



# OECD DUE DILIGENCE REPORT

SQM SALAR S.A.

NOVEMBER, 2023

## INDEX

I.	INTRODUCTION AND COMPANY OVERVIEW. ....	3
A.	THE COMPANY. ....	3
B.	OPERATIONAL AREA OVERVIEW. ....	4
B.1	CONFLICT-AFFECTED AND HIGH-RISK AREAS WITHIN THE COMPANY'S AREA OF OPERATION. ....	4
B.2	PROTECTED AREAS WITHIN THE COMPANY'S AREA OF OPERATION. ....	7
B.3	EXERCISE OF INDIGENOUS COLLECTIVE RIGHTS WITHIN THE COMPANY'S AREA OF OPERATION. ....	8
B.4	TERRITORIAL DISPUTES WITHIN THE COMPANY'S AREA OF OPERATION. ....	8
C.	RESPONSIBLE BUSINESS STRATEGY. ....	9
D.	INTEGRATING DUE DILIGENCE THROUGHOUT SQM SALAR'S OPERATIONS. ....	10
D.1	DUE DILIGENCE THROUGHOUT SQM SALAR'S OPERATIONS. ....	10
D.2	DUE DILIGENCE THROUGHOUT SQM SALAR'S SUPPLY CHAIN. ....	12
II.	IDENTIFICATION AND ASSESSMENT OF RISKS. ....	14
A.	PROCESS FOR IDENTIFYING AND ASSESSING RISKS THROUGHOUT SQM SALAR'S OPERATIONS. ....	14
B.	PROCESS FOR IDENTIFYING AND ASSESSING RISKS THROUGHOUT SQM SALAR'S SUPPLY CHAIN. ....	15
C.	EXAMPLES OF SALIENT RISKS. ....	17
III.	STRATEGY TO RESPOND TO IDENTIFIED RISKS. ....	20
A.	STRATEGY FOR RESPONDING TO RISKS THROUGHOUT SQM SALAR'S OPERATIONS. ....	20
B.	STRATEGY FOR RESPONDING TO RISKS THROUGHOUT SQM SALAR'S SUPPLY CHAIN. ....	21
C.	MEASURES TO PREVENT, MITIGATE, AND REMEDIATE ADVERSE IMPACTS ON PEOPLE AND THE ENVIRONMENT. ..	21
IV.	INDEPENDENT THIRD-PARTY AUDITS. ....	24
V.	REPORTING AND COMMUNICATION. ....	25

A. SQM SALAR REPORTING AND COMMUNICATION PRACTICES. ....	25
B. COMMUNICATION WITH STAKEHOLDERS.....	27
VI. CONCLUSION AND FUTURE PLANS. ....	29

## I. INTRODUCTION AND COMPANY OVERVIEW.

### A. THE COMPANY.

SQM S.A., as the parent company of SQM Salar S.A. (“**SQM SALAR**” or the “**Company**”), is a global chemical company listed on Santiago Stock Exchange (SSE) and the New York Stock Exchange (NYSE) that produces and develops products such as lithium and derivatives, iodine and derivatives, potassium, specialty plant nutrients and industrial chemicals. SQM’s products are fundamental for industries that are essential for human progress: health, nutrition, renewable energy, and technological development.

SQM Salar S.A.’s core activity is the production of Lithium, being one of the economic activities that contributes the most to the Chilean State Treasure and is the best example of a successful public-private partnership. This is the result of a fully integrated commercial activity from Chile to the final customer, which allows us to deliver the best value-added product of the highest quality in a fair manner, keeping most of the benefits of Chilean lithium in the country.

The Company aspires to make a distinctive contribution to the sustainable development of the world, providing solutions for key industries in harmony with the environment and people. In this regard, SQM Salar is estimated to be the lithium producer with the lowest carbon and water footprint in the world.

SQM S.A. is a global leader in the markets of lithium, iodine, and potassium nitrate.	SQM S.A has global sales presence in 110 countries and commercial offices in more than 20 countries.	SQM S.A. has access to world-class reserves of caliche ore and brine.
SQM S.A. has a clear strategy with a strong commitment to the environment and the community.	SQM S.A.’s growth and profitability are robust, and its financial management is prudent.	SQM S.A. has more than 20 years of investment grade risk ratings Baa1 / BBB+ (Moody’s / S&P).

It is hereby noted that all SQM S.A. policies are directly applicable to the Company, and therefore, some of these policies are mentioned to in this document as part of the Company’s policies.

## **B. OPERATIONAL AREA OVERVIEW.**

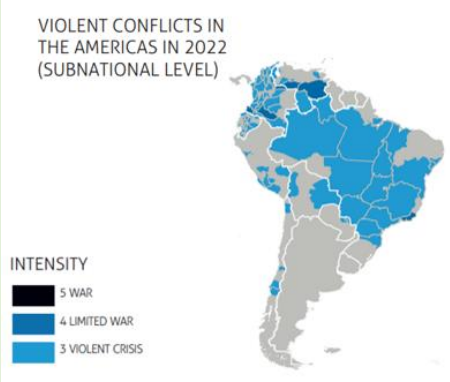
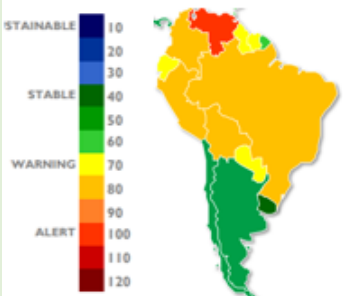
The area in which the Company carries out its operations to obtain the exclusive raw materials (brine) used to produce lithium chloride (LiCl) is located in the Salar de Atacama, Antofagasta Region, Chile. Below is a brief analysis of the existence of conflict-affected and high-risk areas ("CAHRAs"), protected areas, the exercise of Indigenous Peoples' rights and territorial disputes within the area where SQM SALAR operates.





### **B.1 CONFLICT-AFFECTED AND HIGH-RISK AREAS WITHIN THE COMPANY'S AREA OF OPERATION**

A conflict-affected and high-risk areas is defined, according to OECD, by the presence of armed conflict, widespread violence, or other risks of harm to people. In turn, EU defines these areas as areas in a state of armed conflict, fragile post-conflict areas, as well as areas witnessing weak or non-existing governance and security, such as failed states, and widespread and systematic violations of international law, including human rights abuses.

Notwithstanding that section D.2 below refers to the process by which SQM SALAR identifies whether companies in its supply chain have operations in CAHRAs, this section assesses in particular the area where the Company's operations are located.

In this regard, to assess the existence of CAHRAs in the area where the Company's operations are located, first, it should be considered that Chile is not among the countries listed in the Dodd Frank Act or in. Along with these resources, the following sources of information have been assessed to complement the analysis of whether the area where the Company's operations are located could be defined as a CAHRA:

Source	Criterion	Analysis	Reports
<p><b>Heidelberg Conflict Barometer</b></p>	<p><b>Conflict Area</b></p>	<p>The Heidelberg Conflict Barometer 2022 ("<b>HCB</b>") analyses the existence of political conflicts in the world, and rates them according to different degrees of intensity, ranging from level 1 (dispute) to level 5 (war).</p> <p>In the case of Chile, and as shown in the following image, the HCB distinguishes the following conflicts: (i) Conflict between Chile and Bolivia over access to the sea (level 1 - dispute); (ii) Conflict between the Chilean government and anarchist groups (level 3 - violent crisis); (iii) Conflict between the Chilean government and Mapuche groups (level 3 - violent crisis); (iv) Conflict between the Chilean government and social movements (level 3 - violent crisis); and (iv) Conflict between Chile and the United Kingdom over territory in Antarctica (level 1 - dispute). It should be noted that both the Company's operations and its transit maps are outside these conflict areas and that those classified as violent crises, although they increased in 2019 with the social crisis experienced in Chile, have been decreasing to date. In addition, it is relevant to mention that none of the conflicts are related to mining activities.</p>	 <p>VIOLENT CONFLICTS IN THE AMERICAS IN 2022 (SUBNATIONAL LEVEL)</p> <p>INTENSITY</p> <ul style="list-style-type: none"> <li>5 WAR</li> <li>4 LIMITED WAR</li> <li>3 VIOLENT CRISIS</li> </ul>
<p><b>Fragile States Index</b></p>	<p><b>Governance</b></p>	<p>The 2023 Fragile States Index Annual Report assesses the political risks of each country according to 12 vulnerability factors, categorizing each country from Alert to Stable status. According to this index, Chile has a score of 42.2, which determines it as a "More Stable" country.</p>	 <p>STAINABLE 10 20 30 30</p> <p>STABLE 40 50 60</p> <p>WARNING 70 80 90</p> <p>ALERT 100 110 120</p>

<p><b>Human Development Index</b></p>	<p><b>Human Rights</b></p>	<p>The Human Development Index (“<b>HDI</b>”), developed in 2021 by the United Nations Development Program, assesses countries according to their achievements in the key dimensions of human development, which are long and healthy life, knowledge, and decent standard of living. The HDI ranks 191 countries and territories, identified as ranging from low development to Very High development. Chile is ranked 42nd, qualifying as a country with very high development.</p>	<table border="1"> <thead> <tr> <th>Rank</th> <th>Country</th> <th>HDI Value</th> <th>Change from 2020</th> </tr> </thead> <tbody> <tr> <td>42</td> <td> Chile</td> <td>0.855</td> <td>▲ 0.003</td> </tr> </tbody> </table>	Rank	Country	HDI Value	Change from 2020	42	 Chile	0.855	▲ 0.003
Rank	Country	HDI Value	Change from 2020								
42	 Chile	0.855	▲ 0.003								
<p><b>Global Atlas of Environmental Justice</b></p>	<p><b>Local Analysis</b></p>	<p>According to the Global Atlas of Environmental Justice, 60 cases of environmental conflicts have been identified in Chile. Notwithstanding this, as indicated in the figure below, of the 3 conflicts identified in the region where the Company's operations are located, none are related to the Company.</p>									

Considering that, as previously indicated, Chile is not among the countries listed in the Dodd Frank Act or in the indicative and non-exhaustive list of CAHRAs provided by the European Commission and in view of the results of the complementary sources of information reviewed, it can be concluded that Chile in general, and the area where the Company's operations are located in particular, do not constitute a CAHRA.

## B.2 PROTECTED AREAS WITHIN THE COMPANY'S AREA OF OPERATION.

According to the International Union for Conservation of Nature ("IUCN"), a protected area is a clearly defined geographical space, recognised, dedicated, and managed, through legal or other effective means, to achieve the long-term conservation of nature and its ecosystem services and associated cultural values. In Chile, the law defines 6 categories of protected areas, which are homologated with the IUCN categories.

The following protected areas exist within the Antofagasta Region:

Protected Area	IUCN Category	Distance to the Company's area of operation
National Reserve "Los Flamencos"	IV	Approx. 20 km
Nature Sanctuary "Laguna Tabenquiche"	-	Approx. 35 km
Nature Sanctuary "Valle de La Luna y parte de la Sierra de Orbate"	III	Approx. 55 km
National Park "Llullaillaco"	II	Approx. 100 km

Although the Company's operations are generally located in desert areas where there is little biodiversity, there are still ecosystems of great ecological value in some sectors near the operations, such as the "Los Flamencos" National Reserve, which is located 20 kilometers from SQM SALAR's operations. In relation to these areas, the Company has implemented protection, follow-up and monitoring plans with early warnings and permanent controls that seek to protect these areas.



### **B.3 EXERCISE OF INDIGENOUS COLLECTIVE RIGHTS WITHIN THE COMPANY'S AREA OF OPERATION.**

According to Article 26 of the UN Declaration on the Rights of Indigenous Peoples, they have the right to maintain and strengthen their distinctive spiritual relationship with the lands, territories, waters, coastal seas and other resources which they have traditionally owned or otherwise occupied and used, and to uphold their responsibilities to future generations in this regard, and in turn have the right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired.

Regarding the above, in Chile there are areas known as Indigenous Development Areas ("**IDA**"). An IDA is a territorial space where indigenous ethnic groups have lived ancestrally, with a high density of indigenous population, where there is ecological homogeneity, where there are lands belonging to indigenous communities or individuals and where there is a dependence on natural resources to maintain the balance of the territories. In the case of the Company's operations, these are located within the IDA called "Atacama La Grande". This IDA is ancestrally inhabited by twenty-two indigenous communities of the Lickanantay ethnic group.

In this regard, the Company has entered into mutually beneficial cooperation and sustainability agreements with several of the indigenous communities and with various associations aimed at improving the social conditions in the Lickanantay communities around the Salar de Atacama, focusing on social development, education, and cultural and historical heritage. In addition, the agreement between the Company and the State of Chile authorizing the exploitation of lithium in the Salar de Atacama provides that the Company has a commitment to contribute on an annual basis, with respect to its sales of the previous calendar year, to the regional development and sustainable development of the indigenous communities of the Salar de Atacama basin.

### **B.4 TERRITORIAL DISPUTES WITHIN THE COMPANY'S AREA OF OPERATION.**

Notwithstanding that in Chile, according to HCB, there are two territorial disputes in Chile classified as level 1 (Conflict between Chile and Bolivia over access to the sea and Conflict between Chile and the United Kingdom over territory in Antarctica), it should be noted that neither of these disputes take place in the area in which the Company's operations are located. Along with this, it is also relevant to reference that the conflict between the Chilean government and Mapuche groups (level 3 - violent crisis) could also be considered to have a territorial aspect, however this also does not take place in the area in which the Company's operations are located nor is it related to mining activity.

### C. RESPONSIBLE BUSINESS STRATEGY.

SQM SALAR’s responsible business strategy is defined using a model focused on innovation, research, and development to sustainably produce and offer effective solutions to contribute to the progress and wellbeing of the world and its people. This strategy considers the following pillars, all of which are linked to the Sustainable Development Goals (“SDG”):

Responsible Processes	
Reduce its ecological footprint and protect ecosystems.	Impacted SDGs: SDG 6, SDG 7, SDG 8, SDG 11, SDG 12, SDG 13, SDG 15.
Development, research, and Innovation	
Create unique solutions for global markets that enable the enhancement of the Company's value in a sustainable manner.	Impacted SDGs: SDG 8, SDG 9, SDG 11, SDG 12.
Human Development	
Offer effective solutions to contribute to the progress and wellbeing of the world and its people.	Impacted SDGs: SDG 1, SDG 2, SDG 3, SDG 4, SDG 5, SDG 8, SDG 9, SDG 10, SDG 11, SDG 12.
Sustainability, Ethics, and Business	
Build a progressive, ethical, transparent, and inclusive business alongside its stakeholders. Co-build its path with its communities, human capital, and customers.	Impacted SDGs: SDG 16, SDG 17.
Sustainable Supply Chain	
Integrate sustainability throughout the supply chain.	Impacted SDGs: SDG 3, SDG 5, SDG 8, SDG 9, SDG 10, SDG 16, SDG 17.

## **D. INTEGRATING DUE DILIGENCE THROUGHOUT SQM SALAR'S OPERATIONS.**

### **D.1 DUE DILIGENCE THROUGHOUT SQM SALAR'S OPERATIONS.**

SQM SALAR fully supports human rights and has documented its position in the Sustainability, Ethics and Human Rights Policy, which is binding for all its operations, activities, and business relationships. SQM SALAR undertook the due diligence in human rights process in line with this commitment and following the Guidelines on Business and Human Rights and OECD Due Diligence Guide for Responsible Business Conduct. In 2021, SQM SALAR completed the first stage of analysis proposed as a pilot project. After evaluating the initial results, SQM SALAR continued with the risk assessment program in all its operations, which allowed for an analysis with an internal and external focus, considering interviews with stakeholders, document review and sector analysis, among others. Through this process, SQM SALAR was able to identify risks and their impact on fair labor practices and labor challenges (including freedom of association, right to collective bargaining, and equal remuneration), community relations, global health and food challenges, human rights and business, responsible water management, energy management, atmospheric emissions, biodiversity and climate change, environmental compliance, responsible business management, and product responsibility and innovation. Although risks related to forced labor, human trafficking, child labor, animal welfare, and hazard due to the use of the products produced by the company are also accounted for, SQM SALAR's assessment of its operations in Chile does not focus on these risks, as they are not salient risks in the country, according to the HRIA which is referred to in section II.A.

SQM SALAR is very clear about its responsibilities as a producer in the global context and incorporates due diligence as a practice inherent to its activity, with a special focus on the impact of its operations on people. Notwithstanding these strong commitments, there are always challenges for improvement, and that is why the Company's Sustainability Management has promoted the incorporation of human rights criteria in all the policies and practices throughout the organization.

<b>Identification and Participation of Stakeholders / Vulnerable Stakeholders</b>	Impact evaluation	Risk identification and prioritization	Control mechanisms	Review		Communications
	<b>Stage 1: Identification</b>	<b>Stage 2: Risk assessment</b>	<b>Stage 3: Integration of human rights risks</b>	<b>Stage 4: Third party review</b>		<b>Stage 5: Communications and reporting</b>
	Monitoring and follow-up	Corporate Risk Management System	Human Resources - Health and Safety	Corrective Action Plan	Sustainability Committee (Including Human Rights)	Communications and reporting
	Complaints		Community Relations			
	Internal Audit		Procurement and Purchasing - Commercial			
	Human Rights Assessment		Compliance			
	Studies, baseline studies, internal and external surveys, other		Contractor Relations			
	Third Party Independent Audits (such as IRMA and other external audits based on ISO 45,001)					
<b>Continuous improvement / Remediation and grievance mechanisms</b>						

In this section it is relevant to consider that SQM is also fully committed to the recently updated version of OECD’s Guidelines for Multinational Enterprises. For this reason, although it has already incorporated into its plans and policies most of the novel issues included in the aforementioned version, it is also undergoing an internal process of reviewing and updating policies in those areas where necessary.

## D.2 DUE DILIGENCE THROUGHOUT SQM SALAR'S SUPPLY CHAIN.

As well as what is mentioned in section C.1 above, referring to the due diligence processes that SQM SALAR carries out considering the risks of its internal operations in Chile, the Company also carries out due diligence processes in its supply chain, as detailed in this section.

As indicated in section B above, for the production of lithium chloride (LiCl) in Chile, SQM SALAR only uses raw materials (brine) sourced from its own operations in the Salar de Atacama, Chile, with no third-party involvement in its supply. As such, there is no foreign supply involvement in relation to the raw materials used by SQM SALAR. In turn, the suppliers of machinery and other goods and services used in the Company's operations come from multiple companies that fully comply with SQM SALAR's safety, health, and environmental management standards. During the year 2022, the Company implemented a procedure to identify whether the companies that are part of its supply chain have operations in CAHRAs worldwide, according to the list provided quarterly by the European Union, or if their transportation routes contemplate these areas. Through this procedure SQM SALAR was able to determine that none of its suppliers came or transited through these areas. Additionally, it was confirmed that the Company does not engage in any kind of payments to armed groups nor supports directly or indirectly any of such organizations. Also, during 2022, the Conflict Minerals Reporting Template created by the Responsible Minerals Initiative was completed by SQM SALAR. This document provides information throughout a company's supply chain in relation to the country of origin of minerals, smelters and refineries involved in the production of SQM SALAR products and supports compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of the United States, passed in relation to "conflict minerals" from the Democratic Republic of Congo or neighboring countries. In this procedure, it was reported that SQM SALAR does not contemplates the acquisition of tantalum, tin, gold or tungsten in its products or in its production process. However, it was reported that in cases where a supplier purchases or sells bulk volumes of tin, tungsten, tantalum and/or gold, SQM SALAR requires that the supplier has functional policies and means of transparency to ensure that the products and components supplied are considered free of minerals from conflict-affected areas, in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

In addition, the Company has a Responsible Sourcing Policy<sup>1</sup> that establishes criteria that suppliers must progressively incorporate into their organizations to ensure a supply chain that is in compliance with human rights. This policy establishes the following steps that suppliers must comply with:

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<sup>1</sup> [https://www.sqm.com/wp-content/uploads/2022/07/Resp\\_Sourcing\\_policy.pdf](https://www.sqm.com/wp-content/uploads/2022/07/Resp_Sourcing_policy.pdf)

Express Commitment	Self-Assessment	Auditing and Assessment	Risk Management
Suppliers must comply with relevant laws on sourcing and supply, which represent the bare minimum required and a starting point from which to work towards more rigorous criteria.	SQM SALAR has a questionnaire for all its suppliers and potential suppliers to assess their current business conditions in terms of responsible sourcing and determine areas that require better measures to ensure improved conditions in the supply system.	SQM SALAR may request that its suppliers carry out responsible sourcing audits or present the results of audits carried out in this area.	Suppliers must identify the risks inherent to their operations and establish a management system to avoid, mitigate and repair potential adverse effects that may arise.

The Responsible Sourcing Policy, which is aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals in Conflict-Affected or High-Risk Areas, is incorporated into all contracts and/or agreements entered with suppliers. The Company evaluates the degree of compliance with the Responsible Sourcing Policy periodically through the Sustainability Self-Assessment Platform<sup>2</sup>.

To reinforce SQM SALAR compliance with OECD Due Diligence Guidance for Responsible Supply Chains of Minerals in Conflict Areas, at the end of 2022, SQM SALAR requested the consulting firm *Gestión Social* to formulate a proposal for a further diagnosis and systematization in relation to the alignment of the above-mentioned OECD guidance. As result of this study, SQM SALAR will explicitly incorporate in its due diligence process not only the already applicable OECD guidance, but also: (i) the Chinese Due Diligence Guidelines; (ii) the OECD Practical Action on Worst Forms of Child Labor; and (iii) the United Nations Guiding Principles on Business and Human Rights. In addition to the evaluation of the supplier’s compliance through SQM SALAR due diligence processes, this year the Company will also require its workers and suppliers to undergo a training program, as outlined in our Sustainability, Ethics and Human Rights Policy. Finally, as part of SQM SALAR sustainability training programs implemented this year, SQM SALAR conducts monthly training sessions on various topics. Human rights issues and OECD guidelines will be included starting in May of this year.

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<sup>2</sup> <https://ssaform.sqm.com/>

## II. IDENTIFICATION AND ASSESSMENT OF RISKS.

### A. PROCESS FOR IDENTIFYING AND ASSESSING RISKS THROUGHOUT SQM SALAR'S OPERATIONS.

SQM SALAR has a Corporate Risk Management Policy that allows the Company's risks to be duly identified, evaluated, treated, monitored, and communicated, to reduce the probability of their materialization or, if applicable, to reduce the negative effects of their materialization. The policy was built considering international standards such as ISO 31.000 and COSO ERM, among others.

Risk identification is the responsibility of the Risk Management Department, which works with people from each of SQM SALAR's vice-presidencies and generates an inventory of strategic risks, which are reviewed by the Board Committees. Once the risks have been identified, they are evaluated according to their probability of occurrence and the impact that the materialization of the risk would have. In terms of risk assessment, the Company's corporate risk management area has conducted a comprehensive evaluation of corporate risks, including human rights risks.

Specifically, to comply with the Human Rights Due Diligence commitments acquired by SQM SALAR and reflected in its Sustainability, Ethics and Human Rights Policy, in 2021 SQM SALAR commissioned a Human Rights Impact Assessment ("HRIA") to the specialized law firm *Bertrand-Galindo, Barrueto and Barroilhet*. This HRIA followed the methodological standard developed by the Danish Institute for Human Rights, in combination with the Global Reporting Initiative reporting criteria and was based on the United Nations Human Rights and Business Principles. The purpose of this survey was to identify, understand, evaluate, and take responsibility for the potential adverse effects that SQM SALAR's activities could have on the enjoyment of human rights of its main stakeholders (workers, communities surrounding the project – with special emphasis on women, children, and indigenous groups –, suppliers, etc.). This HRIA not only assessed human rights risks directly, but also assessed impacts on labor standards, the environment, and corruption in relation to human rights. During 2022, the baseline and findings of this survey were subsequently subject to a participatory review process in the field with the main stakeholders in the communities of San Pedro de Atacama, carried out by the consulting firm *Cuatro Vientos Consultores*, to corroborate and/or modify the initial findings and generate the appropriate controls, policies, action plans and monitoring mechanisms to respond to these challenges. In its HRIA processes, SQM SALAR incorporates standards such as the United Nations Sustainable Development Goals (SDGs), the Principles of the International Council on Mining and Metals, the ISO 14001 International Standard on Environmental Management Systems, applicable International Finance Corporation (IFC) standards, and the “protect, respect, and remedy” framework of the United Nations Guiding Principles on Companies and Human Rights, taking inspiration from the Universal Declaration of Human Rights, International Labor Organization Convention N° 169 on Indigenous and Tribal Peoples, the United Nations International Covenant on Civil and Political Rights and International Covenant on Economic, Social, and Cultural Rights, the Paris Agreement and the goal of eliminating carbon emissions, and the OECD Guidelines for Multinational Enterprises and Due

Diligence Guidance for Responsible Business Conduct and a Responsible Supply Chain. All these standards are endorsed and adhered by SQM in its corporate policies. Along with the aforementioned standards, although there are already incorporated in the applicable IFC Standards, SQM is currently in the process of incorporating the Voluntary Principles on Security and Human Rights, the Basic Principles on the Use of Force and Firearms by Law Enforcement Officials and the Code of Conduct for Law Enforcement Code of Conduct for Law Enforcement Officials into its new Policy on the Use of Force and Security.

## **B. PROCESS FOR IDENTIFYING AND ASSESSING RISKS THROUGHOUT SQM SALAR'S SUPPLY CHAIN.**

Notwithstanding the fact that the HRIA mentioned in the previous section also contemplated the identification and assessment of risks in the Company's supply chain, additionally, SQM SALAR is currently undertaking an evaluation of its suppliers via the Sustainability Self-Assessment Platform<sup>3</sup>. The aim is to assess the current business conditions with respect to responsible supply and determine areas that require additional measures to ensure improved supply conditions. Furthermore, the Company has implemented controls through sustainability evaluations of its suppliers to continuously monitor risks associated with SQM SALAR's supply chain.

During the year 2022, the Company generated an internal guide for determining the risk level of a third party, which establishes that, if a company part of SQM SALAR's supply chain belongs to a region included in the list of CAHRAs, it must undergo an additional assessment. In turn, it will be necessary for the Company's Ethics and Compliance Management to send a request to the Sustainability Management for the supplier to carry out an evaluation in the Sustainability Self-Assessment Platform. This platform evaluates risks associated with forced labor, human trafficking, child labor, freedom of association, the right to collective bargaining, equal pay, and discrimination, among others. For this assessment, various stakeholders are considered, including the suppliers' own employees, women, children, indigenous people, migrants, external employees, and local communities, among others.

Additionally, to comply with the Responsible Sourcing Policy, SQM SALAR created an organizational structure, based on Annex II of the OECD Due Diligence Guidance, through which it seeks to identify and assess risks in its supply chain, defining the following roles and responsibilities for different areas of the Company. It is noted that all issues related to human rights are under the responsibility of the Company's sustainability area, which, in turn, raises these issues to the Sustainability Committee.

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<sup>3</sup> <https://ssaform.sqm.com/>



Company Area	Roles and Responsibilities
<b>Procurement Area</b>	<ul style="list-style-type: none"> <li>➤ Establish supplier selection mechanisms incorporating the process of self-evaluations as a requirement.</li> <li>➤ Register all suppliers according to their degree of criticality.</li> <li>➤ Consolidate the information provided by the Sustainability area (self-evaluation process) in the supplier's database.</li> <li>➤ Identify, together with the Sustainability area, action plans for suppliers, based on the results obtained from SQM SALAR's Self-Assessment Platform.</li> <li>➤ Monitor the follow-up of commitments, action plans and gap closure, if applicable.</li> <li>➤ Establish a training plan related to risks, sustainability issues, policies, and whistleblower channel.</li> </ul>
<b>Risk Management Area</b>	<ul style="list-style-type: none"> <li>➤ Provide methodological support to the different Vice-Presidencies in matters related to Business Risk Management.</li> <li>➤ Document and report the main risks identified by the Vice Presidencies (strategic risks) to the Directors' Committee or whoever is appointed.</li> <li>➤ Administer the Business Risk Management Model.</li> <li>➤ Promote the culture of Business Risk Management in the Company.</li> </ul>
<b>Compliance Area</b>	<ul style="list-style-type: none"> <li>➤ Establish a mechanism to identify suppliers from conflict zones (red zones) using the CAHRAS tool (this point refers to Annex II of the Supply Chain Policy Models in Conflict or High-Risk Areas) and suppliers that have an impact on human rights.</li> </ul>
<b>Sustainability Area</b>	<ul style="list-style-type: none"> <li>➤ Establish mechanisms to identify suppliers that directly impact SQM SALAR's carbon and water footprint or other important environmental or social aspect.</li> <li>➤ Responsible for managing the self-assessment of suppliers on sustainability issues (Implementation of the Sustainability Platform).</li> <li>➤ Consolidate and present the results of supplier self-assessments carried out in the Sustainability Platform.</li> <li>➤ Identify, together with the Sourcing area, action plans for suppliers, based on the results obtained from SQM SALAR's Self-Assessment Platform.</li> </ul>

### C. EXAMPLES OF SALIENT RISKS.

Based on the inputs mentioned in section II.A, SQM SALAR's Risk Management area proceeded to consolidate and unify the information to generate a participatory risk matrix, which is currently under review. This risk matrix considered both risks directly caused by the company and those not directly caused but which are nevertheless directly linked to its operations, products, and services. The following are the perceived risks of greatest concern and the measures that SQM SALAR has taken to address these risks and their outcomes:

PERCEIVED RISK	IMPLEMENTED ASSOCIATED MEASURES
Impact on water and/or groundwater due to contamination.	<p>On-line monitoring system, with information on daily water withdrawals and on the performance of the hydrogeological monitoring plan.</p> <p>Environmental roundtable with the community of Camar, Talabre and Socaire, which includes an environmental unit in charge of water monitoring with the participation of the community and external consultants.</p> <p>Crime Prevention Model that seeks to prevent criminal actions, considering water pollution.</p>
Impact on the way of life, culture, and sources of economic development of the indigenous communities neighboring the projects developed by SQM SALAR.	<p>Sustainability, Ethics and Human Rights Policy that guides relations with communities potentially affected by the Company's projects, which is based on Convention No. 169 of the International Labor Organization. This policy promotes good faith, participation and respect for the culture and autonomy of the communities in all interactions and agreements between said communities and SQM SALAR.</p> <p>Mechanisms for participation and dialogue with the communities of the Salar de Atacama with which SQM SALAR has reached long-term relationship agreements, such as working groups, rounds of meetings, agreements, informative workshops, etc. The purpose of these mechanisms is to channel differences, observations, and complaints.</p> <p>Donations and Contributions Agreement, through which SQM SALAR supports initiatives that directly benefit the communities associated with "Education and Culture", "Social and Productive Development", "Historical Heritage" and "Healthier Life".</p>
Impact on access to water for human and agricultural consumption by the inhabitants of areas near SQM SALAR's projects.	<p>Environmental roundtable with the community of Camar, Talabre and Socaire, which includes an environmental unit in charge of carrying out water monitoring with the participation of the community and external consultants.</p> <p>Crime Prevention Model that seeks to prevent criminal actions, considering water pollution.</p> <p>On-line monitoring system, with information on daily water withdrawals and on the performance of the hydrogeological monitoring plan.</p>

	<p>Early warning plans that allow action to be taken in anticipation of contingencies related to water for human and agricultural consumption, such as reductions in brine flow or water pumping.</p> <p>Sustainable development plan that incorporates measures to reduce water and brine use by 50% by 2030.</p> <p>Mechanisms for participation and dialogue with the communities of the Salar de Atacama with which SQM SALAR has reached long-term relationship agreements, such as working groups, rounds of meetings, agreements, informative workshops, etc. These mechanisms are intended to channel differences, observations, and complaints.</p>
<p>Bullying, physical or verbal harassment of SQM SALAR employees by co-workers or supervisors.</p>	<p>Standard No. 3262 "Gender equality and work-life balance system" in Santiago.</p> <p>Sustainability, Ethics and Human Rights Policy that commits to the development of plans and programs to prevent and eradicate any act or culture of harassment or bullying.</p> <p>Code of Ethics<sup>4</sup>, which prohibits all forms of harassment and establishes a channel for anonymous complaints through the platform <a href="http://www.SQM.ethicspoint.com">www.SQM.ethicspoint.com</a>. The investigation of such complaints is carried out through SQM SALAR's Global Procedure for Internal Investigations and Sanctions, in which protective measures may be implemented and sanctions may be applied. In order to protect whistleblowers, the whistleblowing channel is completely anonymous, confidential, non-retaliatory and managed by an independent, specialist company.</p> <p>Regulation of Order, Hygiene and Safety that establishes a special procedure for the presentation of complaints.</p> <p>Use of the cause for termination of employment provided for in Article 160 N° 1 letter f) of the Labor Code, referred to as labor harassment.</p> <p>Complaints Channel that allows workers to report bullying, physical and verbal harassment.</p> <p>Diversity and Inclusion Policy.</p>
<p>Unsafe working conditions in SQM SALAR's operations with risk to the health/life of the Company's workers and subcontractors.</p>	<p>Sustainability, Ethics and Human Rights Policy, which includes a focus on occupational health and safety, with lines of work focused on risk prevention, ongoing training, implementation of international safety standards, prohibition of alcohol and drug use in the workplace, and promotion of a healthy lifestyle for the Company's employees and subcontractors.</p> <p>Operational Risk Management System (SIGRO) program to facilitate and systematize SQM SALAR's preventive management, control of occupational risks and potential losses that occur in the different operations.</p>

<sup>4</sup> [https://www.sqm.com/wp-content/uploads/2019/03/1.1.-SQM-Codigo-de-Etica\\_English.pdf](https://www.sqm.com/wp-content/uploads/2019/03/1.1.-SQM-Codigo-de-Etica_English.pdf)

	<p>Alcohol and Drug Policy, which seeks, among other objectives, to protect the life, health, and safety of employees, preventing illnesses and accidents associated with the possible use or consumption of drugs and alcohol.</p> <p>Regulations for the Control of Entry of Persons to SQM SALAR's operating sites, which establishes rules for all SQM SALAR personnel, contractors, visitors, transporters, and suppliers entering or leaving SQM SALAR's industrial sites and projects.</p> <p>SQM SALAR's Internal Health and Safety Regulations explicitly prohibit the introduction, consumption, possession, distribution and/or sale of narcotics, alcohol, and psychotropic drugs without a medical prescription on SQM SALAR's premises and/or those of clients or suppliers.</p> <p>Training courses for security and surveillance service providers on the use of force, which must always respect national regulations and the Voluntary Principles on Security and Human Rights in the process of been incorporated by means of SQM's Policy on the Use of Force and Safety, which will also be applicable to all contractors performing duties in this area.</p>
<p>Stakeholder concerns about sustainable production.</p>	<p>The business seeks to transmit and disclose with real and verifiable information all its production processes, their measurable impacts, and to evaluate the benefits of new technologies that could improve both production efficiency and reduce any impact.</p>
<p>International regulations associated with climate change that generate an entry barrier for its products in the destination markets.</p>	<p>SQM SALAR's sustainability strategy seeks carbon neutrality by 2040, including scope 1, 2 and 3 emissions, for all its products and by 2030 for Lithium scope 1 &amp; 2. This is aligned with science-based targets of no more than a 1.5° C increase. Therefore, SQM SALAR is implementing a series of initiatives to reduce GHG emissions in order to meet its commitments, which will also allow it to be more resilient in the face of strong regulatory changes such as new carbon taxes. In this area, SQM is guided by the standards of the Intergovernmental Panel on Climate Change.</p>

### III. STRATEGY TO RESPOND TO IDENTIFIED RISKS.

#### A. STRATEGY FOR RESPONDING TO RISKS THROUGHOUT SQM SALAR’S OPERATIONS.

SQM SALAR has a precautionary commitment and acts preventively in response to any serious situation based on prior analysis of strategic and material risks. This commitment is incorporated in our Sustainability, Ethics and Human Rights Policy. To adequately manage risks that may impact the achievement of SQM SALAR’s goals of preserving its value and promoting a risk management culture, it has a Corporate Risk Management Policy and a series of related procedures based on international standards such as COSO ERM and ISO 31000.

The risk management methodology indicates that there are different ways of dealing with risks, which must be considered on a case-by-case basis. In summary, these are classified according to: Avoiding the risk; Accepting the risk; Transferring the risk and reducing the risk through specific adaptation measures. In any case, in risk management SQM SALAR seeks to prioritize the avoidance of risks or minimize their impact when they occur.

According to the definitions contained in the Corporate Risk Management Policy, strategic risks for SQM SALAR are the most critical risks and those that may impact the execution of the strategy. These risks should be reviewed periodically by the Risk Committee.

The goals of the corporate policy to respond to identified risks are to:

Define the roles and responsibilities of the various SQM SALAR participants in risk management.	Establish risk management guidelines.	Strengthen trust among SQM SALAR stakeholders.
Adapt risk identification and management standards and connect them to strategic guidelines.	Involve all SQM SALAR vice presidents’ offices in risk management.	Integrate national and international best practices on risk management.

It should be considered that both the Corporate Risk Management Policy and the procedure for identifying and responding to the Company’s risks are in the process of being updated.

**B. STRATEGY FOR RESPONDING TO RISKS THROUGHOUT SQM SALAR’S SUPPLY CHAIN.**

As established in the Responsible Sourcing Policy mentioned above, in the event of substantial non-compliance with this policy, SQM SALAR will suspend or terminate the relationship with the supplier that has engaged in this behavior. Substantial breach is understood to mean a gross human rights violation (like child labor, modern slavery, cruel treatment or torture, abusive treatment, war crimes, crimes against humanity or genocide) or unacceptable behavior that poses a threat to the rule of law or human rights (like support non-state armed groups).

In any case, in order to prevent non-compliance or any breach of the principles of Responsible Supply Chain followed by SQM SALAR, a series of trainings, courses and workshops have been and will continue to be carried out for the suppliers that collaborate with SQM SALAR. These training courses cover various topics, such as responsible sourcing, sustainability, compliance with labor obligations, among others.

**C. MEASURES TO PREVENT, MITIGATE, AND REMEDIATE ADVERSE IMPACTS ON PEOPLE AND THE ENVIRONMENT.**

Subject	Commitments and actions to prevent, mitigate, and remediate adverse impacts on people and the environment
<b>Employees</b>	Reject any type of child, forced or other labor that involves any type of slavery and making this principle enforceable throughout its supply chain, respecting, among others, the ILO Worst Forms of Child Labor Convention.
	Respect workers’ right to freedom and right to association, seeking spaces of informed and transparent dialogue that allow mutually beneficial agreements to be reached.
	Promote a corporate culture that affirms diversity, inclusion, non-discrimination, respectful treatment, and equality of opportunities. Rejecting violence, sexual harassment, workplace harassment and all similar behaviors.
	Promote merit and encouraging its workers to develop their potential.
	Create safe and healthy work conditions that protect workers’ dignity and promote a culture of occupational safety through the ongoing dissemination of guides, education on safety and compliance with regulations that protect workers.
	Once the Voluntary Principles on Safety and Human Rights are formally incorporated into the Policy on the Use of Force and Safety, all SQM sites are going to be informed of the Companies adherence to them. These principles are going to be informed and trained to the Company’s employees through training programs and courses.

	Activation of investigation procedures over eventual denounces or claims related to the endangerment or infringement of rights, enforcement of training courses and disciplinary measures. Safeguard measures and non-retaliation guarantees for the complainant.
<b>Value Chain</b>	Promote and move towards responsible and sustainable sourcing.
	Respect and promote respect for human rights, including labor rights for all workers in the Company's supply chain. This includes consultants, contractors, distributors, independent contractors, subcontractors, and wholesalers.
	Manufacture quality products that meet the standards SQM SALAR has committed to, and applicable safety standards.
	Once the Voluntary Principles on Safety and Human Rights are formally incorporated into the Policy on the Use of Force and Safety, all SQM suppliers are informed of the Companies adherence to the them, and outsourced security staff will have mandatory training on these principles. In addition, training, and courses on various subjects, such as safety, labor obligations, sustainability, responsible sourcing policies, among others, are constantly provided to the different suppliers.
	Activation of investigation procedures over eventual denounces or claims related to the endangerment or infringement of rights and eventual sanctions to the non-compliance contractor.
<b>Sustainable Development and Climate Change</b>	Prepare SQM SALAR's staff, protocols, and technology to respond to potential environmental emergencies.
	Continuously improve SQM SALAR's environmental management system based on international standards.
	Promote the involvement of local communities in SQM SALAR's projects' environmental management from the design stage and implementing and monitoring related commitments.
	Comply with current regulations and observe international best practices set out in international standards.
	Evaluate impacts on the environment and neighboring communities in advance.
	Develop and executing prevention, mitigation and reparations measures to decrease the effects associated with the Company's operations.
	Develop and implement technical advances and best practices for sustainable development.
<b>Communities</b>	Incorporation of a human rights approach, specifically those rights that align with communities' ethnic relevance.
	Ongoing dialogue, proximity, transparency, good faith and delivering on promises.
	Respect for the organization and decisions of assemblies and their representatives.
	Creation of shared value.
	Engagement in joint efforts to develop projects and formal agreements.
	Consideration that the development of community relations is a multi-stage process.
	Consideration of the specific cultural, social, and territorial characteristics of indigenous communities.

Focus on issues that are of interest to the communities, despite their complexities, given that they are a part of their worldview, and as such, they are necessary. An example of this is environmental issues and their impact on indigenous peoples.
Strengthen the community engagement and relations area through local professionals and offices, using multiple communications channels.
Establish formal agreements that incorporate human rights approaches, sustainability as a value, good faith, and clear dispute resolution mechanisms as well as the establishment of permanent working groups.
Activation of investigation procedures over eventual denounces or claims related to the endangerment or infringement of rights. Remediation measures including improvement of the communication channels, the establishment of community environmental units and joint monitoring processes. Safeguard measures and non-retaliation guarantees for the complainant, and sanctions to non-compliant contractors.

SQM Salar monitored and controlled all the risks identified in its risk matrix that could impact the human rights of any stakeholder or the environment. Internally, this monitoring and identification of events is carried out through whistleblowing channels open to the community, such as Ethicspoint and Salesforce, as well as by receiving complaints brought before the authorities and mainly through monitoring mechanisms established by the company itself, such as online environmental-hydrological monitoring.

With regard to the salient risks previously identified, during the year 2022, no events occurred in relation to possible impacts on water and/or groundwater due to contamination, nor impacts on the access to water.

In relation to impacts on the way of life and source of the economic development of indigenous communities, there were some complaints in relation to deficiencies in SQM Salar’s implementation of communication channels, as well as difficulties in the implementation of joint monitoring carried out with the communities. Additionally, there was one complaint related to unauthorized access to a community site by subcontractors.

With respect to each of these complaints, SQM Salar strictly applied the protocol of the respective channel, assigned the respective responsible area which, together with the Ethics and Compliance Management, investigated the different situations with full respect for the complainant's guarantees and due process, establishing appropriate remedial measures, such as expanding access to the complaint channels by facilitating remote access, establishing community environmental units, reinforcing joint monitoring, and investigating and sanctioning contractors who may have violated community relations protocols. None of the situations that occurred during 2022 constituted a legal infraction or crime (in which case the company would have reported them to the authorities and duly provided the relevant information).



Regarding situations of unsafe working conditions, bullying, physical or verbal harassment, all complaints submitted through Ethicspoint were received and duly processed, ensuring full guarantees for the whistleblower, including non-retaliation. In all cases, a formal investigation was initiated by the compliance team and the relevant personnel area, establishing the appropriate safeguards for the complainant and preventive and punitive measures for those denounced, including inductions and training sessions by certified professionals, verbal reprimands, and, when appropriate, dismissal. While all reported situations were isolated and not systematic, and none of them amounted to a crime nor felony, the Company also reinforced its non-discrimination and gender policies to safeguard the working environment.

#### IV. INDEPENDENT THIRD-PARTY AUDITS.

During the last few years, SQM SALAR has been subject to the audits indicated below:

Year	External auditor	Subject of the Audit
2020	RCS Global	Audit generated at the initiative of one of our clients on human rights issues, with the purpose of assessing the risks related to human rights abuses in our lithium supply chain and to understand the extent to which our company exercises due diligence on our lithium supply chain.
2021	Feller.Rate	Verifying its implementation and compliance with all the requirements of Law No. 20,393, which establishes the criminal liability of legal entities for certain crimes related to money laundering, financing of terrorism, receiving stolen goods, corruption between private individuals, human trafficking, crimes under the arms control law, computer crimes, crimes against health and the environment, among others. The verification process concluded that SQM SALAR meets all the necessary requirements.
2021	Intertek	Audit generated at the initiative of our clients in matters of human rights, environment, management system, health and safety and occupational health and safety through the company Intertek. The focus of the audit was the evaluation of workplace conditions, which resulted in compliance with the required performance criteria.
2022	Deloitte Advisory	SQM SALAR's Sustainability Report for the year 2022, on which part of this presentation is based, was reviewed by this independent consulting, which conducted its work in accordance with the International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) and issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accounts (IFAC).

2022	RCS Global (mandated by technology stakeholder)	For this audit performed by SQM SALAR's client, a tour of the Company's facilities was conducted, and it was sought to verify that the Company meets and evaluates policies, procedures and other evidence of its lithium supply program.
2022	RCS Global (mandated by automaker stakeholders)	This audit performed by SQM SALAR's client sought to assess the risks related to human rights in the supply chain in line with the principles of the OECD Due Diligence Guidance for Responsible Supply Chain for Minerals from Conflict-Affected and High-Risk Areas and the critical requirements of the IRMA Standard for Responsible Mining.
2022	ERM CVS Standard IRMA	The audit, which was conducted only for SQM SALAR's operations in the Atacama Salar, evaluated 21 chapters of the IRMA Standard, except for the following as they were not applicable: Resettlement, Mining in Conflict-Affected and High-Risk Areas, Artisanal and Small-Scale Mining, Cyanide Management and Mercury Management. The scope of the audit covered the production of lithium brine, potash, bischofite, halite and sylvinite.
2023	TÜV Rheinland	Audit on the compliance of ISO Standard 45001:2018 & ISO 14.001. The scope of the audit covered brine extraction and production of potassium products, lithium sulfate and concentrate lithium solution, lithium carbonate and lithium hydroxide production. The certification proving compliance with this ISO Standard is valid until February 2026.

## V. REPORTING AND COMMUNICATION.

### A. SQM SALAR REPORTING AND COMMUNICATION PRACTICES.

SQM SALAR has issued sustainability reports in accordance with the Global Reporting Initiative (GRI) principles for the past 13 years. SQM SALAR has also met the requirements of the Global Compact Communication of Progress (CoP) since 2020. The Company is committed to these transparency practices, which it engages in annually. As a company, since 2019 SQM SALAR has opted for external assurance of its Sustainability Report, based on new international requirements and internal goals.

All the sustainability reports are published on the Company's website. They are stored in a library<sup>5</sup> so that they can be consulted as needed. SQM SALAR also sends a link to the document to its stakeholders, produces summary videos, and posts about this resource on social media. In addition, SQM SALAR presents the document at various community dialogue events. Communities evaluate SQM

<sup>5</sup> <https://www.sqm.com/sustentabilidad/reporte-de-sustentabilidad/>

SALAR's report through a survey as part of its continuous improvement in reportability. SQM SALAR has considered the assessments and recommendations made by its internal and external stakeholders regarding the previous report from the outset of this process.

Additionally, in compliance with Chile's *Comisión para el Mercado Financiero's* General Standard 461, which establishes progressive obligations for disclosure of ESG information, the Company submitted its Annual Report for the year 2022<sup>6</sup>. In this report, the Company disclosed information on its entity profile, corporate governance, investment objectives and plans, employees and commitments made to them, activities and business operations, and supplier management and operations. The report also discussed the Company's legal and regulatory compliance regarding stakeholder relations, environmental protection, and fair competition. Additionally, a chapter on the Company's sustainability indicators was included. Considering that the Company was classified as a chemical industry according to the Sustainable Industry Classification System (SICS), this section covered topics such as greenhouse gas emissions, air quality, energy management, water management, hazardous waste management, community relations, workforce health and safety, product design for efficiency in the use phase, chemical management for safety and environmental protection, genetically modified organisms, legal and regulatory environment management, operational safety, emergency preparedness and response, and activity parameters.

The disclosure frameworks followed by the company include, as mentioned above, the GRI standards and also the standards of the Sustainability Accounting Standards Board, the Task Force on Climate-Related Financial Disclosures, the Chilean Financial Market Commission and the United States Securities and Exchange Commission. All these standards are compatible with the G20 Corporate Governance Principles.

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<sup>6</sup> [https://s25.q4cdn.com/757756353/files/doc\\_financials/2022/ar/memoria-sqm-2022\\_esp.pdf](https://s25.q4cdn.com/757756353/files/doc_financials/2022/ar/memoria-sqm-2022_esp.pdf)

## B. COMMUNICATION WITH STAKEHOLDERS.

Stakeholder	Form of Communication
<b>Employees</b>	Daily interactions in the workplace/ Direct communication between supervisors and area managers and the workers reporting to them/ Regular union meetings, meetings between workers, management, senior vice-presidents, and managers. Internal communication channels, such as data screens in common areas, newsletters, bulletin boards, intranet and mailings/ Key information is delivered on digital platforms such as: the website, email, Facebook, Instagram, LinkedIn, YouTube channel and the app “Mi SQM” (My SQM).
<b>Shareholders or Investors</b>	Board meetings, regularly issued information, direct contact with Investor Relations, financial reports, web page, site visits, shareholder meetings, meetings like SQM SALAR Day, provision of key information about the Company through digital platforms such as: the website, e-mail, Facebook, Instagram, LinkedIn, and its YouTube channel.
<b>Contractors and Suppliers</b>	Meetings with personnel from the supply and contracting departments, as well as operational managers and supervisors where services are provided/ Visits by the Supply Department to supplier facilities or offices/ Orientation courses, safety training/ Follow-up and ongoing contacts with service providers selling its products in order to guarantee deliveries/ Special programs for supplier training attended by SQM SALAR in the regions/ Meetings with trade associations attended by SQM SALAR/ Delivery of important information on digital platforms such as: the website, e-mail, Facebook, Instagram, LinkedIn and its YouTube channel/ Provision of a supplier website, through which information on procurement processes is provided <sup>7</sup> .
<b>Customers</b>	Periodic, direct communication and visits with customers/ Site visits and surveys on products and operating standards/ Delivery of important information about the Company through digital platforms such as: the website, e-mail, Facebook, Instagram, LinkedIn, and its YouTube channel.
<b>Community</b>	Communication and regular meetings with SQM SALAR representatives, community leaders and members/ Site visits/ Involvement in local working groups and operational inspections alongside public agencies/ Community activities and festivities/ Daily interaction with programs developed in conjunction with the community or organizations/ Delivery of important information about the Company through digital platforms such as: the website, e-mail, Facebook, Instagram, LinkedIn and its YouTube channel.
<b>Organizations and Institutions</b>	Meetings with participation by SQM SALAR representatives/ Meetings to support initiatives/ Technical meetings/ Visits to sites or areas of interest/ Participation in seminars, training, etc./ Delivery of key information for the Company through digital platforms such as: the website, e-mail, Facebook, Instagram, LinkedIn, and its YouTube channel.

<sup>7</sup> <https://www.sqm.com/portal-proveedores/>

<b>Innovation, Academic and Research and Development Centers</b>	Meetings with participation by SQM SALAR representatives/ Meetings to support initiatives/ Technical meetings/ Visits to sites or areas of interest/ Participation in seminars, training, etc./ Delivery of key information for the Company through studies, publications promoted or supported by SQM SALAR and digital platforms such as: the website, e-mail, Facebook, Instagram, LinkedIn, and its YouTube channel.
<b>Authorities</b>	Official or formal meetings/ Technical meetings/ Work meetings related to public and private initiatives/ Inspections / Delivery of information using official platforms, documents, or e-mail.
<b>Media</b>	Contact with media through communications area/ Press releases, interviews, or meetings/ Delivery of important information about the Company through digital platforms such as: the website, e-mail, Facebook, Instagram, LinkedIn, and its YouTube channel.

In addition to the aforementioned communication channels, SQM SALAR has a formal whistleblower channel through its website [www.SQM.ethicspoint.com](http://www.SQM.ethicspoint.com) and telephone lines for several countries. This channel, which is confidential and can be used anonymously, is available to all SQM SALAR employees around the world and to third parties, customers, suppliers, business partners, and people outside the organization. It should be noted that during the year 2022 a communication campaign was carried out to encourage the use of the whistleblowing channel, through the slogan "If you see something; Say something".

## VI. CONCLUSION AND FUTURE PLANS.

The following table, as a conclusion, summarizes the risks identified, the responses and plans that have been implemented in relation to them and SQM S.A.'s (jointly with SQM SALAR as "**SQM**") goals to improve its sustainable performance, all linked to environmental, social and governance criteria.

	Importance to SQM	Relation with Risks	Response and Actions	Goals
<b>Fair Labor Practices</b>	Creating a safe and supportive workplace that promotes employee growth and development while upholding human rights is a top priority for SQM.	This is a strategic risk for SQM. Intellectual capital is the basis for its business, based on development, innovation, and product quality targets. Experience and competency are highly valuable for executing the business plan.	<ul style="list-style-type: none"> <li>➤ Highly specialized areas.</li> <li>➤ Development of human resources management.</li> <li>➤ Employee development, retention plan and caring for its staff regarding gender equity and equality.</li> </ul>	<ul style="list-style-type: none"> <li>➤ To reach 25% of female staff by 2025.</li> <li>➤ To maintain operations that are free of accidents and generate conditions that provide daily safety for all workers. Furthermore, to promote a culture of selfcare and responsible behavior with other people who work at SQM.</li> <li>➤ To promote local work, offering an inclusive work environment and guaranteeing safe labor conditions for everyone.</li> </ul>
<b>Community Engagement</b>	SQM operations are located near towns with an indigenous presence as well as farming, port, and mining service communities. Due to the magnitude of its operations, SQM has	A poor relationship with local communities could place the operational continuity of SQM's operations at risk.	<ul style="list-style-type: none"> <li>➤ SQM has community engagement programs as well as agreements and memoranda of understanding with most local communities. It engages with them through direct contact, working groups and other spaces.</li> </ul>	<ul style="list-style-type: none"> <li>➤ To maintain and strengthen its relationship with neighboring communities on an ongoing basis.</li> <li>➤ To support the development of communities through programs that give them</li> </ul>

	Importance to SQM	Relation with Risks	Response and Actions	Goals
	interactions with neighboring communities. This generates expectations that it must manage through its community commitments and management plans.		<ul style="list-style-type: none"> <li>➤ SQM makes commitments to the community through the RCA, which it must report on regularly.</li> </ul>	<p>tools based on four pillars: Education and Culture, Social Development, Cultural and Historical Heritage and Community Wellbeing, Health, and Safety.</p> <ul style="list-style-type: none"> <li>➤ To participate in development programs for local economies and sustainable development initiatives for neighboring communities.</li> <li>➤ To be recognized as contributing to the creation of shared social value, building sustainable development and a good quality of life in partnership with the communities.</li> </ul>
<b>Work Force Transformation and Challenges</b>	SQM has the challenge of producing sustainably and effectively while adapting to new forms of operating, innovation, and technology on an ongoing basis. This allows SQM to continue to be global leaders in health,	Over the past years, SQM has faced unexpected changes in its operations and the global supply chain, as well as the consequences of the pandemic. This has led SQM to forge collaborative and resilient relationships with employees,	<ul style="list-style-type: none"> <li>➤ Human resources, supply chain and highly specialized communities.</li> <li>➤ Employee development and retention plan, caring for SQM’s staff and their health, and the implementation of an inclusion policy. This commitment includes actions to enable workers to adapt to new technologies.</li> </ul>	<ul style="list-style-type: none"> <li>➤ To maintain and strengthen SQM’s relationship with neighboring communities on an ongoing basis, promoting a development program with local suppliers who meet industry standards.</li> <li>➤ To maintain operations that are free of accidents, safe to the health of</li> </ul>

	<b>Importance to SQM</b>	<b>Relation with Risks</b>	<b>Response and Actions</b>	<b>Goals</b>
	nutrition, and renewable energy, which are key for addressing climate change.	critical suppliers, and communities. SQM's relationships with each one of these parties are fundamental to ensuring the continuity of the business and its ability to provide consistent responses to a context that presents constant uncertainty.	<ul style="list-style-type: none"> <li>➤ Development programs for local suppliers to improve transportation times for sourcing and generate local capacities and employment, thus strengthening a local supply chain.</li> <li>➤ SQM has community engagement programs as well as agreements and memoranda of understanding with most local communities. It engages with them through direct contact, working groups and other spaces.</li> <li>➤ SQM makes commitments to the community through environmental permits (RCAs), which it must report on regularly.</li> <li>➤ Conducting supplier and supply chain assessment.</li> <li>➤ Implementation of direct interaction supplier web page.</li> </ul>	<p>SQM's staff, and that generate conditions that provide daily safety for all workers. Furthermore, to promote a culture of self-care and responsible behavior with other people who work at SQM. To promote local work, offering an inclusive work environment and guaranteeing safe labor conditions for everyone.</p> <ul style="list-style-type: none"> <li>➤ To promote local work, offering an inclusive work environment and guaranteeing safe labor conditions for everyone.</li> </ul>
<b>Global Health and Nutrition Challenges</b>	The global pandemic impacted the health of the population and SQM's employees, partners, and supply chain. The Company had to adapt to a new way of doing business,	<ul style="list-style-type: none"> <li>➤ Direct impact on employee and contractor health and that of neighboring communities, as well as operational continuity.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Implementing technological tools to adapt the work to the specific characteristics of each area.</li> <li>➤ SQM plays a leading role in research, development and the application of green technologies that have an</li> </ul>	<ul style="list-style-type: none"> <li>➤ To promote innovation using SQM's own management indicators through a new area focused on identifying and monitoring innovation initiatives so that it can</li> </ul>



	Importance to SQM	Relation with Risks	Response and Actions	Goals
	<p>maintaining the necessary safeguards. SQM must produce its products sustainably and effectively while adapting to new codes around the world, innovation, and technology on an ongoing basis. This allows the Company to continue to be global leaders in health, nutrition, and renewable energy, which are key for addressing climate change.</p>	<ul style="list-style-type: none"> <li>➤ It could have a significant negative impact on SQM’s revenue, profit, and business if it affects the markets in which it operates, the Company’s customers or its suppliers.</li> <li>➤ Innovation, technology, and continuous improvement are fundamental to maintaining its global leadership position in industries such as healthcare and nutrition that are essential to facing climate change and the climate crisis.</li> </ul>	<p>important impact on sustainability in production.</p> <ul style="list-style-type: none"> <li>➤ Ensuring operational continuity makes SQM a technical specialist and preferred partner of its customers. The Company develops new products with characteristics and quality levels that push the boundaries of the unknown, providing a window onto future scenarios.</li> <li>➤ Continuing the Company-customer relationship, adapting to the new reality of remote interaction and market requirements related to certifications, quality, and public health regulations.</li> <li>➤ Customer management, optimizing the experience using monitoring and post-sales software.</li> <li>➤ Creating an innovation management system designed to organize efforts to develop skills and abilities, which allows the Company to find solutions that add value and have an impact over time.</li> </ul>	<p>maintain its global leadership.</p> <ul style="list-style-type: none"> <li>➤ To continue to manage the Company’s customers and meet high standards and international certifications such as: IRMA, ECOVADIS, Responsible Care and ISO Standards.</li> <li>➤ To care for the health of the Company’s workers, contractors, and communities.</li> <li>➤ To support communities near its operations so that they can overcome the consequences of the pandemic in the areas of health, economic reactivation, and direct support to families in need.</li> </ul>

	Importance to SQM	Relation with Risks	Response and Actions	Goals
			<ul style="list-style-type: none"> <li>➤ Preventative campaigns and identifying positive cases early to minimize the spread of the disease within the Company and to workers' families and the community. Implementation and reorganization of shifts, capacities, and telecommuting.</li> <li>➤ Assisting communities based on their level of need by providing medical equipment, cleaning supplies, food, and other items.</li> </ul>	
<b>Human Rights and Business</b>	<ul style="list-style-type: none"> <li>➤ It is important that SQM be a good employer and neighbor, that it provide the conditions necessary for the work and development of its employees and everyone who is part of its supply chain and its customers, and that it respects human rights.</li> <li>➤ SQM operations are located near towns with a presence of indigenous</li> </ul>	<ul style="list-style-type: none"> <li>➤ Direct violation of human rights related to access to water, ecologically sensitive areas, indigenous community engagement and their right to prior consultation respecting ILO Convention 169 on indigenous and tribal peoples, the labor rights of at-risk groups, related parties, and corporate</li> </ul>	<ul style="list-style-type: none"> <li>➤ Developing a Sustainability, Ethics and Human Rights Policy based on ethics and corporate governance, employees, the value chain, the environment and sustainable development, and communities.</li> <li>➤ Managing human resources, supplier and communities by specialized areas based on the type of stakeholder.</li> <li>➤ Ensuring compliance with all laws applicable to each jurisdiction regarding labor conditions, wages, work schedules, workplace safety, fair pay, the right to</li> </ul>	<ul style="list-style-type: none"> <li>➤ To continue to disseminate and provide training on the Sustainability, Ethics and Human Rights Policy on an ongoing basis.</li> <li>➤ To perform periodic controls to determine whether the Company is fulfilling its role and respecting human rights, as established following the Due Diligence exercise, based on corporate best practices in human rights.</li> </ul>

	Importance to SQM	Relation with Risks	Response and Actions	Goals
	<p>communities with which it interacts. These relationships must be based on trust and respect for human rights and national and international law as well as the creation of shared social value.</p> <ul style="list-style-type: none"> <li>➤ The Company has operations in countries around the world that are staffed by employees and supported by suppliers that are part of its value chain. SQM impacts its environment and engages with customers and communities. As such, it must move forward with the development of its corporate responsibility and enrich its ethical and legal commitments as well as the creation of shared social value, long-term sustainable</li> </ul>	<p>governance practices.</p> <ul style="list-style-type: none"> <li>➤ A poor relationship with local communities could place the operational continuity of SQM's sites at risk. Generating hostilities or failing to respect human rights may hurt people or lead to national and international sanctions as well as serious issues related to the Company's reputation.</li> </ul>	<p>association, prohibition of child and forced labor, and other topics. Respecting and protecting the Company's employees' labor rights.</p> <ul style="list-style-type: none"> <li>➤ Specialized Occupational Health and Safety Area.</li> <li>➤ Employee development and retention plan and caring for SQM's staff regarding gender equity and equality.</li> <li>➤ Complaint Channel and Communities Portal.</li> <li>➤ SQM has community relations programs as well as agreements and memoranda of understanding and commitments based on environmental permits (RCA) with most of the communities present in the territory. It engages with them through direct contact, working groups and other spaces.</li> <li>➤ Establishing fair and just relationships and extending its sustainability commitments, best labor practices and human rights with its supply chain to promote responsible and sustainable sourcing.</li> </ul>	

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	development, and the consolidation of a corporate culture of due diligence in human rights based on the United Nations Global Compact Sustainable Development Goals.		➤ Application of Human Rights survey to the supply chain, and implementation of a follow-up platform created especially for this group.	
<b>Responsible Water Management</b>	This resource is necessary for the Company's products. Its operations are in areas that experience hydric stress, so it is fundamental to care for this resource and manage it responsibly. It is a resource of interest to its communities.	<ul style="list-style-type: none"> <li>➤ It is considered a strategic risk in the context of climate change risk. SQM has a monitoring plan and controls for mitigation and reduction.</li> <li>➤ Water is necessary for the Company's operations, and it is shared with nearby communities in hydric stress areas.</li> <li>➤ Consumption goals.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Submitting reports to authorities on consumption and use compliance, and monitoring processes and indicator monitoring are conducted. SQM has implemented municipal wastewater and seawater supply use in some plants.</li> <li>➤ SQM innovates in its operations to optimize water use, recycling or reusing this resource.</li> <li>➤ SQM conducts awareness activities regarding responsible use and conservation of water and participates in projects that support communities' water supplies.</li> </ul>	<ul style="list-style-type: none"> <li>➤ To decrease SQM's consumption of fresh water by 65% by 2040 (on a BAU basis) and by 40% for all operations by 2030. This is based on projections for 2020.</li> <li>➤ To have responsible and sustainable operations, minimizing the use of water, and contributing to the preservation of the environment.</li> <li>➤ To use seawater in new projects associated with its operations in the Tarapacá Region.</li> </ul>
<b>Energy Management</b>	Energy management allows SQM to design sustainable innovative processes that include	➤ SQM's customers have increasingly demanding energy	➤ SQM promotes initiatives that consider the reduction in the use of energy in all its operations. The	➤ SQM is committed to being carbon neutral in all its products by 2040 and in lithium, potassium

	Importance to SQM	Relation with Risks	Response and Actions	Goals
	clean energies and decrease costs in the long-term.	<p>efficiency goals. Furthermore, consumers prefer sustainable and organic products.</p> <ul style="list-style-type: none"> <li>➤ The industries in which SQM participates have long-term zero emissions expectations.</li> <li>➤ The Company is committed to ensuring sustainable production of its products, which is backed by several certifications. The Company is working to decrease its socioenvironmental footprint, preventing, and mitigating its impacts regarding emissions.</li> </ul>	<p>Sustainability Committee reviews the status of reduction initiatives every six months.</p> <ul style="list-style-type: none"> <li>➤ Ongoing measurements of products' carbon footprints. The price related to carbon emissions is added at the project development stage for internal management purposes.</li> </ul>	<p>chloride by 2030, from the source to the customer.</p> <ul style="list-style-type: none"> <li>➤ SQM is committed to operating responsibly and sustainably, minimizing its emissions and water use and helping care for the environment.</li> </ul>
<b>Air Emissions</b>	The health and wellbeing of the Company's employees and the community are fundamental to SQM, as is creating jobs in a safe environment.	The health and safety of the Company's employees and community are one of its core values. It carries out exhaustive controls of health impacts on individuals.	<ul style="list-style-type: none"> <li>➤ SQM started the implementation of air quality stations that are publicly available on the website.</li> <li>➤ SQM conducts monitoring with community representatives, reporting air quality levels for PM10</li> </ul>	<ul style="list-style-type: none"> <li>➤ To minimize and measure PM10 emissions in the surrounding areas</li> </ul>

	Importance to SQM	Relation with Risks	Response and Actions	Goals
		The generation of high levels of PM10 places the health of employees and neighbors at risk.	particulate matter to the authorities and publishing data in the sustainability report.	
<b>Biodiversity</b>	SQM operates in areas that are important in terms of biodiversity. Salar de Atacama and Pampa del Tamarugal are part of an important ecosystem for birds and other animals and considered part of the cultural heritage of the neighboring indigenous.	<ul style="list-style-type: none"> <li>➤ The Company operates in desert areas near ecosystems with significant ecological value that should be preserved and that should not be impacted by its operations. Furthermore, several of these ecosystems are part of the heritage of local indigenous communities which interact with the flora, fauna and resources located there.</li> <li>➤ Its operations uphold regulatory compliance commitments related to this area through environmental permits that may</li> </ul>	<ul style="list-style-type: none"> <li>➤ SQM incorporates environmental variables early in the design of its projects to avoid, prevent and implement necessary control and mitigation measures while appropriately managing waste and emissions.</li> <li>➤ SQM has installed systems for monitoring variables such as the extraction of water and brine in Salar de Atacama. This information is public and is available online.</li> <li>➤ SQM promotes participatory community monitoring for variables in ecosystems that are of interest.</li> </ul>	<ul style="list-style-type: none"> <li>➤ To strengthen the understanding of ecosystems, enhancing internal measurements and allocating funds to third party research.</li> <li>➤ To operate in a harmonious manner and control impacts that could result from SQM's actions and affect the environment and neighboring communities.</li> <li>➤ To safeguard the use and sustainability of natural resources and production inputs</li> </ul>

	Importance to SQM	Relation with Risks	Response and Actions	Goals
		change or become more restrictive.		
<b>Climate Change</b>	Climate change is one of SQM's strategic risks. The Company extracts raw materials, and its operations are in areas that are sensitive to climate change. Chile is highly vulnerable to climate change as stated in the United Nations Framework Agreement on Climate Change, which sets out nine related vulnerability criteria. Chile meets seven of these: low altitude coastal areas; arid and semi-arid areas with forest cover that are exposed to forest deterioration; territory susceptible to natural disasters; urban areas with air pollution issues; mountainous ecosystems; and areas sensitive to drought and desertification.	Climate change is a strategic risk related to the availability of resources, the adaptation of the Company's business and mitigation through corporate commitments.	<ul style="list-style-type: none"> <li>➤ SQM began to identify climate change risks.</li> <li>➤ SQM constantly measures its products' carbon footprint in compliance with the goals that it has set.</li> <li>➤ Waste management, recognizing, accounting for and implementing various initiatives to reduce and reuse industrial and domestic waste in its production sites.</li> <li>➤ Implementation of recycling programs for communities located near its operations.</li> <li>➤ Use of renewable energies at its operations.</li> <li>➤ Harmonious development of the business with collaborative work with stakeholders through a just transition strategy.</li> </ul>	<ul style="list-style-type: none"> <li>➤ To continue to participate in the SDG 13 working group for the Global Compact Network Chile.</li> <li>➤ To reach close to zero emissions lithium (scope 1 &amp; 2) and reach carbon neutrality of its products by 2040.</li> <li>➤ To manage and reduce waste in SQM operations, offer education campaigns for recycling for employees, and expand these initiatives to neighboring communities.</li> <li>➤ SQM evaluates itself based on international standards that consider risks derived from climate change.</li> </ul>

	Importance to SQM	Relation with Risks	Response and Actions	Goals
<b>Environmental Compliance</b>	Environmental compliance is paramount to guaranteeing operational continuity and is based on SQM's commitment to its community and other stakeholders.	Failing to meet the commitments set out in environmental permits (RCAs) may have a negative impact on the environment or ecosystems and could result in fines or penalties, which would in turn impact the Company's results and operational continuity.	<ul style="list-style-type: none"> <li>➤ Ongoing monitoring of applicable legislation and compliance with it through each technical area.</li> <li>➤ The Company has a system of lines of defense to control and ensure that regulatory compliance controls are applied.</li> <li>➤ Environmental management system certification audits, internal and external sustainability audits, and responsible product standard certifications.</li> <li>➤ Reporting to officials on RCA commitments such as water extraction and the status of nearby ecosystems.</li> </ul>	<ul style="list-style-type: none"> <li>➤ To ensure compliance with environmental commitments.</li> <li>➤ To maintain its extensive environmental monitoring network and prevent deviations derived from the established systems approved in the RCAs.</li> <li>➤ To submit all projects or expansions for environmental impact assessment or impact statements, complying with community consultations and current regulations.</li> <li>➤ To conduct external audits of Environmental Compliance for all operations for the year 2023.</li> </ul>
<b>Responsible Business Management</b>	Efficiency in processes and operations is fundamental to SQM because some of its production processes are developed internally to stay on the cutting edge of the industry. The Company also strives to be perceived as an	Being perceived of as an inefficient and unreliable company increases distrust among investors and places SQM's operations at risk, weakening its leadership position in the various industries	<ul style="list-style-type: none"> <li>➤ Strict corporate governance rules. This includes policies regarding the rules for dealing with public officials and clear rules against bribery and corruption, influence peddling and undue</li> </ul>	<ul style="list-style-type: none"> <li>➤ To be considered a sustainable company supplying industries that are strategic for human development.</li> <li>➤ To be recognized as a transparent company that is not linked to controversies.</li> <li>➤ To conduct evaluations and certifications such as</li> </ul>



	<b>Importance to SQM</b>	<b>Relation with Risks</b>	<b>Response and Actions</b>	<b>Goals</b>
	organization that is responsible for its surroundings and transparent in its actions, particularly after the crisis related to its reputation that occurred in 2009.	in which it has a presence.	<p>donations, among other practices<sup>8</sup>.</p> <ul style="list-style-type: none"> <li>➤ Compliance Department with a program that includes audits, controls and training for employees and directors on matters of ethics.</li> <li>➤ Self-assessment for certifications like IRMA and CDP as well as ongoing work with Responsible Care and Ecovadis.</li> <li>➤ Developing and conducting surveys for suppliers to introduce labor standards related to safety and human rights in the medium term.</li> <li>➤ Ongoing monitoring of applicable legislation and compliance with it through each technical area.</li> </ul>	<p>IRMA, CDP, Responsible Care and Ecovadis that speak to the responsible management of the business in all areas.</p> <ul style="list-style-type: none"> <li>➤ To create protocols and practices for supplier companies to ensure a responsible supply chain.</li> </ul>
<b>Product Responsibility and Innovation</b>	SQM holds an important competitive position with all its products globally and is the world's lowest-cost producer in this market. It is committed to delivering high-quality	Sustainability of production and its relationship to the environment and communities is a priority issue for the customers that purchase lithium from SQM because they	SQM constantly innovates in the production of all its products, especially lithium, so that it is increasingly green, setting important goals such as reducing the extraction of water and brine in its production process.	<ul style="list-style-type: none"> <li>➤ SQM is committed to being carbon neutral in all its products by 2040 and in lithium, potassium chloride production by 2030.</li> <li>➤ To reduce the use of brine by 50% by 2028.</li> </ul>

<sup>8</sup> [https://www.sqm.com/wp-content/uploads/2019/03/1.1.-SQM-Codigo-de-Etica\\_English.pdf](https://www.sqm.com/wp-content/uploads/2019/03/1.1.-SQM-Codigo-de-Etica_English.pdf) and <https://www.sqmlithium.com/en/politica-contra-el-soborno-y-la-corrupcion/>

	Importance to SQM	Relation with Risks	Response and Actions	Goals
	products on time and making considerable investments to guarantee product availability.	are part of cutting-edge industries like clean energies, car batteries, technology, and the pharmaceutical industry.	Significant efforts were also made to measure the life cycle of lithium during 2020.	<ul style="list-style-type: none"> <li>➤ To gain a reputation of trust and credibility among its main stakeholders over the next few years.</li> <li>➤ To have a brand that is publicly associated with green industries around the world.</li> </ul>

In addition to the previously stated objectives, it is important to note that SQM is convinced that its current production process and future projections are fully compatible with the water balance of the Atacama Basin and Salar de Atacama. The company aims to continue advancing initiatives aimed at making extraordinary contributions to the water balance of the Atacama Basin and Salar de Atacama. This is intended to benefit not only the water environment of the basin but also the communities and native peoples of the Salar de Atacama area. The ultimate goal is to continue offering high-quality lithium products in a responsible manner, with low production costs, and with the smallest possible environmental and social footprint.