TSX: NEO.TO | OTCQX: NOPMF

Neo Performance Materials









Neo Performance Materials Inc.

Sustainability Report 2025









neomaterials.com

DISCLAIMER

FORWARD-LOOKING INFORMATION

This report contains “forward-looking information”, within the meaning of applicable securities laws in Canada. Forward-looking information may relate to future events or future performance of Neo Performance Materials Inc. and its subsidiaries and affiliates (collectively, “Neo”). All statements in this report, other than statements of historical facts, with respect to Neo’s objectives and goals, as well as statements with respect to its beliefs, plans, objectives, expectations, anticipations, estimates, and intentions are forward-looking information. Specific forward-looking information in this presentation include, but are not limited to: expectations regarding certain of Neo’s future results and information; forecasted results and ESG targets.

Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. This information involves risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Neo believes the expectations reflected in such forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this presentation should not be unduly relied upon. For more information on Neo, investors should review filings available under Neo’s profile at www.sedarplus.ca. Information contained in forward-looking statements in this presentation is provided as of the date hereof and Neo disclaims any obligation to update any forward-looking information, whether as a result of new information or future events or results, except to the extent required by applicable securities laws.

Neo’s permanent magnet facility in Narva, Estonia.

CONTENTS

INTRODUCTION **4**
About Neo 4
CEO Reflection 5
About This Report 6
Vision & Goals 7
Responsible Value Creation 8
Reporting Framework 12
Materiality 13
Awards & Certifications 14

2. ENVIRONMENTAL (E) **16**
Sustainable Operations 16
Energy Consumption 17
Renewable Energy Use 18
Air Emissions 19
Water & Effluents 20
Waste Reduction 22
Recycling & Circularity 23
Biodiversity & Vegetation 24
3. SOCIAL (S) **26**
Global Teams 26
Learning & Development 27
Health & Safety 28
Community Impact 30
Human Rights 32
Customer Safety 32
4. GOVERNANCE (G) **33**
Corporate Governance, Ethics & Stakeholder Engagement 33
Ethical Business Practices 34
5. APPENDICES **36**
Future Roadmap & Disclosure 36
Data Summary 37



Neo's magnet production in Narva, Estonia

ABOUT NEO

Neo Performance Materials Inc. (“Neo”) is a global leader in manufacturing materials that enable key clean-technology, mobility, and advanced industrial applications. Spanning operations in Asia, Europe, and North America, Neo manufactures rare-earth magnetic materials, specialty chemicals, rare metals, and environmental solutions that support a lower-carbon and increasingly electrified world. Neo’s business units—Magnequench (MQ), Chemicals & Oxides (C&O), and Rare Metals (RM)—develop critical materials used in electric vehicles, high-efficiency motors, emissions catalysts, wind power, microelectronics, medical devices, water treatment, and numerous high-performance systems. Neo’s sustainability approach is grounded in responsible operations, transparent governance, workplace safety, and long-term value creation.

Did you know?

Neo is the sole recycler of gallium in North America, operating a facility in Peterborough, Ontario.

10,355t
PRODUCTION VOLUME
across nine sites

1,210t
CIRCULARITY
of waste diverted from disposal

1,523
WORKFORCE
across 10 countries

212 GJ
RENEWABLE ENERGY
33% of Neo’s total factory energy usage

CEO REFLECTION

At Neo Performance Materials, we are committed to improving global environmental sustainability through the advanced materials we produce. Rare earth magnetic powders, permanent magnets, specialty chemicals, and recovered and refined rare metals, are the quiet enablers of a cleaner, more electrified, and more resilient global economy. They move electric vehicles, turn wind turbines, purify air and water, and power the technologies that will define the next generation of industry.

This marks our fifth annual sustainability report, a milestone that invites reflection on how far we have come. Over the past five years, we have driven measurable progress across the indicators that matter most, including lower greenhouse gas intensity, stronger hazardous waste management, greater use of renewable energy, and improved safety performance across our global sites.

Across our operations in Asia, Europe, and North America, we deepened our commitment to operational excellence and safety, our people and culture, and transparent governance. These pillars are more than a framework. They are how we translate ambition into measurable outcomes, from expanded renewable energy and stronger circularity to safer sites, stronger communities, and disciplined ethical conduct.

Our aspiration is clear. We intend for Neo to be a global benchmark for responsible, advanced materials production, powered by safe operations, efficient resource use, and ethical business practices. That means holding ourselves to a higher standard every year, and inviting our customers, partners, and shareholders to hold us to that standard as well.

The pages that follow tell the story of a company that is confident in its direction, honest about its challenges, and energized by the opportunity ahead. Neo is proud to supply the materials the world needs, produced the way they should be, for a future worth building.

To our teams around the world, thank you for the discipline, integrity, and creativity you bring every day. To our customers, investors, and communities, thank you for your trust. We are only getting started.

Rahim Suleman
President & CEO



Heavy rare earth separation line at Neo's Silmet facility in Europe

ABOUT THIS REPORT

This 2025 Sustainability Report provides an overview of Neo's global sustainability performance from January 1 to December 31, 2025. It covers all manufacturing sites, research and development centres, and operations across the Magnequench ("MQ"), Chemicals & Oxides ("C&O"), and Rare Metals ("RM") business units. Building on the 2024 report, this edition includes disclosures, expanded data verification, and strengthened oversight through Neo's Health, Environment, Safety, and Sustainability (HESS) governance framework.

DATA SOURCES & METHODOLOGY

The report's disclosures are based on a comprehensive, multi-source data collection and validation process. This ensures accuracy, consistency, and transparency across Neo's global operations. Primary data is collected at the site level by HESS professionals and consolidated through Neo's internal reporting systems. Human resources data and monthly HESS performance reports provide additional inputs.

Where necessary, Neo engaged external consultants to support data verification, methodology refinement, and alignment with leading sustainability reporting practices. Neo is committed to continuous improvement in data quality and governance and will update this report if validated data materially changes.

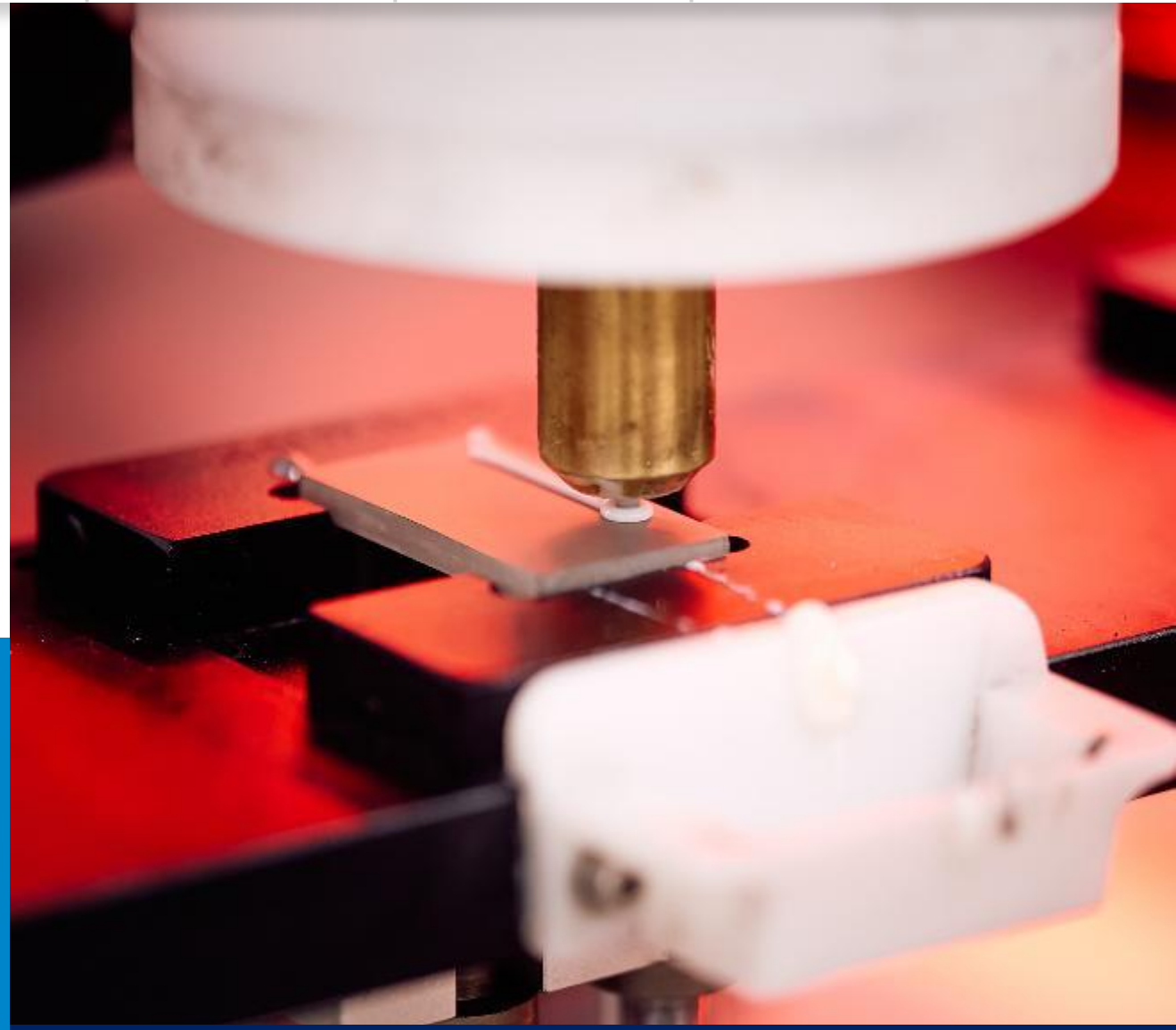
Neo's sustainability strategy is built on four core pillars that guide decision-making and performance throughout the organization. These pillars are:

Responsible Resource Management: This focuses on reducing Neo's environmental impact. It involves improving energy efficiency, increasing renewable energy use, minimizing waste, and strengthening emissions controls.

Operational Excellence & Safety: This emphasizes comprehensive health, safety, and environmental programs. It includes systematic industrial hygiene, predictive risk management, frequent and high-quality safety training, and ongoing process modernization.

People & Culture: This reflects Neo's commitment to talent development. It fosters an inclusive and high-performance workplace, supports employee well-being, and enhances global mobility and skills transfer across operations.

Governance & Transparency: This underpins the entire strategy. Strong oversight comes from Neo's HESS Committee and Executive Team, along with ESG data governance, rigorous ethical and compliance standards, and continuous improvement in sustainability reporting and disclosure.



Magnet production at Neo's permanent magnet facility in Narva, Estonia.

VISION & GOALS

Neo's long-term sustainability ambition is to become a global benchmark for responsible advanced materials production, powered by safe operations, efficient resource use, and ethical business practices.

ENVIRONMENTAL

- Improve energy efficiency to reduce greenhouse gas emissions and ensure a sustainable future.
- Reduce hazardous waste intensity. Increase the share of renewable electricity.
- Improve process efficiency at all global sites.

PEOPLE

- Maintain accident rates that are excellent compared to international industry averages.
- Strengthen leadership and technical development.
- Expand diversity in engineering, R&D, and management roles.

GOVERNANCE

- Expand ESG oversight integration by enhancing monthly HESS meeting findings and collaborations between corporate and facility targets.

OPERATIONAL

- Reduce hazardous waste intensity.
- Increase recycling and circularity.

RESPONSIBLE VALUE CREATION

Neo is built to create long-term value for customers, employees, communities, and shareholders. This is achieved through responsible manufacturing, environmental stewardship, and ethical governance.

In 2025, Neo strengthened its commitment to delivering high-performance materials while minimizing its ecological impact. This was done by aligning its operations with long-term sustainability goals. Neo's responsible value framework integrates energy efficiency, waste reduction, safe operations, product stewardship, and community partnerships. This supports both operational excellence and global clean-technology supply chains.

In 2025, insights from Neo's Board-level HESS Committee further reinforced the company's value-creation strategy. These insights confirmed the structural, efficiency, and decarbonization priorities that guide Neo's ESG roadmap.

Did you know?

71%

Since 2021, Neo has reduced hazardous waste by 71%.

- Value Creation Driven By Structural Environmental Improvements
- Energy Efficiency & Low-Carbon Value Creation
- Circularity & Material Efficiency
- Product Stewardship As A Value Differentiator
- Integrated Value Creation

RESPONSIBLE VALUE CREATION

VALUE CREATION DRIVEN BY STRUCTURAL ENVIRONMENTAL IMPROVEMENTS

Neo has implemented several long-term environmental improvements that are now embedded in its operational baseline and directly contribute to its value proposition. Since the 2021 base year, hazardous waste has been reduced by a remarkable 71%.

The Silmet hydrometallurgy operation, historically the largest generator of hazardous residues, has been closed. The Peterborough team has also successfully achieved the 5% annual waste reduction target. Further optimization of materials and processes across C&O has been implemented, along with leaner production cycles supported by new equipment and refined process chemistry. These changes significantly lower environmental liabilities and improve operational efficiency, ultimately enhancing Neo's long-term value profile.

ENERGY EFFICIENCY & LOW-CARBON VALUE CREATION

Neo prioritizes energy efficiency as a key component of its value-creation strategy. This is evident in MQ's ongoing efforts to reduce energy use in production and in the NAMCO facility's energy-efficient design. These insights align with Neo's broader strategy: energy efficiency simultaneously reduces costs and emissions. It also lowers grid demand, steam, and natural gas intensity, and reduces exposure to energy price volatility.

This enhances competitiveness as customers upstream decarbonize. Solar expansion further strengthens resilience. With two-thirds of Neo's plants now equipped with solar installations, the company is increasingly able to offset grid energy with renewable generation. This reduces Scope 2 emissions and supports customers seeking low-carbon supply chains.

CIRCULARITY & MATERIAL EFFICIENCY

Neo is advancing circularity through several initiatives, including structural waste reductions and strengthened recycling programs. These efforts led to reduced hazardous residues, increased scrap metal recovery, improved packaging reuse and recycling, and segregation programs across Tianjin, Peterborough, and Chuzhou.

Neo has achieved steady site-level targets, such as Peterborough's 5% annual hazardous waste reduction goal. Specifically, Peterborough has advanced Neo's circularity targets by reclaiming gallium from gallium scrap that would otherwise be hazardous waste, achieving its own 5% reduction target. These efforts result in lower disposal costs, reduced compliance risks, improved material efficiency, better alignment with customer sustainability goals, and a stronger position in supply chain due diligence evaluations.



Metal making at Neo's Silmet facility in Europe.

RESPONSIBLE VALUE CREATION

PRODUCT STEWARDSHIP AS A VALUE DIFFERENTIATOR

Neo's materials are used in critical applications across various industries, and customers increasingly rely on suppliers who can demonstrate responsible manufacturing and transparent ESG practices. Neo strengthens customer confidence through:

- Robust product stewardship systems: GHS-aligned safety data sheets, REACH/RoHS/TSCA compliance, batch traceability, and documented quality assurance systems.
- Zero customer safety incidents in 2025: The year saw zero recalls, zero customer safety incidents, and 0 regulatory non-compliance cases.

COMMUNITY AND WORKFORCE VALUE CREATION

Communities and employees also benefit from Neo's responsible practices:

- **Community Partnerships:** US $86,859 in financial support plus employee service hours.
- **Workforce Development:** 66,123 total training hours across all sites, including 7,848 hours of health and safety training.

These investments support retention, engagement, and long-term workforce capability—core to Neo's competitive positioning.

INTEGRATED VALUE CREATION

Neo's value creation model is succeeding in five key areas:

- Structural environmental improvements (waste reduction, hydromet closure).
- Operational efficiency gains (energy reduction, optimized processes).
- Renewable expansion (two-thirds of plants have solar energy generation).
- Decarbonization alignment (average tCO_2e reduction is >4.2% since 2021)
- Quality and safety performance (no customer safety incidents).



Neo's magnet facility in Korat, Thailand.

GALLIUM RECYCLING



SPOTLIGHT

Gallium powers the technologies driving decarbonization, and digitization, from LEDs and gallium nitride semiconductors to 5G components and thin-film solar. Neo's Peterborough, Ontario facility is North America's only commercial-scale producer of high-purity gallium, and it runs entirely on recycled feedstock. With Canada, the United States, and the European Union all designating gallium a critical mineral, that position has taken on outsized strategic importance.

Peterborough is built on more than three decades of extractive metallurgy expertise and a hydrometallurgical process that integrates leaching, solvent extraction, solution purification, and electro-chemistry to convert diverse gallium-bearing residues into refined metal. The plant produces gallium at purities ranging from 4N (99.9999%)to an ultra-high 8N (99.999999%), qualified against the most demanding global customer specifications.

The circularity impact is tangible. Gallium substrate scrap from semiconductor wafer manufacturing is classified as hazardous waste and, without recovery, is routed to disposal. Peterborough receives this material through a proprietary global scrap-collection network spanning the United States, the European Union, and Taiwan, reclaims the gallium value, and advances the site's target of a 5% annual reduction in hazardous waste intensity. In 2025, Peterborough processed 45 metric tonnes of scrap and delivered 21,500kg of high-purity gallium to market. Neo today supplies approximately 5% of global gallium demand and recycles more than 25% of the world's gallium-containing scrap, offering proof that responsible resource management and supply-chain resilience can advance in lockstep.



Gallium clean room at Neo’s Peterborough facility

"Peterborough is proof that circularity is not an aspiration for Neo, it is an operating reality. Every kilogram of gallium we recover from scrap is a kilogram that does not need to be mined, refined, or imported from a concentrated supply chain, and that is exactly the kind of contribution our customers, our communities, and our shareholders expect from us."



Mohamad El-Mahmoud

EVP, Chemicals & Oxides and Rare Metals

REPORTING FRAMEWORK

Neo aligns its sustainability reporting with leading standards to ensure transparency, comparability, and completeness.

FRAMEWORKS USED

- Global Reporting Initiative (GRI) Standards (2021)
- Sustainability Accounting Standards Board (SASB): Metals & Mining Standard
- United Nations Sustainable Development Goals (UN SDG)

REPORTING BOUNDARY

- Environmental: Peterborough, Sagard, Sillamäe, Narva, Zibo, Tianjin, Chuzhou, Korat and Rainham
- Human Resources: Covers all Neo facilities
- Health & Safety: Covers all facilities globally
- Training: Covers manufacturing sites only

Excluded:

- Joint ventures where Neo does not have operational control
- Upstream mining and ore extraction
- Downstream product use-phase impacts

DATA GOVERNANCE PROCESS

- Site-level monitoring systems
- HR and safety systems
- Neo's HESS Committee oversight
- Neo's Executive Team oversight
- Central consolidation and QA review
- Multi-step validation before disclosure

TOPICS

ENVIRONMENTAL

- Energy use & GHG emissions
- Waste reduction & circularity
- Air emissions (NOx, SOx, VOCs, PM)
- Water stewardship & effluent control
- Hazmat handling & spill prevention

SOCIAL

- Health and safety
- Workforce development and training
- Diversity, equity and inclusion
- Community impact

GOVERNANCE

- Anti-corruption & ethics
- ESG oversight
- Compliance & risk
- Supply chain responsibility
- Human rights protections

MATERIALITY

Neo developed an initial list of environmental, social, and governance (ESG) topics through peer benchmarking, industry research, and a review of leading sustainability standards and frameworks. Each topic was assessed to determine its relevance to Neo's business activities, stakeholder expectations, operational impacts, and long-term strategic objectives. As part of this process, Neo considered guidance from the 2023 SASB Standards for the Chemicals industry, while also evaluating additional environmental, social, and governance topics relevant to its global operations and value chain.

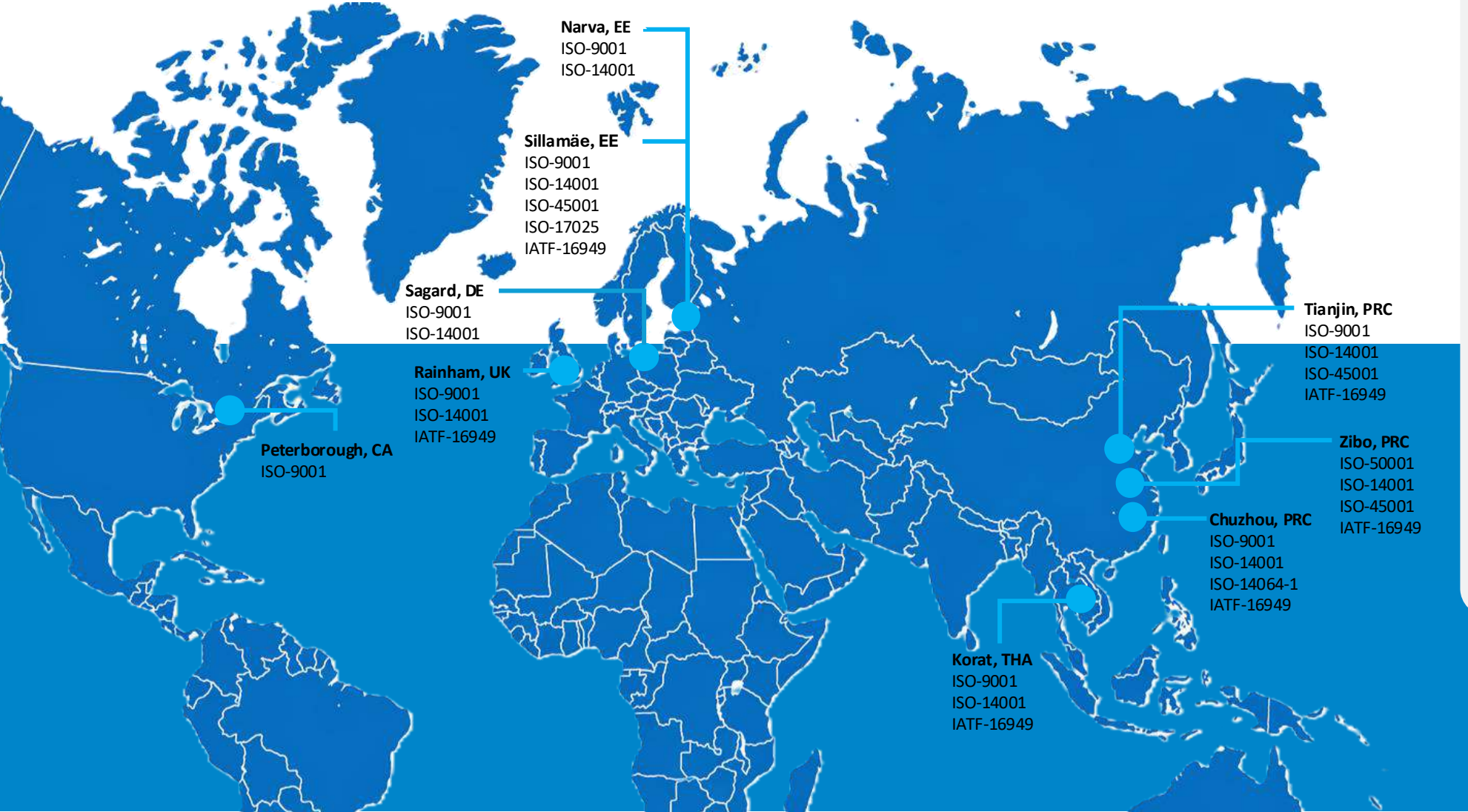
A key component of Neo's Materiality Assessment was a facilitated workshop led by an independent third party. The workshop brought together employees from diverse functions, regions, and levels of the organization to provide a broad range of perspectives on the ESG issues most significant to Neo's business and stakeholders. The resulting assessment identified the material topics that guide Neo's sustainability strategy, risk management approach, and reporting priorities.

The table below outlines Neo's material sustainability topics and their corresponding definitions.

Material ESG Issue	Definition
Regulatory and Legal Compliance	Neo’s compliance to regulations, preparation for future regulatory changes, and alignment of its regulatory strategy with sustainability objectives.
Number of executives trained on anti-corruption	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.
Labour Management	Neo’s adherence to global labour 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 commitment to building trusted relationships with local communities by operating responsibly, engaging transparently, and creating shared value.

CERTIFICATIONS & AWARDS

Neo maintains recognized certifications across multiple facilities to ensure consistent quality, environmental governance, and workplace safety.



AWARDS

Korat

- Good Labour Practices
- 14th Outstanding Occupational Safety & Health Award
- 3rd Certificate Hours of 2,887,416 T-OSH Zero Accident Campaign Program (T-OSH-ZAC)
- Green System Level 3

Narva

- IDA-Viru AASTA: Best employer in East Estonia.

PRODUCTS POWERING THE GREEN TRANSITION

SPOTLIGHT

Neo manufactures advanced materials that help enable the technologies driving the energy transition. Its rare earth magnetic powders, permanent magnets, specialty chemicals, metals, and alloys are incorporated into products that improve energy efficiency, reduce emissions, and support more sustainable industrial processes.

Neo's magnetic materials are critical components in high-efficiency electric motors used in electric vehicles, wind turbines, robotics, industrial automation equipment, and energy-saving household appliances. These materials help increase motor performance while reducing electricity consumption.

Neo's rare earth chemicals and engineered materials support emissions-control systems, water purification technologies, energy-efficient lighting, and advanced manufacturing applications. These products help customers reduce air pollutants, improve water quality, and enhance operational efficiency.

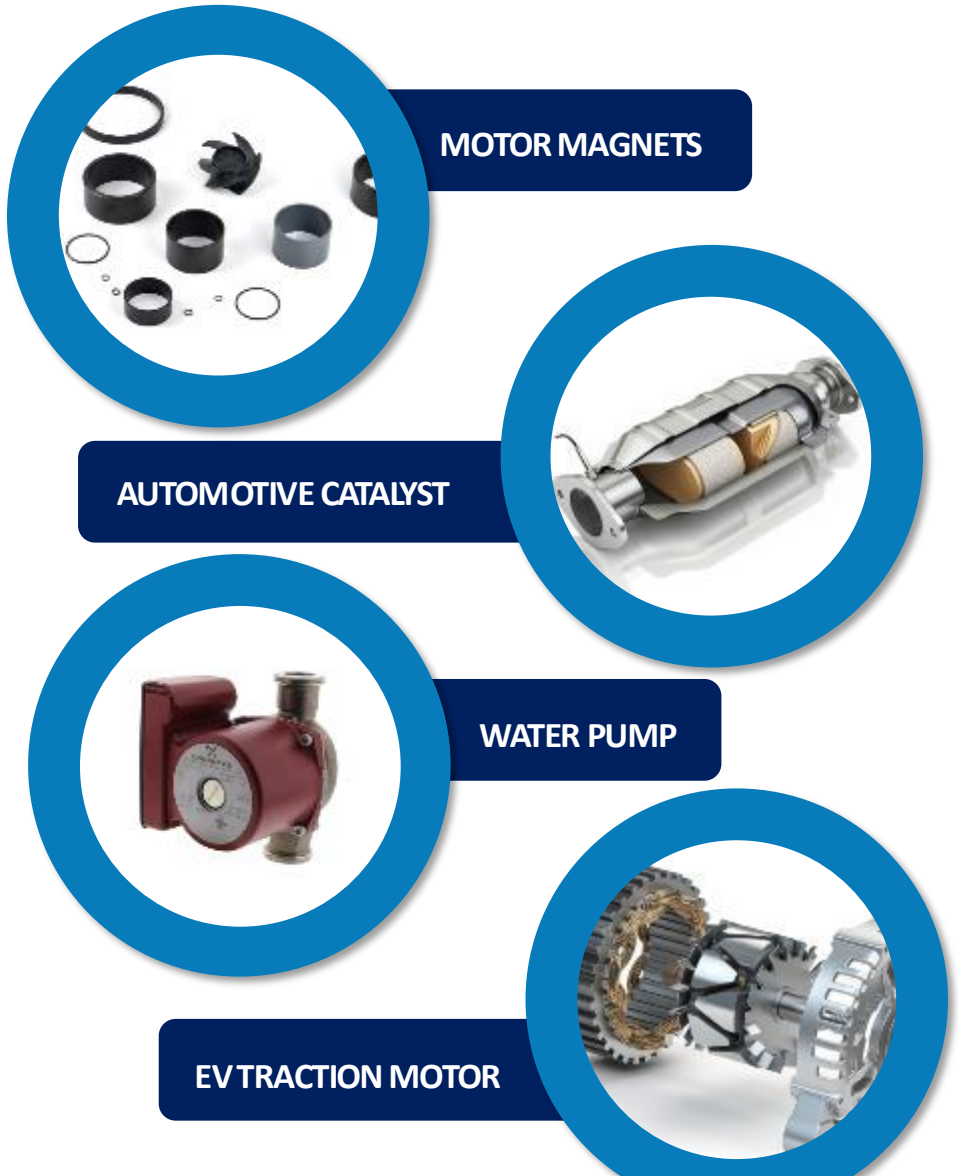
By combining materials science expertise with responsible manufacturing practices, Neo supports cleaner technologies across global markets. Examples include electric vehicle traction motors, offshore wind turbines, catalytic emissions-control systems, industrial water treatment equipment, high-efficiency pumps, and smart appliances designed to consume less energy throughout their operating life.

"This 2025 Sustainability Report demonstrates how sustainability is embedded across Neo's business—from our operations to the products we deliver. Every day, our materials help power electric vehicles, renewable energy systems, emissions-control technologies, and water treatment solutions. By enabling these critical applications, Neo is helping build a more sustainable future while creating long-term value for our stakeholders."



Greg Kroll

EVP, Magnequench



SUSTAINABLE OPERATIONS

Neo advances sustainable operations through strategic decision making and priority-based plant goals that align with broader corporate initiatives. By integrating environmental, operational, and business objectives into site-level planning, Neo empowers facilities to identify opportunities that improve efficiency, reduce waste, and support long-term value creation. Each plant establishes measurable targets that reflect local priorities, while contributing to the Company's global sustainability commitments. This approach fosters accountability, encourages continuous improvement, and helps ensure that sustainability remains embedded in everyday decision-making across Neo's operations.

70% Reduction
NON-HAZARDOUS WASTE
from 2021 baseline

71% Reduction
HAZARDOUS WASTE
from 2021 baseline

40% Reduction
TCO_2E
reduction from 2021 baseline

33%
RENEWABLE ENERGY
212,395 GJ

42%
WASTE DIVERSION RATE
In 2025, 1,210 tons of waste were diverted.

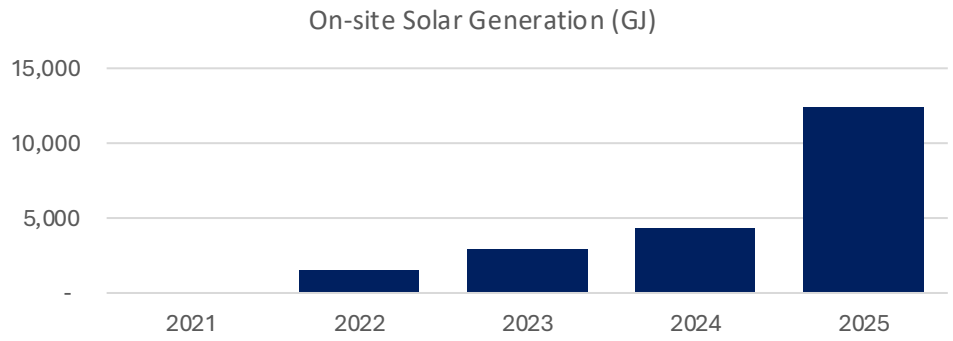
2/3
OF NEO FACTORIES
have solar

INITIATIVES

REGION	INITIATIVE	OUTCOME
Estonia	Closure of hydrometallurgical operations	Reduced hazardous waste and effluent volumes
Thailand, China, Estonia and Germany	Solar expansion + efficiency upgrades	Lower grid electricity demand
Estonia and Thailand	Expanded metal swarf recovery	Improved circularity and material efficiency
Canada	Hazardous waste reduction plans	Significant annual reductions
Estonia	Renewable energy PPA	200,000 GJ of renewable energy

ENERGY CONSUMPTION

Neo continues to advance renewable energy deployment across its facilities as part of a broader strategy to reduce Scope 2 emissions, improve long-term energy resilience, and align with global decarbonization pathways. With the addition of Tianjin's new rooftop solar farm, six of nine facilities have solar installations.



33%
Renewable Energy
212,395 GJ



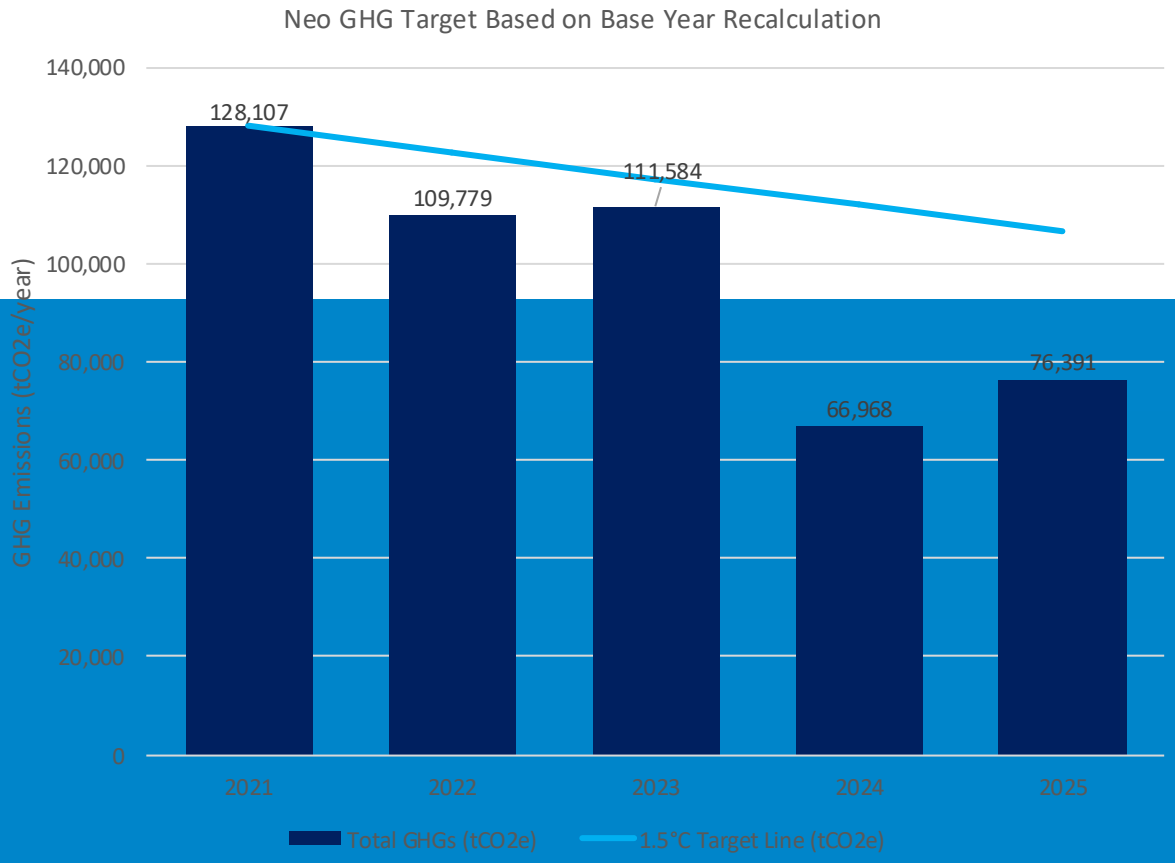
Solar panels at Neo's Narva permanent magnet facility.

RENEWABLE ENERGY

Energy Source Type	UNIT	2025 TOTAL
Total Energy Consumption	Million GJ	0.65
Total Renewable	GJ	212,395
Total Non-Renewable	GJ	436,178
Gasoline, Diesel, LPG	GJ	1,510
Natural Gas	GJ	71,119
Grid Electricity	GJ	272,906
Steam /Other Heating	GJ	269,563
Methanol	GJ	140

SCOPE 1 & 2 GHG EMISSIONS

Neo's total Scope 1 and 2 emissions have declined by 40% since the 2021 base year. This decrease reflects changes across the portfolio as well as updates to activity data and calculation methods and therefore should be interpreted as a combination of operational performance, structural change, and improved data quality. Scope 2 electricity emissions remained the dominant contributor to the overall emissions in 2025.



ACTION EQUALS REDUCTION IN GHGs:

- The sale of the GHG intensive heavy rare earth facility in Jiangyin, PRC.
- Mid-year, Sillamäe secured a renewable electricity contract for a portion of its electricity needs.
- Tianjin's 2025 steam supply source transitioned from coal-fired to a natural gas-fired boiler system.
- NAMCO revised its steam consumption calculation methodology in 2025 and applied the change to 2024 data, resulting in lower reported GHG emissions.
- Increased on-site solar generation, particularly in Tianjin, reduced scope 2 GHG emissions.
- Sillamäe Chemicals and Oxides ceased using natural gas in 2025.
- Sillamäe Rare Metals discontinued steam usage in January 2024 due to the elimination of a process step.
- Sagard's electrification of LPG forklifts and diesel cars resulted in a minor reduction in GHGs.
- Other revisions included correcting NAMCO's process emissions for 2024 and making minor corrections to Peterborough propane consumption in 2022 and 2023.

7,513 t
SCOPE 1
CO_2e

68,877 t
SCOPE 2
CO_2e

AIR EMISSIONS

Neo monitors a wide range of significant air pollutants generated across its global operations, including nitrogen oxides (NO), sulphur oxides (SO), particulate matter (PM), volatile organic compounds (VOCs), and other hazardous air pollutants (HAPs). The data reported reflects all Neo manufacturing sites, consolidated centrally.

KEY INSIGHTS

- NOx reduced by a factor of five and VOCs by a factor of four from 2022 due to structural changes.
- PM10 Sources: Reflects mechanical processes, powder handling, and calcination.
- Compliance: No air–emissions–related non-compliance was recorded in 2025.
- In 2025, Neo achieved a 40% reduction in tCO_2e compared to base year in 2021.



AIR EMISSIONS

POLLUTANT	2022	2023	2024	2025
NOx (t)	28.4	24.8	12.0	5.4
SOx (t)	2.3	4.6	2.1	1.4
VOCs (t)	5.8	2.3	3.7	1.4
PM10 (t)	4.3	21.0	21.7	6.4
Other HAPs	72.3	51.5	45.3	43.7

	2022	2023	2024	2025
Scope 1	14,751	17,149	7,751	7,513
Scope 2	106,171	107,880	89,196	68,877

WATER & EFFLUENTS

Neo recognizes that water withdrawal, use, and discharge can pose environmental risks and therefore designs its manufacturing operations to use water efficiently, reflecting site-specific processing needs and local water availability. Water is primarily used for feedstock processing and cooling, with wastewater treated on-site or by third-party providers prior to discharge. In 2025, the net difference between water withdrawn and discharged across operations remained minimal at seven percent.

Plant and HESS managers actively assess and mitigate site-level water risks, including zero-discharge recycling at the Korat, Thailand facility, and regulated Level III discharge at the Tianjin facility. Neo met or exceeded all applicable water quality and discharge requirements in 2025, with zero incidents of non-compliance.

- Non-Contact Cooling Water - 79% of the water withdrawn was non-contact cooling water returned to the sea.
- Consumption – Neo consumed 72 ML (evaporation, product integration, and process losses). This accounts for 7% of water withdrawn.
- Water Risk: Two plants are classified as extremely high risk (4-5), Tianjin and Zibo; one plant is classified as high risk (3-4), Korat; the Chuzhou plant is classified as medium high (2-3), and the other five plants are low to medium risk.



Neo’s Silmet facility in Estonia

WATER USAGE

CATEGORY	2025 TOTAL (ML*)	NOTES
Water withdrawn from all sources	1,097	Total water withdrawal
Ground water withdrawn	9	Approximately 0.001% of total withdrawal
Water withdrawn from sea	872	Once through, non-contact cooling water, returned to source
Water discharged to sea (non-contact cooling water)	872	Once through, non-contact cooling water, returned to source
Water consumed (not returned)	72	Evaporation, product integration, and process losses
Water recycled/reused (on site systems)	0	No active internal recycling systems reported in 2025

*ML (megalitre = 1,000 m^3)

TIANJIN SUN POWER

SPOTLIGHT

Neo's Magnequench facility in Tianjin, PRC, a cornerstone of the Company's global magnetic materials platform since 1998, advanced its long-standing commitment to environmental stewardship in 2025 with one of the most consequential renewable-energy additions in Neo's global portfolio.

With the commissioning of Tianjin's new rooftop solar farm, six of Neo's nine manufacturing facilities now operate with on-site solar generation. Solar output at the site increased ten-fold from 2024 to 2025, helping lift Neo's total on-site solar generation to 12,425 GJ, with renewables accounting for approximately 33 percent of the Company's total energy consumption.

Tianjin also transitioned its steam supply from a coal-fired system to a lower-emissions, natural gas-fired boiler, contributing to a 6.9 percent year-over-year decline in Neo's combined Scope 1 and Scope 2 greenhouse gas emissions, from 82.1 $ktCO_2e$ in 2024 to 76.4 $ktCO_2e$ in 2025.

Tianjin's evolution from a legacy manufacturing leader to a renewable-energy contributor reflects how Neo pairs efficiency gains with infrastructure investment to supply low-carbon rare earth magnetic materials to customers advancing electrification and clean-technology supply chains.



Solar panels at Neo’s Tianjin magnet facility.

“Tianjin's solar expansion is a powerful example of how Neo is turning long-term commitments into measurable progress. By scaling on-site renewable generation ten-fold in a single year and modernizing our thermal energy supply, our team in Tianjin is helping reduce Neo's global emissions while strengthening our ability to supply the low-carbon materials that power the energy transition.”

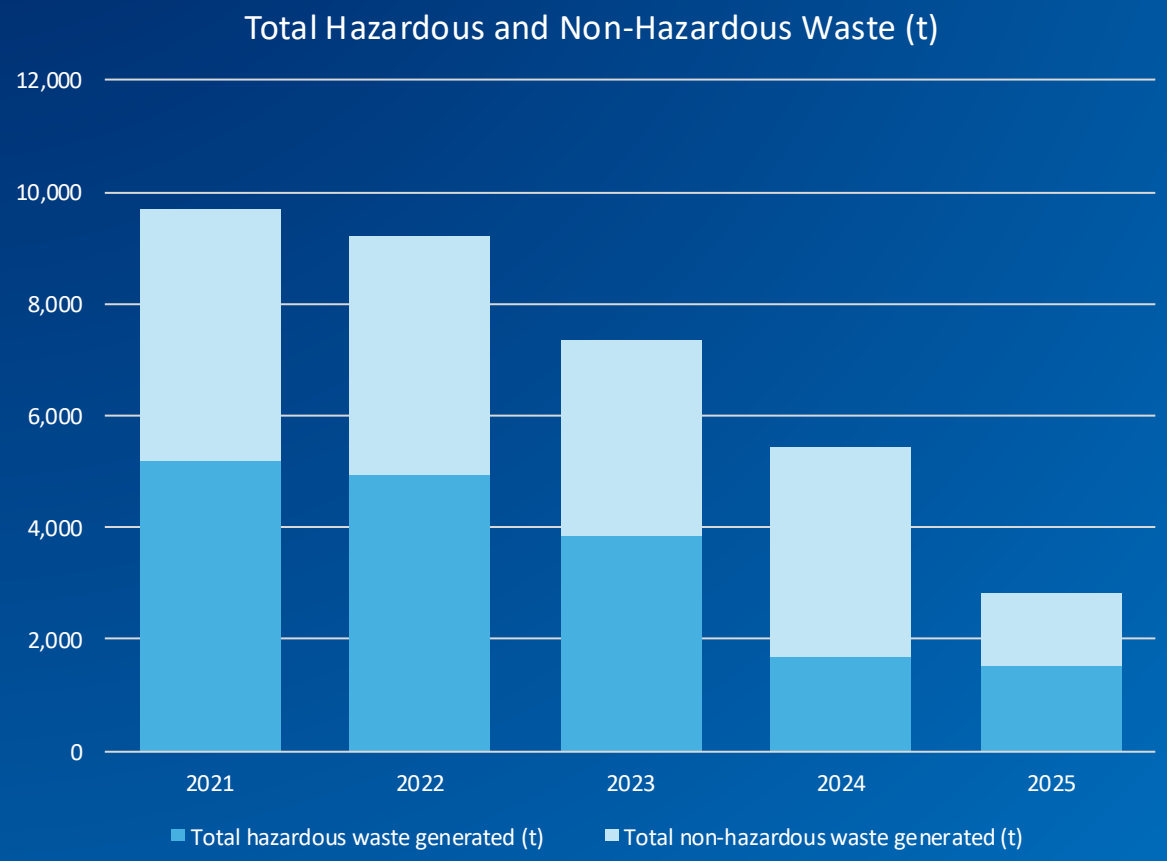


Kevin Morris

EVP & Chief Strategy Officer

WASTE REDUCTION

Neo has established hazardous waste reduction as a high-priority HESS goal. Since the 2021 baseline year hazardous waste generation was reduced by 71% and nonhazardous waste was reduced by 70%. Significant progress is due to structural improvements at several sites, closure of a high-impact process and annual performance improvement plans.



KEY INSIGHTS

- **Hazardous Waste Management:** The Hazardous Waste Management System has prioritized reducing hazardous waste. Since the base year of 2021, there's been a 71% reduction in hazardous waste.
- **Reduction Plan:** Peterborough is a major contributor to Neo's hazardous waste generation. Its success in meeting annual goals has significantly contributed to its performance improvement.
- **Operational Context:** The hydromet shutdown at Silmet was a major factor in the significant reduction in waste volumes.
- **Non-Hazardous Waste (1,330 t):** The dominant categories were packaging materials, scrap metals, and general industrial waste.
- **Total Waste Diversion (1,210 t):** This primarily consisted of scrap metal recovery and packaging recycling.

WASTE GENERATION

CATEGORY	2025 TOTAL (T)
Hazardous waste generated	1,503
Nonhazardous waste generated	1,330
Total waste generated	2,833
Waste diverted (recycled/recovered)	1,210

RECYCLING & CIRCULARITY

Circularity remains a core pillar of Neo's sustainability strategy, focused on maximizing material recovery, extending the useful life of resources, and minimizing disposal. While full rare-earth magnet recycling operations were still in development in 2025, the Company is embedding circular principles into its process design, scrap recovery, and supply chain engagement.

KEY INSIGHTS

- **Improved Segregation:** Tianjin, Peterborough, and Chuzhou facilities expanded dedicated recycling stations.
- **Metal Scrap Recovery:** MQ operations recovered substantially more metal scrap.
- **Reusable Packaging Systems:** Several facilities transitioned from single-use to reusable packaging.
- **Process Yield Improvements:** Adjustments to batch chemistry and furnace controls reduced off-spec material generation.

Did you know?

In 2025, Neo successfully diverted 1,210 tons of material from disposal, achieving a **remarkable 42% diversion rate.**

RECYCLING PERFORMANCE

CATEGORY	2025 TOTAL (T)
Total waste generated	2,833
Waste diverted (recycled/recovered)	1,210
Waste disposed	1,207

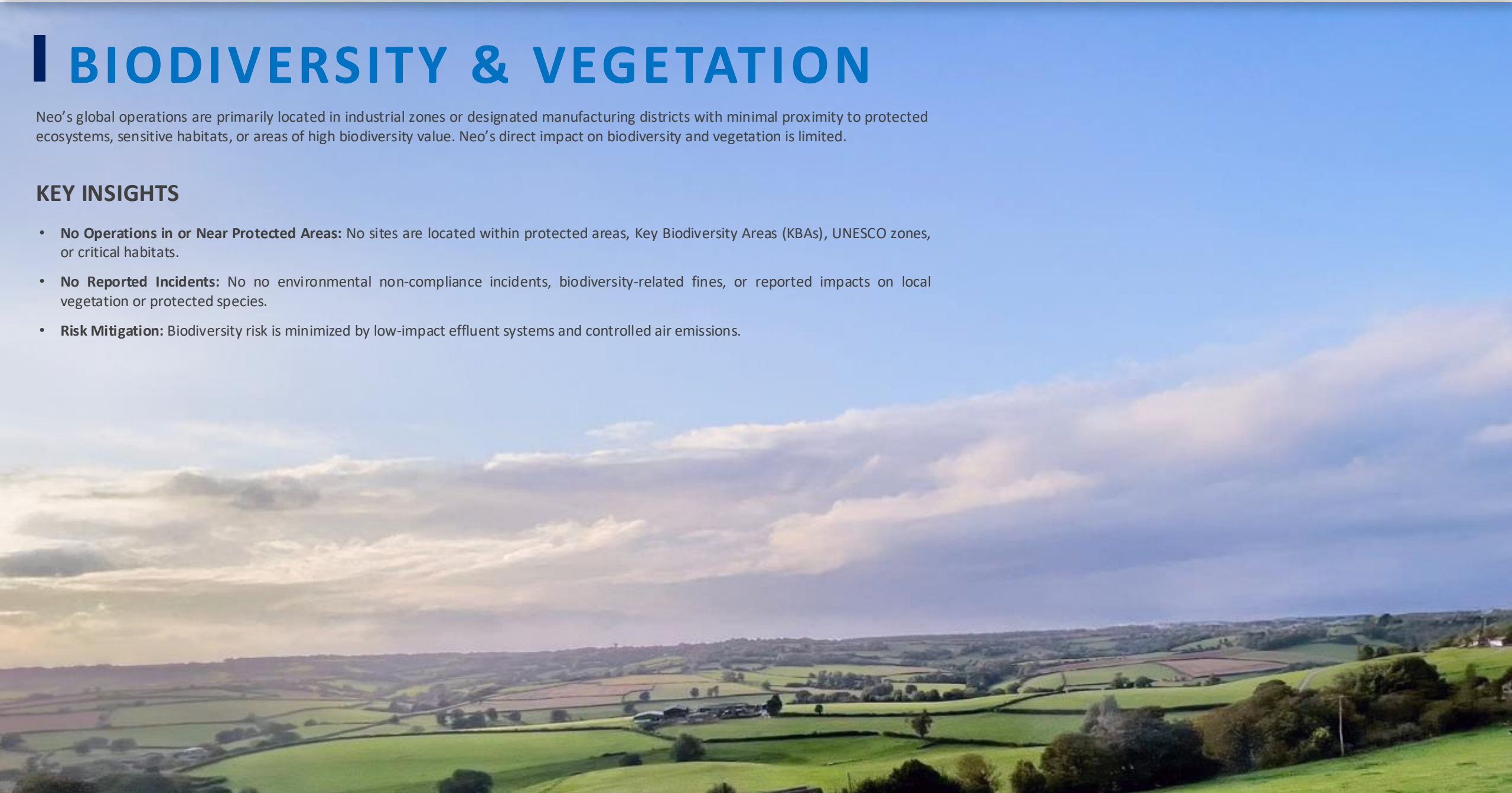


BIODIVERSITY & VEGETATION

Neo's global operations are primarily located in industrial zones or designated manufacturing districts with minimal proximity to protected ecosystems, sensitive habitats, or areas of high biodiversity value. Neo's direct impact on biodiversity and vegetation is limited.

KEY INSIGHTS

- **No Operations in or Near Protected Areas:** No sites are located within protected areas, Key Biodiversity Areas (KBAs), UNESCO zones, or critical habitats.
- **No Reported Incidents:** No no environmental non-compliance incidents, biodiversity-related fines, or reported impacts on local vegetation or protected species.
- **Risk Mitigation:** Biodiversity risk is minimized by low-impact effluent systems and controlled air emissions.



"Identifying what is most material to Neo—and focusing our energy there—is the critical first step in our ESG approach, enabling us to set meaningful, measurable goals.

Before finalizing annual objectives with the executive team and the Board's HESS Committee, we review our top priorities. Health and safety remain foremost, and Neo's accident rates compare favorably to chemical and metals industry benchmarks. Improving energy intensity is another key focus, reducing greenhouse gases while strengthening our competitive position. We are equally committed to cutting waste, particularly hazardous waste.

Ultimately, our success is driven by a culture of continuous improvement at every site—strengthening both performance and long-term sustainability."



Don Miles

VP, Health, Environment, Safety and sustainability (HESS)

GLOBAL TEAMS

Neo employs approximately 1,500 people worldwide across its three business units and corporate functions. Neo's diverse global workforce is one of its strongest assets. Representation across genders, age groups, skill sets, and geographies strengthens innovation, operational resilience, and customer engagement.

COLLECTIVE BARGAINING

Neo has supported and will continue to support its employees' right to freedom of association through its published Human Rights Policy and Code of Conduct and Business Ethics. By promoting a culture of inclusivity and respect for all employees, Neo aims to create a positive and fulfilling work environment that benefits both its employees and the company as a whole.

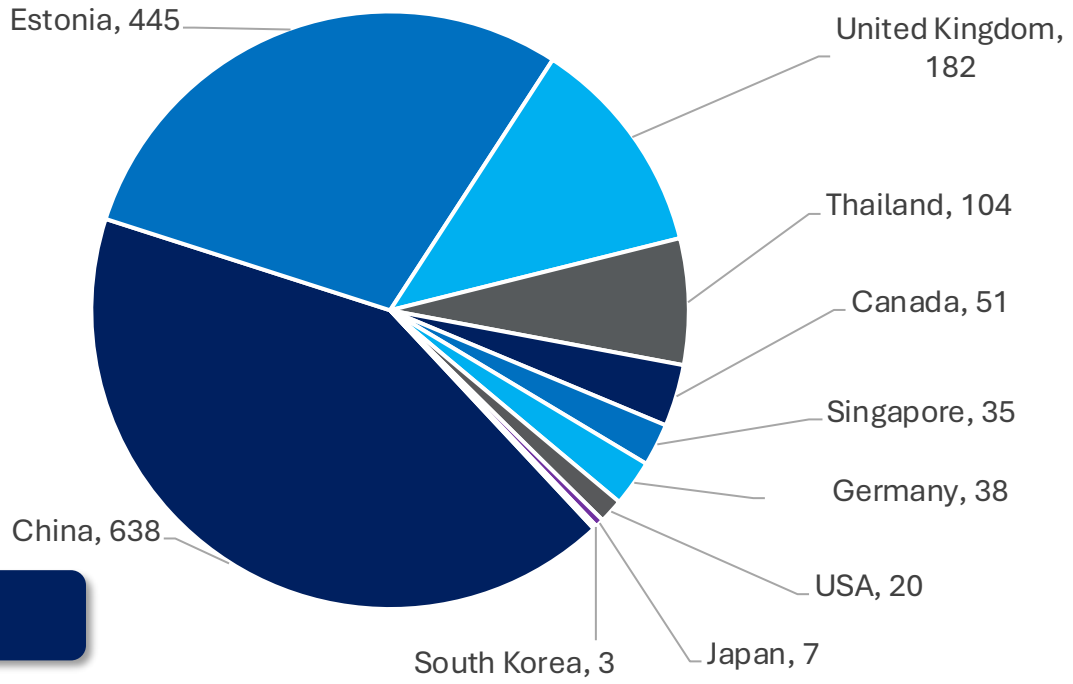
RIGHTS OF INDIGENOUS PEOPLES

Neo's corporate team acknowledges the traditional territories of indigenous peoples in Canada, the United States, Greenland and all jurisdictions we operate in. Neo has identified no incidents of violations involving the rights of indigenous peoples during the reporting period.

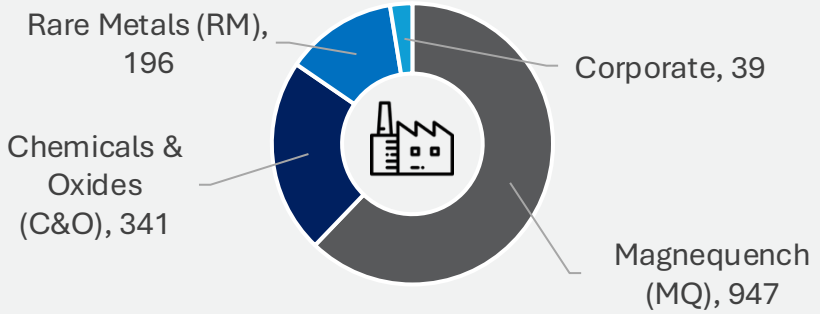
KEY COMMITMENTS

- Maintain fair and transparent hiring practices.
- Increase female representation in technical and leadership roles.
- Expand regional talent development initiatives.

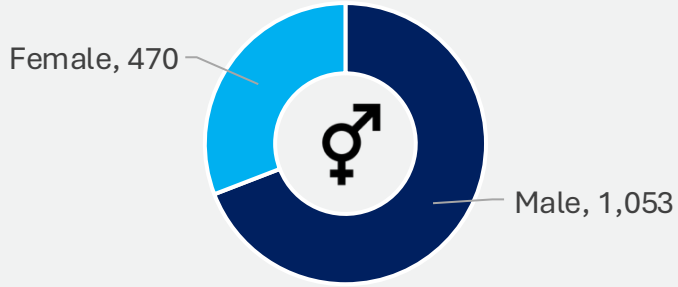
TOTAL EMPLOYEES BY REGION



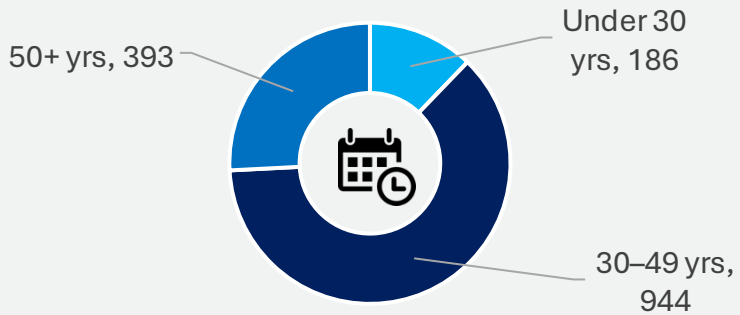
BY BUSINESS UNIT



BY GENDER



BY AGE



LEARNING & DEVELOPMENT

Neo continues to invest in a highly skilled workforce through structured training programs that build technical competency, reinforce safety awareness, and support professional growth. Training remains a cornerstone of Neo's operational excellence strategy.

KEY INSIGHTS

- Employees received an average of 43 hours of training per person in 2025.
- Health and safety training represented nearly half of all training delivered.
- Employees received a formal performance review, reinforcing Neo's culture of accountability and feedback.

TRAINING FOCUS AREAS

- Technical Skills & Process Knowledge: Advanced powder processing (MQ), catalyst and separation chemistry (C&O), and furnace operation.
- Health, Safety & Environment: Lockout/Tagout (LOTO), chemical handling, emergency response drills, and hazard recognition.
- Professional & Leadership Development: Managerial skills, project management, communication, wellness, performance coaching.
- ESG & Compliance Awareness: Code of Conduct, anti-corruption, anti-harassment, cybersecurity training.

TRAINING PERFORMANCE

TRAINING METRIC	2025 TOTAL	NOTES
Total training hours delivered	66,123 hours	All training categories combined
Health & Safety training hours	7,848 hours	12% of all training
Employees receiving performance reviews	99% of employees	Performance Reviews extended to all employees
Training investment (opportunity cost)	US $351,260	Time cost equivalent
Training expense (direct cost)	US $635,000	Tuition, materials, system cost, external providers



HEALTH & SAFETY

Safety is a cornerstone of Neo's operational culture. Manufacturing sites strictly adhere to structured Hazardous Energy Systems to prevent serious incidents, ensure compliance, and guarantee safe returns for all personnel. This strong company culture contributed to robust safety performance in 2025.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Neo Performance Materials prioritizes occupational health and safety management systems across all its facilities. Fifty percent of Neo's manufacturing personnel work in facilities certified to ISO 45001. For over a decade, Neo management has advocated this approach to foster robust performance and demonstrate commitment to a globally recognized benchmark. Even non-certified facilities have implemented most, if not all, of the ISO-45001 components. These certifications promote systematic risk management by providing a comprehensive framework for management, control, evaluation, and continuous improvement. This includes conducting risk assessments, reviewing relevant regulations, setting annual goals and objectives, and regularly reviewing and discussing them in management meetings. At the corporate level, a similar system is in place for developing HESS improvement goals and objectives. This involves input from site managers, HESS managers, the executive team, and the board's HESS committee. The Executive team meets monthly to discuss and review HESS issues, results and progress while the Board's HESS Committee meets on a quarterly basis to review results from the Executive team. Neo's HESS continuous improvement process includes a robust audit system that uses site-specific documents called System Status Reports. These reports identify crucial regulatory requirements, relevant corporate standards, and site-specific risk reduction measures and were developed by our corporate HESS team. Corporate HESS, in collaboration with Neo professionals and external HESS consultants. While they serve as the foundation for Neo corporate audits, their purpose is to provide sites with a practical tool for monitoring their health and safety systems internally on an ongoing basis, rather than for periodic check-ups. This continuous evaluation makes these documents a valuable resource.

OHS-RELATED WORKER PARTICIPATION, CONSULTATION, AND COMMUNICATION

Neo places a strong emphasis on worker participation in health and safety discussions. This is because employees closest to daily operations offer valuable insights into potential risks. By actively engaging workers, Neo fosters a culture of safety, collaboration, and continuous improvement throughout the organization. Neo's HESS Policy clearly assigns line management responsibility for health and safety. When an employee has a safety concern, their supervisor is expected to address it immediately. If the worker is not satisfied with the outcome, they can escalate their concern to the site manager or HESS staff. In addition, employees can use the Whistleblower system if line management fails to respond appropriately.

SAFETY PERFORMANCE

METRIC	TOTAL	NOTES
Fatalities	0	Zero work-related fatalities
Transportation Incidents	0 cases	No transport or logistics events
Recordable Work-Related Injuries	5 cases	Total across all sites
Process Safety Incidents	0 cases	Total across all sites
Process Safety Events (Severity Level 2)	0 cases	Total across all sites
Process Safety Events (Severity Level 3)	0 cases	Total across all sites

HEALTH & SAFETY

HAZARD IDENTIFICATION AND RISK ASSESSMENT

At Neo, we place a high priority on health and safety in the workplace. Our HESS Standards cover the mitigation of risks that management believed exceeded local regulations. Examples of Neo standards include contractor safety, industrial hygiene, hot work, vacuum induction melting, hazardous energy lockout, hazard communication and incident investigation. We train our personnel on the "Hierarchy of Controls" to optimize risk reduction as part of the ISO-45001 process. Compliance with internal standards is part of our corporate HESS.

OCCUPATIONAL HEALTH SERVICES

Neo undertakes a systematic exposure-hazard assessment conducted by a qualified professional. These assessments facilitate priority-based air sampling strategies, building upon our progress in ensuring a safe and healthy environment. Training on the appropriate sampling method is complete and approved analytical laboratories are in place. Whenever concerns arise, corrective actions are taken promptly, in line with our commitment to ensuring the well-being of our employees and the environment. Our sites are required to adhere to corporate standard, which requires the implementation of engineering controls to manage exposures if elimination of risks is not feasible.



Control room of Neo's facility in Korat, Thailand.

COMMUNITY IMPACT

Neo maintains strong relationships with the communities in which it operates and contributes to local communities through education, volunteerism, and targeted support for local needs. These partnerships focus primarily on education, workforce development, environmental stewardship, and locally sourced services.

KEY INSIGHTS

- **Education & Workforce Development:** Sites maintain relationships with technical universities, local colleges, and vocational schools for internships, guest lectures, and new-hire pipeline development.
- **Community Support & Engagement:** Neo contributed USD $86,859 in charitable donations that supported local environmental groups, schools, and social organizations.
- **Local Supplier Engagement:** Sites work closely with local maintenance shops, logistics partners, and waste processors to shorten supply chains and increase local economic activity.
- **Environmental & Stewardship Partnerships:** Facilities coordinate with municipal environmental departments, water authorities, and pollution control boards, which is reflected in the compliance data resulting in zero environmental fines.

EDUCATION PARTNERS

INDUSTRY PARTNERS

COMMUNITY IMPACT

Across Neo's global operations, employees and facilities contributed to the well-being of local communities through volunteerism, education, inclusion, employee engagement, and regional development initiatives.

KEY HIGHLIGHTS

- 450+ meals packaged for local families through the One Million Meals program in Canada
- Regional Strawberry Award received by Narva for contributions to regional development
- Employee, family, health, and community engagement activities held across multiple Neo sites in China
- Community donations supporting children, education, and accessibility initiatives across Thailand

Estonia	China	Canada	Thailand
Regional Recognition Narva received the prestigious Regional Strawberry Award, recognizing its positive contribution to regional development, job creation, and economic growth in Estonia.	**Employee & Family Engagement** Employees and their families participated in initiatives including NAMCO Family Day, wellness programs, cultural celebrations, and workplace engagement activities that strengthened connections, well-being, and community spirit.	**Fighting Food Insecurity** Employees and family members from Peterborough volunteered with the One Million Meals program, packaging more than 450 meals for individuals and families in need within the local community.	**Supporting Children and Inclusion** Neo contributed educational supplies, sports equipment, and community resources to local schools, child development centres, and programs supporting persons with disabilities, helping promote learning, inclusion, and well-being.



Team Peterborough participates in One millions meals program.



Team Narva was honored with the Regional Strawberry Award



Team Korat donated sports equipment to encourage positive learning experiences.



Team NAMCO family day to strengthen community connection.

HUMAN RIGHTS

Neo operates complex global supply chains and requires responsible sourcing to maintain product quality, compliance, and customer trust. Neo's Supplier Responsibility program emphasizes compliance, traceability, and human rights protections.

SUPPLY CHAIN EXPECTATIONS

Suppliers are held to formal policies for:

- Legal & Regulatory Compliance: Including safety, environmental, trade, and customs regulations.
- Environmental Standards: Responsible management of emissions, waste, and hazardous materials.
- Ethical Business Conduct: Zero tolerance for bribery and corruption

HUMAN RIGHTS OVERSIGHT

Neo upholds internationally recognized human rights principles across its workforce and supply chain, embedded in its Code of Conduct and Supplier Code.

HUMAN RIGHTS RESULTS

INDICATOR	RESULT
Confirmed human rights violations	0
Confirmed forced labor cases	0
Discrimination incidents	0
Modern slavery cases	0



CUSTOMER SAFETY

Neo's products are used in critical applications across numerous advanced industrial supply chains. Ensuring customer safety is essential to Neo's business model and is supported by rigorous quality assurance systems and product stewardship practices. Neo experienced no customer safety–related issues in 2025. All product categories remained fully compliant with their respective technical, chemical, and regulatory standards.

KEY INSIGHTS

- **Regulatory Systems: Products comply with REACH (EU), RoHS (restricted substances), TSCA (United States), and GHS labeling requirements.**
- **Material Traceability: Batch-level tracking is maintained for all key raw materials, and Certificates of Analysis (CoA) accompany outbound shipments.**
- **Safety Data Sheets (SDS): Updated in accordance with global GHS standards and provided to customers for all applicable materials.**

CORPORATE GOVERNANCE, ETHICS & STAKEHOLDER ENGAGEMENT

GOVERNANCE STRUCTURE AND OVERSIGHT

Neo's Board of Directors provides oversight of the Company's long-term strategic direction, ESG priorities, and enterprise-wide risk management. The Board is supported by a committee structure that enables focused oversight across critical governance areas:

- Audit Committee – oversight of financial reporting, internal controls, and compliance
- Compensation and Human Resources Committee - oversight of executive compensation and human resources issues.
- Corporate Governance and Nominating Committee - oversight of corporate governance issues and Board composition.
- Health, Environment, Safety & Sustainability (HESS) Committee – oversight of environmental, safety, and ESG strategy and performance

Together, these bodies oversee:

- Strategic direction and capital stewardship
- ESG and HESS performance and reporting
- Compliance with legal and regulatory requirements
- Risk management, internal controls, and policy direction

This governance structure supports disciplined decision-making and consistent accountability across Neo's global operations.

ESG-LINKED EXECUTIVE COMPENSATION

In 2021, Neo's Compensation Committee introduced an ESG component into the executive incentive compensation framework, aligning long-term remuneration with the Company's financial performance and its ongoing efforts to reduce the environmental footprint of its operations while strengthening its role as a responsible corporate citizen in the communities where it operates. Since its introduction, ESG-linked executive compensation has prompted more robust internal dialogue around the development of a long-term strategy to progressively move toward more climate-neutral operations. Building on this momentum, in 2022 Neo, under the leadership of its executive management team, began working closely with environmental consultants to further advance the Company's long-term climate impact reduction plans and identify additional opportunities.

ETHICAL CONDUCT, ANTI-CORRUPTION & COMPLIANCE

Neo expects all employees and contractors to uphold the highest ethical standards. These expectations are reinforced through mandatory global training programs and annual certification of Neo's Code of Conduct.

Neo maintains zero tolerance for bribery and corruption. In 2025, no corruption cases were reported.

Compliance programs are designed to prevent, detect, and address risks across environmental, labour, ethical, and regulatory domains, supporting responsible operations in all jurisdictions where Neo operates.

APPROACH TO STAKEHOLDER ENGAGEMENT

Neo is committed to meaningful engagement and transparent communication with its external stakeholders, including customers, shareholders, local communities, governments, suppliers, media, industry associations, and civil society. Each stakeholder relationship is overseen by a dedicated Neo employee responsible for maintaining the relationship and internally communicating identified concerns or opportunities. Engagement is conducted through a range of channels, including virtual and in-person meetings, surveys, focus groups, community event participation, written communications, industry consultations, and conference participation. This approach is guided by the Neo Code of Business Conduct and Ethics, which is accessible to all employees and forms part of mandatory training.

ETHICAL AND RESPONSIBLE ENGAGEMENT WITH GOVERNMENT

Neo employees adhere to the government relations guidance set out in the Neo Code of Business Conduct and Ethics, which is signed upon 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), Neo prohibits offering anything of value to foreign government officials or political candidates to gain or retain business, and similarly prohibits illegal gifts or favors to any government employee or official. Where local laws or customs are unclear, employees are required to comply with local regulations; however, if a local practice conflicts with the Code of Conduct and Ethics, guidance must be sought from a supervisor or Neo's legal department.

Neo actively engages in lobbying within the European Union to support the development of resilient supply chains for rare earths and permanent magnets, particularly for automotive, industrial pump, and wind turbine manufacturing. This includes participation in consultations led by the European Raw Materials Alliance and EIT Raw Materials, contributing to EU initiatives such as the Action Plan on Critical Raw Materials, the 2020 List of Critical Raw Materials, and related foresight studies. In 2023, Neo undertook advocacy activities under the European Raw Materials Alliance framework to inform EU and Estonian authorities on amendments to EU funding mechanisms and the EU Critical Raw Materials Act, aimed at enabling large-scale rare earth magnet manufacturing in Europe. Neo has not made direct or in-kind political contributions to public authorities, and its advocacy activities are recorded in the EU Transparency Registry.

Neo's Identification Number in the EU Lobbying Transparency Register is: 394416191986-16.

ETHICAL BUSINESS PRACTICES

ANTI-CORRUPTION AND ANTI-BRIBERY

Neo is dedicated to the dynamic, ethical and profitable expansion of its operations worldwide. We compete for all business opportunities vigorously, fairly, ethically and legally and will pursue and negotiate contracts in a fair and open manner. Regardless of any pressures exerted, Neo conducts 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.

RECORD KEEPING

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

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 that is signed at commencement of employment.

CORPORATE VS. PERSONAL OPPORTUNITIES

Every Neo employee has to abide by the corporate opportunities' guidance, as defined in the Neo Code of Business Conduct and Ethics. We do not personally take opportunities that are discovered through the use of Neo's property, information or position without the prior consent of our Board.

Our directors, officers and employees are also prohibited from competing with Neo.

COMPETITION AND FAIR DEALING

Every Neo employee has to abide by the competitive behaviour guidance, as defined in the Neo Code of Business Conduct and Ethics.

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 Anti-Corruption and Anti-Bribery Data for 2025	
Number of board members trained on anti-corruption	6/6
Number of executive team trained on anti-corruption	5/5
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

Neo's Competition and Fair Dealing Data for 2025	
Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant	0

ETHICAL BUSINESS PRACTICES

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance with applicable laws and regulations underpins all of Neo's operations and is fundamental to the Company's ability to maintain permits and expand its business. In 2025, Neo recorded no significant instances of non-compliance and incurred no monetary fines.

Ongoing monitoring of compliance performance supports effective risk management by reducing potential financial, reputational, and environmental liabilities, including fines, remediation obligations, or administrative and judicial sanctions. Neo's executive and legal teams regularly assesses regulatory risks across environmental requirements—such as emissions, effluents, waste, energy, water, and biodiversity—as well as product- and administration-related regulations, including securities regulation. This oversight also extends to binding voluntary agreements entered into with regulatory authorities as alternatives to new regulatory requirements.

COMMUNICATION OF CRITICAL CONCERNS TO HIGHEST GOVERNANCE BODY

Neo's Board of Directors, as the Company's highest governance body, receives regular reporting on all critical concerns and related activities. In accordance with the HESS Policy and Standards, Neo's facilities maintain provisions for urgent escalation to the Board's HESS Committee, including the reporting of recordable accidents within 24 hours and the near-immediate escalation of emergency situations.

Neo's Whistleblower Reporting and Non-Retaliation Policy: Neo's Whistleblower Reporting and Non-Retaliation Policy affirms the Company's commitment to integrity and ethical conduct by fostering an environment in which employees and other stakeholders can report actual or suspected wrongdoing in good faith, without fear of retaliation, discrimination, or harassment. All employees are responsible for reporting concerns in accordance with the procedures outlined in the policy.

Reporting Mechanism for Employees: Employees are encouraged to raise concerns with their supervisors, managers, or senior management in the first instance. Managers receiving a report are required to escalate it in accordance with established procedures, maintain confidentiality to the extent possible, and treat reporters with respect. Alternatively, employees may report concerns directly to the Chair of the Audit Committee, Neo's legal department, or confidentially through Neo's independent third-party reporting provider.

Reporting for Third Parties: Neo also provides confidential reporting mechanisms for third parties. Reports involving financial wrongdoing are directed to the Chair of the Audit Committee and the Corporate Secretary, while non-financial concerns are directed to the Corporate Secretary and a designated member of the legal department. Reports may also be submitted anonymously through Neo's third party reporting provider, either online or via a toll-free hotline available 24 hours a day, seven days a week, at www.neo.ethicspoint.com.

ANTI-WORKPLACE HARASSMENT AND ANTI-DISCRIMINATION

Neo maintains a zero-tolerance approach to workplace harassment and discrimination, requiring all employees to comply with the Company's Anti-Workplace Harassment Policy and Code of Business Conduct and Ethics, both of which approved by the Board of Directors and are signed at commencement of employment. Neo is committed to a work environment free from harassment or discrimination of any kind by or against employees, supervisors, directors, customers, or vendors. Harassment is defined as unwelcome verbal, physical, or visual conduct that shows hostility, aversion, or unfair criticism toward an individual based on protected characteristics under applicable law, including race, colour, religion, sexual orientation or identiy, national or ethnic origin, age, marital or pregnancy status, disability, or genetic information. Neo provides equal opportunity in all aspects of employment and prohibits discriminatory or harassing behaviour, including derogatory comments, unwelcome sexual advances, or any physical or mental conduct that undermines the dignity, comfort, or diversity of its workforce.

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, we have implemented the following standards:

- Supply Chain Policy
- 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.

THANK YOU

As we conclude our 2025 Sustainability Report, we recognize the people who make this progress possible.

Across our global operations, Neo employees demonstrated a shared commitment to safety, environmental stewardship, innovation, integrity, and continuous improvement. Their efforts helped advance meaningful progress in energy efficiency, waste reduction, circularity, workforce development, and governance.

We also thank our customers, suppliers, shareholders, and community partners for their ongoing collaboration and trust.

Neo remains committed to producing the advanced materials that enable cleaner technologies and a more sustainable world.

Materials that matter. Produced responsibly. For a future worth building.

For more information, **visit www.neomaterials.com.**

DATA SUMMARY

GRI Code	Description/Topic	Unit	2023	2024	2025	Comments / Response / Reference	SASB	Hyperlink
GRI 1	GRI standard followed					This report uses the framework provided by GRI 1: Foundation 2021 reports in accordance with the GRI standards.		
GRI 2-1	Organization details					Information on organization details is outlined in section About Neo.		Click Here
GRI 2-2	Entities included in the organization's sustainability reporting					Entities included in Neo's sustainability reporting include: Neo Performance Materials ULC; Buss & Buss Spezialmetalle GmbH; NPM Silmet OU; Jiangyin Jiahua Advanced Materials Resources Co., Ltd.; NEO Jia Hua Advanced Materials (Zibo) Co., Ltd; Magnequench (Tianjin) Company Limited; Magnequench Magnetics (Chu Zhou) Co., Ltd.; Magnequench (Korat) Co., Ltd.; SG Technologies Group Ltd.		
GRI 2-3	Reporting period, frequency and contact point					Reporting period: 2025-01-01 – 2025-12-31, released annually. Publication date: 2026-01-30. Contact email: Don Miles - d.miles@neomaterials.com		
GRI 2-4	Restatements of information					None in 2025		
GRI 2-5	External Assurance					Executive team reviews report and data. HESS committee monitors the data of the sustainability report. Internal ESG team reviews and audits ESG report. Report is not externally assured.		
GRI 2-7	Employees					Information on employees is outlined in section Global Teams (page 26).		
	Total number of employees	Person	1912	1765	1523			
	Total number of male employees	Person	1311	1210	1053			
	Total number of female employees	Person	601	555	470			
	Total number of employees (Canada)	Person	59	63	51			
	Total number of employees (USA)	Person	39	23	20			
	Total number of employees (Europe)	Person	31	32	34			
	Total number of employees (Estonia)	Person	400	358	445			
	Total number of employees (UK)	Person	176	178	182			
	Total number of employees (Japan)	Person	7	7	7			
	Total number of employees (South Korea)	Person	4	2	3			
	Total number of employees (China)	Person	1033	953	626			
	Total number of employees (Thailand)	Person	131	112	104			
	Total number of employees (Singapore)	Person	32	37	12			

DATA SUMMARY

GRI Code	Description/Topic	Unit	2023	2024	2025	Comments / Response / Reference	SASB	Hyperlink
GRI 2-8	Workers who are not employees					Number of contractor employees are calculated by dividing total contractor work hours by standard annual work hours of a full-time employee (2080 hours).		
	Total number of contract employees	Person	150	301	39			
GRI 2-9	Governance structure and composition					The board of director structure is outlined in section Corporate Governance.		Click Here
GRI 2-11	Chair of the highest governance body					The board of director structure is outlined in section Corporate Governance.		Click Here
GRI 2-14	Role of the highest governance body in sustainability reporting					The company's HESS Committee, composed of members of the Board of Directors, oversees the integration of sustainability principles into everyday business operations and reviews HESS targets and objectives. More information is outlined in section Governance Structure & Oversight		Click Here
GRI 2-16	Communication of critical concerns					Information on Neo's communication policies and mechanisms is outlined in section Communication Of Critical Concerns To Highest Governance Body.		Click Here
GRI 2-17	Collective knowledge of the highest governance body					Information on advancing ESG knowledge to Neo's highest governance body is outlined in section Ethical Business Practices.		Click Here
GRI 2-18	Evaluation of the performance of the highest governance body					Information on Neo's various board committees are outlined in section Governance Structure and Oversight		Click Here
GRI 2-19	Remuneration policies					Information on Neo's ESG-linked executive compensation is outlined in section ESG-linked Executive Compensation.		Click Here
GRI 2-22	Statement on sustainable development strategy					Statement on sustainable development by the Chief Executive Officer is included (page 5).		
GRI 2-23	Policy commitments					Information on Neo's policy commitments for responsible business conduct and respect to human rights is outlined in the Ethical Business Practices section (page 33), and the following documents: Whistleblower Policy; Code of Business Conduct and Ethics; Anti-Corruption and Anti-Bribery Policy.		
GRI 2-24	Embedding policy commitments					Information on Neo's governance strategy on policy commitments is outlined in section Human Rights and Responsible Procurement And Supply Chain Management.		Click Here

DATA SUMMARY

GRI Code	Description/Topic	Unit	2023	2024	2025	Comments / Response / Reference	SASB	Hyperlink
GRI 2-26	Mechanisms for seeking advice and raising concerns					Information on Neo's communication policies and mechanisms is outlined in section Communication of Critical Concerns to Highest Governance Body		Click Here
GRI 2-27	Compliance with laws and regulations					Information on compliance with laws and regulations is outlined in Ethical Business Practices.		Click Here
GRI 2-27	Total number of significant instances of non-compliance with laws and regulations during the reporting period	Citation Count	0	0	0	No significant instances of non-compliance. The corporation conducts detailed HESS audits with several hundred site specific criteria customized to their site and local regulations.		
GRI 2-27	Total monetary fines incurred in reporting period	$USD	3158	0	0	No fines.		
GRI 2-28	Membership associations					Information on membership and associations are outlined on Community Impact page.	210a.1	Click Here
GRI 2-29	Approach to stakeholder engagement					Neo's approach to stakeholder engagement is outlined in section Approach to Stakeholder Engagement.		Click Here
GRI 2-30	Collective bargaining agreements					Information on collective bargaining agreements is outlined in section Collective Bargaining.		Click Here
GRI 2-30	Total number (%) of employees covered by collective bargaining agreements	Person	70 (3.7%)	45 (2.5%)				
GRI 3-1	Process to determine material topics					Process to determine material topics outlined in Materiality section.		Click Here
GRI 3-2	List of material topics					List of material topics		Click Here
GRI 3-3	Management of material topics					Management of material topics outlined in materiality section.		Click Here
GRI 302-1	Energy consumption within the organization					Energy management and consumption outlined in Energy Efficiency section.	130a.1	Click Here
	Total energy consumption	Million GJ	1.07	0.76	0.65	2025: SASB Summary: Total energy consumed: 0.65 million GJ; Grid electricity: 45%; Renewable: 33%; Self-generated energy: 1.91%.		
	Gas, Diesel, LPG consumption	GJ	3,256	2,187	1,510			
	Natural Gas	GJ	198,960	82,221	71,119			
	Total Non-renewable	GJ	823,843	605,061	436,178			
	Total Renewable	GJ	244,988	149,831	212,395	Renewable energy steam at Silmet and electrical PPA. Increase in solar use to 2% of total energy consumption.		

DATA SUMMARY

GRI Code	Description/Topic	Unit	2023	2024	2025	Comments / Response / Reference	SASB	Hyperlink
GRI 302-1	Internal Electricity	GJ	2,831	4,202	12,425			
	Grid Electricity	GJ	339,869	288,978	272,906			
	Steam / Other Heating	GJ	523,431	376,936	269,563			
	Methanol	GJ	484	367	140			
	2025 Energy Consumption by Type - Gasoline for company owned vehicle(s)	GJ			626			
	2025 Energy Consumption by Type - Diesel for company owned vehicle(s)	GJ			842			
	2025 Energy Consumption by Type - Natural Gas for boiler, power generator, production device, oven etc.	GJ			71,119			
	2025 Energy Consumption by Type - Electricity internal solar panel generation	GJ			12,425			
	2025 Energy Consumption by Type - Electricity purchase from external power facility/grid	GJ			272,906			
	Electricity - Power Purchase Agreement Renewable	GH			20,909			
	2025 Energy Consumption by Type - Heating purchase from external	GJ			8,609			
	2025 Energy Consumption by Type - Steam purchase from external	GJ			260,954			
	2025 Energy Consumption by Type - Methanol based fuel, for cooking	GJ			140			
GRI 303-1	Interactions with water as a shared resource					Neo's strategy to protecting water resources and interacting with water as a shared resource are outlined in Water and Effluents section.		Click Here
GRI 303-2	Management of water discharge-related impacts					Neo's management of water discharge-related impacts outlined in Water Usage table.		Click Here
GRI 303-3	Water withdrawal					Water Risk: Two plants are classified as extremely high risk (4-5) Tianjin and Zibo, one plant is classified as high risk (3-4) – Korat, the Chuzhou plant is classified as medium high (2-3) and the other five plants are low to medium risk. Water withdrawal information is outlined in section Water & Effluents.	140a.1 140a.2 140a.3	Click Here

DATA SUMMARY

GRI Code	Description/Topic	Unit	2023	2024	2025	Comments / Response / Reference	SASB	Hyperlink
GRI 303-3	Total water withdrawal	ML	2386	1875	1097	SASB Summary: Total water withdrawn: 1,097 ML.		
	Total surface water withdrawal	ML	467	133	140			
	Total groundwater withdrawal	ML	245	18	9			
	Total seawater withdrawal	ML	1230	1434	872			
	Total produced water	ML	0	0	0			
	Total third-party water	ML	445	291	77			
	Water withdrawal from water stress regions - total water withdrawal	ML	2156	1654	1053			
	Water withdrawal from water stress regions - total surface water withdrawal	ML	467	133	140			
	Water withdrawal from water stress regions - total groundwater withdrawal	ML	227	0	0			
	Water withdrawal from water stress regions - total seawater withdrawal	ML	1230	1434	872			
	Water withdrawal from water stress regions - total produced water	ML	0	0	0			
	Water withdrawal from water stress regions - total third-party water	ML	232	87	42			
	Freshwater withdrawal (≤1,000 mg/L TDS)	ML	1073	368	157			
	Other water (>1,000 mg/L TDS)	ML	1313	1507	941			
GRI 303-4	Water discharge					Water discharge information is outlined in section Water & Effluents.		Click Here
	Total water discharge	ML	2265	1749	1025			
	Total water discharge to surface water	ML	0	49	69			
	Total water discharge to groundwater	ML	0	0	0			
	Total water discharge to seawater	ML	1771	1434	872			
	Total water discharge to third party	ML	494	267	84			
	Number of incidents of non-compliance with water discharge	Count	0	0	0			
GRI 303-5	Water consumption					Water consumption information is outlined in section Water & Effluents.		Click Here
	Total water consumption from all areas	ML	121	126	72			
	Total water consumption in water stress regions	ML	100	103	52			

DATA SUMMARY

GRI Code	Description/Topic	Unit	2023	2024	2025	Comments / Response / Reference	SASB	Hyperlink
GRI 305-1	Direct (Scope 1) GHG emissions					Total Scope 1 GHG emissions include CO2, CH4, N2O, and HFCs.	110a.1	
	Total Scope 1 GHG emissions	tCO2eq	17149	7751	7,513	Base year Scope 1 emissions: 20,311 (2021). GWP used: GHG Protocol. SASB Summary: Covered under emissions-limiting regulations: 0%. Neo is focusing on energy intensity reduction and solar power at facilities to manage scope 1 & 2 emissions.		
GRI 305-2	Energy indirect (Scope 2) GHG emissions					Total Scope 2 GHG emissions include CO2, CH4, and N2O.		
	Total Scope 2 GHG emissions	tCO2eq	107880	89196	68,877	Base year Scope 2 emissions: 117,275 (2021). GWP used: GHG Protocol.		
GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions					Other HAPs include ammonium hydroxide, HCl, NH3, CO, nitric acid, carbon monoxide, fluorine, and gaseous fluorides converted to fluorine. Further information is outlined in Air Emissions.	120a.1	Click Here
	Total NOx emissions	t	24.77	12.02	5.45			
	Total SOx emissions	t	4.59	2.09	1.41			
	Total Volatile organic compounds emissions	t	2.25	3.66	1.37			
	Total Particulate Matter (PM10) emissions	t	20.98	21.71	6.43			
	Total other HAPs emissions	t	51.46	45.29	43.74			
GRI 306-2	Management of significant waste related impacts					See Waste Reduction for more information. Actions, including circularity measures, taken to prevent waste generation in the organization's own activities and upstream and downstream in its value chain, and to manage significant impacts from waste generated.		Click Here
GRI 306-3	Waste generated					Waste generated and related information is outlined in section Waste Reduction.	150a.1	Click Here
	Total waste generated	t	7357	5424	2833	2025, SASB Summary: Hazardous waste generated: 1,503 metric tons.		
	Total amount of hazardous waste generated	t	3845	1672	1503			
	Total non-hazardous waste generated	t	3512	3752	1330			
GRI 306-4	Waste diverted from disposal					Waste disposal and related information is outlined in section Waste Reduction. Waste neither disposed nor diverted from disposal are temporarily stored on-site.	150a.1	Click Here
	Total waste diverted from disposal	t	3740	1565	1210	2025, SASB Summary: Hazardous waste recycled or diverted: 23%.		

DATA SUMMARY

GRI Code	Description/Topic	Unit	2023	2024	2025	Comments / Response / Reference	SASB	Hyperlink
GRI 306-4	Total hazardous waste diverted from disposal	t	2259	96	340			
	Hazardous waste diverted onsite	t	22	26	22			
	Hazardous waste diverted offsite	t	2237	70	318			
	Total non-hazardous waste diverted	t	1481	1470	869			
	Non-hazardous waste diverted onsite	t	157	67	86			
	Non-hazardous waste diverted offsite	t	1324	1403	784			
	Total waste disposed	t	3617	4772	1207			
	Total hazardous waste disposed	t	1586	1655	208			
	Total non-hazardous waste disposed	t	2031	3117	1415			
GRI 401-1	New employee hires and employee turnover							
	Number of new employee hires	Person	324	182	193			
	Number of new employee hires (male)	Person	215	118	125			
	Number of new employee hires (female)	Person	109	64	68			
	Number of new employee hires (North America)	Person	9	12	3			
	Number of new employee hires (Europe)	Person	96	76	125			
	Number of new employee hires (Asia)	Person	219	94	65			
GRI 403-1	Occupation health and safety management system					Information on occupation health and safety management system is outlined in section Occupational Health and Safety Management System.		Click Here
GRI 403-2	Hazard identification, risk assessment, and incident investigation					Information on hazard identification, risk assessment, and incident investigation is outlined in section Hazard Identification and Risk Assessment.		Click Here
GRI 403-3	Occupational health services					Information on Occupational health services is outlined in section Occupational Health and Safety Management System.		Click Here
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety					Information on worker participation, consultation and communication on occupational health and safety is outlined in section OHS Related Worker Participation, Consultation, and Communication.		Click Here
GRI 403-5	Worker training on occupational health and safety					Information on worker training on occupational health and safety is outlined in section Training & Education.		Click Here

DATA SUMMARY

GRI Code	Description/Topic	Unit	2023	2024	2025	Comments / Response / Reference	SASB	Hyperlink
GRI 403-8	Workers covered by an occupational health and safety management system					Information on workers covered by a certified Occupational health and safety management system can be found on Certifications. All NPM facilities are covered by an OHS system. In prior years we only counted the externally certified ISO 45001 systems. While all sites have an OHS system, 2026 and 2027 goals include steps for formal certification of all but two small sites.		
	Number of employees located at production facilities covered by an OHS system	Person	1475	1313	1408	Headcount 4Q-2025		
	% of employees located at production facilities covered by an OHS system	%	100	100	100	All sites have an OHS system. Not all systems are externally audited. Neo has a goal to have all sites larger than 100 employees have ISO-45001 certifications by year end 2027.		
GRI 403-9	Work-related injuries					Information on work related injuries is outlined in section Health & Safety. LTIR and TRIR are calculated based on 200,000 hours worked.	320a.1	Click Here
	Lost time Incident Rate	rate	0.28	0.24	0.33	SASB summary: Total recordable incident rate: 0.33. Total fatality rate for direct employees: 0. Total fatality rate for contract employees: 0.		
	Total Reportable Incident Rate	rate	0.39	0.30	0.33			
	Employees - Number and (rate) of fatalities as a result of work-related injury	-	0 (0)	0 (0)	0 (0)			
	Employees - Number and rate of high-consequence work-related injuries (excluding fatalities)	-	0 (0)	0 (0)	0 (0)			
	Employees - Number of recordable work-related injuries	-	7	5	5			
	Employees - Number of hours worked	Million hrs	3.6	3.4	2.9	Monthly safety statistics report.		
	Contract Employees - Number and (rate) of fatalities as a result of work-related injury	-	0 (0)	0 (0)	0 (0)			
	Contract Employees - Number and (rate) of high-consequence work-related injuries (excluding fatalities)	-	0 (0)	0 (0)	1 (0)			
	Contract Employees - Number and (rate) of recordable work-related injuries	-	0 (0)	0 (0)	2 (0)			
	Contract Employees - Number of hours worked	Million hrs	0.3	0.6	0.08			

DATA SUMMARY

GRI Code	Description/Topic	Unit	2023	2024	2025	Comments / Response / Reference	SASB	Hyperlink
GRI 403-10	Work-related ill health					Information on work-related ill health outlined in Safety Performance table.	320a.2	Click Here
	Work-related ill health	Case Count	0	0	0	SASB summary: Occupational illness at Neo was 0 in the trailing five years (2021-2025).		
GRI 404-1	Average hours of training per year per employee					Information on average hours of training per year per employee is outlined in section Training & Education.		Click Here
	Average training hours per employee	Hour	25	36	47			
	Total estimated training cost	K $USD	401	356	610			
GRI 405-1	Diversity of governance bodies and employees					Information on diversity of governance bodies and employees is outlined on page 26 titled Global Team.		
	Employees - Total number of employees	Person	1912	1765	1523			
	Employees - Total number of male employees	Person	1311	1210	1053			
	Employees - Total number of female employees	Person	601	555	470			
	Employees - Total number of employees (age < 30)	Person	217	177	186			
	Employees - Total number of employees (age 30-50)	Person	1185	1047	944			
	Employees - Total number of employees (age >50)	Person	510	541	393			
	Board of directors - Total number of board of directors	Person	6	6	6			
	Board of directors - Number of board members (male)	Person	4	4	5			
	Board of directors - Number of board member (female)	Person	2	2	1			
GRI 406-1	Incidents of discrimination and corrective actions taken					Information on incidents of discrimination and corrective actions taken are outlined in section Anti-Workplace Harassment and Anti Discrimination (page 34).		
	Total number of incidents of discrimination	Case Count	0	0	0			
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor				0	Neo's stance on human rights protection is outlined in section Human Rights Protection and Promotion.		Click Here
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor				0	Neo's stance on human rights protection is outlined in section Human Rights Protection and Promotion.		Click Here
GRI 411-1	Incidents of violations involving indigenous peoples				0	Information on incidents of violations involving indigenous peoples is outlined in section Rights of Indigenous Peoples..		Click Here
	Total number of incidents of discrimination	Case Count	0	0	0			
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services				0	Information on health and safety of products and services is outlined in section Customer Safety.		Click Here
	Total number of incidents of non-compliance concerning the health and safety impacts of products and services	Case Count	0	0	0			

Performance Materials

Corporate Headquarters

Suite 1740, 121 King Street West Toronto,
Ontario, Canada, M5H 3T9

(416) 367 8588

Follow us on: