

Environmental and Social Review Summary (ESRS) Sal de Vida – Argentina

Original language of the document: Spanish
Issuance date: July 2023

1. General Information of the Project and Overview of Scope of IDB Invest’s Review

The Sal de Vida Project (the “Project” or “SdV”) consists in the construction and operation of a lithium (“Li”) mine in the Salar del Hombre Muerto (the “Salar”) located in the province of Catamarca, Argentina, 4,100 m above sea level and about 90 km to the north of the main city of the department of Antofagasta de la Sierra. The Project¹ will be operated by Galaxy Lithium (Sal de Vida) S.A., a stock corporation organized in Argentina and controlled by Allkem Limited, the fifth largest lithium producer in the world (the “Company”).

SdV will extract brine with over 500 ppm of Li from an aquifer with brine which is 200 to 350 m deep to subsequently preconcentrate it through a natural evaporation process. Submersible pumps located in eight wells in the east sub-basin will be used to extract brine from the evaporite basin during the first stage of the venture. The main Project components include: (i) a well field with its brine distribution system; (ii) brine concentration ponds from which sodium (NaCl) and potassium (KCl) salts precipitate by solar evaporation; (iii) a lithium carbonate production plant; (iv) salt discard stockpiles; and (v) ancillary infrastructure (camps, administrative and support buildings). All process facilities will be located within Allkem tenements in the south-eastern sector of the Salar. Construction works started in early 2022 and the plant is expected to start operations and commercial production in the first half of 2025.

During its first development stage the Project is expected to generate about 15,000 tons of lithium carbonate equivalent (LCE) per year, which will be exported mainly to the European and US markets, where the product will be used to manufacture batteries.

The Environmental and Social Due Diligence (ESDD) process included reviewing the following issues, among others: (i) the Company’s environmental and social management systems (ESMS); (ii) the environmental and social (E&S) management policies, plans and procedures, including occupational health and safety (OHS) aspects; (iii) the Project’s environmental and social impact assessments; (iv) hydrogeological studies and models; (v) contingency plans; (vi) social baseline studies; (vii) biodiversity monitoring reports; (viii) audits and protocols to manage contractors; (ix) human resources policies; and (x) the planning and execution of stakeholder engagement processes, including grievance mechanisms and the social investment activities carried out by the Project.

The ESDD covered visits to the Project’s key sites, including Río de los Patos, supplying most of the surface water to the Salar, Río Aguas Calientes, the Hombre Muerto and La Redonda Vegas, the community of Ciénaga Redonda, a few rural homes located 50 km around the Project, as well as

¹ The Project financing is also under assessment by other multilateral development banks with environmental and social requirements similar to IDB Invest’s.

other elements on the eastern half of the Salar, where the SdV Project is located. Meetings were also held with (i) Allkem technical teams and consultants at all the locations visited; (ii) Company workers and contractors; and (iii) representatives from the communities located in the area of direct influence of the Project.

The ESDD also covered a visit to the operation facilities of the company controlled by Allkem Ltd. at Salar de Olaroz (Province of Jujuy) to assess the way in which the Company manages E&S and OHS aspects related to its operations.

2. Environmental and Social Categorization and Rationale

The Project has been classified as a category A transaction in accordance with IDB Invest's E&S Sustainability Policy given its potential to generate risks and impacts related to: (i) water use since SdV is located in an arid zone of the Argentine puna grassland; (ii) freshwater and hypersaline waters at the Salar, which could be altered by the use of brackish water; (iii) the biodiversity, since the Project is located in the key biodiversity area (KBA) of Salar del Hombre Muerto, which is also an Important Bird and Biodiversity Area (IBA); (iv) the presence of indigenous communities; (v) the generation of cumulative impacts by mining developments of other neighboring companies; (vi) working conditions and OHS management ; (vii) contractor management; (viii) safe transportation of workers, products and inputs; and (ix) impacts related to the community.

The Performance Standards (PS) triggered by the Project are: PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and Working Conditions; PS3: Resource Efficiency and Pollution Prevention; PS4: Community Health and Safety, PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; PS7: Indigenous People; and PS8: Cultural Heritage.

3. Environmental and Social Context

3.1 General characteristics of the Project's site

The Salar (the second largest in Argentina) is located in the Argentine puna grassland, an arid ecoregion characterized by scarce herbaceous vegetation and bushes with precipitation below 300 mm p.a., low temperatures and high solar radiation. The vegetation is represented by scattered grasslands, low shrubs and extensive arid lands. The characteristic fauna of this ecoregion includes mammals such as the vicuña (*Vicugna vicugna*), the andean cat (*Leopardus jacobita*), andean fox (*Lycalopex culpaeus*), several bird species and three species of flamingos. There are also certain endemic species of plants and animals, such as some subshrubs (*Mulinum crassifolium Phil*) and a few species of *Liolaemus*.

The closest human settlement to the Project site is Ciénaga Redonda, which is located about 5 km away and has approximately 30 inhabitants. In addition, there are rural dwellings or hamlets (*puestos*) scattered within 50 km of the Project. The total approximate population of Ciénaga Redonda and the rural homes is 80 people. Other populated areas (Antofalla, El Peñón) are over 150 km away.

The Project's social baseline found a group of people who self-identify as indigenous in the Salar region. It also mentioned a high geographical mobility of the population with family members traveling within and outside the Salar area for work or educational reasons, and to support the members of the family performing economic and domestic activities.

3.2 Contextual risks

Contextual risks include, among others, a potential resistance to lithium mining by the population due to the possible impacts on them as well as on the water resources, the biodiversity, and the communities, since surface borate exploration tasks were carried out in the Project area in the past, which gave rise to a disturbance in water distribution in the Salar delta.

The Project is also subject to potential disruptions of the means of transport due to possible strikes, demonstrations and extreme weather events, which could cause delays in construction works or operations, or increased production costs that could impact on lithium production and export capacity.

4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks

4.1.a E&S Assessment and Management System

The environmental and OHS aspects (collectively "HSE") in all of the Company's operations and projects are managed through Allkem's Integrated Management System, which is consistent with ISO standards 14001² and 45001³. This system follows the mitigation hierarchy and an ongoing improvement philosophy, and it includes: corporate policy functions, standards, manuals, templates, functions at the workplace, risk assessments, management plans, procedures, forms, indicators and records enabling monitoring and following up on performance; it also generates results which are reported to the top management as part of the ongoing improvement process.

The Company has in place community and social management tools which are part of Allkem's Integrated Management System. Such tools aim at local communities, indigenous peoples and other stakeholders benefiting from the Project's activities from the social, environmental and economic standpoints through a "shared value" strategy which understands and respects their local context, concerns, livelihoods and customs.

4.1.b Policy

The Company is reviewing and updating the following policies: (i) Environmental, (ii) OHS, and (iii) Community and Social Performance. All of the above establish the principles that guide E&S

² ISO 14001 is an international standard establishing the requirements for an environmental management system to be effective. It is based on identifying and controlling the environmental impacts of the activities of a given organization, as well as on the ongoing improvement of its environmental performance.

³ ISO 45001 is an international standard establishing the requirements for an OHS management system. It mainly aims at providing a framework for organizations to identify and control the OHS risks, prevent injuries, diseases and occupational accidents.

performance through effective management systems for risks and impacts assessment and control, incident reporting and investigation, general Company E&S performance supervision, accountability and ongoing improvement. These policies are applicable to employees, contractors, suppliers and service providers, as well as to all the subsidiaries with which the Company operates.

The Company's Community and Social Performance Policy states its commitment to the United Nations Declaration on the Rights of Indigenous Peoples and the International Labor Organization (ILO) Indigenous and Tribal Peoples Convention 169 highlighting the importance of early, collaborative, transparent and culturally appropriate participation.

The Environmental Policy includes provisions on the efficient use of energy, water and land, the need to engage in participatory environmental monitoring, emissions reduction, the minimization of the carbon footprint and the rational use of water and biodiversity. The OHS Policy adopts a "zero incident – zero damage" culture and outlines the objectives for the protection of the health & safety of employees.

Despite the above, SdV will review and update E&S policies to make sure that Good International Industry Practices (GIIP) are followed.

4.1.c Identification of Risks and Impacts

4.1.c.i Direct and indirect impacts and risks

Over the past few years and during the different development phases of the Project (initial exploratory drilling, pilot processing plant, and construction and operation of the mine), SdV has engaged in extensive environmental assessments, E&S assessments and consultations carried out by local and international consultants. The latest update of the Environmental and Social Impact Assessment (ESIA) is from August 2022 and relates to the updated Project to produce 15,000 tons of LCE per year. This assessment was carried out to meet local requirements and was approved by the Catamarca environmental authority. Under local regulations, the ESIA should be updated every other year in order to adjust the assessment of any potential E&S impact and report any changes, new events or progress of the works approved in the prior Environmental Impact Statement (*Declaración de Impacto Ambiental*, or DIA).

Building on the Project's E&S studies, and to better align E&S information and impact assessments to international best practices, the Project has conducted three studies in 2022 with support from third party consultants: (i) supplementary social baseline to include all the seasonal and permanent rural populations, indigenous peoples, communities and rural homes located up to 50 km away from the Project; (ii) an offset feasibility study, which is under way and designed to scope potential biodiversity compensations, consulting with stakeholders and performing a 'loss/gain' assessment with respect to biodiversity impacts; and (iii) a Rapid Cumulative Impact Assessment (RCIA) to determine whether the combined impacts of SdV and other projects and activities at the Salar could negatively affect Valued Environmental and Social Components (VECs) and assess the related mitigation and management measures for such impacts.

The supplemental social baseline recorded that a total of approximately 80 seasonal and full-time residents live in the study area, with a maximum of 60 at any one time. The assessment involved the community of Ciénaga Redonda and 16 rural homes. The assessment also confirmed: (i) the presence of residents self-identified as indigenous; (ii) a high geographical mobility of the population, traveling within and outside the area for labor and educational reasons, as well as to support family members in economic and domestic activities; (iii) that the adverse weather conditions and the distance to urban centers cause only a few people to live there all year round; (iv) that employment at the mines is one of the main local economic activities⁴; (v) that the population in the area is young⁵; and vi) that the population is formed by relatively similar numbers of men and women.

The ESIA concluded that the Project would be able to limit adverse E&S impacts using an adequate design and implementing appropriate mitigation measures. The community mapping determined that the Project's facilities and operations do not overlap with community land or the use of natural resources.

To execute any future activity not included in the Project ESIA (additional flow lines, new water extraction wells, new evaporation ponds, power lines, etc.), the Company will conduct an integrated study to identify and assess the E&S impacts in accordance with the nature and scale of the tasks to be performed, and will also consider the supply chain of the solar panels. The results of these studies will be communicated to the Project's affected stakeholders and relevant authorities.

4.1.c.ii Analysis of alternatives

The main infrastructure units and components of the Project consist in evaporation ponds, the brine extraction well field, the lithium carbonate processing plant and the salt discard stockpiles.

The processing plant and the stockpile area will be located close to the evaporation ponds, considering the latter as a central area, which will reduce the infrastructure related to brine tubes and pumping, and the transportation of harvested salt. Different areas within the mining properties were analyzed to determine where to place the evaporation ponds, the main civil structures of the Project, considering environmental, hydrological, buildability and legal criteria (in this order).

4.1.c.iii Cumulative impact analysis

The Project prepared a RCIA using information provided in the ESIA and E&S assessments from other mining activities currently operating in or planned for the area. The VECs selected for the RCIA include social and economic (labor, economic and social development, infrastructure, basic services, among others) and environmental (vegetation, fauna, ecologic processes and water) matters. Although the assessment concludes that there are no critical risk impacts, it does include a few recommendations for SdV to manage its impacts adequately. The recommendations include the following mitigation measures, among others: (i) increasing the drilling of additional observation

⁴ About 75% of the people work at or depend on someone who works in the mining sector.

⁵ Slightly over half the seasonal residents are under 25 years old, while the average age of the permanent residents is 36 years old.

and monitoring wells; (ii) carrying out vegetation studies by comparing satellite images to find out if wetlands move forwards and/or backwards throughout the Project life cycle; (iii) performing a traffic assessment including all access roads to the Project and nearby populated areas.

The Company is aware of the importance of the cumulative impact assessment in the E&S value component, as well as their supervision and management. Thus, SdV will incorporate the recommendations arising from the RCIA into the Project's E&S management plans and procedures. In addition, the Company is committed to participate in possible sector and regional working groups focused on cumulative impact management. The existing management and monitoring programs will be periodically updated to incorporate the provisions into the scope and responsibility of the Company.

4.1.c.iv Gender risks

SdV has engaged in some specific actions to promote gender equality and the safety of its female workers, such as: (i) accommodation and work spaces are designed to preserve the comfort and intimacy of the staff, whether male, female or other gender, with inclusive spaces to work and coexistence; (ii) the accommodation, which used to have shared bathrooms, was redesigned to host two same-gender employees per room, who can share a private bathroom; (iii) transportation protocols and procedures⁶ for the comfort, health, safety and physical space of women⁷; and (iv) dialog-encouraging spaces, such as work breakfasts with the COO, when female workers from the offices and the camp are invited to share their insights into their reality.

SdV also has in place a Diversity and Inclusion Committee, an open women-led work group that defines practices, provides recommendations and sets forth work policies for all operations with a diversity and inclusion lens.

The Project workers live in the camp. This minimizes the risks of cultural disruption for the communities and of potential gender-based violence related to the inflow or the introduction of new diseases. However, SdV has implemented a Community Good Practices Manual for contractors, and has in place a Code of Conduct applicable to all employees and contractors. Employees and contractors are onboarded on topics related to community relations, human rights and ethics.

The Company is preparing a Security Forces Management Plan to handle the contracted private security services and to avoid potential harm to employees, communities and stakeholders. This plan will include, among other things, training requirements, including into how to prevent and handle gender-based violence and harassment (GBVH).

The Company is also updating its internal grievance mechanism to include specific provisions to make sure that GBVH are adequately dealt with. Its community grievance mechanism, which is currently being developed and implemented, will include similar provisions.

⁶ SdV provides workers with transportation, including long-distance.

⁷ Some of the details that are taken into consideration are: the good state of the vehicles used to transport people and the stops at specific check points as well as access to women-specific sanitary units.

4.1.c.v Climate change exposure

In addition to assessing the transition and physical risks as well as their possible impacts on the Company business, Allkem has performed some specific studies to analyze the possible physical risks built by climate change into the Project for the short (<3 years), medium (3-10 years) and long (10-20 years) terms. These assessments, which are periodically reviewed, conclude that SdV operations would not be significantly affected by climate change.

The main risk imposed on the Project is associated with disruptions to the water regime. For this reason, the Company is carrying out further assessments with the support of specialized external consultants. These assessments aim at updating the Project hydrological balance, by adding the effects of climate change to its lifecycle.

4.1.d Management Programs

SdV has a series of E&S plans and procedures to manage the Project's significant risks, which include details on controls, monitoring actions and performance indicators aligned with international good practices.

As part of the Environmental Management Plan (EMP) for the Project, the Company is working on: (i) a "Footprint minimization and management procedure" to confirm that any activity occurring at the Salar will consider assessing and reducing the Project's ecological footprint, which includes preventive measures to control the disruption in the runoff patterns and promotes the recovery of affected areas; (ii) an update of the "Chance Find Procedure"; (iii) a review of the Project's "Defensive Driving Management Plan" to include mechanisms to assure proper monitoring and good practices in terms of safe driving and general competency of workers, contractors and service providers; and (iv) a "E&S Transportation Management Plan" based on an analysis of possible risks and impacts of Project activities in all transportation and supplies routes, which will include effective traffic control measures for the Project (GPS and tracking equipment), will identify routes for light and heavy vehicles (including the contractors') and will establish the speed limits, driver's behavior patterns (in terms of maximum driving time, rest procedures, drivers' change and stops), among other factors that guarantee the workers' and the communities' safety.

According to the Company's Code of Conduct, all suppliers and contractors shall comply with the Company's policies and procedures (HSE, among others). In this regard, the Company uses an integrated supplier control system (EXACTIAN) that is triggered before the suppliers can access work sites, perform an activity or leave the facilities or operation areas, and establishes the inspection, audit and control procedures they will endure once they are admitted.

However, these systematic controls are not yet enforced on such contractors as the transportation service providers and those collaborating with the Company's social investment program. Therefore, SdV will update its EXACTIAN to include them.

4.1.e Organizational Capacity and Competency

SdV has assigned staff that is suitable and well-trained in E&S matters to develop the Project. Some of these workers are based in the Project area, whereas others are in the City of Buenos Aires or in the Company's offices in Catamarca. SdV's Community Relations Manager reports to the Project manager and the Shared Value corporate area (also in charge of community relations) and is supported by a superintendent, a chief, a supervisor and eight field workers. The Project environmental area is comprised of a manager reporting to the corporate environmental manager and 11 employees, as well as some vacant positions, while the occupational health and safety area has an exclusive manager reporting to the Chief OHS Officer and ten technicians, as well as professionals directly hired by the companies engaged in the Project construction phase.

The Company continuously assesses the headcount required for the job and the available resources to make sure they are enough and commensurate to the Project's E&S risks. Nevertheless, the Project will engage: i) a senior biodiversity coordinator to make sure its activities are aligned with the best international practices; ii) a field senior community relations officer; and iii) a field-based water resources environmental monitoring coordinator with hydrogeology background.

4.1.f Emergency Preparedness and Response

SdV has in place an Emergency Preparedness and Response Plan (EPRP) which includes potential emergency scenarios (spills, fires, road accidents and natural disasters), emergency contacts, communication flows (internal, with community leaders and government authorities), protocols for the use of equipment, and drills. The Company discloses its EPRP to its contractors' workers and employees.

SdV has recruited, trained and equipped its own emergency response team, which is made up of a brigade well equipped to deal with the risks identified. The Company performs regular drills; the results, in terms of capacity and response, are fed into the ongoing improvement process of the HSE management system.

The Company has a medical center equipped and operated by physicians in situ, and which is complemented by a pharmacy and X-ray facilities. There are two mobile intensive care units⁸ at the Project site. SdV is assessing the need to expand the medical center and the resources to suit the Project requirements.

4.1.g Monitoring and Review

The Company has a well-established system to monitor and review the E&S aspects at different corporate and Project levels. The Company has a Sustainability Committee that supervises the E&S issues, and continuously reviews and assesses the corporate sustainability strategy, the Company's E&S performance and the way the risks linked to safety, health, environment, community, climate and human rights are managed. The committee also prepares and reviews Allkem's sustainability

⁸ The mobile intensive care unit is equipped with cutting edge medical technology and staff specialized in critical care. It is used to transport patients in critical condition who need constant monitoring and intensive care throughout the journey.

annual report. This report includes performance indicators for the people, the environment and the value chain, following the Global Reporting Initiative (GRI) guidelines.

Legal obligations from environmental permits and local regulations are monitored through an automatic register in an annual control matrix, and a specialized outsourced service for control and warning of expiry dates. The matrix records the National, Provincial and Municipal permits, as well as the commitments and requirements established in the ESIA approval resolution. The environmental components —like noise, effluents, air quality, and water extraction and use— are monitored under the environmental management system. As to the social components, the Company operates a system that supervises compliance with the social obligations derived from the permits, the engagement with the interest groups and the social investment programs.

In order to improve its management system, Allkem will go over the quantitative and qualitative standards in its environmental and social management plans to make sure that all relevant aspects, including those linked to environmental noise and any other emission (liquid discharges of treated effluents and air emission from the diesel generators), are aligned with the standards set forth in the World Bank Group's Environmental, Health and Safety Guidelines and the relevant aspects in its Environmental, Health and Safety Guidelines for Mining.

SdV has implemented an Environmental Monitoring Participatory Program, regulated by the competent authority, in which the representatives from the communities assist and participate in the monitoring and review of the Project environmental impacts and the resulting management and control measures. This program has been especially designed to handle the community concerns in relation to the impacts on the surface water resources and other environmental issues, by means of quarterly meetings which are attended by representatives from the provincial institutions and members of the local communities. Discussions around water availability and quality, and the results of the lab tests of the samples taken at different sources, among other things, occur in those meetings.

4.1.h Stakeholder Engagement

Allkem has a Community and Social Performance Policy, which ratifies its commitment to the communities, including their representation, engagement and participation rights, as well as its support to local development opportunities.

SdV's social development and stakeholder engagement strategies started with a consultation sponsored by the Catamarca government in 2013. Since then, the Company has kept constant contact with and commitment to the local community.

In 2020, supported by external consultants, the Company mapped and analyzed the interest groups in the Project area of influence, at provincial and departmental levels, and prepared a social perception assessment. In 2021, the Ministry of Mining of Catamarca, in compliance with and according to the provisions in the legislation in force, held a public hearing in Ciénaga Redonda, which was attended by representatives of SdV and interest groups, including competent authorities and stakeholders in the Project area of influence.

The Communication and Community Relations Program, which is aimed at guaranteeing transparent and continuous disclosure of information and dialog with the stakeholders about the activities performed by the Project, as well as those related to SdV's social investment program, establishes the channels of communication, the frequency, and the topics and information of utmost interest for each group. All meetings and communications with the communities in the area of influence are recorded in the related minutes.

Engagement with the stakeholders is performed by the Community Relations team of the Company's Shared Value Department, which has employees and field workers who work in the communities and act as direct interlocutors with their members, as information disclosure channels, and as recipients of grievances and queries.

The Community Relations Plan includes activities, initiatives, training topics and collaborative actions in the short and medium term with the communities and institutions in the Project direct and indirect areas of influence, even though it mainly focuses on the communities closest to the Project. This plan consolidates the other SdV's social programs, which include: (i) the Population Engagement and Communication Program; (ii) the Local Employment and Training Program; (iii) the Local Hiring and Service and Asset Purchase Program; (iv) the Productive Project and Infrastructure Development Program; (v) the Program to Support Sports, Cultural and Educational Initiatives; and (vi) the Community Wellbeing and Health Program.

Despite the multiple activities of communication, engagement, community investment, training and shared monitoring activities completed and under execution, the Project will develop a Stakeholders Engagement Plan.

4.1.i External Communication and Grievance Mechanisms

The Project has in place a Strategic Communication Program that seeks to disclose information and guarantee the rights to community engagement, consultation and dialog. This program is mainly implemented through visits and regular meetings with the communities in the Project's direct area of influence, in order to keep them informed, promote their involvement and communicate the activities performed. Nevertheless, the plan will be reinforced, consolidated and expanded to become an integrated stakeholder engagement plan, to close the information gaps, to encourage transparency in the Project activities, to support the provincial government's communications about the lithium industry and to provide a space for a two-way communication with the communities, the institutions and stakeholders in the Project's direct and indirect area of influence.

SdV is in the course of implementing and disclosing its community grievance mechanism. The Company has also prepared a form to receive community grievances that is available at its offices in Antofagasta de La Sierra and Ciénaga Redonda. The community relations team regularly visits the communities in the area of influence and the isolated rural homes and receives grievances and claims, which are recorded in the related forms. Additionally, the community can deliver grievances by e-mails and on the phone.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

SdV employs 298 direct workers, 70 of whom are women. The Project prioritizes hiring locally with policies, approaches and government-specific reporting requirements as established to assure compliance with this priority. So, more than 70% of all direct workers are from the Province of Catamarca.

SdV trains the local community members to improve their skills and allow them to choose positions for semi-qualified workforce. The Company also promotes training activities at local universities, and internship and young professional programs.

Moreover, hiring workers from the direct area of influence is a top priority. Human Resources partners with the community relations area to guarantee that the local communities are properly informed and ready to apply for vacant positions.

4.2.a.i Human Resources Policies and Procedures

The Company has in place several human resources (HR) policies and procedures that consider such topics as recruiting and selection, training, performance, pay, etc. It also enforces a human rights policy that prohibits any form of child or forced labor.

All employees are provided with offer letters describing labor and working conditions, and through the induction program are informed of the corporate policies and the Code of Ethics.

4.2.a.ii Working Conditions and Terms of Employment

Workers are housed at a campsite at the Salar overseen by HR and managed by the general services department. The camp and its services are designed to meet the International Association of Oil and Gas' standards (IOGP) and offer the same conditions to employees and contractors. Rooms are shared by two persons with a bathroom shared by those two people. The campsite includes a gym and cafeteria enjoyed by all workers. The night-shift workers have separate dormitories so that they can sleep undisturbed during the day.

No worker lives in the neighboring communities. The roster is mainly 14 days off every 14 days on duty. The camp and the facilities currently in use are designed to host 300 workers and are being expanded to accommodate the workforce that will be required at the peak of the construction phase. Workers are transported to the worksite by SdV from Antofagasta de la Sierra, San Fernando del Valle de Catamarca and other locations.

4.2.a.iii Workers' Organizations

SdV protects its workers' right to join unions. About 30% of the workers belong to trade unions. SdV has signed a collective bargaining agreement with the *Asociación de Trabajadores Mineros de*

Argentina (AOMA, Argentina's union for mining workers), which will be in force until the first ton of lithium is produced; then, the agreement will be renegotiated.

The largest union involved in the Project construction phase will be the one representing the construction workers, *Unión de Trabajadores de la Construcción de Argentina* (UOCRA), with which the Company's construction contractors have not yet signed a collective bargaining agreement. Drivers belong to the *Sindicato de Trabajadores del Transporte* (drivers' union).

4.2.a.iv Non-discrimination and Equal Opportunity

The Company has a human rights policy, a Code of Conduct and a diversity policy in place, all of which advocate for equal opportunities and no tolerance for discrimination, intimidation or harassment, based on gender, sexual orientation, family background, pregnancy, family duties, race, disability, political or religious views and age.

The Project has key performance indicators (KPIs) to encourage more gender diversity. SdV actively promotes diversity in its recruitment and training practices, making sure that, for instance, there are female candidates in the recruitment and hiring processes, and carrying out career development and mentoring programs for women. About 23% of SdV's employees are women.

4.2.a.v Grievance Mechanism

The Company has a complaint, claim and grievance mechanism which establishes the scope, the people responsible, the resources and procedures to receive, manage, respond to and monitor complaints and grievances. They can be received by email, phone or in person.

The Company also has an ethics channel available which can be used by any internal or external stakeholder, including workers and contractors, to file complaints or to report incidents by email, on the phone, via WhatsApp, or using a digital platform that allows for the procedure to be anonymous and confidential.

All complaints and reports received via the ethics channel are managed by a third party (a company named Resguarda), which specializes in ethics, compliance and cybersecurity matters. Different areas within SdV can be called to participate in the investigation and resolution procedures, depending on the content of the grievance.

Nevertheless, the Company will update its internal grievance mechanism to make sure all grievances related to acts of GBVH are victim-centered and properly addressed, and are analyzed and resolved by especially trained staff. Moreover, it will disclose the existence and access to its ethics channel in the Project website.

4.2.b Protecting the Workforce

The Company's human resources policy ratifies its commitment to observing the International Labor Organization's conventions, by acknowledging aspects such as freedom of association, the right to collective bargaining and equal pay; as well as the prohibition of child and forced labor. The policy

is applied throughout its operations and supply chains. SdV does not employ minors or allow for its own workers or those hired by third parties or suppliers to be under 18 years old.

4.2.c Occupational Health and Safety

The OHS management system is structured according to international safety standards and templates and follows a logical process from tracking of leading indicators such as training hours, number of inspections, toolbox meetings, job safety assessments and safety drills, to lagging indicators such as incident records and injury rates per hours worked. The system describes a continuous improvement cycle for hazard identification, risk assessment and control, compliance with regulatory requirements including competency, training and inductions, incident reporting and investigation and a system of preventive and corrective actions to avoid recurrence.

The Project promotes occupational health and safety awareness with SdV's "12 golden rules" program, which includes the most common risks at the workplace and safe work standard practices. New hires are trained in the Project OHS system when onboarded, and are further trained in the specifics of the job. The OHS services and system requirements are equally applicable to contractors and suppliers.

4.2.d Workers Engaged by Third Parties

The Project counts with 814 workers hired by third parties (contractors), 57 of whom are women and 18 are from the direct area of influence. These workers are mainly engaged in construction, cleaning, catering, transportation and asset protection tasks. During the construction phase, the Company expects to engage about 900 additional contractor workers.

As stated in its human resources policy, the contractors participating in the Project must act according to the work legislation. SdV's Contractor Control Manual includes record, control and management procedures and criteria. According to the provisions in the Manual, SdV requests information and documentation on a regular and monthly basis from contractors to prove their compliance with labor regulations affecting their employees.

The workers engaged by third parties enjoy the same conditions in terms of camp facilities and meals as those directly hired by the Company. They also have the same access to the internal grievance mechanism and ethics channel.

4.2.e Supply Chain

SdV has implemented a local suppliers development plan since 2020. The plan involves actions such as analyzing the supply chain; considering local hire alternatives; training, in association with local universities and technical centers; actively searching for local suppliers; and offering specialized technical assistance to strategic suppliers. Over 70% of the Project supply chain is currently sourced locally in Catamarca.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

4.3.a.i Greenhouse Gases

Allkem's "Climate Change Statement," issued in July 2021, formalizes the commitment to continuously explore ways to reduce energy and water consumption, improve efficiencies and reduce emissions and impacts on climate, aiming at achieving "net-zero" for Scope 1 & 2 emissions by 2035.

Even though the Project energy (about 5 MW) is currently sourced by diesel generators, Allkem is working on replacing some of them with a new 15-MW photovoltaic (PV) plant, which will meet about 30% of the Project's energy needs. Estimated annual GHG figures for Scope 1 & 2 during the first years of operations until the PV plant is installed are 41,000 tons CO₂eq. GHG emissions will be significantly reduced once the PV plant becomes operational.

4.3.a.ii Alignment with Paris Agreement

The project is considered Paris Agreement aligned based on an analysis conducted in accordance with the IDB Group Paris Alignment Implementation Approach⁹.

4.3.a.iii Water Consumption

The hydrology of the salt flat and its surroundings is regulated by the Los Patos River which creates the delta and braided streams that filter into the salt flat. This river system feeds into two lakes: Laguna Verde and Laguna Catal. The river also forms several wetlands ("vegas") existing parallel to the river, such as Vega Parinayu', as well as scattered vegas in the delta. Brine will be extracted from a deep aquifer within the Salar at depths of more than 200 m.

The Company has analyzed different technologies for LCE production, and included environmental considerations such as water use, use of chemicals, and energy consumption in the alternative analysis. The process is based on natural evaporation that reduces overall power requirements. The Company selected the flowsheet with the lowest water and energy consumption, which was validated through bench scale test work in the onsite pilot plant.

SdV will not use surface water from any river. In this sense, in 2022, the provincial authorities issued a final concession permit for the industrial use of groundwater allowing for the extraction of 130 m³/h per authorized well (total of 2). Although the authorized extraction volumes are enough for all the anticipated operating stages, the Project is expected to use only a fraction of this amount in its operations (under 40 m³/h). Water will recirculate within the industrial process, and the extraction process has been designed to minimize raw water consumption.

⁹ Document GN-3142-1.

SdV will be installing systems to prevent salt or brine from leaking into the shallow aquifer (e.g., waterproofing base of salt piles, geomembranes underneath the evaporation ponds, monitoring wells, etc.).

The analysis of the water quality indicates that the extracted groundwater is not suitable for human consumption due to its high concentration of salt and metals (arsenic, boron and sulfur). For this reason, a reverse osmosis modular plant will be set up to produce demineralized water that is suitable for the process.

The hydro-geological studies, the interpretations and the mathematical models used show that there may be limited impacts on the shallow aquifers and surface water bodies as a result of the extraction of brine and water during the 40-year operation period. However, the Company understands that a more detailed assessment is needed to manage the water resources as the Project evolves, so it will prepare, with the support of specialists in water resources, a water study roadmap (WSR) to better look into the connections among aquifers, the characteristics of the surface water, thus guaranteeing that any potential impact on the groundwater resources and, in turn, on the biota and the ecosystem services are properly managed during the Project lifecycle. Moreover, the WSR will seek to distinguish between the effects related to the Project and those caused by other operations or natural changes in the environment, including climate change.

The roadmap will enable a comprehensive water resource management strategy for the Company, which will be progressively implemented while the Project is underway.

As part of the WSR and under such operation, SdV will: (i) conduct ecological flow studies of the Rio Los Patos, the vegas and lagoons in the area of influence of the Project, considering seasonal and longer-period variations as well as climate change effects; (ii) update the water balance incorporating the effects of climate change over the life of the operation; (iii) update and enhance the hydrogeological model running scenarios to estimate effects of the project on the shallow aquifer and surface waters; (iv) develop a comprehensive surface and groundwater water monitoring program that builds on the monitoring program approved in the ESIA and designed to capture data that will show effects of pumping brine and/or raw water for the process, including potential drawdown effects on shallow surface waters and areas of valued habitat. The monitoring shall include the survey of water sources and extraction points of any potential stakeholder in the vicinity of the Salar and be participatory in nature. Monitoring will be undertaken to the extent it is within the control of the Project; and (v) design and implement an adaptive management plan for environmental protection on the basis of the updated model, its annual calibration, defined alert levels and obtained results from environmental surveys and the comprehensive water monitoring program implementation.

Although the Company has installed a number of culverts on the south crossing of Aguas Calientes and Los Patos rivers to prevent adverse impacts (soil erosion or changes in the water flow or dynamics), SdV will: (i) conduct a superficial flow survey and baseline to document and assess whether existing or future infrastructure of the Project could alter natural flow patterns and water streams within the Los Patos delta environment and vegas and potentially reduce surface water runoff, (ii) based on the survey results design and install adequately sized culverts and other crossings drainage systems, including modifications or improvements to existing drains as

appropriate, (iii) document the legacy areas affected by past extraction of borates and ulexite that are not related to the Project, (iv) include the assessment and monitoring of the effectiveness of any installed road culverts, drainage systems and road crossings including monitoring points upstream and downstream of these intersections.

4.3.b Pollution Prevention

Pollution prevention is integrated into the Company's environmental management system. The Company has developed and implemented several monitoring and management plans to make sure that all activities are carried out in such a way that adverse impacts on human health and the environment are minimized, both in areas under its direct control and in those managed by contractors and subcontractors.

4.3.b.i Waste

The environmental permit allows dry stocking of the discarded salt in specific areas, far from potential receptors. The Company has a mineral waste management plan that describes methods to dispose of and reuse this waste depending on the composition of the harvested salt.

SdV has a waste management program that goes in line with the mitigation and management hierarchy principles, the industry international good practices, and the national and provincial regulations. The waste is segregated at source, collected and classified into ordinary, hazardous, non-hazardous, recyclable and non-recyclable. These are temporarily stored in dedicated facilities and disposed of as instructed in the local procedures and regulations. Liquid domestic effluents from the camp, workshops and the future processing plant will be collected and treated in an activated sludge wastewater treatment plant with effluents monitored against Project standards. Portable toilets are deployed in construction work fronts and effluents collected and trucked to authorized facilities. For the operations phase SDV will install a lined emergency control pond (or "*pileta de eventos*") to adequately store any discarded production batch. .

4.3.b.ii Hazardous Materials Management

The Project will use some hazardous substances as part of the Lithium carbonate processing. Milk-of-lime (mixture of calcium Di-hydroxide and water) is used to partially remove impurities and a caustic soda solution (sodium hydroxide) is used for softening and precipitate calcium and magnesium. Additional chemicals used in the Project may include solvents, paints, cleaning agents, lubricant oils, diesel fuel and others.

All hazardous materials are handled as per SdV's hazardous materials management plans and procedures. These define the environmental, health and safety provisions for safe transportation, handling, storage and use of hazardous materials, including emergency response. Compliance with the provisions of these plans is verified through SDV's assurance process, and if any deviation is observed, corrective actions are defined and monitored to completion.

4.4 Community Health and Safety

4.4.a Community Health and Safety

The ESIA did not identify any possible significant negative impacts on the community health and safety. Given that the workers live in the camp, the risks for the community in terms of cultural change, inflow-related gender-based violence and introduction of new diseases are minimal.

SdV manages the community health, safety and security with the following instruments: (i) the Code of Conduct, which is enforceable for all workers; (ii) the Community Relations Plan, managed by its community relations team; (iii) the Community Good Practices Manual, enforceable for all contractors; and (iv) Sal de Vida's Traffic Management Plan, which establishes safety measures (performing random traffic and speed controls on the vehicles linked to the Project, setting up vehicle control and checkpoints, onboarding and training the staff on preventive driving, and enforcing mandatory rest periods for drivers after long workdays).

The offices in Antofagasta de La Sierra and Ciénaga Redonda are equipped to receive community grievances. The field representatives from the community relations team visit the towns, remote places and rural homes in Antofagasta de la Sierra every 15 days; the visits include Salar de Hombre Muerto and the south of the province of Salta. Grievances and complaints from the population are collected in these visits and recorded in forms purposely used to this end.

The Project will generate positive impacts on the workers' health and their families' as they will have access to private healthcare coverage provided by SdV. As part of the Community Relations Plan, the Project keeps a Community Health and Wellbeing Program that promotes collaboration with the local population, including primary (emergency) healthcare for those living at the Salar who would otherwise not have access to public health services.

SdV also implements an Infrastructure and Productive Projects Development Program, which is aimed at improving the living conditions and infrastructure of the communities in the area of influence. As part of this program, the Project has reached several milestones, among which are the following: the construction of sanitary units; the installation of solar water heaters in homes in Ciénaga Redonda; and the installation of Wi-Fi services and PV systems in homes within the area of direct influence.

4.4.a.i Emergency Preparedness and Response

SdV has an EPRP in place to manage the most probably occurring risks for the Project. One of them is road accidents, which is the most significant risk for the communities. The EPRP also specifies the emergency contacts and internal communication flows, including the community leaders and government authorities.

4.4.b Security Personnel

SdV engages a security services contractor to protect its facilities, with 12 unarmed security guards distributed as follows: 2 in Antofagasta de la Sierra (1 per shift) and 10 at the camp (5 per shift).

Moreover, the Company has assigned 2 chiefs of security, who are mainly responsible for supervising the guards and training them in SdV's procedures and policies. Before being assigned to the Project, all guards must go through background checks and be trained in human rights, the rational use of force, the Code of Conduct and Company-specific security operations. SDV does not have MoUs with public security forces, but additional security support from the Catamarca Police Force is available as needed.

The Company will carry out a security risk assessment for the Project aimed at: (i) identifying the potential risks imposed by the security personnel for the people inside and outside the facilities; and (ii) checking whether the private security personnel are being properly evaluated, hired, equipped and trained. SdV will prepare a Security Forces Management Plan based on the findings.

4.5 Land Acquisition and Involuntary Resettlement

The Project is placed on mining concessions located in government lands. No current or future activities will produce economic or physical displacement.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

4.6.a General

The Project's physical footprint, covering about 1,136 ha, includes roads, platforms, stockpiles, evaporation ponds and a processing plant. The Project infrastructure has been set up in such a way that it does not interfere with areas of value for the biodiversity (wetlands, areas with vegetation and Salar areas).

In 2011 the Project carried out baseline studies with the assistance of external consultants, and since then it has produced regular monitoring reports, with campaigns mainly focused on the habitats with the highest biodiversity value located in the east sub-basin of Salar del Hombre Muerto and the Los Patos basin. The studies, which provide a baseline to identify the biodiversity values in the vicinity of the Project, include samples of several taxonomic groups and flora communities across the Project.

4.6.b Protection and Conservation of Biodiversity

SdV conducted biodiversity surveys during their licensing process and has more recently started monitoring fauna and flora at the Salar, in the Rio Los Patos and in its associated vegas. Nevertheless, the Company will update biodiversity monitoring protocols to allow for a better understanding of the variability of biodiversity values both spatially and temporally.

The following are some of the species found in these monitoring campaigns: vicuna (*Vicugna vicugna*) (of Least Concern [LC] on the IUCN Red List¹⁰), the Shipton's Mountain Cavy (*Sylvilagus cuniculargus*) (LC), the *tuco-tuco* (*Ctenomys opimus*) (LC), aquatic and beach bird species, the Andean condor (*Vultur gryphus*) (Vulnerable [V] on the IUCN Red List), *Goesitta cunicularia* (LC), Puna flamingo (*Phoenicoparrus jamesi*) (Near Threatened [NT] on the IUCN Red List), the Chilean flamingo (*Phoenicoparrus Chilenus*) (NT), the Andean flamingo (*Phoenicoparrus andinus*) (V), and lizards (*Liolaemus vulcanus* and *Liolaemus kunza*) (LC).

The Project will prepare a Restoration Plan for camps, roads, evaporation ponds and any other sites affected by soil compaction. The Restoration Plan will include methods for soil restoration and revegetation, targets, metrics and a timeline (prioritizing sites no longer in use, as possible) and will be developed by a botanical specialist. SdV will also install a system of culverts to ensure there is no alteration of the water flow from Rio Los Patos to the rest of the Salar to maintain the ecological processes.

The modeling and hydro-geological studies performed so far show that the impacts of the Project on the shallow aquifer and the surface water bodies, as a result of the brine and raw water extraction, are expected to be low. SdV will conduct additional studies as part of their water management roadmap, which will include ecological flow studies to ensure that water levels are sufficient to sustain the ecology of flora and fauna within the area of influence of the project as part of No Net Loss (NNL) objectives.

With respect to Net Gain objectives, SDV is developing a draft Biodiversity Action Plan (BAP). The BAP, to be prepared with the assistance of external consultants, will involve, among other aspects: (i) a feasibility assessment to screen potential offset measures, in consultation with the stakeholders; (ii) metrics to determine biodiversity losses or gains; (iii) the selection of implementation partners; (iv) an estimated budget; (v) a schedule; and (vi) a detailed list of the additional conservation actions to promote and improve the conservation effective management of KBA/IBA. The Company will also develop a Offset Management Plan, which will include: (i) details on the necessary institutional arrangements to carry out its implementation; (ii) the financing sources; (iii) the roles and responsibilities involved in the implementation; and (iv) a Biodiversity Monitoring and Evaluation Program (BMEP) to establish its effectiveness.

4.6.b.i Legally Protected Areas and Internationally Recognized Areas

which is characterized by grassy vegetation and shrubland steppe habitats that have historically supported livestock grazing and firewood collection by local communities, as well as salt-crust desert (salt pan). Other characteristic features include streams, rivers, *bofedales* (bogs), *vegas* (type of wetland), lakes and salt flats (locally known as salares). The project site is located within the hydrological basin of the Salar del Hombre Muerto, which is recharged by the Rio Los Patos and

¹⁰ Established in 1964, the International Union for Conservation of Nature's (IUCN) Red List of Threatened Species has evolved to become an internationally recognized information source on the global extinction risk status of animal, fungus and plant species. The IUCN Red List Categories and Criteria are intended to be an easily and widely understood system for classifying species at high risk of global extinction. Species are divided into nine categories: Not Evaluated, Data Deficient, Least Concern, Near Threatened, Vulnerable, Endangered, Critically Endangered, Extinct in the Wild and Extinct.

includes the salar and several vegas. The project site is situated within the Salar del Hombre Muerto Key Biodiversity Area (KBA), which is also an Important Bird and Biodiversity Area (IBA).

4.7 Indigenous Peoples

4.7.a General

The supplemental social baseline determined that there are people who identify as indigenous in Ciénaga Redonda with 11 households identifying as having Kolla-Atacameño or other type of indigenous ancestry (Catamarca province). Two Indigenous Communities are present in the area, both formally recognized by the government of Argentina, North of the Project area, “Comunidad Andina de Santa Rosa de los Pastos Grandes”, and the newly formed “Comunidad Incahuasi Ratonés” in the neighboring basin of the Salar de Ratonés and Salar Centenario (Salta province).

The study involved a participatory community mapping which determined that, regardless of land ownership, the Project activities and facilities do not overlap with the use of the land and natural resources by the indigenous peoples.

Ciénaga Redonda also holds about 10 people who have agreed to join other residents in the area and to be represented by an indigenous leader to form a new indigenous community. This community, called Atacameños del Altiplano, has launched actions to be recognized in the National Registrar of Indigenous Communities (RENACI), administered by the National Institute of Indigenous Affairs (INAI). The presence of SDV does not have any effect on the formalization of the Atacameños del Altiplano should RENACI accept the community’s petition.

4.7.b Circumstances Requiring Free, Prior and Informed Consent

The principle of Free, Prior and Informed Consent (FPIC) does not apply to this Project for the following reasons: (i) the supplemental social baseline carried out indicated that the project does not impact lands and natural resources currently subject to traditional ownership;(ii) there is no physical relocation or economic displacement of indigenous peoples from traditional lands; (iii) there are no significant impacts on critical or cultural heritage or on land or resources that are used for cultural, spiritual or ceremonial aspects; and (iv) the Project will not make use of cultural heritage including knowledge or traditional practices for commercial purposes. .

The Project, nonetheless, will apply Informed Consultation and Participation (ICP) to the stakeholder engagement process. SDV will, in collaboration with Indigenous Peoples, develop an Indigenous Peoples Framework (IPF) applicable to indigenous communities, and households and other community members or groups within a 50 km radius, outlining actions to be implemented to avoid and minimize any potential adverse impacts, and if needed, compensate any residual impact in a culturally appropriate manner, as well as take action to identify opportunities to enhance the positive effects of the project. The framework will include clear principles and guidance to (i) actively engage IP communities adhering to the principles of ICP, (ii) monitor for potential impacts and assess mitigation measures with a gender perspective, through robust consultation, (iii) enhance positive impacts and benefits through training and social investment programs, (iv) establish mechanisms for monitoring and periodic reporting on each agreement reached with affected communities, (v)

ensure accessibility to a culturally appropriate grievance mechanism for indigenous communities. The Framework will be developed in a participatory manner and outline all actions to be implemented.

4.8 Cultural Heritage

4.8.a Protection of Cultural Heritage in Project Design and Execution

SdV, like other mining projects, has carried out several studies of the cultural heritage of Salar del Hombre Muerto. Even though archeological remains have been identified in some areas of the Salar, the Project is not expected to affect those locations.

The Project's Environmental Management Plan considers a comprehensive program for the protection of heritage assets and archeological monitoring so that the situation can be systematically checked for potential impacts on the recorded heritage assets.

In a place near the Project facilities, but still within the Company concessions, is the so-called Tumba del Hombre Muerto (the dead man's grave), after which the Salar is named. So far there has been no formal evidence of how long the grave has been in that place; however, the local settlers inform that it dates back to the 10th century and have several stories about its origin. There is another grave in the place, which is understood to belong to a member of the family of an indigenous resident of the Salar.

Near both graves is a road used by the vehicles travelling in the area. Considering that new projects in the area will increase vehicle and people traffic, the Company, as part of the comprehensive program for the protection of heritage assets and with the participation of experts and the local communities, will consolidate a Cultural Heritage Management Plan (CHMP) that will include the following components: i) archaeological site protection program; ii) archaeological monitoring program; iii) chance find procedures; and iv) cultural heritage training program.

4.8.a.i Chance Find Procedures

The Company has a chance find procedure in place to handle cultural or archeological remains to be discovered during the Project construction phase. This procedure will be updated to, apart from complying with the Argentine regulations, take into account the requirements triggered by PS 8, including training and reporting.

5. Local Access of Project Documentation

The Project documentation is available at the IBD Invest website (<https://idbinvest.org/es/projects>). For more information about the Company, please visit <https://www.allkem.co/>.