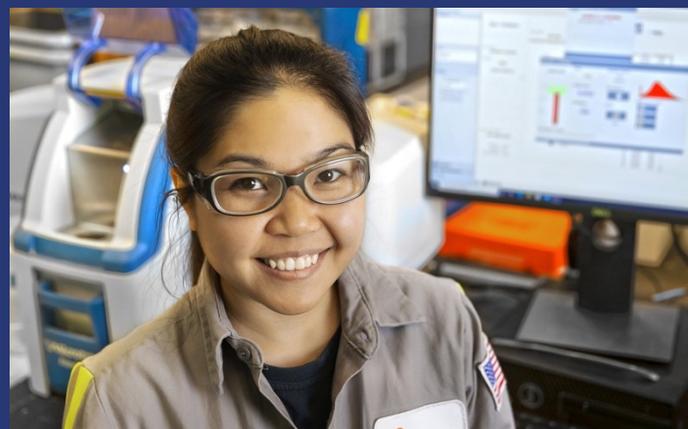


Environmental, Social, and Governance Report  
2021



Mountain Pass Rare Earth Mine and Processing Facility  
San Bernardino County, California USA





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# LEADERSHIP COMMITMENT

## a message from our executive team

At MP Materials (“MP” or the “Company”), helping enable a more secure and sustainable future is at the core of our Mission. Since our founding in 2017, our growing Team has achieved incredible success on the pathway to this goal. Sharing our vision and efforts within this inaugural Environmental, Social, and Governance (“ESG”) Report is a special milestone for us along this journey.

The global economy is accelerating towards an era of electrification and an increased usage of renewable energy. This will be a better world for all of us. This new paradigm means we are shifting society away from a fossil-fuels based system to one where minerals will be the primary building blocks.

Rare earths are one of these key building blocks. They are inputs into the world’s most powerful and efficient permanent magnets, found inside the electric motors and generators powering carbon-reducing technologies like electric vehicles (“EVs”) and wind turbines. The products we make at MP are therefore a critical component needed to achieve this worldwide transition, and with each passing day we are reminded of the importance of our Mission.

We believe that we own and operate the world’s cleanest and most environmentally sustainable rare earth production facility. This is characterized by our commitment to limiting resource consumption while

increasing efficiency. We do this, in part, by developing closed loop operations whenever possible. Producing rare earth materials requires significant resources and can lead to environmental challenges if not carefully managed. We strive to achieve a light environmental footprint. Investing in water recycling, reducing reagent usage, implementing energy reduction initiatives, and utilizing a dry stack tailings process are some examples of how we limit resource requirements and minimize our footprint.

Yet, sustainability at MP means much more than maintaining environmentally conscious operations. It means caring for the health, safety, and well-being of our employees; encouraging a spirit of joint ownership, entrepreneurship, and continuous growth; supporting the communities that surround us; and running our business with integrity. Moreover, as our business expands, we will uphold our ideals and never take for granted the obligation to do our part as a proud American company.

The concepts that we outline in this ESG Report reflect how we live our corporate life. We have achieved a lot so far, but our journey is just getting started. We commit to you, our stakeholders, that we will learn, innovate, grow and strive towards a more secure and sustainable future, unwavering in our Mission.



## OWNER-OPERATOR CULTURE

all employees are incentivized and empowered

We want every employee at MP to behave like an owner. To accomplish this, we seek to foster a culture where every voice can be impactful, and everyone benefits when we are successful. At the time MP became a public entity, we granted stock to all employees. Since then, we have made additional grants of common stock to each employee, and we expect to continue to do so. This means we are not just committed to paying competitive wages with generous benefits, but that all employees can compound savings over time.

We believe, our owner-operator culture improves performance, promotes unique voices and nurtures entrepreneurship.

### Improves Performance

Engaged employees who feel valued and well-compensated put forth their best efforts. Over time, those best efforts yield the highest performance.

### Promotes Unique Voices

Regardless of title or seniority, every team member works alongside other owners. We are on the same team and encourage everyone's insights.

### Nurtures Entrepreneurship

Employees who think like owners realize every effort impacts the organization and their fellow owners. This provides better alignment and a sense of purpose.



## OUR MISSION

Restore the full rare earth supply chain to the United States of America

## OUR VISION

Lead the renewal and reinvigoration of the American manufacturing spirit

## OUR VALUES

Empowerment, Entrepreneurship, Integrity, Results, Safety, Unwavering



# OUR BUSINESS

MP Materials is America’s leading producer of rare earth materials critical to economic and national security.

The Mountain Pass Rare Earth Mine and Processing Facility (“Mountain Pass”) is the only scaled site of its kind in the Western Hemisphere and contains one of the world’s richest rare earth deposits. The self-contained nature of our Mountain Pass operations – with co-located mining, beneficiation, refining, as well as product finishing – creates cost advantages while mitigating various environmental and operational risks.

Mountain Pass is a zero-discharge facility located in California. This means it is held to some of the world's most exacting environmental standards. Our operations include a unique water reclamation facility. Water recycling satisfies approximately 95% of our water demand at Mountain Pass.

## THREE-STAGE PLAN

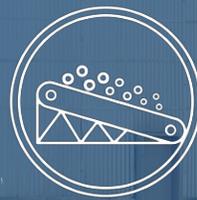
MP has established a three-stage business plan. Our goals are to reduce operational risk and deliver reliably on our critical mission for our stakeholders. In our Stage I operation, we believe we have demonstrated impressive performance as measured by safety, continuous improvement, and profitability while advancing our Stage II and Stage III plans.

### STAGE I

Produce rare earth concentrate through scaled mining and beneficiation.



Mining



Beneficiation

### STAGE II

Refine high-purity separated rare earth products from Stage I output.



Refining



Metallurgy

### STAGE III

Vertically integrate through rare earth metal and magnet making.



Magnet Making

## DEVELOPING OUR ESG STRATEGY

In 2021, we conducted our first ESG materiality assessment to determine what issues matter most to our key internal and external stakeholders. This assessment was led by our ESG Working Group, comprised of a cross-functional internal team of senior leaders across the organization. The results of that materiality assessment have informed the topics included in this report and created the foundation for developing the Company's strategic direction related to ESG going forward.

## SETTING OUR ESG STRATEGY FRAMEWORK

Informed by the results of our materiality assessment and ongoing evaluation by our ESG Working Group, our executive leadership team convened during the second half of 2021 to develop a formalized ESG strategy. The resulting framework aligns with our mission, vision, and core values. It provides a foundation that will guide our ESG strategy into the future as our business continues to grow and evolve.

## OUR ESG FRAMEWORK

### ELECTRIFY A SUSTAINABLE FUTURE

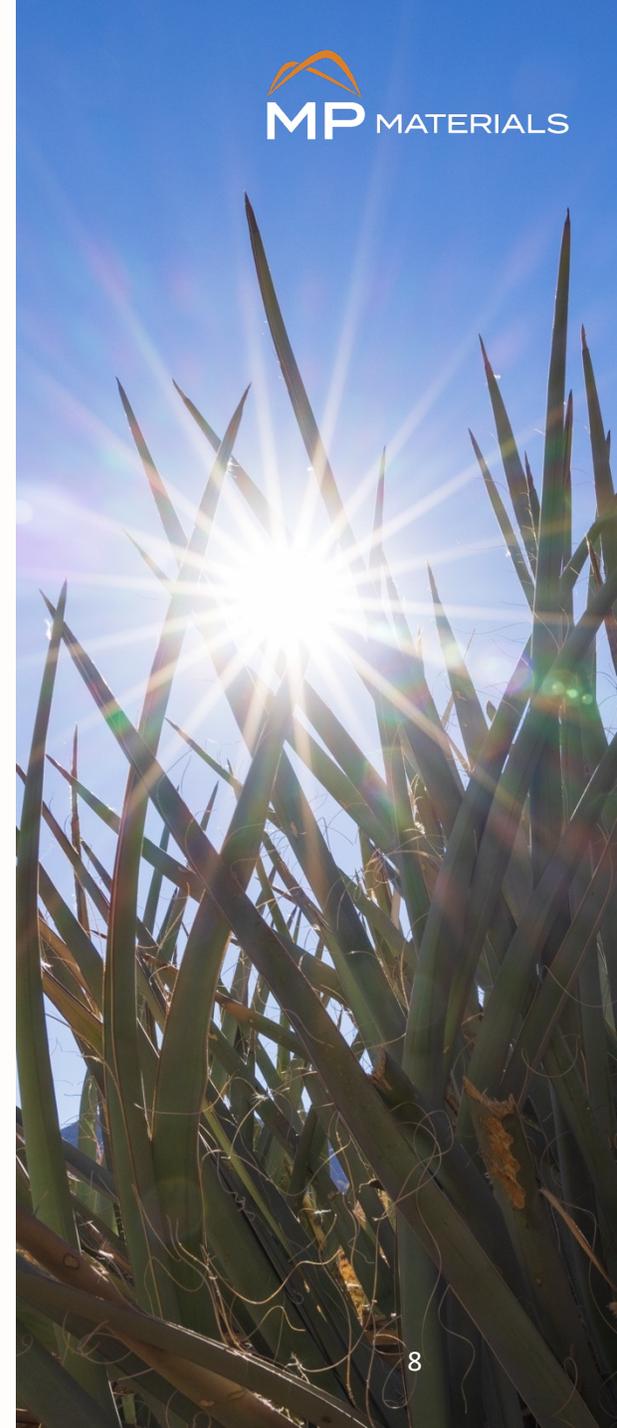
Championing sustainable operations and environmental compliance to enable green technologies.

### ENCOURAGE ENVIRONMENTAL STEWARDSHIP

Unwavering commitment to do right by people and communities while caring for our shared resources.

### EMPOWER PEOPLE AND ENTREPRENEURSHIP

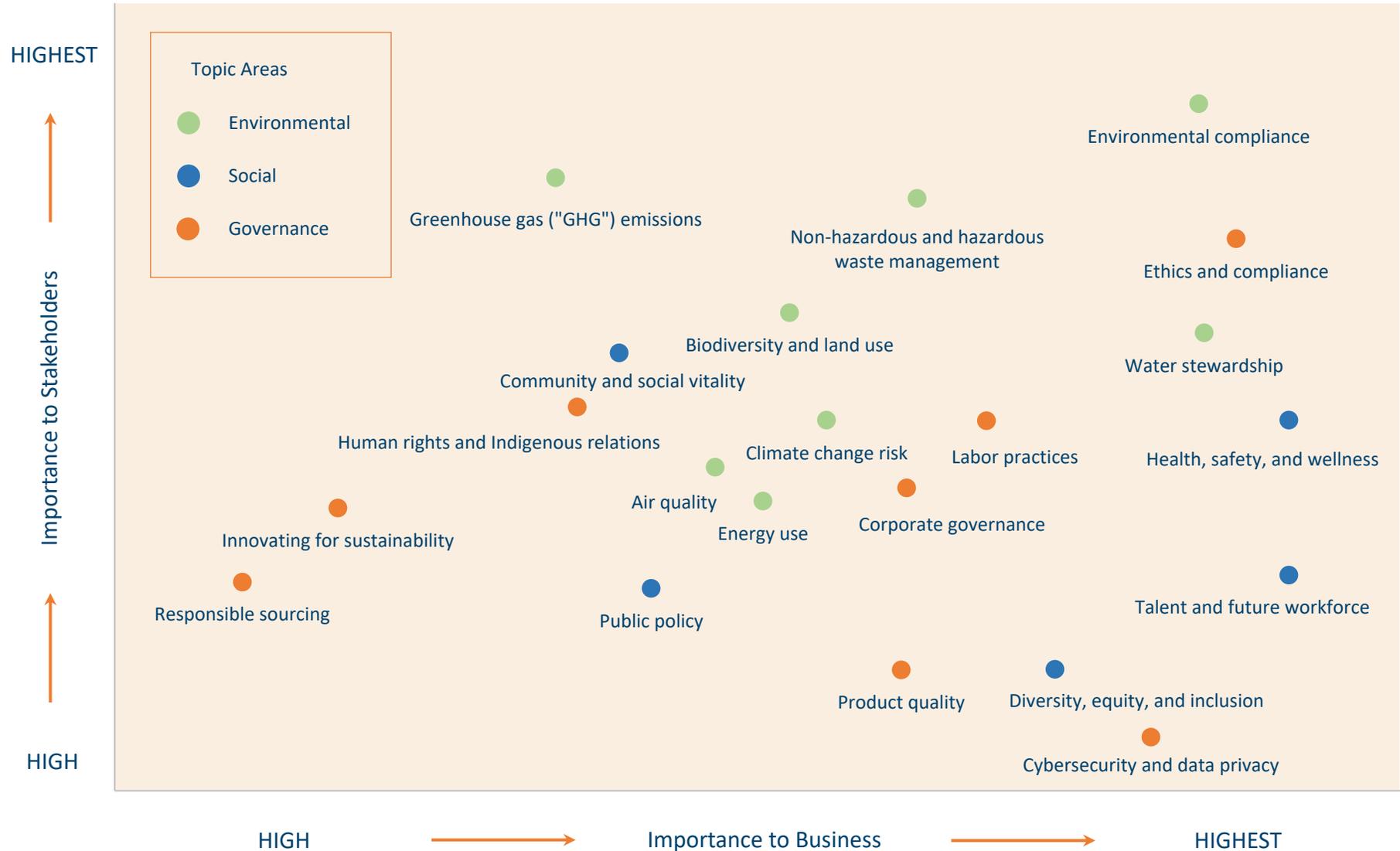
Innovating with our team and community to implement thoughtful solutions that improve our world.



# MATERIALITY ASSESSMENT PROCESS

We engage with key stakeholders on an ongoing basis to inform our business strategy and our approach to managing ESG issues. As an initial step in our assessment, we considered a wide range of ESG topics that were potentially relevant to our business. This was narrowed down to 21 priority topics for further evaluation (indicated within our materiality matrix) based on thorough internal dialogue and a benchmark of peers and industry leaders. To further understand the relative significance of these 21 priority topics and narrow down the topics most material to our business and key stakeholders, we conducted a series of interviews with both internal and external stakeholders as well as a survey of employees across our organization.

## MATERIALITY MATRIX



## ELECTRIFY

### A SUSTAINABLE FUTURE

Our business provides a key input to carbon-reducing technologies critical for the transition to a low-carbon economy. We are solving for the rare earth supply chain issues occurring today while helping to enable a more sustainable future.



# ENABLING THE LOW CARBON ECONOMY

The sustainable technologies of the future—EVs and hybrid vehicles, wind turbines, and more—depend on powerful rare earth magnets to turn energy into motion or motion into energy. The trend towards electrification is driving rapid demand growth for neodymium-praseodymium oxide (“NdPr”). The CRU Group (“CRU”) estimates that the NdPr segment of the rare earth market, which makes up the significant majority of the rare earth market value, is expected to grow at a 9.1% compound annual growth rate (“CAGR”) through 2030. This anticipated growth will be driven by secular increases in the demand for NdPr magnets.

The materials that we produce are essential to the supply chains for many technologies that help decarbonize the global economy, improve productivity in the workforce, and better the lives of many. Without our conscientiously-mined materials, not only will the future of low-carbon technologies depend on more highly polluting traditional production methods, but the advanced research and development (“R&D”) related to these vital applications and their manufacturing will continue to follow that supply overseas. MP Materials is restoring the resource independence of the United States—removing the single point-

of-failure in our supply chain for these products and ensuring that American industry can determine its own future in automotive, aerospace, renewable energy, and information technologies industries.

Rare earth materials are used in a diverse array of end markets, including:

## Clean Energy and Transportation

Traction motors in electric vehicles and hybrid electric vehicles, and generators in wind power turbines.

## Consumer and Medical Applications

Miniaturization of smart phones and other Internet of Things (“IoT”) devices, speakers and microphones, as well as fiber optics, lasers, robotics, medical ventilators, precision actuators, and optical sensors.

## Critical Defense Systems

Guidance and control systems, communications, global positioning systems, radar and sonar, drones, and railguns.

## Essential Industrial Uses

Power tools, pollution-control systems in traditional internal-combustion automobiles, glass polishing, and light-emitting diode (“LED”) lighting and phosphors.



## LIMITING ENERGY AND GREENHOUSE GAS EMISSIONS

We recognize that MP has a responsibility to operate as efficiently as possible to reduce emissions. Rare earth mining and processing requires significant energy. We are focused on ensuring the most efficient use of energy to minimize hydrocarbon consumption and GHG emissions.

As part of our Stage I operation, we have implemented process improvements at various stages of the production cycle. For example, we implemented a selective reagent scheme to allow for lower temperature flotation. Lowering the temperature needed during this phase reduces energy use and associated emissions. Our Stage II optimization incorporates an electric-powered rotary kiln for calcining. This will facilitate a reduction in the quantity of chemical reagents used per metric ton of rare earth produced, reducing energy consumption and GHG production.

In 2021, we tested and recommissioned our combined heat and power (“CHP”) plant that includes two natural gas-fired turbines that can produce a combined 24 megawatts at our altitude and weather conditions. The CHP plant will be in operation throughout 2022, eliminating our reliance on grid power. Steam byproduct from the CHP plant turbines can be used to provide heat for beneficiation, separation, and finishing processes. In addition, the steam can be used to evaporate our saturated brine so that impurities can be removed, and the water recycled as ultra-pure, de-ionized water.



# 2021 GHG EMISSIONS FOR OPERATIONS AT MOUNTAIN PASS



Source <sup>1</sup>	CO <sub>2</sub> e (MT)
Stationary Combustion <sup>2,3,4</sup>	5,600
Mobile Equipment <sup>5</sup>	10,756
Fire Suppression Equipment <sup>6</sup> , Emergency Equipment <sup>7</sup> , Fugitives <sup>8</sup> , other	168
<b>Scope 1 – Ongoing Operations</b>	<b>16,524</b>
Scope 1 – CHP Testing and Commissioning	7,884
<b>Scope 1 – Total</b>	<b>24,408</b>
<b>Scope 2 – Total<sup>9</sup></b>	<b>8,712</b>

<sup>1</sup>This inventory assumes Scope 1 operations in 2021 occurred solely at the Mountain Pass Facility. Scope 1 sources at the Mountain Pass Facility were identified based on information collected for other 2021 reporting efforts (e.g. MRR, CEIR), or through prior site air permitting efforts. Leach and calcining processes did not operate in 2021, and thus no GHG emissions were generated from these processes.

<sup>2</sup>GHG emissions from Stationary Combustion are prepared in accordance with the Federal Mandatory Greenhouse Gas Reporting Rule per CFR 40, Part 98 and California’s Regulation for the Mandatory Reporting of Greenhouse Gas Emissions per CCR Title 17, Division 3, Chapter 1, Subchapter 10, Article 2. Portable equipment included in Stationary Combustion consists of miscellaneous gasoline ICEs and diesel generators, light towers, compressors, and welders. Emissions for gasoline and diesel fueled portable equipment were based on annual gasoline and diesel consumption, respectively, for 2021, using The Climate Registry (“TCR”) GHG Emissions Quantification Methods along with gasoline GHG emission factors from 40 CFR 98, Tables C-1 and C-2.

<sup>3</sup>Stationary combustion emissions for natural gas were based on the total facility natural gas throughput for 2021 (pipeline and LNG) and GHG emission factors from EPA Mandatory Reporting Rule (MRR), 40 CFR 98, Tables C-1 and C-2.

<sup>4</sup>Stationary combustion emissions for propane were based on the total facility propane throughput for 2021, along with propane GHG emission factors from EPA MMR, 40 CFR 98, Tables C-1 and C-2.

<sup>5</sup>On-site mobile equipment includes gasoline pickup trucks, vans, and forklifts and diesel pickup trucks, backhoes, loaders, forklifts, drill rigs, excavators, manlifts, dump trucks, graders, haul trucks, water wagons, artic trucks, and bulldozers. GHG emissions were calculated based on total gasoline and diesel fuel usage for mobile equipment and emissions were not allocated by source. CO<sub>2</sub> emissions for on-road mobile equipment were based on annual fuel consumption for 2021, along with emission factors from EPA Center for Corporate Climate Leadership Emission Factors for Greenhouse Gas Inventories. CO<sub>2</sub> emissions were used to estimate CH<sub>4</sub> and N<sub>2</sub>O emissions using a simplified estimation approach per TCR 2021 Default Emission Factors, Table 2.9. GHG emissions for off-road mobile equipment were based on annual fuel consumption for 2021, along with emission factors from EPA Center for Corporate Climate Leadership Emission Factors for Greenhouse Gas Inventories, Tables 2 and 5.

<sup>6</sup>Emissions for fire suppression equipment were based on annual hours of operation for 2021 and maximum hourly permitted throughput (18 gal/hr) along with diesel GHG emission factors from EPA MMR, Tables C-1 and C-2. Fire suppression equipment is assumed to be limited to the fire pumps (water-based).

<sup>7</sup>Emissions for emergency equipment were based on annual hours of operation for 2021 and maximum hourly permitted throughput (213 gal/hr) along with diesel GHG emission factors from EPA MMR, Tables C-1 and C-2.

<sup>8</sup>Fugitives derived from mobile AC and HVAC units. HVAC emissions were calculated based on HVAC capacity and refrigerant type using an upper bound refrigerant leakage rate of 10% and 20%, respectively, for Commercial and Mobile HVAC units per TCR GHG Emissions Quantification Methods along with 100-year GWP values from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) published in 2013.

<sup>9</sup>MP’s 2021 location-based Scope 2 emissions data represents purchased electricity used in our operations at Mountain Pass. Scope 2 emissions have been calculated using eGRID2020 emissions factors.

## CASE STUDY

### LED LIGHTING TRANSFORMATION

In 2021, we installed LED lighting upgrades throughout Mountain Pass. As part of this upgrade, we have either changed or are planning to change 847 light fixtures from halogens or fluorescents to LEDs, which will save an estimated 937,214 kWh<sup>1</sup> of electricity each year.

<sup>1</sup>Expected electricity savings were calculated by comparing the estimated wattage needed for LED lighting compared to previous lighting installations.



## BUILDING RESPONSIBLE SUPPLY CHAINS

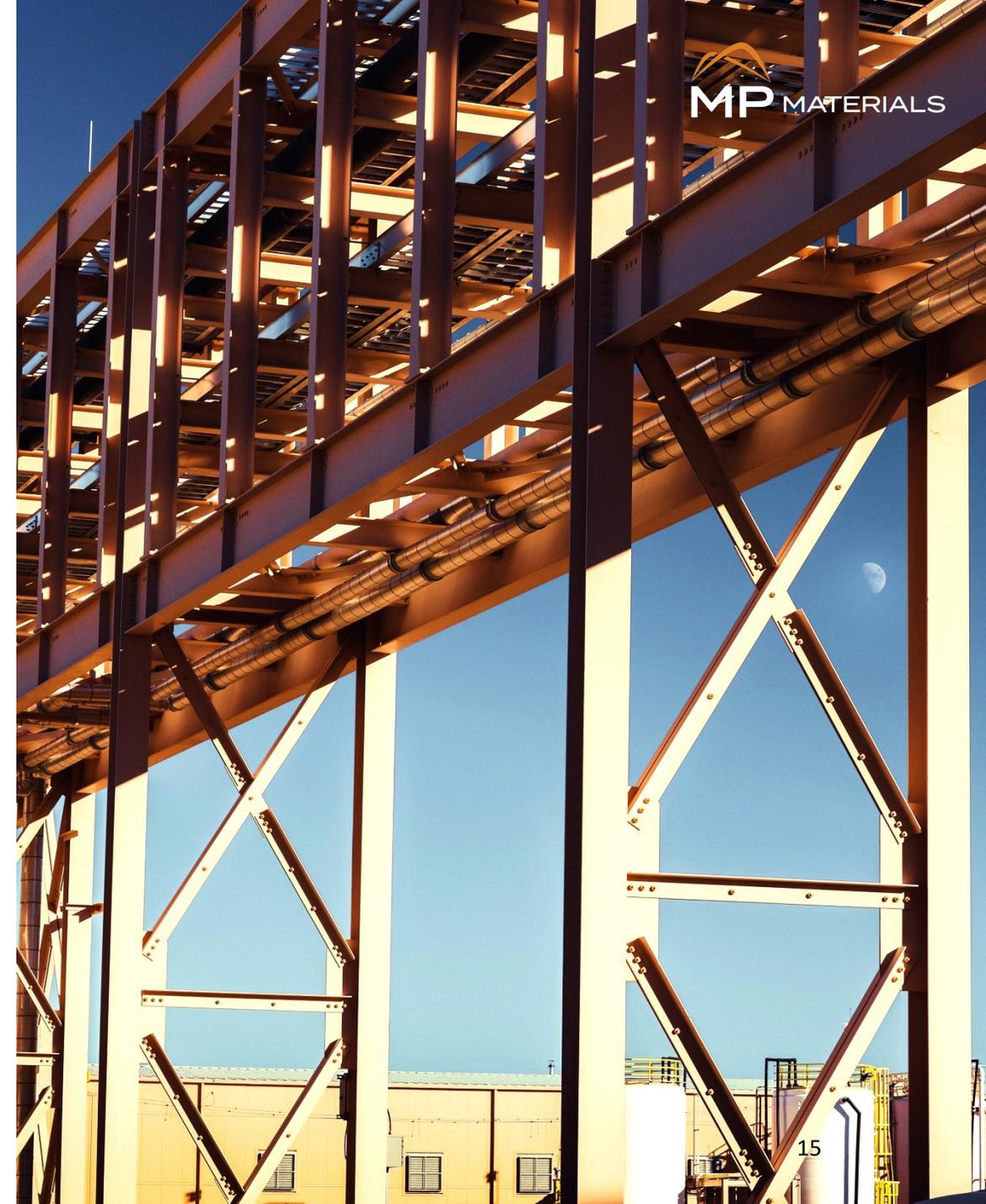
As a vertically integrated operation, the primary raw materials needed for our Stage II and Stage III processes will come from our own mine site which limits potential supply chain bottlenecks and allows us to serve our customers efficiently. We are proud to be contributing resiliency to the supply chain for rare earth materials. We have also established programs to help us better understand our own supply chain and evaluate the integrity of our suppliers.

All MP suppliers are expected to adhere to our Supplier Code of Conduct, which covers requisite Environmental, Health, and Safety (“EHS”) compliance criteria. This helps us ensure that our suppliers abide by all applicable laws and regulations including the Federal Occupational Safety and Health Administration (“OSHA”), the Federal Mine Safety and Health Administration (“MSHA”), the California Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65), and the statutes enforced by the U.S. Environmental Protection Agency as well as state and local agencies in California. Within the Supplier Code of Conduct, MP requires that all our suppliers abide by our EHS rules

and procedures when working on-site at our facilities.

We respect the fundamental human rights of all people and do not tolerate child labor or forced labor of any kind within our operations or the operations of our supply chain partners. Our Supplier Code of Conduct details the expectations we have for suppliers related to human rights issues including freely chosen employment, safe working conditions, and zero tolerance for child labor and human trafficking. Additionally, we require all suppliers to implement due diligence processes for their own suppliers, subcontractors, and other participants within their supply chain to ensure there are no human rights violations throughout our broader supply chain.

In 2021, we completed a formal review of our current supplier selection due-diligence process. As part of this process, we explored if and how ESG considerations might be integrated into our supplier selection criteria. As these criteria continue to evolve, we will continue to look for ways to integrate ESG factors into our supplier selection process.



## SUPPORTING NATIONAL SECURITY AND ECONOMIC PROSPERITY

Rare earth materials are critical to industries that power the U.S. economy. As a result, missing links in the domestic supply chain not only represent a military vulnerability, but a serious threat to our economic well-being.

In response, leaders have called for action. This has manifested in multiple presidential determinations and executive orders, new laws (both proposed and enacted), and several competitive contracting opportunities. MP Materials is proud to have answered these calls.

- In the summer of 2020, the United States Department of Defense (“DoD”) awarded MP a contract to conduct a feasibility study on heavy rare earth separation at Mountain Pass. In February 2022, the President of the United States announced that the DoD had awarded MP \$35 million to support the

construction of a commercial scale processing facility for heavy rare earth elements at Mountain Pass. Design and procurement are currently underway for this project.

- MP is an Affiliate Member of the Critical Materials Institute, a U.S. Department of Energy Innovation Hub. We regularly partner with universities, laboratories, and other companies to conduct research supported by the U.S. Department of Energy and federal agencies.

We believe the success of our mission to restore the full rare earth supply chain is vital to America’s national interests. Through our Stage II project at Mountain Pass and our initial Stage III facility in Texas, we are accelerating efforts to fulfill this mission.



## GREEN FINANCING

In accordance with our sustainability objectives, MP issued its first green bond in 2021. Proceeds from the bond will be allocated to existing or future investments in, or the financing or refinancing of, eligible green projects. Proceeds are being invested in projects related to sustainable water management, energy efficiency, renewable energy, and eco-efficient products (“Eligible Green Projects”) that are intended to reduce MP’s environmental impact and/or enable the production of low-carbon technologies.

### **\$690 Million 0.25% Green Convertible Senior Notes due 2026**

On March 26, 2021, the Company issued \$690 million aggregate principal amount of 0.25% unsecured convertible notes due 2026 (“Notes”). The issuance of Notes falls under the Company’s Green Financing Framework (“Framework”) issued March 2021 under which it intends to finance or refinance new and/or existing projects (the Notes include a 36-month lookback period), in whole or in part, that have environmental benefits and may also have social co-benefits. The Framework details which

project types are eligible for financing and/or refinancing with the net proceeds of the Notes. For each financing under this Framework, the Company hereby issues its annual report summarizing the use of proceeds for Eligible Green Projects as defined in the Framework.

The Framework complies with the Green Bond Principles developed by the International Capital Markets Association as of March 2021 and is available on the MP website ([link](#)).

The Framework aims to promote an environmentally and socially responsible approach to financing future growth. The Framework provides governance over the stewardship of the Company’s financings or refinancing of new and/or existing projects that have environmental benefits and may have social co-benefits.

### **General Information and Background on Green Financing**

In accordance with the issuance of Notes described above, the Company is required to provide an annual report on the qualified use of net proceeds in Eligible Green Project categories as defined within the Framework including (1) Sustainable Water

Management, (2) Energy Efficiency, (3) Renewable Energy, and (4) Eco-efficient Products. Refer to tables on page 18 for Eligible Green Project category definitions.

The Company established a dedicated committee governing the identification and monitoring of Eligible Green Projects. The dedicated committee includes cross-functional membership from finance, accounting, operations, environmental, health, safety and legal teams, among others.

At least annually, the committee meets to evaluate the Company’s current and future projects against the eligibility and exclusionary criteria established within the Framework to determine which projects qualify as Eligible Green Projects.

### **Use of Proceeds**

The net proceeds from the Notes issuance totaled \$672.3 million representing gross proceeds of \$690 million less \$17.7 million of transaction costs.

As of December 31, 2021, \$142.4 million or 21% of the \$672.3 million of the net proceeds from Notes financing, have been allocated to Eligible Green Projects.



## GREEN FINANCING (cont'd)

### Use of Net Proceeds of the 0.25% \$690 Million Green Bond

	(\$ millions)
Sustainable Water Management	\$4.5
Energy Efficiency	\$0.2
Eco-Efficient Products	\$137.7
Total Net Proceeds Allocated as of 12/31/2021	\$142.4
Unallocated Net Proceeds as of 12/31/2021	\$529.9
Total Net Proceeds of Green Bond	\$672.3



### Eligible Project Criteria Definitions as per the Framework

Green Bond Project Category	Eligibility Criteria
Sustainable Water Management	Investments to minimize freshwater consumption or promote water recycling.
Energy Efficiency	Investments to minimize energy use in operations, excluding those related to consumption of fossil fuels for the purpose of power generation.
Renewable Energy	Investments related to new wind or solar renewable energy projects, such as acquisition or development of new on-site or offsite generating capacity and purchases of renewable energy under long-term contracts.
Eco-efficient Products	<p>Development, operation and maintenance of MP Materials' (i) facilities dedicated to the future extraction and processing of NdPr, corresponding to Stage II of MP Materials' development plan, (ii) facilities dedicated to the future extraction and processing of heavy rare earths and/or the recycling of rare earths. Eligible investments will be determined based off the proportion of the end products MP Materials expects to be used in the Clean-Energy and Transportation Technologies, High-Technology Applications, and LED lighting segments.</p> <p>Investments consistent with MP Materials' Stage III development plan which enable production of finished products with specific end uses in:</p> <ul style="list-style-type: none"> <li>• Clean energy technologies, such as generators in wind power turbines</li> <li>• Clean transportation technologies, such as traction motors in EVs &amp; hybrid electric vehicles ("HEVs")</li> <li>• Essential industrial infrastructure, such as LED lighting</li> </ul>

## ENCOURAGE

### ENVIRONMENTAL STEWARDSHIP

We are committed to environmental sustainability across our operations. This means ensuring compliance with all environmental regulations, limiting energy usage and associated GHG emissions, reducing and responsibly managing waste, and protecting and preserving biodiversity.



# EHS COMPLIANCE

Meeting or exceeding all applicable environmental standards and regulations is of the utmost importance to us and our business. Being in California, Mountain Pass is subject to some of the world’s most stringent environmental regulations.

MP Materials strives for full compliance with all statutes, rules, and regulations applicable to our operations. Our operations at Mountain Pass are subject to a wide range of environmental regulations, including, but not limited to, the Clean Air Act, Clean Water Act, Safe Drinking Water Act, Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), Surface Mining and Reclamation Act of 1975 (“SMARA”), Endangered Species Act, National Environmental Policy Act (“NEPA”), and the Resource Conservation and Recovery Act (“RCRA”).

We work closely and collaboratively with regulators to ensure they are apprised of our activities, compliance efforts, and any incidents requiring notification.

## Environmental Compliance Results

Regulatory Regime	2020 Result	2021 Result
Lahontan Regional Water Quality Control Board	Zero NOVs	Zero NOVs
Mojave Desert Air Quality District Inspection	One citation <sup>1</sup>	Zero NOVs
SMARA Reclamation Inspection	Zero NOVs	Zero NOVs
SMARA Financial Assurance	Approved by State of California	Approved by State of California
MSHA Inspections	27 citations (six significant & substantial)	15 citations (two significant & substantial)
CalOSHA Inspection	11 citations in 2019 No inspection in 2020	Two citations

<sup>1</sup>This was a \$100 fine related to a cracked hose sheath in the vapor recovery system of a gasoline pump, which was immediately replaced.  
Note: NOV = Notice of Violation



## WATER STEWARDSHIP

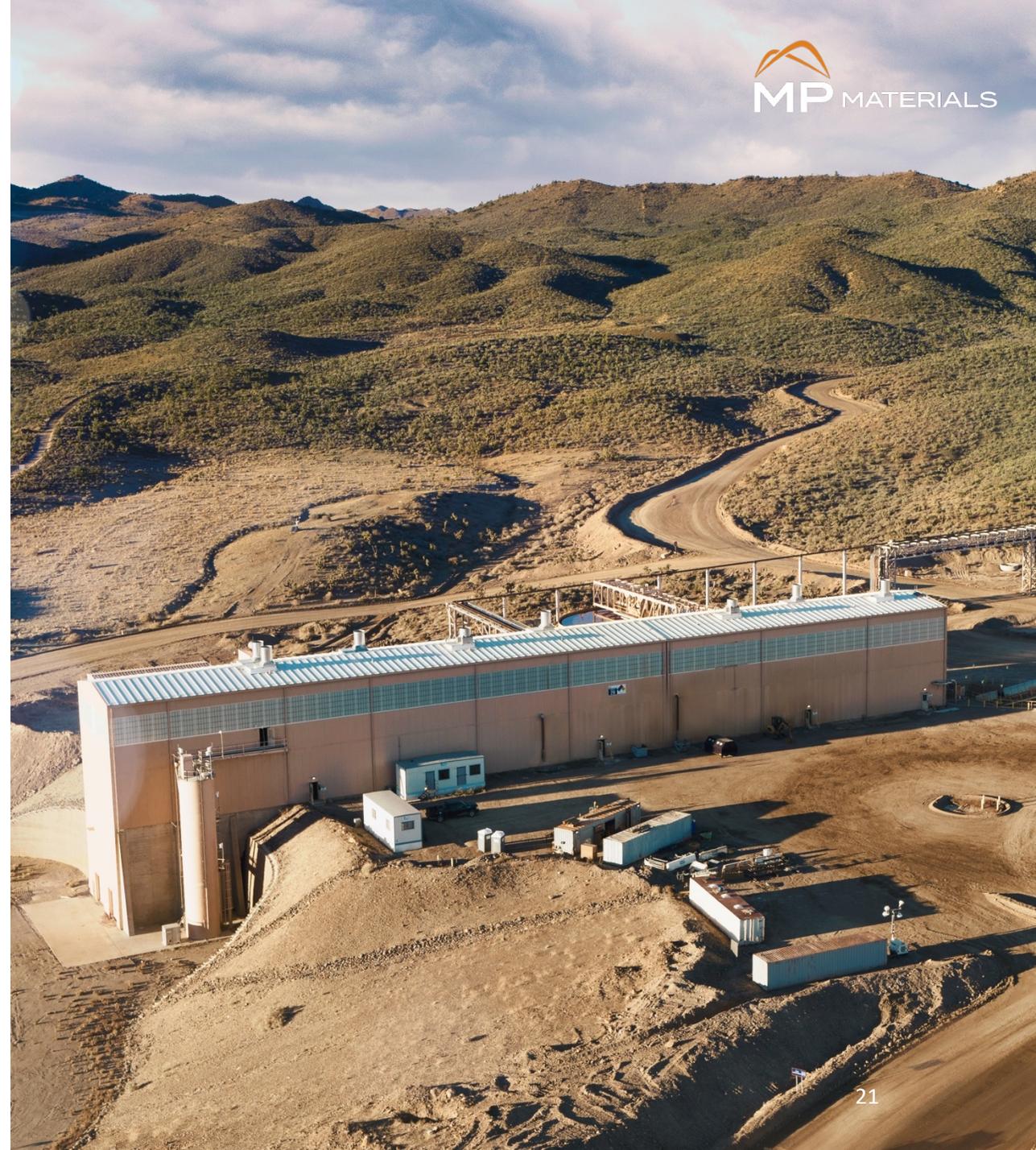
Water is a precious resource, and we treat it as such. That said, mining and processing operations require significant quantities of water. We have a variety of initiatives underway at Mountain Pass to limit freshwater withdrawal and maximize recycling.

MP maintains and operates a well field for potable and process water, and we own land and wells in another well field that we may be able to operate in the future. These wells pump directly to our site and have no connection to municipal or other public water sources. Additionally, our tailings and concentrate dewatering methods provide a closed-loop water resource for our beneficiation process, using recycled water operations, satisfying approximately 95% of our water demand at Mountain Pass.

We have an active Industrial Stormwater Pollution Prevention Plan (“SWPPP”) in place, which is reviewed regularly and updated whenever there is a change in facility operations that may affect the discharge of pollutants to surface waters, groundwater, or to municipal storm sewer systems (“MS4”). This plan details our controls and processes related to pollution prevention in stormwater, including material handling and storage, spill and leak prevention and response, and material handling and waste management. MP’s EHS team is responsible for implementation of the SWPPP, including ensuring that the required monitoring and sampling objectives are met in accordance with the standards outlined in the plan.

As we progress with Stage II, we remain focused on using our water resources responsibly and continue to stress recycling while minimizing the pumping and disposing of groundwater.

Water recycling satisfies approximately 95% of our water demand at Mountain Pass.



## DRY STACK TAILINGS

We utilize a dry stack tailings process, a primary example of how we implement closed-loop strategies across our operations wherever feasible. This dramatically reduces water consumption when compared to the far more common wet tailings dams. We believe our dry stack tailings process is the only one in the global rare earth industry. In fact, since 1970, the percentage of new tailings facilities that are dry stack across all resource types has remained stagnant between 3% and 6%, primarily due to higher capital and operating costs. To produce these dry tailings, we allow tailings solids to settle in a thickener, the overflow of which is recycled back to the process. Additional water is removed by filtration and is also recycled. Our water recycling efforts avoid unnecessary freshwater consumption by this process and preserves the water table from depletion, an invaluable savings for the Mojave Desert.

Our dry stack tailings are compliant with the strictest Federal and California regulations. Importantly, rather than being stored in a large tailings dam, susceptible to leakage and dam breaks that could contaminate groundwater and endanger communities, our dry stack tailings are disposed of in an on-site lined impoundment. This dramatically reduces the risk of liquefaction, leaking, or other environmental or health risks.



## CASE STUDY

# IMPROVING STORMWATER DRAINAGE

Stormwater drainage maintenance and on-site improvement activities minimize pollution. Our continuous monitoring of existing conveyance channels and establishment of new best management practices in key/strategic locations further these efforts. Examples of implemented best practices in stormwater management include:

- Optimizing the design and routing of stormwater conveyance channels, which reduces erosion and sediment transport.
- Use of sediment basins and traps, which provides the opportunity for sediment-laden water to drop out solids in a controlled manner, which can then be disposed of properly.
- Use of energy dissipation devices and rock check berms to decrease water runoff rate and prevent sediment erosion and off-site transport.
- Segregation of stormwater from process water which reduces the potential for chemicals and oil/petroleum contaminants to leave the site.
- Limited land application of nutrient-rich chemicals to help prevent the promulgation of eutrophication, both on-site and any downstream receiving waterbodies.



# NON-HAZARDOUS AND HAZARDOUS WASTE MANAGEMENT

Mountain Pass contains low levels of Naturally Occurring Radioactive Material (“NORM”). In addition, we can dispose of all tailings and certain other byproducts. This eliminates the need for offsite disposal by returning the non-rare earth elements to the original site of their extraction.

Waste management is a key component of how we operate our facility responsibly. We comply with all applicable regulations related to waste management and disposal, including the Federal RCRA and regulations under the California Department of Toxic Substances Control (“DTSC”) and the Department of Resources Recycling and Recovery (“CalRecycle”).

We have a robust Spill Prevention, Control, and Countermeasure (“SPCC”) plan in place that covers non-transportation related operations. The SPCC establishes procedures, methods, equipment requirements, and other criteria to prevent the discharge of oil and other contaminating products into the waterways. The plan is reviewed and approved by MP’s management team at least annually, or more frequently as needed.



## BIODIVERSITY AND LAND USE

MP has a thoughtful reclamation and revegetation plan in place for both plants and wildlife. These plans have been established pursuant to the Surface Mining and Reclamation Act and approved by San Bernardino County and the California Department of Conservation Division of Mine Reclamation. The Reclamation and Revegetation Plans describe precisely how the site must be closed, reclaimed, and revegetated. Moreover, the State Water Resources Control Board requires and enforces vegetation-cover standards for multiple impoundments and other structures throughout the facility.

All land identified through our reclamation plans that has been impacted by MP's operations has been surveyed for flora and fauna species of biological concern. We have an extensive relocation process for local flora with a nursery and several locations where reclamation takes place. We are in the process of establishing a greenhouse and additional nursery activities and intend to replant more vegetation than is disturbed or removed due to our operations. This will create additional opportunities for community engagement, volunteer programs, and donation of vegetative species to local areas. Our current growth plans indicate that there are approximately 150 acres of future addressable area for which we plan to complete biological surveys as our operations expand.

Mining and processing activities occurring at Mountain Pass are located entirely on land owned by MP.

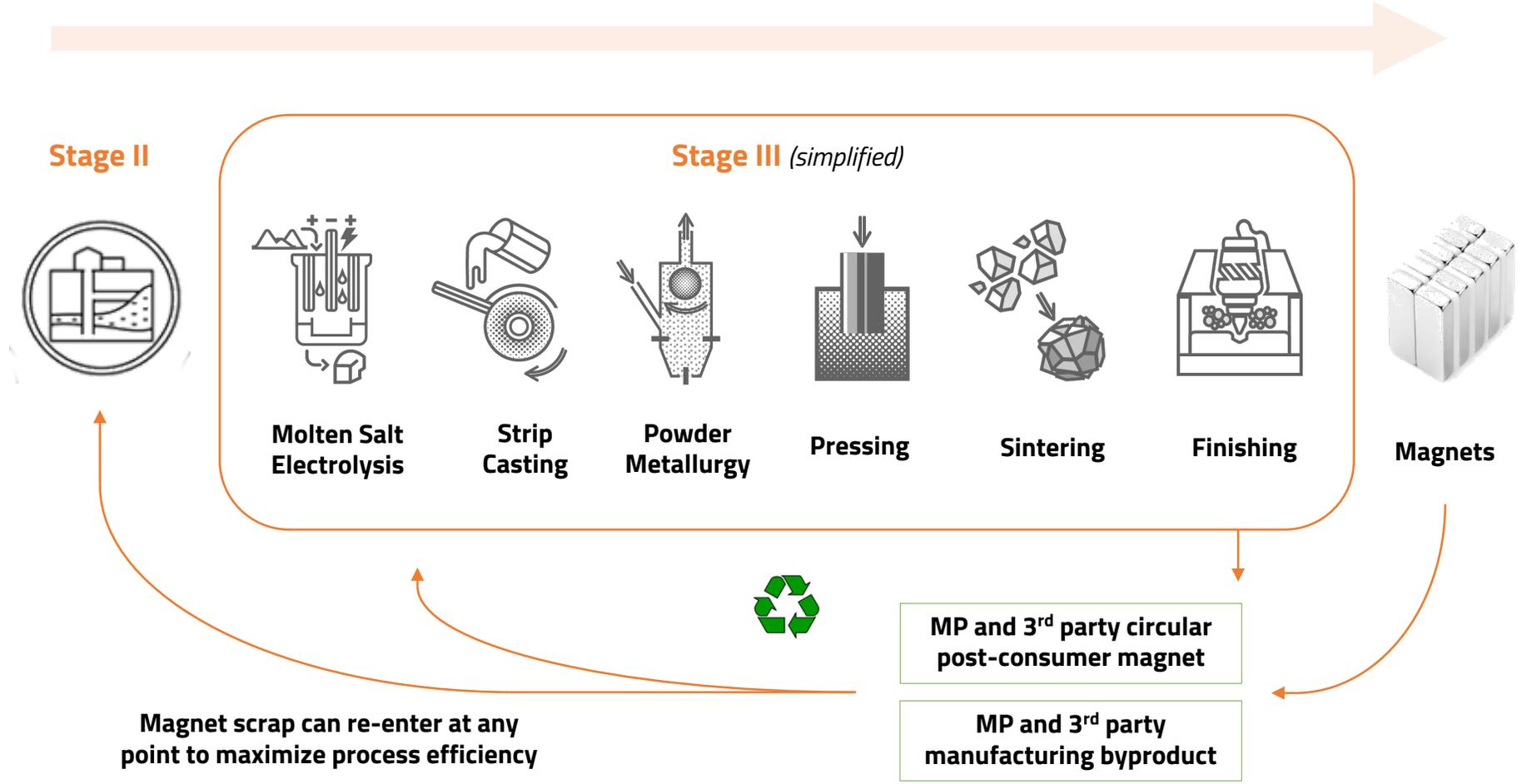


# CASE STUDY

## INTEGRATED MAGNET RECYCLING

We are currently piloting various magnet recycling concepts in collaboration with several companies. Command of the full rare earth production chain, including extraction circuits at Mountain Pass as well as metal and magnet production capabilities at our planned magnetics facility, affords MP flexibility to advance novel recycling pathways using a first principles approach.

For competitive, low-cost production and environmental sustainability, MP will integrate the capability to recycle the scrap and swarf we generate in magnet production. Simultaneously, a more holistic recycling approach based on circular principles is essential to improving resource preservation while meeting very fast-growing demand for our products. At the end of its useful life a magnet can be re-processed into high-purity, separated rare earth oxides using methods like those implemented at Mountain Pass. The recycled oxides can then be reduced to rare earth metal and turned back into high-performance magnets once again.



## EMPOWER

### PEOPLE AND ENTREPRENEURSHIP

Developing a vibrant and talented workforce to champion sustainable practices is core to our success. We prioritize the health, safety, and wellness of all team members while seeking to develop a diverse and inclusive community of contributors.



# HEALTH, SAFETY, AND WELLNESS

The health and safety of our employees is the number one priority for MP. To ensure the ongoing safety of employees and any contractors working on-site, we have a clear set of health and safety guidelines in place and focus on regular training to ensure compliance with all guidelines.

All newly hired employees at Mountain Pass complete a minimum of 24 hours of MSHA training during the onboarding process and must, at a minimum, complete annual refresher training. Following their initial training, depending on their job classification, new employees complete supervised field training specific to their roles and responsibilities. For example, all mill workers go through specific LOTOTO (Lock Out/Tag Out/Try Out) training, confined-space work and rescue, forklift classroom, and in-the-field training. In total, MP employees completed a collective 160 hours of emergency medical response training, including first aid and CPR. We also completed four emergency response drills in 2021, with several more planned for 2022.

Depending upon the nature of the work to be performed and their previous training, certain contractors may be required to complete the same 24-hour, new-miner MSHA training as MP employees. Nevertheless, all contractors who enter Mountain Pass to perform work must complete between 30 minutes and 4 hours of site-specific hazard training before beginning work. We are currently developing a contractor safety manual that will be distributed to all contractors.

We utilize a formalized digital data reporting system to track all incidents reportable under California Occupational Health and Safety Administration (“Cal/OSHA”) and MSHA. Outlined below are key health and safety related metrics that we track on an ongoing basis. To prevent incidents and injuries, in 2021 we increased our focus on near-miss incident reporting and implemented additional near-miss training throughout the year. As a result, the number of near-miss reports increased from 10 in 2020 to 124 in 2021. We strongly encourage the reporting of near-miss incidents so that we can mitigate hazards or change procedures to improve workforce safety in advance of any actual incident.

Metric	2020	2021
Lost Time Injury	0.55	0.00
Recordable Injuries	12	6
Recordable Injury Rate	6.03	1.87
Near-Miss Reports <sup>1</sup>	10	124

<sup>1</sup>In 2021, increased emphasis and training was provided to encourage more frequent reporting of near miss incidents to identify issues earlier.



## MINE SAFETY AND HEALTH ADMINISTRATION DATA

Detailed MSHA Activity	2020	2021
Total number of orders issued under Section 104(b) of the Mine Act	0	0
Total number of citations and orders for alleged unwarrantable failure under Section 104(d) of the Mine Act	0	0
Total alleged flagrant violations under Section 110(b)(2) of the Mine Act	0	0
Total imminent danger orders issued under Section 107(a) of the Mine Act	0	0
Total proposed assessments under the Mine Act	\$12k	\$3k
Total mining-related fatalities	0	0
Received notice from MSHA of a pattern of violations	No	No
Received notice from MSHA of the potential to have a pattern of violations	No	No
Total legal actions pending as of the last day of the Reporting Period	0	0
Total legal actions instituted during the Reporting Period	0	0
Total legal actions resolved during the Reporting Period	0	0



## CASE STUDY

### COVID-19 RESPONSE

COVID-19 continued to pose operational challenges throughout 2021. We took extra measures to maintain a safe working environment throughout the pandemic. To allow for social distancing, we implemented staggered start times and lunch breaks at Mountain Pass. We provided face coverings for all employees and their families as well as Mountain Pass visitors, implemented no-contact temperature screening for everyone on-site, and implemented robust sanitation protocols to ensure a clean and safe work environment. Whenever possible, we created alternative plans to accommodate remote training and working.

Employees who voluntarily received their vaccinations and provided proof were also enrolled in weekly raffles for prizes. We also provided hotel subsidies to employees who were commuting to Mountain Pass so that they could stay safely in single occupancy rooms.



## TALENT AND FUTURE WORKFORCE

Our people ensure our success. Building a strong talent pipeline is vital to MP's long-term success. As such, we are focused on attracting and retaining the best talent as our Company grows and evolves. This means empowering every team member, as owner-operators. As of December 31<sup>st</sup>, 2021, MP employed 365 people, 313 of whom were field-based employees and 52 of whom were office-based employees. This represents a 32% increase in full-time employees over 2020. As part of our mission, we are committed to creating employment opportunities for American workers and expect to hire more than 350 additional full-time employees through 2024.

We are dedicated to our employees and are committed to safeguarding their health and safety, promoting diversity and inclusion, and developing skills that give every employee the ability to further our mission. This dedication has paid off, with each calendar quarter of 2021 exhibiting 94% or greater employee retention.

To ensure our employees receive the feedback they need to grow and thrive in their careers, we continually review and update our performance-management processes. We ensure that new hires receive the feedback and support they need by scheduling periodic performance evaluations three to six months after their introductory periods. Managers hold reviews with all employees no less than annually to give them an opportunity to discuss work performance. In addition, supervisors are encouraged to provide regular feedback regarding performance and development throughout the year.



## DIVERSITY, EQUITY, AND INCLUSION

We know that a diverse workforce brings a rich set of ideas and promotes creative problem-solving that strengthens our business. As more team members join our workforce, we are focused on developing pipelines to new talent pools. We regularly engage with local veterans' organizations and recently presented to the U.S. Vets of Las Vegas with an overview of our Company and open opportunities.

As an indication of our long-term vision of building a diverse workforce, in 2021, we created a new role in our human resources department with responsibility for

developing relationships with professional, educational, and other relevant external organizations to reach more applicants. We recognize the importance of supporting women in developing careers in the mining industry. Although we currently employ a greater percentage of women than the mining industry average of 14.3%, we plan to continue expanding our female workforce by providing an inclusive atmosphere with ample growth opportunities. In addition, we are supporting a regional public-private partnership that aims to grow locally owned small businesses, drive high-tech innovation, develop K-12 and community college curriculum connected to new industry career pathways, and seed workforce development.

Metric	2020	2021
Board Composition (% Female)	2/7 (28%)	2/7 (28%)
Board Composition (% Male)	5/7 (72%)	5/7 (72%)
Workforce (% Female)	11%	15%
Workforce (% Male)	89%	85%
Workforce (% American Indian or Alaskan Native)	1%	1%
Workforce (% Asian or Pacific Islander)	8%	8%
Workforce (% Black)	7%	7%
Workforce (% Hispanic)	24%	21%
Workforce (% White)	58%	59%
Workforce (% two or more races)	2%	4%



# CORPORATE GOVERNANCE

MP is governed by a seven-person Board of Directors and a four-person Executive Leadership team. The Board is divided into the three following committees:

**Audit Committee**, responsible for assisting the Board in oversight of the integrity of our financial statements, compliance with legal and regulatory requirements, qualifications and independence of the Company's external auditor, and performance of our audit department.

**Nominating and Corporate Governance Committee**, responsible for evaluating and recommending individuals qualified to become members of the Board, developing and recommending to the Board a set of corporate

## Executive Leadership

James Litinsky  
Founder, Chairman and Chief Executive Officer

Michael Rosenthal  
Founder and Chief Operating Officer

Ryan Corbett  
Chief Financial Officer

Elliot Hoops  
General Counsel and Secretary

governance guidelines, and overseeing the annual performance evaluation of the Board and its committees and management.

**Compensation Committee**, responsible for determining compensation of our executive officers and directors and evaluating, reviewing, and recommending to the Board compensation plans, policies, and programs.

The Board holds at least four regularly scheduled meetings each year, with additional meetings held as circumstances warrant.

The highest level of responsibility for material ESG-related topics lies with the Executive Leadership and the Board of Directors. Day-to-day management of these topics is the responsibility of our Senior Vice President, Corporate Development & Strategy who leads our ESG Working Group.

## Board of Directors

James Litinsky, Chairman

Maryanne Lavan

General (retired) Richard Myers

Connie Duckworth

Drew McKnight

Dan Gold

Randall Weisenburger

[link to biographies](#)

## RISK MANAGEMENT

The Board is responsible for the oversight of risk, while management is responsible for the day-to-day management of risk. The Board, directly and through its committees, carries out its oversight role by regularly reviewing and discussing with management the risks inherent in the operation of our business and applicable risk mitigation efforts. Management meets with the Board regularly to discuss the Company's business strategies, challenges, risks, and opportunities.

The Compensation Committee is responsible for overseeing the management of risks relating to our compensation plans and arrangements, including whether the Company's incentive structures encourage excessive or inappropriate risk taking. The Audit Committee is responsible for overseeing our risk assessment and management processes related to, among other things, our financial reports and record-keeping, major litigation and financial risk exposures, and the steps management has taken to monitor and control such exposures. The Nominating and Corporate Governance Committee is responsible for risk oversight associated with corporate governance practices and the composition of our Board and its committees.



## ETHICS AND COMPLIANCE

We are committed to the highest standards of business conduct in our relationships with each other, with the companies with which we do business, and with our stockholders and others. This requires that we conduct our business in accordance with all applicable laws and regulations and in accordance with the highest standards of business ethics. Our actions are guided by our Code of Business Conduct and Ethics (“The Code”), which provides a statement of the fundamental principles and key policies and procedures that govern the conduct of our business. The Code provides that employees are required to act in the best interest of the Company while interacting with any person who has business dealings with the Company (including suppliers, competitors, contractors, customers, and consultants). The Code prohibits giving or receiving or gifting a bribe or kickback.

The Code applies to all employees, officers, consultants, and independent contractors of the Company and covers key topics including conflicts of interest, entertainment and gifts, proper use of Company assets, record retention, confidential information, insider trading, corruption, and more.

In addition to The Code, which is applicable to all employees, our senior executives and financial officers are subject to additional specific policies applicable to the performance of their duties as outlined in our Code of Ethics for senior executives. We have a detailed Policy for Reporting Concerns, which sets forth the procedures for reporting and handling questions and concerns regarding potential, suspected or known violations of applicable law, regulation, rule or standard or Company policy as well as the Company’s policy prohibiting retaliation against employees who report concerns.



## ABOUT THIS REPORT

Unless otherwise stated, data and information included in this report is from fiscal year 2021, which ran from January 1, 2021, through December 31, 2021. The report was prepared with reference to the SASB Metals & Mining Industry Standards. All data provided in this report is non-financial in nature and has not been subject to third-party audit.

## SAFE HARBOR

This report contains certain statements that are not historical facts and are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of the words such as "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "will," "target," or similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding environmental and social goals and the expected timing for achieving these goals, expectations and timing of completion of Stage II, and expectations and timing of Stage III developments.

These statements are based on various assumptions, whether or not identified in this presentation, and on the current expectations of MP Materials Corp.'s ("MP Materials" or "MP") management and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and must not be relied on by any investor as a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of MP Materials. These forward-looking statements are subject to a number of risks and uncertainties, including MP's ability to successfully meet its environmental and social goals presented in this ESG Report within the expected timeframe(s) due to a number of risks and uncertainties, such as: changes in law, regulations, or public policy; the alignment of the scientific community on measurement approaches; the evolution of technology; the complexity of supply chains, including commodity supply chains, and the adoption of supply chain traceability practices and tools; and the capital and operating cost of implementing the goals presented in the ESG Report; changes in domestic and foreign business, market, financial, political and legal conditions; failure to realize the anticipated benefits of the business; risks relating to the uncertainty of the projected financial information with respect to MP Materials; risks related to the rollout of MP Materials' business strategy, including Stage II and Stage III, and the timing of expected business milestones; risks related to the construction of Stage II and Stage III, including timing for completion and costs; risks related to MP Materials' arrangements with Shenghe; the effects of competition on MP Materials' future business; risks related to political and macroeconomic uncertainty; the impact of the global COVID-19 pandemic, and other variants, on any of the foregoing risks; risks related to MP's ability to comply with various government regulations that are applicable to its business, including environmental regulations; risks relate to MP's ability to maintain its governmental licenses, registrations, permits, and approvals necessary for its business; and those factors discussed in MP Materials' Annual Reports on Form 10-Ks, and MP Materials' Quarterly Report on Form 10-Qs under the heading "Risk Factors," and other documents filed by MP Materials with the SEC.

If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. There may be additional risks that MP Materials does not presently know or that MP Materials currently believes are immaterial that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements reflect MP Materials' expectations, plans or forecasts of future events and views as of the date of this presentation. MP Materials anticipates that subsequent events and developments will cause MP Materials' assessments to change. However, while MP Materials may elect to update these forward-looking statements at some point in the future, MP Materials specifically disclaims any obligation to do so, unless required by applicable law. These forward-looking statements should not be relied upon as representing MP Materials' assessments as of any date subsequent to the date of this presentation. Accordingly, undue reliance should not be placed upon the forward-looking statements. MP Materials' goals presented in this report are aspirational and not guarantees or promises that such goals will be met. Statistics and metrics related to ESG matters are estimates and may be based on assumptions or developing standards. Inclusion of ESG-related or other information is not an indication that such information is necessarily material to investors.