

## 1. PURPOSE

The purpose of this policy is to state Neo's commitment to responsible sourcing of raw materials and establish procurement standards.

## 2. SCOPE

This policy applies to facilities that are controlled by Neo Performance Materials. It covers the 3TG (Tantalum, Tungsten, Tin and Gold) as well as all other minerals and raw materials.<sup>i</sup>

## 3. PROCUREMENT POLICY

Neo Performance Materials commits to the following:<sup>ii</sup>

- 3.1. Environment** – Neo's suppliers must comply with applicable environmental laws and regulations in the legal jurisdictions within which they operate, and they must possess all the necessary environmental permits, licenses, and registrations. Precautions will be taken to ensure that minerals will be sourced from mines or other facilities that conform to the Procurement Standards of Section 7 of this policy.
- 3.2. Labour and Human Rights** – Neo will not engage in commercial agreements with suppliers that are found to be complicit in human rights abuses. Extra diligence is required in conflict affected high risk zones. Purchasing decisions will be made in support of:
  - 3.2.1. Abolition of child labour,
  - 3.2.2. Elimination of forced and compulsory labour,
  - 3.2.3. Freedom of association and the right to collective bargaining,
  - 3.2.4. Elimination of discrimination in the workplace,
  - 3.2.5. Fair treatment, and
  - 3.2.6. Compliance with all applicable laws on compensation and work hours.
- 3.3. Fair Dealing** - Neo treats Suppliers with honesty, fairness, and respect. Neo's purchasing activities are conducted in accordance with the highest ethical and professional standards, as set out in Neo's Code of Business Conduct & Ethics. Neo requires downstream suppliers to refrain from making unlawful payments<sup>iii</sup>
- 3.4. Impartial Selection** - Neo selects suppliers based on objective criteria such as technical specifications, quality, price, service and technology, environmental and social impact.

- 3.5. **Health and Safety** - Neo expects contractors working at their site to comply with Neo health & safety requirements.

#### 4. **DEFINITIONS**

- 4.1. **Forced Labor** - Forced labour refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities.<sup>iv</sup>
- 4.2. **Conflict Affected High Risk Zones** – Areas that are in a state of armed conflict or fragile post-conflict as well as areas witnessing weak or non-existent governance and security, such as failed states, and widespread and systematic violations of international law, including human rights abuses.<sup>v</sup>
- 4.3. **Child Labour** - Neo will define child labour in accordance with the ILO C138 Framework for Minimum Age.<sup>vi</sup>

#### 5. **RESPONSIBILITIES**<sup>vii</sup>

- 5.1. **Executive Management Committee (EMC)** is responsible for strategic direction, periodic review<sup>viii</sup>, and approval of this policy. They are also responsible for promoting compliance.
- 5.2. **Corporate HESS** is responsible for coordinating the development of HESS standards and auditing compliance.<sup>ix</sup>
- 5.3. **Site Management** is responsible for actively pursuing compliance with this policy and standards. When there is risk of this policy being violated, it is the duty of the purchasing agent and the site manager to thoroughly investigate the source. If the supplier is not reputable, the site manager and/or purchasing agent is responsible for initiating corrective actions or removing them from the approved vendor list, until there is evidence that the risk has been addressed and the violation has been corrected.

#### 6. **GENERAL DISCUSSION**

- 6.1. **Human rights abuses** are common in resource-rich conflict-affected and high-risk areas and may include child labour, sexual violence, the disappearance of people, forced resettlement and the destruction of ritually or culturally significant sites.<sup>x</sup>
- 6.2. **Procurement can fuel conflict.** While natural mineral resources are a core economic development driver in many communities around the world, in the case of conflict-affected or high-risk areas they may be a cause of dispute, as their revenues fuel the outbreak or continuation of violent conflict, undermining endeavors towards development, good governance and the rule of law. In those areas, breaking the nexus between conflict and

illegal exploitation of minerals is a critical element in guaranteeing peace, development, and stability.<sup>xi</sup>

- 6.3. **Regulations regarding tin, tantalum tungsten and gold** – Regulators have recognized the pain and suffering that occurs in conflict regions. Regulation (EU) 2017/821 of the European parliament and of the Council of Europe 17 May 2017 and the Dodd Frank Amendments are examples. We shall ensure compliance with these standards.
- 6.4. **Constant vigilance and continuous improvement** – A core principle behind these standards is constant vigilance and continual improvement. Line management must actively pursue total compliance with this policy, but it is recognized that excellence is created through deep commitment applied over time. As problems in the world develop, we must move to keep pace and ensure compliance. If we identify a reasonable risk that suppliers are linked to any party committing serious abuses, we will immediately discontinue engagement with these suppliers.<sup>xii</sup>
- 6.5. **UN Global Compact Principle Two – Human Rights.** The requirement to respect human rights, pursuant to Global Compact Principle 1 and the UN Guiding Principles on Business and Human Rights, includes avoiding complicity, which is another way, beyond their own direct business activities, that businesses risk interfering with the enjoyment of human rights. The risk of an allegation of complicity is reduced (though not eliminated) if a company has a systematic management approach to human rights, including due diligence processes that cover the entity’s business relationships. Such processes should identify and prevent or mitigate the human rights risks with which the company may be involved through links to its products, operations, or services.<sup>xiii</sup>

## 7. **PROCUREMENT STANDARD**<sup>xiv</sup>

- 7.1. **Supply Chain Policy Incorporated into Contracts** – Neo’s suppliers will be required to sign off on our procurement policy prior to providing raw materials.<sup>xv</sup>
- 7.2. **Tantalum Ore Sourcing Standard** – when ore is sourced for conversion to Tantalum metal, the Neo process will be certified to the RMAP standard as a “conformant tantalum smelter.”<sup>xvi</sup>
- 7.3. **Tin Sourcing Standard** – Tin is rarely used in Neo products, but when it is, a CMRT (Conflict Minerals Reporting Template) is required to ensure that the tin did not come from a conflict region.
- 7.4. **Cobalt Sourcing Standard** – Cobalt is occasionally sourced from artisanal mines in and near the DRC. Proceeds from the sale of this ore can benefit militias and lead to environmental and human rights abuses. Purchased cobalt will be exclusively from the

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RMI list of conformant cobalt refiners<sup>xvii</sup>.

- 7.5. Rare Earth Elements** – Neo will pursue the tracing of its procured rare earth minerals to ensure that this policy is being met. We believe the following options are reasonable approaches to ensuring compliance.
- 7.5.1. **Strong Government Standards** can be an effective method of ensuring that significant precautions have been taken to protect the environment and human rights. Minerals traced to locations with high government standards can be considered an indicator of compliance. Examples of regions with strong environmental standards would be the European Union, Australia, the United States and Canada.
- 7.5.2. **Licensed Suppliers from the People’s Republic of China.** China has consolidated the rare earth mining industry into state-owned enterprises that receive significant regulatory oversight. They have also established a licensing system. Neo will only purchase from mines that have both their mining license and their safety license.
- 7.5.3. **Certifications** – In developing regions not known for strong environmental standards or regions in conflict affected high risk zones, investigation is required. There is also the need to consider potential human rights abuses. To gauge a supplier’s qualifications there must be a standard against which to compare performance. Here is a list of credible standards/surveys:<sup>xviii</sup>
- 7.5.3.1. **IRMA Standard** – Initiative for Responsible Mining Assurance, Standard for Responsible Mining,
- 7.5.3.2. **RMI Standard, RMAP** – Responsible Mining Initiative Standard (e.g., Agnostic Standard), Responsible Mining Assurance Process,
- 7.5.3.3. **ISO-14001** – Environmental Management System Standard,
- 7.5.3.4. **SA-8000** - Social Accountability Standard for regions with potential human rights issues,
- 7.5.3.5. **EcoVadis Survey** – A current EcoVadis survey rated at silver medal or better.
- 7.5.4. **Third Party Audits** – Mines in developing regions without certifications may be approved through third party audits.

This Policy has been approved by, and may be amended from time to time, by the Board of Directors of Neo Performance Materials Inc.

Effective Date<sup>xix</sup>: November 9, 2021

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- <sup>i</sup> RMI Due Diligence Standard, All Materials, DRAFT line 223 Ensure the policy covers all types of minerals and materials relevant to company activities.
- <sup>ii</sup> RMI All Minerals Draft, line 221 – Include in the policy a commitment to the due diligence steps relevant to the supply chain and operations.
- <sup>iii</sup> OECD Due Diligence Guidance for Responsible Supply Chains or Minerals from Conflict-Affected and High-Risk Areas, Annex II - We will not offer, promise, give or demand any bribes, and will resist the solicitation of bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport and export.
- <sup>iv</sup> [https://www.ilo.org/global/topics/forced-labour/news/WCMS\\_237569/lang--en/index.htm](https://www.ilo.org/global/topics/forced-labour/news/WCMS_237569/lang--en/index.htm)
- <sup>v</sup> European Parliament and Council of the European Union (2017) Regulation 2017/821 defines CAHRAs under Article 2 a
- <sup>vi</sup> [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C138](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C138)
- <sup>vii</sup> RMI All Minerals Draft, line 257, A company must assign responsibility for each part of the due diligence management process to appropriate staff.
- <sup>viii</sup> RMI Due Diligence Standard, All Materials, DRAFT line 224, Have and implement a process for periodically reviewing the policy and updating as necessary.
- <sup>ix</sup> RMI Due Diligence Standard, All Minerals Draft Line 268 – Put in place accountability for employee expected to perform due diligence.
- <sup>x</sup> REGULATION (EU) 2017/821 (3) OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2017
- <sup>xi</sup> REGULATION (EU) 2017/821 (1) OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2017
- <sup>xii</sup> OECD Due Diligence Guidance for Responsible Supply Chains or Minerals from Conflict-Affected and High-Risk Areas, Annex II - We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses as defined in paragraph 1.
- <sup>xiii</sup> <https://www.unglobalcompact.org/what-is-gc/mission/principles/principle-2>
- <sup>xiv</sup> RMI Due Diligence Standard, All Minerals Draft, Line 213, A company must include in the policy the standards against which the company will make assessments of itself and supplier's activities.
- <sup>xv</sup> OECD Due Diligence Guidance for Responsible Supply Chains of minerals from Conflict-Affected and High Risk Areas. Annex 1, 1.D
- <sup>xvi</sup> <http://www.responsiblemineralsinitiative.org/responsible-minerals-assurance-process/smelter-refiner-lists/tantalum-smelters-list/conformant-tantalum-smelters/>
- <sup>xvii</sup> <http://www.responsiblemineralsinitiative.org/responsible-minerals-assurance-process/smelter-refiner-lists/cobalt-refiners-list/conformant-cobalt-refiners/>
- <sup>xviii</sup> Line 219 RMI All Minerals Standard Draft – Include in the policy a clear and coherent description of the management process for identifying and managing risks.
- <sup>xix</sup> Line 200 RMI All Minerals Standard Draft – Adopt a written supply chain policy with an effective date.
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