

2021 ESG REPORT

DRIVING SUSTAINABILITY,
LEADERSHIP & INNOVATION
INTO THE CLEAN ENERGY
REVOLUTION

MMG
NOUVEAU MONDE GRAPHITE





ABOUT THE REPORT

Cover: Samy Bellerose, Geomatician, oversees preparatory work at our planned Matawinie graphite mine (the “Matawinie Mine”).

Content: Information in this report relates to Nouveau Monde Graphite Inc.’s (“NMG”, “Nouveau Monde”, “we” or “Company”) activities in relation to the Matawinie Mine, the Company’s planned commercial value-added graphite products transformation plant (the “Bécancour Battery Material Plant”), and corporate development. The report discloses data reported for the 2021 period with significant updates up to April 30, 2022.

All monetary amounts included in this report are expressed in Canadian dollars (“CAD”), the Company’s reporting and functional currency.

Publishing date: May 19, 2022

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

All statements, other than statements of historical fact, contained in this report including, but not limited to, those relating to (i) the Company’s corporate objectives and business strategy including, without limitation, the “Corporate Overview” paragraph, (ii) the Company’s aspirations and goals, (iii) the completion and deployment of the Sustainability Action Plan and the Climate Action Plan, (iv) the nature of relationships with stakeholders such as local communities, including the Atikamekw First Nation, employees, suppliers and service providers, business partners, governments and regulatory authorities, (v) 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, (vi) the Company’s planned ESG (as defined below) initiatives, (vii) the Company’s intention to participate in a circular economy, (viii) the footprint of the Matawinie Mine project, (ix) the Company’s planned electrification strategy and its intended results, (x) the Company’s carbon neutrality status, its intended transition to Net Zero and its GHG (as defined below) estimate of commercial operations, (xi) the development plans, timeline and anticipated capacity and output of the Matawinie Mine project and the Bécancour Battery Material Plant project, (xii) forecasts for future graphite demand, (xiii) initiatives of various market players (xiv) any information as to the future plans and outlook for the Company constitute “forward-looking information” or “forward-looking

statements” (collectively, “forward-looking statements”) within the meaning of applicable Canadian and United States securities legislation, and are based on expectations, estimates and projections as of the time of this report. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the time of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These estimates and assumptions may prove to be incorrect. Moreover, these forward-looking statements are based upon various underlying factors and assumptions, including general business and economic conditions; there being no direct operational impacts resulting from infectious diseases or pandemics such as the ongoing COVID-19 pandemic; the limited financial resources available to the Company, the uncertainty regarding regional and global financial stability; the outbreak of war between Russia and Ukraine; the dependence of the Company’s operations on an uninterrupted supply of production inputs, and other supplies and resources; 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, exploitation and exploration successes; the risk that exploration data may be incomplete and additional work may be required to complete further evaluation, including but not limited to drilling, engineering, and socioeconomic studies and investment;

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2021 was a structural year as we lined the building blocks that will support the next stage of our development.

Learn more via our 2021 Annual Report.



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MESSAGE FROM THE CHAIR

It was a most challenging 2021 – both for the individuals as well as the world. Sadly, 2022 has not improved this picture.

The consequences of two years of the pandemic in its many variants have created pain and suffering for us all. Deaths, illness, lockdowns, and freedom restrictions came with it. Regrettably, the people who could least afford it have been the ones suffering the most.

On top of this, the desperate situation in Ukraine has added to the misery and suffering – not only for the direct victims of a cruel war, but for the world that has seen rising costs of living, inflation, and increased defense budgets as a direct consequence. It also demonstrated the vulnerability of battery supply chains with raw material prices sent on a wild race to unprecedented levels.

The concerns about global warming and the level of pollution have not died out but rather been integrated into the cry for change. From the Intergovernmental Panel on Climate Change (“IPCC”) calling a code red

for humanity to the 26th UN Climate Change Conference of the Parties (“COP26”) rallying governments, manufacturers, investors, financial institutions, and other private sector leaders, efforts to fight global heating accelerated worldwide.

All of this has had a material impact on the way we conduct our business, the way consumers make choices, and the way we want to live our lives, with an even louder call for solidarity, climate action, local sourcing, and a firmer commitment to zero harm.

The dynamics have raised pressure on supply chains and, correspondingly, on battery and electric vehicles (“EVs”) manufacturers. As more and more of them turn their attention upstream to secure supplies and reduce their production risks, strategic minerals and advanced materials are rising to the front scene. As a matter of fact, projections now indicate a flake graphite deficit of nearly 2 million tonnes by the end of the decade¹.

Against this backdrop of major global disruptions and challenges, NMG made considerable headway in 2021 towards its vision of driving the transition to a green future through sustainable zero-carbon solutions.

A purpose-driven team driven by our values of safety, responsibility, openness, integrity, and entrepreneurial spirit has guided the Company’s growth. We have shown leadership in developing a local, ethical, and carbon-neutral natural graphite source, engaging with the industry on ESG standards and disclosure for battery production, and advancing battery technology to help decarbonize the economy.

Extractive industries, manufacturing and transport alike are recognized as heavy emitters and certainly lack in terms of green credentials from the public’s viewpoint. We are rethinking past approaches guided by our Zero-Harm Philosophy, resolute sustainability compass and strong climate agenda.

Our unwavering commitment is reflected in our daily decisions and the engineering of our business model, facilities and products.

FOR COMPANIES HAVE A TREMENDOUS OPPORTUNITY TO SHAPE A BETTER FUTURE.

Indeed, we are striving to drive the emergence of a new advanced materials sector powered by clean energies, developed in partnership with communities and aiming at circularity.

Combining mining and processing into an integrated business model enables NMG to assure to its community a maximum of local benefits associated with the development of a collective natural resource; to its customers a traceable and responsible source of advanced graphite materials; to its governments a lever for national growth as we position Québec and Canada on the international strategic minerals and electric scene; and to its shareholders an attractive forward-looking investment platform that taps into Net-Zero goals.

For our society, economy, sector, and communities to be sustainable and thriving, a significant shift is required in how we extract, transform, use, and recycle resources. For our responsibility is greater than today’s or the next generation’s. We must acknowledge and overcome the consequences of the past and look to drive structural change to safeguard the threatened climate, biodiversity, and humanity.

1 Benchmark Mineral Intelligence, March 2022.



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OUR THINKING MUST BE INVENTIVE.
OUR ACTION MUST BE SWIFT.
OUR MINDSET MUST BE LONG-TERM.
OUR EFFORTS MUST BE COLLABORATIVE.
OUR ACTIVITIES, BENEFITS AND IMPACTS
MUST BE TRANSPARENT.

Hence, I am pleased to present our 2021 ESG Report, which discloses our material topics and managerial approach to addressing them, our performance, as well as our risks and opportunities. It builds on the foundation laid in 2020 as we started documenting our sustainability journey, commitments, and accomplishments.

This year, we joined the United Nations Global Compact initiative and endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD") to further strengthen our disclosure and efforts.

Governance is instrumental in ensuring management, accountability, and transparency. To that effect, we reinforced our structures, policies, and programs to align the Company with the best-in-class ESG practices.

The road ahead is promising. Collectively, the Board of Directors, management, and Team Nouveau Monde, we are engaged towards powering a new world.

May you indeed join us for the journey to a "Nouveau Monde", one that is governed by sustainable ESG principles and which has earned its licence to operate as a part of the global economy.

Kind regards and with the hope of peace and prosperity globally,

Arne H Frandsen
Chair of the Board of Directors



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**MESSAGE FROM
 THE PRESIDENT
 & CEO**

At the macroeconomics level, on capital markets and within the Company, there is tremendous momentum in advancing our business.

As the climate crisis captures the attention and efforts of scientists, innovators, governments, and cleantech developers, a sense of urgency is growing. OEMs are doubling down on their electrification commitments, and battery manufacturers are building plants across the globe.

But the present sensitivities of supply chains coupled with the growing expectations of regulators and end users regarding the footprint of products, especially in the cleantech space, are challenging previous models and call for innovative methods.

At NMG, we set our minds on reliability and sustainability from the onset. For we acknowledged the responsibility of developing a non-renewable resource. For we knew that the commercial outlook

of our mining and advanced manufacturing projects was tightly linked to global electrification. For we recognized the immense opportunity of having access to abundant, affordable, and clean hydropower. For we understood the growing demand from manufacturers and consumers for responsibly sourced products.

In building a company on this bedrock, we set clear parameters for our operations and made a promise to our employees, communities, business partners, customers, and shareholders. We will not compromise our values. We will develop the next generation of battery materials guided by our Zero-Harm Philosophy, accountability, social engagement, carbon neutrality, and full traceability while striving for circularity.

This year, we executed our business plan with discipline and principles. We achieved critical milestones in developing our vertical strategy through the advancement of our phase-1 facilities, the permitting and engineering of our phase-2 operations, the commencement of early construction work at our Matawinie Mine, our commercial discussions with tier-1 battery and EV manufacturers, our listing on the world's largest stock exchange, and strategic financing rounds.

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IF SUSTAINABILITY HAS ALWAYS GUIDED OUR DECISION-MAKING, THIS YEAR, WE ELEVATED OUR MANAGEMENT, DISCLOSURE, AND PRACTICES WITH THE ESTABLISHMENT OF ESG FUNCTIONS AT THE BOARD OF DIRECTORS AND EXECUTIVE LEVELS. WE ALSO FORMALIZED OUR CONTRIBUTION TO ACHIEVING THE PARIS AGREEMENT THROUGH THE OFFSETTING OF OUR HISTORICAL EMISSIONS AND OUR NET ZERO TARGET AS PART OF OUR CLIMATE ACTION PLAN.

In developing our business, we remain committed to strengthening our culture to support our employees' well-being and development, foster diversity and inclusion, and maintain a collaborative and mutually beneficial relationship with our communities and First Nations.

R&D is the bedrock on which to build the future. We recognize that clean technologies are mineral- and energy-intensive. Thus, we are striving to enhance the properties of materials, optimize technological solutions, reduce manufacturing footprints, improve product life cycles, and recycle components in a circular model. These opportunities have the potential to further differentiate us in the market.

We recognize that performance is multifaceted and ought to be

measurable. Following the issuance of our inaugural ESG Report, we sought independent assessment by Moody's ESG Solutions. In its positive opinion on NMG's sustainability, Moody's highlighted the integration of ESG factors in the Company's strategy, operations, and risk management, and our opportunity to "make a major contribution to some UN sustainable development goals".

With our sight on the next phase of our development, we have set targets in relation to our key ESG topics to continually enhance our performance and leadership. We seek to stimulate progress by creating shared value, powering a cleaner future, and accelerating the wheel of change.

I am confident in the team we have assembled to lead this next phase of our growth, with an uncompromising

focus on safety, discipline, and efficiency to meet the market's demand for responsibly-extracted, environmentally-transformed, and fully traceable battery materials.

A GREENER FUTURE IS WITHIN REACH.

Onwards,
En route,
Wapita Nikanik,



Eric Desaulniers
President & CEO



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CORPORATE OVERVIEW

Nouveau Monde Graphite Inc. (“we”, “Nouveau Monde”, “NMG” or “the Company”) is an integrated company developing advanced manufacturing and mining operations to support the global energy transition with carbon-neutral anode material for electric vehicles and energy storage systems.

With a strong environmental, social and governance (“ESG”) mindset, we seek opportunities, partnerships, and technologies that create shared value to advance our vision to drive the transition to a greener future through sustainable zero-carbon solutions.

We are working towards developing a fully integrated source of graphite-based solutions, from ore to battery materials, with a focus on high performance, traceability, costs, and carbon neutrality at the western market’s doorstep.



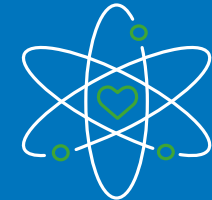
Vision

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



Mission

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



Values

- SAFETY** **RESPONSIBILITY**
- OPENNESS** **INTEGRITY**
- ENTREPRENEURIAL SPIRIT**

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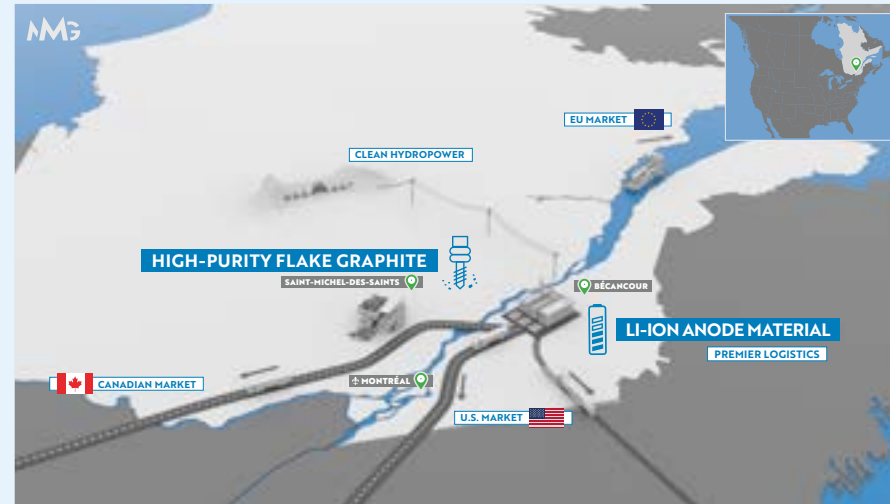
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NMG’s activities are focused on the Matabwinie Mine and the Bécancour Battery Material Plant, both of which are progressing concurrently towards full-scale commercial operations. Underpinning these projects are our world-class Matabwinie graphite deposit, our proprietary technologies, and clean hydroelectricity powering our operations.

Our gradual approach at each stage in our process and product development has reduced the risks of our projects while accelerating our planned commercialization and supporting our advancement to full-scale facilities.



ACTING AS A CATALYST

At NMG, we consider minerals and advanced materials to be the cornerstone of cleantech to capture and store the renewable energies vital to global decarbonization.

We make it our responsibility to extract and transform graphite in a responsible way, striving to grasp the full potential of this mineral and our operations to supply the world with solutions to the climate crisis. Dedicated to powering a cleaner future, NMG continually seeks to elevate the environmental and ethical DNA of our processes, products, and practices.

This year, our efforts to think outside the box in creating high-quality, green graphite advanced materials have been recognized:

- » Entrepreneur of the Year Award from the Québec Mineral Exploration Association in recognition of the Company’s momentum in developing its integrated and sustainable “ore-to-battery-material” value chain.
- » Winner of the Mining Magazine’s Future Fleets Award for the development of zero-emission equipment and infrastructure at our Matabwinie Mine.

We continue advancing our business plan in order to develop the mine of the future and deliver a new generation of battery materials that can help drive the transition to a green future.



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+ Bécancour Battery Material Plant

For graphite to be used as anode material, three beneficiation steps are required to reach the optimal properties and performance: shaping, purification, and coating. NMG plans to leverage its access to the large, high-purity Matawinie graphite deposit as feedstock for its value-added transformation activities, hence capitalizing on operational efficiency, product traceability, and greater margins

from its vertically integrated business model.

Our proposed advanced manufacturing operations will be located in Bécancour, Québec, approximately 150 km northeast of Montréal, by the Saint Lawrence River. The robust local infrastructure provides us with a direct supply of required chemicals in addition to affordable hydroelectricity, a skilled workforce, and a multi-modal logistical base that includes a major international port in proximity to U.S. and European markets.

Our Phase-1 nameplate capacity is targeted at 2,000 tpa of anode material with scope for significant expansion in Phase 2 to help meet the demand from battery manufacturers seeking locally sourced and environmentally friendly solutions.

At our demonstration plant, our Phase-1 shaping unit has been producing spherical graphite since 2020 to support qualification with potential customers and further testing to optimize our processes. After four years of technological development, modeling and lab tests, our proprietary purification process,

free of hydrofluoric acid, fully materialized this year. NMG's Phase-1 commercial-scale purification modules were successfully constructed and commissioned, enabling the production of carbon-neutral spherical purified graphite ("SPG"). Our last beneficiation module, the coating unit is set to be commissioned in 2022.



Rendering of NMG's future Phase-2 Bécancour Battery Material Plant



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In 2021, NMG purchased a 200,000-m² land in the Bécancour industrial park to build our integrated Phase-2 Bécancour Battery Material Plant. The property presents no environmental limitations for construction and offers all necessary infrastructure to develop a safe and direct pipeline of chemical supply.





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+ Matawinie Mine

The Matawinie Mine is projected to be North America’s largest natural graphite operation, with a targeted production of 100,000 tpa of high-purity graphite concentrate. A skilled workforce, high-quality infrastructure, including paved roads and hydroelectricity, as well as the dynamic regional business ecosystem provide us with a robust foundation.

NMG has been operating a Phase-1 plant – a reduced-scale of our future commercial concentrator – since 2018.

Since filing the bankable feasibility study, we have invested time and effort to meticulously plan mining and environmental engineering, mastering the ore metallurgical process to reach 97% purity after simple flotation, de-risking our operation through the demonstration plant, and actively engaging with the local community and the Atikamekw First Nation.



Rendering of NMG's future concentrator at Phase-2 Matawinie Mine

Following a rigorous environmental review and public consultation process, the Québec Government issued in 2021 a ministerial decree authorizing our Matawinie Mine. We started early works in Q2-2021 to prepare the site for the mine industrial platform and build the access road connecting the project to the local highway.

As part of our electrification strategy, we are committed to having both heavy equipment used for mining operations and our ore concentration

and 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 as well as a significant advantage over peers globally.



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+ R&D

We maintain a portfolio of research and development (“R&D”) projects to advance our line of specialty products based on future market demands and environmental innovations.

We have partnered with Hydro-Québec to research and develop graphite anode material used in lithium-ion batteries. A world-renowned innovation hub, Hydro-Québec’s Centre of Excellence in Transportation Electrification and Energy Storage is developing some of the world’s most advanced battery material technologies for electric vehicles and other

energy storage applications. Through the partnership, Hydro-Québec’s impressive intellectual property portfolio – comprised of over 2,000 patents – and leading-edge facilities provide us with a springboard for technological developments and commercialization activities.

In 2021, we inaugurated our state-of-the-art laboratory, an addition to NMG’s existing quality testing facilities. This expansion was triggered by our commitment to cater to the market’s requirements for high-performing and environmentally responsible battery materials that can be tailored to a variety of specifications.

Our dedicated new laboratory facilities provide in-house capacity, flexibility, and speediness in testing advanced materials and specifications for potential customers. They comprise ultramodern equipment covering a range of technical measurements, namely particle size, tapped density, coin cell cycling with full coin cell preparation equipment, ICP trace element analysis, BET specific surface area as well as particle morphology, coating quality and impurity analysis by SEM-EDX.

We also signed an important collaboration agreement for the use of Forge Nano’s proprietary Atomic Layer Deposition-coating

technologies (“ALD”) to enhance the performance of our graphite materials as part of the lithium-ion battery system. Forge Nano is backed by industry leaders such as Volkswagen, LG Technology Ventures and Mitsui Kinzoku.

Elite research and close collaboration with academia, governments, technology transfer centers, and industry partners complement our in-house R&D efforts to continually enhance our environmental footprint, manufacturing techniques, and product offering.



NMG’s new laboratory



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HELPING POWER A CLEANER FUTURE: ELAHEH'S STORY

As a professional researcher within NMG's R&D team since September 2020, Elaheh oversees numerical simulation projects related to natural graphite purification and anode material specifications in lithium-ion batteries. Originally from Iran, Elaheh came to Québec to complete her Ph.D. in chemical engineering at the University of Sherbrooke.

"With our renewable energy, our stable economy, and our culturally diversified society, Québec is the perfect location for establishing sustainable businesses."

Doing her fair share for our planet by owning an electric car and adopting a vegetarian diet, she chose a career at NMG because of shared values for creating a more sustainable future.



"I'm very conscious that our actions have long-term repercussions that will affect future generations."

Having dedicated more than 20 years to her studies, Elaheh thrives in a continuous learning environment. Through her projects at NMG, she gets to advance research on many different subjects related to anode material for electric vehicles ("EV"). Battery technologies are constantly evolving, which makes her role at NMG even more challenging and rewarding.

"Every day, I get to do what I love the most, which is learning and implementing solutions based on my research. I am very honored to be engaged in projects that have the potential to change the world."



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**ADVANCING
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This report has been written with reference to the Global Reporting Initiative (“GRI”) and to the Value Reporting Foundation (SASB Standards) for the Metals & Mining sector. We have also aligned our disclosure with the United Nation’s Sustainable Development Goals (“SDGs”) and the UN Global Compact (“UNGC”) to further outline how our ESG targets and initiatives contribute to society and the environment.



As NMG continues to advance towards full-scale commercial operations, it is our intent to use additional frameworks in our disclosure, such as the Task Force on Climate-Related Financial Disclosures (“TCFD”), the to-be-published GRI Sector Standard for Mining, and the Mining Association of Canada’s Towards Sustainable Mining initiative, to maintain high sustainability standards and transparency. We also monitor the work of the International Sustainability Standards Board (“ISSB”) which is set to deliver a comprehensive global baseline of ESG-related disclosure standards.



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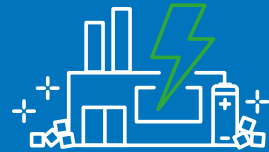


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+ Our 2021 ESG Milestones

2021 was a structural year as we lined the building blocks that will support the next stage of our growth. Our recent ESG milestones attest to our responsible development commitment.



GOVERNMENTAL AUTHORIZATION

The Québec Government issued a ministerial decree authorizing the Matawinie Mine project.

February 2021

April 2021



COMMITMENT

NMG confirmed its commitment to achieving past, present, and future carbon neutrality by compensating its entire historical emissions.



June 2021

RECYCLING

NMG signed a collaboration agreement with Lithion Recycling for the recovery and value-added transformation of recycled graphite to be re-used as anode material for lithium-ion batteries.

ELECTRIFICATION

NMG signed a collaboration agreement with Caterpillar for the development, testing, and procurement of an all-electric fleet for our Matawinie Mine, a world first for an open-pit mine.

ECOTECHNOLOGY

NMG submitted a patent application for our proprietary thermochemical purification technology.



LEADERSHIP

NMG joined the Global Battery Alliance ("GBA"), a World Economic Forum initiative dedicated to helping establish a sustainable battery value chain.



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ESG DISCLOSURE

NMG issued its inaugural ESG Report, providing shareholders and asset managers with an overview of our core commitments, anchor initiatives and performance indicators with a view to contributing to global sustainability goals.

ADVANCED LABORATORY

NMG built and commissioned an advanced laboratory and R&D facility to grow in-house capacity for testing anode material and providing customized specifications to battery and EV manufacturers.

RECOGNITION

NMG was named the "Entrepreneur Of The Year" by the Québec Mineral Exploration Association for its leadership in developing an integrated and sustainable "ore-to-battery" value chain.



October 2021



CLIMATE ACTION

NMG released its first Climate Action Plan that maps its transition from a carbon-neutral production to a Net-Zero business model.



February 2022



January 2022



SUSTAINABILITY RATING

NMG obtained an important A2 sustainability rating from Moody's for its green "mine-to-battery-materials" business.

EXCELLENCE AWARD

NMG received Mining Magazine's Future Fleets award for its Matawinie Mine electrification strategy.



November 2021



SPG PRODUCTION

NMG commissioned its Phase-1 purification facility, demonstrating the performance of its proprietary purification ecotechnology with large-scale samples produced at 99.99% purity.



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+ Acknowledging our Impacts

Our holistic approach underpins our culture, our Zero-Harm Philosophy and our business strategy. We assume responsibility for our present and long-term impacts on the people, environment, technology, and economy we engage with.

In 2021, NMG hired a third party to refine its materiality assessment and provide recommendations on how to improve disclosure of ESG risks and opportunities. We value open engagement and rely on the significance of NMG’s societal and environmental impacts, as well as on our stakeholders’ perspectives, to identify our most important ESG topics.

The main topics identified along with their respective definitions are:

Air quality
Management of air pollutants

Biodiversity
Preservation of the quality of the environment and biodiversity



Climate action
Efforts to address climate change through emissions management and carbon neutrality, product offering and responsible operations

Community participation
Engagement and long-term relationship with local communities to integrate concerns and maximize contribution and benefits

Economic performance
Promotion of a responsible, innovative, and sustainable corporate strategy in order to create long-term economic value

Energy
Energy efficiency practices and use of renewable energy sources

Governance and compliance
Management of business ethics, transparency and conformity with regulatory requirements



Indigenous outreach
Inclusion of Indigenous peoples to integrate concerns and maximize contribution and benefits

Labor relations
Collaboration with employees and worker organizations to ensure proper working conditions



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Learning and training

Proactive approach to training employees and upskilling local populations, including Indigenous peoples



Noise and vibrations

Noise and vibration control measures

Prevention of child and forced labor

Assurance that child or forced labor is not tolerated

Public health

Protection of the local populations' physical and mental health



Responsible mining

Implementation of responsible business and extraction practices in order to offer a premium responsible product

Socio-Economic contribution

Positive benefits to the local community's socio-economic fabric, including coexistence and diversification of local economy

Waste and hazardous material management

Tailings and other mining waste management, including landscape rehabilitation

Water management

Protection of water quality and proper water use management

Workforce health and safety

Promotion of a proactive and preventative approach to health and safety



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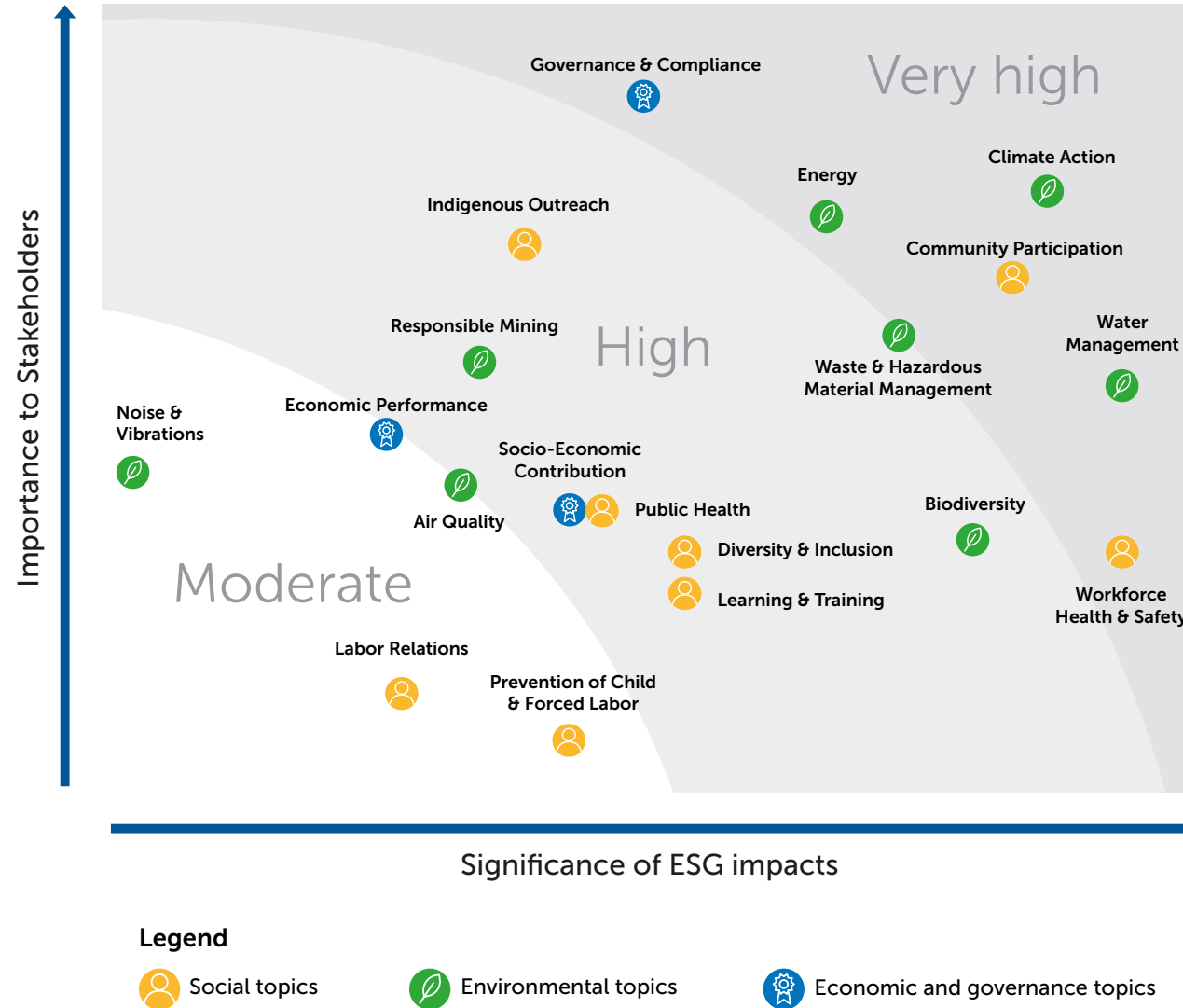
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This materiality assessment provides valuable insights for our ESG journey, such as:

- » Identifying which ESG risks and opportunities need to be effectively managed;
- » Targeting material topics to drive our ESG strategic goals and objectives; and
- » Guiding our ESG disclosures allowing transparency and information-sharing.

The overall level of “importance” is not an indicator of NMG’s performance on or management of the topic but rather reflects the perceptions of stakeholders as to what topics are of particular concern to them. All topics presented in the matrix are important, although some are considered more important than others, as indicated by the position of issues in the matrix. As NMG continues to grow, we plan to evaluate our current processes, programs, and strategic initiatives to ensure they address topics that are of the highest priority. A detailed disclosure index aligning all our material topics with the SDGs, the UNGC principles as well as the GRI and SASB standards is provided at the end of this report (p. 93).



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The materiality assessment was developed on the back of last year’s inaugural assessment and leveraged various sources of information, including 11 interviews with different stakeholder groups, discussions with members of NMG’s senior management team, documented feedback from our Environmental and Social Impact Assessment (“ESIA”), peer benchmarking, and a review of relevant disclosure frameworks.

Relevant stakeholder groups were initially identified during the exploration phase of the Matawinie Mine project back in 2014 when NMG commenced its participative approach. Our knowledge of and engagement with stakeholder groups have been, and continue to be, refined as projects advancement, corporate development, and outreach efforts evolve.

Engagement with main stakeholder groups

Board of Directors

- » Quarterly Board meetings
- » Ad Hoc sub-committee meetings

Community and economic development organizations

- » Representation at the Matawinie Mine Monitoring Committee
- » Meetings and direct interaction with NMG’s representatives
- » ESG Report

Citizens and users of the territory

- » Public newsletter, website, social media
- » Site visits and direct interaction with NMG’s representatives
- » Representation at the Matawinie Mine Monitoring Committee (the “Monitoring Committee”)
- » ESG Report

Customers

- » Meetings, site visits and direct interaction with NMG’s representatives
- » Press releases, quarterly and annual reports
- » Industry panels and conferences
- » ESG Report
- » Public newsletter, website, social media

Employees

- » Internal newsletter
- » Team weekly meetings
- » Annual full-staff training seminar and other internal events

Environmental groups

- » Representation at the Matawinie Mine Monitoring Committee
- » Site visits and direct interaction with NMG’s representatives



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Indigenous communities and organizations

- » Public newsletter, website, social media
- » Site visits and direct interaction with NMG's representatives
- » Representation at the Matawinie Mine Monitoring Committee
- » ESG Report

Industry and sectoral associations

- » Events, panels and conferences
- » Representation and active participation within taskforces, committees and organizations
- » Public newsletter, website, social media

Members of the public, media and end-users

- » Press releases, quarterly and annual reports
- » Public newsletter, website, social media
- » ESG Report
- » Site visits and direct interaction with NMG's representatives

Municipal and governmental authorities

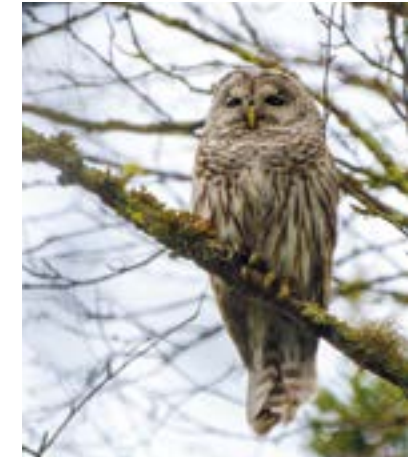
- » Meetings, site visits and direct interaction with NMG's representatives
- » Representation at the Matawinie Mine Monitoring Committee
- » Biannual activities report
- » Press releases, quarterly and annual reports
- » ESG Report

Shareholders and investors

- » Annual meeting
- » Site visits and direct interaction with NMG's representatives
- » Press releases, quarterly and annual reports
- » ESG Report
- » Website, newsletter, social media
- » Events, panels and conferences

Suppliers and business partners

- » Annual information session on upcoming business opportunities
- » Meetings and direct interaction with NMG's representatives
- » Website, social media
- » Press releases, quarterly and annual reports



NMG continues to collect feedback from stakeholders and track trends and updates in sustainability, securities and financial standards to further refine our understanding and management of key ESG topics in the future.



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+ Progress on our 2021-2023 Sustainability Action Plan

In 2021, we developed and released our 2021-2023 Sustainability Action Plan to guide our ESG journey as the Company grows with goals bolstering the three pillars of our Sustainability Policy.



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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The Company assessed the progress of its 131 actions supporting these goals in early 2022; **85% of them had reached their respective targets, with the balance being on track to meeting the 2022 target.**

Our materiality assessment exercise confirmed that our sustainability efforts are well aligned with our material ESG issues and our stakeholder concerns. In light of Moody's independent sustainability rating², nine additional actions have been added to our Sustainability Action Plan to solidify our ESG practices.

NMG's ESG Strategy Team, with direct report to the Board of Directors' ESG, Community, Sustainability and Diversity Committee, is responsible for monitoring the Sustainability Action Plan, supporting internal groups in achieving their goals, identifying risks and opportunities to be addressed, and proposing solutions if certain actions or targets require adjustments.

² Refer to the "Deep Dive on our ESG Rating" subsection for more information on Moody's assessment of NMG's ESG performance.



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+ Deep Dive on our ESG Rating

In November 2021, NMG initiated an ESG corporate rating process with Moody's ESG Solutions³ ("Moody's") to evaluate our performance in regard to business behavior, human rights, environment, community involvement, corporate governance and human resources. Following its extensive assessment, Moody's provided a Sustainability Rating of A2 ('Robust'), the second-highest grade on its rating scale, to NMG.

NMG'S ESG REPORTING RATE IS ALMOST 20% ABOVE ITS SECTOR AVERAGE, DEMONSTRATING AN EFFECTIVE IDENTIFICATION OF MATERIAL ISSUES AND DUE CONSIDERATION FOR TRANSPARENCY.

³ The Sustainability Rating was originally conducted by V.E, which is now part of Moody's ESG Solutions

⁴ Moody's, December 2021



In its opinion on NMG's sustainability, Moody's highlighted the integration of ESG factors in the Company's strategy, operations, and risk management, and its robust performance on issues related to reputation and legal security. Moody's also noted our "outstanding efforts to promote health and safety of direct and indirect workforce, advanced management of impacts on biodiversity, as well as advanced promotion of the involvement of local communities and local economy⁴". Implementation of human capital management systems, integration of external audits, and development of quantitative targets were noted among the avenues for improvement.

Furthermore, Moody's assessed that the Company had the opportunity to "make a major contribution to some UN sustainable development goals" thanks to its projected production of green battery materials supporting electrification and renewable energies. Moody's opinion on our sustainability can be consulted [here](#).





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+ Aiming at Excellence & Stewardship

NMG recognizes that setting quantitative targets for material topics is the exemplar 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.

Since the Company's inception, we have set our minds on sustainability, accountability, and continuous improvement. NMG invests time and efforts at every level of the organization and stage of our development to integrate ESG-leading practices ahead of our full-scale commercial phase to minimize our footprint and maximize our contribution.

With this report, we are taking our next step in improving ownership and management of material topics by supporting our commitments with aligned short-term targets focusing on implementing best practices.

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

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

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 2023

Target Certify 100% of our suppliers and contractors' compliance with our Suppliers Code of Conduct by 2023

Target Achieve a recordable incident rate below 2, as per the Occupational Safety and Health Administration ("OSHA") calculation

Target Conduct a life cycle analysis on NMG's graphite materials by 2022 to understand and proactively manage the full impact of our production model

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 Maintain our major environmental incidents track record at 0

Target Maintain or improve the Company's A2 sustainability rating

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

Target Complementary to our Environmental Policy, adopt a water stewardship policy to strengthen our governance and practices by 2023

Target Engineer low-carbon infrastructure, deploy 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

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





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OUR CONTRIBUTION TO GLOBAL EFFORTS

Striving to become North America’s first fully-integrated source of green battery anode material, we endeavor to be a model for responsible mining and advanced material manufacturing and aspire to drive greater sustainability throughout our sector and the industries we serve.



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+ SDGs and UN Global Compact

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

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

NMG has also joined the United Nations' Global Compact Initiative to further strengthen the implementation of global sustainability principles into our business activities and strategy. Our progress and commitments towards human rights, labor, the environment, and anti-corruption are outlined throughout this report.



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 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 work-study 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 UNGC and UN Women.



Water protection is a priority that we carefully and diligently manage by treating and analyzing our effluent discharges and by reducing our freshwater consumption using recirculation systems.



We are engineering our anode battery 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.

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We stimulate economic growth in our communities through business opportunities for small and medium entrepreneurs and by creating quality jobs in an inclusive and equitable work environment.



Leveraging renewable energy and ecotechnologies, we are producing and supplying high-performing, traceable and carbon-neutral 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 and equal opportunities for all our employees and extend this philosophy to our business and community relationships. We have a zero-tolerance approach towards discrimination.



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



We make it our mission to safeguard our ecosystems by using the mitigation hierarchy and protecting biodiversity and at-risk species on our lands.



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

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+ Paris Agreement of the United Nations' Framework Convention on Climate Change

Electrification and energy storage constitute key enablers to achieving the goals of the Paris Agreement. NMG firmly believes that its extraction and transformation operations and corporate activities can contribute to the common effort to limit global warming to 1.5 °C by 2050, as agreed to in the Paris Agreement.



+ Task Force on Climate-Related Financial Disclosures

We endorse the recommendations of the TCFD and will gradually implement its guidelines and disclosure methodology in our ESG efforts to strengthen our approach in anticipation of our commercial operations.



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+ Global Battery Alliance’s principles and Battery Passport initiative

A World Economic Forum initiative, the GBA is striving to establish a circular and sustainable battery value chain through public-private leadership and partnerships. In 2021, NMG was admitted as an active member of the GBA.

One of the first battery materials producers, we have joined battery manufacturers, automakers, technology companies, governments, and international organizations to advance the GBA’s flagship initiatives and taskforces targeting the sustainable development of the battery ecosystem. Members of the GBA also include the Alliance for Responsible Mining, BMW Group, Google, Groupe Renault, Honda Motors, International Energy Agency, Johnson Matthey, LG Chem, Microsoft, SK Innovation, Umicore, UN Environment, Volkswagen Group, Volvo Group, and the World Bank Group.

The GBA’s Battery Passport is set to become the dominant norm attesting to the environmental and social compliance of a battery throughout its value chain. NMG is ideally positioned to drive the implementation of the GBA’s Battery Passport principles, guaranteeing the traceability and sustainability of our strategic minerals.

+ The Mining Association of Canada’s Towards Sustainable Mining (“TSM”) initiative

The TSM initiative is a globally recognized performance system that assists companies in evaluating and managing their environmental and social responsibilities. NMG adheres to its guiding principles, including performance indicators that demonstrate leadership through committing to health and safety, engaging with communities, and driving world-leading environmental practices.

The TSM initiative is usually only leveraged in commercial production mining operations. True to its reputation of leading the way, NMG took upon itself to start the TSM gap analysis process. This work will allow us to implement the best sustainable practices ahead of our full commercial-scale Phase 2.



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We are Nouveau Monde Graphite; an ESG-minded company working to re-imagine the traditional practices of the mining sector and the technologies underpinning battery material manufacturing to supply international markets in the push toward decarbonization. As we grow, we recognize the value of good corporate governance and the need to adopt best practices in terms of social, economic, and environmental responsibility.

We are committed to a holistic approach to managing our business strategy, operations, and relationships. Through robust governance, a mobilized and diverse team as well as our resolute sustainability compass, we are advancing our projects' development and corporate growth.

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. NMG maintains high standards of integrity and accountability and seeks to mitigate risks while remaining mindful of our stakeholders' interests when executing its business strategy.

An international collective of business executives with a wealth of expertise and experiences constitutes our Board of Directors. It is currently comprised of nine directors, six of whom are independent. Directors are elected, through a nomination or mandate renewal, on a yearly basis at the Company's Annual General Meeting of Shareholders.



1 Arne H Frandsen
Chair

2 Daniel Buron
Lead Independent Director

3 Yannick Beaulieu
Director

4 Eric Desaulniers
Director

5 Nathalie Jodoin
Director

6 Jürgen Köhler
Director

7 Nathalie Pilon
Director

8 James Scarlett
Director

9 Andrew Willis
Director



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Member	Executive position	Tenure	Independence	Gender	Expertise	Committee participation
Arne H Frandsen	Chair	2 years	No	Male	Legal, investment banking, executive management, natural resources, financing	2, 3, 6
Daniel Buron	Lead Independent Director	2 years	Yes	Male	Finance, investor relations, information technology, business administration, corporate governance	1, 2, 3
Yannick Beaulieu	N/A	4 years	Yes	Male	Finance, business administration, information technology, health & safety	1, 3, 6
Eric Desaulniers	President and CEO	9 years	No	Male	Exploration, mining development	4, 5
Nathalie Jodoin	N/A	5 years	Yes	Female	Intellectual property, legal	2, 4, 6
Jürgen Köhler	N/A	1 year	Yes	Male	Business management, technology development & innovation, manufacturing & construction, sales & marketing, corporate governance, health, environment & safety	1, 5
Nathalie Pilon	N/A	1 year	Yes	Female	Heavy industry and manufacturing, business administration, project management, sustainability, diversity & inclusion	1, 4, 5
James Scarlett	N/A	1 year	Yes	Male	Legal, investment, corporate governance, finance, indigenous relations	2, 3, 4
Andrew Willis	N/A	1 year	No	Male	Investment, corporate finance	5

Legend

1 Audit Committee

2 Human Resources, Nominating and Compensation Committee

3 Governance, Compliance and Legal Committee

4 Safety, Health and Well-Being Committee

5 Projects and Development Committee

6 ESG, Community, Sustainability and Diversity Committee



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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 to guide its corporate growth.

The Human Resources, Nominating and Compensation Committee, which is responsible for recommending director nominees to the Board of Directors, seeks to attract high-quality directors. In assessing potential candidates, the Committee considers their merit based on a balance of skills, abilities, personal qualities, educational qualifications, and professional experience.

22% OF BOARD DIRECTORS ARE WOMEN



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

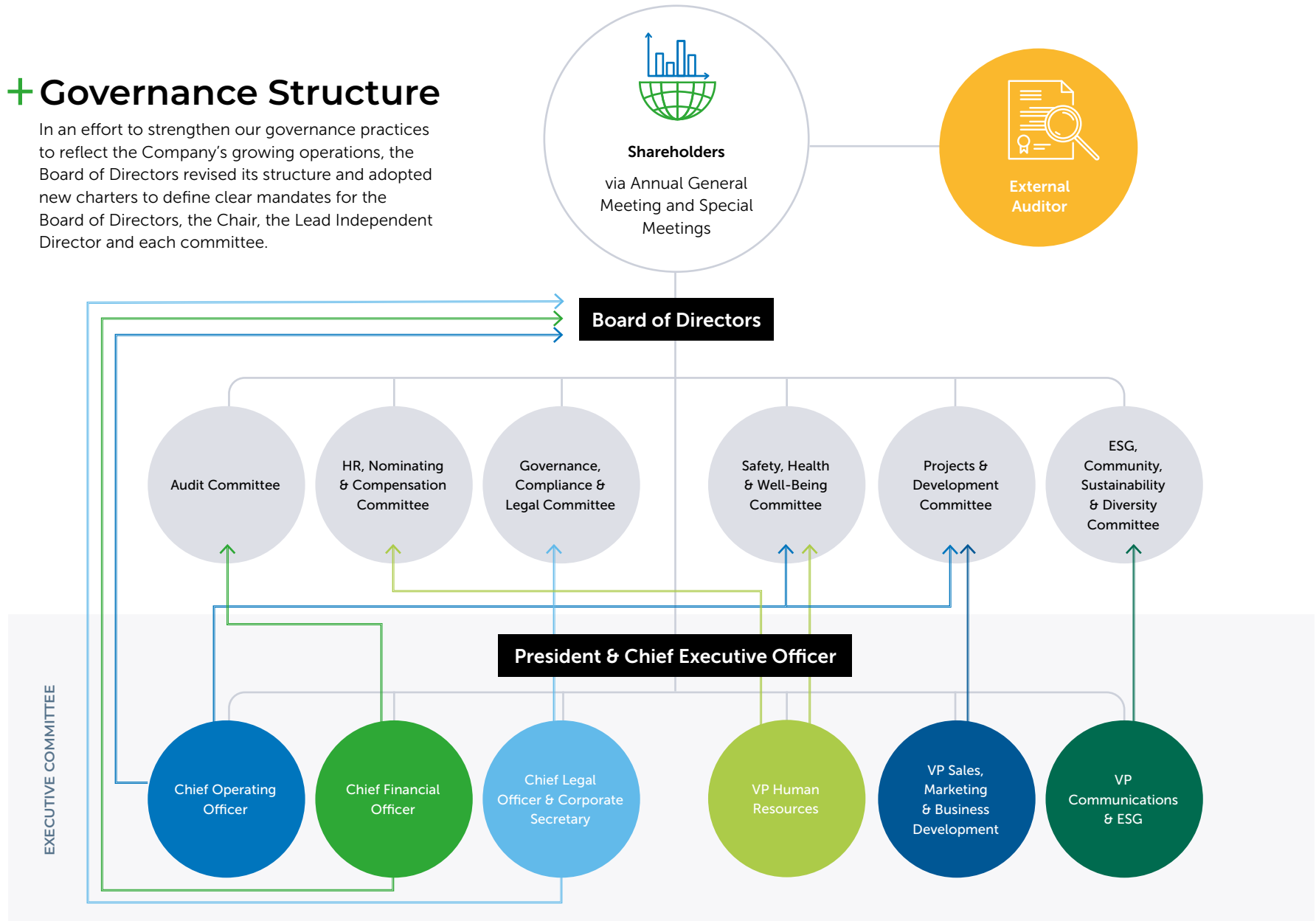


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+ Governance Structure

In an effort to strengthen our governance practices to reflect the Company's growing operations, the Board of Directors revised its structure and adopted new charters to define clear mandates for the Board of Directors, the Chair, the Lead Independent Director and each committee.





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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.

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 **Human Resources, Nominating 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 and 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 **Governance, Compliance and Legal Committee** is responsible for the review, development and implementation of effective corporate governance policies and compliance with legal and regulatory obligations.
- » The **Safety, Health and Well-Being 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.
- » 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 **ESG, Community, Sustainability and Diversity Committee** oversees the Company's initiatives and approach to matters related to diversity, equality and inclusion, environment, transition to Net Zero and climate change, human rights, community, stakeholder and

Indigenous relations, sustainable development, including local employment and procurement, socioeconomic development and social impact mitigation, 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.

A total of four (4) Board meetings were held in 2021, plus 22 committee sessions, including four (4) Audit Committee meetings. In addition, directors took part 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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+ ESG Accountability

Sustainability has always guided our decision-making and growth at NMG. In 2021, we improved our management, disclosure, and practices with the establishment of ESG functions at the Board of Directors and executive level.

The Company furthered its commitments, initiatives and strategies through management workshops – at which our 2021-2023 Sustainability Action was crafted – and a special two-day all-employee event. These activities generated alignment and engagement, helping reinforce the internal culture and elevating our efforts from a mining start-up to an integrated North American battery material pioneer.



Progress was periodically shared with the ESG, Community, Sustainability and Diversity Committee, with key components like the ESG reporting cycle, climate action planning and third-party sustainability assessment being submitted for oversight, guidance and approval.

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, Community, Sustainability and Diversity Committee, its Monitoring Committee at the community level, shareholder meetings, and active engagement of executives within the Company, communities, and industry.

Target Maintain or improve the Company's A2 sustainability rating

Through our 2020 Annual Report, we documented our journey attesting to our commitment to responsible development, from the Company's inception to today. Furthermore, we issued our inaugural ESG Report, which relates our managerial approach, provides an overview of our core commitments and anchor initiatives, and discloses performance indicators aligned with internationally recognized frameworks.



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SUSTAINABILITY FROM WITHIN: BOTTOM UP, TOP DOWN

In Spring 2021, NMG created a senior management-level role for overseeing ESG efforts within the Company by promoting our Communications Director to Vice President, Communications and ESG Strategy. Within her new role, Julie 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.

Julie reports directly to the President and CEO, and is called upon to account for the Company's initiatives, risks and opportunities at the Board of Directors' ESG, Community, Sustainability and Diversity Committee. She is supported by our Manager, Carbon Neutrality Program and our Strategic Advisor, Sustainability.



ESC members Madhu, Antoine and Valérie gathered at a Company training session

Leadership also spruces from within. Indeed, this year, staff imagined and formed an Environmental Social Committee ("ESC") 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. This bottom-up approach is an excellent opportunity to enhance employees' engagement towards NMG sustainability goals.

The committee is composed of five employees from different sites and departments who manifested interest in deploying sustainability initiatives within the Company. It is led by our Strategic Advisor, Sustainability, who directly reports to the Vice President, Communications and ESG Strategy, and meets on a quarterly basis to discuss ongoing projects and resource allocation.

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**LEADERSHIP
 IN ACTION**

As NMG grows, we are implementing policies and practices to strengthen our commitment to sustainability, transparency, fairness, and equality. Recent governance principles, policies, and programs adopted include:

- » Health and Safety Policy
- » Code of Conduct (overhaul)
- » Human Rights Policy
- » Environmental Policy
- » Harassment Prevention Policy
- » Whistleblowing Policy
- » Anti-Bribery and Anti-Corruption Policy
- » Diversity policies at the Board and Company levels
- » Commitment to the Paris Agreement, the UN Global Compact, the UN 2030 SDGs and the TCFD recommendations
- » Carbon neutrality commitment for past, present and future emissions
- » Climate Action Plan
- » Charters for the Board of Directors and each committee
- » Mandates for the Board Chair and the Lead Independent Director
- » Corporate Disclosure, Confidentiality and Securities Policy
- » Supplier Code of Conduct



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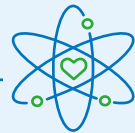
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NMG is committed to conducting its business in accordance with all applicable laws, rules, and regulations and the highest ethical standards. This commitment is embodied in the overhauled Company's Code of Conduct and in its Anti-Bribery and Anti-Corruption 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 (key governance charters and guidelines).

The Company has adopted 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 2021
- 0 incidents of corruption
- 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.

The Company registers key management representatives and directors to the Québec Registry of Lobbyists on an annual basis. While the Company does not engage in active lobbying activities, it does interact with a number of government representatives due to the permitting process for its projects, governmental interests in the Company being a shareholder via its Investissement Québec branch, and both the provincial and federal government strategies to develop a battery hub 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 2021



LOOKING FORWARD

NMG is currently implementing an Enterprise Risk Management framework to better control our risk position and shape our strategic approach. The Board of Directors, along with the management team, are involved in the initial stages of risk identification and weighting, which will then inform the development of a company-wide risk management plan. Environmental, social and climate risks are reflected in this assessment.



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Empowering our Community and our People



EMPOWERING OUR COMMUNITY AND OUR PEOPLE

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**COMMUNITY AND
STAKEHOLDERS' ENGAGEMENT**

+ Outreach and Local Benefits

Harmonious integration within our milieu and partnered development with our communities have always been one of our primary concerns. We are looking for ways to be a dependable and valuable member of our communities by supporting the region's socioeconomic development, partnering with other organizations to share ideas and services, and encouraging social dialogue. NMG has made its responsibility to be open and proactive with its local stakeholders.

- » Since the Matawinie graphite deposit discovery in 2015, we have engaged in over 80 information events, including public sessions, consultations, and open-house events, to establish a transparent and constructive dialogue with local organizations, residents, cottage owners, and members of the First Nations.
- » NMG presented the Matawinie Mine project at Québec's *Bureau d'audiences publiques sur l'environnement* public hearings, an independent commission responsible for consulting stakeholders and assessing the Matawinie Mine project based on sustainability principles.
- » Since 2018, construction alerts have been sent regularly, every month to every quarter, depending on the nature of work, to nearby residents and other interested stakeholders to relay key information regarding onsite activities and potential local impacts associated with our Matawinie Mine.



- » News regarding our activities and development updates are published through various platforms – monthly page in local paper, social media, press releases, website, local media, newsletter, quarterly corporate financial reports, etc. – to enable community members to access information.
- » A summary table of our environmental commitments and conditions as part of the Matawinie Mine, which is updated twice a year, is available on our website in accordance with the analysis and authorization procedure of the Québec Government.
- » NMG is an active participant within the regional community and associative network, including the Chamber of Commerce, working to promote indirect economic opportunities associated with our operations and workforce attraction.
- » In 2021, two (2) information sessions were held to present the upcoming construction work and associated business opportunities.



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When the Québec ministerial decree was issued in early 2021 to authorize the Matawinie Mine, the Accompanying Committee that had assisted NMG in developing the mining project since 2017 became the Monitoring Committee. The committee functions both as a consultative body as well as a platform for environmental and social surveillance of NMG's operations. Led by our Community Relations Manager and composed of local citizens, First Nation members, business representatives, and local organizations, the committee plays a crucial role in helping NMG identify its stakeholders' concerns and improvement avenues for the next steps of the project. The Monitoring Committee will remain in place until the post-closure monitoring period of the mine.



→ In 2021, the Monitoring Committee met 5 times. Minutes for each meeting are publicly available on NMG's website.

A [Complaint Management Policy](#) was adopted in February 2021 by the Committee to provide a framework for handling comments and complaints made to NMG. All complaints received by NMG are recorded in the Company's complaints register and discussed during the Monitoring Committee meetings.

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. 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.

→ NMG received 2 complaints in 2021; both were addressed and resolved within 24 hours.
→ NMG discloses a quarterly summary of its complaint register on its website.

→ NMG donated \$53,912 in sponsorships to local organizations and events.



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TUNED IN TO OUR COMMUNITY'S RECREATIONAL FOCUS

When discussing our early plans with the community, a valid concern emerged regarding the potential impacts of the mining project on the nearing sector and the tourism milieu. We turned the challenge into an opportunity to ensure the harmonious integration of the Matawinie Mine into its environment.



Administrators of Espace nature Haute-Matawinie's Board of Directors are gathered at the organization's annual assembly

We imagined a territory integration plan to enhance the area around the Matawinie Mine site and improve the region's tourism and educational offer. The plans include 35 km of multi-use trails, a graphite interpretation center with industrial tours, a lookout point to observe the mining site, a cultural café, and the improvement of spaces near the project.

We created a non-profit organization, Espace nature Haute-Matawinie, to ensure the deployment of recreational and outdoor spaces.

Together with our community, we aspire to build a unique mining operation in tune with our stakeholders and benefiting its milieu.



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As per the agreement signed in 2020 with the municipality of Saint-Michel-des-Saints, NMG provides annual advance payments of \$400,000 to prepare and upgrade the municipality's infrastructure in anticipation of the Matawinie Mine full-scale operations. Following the beginning of commercial operations, NMG will pay annually the greater of (i) \$400,000 or (ii) 2% of its net after-tax cash flows to the municipality to enhance profits and reinvestments in the community. This agreement also includes concrete actions for training, employment, and business opportunities tailored to address local stakeholders' requests. To avoid an economic recession after the closure of the mine, NMG will also contribute 1% of its net after-tax cash flows to the Community of the Future Fund, which will serve as a catalyst for structuring development projects beyond the mine's life.

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 preparing community outreach activities. The proud industrial heritage of this region, robust infrastructure, and established partnerships facilitate NMG's arrival and integration within the community. Initial engagement efforts with elected officials, industrial partners, business organizations, and community members, both municipal and Indigenous, have been constructive.



LOOKING FORWARD

As we approach the large construction phase of the Matawinie Mine, we are revisiting our community engagement initiatives to ensure the preparedness of the milieu for the arrival of workers and families, the development of social infrastructure, and the creation of long-term partnerships with recurring socioeconomic impacts beyond sponsorships.

As we did for our Matawinie Mine project, we are approaching the development of our Bécancour Battery Material Plant with an open view, listening to our community and local stakeholders to develop initiatives that are aligned with their realities, needs and ambitions.



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+ Indigenous Engagement

Respect for the rights, culture, aspirations, and interests of Indigenous peoples guides the development of our sustainable business practices. Dialogue and partnership with Indigenous peoples are fundamental to this approach. We are committed to maintaining and enhancing our understanding of Indigenous perspectives, traditions, and knowledge while developing constructive and mutually beneficial mechanisms for collaboration.

→ 0 incidents of violations involving rights of Indigenous peoples in 2021



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 mining site is located 85 km from the Manawan First Nation community. We have consulted and continue to engage with the Atikamekw First Nation in the Manawan community and with the Band Council through the *Conseil de la Nation Atikamekw* in the development of our mining operation.

NMG signed a framework agreement (2018) and a pre-development agreement (2019) with the Atikamekw First Nation. We are actively progressing towards the elaboration of the impact and benefit agreement for the commercial phase of our mine to maximize opportunities.

The Bécancour Battery Material Plant is projected to be developed on Ndakinna, the traditional Abenaki Indigenous territory, 5 km from the Wôlinak First Nation reserve. As we advance to Phase-2 development of the plant (Phase 1 is located in a third-party facility), we have engaged with the Abenakis First Nation organization to learn about this People's heritage, interests, and culture, and to foster a mutually beneficial relationship that could inform our business operations. From here on, NMG is committed to continue informing the community of its development plans, and seeking opportunities for collaboration or benefits associated with our operations.



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We promote training, recruitment, and business opportunities to maximize benefits within these communities and strive to ensure representation of our milieu.

- In 2021, 3% of our employees identified as Indigenous.
- 1 information session was held to present the upcoming construction work and associated business opportunities for the Matawinie Mine.
- 1% of our procurement budget went to Indigenous businesses.
- 1% of our suppliers were Indigenous-owned and/or reported actively hiring Indigenous workers.
- Resumption of the Mining Essentials start-up activities, a sociovocational integration program suspended in 2020 due to the pandemic.

NMG believes that increasing Indigenous participation within the Company and as part of our projects can create shared value.

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




LOOKING FORWARD

NMG is deploying an outreach program to strengthen its relationships and coordination mechanisms with Indigenous peoples. Our objectives are to:

- » establish pathways via human resources practices and programs for the recruitment, retention, and advancement of Indigenous peoples;
- » support opportunities for Indigenous peoples, businesses, and communities to participate in, and benefit from, the economic opportunities associated with NMG's projects development and operations by creating access to training, employment and business opportunities;
- » create a culturally safe environment for Indigenous peoples to participate in NMG's projects.

The program reconstitutes NMG's past initiatives that have proven successful and looks to tie strategic partnerships with Indigenous resources and community organizations to leverage their expertise and build an inclusive network.



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+ Social Responsibility

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.

As NMG progresses with the development, engineering,

construction and operation of its Phase-1 and Phase-2 projects, responsible procurement practices are increasingly relevant. Our procurement process regarding suppliers' ESG practices specifies that a portion of local content, workforce and/or service/supply agreement, is expected. 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.



→ In 2021, 100% of our construction contractors provided information on their health and safety, and environmental practices – a prerequisite to our procurement process – as well as their safety performance during their mandate. Onsite contractors are also required to abide by our environmental program.

Aspiring to go further to improve its procurement process, NMG adopted its first [Supplier Code of Conduct](#) in March 2022. The adoption of the Code is an important milestone in the environmental and

socio-economic development of our value chain as we are setting expectations for our suppliers on fundamental matters such as forced labor and human rights, fair and ethical business, health and safety, environment, community relations, etc.

Target Certify 100% of our suppliers and contractors' compliance with our Supplier Code of Conduct by 2023



Along with the Supplier's Code of Conduct, 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 United Nations Guiding Principles on Business and Human Rights and in the Women's Empowerment Principles.

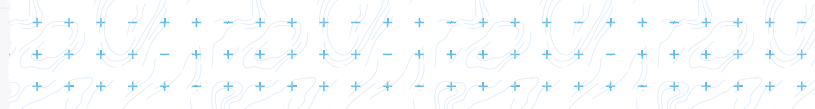


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SUPPLIERS AND CONTRACTORS ARE AN EXTENSION OF OUR OPERATIONS. THEIR SELECTION, INTENDANCE, AND SURVEILLANCE ARE VITAL TO PREVENTING ANY FORM OF HUMAN RIGHTS VIOLATIONS AT OUR OPERATIONS OR VIA OUR BUSINESS PARTNERS.

In our jurisdiction, human rights are formalized by Québec's *Charter of Human Rights and Freedoms*, and the Canadian *Charter of Human 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 the 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. Hence, by favoring local procurement for products, services, and key expertise, and implementing sound governance, we are reducing our exposure risk to human rights violations.

Distribution of 2021 expenses

\$39.8 M

78% of total procurement budget

in contracts awarded to **regional suppliers in Québec**

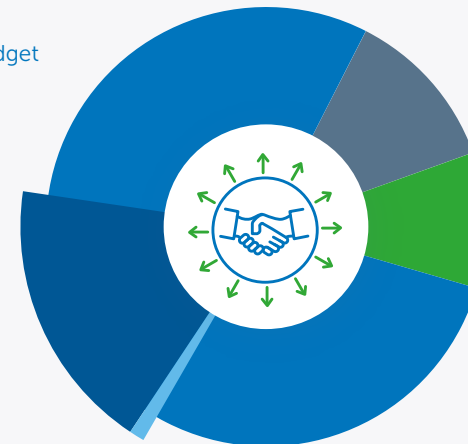
including:

\$9.1 M

18% of total procurement budget in contracts directly within our communities

494 K

1% of total procurement budget to Indigenous businesses



\$6.3 M

12% of total procurement budget

International suppliers

\$4.7 M

9% of total procurement budget

Canadian and American businesses



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Local procurement has been a priority at NMG from the very beginning. For the Matawinie Mine, information sessions for contractors and suppliers have been held annually 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 community.

Through our procurement practices, we encourage our suppliers and contractors to adopt sustainability best practices, which includes hiring workers from our communities as much as possible.

During the construction of our Phase-2 operations, our supply chain will become increasingly technical and highly specialized, with a portion of our needs not capable of being met locally. As we expand our pool of potential suppliers, we aspire to retain suppliers with high environmental and social standards to best reflect our values. We make it our responsibility to increase the monitoring of our supply chain while influencing our suppliers into adopting responsible policies and processes.

- In 2021, out of 429 suppliers, 85 were actively hiring local labor in our communities (19.8%) and 5 were actively hiring Indigenous peoples (1%).
- Through a voluntary initiative, our main construction partner submitted to NMG a year-end activities report to disclose its ESG metrics.





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**NURTURING
OUR WORKFORCE**

From plant operations and R&D to administration, environmental monitoring, and engineering, our team weaves 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.





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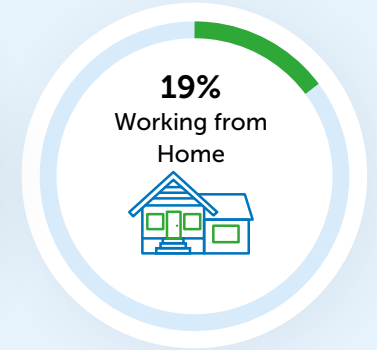
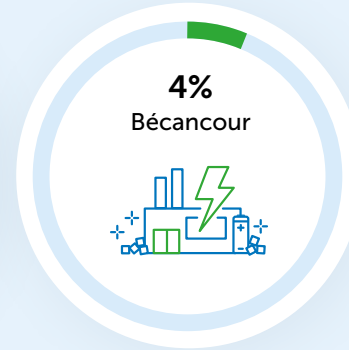
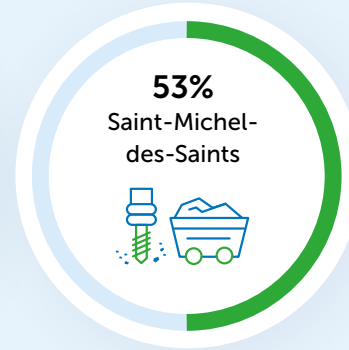
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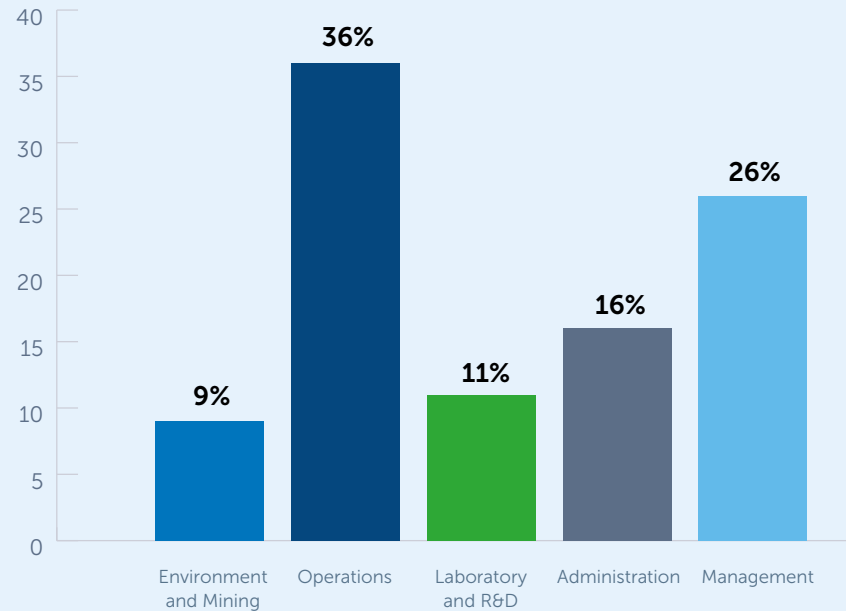
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At the end of 2021, Team Nouveau Monde was composed of 93 permanent employees, including 88 full-time employees and 5 part-time employees.



Workforce distribution



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 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 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.

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+ Health and Safety

Safety – that of our employees, contractors, families, communities, and the environment – is paramount. Our Zero-Harm Philosophy underpins our activities and decision-making enabling a shared responsibility framework for optimum awareness, prevention, and action. It guides our decisions, behaviors, policies, and operations to safeguard our people, our communities, and our environment's well-being. All commitments within our [Health and Safety Policy](#) extend to our contractors via our procurement and contracting protocols as well as visitors via site inductions.

- In 2021, our OSHA recordable incident rate was 2.61 as a result of two incidents at our demonstration plants. In each instance, the Company carried out a risk analysis, corrected work procedures, modified the equipment in cause in the incident and conducted a safety awareness session with operators.
- For third-party operations supporting the construction of our facilities, the OSHA recordable incident rate was 0.
- No fatality, either for NMG's employees and contractors' workers.



Target Achieve an OSHA recordable incident rate below 2 

→ **2,210 hours of training on health and safety for NMG's full-time employees at our Phase-1 facilities** 

Because we extract and transform graphite which generates crystalline silica, NMG has developed and implemented a health program focused on respiratory protection with associated work protocols. Public health authorities were called upon in the development of the program and periodic third-party inspections are carried out. The Company also ensures regular medical exams, notably for pulmonary health, for employees interacting with the products.

NMG also has a Prevention Program in place that covers all operations. 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.

When an incident or near-miss happens, an investigation is conducted with appropriate reporting. A debrief meeting with all employees involved, concerned managers and the CEO is also held. Reporting is escalated to the Board of Directors.

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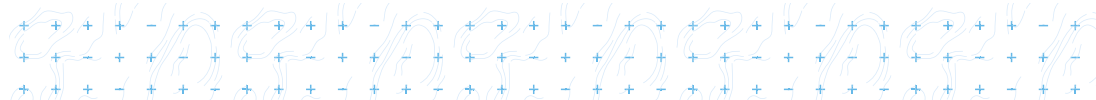
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With the development of our last Phase-1 units and construction of the Matawinie Mine, the Company also tracks the contractor's health and safety performance onsite. A Safety Coordinator or Manager with corresponding responsibility is present at operational and construction sites to oversee the Prevention Program implementation, monitor safety work of contractors and impose corrective measures as needed.

In relation to the COVID-19 pandemic, NMG has implemented preventive measures and strict work protocols to provide a safe environment for our employees, contractors, and communities. We continuously track public health directives and adapt work procedures accordingly.



LOOKING FORWARD

A new Health and Safety Director joined our team in late 2021. Her role is to strengthen our health and safety practices by integrating an industrial hygiene and hazard identification strategy as a logical continuation of our current Prevention Program. She is also responsible for promoting employee training and involvement through the establishment of joint health and safety committees, as well as conducting audits and inspections of our workplaces.



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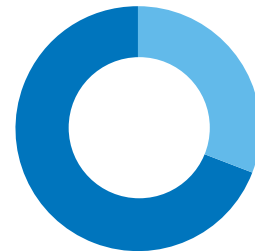
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+ Diversity and Inclusion

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 and setting up career management mechanisms to ensure they reach their full potential. In early 2022, the Board of Directors adopted a [Diversity Policy](#) and [Board Diversity Policy](#) to guide NMG in its journey to build a more inclusive workforce.

Percentage of Employees by Gender

COMPANY WIDE



31% women
69% men

MANAGEMENT

82% men / 18% women



ADMINISTRATION

31% men / 69% women

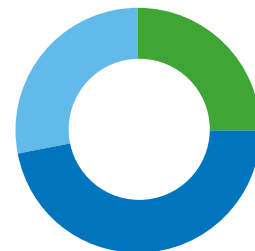


OPERATIONS

80% men / 20% women



Percentage of Employees by Age Group



25% under 30 years
47% 30-50 years
28% over 50 years

Some key indicators of our team's diversity



While NMG performs above the Canadian industry average⁵ in regard to gender representation (15% of female workers in the mining sector), we recognize that additional efforts are required to facilitate the attraction, inclusion, and retention of women. Our administrative positions are better balanced than operational positions at our production facilities and management levels. These sectors will be prioritized in the deployment of our Diversity and Inclusion Action Plan that encompasses initiatives related to our culture and practices, training and recruitment, retention and inclusion, business opportunities, as well as partnerships and communities.

Recruitment being the gateway to a diverse workforce, NMG believes that educational programs, fair employment practices and diversity awareness, with a special focus on Indigenous realities, are key to assembling a values-driven and performing team.

NMG recognizes that diversity and inclusion in the workplace are not something that can be changed overnight. Closing the diversity gap requires systemic behavior change. It is our intent to provide training, identify champions at every level of the organization, and engage with key organizations to promote diversity and inclusion principles and ensure efforts percolate internally.

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

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



⁵ Canadian Mining Association, 2020 Report with data from the Mining Industry Human Resources Council.



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GATHERED AROUND A COMMON VISION

In the spirit of teambuilding, we hold annual Company-wide training events. These activities focus on specific themes to provide training on strategic topics, from health and safety to teamwork, and align efforts across the Company. They also offer a unique opportunity for our employees, normally evolving in a multi-site context, to come together, learn about other fields of activities and celebrate key milestones.

In 2021, Team Nouveau Monde gathered for a special two-day event dedicated to ESG. Under the theme of sustainable development, we talked about our business strategy, self-achievement, ESG concepts, and the history of First Nations.

Through conferences, presentations and workshops, employees engaged with leadership, guest speakers and each other to advance their understanding of this key



concept. Employees also pitched their ideas for advancing our sustainable practices, from non-disposable personal protection equipment to employer-employee savings plan that matches individual social and environmental actions.

Team Nouveau Monde was also treated to a night of entertainment and cultural immersion with a live musical performance by Reginald

Echaquan. We all enjoyed learning more about the Atikamekw culture through his songs and stories.

Activities such as this contribute to fostering a culture of inclusion, innovation, and unity.



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+ Attracting Talents

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. We also look for alignment of personal qualities and professional ethics with our company values and culture as a lever of engagement and growth.

The Company's activities are expected to create hundreds of well-paying job opportunities in our local communities. Leveraging the existing pool of labor and proximity to urban centres, we strive to hire locally and avoid "fly-on in-fly-out"-type practices as much as possible. NMG's employment strategy includes:

- » Saint-Michel-des-Saints community office with the presence of a dedicated resource providing information on the Matawinie Mine and associated jobs;
- » Registry of local applications and resumes;
- » Information sessions on training and job opportunities held in Saint-Michel-des-Saints and at the Manawan Atikamekw Reserve;
- » Participation in local, regional, and provincial job fairs;
- » Involvement in promotional efforts regarding regional attractiveness and career opportunities;
- » Efforts to reskill the Saint-Michel-des-Saints local workforce pool.

Among our initiatives to facilitate employment and bolster our communities' socioeconomic fabric, NMG has 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 training program has welcomed six cohorts, leading graduates to a diploma and an operator position at our Phase-1 ore concentrator plant. Interest in the region could support additional cohorts.



LOOKING FORWARD

Following the adoption of our Diversity Policy and our initial data collection via employees' self-identification, NMG developed a Diversity and Inclusion Action Plan to broaden our talent pool, improve social infrastructure in our communities, and provide employee training on key inclusion concepts such as cultural safety and unconscious bias. Other pathways via human resources practices and programs for the recruitment, retention and advancement of underrepresented groups were also identified and are targeted to be gradually implemented as of this year.





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A sociovocational integration program for members of the Atikamekw communities – initially scheduled to start in the spring of 2020 – is planned to reinforce the employability of Indigenous workers. Program enrollments have resumed now that the pandemic situation has stabilized, with the objective to start in spring 2022.

Thus far, our distinctive mission, culture, and leadership, along with our training programs, have helped us attract quality candidates.

→ 32 new positions were created in 2021 to support NMG's growth

→ 4 students who participated in our professional vocational studies program were hired by NMG in 2021.



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 new families. 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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+ Wellness and Professional Development

NMG strives to provide employees with a safe, positive, and enviable work environment. We are invested in the well-being and professional development of our workforce. We support a healthy work-life balance by offering a hybrid workplace model for corporate positions, combined with flexible working hours and accommodations for work-study alternation.

→ 100% of our employees are covered by an Employee Assistance Program and have access to tele-medicine services, including mental health and well-being consultations, for them and their family.



→ 100% of our employees have a benefits plan, including insurance coverage and health and dental care.

→ 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 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 behaviours, including sexual, physical, and mental harassment.

→ No complaints of harassment or discrimination reported in 2021.



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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.

→ **100% of our employees receive a yearly performance review based on their achievements and personal skills.**

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

→ **In 2021, 12,130 hours were dedicated to development training.**
→ **4 employees (of which 3 were women) were promoted into a higher role.**

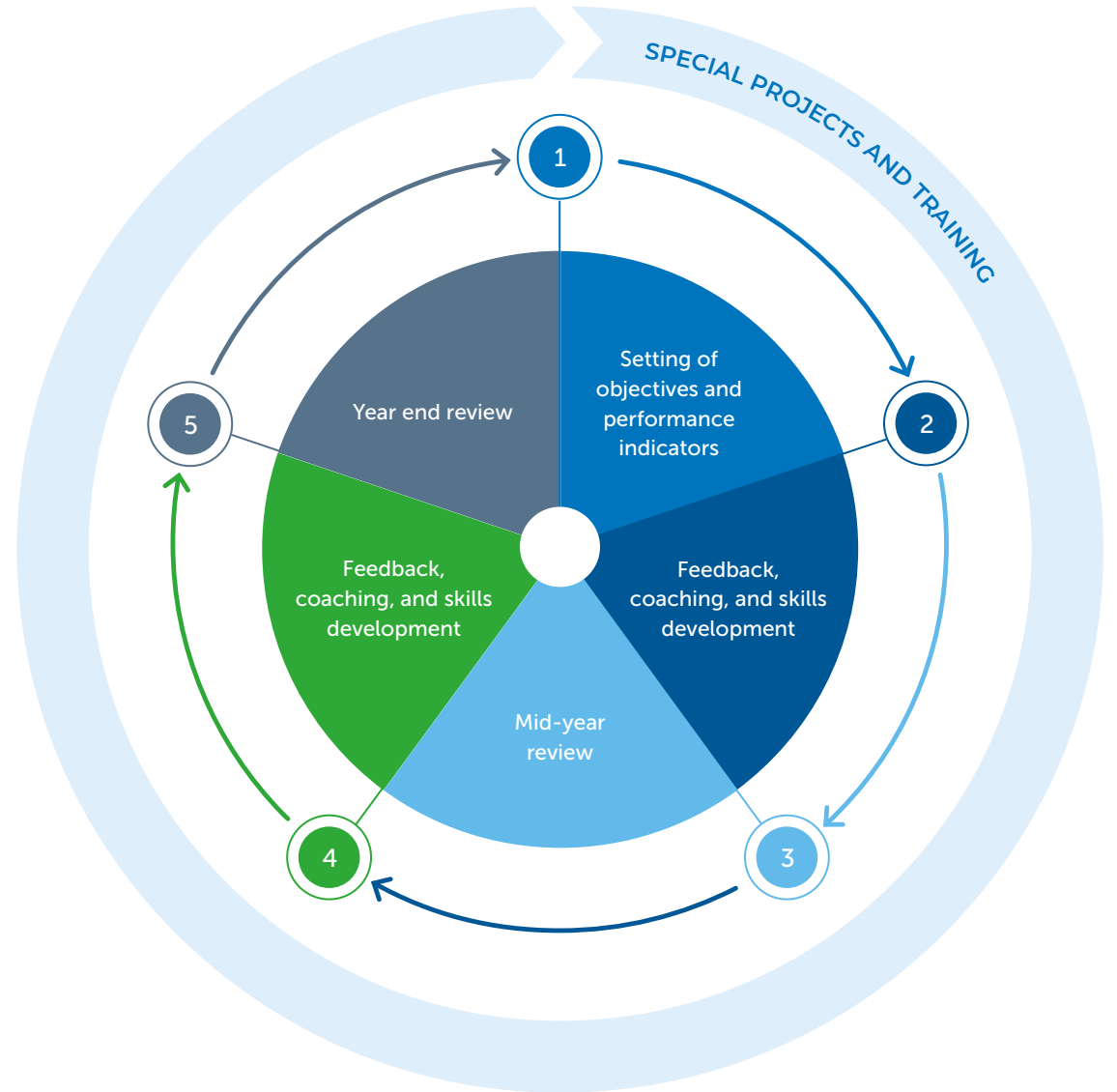




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BEING PART OF THE REVOLUTION: ANTOINE'S STORY

Antoine joined NMG in September 2019, shortly after his college graduation in mineral technology with a specialization in mineral processing. He had heard of NMG during his studies and decided to apply because he wanted to get involved in the early stages of a mineral processing project.

Antoine finds it rewarding to be working for a young and creative company where there is a sense of shared values. "It's highly motivating to be developing the next generation of battery materials to support the electric revolution."

Ever since, Antoine has grown and taken on more responsibilities. From his original Operator role at the Phase-1 concentrator, he now acts as Mineral Technician coordinating quality controls over our product samples to optimize our shaping processes. His role is constantly evolving to meet our clients' technical specifications and quality expectations.



"I really enjoy the wide range of responsibilities within my role; I've always been a curious person and wearing multiple hats allows me to learn something new everyday. NMG's innovative spirit and open culture, with a very

approachable management team including Eric the CEO, gives me confidence that I can continue to learn and grow."

Eventually, Antoine would like to get a bachelor's degree in chemical engineering to continue his progression within the Company and take innovation even further.

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In line with our Zero-Harm Philosophy, we are developing our projects to extract and transform natural graphite with the environment in mind. NMG conducts its business while striving to preserve our ecosystems, reduce our environmental impact, and maximize our products' contribution to the clean energy transition.

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. We are aiming for environmental excellence in all aspects of our business.





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**ENVIRONMENTAL
MANAGEMENT**

We recognize the finite nature of graphite and the privilege and responsibility that come with developing and operating our projects. As such, we have integrated forward-looking and innovative environmental measures into our business model to promote responsible mining and manufacturing, and circularity in line with the leading standards.

NMG complies with the environmental regulation and performance standards set by the Québec Ministries, including the Ministry of Environment (*Ministère de l'Environnement et de la Lutte contre les changements climatiques*), federal legislations and other regulators for both the Matawinie Mine and the Bécancour Battery Material Plant.

In March 2022, our Board of Directors adopted an [Environmental Policy](#). The Vice President, Environment, Engineering & Matawinie Project, is accountable for implementing the policy, and ultimately, the Board of Directors and its ESG, Community, Sustainability and Diversity Committee oversees the policy application and management practices.

An environmental program for our Phase-1 operations and the construction of the Matawinie Mine is in place. Contractors are required to oblige by its standards and work protocols. NMG has an Environmental Coordinator and an Environmental Technician on site to oversee the respect of the program and plans, as well as the protection of the environment.

Our environmental program entails directives and protocols for:

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



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A follow-up and monitoring program for the mine preparation and operation is in place and regularly reviewed with the Québec Ministry of Environment. NMG also has an emergency response procedure for spills and other pollution-related risks. Names, roles, and contact information of responsible individuals at the Company who must take action following a spill are identified in the procedure. See the adjacent diagram for NMG's communication stream following an environmental incident.

As part of our emergency response procedure, once a spill has been contained, an accidental spill report must be completed. Information required in the report includes pictures, the location of the spill, the cause of the spill, notified agencies with contacts, the chronology of events, contaminated environment, quantities spilled, and corrective actions taken. When relevant, adjustments are implemented to prevent other incidents.

Target Maintain our major environmental incidents track record at 0 

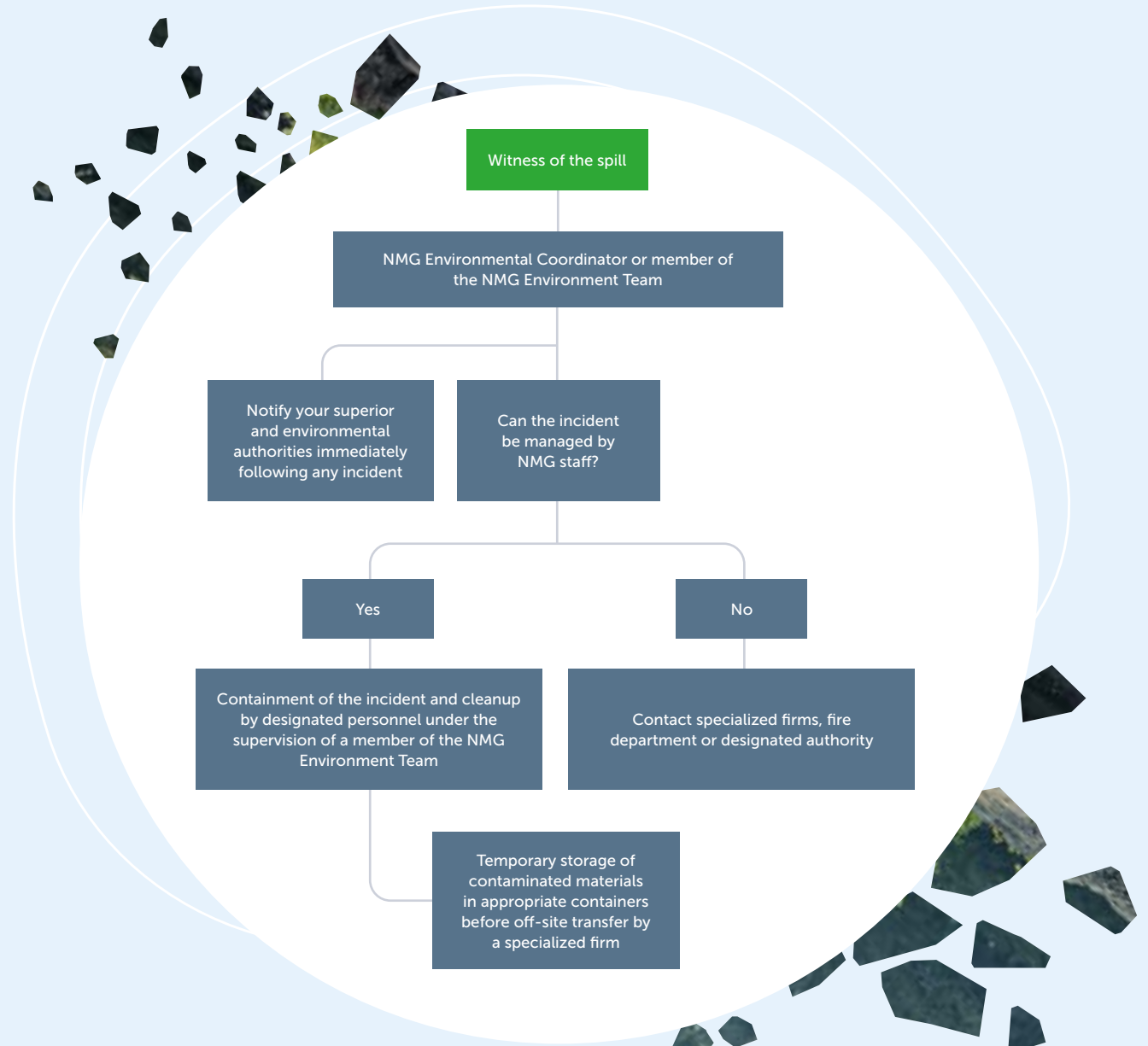




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- **0 spills qualifying as a non-compliance with environmental laws or regulations in 2021.**
- **NMG inventoried 19 minor hydraulic oil spill incidents caused by equipment failure (ranging from 0.1 L to 45 L); all contaminated soils were managed by our contractor in collaboration with our Environment Team.**

The Company is committed to transparency and accountability; NMG reports periodically to the Ministry of Environment on advancement and key indicators, including water quality, noise and vibration levels, greenhouse gas ("GHG") emissions, as well as mitigation measures applied to safeguard vulnerable species.



PROTECTING THE SOUNDSCAPE

NMG has committed to monitoring noise levels and vibrations during both construction and operation phases to monitor and control the impact of its activities on the human and natural environment, comply with its ministerial decree and ensure successful integration into its milieu.

Noise levels are recorded in real time at and nearing our Matawinie operating sites to meet the following objectives:

- » Evaluate, at most critical receptor points, noise contribution for the various phases of the Matawinie Mine;
- » Reduce anticipated noise impacts in sensitive sectors;
- » Quickly implement mitigation measures if sound levels are exceeded.

NMG's noise monitoring program was developed by a specialized firm and implemented during the access road and industrial platform earthworks.





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+ Water

We consider water as a form of collective wealth. Safeguarding water quality to avoid any material impacts to wildlife, ecological resources, and the human environment is vital to us, our local communities, and our stakeholders.

While our facilities are located in low-risk water stress zones⁶, NMG carefully manages water and advocates for a precautionary approach in all its engineering.

At the Matawinie mining site, surface water quality and groundwater regime are significant concerns for our surrounding communities since they can impact biodiversity, ecosystems and recreational activities. To meet our community's expectations, NMG developed an integrated water management system that meets the highest standards of tailings and water management and wastewater treatment. Through a system of ditches and basins, all precipitation, surface and groundwater water that may have been in contact with the site is collected and then directed to the collection and polishing basins for treatment. Once the water is treated to regulatory standards, it is released into the Eau Morte Creek to meet environmental discharge objectives.

In 2021, our water treatment plant at our Phase-1 site was in operation between April and November – for the colder season, the site is winterized and

⁶ Aqeduc Water Risk Atlas, World Resources Institute, 2022.



Targets Complementary to our Environmental Policy, adopt a water stewardship policy to strengthen our governance and practices by 2023



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

water is managed at snowmelting. During the operational period, 22 samples were taken at the effluent by our Environment Team to assess acute toxicity and physicochemical parameters. Our effluent samples are analyzed by an accredited external laboratory.

→ **100% of our water discharge was in compliance with the quality criteria of Québec's Directive 019 on the Mining Industry.**

Our water management philosophy also promotes the reuse of water at every opportunity to minimize our use of freshwater. As such, precipitation from both the mining site and 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 15% water content in tailings pore.

Water management

2021 volumes at Phase-1
Matawinie Mine

THERE IS NO DIRECT WATER
DISCHARGE FOR ANY PROCESS
WATER USED AT OUR FACILITIES

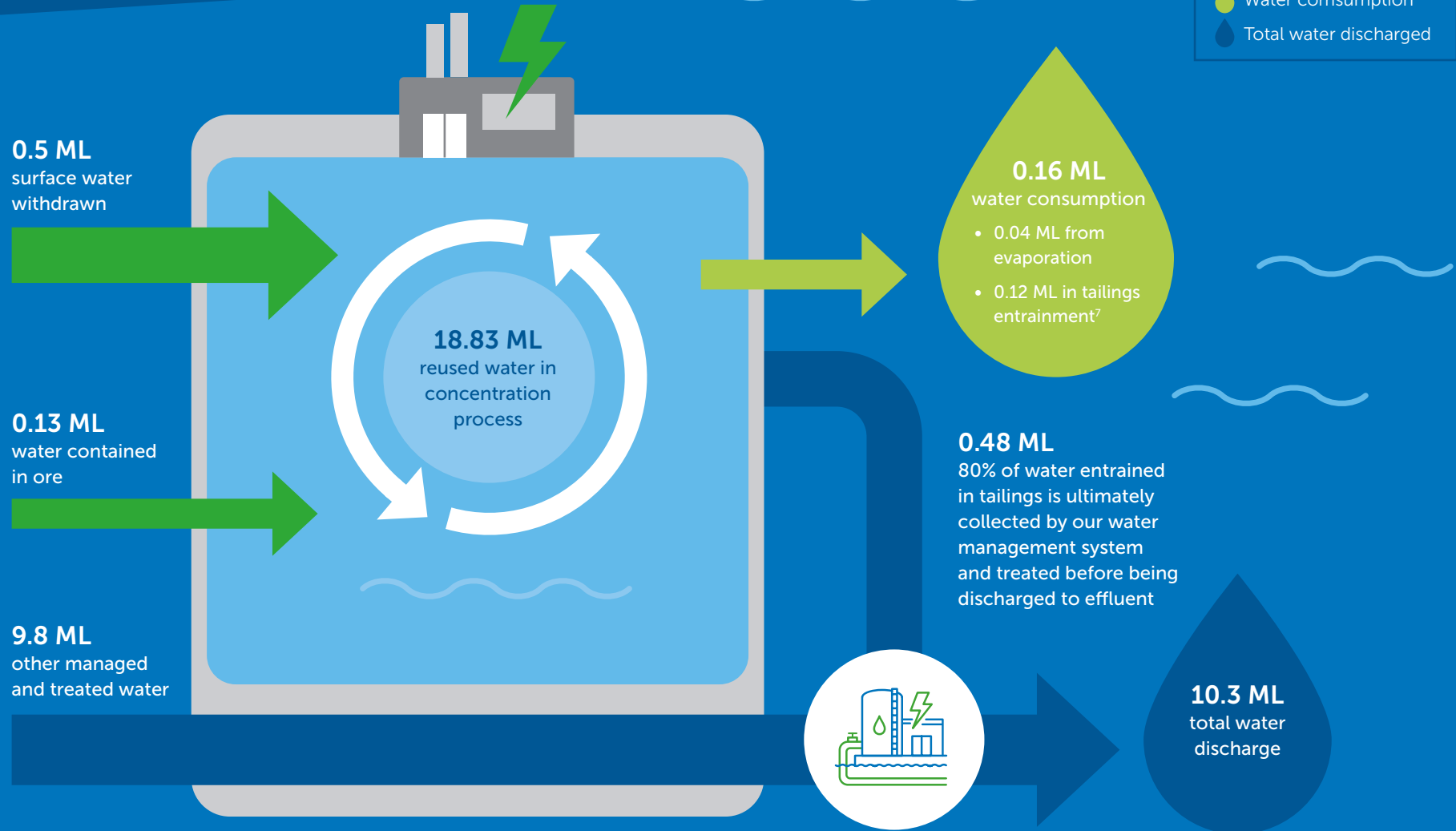
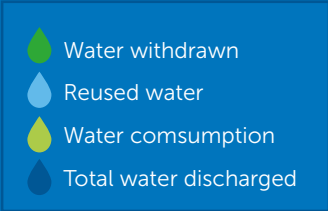


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⁷ There is 15 to 20% of water stored in tailings porosity.



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Unlike conventional purification methods used in China, essentially relying on the massive use of hydrofluoric acid to leach impurities, NMG has developed a proprietary process that leverages a 100% stationary electric furnace with minimal use of chlor-based reagents. At our Phase-1 purification plant, water is primarily used to capture chloride and sulfur fumes from our purification process. This process water is 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. Therefore, there will be no continuous discharge of industrial wastewater. 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 be rainfall and snowmelt, which are projected to be managed through a mix of existing and new drainage ditches, culverts and pipelines flowing towards 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.

THANKS TO OUR PROCESS WATER RECIRCULATION CIRCUIT AT OUR DEMONSTRATION PLANT, OVER 96% OF WATER VOLUMES REQUIRED FOR ORE CONCENTRATION WAS LEVERAGED THROUGH CLOSED LOOP IN 2021.





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+ Biodiversity

Biodiversity and related ecosystem services are essential for our planet’s integrity and play a significant cultural, spiritual or economic role for stakeholders (e.g. hunting, harvesting, pollinating services, educational and recreational activities, etc.)⁸. 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.

We are committed to reaching no net loss and even exceeding, when possible, the original biodiversity threshold of our sites while ensuring the community’s safety and protection of natural resources. The construction of our facilities require tree clearing and temporary change in land use for the Matawinie Mine and minimal changes to our greenfield industrial land for the Bécancour Battery Material Plant.

As part of the Environmental and Social Impact Assessment for the Matawinie Mine, an environmental baseline study was conducted, which included an exhaustive inventory and characterization of forest, wetlands, ichthyian and benthic fauna, avian fauna, small mammals and bats, as well as herpetofauna within a 43 km² area, with an emphasized focus on the final project footprint (approximately 3 km²).

⁸ Climate Disclosure Standards Board Framework: Application guidance for biodiversity-related disclosures, 2021

NMG used the environmental assessment as a primary tool to identify valuable ecosystems and reduce its impacts on biodiversity, mainly by avoiding sensitive habitats and implementing mitigation measures for the most vulnerable and at-risk species as per Québec’s legislation and Canada’s *Species at Risk Act*. All impacts generated by our project have been controlled and contained within 1 km of the mining site.

→ **Two species (Little brown bat and Wood turtle) listed as Endangered under the International Union for Conservation of Nature (“IUCN”) Red List Index were identified as potentially present within the study perimeter.**



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 2023





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NMG is managing its biodiversity impacts based on the mitigation hierarchy – avoidance, minimization, restoration, and offset – to reach no overall negative impacts on ecosystems and biodiversity⁹.

List of valuable components: Matawinie Mine

Valuable component	Total project impact	Species	Identified species with special status			Mitigation measures
			Québec ¹⁰	Canada ¹¹	International ¹²	
Terrestrial vegetation	Loss of 300 hectares ("ha") of forest	Mixed and hardwood stands	–	–	–	Restoration and progressive vegetation of the mine site
Wetlands	Direct loss of 12.5 ha of wetlands	–	–	–	–	Strategic location of infrastructure to avoid wetlands destruction as much as possible Compensation of wetlands and progressive restoration that include wetland creation
Fish habitat	Ichthyological fauna could be affected by changes in water quality as well as in the water regime of certain small streams	Ichthyological fauna in 38 watercourses	–	–	–	No work in fish habitat between September 15 and June 1 (strict protection measures if work is required) Habitat restoration and work carried out to protect fish habitat
Avifauna	Low to medium habitat loss	Canada warbler (<i>Cardellina canadensis</i>)	Likely ¹³	Threatened	Least concern	No tree clearing during nesting season (May 1 to August 15). If tree clearing is required, a nest inventory must be conducted by qualified professional to create no-go zones until the chicks have left the nest.
		Olive-sided Flycatcher (<i>Contopus cooperi</i>)	Likely	Threatened	Near threatened	

9 The Biodiversity Consultancy, 2022.
 10 *Loi sur les espèces menacées ou vulnérables*, Government of Québec, 2021.
 11 Annex 1 of the Species at Risk Act, Government of Canada, 2021.
 12 IUCN Red List Index, 2022.
 13 Means the species is likely to be designated as threatened or vulnerable in Québec.



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Valuable component	Total project impact	Species	Identified species with special status			Mitigation measures
			Québec ¹⁰	Canada ¹¹	International ¹²	
Mammals	Low to medium habitat loss	Southern bog lemming (<i>Synaptomys cooperi</i>)	Likely	–	Least concern	Avoidance of the southern bog lemming's habitat
		Hoary bat (<i>Lasiurus cinereus</i>)	Likely	–	Least concern	No tree clearing during bat breeding period
		Silver-haired bat (<i>Lasionycteris noctivagans</i>)	Likely	–	Least concern	Active searches with qualified professional
		Little brown bat (<i>Myotis lucifugus</i>)	–	Endangered	Endangered	Preservation of dead trees where possible
		Eastern red bat (<i>Lasiurus borealis</i>)	Likely	–	Least concern	Suitable lighting for night work
Reptiles and amphibians	Habitat loss	Wood turtle (<i>Glyptemys insculpta</i>)*	Vulnerable	Threatened	Endangered	Active searches with qualified professional Reduced speed limit
		Snapping turtle (<i>Chelydra serpentina</i>)*	–	Special concern	Least concerned	
		Smooth green snake (<i>Opheodrys vernalis</i>)*	Likely	–	Least concerned	

*These species could potentially be present within the project footprint, but none of them were identified during active searches.



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Our Environment Team is very mindful of biodiversity preservation. On a regular basis, they call upon the expertise of biologists to supervise active searches for nests and/or the presence of vulnerable species. These active searches are also an opportunity to provide training to our Environment Team, who in turn ensure the training and surveillance of our contractors.

- In 2021, 9 active searches were led by biologists and 26 visual searches conducted by our Environment Team to validate the absence or presence of turtles and smooth green snake and assess suitable habitats during the snakes' active period.
- 2 nest inventories were conducted by biologists in July prior to cutting additional trees that were not put down during clearing work.
- 2 inventories (1 at daytime and 1 at nighttime) were conducted by a biologist to confirm the presence or absence of bats in inventoried dead trees.

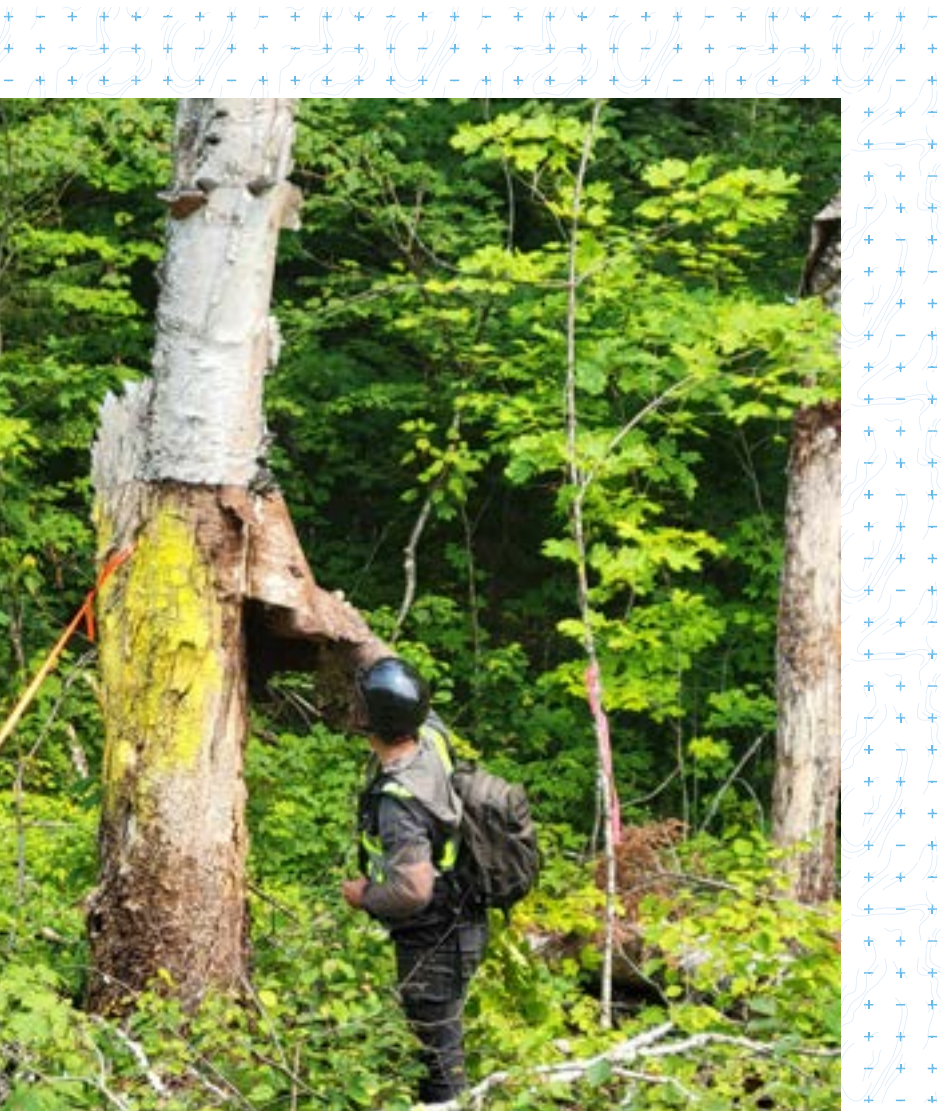
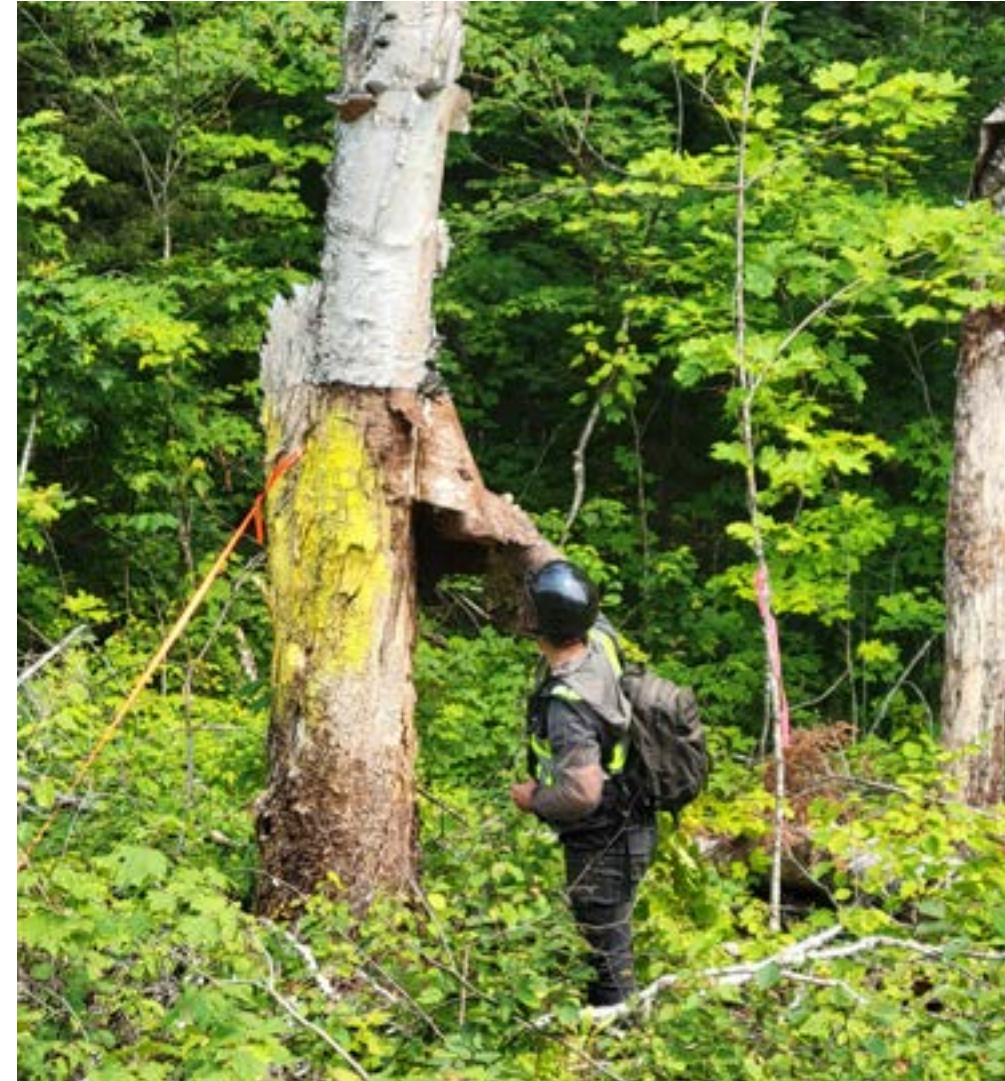


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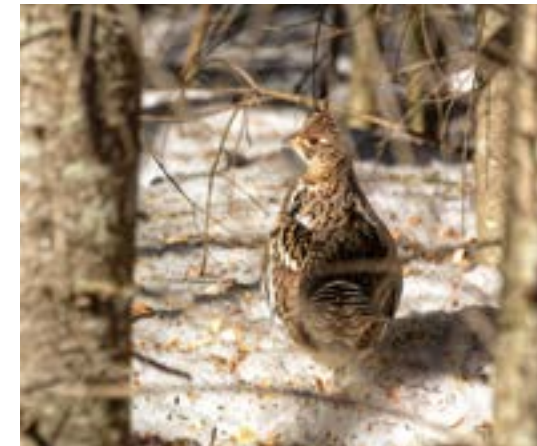
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2021 biodiversity mitigation measures: Matawinie Mine

Avoidance	<ul style="list-style-type: none"> » No clearing during bat breeding season, between June 1 and August 15. » No clearing during bird nesting season, between May 1 and August 15. » 2 nest inventories were conducted in July because additional trees needed to be cut down. No nest of vulnerable species were found. » When possible, dead trees were kept standing to allow habitat for bats. When clearing of dead trees was necessary, 2 inventories were conducted by a biologist. None of the identified trees were hosting environment for bat reproduction activities.
Minimization	<ul style="list-style-type: none"> » Active searches during the turtle nesting period and snakes' active period (May to early July). » No turtles or smooth green snake were found. » Speed was limited to 50 km/h onsite to reduce the probability of road collisions with turtles.
Offset (compensation)	<ul style="list-style-type: none"> » Methods used for tree clearing included the preservation of the wetlands until April. Thereafter, wetland destruction was required for an area of 6.64 ha. A compensation was paid to the Government of Québec as per the <i>Environment Quality Act</i>.

Throughout the first half of 2021, we proceeded to tree clearing work to prepare our site for the construction of the mine industrial platform and the access road connecting the project to the local highway. Work was conducted under the supervision of our forestry consultant, Weymok, an Indigenous-owned business, and in compliance with the regulation for the sustainable development of forests on public lands. During this work, 50 ha were cleared, which entailed clearing, felling, and chopping activities, as well as the loading and transport off-site of the trees with commercial values for valorization (transformation to wood products). The construction of the access road was successfully completed in December 2021.



- ➔ No threatened, vulnerable, and at-risk species were identified during construction activities.
- ➔ In total, 66% of cut trees were turned into wood products which allowed for long-term carbon storage of approximately 7,600 tonnes of CO₂ equivalent. Smaller trees that did not qualify for valorization will be chipped on site to improve the site's substrate for restoration.



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PLANNING FOR THE FUTURE RECOVERY OF OUR SITE

In October 2019, we submitted our restoration and remediation plan to the Government of Québec as required by the Mining Act. The plan includes all reclamation activities that will be carried out during our mining operations (progressive reclamation) and at mine closure, as well as follow-up activities after the full remediation of the site. NMG will have to provide a financial guarantee to cover 100% of all restoration and reclamation costs prior to the launch of commercial activities, thus ensuring the long-term protection of the environment.

Our progressive restoration is integrated into every step of our development, starting with the co-disposal design of tailings and waste rocks, the covering of the tailings stockpiles using capillary barrier capping and revegetation as soon as Year 4 of commercial operations, followed by the progressive backfilling of the pit as of Year 6. Native plants and herbaceous will be prioritized to harmonize with surrounding nature and limit the introduction and spread of invasive exotic species.





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The Company is committed to carrying through the same vision of ecological stewardship as we advance the Bécancour Battery Material Plant. Hence, NMG conducted in 2021 a complete environmental baseline study of the 200,000-m³ land located within an industrial park for the future Bécancour Battery Material Plant.

List of valuable components: Bécancour Battery Material Plant

Species	Identified species with special status		
	Provincial status ¹⁴	Federal status ¹⁵	International status ¹⁶
Common Nighthawk (<i>Chordeiles minor</i>)	Likely	Threatened	Least concern
Collared Sand Martin (<i>Riparia</i>)		Threatened	Least concern
Barn Swallow (<i>Hirundo rustica</i>)		Threatened	Least concern
Eastern Meadowlark (<i>Sturnella magna</i>)		Threatened	Near threatened
Little brown bat (<i>Myotis lucifugus</i>)		Endangered	Endangered
Eastern Pipistrelle (<i>Pipistrellus subflavus</i>)	Likely	Endangered	Vulnerable
Silver-haired Bat (<i>Lasionycteris noctivagans</i>)	Likely		Least concerned
Hoary bat (<i>Lasiurus cinereus</i>)	Likely		Least concerned
Eastern red bat (<i>Lasiurus borealis</i>)	Likely		Least concerned

Considering the limited operations in Bécancour that took place in 2021 within a third-party facility, namely Olin Corporation, the boundary for our mitigation measures currently excludes the Bécancour Battery Material Plant. The Company will continue to be actively involved in the management, protection and mitigation of habitat and ecosystems in the projects area as our commercial operations progress.

14 Loi sur les espèces menacées ou vulnérables, Government of Québec, 2021.

15 Annex 1 of the Species at Risk Act, Government of Canada, 2021.

16 IUCN Red List Index, 2022.



LOOKING FORWARD

As part of its site restoration strategy, NMG is looking to valorize by-products from its tree clearing activities to identify the optimal seeding mix for the Matawinie Mine site reclamation. 2022 activities are scheduled to conduct research on seeding optimization for both short- and long-term restoration, as well as on the integration of wood chips into our planted soil.





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+ Tailings and Waste

NMG has developed its two projects with a view to limit waste generation and its impact on the environment. Properly managing waste material, with particular attention to tailings in a mining context, is essential to protecting water, visual, and vegetative resources.

For the Matawinie Mine, our tailings management approach has been the focus for quite some time, with the 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 by 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 to limit sulfur oxidization, whereby the waste rock and tailings are managed within the same stockpile to leverage the benefit of each materials’ properties. Waste rock is used to create cells in which PAG tailings are compacted to increase water saturation. NAG tailings are added, compacted, and placed on top to limit the entry of oxygen, thereby preventing sulfur oxidation.

With this co-disposition method, waste rocks are leveraged into the design instead of being placed in waste dumps. In addition to improving the physical and geochemical stability of the tailings, co-disposal also 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 in real conditions the performance of this innovative environmental method. Field-scale



cells were built to calibrate the parameters with respect to the performance of the tailings co-disposal objectives design including preventing sulfide oxidation and mine water contamination. The field test cells are instrumented to study their 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 of the future commercial mine.

For 2021, there was no waste rock generated by our Phase-1 operations. All 4,644 tons of extracted ore were

treated at our concentration plant to produce high-quality graphite materials.

- NAG: 2,849 tonnes
- PAG: 1,589 tonnes
- Total tailings: 4,438 tonnes
- Waste rock: 0 tonne
- Ore: 4,644 tonnes



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RESULTS FROM OUR TEST CELLS ARE POSITIVE, VALIDATING THE INNOVATIVE AND ENVIRONMENTALLY-CENTERED CO-DISPOSAL TECHNOLOGY DEVELOPED BY NMG.

Following its tree-clearing work, NMG started its earthworks in July 2021 for the Phase-2 Matawinie Mine. The overburden was stockpiled for reuse as part of site reclamation and rock material excavated was reused for the levelling of our access road.

As for the construction and other domestic waste, NMG has containers on site as well as regular garbage bins and blue bins for recyclable matters at its facilities. Hazardous waste at our Phase-1 facilities consists primarily of used oil and filters, batteries, paint, and aerosol containers. Those hazardous wastes were handled by a third-party service provider.

- In 2021, approximately 22 tons of non-mineral and non-hazardous waste disposed through our containers¹⁷.
- 1.2 tons of hazardous waste collected and treated by a third-party provider.
- 0 significant incidents associated with hazardous waste.

At the Bécancour Phase-1 facility, generated waste was not recorded in 2021. However, a waste management procedure has now been put in place to sort and collect the different types of waste within their respective bins (used oil, metals, wood, batteries, etc.)

¹⁷ NMG collects weight information for construction and demolition waste based on the third-party invoices. For the regular domestic waste collected in designated bins, the collection of these residual waste is managed by municipal services and NMG did not track this information.



LOOKING FORWARD

In accordance with our 2021-2023 Sustainability Action Plan and our ambitions to establish a proactive waste management system, NMG hired a waste management consultant that will provide guidance as the Company grows. As such, an emphasis will be placed on construction waste, and a detailed inventory will be conducted to identify materials with a high potential for reuse/recycling. The waste management plan will also include solutions for residual materials generated by our employees and contractors.

As we progress towards our Phase 2, NMG intends to explore new opportunities to collect organic matter for composting.



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CLIMATE ACTION

The climate crisis is accelerating around the world, calling for accelerated efforts to fight global heating. As electrification gains momentum in the push for decarbonization, batteries are becoming central to the new energy economy and the largest source of demand for critical minerals. But minerals cannot power a sustainable future unless their extraction and value-added transformation are carried out with people and the planet in mind; a just and clean transition.

Graphite underpins multiple cleantech solutions to help tackle rising temperatures, including lithium-ion batteries and certain fuel cell technologies. NMG is striving to produce the greenest advanced graphite materials with a carbon-neutral footprint for a sustainable world.



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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.

For our Bécancour Battery Material Plant, NMG has developed a proprietary purification technology leveraging hydroelectricity rather than large quantities of harsh chemicals to ensure value-added transformation at a lower emission level than current industry practices.

NMG mandated Hydro-Québec – the government corporation that produces, transmits, and distributes electricity in 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. Our Bécancour operations are also supplied by the Hydro-Québec network through existing infrastructure.



➔ In 2021, NMG consumed a total of **33,008 GJ for energy purposes**

- **20,896 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.
- **12,109 GJ of electricity from a renewable power grid.** All our electric consumption, which includes heating at our Phase-1 facilities and corporate offices, is sourced from clean hydropower.

**HYDRO-QUÉBEC
GENERATES OVER 99%
OF ITS ELECTRICITY
FROM RENEWABLE
ENERGY SOURCES
THAT MAINLY COME
FROM HYDROELECTRIC
GENERATING STATIONS.**



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ON TRACK TO BECOMING THE WORLD'S FIRST ALL-ELECTRIC OPEN-PIT MINE

To fulfill our commitments to electrify our mining assets, fleet and equipment, NMG entered into an agreement with Caterpillar to work towards the development, testing and supply of all-electric mining equipment to extract and transport ore for the Matawinie Mine. In addition to reducing our direct emissions at the source and improving the lifecycle of our products through low-carbon-intensive graphite extraction, NMG is directly contributing to the technological development of zero-emission heavy vehicles and to the mining industry's transition to environmentally responsible practices.

Since our agreement was announced in June 2021, partnerships to develop zero-emission heavy equipment have been booming. We are witnessing a core transformation of mining practices now that industry giants – like Rio Tinto, Newmont and Teck – have also taken the route to electrification.

NMG is proud to be blazing a trail for the next generation of mining operations.



Target Engineer low-carbon infrastructure, deploy 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





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+ Carbon Neutrality

NMG has built a mining and industrial company anchored in sustainable development principles; a Zero-Harm Philosophy for our environment, our employees and our communities; and business practices aligned with global decarbonization efforts. 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 electric vehicle ("EV") and cleantech markets with carbon-neutral battery materials.

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 its GHG emissions as the Company develops.

In February 2022, NMG released its [Climate Action Plan 2022-2030](#), which lays out our ambition and approach to achieving Net Zero emissions by 2030.



In 2021, NMG reported GHG emissions of 1,546 tonnes of CO₂ equivalent ("CO₂ eq") in connection with carrying out its operations at its Phase-1 plants and corporate offices. This 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.

**→ Direct Scope 1 emissions:
210.3 tonnes CO₂ eq**

- Most of the scope 1 GHG direct emissions are related to graphite processing at our Phase-1 facilities and the use of company vehicles.

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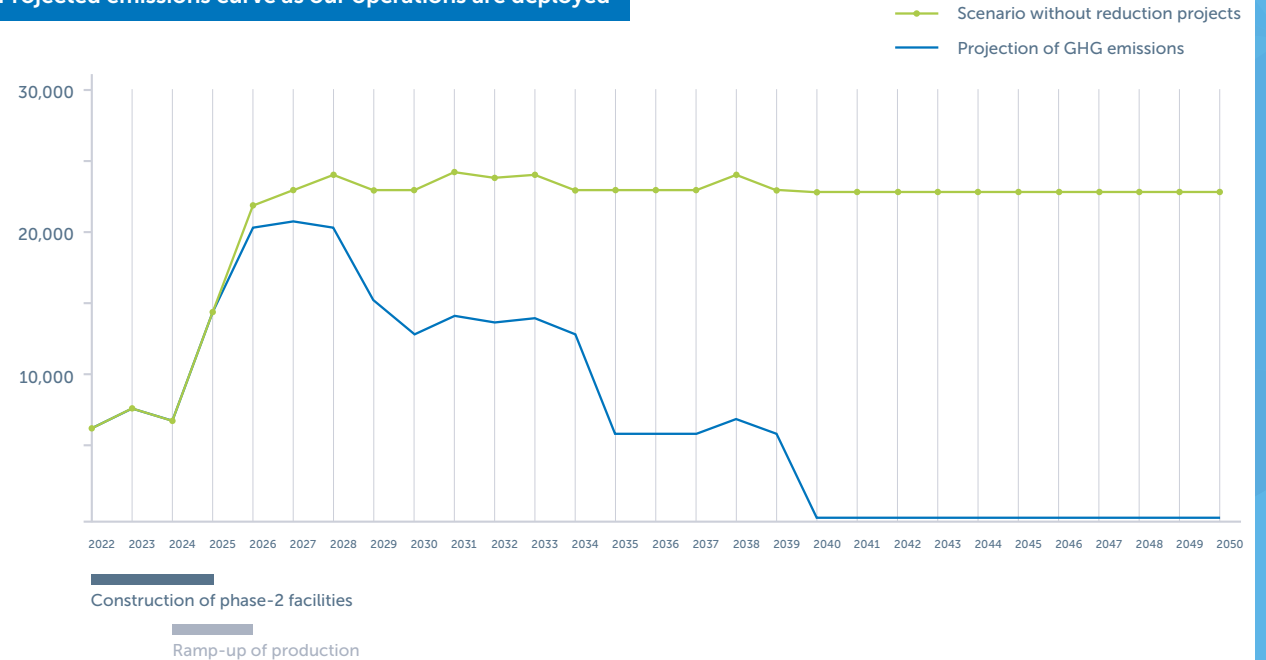
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ON OUR WAY TO NET ZERO

At NMG, we recognize that the emissions associated with our activities add to global anthropogenic emissions and increase the pressure on our climate. As such, we are acting now, with swiftness, intention, and precision, to provide the market with high-quality battery materials with a carbon-neutral footprint.

Our Climate Action Plan guides our transition to our Net Zero target by tracking, reducing, and offsetting our carbon impact at every level: from operations and corporate activities to product design, manufacturing, and lifecycle.

Projected emissions curve as our operations are deployed



Our 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.

For further information on the Company's Net Zero roadmap and targets, and projected GHG reduction measures, please refer to our [Climate Action Plan 2022-2030](#).

A cleaner future for people, the planet, and prosperity is ours to build by committing and acting toward its creation.



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→ **Indirect Scope 2 emissions: 1.3 tonnes CO₂ 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.

→ **Partial indirect Scope 3 emissions: 1,334 tonnes CO₂ eq**

- 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 to the Company’s direct operations.

The Company has purchased verified carbon credits to offset its 2021 GHG emissions. Supporting the transition to renewable energy, the credits are associated with constructing and operating a greenfield 20 MW solar photovoltaic power plant in Madagascar. Electricity in this developing country is currently heavily reliant on imported fossil fuels. Representing the island’s first large-scale solar photovoltaic power plant, the project will substitute grid electricity with clean energy, leading to considerable reductions in GHG emissions.

Our goal to become the largest producer of natural graphite anode material in North America will expectedly lead to increased energy consumption and GHG emissions in the coming years. Regardless of our growth and the commissioning of new facilities, we are committed to reducing and controlling our emissions while increasing our effectiveness and energy efficiency. The simultaneous development of NMG’s business model is a source of multiple opportunities. As such, we can already examine best practices for low-emission operations and transformation and design our processes and Phase-2 facilities to optimize their environmental performance.



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



LOOKING FORWARD

In 2021, NMG took its first step in strengthening its climate governance by hiring a Manager, Carbon Neutrality Program, responsible for overseeing the Company’s GHG emissions performance and leading climate action initiatives.

With the publication of our [Climate Action Plan 2022-2030](#) in early 2022, NMG confirmed its support of the TCFD recommendations and committed to increasing its transparency on climate-related risks and opportunities. As NMG progresses towards its commercial operations, we will continue to improve our disclosure on each of the four TCFD pillars.



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+ Products DNA

Dedicated to powering a cleaner future, we continually seek to elevate the environmental and ethical DNA of our products. Graphite sourced from our Matawinie property constitutes a high-purity material to supply energy solutions manufacturers, niche industries and traditional markets. With a focus on responsible production and a carbon-neutral footprint, we are developing natural flake graphite concentrate as well as a line of specialty products, ranging from expandable graphite to CSPG, for lithium-ion batteries, energy storage solutions and consumer technology applications such as 5G technologies.

As demonstrated in a recent lifecycle analysis of graphite production led by an independent mining and metal sustainability consultancy, emerging technologies are critical to reducing the footprint and global warming potential ("GWP") of graphite value-added transformation. According to the report, "[t]here are significant opportunities to reduce the environmental impact of anode production by utilizing low-carbon or renewable energy sources, exploring new production routes, minimizing waste products or identifying new material or reagent suppliers"¹⁸.


We maintain a portfolio of R&D projects to advance our line of specialty products based on future market demands and environmental innovations. Elite research and close collaboration with academia, governments, technology transfer centers, and industry partners complement our

¹⁸ Minviro, July 2021.



in-house R&D efforts to continually enhance our environmental footprint, manufacturing techniques, and product offering.

Target Conduct a life cycle analysis on NMG's graphite materials by 2022 to understand and proactively manage the full impact of our production model



Technology

Existing purification processes are energy intensive and require a large quantity of chemicals, particularly hydrofluoric acid, that can have a negative impact on the natural and human environment. NMG's proprietary thermochemical purification technology provides an advantageous solution in clean energy regions for decarbonizing the graphite supply chain and helping improve battery life cycle footprint.



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In 2021, we submitted a patent application for our proprietary thermochemical purification technology to the U.S. Patent and Trademark Office as part of our intellectual property strategy. We are committed to maximizing the reach of this technology to serve the energy transition should the application process be successful.

Circularity

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 June 2021, we signed a collaboration agreement with Lithion Recycling to recover and recycle graphite for reuse as a battery anode material. The partnership leverages NMG’s and Lithion’s proprietary processes and expertise to promote graphite circularity and better position both companies in the evolving global market. Lithion’s processes allow up to 95% of battery components to be recovered and treated so they can be reused by battery manufacturers.

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.

Leadership

We aspire to help shape a sustainable, responsible, and circular battery value chain. In 2021, NMG was admitted as an active member of the GBA, a World Economic Forum’s initiative, working towards that objective.

NMG joined battery manufacturers, automakers, technology companies, governments, and international organizations to advance the GBA’s flagship initiatives and taskforces targeting the sustainable development of the battery ecosystem.

Even before our admission to the GBA, NMG had joined a pioneering project to document the traceability of the mining and battery materials industries in Québec. Recipient of a grant from the Government of Québec, the project is affiliated with the GBA to inform global standards on battery identity and reporting criteria for sustainable and transparent battery production.

AT TERM, OUR GOAL IS TO INSERT AN INCREASING PERCENTAGE OF RECYCLED MATERIAL INTO OUR TRANSFORMATION PROCESS TO OFFER EVEN MORE SUSTAINABLE SOLUTIONS.



LOOKING FORWARD

The Battery Passport is set to become the dominant norm attesting to the environmental and social compliance of a battery throughout its value chain. NMG intends to implement the GBA’s Battery Passport principles, guaranteeing the traceability and sustainability of our strategic minerals.



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

To provide more complete GRI disclosure, we have also included information pertaining to GRI 2: General Disclosures 2021 and GRI 3: Material Topics 2021 (in the latter half of this appendix).

Legend for disclosure framework references: GRI SASB UNGC



+ Social ESG Topics

Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
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 potential negative impacts on our communities are listed in subsection Acknowledging our Impacts . NMG mitigation measures for its potential negative impacts are described throughout this report.
Discussion of process to manage risks and opportunities associated with community rights and interests	EM-MM-210b.1	–	–	Also refer to the Community and Stakeholders' Engagement subsection 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.



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Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
Socio-Economic Contributions 				
Direct economic value generated and distributed	201-1	\$9,754,000 in wages and benefits \$53,912 in sponsorships \$443,000 in payments to the Saint-Michel-des-Saints municipality	\$5,982,000 in wages and benefits \$3,700 in sponsorships \$479,500 in payments to Saint-Michel-des-Saints municipality \$349,900 in payments to the Atikamekw Band Council	See the Outreach and Local Benefits subsection. Variation: In 2020, most community events and activities were cancelled due to COVID. There were more sponsorship opportunities in 2021 plus NMG offered a \$30,000 donation to Espace Nature Haute-Matawinie to launch its operation and the development of the territory integration plan.
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 for 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.

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Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
Socio-Economic Contributions 				
Proportion of spending on local suppliers	204-1	\$39.8M in Québec; 78% of total procurement budget, including 9.1M\$ in our local communities (18% of total procurement budget)	\$15.4M in Québec; 70% of total procurement budget, including 5.3M\$ in our local communities (24% of total procurement budget)	See the Social Responsibility subsection. Variation: In 2020, 24% of our procurement budget was spent on suppliers from our local communities. Our local communities include three administrative regions (Lanaudière, Mauricie and Centre-du-Québec). In 2021, the ratio went down to 18% because our main engineering and civil work contracts were given to businesses outside these administrative regions due to lack of local capacity. Nevertheless, 78% of the procurement budget was spent within the province of Québec, which we also consider to be local procurement.
Employees, Diversity, and Training 				
New employee hires and employee turnover	401-1	New hires: 50 Turnover rate: 31%	–	See the Attracting Talents subsection. NMG did not record its hire and turnover rates for 2020.
Benefits provided to employees	401-2	–	–	See the Wellness and Professional Development section for information on benefits provided to full-time employees. Part-time employees are eligible to full benefits when they work 20 hours per week or more.
Average hours of training per year per employee	404-1	137 h/employee	128 h/employee	See the Health and Safety and Wellness and Professional Development 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%	

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Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
Employees, Diversity, and Training 				
Diversity of governance bodies and employees	405-1	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 under 30; 47% are between 30-50; and 28% are over 50 years old Management 18% are women Board of Directors 22% are women	Employees 25% women 22% were under 30; 57% were between 30-50; and 21% were over 50 years old. Board of Directors 22% are women	See Board of Directors, Leadership in Action and Diversity and Inclusion subsections for more information on our philosophy, management, efforts and data. Variation: NMG conducted its first self-assessment survey in late 2021 to collect more data on its workforce diversity.
Incidents of discrimination and corrective actions taken	406-1	0 incident of discrimination or harrasment	0 incident of discrimination or harrasment	See the Wellness and Professional Development subsection.

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Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
Health and Safety   				
Occupational Health and Safety management program, training and performance	403-1 403-5 403-6 403-7 403-9 EM-MM-320a.1	OSHA rate for employees: 2.61 Fatality rate for employees: 0 Average hours of H&S training per employee: 22 h OSHA rate for contractors: 0	OSHA rate for employees: 0 Fatality rate for employees: 0 Average hours of H&S training per employee: 17h	See the Health and Safety subsection for information on our H&S programs, training, and performance. NMG currently discloses an OSHA and fatality rate, and the number of incidents for its contract employees. NMG's commitments to provide a safe environment to our employees, contractors, and visitors can also be found in our Code of Conduct , Health and Safety Policy , and Sustainability Policy . Variation: NMG's OSHA rate was higher in 2021 as a result of two incidents at our Phase-1 plants. NMG started tracking its contractors' H&S performance in 2021.
Indigenous Outreach    				
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	0 incidents of violations involving Indigenous peoples	See the Indigenous Engagement section 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.



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Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
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 the Québec's <i>Labor Code</i> and Canada's <i>Charter of Rights and Freedoms</i> . 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 <i>Labor Code</i> 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 Wellness and Professional Development subsection and explanation above for anti-union discrimination.
Prevention of Child and Forced Labor 				
Child labor	408 Principle 5	0 occurrences of child labor 0% of suppliers with significant risk of child labor	0 occurrences of child labor 0% of suppliers with significant risk of child labor	See the Social Responsibility subsection for more information on our Human Rights Policy , which includes commitments on forced labor and/or child 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 via our business partners.



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Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
Prevention of Child and Forced Labor 				
Forced or compulsory labor	409 Principle 4	0 occurrences of forced or compulsory labor 0% of suppliers with significant risk of forced or compulsory labor	0 occurrences of forced or compulsory labor 0% of suppliers with significant risk of forced or compulsory labor	Our recruitment processes are conducted in a transparent manner and in accordance with the principles of the International Labor Organization, Québec's <i>Labor Code</i> , Québec's <i>Charter of Human Rights and Freedoms</i> as well as Canada's <i>Charter of Rights and Freedoms</i> . 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.
Support and respect the protection of internationally proclaimed human rights	Principle 1	–	–	
Make sure that they are not complicit in human rights abuses	Principle 2	0 complaints or violations related to human rights 0% of suppliers with significant risk of human rights violations	0 complaints or violations related to human rights 0% of suppliers with significant risk of human rights violations	

+ Environmental ESG Topics

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Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
Responsible Mining 				
Materials used to produce our primary products	301-1	Ore: 4,644 t Total process reagents: 15 t Reagent products for water treatment: 10.4 t	Ore: 5,780 t Total process reagents: 2.4 t Reagent products for water treatment: 16.5 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, and diesel are used in the concentration process. Carbonate petroleum coke is used as an insulating material in our purification process.
Non-compliance with environmental laws and regulations	307-1	0	0	See the Environmental Management subsection. NMG confirms it has not received any non-compliance notifications, 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 Social Responsibility subsection for information on how NMG incorporates social criteria into its procurement process.
Support a precautionary approach to environmental challenges	Principle 7	–	–	See the Environmental Management subsection and the Company's Environmental Policy for more information on NMG's environmental management approach.
Undertake initiatives to promote greater environmental responsibility	Principle 8	–	–	See the complete Aiming for Environmental Excellence section for more information on initiatives taken by NMG to reduce its environmental footprint.
Encourage the development and diffusion of environmentally friendly technologies	Principle 9	–	–	See the R&D and Climate Action subsections for more information on our line of green and advanced materials and efforts to drive sustainability and circularity into our sector.

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Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
Climate Action and Air Quality 				
Direct (Scope 1) GHG emissions	305-1 EM-MM-110a.1	210 t CO ₂ eq	54.6 t CO ₂ eq	<p>Most of our Scope 1 emissions are related to graphite processing at our Phase-1 facilities and the use of company vehicles. Refer to the Climate Action subsection for more information.</p> <p>Emission factors come from the 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 financial criterion. This financial control approach is constantly applied to properly identify the operations and GHG sources that fall within the Company's boundaries.</p> <p>Variation: Our emissions increased significantly in 2021 mainly because we started the operation of our Phase-1 purification plant, and we used more explosives during our construction work. We also bought small propane-powered maintenance equipment.</p> <p>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 thresholds.</p>
Energy indirect (Scope 2) GHG emissions	305-2	1 t CO ₂ eq	3.8 t CO ₂ eq	<p>NMG's scope 2 GHG emissions relate to hydroelectricity consumption at our Phase-1 facilities and corporate offices. The electricity comes from Hydro-Québec's renewable sources. Refer to the Climate Action subsection for more information.</p> <p>Variation: Although our electricity consumption was greater in 2021, our emissions decreased because we changed the emission factor from 1.7 Kg CO₂ eq /MWh in 2020 to 0.5Kg CO₂ eq/MWh in 2021 to better reflect Québec's power grid. This new emission factor can be found here. The emission factor from 2020 was obtained from Canada's National Inventory Report ("NIR") submission to the United Nations Framework Convention on Climate Change ("UNFCCC") and was not specific to the grid where the NMG operations take place.</p>

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Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
Climate Action and Air Quality 				
Other indirect (Scope 3) GHG emissions	305-3	1,334 t CO ₂ eq	–	<p>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.</p> <p>Variation: NMG started disclosing its scope 3 emissions in 2021.</p>
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	–	–	<p>See the Climate Action subsection and our Climate Action Plan 2022-2030 for further details on our short and long-term strategy for managing our GHG emissions.</p>
Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	305-7 EM-MM-120a.1	NO _x emissions: 0.9 t SO _x emissions: 8.8 t	NO _x emissions: 0.25 t SO _x emissions: 0.16 t	<p>NMG currently only quantifies its NO_x and SO_x emissions.</p> <p>NO_x emissions were primarily generated by explosives used for the construction of the access road and by diesel combustion in mobile equipment. SO_x emissions are also mainly generated by the combustion of diesel in mobile equipment for raw material transportation and road construction. Recognized US EPA emission factors were used to calculate emissions.</p> <p>Variation: Increase in emissions for 2021 is correlated with the increase of diesel combustion in mobile equipment during construction work.</p>

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Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
Energy 				
Energy consumption	302-1 EM-MM-103a.1	Total energy consumption: 33,008 GJ % from non renewable sources: 63% % grid electricity: 27%	Total energy consumption: 15,66 GJ % from non renewable sources: 27% % grid electricity: 73%	See the Climate Action subsection for more information on our energy consumption. Variation: Following a year (2020) of partial production at our Phase-1 plant due to COVID-19 lockdowns, our energy consumption was higher in 2021 because of more stable operations, the commissioning of our Phase-1 purification plant, and the construction of the Phase-2 Matawinie Mine access road and industrial platform. Hence, the steep increase in mobile equipment usage during construction and clearing work has created a shift in our energy ratio. 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/m ³ to GJ uses energy conversion tables from Québec Energy regulator. The electricity consumption includes all spaces rented by the Company for the Phase-1 plants and offices. The conversion of the electricity consumption from Kwh to GJ also uses energy conversion tables from Québec Energy regulator.
Water Management and Effluents 				
Interactions with water as a shared resource	303-1 303-2 303-3 303-4 303-5 EM-MM-140a.1	Operational water withdrawal: 0.71 ML » 0.52 ML from surface water » 0.13 ML from groundwater contained in ore » 0.06 ML of freshwater at our Phase-1 Bécancour facility	Operational water withdrawal: 0.87 ML » 0.75 ML from surface water » 0.12 ML from groundwater contained in ore Water consumption: 0.09 ML Water consumption in high-risk water stress region: 0% Water discharge: 8.75 ML	See the Water subsection for more information on NMG 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. ¹⁹ Water withdrawal is required for our graphite concentration process. Surface water supply comes from basins at our Phase-1 plant which is connected to the Durand Lake less than 1 km north of the plant. The ore input used in our concentration process contains a percentage of water content which we accounted for as groundwater withdrawal. No water (0%) is withdrawn from regions with high or extremely high baseline water stress.

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Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
Water Management and Effluents  				
		Water consumption: 0.22 ML <ul style="list-style-type: none"> » 0.04 ML from evaporation and humidity left in products » 0.12 ML in tailings entrainment » 0.06 ML from evaporation and wastewater our Phase-1 Bécancour facility Water consumption in high-risk water stress region: 0% Water reused: 18.83 ML Water discharge: 10.35 ML		<p>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 is due to evaporation during the drying of the graphite concentrate and 20% of water entrained in tailings at our Matawinie Mine. At our Bécancour Phase-1 facility, water consumption is associated to wastewater from our gas purification system.</p> <p>Reused water represents operational water that was recovered and used again in our concentration process. Our concentration process required a total of 19.48 ML of water, from which 18.83 ML was recirculated in a closed loop. Hence, freshwater input was only required to compensate for water losses caused by evaporation in the process.</p> <p>Discharged water comes from run-off water, dewatering of the bulk sample pit and 80% of water entrained in tailings. NMG operates a physico-chemical 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.</p> <p>At this stage of its development, NMG does not record water withdrawal or discharge for sanitary use.</p>
Number of incidents of non-compliance associated with water quality permits, standards, and regulations	EM-MM-140a.2	0	0	Refer to the Water subsection for more information on NMG interactions with water. NMG remained compliant with all regulatory requirements in 2021.

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Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
Waste and Hazardous Materials Management 				
Description of waste and hazardous materials management policies and procedures for active and inactive operations	306-1 306-2 306-3 EM-MM-150a.4 EM-MM-150a.7 EM-MM-150a.10	Total weight of non-mineral waste generated: 22 t Total weight of hazardous waste generated: 1.2 t	Total weight of non-mineral waste generated: 10.34 t Total weight of hazardous waste generated: 3.8 t	See the Tailings and Waste subsection for more information on NMG waste generation and data collection. Using third-party invoices, NMG only tracks non-mineral waste that are collected through its leased containers. 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. NMG does not currently track the end-destination of its non-mineral waste and hazardous waste as they are managed by a third-party.
Tailings generation and management	EM-MM-540a.1 EM-MM-540a.2 EM-MM-540a.3 EM-MM-150a.5 EM-MM-150a.6	Total weight of tailings produced: 4,438 t » NAG: 2,849 t » PAG: 1,589 t Total weight of waste rock generated: 0 t	Total weight of tailings produced: 5,510 t » NAG: 3,810 t » PAG: 1,700 t Total weight of waste rock generated: 0 t	See the Tailings and Waste subsection for more information on 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 Tailings and Waste subsection for more information on NMG waste management practices.



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Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
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: 10 100% of vulnerable species are covered by our mitigation measures	See the Biodiversity subsection for more information on NMG's potential impacts on biodiversity and measures used to mitigate them. Variation: Our initial environmental impact assessment in 2019 only included a characterization of wetlands and vegetal species, and an opportunistic fauna observation for our site in Bécancour. In 2021, NMG conducted a complete environmental baseline study which revealed the potential presence of five (5) other species listed on the Canadian national conservation list.
Description of environmental management policies and practices for active sites	EM-MM-160a.1	–	–	See the Aiming for Environmental Excellence section 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 Tailings and Waste subsection. Our tailing management approach actively mitigates acid mine drainage from our single mine site.
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 Biodiversity subsection for more information on NMG's potential impacts on biodiversity and measures used to mitigate them.

+ Governance ESG Topics

Disclosure	Reference	Performance indicators		Explanation
		2021	2020	
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	<p>See the Leadership in Action and Social Responsibility subsections for more information on management systems in place for prevention of corruption and bribery throughout our value chain.</p> <p>Also refer to section Fostering Transparent and Robust Governance of the report and table GRI 2: General Disclosures 2021 below for further information on our governance practices, policies, and compliance mechanisms.</p> <p>Refer to our Financial Statements within our Annual Report for more information on sales taxes and tax credits.</p> <p>100% of NMG operations are conducted in Canada, which was ranked 13th on the 2021 Transparency International's Corruption Perception Index, with some corporate representation in Europe and the United States.</p>
Political contributions	415-1	\$0	\$0	No financial or in-kind political contributions made by NMG in 2021. Political contributions are prohibited under the Company's Code of conduct, except if purely personal.

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+ GRI 2: General Disclosures 2021

Topic-specific disclosures pertain to NMG and our activities in Saint-Michel-des-Saints, Québec, developing the Matawinie Mine, and in Bécancour, Québec, developing the Bécancour Battery Material Plant. 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 Corporate Overview section.
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, 2021 to December 31, 2021 with references when necessary to previous initiatives and activities. We intend to report annually, our last ESG Report was published on October 14, 2021 for the 2020 fiscal year. Julie Paquet, Vice President, Communications and ESG Strategy, can be contacted for further information on this report jpaquet@nmg.com .
2-4	Restatements of information	The 2020 data on water consumption should have read: 0.09 ML
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.



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Disclosure	Description	Explanation
Activities and Workers		
2-6	Activities, value chain and other business relationships	Refer to the Corporate Overview section.
2-7	Employees	Refer to the subsection Nurturing our Workforce for a breakdown of our workforce by gender and region. Data is based on the Company's human resources information system.
2-8	Workers who are not employees	We employ 4 consultants performing duties pertaining to project management and technical support.



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Disclosure	Description	Explanation
Governance		
2-9	Governance structure and composition	Refer to the Fostering Transparent and Robust Governance section
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	The Audit Committee, together with management and an appointed external auditor, is responsible for the treatment and disclosure of significant related-party transactions and potential conflicts of interest. NMG's Code of Conduct defines what is considered a conflict of interest and outlines expected behaviors as they relate to conflict of interest including reporting and resolving such matters.
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 United Nations' 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 section



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Disclosure	Description	Explanation
Governance		
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	8.04
Strategy, Policies 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 on p.2 and p.4
2-23	Policy commitments	Refer to our commitments within the following policies: Sustainability Policy , Code of Conduct , Human Rights Policy, Diversity Policy , Environmental Policy , Health and Safety 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 section for more information. All 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 meetings. Training is mandatory for our Harassment Prevention Policy. Also refer to the subsection Social Responsibility 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 United Nations' 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.



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Disclosure	Description	Explanation
Strategy, Policies And Practices		
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 (phone 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.
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, Conseil des entreprises en technologies environnementales du Québec, European Battery Alliance, World Economic Forum's Global Battery Alliance, accelerate Canada's ZEV Supply Chain Alliance, Battery Materials & Technology Coalition and Zero Emission Transportation Association.
Stakeholder Engagement		
2-29	Approach to stakeholder engagement	Refer to subsections Acknowledging our Impacts and Community and Stakeholders' Engagement .
2-30	Collective bargaining agreements	NMG currently functions as a non-unionized company, none of our employees are covered by collective bargaining agreements.



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+ GRI 3: Material Topics 2021

Disclosure	Description	Response/Location
Disclosures on Materials Topics		
3-1	Process to determine material topics	Refer to the Acknowledging our Impacts subsection
3-2	List of material topics	
3-3	Management of material topics	Refer to the rest of our Disclosure Index for more information on the management of each material topic.

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List of Acronyms and Abbreviations

LIST OF ACRONYMS AND ABBREVIATIONS

ALD	Atomic Layer Deposition-coating technologies
CAD	Canadian dollars
Company	Nouveau Monde Graphite Inc.
ESC	Environmental Social Committee
ESG	Environmental, social and governance
ESIA	Environmental and Social Impact Assessment
EV	Electric vehicles
GBA	Global Battery Alliance
GHG	Greenhouse gas
GRI	Global Reporting Initiative
GWP	Global warming potential
IPCC	The Intergovernmental Panel on Climate Change
ISSB	International Sustainability Standards Board
NAG	Non acid-generating



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List of Acronyms and Abbreviations

NIR	Canada's National Inventory Report
NMG	Nouveau Monde Graphite Inc.
Nouveau Monde	Nouveau Monde Graphite Inc.
OEM	Original equipment manufacturer
PAG	Potentially acid-generating
R&D	Research and development
SDGs	United Nation's Sustainable Development Goals
SPG	Spherical purified graphite
TCFD	Task Force on Climate-Related Financial Disclosures
TSM	Mining Association of Canada's Towards Sustainable Mining
UNFCC	United Nations Framework Convention on Climate Change
UNGC	United Nations Global Compact
WCI	Western Climate Initiative
We	Nouveau Monde Graphite Inc.



Sustainability is Powered by Holistic Thinking, Collaborative Innovation & Continuous Improvement

We regularly report on our progress and impact throughout the year; subscribe to our news alerts or follow along on social media to accompany us along this journey.



[NMG.com](https://www.nmg.com)