions.

After earning his bachelor's in environmental studies, Gabriel pursued a career in the industrial sector, before looking to join a project in the nascent battery industry in Québec.

"With sustainable development as a focal point of its corporate strategy, NMG quickly caught my attention. In addition to being carbonneutral, our product is directly contributing to the energy transition for a sustainable future."

Since 2021, Gabriel leads NMG's climate action to manage and reduce GHG emissions, oversee carbon accounting and disclosure, and develop a progressive offsetting strategy. The goal: getting to Net Zero by 2030.

The most important project Gabriel has worked on so far is the development and publication of NMG's Climate Action Plan 2022-2030+.

"I'm proud of this action plan, which is on a scale that few start-ups can adopt. This plan demonstrates NMG's climate commitment and seriousness. The resulting projects I work on are really making a difference, which keenly motivates me every day."

Gabriel collaborates with operational and corporate teams alike in advancing these efforts. In pursuing NMG's compensation objectives, he is also enlisting partners and stakeholders from different horizons to help shape carbon-negative projects. These questions are timely and ever more popular, drawing encouraging perspectives for a Net Zero future.









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Leadership and Partnerships

Our commitment to the environment extends to the full life cycle of our materials and products. We are developing a holistic approach to graphite sourcing and transformation through strategic partnerships for a green and circular economy.

In collaboration with academia and research centers, the Company also maintains a portfolio of research and development projects to refine its line of specialty products based on market demands and innovations, among which:

- » NMG is working with materials engineering expert Philippe Ouzilleau, a professor at McGill University, and his research team to develop new types of precursors and coating technologies to reduce the environmental footprint of its advanced graphite products, optimize production costs, and improve the properties for existing performance.
- » In collaboration with Professor Lionel Roué from the Énergie Matériaux Télécommunications Research Centre of the Institut national de la recherche scientifique and Professor Philippe Ouzilleau from McGill University, NMG intends to develop a series of high electrochemical performance graphite-based composites by valorizing residual materials from NMG's process as well as bio-sourced materials.
- » The Company also collaborates with Professors Gervais Soucy and Jocelyn Veilleux of the University of Sherbrooke on advanced graphite transformation technologies based on high-performance ecological thermal processes.

NMG has signed a collaboration agreement with Lithion Recycling for the recovery and value-added transformation of recycled graphite for reuse as anode material for lithium-ion batteries. The partnership aims at leveraging NMG's and Lithion's proprietary processes and expertise to promote graphite circularity and better position both companies in the evolving global market.

Our investments in R&D target the reduction of our environmental footprint and the development of the next generation of green battery materials.

The Company is also an active member of the Global Battery Alliance, a World Economic Forum initiative dedicated to helping establish a sustainable battery value chain. In January 2023, the Global Battery Alliance launched the Battery Passport proof of concept, a major leap towards globalized standards for sustainable battery production. NMG contributed to the endeavor by informing the Global Battery Alliance's traceability efforts.











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NMG has reported the information cited in this report with reference to the TCFD recommendations, GRI Standards, SASB Standards for the Metals & Mining sector, UN SDGs, and UN Global Compact frameworks. Relevant metrics and disclosures have been grouped in this index according to NMG's key ESG topics.

To provide a more complete GRI disclosure, we have also included information pertaining to GRI 2: General Disclosures 2021 and GRI 3: Material Topics 2021.



TCFD recommendations

Recommended Disclosure	Response
Governance	
Board's oversight of climate-related risks and opportunities	Refer to the <u>Board of Directors</u> (p. 28) and <u>ESG Direction</u> (p. 32) subsections for a description of the Board of Directors' responsibilities, structures, and oversight in connection with ESG risks, including climate-related risks.
b. Management's role in assessing and managing climate-related risks and opportunities	Refer to the <u>ESG Direction</u> (p. 32) subsection and <u>Strategy and Risk Management</u> subsubsection (p. 73) for a description of management's role in monitoring and managing climate-related issues. Also consult our case study <u>360° View: Using Different Lenses to Scope Climate Risk and Opportunities</u> (p. 36) for an overview of NMG's management role in assessing climate-related risks and opportunities.
Strategy	
a. Climate-related risks and opportunities the organization has identified over the short, medium, and long term	Refer to the <u>Strategy and Risk Management</u> subsubsection (p. 73) for a detailed overview of our key climate-related risks and opportunities over the short, medium, and long term.
b. Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Refer to the <u>Strategy and Risk Management</u> subsubsection (p. 73) for a description of potential impacts resulting from climate-related risks and opportunities.
c. Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Refer to the <u>Climate Action</u> section (p. 70) and our <u>Climate Action Plan 2022-2030+</u> for more information on our resilience strategy and approach to achieving Net Zero by 2030. In line with our TCFD implementation roadmap, we intend to conduct a scenario analysis using a combination of conservative and ambitious scenarios in 2023.







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Recommended Disclosure	Response
Risk Management	
a. Processes for identifying and assessing climate-related risks	Refer to the Risk Management subsection (p. 36) and Strategy and Risk Management subsubsection (p. 73) for more information on how climate-related risks and opportunities are identified. Also refer to our case study 360° View: Using Different Lenses to Scope Climate Risk and Opportunities (p. 36) for an overview of NMG's management exercise on climate-related risks and opportunities identification.
b. Processes for managing climate-related risks	Refer to the Risk Management subsection (p. 36) and Strategy and Risk Management subsubsection (p. 73).
c. Integration of processes for identifying, assessing, and managing climate-related risks into the organization's overall risk management	Refer to the Risk Management subsection (p. 36) and Strategy and Risk Management subsubsection (p. 73).
Metrics and Targets	
Metrics used to assess climate-related risks and opportunities in line with the strategy and risk management process	Refer to the Metrics and Targets subsubsection (p. 76) for more information on our climate-related metrics.
b. Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and the related risks	Refer to the Metrics and Targets subsubsection (p. 76) for our Scope 1, Scope 2, and Scope 3 emissions, and their respective description.
c. Targets used by the organization to manage climate-related risks and opportunities and performance against targets	Refer to the Metrics and Targets subsubsection (p. 76) for more information on our progressive targets and their status to date.







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Governance ESG Topics

Disclosure	Reference ¹⁵	Performance Indicators		Fundamention
		2022	2021	Explanation
Governance and Compliance				
Prevention of corruption and bribery	205 206-1 207 EM-MM-510a.1 EM-MM-510a.2 Principle 10	0 incidents of corruption 0 legal actions taken for anti-competitive behavior	0 incidents of corruption 0 legal actions taken for anti-competitive behavior	See the Leadership in Action (p. 34) section, including the Corporate Responsibility (p. 37) subsection for more information on management systems in place to prevent corruption and bribery throughout our value chain. Also refer to the chapter Fostering Transparent and Robust Governance (p. 27) of the report and table GRI 2: General Disclosures (p. 96) below for further information on our governance practices, policies, and compliance mechanisms. Refer to our Financial Statements within our 2022 Annual Report for more information on sales taxes and tax credits. 100% of NMG operations are conducted in Canada, which was ranked 14th on the 2022 Transparency International's Corruption Perception Index, with some corporate representation in Europe and the United States.
Political contributions	415-1	\$0	\$0	No financial or in-kind political contributions were made by NMG in 2022. Political contributions are prohibited under the Company's Code of Conduct, except if purely personal.

¹⁵Legend for disclosure framework references: **GRI SASB UN Global Compact**







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Social ESG Topics

Disclosure	Reference ¹⁶	Performance Indicators		Fundamentan				
Disclosure		2022	2021	Explanation				
Community Participation and Outrea	Community Participation and Outreach							
Local community engagement, impact assessments, and development programs	413-1	-	-	NMG conducted an ESIA for its Matawinie Mine in 2018-2019, and an environmental and baseline study for the Bécancour Battery Material Plant in 2020-2021. Stakeholder identification and engagement strategies are listed in the subsection Acknowledging				
Discussion of process to manage risks and opportunities associated with community rights and interests	EM-MM-210b.1	-	_	our Impacts (p. 19). NMG mitigation measures for its potential negative impacts are described throughout this report. Also, refer to the Community Outreach (p. 48) and Indigenous Relations (p. 52) subsections for more information on NMG's community engagement.				
Number and duration of non-technical delays	EM-MM-210b.2	0	0	No non-technical delays were experienced.				
Socioeconomic Contributions	Socioeconomic Contributions 10 MARIE 17 MARIE 17 MARIE 17 MARIE 17 MARIE 18 MARIE 1							
Direct economic value generated and distributed	201-1	\$14,875,000 in wages and benefits \$86,298 in sponsorships \$416,338 in payments to the Saint-Michel- des-Saints municipality	\$9,754,000 in wages and benefits \$53,912 in sponsorships \$443,000 in payments to the Saint-Michel- des-Saints municipality	See the Community Outreach (p. 48) and Local Benefits (p. 58) subsections. Variation: The increase in wages and benefits is due to the development of Phase-1 facilities and operations, and increased headcount to support the Company's growth phase. The return of activities and events following the slowdown caused by the pandemic has also allowed us to offer greater financial support via our Donations and Sponsorships program.				

¹⁶Legend for disclosure framework references: **GRI SASB UN Global Compact**







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Disclosure	Reference ¹⁶	Performance Indicators						
		2022	2021	Explanation				
Socioeconomic Contributions	Socioeconomic Contributions 8 EXECUTE 10 MINING 10 MI							
Significant indirect economic impacts	203-2	_	-	NMG contributes to the economic recovery and diversification of the community where the Matawinie Mine is located. In the Upper Matawinie region, forests, recreation, and tourism have historically been the dominant industries. In 2008, the cyclical nature of the forest industry combined with the global economic downturn hit hard. A wood-particle plant closed initiating a series of collateral closures and bankruptcies in the community, driving families away in search of jobs and, ultimately, impacting levels of services for remaining citizens and businesses. The development of both the Matawinie Mine and Bécancour Battery Material Plant provides indirect economic benefits through spending on goods and services. Indirect and induced economic contributions add value to local communities beyond employment income and support the prosperity of local businesses and services.				
Proportion of spending on local suppliers	204-1	\$27.7M in Québec; 92% of total procurement budget, including 9.6M\$ in our local communities (32% of total procurement budget)	\$39.8M in Québec; 78% of total procurement budget, including 9.1M\$ in our local communities (18% of total procurement budget)	See the Local Benefits subsection (p. 58). Variation: In 2022, our total procurement budget was lower than in 2021 which explains the monetary value decrease spent on local suppliers. However, our spending ratio within our local communities has increased. Our local communities include three administrative regions (Lanaudière, Mauricie, and Centre-du-Québec). Additionally, 92% of the procurement budget was spent within the province of Québec, which we consider to be responsible procurement.				
Employees, Diversity, and Training								
New employee hires and employee turnover	401-1	New hires: 38 Turnover rate: 34%	New hires: 50 Turnover rate: 31%	See the <u>Team Nouveau Monde</u> section (p. 40).				
Benefits provided to employees	401-2	-	-	See the <u>Health, Safety, and Well-Being</u> subsection (p. 42) for information on benefits provided to full-time employees. Part-time employees are eligible for full benefits when they work 20 hours per week or more.				







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Disclosure	Reference ¹⁶	Performance Indicators		Embountou
		2022	2021	- Explanation
Employees, Diversity, and Training				4 metrin 5 metrin 10 metri
Average hours of training per year per employee	404-1	157 hours/employee	137 hours/employee	See the Health, Safety, and Well-Being (p. 42) and Learning and Professional Development (p. 46) subsections.
Programs for upgrading employee skills and transition assistance programs	404-2	-	-	
Percentage of employees receiving regular performance and career development reviews	404-3	100%	100%	See the <u>Learning and Professional Development</u> (p. 46) subsection for a description of our practices. NMG's performance review program is adapted to employees' type of work and period of employment. For example, year-end performance reviews are not carried out with recent hires not having completed their integration period. The data disclosed, therefore, represents the percentage of employees eligible to NMG's program.
Diversity of governance bodies and employees	405-1	Employees 29% are women 4% have a disability 2% identify as Indigenous 8% identify as part of a visible minority 3% identify as part of an ethnic minority 23% are 30 years old and under; 51% are between 31-50; 26% are 51 years old and over Management 21% are women Board of Directors 25% are women	Employees 31% are women 5% have a disability 3% identify as Indigenous 10% identify as part of a visible minority 4% identify as part of an ethnic minority 25% are 30 years old and under; 47% are between 31-50; and 28% are 51 years old and over Management 18% are women Board of Directors 22% are women	See the Board of Directors (p. 28) subsection, Leadership in Action (p.34) section, and Diversity, Equity, and Inclusion (p. 44) subsection for more information on our philosophy, management, efforts, and data on diversity.
Incidents of discrimination and corrective actions taken	406-1	0 incidents of discrimination or harassment	0 incidents of discrimination or harassment	See the <u>Health, Safety, and Well-Being</u> subsection (p. 42).







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Disclosure	Reference ¹⁶	Performance Indicators		
		2022	2021	Explanation
Health and Safety				3 minutes and a market state and
Occupational health and safety ("H&S") management program, training, and performance	403-1 403-5 403-6 403-7 403-9 EM-MM-320a.1	OSHA rate for employees: 2.25 Fatality rate for employees: 0 Average hours of H&S training per employee: 11 hours OSHA rate for contractors: 0	OSHA rate for employees: 2.61 Fatality rate for employees: 0 Average hours of H&S training per employee: 22 hours OSHA rate for contractors: 0	See the Health, Safety, and Well-Being subsection (p. 42) for information on our H&S programs, training, and performance. NMG currently discloses an OSHA and fatality rate for its facilities (NMG employees) and its construction sites (contractors). NMG's commitments to providing a safe environment to our employees, contractors, and visitors can also be found in our Code of Conduct, Health and Safety Policy, and Sustainable Development Policy. Variation: In 2021, H&S training needs were higher than 2022 because many new operators joined our workforce and required upskilling. In 2022, our workforce stabilized and operators that were recruited in 2021 already had appropriate H&S training.
Indigenous Outreach				4 SOLOTO 10 SOLOTO 10 SOLOTO 17 FOR FOLICE 17 FOR FOLICE 17 FOR FOLICE 18 FOLICE 18 FOLICE 19 FOLICE 19 FOLICE 19 FOLICE 19 FOLICE 10 SOLOTO 10
Discussion of engagement processes and due diligence practices with respect to human rights, Indigenous rights, and operation in areas of conflict	411 EM-MM-210a.3	0 incidents of violations involving Indigenous Peoples or human rights	0 incidents of violations involving Indigenous Peoples or human rights	See the <u>Corporate Responsibility</u> (p. 37) and <u>Indigenous Relations</u> (p.52) subsections for more information on our relations and engagement with Indigenous communities.
Percentage of (1) proved and (2) probable reserves in or near areas of conflict	EM-MM-210a.1	0%	0%	
Percentage of (1) proved and (2) probable reserves in or near Indigenous land	EM-MM-210a.2	0%	0%	The Matawinie Mine is located on the municipal territory of Saint-Michel-des-Saints, situated in the large traditional Atikamekw Indigenous region, the Nitaskinan. The mine is located 85 km from the Manawan First Nation community. NMG recognizes the rights and the deep connections that Indigenous Peoples have to the land, waters, territories, and resources, the disclosed metric reflects our understanding of SASB's definition of Indigenous land.







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Diselective	Reference ¹⁶	Performance Indicators					
Disclosure		2022	2021	Explanation			
Labor Relations							
Freedom of Association and Collective Bargaining	407 EM-MM-310.a.1. EM-MM-310.a.2. Principle 3	-		Not applicable – NMG currently functions as a non-unionized company. The Company's employees have the right to engage in activities protected under Québec's Labor Code and Canada's Charter of Rights and Freedoms. This includes the right to form or join unions; engage in protected, concerted activities to address or improve working conditions; or refrain from engaging in these activities. We respect the rights of our employees to freedom of association and the right to collective bargaining, and do not interfere in an employee's decision whether to join an association. The Company's policies, procedures, and practices are intended to ensure compliance with Québec's Labor Code and prevent anti-union discrimination.			
Elimination of discrimination in respect of employment and occupation	Principle 6	0 incident of discrimination or harassment	0 incident of discrimination or harassment	See the Health, Safety, and Well-Being subsection (p. 42) and explanation above for anti-union discrimination.			
Prevention of Child and Forced Labor	r			8 DELTA VIDEA AND LICENSE.			
Child Labor	408 Principle 5	0 occurrences of child labor	0 occurrences of child labor	See the Regulatory Framework (p. 33) and Corporate Responsibility (p. 37) subsections for an overview of our management of human rights risks, including forced labor and/or child labor.			
Forced or Compulsory Labor	409 Principle 4	0 occurrences of forced or compulsory labor	0 occurrences of forced or compulsory labor	NMG does not consider any of its operations or suppliers to have significant risks related to child or forced labor. NMG is committed to protecting the rights and interests of workers and communities across our entire supply chain, operations, and business partners, including vulnerable populations such as children. The Company does not permit or condone any form of forced or child labor at our operations nor			
Support and respect the protection of internationally proclaimed human rights	Principle 1	-	-	via our business partners. Our recruitment processes are conducted in a transparent manner and in accordance with the principles of the International Labor Organization, Québec's Labor Code, Québec's Charter of Human Rights and Freedoms as well as Canada's Charter			
Make sure that they are not complicit in human rights abuses	Principle 2	0 complaints or violations related to human rights	0 complaints or violations related to human rights	of Rights and Freedoms. All persons hired are required to verify their eligibility to work in Canada and to complete the required employment eligibility verification documentation upon hire, which verifies the age of employees, flagging any persons under the legal working age.			







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Environmental ESG Topics

Disclosure	Reference ¹⁷	Performance Indicators		Emboration
		2022	2021	Explanation
Responsible Mining				9 MILLIO MONING 12 MILLIO MONING AND MILLIO MONING 13 MILLIO AND MILLIO MONING AND M
Materials used to produce our primary products	301-1	Ore: 4,327 t Total process reagents: 54 t Reagent products for water treatment: 15 t	Ore: 4,644 t Total process reagents: 15 t Reagent products for water treatment: 10.4 t	All materials used in our graphite products are non-renewable. The main raw material required for our process is ore from which we extract graphite. Materials such as floating chemicals, lime, chlorine, and diesel are used in the concentration and value-added processes. When necessary, NMG used generic density formulas for some of its reagent products when converting from volume to mass.
Non-compliance with environmental laws and regulations	307-1	0	0	See the Environmental Management section (p. 61). NMG confirms it has not received any non-compliance notifications (0), nor any significant fines, or cases brought through a dispute resolution mechanism.
Due diligence on social criteria for new suppliers	308 414-1	-	-	See the Corporate Responsibility subsection (p. 37) for information on how NMG incorporates social criteria into its procurement process.
Support a precautionary approach to environmental challenges	Principle 7	-	-	See the Environmental Stewardship chapter (p. 59) for a detailed presentation of the Company's Environment Policy, as well as NMG's environmental management approach.
Undertake initiatives to promote greater environmental responsibility	Principle 8	-	-	See the complete Environmental Stewardship chapter (p. 59) for more information on initiatives taken by NMG to reduce its environmental footprint. The Engagement subsubsection (p. 33), the Corporate Responsibility subsection (p. 37), as well as the Awareness and Ideas Bloom at the Annual Employee Summit (p. 46) and the A Small Gesture to Reduce the Environmental Impact of Waste Disposal (p. 68) case studies also provide information on NMG's engagement with our employees and value chain.
Encourage the development and diffusion of environmentally friendly technologies	Principle 9	-	-	See the <u>Climate Action</u> section (p. 70), including the <u>Leadership and Partnerships</u> subsection (p. 80), for more information on our line of green and advanced materials and efforts to drive sustainability and circularity into our sector.

¹⁷Legend for disclosure framework references: **GRI SASB UN Global Compact**







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Disclosure	Reference ¹⁷	Performance Indicators		Fundamentian
Disclosure	Keterence ²	2022	2021	Explanation
Climate Action and Air Quality				9 WIND AMERICAN 13 CAME 15 WIND 15 W
Direct (Scope 1) GHG emissions	305-1 EM-MM-110a.1	267 t CO ₂ eq	210 t CO ₂ eq	Scope 1 GHG direct emissions are related to stationary combustion and process emissions from our graphite processing at our Phase-1 facilities, as well as mobile combustion from the use of company vehicles for the operations. Refer to the Climate Resilience subsection (p. 73) for more information. Emission factors come from Québec's regulation, respecting mandatory reporting of certain emissions of contaminants into the atmosphere. The 100-year GWP values for GHG are those stated in The Intergovernmental Panel on Climate Change's ("IPCC") Fifth Assessment Report ("AR5"). The attribution and consolidation of GHG emissions are performed following a control approach and using the operational criterion. This operational control approach is constantly applied to properly identify the operations and GHG sources that fall within the Company's boundaries. Variation: Our emissions increase in 2022 was mainly driven by the commissioning of our Phase-1 coating unit. Given that NMG operates in Québec, which has had a carbon market since 2013 that has been linked with the California market as part of the Western Climate Initiative ("WCI"), NMG has aligned its activities in parallel to this GHG emission cap-and-trade system even though it is not subject to this program since its emissions are below the defined thresholds.
Energy indirect (Scope 2) GHG emissions	305-2	3 t CO ₂ eq	1 t CO₂ eq	NMG's scope 2 GHG emissions relate to electricity consumption at our Phase-1 facilities and corporate offices. The electricity comes from Hydro-Québec's renewable sources at 99.9%. NMG uses an emission factor of 0.6 kg eq/MWh, as recommended by Québec's electricity provider. Refer to the Climate Resilience subsection (p. 73) for more information. Variation: The increase in emissions is related to the full deployment of our Phase-1 purification furnaces.
Other indirect (Scope 3) GHG emissions	305-3	959 t CO ₂ eq	1,334 t CO ₂ eq	NMG's scope 3 GHG emissions relate to business travel, transportation of goods between sites, and direct emissions associated with our contractors' construction work related to the Company's direct operations. Emission factors were taken from recognized sources such as the GHG Protocol. Variation: In 2022, construction work was less intensive than in 2021 which resulted in lower diesel consumption by our contractors on site.







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Disclosure	D - 6 - 17	Performance Indicators		E. all and the
Disclosure	Reference ¹⁷	2022	2021	Explanation
Climate Action and Air Quality				9 ment weren 13 and 15 min
Discussion of long-term and short- term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	EM-MM-110a.2	-	-	See the <u>Climate Resilience</u> subsection (p. 73) and our <u>Climate Action Plan 2022</u> <u>– 2030+</u> for further details on our short and long-term strategy for managing our GHG emissions.
Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	305-7 EM-MM-120a.1	NO_x emissions: 0.5 t SO_x emissions: 6.5 t	NO_x emissions: 0.9 t SO_x emissions: 8.8 t	NMG currently only quantifies its NO_x and SO_x emissions. NO_x and SO_x emissions were primarily emitted by diesel combustion in mobile equipment. Recognized U.S. Environmental Protection Agency emission factors were used to calculate emissions. Variation: Decrease in emissions for 2022 is correlated with lower usage of mobile equipment during construction.
Energy				9 min months 13 date 13 date 14 date 15 date 16 date 17 date 18 date
Energy consumption	302-1 EM-MM-103a.1	Total energy consumption: 36,256 GJ % from non-renewable sources: 46% % grid electricity: 54%	Total energy consumption: 33,008 GJ % from non-renewable sources: 63% % grid electricity: 37%	See the Energy subsection (p. 71) for more information on our energy consumption. Data includes electricity consumption at our Phase-1 operations and offices, and fuel used in mobile and stationary equipment. The conversion of diesel, oil fuel, and propane consumption from liters/m³ to GJ as well as the conversion of electricity consumption from kWh to GJ use energy conversion tables from the Québec energy regulator. The electricity consumption includes all spaces rented by the Company for the Phase-1 plants and offices. Variation: In 2022, our electricity consumption increased due to the full deployment of our Phase-1 purification electric furnaces. Furthermore, there was a lower usage of mobile equipment during construction which reduced our consumption of non-renewable energy sources.







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Disclosure	Performance Indicators		ce Indicators	Fundamentian	
	Reference ¹⁷	2022	2021	Explanation	
Water Management and Effluents				6 minutes	
Interactions with water as a shared resource	303-1 303-2 303-3 303-4 303-5 EM-MM-140a.1	Operational water withdrawal: 0.54 ML 3 0.33 ML from surface water 4 0.20 ML contained in ore 5 0.001 ML of freshwater at our Phase-1 purification facility 5 Water consumption: 5 0.54 ML 6 0.02 ML from evaporation and humidity left in products 7 0.51 ML in tailings entrainment 7 0.001 ML from evaporation and wastewater at our Phase-1 purification facility 7 Water consumption in 18 high-risk water stress 19 region: 0% 8 Water reused: 17.64 ML 8 Water discharge: 14.19 ML	Operational water withdrawal: 0.71 ML 3 0.52 ML from surface water 4 0.13 ML contained in ore 5 0.06 ML of freshwater at our Phase-1 purification facility 5 Water consumption: 6 0.71 ML 7 0.04 ML from evaporation and humidity left in products 7 0.61 ML in tailings entrainment 8 0.06 ML from evaporation and wastewater at our Phase-1 purification facility 7 Water consumption in high-risk water stress region: 0% 8 Water reused: 18.83 ML 8 Water discharge: 10.35 ML	See the Water subsection (p. 62) for more information on NMG managerial approach and interactions with water. Our water accounting methods are aligned with the second edition of the Water reporting guide from the International Council on Mining & Metals ¹³ . Water withdrawal is required for our graphite concentration and purification processes. At our Phase-1 Matawinie plant, surface water supply comes from basins which are connected to the Durand Lake less than 1 km north of the plant. Water in our purification process comes from the St. Lawrence River. No water (0%) is withdrawn from regions with high or extremely high baseline water stress. Water consumption includes all water inputs in our operations that was not released back to surface water or groundwater. Consumptive losses in our concentration process are due to evaporation during the drying of the graphite concentrate and water entrained in tailings at our Matawinie Mine. At our Phase-1 purification facility, water consumption is associated with evaporation and wastewater from our gas purification system. Our consumption at our Phase-1 purification facility was higher in 2021 because NMG had to fill its water supply system for the commissioning of its operations. Reused water represents operational water that was recovered and used again in our concentration process: 17.64 ML was recirculated in a closed loop. Hence, freshwater input is only required to compensate for water losses caused by evaporation in the process. Discharged water comes from run-off water and dewatering of the bulk sample pit. NMG operates a physicochemical treatment plant; 100% of discharged water was in conformity with the quality criteria of Québec's <i>Directive 019 on the Mining Industry</i> . The final effluent's receiving water body of the demonstration project is an unnamed intermittent stream, an affluent of the À l'Eau Morte Creek. At this stage of its development, NMG does not record water withdrawal or discharge for sanitary use.	
Number of incidents of non-compliance associated with water quality permits, standards, and regulations	EM-MM-140a.2	0	0	Refer to the <u>Water</u> subsection (p. 62) for more information on NMG interactions with water. NMG remained compliant with all regulatory requirements in 2022.	

¹⁸ICMM, Water Reporting Good practice guide, 2021.







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Disclosure	Reference ¹⁷	Performance Indicators		Explanation	
Disclosure	Keterence-	2022	2021	Explanation	
Waste and Hazardous Materials Mar	nagement			12 HEPWILL STATE OF THE PROPERTY OF THE PROPER	
Description of waste and hazardous materials management policies and procedures for active and inactive operations	306-1 306-2 306-3 306-4 306-5 EM-MM-150a.4 EM-MM-150a.7	Total weight of non- mineral waste generated: 40.8 t Non-mineral waste diverted from disposal: 5.8 t Non-mineral waste directed to disposal: 34.9 t Total weight of hazardous waste generated: 140 t	Total weight of non- mineral waste generated: 22 t Total weight of hazardous waste generated: 1.2 t	See the Tailings and Waste subsection (p. 67) for more information on NMG waste generation and data collection. Using third-party invoices, NMG only tracks non-mineral waste that is collected through its leased containers. This year, NMG hired a new waste management company to sort and divert recyclable materials in its containers at its Phase-1 Matawinie plant. The Company also started tracking its weight generation at our Phase-1 Bécancour facility. For regular domestic waste collected in designated bins, NMG did not track weight information as the collection of this waste is managed by the municipality. Variation: Our generated hazardous waste increased in 2022 due to the full deployment of our Phase-1 purification operations.	
Tailings generation and management	EM-MM-540a.1. EM-MM-540a.2. EM-MM-540a.3. EM-MM-150a.5	Total weight of tailings produced: 4,125 t » NAG: 3,048 t » PAG: 1,077 t Total weight of waste rock generated: 0 t	Total weight of tailings produced: 4,438 t » NAG: 2,849 t » PAG: 1,589 t Total weight of waste rock generated: 0 t	See the <u>Tailings and Waste</u> subsection (p. 67) for more information on our tailings management system, governance structure, and experimentation cells.	
Number of significant incidents associated with hazardous materials and waste management	EM-MM-150a.9	0	0	See the Environmental Management section (p. 61) for more information on NMG environmental program and waste management practices.	
Biodiversity, Noise, and Vibrations					
Significant impacts of activities, products, and services on biodiversity	304-2 304-3 304-4	# of species listed on IUCN Red List and/or national conservation list: 15 100% of vulnerable species are covered by our mitigation measures	# of species listed on IUCN Red List and/or national conservation list: 15 100% of vulnerable species are covered by our mitigation measures	See the <u>Biodiversity</u> subsection (p. 65) for more information on NMG's potential impacts on biodiversity and measures used to mitigate them. A list of valuable components for the Matawinie Mine is also available via our <u>2021 ESG Report</u> (p. 72-73), part of the complete inventory carried out for the project ESIA (<u>available here in French</u>).	







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Distance	D-617	Performance Indicators			
Disclosure	Reference ¹⁷	2022	2021	Explanation	
Biodiversity, Noise, and Vibrations				15 #us 	
Description of environmental management policies and practices for active sites	EM-MM-160a.1	-	-	See the Environmental Management section (p. 61) for more information on environmental management, including water, biodiversity, noise, and tailings.	
Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) actively mitigated, and (3) under treatment or remediation	EM-MM-160a.2	100% of mine sites actively mitigate acid drainage	100% of mine sites actively mitigate acid drainage	See the <u>Tailings and Waste</u> subsection (p. 67). Our tailing management approach actively mitigates acid mine drainage.	
Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	304-1 EM-MM-160a.3	100% of our sites are located near endangered species habitat	100% of our sites are located near endangered species habitat	See the <u>Biodiversity</u> subsection (p. 65) for more information on NMG's potential impacts on biodiversity and measures used to mitigate them. A list of valuable components for the Matawinie Mine is also available via our <u>2021 ESG Report</u> (p. 72-73), part of the complete inventory carried out for the project ESIA (available here in French).	







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GRI 2: General Disclosures

Topic-specific disclosures pertain to NMG and our activities in Saint-Michel-des-Saints, Québec, developing the Matawinie Mine, in Bécancour, Québec, developing the Bécancour Battery Material Plant, and in Northern Québec exploring the potential of developing the Uatnan Mining Project. In comparison, the footprint and associated impacts of the Company's corporate and remote offices, as well as European sales office and American office are minimal.

Disclosure	Description	Explanation		
The Organization and its Reporting Practices				
2-1	Organizational details	Refer to the <u>Corporate Overview</u> section (p. 10).		
2-2	Entities included in the organization's sustainability reporting	Entities included in the ESG Report are the same as our financial statements: Nouveau Monde Graphite Inc., and its two wholly owned subsidiaries Nouveau Monde District Inc. and Nouveau Monde Europe Limited.		
2-3	Reporting period, frequency, and contact point	The report covers the period of January 1, 2022, to December 31, 2022, with significant updates up to April 30, 2023, and references when necessary to previous initiatives and activities. We intend to report annually, our last ESG Report was published on May 19, 2022, for the 2021 fiscal year. Julie Paquet, Vice President, Communications and ESG Strategy, can be contacted for further information on this report at jpaquet@nmg.com .		
2-4	Restatements of information	In 2021, NMG stated that 80% of entrained water in its tailings would ultimately be collected by our water management system and be discharged to our final effluent. After reassessment, water will not be returned to the environment and should be accounted as water loss. Changes were made in this index for 2021 data.		
2-5	External assurance	Considering the current scale of our operations, we currently do not seek assurance for our report. We are confident our internal processes provide sufficient oversight regarding the accuracy of the information we report. We will continue to explore assurance options as the Company advances our projects and development.		
Activities and	d Workers			
2-6	Activities, value chain, and other business relationships	Refer to the <u>Corporate Overview</u> section (p. 10).		







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Disclosure	Description			E	Explanation	
Activities and	Workers					
2-7	Employees	Refer to the section Team No the Company's human resou			akdown of our v	workforce by gender and region. Data is based on
			Women	Men	Total	Region
		Permanent employees	28	70	98	All are located in Québec, Canada, except for
		Full-time employees	27	67	94	1 employee out of our European sales office.
		Part-time employees	1	3	4	
2-8	Workers who are not employees We employ 5 consultants performing duties pertaining to project management and advanced technological support.			nent and advanced technological support.		
Governance						
2-9	Governance structure and composition	Refer to the <u>Fostering Transp</u>	arent and Robu	st Governance	chapter (p. 27).	
2-10	Nomination and selection of the highest governance body					
2-11	Chair of the highest governance body					
2-12	Role of the highest governance body in overseeing the management of impacts					
2-13	Delegation of responsibility for managing impacts					
2-14	Role of the highest governance body in sustainability reporting					
2-15	Conflicts of interest	disclosure of significant relat	ed-party transac	ctions and pote	ential conflicts o	nal auditor, is responsible for the treatment and f interest. NMG's <u>Code of Conduct</u> defines what is late to conflict of interest including reporting and







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Disclosure	Description	Explanation
Governance		
2-16	Communication of critical concerns	NMG has adopted a Whistleblowing Policy, supported by an anonymous ethics hotline service, for reporting any real or potential violation of its Code of Conduct and/or of other policies, laws, and regulations. NMG has implemented a Complaint Management Policy, in line with principle 31 of the Guiding Principles on Business and Human Rights of the UN Human Rights Council, which provides stakeholders with the opportunity and mechanism to report complaints of potential violations, including breach of anti-bribery and anti-corruption laws, misconduct and other concerns. NMG has also adopted and rolled out Company-wide training and implementation of a Harassment Prevention Policy for employees, which comprises a mechanism for reporting, investigating, and addressing discriminatory behaviors, including sexual, physical, and mental harassment.
2-17	Collective knowledge of the highest governance body	Refer to the Fostering Transparent and Robust Governance chapter (p. 27).
2-18	Evaluation of the performance of the highest governance body	The performance review is carried out by the Chair of the Board of Directors and the Lead Independent Director.
2-19	Remuneration policies	Refer to Section C of our Notice and Management Information Circular.
2-20	Process to determine remuneration	Refer to Section C of our Notice and Management Information Circular.
2-21	Annual total compensation ratio	5 Our compensation ratio is calculated as total CEO compensation (including salary, bonus, and stock options) divided by average employee compensation.
Strategy, Poli	cies, and Practices	
2-22	Statement on sustainable development strategy	See statements from our Chair, Arne H Frandsen, and our President and Chief Executive Officer, Eric Desaulniers in the From our Leadership chapter (p. 3).







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Disclosure	Description	Explanation
Strategy, Poli	cies, and Practices	
2-23	Policy commitments	Refer to our commitments within the following policies: Anti-bribery Policy Board Diversity Policy Code of Conduct Diversity, Equity, and Inclusion Policy Environmental Policy Health and Safety Policy Human Rights Policy Responsible Procurement Policy Supplier Code of Conduct Sustainable Development Policy Whistleblower Policy
2-24	Embedding policy commitments	The Company's Management Team is accountable for the implementation of our policy commitments, along with the oversight of the Board of Directors. Refer to the Fostering Transparent and Robust Governance chapter (p. 27) for more information. Policies are shared with our new employees during their on-boarding training. New adopted policies are communicated to the entire organization via email and discussed during NMG weekly meeting. Training is mandatory for our Harassment Prevention Policy. Also refer to the subsection Corporate Responsibility (p. 37) for more information on how we implement our commitments in our business relationships.
2-25	Processes to remediate negative impacts	NMG has implemented a Complaint Management Policy, in line with principle 31 of the Guiding Principles on Business and Human Rights the UN Human Rights Council, which provides stakeholders with the opportunity and mechanism to report complaints of potential violations, including breach of anti-bribery and anti-corruption laws, misconduct and other concerns.
2-26	Mechanisms for seeking advice and raising concerns	Potential violation of the Company's Code of Conduct, policies, applicable laws, or regulations, can be signaled via our confidential ethics hotline (+1 833 664-1736 and web). Reports made are investigated by the Audit Committee, following which appropriate recommendations are presented to the Board of Directors. The Audit Committee can engage independent investigators and advisors as needed. Following an investigation, a confidential report will be prepared, and where a breach of the Code of Conduct or other applicable policies, laws, and regulations is found to have occurred, NMG will impose appropriate corrective measures, including disciplinary action, up to termination of employment.
2-27	Compliance with laws and regulations	No instances of non-compliance with laws and regulations during the reporting period.







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Disclosure	Description	Explanation
Strategy, Poli	cies, and Practices	
2-28	Membership associations	NMG is a member of the Québec Mineral Exploration Association and Québec Mining Association which support the development of a responsible mining industry in Québec, where the Company's projects are located.
		NMG is also a member of business alliances promoting economic, social, and environmental efforts for responsible industrial development, including the Chambre de commerce de la Haute-Matawinie, Fédération des chambres de commerce du Québec, Chambre de commerce et d'industrie du Cœur-du-Québec, Chambre de commerce et d'industrie de Manicouagan, Conseil des entreprises en technologies environnementales du Québec, European Battery Alliance, World Economic Forum's GBA, accelerate Canada's ZEV Supply Chain Alliance, Battery Materials & Technology Coalition, and Zero Emission Transportation Association.
Stakeholder E	Engagement	
2-29	Approach to stakeholder engagement	Refer to sections Acknowledging our Impacts (p. 19) and Stakeholder Engagement (p. 48).
2-30	Collective bargaining agreements	NMG currently functions as a non-unionized company, none of our employees are covered by collective bargaining agreements.

GRI 3: Material Topics

Disclosure	sure Description Response / Location			
Disclosures on Materials Topics				
3-1	Process to determine material topics	Refer to the <u>Acknowledging our Impacts</u> section (p. 19).		
3-2	List of material topics			
3-3	Management of material topics	Refer to the rest of our <u>Disclosure Index</u> (p. 81) for more information on the management of each material topic.		







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References

AR5	Fifth Assessment Report	
BAPE	Bureau d'audiences publiques sur l'environnement	
CAD	Canadian dollars	
Caterpillar	Caterpillar Inc.	
CDP	Carbon Disclosure Project	
Company	Nouveau Monde Graphite Inc.	
CSPG	Coated spherical purified graphite	
DEI	Diversity, Equity, and Inclusion	
ERM	Entreprise risk management	
ESC	Environmental Social Committee	
ESG	Environmental, social and governance	
ESIA	Environmental and Social Impact Assessment	
EV	Electric vehicle	
GBA	Global Battery Alliance	
GHG	Greenhouse gas	
GRI	Global Reporting Initiative	
GWP	Global warming potential	
H&S	Health and safety	
IFC	International Finance Corporation	
IPCC	The Intergovernmental Panel on Climate Change	
JHSC	Joint Health and Safety Committee	

ktpa	Thousand tonnes per annum
LCA	Lifecycle assessment
Mason Graphite	Mason Graphite Inc.
Moody's	Moody's ESG Solutions
NAG	Non acid-generating
NMG	Nouveau Monde Graphite Inc.
Nouveau Monde	Nouveau Monde Graphite Inc.
NYSE	New York Stock Exchange
OSHA	Occupational Safety and Health Administration
PAG	Potentially acid-generating
R&D	Research and development
SDGs	United Nation's Sustainable Development Goals
TCFD	Task Force on Climate-Related Financial Disclosures
tpa	Tonnes per annum
TSM	Towards Sustainable Mining
TSX.V	TSX Venture Exchange
UN	United Nations
UNGC	United Nations Global Compact
WCI	Western Climate Initiative
We	Nouveau Monde Graphite Inc.







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Disclaimer

This ESG report contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation (collectively, "forwardlooking statements"), which relate to future events or future performance and reflect management's expectations and assumptions regarding the Company's growth, results, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to it. In some cases, forward-looking statements can be identified by words such as "may", "would", "could", "will", "should", "expect", "intend", "aim", "attempt", "anticipate", "believe", "study", "target", "estimate", "forecast", "predict", "outlook", "mission", "aspire", "plan", "schedule", "potential", "progress" or the negative of these terms or other similar expressions concerning matters that are not historical facts. In particular, statements regarding the Company's corporate objectives and business strategy including, without limitation, the "Corporate Overview" paragraph, the Company's aspirations, targets, commitments and goals, the completion and deployment of the Sustainability Action Plan and the Climate Action Plan, the nature of relationships with stakeholders such as local communities, First Nations, employees, suppliers and service providers, business partners, governments and regulatory authorities, the obtaining of the free, prior, and informed consent of First Nations, the entering into an impact and benefit agreement for the commercial phase of the Matawinie Mine and the results thereof, the direct and indirect economic impact of the Matawinie Mine project and the Bécancour Battery Material Plant project, including the creation of job opportunities for local communities, the Company's planned ESG (as defined below) initiatives, the Company's intention to participate in a circular economy, the footprint of the Matawinie Mine project and the Bécancour Battery Material Plant project, the Company's GWP, the intended positive impact or our products, the Company's

planned electrification strategy and its intented results, the Company's carbon neutrality status, its intended transition to Net Zero and its GHG (as defined below) estimate of commercial operations, the Company's safe, inclusive and positive environment, the Company's goal to increase its diversity, the economic development of the Bécancour industrial park, the development plans, timeline and anticipated capacity and output of the Matawinie Mine project and the Bécancour Battery Material Plant project, forecasts for future graphite demand, initiatives of various market players, the Company's future results, the intended development of the Uatnan Mining project, including the formation of a joint venture, the economic performance and product development efforts, as well as the Company's expected achievement of milestones, including the ability to obtain sufficient financing for the development of the Matawinie Mine project and the Bécancour Battery Material Plant project, the ability to achieve the Company's ESG initiatives, the results of the feasibility study and preliminary economic assessment, the development of a biodiversity action plan, climate risks and opportunities, the restoration and remediation plan, and any information as to future plans and outlook for the Company are or involve forward-looking statements.

Forward-looking statements are based on reasonable assumptions that have been made by the Company as at the date of such statements and are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to, the actual results of current development, engineering and planning activities, access to capital and future prices of graphite, new mining operation inherent risks, mineral exploration and development activities inherent risks, the uncertainty of processing the

Company's technology on a commercial basis and those factors discussed in the section entitled "Risk Factors" in the Company's most recent annual information form. Forwardlooking statements in this ESG report contain, among other things, disclosure regarding: the Company's development activities and production plans; the development of the Uatnan Mining project, the impact of infectious diseases, global pandemics or any other public health crises, including COVID-19 pandemic, and the ongoing war between Russia and Ukraine on the Company's operations; the future outlook, corporate development and strategy of the Company; the Company's projected capital and operating expenditures; the estimates of mineral resources and mineral reserves; the Company's green and sustainable lithium-ion active anode material initiatives; the government regulation of mining operations, environmental regulation and compliance; the realization of the expected economics of the construction and operation of the Matawinie Mine project and the Bécancour Battery Material Plant project; the ability to obtain sufficient financing and the permitting required for the development of the Matawinie Mine project and the Bécancour Battery Material Plant project; and business opportunities that become available to, or are pursued by the Company.

Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to: general business and economic conditions; there being no direct operational impacts resulting from infectious diseases or pandemics; the supply and demand for, deliveries of, and the level and volatility of prices for graphite products; the speculative nature of mineral exploration and development; changes in mineral production performance and increase in costs, exploitation, exploration and mine new mines' start-up successes; the risk that exploration data may be incomplete and additional work may be required to complete further evaluation, including but not limited







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to drilling, engineering, and socioeconomic studies and investment; the impact of the inflation on the Company's planned exploration and development activities, the timing of the receipt of necessary regulatory and governmental permits and approvals for the Matawinie Mine project and Bécancour Battery Material Plant project; the availability of financing for the Company's development of its properties and construction of its facilities and installations on reasonable terms; the possibility that the Company may incur additional debt: the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; increased costs, delays, suspensions and technical challenges associated with the development, construction and commissioning of the Matawinie Mine project and the Bécancour Battery Material Plant project: the good standing of the Company's title and claims on its properties; the ability to attract and retain skilled staff and maintain positive relationships with the staff; the risk of relying on consultants; development and production timetables; competition and market risks; pricing pressures; the accuracy of the Company's mineral resource and mineral reserve estimates (including, with respect to size, grade and recoverability) as well as the geological, operational and price assumptions on which they are based; the volatile nature of the share price of a resources company and public corporation obligations, currency fluctuations, the fact that certain business improvement initiatives are still in the early stages of evaluation, and additional engineering and other analysis is required to fully assess their impact; the fact that certain of the initiatives described in this ESG report, are still in the early stages and may not materialize; business continuity and crisis management; and such other assumptions and

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that may cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and

factors as set out herein and in this ESG report.

future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update or revise any forward-looking statements that are included in this ESG report, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

Market and industry data presented throughout this ESG report was obtained from third-party sources and industry reports, publications, websites and other publicly available information, as well as industry and other data prepared by the Company or on the behalf of the Company on the basis of the Company's knowledge of the markets in which the Company operates, including information provided by suppliers, partners, customers and other industry participants.

The Company believes that the market and economic data presented throughout this ESG report is accurate as of the date of publication and, with respect to data prepared by the Company or on behalf of the Company, that estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and economic data presented throughout this ESG report are not guaranteed and the Company does not make any representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although the Company believes it to be reliable as of the date of publication, the Company has not independently verified any of the data from third-party sources referred to in this ESG report, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and economic data are subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and

other limitations and uncertainties inherent in any statistical survey. In addition, certain of these publications, studies and reports were published before COVID-19 and therefore do not reflect any impact of COVID-19 on any specific market or globally.



