

ANNUAL REPORT

Name of Entity: NEO Battery Materials Ltd. (“**NEO**” or the “**Entity**”).

Description of Entity: Pursuant to the definition of “Entity” in Section 2 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”), NEO is listed on a stock exchange in Canada and develops materials for electric vehicle batteries, and as part of the process NEO imports raw materials into South Korea.

Single or joint report: Joint

If joint, provide the name(s) of the other entities: NBM Korea Co., Ltd., a majority owned subsidiary.

Date of Report: May 31, 2024

This annual report (the “**Report**”) is being delivered by the Entity pursuant to Subsection 11(1) and 11(3) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”).

1. PART I – SUBSECTION 11(1) OF THE ACT

Pursuant to Subsection 11(1) of the Act, the Entity provides the following information, which outlines the steps the Entity has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.

The Entity has initiated reviewing its supply chain to identify any potential risks of forced labour or child labour at any stage of production or research and development.

NEO Battery Materials retains a code of ethics that sets out policies to ensure the Entity's business is conducted with integrity and in compliance with the law. Every employee, officer, and director is responsible for acting ethically and complying fully with all applicable federal, state, and local laws, including rules and regulations that govern the Entity’s business conduct. As explained in the supplementary information, the Entity intends to institute new and refined responsible business conduct policies along with third-party code of conduct.

2. PART II – SUBSECTION 11(3) OF THE ACT (SUPPLEMENTARY INFORMATION)

Pursuant to Subsection 11(3) of the Act, the Entity provides the following supplementary information:

- (a) its structure, activities and supply chain:

NEO is an Ontario-based corporation focused on developing silicon anode materials for lithium-ion batteries. The Entity has a majority-owned South Korean subsidiary, NBM Korea Co., Ltd., where all research and development activities occur. The organizational structure is split into the board of directors, management, research engineering team, and administrative/auxiliary roles. Through NBM Korea Co., the Entity mainly purchases input precursors called metallurgical-grade silicon from South Korea, China, the U.S., and the European region. All silicon anode products are manufactured in South Korea and are exported to various global regions. As of the date of this report, there is no production, manufacturing, or distribution in Canada, and no goods are imported into Canada.

- (b) its policies and its due diligence processes in relation to forced labour and child labour:

NEO is in the preliminary phases of evaluating the risk of forced labour and child labour. However, given that the Entity transacts with trusted agents, buyers, and companies, the risk of forced or child labour is low.

After review, the Entity plans to institute and refine its policies on responsible business conduct (RBC) on labour, human rights, ESG, and third-party conduct to preclude or mitigate risks of forced labour or child labour. NEO will communicate its RBC policies internally and externally to supply chain partners. For due diligence, NEO will evaluate risks by consulting with relevant enterprises and stakeholders and seek relevant internal and external expertise as needed.

- (c) the parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk:

Considering supply chain activities, the production of raw materials, called metallurgical-grade silicon, in countries abroad may entail a risk of forced labour. However, the production and distribution of the final product, silicon anode materials, do not entail the risk of any forced or child labour as the Entity abides by the code of ethics and superintends operations.

As discussed, NEO is in the preliminary phases of evaluating the risk of forced labour and child labour. However, given that the Entity transacts with trusted agents, buyers, and companies, the risk of forced or child labour is low.

(d) any measures taken to remediate any forced labour or child labour:

Currently, the Entity has not identified any areas of risk that require remediation for forced labour or child labour. Along with RBC policies and due diligence processes, NEO will create strategies to mitigate the risk and occurrence of adverse impacts. One identified strategy is to diversify the raw materials supply chains to ensure resiliency in the case of adverse effects like risk of forced labour or child labour.

(e) any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains:

Currently, the Entity has not identified any risk of loss of income to the most vulnerable families that result from any remediation taken to eliminate the use of forced labour or child labour in its activities and supply chains.

(f) the training provided to employees on forced labour and child labour:

NEO has not yet developed a training plan or awareness-raising activities to address the risk of forced labour or child labour in the Entity's activities or supply chains. The Entity plans to implement training for new or refined RBCs adopted.

(g) how the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains:

No actions have been taken to assess the risk of forced labour and child labour in the Entity's business and supply chains. NEO will develop applicable training and remediation plans once the analysis is completed. The Entity plans to assess its effectiveness by monitoring and tracking the implementation of its policies and training. Other measures may include but are not limited to periodic assessments of third parties, direct consultations with potentially impacted rightsholders, and feedback implementation from identified risks.


Attestation of the Report

The undersigned hereby certifies that:

- (1) The undersigned is a director and/or senior officer of the Entity and has been duly authorized by a resolution of the board of directors of the Entity, dated May 31, 2024, to sign this attestation of the Report.
- (2) The Report was approved, pursuant to section 11.4(b)(ii) of the *Act*, by a resolution of the board of directors of the Entity, dated May 31, 2024.
- (3) All of the information in this Annual Report is true.

Dated May 31, 2024.

Sung Bum Huh
Name of Director or Senior Officer


Signature

Director, President & CEO
Official Capacity