



SUSTAINABILITY REPORT 2021

WE MAKE THE BUILDING BLOCKS
OF SUSTAINABLE TECHNOLOGIES

neo^o
Performance Materials



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About us

Neo Performance Materials Inc. manufactures 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.

We are global leaders in many areas of our operations:

- We maintain the leading global market position for rare earth magnetic powders used in bonded and hot-deformed, fully dense Neodymium-Iron-Boron (“NdFeB”) magnets.

- We also produce compression molded NdFeB magnets for a variety of applications.

- We have a top three global market position in environmental emissions control catalyst materials.

- We are a leading global producer of gallium trichloride (“GaCl₃”) for energy efficient LED lighting.

- We have pioneered a novel water treatment technology to remove excess phosphorus nutrient pollution from public waters.

- We pursue growth opportunities in end markets such as superalloys for aerospace and other applications, healthcare innovation, and many others.

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

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.

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.

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, reclaims, 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 greatly value the transparency that 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

We seek to produce advanced materials that meet our customers' needs and which enable technologies to accelerate the world's transition to a more decarbonized economy.

Letter From the Board of Directors' Chair

From Claire Kennedy

On behalf of Neo's Board of Directors, we are proud to present the company's inaugural Sustainability Report to our shareholders, customers, supply chain partners and other stakeholders.

Neo's commitment to corporate governance, health, environment, safety and sustainability is long standing. These narratives do not often make it to the forefront of annual financial reports or as the lead of our quarterly earnings calls, but they are vital to the long-term success of the Company.

2021 was a year for Neo that any Board Chair would be proud to have overseen. Our management team continued to execute its plans for growth, which included product innovations to help advance sustainable developments goals globally. Amidst the

backdrop of the lingering global pandemic and related supply chain challenges across nearly every industry, Neo's proven and nimble business model was able to successfully meet our customers' needs.

The demands of Neo's sophisticated customer base extend beyond stellar customer service, relentless innovation and consistent product quality to include accountability for meeting the rigor of leading Corporate Social Responsibility standards. The information contained in this report illustrates Neo's commitment to meeting this challenge, and there is more to come.

Neo's core businesses supply materials that are critical to the world's transition to greener and smarter technologies, which benefit the environment and enhance human welfare. It is therefore fitting that Neo is advancing ESG practices in the rare earths and rare metals industries. The Board of Directors endorses management's commitment to transparent reporting of Neo's progress towards sustainability goals. We thank management for the effort reflected in this inaugural Sustainability Report and look forward to continued progress.



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Letter From the Chief Executive Officer

From Constantine Karayannopoulos

I am pleased and proud to present this inaugural Sustainability Report to our shareholders, customers, industry partners, employees, and all our stakeholders that benefit from Neo's advanced rare-earth and rare metal materials.

With nearly three decades in the rare earths and rare metals industry, I can say that I have seen corporate citizenship evolve to a level of reporting transparency that is better for everyone as well as the planet.

The pandemic years of 2020-2021 provided many moments of reflection for the world and the Neo team. Increasingly, we heard from customers, capital markets, and various stakeholders to articulate more directly our commitment to sustainability and carbon reduction, and to report on our progress toward these goals. The following report launches a formal reporting process that we hope explains and documents how we intend to help fast-forward the world's transition to a more sustainable and less carbon-centric future.

For many years, Neo has sought to lead our industry in environmentally responsible production practices and in producing products that enable sustainable technologies. For example:

1. Our configuration of a new US-to-EU rare earth supply chain, utilizing by-product inputs and reduced upstream waste;
2. Our targeted environmental stewardship of all five of Neo's flagship rare earth facilities, representing approximately 90% of Neo's total revenue, to operate within the EcoVadis tracking and reporting system—in 2021 alone, they were awarded with two Gold medals and one Silver with;
3. Our commitment to the United Nations Global Compact;
4. Our support of and membership in the Responsible Minerals Initiative;
5. Our continued investment in air, water, and waste emissions minimization/elimination technologies at our manufacturing sites with;
6. Our redirection of low level naturally occurring radioactive material from legacy storage to an industrial partner that uses it as feedstock for carbon-free nuclear power generation with;
7. Our consultation participation in and sharing data and industry insights for public policymaking with the European Raw Materials Alliance, Wind Europe, Tantalum and Niobium International Study Center, and the Rare Earth Industry Association with;
8. Our decision to relocate 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, and;
9. Our recycling program for magnet scrap from the Daido/Honda EV traction motor program and the introduction of magnets made from recycled REs for one of the world's largest global smartphone and electronics producers.

I would like to thank Neo's Board of Directors for their endorsement of this public reporting effort. For our management team, the production of this sustainability report allows us to institutionalize quantitative and qualitative data from our operating facilities. This has been an ambitious, and ultimately rewarding, undertaking. Pursuing ESG at Neo fits well with our highly entrepreneurial culture, and is already yielding positive results. With a common language to discuss ESG goals, our colleagues are better able to discuss, debate, and ultimately improve upon our pathways to sustainability. That language easily enters into virtually all of our business conversations, notably with customers, industry partners, and shareholders. That is good for the environment and for business.

I hope this report underscores and documents how Neo "walks the talk" of ESG and environmental performance. It 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 2022, ensuring our ongoing commitment to this worthy initiative. Neo's operations have upheld all Ten Principles of the UN Global Compact through the past year. A specific touchpoint is Neo's recent Human Rights Policy that was adopted by our Board of Directors. In today's interconnected business environment, it is crucial to ensure our common values and goodwill are not only shared and understood but also communicated clearly and displayed prominently, and that our employees have the right tools to engage in productive dialogue with our business partners and stakeholders.



To our more than 1,800 dedicated employees around the globe, a big "Thank You" for your continuing commitment to commercial and ESG excellence. It is the greatest honor to wear the Neo jersey with you every single day.

Neo's Responsible Value Creation Philosophy

Neo's long-term value creation equation consists of four main variables:

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

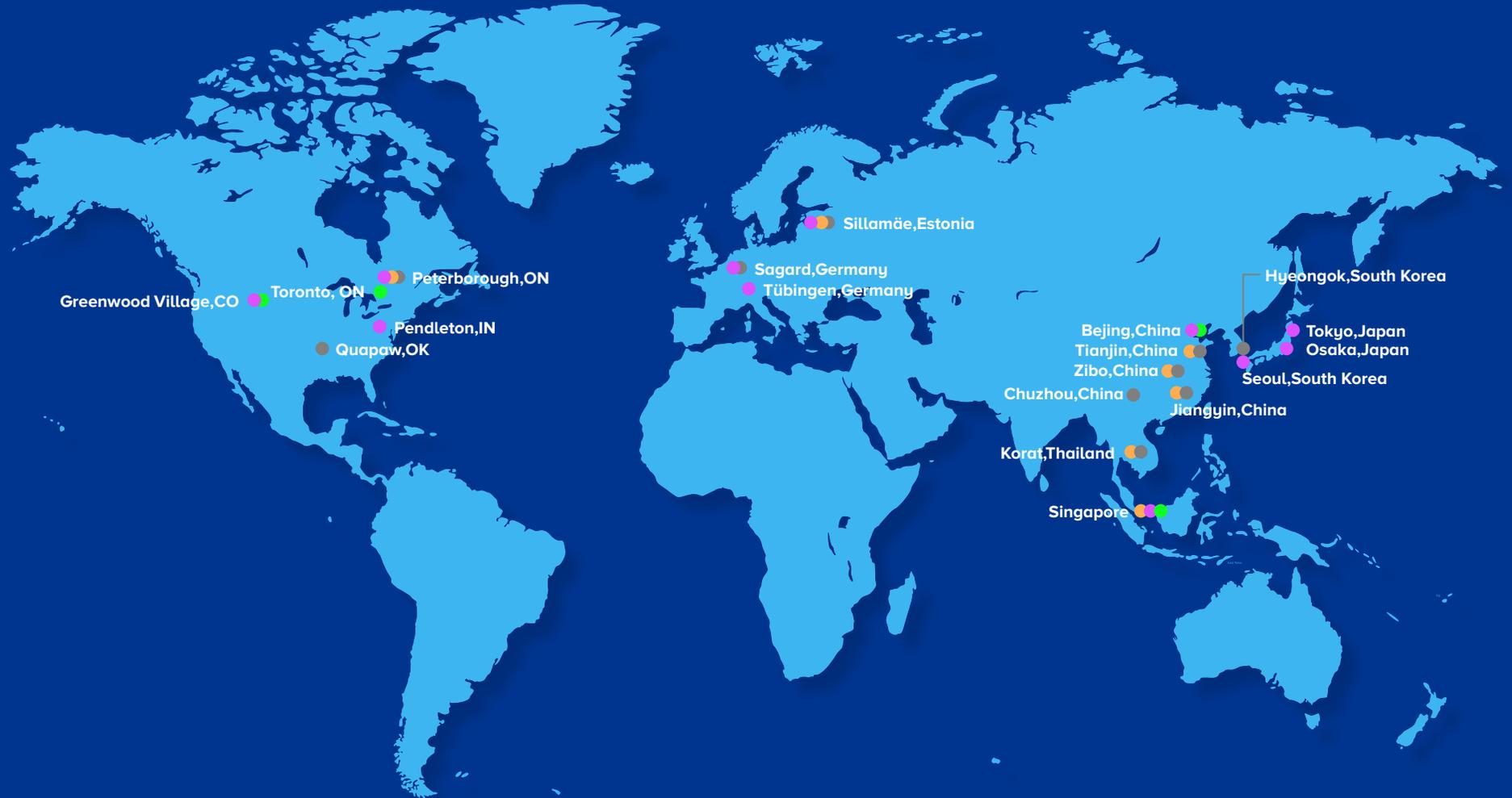
Neo's corporate brand and reputation are underpinned by our ability to consistently deliver the world's most advanced rare-earth and rare metal materials.

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's commitment to continuously advancing our supply chain operating performance standards is the glue of trust between us and our stakeholders.

Locations of Operations and Summary of Quality Standards Adopted

- Production Facilities
- Research Offices
- Corporate Offices
- Sales & Liaison Offices



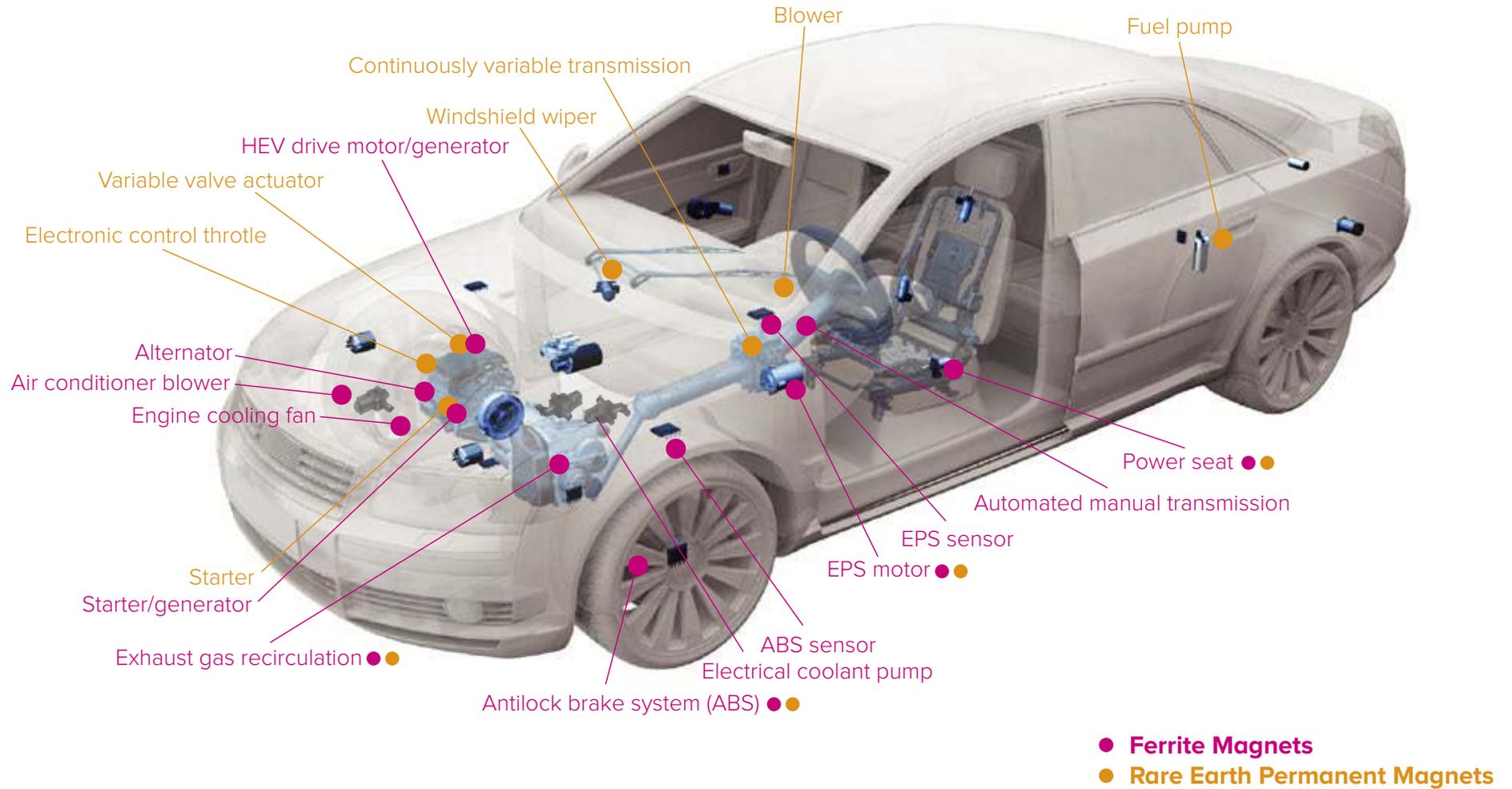
Locations of Operations and Summary of Quality Standards Adopted



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

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.



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.



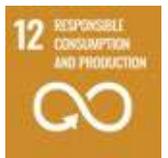
Reducing Air Emissions from Commercial Aviation

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 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.





NAVIGATING OUR INAUGURAL SUSTAINABILITY REPORT

Neo's inaugural Sustainability Report provided an opportunity to reflect on the past and imagine the future. Over the past few years alone, we have:

- Managed consistent improvement in Occupational Health & Safety (OHS), including the tracking and management of near misses and the limiting of lost time injuries. For example, Neo's Total Reportable Incident Rate (TRIR) compares very favorably to U.S. manufacturing industry data for our industry.
- Embraced the strengths of a diverse workforce, with a preference to hire management from local communities. In fact, 90% of plant managers we hire are from local communities (national jurisdiction) in which we operate.
- Re-weighted the importance of Health, Environment, Safety and Sustainability (HESS) initiatives in our annual strategic planning, with an objective tied to the improved ESG outcomes and reporting;
- Implemented and prioritized employee continual training and learning initiatives including harassment prevention, Foreign Corrupt Practices Act (FCPA) compliance, and ethical conduct policies;
- Improved product labeling and customer communications regarding product safety, and;
- Focused on ethically sourced/conflict free tantalum and niobium feedstock and qualifying for the Responsible Minerals Initiative (RMI), with an eye toward developing industry standards for rare earth material sourcing

Neo's Corporate Vision pictures a world that has substantially decarbonized major industrial and mobility sectors. Neo's innovative research and development history has been integral to unlocking many new technologies that improve energy efficiency, reducing the intensity of use of fossil fuels and carbon intensive workstreams, and helping protect air and water quality. Driving new technologies forward and accelerating the adoption of climate-friendly products, is imperative for us. The "How" we manufacture these products and manage our business is equally important to the "What" our products do. Neo seeks to display leadership in the pursuit of responsible supply chains and excellence in material science. Through disciplined practices, policies and procedures, we can help set the new standard for the critical materials industry.

To aid this effort, it is critical to have a strong foundation through ESG Reporting. Early in our journey, ESG is already touching every aspect of our business, and we are implementing continuous improvement processes. We anticipate publicly reporting every year for our stakeholders.



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

Reporting Period and Boundaries

For our inaugural report, our primary emphasis is the calendar year 2021 reporting.

The recent several years will also provide context for certain results that might be skewed by the global pandemic during 2020 and 2021.

For this first edition, report boundaries include entities in which Neo has had a controlling majority interest prior to 2021. Environmental data is emphasized for our five largest plants.



Institutionalizing Our Sustainability Reporting and Continuous Advancement

During 2021, 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.

Primary Reporting Standards Followed for Our Inaugural Report

Sustainability Accounting Standards Board: SASB connects businesses and investors on the financial impacts of sustainability. SASB Standards enable businesses around the world to identify, manage, and communicate financially material sustainability information to investors. They are industry-specific and are designed to be decision-useful for investors and cost-effective for companies. They are developed using a process that is evidence based and market informed.

United Nations Global Compact: In 2021, Neo became a signatory to the UN Global Compact. By incorporating the 10 Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, Neo is not only upholding its basic responsibilities to our planet and people, but also setting the stage for long-term success.

The 10 Principles of the UN Global Compact 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 are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all." The SDGs were established in 2015 by the United Nations General Assembly (UN-GA) and are intended to be achieved by the year 2030. They are included in the UN-GA Resolution called the 2030 Agenda.

Identifying Neo's Sustainability Context and Report Production Methodology

Neo's inaugural Sustainability Report production process began with a clear mandate by our Board of Directors and Chief Executive Officer to form an internal working group that would deliver an ESG report on 2021. This internal working group became Neo's Working Group on Sustainability and began developing the report's production strategy. The first step was to benchmark Neo against 20 other corporate issuers in terms of disclosure granularity and standards deployed.

Next, Neo's Working Group on Sustainability recruited expert advice from external advisors to buttress our in-house knowledge base. This included educational material and training courses on ESG Reporting Standards and Frameworks. With the assistance of our external advisor, we then created a shortlist of relevant topics to be assessed for inclusion in our 2021 Sustainability Report. Relevant topics were those that may reasonably be considered important for reflecting the organization's economic, environmental, and social impacts, or influencing the decisions of stakeholders. All such topics potentially merit inclusion in Neo's future sustainability reporting. Neo applied a wide-ranging radar to identify all relevant topics, based on standard disclosure guidance set by SASB, and UN SDG frameworks. This was informed by the use of a survey and a series of confidential one-on-one interviews of the Board HESS Committee's Director members and Neo's senior management team.



Materiality Issue	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.

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 thirdparty consultants, with 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 present the Top 10 material undertakings of 2021 that advanced Neo's ESG efforts in contributing to global sustainable development:

1. Establishment of standing agenda on ESG updates within Neo's Board of Directors HESS Committee;
2. Introduction of ESG-linked executive compensation criteria;
3. Institutionalization of Neo's Working Group on Sustainability;
4. Configuration of the US-to-EU supply chain of rare earths, making use of by-product economics and reducing upstream waste;
5. Redirection of naturally occurring radioactive material from legacy storage to an industrial partner that uses it as feedstock for the production of carbon-free nuclear power;
6. Support for and membership to the Responsible Minerals Initiative and the UN Global Compact;
7. Consultation participation to share data and industry insights for public policy making within the European Raw Materials Alliance;
8. Relocation of an operating facility in China to help reduce the concentration of heavy industry in a high-stress water region, and reduce potential risk to groundwater sources;
9. Development of a first-in-China neutralization treatment of slag that allows recycling of government qualified materials suitable for alternative applications, and;
10. Preparation for and production of this inaugural Sustainability Report.

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 Group working 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

Third-Party Independent Audits and EcoVadis Medal Awards

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.

- Tianjin completed the EcoVadis survey in 2021.
- Korat completed the EcoVadis survey in 2020 and 2021.
- Zibo completed the EcoVadis survey in 2021.
- Jiangyin completed the EcoVadis survey in 2021.
- Sillamäe completed the EcoVadis survey in 2021.
- Korat will maintain current survey status through 2021.



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

- Neo's European rare earth and rare metal processing facility in Sillamäe, Estonia – the only operating commercial rare earth separations and rare metal processing plant in the European Union – was awarded a Gold Medal by EcoVadis for its 2021 sustainability programs. This places the plant in the top five percent of all facilities around the world reporting to EcoVadis for its sustainability efforts.
- Neo Magnequench's rare earth magnetic materials production plant in Korat, Thailand earned a Gold Medal from EcoVadis for its 2021 sustainability programs. This places the plant in the top five percent of all facilities around the world reporting to EcoVadis for its sustainability efforts.
- Neo Magnequench's rare earth magnetic materials production plant in Tianjin, China earned a Silver Medal from EcoVadis for its 2021 sustainability programs. This places the plant in the top 25 percent of all facilities around the world reporting to EcoVadis for its sustainability efforts.

Note: External assurance was not pursued this year, as the team was focused on developing and institutionalizing initial internal processes.



**OUR INTERACTION WITH THE
NATURAL ENVIRONMENT**

Our Interaction with the Natural Environment

Neo's Sustainability Strategy

In the scope of ESG, our environmental footprint is the most frequent topic of conversation for many of our stakeholders. As an advanced materials manufacturing company, Neo seeks to deliver high-quality products, extraordinary customer service, and partnership with our Research and Development teams for next generation technologies. We are committed to ensuring we also deliver transparency on the resource intensity of our products.

Neo has always sought to operate our manufacturing facilities with environmental integrity. We endeavor to exceed local jurisdictional requirements where possible, to continually invest in efficient operations, and to place the safety of our employees first. Improving water usage and wastewater treatment, diverting solid waste streams, and utilizing secondary sources of material feedstock are an integral part of many of our operations. Conserving energy and other utilities makes both economic and environmental sense.

As innovative, sustainable technologies continue to accelerate, it is imperative that the advanced materials embedded in these technologies are also manufactured with an eye toward sustainability.

Neo's Environment & Sustainability Policy:

We are committed to protecting the environment and producing sustainably.

Our company promotes continuous improvement in these areas through certified management systems that include environmental impact reviews, impact mitigation, annual goals, management review meetings, incident investigation, and robust compliance audits.

We provide products that help reduce air pollution, reduce water nutrient pollution, reduce energy consumption, and minimize waste streams. We also encourage recycling, including processes that recover valuable elements.

Neo's Environmental Controls

All of our larger facilities have an externally audited ISO-14001 Environmental Management System.

These certifications require environmental impact reviews, impact mitigation, annual goals and objectives, and management review meetings. At the corporate level, a similar system is in place in which HESS improvement goals and objectives are developed in management review meetings. Site Managers, HESS Managers, the Executive Team, and the Board's HESS Committee all participate in the corporate goal setting process, and the Executive Team and the Board track progress quarterly. HESS goals are also integrated into Management's compensation strategy.

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 standards.

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

At Neo, we envision a world that has substantially decarbonized major industrial and mobility sectors. Our decades of applied research and development, has helped unlock many new innovative and climate friendly technologies. These ultimately help improve energy efficiency, reduce fossil fuels intensity, encourage circular economic models, and help protect air and water quality. Leveraging this portfolio to continue to drive new technologies forward over the coming decades, and to accelerate the adoption of climate-friendly products, is an imperative that we feel strongly.

Neo's Environment & Sustainability Mission:

For many years, Neo has led our industry in environmentally responsible operations and in manufacturing products that enable sustainable technologies.

For example:

- We are a signatory to the United Nations Global Compact.
- We are active members of the Responsible Minerals Initiative.
- We recently helped to establish a new US-to-EU rare earth supply chain that makes use of byproduct economics and reduced upstream waste.
- We are relocating 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, Tantalum and Niobium International Study Center, and the Rare Earth Industry Association.
- We invest in air, water, and waste emissions control technologies at manufacturing sites that help us meet and often exceed local regulatory guidelines.



Neo's Energy Consumption

Neo's energy consumption in 2021, segmented by source type:

Energy Source Type	Total Consumption (in GJ)	Contribution to Total
Gas, Diesel, LPG	3,382	0%
Natural Gas	252,443	21%
Renewable	326,807	27%
Grid Electricity	276,651	23%
Steam / Other Heating	339,742	28%

Neo's total energy consumed in 2021 is estimated at 1.2 million gigajoules.



Several of our facilities have been developing custom Energy Conservation Systems. Our Korat, Thailand plant, introduced solar energy in 2021, with generation capacity of 295 kW. This installation can save about 10 tons of CO2 per month, which does the work of about 315 trees.

Our Sillamäe, Estonia plant implemented many plans to reduce energy consumption over the past decade. In 2021, the facility installed a new compressor station that included a heat recovery system. A second system is slated to come online in 2022. The recovered waste heat is used to warm tanks instead of purchased steam from a local power company. Overall, the Sillamäe plant obtains 78% of its energy needs from renewable sources.

Neo's plant operations teams consider water management risks associated with water withdrawals, water consumption, and water discharge. Our manufacturing facilities generally utilize water for cooling and feedstock processing. Where water is used as part of the manufacturing process, wastewater treatment is conducted either directly on-site, or pre-treatment is conducted prior to discharging water back to its source or to a community wastewater treatment site. More than half of water withdrawn by our plants is seawater, while the remainder is roughly split between surface water, ground water, and utility-sourced water.

Water Withdrawal

Total water withdrawal in 2021 was 2.4 million cubic meters (m3).

- Four of our ten primary operating facilities are located in regions denoted as either High or Extremely High Water Stress levels as classified by the World Resource Institute's (WRI) Water Risk Atlas tool, "Aqueduct." These facilities' water withdrawal represents 77% of Neo's total water withdrawn, excluding seawater withdrawal.
- At our Sillamae facility, 63% of water withdrawal relates to seawater from the Baltic Sea's Gulf of Finland, which is used primarily for cooling temperature purposes and is returned chemically unabated to the Baltic Sea.
- In total, for all our production facilities, water discharge in 2021 was 2.3 million cubic meters, or 92.8% of total water withdrawn.
- Of the water withdrawn in total, for all our production facilities, 93% of it is returned to its source.

Total water consumption in 2021 was 896 thousand cubic meters; 696 thousand cubic meters was consumed in high stress water regions, or 78% of water consumed. Water consumption is defined as water that is either evaporated, incorporated into our products, or is otherwise not returned to the same origin source.

As much of our water dispersed comes from surface water or utilities and is ultimately dispersed in the sea, this water dispersal does not reduce our reported water consumption.

At certain operations, Neo generates excess water as by-product of our manufacturing process. This excess water is included in water dispersed but is excluded from water consumed.

On a per-rata basis, Neo's net change in water withdrawn versus water dispersed 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 2021, Neo had zero (0) incidents of non-compliance associated with water quality permits, standards, and regulations.

Some of our plants continuously identify and monitor the impact of their activities on freshwater resources, such as our plant in Korat (Thailand) which records the groundwater pumping quantity on a daily basis.

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

- Sillamae, Estonia is a location that hosts both our Rare Metals and Chemicals and Oxides business units. While the site is responsible for 76% of Neo's water withdrawn, 83% of Sillamae's water withdrawn is seawater from the Baltic Sea. Actual consumption at Sillamae is 323 thousand cubic meters; the net change in water withdrawn versus water dispersed is 185 thousand cubic meters. Sillamae's operations are located adjacent to the Gulf of Finland and the Sotke river. The quantities of clean water and effluents are measured and monitored, and the site's Environmental Impact Assessment notes that production does not negatively affect the water quality of water bodies within the impact area. Often, water recycling systems are utilized within the plant.
- 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.



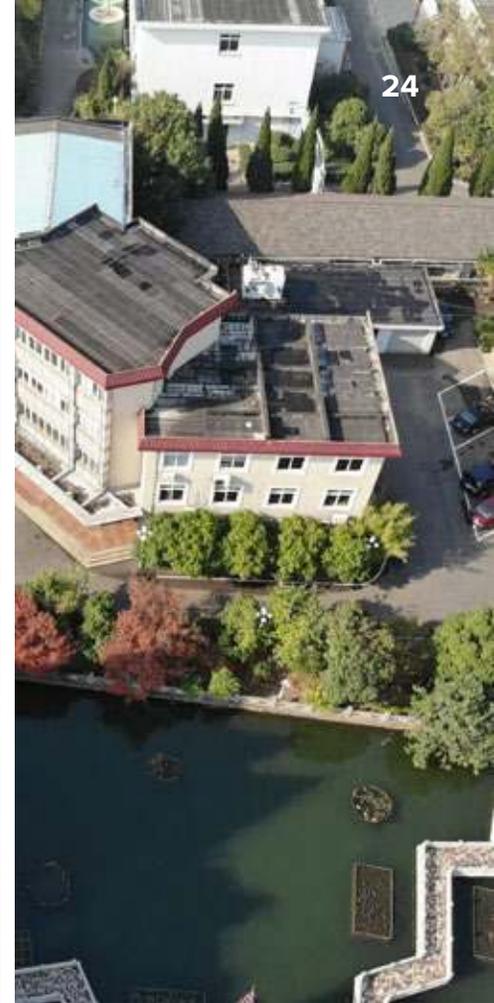
Water and Effluents

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 2021, Zibo withdrew 255 thousand metric tons of water, and dispersed 263 thousand metric tons of water. The higher dispersal (103%) reflects incremental water generated as a by-product of the manufacturing process.

Total water consumption was 255 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.



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 2021 it withdrew and consumed 118 thousand cubic meters of water, and it dispersed 94 thousand cubic meters of water. It's dispersal as a percent of water withdrawn rate is 80%.

The site was awarded the title of “Water-Saving Enterprise of Tianjin” in 2016, and has further reduced water needs by more than 10% in the proceeding years. This has been driven in part by a network of water meters and sensors that can more quickly identify and isolate any water repair issues.

The plant also set up an advanced treatment station to treat electrophoresis wastewater in 2019, and discharges at a Level III standard, in compliance with local regulation. We regularly monitor discharge water every quarter to ensure levels exceed these regulations.

In addition to these high-stress region plants, we strive to address water intensity issues at all of our plants, and local management considers these risks as either minor or robustly controlled. Case Study on Continuous Improvement: Over the last decade, Neo's Peterborough plant managed to reduce by more than 50% its water consumption and wastewater per kg of gallium and indium processed.



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

2020	2021
0	0

Our local plant managers actively assess water risks and implement mitigation strategies and projects. For example, the rainwater overflow risk at our plant in Korat (Thailand).

In other cases, local plant management considers these risks as either minor or as robustly controlled – e.g. our plants at Tianjin (China), at Peterborough (Canada), Jiangyin (China) Our plant at Tianjin (China) controls discharges its sewage discharges at a Level III standard, in compliance with local regulation. In most cases, water management does not result in lifecycle impacts or trade-offs in plant operations – our plant in Korat (Thailand) is a case in point with its zero-discharge base on recycling. In some other cases, such as our facility Tianjin (China), it is acknowledged that additional electricity consumption from the grid is required to power the water treatment process.

Neo strives to meet and operate at even higher standards of water quality discharge laws and regulations, with no cases of non-compliance in 2021.

Wastewater Treatment

In recent years, our operating facilities have undertaken projects with consequential impact on water treatment. Our plant in Tianjin (China), set up in 2019 an advanced treatment station to treat electrophoresis wastewater. Our plant at Peterborough developed and brought into effect a new, facility-specific wastewater policy and procedure in 2018.

Our plant at Korat (Thailand) treats all its wastewater and pursues maximum recycling, while it continuously monitors quality and conducts monthly inspections. Our plant at Tianjin (China) operates wastewater treatment stations that treat and test non-conforming wastewater, while it also contracts third-party testing agencies to monitor discharge water quality every quarter.

For our plant at Zibo (China), the local municipality's water treatment infrastructure, particularly for chloride discharges, is aged and at capacity. Continuing operations at this site might risk diverging from the very high environmental standards of operations that Neo's plants abide by globally. For this reason, Neo's operations at Zibo are relocating to a new industrial park, with new and higher capacity water treatment infrastructure.



Scope 1 & 2 Emissions

Primarily as a result of our energy demand portfolio, Neo reported total greenhouse gas emissions of 110 thousand metric tons of CO2 equivalent gases (Scope 1 and Scope 2 combined).

- Scope 1 = 13,025 mt CO2e
- Scope 2 = 97,135 mt CO2e

We reduce greenhouse gas (GHG) and other air emissions through improved operating practices and emissions control equipment. Our Scope 1 emissions are not currently subject to emissions-limiting regulations. As 2021 GHG reporting helps us establish an initial baseline of GHG intensity across our operations, we will work toward assessing those performance metrics and intend to quantify potential long term reduction goals, once available.

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

- NOx = 28.7 metric tons
- SOx = 4.5 metric tons
- VOCs = 6.1 metric tons
- Other HAPs = 112 metric tons

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, and Particulate Matter as we believe it is an accurate depiction of air quality and emissions in our communities.

Waste

During 2021, Neo generated 9,705 metric tons of waste. More than half of this (60%) was recycled or otherwise diverted from disposal.

5,186 metric tons qualified as hazardous waste, or 53%, as per local regulatory frameworks. More than half of this hazardous waste was diverted from disposal, or otherwise recycled (2,868 metric tons, or 55%).

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



OUR SOCIAL IMPACT

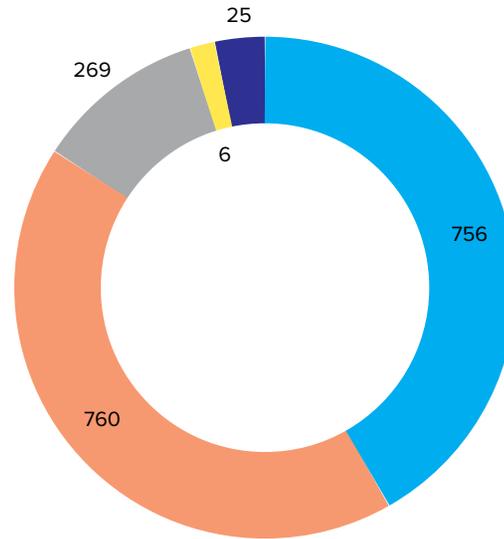


Getting to Know Our People

If you sampled five employees from around our global operations, you might find vastly different languages, religions, cultural backgrounds, and personal interests.

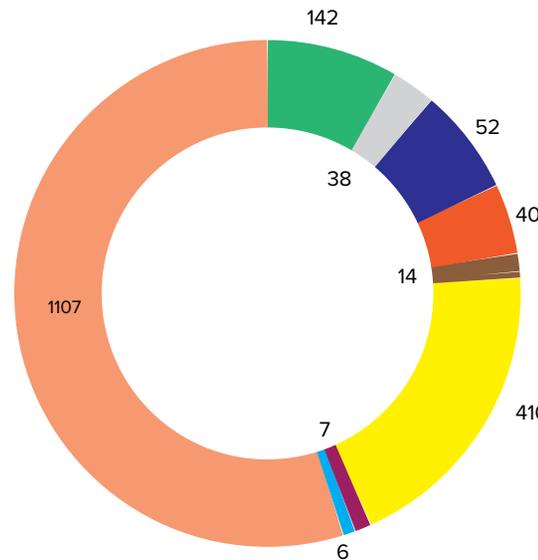
But the diversity of our employee base is a key strength. What makes that diversity work is a commitment to always doing the right thing while we deliver high-quality products that help to solve many of the world's materials technology and energy saving challenges.

This is one reason why so many corporate and operational leaders have worked together at Neo and its predecessor companies for almost three decades, and why we continually see the industry's lowest rates of employee turnover.



Global Headcount by Group

- C&O
- MQ
- RM
- Executive
- Corporate



Global Headcount by Region

- Canada
- USA
- Europe
- Estonia
- Japan
- South Korea
- China
- Thailand
- Singapore



Diversity, Equal Opportunity, and Non-Discrimination

3 out of 10
Neo employees are **female**

1 out of 7
Neo employees are **designated Management**

1 out of 6
Neo Management staff are **female**

9 out of 10
Operating facilities are **led by employees of the host country**

Collective Bargaining

95 employees at the Silmet facilities were unionized employees.

For the remaining locations, none of our employees are discouraged by Neo from the opportunity to form labor associations. Neo's Code of Conduct and Business Ethics, along with our newly published and Human Rights Policy, support the right to freedom of association.

Minimum Notice Periods regarding Operational Changes

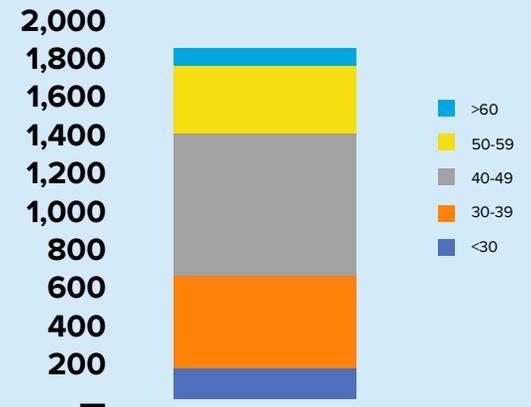
Neo abides by the labor laws and guidelines of the jurisdictions of each of its operating facilities.

Rights of Indigenous Peoples

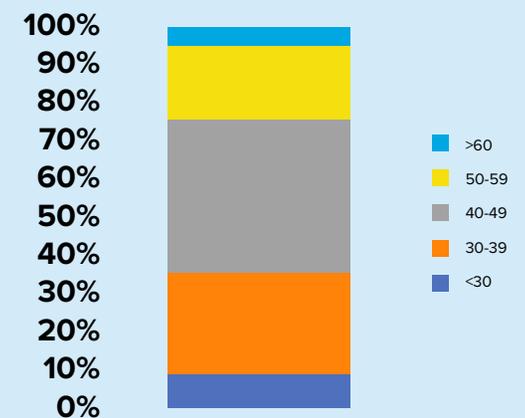
Neo has identified zero (0) incidents of violations involving the rights of indigenous peoples during the reporting period.

On many occasions, Neo's corporate team conducts land acknowledgements in Canada and the United States at the beginning of our meetings, to remind each other of the importance to support indigenous rights.

Neo Employee Age



Neo Employee Age Percentage Contributions



Occupational Health and Safety Management System

Our HESS policies are derived from values and practices that have guided the company's plans and decision making for decades.

We are committed to providing a safe and healthy work environment for our employees and visitors, and protecting our neighbors from offsite impact. Our company promotes continuous improvement in these areas through certified management systems that include risk assessments, hazard mitigation, defined goals and objectives, management review meetings, incident investigation and robust compliance audits. We promote our belief that health and safety is as much a line responsibility as production and quality.

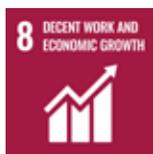
We clearly communicate potential hazards associated with our products to promote their safe use.

Neo Performance Materials promotes occupational health and safety management systems at all its facilities. Eighty nine percent of Neo's manufacturing personnel operate in a plant that carries an external ISO 45001 – Occupational Health and Safety Management System certification. This management method has been promoted by Neo management for more than a decade to drive strong performance and demonstrate our commitment by using an internationally recognized standard. Those facilities that are not yet certified have many, if not all, the ISO-45001 elements in place.

These certifications require risk assessments, review of required regulations, annual goals and objectives as well as management review meetings. At the corporate level, a similar system is in place in which an aggressive list of HESS improvement goals and objectives are developed in management review meetings. Site Managers, HESS Managers, the Executive Team, and the Board's HESS Committee all participate in the corporate goal setting process. The Executive Team and the Board track progress quarterly.

This process includes a robust HES audit system that uses site-specific documents (System Status Reports). These documents attempt to identify key regulatory requirements, applicable corporate standards, and site-specific risk reduction requirements and consolidate them into one document. These reports were developed by Corporate Health and Safety, in conjunction with Neo professionals that work in that region, and external HES consultants. While these documents are the basis for Neo corporate audits, the intent is to have a useful document from which sites can monitor their systems internally. The document is not meant to be a periodic checkup, but a continuous review of our prevention systems.

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	Recent acquisition; 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
Hyeongok, South Korea	ISO-45001 Occupational Health and Safety Management
Peterborough, Canada	Most ISO-45001 elements in place <25 people
Quapaw, Oklahoma	ISO-45001 Occupational Health and Safety Management <25 people



Hazard Identification, Risk Assessment, and Incident Investigation

Because hazard identification and risk assessment are basic to health and safety systems, Neo includes these components in their internal HESS standards. Whether the standard is on the control of hazardous energies, hot work, furnace safety, contractor safety, or industrial hygiene, they all start with an identification and assessment of the hazards followed by the implementation of mitigation steps. As part of the ISO-45001 process, personnel are trained in the “Hierarchy of Controls” to achieve optimal risk reduction. Compliance with internal standards is part of the corporate HESS audits.

Over the past few years, Neo HESS has been developing and disseminating training modules on an internally developed methodology named the 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.

Neo Performance Materials, HESS standard 6.1 is titled Accident/Incident and Non-Conformity Investigations, defines the minimum requirements for company facilities. Each site must have a written investigation procedure that covers near miss incidents, employee and visitor accidents, process incidents, security incidents, and environmental incidents. A root cause investigation methodology is also required. In support of this requirement, the corporation teaches a four-hour, participative course titled, “Causal Root Investigation.” This is a team centered investigation method that promotes open communication. Part of this training is the Hierarchy of Controls as well as the identification of management system deficiencies.

In support of a rigorous investigation and reporting system, the corporation sets annual goals for each plant requiring a minimum number of near miss incidents to be found and investigated. The sites routinely meet their annual goals.



Occupational Health Services

Neo’s internal, Industrial Hygiene standard, element 7.1.1 states, “A systematic exposure-hazard assessment will be conducted by a qualified professional. As of the end of 2021, this effort has been completed for all sites, including the new facility. This standard goes on to require a priority-based air sampling strategy. Corporate HESS has been involved in defining sampling equipment, sampling methods and analytical laboratories. When concerns are noted, corrective actions are put into place. The corporate standard 7.1.8 states that Engineer controls will be implemented to control exposures whenever feasible.



Wannisa Plengsanthiap, Health and Safety Professional conducting air sampling.



OHS-Related Worker Participation, Consultation, and Communication

The ISO-45001 Occupational Health and Safety Management System standard, in section 5.4 defines the acceptable standard for consultation and participation of workers. As a company that utilizes this standard, our efforts in this regard are externally audited. In those few, smaller plants that are not audited, participation is required by government requirement and promoted by the company.

The details of how each site fulfills its duty to involve personnel vary slightly from site to site, as employee participation is frequently covered by location specific governmental regulations. Typically, employee participation is via a site health and safety committee. Neo supports this concept by requiring each manufacturing facility to conduct a “Management Walkthrough.” In these walkthroughs, an audit document is provided by Corporate HESS featuring a quarterly topic. In addition to top management representatives, a representative from facility operations is invited to attend.

Many of our sites have adopted visual management techniques and applied them to HESS. HESS bulletin boards or digital boards help communicate key information to operators.

Worker Training on Occupational Health and Safety

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, health and safety 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. Each training module is based on the Pre-Task Risk Assessment methodology, in which students are asked to spot the energy in each job step. The training sessions then go on to teach the hazards of each energy form. Presently three modules have been made on gravity, three on chemical energy, and one on biological. The videos include the feature of having various site experts involved in the training.

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.

Workers Covered by OHS Management System

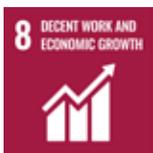
Eighty nine percent of Neo’s manufacturing personnel operate in a plant that carries an external ISO 45001 – Occupational Health and Safety Management System certification.

Work-Related Injuries

	2021	2020	2019
Lost Time Incident Rate	0.16	0.17	0.35
Total Reportable Incident Rate	0.27	0.34	0.52
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 2021, 2020, and 2019 was **zero**.



Corporate staff has kept its fingers on the pulse of the COVID-19 virus since the outset. This includes biweekly reports from all locations regarding preventive measures, quarantines, number of personnel vaccinated, etc.

The most important statistic is this; there have been zero COVID-19 deaths reported.

The majority of NPM employees work in Asia; in 2021 there were zero COVID-19 cases in that area. There was an outbreak in the Sillamäe, Estonia region where we have a manufacturing facility. In 2021 there were 100 COVID-19 cases reported, 99 of which were from that region.

The graph below shows the outbreak and a return to control. Internal contact tracing efforts indicated that the strong majority of cases came from contacts outside of work.

To combat the spread of infection, the plants have employed mask rules, social distancing, temperature

monitoring, quarantines, training, vaccination availability at plant sites, and testing. In addition, Neo procured abundant supplies of PPE for all its employees, making an effort to prefer local manufacturers in order to support the domestic manufacturing of the communities that in which Neo's plants operate. New protocols were developed and implemented for cleaning staff to disinfect high-touch surfaces.

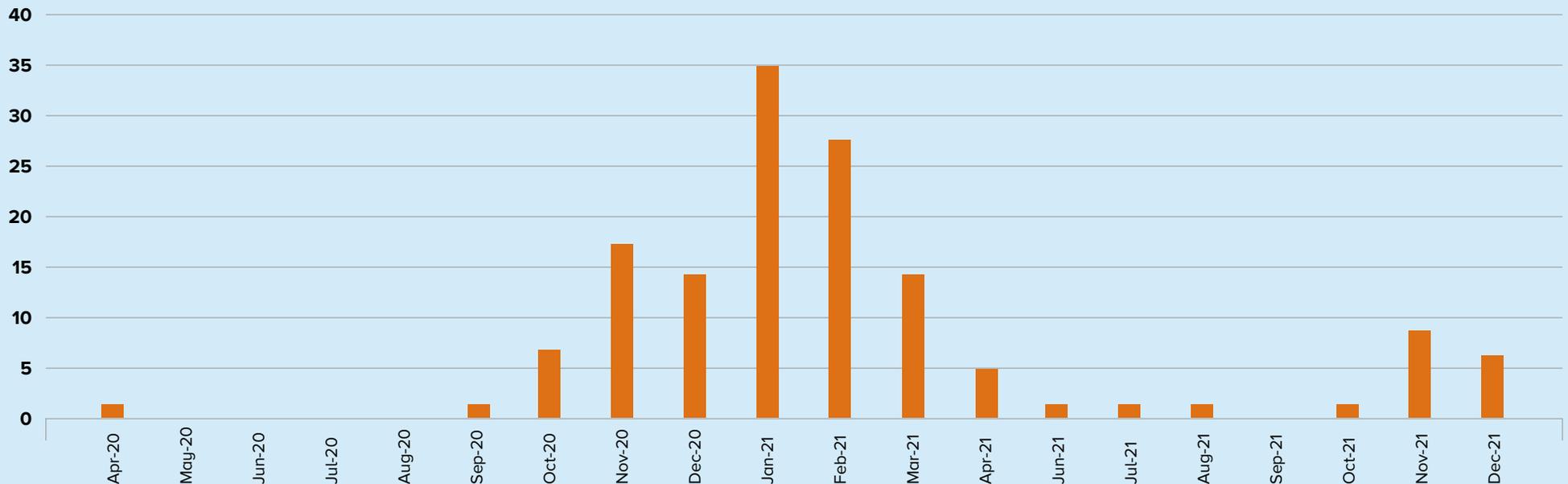
As of the end of 2021, 88% of NPM personnel had been vaccinated.

Most administrative personnel and colleagues that were in high-risk demographics were encouraged to work from home. For some operating facilities in areas of high case counts, Neo implemented measures requiring employees to disclose their international travel and to quarantine post-travel before return to work. Sick leaves were encouraged, when personnel exhibited even early indications of symptoms. Subcontractor site visits were limited to the minimum level feasible.

As a result of Neo's efforts to address the risks of COVID-19 – deploying considerable resources and very careful management – there were no plant closures in 2021.



Monthly COVID-19 Cases in Neo



Local Community Engagement

At the end of the year, as a substitute to holiday gift baskets, Neo's Corporate unit made donations on behalf of employees to the SickKids Foundation's Get Better Gifts Program and to the Daily Bread Food Bank.

In 2021, Neo sponsored the Athens University of Fine Arts' Manifesto Project, which funded up to 6 scholarships for arts students to develop paintings or installations relating to the challenges that workers faced during the COVID-19 pandemic outbreak.



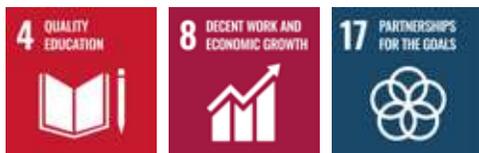
Neo's Corporate and Peterborough plant teams supports the University of Toronto's Department of Chemical Engineering and Applied Chemistry, by sponsoring some of its flagship events for its student and alumni, by supporting capital upgrade fundraising projects, by sharing industry perspective on perspective projects relating to critical raw materials, and by delivering guest lectures. Within this, Neo is part of the University of Toronto's ILEAD Community of Practice program, through which it shares data on engineering leadership skills and meets with students who seek advice on their research or their professional development. Additionally, Neo introduced a Summer Internship Program for Canadian engineering students, giving them the opportunity to focus over 3 months in either R&D or ESG Reporting projects. This has proven a great success for early talent development for Neo's engineering team.

At our sales office in Korea, there is regular engagement with the local fire station and municipal authority, from which they also receive and distribute community updates (e.g., COVID case count).

Since 2019, Neo Magnequench proudly sponsored the local German basketball team Brose Bamberg.

Tax Governance and Stakeholder Engagement

In 2021 alone, Neo contributed approximately \$10 million of taxes to the local communities it operates, supporting their economic development with both job creation and also its capital towards the tax base.



Supply Chain Social and Human Rights Assessment

Understanding the Entities Upstream of Neo

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

The raw materials required for C&O are critical minerals that are 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 of which provide a degree of vertical integration as they have the ability to purchase and separate specialty chemicals for their own internal use and/or to sell to third parties. Also, ZAMR and JAMR sometimes use RE concentrates from outside China, which may enable them to produce more than the allotted quota limits. The balance of the material inputs needed by Neo are sometimes purchased from a number of alternative suppliers, including jurisdictions such as Australia (via Malaysia), Russia, China, and Vietnam.

2. Sources of our Magnequench (MQ) Input Material:

Magnequench's Tianjin facility sources its Nd and Pr raw materials primarily from Chinese critical minerals processors, while its Korat, Thailand operation sources material from Silmet and third parties outside China. The main material sourced from Silmet is neodymium oxide. This oxide must be converted into metal form before it can be utilized by Magnequench. The conversion process is outsourced to a related third party pursuant to a toll processing agreement with GQD Special Material (Thailand) Co. Ltd. ("GQD"), a Thai joint venture in which Neo owns a 20% interest and which operates a production facility in Rayong, Thailand. At the Tianjin facility, much of the raw material that goes into the production of Magnequench Powders is stored at its facilities on a consignment basis and is purchased as consumed. From a supply chain perspective, Magnequench benefits from several competitive advantages that help contribute to its market leading position in bonded and hot deformed NdFeB magnets. Magnequench's longstanding relationships with its key suppliers in China, as well as its alternative source of supply through internal procurement and outside of China, provide it with a balanced global supply

chain. Magnequench also has the ability to source its supply from Neo's C&O business unit. Customers value the security provided by this ability to source material from both inside and outside of China. In addition, the consignment agreements at Tianjin allow Magnequench to maintain a highly efficient supply chain. Volatility of input costs is managed through pricing mechanisms that allow Magnequench to pass input costs on to customers with short lag times. The Magnequench Magnet business uses Magnequench Powders as its primary raw material input.

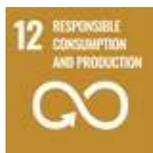
3. Sources of our Rare Metals (RM) Input Material:

The Rare Metals segment sources its materials conflict-free from Africa, South America, and Asia. Neo's Rare Metals plant in Estonia, Silmet, has held a conflict-free certification from the Electronic Industry Citizenship Coalition (EICC) every year since 2014, when it received official certification for the period covering 2013. This certification is an important element of customer relations, as many customers consider the certification a key criterion in determining their sourcing decisions. The certification is awarded annually and provides proof that Neo's products do not contain "conflict minerals" from the Democratic Republic of Congo or an adjoining country.

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.

In 2021, Neo developed and adopted corporate-wide Procurement and Human Rights Policies. In addition, from 2022 onwards, Neo's procurement functions at the plant-level will begin to gradually incorporate commitments by suppliers and vendors to comply with our human rights standards across the value chain.



Incidents of Non-Compliance Concerning Health and Safety of Products

Neo is committed to ensuring product safety for our customers, including appropriate safety labels for any product hazards. To this end, compliance with UN's Globally Harmonized System of Classification and Labeling of Chemicals is part of Neo's corporate audit protocols.

To ensure that the standards for the sourcing of renewable raw material, we have established compliance procedures that meet the RoHS and REACH requirements.

Management of Legal and Regulatory Environment

European Union: Within the industry consultation framework of the European Raw Materials Alliance, Neo participated in EU advocacy activities in 2021. 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.





OUR
RESPECT
FOR
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 seven directors:

- Claire Kennedy (Board Chair)
- Eric Noyrez
- Constantine Karayannopoulos
- Brook Hinchman
- Edgar Lee
- Gail Edwards
- Greg Share

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 other stakeholders including employees, customers, suppliers and the community.

Board Committees: The Board delegates a number of responsibilities to committees, which are listed in the table to the right:



<p>Audit Committee</p>	<p>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.</p>
<p>Compensation and Human Resources Committee</p>	<p>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.</p>
<p>Corporate Governance & Nominating Committee</p>	<p>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.</p>
<p>HESS Committee</p>	<p>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.</p>

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 approximately one-third (33%) independent directors.

Neo also recognizes that its 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.

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.

Advancing Collective Knowledge on Sustainability:

The Board HESS Committee requested from Management to prepare a Sustainability Primer Knowledge document and presentation for its first quarterly update meeting of 2021, in alignment with the Board's efforts to continuously increase its understanding of current development in the ESG domain.

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.



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 unanimously accepted.

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 Organisation 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.

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.

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 the Neo's legal department. Reports to the third-party company, NAVEX Global®, can also be made on an anonymous basis. 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.

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 particular 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.

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 has to 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 has to 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 are 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.



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 2021	
Number of board members trained on anti-corruption	7 out of 7
Number of executives trained on anti-corruption	6 out of 6
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	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



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 and re-signed annually.

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 and re-signed annually.

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.

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

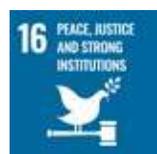
We compete fairly and honestly by developing leading products based on design and performance. We do not engage in unethical or illegal business practices such as stealing proprietary information, possessing trade secret information that was obtained without the owner’s consent or inducing disclosure of this type of information by past or present employees of other companies.

Neo’s Competition and Fair Dealing Data for 2021	
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	0
Main outcomes of completed legal actions, including any decisions or judgements	* see Quarterly and Annual Financial Information Disclosures

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 2021 – by extension, neither fines nor non-monetary sanctions were incurred.

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.

Approach to Stakeholder Engagement

Neo strives to engage meaningfully and communicate transparently 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.

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.

**Neo's Identification Number in the EU
Lobbying Transparency Register is:**

862207842633-83.





United Nations Global Compact: In 2021, Neo became a signatory to 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.



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).

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.

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.



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. 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 ("TIC"):

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.



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 value chains.



SASB Index

Topic	SASB Code (RT-CH-)	Summary of Reporting	Page of Report
Greenhouse Gas Emissions	110a.1	<ul style="list-style-type: none"> Gross global Scope 1 emissions: 13,025 metric tons CO₂-e Covered under emissions-limiting regulations: 0% 	26
	110a.2	<ul style="list-style-type: none"> Neo currently launching the development of its long-term and short-term strategy to manage Scope 1 emissions and converge towards a set of aspired targets 	26
Air Quality	120a.1	<ul style="list-style-type: none"> Total NO_x: 28.7 metric tons Total SO_x: 4.5 metric tons Total VOCs: 6.1 metric tons Total HAPs: 112 metric tons 	26
	130a.1	<ul style="list-style-type: none"> Total energy consumed: 1.2 million Gigajoules Grid electricity: 23% Renewable: 27% Self-generated energy: 0% 	22
Water Management	140a.1	<ul style="list-style-type: none"> Total water withdrawn: 2.4 million cubic meters (m³) Percentage of water withdrawn from non-freshwater sources = 63% Total water consumption = 0.9 million cubic meters (m³) Water withdrawn in High or Extremely High Stress regions as a percentage of total water withdrawn = 92% Water consumed in High or Extremely High Stress regions as a percentage of total water consumed = 78% 	23
	140a.2	<ul style="list-style-type: none"> Number of incidents of noncompliance associated with water quality permits, standards, and regulations: 0 	44
	140a.3	<ul style="list-style-type: none"> Neo's most significant water management risks can be summarized as: Reducing water consumption in highstress regions; ensuring that water dispersed exceeds regulatory requirements. In most of our operating facilities, there are strategies and practices in place that mitigate these risks. 	23-24

Topic	SASB Code (RT-CH-)	Summary of Reporting	Page of Report
Hazardous Waste Management	150a.1	<ul style="list-style-type: none"> • Hazardous waste generated: 5,186 metric tons • Recycled hazardous waste: 55% 	26
Community Relations	210a.1	<ul style="list-style-type: none"> • Neo is an engaging member of the local communities where its operating facilities are located and of the international associations that concern our industry. 	45
Workforce Health & Safety	320a.1	<ul style="list-style-type: none"> • Total recordable incident rate: 0.16 • Total fatality rate for direct employees: 0 • Total fatality rate for contract employees: 0 	11,32
	320a.2	<ul style="list-style-type: none"> • Neo has a highly performing set of OH&S systems in place that assess, monitor and reduce exposures to health risks. Occupational illness at Neo was zero (0) in the trailing three years (2019-2021). 	11,32
Product Design for Use-phase Efficiency	410a.1	<ul style="list-style-type: none"> • At least 50% Neo's revenue comes from products designed for use-phase resource efficiency 	8-10
Safety & Environmental Stewardship of Chemicals	410b.1	<p>Hazardous Substances: Results to be presented from 2022 Report onward*</p> <ul style="list-style-type: none"> • Such products that have undergone a hazard assessment: Results to be presented from 2022 Report onward* <p>* While all of Neo's products have a GHS Safety Data Sheet and Label, the team was restructuring the process of annual hazard assessments during 2021. Given the transitional phase of this process, we are waiting to report this data in the 2022 report. It is important to note, however, that the process of making a Safety Data Sheet identifies the hazards of the product via research – with this definition, all products have undergone this level of assessment.</p>	32
	410b.2	<ul style="list-style-type: none"> • 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. 	32

Topic	SASB Code (RT-CH-)	Summary of Reporting	Page of Report
Genetically Modified Organisms	410c.1	<ul style="list-style-type: none"> Revenue originating from products that contain GMOs: 0% 	–
Management of Legal & Regulatory Environment	530a.1	<ul style="list-style-type: none"> 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. 	45
Operational Safety, Emergency Preparedness & Response	540a.1	<ul style="list-style-type: none"> Process safety incidents count: 0 Process safety total incident rate: 0 Process safety incident severity rate: 0 	29-32
	540a.2	Transport incidents: 0	32

A Peak into the Future of our Sustainability Journey

Neo's ESG Working Group has identified a series of internal goals for 2022. In concert with all of Neo's operating facilities, we are working on pursuing them and advancing the plans that were developed this year. For example, we are working on the implementation of the new procurement policy that can yield a greater level of transparency across our value chain. Another example is the formation of a team that will develop and execute a robust GHG Reduction Strategy over the coming years.

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 year-end earnings press release, which is available on SEDAR and on our website at neomaterials.com.



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Performance Materials