

Modern Slavery Statement 2022

Together we
create opportunity.



 **Allkem**

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 2022 (FY22). The statement outlines the activities of Allkem (Orocobre Ltd prior to November 30, 2021), our subsidiaries and the joint ventures of which we had management control during FY22.

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

This Statement was approved by the Allkem Board on 10 December 2022.

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 produce lithium concentrate and chemical products for our global customer base. 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 25 August 2021 we completed a merger of equals with Galaxy Resources. This merger provides the combined group with a portfolio of world class assets that allow us to partner with the largest and most influential customers to supply high-quality lithium chemicals. On 30 November 2021, the combined company was renamed ALLKEM Limited, recognising our focus on battery chemicals and that, together, we can achieve more.

Additional information about our assets, controlled entities, and investments is available in this statement as well as on our [website](#) and in our [FY22 Annual Report](#) and [Sustainability Report](#). The scope of this Modern Slavery Statement references our progress during FY22 focused on standardising approaches and policies across each subsidiary company of the merged entity.

Structure, Operations and Growth Projects

Allkem's operations and development projects during FY22 are identified in the map in Figure 1.

Figure 1—Map of Allkem operations and growth projects during FY22

James Bay (100%)

Stage	Permitting and Engineering
Type	Hard rock
Product	Spodumene concentrate
Production Capacity	321 ktpa @ 5.6% Li ₂ O
Resources ¹	40.3 Mt @ 1.4% Li ₂ O

Olaroz (66.5%)

Stage	Operating/development
Type	Brine
Product	Carbonate
Production Capacity	42.5 ktpa
Resources ¹	16.2 MT LCE (100%)

Borax (100%)

Stage	Operating
Type	Borates minerals and refined chemical products

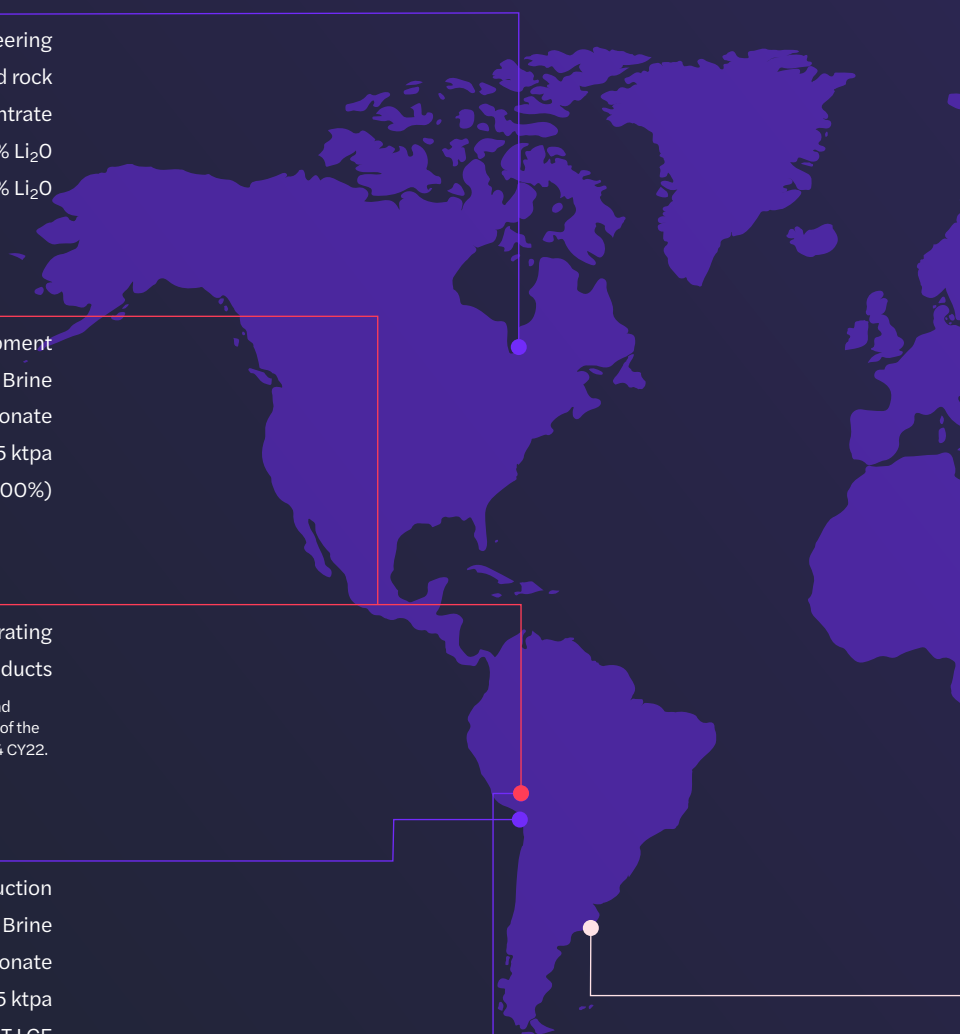
Subsequent to the end of the period Allkem entered into a binding and conditional Heads of Agreement to sell Borax. Subject to satisfaction of the conditions, it is currently anticipated that this sale will complete in Q4 CY22.

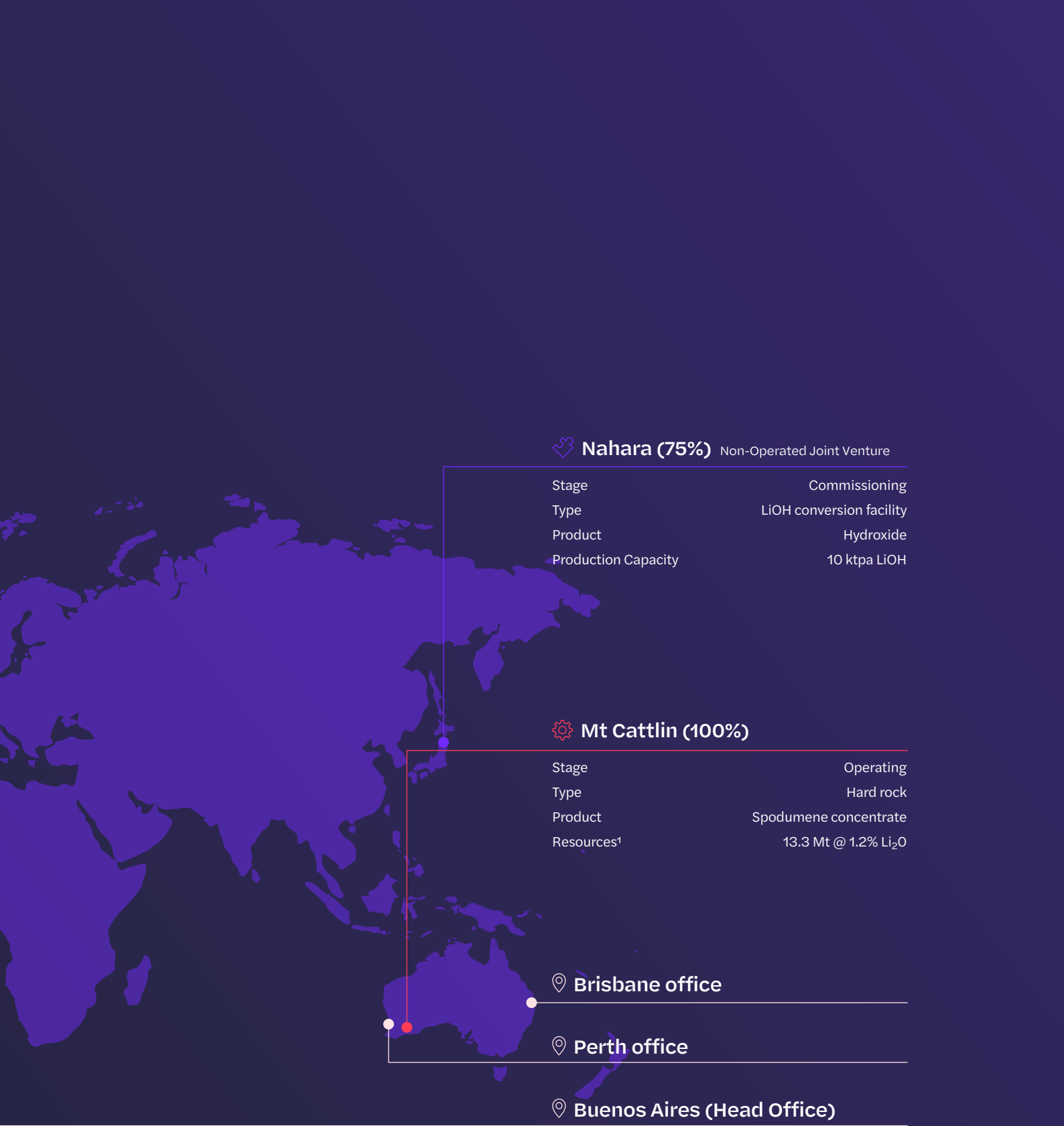
Sal de Vida (100%)

Stage	Construction
Type	Brine
Product	Carbonate
Production Capacity	45 ktpa
Resources ¹	6.85 MT LCE




Cauchari (100%)

Stage	Early studies
Type	Brine
Resources ¹	6.3 MT LCE





Key

-  Operating Asset
-  Development Asset
-  Office

¹ Refer to FY22 Annual Report for Resource and Reserve information.

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 **193,563 dmt²** spodumene concentrate (average grade of 5.6% Li₂O) in FY22. 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 2022, Mt Cattlin had 95 permanent, direct employees and a contractor workforce contributing a further 419,755 hours during the year.

The Olaroz Lithium Facility

Stage 1 Operation and Stage 2 Expansion Project

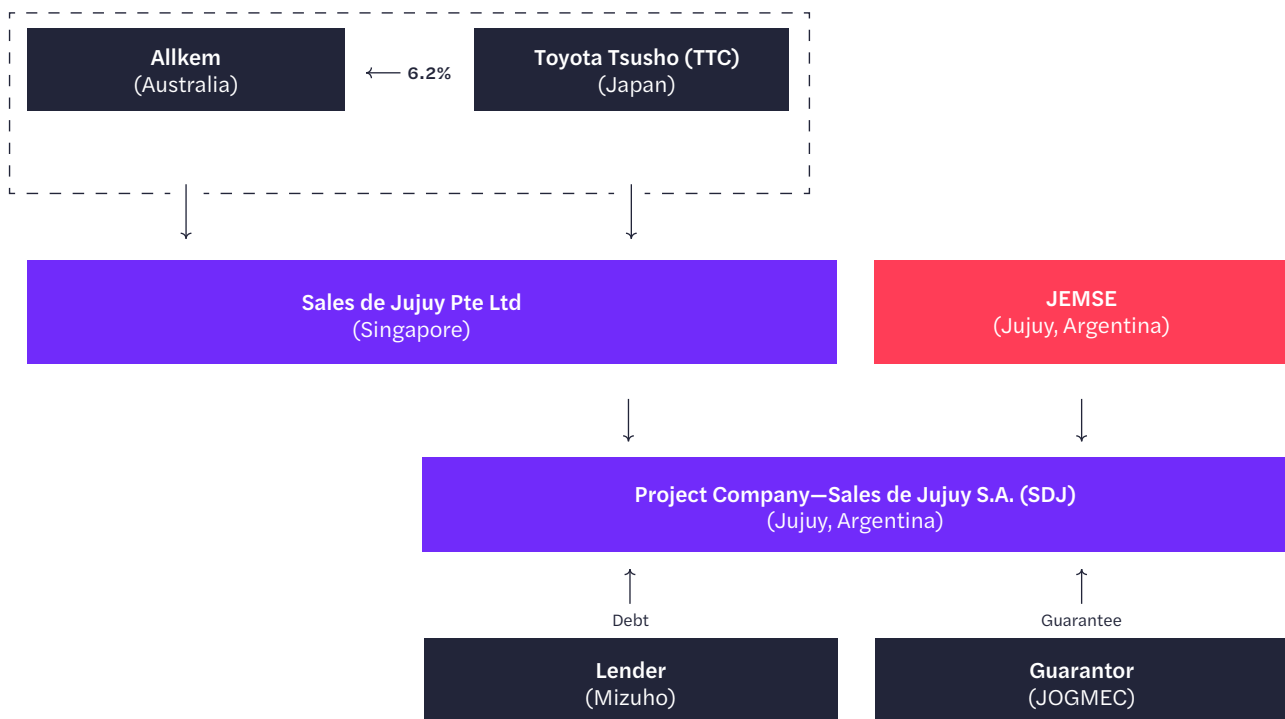
The Olaroz Lithium Facility (**Olaroz**) is a large-scale brine-based operation located in the Jujuy province of northern Argentina at an altitude of approximately 3,900 metres above sea level. The facility commenced operations in 2015.

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.

The Olaroz Lithium Facility produces primary grade lithium carbonate and both micronised and non-micronised purified lithium carbonate. Products are sold to a diverse customer base in Asia, Europe, and North America with over 85% of the **12,863 tonnes** lithium carbonate produced during FY22 estimated to have contributed to the global battery supply chain. Targeted Production Capacity (Including Stage 1 and 2) is 42.5 ktpa of lithium carbonate.

As at 30 June 2022, Olaroz had 628 direct employees, an increase of approximately 28% from FY21. 521 of these are permanent employees and 107 employees on fixed term contracts. These figures include people employed in Stage 1 operations as well as the Stage 2 Expansion Project.

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



2 Dry Metric Tonne—This production volume is based on the full financial year ending 30 June 2022. The FY22 financial statements are based on Mt Cattlin's results from the 10-month period post-merger completion date i.e. 25 August 2021 to 30 June 2022.

Borax Argentina

During FY22 Allkem owned 100% of Borax Argentina (**Borax**), a producer of borates minerals and refined chemical products, located in northwest Argentina. Borax operates two open pit mines and concentration plants at Tincalayu and Sijes at approximately 4,000 metres above sea level, as well as refinery, logistics and dispatch facilities at Campo Quijano, at 1,350 metres above sea level.

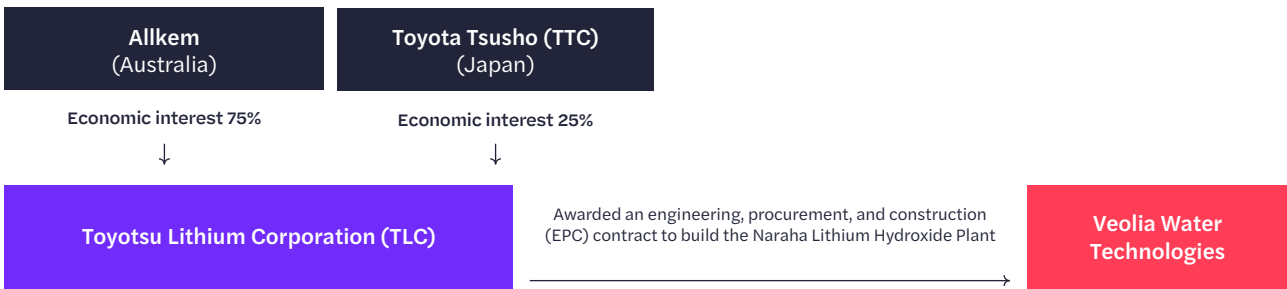
As at 30 June 2022, Borax had a workforce of 287 people, 269 permanent employees and 18 employees on fixed term contracts. Subsequent to the end of the reporting period, Allkem entered into a binding and conditional Heads of Agreement to sell Borax. It is currently anticipated that this sale will be completed in Q4 CY22.

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 following the end of the reporting period, 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).

Figure 3—Naraha Lithium Facility JV Structure



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](#).

Other 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 and construction of Stage 1 (15 ktpa) has commenced. First production is targeted in H2 CY23 with brine evaporation occurring during plant construction, allowing concentrated brine to feed the plant once commissioned. Development of Stage 2 (30 ktpa) will occur sequentially. During FY22 the project employed 211 permanent, full-time employees, and contractors contributed a further 653,000 hours.

James Bay

The James Bay project, located in Quebec, Canada, was in the permitting and detailed engineering phase during FY22. When in operation, the mine will have a targeted production capacity of **321 ktpa** spodumene concentrate @ 5.6% Li₂O. During FY22 the project had 20 direct employees.



Supply Chains



During FY22, our key supply chain activities were associated with our operations in Australia at Mt Cattlin and in Argentina at the Olaroz Lithium Facility and Borax, as well as the construction activities at our Stage 2 Expansion Project at the Olaroz Lithium Facility and at the Sal de Vida Project.

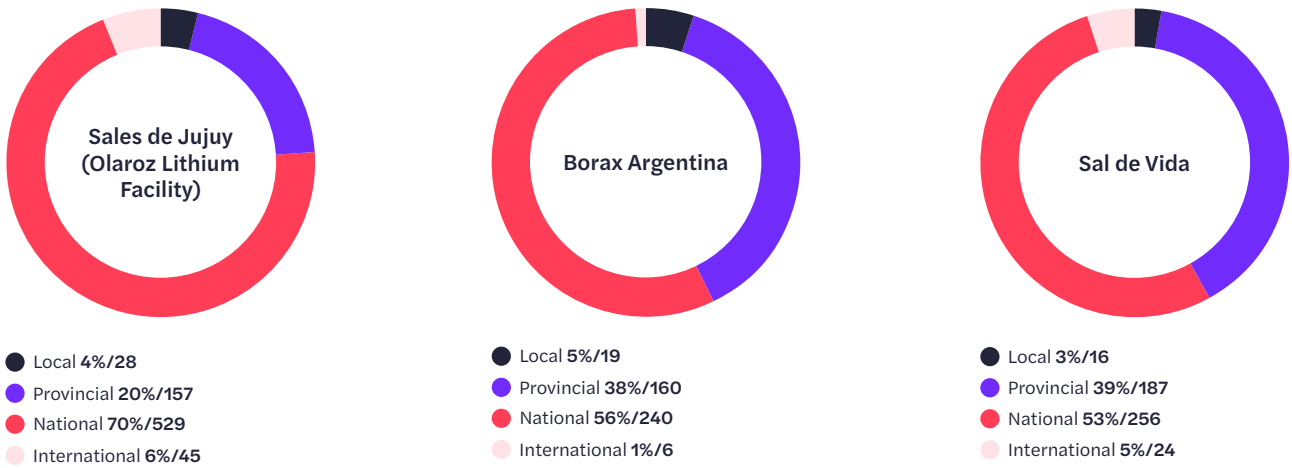
Key goods and services procured included:

- Process input materials for operations (e.g. soda ash, lime, sulfuric acid, hydrochloric acid)
- Construction materials (e.g. steel, geomembrane)
- Fuel (natural gas, diesel and intermediate fuel oil)
- Construction labour
- Logistics and transport (trucking, maritime freight and storage)
- Cleaning, catering and maintenance.

SDJ operations at the Olaroz Lithium Facility, operations at Borax Argentina 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 FY22.

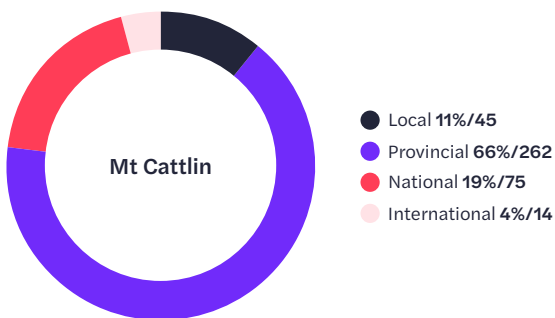
We make efforts to procure as many goods and services as possible from the local communities and regions around our operations.

Figure 4—Distribution of Suppliers for Argentine assets in FY22 ('National' refers to Argentina)



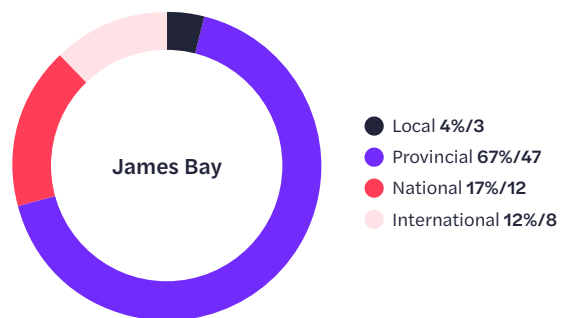
Most of our tier 1 suppliers for these operations (approximately 94% for Olaroz, 99% for Borax and 95% for Sal de Vida), are based in Argentina. Our largest recurring supplier by spend outside of Argentina is our soda ash supplier in the USA.

Figure 5—Distribution of suppliers for Mt Cattlin in FY22 ('National' refers to Australia)



Approximately 96% of suppliers for our Australian mining operation at Mt Cattlin are based in Australia, representing 97% of procurement spend.

Figure 6—Distribution of suppliers for James Bay Project in FY22 ('National' refers to Canada)



Approximately 88% of suppliers for the James Bay project are based in Canada, representing 93% of procurement spend.

Modern Slavery Risk and Due Diligence

Modern Slavery, as defined 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* (through the activities of other entities that we have business relationships with) modern slavery. To do this, we draw on internal and external data sources to continually refine our modern slavery risk profile. Below, we have summarised the key risk factors relevant to our operations and supply chain.

Product and Services Risks

Although modern slavery can occur in all industries and sectors, some products or services are associated with higher incidences of modern slavery³. This can be due to working conditions, or the processes used to create the products.

Higher risk *products* in our supply chains include materials, chemicals, textiles, and technology.

Higher risk *services* that we procure are associated with construction, cleaning and laundry services, logistics and transportation (including trucking, maritime freight, and storage).

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. Most of our tier 1 suppliers are based in Argentina, Australia or Canada which have a relatively low prevalence of and vulnerability to modern slavery based on the classification by the Global Slavery Index⁴. Very few of our tier 1 suppliers⁵ are based in countries identified as being highly vulnerable to modern slavery.

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.

³ ACSI (2019) [Modern Slavery Risks, Rights and Responsibilities](#)

⁴ <https://www.globalslaveryindex.org/2018/data/maps/#prevalence>

⁵ Further investigation with our tier 1 suppliers is required to quantify potential geographic risks present in tier 2 suppliers.

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 that are still developing management capabilities and understanding of labour standards.

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
- Supplier Code of Conduct
- Human Rights Policy
- Community Policy
- Sustainable Development Policy.

Contractual Requirements for our Suppliers

During FY22, our Spanish language [Supplier Code of Conduct](#) was updated and approved by the Executive for use at our operations and projects in Argentina. This Code of Conduct defines our expectations of our suppliers including adherence to policies regarding Human Rights, Environment, Labour and Anti-Corruption. The Code supports our commitment to the UN Guiding Principles for Business and Human Rights, and our obligations under Australian Government Modern Slavery Legislation. At 30 June 2022, 265 of 759 Olaroz suppliers had signed this updated version of the Code of Conduct.

During the year we also worked towards standardising our English language supplier documentation. Standard form contracts for suppliers of operations and projects in Australia and Canada have been updated to include clauses requiring adherence to Allkem's policies. Goods and Services Agreements and Purchase Order Terms and Conditions used in Australia also include specific clauses relating to ethics and modern slavery. For Canadian suppliers, these documents are also being translated into French. Information regarding a new supplier's acceptance of our policies is recorded in the supplier management system for each operation or project along with general legal, fiscal and tax information.

During FY21, we initiated environmental and social assessments of key suppliers of Olaroz and Borax. 23 Olaroz suppliers and 12 Borax suppliers were screened through this process. No additional suppliers were assessed using environmental and social screening during FY22 as we focused on internal standardisation of these processes across each of the operations of the merged entity.

Additional Requirements for On-Site Suppliers

For any contractors working on our sites, appropriate health and safety performance 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. This system helps to monitor compliance with statutory and contractual requirements. 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 also documented in the supplier management system.

Engagement and Collaboration with Local Community Suppliers

Our Shared Value Team 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. Our Procurement and Shared Value teams provide support and training for these suppliers regarding labour regulation and the implications of the corresponding labour union agreements. During FY22 we conducted training sessions with 43 suppliers.

Consultation with Controlled Entities

During FY22, the management teams of each controlled entity, worked to understand the different approaches used for managing supply chain risk, and work has begun to standardise these approaches across the operations and development projects of the merged entity.

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 encourages disclosers to report issues if they reasonably believe someone has engaged in serious wrongdoing.

This system is managed by external companies for each of the regions where we operate 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 were also developed in FY22 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

Through our membership with BSR during FY22, we conducted training workshops about the UN Guiding Principles on Business and Human Rights for our staff and leadership teams. During the year we have also begun developing specific Modern Slavery e-learning training modules to be rolled out across each country where we operate during FY23.

Reporting on Progress

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



Modern Slavery Action Plan

Actions

FY23 future focus on implementing approach across all operations

1. Map our structure, operations, and supply chains

- Mapping of Allkem structure, operations, and high-level supply chains ✓
- Continue mapping and categorising Tier 1 supply chains (for Allkem Corporate, Olaroz, Mt Cattlin, Sal de Vida and James Bay) →

2. Set policy commitments in relation to modern slavery

- Gap Analysis: Collating current policies, identifying gaps ✓
- Adapting existing policies and formulating new policies as required →

3. Carry out a risk assessment

- Identify high level risk factors for modern slavery across operations and supply chain ✓
- Carry our further, more detailed modern slavery risk assessment focusing on suppliers or categories where high-level risk factors are identified →

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 →
- Clarify and communicate Allkem Modern Slavery Response Plan →

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



