

Group Sustainability Policy

NextSource Materials Inc. (NextSource) is a Toronto Securities Exchange-listed graphite mining and processing company. Our **Sustainability Policy**, which is set out below, focusses on six key areas: Sustainability Management Systems, Workplace Health & Safety, Environment, Our Stakeholders, Human Rights, Climate Change and Reporting. We seek to manage material sustainability matters through the systematic assessment of risk-and opportunities which is captured in the Group's Risk Management Framework and is reviewed at least quarterly by the Group Executive Committee.

NextSource's approach to sustainability is to operate safely, ethically and responsibly to create long-term value for our people, our host communities and all stakeholders as follows:

SUSTAINABILITY MANAGEMENT SYSTEMS

- complying with all applicable laws, regulations, standards and commitments as a minimum.
- developing, resourcing and maintaining occupational health, safety and environmental management systems, based on, and externally certified, to the relevant ISO standards.
- recording and investigating all incidents and uncontrolled events in a thorough, consistent manner, implementing corrective measures and adjusting procedures as required.
- maintaining alignment with leading practice in environmental, social and governance frameworks including the International Finance Corporation (IFC) Performance Standards (PS), the United Nations Sustainable Development Goals (SDGs), and the International Council on Metals and Mining (ICMM) Mining Principles.

WORKPLACE HEALTH & SAFETY

- setting clear expectations with our workforce, contractors and suppliers regarding standards of safe and responsible behavior by providing regular induction, training and empowering our people to cease work they believe is unsafe or compromises any of our sustainability objectives.
- establishing and maintaining proactive systems which document, monitor and minimize occupational health and hygiene risks and exposure.
- maintaining an ethical, non-discriminating organizational culture respectful of human rights and local culture where all employees, contractors and suppliers are afforded a safe and productive business environment free from all forms of inappropriate or coercive behavior.
- setting achievable sustainability goals and targets and resourcing and empowering our people across the Group to realize their performance objectives.

ENVIRONMENT

- clearly defining baseline environmental conditions and business impacts, monitoring and minimizing the environmental impacts and use of natural resources, such as water and energy, by the Group's operations throughout the project life cycle.
- aligning the management of our mine waste and tailings facilities with the ICMM's Global Industry Standards on Tailings Management (GISTM) to ensure robust safety, governance, water and stewardship, stakeholder management and emergency preparedness.
- engaging with all stakeholders to minimize our direct and indirect impacts on biodiversity.

OUR STAKEHOLDERS

- empowering our people and stakeholders through transparent and timely communication to identify, address and respond to direct and indirect sustainability risks and hazards potentially associated with our operations.
- engaging in constructive, transparent two-way dialogue with our stakeholders and host communities to establish common understanding, collaborative activities and work towards mutually beneficial solutions for sustainable host community development.
- contributing to the long-term sustainable development of our host communities through constructive, transparent initiatives that promote employment and broader socio-economic development while avoiding dependent relationships.
- operating an appropriately structured and well communicated, grievance procedure which ensures anonymity where required and transparent resolution of the concerns.
- maintaining appropriate government and institutional relations across the countries in which we operate.

HUMAN RIGHTS

- ensuring our workplace conduct is always in accordance with national laws and international human rights standards and provides appropriate mechanisms for the resolution of disciplinary disputes and grievances raised by internal or external stakeholders.
- ensuring an ethical and inclusive organizational culture which maintains the safe and lawful conditions of work.
- actively work to prevent all forms of forced, compulsory or child labor or any form of modern slavery.

CLIMATE CHANGE

- assess the real impacts and potential risks of climate change for our operations and systematically seek to minimize our carbon footprint through measures to reduce the consumption of natural resources, the generation of wastes and emissions arising from our operational and related commercial activities.
- identify and measure greenhouse gas emissions from our operations based on externally verified data and independent lifecycle assessments to establish the global warming potential of our products in the manner required by our customers.
- setting meaningful, objective and achievable long-term targets for reductions in greenhouse gas emissions by creatively exploring opportunities for the reduction of scope 1 and 2 emissions and impacts from our operations.

REPORTING

- routine measuring, recording and reporting of incidents, uncontrolled events and sustainability performance to the Board's Sustainability Committee to ensure good governance and the effective pursuit of the long-term, overall objectives of the Group.
- measuring, recording and maintaining all records for climate change-related disclosure and external verification thereof for our customer requirements.
- publicly and regularly reporting on operational sustainability performance in alignment with Global Reporting Initiative (GRI) guidance.