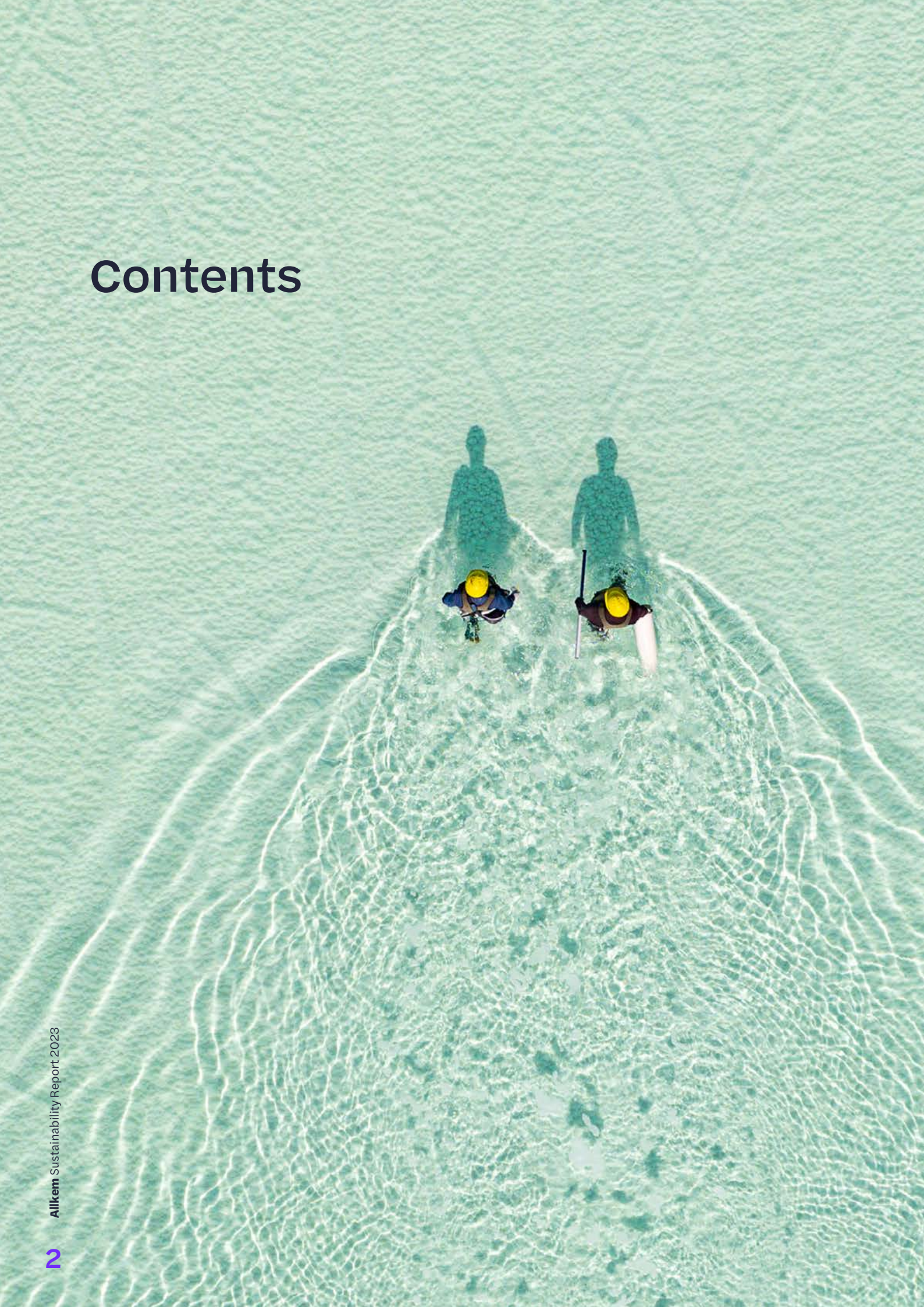


Sustainability Report 2023



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Letter from the Managing Director and CEO

Thank you for your interest in our seventh Sustainability Report, our second report since the successful merger of Orocobre Limited and Galaxy Resources and the renaming of the company as Allkem Limited.

In a year when the World Economic Forum has defined climate change as the most severe long-term risk we face at the global scale, I am proud to be leading a company with a purpose aligned with decarbonisation. We are seeing a shift away from fossil fuels and a move towards the critical minerals needed for battery storage and transport electrification. Support from Governments and auto manufacturers around the globe is resulting in unprecedented growth in lithium demand that continues to exceed forecasts. It is our focus to continue bringing quality lithium products into the market to enable this important transition.

Following the sale of Borax during the year, 100% of our assets and business activities are now focused on our lithium growth strategy and aligned with a lower carbon economy.

I am pleased to report that our Olaroz Lithium Facility in the Jujuy Province of Argentina has again achieved record production this year of 16,703 tonnes of lithium carbonate. After experiencing some initial challenges, our Mt Cattlin mine successfully implemented operational improvements, and completed the year on a high by producing 130,984 dry metric tonnes of spodumene concentrate and achieving record revenue.

Our James Bay project in Quebec finalised the Federal Government approval process in January 2023 and our teams continue to work with the Cree Nation Government and the Quebec Government to finalise the remaining approvals.

At our Sal de Vida project this year, we established the first ever IFC financing for a lithium project. To achieve this, our sustainability approach was assessed against the IFC's globally recognised environmental and social performance standards. We have also defined key sustainability performance indicators for emissions intensity, renewable energy and workforce diversity that are linked to the project financing in another first for a greenfield mining project. This financing facility aligns our sustainability performance with access to lower cross-border risk capital.

Allkem's sustainability strategy links our business model with our purpose and outlines how we generate long term value for all our stakeholder groups. Our teams engage with these groups during the year to understand what is most important to them.

We are prepared for increased expectations around transparency of sustainability performance from investors, regulators and from our customers in the battery value chain. We maintain our commitment to the United Nations Global Compact and for the third consecutive year, we have had key sustainability performance metrics externally assured against the Standards of the Global Reporting Initiative.

At Allkem, our people are central to our success, and we value the diverse perspectives and experience that exist across our global teams. The skills, knowledge and expertise in our workforce across both hard rock and brine operations sets us apart from our peers. Looking after our people is our top priority. We achieved our group level safety targets this year with TRIFR of 1.98 (per million hours) showing a 24% improvement from the prior year. The 12-month moving average Lost Time Injury Frequency Rate was 0.62 going beyond the FY23 target of <0.9. As we grow, the number of vehicles using remote transportation routes around our sites is increasing. Our road safety department was established during the year with a focus on improving safety for all road users from our operations, contractors and local communities. Initial programs have focused on vehicle safety critical controls and driver training.

Our teams have worked hard during the year identifying and evaluating opportunities that we have incorporated in Allkem's first Net Zero Action Plan. We acknowledge that there is a lot of work still to do, particularly for difficult to abate process emissions throughout our value chain. However, by initially focusing on opportunities using proven technology within our direct control, we have made significant progress addressing our scope 1 and 2 baseline emissions.

We continue to build and maintain respectful partnerships with local and indigenous communities in the areas where we operate. During the year, we updated our participation agreement with the Olaroz Chico community reflecting their ongoing support of the Olaroz Lithium Facility. Nearly 40% of our employees at Olaroz are from the 10 local communities surrounding the site and over 70% are from the province of Jujuy. During the year, this project contributed around US\$400 million to the Argentine economy through employee salaries, supplier spend, corporate income tax, employer payroll tax, export duties, royalties and dividend payments.

We have also maintained our regular program of engagement with our Mt Cattlin Community Consultation Group to increase collaboration and identify opportunities to generate shared value with the Ravensthorpe community. We will continue to work closely with the community and government while we evaluate underground mining options to further extend the mine life.

We have proposed a merger with Livent to create a leading global integrated lithium chemicals producer. Combining the many complementary assets of both companies will enhance business critical scale, global capabilities and rapidly deliver our long-term strategy of vertical integration. The merged business model will allow enhanced operational flexibility and potential for greater value capture across the supply chain and ultimately for all our stakeholders.

I would like to thank our employees, management team and Board colleagues for their hard work and commitment contributing to Allkem's success this year. To the communities with whom we operate every day, our joint venture partners and the National, Provincial and Local governments of Argentina, Canada and Australia who continue to support our business, I would also like to extend our gratitude.

Together, we produce long term, shared value by sustainably developing critical lithium resources to enable global decarbonisation.

Martín Pérez de Solay
Managing Director and CEO

“I believe that to understand someone else, you must walk in their shoes. It is important to remember though, that to walk in someone else's shoes, we must first take off our own.”



About this Report

Our 2023 financial year (FY23) Sustainability Report describes the sustainability performance of Allkem Limited. This is our seventh Sustainability Report and our second as Allkem Limited following the completion of the merger of Orocobre Limited with Galaxy Resources Limited in August 2021.

The scope of our sustainability reporting and data metrics includes key performance data from the Mt Cattlin hard rock mining operation in Western Australia, the Olaroz brine-based lithium facility in Jujuy Province Argentina operated by Sales de Jujuy S.A. (“Olaroz” or “SDJ”), and our growth projects at Sal de Vida (“SDV”) in Catamarca Province, Argentina and the James Bay project in Quebec, Canada. The data provided in this document covers the period between 1 July 2022 and 30 June 2023 unless otherwise stated. The scope of performance data reporting does not include the Naraha Lithium Hydroxide Plant which is managed by our joint venture partner Toyota Tsusho Corporation (“TTC”).

Allkem completed the sale of Borax Argentina S.A. on the 16th of December 2022 and as a result, this entity is also outside the scope of this report unless otherwise stated. On the 10th of May 2023, Allkem announced a proposed merger of equals with Livent. At the time this report was published, this merger was expected to complete around the end of the 2023 calendar year.

This report has been prepared with reference to the GRI Standards, as well as the IFRS S1 and S2 standards where relevant. The report documents the Company’s progress against the 10 Principles of the UN Global Compact and contribution to the UN Sustainable Development Goals (“SDG”).

Limited external assurance was conducted over key GRI indicators referenced in this report and associated performance data. This included analysis of the application of GRI standards and the principles of content and quality.

The independent limited assurance report is included in this report [here](#). Further supporting information regarding performance in FY23 is available on our website as follows:

- Performance Data: additional detailed sustainability indicators related to the performance of each focus area
- Case Studies: additional information relating to our local community initiatives and programs where we create shared value
- Management Approach Disclosures: Summary documents outlining strategic importance and management approach in place to address main topics of relevance to our stakeholders
- GRI Standards/UNGC/SASB/SDG Contents Index: outline of material topics and content defined by the GRI Standards, SASB standards, the Principles of the UN Global Compact and UN Sustainable Development Goals, which enables the reader to navigate the report and promptly locate information in the Sustainability Report or other references.

We welcome any comment or suggestion you may wish to share on this report through our email address: sustainability@allkem.co.



Scope of metrics included in FY23 limited assurance

GRI Standard	Performance Data Location	Metric
203-1	Community	Community Investment (by activity): Grants and Donations, Strategic Community Investment & Commercial Initiatives.
204-1	Value Chain	Proportion of spending on local suppliers
405-2	People	Ratio of basic salary and remuneration of women to men
2-7. a	People	Total number of employees, breakdown by gender and region
2-30	People	Employees covered by collective bargaining agreements
302-1	Environment	Energy consumption within the organisation
303-3	Environment	Water extraction
305-1	Environment	Direct (Scope 1) GHG emissions
305-2	Environment	Energy indirect (Scope 2) GHG emissions
305-3	Environment	Other indirect (Scope 3) GHG emissions (excluding Mt Cattlin)
306-3	Environment	Waste generated (Includes mineral waste: tailings, mine waste rock, reused mine waste).
306-4	Environment	Waste diverted from disposal
306-5	Environment	Waste directed to disposal
304-1	Environment	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
403-9	Health & Safety	Work-related injuries (LTIFR, TRIFR, Fatalities and Tier 1 process safety events/million hours worked.)

About Allkem

Allkem is a highly successful speciality lithium company, formed from the merger of Orocobre Limited (“Orocobre”) and Galaxy Resources Limited (“Galaxy”) in August 2021.

James Bay (100%)

Stage	Engineering
Type	Hard rock
Product	Spodumene concentrate

Toronto  Montreal 

Olaroz (66.5%)

Stage	Operating/ development
Type	Brine
Product	Carbonate

 Buenos Aires

Cauchari (100%)

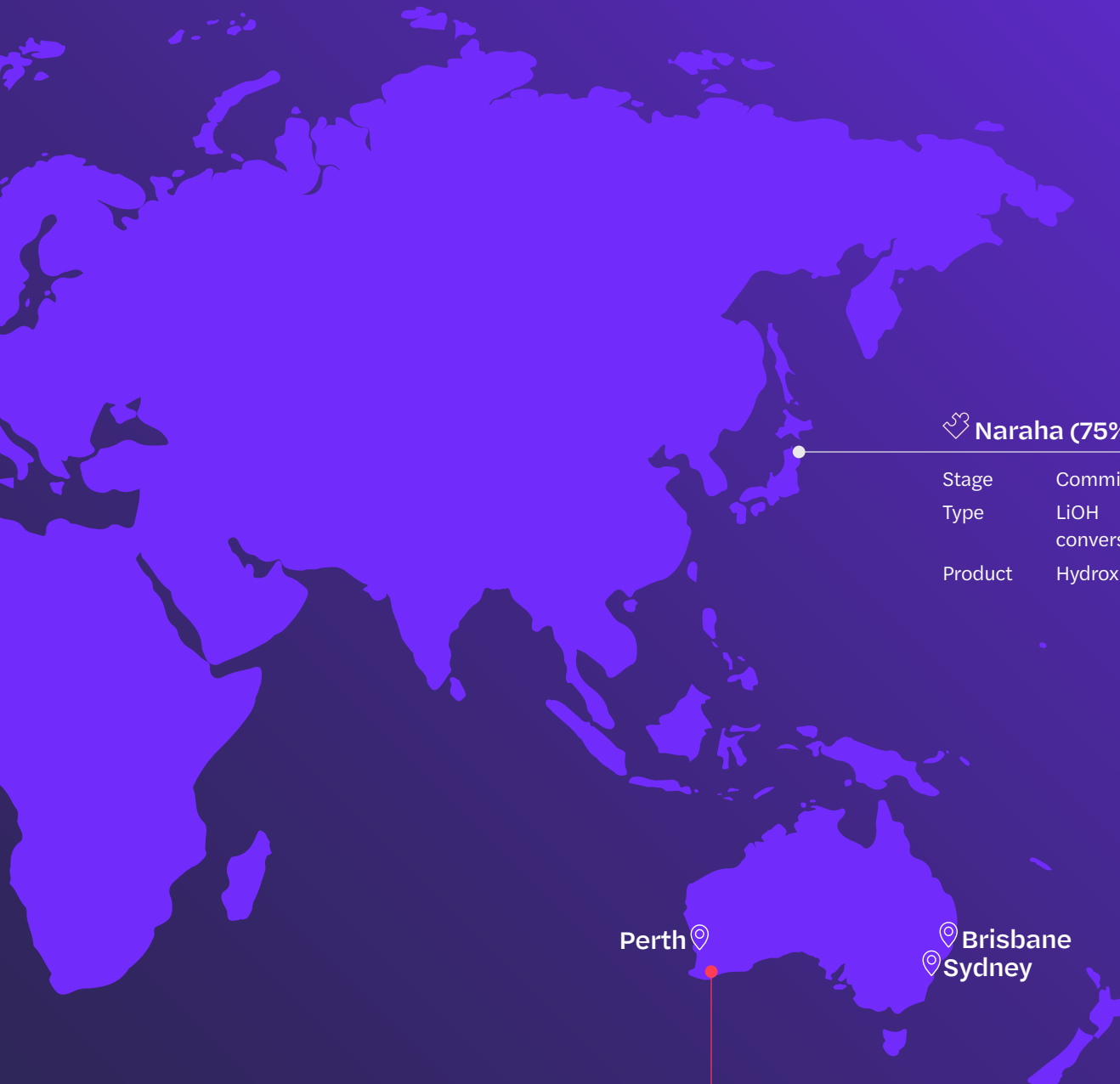
Stage	Early studies
Type	Brine

Sal de Vida (100%)

Stage	Construction
Type	Brine
Product	Carbonate

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

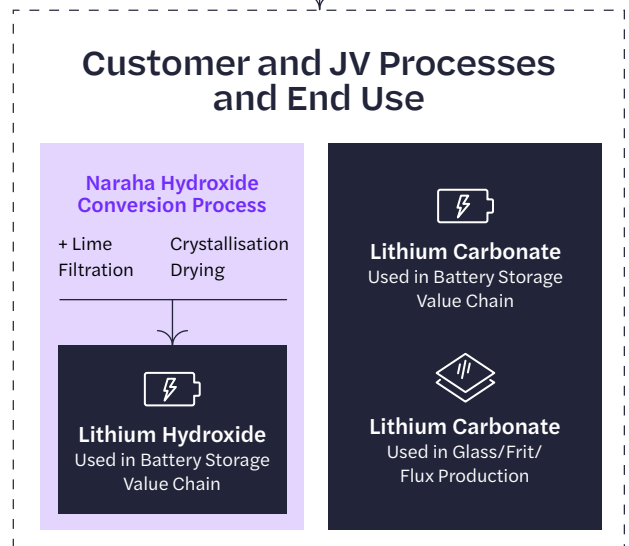
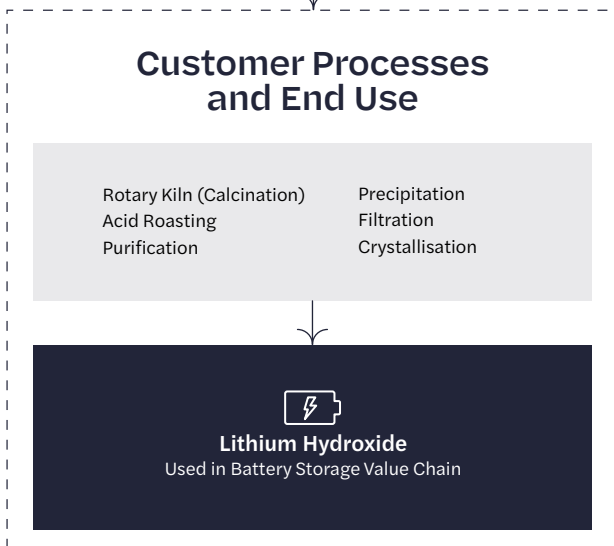
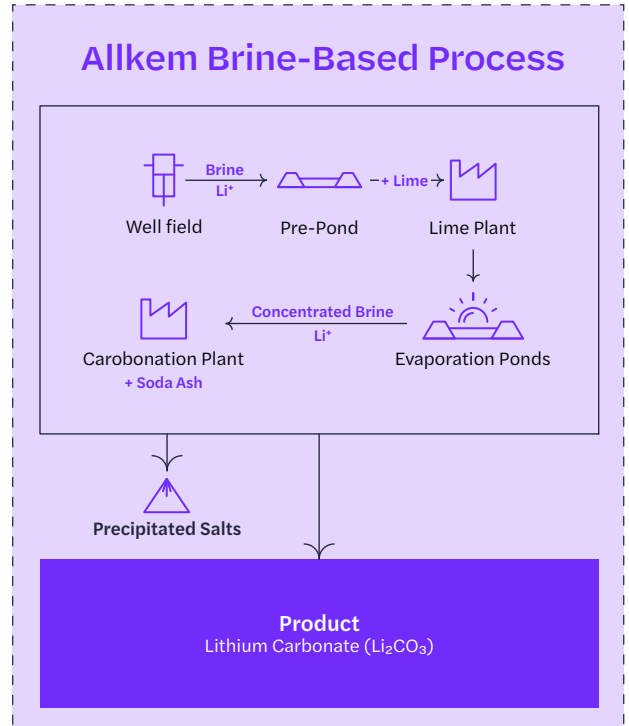
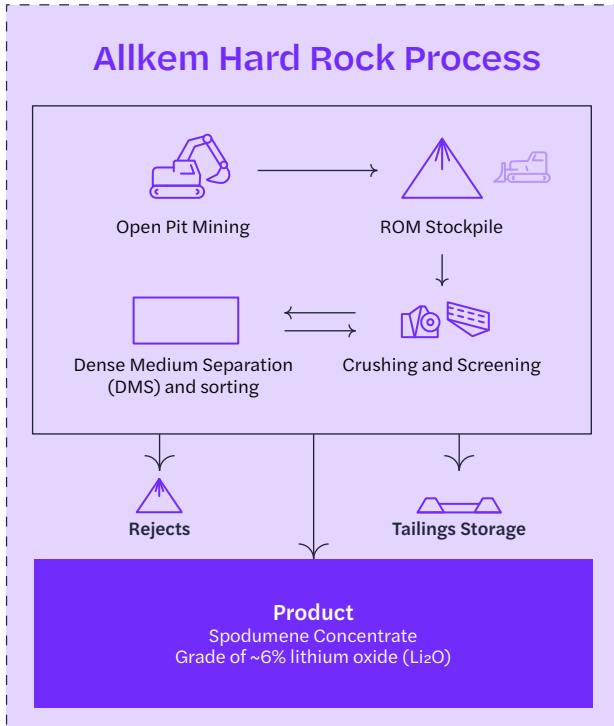


Our unique portfolio includes lithium brine operations in Argentina, a hard-rock lithium operation in Australia and a lithium hydroxide conversion facility in Japan.

We are dual listed on the Australian Securities Exchange and Toronto Stock Exchange and have established partnerships with Toyota Tsusho Corporation and the Jujuy Provincial Government for the Olaroz Lithium Facility. Across our global operations we also have strong working relationships with the Argentine, Australian and Canadian Governments, Catamarca Provincial Government, the Government of Québec and the Western Australian Government.

Our unique portfolio includes lithium brine operations in Argentina, a hard-rock lithium operation in Australia and a lithium hydroxide conversion facility in Japan. New project developments are underway in Argentina and Canada that enhance Allkem's scale and product flexibility to meet significant growth in demand that is underpinned by the global transition to a net zero carbon future.





● Allkem/JV processes ● External processes

Our Purpose

Allkem produces core materials that are fundamental for decarbonisation.

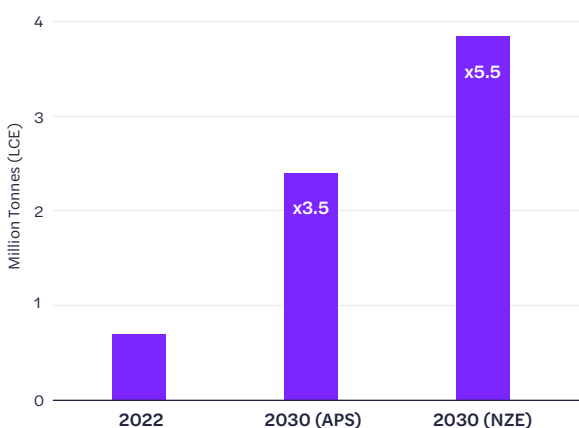
In 2023, the World Economic Forum¹ ranked 'Failure to mitigate climate change' as the most severe long-term risk on a global scale as well as the global risk for which we are the least prepared. To avoid the worst impacts of climate change, global warming must be limited to 1.5°C by achieving net zero global emissions by 2050.

Decarbonisation of road transport is a critical element of the global net zero transition, accounting for approximately 16% of the total reductions required by 2030 under the International Energy Agency ("IEA")'s Net Zero Emissions ("NZE") Scenario².

Batteries remain the most efficient, cost effective and commercially available route to decarbonise road transport, as well as to smooth energy dispatch from intermittent renewable energy sources. Leading auto manufacturers have made significant investments in lithium-ion battery technology and are committed to electrifying their fleets. Chinese EV sales and battery production data continued to show strong growth during the financial year. In the 12 months to June 2023, Chinese EV sales increased 62% year-on-year; and battery production increased 57% year-on-year. Demand outside China also continued to grow; EU and US EV sales for the 12 months to June 2023 rose 20% and 50% respectively.

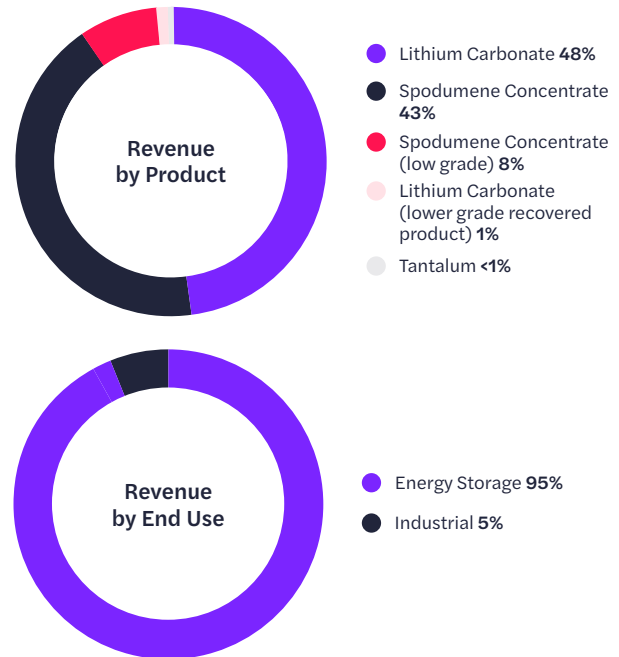
The demand outlook for lithium is increasing in line with these global commitments. Lithium demand projections from the IEA aligned with a 1.5-degree scenario ("NZE") and announced pledges ("APS") outline the scale of the increase in lithium supply required to achieve this transition³.

Projected Lithium Demand in 2030 Under IEA's Climate Driven Scenarios



Our Impact

Allkem's strong lithium development pipeline and vertically integrated production base positions us well to supply this growing market demand. During FY23, 99% of Allkem's revenue was from our lithium products. Currently, on average, approximately 60% of global demand for lithium is from electric vehicle batteries and this increases to 70% when stationary energy storage systems are also included⁴. Based on our customer profile, we estimate that 95% of our products in FY23 contributed to the energy storage value chain.



On 16 December 2022, we refined our portfolio with the divestment of Borax Argentina S.A. and the acquisition of the Maria Victoria tenement in the Olaroz basin. Following the sale of Borax, 100% of Allkem's assets and business activities are now focused on our lithium growth strategy and aligned with a lower carbon economy.

According to figures reported by the International Energy Agency, it is estimated⁵ that for every one tonne of Lithium Carbonate Equivalent ("LCE") we produce and sell into the electric vehicle ("EV") value chain, we can contribute to a reduction of around 500 tonnes of greenhouse gas emissions. This impact is expected to grow as EVs are increasingly powered by electricity grids transitioning away from fossil fuels towards renewable energy. With future uptake in recycling of EV batteries that have reached their end of life, our lithium products have the potential to continue contributing to even further global emissions reduction beyond their first use.

1 https://www3.weforum.org/docs/WEF_Global_Risks_Report_2023.pdf

2 https://iea.blob.core.windows.net/assets/6d4dda5b-be1b-4011-9dad-49c56cdf69d1/NetZeroRoadmap_AGlobalPathwaytoKeepthe1.5CGoalinReach-2023Update.pdf p.93

3 IEA 2023. <https://www.iea.org/data-and-statistics/data-tools/critical-minerals-data-explorer> Licence: CC BY 4.0 Market analysis included in our most recent technical reports reference scenarios developed by Wood Mackenzie that use demand projections in line with the demand scenarios of IEA APS.

4 Wood Mackenzie 2023

5 <https://iea.blob.core.windows.net/assets/ffd2a83b-8c30-4e9d-980a-52b6d9a86fdc/TheRoleofCriticalMineralsinCleanEnergyTransitions.pdf> p.194 BEV fuel economy BEV battery 40 kWh NMC622. Industry estimate of 0.86kg LCE/kWh.

Producing Lithium Sustainably

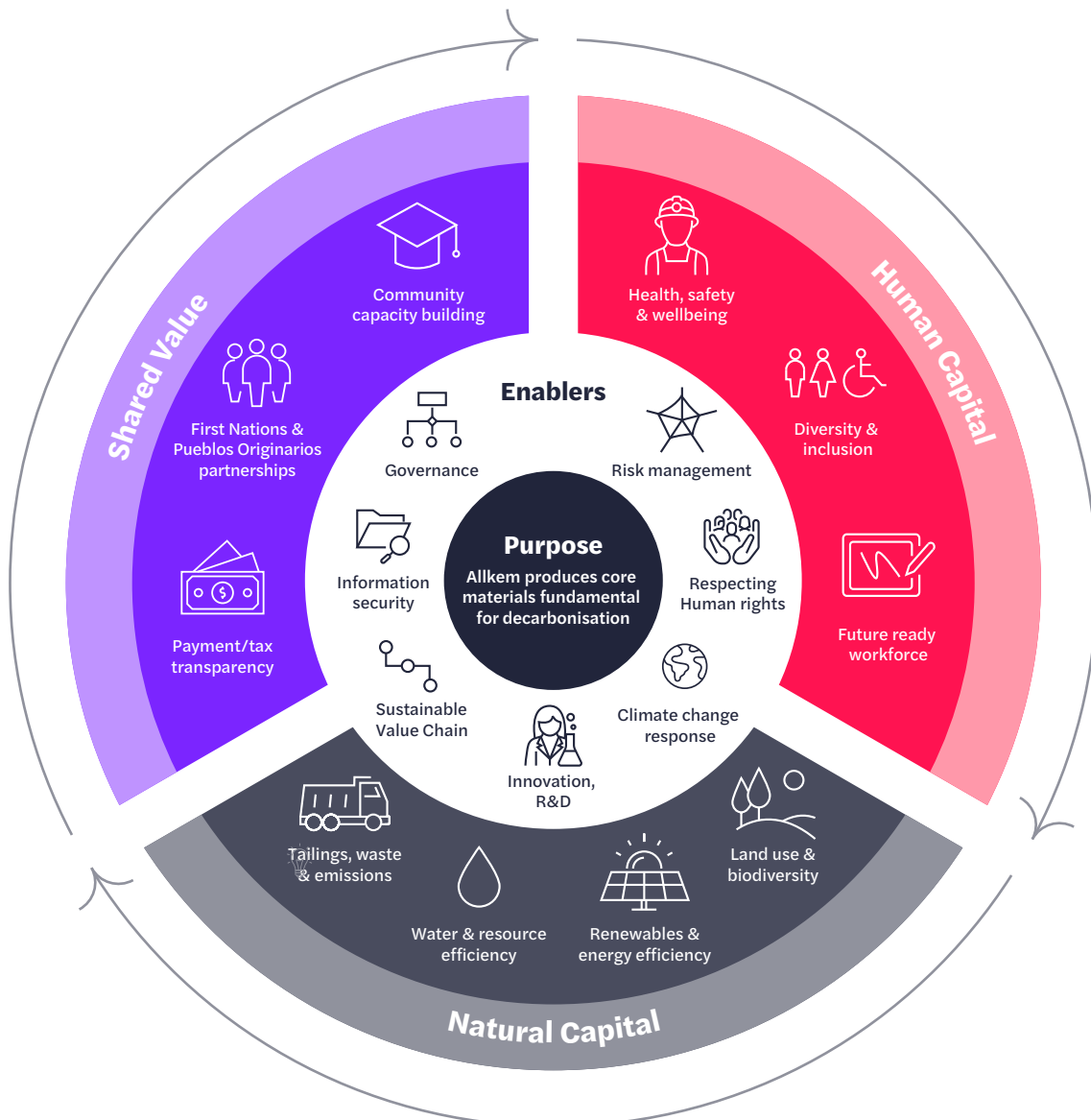
Along with the transition towards electric vehicles and battery storage, we are seeing increased focus on environmental, social and governance (“ESG”) impacts of the EV value chain, particularly in relation to critical minerals such as lithium. Allkem is focussed on continuing to supply lithium products to our customers with transparent ESG performance information available at the facility level.

Allkem’s Sustainability Strategy aligns our business activities with our purpose and assists Allkem in creating long term value. To do this sustainably, we must maintain healthy ecosystems, look after our people, and listen, learn and build trust between our company, communities and governments in the areas where we operate.

We have defined what success looks like for each of these areas of our strategy and put in place metrics to measure our progress. Sustainability performance metrics for our projects and operations in Australia, Argentina and Canada are available on Allkem’s [website](#) and key metrics undergo external assurance each year.

Allkem has participated in the United Nations Global Compact (“UNGC”) since 2018 and supports the UNGC’s 10 Principles and United Nations Sustainable Development Goals. These Principles are derived from the [Universal Declaration of Human Rights](#), the [International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work](#), the [Rio Declaration on Environment and Development](#), and the [United Nations Convention Against Corruption](#).

Through membership of local mining associations, our facilities in Argentina and Canada are also required to report against the protocols of the [Towards Sustainable Mining Initiative](#) (“TSM”). With the Argentine Chamber of Mining Entrepreneurs (CAEM), we look forward to participating in our first external verification under the TSM program for our Olaroz Lithium Facility in 2024. When operational, our James Bay mine in Canada will also report against the TSM protocols through Galaxy Lithium (Canada) Inc.’s membership of the Québec Mining Association (“QMA”). During the year we investigated the Standard developed by the Initiative for Responsible Mining Assurance (“IRMA”) to understand the similarities, differences and gaps against the TSM program implemented at our Olaroz Lithium Facility.





FY23 Value Creation

FY23 Highlights

This year, Allkem has been included in the S&P Global Sustainability Yearbook. This means that our Corporate Sustainability Assessment score is in the top 15% of the industry.

Allkem Limited
Metals & Mining

Sustainability
Yearbook Member
S&P Global ESG Score 2022



IFC Sustainability Linked and Green Loan for Sal de Vida

Signed just following the end of this reporting period in July 2023. This is the first IFC financing in lithium mining and the first time a greenfield mining project's finance has been structured as a sustainability linked and green loan. This process required extensive external validation of our high ESG standards against IFC's globally recognised environmental and social performance requirements. We have also committed to sustainability performance measures for renewable energy, GHG emissions intensity and workforce diversity during the operational phase of the project.

Allkem's Corporate Sustainability Assessment score is in the top 15% of the industry.

Developing our Net Zero Plan

Allkem has a Board approved target of Net Zero for scope 1 and 2 GHG emissions by 2035 and during FY23 we developed our first action plan towards achieving this goal. The plan identifies a series of high impact GHG mitigation projects.

Strengthening transportation safety

At Olaroz and Sal de Vida, we created a new department focused on managing road safety risks. This department is implementing improvements in vehicle safety critical controls, new road safety protocols and training for road users from our operations, contractors, and local communities.

Addressing Human Rights and Modern Slavery risk

Allkem's Modern Slavery Working Group, including representatives of sustainability, procurement and compliance teams from Australia, Canada and Argentina, developed Allkem's group level Modern Slavery Standard.

Strengthening Communications and Public Affairs

Established Allkem's Public Affairs Department to support the business establishing strong stakeholder relationships to address regulatory measures relevant to the sector.



FY23 Value Creation

Our performance against key metrics of our sustainability strategy are highlighted below demonstrating how we generate value for our stakeholders, which contributes to the long term sustainability of our business.

Purpose: produce core materials that are fundamental for decarbonisation





Agreements with traditional owners

Olaroz: Olaroz Chico Participation Agreement updated & Easement Agreement signed with El Toro community in FY23

Mt Cattlin: Native Title Claim Wide Mining Agreement with the Wagyl Kaip and Southern Noongar People

James Bay: Preliminary Development Agreement signed with Cree Nation of Eastmain and Cree Nation Government in 2019 to be replaced by an Impact Benefit Agreement (“IBA”) before construction initiated

Sal de Vida: Informed Consultation and Participation engagement process. Have established relationships of trust and ongoing dialogue along with agreements for social investment.



FY23 Outputs and Outcomes



Stakeholders



Financial

130,982 dmt

Spodumene concentrate

16,703 t

Lithium carbonate

US\$1,207.8 m

Revenue

US\$6,773 m

Market capitalisation



Shared

US\$186 m

Fees, taxes & royalties paid

US\$40 m

Withholding taxes

US\$40 m

Local supplier contracts

US\$14 m

Local community employee salaries



Human

1.98 0.6 0

TRIFR

LTIFR

Fatalities

50,000

Employee training hours



Natural

1.19 m³/t

Mt Cattlin water operational intensity (spodumene concentrate)

42.9 m³/t

Olaroz water operational intensity (lithium carbonate)

678 t 0

Waste disposed

Surface water discharge

1476 t 0

Waste recycled

Reportable environment incidents

134,700 tCO₂e

Scope 1&2 GHG emissions

0.4 tCO₂e/t

Mt Cattlin GHG operational intensity (spodumene concentrate)

2.8 tCO₂e/t

Olaroz GHG operational intensity (lithium carbonate)

197 kt 2.53 Mt

Tailings

Precipitated & harvested salts



Investors



Customers/
Suppliers



Communities/
Government/
Regulators



Employees &
Contractors



Nature/NGOs

Our Operations

Mt Cattlin

Type	Hardrock
Location	Western Australia
Status	Production
Ownership	100% Allkem
Production of spodumene concentrate	130,982 t
Record revenue	US\$615.6 m



Shared Value

Native Title Claim Wide Mining Agreement in place with the Wagyl Kaip and Southern Noongar People

US\$28.9 m

Royalties paid

US\$71 m

Taxes and other payments

US\$196 K

Community contributions including 'Pitch your project' initiatives, local grants and donations

US\$8.7 m

Paid to local employees and suppliers



Human Capital

115

Employees

22%

Female

48%

From local communities

7.7

TRIFR

0

Fatalities

718,892

Contractor hours



Natural Capital

54,853 tCO₂e

Total scope 1&2 GHG emissions

0.42 tCO₂e/dmt

spodumene concentrate

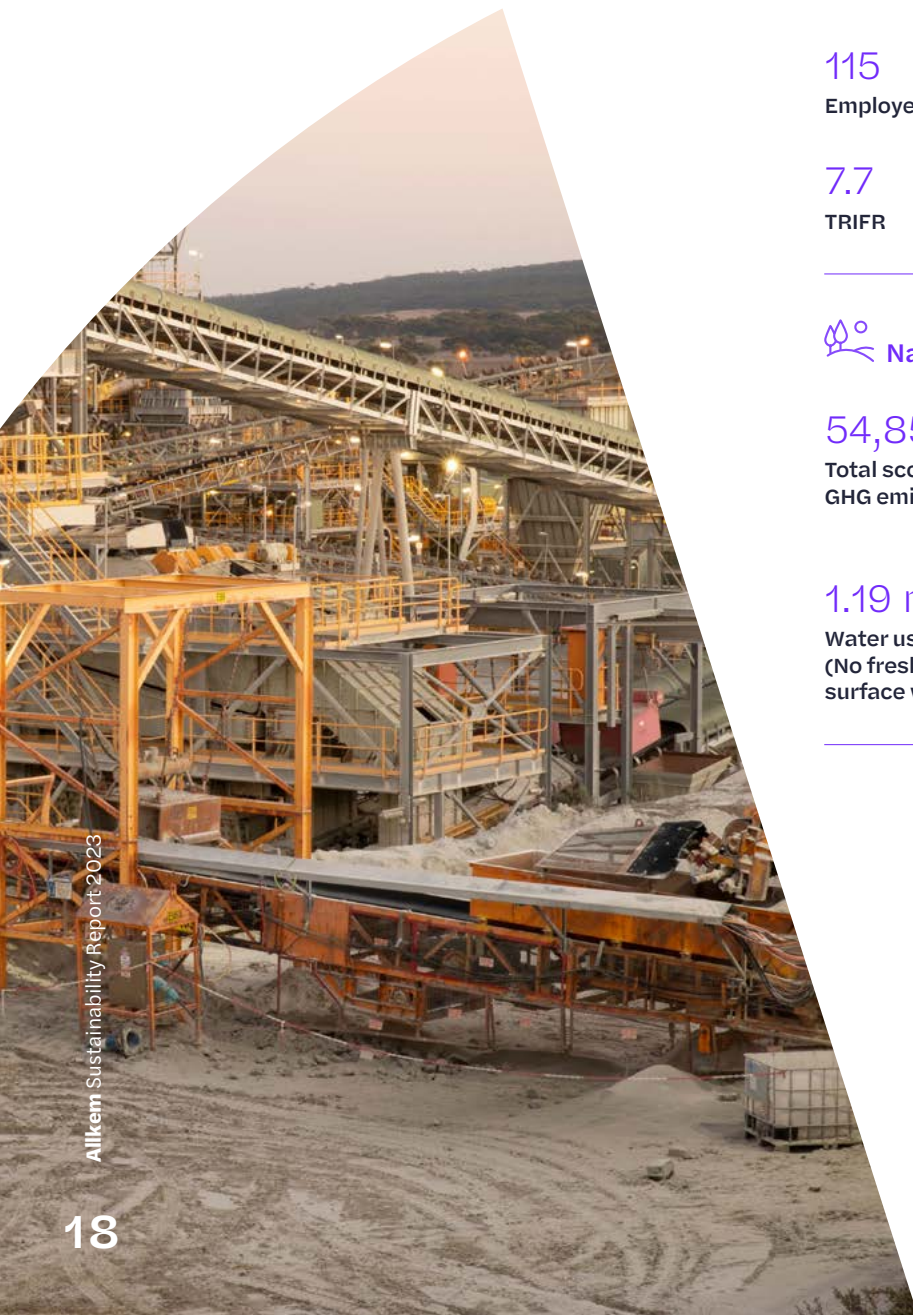
Scope 1&2 GHG emissions intensity

1.19 m³/dmt

Water use intensity (No fresh water or surface water used)

197,163 t

Tailings generated





Olaroz

Type	Brine
Location	Jujuy Province, Argentina
Status	Stage 1 Production, Stage 2 Expansion
Ownership	66.5% Allkem
Production of lithium concentrate	16,703 t
Record revenue	US\$ 592.2 m

Shared Value

During the year, the Olaroz Chico Participation Agreement was updated and an Easement Agreement signed with El Toro community

US\$16.2 m
Royalties paid

US\$35.8 m
Export duties Paid

US\$23.7 m

Taxes and other payments (including US\$9 million Corporate Income Tax and US\$ 1 million dividend paid to JEMSE)

US\$42.3 m
Paid to local employees and suppliers

US\$360 K
Community contribution

Human Capital

777 Employees **20%** Female **39%** From local communities

71% From Jujuy Province **1.2** TRIFR **0** Fatalities **2,406,456** Contractor hours

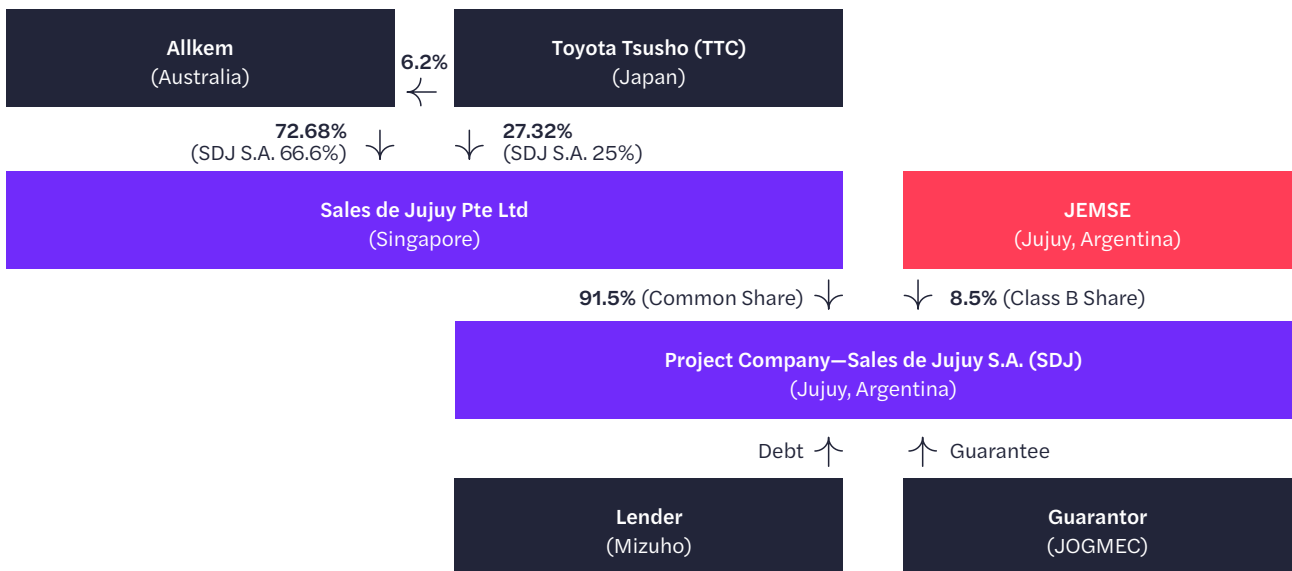
Natural Capital

46 ktCO₂e
Scope 1&2 Operational GHG emissions

2.76 tCO₂e/t
lithium carbonate
Operational GHG emissions intensity

17 ktCO₂e
Scope 1&2 GHG emissions from expansion activities

~43 m³/t
lithium carbonate
Operational water use intensity (No fresh water or surface water used)





First production of lithium hydroxide was successfully achieved in late October 2022 utilising technical grade lithium carbonate from Olaroz.

Our Growth Projects

Naraha | Non-Operated Joint Venture

Type	Lithium Hydroxide Conversion Facility
Location	Naraha, Japan
Ownership	75%

The Naraha Lithium Hydroxide Plant (Naraha) is the first of its kind to be built in Japan and is designed to convert technical grade lithium carbonate feedstock from Olaroz stage 2 into purified battery grade lithium hydroxide. There is strong demand for this product in the Japanese domestic market to produce high end batteries.

The scope of sustainability performance data reporting does not include this project which is managed by our joint venture partner Toyota Tsusho Corporation (TTC).



Sal de Vida

Type	Brine
Location	Catamarca Province, Argentina—approximately 200km south of Olaroz
Status	Construction
Ownership	100% Allkem
Product	Lithium carbonate



Shared Value

US\$450 K

Community contribution

US\$2.2 m

Paid to local employees and suppliers

We have worked with the National University of Catamarca and the Municipality of Antofagasta de La Sierra to develop a specific course focused on the skills required to work in the lithium industry. During the year, 14 participants from communities around Sal de Vida completed the first of three years of study towards achieving this qualification.



Human Capital

294

Employees

23%

Female

12%

From local communities

60%

From Catamarca Province

1.3

TRIFR

0

Fatalities

1,517,919

Contractor hours



Natural Capital

0

No fresh water or surface water used

IFC Green and Sustainability Linked Loan

Our sustainability-linked and green loan with the IFC for Sal de Vida was proposed in October 2022 and signed just following the end of this reporting period in July 2023. This is the first IFC financing in lithium mining globally. This process required extensive external validation of our high ESG standards throughout the year against IFC's globally recognised environmental and social performance requirements.

James Bay

Type	Hardrock
Location	130 east of the Cree Nation of Eastmain, a first nations community of approximately 833 residents
Status	Permitting and detailed engineering
Ownership	100% Allkem
Product	Spodumene concentrate

The project is located in category III lands as classified by the James Bay and Northern Quebec Agreement (JBNQA). These areas are subject to the laws and regulations of Quebec regarding the use of public land.

Shared Value

A Preliminary Development Agreement was signed with Cree Nation of Eastmain and Cree Nation Government in 2019 to be replaced by an Impact Benefit Agreement (“IBA”) before construction is initiated.

Human Capital

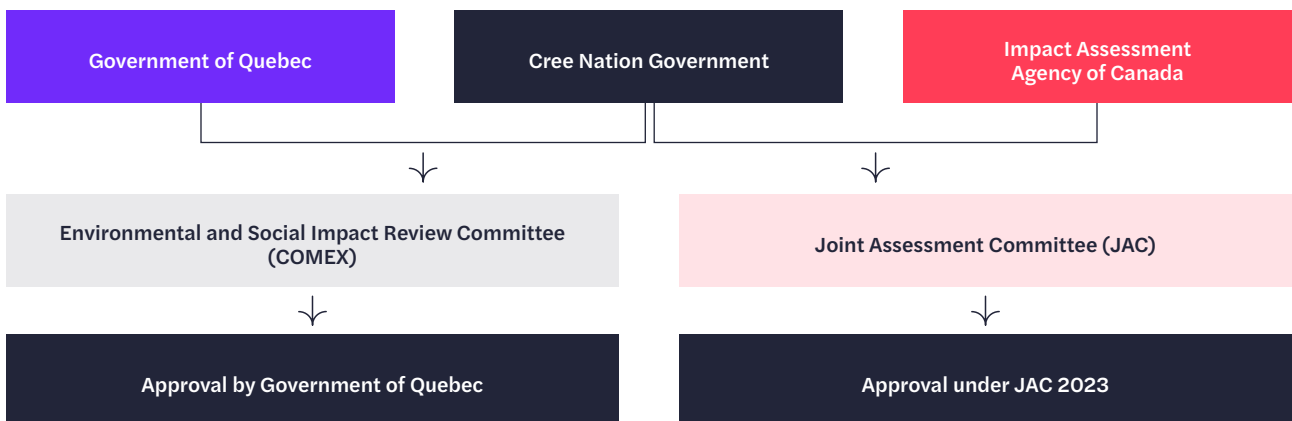
28 Employees	43% Female	7% From local communities
0 TRIFR	0 Fatalities	142,148 Contractor hours (including hours from Coniagas rehabilitation project)

Natural Capital

Renewable electricity

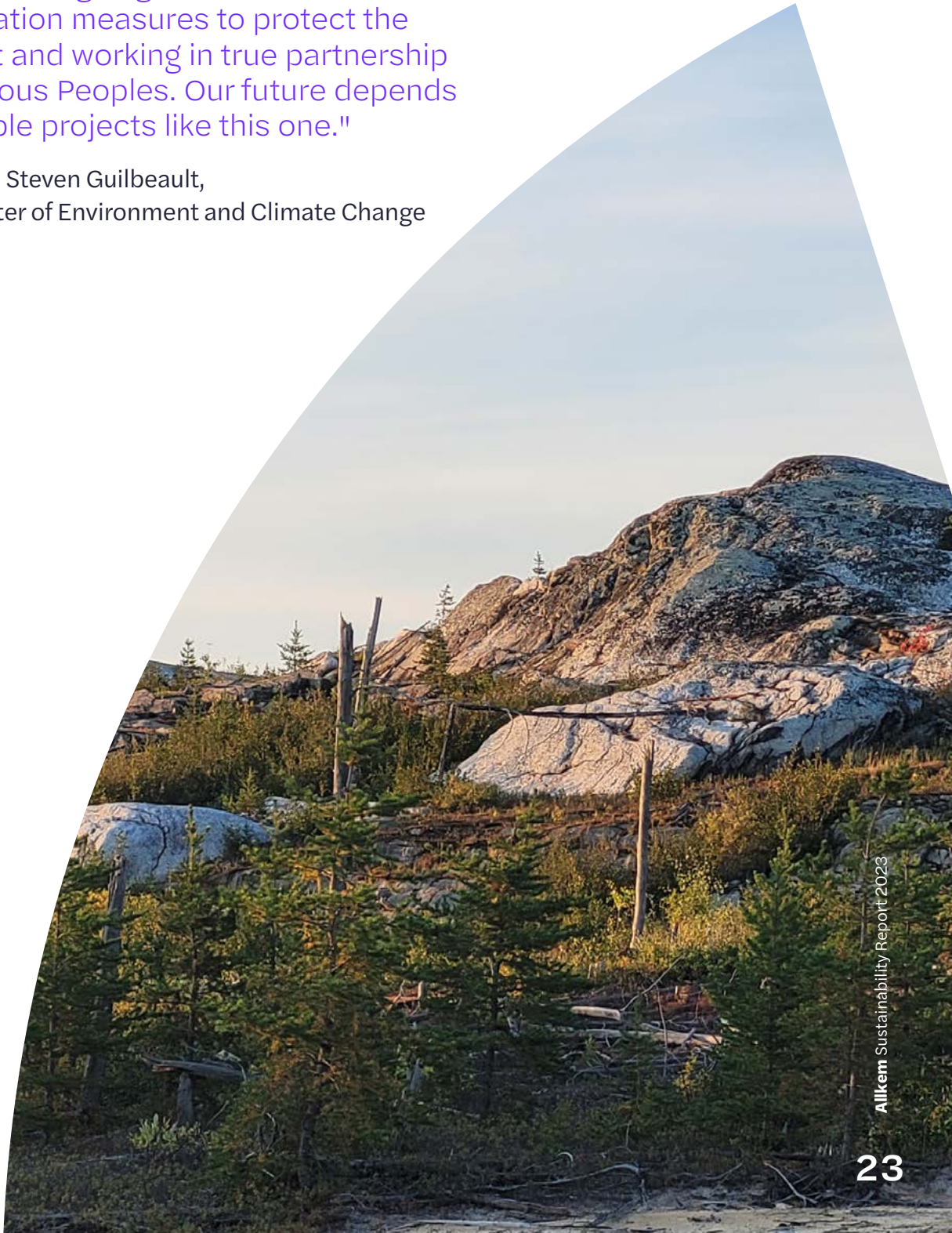
Utilised from Hydro-Quebec

On the 16th January 2023, the Joint Assessment Committee (JAC) of the Federal Impact Assessment Agency of Canada and the Cree Nation Government determined that based on the Environmental Assessment Report, the project’s environmental mitigation measures provide a sustainable path for the project to proceed.



"This is what a good project is all about. Critical minerals are one of the keys to building Canada's low-carbon economy and ensuring economic prosperity for years to come. We can only develop those resources by designing from the outset with strong mitigation measures to protect the environment and working in true partnership with Indigenous Peoples. Our future depends on sustainable projects like this one."

The Honourable Steven Guilbeault,
Canadian Minister of Environment and Climate Change



Risk and Governance



Allkem promotes a culture that values trust, cooperation, and mutual respect. Our Board is a strong advocate of good corporate governance. During the year, we refreshed our [Code of Conduct](#). This Code brings together key elements of corporate policies, procedures and standards which collectively clarify Allkem’s vision and the behaviours that are consistent with our values.

Our values



Respect

We foster trusted relationships with our collaborators, the different communities, and our business partners.



Inclusion

We promote a working environment where everyone is treated with respect and differences are celebrated and considered.



Empowerment

We encourage all our collaborators to live to their fullest potential and to be proud of the role they play.



Commitment

We keep our promises, reinforcing our reputation as trustworthy and qualified partners.



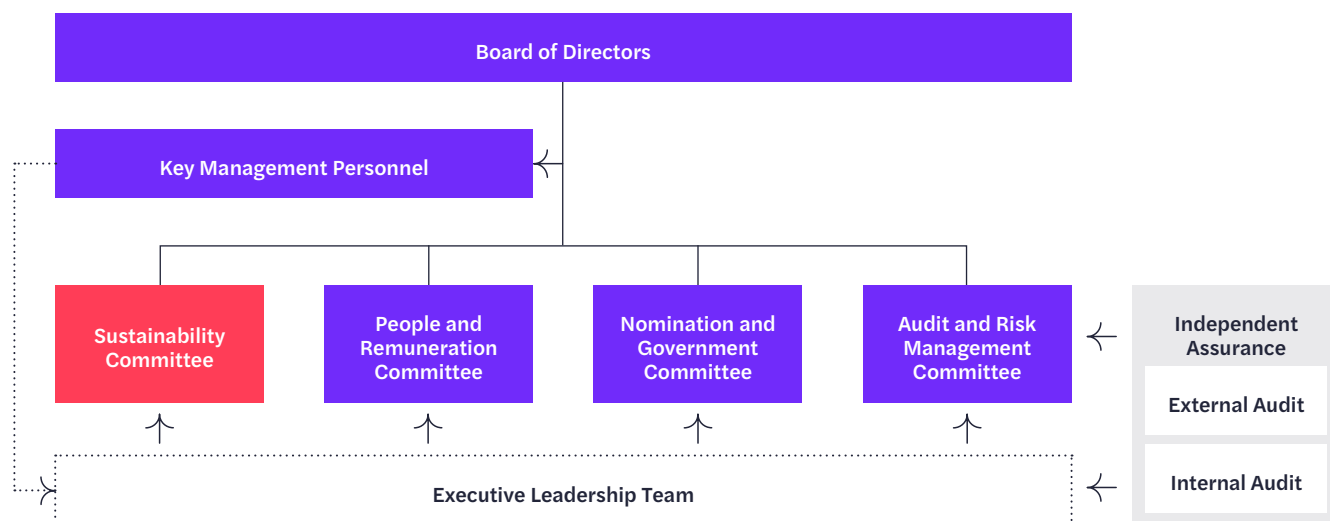
Integrity

We are consistent with our core values in all our tasks and in our interactions with others.

The Code applies to all people working for and with Allkem, including our contractors and suppliers. Failure to comply can result in disciplinary action or dismissal. We have established an Internal Audit function and a [Whistleblower Policy](#) and process which requires notifications to be investigated and reported to the Audit and Risk Committee.

Through Principle 10 of the United Nations Global Compact, we have committed to working against corruption in all its forms. We do not operate in countries that have the 20 lowest rankings in Transparency International’s Corruption Index. Our Board approved [Anti-Bribery and Corruption Policy](#) outlines our commitment to:

- conducting business activities in accordance with the Allkem Values
- a zero-tolerance approach to bribery and corruption. Bribery and corruption are never acceptable by or on behalf of Allkem and we will not tolerate them in our business or by those we do business with
- acting fairly, honestly, openly and in an ethical manner in all our business dealings and relationships wherever we operate
- upholding applicable national and international laws relevant to countering bribery and corruption wherever we operate
- maintaining accurate and complete books and records for all financial transactions and to accurate and transparent financial reporting
- implementing and enforcing effective systems within Allkem, including mandatory training, to counter the risk of bribery and corruption and to comply with our other commitments set out above.



The ASX Listing Rules require the Company to prepare a Corporate Governance Statement each year which discloses the extent to which the Company has followed the recommendations contained in the 4th edition of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations. Our FY23 [Corporate Governance Statement](#) is available on our website.

Reflecting the importance of sustainability to the company, Allkem’s Chief Sustainability and External Affairs Officer reports directly to the CEO and also engages regularly with Allkem’s Board Sustainability Committee. This Committee met three times during FY23 and assists the Board in the effective discharge of its responsibilities in the areas of sustainability and in particular: safety, health, environment, community, climate change and human rights. The Charter of Allkem’s Sustainability Committee, and our other Board Committees are available on the Company website.

Risks, including threats and opportunities identified at the site level are incorporated in operational risk registers. Material risks, including those associated with safety, climate change and human rights are incorporated within Allkem’s Risk Framework. Allkem’s Board is responsible for overseeing risk and has assigned accountabilities and responsibilities for risk management to the Audit and Risk Management Committee, the Managing Director and executive management. Allkem’s Chief Financial Officer is the custodian of the Risk Management process within the organisation. The Group risk framework is reviewed at least annually by the Board Audit and Risk Committee. Key risks captured in this process are summarised and disclosed in [Allkem’s Annual Report](#).

Links with remuneration

During FY23, 25% of Allkem’s CEO’s allocated short term incentive (“STI”) performance rights were linked with sustainability focused objectives. These included:

- 10%—Improving safety performance. This was linked to a 6% reduction in total recordable injury frequency rate (“TRIFR”)

- 5%—Finalise Allkem’s Net Zero Action Plan
- 10%—maintaining expected carbon emissions intensity across the group (set at 3.3 tonnes CO₂e/tonne of lithium carbonate equivalent (“LCE”)) and successfully negotiating required agreements with indigenous communities, including the Impact and Benefits Agreement with the Cree at the James Bay project and the revised Olaroz community agreement.

Climate Change Risk

Lithium supply and demand forecasts that Allkem incorporates in strategic business planning draw on a range of climate change transition scenarios. These scenarios are informed by global commitments and actions including those designed to limit the rise in global warming temperatures to 1.5°C and avoid the worst effects of climate change. The clear message from these transition scenarios is that the world requires substantially more lithium from both hard rock and brine sources, as well as recycling, to supply the increasing demand from electric vehicles.

We assess our assets for physical climate related risks during planning and approvals processes and continue to manage risks associated with acute and chronic variations in climate through operational phases. Within the last three years, Allkem has completed climate change risk assessments at the facility level for projects in Argentina and Canada. These assessments incorporate scenarios for physical risk based on the Representative Concentration Pathways (“RCP”) 8.5 and 4.5 as described below. The Transition scenarios are the International Energy Agency (“IEA”) scenarios reflecting ‘Announced Pledges’ and ‘Net Zero by 2050’. These scenarios reflect those that inform our ongoing market analysis and internal carbon price values.

Physical Risk Scenarios

RCP 8.5, high-impact scenario

This pathway results in global average temperatures likely to increase beyond 4°C by 2100 relative to pre-industrial temperatures. Under this scenario, significant changes in the frequency and intensity of acute and chronic physical risks occur by mid-century.

RCP 4.5, lower impact, intermediate stabilisation scenario

This represents a moderate mitigation scenario aimed at minimising the costs of achieving significant emission reductions. RCP 4.5 is likely to result in global temperature increases limited to around 3°C.

“Risks associated with large-scale singular events or tipping points, such as ice sheet instability or ecosystem loss from tropical forests, transition to high risk between 1.5°C–2.5°C (medium confidence) and to very high risk between 2.5°C–4°C (low confidence)”⁶

Transition Risk Scenarios

IEA Announced Pledges Scenario (“APS”)— (~2°C aligned scenario)

This scenario considers climate commitments made by governments around the world. The IEA Announced Pledges Scenario includes projected carbon pricing of USD \$135/tonne CO₂ in advanced economies by 2030 and USD \$40 tonne CO₂ in emerging markets and developing economies⁷. By 2040 carbon prices are estimated to reach USD \$175. Demand for lithium increases by around 5 times compared to 2021 levels by 2030 in this scenario⁸.

IEA Net Zero Emissions by 2050 Scenario (“NZE”)— (~1.5°C aligned scenario)

This scenario presents a pathway to effective climate mitigation which sees global CO₂ emissions reach net zero by 2050. The NZE scenario includes projected carbon pricing of USD \$140/tonne CO₂ in advanced economies by 2030 and USD \$90 tonne CO₂ in emerging markets and developing economies. By 2040, advanced economy carbon prices reach USD \$205⁹. This scenario results in an increase in global temperatures limited to 1.5°C above pre-industrial levels by 2100. Demand for lithium increases by around 8 times compared to 2021 levels by 2030 in the NZE scenario¹⁰.

The focus is now on consolidating our approach to climate risk assessment consistently for project planning and operations, supply chain, communities, adaptation and mitigation activities, and investment in R&D, across each site, and with Allkem’s Group level Risk Framework.

Allkem uses an internal carbon price for evaluating risk and opportunities of long-term investment decisions, including the development of our Net Zero Action Plan. We continue to review the most appropriate carbon prices to implement in planning decisions across different geographies and timeframes. We consider that (in the absence of an actual carbon price and guidance in the geography where we are operating), the projected values in the IEA APS and NZE Scenarios are appropriate guides. Based on these considerations, internal carbon prices implemented for long term planning decisions during FY23 were based on the following values:

- US\$50/ tCO₂-e (short term)
- US\$100/ tCO₂-e (up to 2030)
- US\$140/ tCO₂-e (2030-2040)
- US\$175/ tCO₂-e (2040-2050)

Allkem’s Group level Risk Framework takes material risks from site level and corporate risk registers into consideration and is reviewed at least annually by the Board Audit and Risk Committee. For risks contained in the FY23 Group level Risk Framework, we have carried out further assessment to incorporate potential impacts in the medium to longer term under various climate change scenarios. The high-level outcomes of this exercise, bringing together the findings of previous standalone climate change risk assessments, are summarised in the table overleaf. This process will form the foundation for further integrated consideration of temporal changes in likelihood and consequence levels as a result of climate change across our growing business.

6 IPCC 6th Assessment Synthesis Report (March 2023) https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf p. 77.

7 IEA 2022a Global Energy and Climate Model Documentation, <https://iea.blob.core.windows.net/assets/2db1f4ab-85c0-4dd0-9a57-32e542556a49/GlobalEnergyandClimateModelDocumentation2022.pdf> p.20, License: CC BY 4.0

8 IEA 2022b; Critical Minerals Policy Tracker, <https://www.iea.org/data-and-statistics/charts/lithium-production-2021-and-projected-demand-in-climate-driven-scenarios-2030>, License: CC BY 4.0 Market analysis included in our most recent technical reports reference scenarios developed by Wood Mackenzie that use demand projections in line with the demand scenarios of the IEA APS up to 2030.

9 IEA n2

10 IEA n3

Physical Climate Risks

Risk	Description	
Impact on surface and subsurface water bodies and brine reserves (Chronic physical risk)	<ul style="list-style-type: none"> • Risk that climate change, combined with inappropriate resource use impacts water sources that supply our sites. • This could also present an opportunity when compared with other lithium producers as Allkem sites are located in areas of lower water risk (including under the RCP8.5 scenario up to 2030—based on WRI Water Risk Atlas¹¹). • Risk that climate change impacts brine reserves and/or evaporation ponds. • Risk for brine reserves could also increase due to more companies operating in the same basins with a low level of coordination in terms of potential environmental impact. • Increased temperatures and/or wind could also increase efficiency of brine evaporation ponds. 	Risk/Opportunity
Natural Disaster—Major Environmental events (Acute physical risk)	<ul style="list-style-type: none"> • Climate change can lead to more frequent and severe extreme natural disaster weather events, such as storms, floods and wildfires. • These events can disrupt mining operations and projects, damage infrastructure, and disrupt the transportation of key raw materials, finished products, and project inputs. • Can also impact the safety of our communities and workforce. 	Risk

Transition Climate Change Risk

Risk	Description	
Lithium product price risk and market changes in the lithium industry	<ul style="list-style-type: none"> • The demand outlook for lithium is increasing in line with global commitments to migrate to lower emissions transport and energy solutions in response to climate change. (Increases by around 5 times compared to 2021 levels by 2030 in Announced Pledges Scenarios. IEA's NZE Scenario projects demand increasing by around 8 times in 2030 compared to 2021 levels.) • Allkem's strong lithium development pipeline and vertically integrated production base positions us well to supply this growing market. 	Opportunity
Net Zero Transition (including ESG regulations such as carbon price/tax)	<ul style="list-style-type: none"> • Reaching our Net Zero Emissions goal in operational scope 1 and 2 emissions by 2035 will demand increasing efforts and technology innovation but will also reduce exposure to carbon prices implemented in different regions. • Maintaining/increasing recognition as a low emissions lithium supplier will also present an opportunity with customers in the EV value chain. 	Risk/Opportunity

¹¹ <https://www.wri.org/applications/aqueduct/water-risk-atlas/>



Human Rights Risk

Through adhering to Principles 1 and 2 of the UN Global Compact, we have committed to supporting and respecting the protection of internationally proclaimed human rights and making sure that our company is not complicit in human right abuses. Human rights risks within our operations and supply chain have been assessed in previous years through a stand-alone human rights risk assessment. Human Rights risk factors are reassessed annually as part of our Modern Slavery reporting requirements under the Australian Government Modern Slavery Act. Our Annual Modern Slavery Statement is reviewed by the Allkem Board and lodged with the Australian Government Register.

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. Working group sessions were held with teams from Australia, Canada, and Argentina to develop and finalise the Standard. 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 required to address any risk factors identified through this process.

Each operation and project of Allkem and its subsidiaries, where Allkem has operational control, have responsibility for implementing this Standard within procurement, human resources, sustainability, and shared value/ community teams. The Standard has four sections:

- **Supply chain mapping**—Understanding who Allkem’s key suppliers are, where they are based, what goods or services they are supplying and from where.
- **Preliminary risk assessment**—Assigning each supplier a preliminary risk level based on geographic, sector and entity risk factors. These risk levels are designed with reference to the latest version of the Global Slavery Index (“GSI”)¹².
- **Risk mitigation**—Assigning appropriate and proportionate actions based on the outcome of each risk assessment.
- **Monitoring and reporting**—Monitoring the outcomes of this process, communicating to internal and external stakeholders, and adapting in order to increase effectiveness.

The outcomes of the FY23 assessment are included in Allkem’s FY23 Modern Slavery Statement, which will be published on our website and the Australian Government’s [Modern Slavery Register](#).

On May 11, 2023, Canada passed An Act to enact *Fighting Against Forced Labour and Child Labour in Supply Chains Act* and to amend the Customs Tariff. This Act which comes into force in January 2024, will also create Modern Slavery reporting obligations for Canadian entities. In Argentina, there is no specific regulation for Modern Slavery reporting. However, Federal laws regulate the prevention and punishment of people trafficking and assistance of victims and Human rights related to employment are also strongly regulated, through Federal law and provincial regulation.

¹² The GSI is available online at <https://www.walkfree.org/global-slavery-index/>. The GSI uses a number of methods to rank each country’s modern slavery risk. Allkem uses the Prevalence Index Rank, which ranks each country by reference to the relative prevalence of modern slavery.



FY23 Focus Areas

We regularly engage with our stakeholders to better understand what topics are important to them and why. We make sure that we understand what the potential is for our business activities to impact these topics and if these represent risks that need to be mitigated or opportunities that can be incorporated in our business strategy.



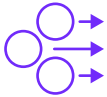
How we engaged during the year:



Employees—We conducted a group wide survey of our employees during FY23 to better understand views on sustainability across the business. We also conducted an employee experience survey and culture review.



Customers—During the year we maintained regular engagement with our customers and potential future customers through meetings, conferences and by responding to specific requests for information. We have also engaged directly with customer sustainable procurement teams to better understand expectations relating to transparency of potential environment and social impacts of our operations.



Suppliers—During the year we communicated Allkem’s updated code of conduct to key suppliers and incorporated contract clauses outlining our expectations for mitigating risks of modern slavery. We have also worked with our local suppliers in Argentina carrying out training to enhance involvement in our supply chain.



Shareholders—We maintain ongoing, regular engagement with our shareholders and investor analysts to increase understanding of our company and provide access to our executive team to respond to any questions. Specific ESG engagement during the year included responding to ESG focused investor surveys such as the CDP (water, climate change and forest), the S&P Global Corporate Sustainability Assessment (“CSA”), specific ESG investor meetings and responding to direct investor ESG engagement covering topics including water stewardship, workplace culture, biodiversity, gender equality and diversity.



Communities, and Governments—We carry out ongoing engagement with Federal, Provincial, and Local Governments in Australia, Argentina and Canada to achieve and maintain our project approvals. We undertook specific engagement in Argentina regarding key regulatory issues such as imports/ exports and transfer pricing to increase mutual understanding of the lithium industry across all levels of government. We also have regular meetings with local communities to understand and respond to any concerns regarding our projects or operations. The Mt Cattlin Community Consultation Group meets with senior mine management four times a year. The James Bay project team has undertaken regular engagement with local community. Topics addressed include the mitigation measure identified in the conditions of our [Federal Government approval of the James Bay project](#). Multiple interviews and meetings have been carried out to complete the supplemental social baseline for the Sal de Vida project for the [IFC assessment process](#). Our Sales de Jujuy Shared Value and Management teams have also maintained regular engagement activities with local communities surrounding the Olaroz Lithium Facility.



NGOs—Specific NGO engagement during the year included responding to information requests from Oxfam’s research for their [Recharging Community Consent](#) Report.



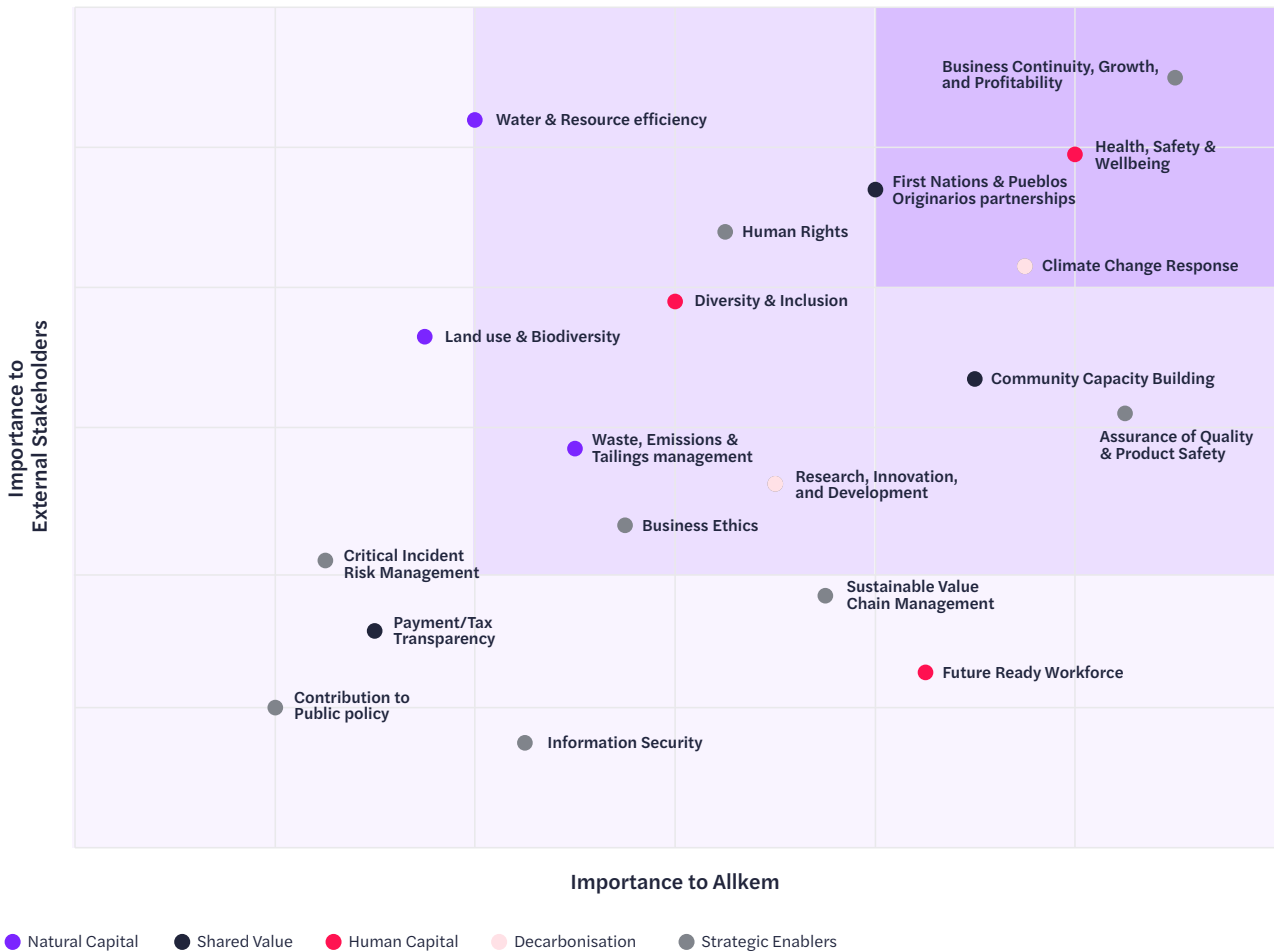
Based on what we heard from our stakeholders during the year, we reviewed our most material topics in our annual materiality assessment. We validated these topics with the Executive team and the Board and the outcomes for FY23 are summarised in the following matrix.

What is important to one group of stakeholders may be different to what is important to others. This matrix demonstrates that the issues we see as important to manage for the long-term financial performance of our company are also aligned with those that our external stakeholders identify as important.

This year we updated some topics to align descriptions with those identified in our sustainability strategy. Business continuity, health, safety and wellbeing, climate change response, first nations partnerships, community capacity building and product quality remain primary areas of importance for Allkem and our stakeholders.

Changes in priorities include an increased importance placed on information security following multiple data breaches reported by other ASX companies during the year. We have also increased our focus on sustainable value chain as we look to mitigate risk and identify further opportunities beyond our direct operations.

FY23 Materiality Matrix



Our response to each of these material topics can be found in our disclosures as indicated below:

Topic	Description	Change	Response
Business continuity, growth, and profitability	Our stakeholders, particularly our investors require our business to be profitable now, and in the long term. The success of proposed merger and ongoing expansion of our operations and projects in critical. This topic is linked to the effective management of each topic identified below.	→	Allkem FY23 Annual Report Our Purpose Our Impact
Health, safety & wellbeing	How we put in place effective standards and systems to maintain a culture that keeps our workforce safe.	→	Health Safety and Wellbeing Health & Safety Policy Sustainability Performance Data
Climate change response	How we are responding to the recommendations of the TCFD (now incorporated within the IFRS S2 Standard), preparing our business for the physical and transitional risks and opportunities associated with climate change.	→	Climate Change and Decarbonisation Climate Change Risk Sustainability Performance Data
Assurance of Quality & Product Safety	Our customers have specific requirements to which our products must adhere. This includes safe packaging, handling, and use of our products.	→	Sustainability Performance Data
First nations & Pueblos Originarios partnerships	Maintaining strong trusted partnerships with local First nations & Pueblos Originarios communities where our operations and projects are located is crucial.	→	First Nations and Pueblos Originarios Partnerships
Community capacity building	Building capacity of local communities helps us to meet regulatory requirements and maintain our social licence. Enhancing local workforce and supplier availability is also important to the success of our business due to the remote nature of our operations.	→	Local Procurement Local Employment Community Contributions Community Capacity Building Case Studies Community and Social Performance Policy Sustainability Performance Data
Human rights	How we integrate respect for Human Rights across our business and value chain. As an ASX listed company, the Australian Government also requires Allkem to submit an annual Modern Slavery Statement outlining how we identify and address risk factors for modern slavery.	→	Human Rights Risk Human Rights Policy Modern Slavery Statement
Water & resource efficiency	Water management is a key area of interest for the Lithium industry, and it is important to clarify our risk exposure, while promoting water-use efficiency and protecting water-related ecosystems.	→	Water Use Sustainability Performance Data
Diversity & inclusion	Diversity is increasingly seen as an asset to listed entities and a contributor to better overall performance, particularly in a competitive labour market. Our stakeholders are interested in how we set targets and implement actions towards achieving diversity.	→	Diversity and Inclusion Diversity and Inclusion Policy Sustainability Performance Data

Topic	Description	Change	Response
Research, Innovation, and Development	Investors are increasingly interested in how we will implement innovative technologies (including direct lithium extraction (“DLE”) to sustainably grow our lithium production capacity. Further innovation is also required to achieve global net zero targets.	→	Net Zero Action Plan Future Ready Workforce
Sustainable value chain management	Working with our suppliers and customers to minimise ESG risk and identify opportunities in our value chain.	↑	Human Rights Risk Local Procurement Sustainability Performance Data
Future ready workforce	We must attract and maintain a growing workforce of skilled employees to build a strong and successful business in the long term.	→	Future Ready Workforce Sustainability Performance Data
Land use & biodiversity	Our stakeholders are interested in how we identify, evaluate, and manage the potential environmental impacts of our operations. This is particularly important to securing approvals and ongoing acceptance of our operations in each of the regions where we operate. This also includes closure planning and addressing evolving reporting approached such as the TNFD and expectations of the IFC sustainability performance standards.	→	Land Use and Biodiversity Management Environmental Policy Sustainability Performance Data
Waste, emissions & tailings management	Reducing waste, implementing a circular economy and management of airborne pollutants (e.g. NOx & Sox) is of interest to our stakeholders. Management of tailings is also material for hard rock mining operations.	→	Waste and Tailings Management Climate Change and Decarbonisation NPI database Sustainability Performance Data
Business Ethics	Our stakeholders require us to have effective governance principles in place and to act ethically and with transparency.	→	Company Policies including Code of Conduct, Anti-Bribery & Corruption Policy, Information Security Policy and Whistle-blower Policy.
Critical Incident Risk Management	Our stakeholders are interested in how we effectively identify and manage potential critical incidents. For example, COVID-19 pandemic, natural disasters or a potential failure of a tailings storage facility.	→	Health Safety and Wellbeing Waste and Tailings Management Approach Sustainability Performance Data
Payment/Tax Transparency	Transparency of shared value generated through tax, royalty & fee payments in all regions where we operate or pay taxes. Specifically with reference to participation in EITI in Argentina, ESTMA in Canada and in preparation for Australian Government public country by country tax transparency measures.	↑	Tax transparency Sustainability Performance Data
Information Security	Increased focus on corporate information security to safeguard data.	↑	Information Security Policy
Contribution to public policy	There is an increasing expectation that our company contributes to public policy in a way that aligns with our long-term business strategy, particularly in relation to climate change. Investors also expect transparency that any industry association memberships or lobbying activities are aligned with our public policy statements.	→	Partnerships, Memberships and Affiliations



Climate Change and Decarbonisation

Climate Change and Decarbonisation

Allkem supports the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) which have been incorporated in the IFRS S2 Climate Related Disclosures Standard. Elements of this Standard are addressed in Allkem’s annual disclosures as identified below:

Governance	Strategy	Risk Management	Metrics and Targets
<p>What are the governance processes, controls and procedures Allkem uses to monitor, manage and oversee climate-related risks and opportunities?</p>	<p>How does Allkem’s business strategy respond to climate related risks and opportunities?</p>	<p>How does Allkem identify, assess and monitor climate related risks?</p> <p>How are these processes integrated into and inform Allkem’s overall risk management process.</p>	<p>The metrics and targets developed and implemented to understand Allkem’s performance in relation to climate related risks and opportunities.</p>
<ul style="list-style-type: none"> • Corporate Governance Statement • Board Sustainability Committee Charter • Climate Change Risk 	<ul style="list-style-type: none"> • FY23 Annual Report p.29 • Investor Presentations • Our Purpose • Our Impact 	<ul style="list-style-type: none"> • FY23 Annual Report p.14,36-38. • Climate Change Risk 	<ul style="list-style-type: none"> • Net Zero Action Plan • Sustainability Performance Data

Climate Change and Decarbonisation Strategic Focus

Net Zero Action Plan

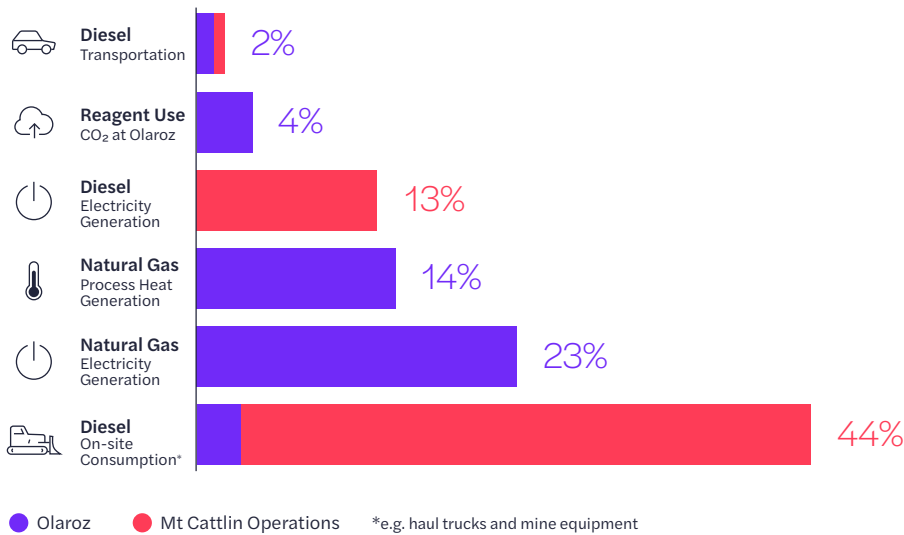
Allkem has a Board approved target of Net Zero for operational scope 1 and 2 GHG emissions by 2035. Our original Net Zero commitment was made in 2021 with respect to the Olaroz Stage 1 and Stage 2 developments for Orocobre. Following completion of the merger with Galaxy Resources Ltd in August 2021 we expanded the scope of the commitment to include all of Allkem’s assets.

Based on this expanded commitment, during FY23 we developed our first action plan towards achieving this goal. Projected GHG baseline emissions (scope 1 and 2) were estimated for the period from 2022-2045¹³. This baseline included projected emissions from existing operations and projects as of the beginning of FY23.

Due to Allkem’s planned growth in lithium production, baseline absolute emissions estimates continue to increase in the short to medium term as new and expansion projects come online. With no GHG mitigation measures in place, baseline emissions were estimated to reach a steady state of approximately 500kt/year (“total annual baseline GHG emissions”).

Main operational emissions sources include fossil fuel use for onsite machinery, electricity, and process heat generation. Emissions are also associated with reagent use at our lithium carbonate plants. To provide further context, the main sources of Allkem’s scope 1 and 2 operational emissions during FY23 are summarised below:

Allkem FY23 Lithium Production Operational GHG Emissions Sources



¹³ Note that these estimates include Olaroz Stage 1, 2 and 3, Sal de Vida 1 and 2, and James Bay mine. Estimates were made prior to the updated technical studies and do not include the Mt Cattlin mine life extension announcement.

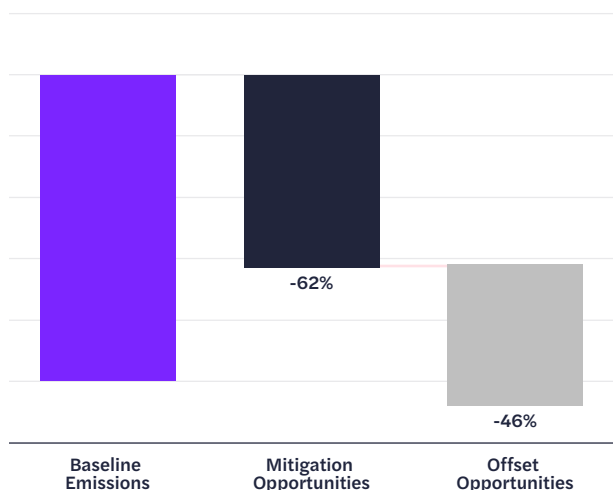


A significant outcome of our net zero action plan project is the development of a Net Zero Analytical Planning Tool. As we increase our lithium production, we will continue to use this tool to evaluate the viability of proposed emissions reduction projects.

We have identified a series of preliminary GHG mitigation opportunities designed to reduce initial projected baseline emissions. These opportunities have a total direct emissions mitigation potential of approximately 60% when fully implemented. These projects have focused on proven technology and are primarily based on transitioning away from fossil fuels for electricity generation on site, as well as increasing the efficiency of process heat generation.

Each of the mitigation and offset opportunities currently included in our Net Zero Plan, and the estimated contribution towards reducing projected annual baseline emission are outlined below.

Net Zero Summary



Mitigation Opportunities

Opportunity 1

Olaroz Lithium Facility (Sales de Jujuy) Combined Heat and Power (“CHP”)

- Full commissioning of the heat recovery system at Olaroz, utilising heat produced by the generation of electricity for process heat requirements. This will reduce the amount of natural gas used per tonne of lithium carbonate produced.
- This project is now in the commissioning stage.
- The CHP project is estimated to contribute to potential annual savings of around US\$2.5 million (pre-tax), with capital expenditure estimated at around US\$13 million. This opportunity has the potential to reduce total annual baseline GHG emissions by 7-10%, from FY24.

Opportunity 2

Sal de Vida Power Purchase Agreement (“PPA”)

Hybrid Generation Plant—Solar Photovoltaic (“PV”) and Combined Heat and Power (“CHP”)

- Incorporates increased electricity generation from solar PV.
- Combined heat and power diesel plant to increase efficiency of required heat generation and further reduce process emissions.
- During FY23, this project was in the detailed engineering stage. Further investigations are being conducted to determine the feasibility of battery storage systems at this elevation.¹⁴
- Initial estimates are that when fully implemented, this opportunity could reduce total group level annual baseline GHG emissions by around 17%. Lower energy costs associated with PV generation are also estimated to contribute to annual savings of approximately US\$12 million.

Opportunity 3

Sal de Vida Natural Gas Supply

- Involves building a 39 km Natural Gas Pipeline to replace diesel used at the Sal de Vida CHP plant. Natural gas is a more efficient, cheaper and lower emission fuel than diesel.
- This opportunity is in the engineering stage. Further studies are underway to confirm value, price and schedule.
- Early estimates are that this opportunity could reduce annual total baseline emissions by a further 4%. Subject to detailed engineering, the capital expenditure for the construction of the Gas Pipeline is estimated to be around US\$ 31 million. Annual savings in fuel costs are estimated to be approximately US\$10 million.

Additional Electrification Opportunities

Olaroz Lithium Facility (Sales de Jujuy)

- Further opportunities to increase renewable electricity use at the Olaroz Lithium Facility have also been identified including:
 - Options for connecting the Olaroz Lithium Facility to the electricity grid. This would enable the purchase of renewable electricity from existing suppliers
 - Installation of electric boilers

These opportunities are in the desktop study phase. Early estimates for these projects show potential for further GHG emissions reductions of around 31% of the total annual baseline GHG emissions.

¹⁴ The initial contract for this power purchase agreement was signed in October 2023, prior to the publication of this report.

Offset Opportunities

We have also identified potential for generating offsets that exceed the remaining GHG emissions through developing an onsite photovoltaic plant. This would remove the need to purchase electricity from the grid and also create a potential surplus to sell to other users of the electricity grid.

Next steps

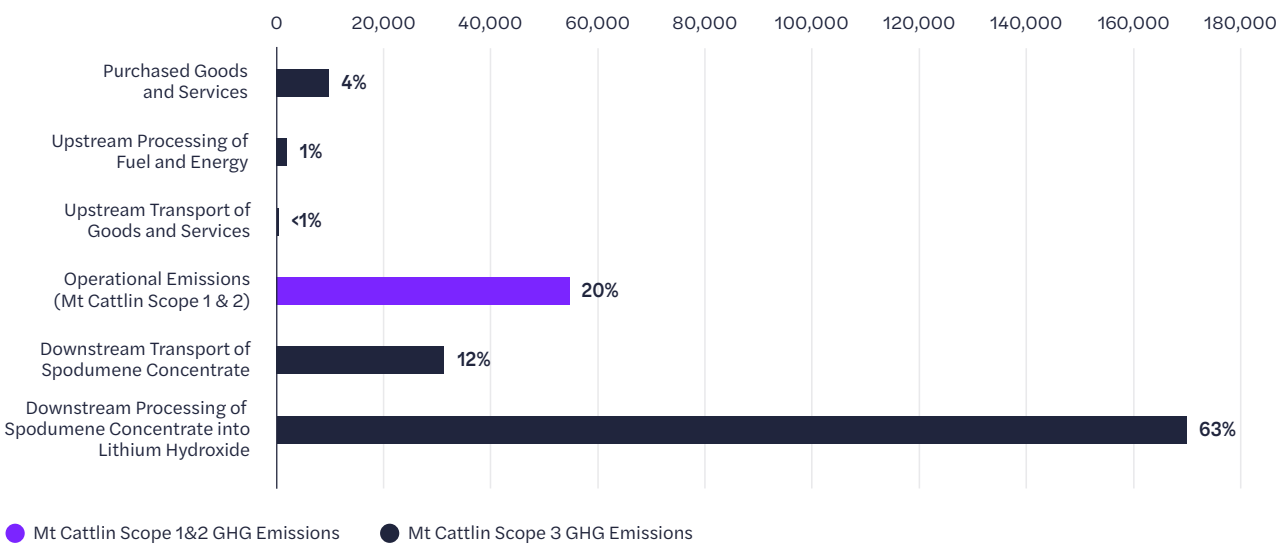
To reach ambitious global net zero goals, new technology will be required to address difficult to abate emissions. We continue to research and monitor the development of evolving solutions. These include opportunities for further electrification of mine site machinery to utilise lower emissions electricity generation. Opportunities to increase the efficiency of the capture and reuse of process reagents and associated emissions are also being investigated.

Ongoing projected emissions estimates will continue to be refined throughout project planning and approvals phases, and as new technology becomes available. Allkem's new projects and expansion projects are being designed considering the group level net zero target.

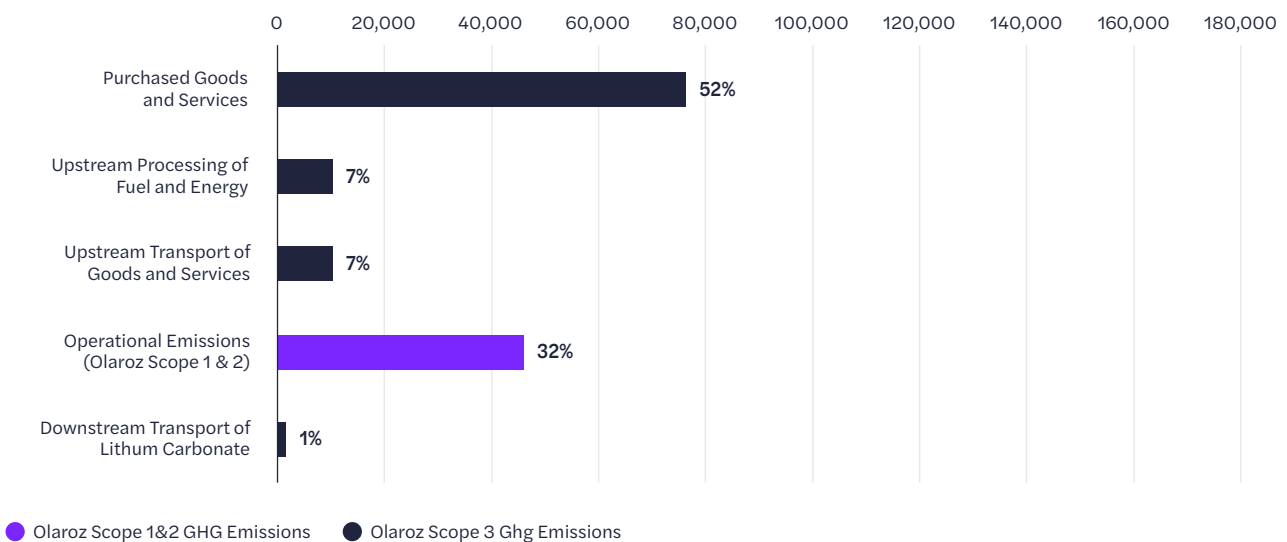
Scope 3 emissions

To align our net zero target with the Science Based Target Initiative, we also need to address our material scope 3 emissions. We report our scope 3 emissions for each operation and continue to expand the sources included in our calculations. Through this investigation we have identified areas where we can focus efforts to encourage further emissions reduction within our value chain. The graphs below compare the operational scope 1, 2 and 3 emissions from our hard rock and brine-based lithium operations. This year, each operation produced approximately 16kt of LCE.

Spodumene to Lithium Hydroxide—Mt Cattlin Value Chain GHG Emissions (tCO₂e)



Brine to Lithium Carbonate—Olaroz Value Chain GHG Emissions (tCO₂e)



For our hard rock operations in Australia, the most significant source of scope 3 emissions is from the downstream processing of spodumene concentrate products into lithium chemicals. This is an important consideration when investigating options for North American downstream processing in regions with increased access to renewable energy sources.

For our brine-based operations in Argentina, the most significant sources of scope 3 emissions are from the production of reagents used in our evaporation ponds and plants, particularly lime and soda ash. There are opportunities to work with our suppliers to reduce emissions associated with the production and delivery of these reagents. For example, studies have commenced on the local supply and manufacture of soda ash to meet the increasing requirements from higher production at Olaroz and Sal de Vida. Development options are also being considered for Allkem owned lime properties in NW Argentina which may lead to further efficiency improvements.

During FY23, following the completion of feasibility studies, we successfully transitioned from sole reliance on road transport of soda ash to a more sustainable road and rail hybrid approach. Some deliveries of the Soda Ash are now transported from the Port of Buenos Aires to the Olaroz lithium facility using a combination of road and rail, significantly reducing transport kilometres by trucks and minimising exposure to transportation risks. This has led to operational enhancements relating to reliability of travel time, improving our ability to respond to soda ash demand fluctuations. The new transport approach also resulted in a 37% reduction in average GHG emissions associated with the transportation of this raw material to our facility. We will continue to evaluate new routes and further optimisations to achieve the best sustainable transport practices throughout our value chain.

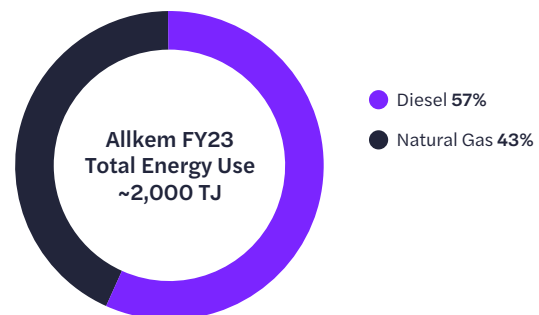
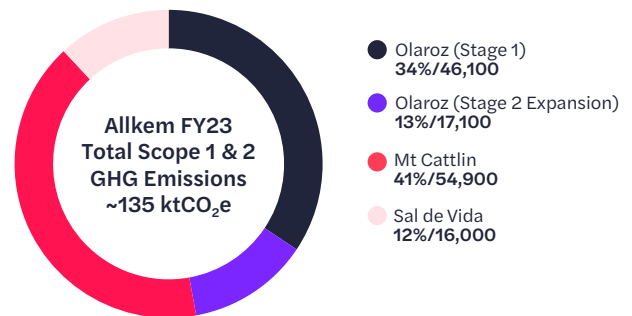
Climate Change and Decarbonisation Governance

Allkem have established a robust governance structure for the management of climate change-related issues at the Board level, with the Sustainability Committee having oversight. Identification and management of climate change related risks and opportunities is a regular agenda item at committee meetings.

At the management level, risks and opportunities associated with climate change are the responsibility of the Head of Operations in each of the regions where we operate, along with Allkem’s Chief Sustainability and External Affairs Officer, reporting directly to the CEO on these matters.

FY23 Performance—Energy Use and GHG Emissions

Our total fuel use and scope 1 and 2 greenhouse gas emissions for FY23 are summarised below. Over 99% of these emissions are classified as direct, Scope 1 emissions. Scope 2 emissions are currently only associated with electricity use in our offices. Due to the remote nature of our operations, electricity is currently generated on site using natural gas at the Olaroz Lithium Facility and diesel fuel at the Mt Cattlin mine. Onsite trucks and machinery at each site also use diesel fuel.



Operational Emissions

Mt Cattlin Mine

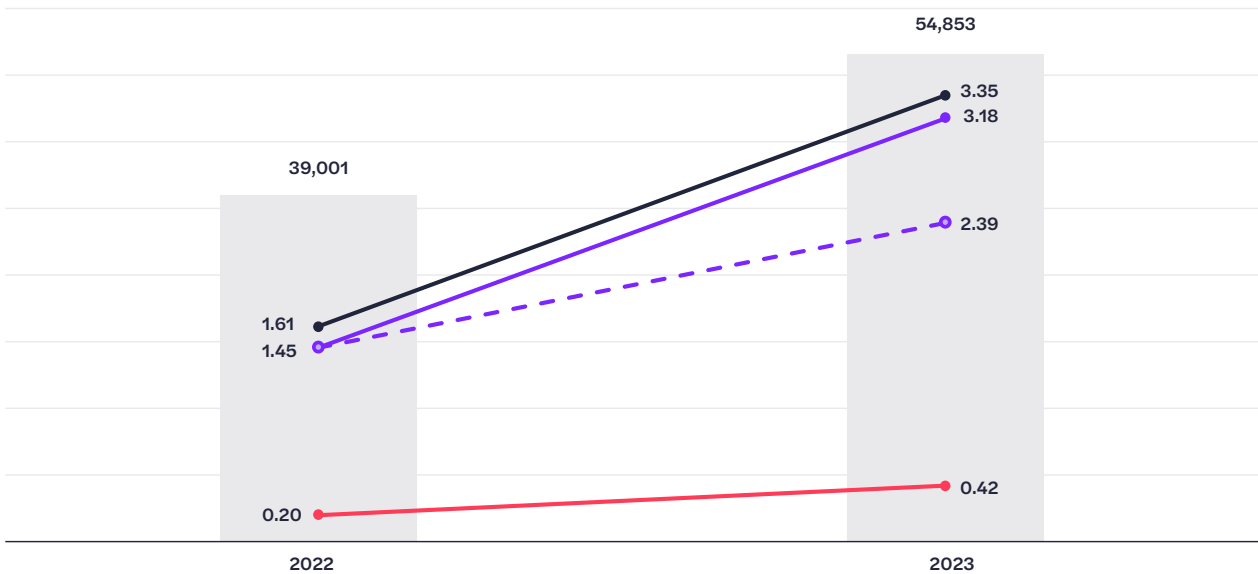
During FY23, we reported total Scope 1 and 2 emissions for Mt Cattlin of 54,853 tCO₂e. Over 99% of these were Scope 1 emissions from the diesel fuel used in mining equipment and for electricity generation on site. Emissions intensity in FY23 was 0.42 tCO₂e/dmt of spodumene concentrate, up from 0.20 in FY22. This increase was due to transitional activities during the year associated with the development of the 2NW pit where pre-stripping mining activities were undertaken. We overcame some initial challenges during this transition that delayed access to the main ore body and the production of spodumene concentrate. However, grade control drilling, increased equipment size and an additional mining contractor resulted in significant improvement by the second half of the financial year, allowing operations to achieve a steady state of production.

To calculate a group level, overall emissions intensity figure, we converted spodumene concentrate to a Lithium Carbonate Equivalent (“LCE”) using an industry standard conversion factor of 8. This results in an intensity estimate 3.35 tCO₂e/t LCE from Mt Cattlin. This year we have also recalculated this figure as ‘contained LCE’, incorporating the average grade and the conversion factor of Li₂O to LCE of 2.473. Using this method, we have incorporated the ‘contained LCE’ in the low-grade product sold during the year. This results in an overall emissions intensity for Mt Cattlin of 2.39 tCO₂e/t LCE contained in product sold in FY23.

Renewable electricity generation

Approximately 470 GJ of electricity was generated at Mt Cattlin’s solar photovoltaic plant during the year. An independent study is underway to evaluate the business case of upgrading the Mt Cattlin power station to include significant renewable energy and switching the thermal fuel source to natural gas.

Mt Cattlin GHG emissions (tCO₂e)



- Scope 1 GHG Emissions
- Operations Emissions Intensity (tCO₂e/tLCE) using '8' Conversion Factor for Spodumene to LCE
- Operations Emissions Intensity (tCO₂e/tLCE)*
- Operations Emissions Intensity (tCO₂e/tLCE)**
- Operations Emissions Intensity (tCO₂e/t Spodumene Concentrate)

*Contained Li₂O (using % Grade) Converted to LCE using a Factor of 2.473

**Contained Li₂O (using % Grade) Converted to LCE using a Factor of 2.473—Including Low Grade Product



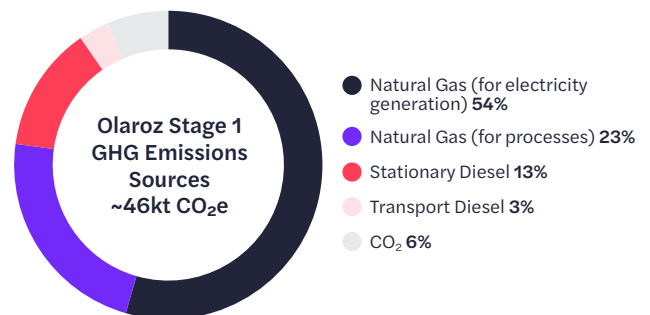
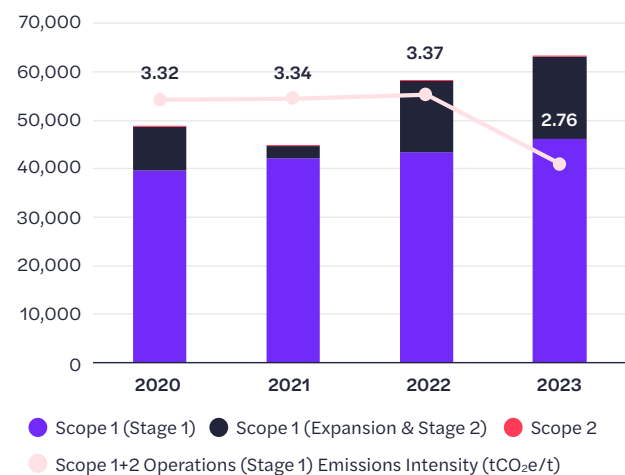
Olaroz Lithium Facility

This year at the Olaroz Lithium Facility, Stage 1 operation emissions (Scope 1 and 2) totalled approximately 46,100 tonnes CO₂e. Emissions intensity decreased from 3.37 to 2.76 tonnes CO₂e/tonne of lithium carbonate produced. This was due to increased production, improved efficiency and a lower amount of battery grade product (39%, down from 47% in FY22). Reduced rainfall at site during the year compared with FY22 also contributed by improving brine concentration.

During the year, we also completed our first life cycle assessment (“LCA”) associated with lithium carbonate produced at the Olaroz Lithium Facility. The objective of the study was to estimate the environmental performance of the life cycle of the production, use and final disposal of lithium used in batteries in EVs. Direct and reliably validated information was used to create an LCA for the production process. These results were then complemented with a theoretical model of the use and post-consumption stages. The resulting LCA spanned from raw material acquisition to final battery product disposal (from cradle to grave), capturing key stages in our value chain. The LCA results provided valuable insights on the environmental profile of our lithium carbonate production process, highlighting the contribution of raw materials and the importance of sustainable sourcing. The model showed the contribution of lithium carbonate production in the overall EV lifecycle was less than 1% of the total global warming potential (“GWP”).

As a founding member of the International Lithium Association (“ILiA”), Allkem is also working to define better guidance around LCA’s for lithium products with an initial focus on carbon footprint. With this guidance in place, comparisons between LCA’s conducted for different lithium products will be more meaningful as key assumptions around scope, allocation, energy mix and data sources will be standardised. We will continue to improve LCA estimates in the future, incorporating this guidance and further evaluating assumptions made in our initial LCA.

Olaroz GHG emissions (tCO₂e)





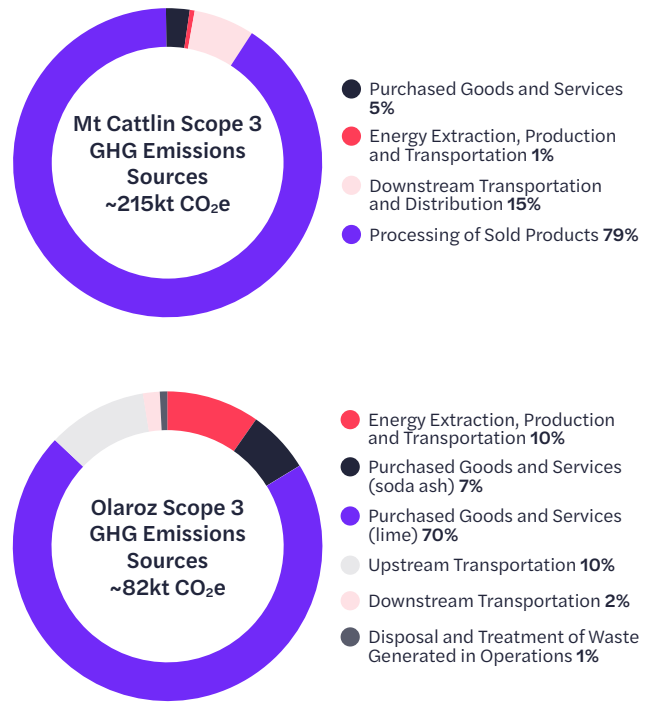
Scope 3 Emissions

During FY23, estimated scope 3 emissions from Mt Cattlin totalled approximately 215,000 tonnes. The majority of these emissions are from the downstream processing of spodumene concentrate into lithium hydroxide by our customers.¹⁵

At Olaroz, FY23 scope 3 emissions were estimated to be approximately 100,000 tonnes with the most significant sources being the production and transportation of reagents used in our operations.

Emissions Reduction Enabled

We estimate¹⁶ that for every one tonne of LCE we produce and sell into the electric vehicle (“EV”) value chain, we can contribute to a reduction of around 400–600 tonnes of greenhouse gas emissions. Using these estimates, and the assumption that 60% of lithium demand in 2023 was from the EV value chain, our lithium production in FY23 potentially enabled, on average, around 9.9 million tonnes of CO₂e reduction on a total lifecycle basis.



¹⁵ Scope 3 emissions from downstream processing of our spodumene concentrate into lithium hydroxide by our customers have been estimated using published data from Argonne National Laboratory in Kelly et al. (2021).

¹⁶ <https://iea.blob.core.windows.net/assets/ffd2a83b-8c30-4e9d-980a-52b6d9a86fdc/TheRoleofCriticalMineralsinCleanEnergyTransitions.pdf> p.194 BEV fuel economy BEV battery 40 kWh NMC622. Industry estimate of 0.86kg LCE/kWh.

Decarbonisation—Future Focus Metrics and Targets

The following short term, intermediate and long-term emissions targets have been designed, considering Allkem's projected growth and net zero by 2035 target:

KPIs	FY23	FY23	FY24	FY28	FY35
Olaroz Lithium Facility	Value	Target	Target	Target	Target
Operational Emissions Intensity Scope 1+2 (tCO ₂ -e/t)	2.8	3.25	3.25	<3.0	0 ¹⁷
Renewable energy (% of process electricity and heat)	0	0	0	50	100
Mt Cattlin	Value	Target	Target	Target	Target
Emissions Intensity Scope 1+2 (tCO ₂ -e/t LCE)	3.35	2.36	3.6	3.6	NA
Sal de Vida	Value	Target	Target	Target	Target
Emissions intensity Scope 1+2 (tCO ₂ -e/t)	NA	NA	NA	1.9 ¹⁸	0 ¹⁹
Renewable energy (% of process electricity and heat)	0	0	0	40 ²⁰	70
James Bay	Value	Target	Target	Target	Target
Emissions intensity (tCO ₂ -e/tLCE)	NA	NA	NA	0.875	0 ²¹

17 Includes offsets

18 Target linked to IFC funding

19 Includes offsets

20 Target linked to IFC funding

21 Includes offsets

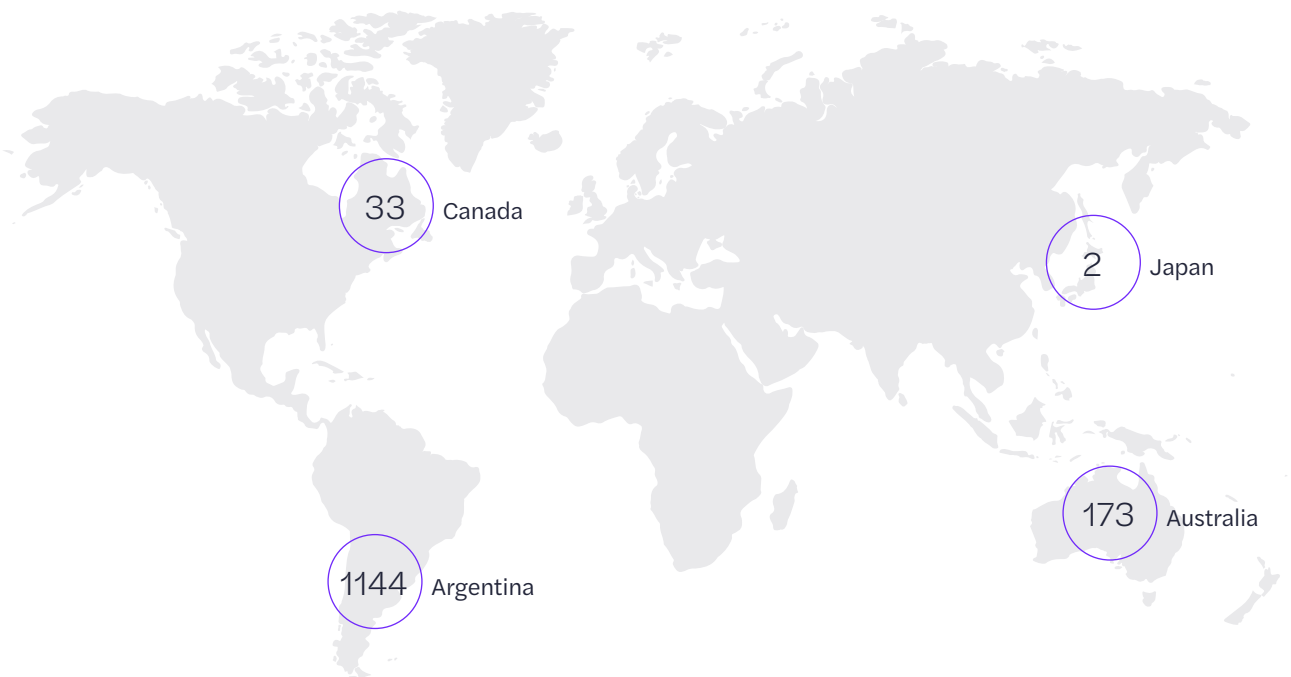




Human Capital

Although we divested Borax Argentina during the year, overall employee numbers continued to grow due to our ambitious lithium growth strategy. At the end of FY23, Allkem and our controlled subsidiary companies employed 1352 people based across Australia, Argentina, Canada and Japan.

Number of employees by location FY23



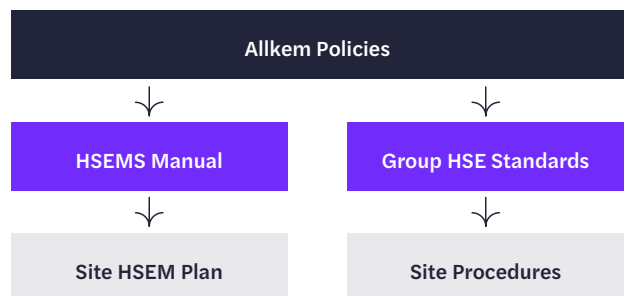
Through adhering to Principles 3–6 of the UN Global Compact, we have committed to upholding the freedom of association and recognising the right to collective bargaining, and to eliminating forced and compulsory labour, child labour and discrimination regarding employment.

Each of the regions where Allkem operates have regulatory requirements in place addressing these topics as outlined in the International Labour Organisation’s (“ILO”) Fundamental Conventions. 38% of our workforce at Olaroz and 27% at Sal de Vida are covered by collective bargaining agreements.

Health Safety and Wellbeing

Strategic Focus

Ensuring that our workforce is supported, safe and healthy is consistently identified as one of our most material topics and we are committed to achieving a “zero incident—zero harm” workplace across the Company. Our Health, Safety and Wellbeing Strategy has been developed around the key pillars of Standards, Systems and Culture with an underlying focus on continuous improvement.



Governance

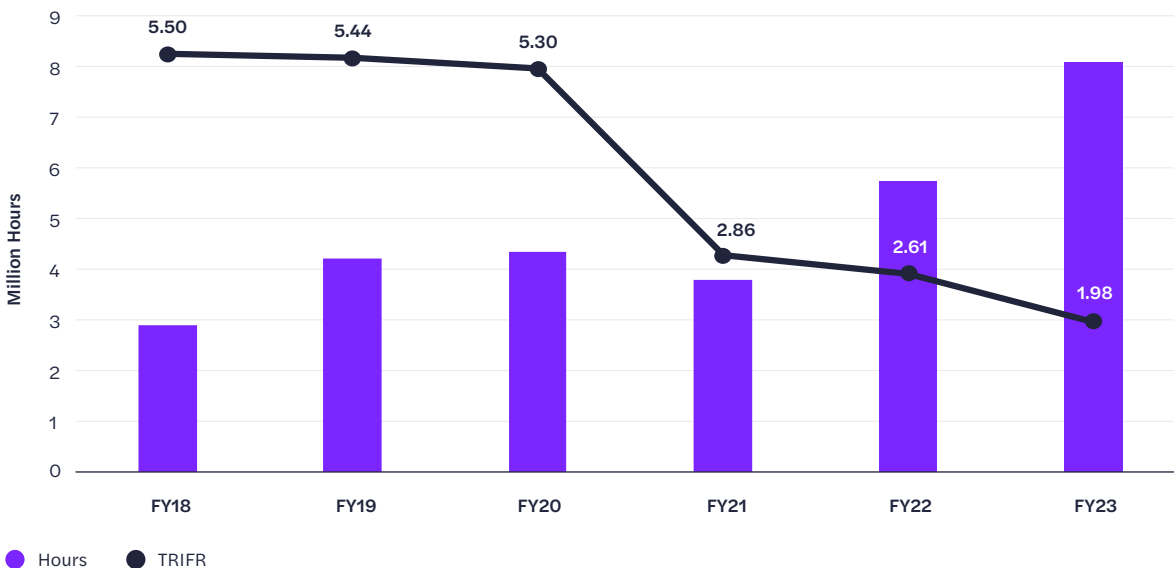
Our [Health and Safety Policy](#) and [Code of Conduct](#) embed our commitment to Health and Safety from the Board to the workforce and illustrate the broad principles governing our ‘zero harm’ approach.

Allkem has in place an integrated Health Safety and Environment (“HSE”) Management System aligned to ISO45001 Health and Safety Management System Standard and ISO14001 Environmental Management System Standard. The system is captured in our Health, Safety and Environment Management System Manual and defines the framework within which we manage our operations and set the minimum standards of performance across the group. Our HSE Management System applies equally to employees and contractors across all operations, project sites and offices. Local communities and other relevant stakeholders are also consulted with regard to any plans and activities that may affect them.

We set lead and lag performance metrics for Health and Safety, including the reporting and investigation of Significant Potential Incidents (“SPI”). SPIs are incidents which have the potential to seriously injure or kill a person. Root-cause investigations for each SPI are approved by senior management and the action status tracked to ensure every ‘near-miss’ remains only that.

Health and Safety Key Performance Indicators are embedded into objectives from the CEO down and reported on at a weekly (operational) and monthly (executive) level. Extracts of performance are reported on at every Board Meeting and in a detailed agenda item in Sustainability Committee meetings. Objectives and targets are reviewed annually. The appointed Executive Lead for each Operation or Project is accountable for Health and Safety performance within their jurisdiction. Governance is provided by the Corporate Director for Health, Safety and Security who reports directly to Allkem’s Chief Sustainability and External Affairs Officer.

Combined Historic TRIFR



Emergency Preparedness and Response

Allkem has an overarching Emergency Preparedness and Response Plan (“EPRP”) for our sites which includes potential emergency scenarios. These scenarios reference both internal and external risk factors, such as spills, fires, road accidents, and natural disasters. The EPRP includes internal and external emergency contacts and communication flows and protocols. Each operation and project also have site specific Emergency Response Management Plans that provide a consistent framework and authority levels for key decisions. At the group level, we have also developed a Global Crisis Management Plan. This plan outlines roles and responsibilities for response to emergencies that meet a range of defined criteria. The emergency response in relation to tailings facilities is outlined in Allkem’s Tailings Management Standard.

FY23 Performance

At the group level, Allkem achieved an improved safety performance during FY23 reflecting a reduced number of safety incidents across both Mt Cattlin and Olaroz. We also maintained zero fatalities across all operations and projects.

As our group level hours (including employees and contractors) have increased significantly in the past two years, our overall total recorded injury frequency rate (“TRIFR”) has continued to reduce.²²

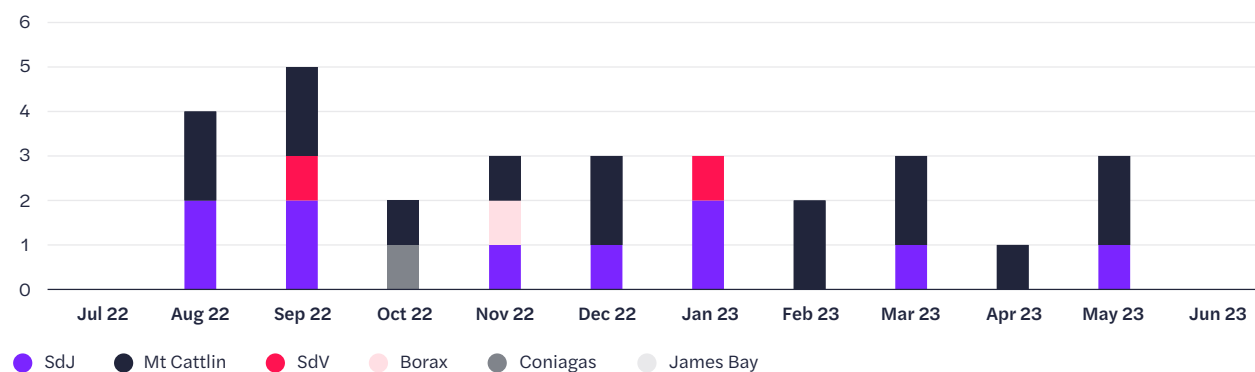
We maintained our focus on reporting SPIs which are incidents with the potential to seriously injure or kill a person. During the year we completed root-cause investigations for each of these SPIs as shown below.²³

Strategic improvement programs during the year focused on Crisis and Emergency Management and Critical Control Management. A Behavioural Based Safety program was initiated at Olaroz and Sal de Vida to increase active participation in the detection and correction of potential safety incidents.

²² Historic calculations include Mt Cattlin, Olaroz, Sal de Vida and Corporate. Borax data is included up to the point of sale. James Bay project is also included in FY23.

²³ SPIs include Mt Cattlin, Olaroz, Sal de Vida and James Bay. Borax data is included up to the point of sale. Coniagas (an historic site rehabilitation project) is also included.

Significant Potential Incidents FY23



Total Recordable Injury Frequency Rate (“TRIFR”) and Lost Time Injury Frequency Rates (“LTIFR”) for each site, including employees and contractors is shown below:

FY23	Mt Cattlin (Operation)		Olaroz (Operation and expansion)		Sal de Vida (Project)		James Bay (Project)		Allkem Total	
TRIFR (total)	7.7	↓	1.2	↓	1.3	↓	0	→	1.98	↓
TRIFR (employees)	10.5	↓	1.2	↓	0	→	0	→	1.5	↓
TRIFR (Contractors)	7.0	↓	1.2	↓	2.0	↓	0	→	2.3	↓
LTIFR (total)	0	↓	0.5	↓	1.3	↓	0	→	0.6	↓
LTIFR (Employees)	0	↓	0.6	↓	0	→	0	→	0.3	↓
LTIFR (Contractors)	0	↓	0.4	↓	2.0	↓	0	→	0.8	↓

A detailed breakdown of safety performance metrics for employees and contractors at each site is included in Allkem’s annual Sustainability [Performance Data](#).

Mt Cattlin

There were no lost time incidents during FY23 at Mt Cattlin, and the rolling 12-month TRIFR of 7.7 represents a 34% improvement compared to FY22.

The improved safety performance is attributed to the increase in implementation of proactive safety observation procedures. These include the Field Critical Control Check (“FCCC”) observations, to enhance the existing Critical Control Management Program.

Olaroz

Health and safety performance at Olaroz Lithium Facility also improved in FY23 with a TRIFR of 1.2 and LTIFR of 0.49. This was attributed to the rollout of critical standards and focus on increasing behaviour observations.

During FY23 we have increased our focus on transportation safety. At Olaroz and Sal de Vida, we created a specific department to better identify, manage and control road safety risks. This department is focusing on implementing improvements in vehicle safety critical controls and driver specific training. These initiatives will have a broad focus, including all road users from our operations, contractors, and local communities.

Sal de Vida

Sal de Vida recorded a TRIFR and LTIFR of 1.3 in FY23. There was a significant increase in contractor working hours at Sal de Vida during FY23 due to increased construction activities. Health and Safety teams completed the implementation of risk identification and operating procedures, in alignment with Allkem Group Standards. Safety training was completed for employees and contractors covering working at high elevation, and first aid training including CPR. The annual flu vaccination campaign was carried out covering 696 employees and contractors.

James Bay

At James Bay, the team successfully implemented HSE procedures in alignment with Allkem Group Standards and Canadian permit commitments. This included contractor management, project design and risk analysis. The team completed exploration activities and establishment of Phase 1 for the mine temporary camp with a strong focus on safety first, recording zero safety incidents.

Diversity and Inclusion

Strategic Focus

Developing a diverse, skilled, engaged, and productive workforce is essential for contributing to the long-term value of our business. At Allkem, we are proud to work across a diverse range of locations, with a workforce that values and reflects the cultures of each of the areas where we operate. Differences in age, race, gender, nationality, region of origin, culture, sexual orientation, physical abilities, and thinking styles enrich the organisation and management approach.

Governance

Allkem's Chief Human Resources Officer oversees the development and implementation of our Diversity and Inclusion Strategy within the business. This is done through Human Resources Departments in each region where we operate. Our commitment is outlined in Allkem's [Diversity and Inclusion Policy](#). Allkem's Board level People and Remuneration Committee oversees our strategy to achieve diversity targets for employees. Allkem's Chief Sustainability and External Affairs Officer oversees the development of strategy for inclusion of local and indigenous communities. This strategy is implemented by our Shared Value and Community teams at each operation and advanced project. This approach is outlined in Allkem's [Community and Social Performance Policy](#). Allkem's Board Sustainability Committee oversees strategy for building shared value with local communities including local employment. The Nomination and Governance Committee oversees target setting and strategy to achieve Board diversity as outlined in our [Corporate Governance Statement](#).

FY23 Performance

Gender diversity

Proportion of women at the end of FY23:

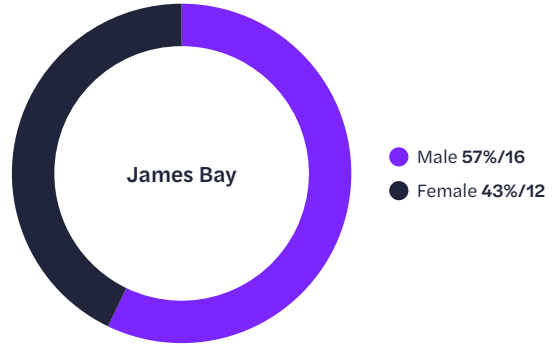
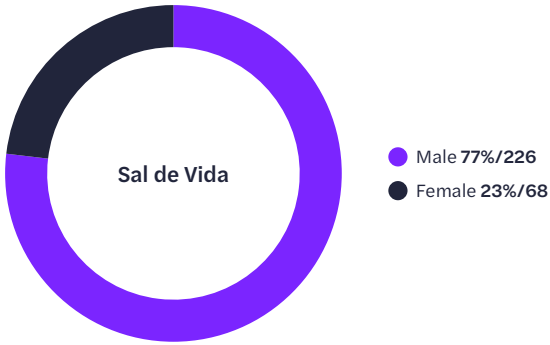
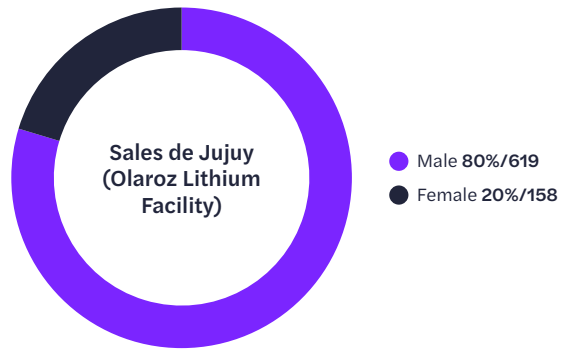
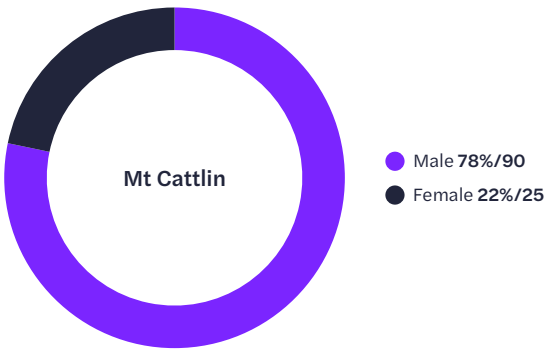
25%	20%	24%
Allkem Board Directors	Allkem Senior Executive	Total Employees

In Argentina, where the average participation rate of females in the mining sector was only 10% in 2022²⁴, we are focused on maintaining significantly higher female representation across our operations and projects. During the year, we formalised this commitment for the Sal de Vida project, linking our IFC financing to sustainability targets which include achieving at least 26% women employees at the project by 2030.

Initiatives in place to support this at our sites in Argentina include subsidised daycare for working parents. At all of our sites we offer extended family leave and flexible work, including hybrid arrangements in some cases for returning parents.

The percentage of female employees at both Olaroz and Mt Cattlin remained steady from FY22 to FY23 as we increased the size of our workforce. For our projects, the number of females employed at Sal de Vida increased from 52 to 68, while the percentage decreased slightly from 25% to 23%. Although we are focused on measures that encourage the entry and long-term retention of women, we expect that the percentage of women will be impacted during construction and the early stages of operations. At James Bay, where we are still finalising the approvals process and construction is yet to commence, the percentage of female employees increased significantly from 30% up to 43% of the James Bay project team. Gender diversity at each of our operations and projects is shown in the charts below.

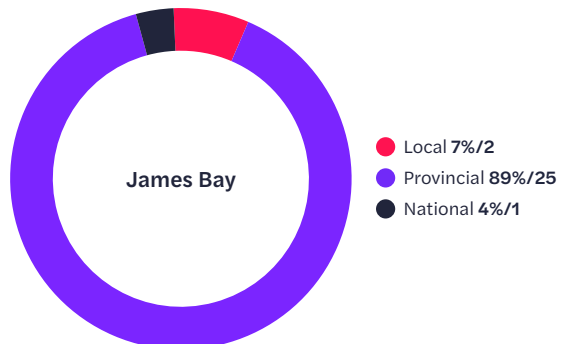
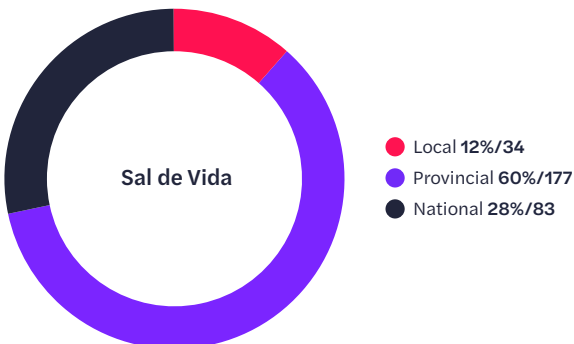
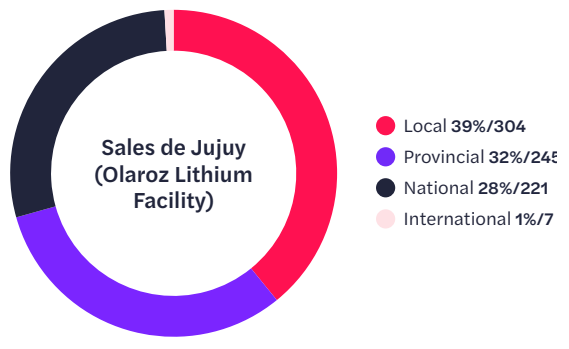
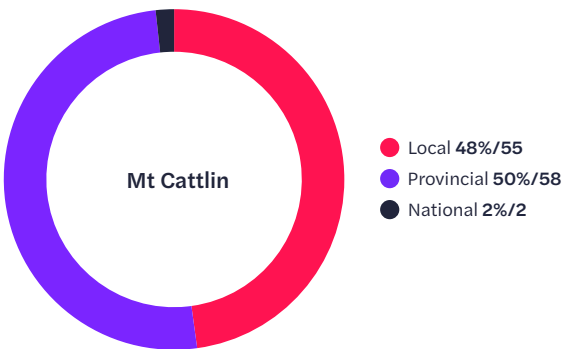
24 Source: CAEM—Cámara Argentina de Empresas Mineras (Argentine chamber of mining companies) <https://www.caem.com.ar/genero-e-inclusion/>



Cultural Diversity

Our workforce diversity is also enriched by the number of people from our local communities working on our sites. We are focused on developing a strong and engaged local workforce at each of our operations and projects. At the broader group level, we learn from and celebrate each of

the unique cultures across the areas where we operate in Argentina, Australia and Canada. The distribution of local employees for each operation and project during FY23 is shown below. Further information about these initiatives is included in the [Shared Value](#) section of this report.



Future Ready Workforce

Strategic Focus

The unprecedented growth in demand for lithium is also being met with an unprecedented demand for skilled workers in the lithium industry. Within our workforce, we have team members with valuable experience across brine and hard rock lithium projects. Our portfolio of projects across Australia, Canada and Argentina offers our employees exciting career opportunities, sharing knowledge between our active operations and across our development pipeline. Most importantly, our people know that they are contributing to part of the Net Zero solution, bringing quality lithium products into the market, in a sustainable way, that enables global decarbonisation.

Effectively attracting, training and retaining employees with the required skillsets to implement our business strategy is a key focus for our company. We have developed an approach to retaining key personnel and attracting talent that includes employee development programs, ensuring a diverse and inclusive work environment and a focus on hiring and developing talent from local communities. Allkem provides competitive and fair total remuneration packages, a safe inclusive workplace and a commitment to strong corporate values.

The management of talent is core to Allkem’s success and is a key priority for management and the board.

Governance

At each of our global locations, we have Human Resource Leaders in place who report to Allkem’s Chief Human Resources Officer. Our Chief Human Resources Officer is responsible for our workforce talent development and training strategy within the business. Allkem’s Board level People and Remuneration Committee oversees this strategy and performance outcomes.

FY23 Performance

The availability and retention of skilled personnel in the current market remains highly competitive. Voluntary turnover reduced across both operations in FY23, while at our growth projects, there was an increase. Despite this, we continued to grow across each operation and project and at the corporate level during the year.

Voluntary turnover

Mt Cattlin

39% FY22 30% FY23

Olaroz (Sales de Jujuy)

5.7% FY22 3.9% FY23

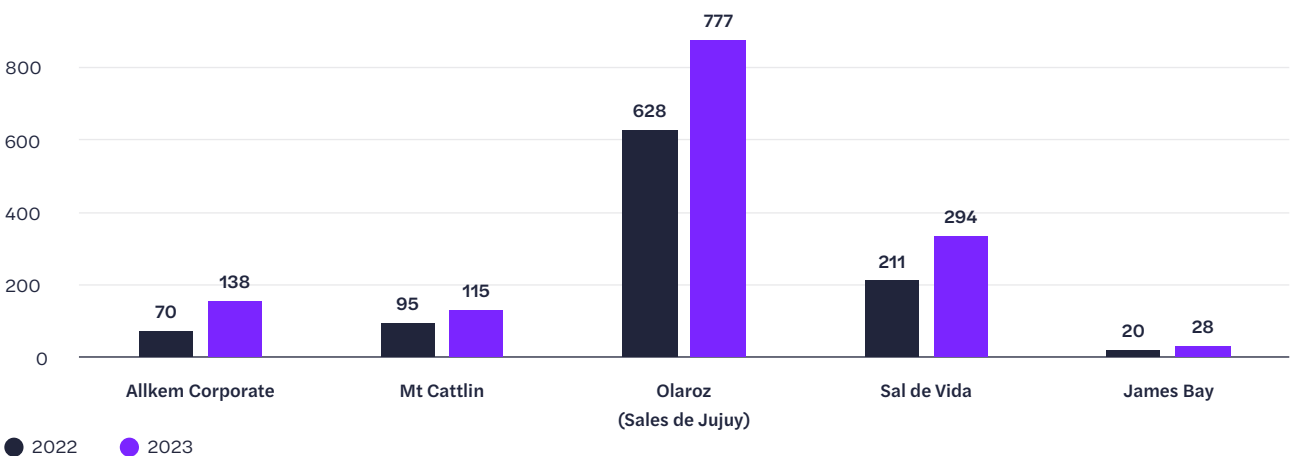
James Bay

10% FY22 10.3% FY23

Sal de Vida

7.1% FY22 13.6% FY23

Allkem Group Employees





We have made a significant investment in training during FY23 with nearly 50,000 training hours recorded across the business.²⁵ Training covered areas such as our new Code of Conduct, Diversity, Inclusion & Respectful Behaviours, Leadership courses for managers as well as role specific, technical training.

With over 400 new hires during the year in Argentina, we have increased our focus on leadership training to build and maintain strong teams. 406 employees from Jujuy, Catamarca and Buenos Aires participated in the Leadership Academy program. The program focuses on developing tools and skills that leaders can draw upon to inspire their teams to achieve organisational objectives. The program includes all employees at different levels of leadership from supervisors to managers and directors.

In November 2022, 849 employees participated in our second employee experience survey following the merger between Galaxy and Orocobre. 82% of our employees

across Argentina, Australia and Canada completed the survey, an increase of 6% compared with the previous year. The overall positive perception of our workplace was 60%, down from 66% recorded in the FY22 employee survey.

This survey showed that across the business, we feel most positive about our values and company culture. The area identified as in need of most improvement was internal communication.

In response to the feedback received in the survey, Allkem's Human Resources, Communications and IT teams have successfully rolled out a companywide intranet during the year to improve the way that we share information across our global organisation. We also increased the % of employees who received formal performance evaluation from 87% to 91%.

See performance data for detailed breakdown of employee turnover, new hires and training metrics.

Human Capital Future Focus Metrics and Targets

The following measurable objectives for gender diversity are included in Allkem's FY23 Corporate Governance Statement. At the group level, Senior Executives are defined as a person who is a member of our Executive Management Team that reports directly to the Managing Director.

Objective	Target	Status as at 30 June 2023
1. Proportion of women Directors	30% by the end of FY2023	25%
2. Proportion of women employed in Senior Executive positions	≥30% by the end of FY2025	20%
3. Proportion of women employed across the Allkem Group (including Australia, Argentina and Canada)	≥25% by the end of FY2025	24%

In light of the proposed merger between the Company and Livent Corporation (announced to the market on 10 May 2023), the Board will not be making any further changes to its composition until shareholders have had the opportunity to vote on the merger proposal. The composition of the Board of the merged entity, including female directors, will be set out in the Scheme Booklet to be sent to shareholders in connection with the Scheme Meeting (currently anticipated to be held around the end of calendar year 2023).

²⁵ This figure does not include Mt Cattlin where this figure was not reported for FY23.

At each of our operations and projects, the following targets are in place for human capital. For these targets, women Executive Positions include women employed as Managers or Directors.

KPIs	FY23	FY23	FY24	FY28	FY35
Mt Cattlin	Value	Target	Target	Target	Target
TRIFR	7.7	8	8	5	NA
LTIFR	0	2.5	2	1	NA
Women in Executive Positions (%)	17	12	20	25	NA
Women in total workforce (%)	22	25	25	25	NA
Olaroz—Sales de Jujuy	Value	Target	Target	Target	Target
TRIFR	1.2	2.6	2.3	1	0.5
LTIFR	0.5	1.0	0.8	0.3	0
Women in Executive Positions (%)	21	25	26	30	>30
Women in total workforce (%)	20	20	23	30	>30
Voluntary turnover (%)	3.9	5.2	5	5	5
Sal de Vida	Value	Target	Target	Target	Target
TRIFR	1.3	2.9	2.9	1	0.5
LTIFR	1.3	1.5	1.5	0.3	0
Women in Executive Positions (%)	25	23	23	>25	>35
Women in total workforce (%)	23	12	12	22 ²⁶	26
Voluntary Turnover (%)	13.6	<6	<6	<10	<10
James Bay	Value YTD	Target	Target	Target	Target
TRIFR	0	6	6	5	2
LTIFR	0	2	2	1	0
Women in Executive Positions (%)	36	40	40	>30	TBD
Women in total workforce (%) ²⁷	43	15	15	10	TBD

²⁶ Linked with IFC commitment

²⁷ The reduced targets correspond with the beginning of construction and early-stage operation at James Bay

Natural Capital

Environmental inputs and outputs for brine-based lithium operation

Water and Brine


Brine is extracted from wells in the salt lake (salar) and pumped to large scale evaporation ponds. The operations require industrial water (non potable ground water), which is extracted and treated to be used in processing. Water is returned to the evaporation ponds after processing to recover residual lithium. There are no operational discharges to the environment.


*Low quality water as defined by ICMM water quality categories. Brine has a salt concentration of ~330g/L (sea water has 36g/L) and is not considered a water resource.

Energy

Energy is generated by the natural gas generators to power processes in the production plant and provide electricity for the camp.

Diesel is used on site for machinery and transport fleet.

 Direct solar energy is utilised to concentrate brine in evaporation ponds.

 Through our Net Zero plan, we are increasing renewable solar electricity generation.

Reagents

Including lime, soda ash, HCL and CO₂ are incorporated in the process to remove impurities and crystallise and purify Lithium Carbonate product.

Emissions

There are four main GHG emissions sources from our brine operations: Electricity generation, process heat generation, diesel used in onsite machinery, and emissions from use of reagents.


Harvested Salts

Mainly sodium chloride (NaCl) and magnesium hydroxide (Mg(OH)₂)

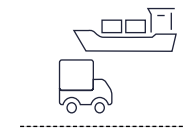
Product


Lithium Carbonate (Li₂CO₃)

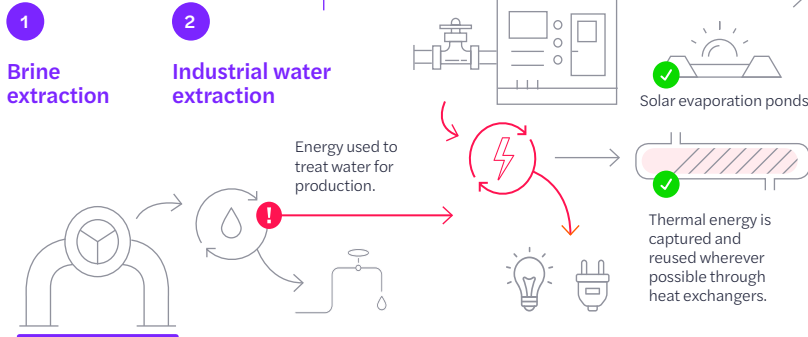
Emissions within our operation

- 1 
- 2 
- 3 
- 4 

Emissions in our value chain



 By contributing to a supply chain that enables the transition to clean energy alternatives, potential future emissions can be reduced.



Environmental inputs and outputs for hard rock lithium operation

Water

Groundwater from bore field, decant return line from in pit tailings storage facility (TSF) and rainwater tanks.


Raw water is sourced from water bores and piped to either the raw water dam to be used in the processing plant; or for use in dust suppression in the mining operation.

Some rainwater (<350m³) is captured and primarily used for the drill rigs.

Energy

Diesel for electricity generation and transport fleet/plant/machinery.

Energy used to treat water in reverse osmosis plant for human consumption.

 James Bay to be connected to grid electricity sourced from hydro power.

Emissions

Within operations from diesel use.

Emissions in our value chain—transportation and processing of product.

End use of product in battery storage enables reduction in emissions when used in electric vehicles, transitioning away from internal combustion engine.

Tailings


Process tailings are stored on site in-pit TSF

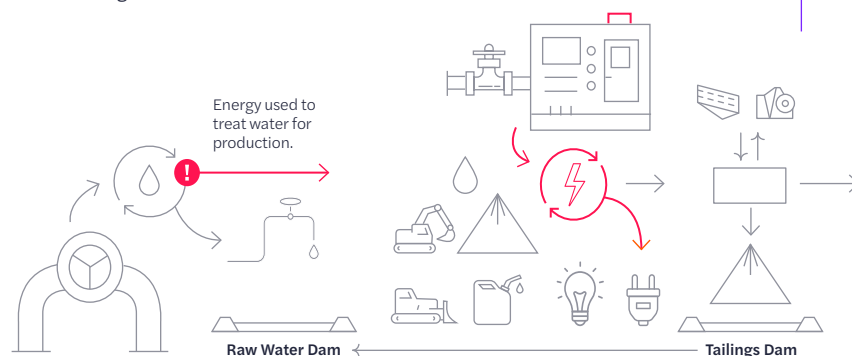
Product

Spodumene concentrate

Emissions in our value chain



 By contributing to a supply chain that enables the transition to clean energy alternatives, potential future emissions can be reduced.



Land Use and Biodiversity Management

Strategic Focus

Through adherence to Principles 7 and 8 of the United Nations Global Compact we support a precautionary approach to environmental challenges and commit to undertaking initiatives to promote greater environmental responsibility.

The International Sustainability Standards Board (“ISSB”) has signalled²⁸ that it will be drawing on the recommendations of the Taskforce on Nature Related Financial Disclosures (“TNFD”)²⁹ in future standards to meet the information need of investors. We are monitoring these developments and working to align our current disclosures with these recommendations. We also align our reporting with the Towards Sustainable Mining (“TSM”) Protocols, including the TSM Biodiversity Conservation Framework. Our Olaroz Lithium Facility in Argentina and James Bay in Canada (when operating) are required to report and be audited against these protocols. Our first site based TSM audit will be at the Olaroz Lithium Facility during 2024.

Every Allkem site undergoes assessments of biodiversity impacts and risks through the Environmental and Social Impact Assessment requirements of the regions where we operate. None of our operations or development sites are located in UNESCO world heritage sites, biosphere reserves or Ramsar sites. The location, description and environmental approvals requirements for each of our operations and projects are summarised below.

Mt Cattlin

The Mt Cattlin site is positioned in south-western, Western Australia near the town of Ravensthorpe, and approximately 40km inland from the coastal town of Hopetoun. The site of the mine is in a region of previously cleared agricultural land. Any further clearing of remnant vegetation is undertaken with permits from the State Government. There are no Threatened Flora, Threatened Ecological Communities or Priority Ecological Communities recorded on the site. Areas outside the site to the north and east do provide some valuable remnant habitat.

For each stage of the project, as part of the approvals process, potential environmental impacts are identified, and mitigation measures put in place, with involvement from local communities and State Government departments. For each permit that is required to operate, Allkem submits annual Environmental Reports to the relevant government agencies to ensure compliance. Progressive rehabilitation is undertaken during each Autumn/Winter planting season. Annual rehabilitation monitoring is conducted on site and a detailed Closure Cost Estimate (“CCE”) is completed annually and reported in Allkem’s annual accounts. Each year, Allkem is also required to pay a per hectare unit rate for land disturbance as part of the Western Australian Government’s Rehabilitation Fund Regulations 2012. A mining proposal to support expansion activities has been submitted to the relevant State authorities including a revised mine closure plan.

²⁸ <https://www.ifrs.org/news-and-events/news/2023/09/issb-congratulates-tnfd-on-finalised-recommendations/>

²⁹ <https://tnfd.global/recommendations-of-the-tnfd/>



Olaroz

Allkem's Olaroz Lithium Facility is located at an elevation of approximately 3900m in the Jujuy Province of Argentina. The site is within the Olaroz Cauchari Flora and Fauna Reserve. This reserve was created in 1981 with the primary goal of protecting the vicuña (*Vicugna vicugna*) species. Vicuñas are native to the Puna, and are found in Peru, north-western Argentina, Bolivia, and northern Chile. The reserve is designated as a multi-use area in which agricultural, mining, and scientific technical research programs are permissible.

Prior to any work beginning at the site, an Environmental Impact Report was developed and approved. This included extensive baseline studies of flora, fauna, hydrogeology, hydrology, climate, air quality, noise and ecosystem characterisation. Baseline assessments must be updated, submitted and approved by the relevant Provincial authorities every two years. Monitoring is conducted in partnership with local community representatives so that any impacts from our operation on ecosystem health can be measured, evaluated, communicated and addressed.



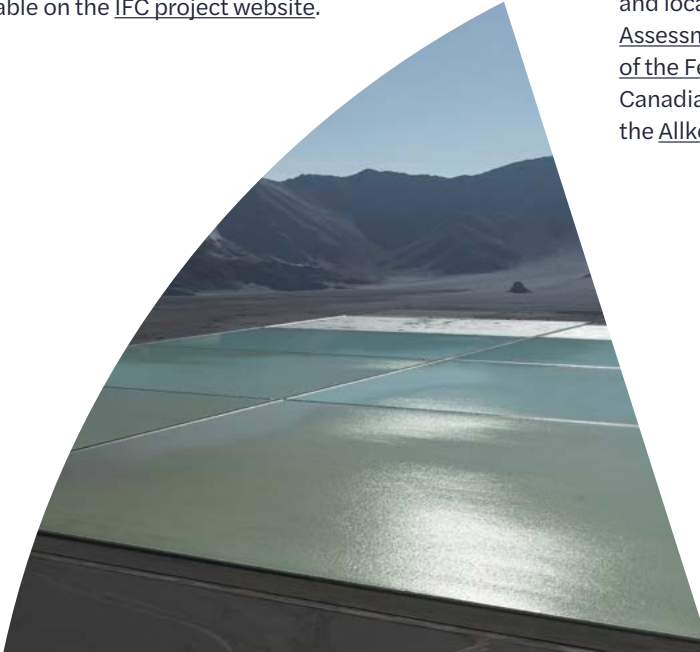
Sal de Vida

The Sal de Vida project site is located at approximately 4000m elevation within the basin of the Salar del Hombre Muerto, in Catamarca Province, Argentina. The project site is situated within a Key Biodiversity Area (“KBA”), which is also an Important Bird and Biodiversity Area (“IBA”). The status of the region as a KBA is based on the International Union for Conservation of Nature (“IUCN”) Global Standard for the Identification of Key Biodiversity Areas. The trigger for KBA classification was the presence of critical habitat for the Andean Flamingo and the Horned Coot that have both been documented in the region.

Two major perennial streams feed the Salar del Hombre Muerto from the south, the Los Patos River and the Trapiche River. Vegetation in the region is sparse, reflecting the high-altitude desert environment. There is no vegetation on the salar itself. The project has been designed to avoid areas of higher biodiversity value, such as wetlands, and vegetated areas. A system of culverts is planned to maintain water flow from the Los Patos River to support ecological processes.

Assessments of potential environmental impacts have been undertaken from the initial exploratory drilling through to the implementation of the Project. An Environmental Impact Assessment identified potential impacts and mitigation actions and has been approved by the Catamarca Provincial Government. This approval governs the activities permitted on the site and must be updated every two years.

As part of the IFC funding due diligence, additional audits were carried out against the IFC’s performance standards on Environmental and Social Sustainability. All documentation relating to these audits and the Environmental Impact Assessments is available on the [IFC project website](#).



James Bay

The James Bay site is located in Northwestern Québec, approximately 130km east of the Cree Nation community of Eastmain and 382km north of the community of Matagami. The area consists of terrestrial environments and wetlands characterised as having long cold winters and short warm summers. Temperatures in winter range from 5°C to below -45°C, with significant snow cover. Temperatures range from approximately 15°C to 35°C during the summer months. During dry summer periods, forest fires are common in the region. The Project is accessible year-round via the paved Billy-Diamond Highway.

The mining industry in Québec is subject to both federal and provincial laws and regulations. In addition, the Project is located within the territory governed by the James Bay and Northern Québec Agreement (“JBNQA”). The Federal impact assessment, finalised in January 2023, was conducted by a Joint Assessment Committee (“JAC”), composed of representatives appointed by the Cree Nation Government (“CNG”) and the Federal Government Agency. Wildlife and vegetation inventories as well as fish sampling have been conducted over the project area. Likely impacts from the project and appropriate mitigation measures have been identified in partnership with the federal and provincial government, the Cree Nation and local communities. [Environment and Social Impact Assessment \(“ESIA”\) documents including the conditions of the Federal Government approval](#) are available on the [Canadian Impact Assessment Agency Project website](#) and the [Allkem Project website](#).

Governance

Our Group level, Board approved Environmental Policy includes provisions regarding efficient use of energy, water and land, participatory environmental monitoring, reduction in emissions and overall carbon, water and biodiversity footprint minimisation. Allkem seeks to prevent and minimise biodiversity impacts and land disturbance through a common framework of standards and guidance across each Allkem operation.

At each site, we have integrated KPIs and responsibility for biodiversity management with the Environmental Superintendent/ HSEC Manager, reporting to the Operations Manager. Allkem's Shared Value teams also support local engagement on biodiversity, undertaking projects with communities, as well as supporting the Company's participatory environmental monitoring activities. At the Group level, biodiversity impacts and opportunities are the responsibility of the Corporate Environmental Manager who reports to the Chief Sustainability and External Affairs Officer. Allkem's Board Sustainability Committee oversees Board awareness of maintaining a longer-term outlook of nature related impacts and potential consequences for our business strategy.

FY23 Performance

Olaroz

Participatory environmental baseline monitoring programs were completed during the year. We also continue to work with the Olaroz Chico community implementing the Sustainable Vicuñas Management Project. This project presents an opportunity to generate shared value with the community by supporting the traditional 'Chaku' vicuñas catching and shearing practices whilst also monitoring vicuñas population numbers in the region. Allkem contributes to this project by providing funding and coordinating a vicuñas specialist to provide the required technical support and training for the Olaroz Chico community.

Mt Cattlin

At Mt Cattlin, the team have been working towards an updated assessment of environmental impacts and mitigation measures for the Stage 4 expansion project. The site-based environment team have also continued to work with specialist rehabilitation contractors to implement the revegetation works program on site.

James Bay

In January, Allkem received Canadian Federal Government approval for the James Bay Environmental and Social Impact Assessment ("ESIA"), determining that the project's environmental mitigation measures provide a sustainable path for the project to proceed. During the year, the Company progressed the environmental plans under the conditions of the approval in partnership with the Cree Nation communities of Waskaganish, Waswanipi and Eastmain.

Sal De Vida

During the year, our teams at Sal de Vida, have been working to align the Project's management approaches with the globally recognised IFC performance standards on Environmental and Social Sustainability. The awarding of a sustainability-linked, green loan to the Project is recognition and validation of the high ESG standards and targets already adopted. Through the IFC funding process, Sal de Vida has addressed the IFC Performance Standard 6—Biodiversity Conservation and Sustainable Management of Living Natural Resources ("IFC PS6"). In accordance with this Standard, Sal de Vida has adopted a 'No Net Loss' objective to sustain the flora and fauna in the area of influence, and a 'Net Gain' approach related to specific priority biodiversity values. A draft Biodiversity Action Plan has been developed to investigate potential offsets to support 'Net Gain' objectives. We are also working towards updating biodiversity monitoring protocols to increase understanding of the variability of biodiversity values throughout the area over different timescales.

An assessment was carried out by consultants as part of the IFC due diligence that concluded the Project does not overlap with community land or natural resource use. We maintain a program of engagement to address community concerns relating to any potential or perceived biodiversity impacts of the project.

The team have also completed an assessment of potential cumulative environmental and social impacts from our project, and other activities in the region. These studies are being used to define ongoing mitigation and management measures.

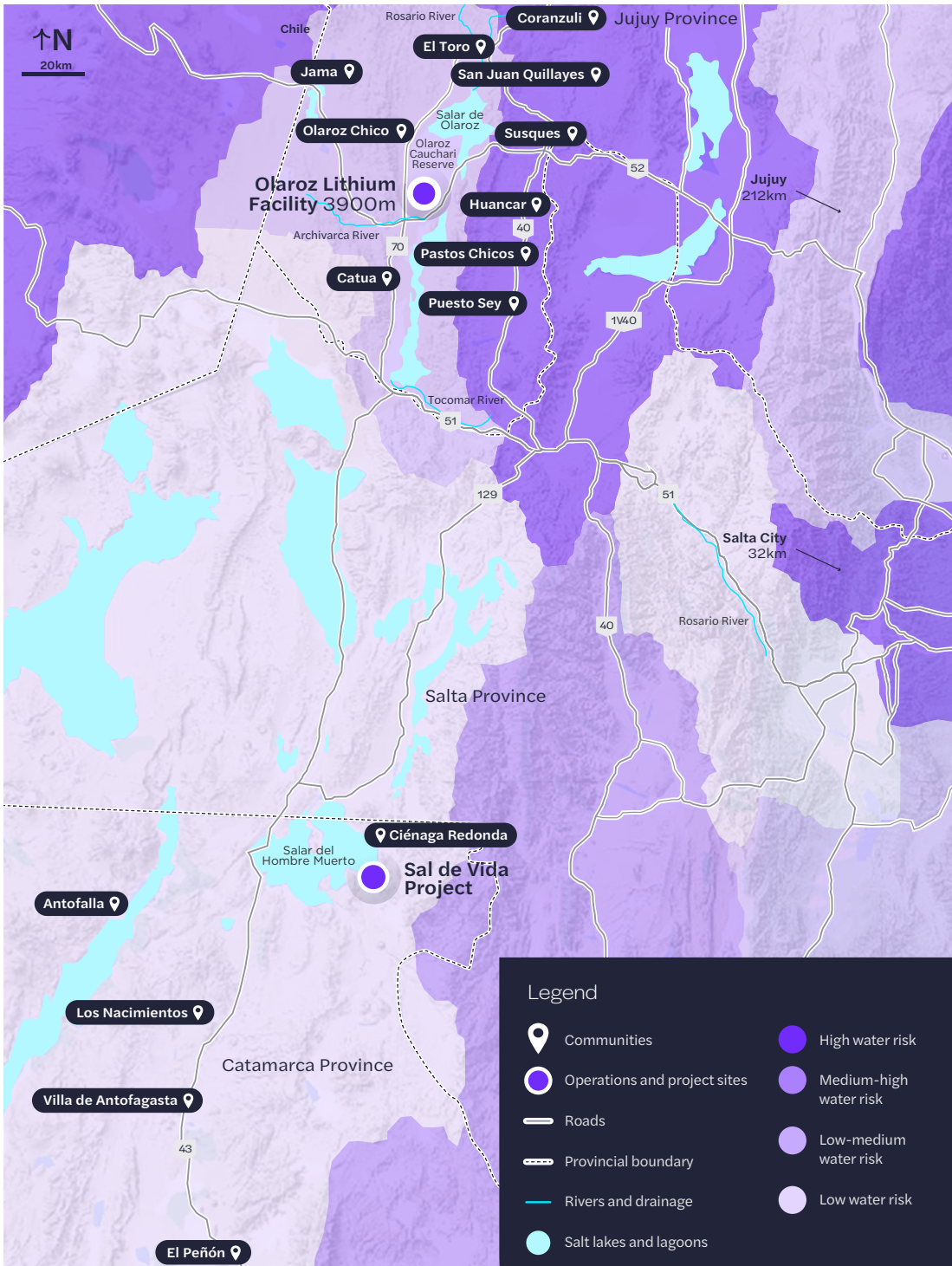


Water Use

Strategic Focus

Ensuring long-term water availability is a critical consideration for companies across all industries, particularly given changing climatic conditions and increasing demands on the world's natural resources. The water intensity of the lithium industry receives much attention as some lithium sources are in areas of high-water stress with competing water needs.

Although Allkem's lithium operations and projects are all located in regions of lower water risk as classified by the WRI Aqueduct Tool³⁰, we maintain a strong focus on water use efficiency and reporting transparency.



³⁰ Including under the RCP8.5 climate change scenario, up to 2030

Our brine-based operations extract brine from wells and pump it to solar evaporation ponds. Process or operational water use referenced in our performance data refers to the quantity of groundwater extracted during the reporting period, not brine.

The Olaroz Lithium Facility does not draw on surface water or potable or agricultural quality groundwater.

At the Sal de Vida Project no surface water is extracted directly from the Los Patos River. All operational water will be sourced from non-potable groundwater. There is no expected loss of water to communities in either their groundwater or surface water usage. Water monitoring takes place at seven different control points alongside nearby rivers in addition to periodic sampling to test flow rates, chemical and physical properties. We undertake this monitoring in partnership with local community representatives to increase transparency and address any concerns.

The Mt Cattlin spodumene mine does not draw on surface water. Water used for processing mine material is sourced from in-pit dewatering and recycled water decanted from the tailings storage facility (“TSF”). Additional water needs are met by water sourced from a groundwater bore field near the site. Rainwater is also collected in 450m³ tanks and used to supplement site water supply. A reverse osmosis plant is utilised for freshwater requirements on site.

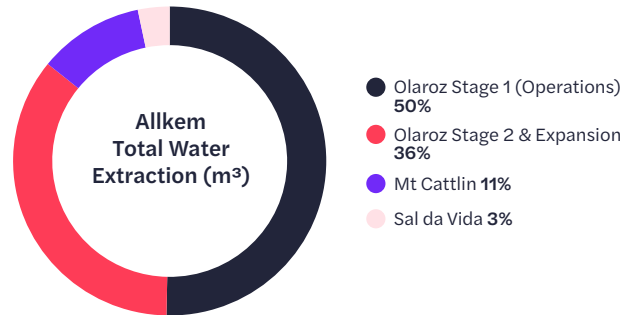
The James Bay project in Quebec, Canada is located in a remote environment with an abundant water supply. Baseline and impact studies show overall anticipated project water use will have a negligible impact on overall water supply in the region. Project infrastructure intends to minimise impacts on the water catchment. Our goal is to reuse water as much as possible with no water leaving the project site. We have completed geotechnical studies on waste stockpile locations to ensure ground water resources are not significantly impacted.

Governance

Water use at the site level is the responsibility of the Asset Hydrogeology and Environment Managers, reporting to the Head of Operations for the site. At the group level, the Corporate Sustainability Manager oversees reporting on water use metrics and reports directly to the Chief Sustainability and External Affairs Officer. Water use for the Olaroz Lithium Facility and the Sal de Vida projects also have the oversight of a Corporate Environmental Manager, also reporting directly to the Chief Sustainability and External Affairs Officer. Oversight of water risk and strategy implementation is the responsibility of the Board Sustainability Committee.

FY23 Performance

Overall water use across our operations and growth projects during the year is shown below. The majority of ground water used during the year was at the Olaroz lithium facility in the operation of Stage 1 and in the construction activities associated with Stage 2. In total, the Olaroz Stage 2 project has involved the construction of 15 extra brine wells, 31 evaporation ponds, three lime plants, a reverse osmosis water plant, a soda ash plant, a carbonation plant, accommodation and various service spaces.

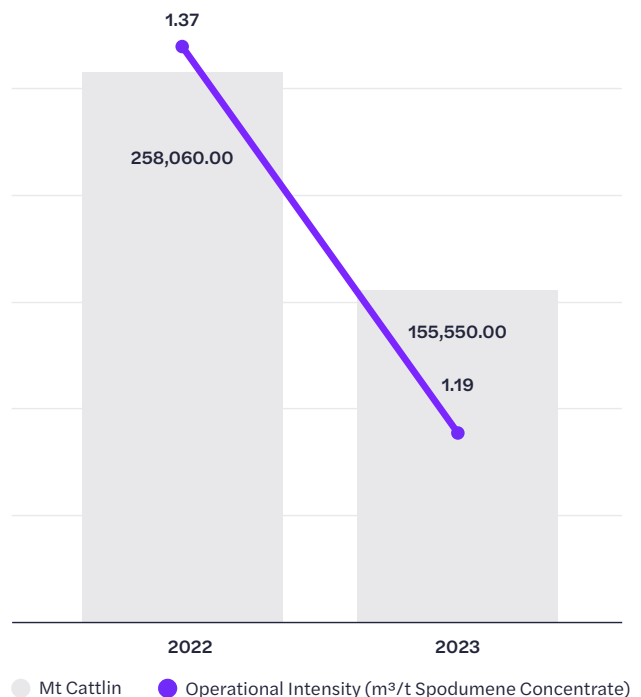


Mt Cattlin Water Use

The team at Mt Cattlin have focused on evaluating the site water balance during the year, incorporating mine life extension activities.

At Mt Cattlin, processing water is reused throughout the operation. The majority (approximately 90%) of water used on site is sourced from in-pit dewatering and decanting of the TSF. At Mt Cattlin, water extraction from licenced bores adjacent to the site this year (shown below) was 40% less than in FY22. This corresponds with an increased efficiency of water recovery from the SE in-Pit TSF which was used through FY23 after the closure of the SW in-pit TSF in 2022.

Mt Cattlin Water Extraction (m³)

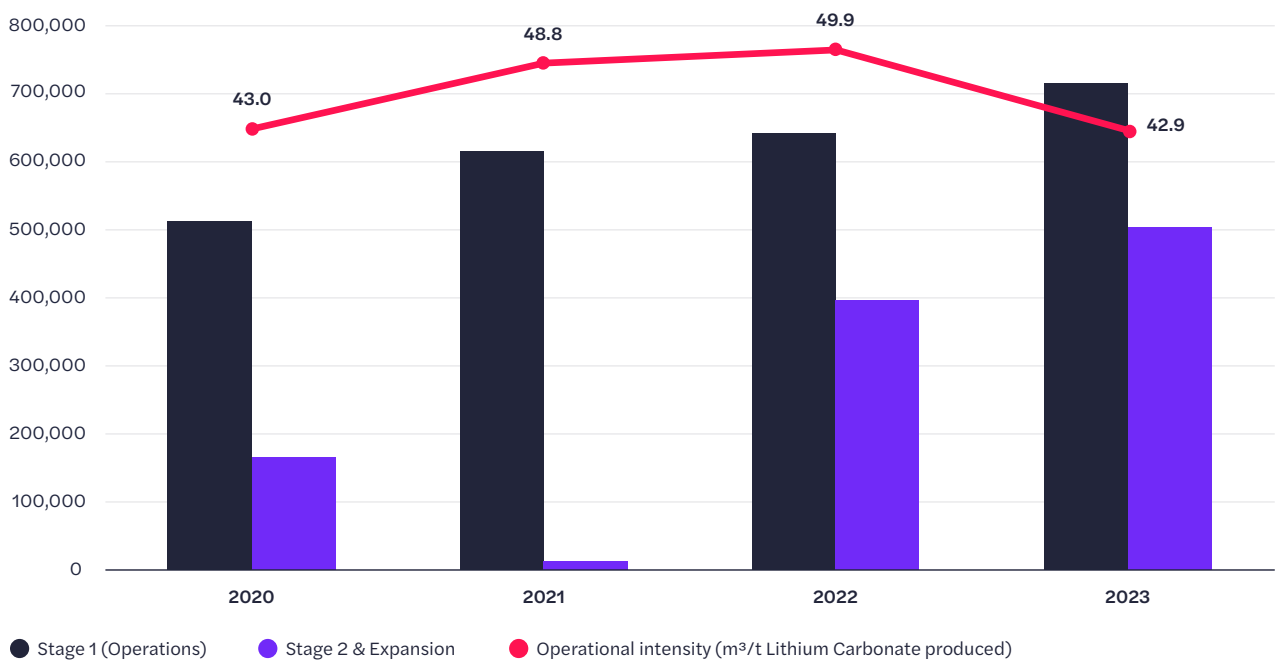




Olaroz Lithium Facility Water Use

Although overall water use increased at the Olaroz Stage 1 operation during the year, water intensity improved as production also increased. Lower water intensity per tonne of product was also associated with increased brine concentration levels and a lower amount of battery grade lithium carbonate produced during the year requiring less process water.

Olaroz Groundwater Extraction (m³)



Waste and Tailings Management

Strategic Focus

Allkem operates brine-based and hard rock lithium projects.

Our brine-based lithium carbonate operation and projects in Argentina are not mining operations. These operations do not mine ore and therefore, do not produce tailings. At brine-based projects, the processing method begins with extracting brine from wells within the salt lake (salar) and then pumping the brine to large scale evaporation ponds. Evaporation ponds are approximately one metre deep and are similar to shallow water dams. The pond wall construction is of the downstream method using compacted sand and earth, and an impermeable liner is placed in the ponds to contain the brine. As evaporation ponds are an integral stage of the brine production process, they are subject to constant monitoring and management. Such processes include visual inspections, electrical resistivity testing, remote sensing, leak detection and density testing of pond walls. Ponds are periodically drained, and precipitated salts are removed to storage locations on site. When this process is complete, the emptied ponds are refilled with brine and brought back into the evaporation pond system. There are no tailings or Tailings Storage Facilities (“TSF”) at these projects, as defined in the Global Industry Standards on Tailings Management.

Our hard rock mining operation and projects, produce mineral waste including tailings. The volume of waste rock generated is directly related to the volume of ore processed and the strip ratio. Mineral waste in the form of mine site overburden is deposited in conventional waste rock piles on site designed for long term stability. At each of these sites, Allkem is committed to constructing, operating and decommissioning TSFs in a safe manner consistent with regulatory requirements, applicable guidelines and standards. These include the Canadian Dam Association (“CDA”) and Towards Sustainable Mining (“TSM”) Tailings Management Directive and Protocol (which references the Global Industry Standard on Tailings Management (“GISTM”)), the Australian National Committee on Large Dams (“ANCOLD”) and Western Australian Department of Mines, Industry Regulation and Safety (“DMIRS”) Guidelines. We are focused on effectively identifying and mitigating risk throughout the whole life cycle of the TSF including planning, design, construction, maintenance, decommissioning, rehabilitation and post-closure monitoring and maintenance.

Due to the remote location of our operations and projects, effective management of non-mineral waste is also important for minimising costs associated with transport and treatment.

Governance

At an operational level, Allkem has integrated KPIs and responsibility for waste management with the Environmental Manager of each asset. Management of mineral waste and TSF management is the responsibility of the Registered Manager, Mining Manager, and Senior Mine Geologist as defined in the relevant regulations for each site. The accountable executive is the Head of Operations for each region. At the group level, management of non-mineral waste is the responsibility of the Chief Sustainability and External Affairs Officer. Allkem’s Board Sustainability Committee oversees Board awareness of maintaining a longer-term outlook of waste management and any potential impacts on the business strategy.

FY23 Performance

Mineral waste

An external audit is carried out each year to ensure that the Mt Cattlin TSFs are operated in alignment with the TSF design protocols. The most recent audit during FY23 was in July 2022. Overall risks of TSF operational practices at Mt Cattlin remain very low, due principally to the inert, coarse-grained and free draining characteristics of the tailings. Risks are particularly low for the in-pit TSFs, which are inherently stable. Water contained within tailings is de-watered and pumped back for reuse in the operation of the site.

Lithium One Inc., (acquired by Galaxy Resources in 2012) included a closed, historic tailings and waste rock facility in the James Bay and Northern Québec Agreement region. During FY23 we commenced remediation of this area to ensure the site is environmentally safe for future generations. As a part of this process, we are consulting with the Cree Nation of Waswanipi. Rehabilitation activities at the site reached 45% completion during the year. Site activities were impacted during June due to forest fires in the region requiring evacuations of the area.

A summary of each of our TSFs is available in the Environment Performance data on our [website](#).

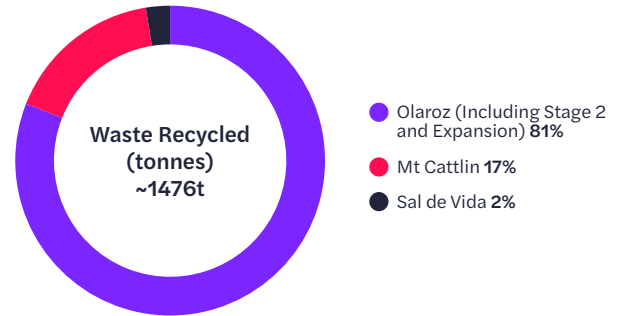
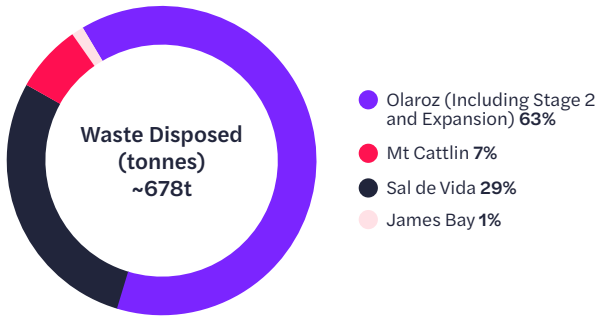
At Olaroz, over 2.5 million tonnes of precipitated salts were harvested from the evaporation ponds during the year. Allkem’s Research and Development team have conducted tests on specific recovered salts to investigate use in future applications, potentially turning waste products into additional revenue streams.

During the year, we also investigated opportunities to reprocess lower grade products that were previously stored on site. At Olaroz, methods were developed to reprocess lithium carbonate residue that had been extracted from the process tanks and pipes during cleaning and maintenance periods over the life of the plant. Cleaning, sorting, testing and re-bagging of the material was carried out on site. Sale of these products generated an additional US\$12.3 million in revenue during the year.

Higher demand for lithium products also provided an opportunity to sell low grade product from Mt Cattlin that was then further processed by our customers to extract spodumene concentrate and then convert it to lithium chemicals. This generated a further US\$99.7 million in revenue.

Operational waste

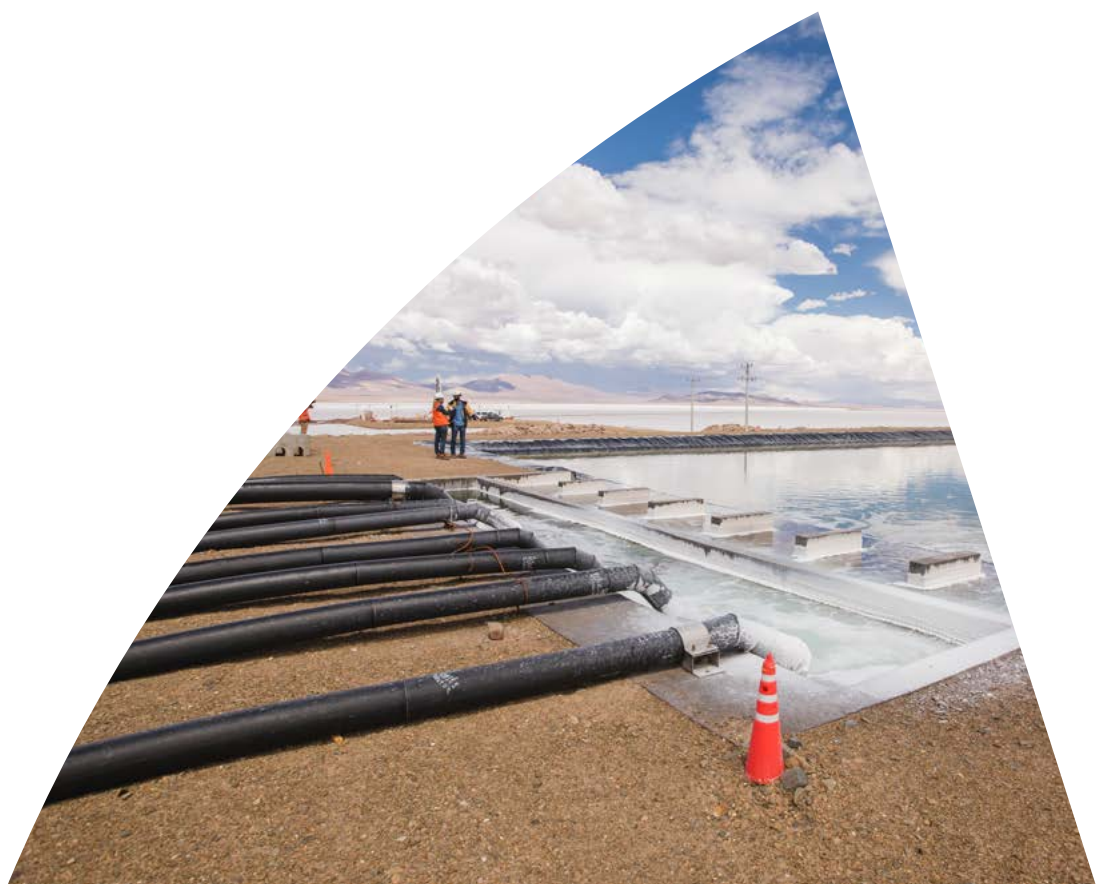
Due to a focus on efficiency, over twice as much operational waste was recycled at our sites during the year than was disposed in landfill.



Natural Capital—FY23 Future Focus Metrics and Targets

Current estimates for water use intensity for our operational sites are included below.

	FY23	FY23	FY24	FY28	FY35
Mt Cattlin	Value	Target	Target	Target	Target
Operational Water Intensity (m ³ /t spodumene concentrate)	1.19	1.25	1.1	1	NA
Olaroz (Sales de Jujuy)	Value	Target	Target	Target	Target
Operational Water Intensity (m ³ /t)	42.9	48	47	<45	<40





Blue Print
Wendy Williams

Shared Value

Strategic Focus

We are privileged to have respectful partnerships with local and indigenous communities in Ravensthorpe, Western Australia, the provinces of Catamarca, and Jujuy in Argentina and Quebec, Canada. We understand the importance of listening to all voices that make up our communities and being responsive to community ideas and concerns.

We focus on developing community projects and partnerships that have potential to generate long term benefits. We are transparent about the value that Allkem generates and how this is dispersed in the regions where we operate. Significant value flows back to the local communities where we are based. This value is mainly distributed through community infrastructure and training initiatives, fees, taxes and royalties paid to local governments, salaries paid to local community members who work at our operations and payments made to local suppliers and contractors.

First Nations and Pueblos Originarios Partnerships

As outlined in Allkem's [Community and Social Performance Policy](#), we are guided by the United Nations Declaration on the Rights of Indigenous Peoples and IFC Performance Standards in our interaction with indigenous peoples. Our social licence to operate is gained and maintained by developing strong, trusted relationships with local communities and governments. Where our operations are located in areas with indigenous traditional owners, we work with provincial governments and local communities to seek ongoing free and informed consent throughout the life of each project. Our approach to engagement, participation and consent for Indigenous Owners or Pueblos Originarios at each operation and project is summarised below.

“Blue Print” tells the story of the beginning of the determination to achieve effective consultation with relevant Aboriginal Communities throughout the Wagyl Kaip Boundary Areas.

Mt Cattlin

We have a Native Title Claim Wide Mining Agreement with the South West Aboriginal Land and Sea Corporation (“SWALSC”) representing the Wagyl Kaip and Southern Noongar People, covering the tenements surrounding Mt Cattlin. In 2018, we also entered a Noongar Standard Heritage Agreement (Non ILUA Proponents) with the SWALSC which defines the requirements for heritage surveys. We continue to maintain ongoing dialogue with Wagyl Kaip and Southern Noongar representatives to determine requirements for project expansion areas prior to any future construction.

The Mt Cattlin Community Consultation Group continues to identify opportunities to create shared value with representatives from the Ravensthorpe and Hopetoun communities in Western Australia. Additional engagement activities are also carried out with the traditional owner representatives.

During the year, Allkem hosted the Southern Noongar and Wagyl Kaip Claimants at our Mt Cattlin mine where we established what was important to each of the groups present and, in collaboration, developed the foundations for an indigenous artwork.

“Blue Print” (pictured left) tells the story of the beginning of the determination to achieve effective consultation with relevant Aboriginal Communities throughout the Wagyl Kaip Boundary Areas. It was important to seek the opinions of local Aboriginal communities and gain permission for negotiations, prior to the commencement of mining.

The painting illustrates this Trust using vibrant colours, shapes, textures, circles, lines and tracks. Shades of green are used to display the many colours of Lithium at Mt Cattlin, whilst the rocks and minerals are represented by the remaining colours. The large circle represents a communal meeting place around a table at Mt Cattlin and symbolises walking and working together, engaging in team discussions, the importance of people and corporate bodies, agreements, environmental obligations and land management. The many large circles represent the individual towns surrounding Mt Cattlin. The tracks illustrate pathways that lead back to the large circle.

We thank Wendy Williams for this artwork.

Olaroz

Engagement with the ten indigenous communities in the area of the Olaroz Lithium Facility began well before any construction activities were initiated at the site. Each year, our Shared Value teams work collaboratively with each of these communities, to agree on the funding of projects focused on the following areas:



Empowerment



Transparency



Production and Natural Resources



Education



Health

A Participation Agreement is also in place for communities where our operations are located on their land. The Olaroz Chico Community Participation Agreement has been in place since 2016. This agreement was updated during the year and reflects ongoing support of the facility as production increases. An easement agreement was also signed during the year with the El Toro community providing consent for infrastructure on land owned by their community.

We celebrate, learn from, and respect the cultures of the indigenous communities where we operate. Each year in Argentina, on 1st of August, we participate in the Pachamama ceremony with our indigenous communities, employees and suppliers. The Pachamama offering ceremony is an indigenous tradition of Andean peoples where offerings of food and beverages are buried as gratitude for the help and protection provided by Mother Earth. This is a time for celebration and giving thanks for the environment that we operate within.

Sal de Vida

Throughout the approvals process for our Sal de Vida project, we have engaged regularly with communities in the remote region near the Salar del Hombre Muerto. We share information regarding the project, potential impacts and the mitigation measures we have established. We are also working with communities to better understand their needs and implement community infrastructure projects. This ongoing dialogue between the community and team members from Sal de Vida has established a relationship of trust.

As part of the due diligence conducted by the IFC for the green and sustainability linked loan facility, an updated social baseline was completed to confirm our process is aligned with the requirements of the IFC Performance Standard 7—Indigenous Peoples. The outcomes of this study were published on the IFC Project Information Portal during the reporting period.

An independent consultant developed the social baseline by undertaking site visits and a series of interviews with members of local families, talking with both men and women. The baseline considered all communities within a 50km radius of our project site. The assessment concluded that the Sal de Vida project does not overlap on activities or resource use areas of the local indigenous peoples and that Free, Prior and Informed Consent (“FPIC”) does not apply to the project. Despite not impacting lands used by indigenous peoples, we continue to apply the Informed Consultation and Participation (“ICP”) approach to our broader stakeholder engagement.



Pachamama ceremony at Olaroz Lithium Facility August 2022.

James Bay

In March 2019, a Preliminary Development Agreement (“PDA”) was signed with the Cree Nation of Eastmain, the Grand Council of the Cree and the Cree Nation Government. This PDA will be replaced by an Impact Benefit Agreement (“IBA”) with these same groups before construction is initiated.

The mining industry in Québec is subject to both federal and provincial laws and regulations. The federal impact assessment, finalised in January 2023, was conducted by a Joint Assessment Committee (“JAC”), composed of representatives appointed by the Cree Nation Government (“CNG”) and the Federal Government Agency. [Public documents relating to the Environmental and Social Impact Assessment \(ESIA\)](#), including the [conditions of the Federal Government approval](#) are available on the Canadian Impact Assessment Agency [Project website](#) and the [Allkem Project website](#).

The James Bay team continues to undertake regular engagement with community stakeholders addressing the conditions of the project’s Federal Government approval. We are also continuing to finalise the IBA process and provincial level approvals with the Quebec and Cree Nation Governments.

During the year, the team at James Bay developed an online training module to increase awareness among the broader workforce of Cree history, culture, traditions, and connection to the land.

Governance

Community engagement and shared value programs are developed and implemented at each site by the Shared Value/Community Relations teams, with the oversight of the Operations Manager. Allkem’s Chief Sustainability and External Affairs Officer is responsible for group level governance and oversees the development of strategy. The Sustainability Committee oversees Board awareness of risks and opportunities associated with communities and potential impact on business strategy.

FY23 Performance

During FY23, significant value flowed back to the local communities where we are based. The value distributed to our local communities at the Mt Cattlin and Olaroz operations as well as the Sal de Vida project are summarised below.

Additional payments to provincial and federal governments are disclosed in the [Tax Transparency](#) section of this report.

	Local Procurement	Local Employment	Community Contributions <small>(Including infrastructure program investments, grants & donations)</small>
Mt Cattlin	US\$ 2.2 million	US\$ 6.5 million	US\$196 K
Olaroz (Sales de Jujuy)	US\$ 35.1 million	US\$7.1 million	US\$360 K
Sal de Vida	US\$ 1.9 million	US\$363 K	US\$450 K

Community Capacity Building Case Studies

We are proud of the exceptional commitment that our Shared Value team in Argentina have shown in establishing trust with the local communities where we operate. We invite you to hear from them, in their own words as they tell us what is most important to them and the communities that they work with.

Continuing Education Program— Long term outcomes Case Study

In the early stages of the approvals process for the Olaroz Lithium Facility, leaders of the ten local communities identified their expectations for local employment. Due to the remote location of the project, it was also in our company's best interest to have as many skilled workers available as possible. Our Shared Value and Human Resources teams at Sales de Jujuy identified that in order for local people to fully participate in employment opportunities, providing the appropriate level of training and education was critical.

In 2014, Sales de Jujuy began working collaboratively with the Jujuy Government and our local communities to develop the Continuing Education Program. The program was designed to achieve quality, equitable, inclusive and accessible education to enable local community members to complete their secondary education.

The program began in February 2015 with 25 students attending. Classes were run by teachers appointed by the Jujuy Ministry of Education and logistics were coordinated by our Shared Value team. Sales de Jujuy also contributes funds covering food, transportation, books and supplies. Classes were scheduled so that both night and day shift employees had the opportunity to attend. In December 2016, the Program reached its first milestone with 19 students graduating. Initially, there was some resistance from older employees to participating in the program. However, as more employees have completed their studies, it is now seen as an opportunity for growth and personal development. Classes are offered not only to our employees seeking to complete high school studies, but also to the employees of contractor companies working with Sales de Jujuy.

Since the implementation of the Continuing Education Program, we've seen the percentage of local employees with secondary education at Olaroz increase from 25% to 75%. Our objective is to reach 90% by 2025. Currently, we have 66 students enrolled in the Program, 44 from Sales de Jujuy and 22 who are employed by local contracting companies. This year, 5% of Sales de Jujuy local employees are also enrolled in further, tertiary education with 2 local employees benefiting from scholarships funded by the company.

“Our goal has always been to create bonds of trust, relationships with the communities, prioritising their participation in our projects and actions. I'm proud of working at the company, to be welcomed with such love due to all the work.”

Carmen Benitez—Allkem Shared Value Team

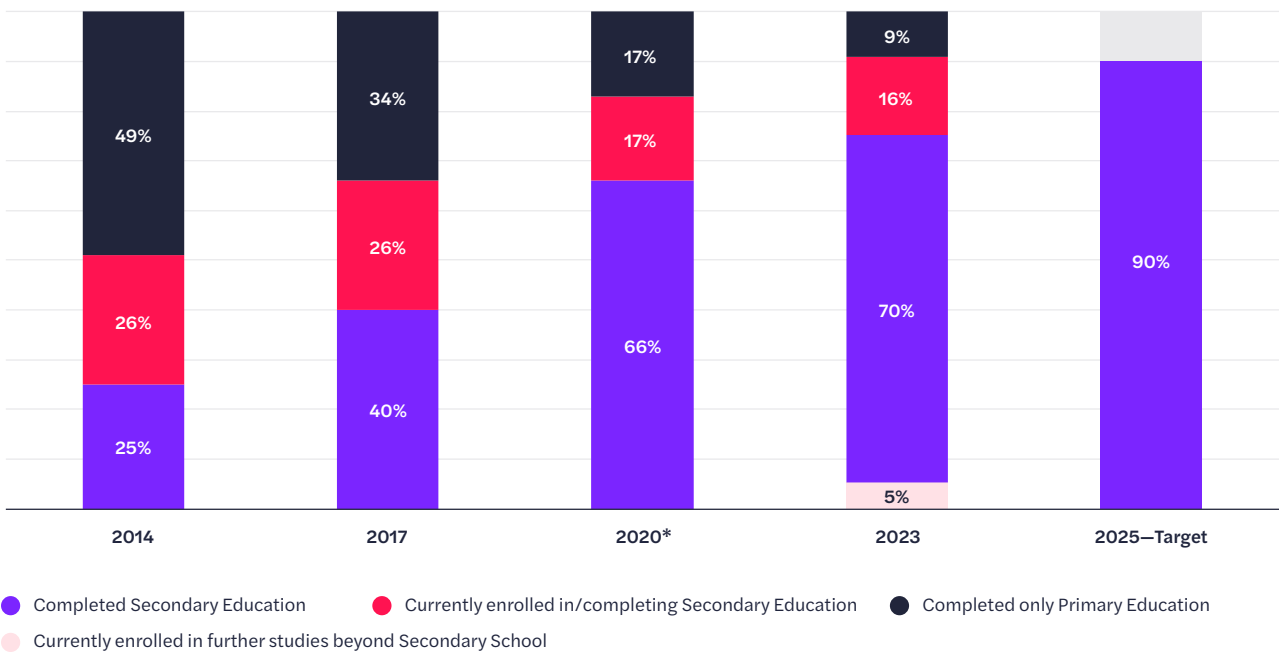


“I’m from Jujuy. It was very important for me to be able to live in Jujuy, see people and look them in the eye knowing I haven’t lied to them. To work with a company that has these values, I’m very proud.”

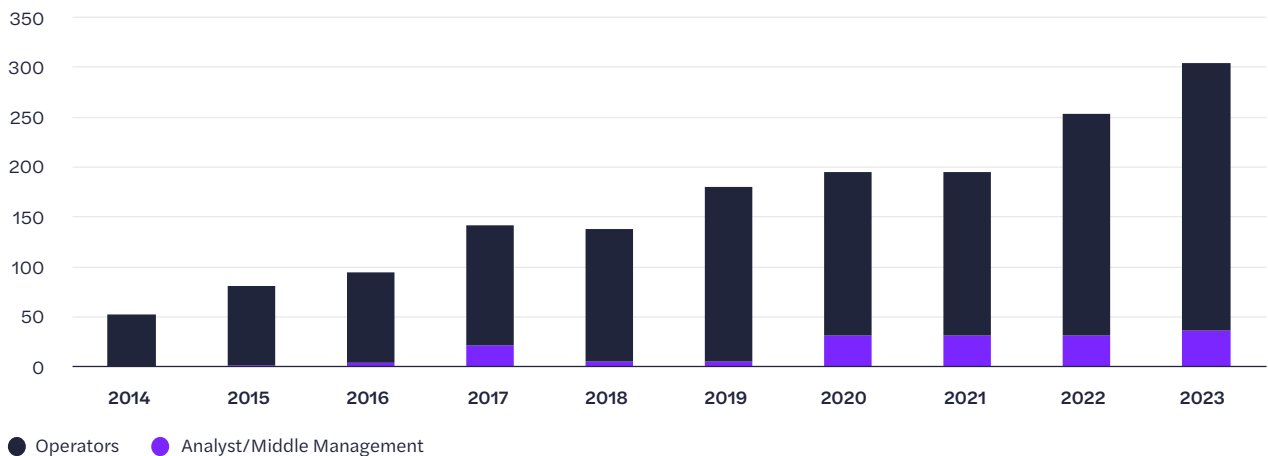
Bruno Canavire—Sales de Jujuy Shared Value, Community Infrastructure Team



Sales de Jujuy—Local Community Employee—Education Levels



Sales de Jujuy—Local Community Employees



The number of Sales de Jujuy local employees working at the Olaroz Lithium Facility has also increased. There are now over 300 employees from our ten local communities. Due to the increasing level of education, skills, and experience of these employees, we are also seeing a continued representation beyond the operator level of our workforce. This results in higher salary payments flowing back to the local communities where these employees live.

Our focus on working with the provincial government and communities to increase education levels also extends to our Sal de Vida project. We have worked with the National University of Catamarca and the Municipality of Antofagasta de La Sierra to develop a specific course focused on the skills required to work in the lithium industry. During the year, 14 participants from communities around Sal de Vida completed the first of three years of study towards achieving this qualification.



Huáncar Tourist Accommodation— Case Study Update

In FY22, Sales de Jujuy contributed to the building of a tourist lodge in Huáncar, a local community of approximately 430 people. The lodge was constructed by a local builder with local materials and using traditional construction methods. During FY23, this building was completed, including the instalment of furnishings made by local artisans and the installation of solar panels. During the year, the community welcomed their first paying guests at the lodge. Revenue from the lodge is managed by the community of Huáncar with funds being reinvested into further improvements. Planned enhancements include landscaping around the lodge incorporating a community garden.

The Sales de Jujuy Shared Value Team are continuing to work with the community of Huáncar on the next phase of this project through our 'My Green Footprint' program.

“At a general meeting, we decided which project to carry out with the funding from Sales de Jujuy, and people voted for lodging. Small businesses from these communities benefit from this and there are more jobs. It is exciting that the community grows more and more each day.”

Elena Calpanchay—Huáncar
Community Member



“I’m proud because the construction is just like how I, the community, and Sales de Jujuy, dreamt it. I’m proud of being able to finish this project.”

Emilio Cruz—Local Builder

My Green Footprint—Program

This My Green Footprint program is being developed with the communities of Huáncar and Susques in Jujuy Province. The program is a collaboration of local schools, community groups and the Ministry of Environment and Climate Change of Jujuy Province, to increase knowledge of composting and improving soils to cultivate new trees for planting in the region. During FY23, Sales de Jujuy have invested approximately US\$17,700 towards the management of this program including the contribution of materials for the construction of plant nurseries, tools and compost bins.

Local Food Production (Sal de Vida and Olaroz)

We continue to work with communities around the Olaroz Lithium Facility and the Sal de Vida project to establish safe and sustainable local food production initiatives. Greenhouses, and chicken coops, built in partnership with local families and schools provide sources of healthy fresh produce to be used by local families, or sold to other members of the community. During the year, materials and training have been provided to support these initiatives.

Sal de Vida—Community Infrastructure and Medical Programs

During FY23, Allkem worked with local communities around the Sal de Vida project to install solar photovoltaic ("PV") electricity systems and Wi-Fi access for rural homes. These systems now provide solar electricity to 32 members of the community across 10 households and reliable Wi-Fi connection for a further 8 community members.

We have also partnered with the medical team at the Antofagasta de La Sierra Hospital to carry out medical visits to the communities in the region of the Sal de Vida project. During FY23, 441 community members benefited from this service.



“It is gratifying to work with them, to go, teach and also learn so much.”

Pablo Quiroz—Allkem Agricultural Engineer, Shared Value Team.

Mt Cattlin

Pitch your Project

Through Mt Cattlin’s “Pitch your Project” initiative, Allkem invites members of the local community and not-for-profit groups to apply for funding for projects that benefit the region. Over the past six years, we have supported over 80 community projects through the initiative and contributed more than \$550,000 AUD to local schools and education providers, community and sporting groups, events, shows and exhibitions.

Believe in Yourself

The “Believe in Yourself” initiative aims to inspire and connect the youth of Ravensthorpe and Hopetoun by assisting with the availability of focused services and programs in the town. Allkem has supported seven youth focused programs and events since this initiative was established in 2022.

Allkem’s Big Day Out

Each year Mt Cattlin hosts a community fun day at Ravensthorpe to say thank you to local families and businesses that support our operations at the mine.

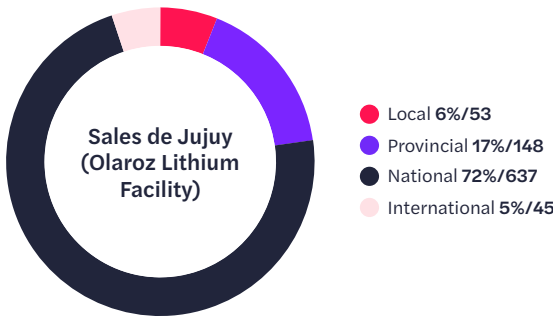
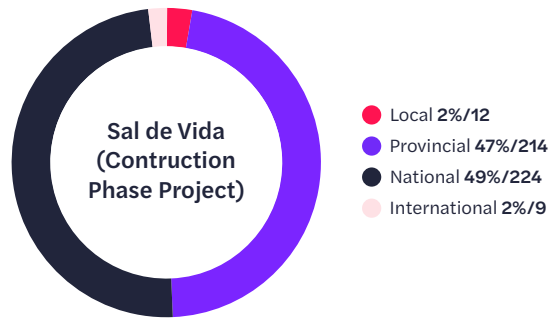
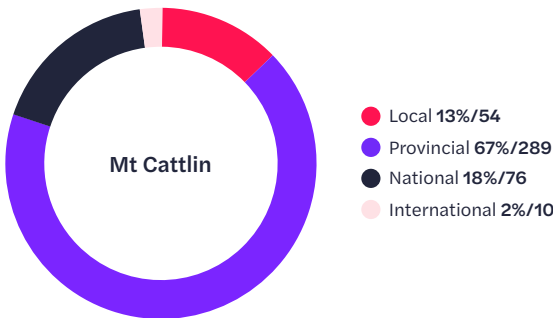
Further community capacity building case studies for are available on our [website](#).

Local Community Suppliers

The number of local suppliers for each of our operations, and for the Sal de Vida project during FY23 are shown below.

Value of supply contracts awarded to locally based suppliers (US\$)

\$2.2 m Mt Cattlin	\$35 m Olaroz	\$1.9 m Sal de Vida
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Tax Transparency

The Allkem [Tax Policy](#) is available on our Company website, and outlines tax management practices that apply throughout Allkem and its subsidiaries. During FY23, the following payments were made in Australia, Argentina, Canada, and the Netherlands. The Jujuy Energía y Minería Sociedad del Estado (“JEMSE”) payment is a dividend amount paid for the first time in FY23 from Sales de Jujuy S.A. to JEMSE.

FY23 Taxes & payments made by country and level of government

Country and level of government (\$US)	Corporate income tax	Royalties	Employer payroll taxes	Export duties	Other taxes & payments	Total tax & payments borne	Employee and other withholdings
Australia Total	70,098,445	28,945,062	1,291,694		3,882,768	104,217,969	7,679,656
Australia Taxation Office	70,098,445	-	-	-	54,457	70,152,902	7,679,656
State of NSW	-	-	137,711	-	-	137,711	-
State of Queensland	-	-	170,797	-	-	170,797	-
State of Western Australia	-	28,945,062	983,186	-	3,828,311	33,756,559	-
Argentina Total	9,029,550	16,183,514	16,230,428	35,812,495	3,619,160	80,875,148	31,355,455
Administración Federal de Ingresos Públicos	9,029,550	-	16,230,428	35,812,495	2,347,090	63,419,564	26,466,961
Province of Jujuy	-	16,183,514	-	-	221,365	16,404,879	2,937,485
Province of Catamarca	-	-	-	-	17,252	17,252	1,951,008
Jujuy Energía y Minería Sociedad del Estado (JEMSE)	-	-	-	-	1,033,453	1,033,453	-
Canada Total	-	-	296,435	-	108,564	404,999	1,228,226
Canada Revenue Agency	-	-	42,991	-	1,960	44,951	1,116,209
Government of Canada	-	-	-	-	18,494	18,494	-
Province of Quebec	-	-	253,443	-	87,902	341,345	112,017
Province of Ontario	-	-	-	-	208	208	-
Netherlands Total ³¹	5,331	-	-	-	-	5,331	-
Belastingdienst	5,331	-	-	-	-	5,331	-

³¹ The Corporate Income Tax Payments for the Netherlands were included in the consolidated figures in the Annual Report. They are considered immaterial therefore not separately disclosed.

Partnerships, Memberships and Affiliations

Allkem's Anti-Bribery and Corruption Policy prohibits any employees from making political donations on behalf of Allkem.

Allkem (as a Group, or through our subsidiary companies) supported and contributed to the following industry associations and external initiatives during the reporting period.



International Lithium Association (“ILiA”)

ILiA are the global trade association for the lithium industry and represents the entire lithium value chain. Allkem is a core founding member of ILiA.

In July 2022, ILiA became a member of the Global Battery Alliance in and was confirmed as an official observer to the ISO Technical Committee for lithium, ISO/TC 333.

During the year we participated in ILiA's Sustainability Sub-Committee, who are currently involved in developing an industry wide guidance on Life Cycle Assessment.



United Nations Global Compact (“UNGC”)

Allkem has been a participant of the United Nations Global Compact since 2018 and is a member of the UNGC Network Australia.



ISO Standards

Our Environment, Quality and Safety Management systems are ISO Standard certified for the Olaroz Lithium Facility. The Sal de Vida project is working toward implementation and certification when operational. Our Mt Cattlin operation management systems are aligned with the ISO Standards.



Association Minière du Québec (“QMA”) and Argentine Chamber of Mining Entrepreneurs (“CAEM”)

Both CAEM and QMA support the Towards Sustainable Mining (“TSM”) Initiative developed by the Mining Association of Canada.



CDP

Continued our participation in the CDP—Climate, Water and Forest surveys.

Independent Auditor's Limited Assurance Statement



Pistrelli, Henry Martín y Asociados S.R.L.
25 de mayo 487 - C1002ABI
Buenos Aires, Argentina

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S LIMITED ASSURANCE REPORT

To the Directors of
ALLKEM LIMITED

1- Introduction

We have been hired by ALLKEM LIMITED. ("the Company") to issue a limited assurance report on certain indicators contained in the Sustainability Report 2023 (the "Report"), referenced with "✓" for the year ended June 30th 2023, that have been prepared in the line with the guidelines set by the Global Reporting Initiative (GRI) in the GRI Standards.

2- Board of Directors' responsibility

The Company's Board is responsible for the preparation and presentation of the Report in accordance with GRI Standards. This responsibility includes defining the bases and criteria for the preparation of the Report as well as defining, adapting, and maintaining the management systems and internal controls from which the information is obtained.

3- Responsibility of the public accountant

Our responsibility is to express a limited assurance conclusion on the GRI Standards indicators mentioned in item 1 and included in the Report, based on our assurance engagement.

4- Professional work

Our professional work was conducted in accordance with standards for other assurance engagements laid down in section V.A., second part of Technical Resolution No. 37 issued by the Argentine Federation of Professional Councils of Economic Sciences ("RT 37"), which is based on the international standard ISAE 3000 established by the International Federation of Accountants. These standards require that we comply with ethical requirements, as well as that we plan and execute the assignment in order to obtain limited assurance, in what is a matter of our competence, about whether the indicators included in the Report identified in item 1 and referenced with "✓" have been prepared, in all their significant aspects, in accordance with GRI Standards guidelines. Likewise, in accordance with these standards, a limited assurance engagement provides less assurance than a reasonable assurance engagement, due to differences in nature and length of procedures applied by the auditor to gather evidence that allows him to issue his conclusion



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Consequently, our work included the review, on a selective basis, of the evidence obtained regarding compliance by the Company with the guidelines of the GRI Standards mentioned in item 1 and the application of other procedures that we consider necessary in accordance with the circumstances. We believe that the evidence we have obtained provides an appropriate basis for our conclusion.

The procedures mentioned in the previous paragraph have been applied to the records and documentation provided to us by the Company. Our task was based on the fact that the information provided is accurate, complete, legitimate and free from fraud and other illegal acts, for which we have considered its appearance and formal structure.

5- Conclusion

Based on the work performed and described in item 4, nothing has come to our attention that causes us to believe that the GRI indicators included in the Report mentioned in item 1 and reference with "✓" are not prepared, in all material aspects, in accordance with the Global Reporting initiative's GRI Standards guidelines.

Buenos Aires City, Argentina
November 1st, 2023

PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L
C.P.C.E.C.A.B.A. T°1 F°13

Fabián Gómez
Partner





Forward Looking Statements

Forward-looking statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performances or achievements expressed or implied by such forward-looking statements, including but not limited to, the risk of further changes in government regulations, policies or legislation, risks that further funding may be required, but are unavailable, for the ongoing development of the Company's projects; fluctuations or decreases in commodity prices; uncertainty in the estimation, economic viability, recoverability and processing of mineral resources; risks associated with development of the Company Projects; unexpected capital or operating cost increases; uncertainty of meeting anticipated program milestones at the Company's Projects; and risks associated with general economic conditions. Subject to any continuing obligation under applicable law or relevant listing rules of the ASX, the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in this Release to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statements are based. Nothing in this Release shall under any circumstances (including by reason of this Release remaining available and not being superseded or replaced by any other Release or publication with respect to the subject matter of this Release), create an implication that there has been no change in the affairs of the Company since the date of this Release.