



FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT

ANNUAL REPORT FOR THE YEAR ENDED FEBRUARY 28, 2024

DATE OF REPORT: MAY 31, 2025

1. About This Report

This annual report (the “**Report**”) is being jointly furnished by NEO Battery Materials Ltd. and NBM Korea Co., Ltd., a majority-owned South Korean subsidiary, (collectively, “**NEO,**” the “**Company,**” or the “**Entity**”) pursuant to Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “*Act*”).

Pursuant to Subsection 11(1) of the *Act*, the Entity provides the following information, which outlines the steps the Entity has taken for the financial year ended on February 28, 2024, to identify, assess, and mitigate the risk that forced labour or child labour (together, “**Modern Slavery**”) 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.

2. Structure, Activities, and Supply Chain

NEO Battery Materials is an Ontario-incorporated battery materials technology company focused on developing silicon-based anode materials for lithium-ion batteries for electric vehicles, electronics, and any battery-powered applications. The Company is listed on the Toronto Stock Venture Exchange under symbol NBM. The Entity has a majority-owned South Korean subsidiary, NBM Korea Co., Ltd. (“**NBM Korea**”), where all research and production activities for its silicon anode development occur.

Through NBM Korea, the Entity mainly purchases input precursors called metallurgical-grade silicon or metal silicon, chemical additives, battery materials, and equipment from South Korea, the United States of America, Australia, China, and the European region. NEO’s silicon anode products are solely manufactured in South Korea and 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 for NEO’s operations.

3. Policies and Due Diligence

Policies

With a commitment to innovation, sustainability, and responsible business conduct (RBC), NEO operates with an approach to upholding high standards of ethics and integrity. Practices are furthermore conducted in compliance with the *Ontario Human Rights Code*, *Employment Standards Act, 2000*, the *Canadian Charter of Rights and Freedom*, South Korea’s *Labor Standards Act*, the *Constitution of the Republic of Korea*, and the *International Labour Organization (ILO) Conventions*. The Entity does not tolerate forced, child, or exploitative labour practices within its operations and supply chain partners.

NEO retains a Code of Ethics that sets out the policies to be followed to ensure the Entity’s business is conducted with integrity and in compliance with all applicable laws. Every employee, officer, and director is expected to act ethically and adhere with all applicable federal, state, and local laws, including rules and regulations, such as the *Act*, that govern the Entity’s business conduct. The Code of Ethics provides oversight of these policies and establishes procedures for

reporting conduct that is illegal or unethical or violates this Code. Each employee, officer, and director is accountable for knowing and abiding by this Code.

Due Diligence

As part of the due diligence process, NEO is in the approval process to implement a Supplier Code of Conduct to outline strict guidelines for ethical sourcing, labour law compliance, and human rights protection. These preventative measures will enable RBC to be systematically incorporated into the Company's governance and operations, ensuring that no form of forced labour, child labour, or exploitation exists within the Entity's operations and supply chain partners. To mitigate the risk of forced or child labour, the Entity transacts with trusted and verified agents, wholesalers, and companies within the global battery supply chain.

Moreover, the Company (i) integrates an open line of communication with suppliers to inquire regarding labour practices and regulation compliance and to provide the Entity's strict adherence to prevent modern slavery practices, and (ii) utilizes global sanctions lists, prohibited entities registries, and other regulatory watchlists to evaluate suppliers for compliance risks.

For future due diligence procedures, the Company plans to implement a supplier questionnaire for labour and compliance practices, conduct on-site facility visits and evaluations, and provide training to moderately high to high-risk suppliers to prevent modern slavery practices.

4. Supply Chain Risk Assessment and Remediation

Risk Assessment

Within the Entity's operations in South Korea, the production and distribution of the final product, silicon anode materials, entails minimal to no risk of modern slavery practices as the Entity strictly abides by the Code of Ethics and all applicable labour laws and standards. Furthermore, the Entity employs solely highly qualified personnel who are primarily required to facilitate technological and administrative operations.

Considering upstream supply chain activities, NEO acknowledges that purchasing raw materials and equipment internationally may involve forced or child labour risks. The Company has conducted a risk assessment based on the Minderoo Foundation and Walk Free Foundation's *Global Slavery Index*. Suppliers from South Korea, the United States, Australia, China, Switzerland, Germany, and Norway are primarily from moderately low to low-risk countries, with China having the highest relative risk of 4 per 1,000 people and Norway having the lowest relative risk of 0.5 per 1,000 people.

Furthermore, the Company has conducted assessments by identifying suppliers on (i) the U.S. Entity List maintained under the authority of the *Export Administration Regulations* issued under the *Export Control Reform Act of 2018*, (ii) Canada's *Special Economic Measures Act*, and (iii) the United Nations Security Council's Consolidated List. NEO has found no suppliers under sanction from the registries above, but this evidence does not sufficiently preclude the risk of modern slavery practices. Henceforth, the Company will proactively implement its policies and due diligence procedures to vet suppliers on a go-forward basis.

Remediation

As of the date of this report, the Company has not identified any cases of forced labour or child labour in its operations and supply chain partners. Thus, there have been no measures taken to remediate modern slavery practices and any subsequent loss of income to the most vulnerable families.

5. Training

The Entity has not yet implemented formal training procedures. However, all employees, directors, and officers are in compliance with the Code of Ethics, thereby, all internal corporate practices and associated labour regulations. The procurement team has also been made aware of the need to assess the risk of modern slavery through the due diligence procedure in Section 3 of this Report.

6. Assessing Effectiveness

NEO measures the effectiveness by tracking personnel's training and proficiency in the Code of Ethics, applicable regulations, and supply chain due diligence procedures. After implementing the Supplier Code of Conduct, the Entity will assess confirmations received from suppliers to ensure the compliance with the Supplier Code. Effectiveness will also be measured through the frequency of review and updates of the Company's policies and procedures to prevent modern slavery practices.

7. Attestation

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, 2025, 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, 2025.
- (3) All of the information in this Annual Report is true.

Dated May 31, 2025.

Sung Bum Huh
Name of Director or Senior Officer


Signature

Director, President & CEO
Official Capacity