

SUSTAINABLE DEVELOPMENT POLICY

2017



NOUVEAU MONDE GRAPHITE

SUSTAINABLE DEVELOPMENT POLICY

The environmental and social performance of a company has become a critical component of its overall performance and ability to operate effectively and responsibly. The need for a balance between ecosystems, social equity and the economy is widely recognized, as all businesses ultimately depend in some way on the condition of the planet's ecosystems and on the well-being of its inhabitants.

Now more than ever, individuals and companies must take stock of the environmental and social impacts of their actions and draw from sustainable development, social responsibility, and good governance based on a long-term vision of the company and the world we live in.

Sustainable development in business therefore means incorporating economic, social and environmental systems to create resilient organizations. Sustainable companies are resilient organizations that create economic value, healthy ecosystems, and strong communities.

This Policy has been created out of a desire for fairness toward present and future generations and may change as society evolves.

INCORPORATING SUSTAINABLE DEVELOPMENT

Since the publication of *Our Common Future* by the World Commission on Environment and Development in 1987, the concept of sustainable development has been recognized internationally. Since that year, its importance has been repeatedly reaffirmed at numerous international conferences, such as the United Nations Conference on Environment and Development in 1992, the World Summit on Sustainable Development in 2002, and the United Nations Conference on Sustainable Development in 2012.

Closer to home, the Government of Quebec passed its Sustainable Development Act in 2006. Adopted unanimously by the National Assembly, this law sets out 16 principles that all ministries and public bodies must consider in their actions.

Nouveau Monde Graphite is aware that sustainable development in Quebec must head in the same direction and that the actions of decision-makers must be in keeping with a common and shared understanding of sustainable development if we are to consistently operationalize sustainable development.

With this in mind, Nouveau Monde Graphite has adopted the definition of sustainable development set out in section 2 of the Sustainable Development Act:

“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable development is based on a long-term approach which takes into account the inextricable nature of the environmental, social and economic dimensions of development activities.”

Nouveau Monde Graphite has also adopted the principles set out in section 6 of the Sustainable Development Act and systematically incorporates these principles into its activities to promote a culture of compliance with the Act. These principles can be found in the Appendix to this policy.

Sustainable development therefore means development that is ecologically viable, socially equitable, and economically efficient.

For Nouveau Monde Graphite, this approach consists of considering the social, economic and environmental impacts of the company's activities and implementing practices that help improve society in general and protect the environment.

INTEGRATING SOCIAL RESPONSIBILITY

The idea of corporate social responsibility made a meek appearance in the business literature starting in the 1960s. The concept was then included on the agenda of the World Summit on Sustainable Development in Johannesburg in 2002, and in 2010 the International Organization for Standardization (ISO) developed a new international standard, ISO 26000, on social responsibility.

Social responsibility is closely linked to sustainable development. Since sustainable development covers economic, social and environmental goals that everyone shares, the concept must also reflect the broader expectations of society that Nouveau Monde Graphite must consider if it wants to act responsibly.

Nouveau Monde Graphite acts in accordance with responsible and transparent governance. In line with this governance, Nouveau Monde Graphite has committed to behaving ethically by incorporating the values of competence, integrity, vigilance and respect into its decisions and actions. Refer to Nouveau Monde Graphite's Declaration of Ethical Values adopted on April 13, 2017.

POLICY SCOPE

Nouveau Monde Graphite's sustainable development policy serves as a reference framework. This policy also gives all Nouveau Monde Graphite clients and partners a reference framework for the implementation of sustainable development principles in our relationships. The policy covers all activities, administrative management, commercial activities, and services provided to clients and stakeholders of Nouveau Monde Graphite.

ADOPTED by the members of the Board of Directors on April 13, 2017.

ADOPTED by the Governance and Sustainable Development Committee in March 2017.

APPENDIX

The principles of Quebec's Sustainable Development Act:

“Health and quality of life”: People, human health and improved quality of life are at the centre of sustainable development concerns. People are entitled to a healthy and productive life in harmony with nature.

“Social equity and solidarity”: Development must be undertaken in a spirit of intra- and inter-generational equity and social ethics and solidarity.

“Environmental protection”: To achieve sustainable development, environmental protection must constitute an integral part of the development process.

“Economic efficiency”: The economy of Quebec and its regions must be effective, geared toward innovation and economic prosperity that is conducive to social progress and respectful of the environment.

“Participation and commitment”: The participation and commitment of citizens and citizens' groups are needed to define a concerted vision of development and to ensure its environmental, social and economic sustainability.

“Access to knowledge”: Measures favourable to education, access to information and research must be encouraged in order to stimulate innovation, raise awareness and ensure effective participation of the public in the implementation of sustainable development.

“Subsidiarity”: Powers and responsibilities must be delegated to the appropriate level of authority. Decision-making centres should be adequately distributed and as close as possible to the citizens and communities concerned.

“Inter-governmental partnership and cooperation”: Governments must collaborate to ensure that development is sustainable from an environmental, social and economic standpoint. The external impact of actions in a given territory must be taken into consideration.

“Prevention”: In the presence of a known risk, preventive, mitigating and corrective actions must be taken, with priority given to actions at the source.

“Precaution”: When there are threats of serious or irreversible damage, lack of full scientific certainty must not be used as a reason for postponing the adoption of effective measures to prevent environmental degradation.

“Protection of cultural heritage”: The cultural heritage, made up of property, sites, landscapes, traditions and knowledge, reflects the identity of a society. It passes on the values of a society from generation to generation, and the preservation of this heritage fosters the sustainability of development. Cultural heritage components must be identified, protected and enhanced, taking their intrinsic rarity and fragility into account.

“Biodiversity conservation”: Biological diversity offers incalculable advantages and must be preserved for the benefit of present and future generations. The protection of species, ecosystems and the natural processes that maintain life is essential if quality of human life is to be maintained.

“Respect for ecosystem support capacity”: Human activities must be respectful of the support capacity of ecosystems and ensure the perenniality of ecosystems.

“Responsible production and consumption”: Production and consumption patterns must be changed in order to make production and consumption more viable and more socially and environmentally

responsible, in particular through an ecoefficient approach that avoids waste and optimizes the use of resources.

“Polluter pays”: Those who generate pollution or whose actions otherwise degrade the environment must bear their share of the cost of measures to prevent, reduce, control and mitigate environmental damage.

“Internalization of costs”: The value of goods and services must reflect all the costs they generate for society during their whole life cycle, from their design to their final consumption and their disposal.

Source: http://menv.gouv.qc.ca/developpement/principes_en.htm