

Together we
create opportunity.



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 2021 (FY21). The statement outlines the activities of Allkem (Orocobre Ltd prior to November 30, 2021) and our subsidiaries and joint ventures that we owned or controlled during FY21.

During the reporting period, we actively engaged and consulted with each subsidiary company and joint venture where we have management control, to understand their approach to mitigating modern slavery risks and to contribute to the development of this statement. During FY21, the subsidiary companies and joint ventures with active operations were Sales de Jujuy S.A. and Borax Argentina S.A.

This Statement was approved by the Allkem Board on 19 December 2021.

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 and borate 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 and borate 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 and borate 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.

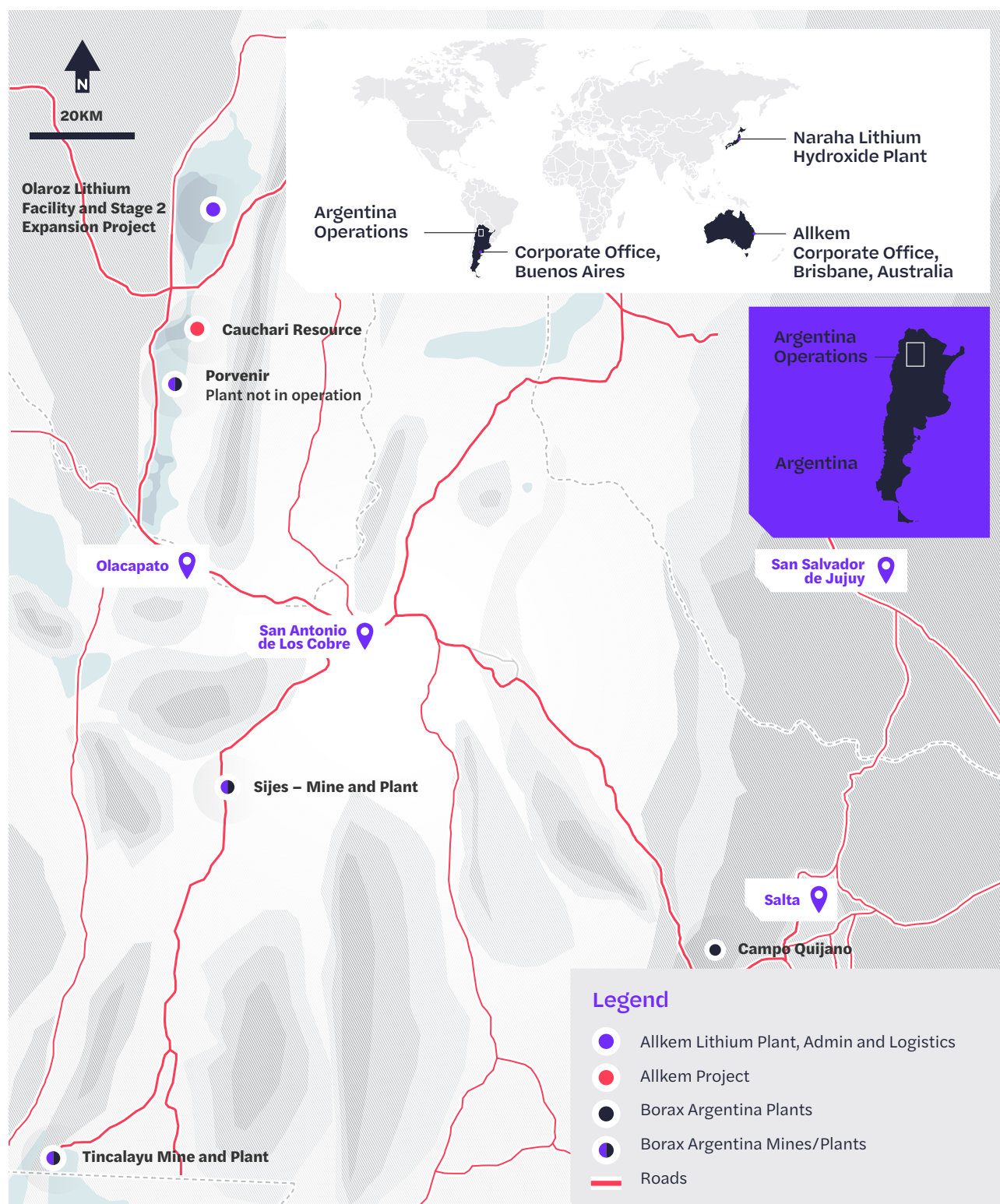
In April 2021, we announced a merger of equals with Galaxy Resources which was completed on 25 August 2021 with overwhelming support from Galaxy shareholders. This merger provides the combined group with a portfolio of world class assets that allow us to partner with the largest and most influential 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 and controlled entities and investments is available below, on our website and in our FY21 Annual Report. The scope of this Modern Slavery Statement references our progress during FY21, prior to the merger. The expanded operations and projects of the merged entity will be included in the scope of our FY22 Statement.

Structure, Operations and Growth Projects

Our operations and projects during FY21 are identified in the map in Figure 1.

Figure 1—Map of Allkem Operations and Growth Projects During FY21

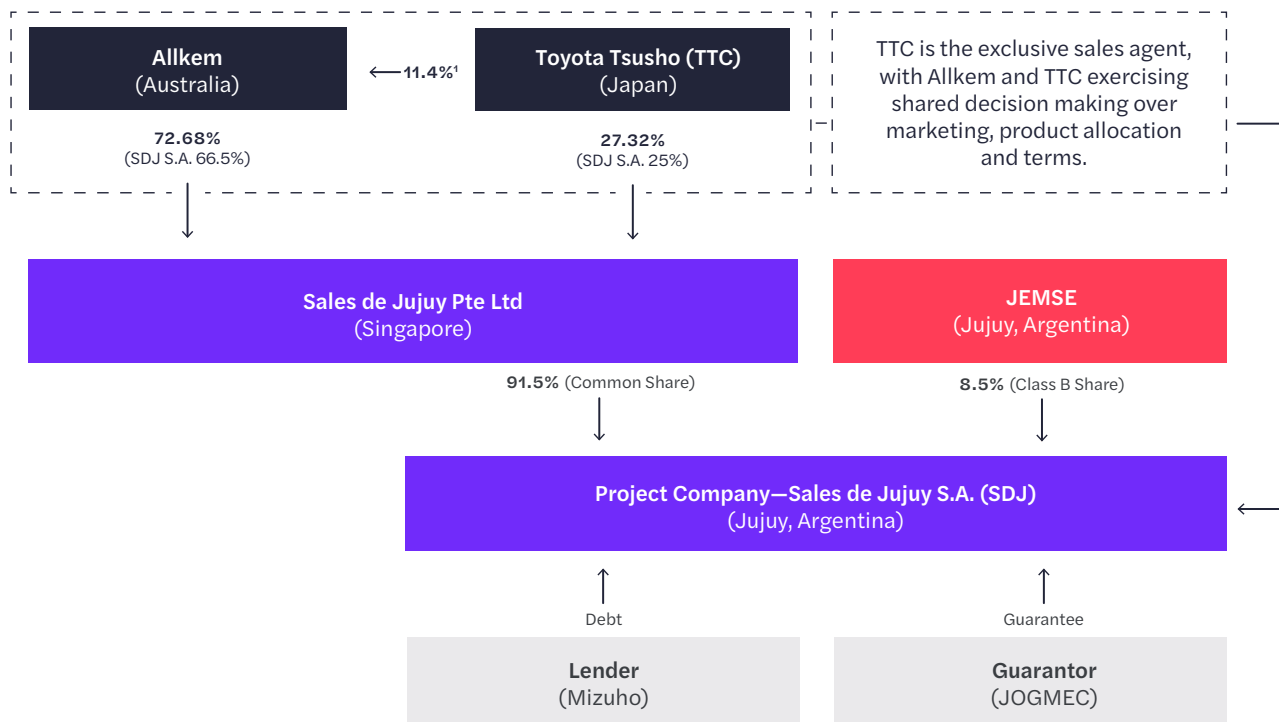


The Olaroz Lithium Facility (and Stage 2 Expansion Project)

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

The Olaroz Lithium Facility 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)¹ and JEMSE (a mining investment company owned by the provincial government of Jujuy, Argentina), is outlined in Figure 1.

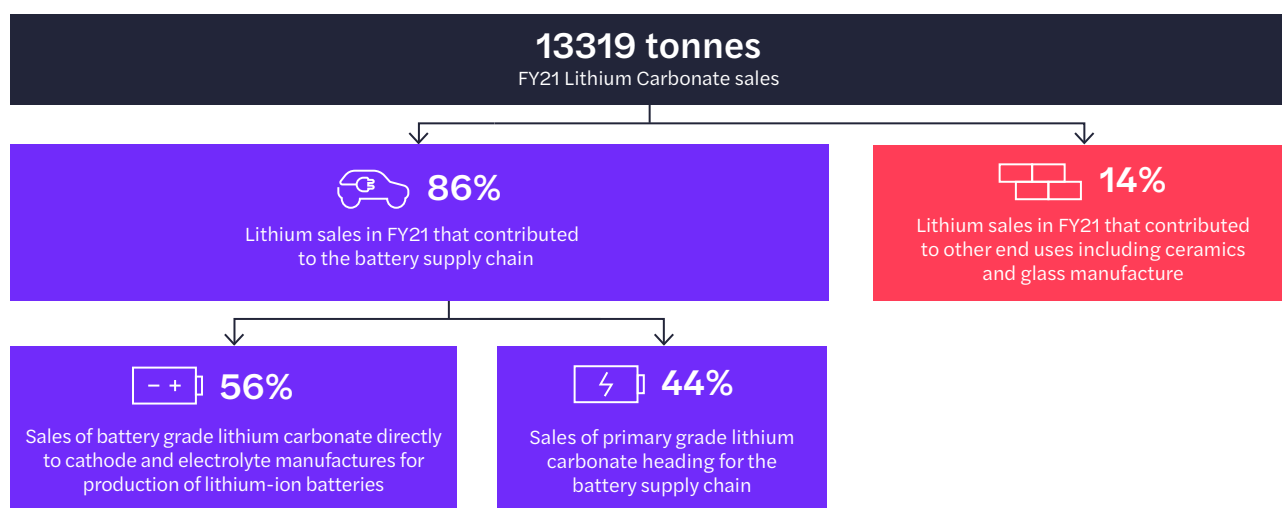
Figure 2—Olaroz Lithium Facility (operated by SDJ) JV Structure



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 86% of production during FY21 contributing to the global battery supply chain.

Our Stage 2 Expansion of the Olaroz Lithium Facility is expected to be completed in CY22. At completion, the Stage 2 Expansion will comprise a primary lithium carbonate production circuit designed to deliver an additional 25,000 tonnes per year of primary grade lithium carbonate.

As at 30 June 2021, SDJ had a workforce of 492 people, 411 permanent employees and 81 employees of fixed term contracts. These figures include people employed in operations as well as the Stage 2 Expansion Project.



¹ TTC ownership in Allkem at time of report publication is 6.2% due to completion of merger with Galaxy

Cauchari Resource

Allkem owns 100% of Advantage Lithium and its Cauchari mineral resource located adjacent to the southern boundary of the Olaroz Lithium Facility properties. This investment provides for more effective basin management and new growth and development options beyond the projected expansion of the Olaroz Lithium Facility. During FY21, Advantage Lithium employed 1 person.

Borax Argentina

Allkem owns 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.

Our Borax products have applications in a wide range of markets including agriculture, ceramics, glass, fiberglass, and detergents. The distribution of end uses for our borate products from FY21 sales is shown below.



Borax also has significant land holdings and owns the underlying tenure or holds royalty rights on all, or parts of several lithium projects being progressed by other lithium exploration companies at salt lakes including Cauchari, Diablillos, and Los Ratones. As one of the conditions to extract brines, these companies are required to make payments to Borax either as fixed annual payments or a royalty related to production. The terms of these agreements are detailed on page 98 of our [FY21 Annual Report](#).

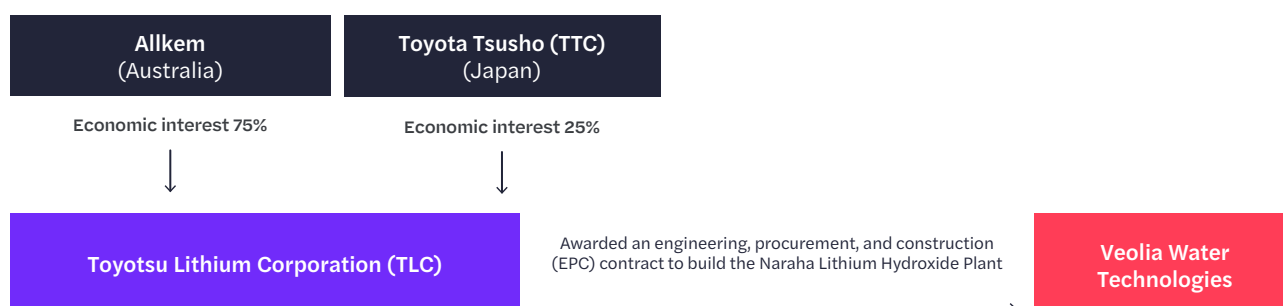
Borax has been engaged in mining operations in the region for over 50 years and has a demonstrated long-term commitment to meeting the needs of the industrial and agricultural sectors in Argentina and South America. As at 30 June 2021, Borax had a workforce of 285 people, 279 permanent employees and 6 employees on fixed term contracts.

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 purified battery grade lithium hydroxide per annum. The joint venture structure of the plant is shown in Figure 3.

The plant is expected to be operational in Q1 CY22. Although Allkem has a 75% economic interest in the Toyotsu Lithium Corporation (TLC), and significant influence, the operational control is exercised by Toyota Tsusho Corporation. As we do not have operational control of this asset, including the Naraha Project in the scope of our Modern Slavery Statement is not applicable. Further information about TTC's approach to Human Rights and Supply Chain Responsibility is available on the [Toyota Tsusho Corporation Website](#).

Figure 3—Naraha Lithium Facility JV Structure



Supply Chains



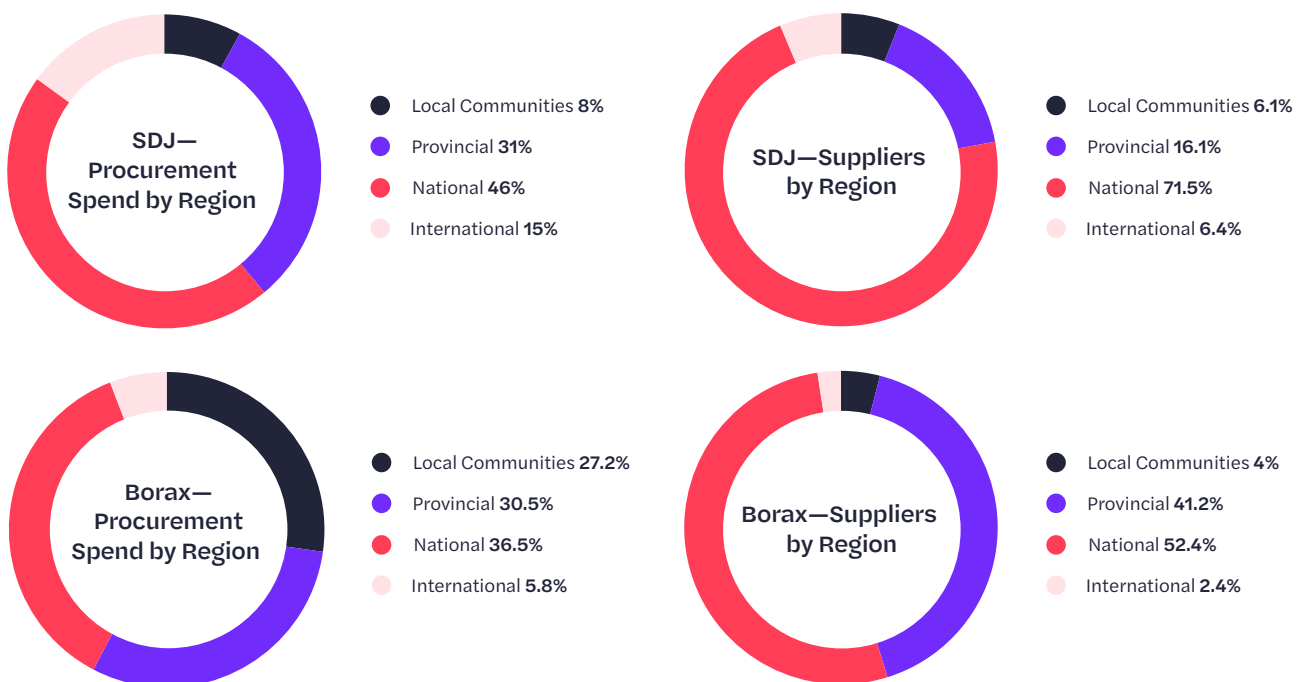
During FY21, our key supply chain activities were associated with our operations in Argentina, as well as the construction of our Stage 2 Expansion Project at the Olaroz Lithium Facility.

Key goods and services procured included:

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

SDJ operations at the Olaroz Lithium Facility and operations at Borax Argentina 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 and procurement spend for SDJ (including the Stage 2 Olaroz Expansion Project) and Borax Argentina.

Figure 4—Distribution of Supplier Numbers for SDJ and Borax in FY21 ('National' refers to Argentina)



Most of our tier 1 suppliers (approximately 94% for SDJ, and 98% for Borax), are based in Argentina. Our largest recurring supplier by spend outside of Argentina is our soda ash supplier, based in the USA. For the Olaroz expansion project, our largest supplier outside of Argentina is our engineering and technology supplier, also based in the USA.

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 slavery². 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 which has a relatively low vulnerability to modern slavery based on the classification by the Global Slavery Index³. Very few of our tier 1 suppliers⁴ are based in countries identified as being highly vulnerable to modern slavery.

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

During FY21 we updated our Board Sustainability Committee Charter to specifically assign responsibility for *Human Rights in relation to community and supply chain and including Australian Government Modern Slavery Act 2018 Reporting* to that Committee.

We also have policies and management approach disclosures 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
- Supply Chain Management Approach Disclosure
- Human Rights Management Approach Disclosure

Contractual Requirements for Our Suppliers

We are strengthening our processes to carry out due diligence and manage risks in our supply chain. During FY21, our updated Supplier Code of Conduct was approved by the Executive. This Code of Conduct defines our expectations of our suppliers including adherence to policies regarding Human Rights, Environment, Labour and Corruption. The Code supports our commitment to the UN Guiding Principles for Business and Human Rights, our obligations under Australian Government Modern Slavery Legislation. We are working to increase adherence to this new Code of Conduct by our suppliers and contractors in FY22.

Adherence is required regardless of if the supplier carries out work at our sites or at other locations. Information regarding a new supplier's acceptance of our policies is recorded in our supplier management system along

² ACSI (2019) Modern Slavery Risks, Rights and Responsibilities

³ <https://www.globallslaveryindex.org/2018/data/maps/#prevalence>

⁴ Further investigation with our tier 1 suppliers is required to quantify potential geographic risks present in tier 2 suppliers

with general legal, fiscal and tax information. For existing suppliers, acceptance of our policies regarding human rights have been incorporated into purchase order statements, which are accepted by the supplier and documented in our supplier management system.

Contract-specific human rights, environmental, and financial screening criteria are also used when inviting vendors to provide products or services. 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. During FY21, we initiated environmental and social assessments of key suppliers of SDJ and Borax Argentina. 23 SDJ suppliers and 12 Borax Argentina suppliers were screened through this process.

Additional Requirements for On-site Suppliers

For contractors and service providers who work at our Olaroz Lithium Facility, we have incorporated an additional level of control with our supplier management system (SICOP). SICOP assists us with documenting all supplier relationships and managing vendor service delivery at site. This system helps to monitor compliance with statutory and contractual requirements. Through SICOP, we document supplier adherence to our policies concerning health, safety, environment, and social requirements (including human rights), as well as other contractual requirements. The SICOP system implements document control according to three categories: suppliers, people (employees of contractors) and vehicles. The people category checks that 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 SICOP.

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.

Consultation with Controlled Entities

During FY21, the management teams of controlled entities, SDJ and Borax Argentina were involved in developing and approving our new Supplier Code of Conduct. Social and Environmental assessments of key suppliers during the reporting period were also carried out with the involvement and participation of each of these entities.

Grievance Mechanisms

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 disclosures to report issues if they reasonably believe someone has engaged in serious wrongdoing. This system is managed by an external company to guarantee transparency and objectivity. When complaints are registered, they are communicated to the relevant operating company (SDJ or Borax Argentina), and an investigation is opened. All investigations are followed through until a solution is reached.

Training and External Partnerships

Through our membership with BSR⁵, we have conducted the first phase of our human rights risk assessment and during FY21 we conducted workshops about the UN Guiding Principles on Business and Human Rights for our staff and leadership teams, including a specific section on Modern Slavery.

Reporting on Progress

We report annually, in our Sustainability Report, on our performance against material social and environmental topics. We will continue to adapt our key performance indicators in our Sustainability Report to include progress against our Modern Slavery Action Plan, summarised on the next page.

5 <https://www.bsr.org/en/membership/member-list>

Modern Slavery Action Plan

In the Action Plan below we have highlighted progress that was made for Allkem operations during FY21, prior to the merger with Galaxy Resources.

We note that Galaxy Resources had not reached the entity revenue reporting threshold during FY20 or FY21. Due to this, the company was not required submit a Modern Slavery Statement with the Australian Government Register. Although not required to submit a statement, work had been carried out to assess preparedness for reporting. This work included development of a Modern Slavery Standard, and Self-Assessment Questionnaire (SAQ) document. Standard form contracts were also updated to include modern slavery risk clauses

During FY22, our focus will be on evaluating the mechanisms in place at the operations and projects of the merged entity so that we can standardise our approach to reducing the risks of Modern Slavery across the Allkem group.

Actions	FY21 Progress (pre-merger)	FY22 Future focus on standardising approach for merged entity
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, SDJ and Borax Argentina), and for FY 22 other operations of the merged Company	→	→
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 out 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	✓	→
• Integrate 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 KPIs	✓	→
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 of Local Communities contractors in payroll and tax obligation topics	→	→
✓ Complete → Ongoing		



