

Modern Slavery Statement 2023



Introduction

This statement has been prepared by Allkem Limited (Allkem) to meet the requirements of the Australian Modern Slavery Act 2018 for the financial year ended 30 June 2023 (FY23). The statement outlines the activities of Allkem, our subsidiaries, and the joint ventures over which we had management control during FY23.

During the reporting period, we actively engaged and consulted with each operation and development project to contribute to the development of this statement.

This Statement was approved by the Allkem Board on 4 December 2023.

Signed,



Martín Pérez de Solay
Managing Director and CEO

About Allkem

Allkem Limited (Allkem) (ACN 112 589 910 ABN: 31 112 589 910) is a global supplier of lithium chemical products and is listed on the Australian Securities Exchange (ASX:AKE) and Toronto Stock Exchange (TSX:AKE).

Our vision is to be a sustainable, world class supplier of lithium chemicals. We create long term value by investing in our people, our operations, and the communities where we operate and we are committed to respecting, protecting, and promoting human rights across our operations and supply chains. We are focused on expanding and diversifying our lithium operations and partnerships to contribute to the responsible development of this chemical product which is critical for the transition to a net-zero carbon future.

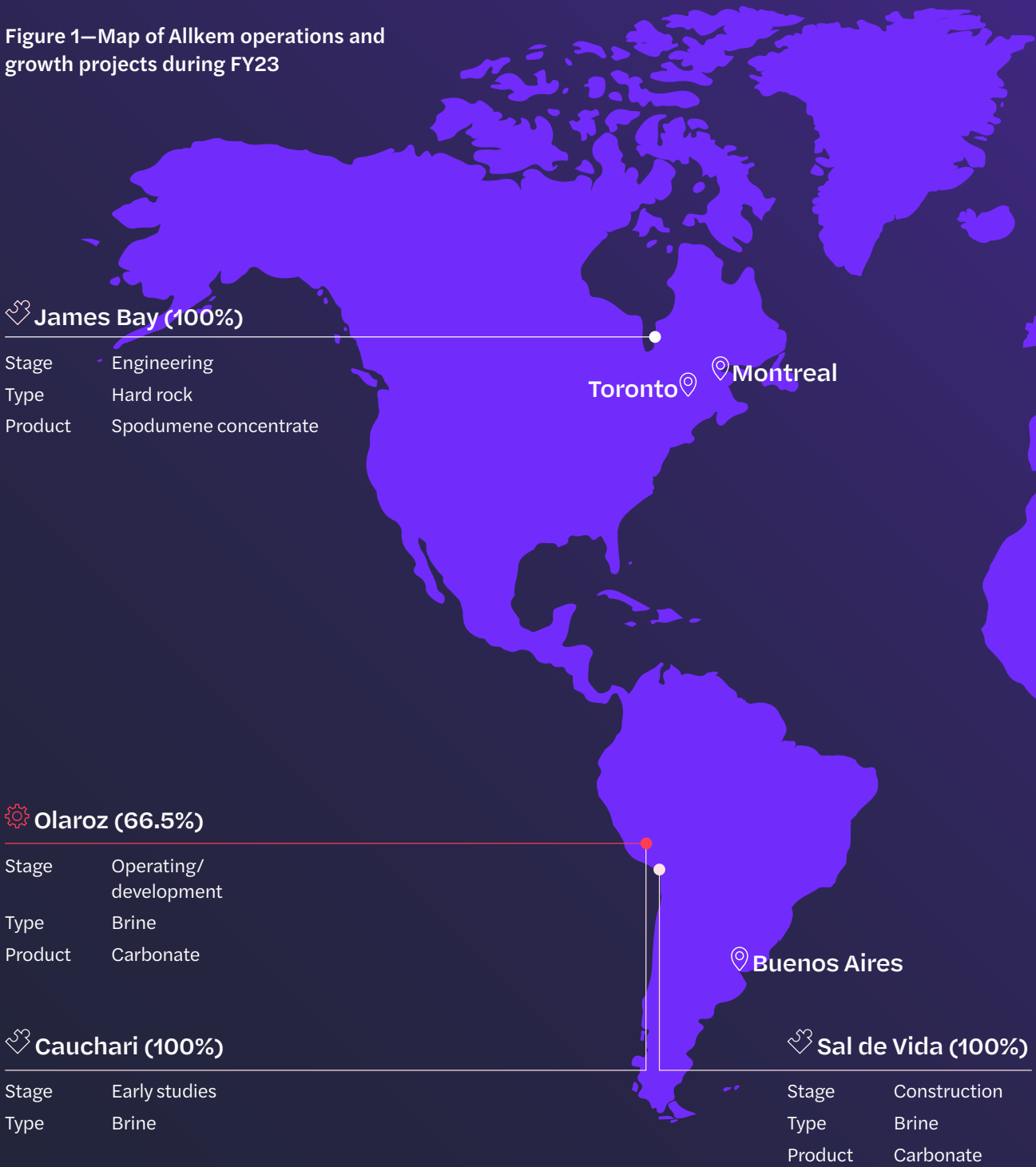
On the 10th of May 2023, Allkem announced a [proposed merger of equals with Livent](#). At the time this statement was published, the effective date of this merger was expected to be around the end of the 2023 calendar year.

Additional information about our assets, controlled entities, and investments is available in this statement as well as on our [website](#) and in our [FY23 Annual Report and Sustainability Report](#). The scope of this Modern Slavery Statement references our progress during FY23. This was focused on expanding Allkem's Modern Slavery Working Group and developing a standardised approach to assessing and mitigating modern slavery risk factors across each of Allkem's subsidiary companies. During the year we also completed the first combined, group wide modern slavery risk assessment of our tier 1 suppliers.

Structure, Operations and Growth Projects

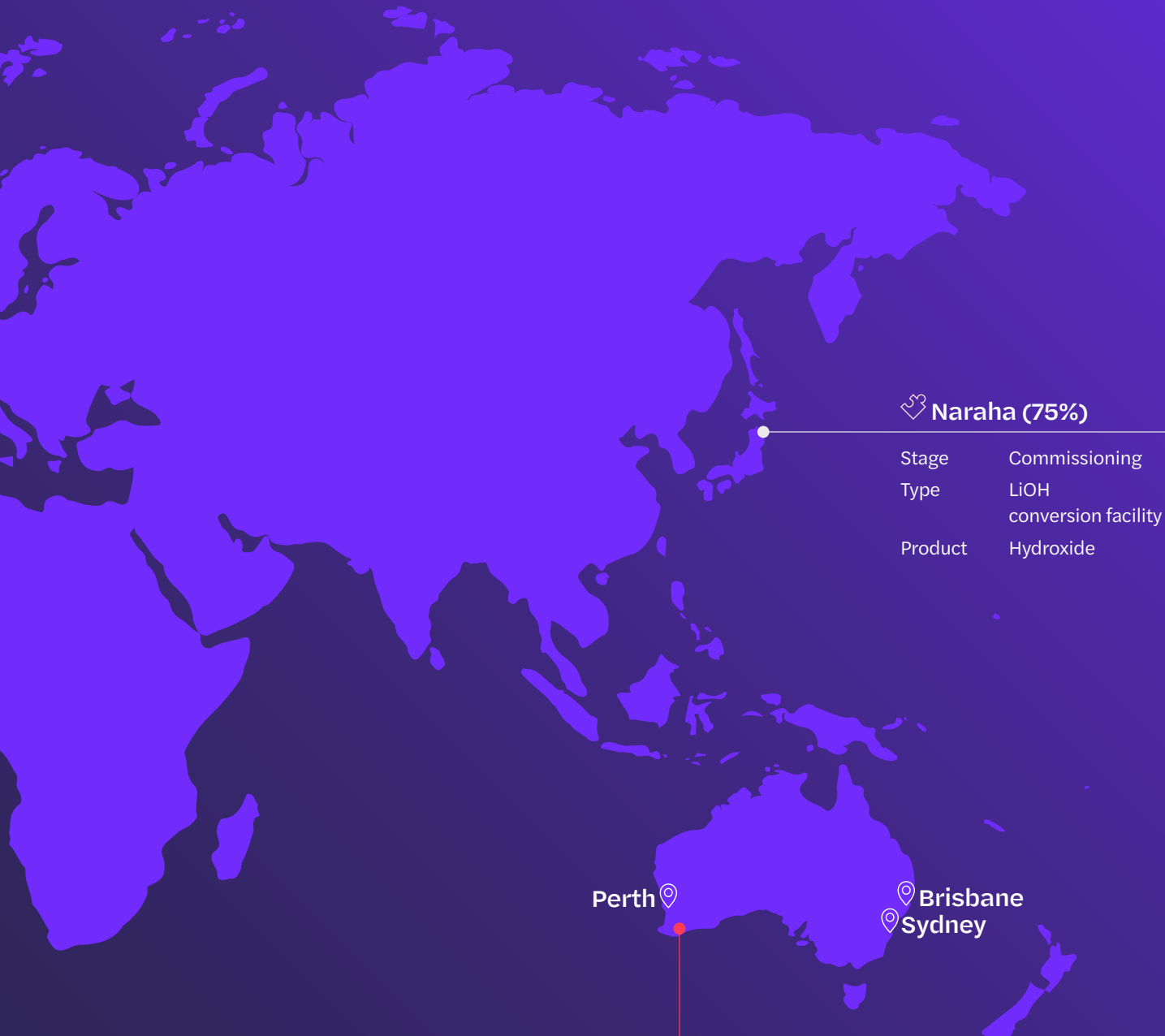
Allkem's offices, operations and development projects at 30th June FY23 are identified in the map below.

Figure 1—Map of Allkem operations and growth projects during FY23



For information on Reserves and Resource estimates, see Allkem ASX Release *Allkem confirms material growth profile underpinned by 40 Mt Resource*, 25th September 2023

Our company has a diverse global portfolio of high-quality lithium assets that produce critical battery materials used in decarbonising our economies.






 **Mt Cattlin (100%)**

Stage	Operating
Type	Hard rock
Product	Spodumene concentrate

 **Naraha (75%)**

Stage	Commissioning
Type	LiOH conversion facility
Product	Hydroxide

Key

-  Operating Asset
-  Development Asset
-  Office

Mt Cattlin

Operation

Mt Cattlin, a 100% owned subsidiary of Allkem, is a hard rock spodumene mine located 2km from Ravensthorpe in Western Australia.

The Mt Cattlin mine produced approximately 131K dry metric tonnes (“dmt”) of spodumene concentrate (average grade of 5.3% Li₂O) in FY23. Spodumene concentrate is shipped to customers in Asia who convert our product to lithium hydroxide for use in the battery storage value chain.

As at 30 June 2023, Mt Cattlin had 115 permanent, direct employees and a contractor workforce contributing a further 718,892 hours during the year.

Further information on our workforce diversity, location and training is available in our [FY23 Sustainability Report and Performance Data](#).

The Olaroz Lithium Facility

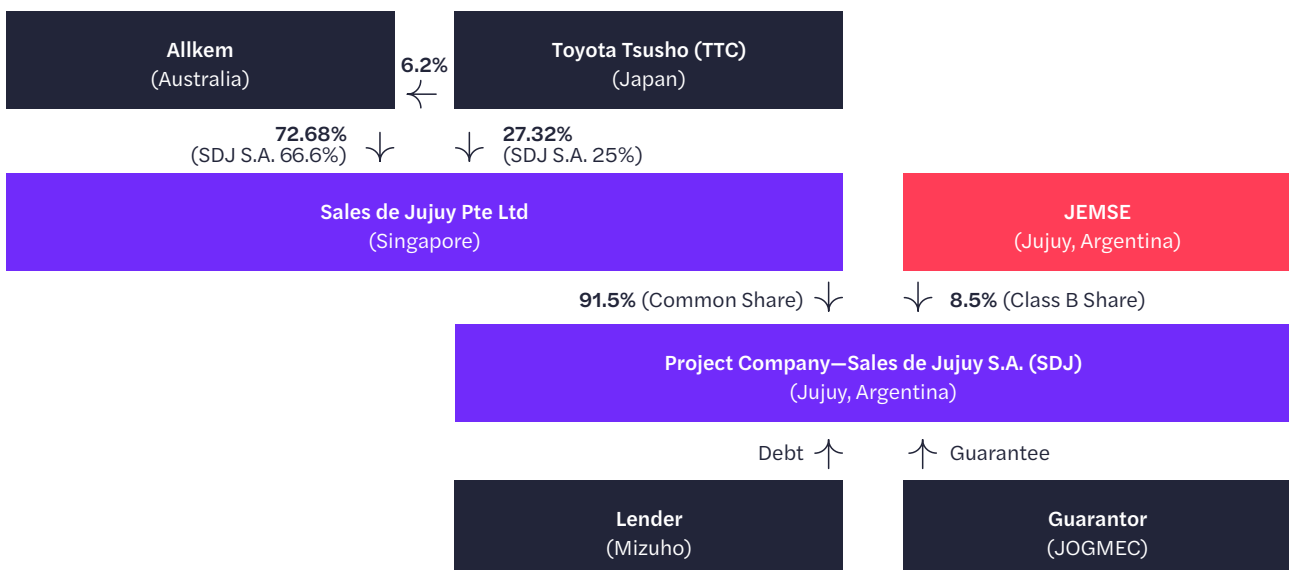
Stage 1 Operation and Stage 2 Expansion Project

The Olaroz Lithium Facility (“Olaroz”) is a large-scale brine-based operation located in the Jujuy province of northern Argentina at an altitude of approximately 3,900 metres above sea level. The facility commenced operations in 2014. Olaroz is operated by Sales de Jujuy S.A. (“SDJ”) with Allkem managing the operations pursuant to a Management Agreement. The structure of this joint venture between Allkem, Toyota Tsusho (“TTC”) and JEMSE (a mining investment company owned by the provincial government of Jujuy, Argentina), is outlined in Figure 2. Allkem also has 100% ownership of the Cauchari resource adjacent to the Olaroz facility that is in the early study stage of development.

Operations at Olaroz were highly stable and consistent through the year with annual production reaching a new record of 16,703 tonnes of lithium carbonate for FY23, a ~30% increase from FY22.

As at 30 June 2023, Olaroz had 777 direct employees, an increase of approximately 24% from FY22. 212 of these employees were new hires during the year. These figures include people employed in Stage 1 operations as well as the Stage 2 Expansion Project. A contractor workforce contributed a further 2.4 million hours during the year.

Figure 2—Olaroz Lithium Facility (operated by SDJ) JV Structure



Non-operated Joint Venture

The Naraha Lithium Hydroxide Plant, the first of its kind to be built in Japan, is designed to convert primary grade lithium carbonate feedstock into approximately 10,000 tonnes of battery grade lithium hydroxide per annum. The joint venture structure of the plant is shown in Figure 3.

First production at the Naraha plant occurred in October 2022. Although Allkem has a 75% economic interest in the Toyotsu Lithium Corporation (“TLC”), and influence via joint venture committee, the operational control is exercised by Toyota Tsusho Corporation (“TTC”). As Allkem does not have operational control of this asset, the Naraha Project is not included in the scope of our Modern Slavery Statement. Further information about TTC’s approach to Human Rights and Supply Chain Responsibility is available on the [Toyota Tsusho Corporation Website](#).

Growth Projects

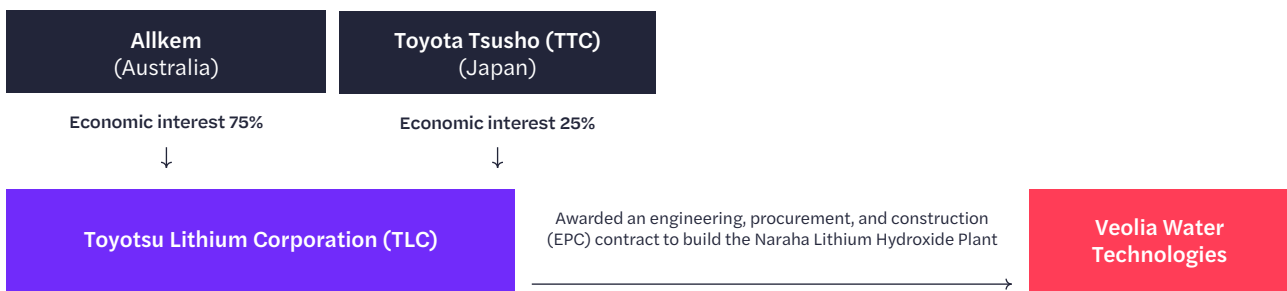
Sal de Vida

Sal de Vida is a lithium carbonate from brine project located at the Salar del Hombre Muerto in the Catamarca Province of Argentina. Construction of the first two strings of Stage 1 ponds neared completion by the end of FY23 with the first 9 ponds completed and filled with brine and all ponds lined. Camp expansion activities and procurement of long lead items progressed with the arrival on site of a number of items of proprietary equipment. Detailed engineering of the Process Plant achieved significant milestones during the year and steady progress was made on procurement activities for this package. Capital expenditure for the year ended 30 June 2023 was US\$135.5 million, excluding VAT and working capital. During FY23 the project employed 294 permanent, full-time employees, and contractors contributed a further 1.5 million hours.

James Bay

The James Bay project, located in Québec, Canada, was in the permitting and detailed engineering phase during FY23. Capital expenditure for the year ended 30 June 2023 was US\$80.0 million, excluding VAT and working capital. During FY23 the project had 28 direct employees. Contractors in Canada contributed a further 142,148 hours.

Figure 3—Naraha Lithium Facility JV Structure



Supply Chains

During FY23, our key supply chain activities were associated with our operations in Australia at Mt Cattlin and in Argentina at the Olaroz Lithium Facility, as well as the construction activities at our Stage 2 Expansion Project at Olaroz and at the Sal de Vida Project.

Key goods and services procured included:

- Mining contractors
- Process reagents for operations (e.g. soda ash, lime, sulfuric acid, hydrochloric acid)
- Fuel (natural gas and diesel)
- Construction labour
- Logistics and transport (trucking, maritime freight and storage)
- Cleaning, catering and maintenance

The Olaroz Lithium Facility and the Sal de Vida Project are in remote areas of Argentina. Due to this, and in accordance with our principles of shared value, we make efforts to procure as many goods and services as possible from the local communities and regions around our operations. Figure 4 shows the geographic distribution of supplier numbers for our Argentina based operations and projects in FY23.



Figure 4—Distribution of suppliers for Argentine assets in FY23 ('National' refers to Argentina, 'Provincial' for Olaroz refers to Jujuy and for Sal de Vida refers to Catamarca)

Most of our tier 1 suppliers for these operations (approximately 95% for Olaroz and 98% for Sal de Vida), are based in Argentina. Our largest recurring supplier by spend outside of Argentina is our soda ash supplier in the USA.

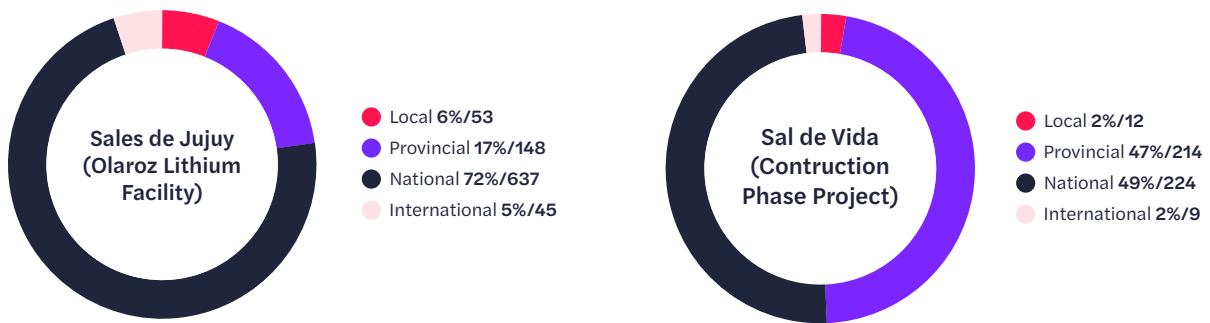


Figure 5—Distribution of suppliers for Mt Cattlin in FY23 ('National' refers to Australia, 'Provincial' refers to Western Australia)

Approximately 98% of suppliers for our Australian mining operation at Mt Cattlin are based in Australia, representing 99.5% of procurement spend. Other countries represented in our tier 1 suppliers include Singapore, South Africa, Germany and the USA.

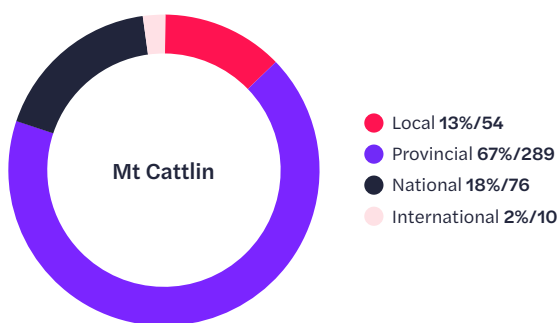
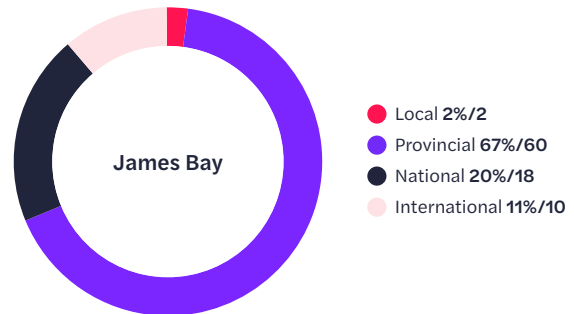


Figure 6—Distribution of suppliers for James Bay Project in FY23 ('National' refers to Canada, 'Provincial' refers to Quebec)

Approximately 81% of suppliers for the James Bay project are based in Canada, representing 91% of procurement spend. Other countries represented in our tier 1 suppliers include Australia, USA and South Africa.



Modern Slavery Risk and Due Diligence

Modern Slavery, as defined by the Australian Government Modern Slavery Act 2018 (“the Act”) refers to eight types of serious exploitation: trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour. The worst forms of child labour refer to situations where children are subjected to slavery or similar practices or engaged in hazardous work.

Risk Factors Identified

We need to understand potential risk factors that could indicate that we are at risk of causing, contributing to, or being linked to modern slavery. To do this, we draw on internal and external data sources to continually refine our modern slavery risk profile. During the year, we completed an assessment of our tier 1 suppliers across the business, applying a preliminary risk rating based on the following criteria:

Sector (Product and Services) Risks

Although modern slavery can occur in all industries and sectors, some products or services are associated with a higher incidence¹. This can be due to working conditions, or the processes used to create the products.

Higher Risk Products

- construction materials (such as bricks and rubber)
- electronics and technology (in particular, solar panels)
- textiles and garments (including Personal Protective Equipment (PPE) and uniforms)

Some services, regardless of where they are sourced, have also been associated with higher incidents of modern slavery. These include:

Higher Risk Services

- construction
- cleaning and laundry services
- logistics and transportation (including trucking, maritime freight, and storage)
- sectors using labour hire or outsourcing to third party contractor

Geographic Risks

Some countries may have higher vulnerability to modern slavery due to poor governance, weak rule of law, conflict, and other socio-economic factors like poverty. In our preliminary risk assessment, we used a vulnerability score above 50 to define geographic risk level based on the classification by the Global Slavery Index (“GSI”)².

¹ Global Slavery Index (2023) <https://cdn.walkfree.org/content/uploads/2023/05/17114737/Global-Slavery-Index-2023.pdf>

² www.walkfree.org/global-slavery-index/map

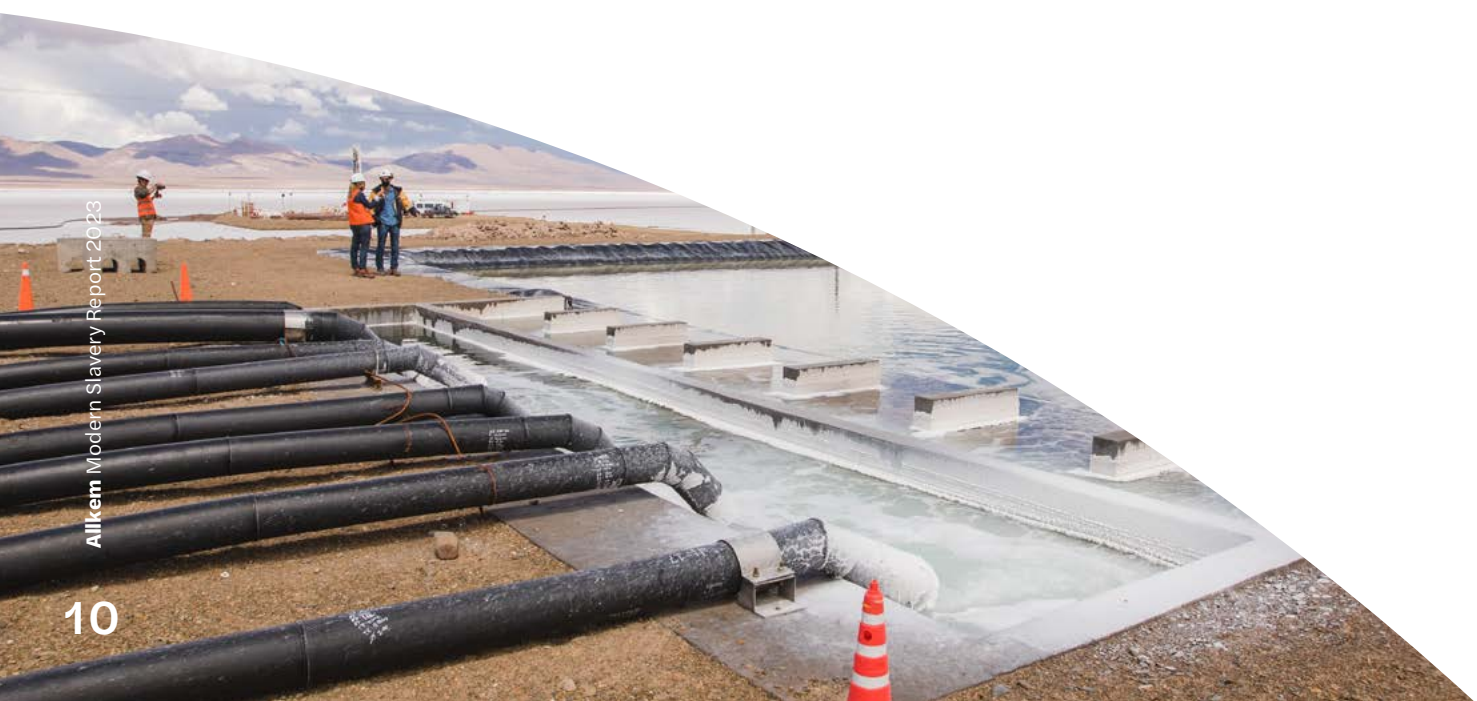
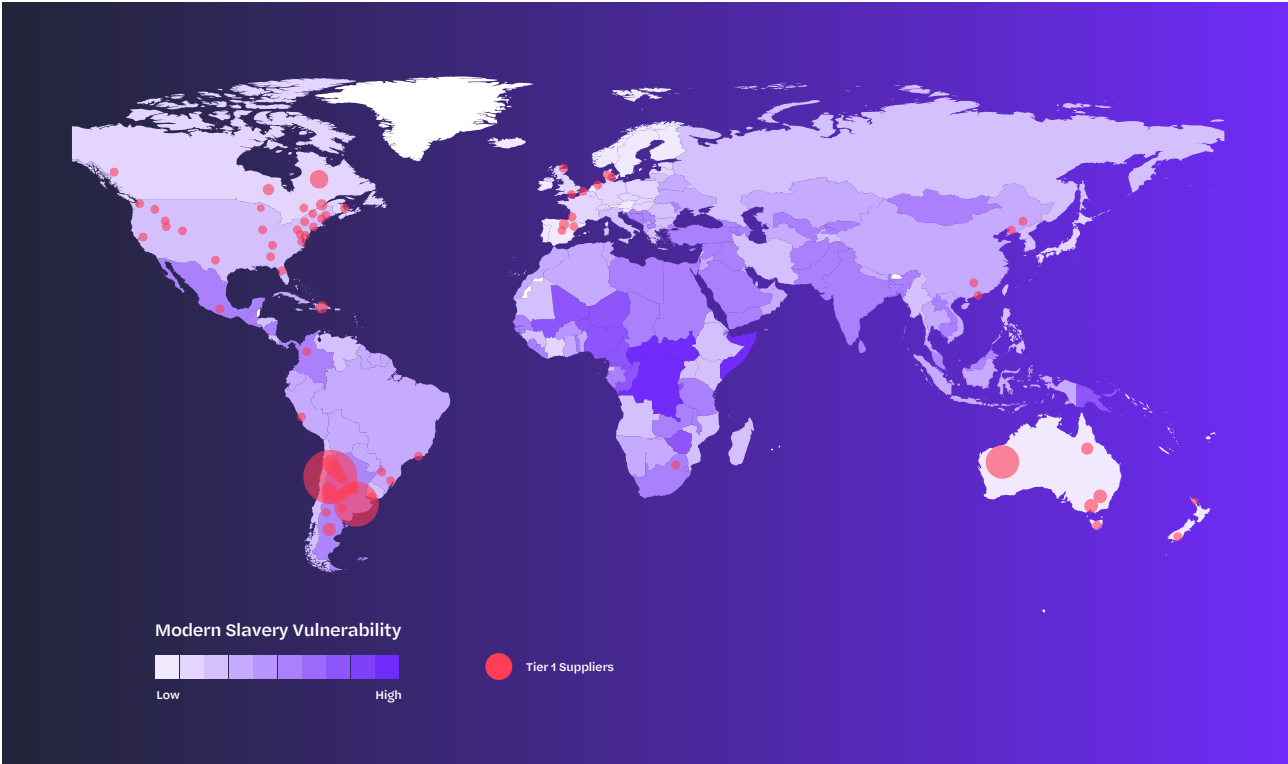


Figure7—GSI (2023) Estimate of Vulnerability to Modern Slavery and Location of Tier 1 Suppliers

In FY23, our tier 1 suppliers included two countries with higher vulnerability to modern slavery (as indicated by GSI scores above 50). These countries were Mexico and South Africa.



Entity Risks—Local Suppliers

Through our shared value team, we work closely with our local communities in Argentina to identify opportunities for local businesses in our supply chain. We recognise that there may be some small to medium enterprises (“SME”) that are still developing management capabilities and an understanding of labour standards. During the year, we worked with 65 local companies based in the communities surrounding our remote project and operation in northwest Argentina. These companies provide a range of goods and services to Olaroz and the Sal de Vida project including catering, cleaning, construction and transport logistics.

FY23 Risk Assessment Outcomes

Using the assessment of sector, geography and entity risk outlined above, we classified our tier 1 suppliers as either:

Low Risk = low geographic risk + low sector risk + low entity risk

Medium Risk = geographic risk or sector risk (but not both)

High Risk = geographic risk + sector risk

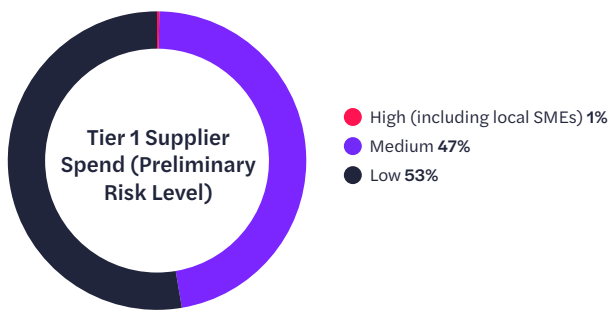
High Risk (Local SME) = entity risk

Our preliminary risk assessment for FY23 found that less than 1% of our supply chain spend is with tier 1 suppliers identified as ‘high risk’ for modern slavery. These are suppliers that are providing higher risk products or services and are based in regions with a higher vulnerability to modern slavery. This also includes local suppliers where we have identified that higher entity risk factors for modern slavery may be present.

47% of our supply chain was assessed as ‘medium risk’.

Our Modern Slavery Working Group provides a network for sharing information and incorporating feedback from implementation of the Modern Slavery Standard at each of our operations and projects. We will continue to refine our assessment of ‘high risk’ in our supply chain through this Working Group. We have identified that for certain higher risk sectors such as shipping logistics and solar panels, assigning a higher risk rating and implementing further mitigation actions is considered reasonable even if tier 1 suppliers are in countries with a lower vulnerability to modern slavery risk.

Figure 8—Tier 1 Supplier Preliminary Risk Level



How we Manage Risk and Assess Effectiveness

Governance and Policies

Our Board Sustainability Committee [Charter](#) specifically assigns responsibility for *Human Rights in relation to community and supply chain and including Australian Government Modern Slavery Act 2018 Reporting to the Committee*.

We also have [policies](#) in place which outline our commitment to human rights, responsible labour practices, and associated capacity building. These are available on our [website](#) and include:

- Corporate Code of Conduct Policy—reviewed and approved by the Board in December 2022 (applies to employees, contractors and suppliers)
- Human Rights Policy—reviewed and approved by the Board in May 2022
- Community and Social Performance Policy—reviewed and approved by the Board in September 2023
- Sustainable Development Policy—reviewed and approved by the Board in May 2022

Consultation Across Controlled Entities

During the year, we finalised Allkem’s Group level Modern Slavery Standard. This Standard was developed with input from Allkem’s Modern Slavery Working Group comprising representatives from sustainability, procurement, legal and compliance teams from across the business and subsidiary companies. Working group sessions were held with teams from Australia, Canada, and Argentina to develop and finalise the Standard. Bringing this group together from all across the business, has been a valuable exercise in identifying risks, sharing knowledge and expanding the scope of existing mitigation efforts.

The Standard outlines the actions required across our business to identify risks of modern slavery in our operations and supply chains and also sets out actions to be implemented to address any risk factors identified. These actions are being implemented through a phased approach. The first stage was conducting a preliminary risk assessment for our FY23 tier 1 suppliers. We are now implementing the mitigation actions defined in the Standard across the business. The Modern Slavery Working Group will continue to refine these by incorporating shared experience across the Group and by monitoring international research on modern slavery risk including available tools and databases. The initial mitigation actions identified in the Standard are summarised below:

Process for Managing Low-risk Suppliers

- Contracts with our suppliers use Allkem’s standard form contracts or purchase order terms, which contain Allkem’s anti-modern slavery obligations and warranties.
- If a supplier insists on amendments to Allkem’s standard documents or on using their own form of agreement, Allkem’s Legal Department must assess the risk and give approval.
- [Allkem’s Code of Conduct](#) also applies to our suppliers and contractors. A record of each acceptance of our policies must be stored within the supplier management system for each operation.

Process for Managing Medium-risk Suppliers

In addition to requirements for low-risk suppliers,

- Conduct additional due diligence. We are currently testing a web-based screening tool to assess if the supplier has been associated with any reported instances of modern slavery or other human rights abuses. If the pilot project (being carried out for our Argentine operations) is successful, this tool will be rolled out across all sites and projects. For our other sites, this process is being implemented as a desktop search in the interim.
- Medium risk suppliers where annual contract spend is expected to be greater than a set amount are also required to respond to a modern slavery due diligence questionnaire before entering into or renewing a contract.
- Where any specific modern slavery risk factors are identified, the process for managing high-risk suppliers will apply. If no further risk factors are identified, this will be documented.

Process for Managing High-risk Suppliers

In addition to requirements for low and medium risk suppliers, the following mitigation actions are to be implemented for suppliers identified as high risk.

- Regardless of contract spend, all high-risk suppliers will be required to respond to a modern slavery due diligence questionnaire before Allkem enters into or renews its contract with that supplier.
- The outcomes from additional research and the supplier's response to the questionnaire (including supporting documentation) are to be used to conduct a more detailed risk assessment.
- Where any specific modern slavery risk factors are identified through this process, the compliance and sustainability teams will assess appropriate mitigation actions on a case-by-case basis.
- In cases where no additional risk factors are identified, this must also be documented.

Process for Managing High Risk Local SME Suppliers

Our Shared Value Teams work to identify opportunities to promote human rights with our local communities and manage programs aimed at empowering local indigenous populations. We are focused on building the capacity of our local and provincial suppliers so that revenue from our supply chain activities can further contribute to the socio-economic development of communities in the regions where we operate. We have built strong networks with our local communities and draw on these to better understand how we can manage any potential risks with these suppliers. Specific training is an ongoing part of Allkem's local capacity building programs.

Additional Requirements for On-site Suppliers

For any contractors working on our sites, appropriate health and safety performance and care for their employees is considered critical. The Health, Safety and Environment teams and Risk Management teams support the Procurement teams with site-based inspections and evaluation of suppliers.

For contractors and service providers who work on our sites, we have incorporated an additional level of control with our supplier management systems. The supplier management systems assist us with documenting all supplier relationships and managing vendor service delivery at our sites. Through the system, we document supplier adherence to our policies concerning health, safety, environment, and social requirements (including human rights), as well as other contractual requirements. At our sites in Argentina, checks are completed to ensure companies are complying with the legal requirements of Argentine authorities regarding issues such as payment of salaries, health and safety, and fair workload.

Instances where suppliers or contractors fail to meet requirements are investigated with outcomes documented in the supplier management system.

Case Study—Local Supplier Withholding Payments From Their Employees

During the year, workers for one of our local suppliers in Argentina reported to our operating company (Sales de Jujuy) that they were not receiving payments from their employer. These direct reports were also backed up by a formal claim from the trade union representing the workers.

Mitigation Response

Sales de Jujuy Legal and Human Resources teams engaged directly with the contractor company to investigate the claims that the employee payments were not being made. We then undertook further engagement with the contractor, representatives of the Jujuy Ministry of Labour and the local union to resolve the dispute.

Resolution: the contractor committed to making the overdue payments, which were subsequently made in instalments to the impacted workers.

Prevention and Monitoring

Sales de Jujuy's Value Chain and Compliance teams have put monthly follow-up audits in place with the contractor to monitor for any further deviations in relation to employee documentation and/or payments.

As this company is a local supplier, the Sales de Jujuy Shared Value team continue to engage with local community members to better understand any further outcomes associated with the incident.

Grievance Mechanisms and Response Plans

Allkem has grievance mechanisms in place, including a [Whistleblower Policy](#) that applies not only to our employees but also our suppliers and employees of our suppliers. This policy is publicly available in the local languages of the areas where we operate. This policy encourages disclosers to report issues if they reasonably believe someone has engaged in serious wrongdoing. This system is managed by external companies for each region to guarantee transparency, objectivity and if required, anonymity. When complaints are registered, details are communicated to Allkem's Corporate Internal Audit Manager, and an investigation is opened. A response team is then formed with the appropriate skillsets based on the nature of the incident. The team may include internal and external subject matter experts. All whistle blower investigations are reported to the Board Sustainability Committee and investigations are followed through until a resolution is reached.

A comprehensive set of Crisis Management Plans have also been developed to standardise incident response procedures across Allkem's global operations and projects. These plans may provide guidance for responding to incidents such as modern slavery, if detected in our supply chain.

Training and External Partnerships

During the year we have started rolling out specific Modern Slavery e-learning training modules. We have also incorporated modern slavery training within the Code of Conduct e-learning module that all employees are required to complete.

Completion rates of Code of Conduct training across each of our operations and projects during FY23 are shown below:

88%

Sales de Jujuy (Olaroz)

79%

Mt Cattlin

97%

Sal de Vida

79%

James Bay

As demonstrated in the case study on p.13, we work with external stakeholders in the regions where we operate to improve outcomes for workers in our supply chain. We work with government departments and labour unions to raise awareness and improve working conditions.

We also engage with the Argentine National Institute of Industrial Technology (INTI) to better understand the needs of our local suppliers and provide the training required to improve business acumen and outcomes for our suppliers, their employees and our business.

The continuing education program that we have implemented for local employees of our Olaroz Lithium Facility is also available to employees of our local suppliers. Further information on this initiative is available in our FY23 Sustainability Report. By increasing education levels, employees in the local communities are also increasing the employment options available to them. During FY23, 22 of the 66 students enrolled in the program were employed by local contracting companies with the remainder being direct employees at Olaroz.

Reporting on Progress

Our performance against material social and environmental topics is reported annually in our [Sustainability Report](#), and [performance data](#). Our key performance indicators include progress against our Modern Slavery Action Plan, summarised below.



Modern Slavery Action Plan

Actions

FY23 Progress

1. Map our structure, operations, and supply chains.

- Mapping of Allkem structure, operations, and high-level supply chains across each operation and project ✓
- Continue mapping and categorising Tier 1 supply chains for new suppliers ➔

2. Set policy commitments in relation to modern slavery

- Gap Analysis: Collating current policies and identifying gaps ✓
- Adapting existing policies and formulating new policies as required including development of the Group Level Modern Slavery Standard ✓

3. Carry out a risk assessment

- Complete standardised initial risk assessment for modern slavery risk factors across each operation and project ✓
- Carry out further detailed modern slavery risk assessment for medium-high risk level suppliers. Focus for FY24—Product Shipping and Solar Panel Procurement ➔

4. Assess and manage identified risks

- Evaluate current controls for modern slavery risk across operations and supply chains ✓
- Review and adapt contract terms and codes of conduct with suppliers. ✓
- Continue integrating modern slavery risk evaluation into supplier selection and review process ➔

5. Monitor the effectiveness of steps taken

- Develop supplier performance KPIs to monitor the effectiveness of steps taken ➔
- Implement and report on supplier performance KPI's ➔

6. Awareness raising actions

- Conduct training for employees on the UN Guiding Principles on Business and Human Rights. ➔
- Developing training for staff on modern slavery risks and impacts ✓
- Developing training for contractors on modern slavery risks and impacts ➔
- Developing training for local community contractors in payroll and tax obligation topics ➔

✓ Complete
 ➔ Ongoing

