



ENVIRONMENTAL & SOCIAL RESPONSIBILITY POLICY

OBJECTIVE AND SCOPE

This Environmental Policy (“Policy”) applies to Critical Elements Lithium Corporation (“Critical Elements” or “Corporation”) directors, officers and employees, as well as its subsidiaries, divisions and affiliates (“individuals”) regardless of their position in the organization, at all times and business jurisdictions.

Critical Elements embraces its core values of care, respect, accountability, integrity and collaboration. Critical Elements is committed to responsible, sustainable business practices, especially concerning the environmental and social impact of its operations.

The objective of this Policy is to provide a framework for measuring the performance of Critical Elements’ activities in an environmentally responsible manner, ensuring compliance by the Corporation and its staff with applicable environmental regulations and commitments.

OVERSIGHT

The Environmental and Social Responsibility Committee of the Board shall oversee the implementation of this Policy. In particular, the Environmental and Social Responsibility Committee of the Board shall immediately be informed of any breaches and shall review and evaluate this Policy annually to determine if it effectively ensures appropriate Corporate environmental practices. The Board reserves the right, based on recommendations from the Environmental and Social Responsibility Committee, to change this Policy from time to time as it considers necessary.

COMMITMENT

Critical Elements is committed to operating in compliance with high environmental standards with a view to maintaining a safe workplace, minimizing the impact of its activities on the environment through diligent application of appropriate technology and responsible conduct and treating local communities with respect.

Through this Policy, Critical Elements is committed to:

- Aim to operate a safe and healthy workplace that is injury and fatality free.

- Conduct its operations in an environmentally sound manner to ensure compliance with all applicable federal, provincial and local regulations;
- Assign accountability and responsibility for implementation of the environmental policy and make environmental performance an important factor in the management review process;
- Provide adequate resources, personnel and training so that all staff are aware of and able to carry out their responsibilities in accordance with the environmental policy;
- Communicate openly with staff, regulatory agencies and the public on environmental issues and address concerns pertaining to potential hazards and impacts;
- Work in cooperation with industry, the public and government toward the development of responsible environmental policies, laws, and regulations;
- Apply best management practices to achieve environmental protection consistent with this Policy and industry standards; and
- Aim to contribute to the social and economic development of sustainable communities in the areas where we operate.

In particular, in order to achieve our environmental and social aims, the Corporation is committed to:

Health and Safety

- Implement operating practices to identify, prevent, eliminate or mitigate the risks to health and safety;
- Provide appropriate training for employees to safely perform their duties;
- Establish and maintain appropriate procedures for emergency prevention, preparedness and response;
- Maintain a self-monitoring program at each facility to ensure compliance;
- Conduct periodic health and safety assessments at all of its operations to verify corporate performance and develop and implement action plans to correct potential deficiencies in a timely manner;
- Regularly review safety and security factors and strategies to mitigate risks and execute on opportunities for improvement;

Environmental Stewardship

- Implement operating practices to minimize the use and production of hazardous substances and ensure their proper disposal;
- Establish and maintain appropriate emergency response plans to address possible impacts of unforeseen events occurring in the context of our activities;
- Maintain a self-monitoring program at each facility to ensure compliance;

- Conduct periodic environmental assessments at all of its operations to verify environmental performance and develop and implement action plans to correct potential deficiencies in a timely manner;
- Regularly review environmental and technology developments to seek and implement methods for further improvement;
- Identify revisions or improvements to current practices in order to minimize environmental impacts, reporting findings regularly to the Board of Directors; and
- Encourage all staff to report to management any known or suspicious departure from this Policy or related procedures.

Social Responsibility

- Ensure that no child labour and any form of forced and compulsory or otherwise illegal labour are permitted in the workplace;
- Promote an open, transparent and respectful dialogue with the communities in the areas where we operate;
- Implement strategies that aim to support local communities and their sustainability through measures such as locally sourcing goods and services and employing local people;
- Establish and maintain appropriate procedures for emergency prevention, preparedness and response;
- Conduct periodic social responsibility assessments at all of its operations to verify corporate performance and develop and implement action plans to correct potential deficiencies in a timely manner;
- Provide a confidential reporting mechanism to report unethical, illegal or irresponsible behaviour.

COMMUNICATION OF THE POLICY

This Policy will be posted on the Corporation's website at www.cec corp.ca/corporate-profile/governance/.

QUERIES

If there are any questions about how this Policy should be followed in a particular case, please contact the Chief Executive Officer.

Board of Directors Approval Date: June 14, 2021
Next review: June 14, 2022