



# **FIGHTING AGAINST FORCED LABOR AND CHILD LABOR REPORT**

Disclosure related to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

For the year ended December 31, 2023

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## 1. INTRODUCTION

This report (the “Report”) is prepared by Nouveau Monde Graphite Inc. (“NMG” or the “Company”) in order to meet the requirements of the Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) for the year ended December 31, 2023. It has been reviewed and approved by the Company’s Board of Directors.

The Report sets out the steps taken by NMG to prevent and reduce the risk that forced labor or child labor be used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada by NMG.

### Forward-Looking Statement

This Report contains “forward-looking information” and “forward-looking statements” within the meaning of applicable securities legislation (collectively, “forward-looking statements”), which relate to future events or future performance and reflect management’s expectations and assumptions regarding the Company’s results and performance. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to it. In some cases, forward-looking statements can be identified by words such as “may”, “would”, “could”, “will”, “should”, “expect”, “intend”, “aim”, “attempt”, “anticipate”, “believe”, “study”, “target”, “estimate”, “forecast”, “predict”, “outlook”, “mission”, “aspire”, “plan”, “schedule”, “potential”, “progress” or the negative of these terms or other similar expressions concerning matters that are not historical facts.

In particular, statements regarding the Company’s corporate objectives and business strategy including, without limitation, the “About NMG” paragraph, the Company’s aspirations, targets, commitments and goals, the Company’s focus on leveraging its world-class mineral assets and proprietary technology portfolio to develop what is projected to be North America’s first, largest, and fully integrated natural graphite production, the possibility for its supply chain is set to change significantly, the Company’s efforts and strategies to address forced labor or child labor, and any information as to future plans and outlook for the Company are or involve forward-looking statements.

Forward-looking statements are based on reasonable assumptions that have been made by the Company as at the date of such statements and are based on current expectations, estimates, and projections about the Company’s business and the industry in which it operates, as well as management’s beliefs and assumptions as of the date of this Report.

These forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements due to various factors, including but not limited to changes in economic and market conditions, regulatory and legal developments, and other risks and uncertainties

Investors and stakeholders are cautioned not to place undue reliance on this Report.

Except for any legal terms that are mandatory and cannot be waived, the Company accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by any person as a result of any error, omission or misrepresentation in information in this Report.

## 2. ABOUT NMG

NMG was incorporated on December 31, 2012, under the Canada *Business Corporations Act*. The Company's headquarters are located at 481, rue Brassard, Saint-Michel-des-Saints, Québec, Canada, J0K 3B0. Its shares are publicly traded under the symbol NMG on the New York Stock Exchange ("NYSE"), NOU on the TSX Venture Exchange ("TSX.V"), and NM9A on the Frankfurt Stock Exchange ("FSE").

NMG is an integrated company developing responsible mining and advanced manufacturing operations to supply the global economy with carbon-neutral active anode material to power electric vehicles ("EV") and renewable energy storage systems. The Company is developing a fully integrated ore-to-battery-material source of graphite-based active anode material in Québec, Canada. With enviable ESG standards and structuring partnerships with anchor customers, NMG is set to become a strategic supplier to the world's leading lithium-ion battery and EV manufacturers, providing high-performing and reliable advanced materials while promoting sustainability and supply chain traceability.

### Our Operations

Based in Québec, Canada, NMG is focused on leveraging its world-class mineral assets and proprietary technology portfolio to develop what is projected to be North America's first, largest, and fully integrated natural graphite production.

A team of 104 employees from diverse backgrounds are actively engaged in supporting operations at the Company's Phase-1 facilities, while preparing to bring the Phase-2 Matawinie Mine and Bécancour Battery Material Plant to the commercial stage. NMG's recent acquisition of the Uatnan Mining Project provides a solid foundation for expansion beyond, as demand for active anode materials rises.

NMG's employees, assets, and operations are all 100% located in Canada, a conflict-free and low risk area as per OECD's criteria.

Our human resources processes and practices are conducted in accordance with the Québec *Charter of Rights and Freedoms*, the Québec *Labour Code*, and the *Canadian Charter of Rights and Freedoms*. The Company condemns forced labor and child labor, and applies Québec's new bill *Respecting the Regulation of Child Labour* when considering the recruitment of teenagers for occasional or summer employment.

All employees must sign and adhere by NMG's Code of Conduct, in addition to our corporate policies.

### Our Procurement

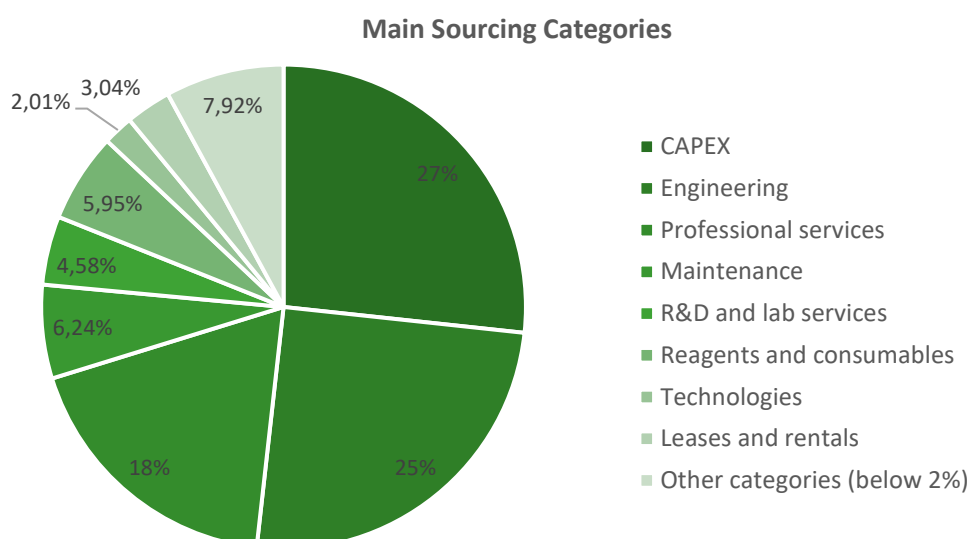
We value the relationships with our suppliers and contractors. In many ways, our suppliers constitute an extension of our business in their interactions with our communities and stakeholders and represent an important lever for environmental stewardship and socioeconomic development. With this in mind, we set clear expectations regarding compliance, business dealings, labor, and human rights, health and safety, protection of the environment, and community and Indigenous engagement.

NMG’s Responsible Procurement Policy guides our procurement practices with an emphasis on local and Indigenous sourcing, environmental and social performance, adherence to NMG’s values as well as transparency. Upon initiating a business relation with NMG all suppliers must sign and confirm their adherence to the Supplier Code of Conduct.

Procurement is managed by a centralized process that strives to ensure compliance with NMG’s programs and provide the contractual framework for addressing non-compliances.

## Our Supply Chain

Currently, NMG primarily sources goods and services from Québec, representing nearly 79% of total expenses in 2023. With an emphasis on developing our Phase-1 operations, building our Phase-2 facilities, and securing financing, much of our sourcing is associated with CAPEX (e.g. equipment, building materials, construction contracts, etc.), engineering, professional services (e.g. consultants, legal fees, accounting services, etc.), maintenance, as well as reagents and consumables.



Nearly all procurement is carried out low-risk countries, including Canada (86%), the United States (8%), United Kingdom (1.8%), Swiss (1%), and Japan (0.7%).

As the Company advances its development, its supply chain is set to change significantly.

**Demonstration stage:** The demonstration stage is a smaller-scale version of its commercial operations. At this stage, NMG is optimizing its processes and qualifying its products, which requires purchasing a limited or reduced volume and/or capacity of specialized equipment and production consumables.

**Construction stage:** The construction stage for its commercial facilities involves substantial and non-recurring expenses, particularly for industrial equipment and construction contracts. At this stage, most specialized equipment will likely have to be purchased from outside Canada due to a lack of local supply, while construction contracts are projected to be mainly awarded to Québec businesses.

**Commercial production stage:** NMG’s commercial activities are expected to lead to greater needs for purchasing consumables and professional services. NMG will seek to establish longer-term contracts for its operating expenses and recurring purchases.

### 3. STEWARDSHIP

#### Corporate Commitment

NMG abides by high standards of corporate stewardship. We seek to prevent or reduce human rights risks in our operations and throughout our supply chain.

To address the complexities of global supply chains and maintain our commitment to ethical business practices, NMG has implemented a comprehensive set of policies across the Company:

- » [Code of Conduct](#)
- » [Supplier Code of Conduct](#)
- » [Human Rights Policy](#)
- » [Whistleblower Policy](#)
- » [Responsible Procurement Policy](#)

Our Responsible Procurement Policy ensures that purchasing decisions are made with ethical sourcing and sustainability in mind. This policy is directly aligned with our Human Rights Policy dedicated to protecting the rights and dignity of individuals inside and outside our Company, along with strict measures against forced and child labor.

In addition, our Supplier Code of Conduct sets out expectations and requirements for all suppliers, requiring compliance with labor laws, environmental standards, and ethical practices. This code reinforces our commitment to responsible sourcing by demanding transparency and accountability in all aspects of the supply chain. It requires all suppliers to commit to the same standards as NMG.

Our Whistleblowing Policy provides a secure and confidential mechanism for employees, suppliers, and stakeholders to report any inappropriate behavior or violations of our policies. It safeguards the integrity of our operations and supply chains, and ensures that any issues are dealt with quickly and effectively in a confidential manner.

These policies are reviewed and adopted by the Board of Directors, then deployed internally to all employees. In addition, they are publicly available on the Company's website as a reference to suppliers' during tendering processes and as a demonstration of our commitments to regulators and stakeholders.

Together, these policies establish a solid foundation for responsible business conduct and demonstrate NMG's unwavering commitment to ethical practices and human rights.

#### Governance and Accountability

Corporate governance lays a strong framework of ethics, oversight, structure, and accountability that is reflected in all aspects of our business. Our Board of Directors oversees the Company's business conduct and management's responsibilities. It upholds the Company's long-term vision with stakeholders in mind, weighing in on business orientation and performance, capital strategy, oversight of risks and opportunities, and ESG principles integration.

A dedicated Board committee – the ESG Committee – provides corporate direction to, monitors, and reviews health and safety, well-being, and other management systems, policies and programs, and targets to assist the Board of Directors in overseeing the Company's performance in these areas, including human rights. It reviews the Company's material reports about ESG performance, including the content of this report.

In addition, the Company’s ESG Strategy, Procurement, Legal, and Operations team work closely together to advance responsible procurement practices, ensure alignment with regulatory requirements, and manage associated risks and opportunities.

We are diligent in ensuring that we do not violate, either directly or through the complicity of others, the human rights of our employees, subcontractors, members of local communities, First Nations, and other stakeholders likely to be affected by our business activities. We require of our suppliers and business partners their shared commitment and an appropriate framework of policies and programs.

NMG annually reports its managerial approach and performance against international disclosure standards, namely the Global Reporting Initiative (“GRI”), the Value Reporting Foundation (SASB Standards) for the Metals & Mining sector, and the United Nations Global Compact’s (“UNGC”) Ten Principles. Specific indicators are included in the Performance section of this report.

## Regulatory Framework

The Company complies with Canada and Québec’s applicable regulations on human rights, child labor, and forced labor, namely Québec’s *Charter of Human Rights and Freedoms*, the *Canadian Charter of Rights and Freedoms*, and Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

## Recognized Standards

NMG aligns its practices with international standards regarding anti-forced labor and anti-child labor, particularly the human rights standards set out in the *Universal Declaration of Human Rights* and the *International Labour Organization’s Declaration on Fundamental Principles and Rights at Work*. In addition, NMG adheres to the principles set out in the *Convention on the Rights of the Child*, the *United Nations Guiding Principles on Business and Human Rights*, and the Ten Principles of the *United Nations Global Compact*.

While not required at this stage of the Company’s development due to the location of our operations and the nature of our supply chain, NMG also considers the Organisation for Economic Co-operation and Development (“OECD”) *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected*.

In preparation for its commercial Phase-2 operations, NMG is implementing the Mining Association of Canada’s Towards Sustainable Mining framework (“TSM”), a globally recognized performance system that assists mining companies in evaluating and managing their environmental and social responsibilities. The TSM includes a specific protocol on Preventing Child and Forced Labor, as well as a supplement on Responsible Sourcing Alignment.

NMG is also an active member of the Global Battery Alliance (“GBA”) an initiative of the World Economic Forum, a public-private leadership effort to establish a Battery Passport attesting to the environmental and social compliance of batteries throughout its value chain. Building upon ten key guiding principles, the GBA strives to ensure that critical materials are produced, sourced, processed, transported, manufactured and recycled in a responsible and ethical manner.

## 4. RISK MANAGEMENT

The parts of our business and supply chains that carry a greater risk of forced or child labor relate to international sourcing of specialized equipment, materials, or parts, where the regulatory framework is not as stringent as Canada's and our visibility over suppliers' practices might be more difficult.

### Training and Awareness

In 2023, we initiated training on responsible sourcing for employees in a position of making purchasing decisions. The training focused on our Responsible Procurement Policy, including respect of human rights, and the strategy adopted to implement it in our procurement process. Our Procurement team is positioned as the internal lead in risk assessment and purchasing procedures; it is available to address questions and issues faced by frontline staff in applying these principles and practices.

### Preventive and Corrective Actions

Through its enterprise risk management framework, the Company monitors its exposure, manages its risk position, and shapes its strategic approach. Social risks, including human rights, are examined in the yearly annual review that informs the Company's risk management plan.

In preparation for the construction stage of our Phase-2 facilities, we are setting up a risk assessment matrix to weight suppliers' likelihood of human rights issues. Combining geographical and SASB-based sectoral risks, every supplier will be attributed a risk score. For suppliers deemed to be at high risk, a human rights monitoring questionnaire will be sent out. Depending on the results, an audit may be initiated directly by NMG or by a third party to clarify issues deemed unsatisfactory. This risk assessment will be completed during the pre-qualification process, thus enabling the Company to disregard suppliers with a problematic record or unsatisfactory demonstration of their compliance with our standards.

The evaluation process will also include random audits of our suppliers to ensure the adhesion to best practices. In the event of non-compliance following an audit, or as a result of concerns raised by employees, business partners, or monitoring systems, NMG will require from the supplier to develop and deploy a detailed action plan. It may even consider terminating its business relationship in some circumstances.

Media surveillance of suppliers will be implemented to monitor potential incidents.

Any potential violation of the Company's Code of Conduct, policies, applicable laws or regulations, including any conversations or incidents that raise doubts about the use of forced labor or child labor, may be reported via the confidential Ethics Helpline at any time by calling +1 833 664-1736, or via the EthicsPoint website at <http://nmg.ethicspoint.com>. The Company strives to ensure the accessibility, effectiveness, and continuous improvement of this grievance mechanism.

### Standard Contractual Terms and Conditions

Suppliers are required to confirm their adherence to our Supplier Code of Conduct prior to initiating a business relationship. Following the refusal of a handful of suppliers to sign the Supplier Code of Conduct, NMG has put in place a procedure, outlining steps to follow, including initial notification, requesting reasons for refusal, and evaluating supplier concerns. It also provides an emergency



procedure for suppliers unable to promptly sign the code, allowing for exceptions in urgent situations and requesting signatures as soon as possible. Upon completion of this procedure, the Company may decide not to maintain the business relationship with the supplier, or may decide to maintain the business relationship following the review and acceptance of equivalent guiding policies and procedures from the supplier. In the event that it is decided to maintain the business relationship with the supplier despite its refusal to sign the code of conduct, the terms and conditions of the contract must provide for the Company's right to suspend or to terminate the contract, without delay and without compensation, at its discretion.

The Company expects its contractors and suppliers to uphold human rights standards, including those related to child labor and forced labor. Therefore, the Company includes standard terms and conditions in its agreements that contain principles and obligations in this regard, namely those contained in the Canada *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. In addition, in those agreements, the contractors and suppliers are asked to represent and warrant:

- a) that the principles and obligations set forth are binding related to child labor and forced labor;
- b) to have considered the applicability and enforceability of those principles and obligations set forth in their proposal and/or submission;
- c) to be able to fully comply with those principles and obligations set forth;
- d) that, in the performance of the supply and/or services, they will implement and adhere to those principles and obligations set forth;
- e) that, in the performance of their obligations, they will prepare and provide to the Company, within the specified time frames, the data, certifications, statements, signatures, and other required information demonstrating their compliance with the terms and conditions related to the child labor and forced labor;
- f) to allow the Company, or its authorized representative, to conduct periodic audits of their supply chains to ensure their compliance;
- g) to ensure that any subcontractor proposed by contractors and suppliers and/or accepted by the Company complies with the principles and obligations set forth, and that any subcontractor completes any forms required by the Company to assess the risk posed by a subcontractor in terms of child or forced labor in its supply chains.

Contractual terms also include the mandatory collection of key social metrics for construction contracts to provide NMG with transparent and dynamic information on suppliers' workforce indicators throughout the execution of work.

## Measures Taken to Remediate the Loss of Income

NMG is not aware of any instance where its efforts to mitigate the risk of forced or child labor in its operations and supply chains may have contributed to negative impacts for workers and/or their families. Considering the location and nature of our sourcing, NMG has not implemented any remediation measures addressing the potential loss of income to the most vulnerable families.

## 5. PERFORMANCE AND ASSESSMENT OF EFFECTIVENESS

To monitor the impact of our activities and practices, and strengthen our risk mitigation processes about forced labor and child labor, NMG tracks the following key indicators:

INDICATOR	2023 INDICATOR	CORRESPONDING STANDARD
Employees having received, read, and signed the Company's Code of Conduct	100%	N/A
Active suppliers having confirmed their adherence to NMG's Supplier Code of Conduct or demonstrated equivalent standards	86%	N/A
Percentage of proved and probable reserves in or near areas of conflict	0%	SASB EM-MM-210a.1
Percentage of expenses in Canada	86%	N/A
Percentage of expenses in low-risk countries	99%	N/A
Whistleblowing reports for violations or unethical conduct	0	
Occurrences of child labor	0	GRI 408 UNGC Principle 5
Occurrences of forced or compulsory labor	0	GRI 409 UNGC Principle 4
Complaints or violations related to human rights	0	UNGC Principle 2

NMG has put initiatives in place to determine the effectiveness of the efforts it deployed to ensure forced labor and child labor are not being used and will continue to improve and refine key performance indicators in this regard.

## 6. APPROVAL

This Report was reviewed by the Board of Directors's ESG Committee and approved by the Board of Directors on May 14, 2024. The Report along with the policies mentioned herein and the Company's annual ESG Report, which provides in depth information about NMG's managerial approach to social risks and opportunities, may be found on our website at [www.NMG.com](http://www.NMG.com).

In accordance with the requirements of Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and in particular section 11 thereof, we attest, in our capacity as Directors of NMG and not in our personal capacity, that we have reviewed the information contained in the Report. Based on our knowledge, and having exercised reasonable diligence, we attest that the information in the Report is true, accurate and complete in all material respects for the purposes of Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, for the reporting year listed above.

(signed) Arne H Frandsen

Arne H Frandsen  
Chair of NMG's Board of Directors

(signed) Eric Desaulniers

Eric Desaulniers, MSc, géo.  
President and Chief Executive Officer