

SUSTAINABILITY REPORT 2022

WE MAKE THE BUILDING BLOCKS
OF SUSTAINABLE TECHNOLOGIES

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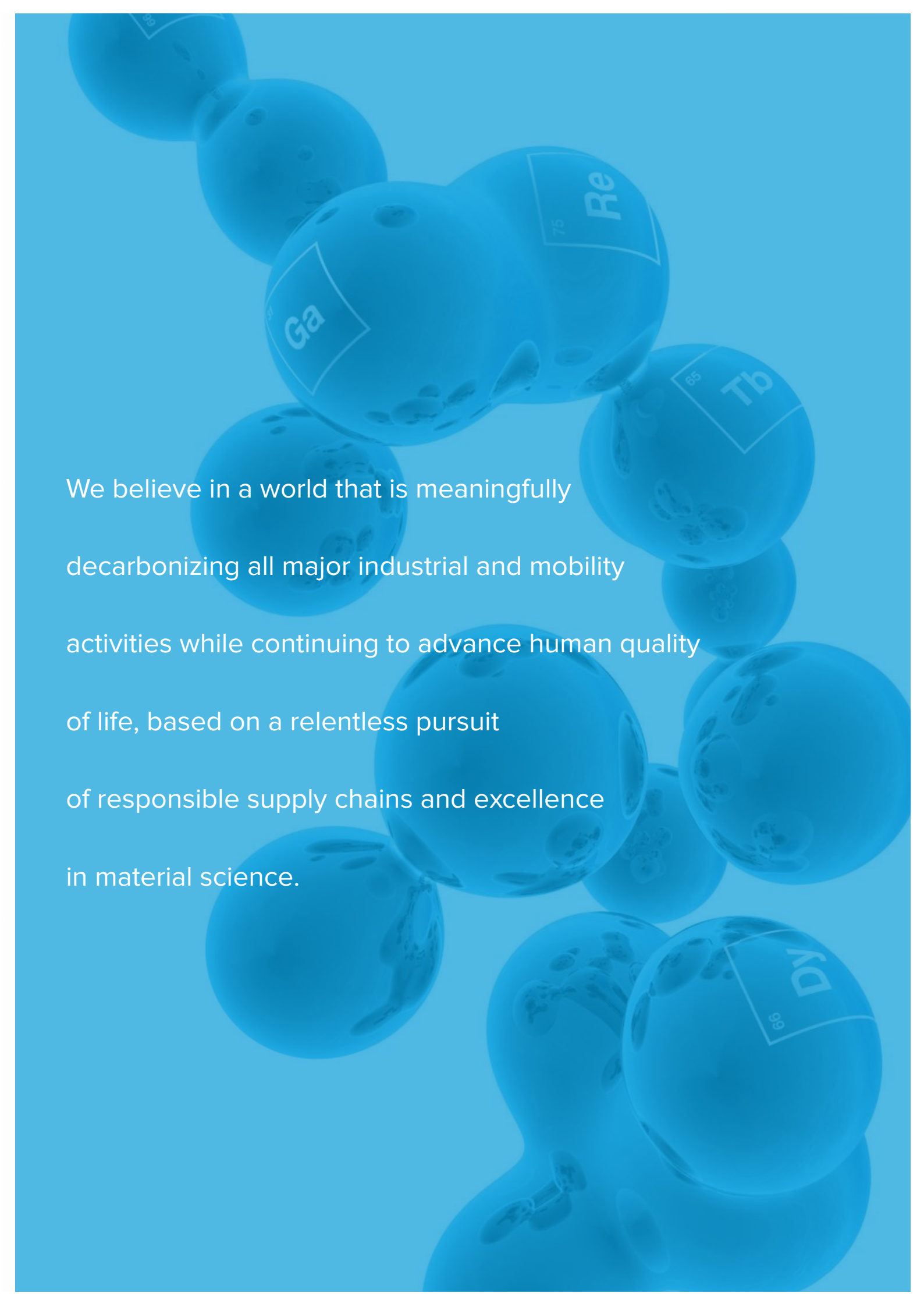
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The background of the slide features a collection of blue, semi-transparent spheres of varying sizes. Each sphere contains a white chemical symbol and its corresponding atomic number. Visible symbols include Ga (75), Re (75), Tb (65), and Dy (66). The spheres are arranged in a dynamic, overlapping pattern, creating a sense of depth and movement. The overall color scheme is a monochromatic blue, with the white text providing high contrast for readability.

We believe in a world that is meaningfully
decarbonizing all major industrial and mobility
activities while continuing to advance human quality
of life, based on a relentless pursuit
of responsible supply chains and excellence
in material science.

About us

At Neo Performance Materials, we fast-forward our world's adoption of green technologies for consumers and catalyze the transition of industries to net-zero. We do it by manufacturing the building blocks of many modern technologies that enhance efficiency and sustainability.

Our advanced industrial materials – magnetic powders and magnets, specialty chemicals, metals, and alloys – are derived from rare earth and rare metal elements. They are critical to the performance of many everyday and emerging products and technologies, such as hybrid and electric vehicles, pollution control systems, high efficiency appliances and pumps, energy efficient lighting, water purification, and many more.

Our unique technical expertise and strategic geographic presence combine to deliver extraordinary customer service.



Corporate Organization

Neo operates through three business units:

Magnequench (MQ)

Produces rare-earth permanent magnetic powders used in magnets for electric motors, precision motors, and sensors. These energy-saving magnets are critical for producing the most efficient motors in many common applications required for the net-zero transition including EVs, Offshore Wind Turbines, and Heat Circulation Pumps.

Chemicals & Oxides (C&O)

Manufactures and distributes a range of advanced industrial materials used in environmental emissions catalysts, permanent magnetics, consumer electronics, chemical catalysts, medical devices, and water treatment.

Rare Metals (RM)

Sources, recycles, produces, refines, and markets specialty metals and their compounds, including those for refractory superalloys in jet engines, medical imaging, wireless technologies, and others.

Proven Commitment to Transparency

Neo is publicly traded on the Toronto Stock Exchange under the ticker symbol TSX:NEO (or NEO.TO). We understand the value of transparency, which is a hallmark of operating as a public company.

Our Corporate Mission

We process and develop advanced materials that are critical in fast forwarding our world's transition to greener, smarter technologies that help facilitate the global transition to a lower carbon future. Our Corporate Vision seeks to produce advanced materials that meet our customers' needs, and which enable technologies to accelerate the world's transition to a more decarbonized economy

Navigating our 2022 Sustainability Report

Neo's 2022 Sustainability Report marks the second year of our thorough reporting on sustainability matters of paramount importance to our stakeholders and business, employing the Environmental, Social, and Governance (ESG) framework. This report expands on the foundation laid in our 2021 inaugural report by extending the scope of material topics, incorporating input from stakeholders and internal sources, and applying a more refined sustainability governance structure, grounded in the ESG framework.

Sustainability Vision

Neo envisions a world where key industrial and mobility sectors are substantially decarbonized. Our innovative R&D has been instrumental in devising technologies that enhance energy efficiency, curb fossil fuel consumption, and preserve air and water quality. Neo prioritizes the acceleration of climate-friendly product adoption, responsible supply chains, and exemplary material science practices. Ongoing improvement processes will set a new benchmark for the critical materials industry, and this report signifies Neo's unwavering dedication to this endeavor.

Sustainable Products

Neo offers high-performance materials comprising rare earths and metals that facilitate the shift towards a sustainable future, harmonizing environmental conservation, social progress, and economic growth. These materials enable renewable energy, efficient transportation, waste reduction, and freshwater preservation. Advanced materials are crucial for developing sustainable solutions that minimize environmental impacts and foster a circular economy. Neo is devoted to championing sustainability and enhancing operational sustainability to lessen its environmental footprint.

ESG Framework

Neo acknowledges the significance of Environmental, Social, and Governance (ESG) factors in realizing sustainable and responsible business practices. Consequently, Neo employs the ESG framework to identify and classify material topics. This framework allows Neo to prioritize and concentrate on areas where we can make the most substantial impact and align our business strategies with broader societal and environmental objectives.

In the 2022 Sustainability Report, Neo showcases the most material topics based on the ESG framework. The topics are presented in the sequence of E, S, and G. This methodology enables us to transparently and comprehensively

convey our sustainability performance, emphasizing the areas where we are making strides and those where improvement is needed. By utilizing this framework, we can ensure that our sustainability initiatives align with our stakeholders' expectations and the wider goals of sustainable development.

This report's data, examples, and narratives demonstrate the focus and accountability Neo brings to important ESG standards, as we are committed to do for these and other key performance goals.

Letter from the Board of Directors' Chair, Claire Kennedy

At Neo, our business strives to accelerate the world's transition to greener and smarter technologies while maintaining our own commitment to sustainable technologies and practices.



On behalf of the Board of Directors of Neo Performance Materials, I am pleased to introduce Neo's second annual Sustainability Report. Neo's inaugural Sustainability Report was an important step on our journey of continuous improvement and increasing transparency for our stakeholders. While we were gratified with the warm reception of the 2021 report, for this second report Neo aimed to provide a fuller picture by adding new social and governance data while enhancing the depth of coverage for environmental metrics. I am proud to see the company's expanded efforts and reporting.

2022 was a year of considerable progress for Neo on many fronts. Despite a challenging operating environment, Neo met customer

needs for timely delivery, consistent product quality, customer service, and innovation, while advancing our longstanding commitment to corporate governance, health, environment, safety and sustainability. This report's data, examples, and narratives demonstrate the focus and accountability Neo brings to important ESG standards, as we are committed to do for these and other key performance goals.

At Neo, our business strives to accelerate the world's transition to greener and smarter technologies while maintaining our own commitment to sustainable technologies and practices. Let me close by thanking our employees all around the globe who are powering Neo on our journey.

We re-affirm Neo's continued support and subscription to the UN Global Compact in 2023, ensuring our continued commitment and effort towards this initiative. Neo has thus far upheld the UN Global Compact's Ten Principles and has made significant developments including the recent Human Rights and Responsible Procurement Policy adopted by our Board of Directors.

Letter from the Chief Executive Officer, Rahim Suleman

As a leading rare earth magnetism company with parallel supply chains inside and outside of China, Neo delivers many of the advanced materials that enable the world's transition to green technologies.



I am delighted to present our second annual Sustainability Report to all our stakeholders and shareholders. As a leading rare earth magnetism company with parallel supply chains inside and outside of China, Neo delivers many of the advanced materials that enable the world's transition to green technologies.

At the same time we aim to continuously raise our standards for ESG performance. Building on the foundation of Neo's Inaugural Sustainability Report, our second annual report expands the breadth and depth of disclosure by reporting against relevant guidelines of both the Sustainability Accounting Standards Board and the Global Reporting Initiative.

We entered 2022 with a broad list of ESG objectives that included investments in our employee health and safety programs, formation of a Green House Gas (GHG) Task Force to plan for long-term carbon emission reductions, immediate steps to reduce GHG emissions and hazardous waste, and greater engagement in our local communities. Over the past year,

Neo's global team has achieved these objectives, and made many other meaningful advancements in our ESG journey:

1. We delivered outstanding safety performance across all of our global operations, achieving a lost-time incident rate of 0.22;
2. We launched a robust GHG measurement and long-range scenario planning exercise for carbon emission reduction, which informs realistic target setting;
3. We doubled the solar power generation capacity at our Korat, Thailand facility, and executed multiple projects throughout the company to improve energy efficiency;
4. We redirected naturally occurring radioactive material from legacy storage to a licensed industrial partner in the United States that will use the material as feedstock to produce uranium for nuclear power generation;

5. We commenced development of a manufacturing facility in Estonia for energy saving rare earth permanent magnets at the specifications of European automotive and wind energy OEMs;
6. We progressed the relocation of a major operating facility in China to reduce the concentration of heavy industry in a high-stress water region and mitigate risk to groundwater resources;
7. In addition to supporting local communities and charities where our manufacturing plants operate, donated \$30,000 and employee time to refurbish an apartment at the Phoenix Dream Center, which serves survivors of human trafficking; and
8. Over the past 12 months five of our production sites we were recognized by EcoVadis, with three receiving Gold Medals and two receiving Silver Medals.

I am grateful to Neo's Board of Directors for their continued support and high expectations of our management team's public reporting effort. It has been an

immensely rewarding undertaking that fits well with the company's entrepreneurial culture and has already yielded positive results for both the environment and for business.

The sustainability report provides valuable quantitative and qualitative insights from our operating facilities that are tremendously helpful for our management team. Team members can better discuss, debate, and ultimately improve our commitment to sustainability. Equally important, the sustainability report facilitates greater transparency with customers, industry partners, and shareholders.

Once again, this year's Sustainability report will also serve as Neo's Communication of Progress to the UN Global Compact. We re-affirm Neo's continued support and subscription to the UN Global Compact in 2023, ensuring our continued commitment and effort towards this initiative. Neo has thus far upheld the UN Global Compact's Ten Principles and has made significant developments including the recent Human Rights and Responsible Procurement Policy adopted by our Board of Directors.

I want to thank our team members around the globe for their continued commitment to commercial and ESG excellence. It is an honor to be on this journey to make our world a better place every day, with better and more responsible critical advanced materials.

Neo's Responsible Value Creation Philosophy

Neo's long-term value creation philosophy consists of four main elements:

- 1 A corporate culture founded on a deep sense of responsibility and empathy**
- 2 A diverse talent pool united in the pursuit of excellence**
- 3 A growth ambition guided by strong governance standards**
- 4 An operating model defined by customer service and technology excellence**

Neo's corporate brand and reputation are underpinned by our ability to consistently deliver the world's most advanced rare-earth and rare metal materials.

Our success is predicated upon our customers and suppliers placing substantial trust in our people that we will deliver consistent, high-quality products, and that we operate with superior corporate responsibility. We view each commercial relationship as a long-term partnership, investing thoughtful due diligence in our suppliers and significant Research and Development in our customers. Neo is committed to continuously advancing our supply chain operating performance standards.

Building Blocks of Sustainable Future

At Neo, we envision a sustainable future characterized by a harmonious balance between environmental conservation, social progress, and economic growth, which enables present and future generations to flourish. To realize this future, we must undertake various measures, including transitioning to renewable energy, optimizing transportation systems, curbing greenhouse gas emissions, enhancing recycling capabilities, diminishing waste generation, and safeguarding freshwater resources.

Advanced materials are indispensable in developing sustainable products and solutions that drive the shift towards a greener future. These materials contribute to lowering the carbon footprint of products and processes, minimizing waste, and achieving unprecedented levels of efficiency. Neo takes pride in being a premier provider of the building blocks for a sustainable future. Our dedication to sustainability and innovation has empowered us to deliver advanced materials that play a vital role in mitigating environmental impacts and fostering a circular economy.

We offer essential high-performance materials composed of rare earths and rare metals, which serve versatile functions such as reducing the weight of electric and hybrid vehicles, enabling

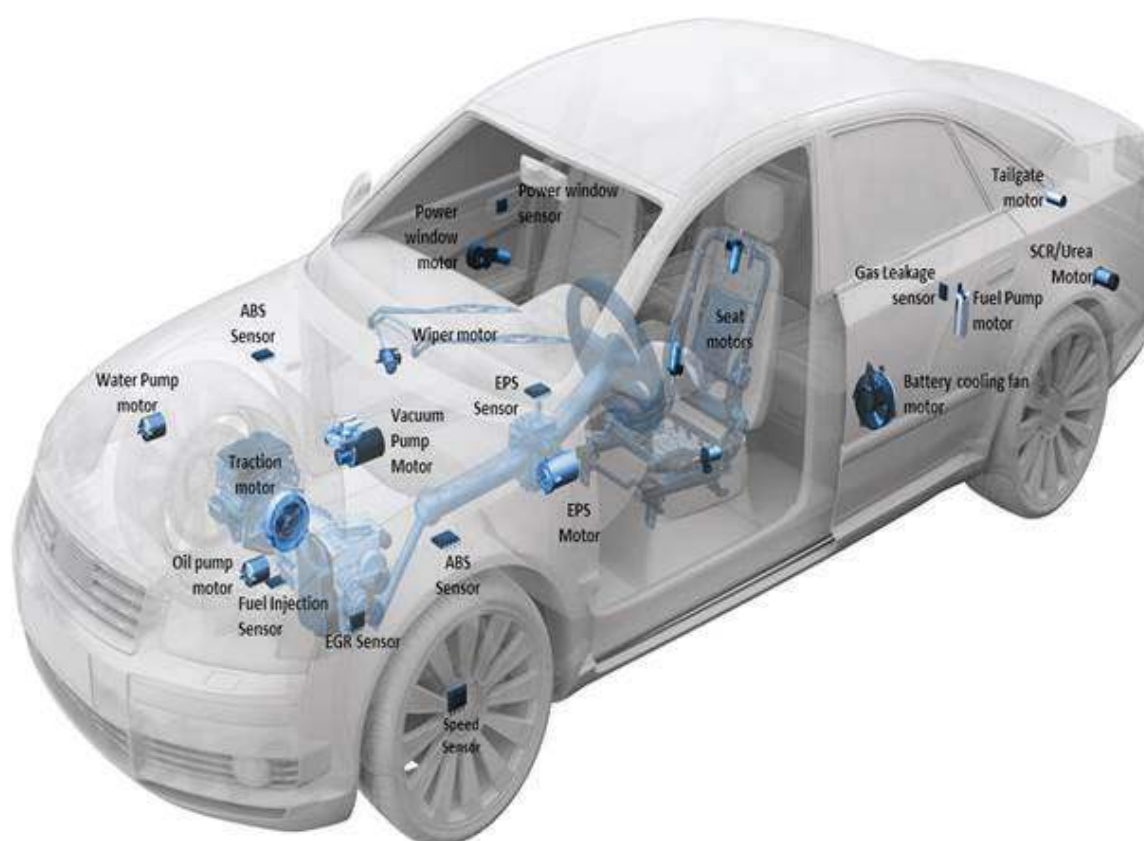
sophisticated healthcare technologies, mitigating air and water pollution, boosting the efficiency of high-performance aerospace engines, and optimizing the functionality of industrial motors and pumps.

Not only do Neo's advanced materials and products yield a net positive impact that far surpasses our environmental footprint, but we also continuously evaluate and enhance our operational sustainability. Our mission at Neo is to advocate for a more sustainable global future by supplying these crucial building blocks. We acknowledge the importance of our role in shaping a better world and are committed to devising innovative solutions that address the most pressing sustainability challenges faced by our planet.

Empowering Vehicle Electrification

Rare earth permanent magnets (REPMs) made from Neo Magnequench's highly engineered magnetic products are powering an increasing number of traction and micro-motors in conventional and electrified cars and

trucks. REPM motors help to reduce weight and increase vehicle range in EVs, PHEVs, and hybrid electric vehicles. They also reduce weight, improve fuel economy, and reduce air emissions in internal combustion engine vehicles.



The above illustration is a PHEV

Enabling Electric Vehicles with Rare Earth Permanent Magnets

Rare earth permanent magnets (REPMs) serve as vital components in energy-efficient drivetrain motors for electric vehicles (EVs). Similar to how lithium-ion materials are the primary critical raw materials for EV batteries, REPMs are a critical component for EV drivetrain motors.

Without employing rare earth permanent magnets in EV drivetrain motors, energy loss would increase, necessitating batteries that are 20-30% larger to achieve the same range. This would further burden the already constrained supply chain for critical battery materials and impede the economic viability of transitioning to EVs.

Neo owns the leading industrial-scale, rare earth separation facility in Europe. We are the only company that operates dual supply chains for rare earth element (REE) separation and REE advanced materials both inside and outside of China. As more governments globally set ambitious EV transition targets, addressing issues in the rare earth supply chain becomes increasingly crucial.

When using 1-2 kg of rare earth magnets in the motor, you save from the battery an order of magnitude of lithium, nickel, cobalt, graphite and magnesium – without sacrificing performance and range.

Manufacturing New Energy-saving Magnets for Electric Vehicle Motors in Estonia



Neo is now constructing the first magnet manufacturing facility in Europe designed to produce specialized rare earth permanent magnets for use in electric vehicles, wind turbines, and other clean energy technologies. Based in Narva, Estonia, the plant is expected to begin production of permanent rare earth magnets in 2025 sufficient to support the manufacturing of approximately 1.5 million electric cars. Neo's expected Phase 2 production of 5,000 tonnes/year can support the manufacturing of up to 4 million electric cars.

Neo's nearby rare earth separations plant in Sillamäe, Estonia will provide rare earth feedstock to the Narva plant from the U.S. and other sources. These high-purity magnetic rare earth oxides will be transformed into sintered

neodymium-iron-boron magnets. Neo's integrated supply chain for sintered rare earth permanent magnets will eventually include the processing of recycled end-of-life magnets and manufacturing swarf. This process will be the first of its kind in Europe.

Sintered rare earth permanent magnets are used in a wide variety of technologies that increase energy efficiency, reduce carbon dioxide emissions, and help enable the European Union's efforts to achieve carbon neutrality. These magnets are especially integral to the drivetrains of the majority of electric vehicles manufactured today, where they increase the power and efficiency of the motors. Other rare earth magnets made by Neo are used in electric motors in battery electric,



hybrid electric, and conventional vehicles, as well as in electronics, water circulation pumps, high-efficiency home appliances, and many high-efficiency industrial applications.

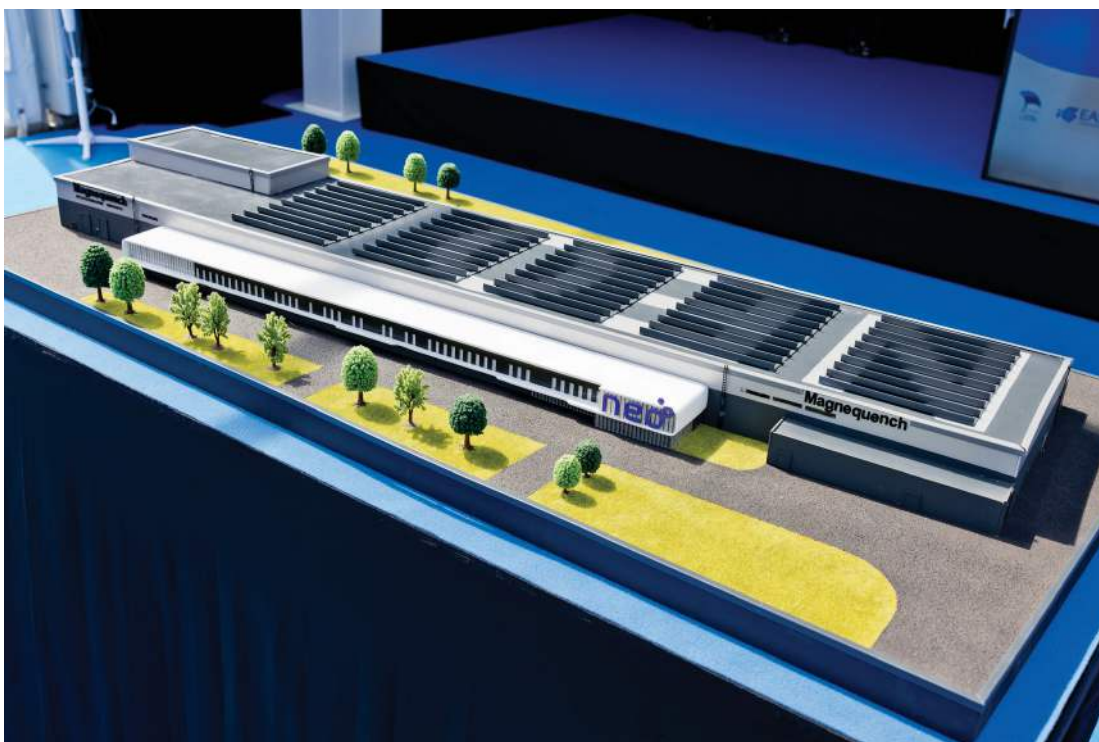
Joining Neo in celebrating the groundbreaking of this state-of-the-art facility were notable officials from Estonia, including Narva Mayor Katri Raik, Estonian President Alar Karis, Estonian Investment Agency Director Joonas Vanto, Minister of Economic Affairs Tiit Riisalo, Minister of Regional Affairs Madis Kallas. Also participating were European Union representatives including Deputy Director General of EU Commission's DG GROW Maive Rute

and European Commission President Ursula von der Leyen. Also attending the event were ambassadors and embassy staff from multiple countries with commercial interests in Neo's operations in Estonia, such as Canada, the United States, Germany, and France.

As EC President von der Leyen noted at the groundbreaking: "The rare earth magnets that will be produced here are indispensable to growth and innovation in sectors like electric mobility, wind energy, and microelectronics. They promise lighter batteries, less consumption of critical materials, and higher energy efficiency."

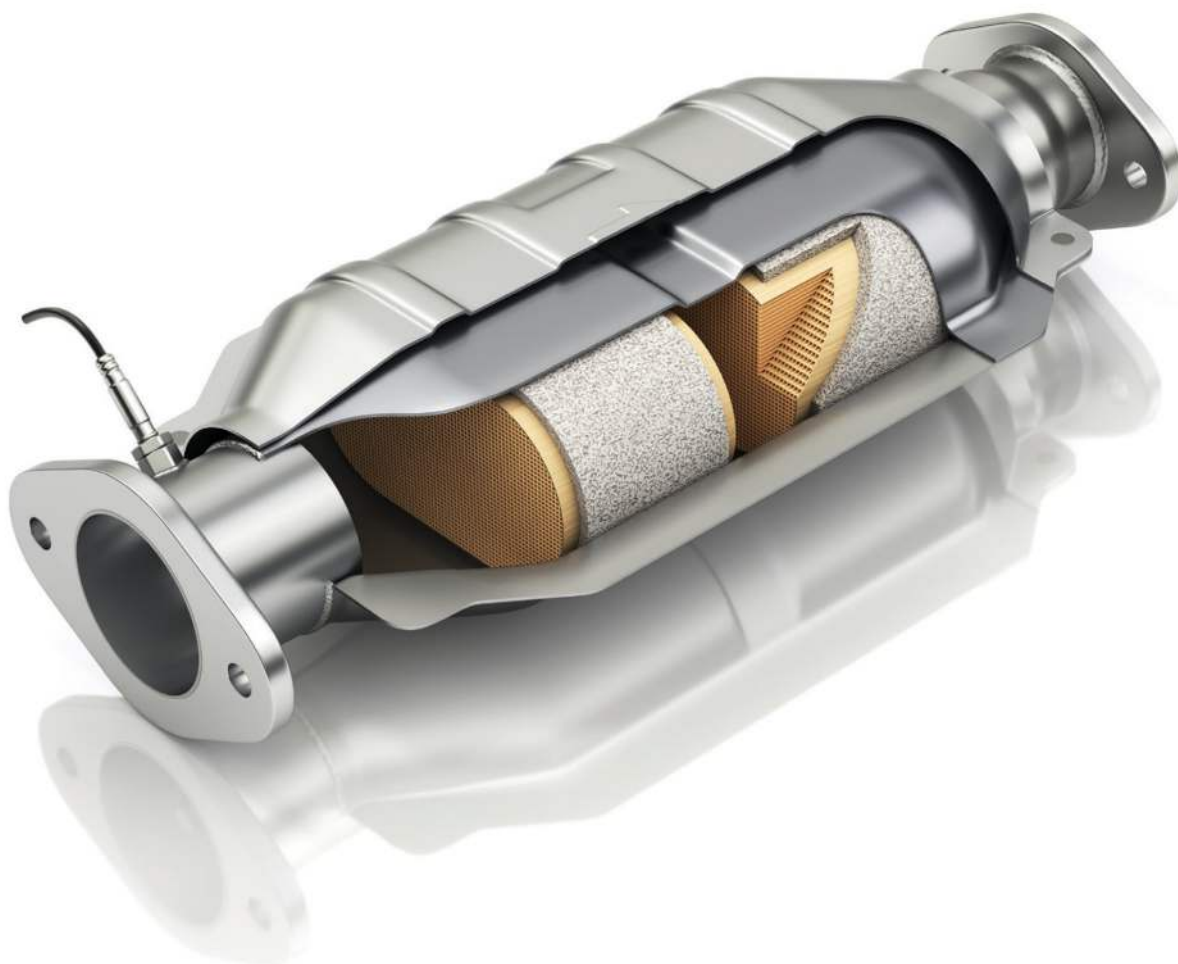


Neo's magnet plant will utilize recycled end-of-life magnets and manufacturing swarf. This process will be the first of its kind in Europe.



Reducing Pollution from Internal Combustion Engine Vehicles

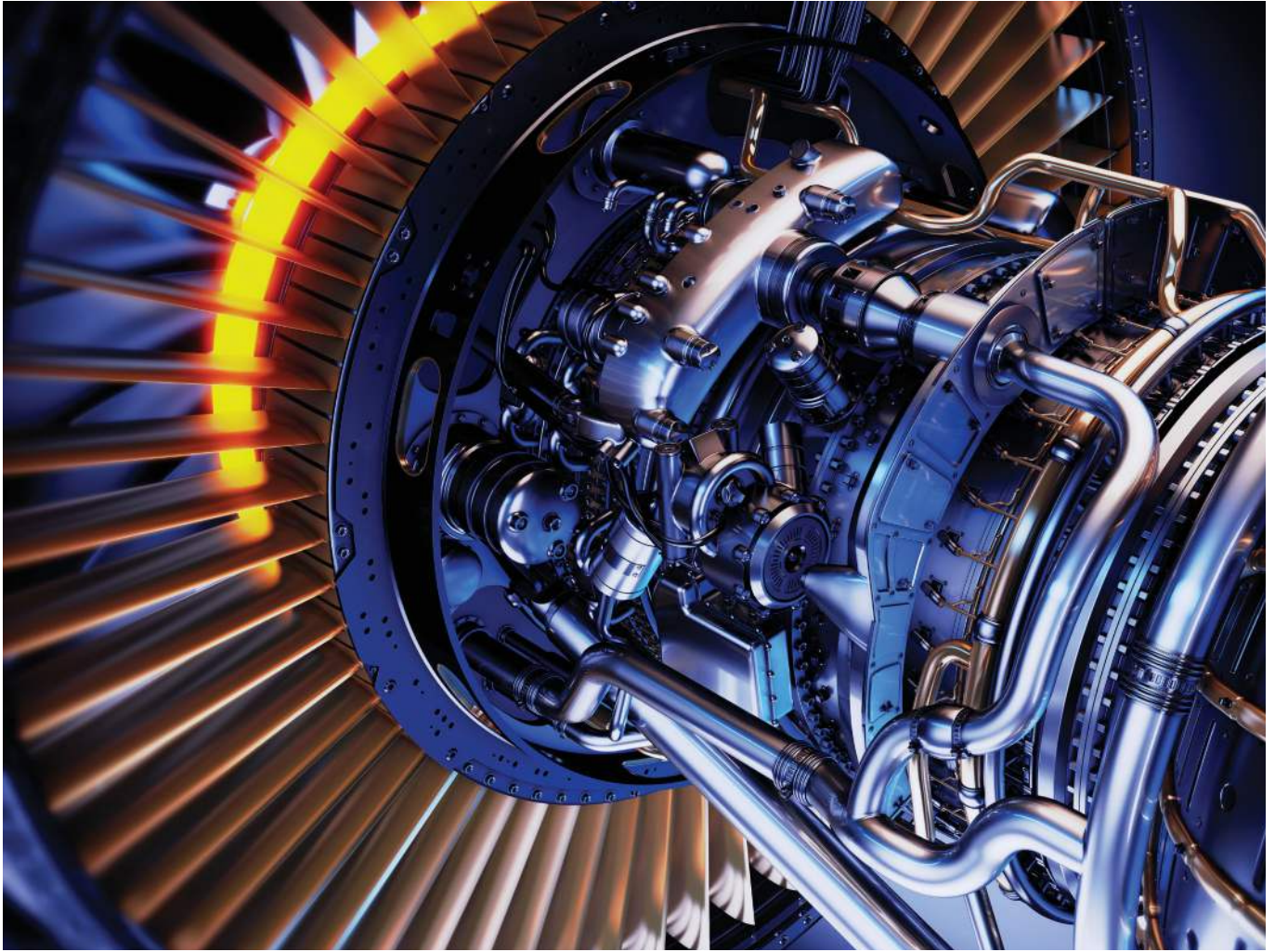
Neo's rare-earth-based environmental catalyst materials help capture harmful air emissions from internal combustion engines, which helps the world meet ever-stricter emissions standards for all types of combustion engines and hybrids.



Protection of Freshwater Resources

Neo's rare-earth-based water purification products help municipal and industrial water treatment plants efficiently remove phosphorus, which helps fight against dangerous algae blooms in freshwater resources. Neo's products also help water treatment facilities achieve greater water clarity, improve efficiencies, and produce fewer produced solids that must be transported to landfills.

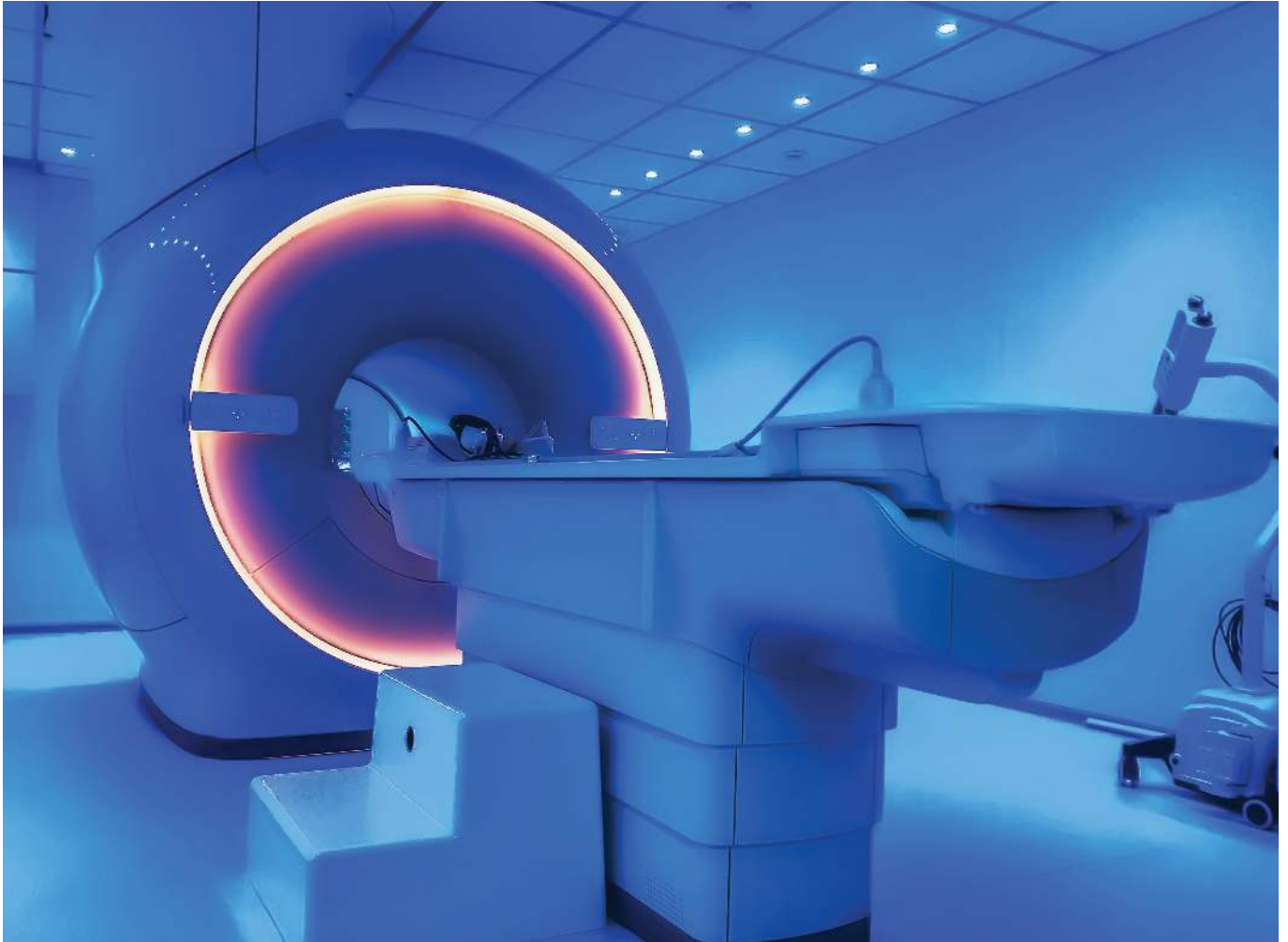




Reducing Air Emissions from Commercial Aviation

Neo supplies roughly 20% of the Tantalum metal used in superalloys for aerospace turbine engines, which enable high performance vanes and blades in the turbine engine to operate at higher temperatures and with more efficient combustion, resulting in higher fuel efficiency and reduced carbon emissions per passenger mile.





Empowering Advanced Healthcare Technologies

Neo is one of the world's leading producers of Niobium oxide and high-purity Niobium metal, which are used in Magnetic Resonance Imaging (MRI) devices that promote better healthcare outcomes for citizens around the world.



Converting Industrial Waste Streams into Useful Products

Neo processes post-industrial waste streams and end-of-life products in order to produce several vital rare metals products such as gallium, indium, rhenium, and hafnium. These metals have important uses in technologies that increase energy efficiency and reduce environmental impacts.



Unlocking High Energy Savings in Industrial & Residential Pumps

Neo's rare earth permanent magnetic powders and magnets are increasingly used in electric motors and pumps to increase efficiency and reduce energy consumption in home appliances, factory automation systems, circulation pumps, and other applications. For example, permanent magnet motors powered by Neo's rare earth magnetic materials help water circulation pumps across the EU operate more efficiently, reducing energy consumption and helping central power stations avoid greenhouse gas and other harmful air emissions.



Industry-Leading Technical Expertise

Superior Know-how

At Neo, we believe that our capacity to consistently supply advanced materials, which enable sustainable products and solutions, hinges on our exceptional technical expertise. Our unwavering commitment to providing high-quality products to our customers is bolstered by an ongoing pursuit of continuous improvement. With over 30 years of industry experience, we strive to solidify our position as industry leaders by maintaining substantial

investments in research and development. Our eight R&D facilities, strategically located in North America, Europe, and Asia, support product development for our customers and local production facilities. In addition to developing new products and achieving unparalleled quality and efficiency, our R&D teams also contribute to projects that minimize Neo's environmental footprint.



Partnerships with Academic Institutions



Beyond our industry-leading expertise and proficient R&D teams, Neo has established partnerships with academic institutions across North America, Europe, and Asia. These alliances keep us at the cutting edge of innovation and technology while providing internship and co-op opportunities for promising young talent. We have partnered with the University of Toronto in Canada,

Tallinn University of Technology and the University of Tartu in Estonia, Qingdao University of Science and Technology in China, and Suranaree University of Technology in Thailand. By collaborating with academic institutions, Neo can leverage its industry experience and resources alongside the research capabilities of these organizations, fostering a culture of ongoing learning and development.



Sustainability Research

Neo's corporate vision revolves around spearheading the journey towards a sustainable future. By fostering sponsored academic research partnerships, we support and actively seek to develop innovative processes and technologies that minimize our environmental impact. Neo takes pride in being a partner of the Industry Research Chair in Water and Sustainable Extractive Metallurgy

at the University of Toronto's chemical engineering department. This industrial research chair is dedicated to creating technologies that facilitate water recovery, treatment, and reuse in the metals extraction and processing industry. Furthermore, Neo collaborates with the metallurgical department at Suranaree University of Technology, focusing on research related to magnetic waste recycling.



Customer Centric Approach

At Neo, our customer-centric philosophy lies at the core of all our endeavors. From research and development to manufacturing and sales, our team is committed to crafting solutions that surpass our customers' expectations. Recognizing that each customer is unique, with distinct needs and challenges, we collaborate closely with them to devise the most suitable

solutions. Our team of materials science, product development, and application experts work cohesively to generate innovative ideas, helping our customers attain cost-effective solutions. We take pride in our ability to execute tasks efficiently and effectively, drawing from the organizational knowledge we have cultivated over the years.

Nimit Sheth, Senior manager of Applications Technology Magnequench: "I'm proud to say that our open and innovative culture empowers us to develop new products or compound compositions that help our customers achieve better performance in their magnets. For example, we developed a magnetic compound that can rotate at very high speeds without requiring any mechanical retention or support, making assembly easy and reducing the cost of production."

One of the distinguishing factors that sets Neo apart from other companies lies in our ability to collaborate with customers to fully harness the potential of the advanced materials we create. Our commitment to our customers transcends the mere sale of a product. We dedicate ourselves to providing ongoing support, technical solutions, and guidance to our customers, ensuring they consistently derive the best possible performance from our products. It's not uncommon for Neo's R&D team to partner with customers interested in enhancing their existing products, crafting

customized solutions tailored to their specific needs. This collaborative process entails closely engaging with customers to deeply comprehend their requirements, carrying out extensive sampling and testing, and developing customized products. We hold that such collaboration is vital for fostering enduring relationships with our customers.

In response to our customer demands for sourcing optionality, we are developing relatively cost-competitive localized supply chains in geographic proximity to their facilities.

Responsible Supply Chain

Procurement

Neo is fully committed to responsible procurement and has adopted the OECD's Model Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas. In order to continually enhance our environmental and social practices, we aim to extend our assessment scope to include upstream entities as part of our ongoing improvement initiatives. At Neo, transparency is a top priority, and we make sure that both existing and potential suppliers are well-informed about our environmental and social requirements.

Our procurement policy encompasses a wide range of environmental and social concerns, including compliance with applicable environmental laws and regulations, avoiding collaboration with suppliers involved in human rights violations, setting standards for contractors, and taking into account other social and environmental factors in our decision-making process. To elevate their procurement standards, several of Neo's key facilities have proactively prioritized suppliers that hold higher levels of environmental certifications.

Fostering a Circular Economy

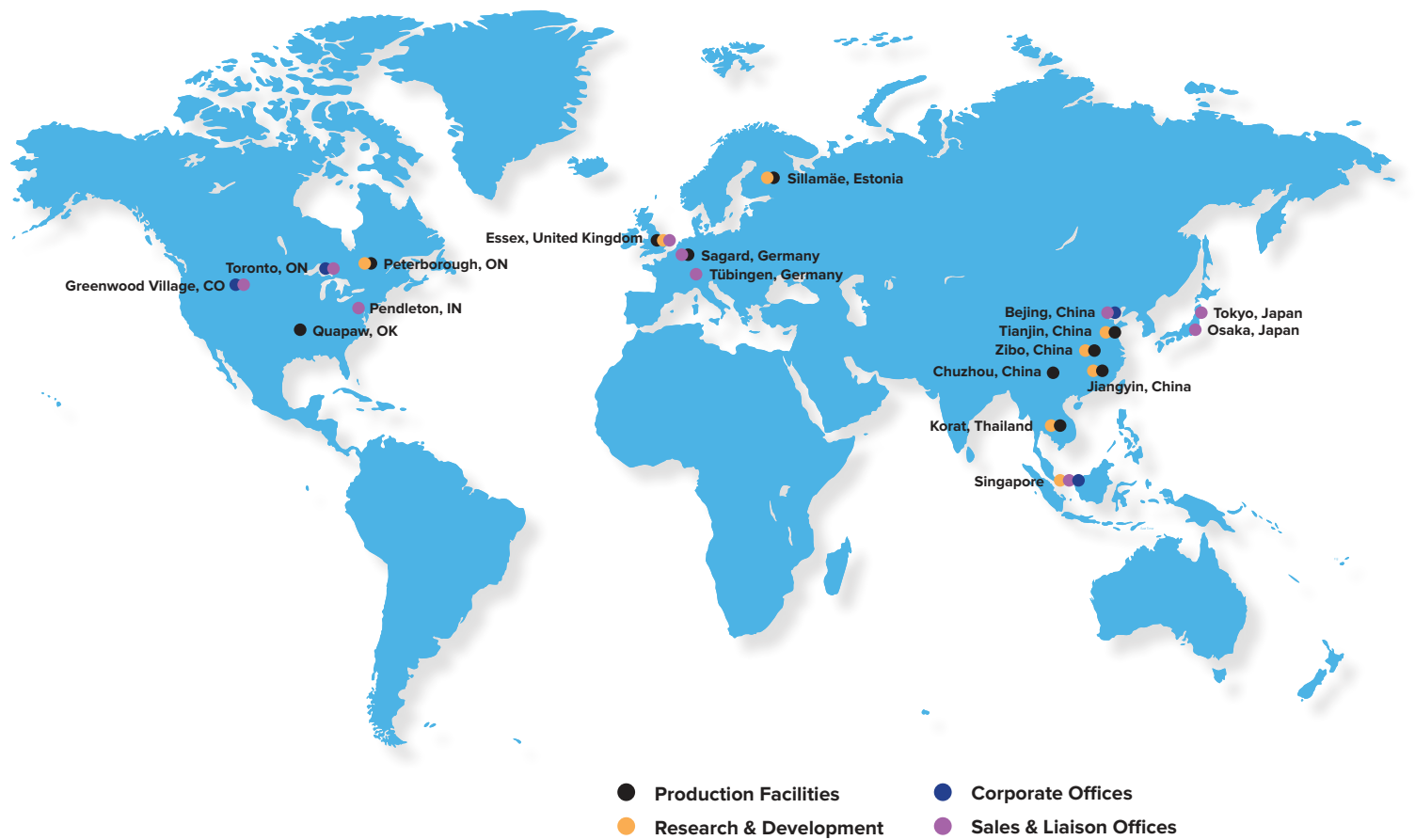
Neo is dedicated to fostering a sustainable circular economy by actively seeking opportunities and forming partnerships with suppliers and customers to recycle and minimize waste.

For instance, at our facility in Tianjin, China, we have established collaborations with both suppliers and customers to reuse and recycle various types of product waste. We ensure that used magnesia, crucibles, and pouring tanks are sent to our supplier for recycling and refurbishment. Moreover, we cooperate with our customers to retrieve and recycle packaging cans, wooden pallets, and magnetic waste

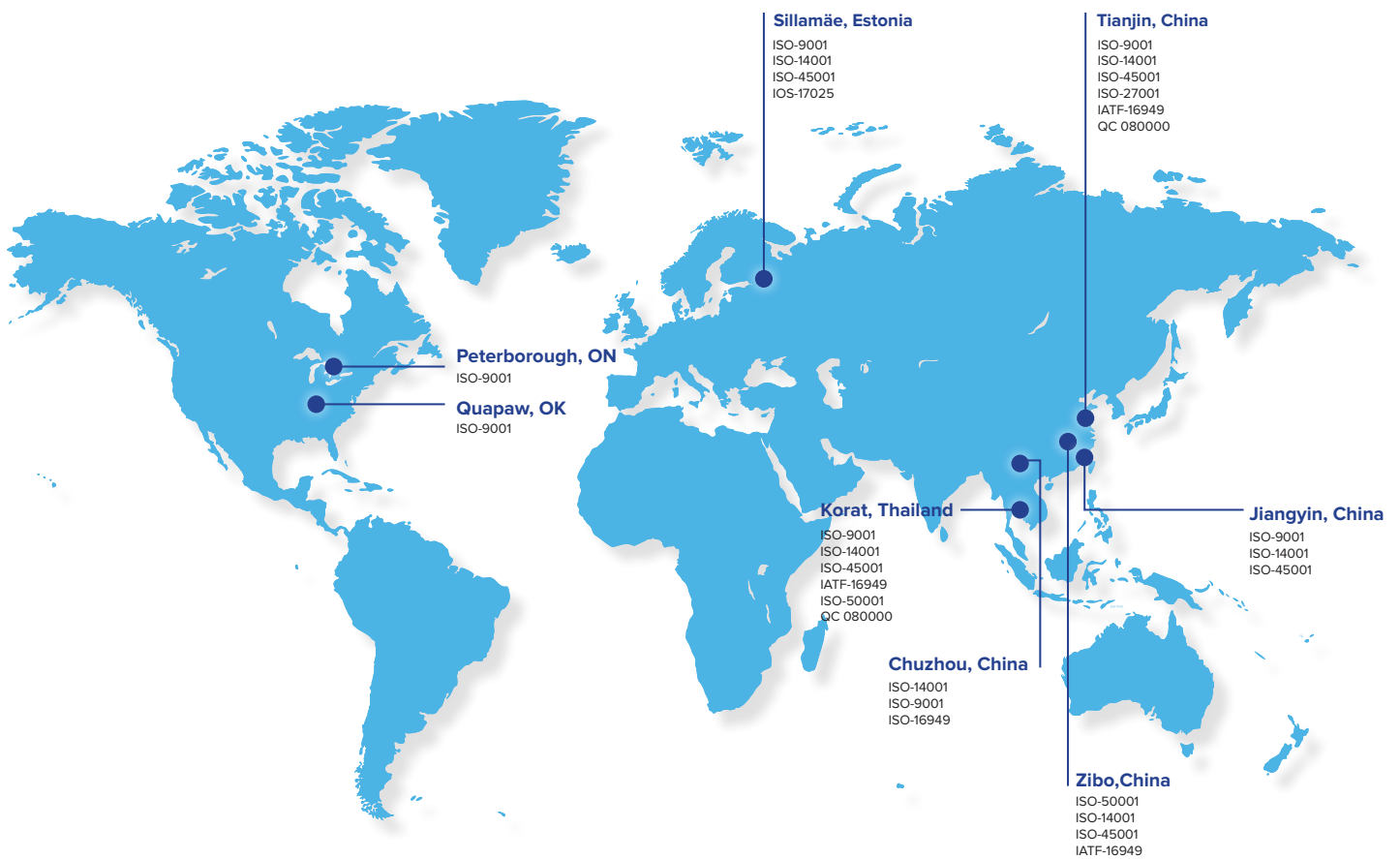
materials. Our Peterborough, Canada facility specializes in processing and recycling industrial scraps containing gallium. This process leads to the return of high-purity gallium products, to the semiconductor industry. Similarly, our Buss & Buss facility recovers tantalum from manufacturing scrap and end-of-life products. By actively engaging in these practices, Neo aims to contribute to a more sustainable and environmentally responsible future.

Additionally, our new rare earth magnet facility under construction in Estonia will integrate with swarf reclamation and recycling processes.

Locations of Operations



Locations of Operations and Summary of Quality Standards Adopted



All of our manufacturing facilities have pursued essential certifications to ensure our global operations follow streamlined quality standards

Neo's Sustainability Vision

Neo's Corporate Vision envisions a world that has achieved significant decarbonization across major industrial and mobility sectors. Through a history of innovative research and development, Neo has uncovered numerous technologies that contribute to enhanced energy efficiency, reduced dependence on fossil fuels, minimized carbon-intensive processes, and improved air and water quality.

Recognizing the urgency of driving innovation and fostering the adoption of climate-friendly products, Neo emphasizes that the methods employed in producing these products and managing business operations are as important as the products themselves.

To showcase leadership in the critical materials industry, the company is committed to promoting responsible supply chains and advancing material science. By adhering to disciplined practices, policies, and procedures,

Neo aims to set new benchmarks in the sector.

A robust foundation through ESG Reporting is essential to support these efforts. From the outset, Neo has integrated ESG considerations into every aspect of its business and has implemented continuous improvement processes. This report represents the 2nd annual publication of consolidated ESG-related material topics, which have expanded in scope as more resources have been allocated to reporting.

Neo is dedicated to publishing its report annually, ensuring that stakeholders remain informed and engaged in its ongoing progress towards a sustainable future.

Reporting Period and Boundaries

For our 2022, second sustainability report, our primary emphasis is the calendar year 2022 reporting. We also report select data for three previous years, 2019, 2020, and 2021. We believe that a trending historic record will allow us to set an informed baseline and to develop long-term objectives that are both pragmatic and ambitious. The reflection on recent several years will

also provide context for certain results that might be skewed by the global pandemic during 2020 and 2021. For this 2nd edition, report boundaries include entities in which Neo has had a controlling majority interest prior to 2022. Environmental data is emphasized for our five largest plants.



Our disclosure process is guided by a continuous improvement method inspired by Six Sigma quality control.

Institutionalizing Our Sustainability Reporting and Continuous Improvement

During 2022, Neo's Working Group on Sustainability convened 23 times from March through December. In line with Neo's robust corporate governance practices, the Working Group on Sustainability was supported by an administrative process that developed agendas, meeting minutes, and progress tracking with the use of project management frameworks. Between

official meetings, Panel members led individual workstreams in collaboration with colleagues across the geographies and functions throughout Neo's large bench of talent. The updates of these workstreams were brought to the Panel for information consolidation, effort coordination, duplication prevention, resource allocation, and progress tracking.

Reporting and Disclosure Methodology

Reporting Period and Boundaries

In our second sustainability report, we aim to build upon our inaugural 2021 report by focusing on material topics during the 2022 calendar year. We also provide selected data for the previous three years, namely 2019, 2020, and 2021. Our aim is to develop pragmatic and ambitious long-term objectives by analyzing historical trends. The past

few years' data will also provide context for certain results that may have been impacted by the global pandemic from 2020 to 2022. For this second edition, our report boundaries include entities in which Neo held a controlling interest before 2022. We particularly emphasize environmental data for our five largest plants.

Primary Reporting Standards

Sustainability Accounting Standards Board

SASB facilitates the connection between businesses and investors regarding the financial effects of sustainability. By utilizing SASB Standards, companies worldwide can identify, manage, and communicate financially relevant sustainability information to investors. These standards are industry-specific and are designed to be useful for investors as well as cost-effective for companies. The development process of these standards is evidence-based and informed by market research.

Global Reporting Initiative

GRI Standards are a set of guidelines for sustainability reporting created by the Global Reporting Initiative. These standards offer a comprehensive structure for reporting on environmental, social, and governance (ESG) performance, encompassing areas such as climate change, labor practices, human rights, and anti-corruption measures. In this 2nd sustainability report, Neo is incorporating GRI reporting standards along with SASB standards.

United Nations Global Compact

Neo is a signatory to the UN Global Compact since 2021. Neo integrates the 10 Principles of the UN Global Compact into its operations to fulfill basic responsibilities to the planet and people and achieve long-term success. These principles are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

United Nations' Sustainable Development Goals

The SDGs, established by the United Nations General Assembly in 2015 through the 2030 Agenda, are 17 interrelated global objectives that aim to create a better and more sustainable future for all. These goals are expected to be accomplished by the year 2030. In 2022, Neo issued HESS goals in line with UN sustainable development goals and received UN approval.

Sustainability Report Context and Methodology

Neo's 2021 inaugural Sustainability Report was initiated with a clear mandate from the Board of Directors and CEO to establish an internal working group to deliver an ESG report on 2021. This internal working group became the Working Group on Sustainability who developed and executed on the reporting strategy in 2022. For the 2022, second overall, sustainability report, the working group aims to expand on the scope of the report to align with Neo's continuous improvement vision on sustainability and to incorporate stakeholder and internal feedback on the 2021 inaugural report.

In 2022, Neo's Working Group on Sustainability enlisted external advisors to enhance their in-house knowledge base. This included educational material and training courses on ESG Reporting Standards and Frameworks. Together with the external advisor, Neo developed a shortlist of relevant topics to be considered for inclusion in their 2021 Sustainability Report. The 2022 report enhances the coverage of ESG topics by providing more comprehensive insights and incorporating new material topics, in order to create a report that accurately represents the economic, environmental, and social impacts of the organization. Neo's Working Group on Sustainability determined material topics with reference to standard disclosure guidance set by GRI, SASB, and UN SDG frameworks.

Materiality

Using peer research and sustainability standards and frameworks, we developed a preliminary list of ESG topics to further assess which topics are material to Neo's operations.

In Neo's case of reporting with SASB framework, material topics were defined by both those recommended by 2021 SASB for the Chemicals industry. However, Neo went beyond this, by considering additional social and governance related materiality topics.

The cornerstone exercise of Neo's Materiality Assessment process was a workshop, facilitated by third-party consultants, with a mix of multi-disciplinary and multi-jurisdiction management participants, representing Neo's complete diversity spectrum of skills, perspectives, geographies, age groups, genders, responsibilities, and years of experience in our industry.

Below we provide a table with definitions of Neo's most material topics

MATERIAL ESG ISSUE	DEFINITION
Regulatory and Legal Compliance	Neo's compliance to regulations, preparation for future regulatory changes, and alignment of its regulatory strategy with sustainability objectives.
Waste and Hazardous Material Management	Neo's implementation of environmentally sound waste management, that reduces waste through reuse and recycling.
Ethical Business Practices and Sourcing	Neo's procurement practices to support local suppliers and prevent any potential negative social impacts along the supply chain.
Energy Management	Neo's measurement of its energy mix and intensity, along with its development of its energy reduction strategy.
Air Quality	Neo's adherence to regulations and its reduction strategy regarding air emissions including, sulfur dioxides (SOx), nitrogen oxides (NOx), and Hazardous Air Pollutants (HAPs).
GHG Emissions	Neo's adherence to regulations, measurement, and its reduction strategy regarding direct (Scope 1) greenhouse gas (GHG) emission.
Water and Wastewater Management	Neo's measurement of the amount of water withdrawn and consumed, its monitoring of the quality of discharges and their impact on the functioning of the ecosystem in numerous ways.
Occupational Health and Safety	Neo's identification of occupational hazards, assessment of risks, training of employees, monitoring of incidents, and continuous evaluation of its occupational health and safety management system.
Human Rights Assessment	Neo's advancement of human rights policies throughout both its operations and its supply chain counterparties.
Supplier Social Assessment	Neo's awareness efforts of negative social impacts either through its own activities or as a result of its business relationships with other parties.
Labor Management	Neo's adherence to global labor rights standards and advancement of best practices.
Customer Health and Safety	Neo's systematic efforts to address health and safety across the life cycle of a product or service, and its adherence to customer health and safety regulations and voluntary codes.
Local Community	Neo's anticipation and prevention of negative impacts on local communities.

Advancing Neo's ESG Efforts in 2022

In the following list, we outline the Top material projects from 2022 that helped Neo advance their ESG efforts and make a positive impact on the environment and society:

1. Published Neo's inaugural sustainability report
2. Developed improvement goals of ESG related KPIs agreed on and approved by business units, the Executive team, and the Board's HESS committee
3. Completed near-miss incidents report and investigation
4. Relocated an operating facility in China to help reduce the concentration of heavy industry in a high-stress water region and mitigate potential risks to groundwater sources
5. Commenced development of a GHG plan: assembled GHG taskforce, developed GHG intensity metrics, conducted carbon reduction studies, considered carbon neutrality feasibility, determined scope of GHG reporting, considered potential projects, performed capital projects' GHG impact review
6. Conducted assessment of Diversity, Equal Opportunity and Gender Equity and implemented tools for improvement opportunities
7. Conducted internal HES audits at Neo facilities
8. Conducted assessment of third-party sustainability evaluation results, opportunities, and recommendations to improve
9. Advanced Neo's procurement policy
10. Conducted industrial hygiene analysis and implemented solutions to risks
11. Issued computer-based training programs
12. Completed assessment of the inaugural 2021 sustainability report and broadened scope of material metrics
13. UN Global Compact: Issued Neo HESS goals in line with UN sustainable development goals, received UN approval

Continuous Improvement Model and Governance of ESG:

1. Operating plant management and HESS staff to source qualitative and quantitative ESG data on an annual basis
2. Internal ESG Working Groups that collaborate with operating plant management and HESS staff to develop GAP analysis from target KPIs
3. Each operating facility's Plant Manager and HESS Manager are responsible for identifying projects that contribute towards improving material topic ESG KPIs annually
4. Business Unit Leaders oversee improvements of their operations towards material KPIs and report their annual sustainability strategy and action plan to COO
5. COO chairs Internal ESG Working Group, convening by-weekly, with a documented agenda, meeting minutes, and accountability/timeline tracker
6. Internal ESG Working Groups conducts consultations with both internal and external stakeholders for Neo's Materiality Assessment and Goal Setting on an annual basis
7. COO and VP HESS report quarterly at Board's HESS Committee meeting on continuous efforts towards meeting ESG targets set for each year
8. Chair of Board HESS Committee delivers brief to the Board of Directors quarterly on Management's progress towards the corporate sustainability strategy; and
9. Board Compensation Committee sets and assesses annual performance of executive team towards set ESG targets, rewarding ESG-linked compensation accordingly

Awards and Certifications

EcoVadis Sustainability Rating

All five of Neo's flagship rare earth facilities, representing approximately 90% of revenue generated by the Company, are now operating in the EcoVadis tracking and reporting system. Leadership in global sustainability has been a key pillar of Neo's long-term growth strategy.



Notable accomplishments by several of our largest facilities in the EcoVadis Audits include:

- Neo's European rare earth and rare metal processing facility in Sillamäe, Estonia, the sole operating commercial rare earth separations and rare metal processing plant in the European Union, has been awarded a Gold Medal by EcoVadis for its 2022 sustainability programs. This recognition places the plant among the top five percent of all facilities globally reporting their sustainability efforts to EcoVadis.
- Neo Magnequench's rare earth magnetic materials production plant in Korat, Thailand, has received a Gold Medal from EcoVadis for its 2022 sustainability programs. This prestigious accolade positions the plant within the top five percent of all facilities worldwide reporting their sustainability initiatives to EcoVadis.
- Neo Magnequench's rare earth magnetic materials production plant in Tianjin, China, was granted a Silver Medal by EcoVadis for its 2022 sustainability programs. This commendation places the plant in the top 25 percent of all facilities around the world disclosing their sustainability efforts to EcoVadis.

Notable Awards and Accomplishments



Responsible Minerals Initiative Assessment

In 2022, Neo European rare earth and rare metal processing facility in Sillamäe, Estonia completed Responsible Minerals Initiative (RMI)'s flagship assessment program, the Responsible Minerals Assurance Process (RMAP), through a third-party audit process.



Tianjin Wuqing Development Zone Award

In 2022, Neo Magnequench's rare earth magnetic materials production plant in Tianjin, China received an award from the Tianjin Wuqing Development Zone as an "Advanced Production Safety Facility" for excellence in safety practices in the 2021 calendar year.



Zibo Facility Relocation

Neo Chemicals & Oxides rare earth facility in Zibo, China was awarded "Excellence in Major Construction Project" by the local government in recognition of the plant's relocation project in 2022.



Korat HSS Awards

Neo Magnequench's rare earth magnetic materials production plant in Korat, Thailand received award as a "Top Performing Company in Health, Safety, and Security (HSS)" for the 11th consecutive year by the Thai government. The facility was also awarded as a "Zero Injury Facility" for the 5th consecutive year.

Responsible Care Awards

Neo's European rare earth and rare metal processing facility in Sillamäe, Estonia was featured in the 2022 Responsible Care Awards Gallery: "Striving for Resource Efficiency".



Neo colleagues at Silmet plant, in Estonia

**OUR INTEGRATION
WITH THE NATURAL
ENVIRONMENT**



Our Integration with the Natural Environment

Neo's Sustainability Strategy

Neo's advanced materials products play a vital role in facilitating solutions that support the transition towards a sustainable and carbon-neutral world. As a key enabler of this sustainable shift, we hold ourselves to the highest standards. Within the ESG framework, our environmental impact is a consistent focus in internal discussions and stakeholder engagements.

While we strive to deliver top-quality products and exceptional customer service, we are equally committed to being transparent about our products' resource intensity. To this end, we collaborate with our Research and Development teams to explore next-generation technologies that prioritize sustainability.

At Neo, we have consistently strived to operate our manufacturing facilities with environmental integrity. We aim to surpass local regulatory standards whenever feasible, continually

improve our operations' efficiency, and prioritize the safety of our workforce. Our operations are committed to ongoing improvement in environmental measures such as enhancing water usage efficiency, wastewater treatment, waste reduction, solid waste diversion, minimizing energy usage and emissions, and incorporating low resource-intensive secondary sources of process feed material. Furthermore, our environmental goals align with our economic objectives, allowing us to drive progress in both areas simultaneously.

Neo recognizes that as innovative and sustainable technologies rapidly develop, it is crucial for us, as a manufacturer of the advanced materials enabling these technologies, to maintain our focus on continuous improvement in our operations.

Neo's Environment & Sustainability Policy

At Neo, we place a high value on protecting the environment and strive to ensure that our production practices are sustainable. We recognize that our operations have an impact on the planet, and we are dedicated to minimizing this impact through responsible and sustainable practices.

We promote continuous improvement in these areas through tools and mechanisms outlined by certified management systems such as environmental impact reviews, impact mitigation, annual goals and objectives,

management review meetings, incident investigation, and robust compliance audits.

Our line of products assists our customers in building innovative solutions that mitigate air pollution, facilitate access to clean and safe drinking water, minimize energy consumption, and reduce environmental footprint. We actively promote recycling and advocate for the creation of circular supply chains to collectively minimize the environmental impact of our industry.

Neo's Environmental Management System

Our larger facilities are certified with an externally audited ISO-14001 Environmental Management System, which entails environmental impact reviews, impact mitigation, annual goal setting, and management review meetings. At the corporate level, a similar system is implemented, where HESS improvement goals and objectives are established in management

review meetings. Site Managers, HESS Managers, the Executive Team, and the Board's HESS Committee collaborate in the corporate goal-setting process, and progress is tracked quarterly by the Executive Team and the Board. Additionally, HESS goals are integrated into the compensation strategy for Management.

Data Collection Methodology

An external, third-party environmental engineering firm was contracted to collect the environmental data: energy, water, GHG, air quality, waste management. This firm assisted in the

analysis of the data, supporting our internal efforts to promote reporting consistency between operating sites that is in accordance with the SASB and, as of 2022, GRI standards.

Sustainability in Operations

Environmental, Social, and Governance Values: Part of Our DNA

Since its inception, Neo has been a company that specializes in manufacturing of materials that enable energy efficient products and solutions. We envision a future where major industrial and mobility sectors have significantly reduced their carbon footprint. Through years of practical research and development, Neo has discovered several innovative technologies and

created advanced material products that are environmentally friendly. These technologies aid in enhancing energy efficiency, decreasing the reliance on fossil fuels, promoting circular economic models, and safeguarding air and water quality. Neo is dedicated to serving this market, advancing new technologies in the upcoming decades, and accelerating the adoption of sustainable products.



Neo's Environment & Sustainability Mission

Neo has been a trailblazer in the industry for several years, championing environmentally responsible operations and producing products that facilitate the use of sustainable technologies. The company has continued to embark on strategic initiatives and form collaborations to strengthen its position in the sustainability movement.



For example:

- We are a signatory to the United Nations Global Compact.
- We are active members of the Responsible Minerals Initiative.
- We are a member of the Rare Earth Industry Association.
- We are part of the Canadian Critical Minerals & Materials Alliance.
- We established a US-to-EU rare earth supply chain that makes use of by-product economics and reduced upstream waste.
- We relocated a major operating facility in China to reduce the concentration of heavy industry in a high-stress water region and reduce potential risk to groundwater sources.
- We participate in and share data and industry insights for public policymaking within the European Raw Materials Alliance, Wind Europe, and the Tantalum and Niobium International Study Center.
- We invest in air, water, and waste emissions control technologies at manufacturing sites that help us meet and often exceed local regulatory guidelines.

Energy Management

At Neo, we recognize energy management as an essential aspect of sustainable operations, and this understanding extends to both our products and our global facilities. Our advanced materials enable our customers to develop highly energy-efficient solutions that contribute to the broader sustainability goals. Across our operations in North America, Europe, and Asia, we are consistently striving

to reduce energy usage and increase the adoption of clean and renewable energy sources. By incorporating energy management into every aspect of our business, we demonstrate our commitment to responsible corporate stewardship and contribute to global efforts against climate change. In doing so, we solidify our position as a leader in sustainability, driving positive change for both our company and the planet.

Data Collection Methodology

Neo's total energy consumed in 2022 is estimated at 1.05 million gigajoules.

Neo's energy consumption in 2022, segmented by source type:

Energy Source Type	Total Consumption (GJ)	Contributions to Total
Gas, Diesel, LPG consumption	3,469	0.33%
Natural Gas	183,266	17.40%
Grid Electricity	341,455	32.42%
Internal Electricity Generation	1,484	0.14%
Steam / Other Heating	522,814	49.65%
Methanol	585	0.06%
Total Energy Consumption	1,053,073	
Total Non-renewable	796,477	75.63%
Total Renewable	256,596	24.37%



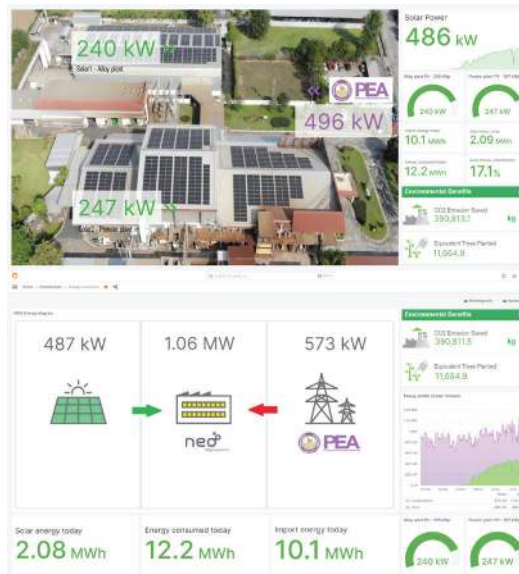
Several of our facilities have been developing custom Energy Conservation Systems.

Zibo received ISO-50001 energy management certification in 2022.

Korat received ISO-50001 energy management certification in 2022.

Korat, Thailand Solar Energy Project

In 2021, our Korat, Thailand facility completed a solar energy project, installing solar panels on the roof of a production building with a generation capacity of 295 kW. In 2022, Korat completed the installation of a second rooftop solar energy project, with a generation capacity of 300 kW, doubling the total solar energy capability. The combination of the two solar energy projects can generate 40% of Korat's peak time electricity usage. This reduces the facility's carbon footprint and alleviates pressure on the local power grid. Furthermore, to further optimize the facility's power usage, an energy management algorithm was introduced in 2022. The algorithm works by decreasing power draw during peak times and increasing power draw during off-peak hours.



Energy management system,
optimization algorithm

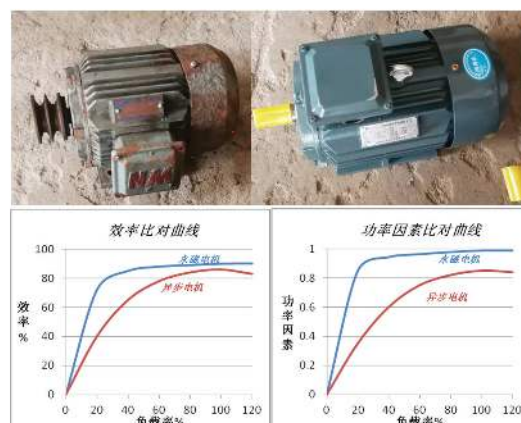
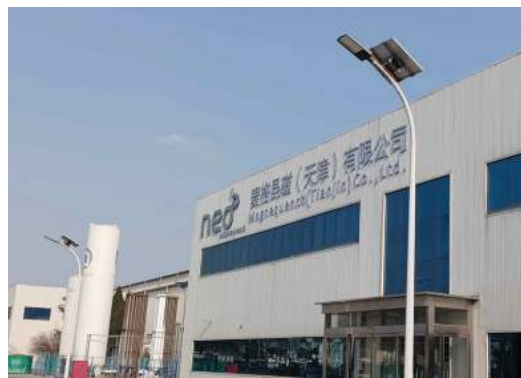
Two solar rooftop projects: left (2022), right (2021)

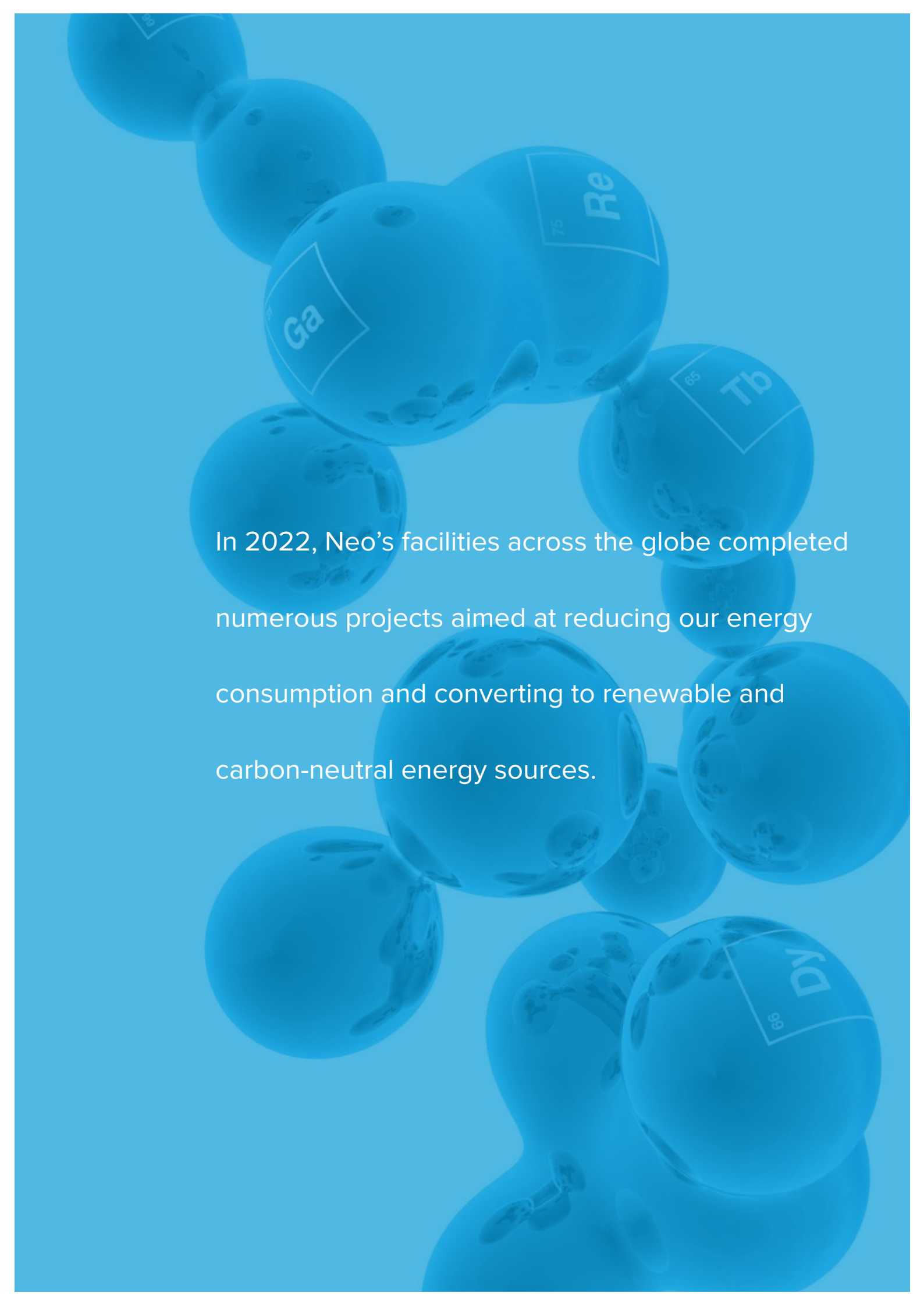


Energy Projects

In 2022, Neo's facilities across the globe completed numerous projects aimed at reducing our energy consumption and converting to renewable and carbon-neutral energy sources. The projects include:

1. Our Tianjin, China facility completed the replacement of 57 road lamps within the facility to solar powered road lamps. This project achieves energy reduction of 23,000 kWh per year.
2. Our Korat facility completed a new workshop, designed to use natural lighting throughout most of the day to reduce energy usage.
3. Our Zibo, China facility implemented a process to use remaining heat from boilers for steam production. 4,684 metric tonnes of steam were produced in the new process.
4. Our Jiangyin, China facility replaced old induction transmission motors with new, efficient permanent magnet motors to reduce energy usage, noise pollution, and CO2 emission. Efficiency is improved by a minimum of 5% and up to 30% in favorable conditions.
5. Our Sillamäe, Estonia facility completed a second heat recovery system to recover thermal energy from compressors and utilizes it as an energy input for other processes.





In 2022, Neo's facilities across the globe completed numerous projects aimed at reducing our energy consumption and converting to renewable and carbon-neutral energy sources.

Water and Effluents

Neo's Water Strategy

Neo recognizes water withdrawal and discharge can significantly impact the environment and contribute to our environmental footprint. Water management risks related to withdrawals, consumption, and discharge such as depletion of water resources, negative impacts on aquatic ecosystems, and contamination of water sources are thoroughly evaluated by Neo's plant operations teams. Our manufacturing facilities commonly use water for feedstock processing and cooling. Wastewater treatment is performed either on-site or through a wastewater treatment service. Seawater accounts for over 50% of the water withdrawn from our plants, with surface water, ground water, and utility-sourced water making up the remaining portion.

Water Withdrawal

Neo's total water withdrawal in 2022 is 2.325 million cubic meters (m³).

- **Four of our ten primary operating facilities are located in regions classified as either High or Extremely High Water Baseline Water Stress levels according to the World Resource Institute's (WRI) Water Risk Atlas tool, "Aqueduct." These facilities' water withdrawal represents 76% of Neo's total water withdrawn, excluding seawater withdrawal.**
- **59% of our water withdrawal is sourced from the Baltic Sea's Gulf of Finland, and is primarily used for cooling purposes. This water is returned to the sea without the need for any chemical treatment.**
- **In 2022, our total water discharge amounted to 2.199 million cubic meters, which represents 94.6% of our total water withdrawn.**
- **92% of all water withdrawn is returned to its source.**

Neo evaluates water consumption as water that is not returned to the same source, either due to evaporation, incorporation into products, or other reasons. In 2022, the total water consumption amounted to 301 thousand

cubic meters, of which 277 thousand cubic meters were consumed in regions with high water stress, accounting for 92% of the water consumed.

On a pro-rata basis, Neo's net change in water withdrawn versus water discharged across all production represents less than 1 percent of a cubic meter of water consumed per kilogram of material produced. This is equivalent to about 9 liters of water for every kilogram of product manufactured. Our manufacturing operations are designed to incorporate water usage based upon the processing needs and availability of local water resources. Managing water withdrawal, consumption, and discharge is regular practice across all of our plants. Neo strives to meet and/or exceed all water discharge quality laws and regulations mandated by host jurisdictions. In 2022, Neo had zero (0) incidents of non-compliance associated with water quality permits, standards, and regulations.

Neo's manufacturing operations are designed to utilize water resources efficiently, taking into account the specific processing requirements and the availability of local water sources. We have a regular practice of managing water withdrawal, consumption, and discharge in all of our plants.

Water Saving at Neo

Neo's production plants across the globe continues to find innovative and creative solutions to reduce water usage/consumption and impact from water discharge. In 2022, water related initiatives and projects include:

1. Our Tianjin, China facility utilizes a rainwater collection system. Collecting 1,000 tons of water per year used toward watering lawns and vegetations.
2. Our Tianjin, China facility implemented cooling water recycling system, reducing water withdrawal and discharge by 24,000 tons per year.
3. Our Zibo, China facility re-uses its cleaning water, saving 11,000 m3 of water withdrawal and discharge per year.
4. Our Zibo, China facility collects and uses process condensate for its rare earths production, saving 31,935 m3 of process water per year.
5. Our Korat, Thailand facility has on-site water treatment capabilities. Recycled water is used to water vegetation.
6. Our Sillamäe, Estonia facility rebuilt part of the niobium EBMs cooling loops, which increases cooling efficiency and reduced sea water usage/withdrawal by two times.



Jiangyin Pond



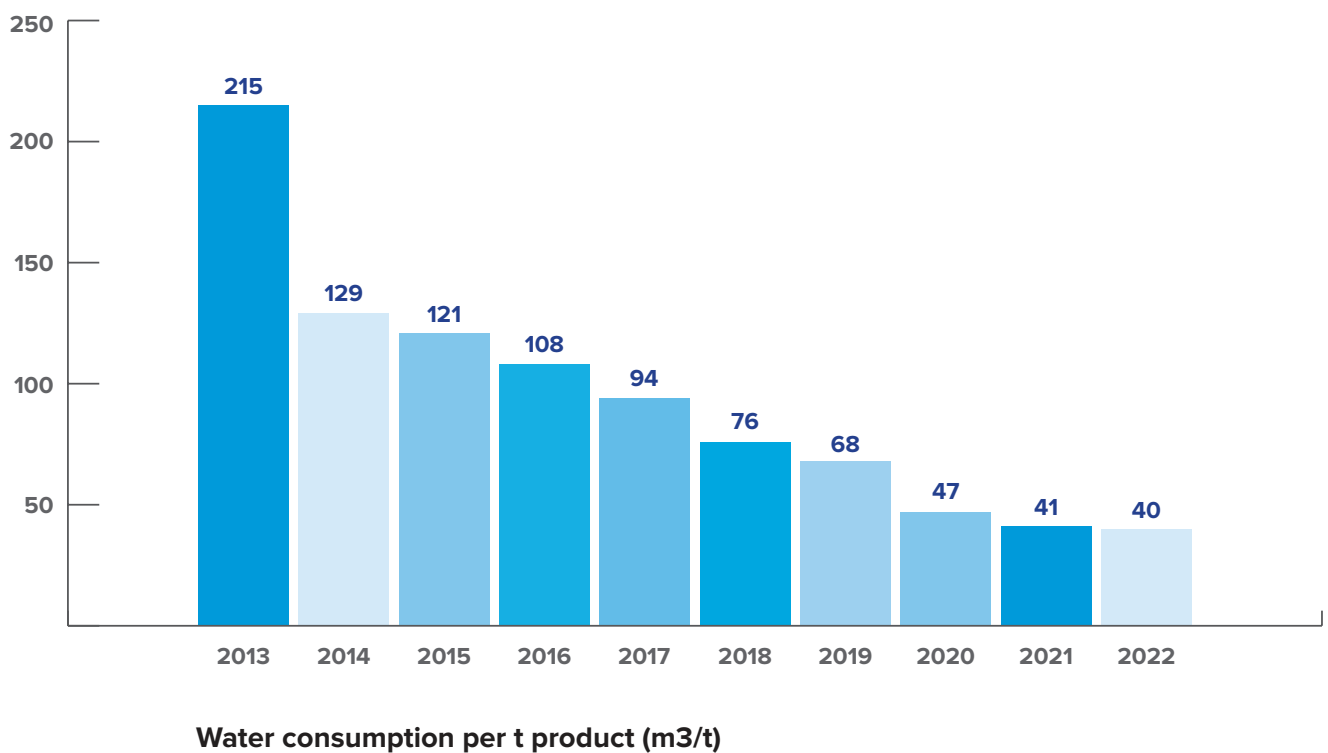
Korat, Thailand manufacturing facility



Water Savings: A Case Study

We are proud to share the success story of our Zibo, China facility in reducing water consumption. From 2013 to 2022, the Zibo plant reduced its water consumption per metric ton product from 215 m³ to 40 m³ in 2022. To accomplish this remarkable feat, numerous enhancements and

opportunities were investigated and carried out, such as establishing infrastructure for water recycling, refining process control, reutilizing wash water and steam condensate, employing methods to repurpose waste streams, and more.



High Water Stress Regions

Four of our plants operate in high or Extremely High Water Stress Regions: Sillamäe, Estonia; Sagard, Germany (de minimis water consumption); Tianjin, China; and Zibo, China.

Sillamäe

Sillamäe, Estonia is home to facilities associated with both Neo's Rare Metals and Chemicals and Oxides business units. This site accounts for 75% of the company's total water withdrawn. However, 79% of Sillamäe's water withdrawal comes from the Baltic Sea. The site's actual water withdrawal is 375 thousand cubic meters, and the net change between water withdrawn and discharged is 82 thousand cubic meters. Sillamäe's facilities are situated adjacent to the Gulf of Finland and Stoke River. The site closely monitors the quantity and quality of its water and effluents. Sillamäe has reported through its Environmental Impact Assessment that the site's production activities do not have a negative impact on the water quality on nearby water bodies within the impact area. Water recycling systems are among some of the water-saving and impact reduction strategies frequently employed at the site.

Sagard

Our Sagard, Germany facility is located in a high water stress region, although it withdraws and discharges a de minimis amount of water. Management views this as a low-risk water resource operation.

Zibo

Our Zibo (China) plant operates in a high water stress region. The plant has routinely invested in upgrades to its wastewater treatment and pre-treatment discharge systems to exceed local environmental emissions regulations. In 2022, Zibo withdrew 239 thousand metric tons of water, and discharged 208 thousand metric tons of water. Total water consumption was 31 thousand metric tons. Given that our plant location is within a chemical and industrial park that overlaps with the municipal's primary water source—a ground watershed area known as Dawu--there is heightened interest in protecting this groundwater source from potential surface pollution. This renewed concern is in light of current Municipal Government plans for continued growth in Zibo City, and in review of a historic oil spill by a neighboring petrochemical company in the mid-1980s. Local plant management has been supportive of these efforts to help alleviate potential risks of groundwater contamination. As a result, Neo is joining many of the industrial plants in this community to relocate to a new industrial zone, located a safe distance from the primary recharging areas of this unique groundwater system. The new industrial park will also offer new and upgraded water and wastewater treatment infrastructure. In 2021, we made substantial progress on the site choice and engineering design for the soon to be modernized and upgraded manufacturing facility. The plant was awarded "Excellence in Major Construction Project" by the local government in recognition of the plant's relocation project in 2022.

Tianjin

Our plant at Tianjin (China) is located in an Extremely High water stress region, although it is in close proximity to low stress regions (less than 10 kilometers from the plant). It primarily sources water from municipal supply, collects and uses rainwater for watering its surrounding flora ecosystem, and deploys water recycling for industrial cooling. In 2022 it withdrew and consumed 106 thousand cubic meters of water, and it discharged 106 thousand cubic meters of water. It's discharge as a percent of water withdrawn rate is 100%.

In 2016, the Tianjin facility was awarded the title of “Water-Saving Enterprise of Tianjin” and has continued to reduce its water usage by over 10% in subsequent years. This accomplishment can be attributed in part to the installation of a network of water meters and sensors, which allows for the rapid identification and isolation of any water repair issues. The plant also established an advanced treatment station in 2019 to treat electrophoresis wastewater and is in compliance with local regulations, discharging at Level III standard. Quarterly assessment of discharge water is conducted to ensure discharge quality meets and exceeds minimum compliance requirement.

We prioritize addressing water intensity issues at all of our plants, and the local management at each plant assesses and controls these risks. At Neo's Peterborough plant, for example, water consumption and wastewater per kilogram of gallium and indium processed have been reduced by over 50% in the past decade.

Management of Water Discharge-Related Impacts

Strong Historic Records

Number of incidents of non-compliance associated with water quality permits, standards and regulations



Plant managers and HESS managers at our facilities conduct active assessments of water risks and put in place corresponding mitigation strategies and projects. For instance, our plant in Korat, Thailand continues to address the risk of rainwater overflow. Meanwhile, some local managements have determined water-related risks to be either minor or robustly controlled, as seen in our plants in Tianjin and Jiangyin, China, and Peterborough, Canada. At our Tianjin facility, we comply with local regulations by discharging sewage at a Level III standard. In general, water

management practices do not lead to lifecycle impacts or trade-offs in plant operations. Our Korat plant, for example, operates on a zero-discharge basis by means of recycling. However, in some cases, additional electricity consumption is necessary to power the water treatment process, as is the case at our Tianjin plant. Neo remains committed to meeting and surpassing standards for water quality and compliance with discharge laws and regulations, as evidenced by zero incidents of non-compliance in 2022.

Wastewater Treatment

In recent years, our operating facilities have increased efforts on wastewater treatment. We have implemented several water treatment projects in recent years. In 2018, our Peterborough plant developed a new, site-specific wastewater policy and procedure. In 2019, our Tianjin (China) plant established an advanced treatment station to treat electrophoresis wastewater. Meanwhile, our Korat (Thailand) plant treats all its wastewater, with a focus on recycling and regular quality monitoring and inspections. Our Tianjin (China) plant operates wastewater treatment stations and

contracts third-party testing agencies to monitor discharge water quality on a quarterly basis.

Our Zibo (China) plant faces challenges due to the local municipality's aging and limited water treatment infrastructure, particularly for chloride discharges. Continuation to operate at this location poses the risk of deviation from the high environmental standards Neo's global operations have followed. To address this, the Zibo plant is undertaking a relocation project to a new industrial park with improved water treatment infrastructure with higher capacity.

Air Quality and Emissions

Neo's Ambitious GHG Plan

Neo began collaborating closely with environmental consultants in 2022 to conduct a comprehensive evaluation and assessment of our historical greenhouse gas emissions data, infrastructure, strategies, and opportunities at a global level. The ultimate objective is to establish GHG emission reduction targets and short to long-term goals and action plans. Neo has gained a comprehensive understanding of the situation and potential opportunities from both operational and executive perspectives through on-going collaborations with the consulting firm at a corporate level and across each of our three business units:

Chemicals & Oxides, Magnequench, and Rare Metals.

As of 2022, Neo and consultants have completed initial GHG emissions projections (with constant grid emissions intensity), and GHG reduction potential for select opportunities. Neo is on track to complete, cost-benefit analysis of GHG reduction opportunities, development of capital projects emission impacts analysis tool, emissions reduction pathways & targets, carbon neutrality, and scope 3 emission measurement feasibility by the end of 2023.

At Neo, we are fully committed to playing our part in tackling climate change by setting and achieving ambitious GHG reduction goals. We recognize the urgent need to take action to reduce our carbon footprint and are actively working to develop and implement strategies to achieve this objective. We are committed to being transparent about our progress and look forward to sharing our journey towards a more sustainable future.



Scope 1 & 2 Emissions

(t CO ₂ equivalent)	2021	2022
Scope 1	21,828	14,788
Scope 2	119,240	106,171

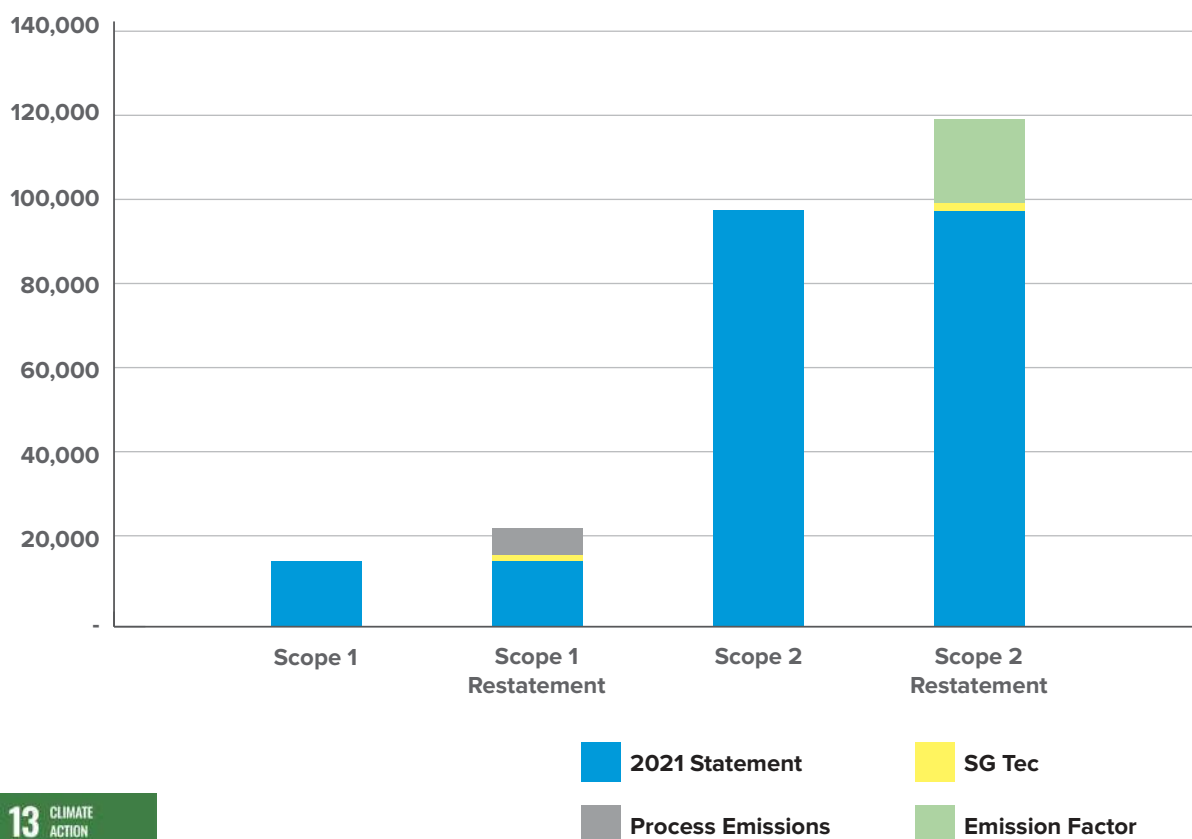
In 2022, Neo emitted a total of 121 thousand metric tons of CO₂ equivalent gases (Scope 1 and Scope 2 combined). Neo's emissions are primarily driven by our energy demand.

At Neo, we are committed to transparent data reporting and continuous improvement. We have made improvements to our methodology

for data calculation, resulting in more accurate and reliable data. This includes collaborating with a third-party consulting firm to enhance our data collection and analysis process. As part of our on-going GHG reduction plan development, we reviewed the 2021 GHG Scope 1 & 2 emissions previously reported and found the following opportunities for calculation improvements:

1. Use of updated emission factors
2. Use of updated GHG calculation methodology (Sillamäe)
3. Included process-related GHG emissions

2021 Base Year Restatement (tCO₂e)



Nitrogen Oxides (NOx), Sulphur Oxides (SOx), and Other

Pollutant	2021	2022
NOx (t)	28.7	28.4
SOx (t)	4.5	2.3
VOCs (t)	6.1	5.8
Particulate Matter PM10 (t)	8.3	4.3
Other HAPs (t)	112	72.3

Note that we only monitor pertinent hazardous air pollutants; in addition to the list of HAPs as defined by SASB and the EPA, we also include reported data for emissions of Ammonia (NH₃), Ammonium Hydroxide, Hydrogen chloride (HCl), CO, nitric acid and Fluorine and gaseous fluorides as we believe it is an accurate depiction of air quality and emissions in our communities.

Waste

9,222

**Total waste
generated (t)**

4,965

**Total hazardous
waste generated (t)**

54%

**% hazardous
waste diverted**

During 2022, Neo generated 9,222 metric tons of waste. Around half of this (48%) was recycled or otherwise diverted from disposal.

4,965 metric tons qualified as hazardous waste, or 54%, as per local regulatory frameworks. More than half of this hazardous waste was diverted from disposal, or otherwise recycled (2,705 metric tons, or 54%).

Neo also incorporates material recycling in several of its production processes to reduce waste production.

For example, our Magnequench division recovers metal in scrap materials for re-use in rare earth magnetic materials. We also recover scrap magnets from customers to be crushed and re-used in new products. And, as noted above, our Rare Metals division produces several vital rare metal products from processing industrial waste streams and end-of-life products.

Neo's facilities are eager to minimize waste production, both within their own operations and across the industry, by leveraging innovative solutions. Several of Neo's facilities have achieved notable success in collaborating with suppliers and customers to recycle and repurpose materials that would otherwise be discarded as waste. This approach not only helps to minimize waste but also promotes a sustainable and circular supply chain.

Examples of innovative solutions and sustainable practices at Neo in 2022 include:

1. **Our Tianjin, China facility diverted 179 tons of magnesia, crucibles, and pouring tanks to manufacturers for recycling and refurbishing. 65 tons of rare earth production wastes were recycled internally. 100% recycling of processing aluminum oxide powder was achieved.**
2. **Working with its customers, our Tianjin facility collected and recycled 42,847 packaging cans, 0.4 tons of wooden pallets, and 85.46 tons of magnetic product wastes.**
3. **Our Jiangyin, China facility achieved 40% reduction of low-radiation slag waste production by mass through implementing an R&D project on waste reduction.**
4. **From 2020-2022, our Peterborough, Canada facility successfully reduced its hazardous waste intensity of rare metal production by 20%.**
5. **Our Zibo, China facility regenerated 18,759 tons of ammonia from stripping process wastewater.**
6. **Our Sillamäe, Estonia site reduced waste through recycling of tantalum slag.**

Environmental Initiatives

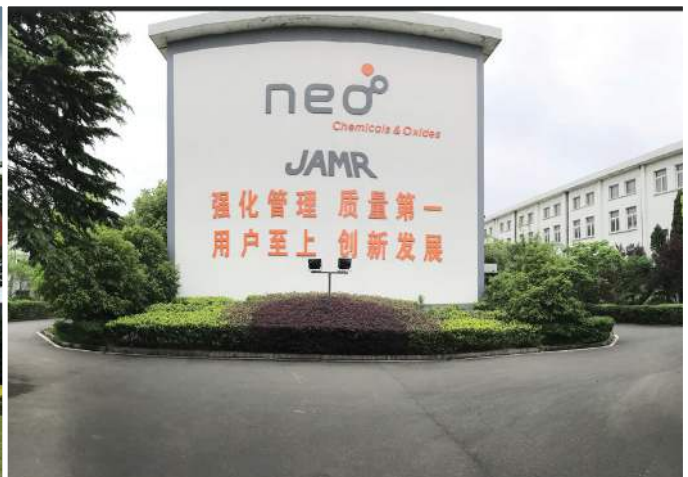
At Neo, we deeply value the protection and preservation of the environment, taking immense pride in the scenic green spaces at our facilities and in the surrounding areas. We recognize the importance of maintaining a harmonious balance between our operations and the ecosystems in which we operate, committing ourselves to responsible and sustainable practices. Neo's facilities actively engage in various environmental initiatives, such as beautification projects that enhance the local landscape, community

garbage cleanup events to maintain the cleanliness and health of our surroundings, and tree planting and maintenance programs that contribute to the well-being of local ecosystems. These efforts not only demonstrate our dedication to environmental stewardship but also foster a strong sense of community involvement and responsibility. At Neo, we believe that by embracing sustainable practices and nurturing our natural environment, we can help ensure a better future for both our business and the planet.

Korat, Thailand



Jiangyin, China



Zibo, China employees participating in garbage cleanup in local community



Peterborough, Canada employees working on an environmental beautification project



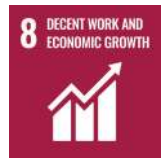
**OUR SOCIAL
IMPACT**

Getting to Know Our People

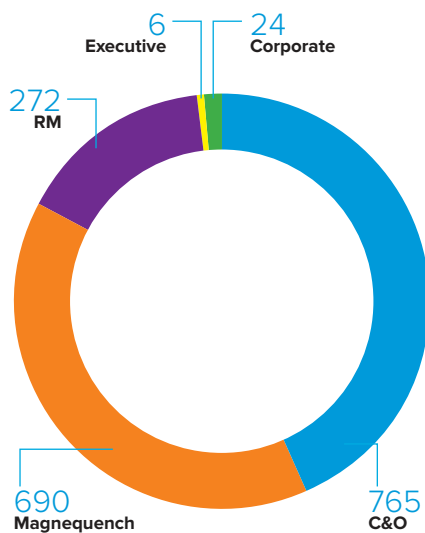
Diversified Excellence

Our global operations consist of employees from diverse backgrounds, encompassing a variety of languages, religions, cultures, and personal interests. This rich diversity within our workforce provides Neo with invaluable advantages, such as heightened creativity, innovation, and problem-solving capabilities, as well as the capacity to cater to a wider range of customers and communities. It also cultivates a more inclusive workplace, fostering a sense of belonging and respect for all employees.

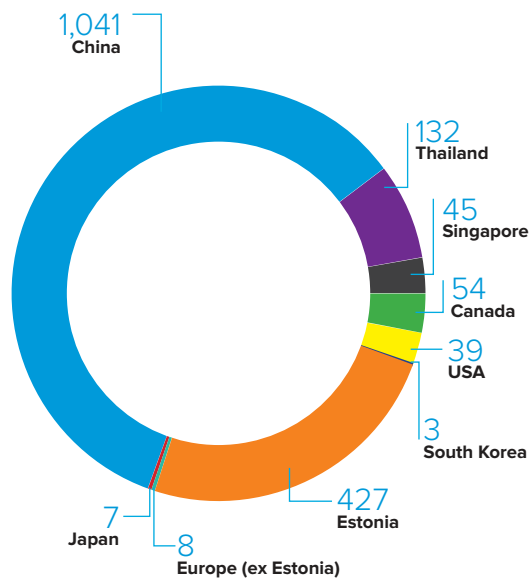
Neo's commitment to doing the right thing and delivering high-quality products that address the world's challenges in materials technology and sustainable transition has made this diversity possible. This steadfast dedication has nurtured long-standing partnerships with numerous executive and operational leaders, spanning nearly three decades through Neo and its predecessor companies. These robust relationships, combined with our consistently low employee turnover rates, attest to the efficacy of our approach.



Global Headcount by Group



Global Headcount by Region



Employees

Diversity, Equal Opportunity, and Non-Discrimination



3 out of 10

Neo employees are **female**

1 out of 6

Neo Management staff are **female**

1 out of 7

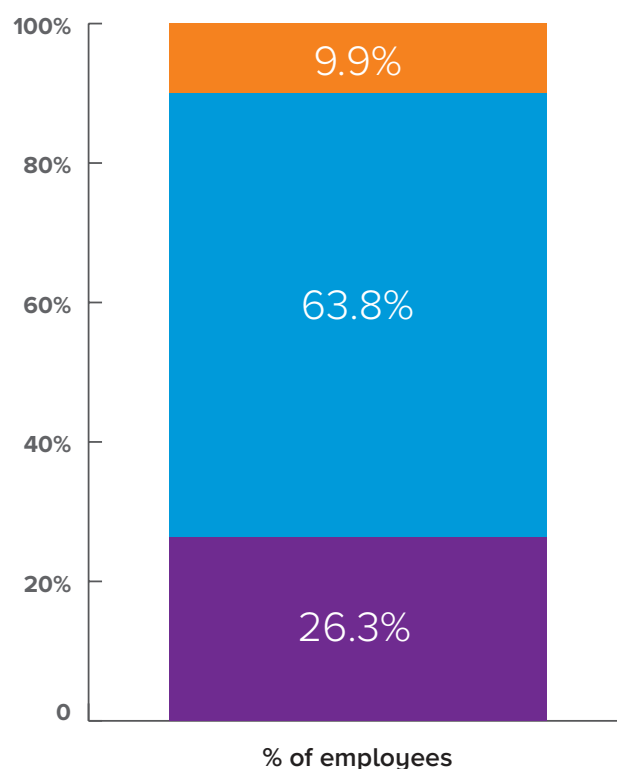
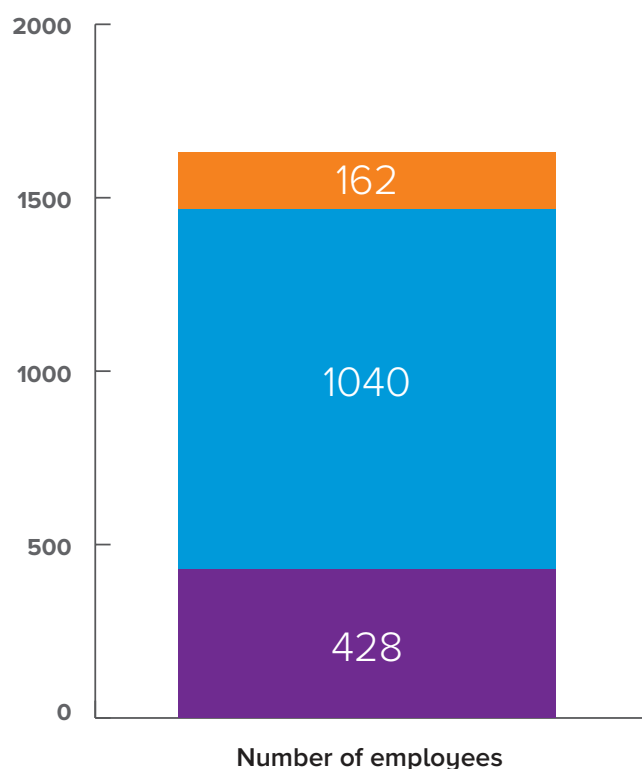
Neo employees are **designated Management**

9 out of 10

Operating facilities are **led by employees of the host country**

Age of employees

■ <30 ■ 30-50 ■ >50



Collective Bargaining

83 employees at the Sillamäe facilities are unionized employees.

Neo does not discourage any of its employees at the remaining locations from forming labor associations. Neo has supported and will continue to support its employees' right to freedom of association through its published Human Rights Policy and Code of Conduct and Business Ethics.

By promoting a culture of inclusivity and respect for all employees, Neo aims to create a positive and fulfilling work environment that benefits both its employees and the company as a whole.

Minimum Notice Periods regarding Operational Changes

Neo places a high value on ethical and lawful business practices, and this includes adhering to the labor laws and guidelines of each jurisdiction where the company operates. This commitment ensures that the company's operations are carried out in a responsible and

legal manner, and that its employees are treated fairly and equitably. To achieve this, Neo has implemented robust policies and procedures that are designed to comply with local labor laws and regulations.

Rights of Indigenous Peoples

Neo's corporate team acknowledges the traditional territories of indigenous peoples in Canada, the United States, Greenland and all jurisdictions we operate in. This is a reminder to support indigenous rights, including their

rights to self-determination, cultural preservation, and land stewardship.

Neo has identified zero (0) incidents of violations involving the rights of indigenous peoples during the reporting period.

Training

Our Goal

At Neo, we attach considerable importance to offering comprehensive training for our employees across diverse domains, encompassing health and safety, skill enhancement, career development, and ESG-related subjects. By allocating resources to proficient training programs, we ascertain that our employees possess the requisite knowledge and expertise to execute their tasks safely, efficiently, and in harmony

with our ethical and environmental principles. Our training initiatives not only uphold our benchmarks for ethical conduct and social awareness but also foster a culture of sustainability and accountability throughout our organization. This empowers our employees to contribute meaningfully to our collective commitment to environmental stewardship and social responsibility.

15

Average training hours per employee (hour) in 2020

126

Total estimated training cost (thousand \$USD) in 2020

Safety training programs are designed to identify and mitigate potential workplace hazards, educating employees on safe practices and procedures to prevent and address accidents. Skills development training initiatives enable our employees to expand their expertise and stay up-to-date with the latest technologies and best practices in their respective fields,

resulting in improved job performance and satisfaction. Meanwhile, environmental training programs strive to raise awareness about the environmental impacts of our operations and products, teaching employees how to minimize waste, conserve resources, and champion sustainability.

Promotion and Career Development

At Neo, we recognize that our employees are our most valuable asset, and we are dedicated to supporting their growth and development. We prioritize promoting from within our organization, aiming to provide opportunities for our employees to advance their careers and realize their

full potential. We invest in ongoing training and development programs to equip our employees with the skills and knowledge required for success, fostering a culture of continuous learning and improvement. In 2022, a total of 50 employees received internal promotions.

Occupational Health and Safety

Our Health and Safety Vision

Our Occupational Health and Safety policy and standards are based on long-standing organizational values and practices that have directed our decision-making and planning for decades. At Neo, we believe that health and safety is just as important as any other measure of success. This belief is manifested in our continuous health and safety improvement mechanisms.

To prioritize providing a safe and healthy work environment for our employees and visitors, as well as ensuring that our activities do not negatively impact our neighbors offsite, we utilize certified management systems. These systems encompass risk assessments, hazard mitigation, well-defined goals and objectives, regular management review meetings, incident investigation, and thorough compliance audits. We also take great care to communicate any potential hazards associated with our products to promote their safe use.

Occupational Health and Safety Management System

Neo Performance Materials promotes occupational health and safety management systems at all its facilities. 89% of Neo's manufacturing personnel operate in a facility that carries an external ISO 45001 – Occupational Health and Safety Management System certification. For over a decade, Neo management has been advocating this management approach to encourage robust performance and showcase our dedication by adhering to a globally accepted benchmark. Even the non-certified facilities have implemented most, if not all, of the ISO-45001 components.

These certifications as a crucial tool that promotes systematic risk management. They provide a comprehensive framework for management, control, evaluation, and continuous improvement. This includes the conduct of risk assessments, review of relevant

regulations, and establishment of annual goals and objectives, all of which are regularly reviewed and discussed in management meetings. At the corporate level, a similar system is in place in where HESS improvement goals and objectives are developed with input from site Managers, HESS Managers, the Executive Team, and the Board's HESS committee. The Executive Team and the Board monitor and evaluate progress on a quarterly basis.

Neo's HESS continuous improvement process includes a robust HESS audit system that uses site-specific documents known as System Status Reports. These reports aim to identify crucial regulatory requirements, relevant corporate standards, and site-specific risk reduction measures and consolidate them into a single document. Corporate Health and Safety, in collaboration with Neo professionals and external HESS

consultants, created these reports. While they serve as the foundation for Neo corporate audits, their purpose is to provide sites with a practical tool for monitoring their health and safety

systems internally on an ongoing basis, rather than simply for periodic check-ups. The goal is to conduct a continuous evaluation of our HESS systems, making this document a valuable resource.

Facilities and Occupational Health and Safety Management System Adopted

FACILITY	STANDARD
Tianjin, China	ISO-45001 Occupational Health and Safety Management
Zibo, China	ISO-45001 Occupational Health and Safety Management
Jiangyin, China	ISO-45001 Occupational Health and Safety Management
Chuzhou, China	In process of on-boarding Neo's Standards
Korat, Thailand	ISO-45001 Occupational Health and Safety Management
Sillamäe, Estonia	ISO-45001 Occupational Health and Safety Management
Sagard, Germany	<25 people
Peterborough, Canada	Most ISO-45001 elements in place <25 people
Quapaw, Oklahoma	ISO-45001 elements in place Internal audit

Hazard Identification and Risk Assessment

At Neo, we place a high priority on health and safety in the workplace. That's why we've incorporated hazard identification and risk assessment into our internal HESS standards. Our HESS standards cover wide-ranging hazards and risks, whether it is for controlling hazardous materials and energies, confined space entry, electrical safety, waste management, or contractor safety, they can be accessed and managed under our guidelines starting with identification and assessment, followed by implementation of mitigation steps. We train our personnel on the "Hierarchy of Controls" to optimize

risk reduction as part of the ISO-45001 process. Compliance with internal standards is part of our corporate HESS audits.

Over the past few years, we've also developed training modules on our internally developed **Pre-Task Risk Assessment process**. This method teaches personnel to first spot the energies available in each job step, followed by an assessment of the risk the energy may pose, then priority-based methods to reduce the risk.

Incident Investigation

Neo Performance Materials' HESS standard 6.1, titled Accident/Incident and Non-Conformity Investigations, defines the minimum requirements for company facilities. To comply with this standard, each site is required to have a written investigation procedure that encompasses a range of incidents such as near misses, employee and visitor accidents, process incidents, security incidents, and environmental incidents. Additionally, a root cause investigation methodology is mandatory. To facilitate compliance, the company provides a four-hour interactive training course

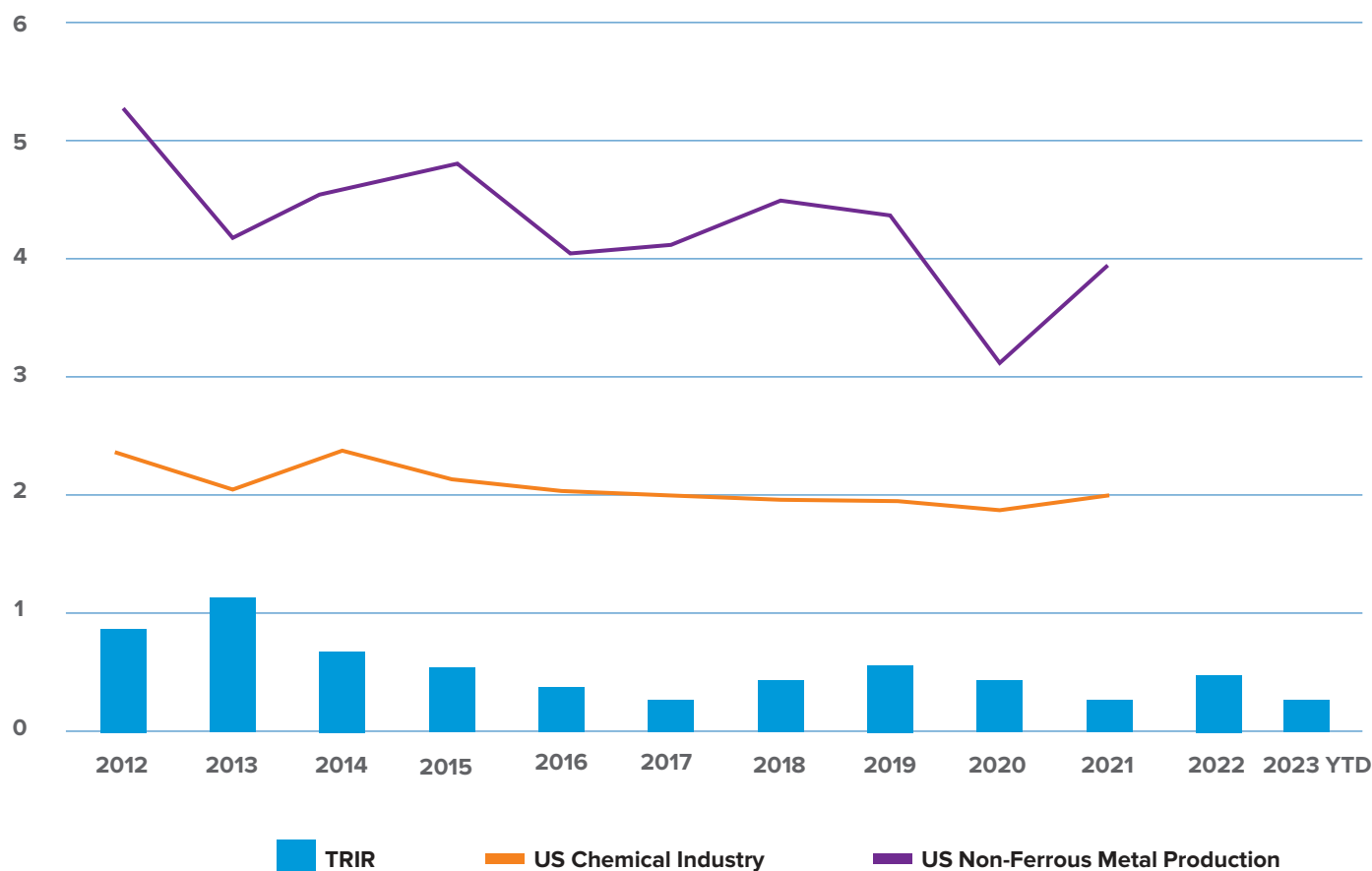
called "Causal Root Investigation" that emphasizes open communication. This training includes the Hierarchy of Controls and the identification of management system deficiencies.

To build upon our rigorous investigation and reporting system, as well as to encourage and facilitate continuous improvement, the corporation establishes annual targets for each plant, mandating a minimum number of near-miss incidents to be identified and investigated. Our plants have achieved their annual targets consistently.

Occupational Health Services

Element 7.1.1 of Neo's internal Industrial Hygiene standard states, "A systematic exposure-hazard assessment will be conducted by a qualified professional." In 2021, we completed the assessment process for all sites, including our new facility. This accomplishment has allowed us to implement priority-based air sampling strategies, building upon our progress in ensuring a safe and healthy environment. Training on the appropriate sampling method

is complete and approved analytical laboratories are in place. Whenever concerns arise, corrective actions are taken promptly, in line with our commitment to ensuring the well-being of our employees and the environment. Our sites are required to adhere to corporate standard 7.1.8, which requires the implementation of Engineering controls to manage exposures if elimination of risks is not feasible.



OHS-Related Worker Participation, Consultation, and Communication

Neo places great importance on worker participation in health and safety conversations, recognizing the invaluable perspective of those who are most directly exposed to potential risks. Engaging employees in these discussions promotes a culture of safety, collaboration, and continuous improvement that benefits our entire organization. We implement the guidelines outlined in Section 5.4 of the ISO-45001 Occupational Health and Safety Management System standard for the appropriate approach to worker consultation and participation. Our efforts in this regard are externally audited at facilities with ISO-45001 certifications. In those few, smaller plants that are not externally audited, worker participation is promoted by Neo management.

Since worker participation is often dictated by location-specific governmental regulations, the precise methods through which each site fulfills this obligation differs. Typically, worker participation is conducted via a site health and safety committee which may comprise elected worker safety representatives. Neo supports this effort by mandating that all manufacturing facilities must conduct a “Management Walkthrough,” during which a quarterly topic is audited using a document provided by the Corporate HESS team. These walkthroughs are attended by top management representatives and by representative(s) from facility operations.

Some examples of OHS worker participation prompted improvements include:

1. Additional lighting units installed in our Sillamäe, Estonia facility.
2. Relocation and renovation of social rooms in our Sagard, Germany facility.
3. Renovation of pathway to provide proper support and mitigate wear and tear from forklift usage in our Oklahoma, U.S. facility.

Many of our sites have adopted visual management techniques used them to communicate HESS information. These HESS communications are done with bulletin boards and digital boards to help communicate key information to workers.



Digital HESS bulletin board communicating Environmental Data (Korat, Thailand)

Worker Training on OHS

Each site has defined health and safety training requirements. These requirements must consider local regulatory training requirements, ISO-45001 training needs, training required by corporate standards, and additional training the site deems necessary. Much of that training is classroom training or hands-on.

The company is in the beginning phase of introducing customized, computer based, training in four languages. An advantage of computer-based training is that it is available twenty-four hours per day and it can be customized to include local learning objectives.

Prevention and Mitigation of OHS Impacts Linked to Business Relationships

Neo uses the Globally Harmonized System (GHS) for conveying potential health and safety hazards associated with their products. This means products are shipped with safety data sheets and warning labels that meet the GHS standard. There are zero incidents of non-compliance concerning health and safety of products in 2022.

Worker Covered by OHS Management System

89 percent of Neo's manufacturing personnel operate in a plant that carries an external ISO 45001 – Occupational Health and Safety Management System certification.



Work Related Injuries

89 percent of Neo's manufacturing personnel operate in a plant that carries an external ISO 45001 – Occupational Health and Safety Management System certification.

	2020	2021	2022
Lost Time Incident Rate	0.17	0.16	0.22
Total Reportable Incident Rate	0.34	0.26	0.38
Fatality Rate Employees	0	0	0
Fatality Rate Contract Employees	0	0	0
Number of transportation Incidents	0	0	0

Work-Related Ill Health

The number of Occupational illnesses reported in 2022, 2021, 2020, and 2019 was zero.

Safety in Practice

At Neo, safety is our top priority. In addition to our strong and robust health and safety management, we recognize the importance of hands-on application and demonstration of safety protocols in promoting safety awareness and preparedness.

The local health and safety management teams at our MQTJ (Tianjin, China) and ZAMR (Zibo, China) business sub-units organized competitions

for safety awareness, skills, and knowledge to enhance employees' safety consciousness and skills, as well as to identify areas for improvement. Employees competed individually and in teams in topics such as safety knowledge, safety equipment usage, fire fighting techniques and more. Cash prizes were also presented to the best performing individuals and teams in safety-related competencies during the competitions.



MQTJ safety competition
Top: during competition
Bottom: winner



ZAMR safety competition
Top: individual winner
Bottom: team winners (top 3)

The health and safety management team at JAMR's business sub-unit in Jiangyin, China organized and led emergency response drills and demonstrations. During the drills, employees were trained on fire safety, fire hazard awareness, and emergency

response. They also observed safety demonstrations conducted by local firefighting units. By participating in these activities, employees gained valuable knowledge and experience to better prepare them for potential emergencies.

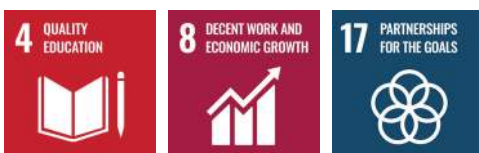


Local Communities

Dream Center Human Trafficking Victim Support Project

In 2022, recognizing the importance of social responsibility, Neo contributed to a human trafficking victim support project. In collaboration with the Dream Center, we donated \$30,000 to help refurbish an apartment designed to provide safe and secure housing for up to two survivors of sex trafficking. Our Denver office played an instrumental role in offering project support and ensuring its successful implementation.

This project not only showcases our commitment to making a positive impact on our communities but also aligns with the United Nations Sustainable Development Goals. We are humbled by the opportunity to be involved in this meaningful endeavor and will continue to seek ways to contribute to the betterment of society and the welfare of those in need.



Local Community Engagement

At Neo, engagement with local communities is encouraged and celebrated. We strongly believe that establishing a close connection between our organization and the regions where we operate is crucial for achieving long-term success. Neo's business units engage with its diverse local communities through wide-ranging approaches in varied situations.

Neo's Corporate and Peterborough business sub-unit teams contributes to flagship events for students and alumni of the University of Toronto's Department of Chemical Engineering and Applied Chemistry through sponsorships. They also support capital upgrade fundraising projects, offer industry perspectives on projects related to critical raw materials, and deliver guest lectures. Neo is a member of the University of Toronto's ILEAD

Community of Practice program, where it shares information on engineering leadership skills and provides guidance to students seeking advice on their research or professional development.

Magnequench Korat (MQK), our business sub-unit based in Korat, Thailand, extended support to several local communities. It aided local primary schools in developing and enhancing their electrical infrastructure, supplied decommissioned computers and flagpoles, and donated food and funds for children's day. MQK also supported flood victims from the Pak Thong Chai district with supplies and donations. Moreover, MQK provided food and water to emergency service personnel and donated funds to community-based social services and persons with disability club.



Decommissioned Computers donation



Donation to flood victims



Donation to primary school on children's day



Donation to persons with disability club

Our Business sub-unit based in Sillamäe, Estonia actively supported various local communities. In 2022, Sillamäe supported through various forms of charitable support to the Ida-Viru County Entrepreneurship Centre, “Day of My Dreams” Charity which enables sick kids to live the day of their dreams, Sillamäe Youth Centre – a Non-profit organization, JazzTime Sillamäe – local Jazz music promoting club, and Sillamäe Sports Club Kalev.

Our NRMO business sub-unit based in Quapaw, Oklahoma supports two local high schools. In 2022 they generously funded meals for the band, football team, and teachers’ association during special occasions. Additionally, NRMO donated a batting cage for the school’s baseball program to promote sports and physical activities, funded senior

banners to recognize and celebrate the achievements of students who excel in sports, and provided financial support for the ‘future farmer’s program’ to support education in one of the key industries of the local area.

Our ZAMR business sub-unit based in Zibo, China is dedicated to assisting the rural communities in its vicinity. In 2022, ZAMR contributed 10,000 RMB to the local government for the construction of roads in rural areas, and 4,000 RMB to support the procurement of Covid-19 response supplies. ZAMR aided local farmers by purchasing their produce and distributing it among our employees. ZAMR also contributed to the cleanliness of the surrounding areas by taking part in garbage and street clean-up initiatives.



Purchased produce (sweet potatoes) from local farmers



ZAMR employees cleaning the streets of surrounding areas.

Our JAMR business sub-unit based in Jiangyin, China made donations exceeding 300,000 RMB and provided 3,000 T-shirts to support local covid-19 response efforts. Additionally, JAMR supplied heatstroke prevention materials to the firefighting unit stationed at the nearby emergency response center.

Buss & Buss, our business sub-unit located in Germany, has made charitable donations to non-profit organizations promoting culture and elder care.



T-shirt donation certificate



Monetary donation certificate



Supporting Employee Wellbeing

Our plant at Jangyin built an on-site employee wellbeing center, which includes a fitness room, chess tables,

badminton courts, and a recreational parkette with flora and a pond to support mental and health breaks.



Supporting Education

Neo's business units have established strong ties and partnerships with academic institutions in their respective localities. Our corporate office and Peterborough business sub-unit in Canada have partnered with the University of Toronto on leadership and ESG education initiatives. In Estonia, our business sub-unit in Sillamäe has established partnerships with Tallinn University of Technology and the University of Tartu. Our ZAMR business sub-unit in Zibo, China is partnered with Qingdao University of Science and

Technology, and our business sub-unit in Korat, Thailand has formed a partnership with Suranaree University of Technology. Our partnerships with academic institutions allow us to utilize their research capabilities while providing them with our industrial resources and experience. Additionally, we offer internships and co-op opportunities to promising young students, thereby fostering collaboration, and contributing to the growth of the next generation of professionals in our organization and industry.



Supply Chain Social and Human Rights Assessment

Supplier Assessment

Neo is committed to continually enhancing its environmental and social practices, and to achieve this objective, the company seeks to extend the scope of its evaluations to include upstream entities as part of its continuous improvement model. At Neo, we believe in transparency and make it a point to communicate our environmental and social requirements to both existing and potential suppliers.

Neo has a procurement policy that encompasses various environmental and social concerns, such as adhering to relevant environmental laws and regulations, refraining from collaborating with suppliers involved in human rights violations, establishing standards for contractors, and considering other social and environmental factors. Several of our major facilities have proactively enhanced their procurement standards by adopting policies that prioritize suppliers with ISO-14001 certifications.

Understanding the Entities Upstream of Neo

Sources of our Chemicals & Oxides (C&O) Input Material

The raw materials required for C&O are critical minerals subject to annual processing quotas in China, of approximately 1,500 tonnes (REO) at Neo's ZAMR facility and 1,100 tonnes (REO) at the Company's JAMR facility. Both facilities provide a degree of vertical integration, as they can purchase and separate specialty chemicals for their own internal use or to sell to third parties. Additionally, ZAMR and JAMR sometimes use RE concentrates from outside China, which enable them to increase production beyond what's possible through the allotted quota limits. The balance

of the material inputs required by Neo are occasionally sourced from various alternative suppliers, including jurisdictions such as Australia (via Malaysia), Russia, China, and Vietnam.

Sources of our Magnequench (MQ) Input Material

Magnequench's Tianjin facility sources its critical neodymium and praseodymium raw materials primarily from Chinese processors, while its Thailand operation in Korat sources materials from Sillamäe and third-party suppliers outside of China. Neodymium oxide is the primary material obtained from Silmet, which requires conversion into its metal form before it can be used

by Magnequench Korat. To accomplish this, Magnequench outsources the conversion process to a related third party via a toll processing agreement with GQD Special Material (Thailand) Co. Ltd., a Thai joint venture in which Neo has a 20% stake and operates a facility in Rayong, Thailand. Much of the raw materials used in the production of Magnequench Powders at the Tianjin facility are stored on a consignment basis and purchased as consumed. Magnequench's leading position in the market for bonded and hot deformed NdFeB magnets is supported by several competitive advantages in its supply chain. These include long-standing relationships with key suppliers in China, as well as alternative sources of supply through internal procurement and suppliers outside of China. Additionally, Magnequench also has the ability to source materials from Neo's C&O business unit. The consignment agreements at Tianjin allow for a highly efficient supply chain, and the company manages input cost volatility through

pricing mechanisms that enable it to pass on costs to customers with short lead-lag. Magnequench's primary raw material input for its magnet business is Magnequench Powders.

Sources of our Rare Metals (RM) Input Material

Neo's Rare Metals segment responsibly sources its materials from conflict-free locations in Africa, South America, and Asia. Its Silmet plant in Estonia has maintained a conflict-free certification from the Electronic Industry Citizenship Coalition (EICC) since 2014, when it was first certified for the 2013 period. This certification is highly valued by customers who consider it an important criterion in their sourcing decisions. The certification is renewed annually, providing assurance that Neo's products do not contain "conflict minerals" sourced from the Democratic Republic of Congo or its neighboring countries.

Negative Social Impacts in the Supply Chain and Actions

Neo Rare Metals at Silmet purchases beneficiated niobium and tantalum from RMAP reviewed and approved sources.

Neo implemented corporate-wide Procurement and Human Rights Policies in 2021. As of 2022, the company's plant-level procurement functions have begun integrating requirements for suppliers and vendors to uphold human rights standards throughout the value chain.

Customer Health and Safety; Labeling

Commitment to Product Safety

Neo is deeply committed to ensuring product safety for our customers and takes regulations and communication of product hazards seriously. All products are evaluated for potential hazards and the necessity for warning labels and safety data sheets, in accordance with the UN's Globally Harmonized System of Classification and Labeling of Chemicals (GHS). This international system is embedded in Neo's

corporate audit protocols, ensuring a consistent, high standard of safety and communication across our range of products. Data from these evaluations indicate that 43% of Neo products, by revenue, are classified as category 1 or 2 health or environmental hazardous substances. There were no incidents of non-compliance with product safety standards identified in 2022.



Environment

Social



**OUR RESPECT
FOR GOVERNANCE**

Corporate Governance

Corporate Governance

Neo's prides itself to its shareholders for its corporate governance policies and practices.

Board of Directors

Neo's highest governance body is its Board of Directors. The term of office of each director expires at the annual meeting of shareholders. Neo's Board is currently comprised of six directors:

- Claire Kennedy (Board Chair)
- Eric Noyrez
- Constantine Karayannopoulos (outgoing 2023)
- Rahim Suleman (ingoing 2023)
- Edgar Lee
- Gail Edwards
- Yadin Rozov

Independence

All of the directors are independent of management with one exception, Constantine Karayannopoulos, who is Neo's President and Chief Executive Officer. The Board, directly and through its committees, oversees management and is responsible for the stewardship of Neo, ensuring that long-term value is being created for all of its shareholders while considering the interests of the Neo's various stakeholders including shareholders, employees, clients, suppliers and the community.



Board Committees

The Board delegates a number of responsibilities to committees, which are listed in the following table.

Audit Committee	The Audit Committee is responsible for assisting in the Board's oversight of the reliability and integrity of the accounting principles and practices, financial statements and other financial reporting and disclosure practices followed by management of the Company. The Committee shall also have oversight responsibility for: (i) the qualifications, independence and performance of the independent auditors; (ii) the establishment by management of an adequate system of internal controls; (iii) the preparation by management of quarterly and annual financial statements; and (iv) the maintenance by management of practices and processes to ensure compliance with applicable laws.
Compensation & Human Resources Committee	The Compensation and Human Resources Committee is responsible for (i) discharging the Board's responsibilities relating to the compensation of the Company's executive officers, (ii) administering the Company's incentive compensation and stock plans, and (iii) assisting the Board with respect to management succession and development. The Committee shall review and make recommendations to the Board on an annual basis regarding (i) company-wide compensation programs and practices, (ii) all aspects of the remuneration of the Company's executive officers and (iii) equity-based plans and any material amendments thereto.
Corporate Governance & Nominating Committee	The Corporate Governance and Nominating Committee is responsible for assisting the Board: (i) in fulfilling its oversight responsibilities with respect to the corporate governance practices of the Company and; (ii) with identifying, recruiting and nominating individuals that are qualified to become Board members.
HESS Committee	The Health, Environment, Safety and Sustainability ("HESS") Committee for assisting the Board in fulfilling its oversight responsibilities relating to the Company's policies, standards, goals and objectives, and compliance systems regarding HESS matters. The Committee shall provide oversight on work relative to: (i) the protection of the health and safety of employees, contractors, customers, and the public; (ii) the protection of Company property; (iii) the protection of the environment and; (iv) the promotion of sustainable business practices.

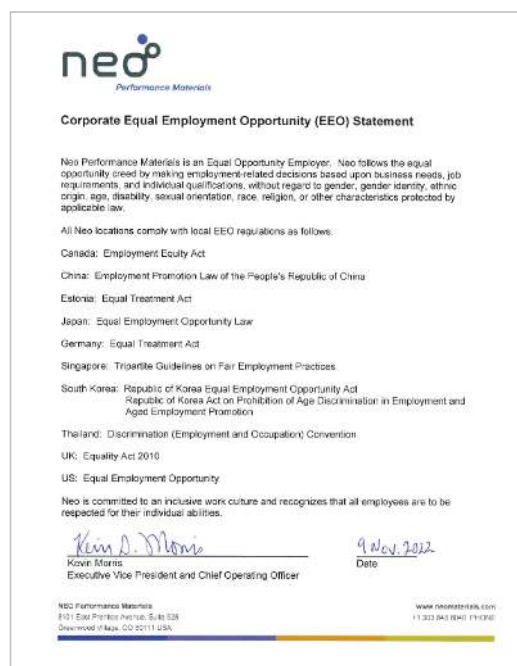
Board and Executive Officer Diversity

Neo recognizes and embraces the benefits of having diversity on the Board and in its senior management. Presently, Neo has two female directors, representing (40%) of the directors independent of management of Neo.

Neo also recognizes that the Board and senior management appointments must be based on performance, ability, merit and potential. Therefore, Neo ensures a merit-based competitive process for appointments. Neo's commitment to diversity will include ensuring that diversity is fully considered by the Board in identifying, evaluating and recommending Board appointees/nominees. Accordingly, Neo has its Corporate Equal Employment Opportunity Statement. With respect to the Board composition, as appropriate, the Board will:

- assess the effectiveness of the Board appointment/nomination process at achieving Neo's diversity objectives; and
- consider and, if determined advisable, recommend for adoption, measurable objectives for achieving diversity on the Board.

At any given time, the Board may seek to adjust one or more objectives concerning diversity and measure progress accordingly.



ESG-linked Executive Compensation

In 2021, Neo's Compensation Committee introduced an ESG component within the incentive structure of executive compensation. This ensures a long-term compensation reward alignment of Neo's financial performance with its relentless pursuit of continuous improvement on reducing the environmental footprint of its operations and its becoming of a more engaged corporate citizen in the communities it operates. Since

its introduction in 2021, ESG-linked executive compensation at Neo has catalyzed deeper conversations on developing a strategy to gradually converge to more climate-neutral operations in the long-term. In 2022, Neo, led by its executive management, began collaborating closely with environmental consultants to further develop the company's long-term climate impact reduction plans and opportunities.

Ethical Business Practices

Neo's Policy Commitments for responsible business conduct are embedded throughout all its commercial activities, operations, and relationships. When policies are in breach, there is either a process or someone responsible for remediation of negative impacts. Within the documentation of the corporate policies, there is also an indicated mechanism for employees to seek advice and raise concerns.

Responsible Procurement and Supply Chain Management

Neo adopted the OECD's Model Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas.

For this reason, it is in the process of conducting a holistic adoption and application of the following standards:

- Supply Chain Policy Incorporated into Contracts
- Tantalum Ore Sourcing Standard
- Tin Sourcing Standard
- Cobalt Sourcing Standard
- Rare Earth Elements tracing compliance mechanisms: Strong Government Standards, Licensed Suppliers from the People's Republic of China, Certifications (e.g. RMA Standard, RMAP, ISO-14001, SA-8000, EcoVadis Surveys), and Third Party Audits



Human Rights Protection and Promotion

In 2021, Neo's team developed a distinct Human Rights Policy document, which the Board of Directors voted unanimously for the corporation to accept.

Neo fully supports the United Nations Universal Declaration of Human Rights and is committed to respecting all International Labour Organization (ILO) core human rights standards. Neo also endorses the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the United Nation's Guiding Principles on business and human rights and the ILO Declaration on Multinational Enterprises.

Neo does not employ children, in compliance with Convention 138 of the ILO. With the only exception being summer internships and vocational training programs organized in cooperation with schools or competent authorities, Neo will apply ILO C138 Framework for Minimum Age.

In accordance with ILO Conventions 29 and 105, Neo will under no circumstances make use of forced or bonded labour. Neo believes in a world of eradicated Modern Slavery.

In accordance with ILO Conventions 87, 98 135 and Recommendation 143, Neo recognizes and respects the freedom of its employees to choose if they want to participate in the establishment or association of an employee organization of their own choosing, such as a labour union and collective bargaining units, without Neo's prior authorization.

In accordance with ILO Conventions 100 and 111, Neo is committed to an inclusive work culture and recognizes that all employees are to be respected for their individual abilities. Neo does not tolerate any form of harassment or discrimination on the basis of gender, religion, race, national or ethnic origin, cultural background, social group, disability, sexual orientation, marital status, age or political opinion.

Communication of Critical Concerns to Highest Governance Body

Neo's Board of Directors – its highest governance body – receives regular information summarizing all critical concern reports and activity relating to it. Additionally, Neo's facilities have a provision for urgent communication with the board's HESS committee as specified in the HESS policy and standards document, enabling them to report recordable accidents within a 24-hour timeframe and emergency situations almost immediately.

Neo's Whistleblower Reporting and Non-Retaliation Policy

Neo's policy addresses our corporation-wide commitment to integrity and ethical behaviour by helping to foster and maintain an environment where employees and others can report concerns about wrongdoing or suspected wrongdoing without fear of retaliation, discrimination or harassment. The purpose of this policy is to report Good Faith concerns regarding the business practices of Neo. All employees are responsible for reporting wrongdoings or suspected wrongdoings, using the procedures in Neo's policy.

Concerned parties can also submit an online confidential concern or call a toll-free phone line that is posted on the following secure website: www.neo.ethicspoint.com.

The phone line is available 24 hours a day, seven days a week, 365 days a year.

Reporting Mechanism for Employees

Employees are strongly encouraged to discuss any concerns first with their supervisors, managers or other senior management. Supervisors and managers are required to notify their supervisors if they receive a report of wrongdoing or suspected wrongdoing. Supervisors and managers will maintain confidentiality to the extent possible and treat the reporters with respect and escalate the reports in accordance with this policy and procedures. Alternatively, employees may contact the Chair of the Audit Committee, the Corporate Secretary, or Neo's legal department. Alternatively, Neo has established procedures by which employees may make a confidential report through a third-party company, NAVEX Global®.

Reporting for Third Parties

Neo has also established procedures by which persons other than employees may communicate confidentially a critical concern to the highest governing body. Reports or claims of financial wrongdoing are delivered to the Chair of the Audit Committee and the Corporate Secretary. All other reports of non-financial wrongdoing are delivered to the Corporate Secretary and a designated member of Neo's legal department. Reports to the third-party company, NAVEX Global®, can also be made on an anonymous basis.



Investigation of Critical Concerns

Every financial report or non-financial report received will be promptly and thoroughly investigated under the direction of Neo's highest governing body – its Board of Directors - or committee of the Board, and/or the Corporate Secretary and/or Neo's legal department, depending on the nature of the report. The specific action taken in any case depends on the nature and gravity of the conduct or circumstances reported and the results of the investigation. Information disclosed during the course of the investigation will, to the extent practical and appropriate, remain confidential, except as may be reasonably necessary under the circumstances to facilitate the investigation, take remedial action, or comply with applicable law. Internal resources (e.g., members of the NEO human resources or legal departments) as well as external resources (e.g., external legal counsel, accounting or consulting services, etc.) may be utilized to assist in the investigation as deemed appropriate. Employees must cooperate fully with all investigations and comply promptly, completely and truthfully with all requests for information. No employee shall interfere in an investigation or alter or destroy documents or records related to an internal or external investigation.

Non-Retaliation

Neo strictly prohibits and does not tolerate retaliation against an employee or grievances for:

- any financial report or non-financial report made in good faith;
- providing information or causing information to be provided, directly or indirectly, in an investigation conducted by Neo or any federal, state or local regulatory agency or authority;
- reports concerning the violation of any applicable law, rules, or regulations, including those governing safety, health, discrimination and harassment; or
- participating in an investigation, hearing, court proceeding or other administrative inquiry in connection with a report of wrongdoing.

Neo's policy encourages the reporting of wrongdoing or suspected wrongdoing by Neo's employees and presumes that employees will act in good faith and will not make false accusations. Neo will not punish reporters for reports that cannot be substantiated, so long as the report was made in good faith.

Information Technology User Policy and Cyber-security

All employees with access to Neo's IT network infrastructure are trained on cybersecurity annually. Every new

Neo employee has to read and sign for compliance to the corporate Information Technology User Policy

Anti-Workplace Harassment and Anti-Discrimination

Neo's Anti-Workplace Harassment Policy

Every Neo employee must abide by the anti-workplace harassment corporate guidance, as defined in the Anti-Workplace Harassment Policy document that is signed at commencement of employment. Neo is committed to maintaining a work environment free of harassment and has put in place this policy prohibiting harassment, which has been approved by the Board of Directors of the Company. There is zero-tolerance for harassment in the NEO workplace of any kind, by co-workers, supervisors, other employees, directors, customers, and vendors. The Company defines harassment as the engagement in unwelcome conduct (verbal, physical or visual) that unfairly criticizes or shows hostility or aversion toward an individual because of their race, color, religion, sex (including same sex), national or ethnic origin, age, pregnancy/marital status, disability, genetic information, or other characteristics protected by applicable laws.

Neo's Code of Business Conduct and Ethics Policy

Additionally, every Neo employee must abide by the anti-discrimination corporate guidance, as defined in the Neo Code of Business Conduct and Ethics Policy document that is signed at commencement of employment. The comfort and diversity of our employees is tremendous assets. We provide equal opportunity in all aspects of employment and will not tolerate discrimination or harassment of any kind. Derogatory comments based on racial or ethnic characteristics, unwelcome sexual advances and similar behaviour are prohibited. Neo does not tolerate any form of discriminatory harassment – whether physical or mental in nature.



Anti-Corruption and Anti-Bribery

Neo is dedicated to the dynamic, ethical and profitable expansion of its operations worldwide. We compete for all business opportunities vigorously, fairly, ethically and legally and will pursue and negotiate contracts in a fair and open manner. Regardless of any pressures exerted, the Company will conduct business using only legal and ethical means. Neo's operating facilities, subsidiaries, affiliates and joint ventures conduct every business transaction with integrity, regardless of differing local manners and traditions, and strive to comply with all regulations including, but not limited to:

- the laws and regulations of Canada, particularly the Corruption of Foreign Public Officials Act (CFPOA);
- the laws and regulations of the United States, particularly the Foreign Corrupt Practices Act (FCPA);
- the laws and regulations of the United Kingdom, particularly the U.K. Bribery Act (UKBA);
- the laws and regulations of other countries in which Neo conducts business;
- Neo's Code of Business Conduct and Ethics;
- Neo's policies and procedures.

Neo's Anti-Corruption and Anti-Bribery Data for 2022

5 out of 6

Number of board members trained on anti-corruption

7 out of 7

Number of executives trained on anti-corruption

584

Number of employees trained on anti-corruption/-bribery, from line managers all the way to senior management

0

Total number and nature of confirmed incidents of corruption

0

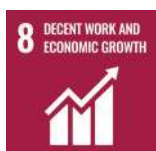
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption

0

Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases

0

Total number of confirmed incidents in which employees were dismissed or disciplined for corruption



Record Keeping

Every Neo employee has to abide by the record keeping guidance, as defined in the Neo Code of Business Conduct and Ethics Policy document that is signed at commencement of employment.

Preventing or Managing Conflicts of Interest

Every Neo employee has to abide by the conflict-of-interest guidance, as defined in the Neo Code of Business Conduct and Ethics Policy that is signed at commencement of employment.

Corporate vs. Personal Opportunities

Every Neo employee has to abide by the corporate opportunities guidance, as defined in the Neo Code of Business Conduct and Ethics Policy that is signed at commencement of employment. We do not personally take opportunities that are discovered through the use of Neo's property, information or position without the prior consent of our Board. Our directors, officers and employees are also prohibited from competing with Neo.

Competition and Fair Dealing

Every Neo employee has to abide by the corporate opportunities guidance, as defined in the Neo Code of Business Conduct and Ethics Policy that is signed at commencement of employment. We do not personally take opportunities that are discovered through the use of Neo's property, information or position without the prior consent of our Board. Our directors, officers and employees are also prohibited from competing with Neo.

Neo's Competition and Fair Dealing Data for 2022

0

Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant

**see Quarterly and Annual Financial Information Disclosures*

Main outcomes of completed legal actions, including any decisions or judgements

Protection and Proper Use of Company Assets

Every Neo employee has to abide by the company assets use corporate guidance, as defined in the Neo Code of Business Conduct and Ethics Policy document that is signed at commencement of employment.

Theft, carelessness, and waste of NEO assets have a direct impact on our profitability and should be avoided. Any suspected incident of fraud or theft

should be immediately reported to a supervisor or, if appropriate, a more senior manager for investigation. We carefully safeguard our confidential information. Unauthorized use or distribution of confidential information is prohibited and could also be illegal, resulting in civil or even criminal penalties.

Compliance with Laws and Regulations

Compliance with laws and regulations guides every decision we take at Neo. The strength of Neo's compliance record is at the core of its ability to expand operations or gain permits. Neo had no significant instances of non-compliance with laws and regulations in 2022. A total monetary fine of \$1,305 USD was incurred in the 2022 reporting period.

Monitoring the level of non-compliance within Neo helps indicate the ability of management to ensure that operations conform to certain performance parameters. From an economic perspective, ensuring compliance helps to reduce financial risks that occur either directly through fines or indirectly through impacts on reputation. In some circumstances, noncompliance can lead

to clean-up obligations or other costly environmental liabilities. Neo's legal team frequently assesses the risk of administrative or judicial sanctions for failure to comply with environmental laws and regulations.

The regulation monitored include both environmental (e.g. emissions, effluents, and waste, as well as material use, energy, water, and biodiversity) and other ones related to our products or our administration (e.g. Ontario Securities Commission). This includes binding voluntary agreements that are made with regulatory authorities and developed as a substitute for implementing a new regulation.



Stakeholder and Public Engagement

Approach to Stakeholder Engagement

Neo strives to be in meaningful engagement and transparent communication with its external stakeholders as frequently as possible.

Our external stakeholders include customers, shareholders, local communities, governments, suppliers, media, industry associations and civil society. For everyone one of our stakeholders, there is at least one employee at Neo responsible for the relationship management and communicating internally any concerns or opportunities as they arise.

Our approach to stakeholder engagement includes virtual or in-person meetings, surveys, focus groups, community events attendance, written communication, industry consultation participations, and conference participation.

Our engagement with external stakeholders is guided by the Neo Code of Business Conduct and Ethics Policy document, which every employee has access to and has been trained on.

Ethical and Responsible Engagement with Government

Every Neo employee has to abide by the government relations corporate guidance, as defined in the Neo Code of Business Conduct and Ethics Policy document that is signed at commencement of employment.

In compliance with the Corruption of Foreign Public Officials Act (Canada), the United States Foreign Corrupt Practices Act and the Bribery Act (United Kingdom), we do not give anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. We do not

promise, offer or deliver to any foreign or domestic government employee or official any gift, favour or other gratuity that would be illegal. A member of Neo's legal department can provide guidance in this area.

The laws or customs of other countries in which we operate may be less clear. It is our policy to comply with those laws or customs; however, if a local law or custom seems to contradict the principles described in the Code, contact a supervisor or a member of Neo's legal department for guidance.

Active Corporate Citizenship in Public Policy Dialogues

Neo is actively engaged in lobbying in the European Union. Our advocacy activities concern the establishment of a resilient supply chain of rare earths and permanent magnets for European automotive, industrial pump and wind turbine manufacturing. Specifically, Neo participated in the industry consultations (“cluster meetings”) of the European Raw Materials Alliance (ERMA) and EIT Raw Materials – in effect informing Action Plan on Critical Raw Materials, the 2020 List of Critical Raw Materials, and the EU’s foresight study. Neo has not contributed either or in-kind political contributions to any public authority beneficiaries concerning directly Neo’s business activities.

Within the industry consultation framework of the European Raw Materials Alliance, Neo participated in EU advocacy activities in 2021 and 22. Neo’s advocacy was centered around informing the European Commission, the European Parliament and the Government of Estonia of amendments to funding mechanisms of the EU, in order to unlock the business case of large-scale development of rare earth magnet manufacturing in Europe. By extension, this would support the EU’s vision to develop domestic supply chains of critical raw material. Neo’s advocacy activities in the EU are reported in the EU Transparency Registry.

Neo’s Identification Number in the EU Lobbying Transparency Register is: 862207842633-83.

Memberships and Affiliations

United Nations Global Compact

In July of 2021, Neo's team was to become a participant of the UN Global Compact and publicly commit to the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. Neo implements these principles and increasingly makes them a part of all its business units' strategic plans, its culture and its day-to-day operations of Neo. Neo also engages in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. Neo has made a clear statement of this commitment to Neo's stakeholders and the general public.

Neo's team recognizes that a key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress (COP) that describes Neo's company efforts to implement the Ten Principles.

Neo supports public accountability and transparency, and therefore commits to report on progress within one year of joining the UN Global Compact, and annually thereafter according to the UN Global Compact COP policy.

This includes:

- A statement signed by Neo's chief executive officer expressing continued support for the UN Global Compact and renewing Neo's ongoing commitment to the initiative and its principles. This is separate from Neo's initial letter of commitment to join the UN Global Compact.
- A description of practical actions (i.e., disclosure of any relevant policies, procedures, activities) that Neo has taken (or plans to undertake) to implement the UN Global Compact principles in each of the four issue areas (human rights, labour, environment, anti-corruption).
- A measurement of outcomes (i.e., the degree to which targets/performance indicators were met, or other qualitative or quantitative measurements of results).

Responsible Minerals Initiative

Consistent with its leadership-by-example industrial practices in the rare earth metals and material science industry over the last three decades, Neo has become a member of the Responsible Minerals Initiative (RMI).

Founded in 2008 by members of the Responsible Business Alliance and the Global e-Sustainability Initiative, the Responsible Minerals Initiative has grown into one of the most utilized and respected resources for companies from a range of industries addressing responsible mineral sourcing issues in their supply chains. The RMI is one of the major consulted stakeholders for the continuous development and updating of the OECD's "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas".

Neo is currently undergoing a robust disclosure process for one of its facilities. Once Neo's membership application was accepted, Neo's Working Group on Sustainability mobilized to identify action items for the advancement of ethical supply chain standards development.

European Raw Materials Alliance

In 2020, the EU launched its European Raw Materials Alliance (ERMA). It is aiming for strategic autonomy on critical raw materials. It is modelled on the European Battery Alliance and focuses on metals and rare earths which are used to build magnets for batteries and all kinds of electric and electronic devices.

Throughout 2021, Neo was one of the most active participants in

ERMA's network. ERMA's network brings together a growing number of organizations from the public and private sectors covering the entire raw materials value chain. The alliance is initially focused on the most pressing needs, that is, increasing EU resilience in the supply chains for rare earth magnets and motors, batteries, and fuel cells.

The alliance is an open and inclusive initiative and will involve all relevant stakeholders, including industrial actors along the value chain, Member States and regions, trade unions, civil society, research and technology organizations, investors, and NGOs.

Wind Europe

Neo Magnequench is a member of Wind Europe - the advocacy association of the wind industry, actively promoting wind energy across the European Union. Wind Europe actively coordinates international policy, communications, research and analysis. We also provide various services to support members' requirements and needs in order to further their development, offering the best networking and learning opportunities in the sector. It analyses, formulates and establishes policy positions for the wind industry on key strategic sectoral issues, cooperating with industry and research institutions on a number of market development and technology research projects. Additionally, the lobbying activities undertaken by Wind Europe help create a suitable legal framework within which members can successfully develop their businesses.

As a member of Wind Europe, Neo contributes its technical expertise and market soundings on rare earth supply chains – a critical aspect of wind turbine manufacturing and end-of-life recycling.

In October 2021, Neo's VP Technology presented on "Circular Rare Earth Supply Chain for Permanent Magnet Generators" at Wind Europe's End-of-Life Insights & Strategies Conference.

Tantalum and Niobium International Study Center

Neo Rare Metals has been a long-time member of and an active participant in TIC's programming. The T.I.C. was established in response to concerns within the tantalum industry regarding the lack of useful information on tantalum source materials. The initial purpose of the T.I.C. was to spread information about tantalum and to promote the common interest and welfare of the producers, especially with public and private authorities, organizations and agencies. Since its foundation, the T.I.C. has grown to encompass niobium and all stages of the tantalum/niobium supply chains.

Rare Earth Industry Association

The Rare Earth Industry Association (REIA) is an international non-profit organization representing the global REE industry. Founded in June 2019, under the auspices of EIT Raw Materials Internationalization project GloREIA.

REIA has active members worldwide representing all major countries. With such a global context, REIA is well placed to contribute to a better understanding of rare earth element (REE) value chain.

Canadian Critical Minerals & Materials Alliance

The Canadian Critical Minerals & Materials Alliance (C2M2A) is a non-profit, independent organization that aims to grow the Canadian economy through critical mineral supply chains while promoting innovation and entrepreneurship. C2M2A evolved from the Canadian Rare Earths Elements Network (CREEN), and was formally created in 2021, with Neo joining the organization in 2022. The organization provides research, information, advocacy, education, conferences, workshops, and articles to build awareness of the importance of critical material supply chains. C2M2A seeks to build alliances with downstream suppliers, international companies, trade officials, and others to contribute as agents of transformative change. The organization also aligns its efforts with the e-mobility, energy storage, and clean technologies sectors, while continuing its engagement in current and successor initiatives.



United Nations
Global Compact



EUROPEAN
RAW MATERIALS
ALLIANCE | ERMA



Our ESG Data

GRI Code	Description/Topic	Unit	2020	2021	2022	Comments / Response / Reference	SASB
GRI 1	GRI standard followed					This report uses the framework provided by GRI 1: Foundation 2021 reports in accordance with the GRI standards.	
GRI 2-1	Organization details					Information on organization details is outlined in section About Us (page 5-7).	
GRI 2-2	Entities included in the organization's sustainability reporting					Entities included in Neo's sustainability reporting include: • Neo Performance Materials ULC • Neo Rare Metals (Oklahoma), LLC • Buss & Buss Spezialmetalle GmbH • NPM Silmet OU • Zibo Jiahua Advanced Materials Resources Co., Ltd. • Jiangyin Jiahua Advanced Material Resources Co., Ltd • Magnequench (Tianjin) Company Limited • Magnequench Magnetics (Chu Zhou) Co., Ltd. • Magnequench (Korat) Co., Ltd.	
GRI 2-3	Reporting period, frequency and contact point					Reporting period: Jan 1st, 2022 – Dec 31st, 2022 Publication date: October 15, 2023 Contact email: vtsianos@neomaterials.com	
GRI 2-4	Restatements of information					Information on 2021 Scope 1 & Scope 2 GHG emission data restatement is outlined in section Air Quality and Emissions (page 60-61).	
GRI 2-5	External Assurance: - describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved; - if the organization's sustainability reporting has been externally assured; - Provide a link or reference to the external assurance report(s) or assurance statement(s); - Describe what has been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; - Describe the relationship between the organization and the assurance provider.					Executive team reviews report and data HESS committee is heavily involved in review and assurance of sustainability report. Internal ESG team reviews and audits ESG report. Report is not externally assured. Third party data collection process.	

GRI Code	Description/Topic	Unit	2020	2021	2022	Comments / Response / Reference	SASB
GRI 2-7	Employees					Information on employee is outlined in section Employees (page 65).	
	Total number of employees	Person	1,805	1,844	1,756		
	Total number of male employees	Person	-	1,283	1,226		
	Total number of female employees	Person	-	561	531		
	Total number of employees (Canada)	Person	49	50	54		
	Total number of employees (USA)	Person	40	39	39		
	Total number of employees (Europe)	Person	16	11	8		
	Total number of employees (Estonia)	Person	413	413	427		
	Total number of employees (Japan)	Person	7	7	7		
	Total number of employees (South Korea)	Person	7	6	3		
	Total number of employees (China)	Person	1,100	1,139	1,041		
	Total number of employees (Thailand)	Person	140	141	132		
	Total number of employees (Singapore)	Person	33	38	45		
GRI 2-8	Workers who are not employees					Number of contractor employees are calculated by dividing total contractor work hours by standard annual work hours of a full-time employee (2080 hours).	
	Total number of contract employees	Person	41	46	40		
GRI 2-9	Governance structure and composition					The board of director structure is outlined in section Corporate Governance (page 84).	
GRI 2-11	Chair of the highest governance body					The board of director structure is outlined in section Corporate Governance (page 84).	
GRI 2-14	Role of the highest governance body in sustainability reporting					The company's Health, Environment, Safety, and Sustainability (HESS) Committee, which is composed of members of the Board of Directors, is responsible for overseeing the integration of sustainability principles into everyday business operations. Among their roles is the assessment of HESS targets and objectives set forth by the management, keeping track of progress towards these goals, and suggesting necessary adjustments. The Board members serving on this committee have thoroughly examined this report, and their feedback has been incorporated into this document. More information on the board's HESS Committee is outlined in section Corporate Governance (page 84).	

GRI Code	Description/Topic	Unit	2020	2021	2022	Comments / Response / Reference	SASB
GRI 2-16	Communication of critical concerns					Information on Neo's communication policies and mechanisms is outlined in section Communication of Critical Concerns to Highest Governance Body (page 90).	
GRI 2-17	Collective knowledge of the highest governance body					Information on advancing ESG knowledge of Neo's highest governance body outlined in section Sustainability Report Context and Methodology (page 35) .	
GRI 2-18	Evaluation of the performance of the highest governance body					Information Neo's various board committees are outlined in section Board Committee (page 85).	
GRI 2-19	Remuneration policies					Information on Neo's ESG-linked executive compensation is outlined in section ESG-linked Executive Compensation (page 86).	
GRI 2-22	Statement on sustainable development strategy					Statement on sustainable development by the Board of director's Chair and the Chief Executive Officer are included (page 11).	
GRI 2-23	Policy commitments					Information on Neo's policy commitments for responsible business conduct and respect to human rights is outlined in the Ethical Business Practices section (page 89), and the following documents: • Whistleblower Policy • Code of Business Conduct and Ethics • Anti-Corruption and Anti-Bribery Policy	
GRI 2-24	Embedding policy commitments					Information on Neo's governance strategy on policy commitments is outlined in section Corporate Governance (page 87).	
GRI 2-26	Mechanisms for seeking advice and raising concerns					Information on Neo's communication policies and mechanisms is outlined in section Communication of Critical Concerns to Highest Governance Body (page 89).	

GRI Code	Description/Topic	Unit	2020	2021	2022	Comments / Response / Reference	SASB
GRI 2-27	Compliance with laws and regulations Total number of significant instances of non-compliance with laws and regulations during the reporting period Total monetary fines incurred in reporting period	Citation Count \$USD	- -	0 2,900	0 1,305	Information on compliance with laws and regulations is outlined in section Compliance with Laws and Regulations (page 94). In April 2022, the Linzi District Emergency Management Bureau detected safety infractions at Neo's Zibo, China facility. The cited violations included inadequate protective covering for a pump motor and non-compliant warning signage, both of which fall short of the jurisdiction's safety standards. Consequently, the company received an administrative penalty of 9,000 RMB.	
GRI 2-28	Membership associations					Information on membership and associations are outlined in section Membership & Associations (page 97).	210a.1
GRI 2-29	Approach to stakeholder engagement					Neo's approach to stakeholder engagement is outlined in section Stakeholder and Public Engagement (page 95).	
GRI 2-30	Collective bargaining agreements Total number (%) of employees covered by collective bargaining agreements	Person (%)	- -	95 (5.2)	83 (4.7)	Information on collective bargaining agreements is outlined in section Collective Bargaining (page 68).	
GRI 3-1	Process to determine material topics					Process to determine material topics outlined in Materiality section (page 37)	
GRI 3-2	List of material topics					List of material topics (page 37)	
GRI 3-3	Management of material topics					Management of material topics outlined in materiality section (page 37)	

GRI Code	Description/Topic	Unit	2020	2021	2022	Comments / Response / Reference	SASB
GRI 302-1	Energy consumption within the organization					Energy management and consumption outlined in energy management section (page 46)	130a.1
	Total energy consumption	Million GJ	-	1.2	1.05	SASB Summary:	
	Gas, Diesel, LPG consumption	GJ	-	3,382	3,469	• Total energy consumed: 1.05 million GJ	
	Natural Gas	GJ	-	252,433	183,266	• Grid electricity: 32.42%	
	Total Non-renewable	GJ	-	965,651	796,477	• Renewable: 24.37%	
	Total Renewable	GJ	-	233,365	256,596	• Self generated energy: 0.14%	
	Grid Electricity	GJ	-	370,093	341,455		
	Steam / Other Heating	GJ	-	571,913	522,814		
	Methanol			626	585		
	2022 Energy Consumption by Type (Unit: GJ)						
	Energy Type		Renewable	GJ			
	Gasoline - for boiler, power generator, production device, oven etc.		Non-renewable	0			
	Gasoline - for company owned vehicle(s)		Non-renewable	1,290			
	Diesel - for boiler, power generator, production device, oven etc.		Non-renewable	2			
	Diesel - for company owned vehicle(s)		Non-renewable	1,829			
	Liquefied petroleum gas (LPG) - for boiler, power generator, production device, oven etc.		Non-renewable	267			
	Liquefied petroleum gas (LPG) - for company owned vehicle		Non-renewable	81			
	Natural Gas - for boiler, power generator, production device, oven etc.		Non-renewable	183,266			
	Electricity - internal solar panel generation		Renewable	1,484			
	Electricity - purchase from external power plant/grid		Non-renewable	341,455			
	Heating - purchase from external (Renewable)		Renewable	25,227			
	Heating - purchase from external (Non-Renewable)		Non-renewable	1,032			
	Steam - purchase from external (Renewable)		Renewable	229,885			
	Steam - purchase from external (Non-Renewable)		Non-renewable	266,670			
	Methanol based fuel, for cooking		Non-renewable	585			

GRI Code	Description/Topic	Unit	2020	2021	2022	Comments / Response / Reference	SASB																																																																						
GRI 303-1	Interactions with water as a shared resource					Neo's strategy to protecting water resources and interacting with water as a shared resource are outlined in Water and Effluents section (page 50).																																																																							
GRI 303-2	Management of water discharge-related impacts					Neo's management of water discharge-related impacts outlined in Management of Water Discharge-Related Impacts (page 56).																																																																							
GRI 303-3	Water withdrawal *ML (megaliter) = 1,000 m3 <table><tr><td>Total water withdrawal</td><td>ML</td><td>2,443</td><td>2,428</td><td>2,325</td></tr><tr><td>Total surface water withdrawal</td><td>ML</td><td>-</td><td>310</td><td>362</td></tr><tr><td>Total groundwater withdrawal</td><td>ML</td><td>-</td><td>274</td><td>247</td></tr><tr><td>Total seawater withdrawal</td><td>ML</td><td>-</td><td>1,532</td><td>1,377</td></tr><tr><td>Total produced water</td><td>ML</td><td>-</td><td>0</td><td>0</td></tr><tr><td>Total third-party water</td><td>ML</td><td>-</td><td>313</td><td>338</td></tr></table> Water withdrawal from water stress regions <table><tr><td>Total water withdrawal</td><td>ML</td><td>-</td><td>2,229</td><td>2,099</td></tr><tr><td>Total surface water withdrawal</td><td>ML</td><td>-</td><td>310</td><td>362</td></tr><tr><td>Total groundwater withdrawal</td><td>ML</td><td>-</td><td>255</td><td>239</td></tr><tr><td>Total seawater withdrawal</td><td>ML</td><td>-</td><td>1,532</td><td>1,377</td></tr><tr><td>Total produced water</td><td>ML</td><td>-</td><td>0</td><td>0</td></tr><tr><td>Total third-party water</td><td>ML</td><td>-</td><td>132</td><td>120</td></tr></table> Freshwater withdrawal <table><tr><td>Freshwater (≤1,000 mg/L Total Dissolved Solids)</td><td>ML</td><td>-</td><td>896</td><td>948</td></tr><tr><td>Other water (>1,000 mg/L Total Dissolved Solids).</td><td>ML</td><td>-</td><td>1,532</td><td>1377</td></tr></table> Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.					Total water withdrawal	ML	2,443	2,428	2,325	Total surface water withdrawal	ML	-	310	362	Total groundwater withdrawal	ML	-	274	247	Total seawater withdrawal	ML	-	1,532	1,377	Total produced water	ML	-	0	0	Total third-party water	ML	-	313	338	Total water withdrawal	ML	-	2,229	2,099	Total surface water withdrawal	ML	-	310	362	Total groundwater withdrawal	ML	-	255	239	Total seawater withdrawal	ML	-	1,532	1,377	Total produced water	ML	-	0	0	Total third-party water	ML	-	132	120	Freshwater (≤1,000 mg/L Total Dissolved Solids)	ML	-	896	948	Other water (>1,000 mg/L Total Dissolved Solids).	ML	-	1,532	1377	Neo's facilities located in water stress regions include Sillamäe, Estonia; Sagard, Germany; Tianjin, China, and Zibo City, China. Water withdrawal information is outlined in section Water and Effluents (Page 50) SASB Summary: • Total water withdrawn: • Percentage of water withdrawn from non-freshwater sources: • Total water consumption: • Water withdrawn in High or extremely high stress regions as a percentage of total water withdrawn: • Water consumed in High or Extremely High Stress regions as a percentage of total water consumed: • Number of incidents of noncompliance associated with water quality permits, standards, and regulations: 0 • Neo's most significant water management risks are outlined in section: Water and Effluents (Page 50)	140a.1 140a.2 140a.3
Total water withdrawal	ML	2,443	2,428	2,325																																																																									
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GRI Code	Description/Topic	Unit	2020	2021	2022	Comments / Response / Reference	SASB
GRI 303-4	Water discharge					Water discharge information is outlined in section Water and Effluents (Page 50).	
	Total water discharge	ML	2,583	2,254	2,199		
	Total water discharge to surface water	ML	-	391	436		
	Total water discharge to groundwater	ML	-	0	0		
	Total water discharge to seawater	ML	-	1,684	1,628		
	Total water discharge to third party	ML	-	156	135		
	Number of incidents of non-compliance with water discharge	-	0	0	0		
GRI 303-5	Water consumption					Water consumption information is outlined in section Water and Effluents (Page 50).	
	Total water consumption from all areas	ML	(140)	174	103		
	Total water consumption in water stress regions	ML	-	199	117	*(negative) values and instances where total water consumption from all areas are lower than total water consumption in water stress regions are indications that one or several plants may have water as by-product discharge.	
GRI 305-1	Direct (Scope 1) GHG emissions					Total Scope 1 GHG emissions include CO ₂ , CH ₄ , N ₂ O, and HFCs. 2021 Scope 1 GHG was revised. Further explanations and information on Scope 1 emissions is outlined in section Air Quality and Emissions (page 57). SASB Summary: - Covered under emissions-limiting regulations: 0% - Neo is currently developing its long-term and short-term strategy to manage scope 1&2 emissions.	110a.1 110a.2
	Total Scope 1 GHG emissions	mT CO _{2eq}	-	21,828	14,788		
	Base year Scope 1 emissions	mT CO _{2eq}		21,786 (2021)			
	GWP used	-		IPCC Sixth Assessment Report			
GRI 305-2	Energy indirect (Scope 2) GHG emissions					Total Scope 2 GHG emissions include CO ₂ , CH ₄ , and N ₂ O. 2021 Scope 2 GHG was revised. Further explanations and information on Scope 2 emissions is outlined in section Air Quality and Emissions (page 57)	
	Total Scope 2 GHG emissions	mT CO _{2eq}	-	119,240	106,171		
	Base year Scope 2 emissions	mT CO _{2eq}		119,240 (2021)			
	GWP used	-		IPCC Sixth Assessment Report			
GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (Sox), and other significant air emissions					Other HAPs include ammonium hydroxide, HCl, NH ₃ , CO, nitric acid, fluorine, and gaseous fluorides converted to fluorine. Further information on NOx, SOx, and other significant air emissions is outlined in section Air Quality and Emissions (page 57)	120a.1
	Total NOx emissions	t	17.99	28.7	28.42		
	Total SOx emissions	t	3.74	4.5	2.29		
	Total Volatile organic compounds emissions	t	0.9	6.1	5.82		
	Total Particulate Matter (PM10) emissions	t	19.93	8.29	4.25		
	Total other HAPs emissions	t	66.89	112	72.31		

GRI Code	Description/Topic	Unit	2020	2021	2022	Comments / Response / Reference	SASB
GRI 306-2	Management of significant waste related impacts Actions, including circularity measures, taken to prevent waste generation in the organization's own activities and upstream and downstream in its value chain, and to manage significant impacts from waste generated.					Our Tianjin, China facility diverted 179 tons of magnesia, crucibles, and pouring tanks to manufacturers for recycling and refurbishing. Working with its customers, our Tianjin facility collected and recycled 42,847 packaging cans, 0.4 tons of wooden pallets, and 85.46 tons of magnetic product wastes. (page 61)	
GRI 306-3	Waste generated Total waste generated Total amount of hazardous waste generated Total non-hazardous waste generated	t	-	9,705	9,222	Waste generated and related information is outlined in section Waste (page 61) SASB summary: • Hazardous waste generated: 4,965 metric tons	150a.1
GRI 306-4	Waste diverted from disposal Total waste diverted from disposal Total hazardous waste diverted from disposal Hazardous waste diverted onsite Hazardous waste diverted offsite Total non-hazardous waste diverted Non-hazardous waste diverted onsite Non-hazardous waste diverted offsite Total waste disposed Total hazardous waste disposed Total non-hazardous waste disposed	t	-	5,864	4,404	Waste disposal and related information is outlined in section Waste (page 62). Waste neither disposed nor diverted from disposal are temporarily stored on-site. SASB summary: • Hazardous waste recycled: 57%	150a.1
GRI 401-1	New employee hires and employee turnover Number of new employee hires Number of new employee hires (male) Number of new employee hires (female) Number of new employee hires (North America) Number of new employee hires (Europe) Number of new employee hires (Asia)	Person	108	157	178		

GRI Code	Description/Topic	Unit	2020	2021	2022	Comments / Response / Reference	SASB
GRI 403-1	Occupation health and safety management system					Information on occupation health and safety management system is outlined in section Occupational Health and Safety Management System (page 68).	
GRI 403-2	Hazard identification, risk assessment, and incident investigation					Information on hazard identification, risk assessment, and incident investigation is outlined in section Hazard Identification and Risk Assessment (page 70).	
GRI 403-3	Occupational health services					Information on Occupational health services is outlined in section Occupational Health Services (page 71).	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety					Information on worker participation, consultation and communication on occupational health and safety is outlined in section OHS-Related Worker Participation, Consultation, and Communication (page 72).	
GRI 403-5	Worker training on occupational health and safety					Information on worker training on occupational health and safety is outlined in section Worker Training on OHS (page 73).	
GRI 403-8	Workers covered by an occupational health and safety management system					Information on workers covered by an occupational health and safety management is system outlined in section Worker Covered by OHS Management System (page 73).	
	Number of employees located at production facilities covered by an OHS system	Person	-	-	1,475		
	% of employees located at production facilities covered by an OHS system	%	-	-	89		

GRI Code	Description/Topic	Unit	2020	2021	2022	Comments / Response / Reference	SASB
GRI 403-9	Work-related injuries					Information on work related injuries is outlined in section Work Related Injuries (page 74).	320a.1
	Lost time Incident Rate	-	0.17	0.16	0.22	LTIR and TRIR are calculated based on 200,000 hours worked.	
	Total Reportable Incident Rate	-	0.34	0.26	0.38	SASB summary:	
						• Total recordable incident rate: 0.36	
						• Total fatality rate for direct employees: 0	
						• Total fatality rate for contract employees: 0	
	Employees						
	Number and (rate) of fatalities as a result of work-related injury	-	0	0	0		
		(-)	(0)	(0)	(0)		
	Number and (rate) of high-consequence work-related injuries (excluding fatalities)	-	0	0	0		
		(-)	(0)	(0)	(0)		
	Number and of recordable work-related injuries	-	6	5	7		
	Number of hours worked	Million hrs	3.5	3.8	3.6		
	Contract Employees						
	Number and (rate) of fatalities as a result of work-related injury	-	0	0	0		
		(-)	(0)	(0)	(0)		
	Number and (rate) of high-consequence work-related injuries (excluding fatalities)	-	0	0	0		
		(-)	(0)	(0)	(0)		
	Number and (rate) of recordable work-related injuries	-	0	0	0		
		(-)	(0)	(0)	(0)		
	Number of hours worked	Million hrs	0.08	0.1	0.083		
GRI 403-10	Work-related ill health					Information on work-related ill health outlined in section Work-Related Ill Health (page 75).	320a.2
	Work-related ill health	Case Count	0	0	0	SASB summary: • Occupational illness at Neo was 0 in the trailing three years (2020-2022)	
GRI 404-1	Average hours of training per year per employee					Information on average hours of training per year per employee is outlined in section Training (page 67).	
	Average training hours per employee	Hour	-	-	15.24		
	Total estimated training cost	K \$USD	-	-	126		

GRI Code	Description/Topic	Unit	2020	2021	2022	Comments / Response / Reference	SASB
GRI 405-1	Diversity of governance bodies and employees Employees Total number of employees Total number of male employees Total number of female employees Total number of employees (age < 30) Total number of employees (age 30-50) Total number of employees (age >50) Board of directors Total number of board of directors Number of board members (male) Number of board member (female)	Person Person Person Person Person Person Person Person Person	1,805 - - - - - - - -	1,844 1,283 561 195 1,177 472 7 5 2	1756 1,226 531 182 1,107 468 6 4 2	Information on diversity of governance bodies and employees is outlined in sections Employees (page?) and Corporate Governance (page 67& page 84).	
GRI 406-1	Incidents of discrimination and corrective actions taken Total number of incidents of discrimination	Case Count	-	-	0	Information on incidents of discrimination and corrective actions taken are outlined in section Anti-Workplace Harassment and Anti-Discrimination (page 91).	
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor					Neo's stance on human rights protection is outlined in section Human Rights Protection and Promotion (page 88).	
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor					Neo's stance on human rights protection is outlined in section Human Rights Protection and Promotion (page 88).	
GRI 411-1	Incidents of violations involving indigenous peoples Total number of incidents of discrimination	Case Count	-	0	0	Information on incidents of violations involving indigenous peoples is outlined in section Rights of Indigenous Peoples (page 68).	
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services Total number of incidents of non-compliance concerning the health and safety impacts of products and services	Case Count	-	-	0	Information on health and safety of products and services is outlined in section Commitment to Product Safety (page 82).	

GRI Code	Description/Topic	Unit	2020	2021	2022	Comments / Response / Reference	SASB
Omissions	The omission of certain GRI disclosures in this report is primarily due to the unavailability or incompleteness of the required information, as this is the Neo’s first year of sustainability reporting in accordance with GRI standards. We recognize the importance of transparent and accurate sustainability reporting and are committed to enhancing our disclosure practices. Moving forward, we aim to progressively improve the scope and quality of our sustainability reporting by incorporating more GRI disclosures in subsequent reporting periods. This will enable stakeholders to better assess our sustainability performance and align with global best practices. Disclosure of GRI disclosures based on GRI 1: Foundation 2021 which are omitted from this report due to unavailable/incomplete information include: GRI 2-(6,10,12,13,15,20,21,25), GRI-30(1,4,8), GRI 40(3,7,10,12-15,17,18).						
Additional SASB	Product Design for Use-phase Efficiency 410a.1: At least 50% of Neo’s revenue comes from products designed for use-phase resource efficiency. Safety & Environmental Stewardship of Chemicals 410b.1: Percentage of products that contain GHS Cat 1&2 Health and Environmental Hazards by revenue: 43%. 100% of products have undergone a hazard assessment; all formulations have undergone external assessment by product safety specialists in the production of SDSs. 410b.2: Neo follows all regulatory standards in each operating jurisdiction and that of its customers, using them as the basis of information for our ongoing strategy to manage chemicals of concerns. In collaboration with our customers, Neo’s R&D teams take into consideration human and environmental impacts when developing alternatives (page 94). Genetically Modified Organisms 410c.1: Revenue originating from products that contain GMOs: 0% Management of Legal & Regulatory Environment 530a.1: Neo’s corporate positions related to government regulations and policy proposals that address environmental and social factors affecting our industry are guided by our Code of Conduct and Business Ethics that all management staff members review and acknowledge it annually (page 94). Operational Safety, Emergency Preparedness & Response 540a.1: - Process safety incidents count: 0 - Process safety total incident rate: 0 - Process safety incident severity rate: 0 540a.2: Transport incidents: 0						

A Peak into the Future of our Sustainability Journey

Neo's ESG Working Group has conducted a thorough assessment of the internal goals set for 2022 and, based on our achievements and learnings, has established a series of new, ambitious objectives for 2023. Our focus remains steadfast on enhancing environmental, social, and governance performance across our operations.

Long-Term GHG Emission Reduction Planning and Strategizing: Neo is fully committed to playing our part in tackling climate change by setting and achieving ambitious GHG reduction goals. Building on our previous work, we will continue to collaborate closely with environmental consultants to finalize our internal evaluation of historical GHG emission and reduction opportunities. As we move forward, our focus will be on developing and implementing effective strategies to reduce our carbon footprint across our business units. We recognize the urgent need for action and are actively working towards this objective.

Third-Party Evaluation Improvement: As part of our ongoing commitment to transparency and continuous improvement, we will further increase our participation in third-party evaluations and audits. By engaging with reputable ESG evaluators, we aim to identify areas for improvement and measure our progress against industry benchmarks. This increased scrutiny will help us ensure that our sustainability efforts are effective and aligned with global best practices.

Implementation of Procurement Policy: Our new procurement policy has successfully enhanced transparency across our value chain and encouraged responsible purchasing decisions. Moving forward, we will continue to strengthen our commitment to sustainable procurement practices and work closely with our suppliers to ensure they adhere to our high environmental and social standards. This ongoing effort will help us reduce risks and improve our overall ESG performance.

Launching a New Philanthropic Project: In the coming year, we are excited to launch a new philanthropic initiative that aligns with our corporate values and supports our commitment to sustainability. This project will focus on creating positive social impacts in the communities where we operate. We look forward to seeing the benefits this initiative will bring and sharing its progress in future reports.

Our dedication to these four themes highlights Neo's unwavering commitment to a more sustainable future. We will continue to prioritize transparency and ongoing improvement in our efforts to reduce our carbon footprint, engage with third-party evaluators, promote sustainable procurement, and launch philanthropic projects that support our communities. We are excited about the progress we will make together and look forward to sharing our achievements in the years to come.

Disclosure

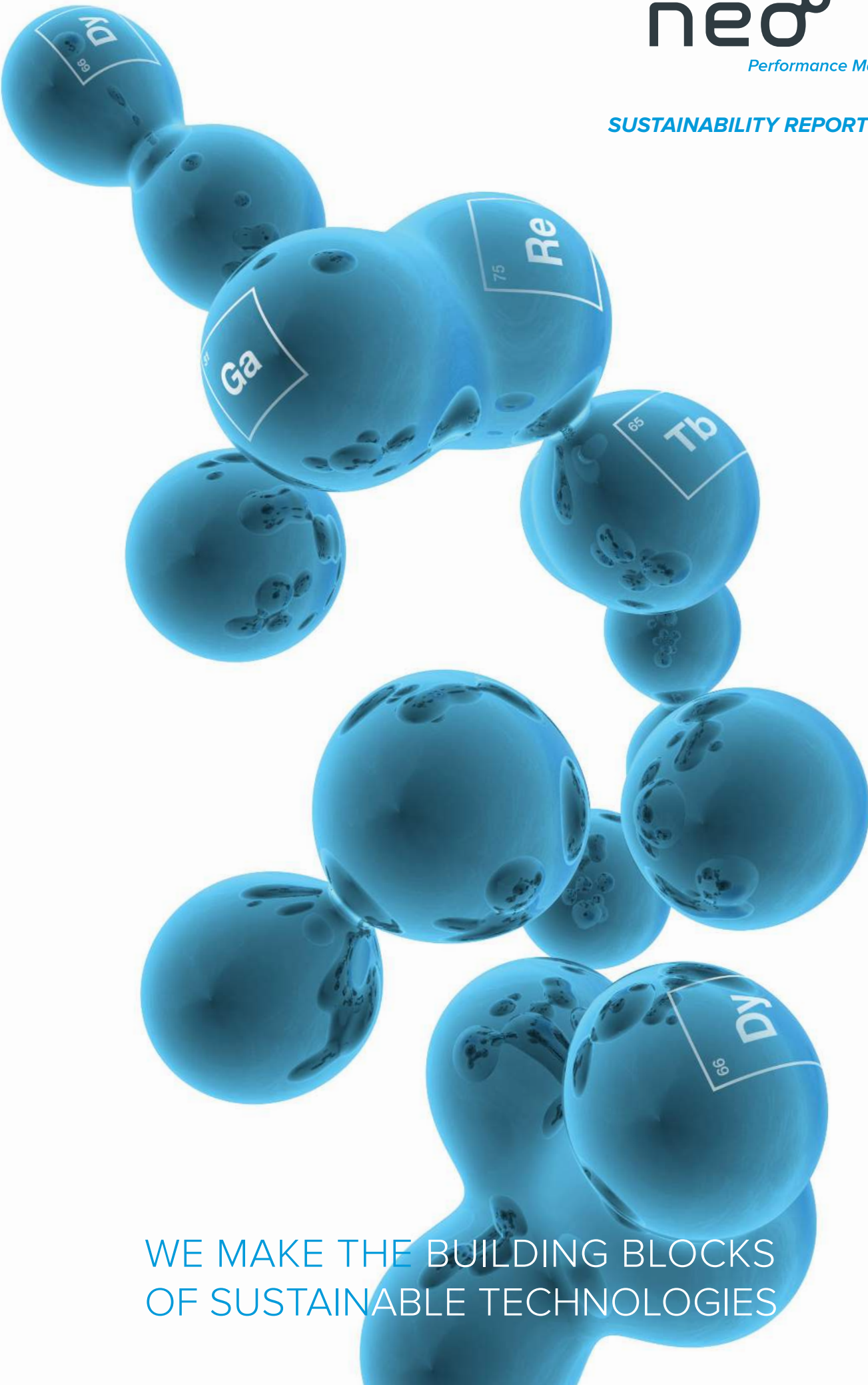
Please note that some of the information you will find in this Sustainability Report might consist of forward-looking statements including, without limitation, those regarding revenue, product volumes, product pricing, other income and expense measures, cash returns, and future business outlook including potential expansion plans. Actual results or trends could differ materially. For more information, please refer to the risk factors discussed in Neo's most recent financial filings.

Neo assumes no obligation to update any forward-looking statements or information, which speak as of their respective dates. Financial amounts presented today will be in U.S. dollars. Non-IFRS financial measures will be used during this conference call. Further information regarding Neo's use of non-IFRS measures is available in Neo's yearend earnings press release, which is available on SEDAR and on our website at **[neomaterials.com](https://www.neomaterials.com)**.



Performance Materials

SUSTAINABILITY REPORT 2023

A collection of blue, glossy spheres of various sizes, arranged in a dynamic, overlapping pattern. Some spheres feature white labels with chemical symbols and atomic numbers: "Ga" (Gallium, 31), "Re" (Rhenium, 75), "Tb" (Terbium, 65), and "Yb" (Ytterbium, 70). The spheres have a reflective, metallic-like surface with visible highlights and shadows.

WE MAKE THE BUILDING BLOCKS
OF SUSTAINABLE TECHNOLOGIES