



## **ENVIRONMENTAL & SOCIAL RESPONSIBILITY COMMITTEE CHARTER**

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The board of directors (the “Board”) of Critical Elements Lithium Corporation (“Critical Elements” or “Corporation”) has established an Environmental and Social Responsibility Committee (the “ESRC” or “Committee”) whose membership, authority and responsibilities shall be as set out in this Charter, as it may be amended from time to time by the Board.

### **MANDATE AND OBJECTIVES**

In the context of the Corporate commitment to environmental and social responsibility, the mandate of the ESRC is to assist the Board in fulfilling its oversight responsibilities with respect to assessing Critical Elements’ health and safety, environmental and social responsibility policy and related policies, strategies, programs and performance.

### **COMPOSITION**

The Committee shall be comprised of at least three (3) directors as determined by the Board annually following the annual meeting of shareholders. The majority of the members of the Committee shall be “independent” within the meaning of section 1.4 of Regulation 52-110 respecting Audit Committees or any other applicable rules of securities regulatory authorities and stock exchanges, and shall appoint one of the members to Chair the Committee.

The members of the Committee shall be elected by the Board at its first meeting following the annual shareholder’s meeting. Members shall serve until the next annual meeting of shareholders or until their successors are duly appointed or until such member resigns, retires or is removed from the Committee by the Board. The Board may fill any vacancy in the Committee by appointment from among the directors of the Corporation. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by a majority vote of all the Committee members.

The Committee may form and delegate authority to subcommittees when appropriate.

### **MEETINGS AND PROCEDURES**

The Committee shall meet at least two (2) times a year or more frequently, if necessary, to carry out its responsibilities.

At all meetings of the Committee, every resolution shall be decided by a majority of the votes cast. In the case of an equality of votes, the Chair shall not be entitled to a second vote. In the absence of the Committee Chair for any meeting, the Members shall elect a Chair from those in attendance to act as Chair of that meeting.

A quorum for meetings of the Committee shall be a majority of its members. The rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing meetings of the Board, including meeting by teleconference, video conference and similar communications equipment.

Each meeting will include an in-camera session of the Committee without members of management present. At least annually, the Committee shall also hold in camera sessions with external compensation consultants, if such are retained.

The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

## **REPORTING TO THE BOARD**

Following each meeting of the Committee, the Committee Chair shall report to the Board on the issues considered by the Committee, and any recommendations being made by the Committee for approval by the Board and on any actions taken by the Committee.

## **RESPONSIBILITIES, DUTIES AND POWERS**

The Committee's principal responsibility is one of oversight in elaborating, recommending, implementing and monitoring strategies, policies and programs with respect to health and safety, environmental stewardship, climate risks, human resources recruitment and development, community engagement, as well as the overall protection of human rights.

The following are the general duties and responsibilities of the Committee:

### **Strategies, Policies and Programs**

In fulfilling its responsibilities, the Committee will, among other things, review, monitor or recommend to the Board for approval strategies, policies and programs in all areas relating to environment and social responsibility, including the following areas:

- a) Health and Safety:
  - specific targets and parameters to monitor corporate performance;
  - compliance with appropriate existing or proposed laws, regulations or best practices as they relate to health, safety and security issues;
  - assessment of potential financial or reputational impacts from health, safety and security factors and strategies to mitigate risks and execute on opportunities for improvement;

- education and training programs to promote a culture of safe work practices;
- Health & Safety Management Systems to identify, minimize and mitigate health and safety hazards;
- procedures for emergency prevention, preparedness and response.

b) Environmental Stewardship:

- impact assessment oversight and specific targets and parameters to monitor corporate performance in the context of climate related risks and opportunities;
- measures to ensure compliance with appropriate existing or proposed laws, regulations or best practices as they relate to environmental and biodiversity protection;
- assessment of potential financial and compliance impacts from environmental factors and the Corporation's capacity to manage its environmental strategies;
- closure and restoration plans;
- appropriate Environmental Management Systems to effectively anticipate, target, assess, mitigate and minimize environmental risks based on the Corporation's activities;
- measures to further transparency with stakeholders both locally and more broadly with respect to the Critical Elements' environmental performance and mitigating plans;
- education of employees and contractors on both site and industry-specific environmental issues and providing them with the necessary tools to manage and minimize potential resulting environmental impacts.

c) Social Responsibility:

- impact assessment oversight and specific targets and parameters to monitor corporate performance related to social sustainability, including human resources diversity and inclusion, working conditions and terms of employment, relationship with unions, community relations, and human rights;
- measures to ensure compliance with appropriate existing or proposed laws, regulations or best practices as they relate to employment and indigenous communities in Quebec, Canada;
- appropriate Social Management Systems to effectively anticipate, target, assess, mitigate and minimize social risks based on the Corporation's activities;
- procedures for addressing local stakeholder concerns – grievance mechanism;
- Human Rights education and training;
- integration of corporate values in the corporate culture.

The Committee shall have the responsibility to assess the potential impact that any new exploration, development, operation, acquisition or new business activity may have on the business relating to corporate sustainability. In addition, the Committee shall take into

consideration and shall advise the Board on any industry or societal priorities, such as climate change, water availability, biodiversity, indigenous people rights, etc., when establishing corporate strategy.

### **Corporate Goals and Objectives**

The Committee is responsible for reviewing proposed safety, environmental and social sustainability-related goals and objectives aligned with Corporate purpose, mission and vision for inclusion in the Corporate compensation programs. The Committee should make recommendations to the Compensation Committee on such goals and objectives and monitor performance against such goals and objectives on a regular basis.

### **Risk Management**

The Committee shall assist the Board in fulfilling its risk oversight responsibilities by, among other things, ensuring that processes are in place to enable management to identify significant safety, environmental or social risks; ensuring that management establishes appropriate action plans to mitigate against such risks; and monitoring management's implementation of such action plans.

### **Public Disclosure**

The Committee shall review and recommend to the Board for approval, the corporate health & safety, environmental, human rights and community engagement policies and practices, including any Critical Elements' public disclosures containing information with respect to the matters set out in this Charter over which the Committee has responsibility.

### **Investigations**

The Committee shall direct and supervise the investigation into any matter brought to its attention within the scope of its duties.

### **Access to Management & Information**

The Committee will have full and free access to officers and employees of the Corporation and the its books and records. Any meetings or contacts that the Committee wishes to initiate may be arranged through the CEO or the Corporate Secretary or directly by the Chair or other member of the Committee. The Committee will use its judgment to ensure that any such contact is not disruptive to the business operations of the Corporation.

### **Advisors**

The Committee has the authority to retain, obtain the advice of, and terminate any consultant, external legal counsel or other advisor, to assist it in the performance of its duties. Critical Elements will provide appropriate funding, as determined by the Committee, for payment of reasonable compensation to any advisor retained by the Committee. The Committee shall have sole authority to approve such consultants' fees and retention terms, and shall be directly responsible for the selection, compensation and oversight of the advisors it retains.

### **Committee Evaluation**

The Committee shall review, at least annually, the Committee's duties, responsibilities and performance and determine if any changes in practices of the Committee or amendments to this Charter are necessary or otherwise deemed appropriate by the Committee.

### **Additional Assignments**

The Committee shall undertake such additional responsibilities as from time to time may be delegated to the Committee by the Board, required by Critical Elements' incorporation documents or bylaws or required by applicable law or stock exchange rules.

Board of Directors Approval Date: June 14, 2021  
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