



ESG Supporting Document 2023



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SQM ESG SUPPORT DOCUMENT FY 2023

Complementary Information

This document has been prepared in alignment with the economic, corporate governance, environmental, and social (ESG) disclosure opportunities proposed by S&P Global's Corporate Sustainability Assessment (CSA).

The information disclosed in this document pertains to the 2023 period and is published as a supplementary document to SQM's [Integrated Report 2023](#). It includes all activities consolidated for financial reporting purposes. If there are any discrepancies in the coverage of information, we will provide an explicit explanatory note.



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1. Governance & Economic dimension

1.2 Corporate Governance

1.2.6 Board effectiveness

Each year the Board will evaluate its processes and performance through a Board Assessment designed to promote the Board's on-going effectiveness and continuous improvement. This evaluation may be conducted by a third party. In 2023, EY supported the Board of Directors in this process.

1.3 Materiality

1.3.1 Materiality analysis

The double materiality process is presented in our [2023 Sustainability Report](#), on pages 24-25. This supporting document delves into some of the material topics included in SQM's latest materiality matrix.

1.3.2 Materiality issues for enterprise value

1. **Responsible Water Management:** the responsible use of water is a relevant aspect of its production processes, given the scarcity of this resource in some places where its operations are located.
 - **Business case:** Responsible water management is crucial for SQM's operational sustainability, environmental stewardship, regulatory compliance, and community relations. Our operations are located in areas that are already under hydric stress, where water scarcity is a pressing issue. By prioritizing this material issue, SQM not only ensures the efficient and sustainable production of its products but also contributes to the well-being of the communities and environments in which it operates. This approach is essential for SQM to maintain its leadership in the industry while fulfilling its commitments to responsible and ethical business practices. Furthermore, water is a key input in the production of lithium, and other products that SQM specializes in. Any disruption or inefficiency in water usage directly impacts our production capacity, potentially leading to higher operational costs, delays, and reduced product quality. Additionally, as global and local regulations on water usage become increasingly stringent, SQM needs to demonstrate proactive and responsible water management practices.
 - **Business strategies:** We hold duly authorized water usage rights for our operations and meet all related requirements and commitments. We also ensure that we use water efficiently and engage in adequate hydric management of the ecosystems of origin, always favoring recirculation and optimization in the processes. Our Sustainability Plan includes specific commitments to reduce water use and extraction. Along these same lines, we implemented environmental monitoring and early warning plans to ensure care for these ecosystems. We have created the portal <https://www.sqmsenlinea.com/> or Salar de Atacama Online Monitoring, which provides environmental information on our operations in Salar de Atacama to communities and interested parties. We have designed and implemented a system that allows us to provide information about extracted water and net extracted brine. It also serves as a verification



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system for our compliance with extraction limits, in keeping with current operating regulations. To learn more about our strategy, you can read the "Water Management" chapter in our 2023 Sustainability Report (pages 196-199) and also in our 2023 Annual Report (pages 155-158).

- **Target:** We maintain various public goals related to our aspirations for environmental management and compliance. One of the main ones is reducing continental water consumption by 65% by 2040 beginning with a 40% decrease by 2030, as forecast in 2020.
- **Progress on target:** Reducing continental water consumption:
 - i. We publish SQM "Summary of Water Extraction and Consumption" on Pages 198-199 of our Sustainability Report 2023.
 - ii. We have publish news and reports regarding water management progress (Examples: <https://www.sqm.com/en/noticia/sqm-nitratos-yodo-utilizara-agua-de-mar-en-sus-procesos-productivos/> ; <https://www.sqm.com/en/noticia/faena-salar-de-atacama-de-sqm-se-convierte-en-la-primer-operacion-minera-de-litio-del-mundo-en-alcanzar-irma-75/>)
 - iii. More information is also available in our Annual Report 2023 (pages 155-158): At Salar de Atacama, water consumption has been reduced by 50% from 2021 and we estimate that it will remain at half of the environmentally approved level until 2030. As of November 2020, we reduced our brine extraction by 25% and will progress to reduce brine extraction by 50% by 2028, as committed in the Environmental Impact Study "Plan to Reduce Extraction in the Salar de Atacama", presented at the beginning of 2022. Water consumption intensity reduction of 2.9% for potassium chloride.
- **Executive compensation:** The metric 'CORFO Project Compliance' is utilized to determine the variable compensation of executive committee member Javier Silva, Sustainability and Community Relations Manager at SQM, weighing 10% in his annual variable bonus 2023. The CORFO project, specifically 'Salar Futuro', involves commitments to reduce continental water consumption in alignment with authorized water use rights for our operations. This metric aligns with the company's goal of reducing continental water consumption by 65% by 2040, beginning with a 40% decrease by 2030, as forecast in 2020.

2. Human Rights and Business: The responsibility of impeccable conduct by the company in its social role as a key factor in the perception and engagement of both internal and external stakeholders.

- **Business case:** Human rights, particularly non-discrimination and gender equity, are critical for SQM as they ensure compliance with the ever-evolving international and local laws that require companies to respect these rights. Non-compliance not only risks legal sanctions but can also severely damage the company's reputation. On the other hand, properly managing these issues attracts diverse and skilled talent, while also mitigating operational risks, such as labor conflicts, lawsuits, and other potential challenges. Embracing these principles strengthens SQM's competitive edge and supports its sustainable long-term growth.
- **Business strategies:** To prioritize human rights, we've identified key areas through due diligence and made a public commitment in our Sustainability, Ethics, and Human Rights Policy. Inclusive environments, health and safety, and community well-being are top concerns. Each of these priorities is backed by policies, procedures, success metrics, and dedicated teams reporting to the board through the Sustainability and SHE Committees. For example, our Diversity and Inclusion Policy states our commitment to breaking down existing barriers to female participation. For this endeavor, we have instituted management systems to integrate gender equality and foster a harmonious balance between work, family, and personal life. Our utilization of blind recruitment solely assesses candidates based on their competencies. Ensuring wage equity and leveraging people analytics to identify disparities in hiring, promotions, and other pivotal



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decisions are components of our approach. Additionally, we are actively collaborating with experts and expanding our accreditation under the Chilean standard 3262.

- **Target:** Reach a 25% female workforce by 2025. 20% of SQM's staff is female.
- **Progress on target:** We had a 20.3% female workforce in 2023, as we reported in our Annual Report (page 57) and Sustainability Report 2023 (page 76). This figure is above the mining industry average, which stands at 17% in 2022, according to the [Large Mining Workforce Study](#) conducted by the Mining Skills Council and Eleva.
- **Executive compensation:** The metric 'Female Participation' is used to determine the compensation of executive committee member Natalia Pizarro, Vice President of People and Development, within the framework of the annual Variable Bonus objectives. This metric aims to increase female participation in the company and is adjusted annually. The objective is to progress towards a target of 25% female participation by 2025. Last year, her goal was "female participation 21% in SQM", with a weight of 25% in her annual variable bonus.

3. Global Health and Nutrition Challenges: Addressing global health, assuring growth, impacting through sustainable innovation.

- a. **Business case:** » Direct impact on our employees' and partners' health and that of neighboring communities, operational continuity.
» It could have a significant negative impact on our revenue, profit and business if it affects the markets in which we operate, our customers or our suppliers.
- b. **Business strategies:** To uphold our contribution to global health and nutrition challenges, we must ensure: 1) Maintaining a robust and well-articulated innovation strategy that methodically allows us to continuously refine our products and develop new avenues to address these challenges. Our company has established an innovation management system to harness development skills and capabilities, enabling us to create social and environmentally impactful solutions over time. 2) Managing our customers and adhering to high standards and international certifications, such as IRMA, ECOVADIS, IFA, Responsible Care, and ISO standards, that endorse our advancements. 3) Creating the conditions to safeguard the health of both our workers and communities and prioritizing holistic well-being. Our internal OHS policies, investments, robust contribution programs, and participatory systems with local communities focus on well-being, health, safety, and nutrition.
- c. **Target:** Achieve carbon neutrality by 2040 in all our products, taking 2019 as the base year. This involves a 90% reduction and 10% offset of emissions by 2040.
- d. **Progress on target:** In 2023, we conducted third-party verification with Deloitte of our product footprint results. The report includes verification of the carbon footprint for our iodine (I2), potassium nitrate (KNO3), and sodium nitrate (NaNO3) products, both in crystallized and prilled formats. For now, the specific results regarding the footprint are kept confidential for its strategic characteristics. Nevertheless, we publish our product footprint in our TCFD report for the 2022 period.
- e. **Executive compensation:** For the material topic 'global health and nutrition challenges', which involves developing products that contribute to health and nutrition challenges with the highest sustainability standards, and aligns with SQM's goal of achieving 'Carbon neutrality by 2040 in all our products, taking 2019 as the base year', a weighting of 10% of the 2023 annual variable bonus was assigned to the Sustainability and Community Relations Manager at SQM, Javier Silva. This metric underscores the company's strategic alignment of executive compensation with its overarching carbon neutrality objective, effectively harnessing a significant incentive to drive the crucial role of an executive in attaining this goal.



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1.3.4 Materiality issues for external stakeholders

1. **Water availability in the communities:** Prioritizing responsible water use is essential for SQM given that the organization operates in a water-scarce area. The availability of water directly affects the daily lives of residents, their health, and their ability to engage in economic activities such as agriculture and livestock farming. In this regard, SQM has implemented various measures to contribute to the stability and sustainability of water resources for the communities. At the same time, the organization's water use must be continuously monitored and managed by SQM to ensure the availability of this valuable resource in the long term.

- **Initiatives:** As an example of the impact of providing a constant and sustainable water supply, the establishment of forage in San Pedro de Atacama can be observed. In the Yervas Buenas sector of the Río Grande, there was no direct access to water, only through tanker trucks. Therefore, SQM installed advanced irrigation systems to ensure a reliable water supply, along with acquiring machinery for sustainable use and efficient water distribution.

Additionally, since 2022, SQM has been working with the San Pedro de Atacama Rural Drinking Water Committee (CAPRA), a non-profit organization under the Directorate of Hydraulic Works, responsible for supplying drinking water to the town of San Pedro de Atacama. The objective of this collaboration is to urgently address and stabilize the drinking water supply service for the town, as the committee was facing an economic crisis and was conducting daily water cuts to the population.

- **Materiality metrics:**
 - i. In the Yervas Buenas sector of Río Grande, 30 residents previously relied on water delivery trucks for their alfalfa plots. Thanks to SQM's efforts, 21 of them now have access to sustainable irrigation systems, resulting in 70% of the community having stable and sustainable access to irrigation water for their crops.
 - ii. With stable and sustainable water access, residents gain greater autonomy as they can now cultivate alfalfa to feed their livestock, reducing their reliance on external sources and enhancing their self-sufficiency. This leads to increased availability and quality of food, and a significant improvement in their quality of life.
 - iii. As a result of gaining autonomy in livestock feed production, 70% of the residents have increased their income through alfalfa sales. It is estimated that 21 farmers will produce approximately 350 bales on 5 hectares, with each bale selling for CLP 12,000. Therefore, the income per harvest from the complete production sold at that estimated price would be approximately \$5,122 USD.

2. **Community Relations:** The significance of Community Relations impacts stems from the direct connection between the financial stability of local communities and SQM's success, influencing jobs, incomes, and economic growth. In remote areas where services are limited, such as where SQM operates, education initiatives foster employability and economic empowerment. Moreover, education empowers young people to improve their living conditions, while better-trained professionals are better equipped to contribute to community development. This helps bridge gaps in essential services and products for the local functioning and strengthens the skills of residents.

- **Initiatives:** For the past seven years, we have supported a program designed to provide technical knowledge and educational tools to agriculture students at Bicentenario Lickan Antai School, preparing them for the workforce. SQM aims to equip students in the technical agriculture area at Bicentenario Lickan Antai School with technical knowledge and educational tools, thereby facilitating their access to quality jobs. The program includes theoretical educational components, such as curriculum development, hiring qualified professionals, training in areas of interest, and technical and demonstration tours, among



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others. It also features practical components, including the acquisition of agricultural technologies and machinery, and the implementation of a school farm and productive plots available to students.

- **Materiality metrics:**

- i. This year, SQM's supported educational program involves 32 students from the 11th and 12th grades of the local high school. Over the past seven years, approximately 80% of these students have successfully completed their professional internships.
- ii. During this period, approximately 15% of the students have secured jobs in the agricultural sector, providing them with the opportunity to build a career aligned with their training.

1.4 Risk & Crisis Management

1.4.2 Risk Management Processes

The complete list of risks is thoroughly reviewed once a year. Additionally, the main business risks are presented to the Board of Directors four times a year, where they are reviewed with the risk owner and the CEO. Furthermore, the inventory and evaluation of these key risks are reviewed on a semi-annual basis.

Below are the results of the evaluation for two of these risks:

Risk description	Probability	Magnitude
<i>Information technology systems can be vulnerable to disruptions that carry risks of data loss, operational failures, or the compromise of confidential information.</i>	3	4
<ul style="list-style-type: none">• Mitigation actions: <i>Due to the increasing sophistication of security, cybersecurity in companies, and the types of crimes over the years, data protection and worker safety have become significant challenges for businesses. Therefore, our company has been continuously working on the implementation of important standards, such as ISO 27,001, as part of best practices that strengthen our IT and OT network defense systems at SQM. Additionally, we have been working on operational continuity projects, diversifying mitigation measures in case of emergencies, including redundancy measures, contingency plans, anti-malware protection, infrastructure, awareness, among others.</i>		



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Risk description	Probability	Magnitude
<i>The quality standards in the markets where the Company sells its products could become more stringent over time.</i>	3	4
<ul style="list-style-type: none">Mitigation actions: <i>To meet the demands and requests of our customers, the company has worked on obtaining various certifications in sustainability and quality, such as ISO 9001:2015, 27,001, IRMA, EcoVadis, CDP, among others, related to improvements in production, refining, packaging, and dispatch of our products. To achieve this, an expansion plan for the plants has been developed to increase production volume, enhance product purification sections, and expand and improve brine ponds, as well as their quality. As part of compliance with sustainability standards, multidisciplinary teams have been working on recycling and water reuse initiatives to reduce the impact on the environment where the various operations are located. Quality measures have been implemented throughout the entire supply chain.</i>		

Note: The complete risk list can be found in our 20-F and [2023 Annual Report](#) (Annex 1. Risk Factors).

Process to determine the risk appetite for identified risks

The international framework used to determine the company's risk appetite is COSO ERM, as senior management defines, validates, and approves it. Additionally, the ISO 31,000 standard is used to guide risk owners in proper management better. It is important to note that the risk appetite varies for each type of identified risk. To determine this, we use a heat map/matrix with two axes (probability and impact), and depending on the risk's position on this map, the appetite varies.

Risks identified as extreme are escalated to senior management for analysis, treatment decisions, and/or the implementation of mitigation measures to reduce their residual risk, as their appetite level is zero. As risks decrease in probability and impact, the appetite for these cases tends to be higher, meaning they fall within the levels defined by senior management.

Risk Audit Processes:

- Internal Audits on risk management:**

The Internal Audit department is responsible for carrying out the annual audit plan, which evaluates the design and effectiveness of internal controls to address the organization's risks and confirms that the roles within the risk management system comply with policies, processes, regulations, and laws related to this aspect, among others (please refer to pages 40 and 41 of our 2023 Annual Report).



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- **External Audits on risk management**

Every two years, SQM requests a robust external audit to review the maturity level of various risk management processes and practices. The latest report was conducted by Deloitte, based on the international standards of COSO ERM, ISO 31000, and their associated norms, as well as industry best practices.

Risk culture

- **Training**

The Risk Management department is responsible for facilitating risk management training, focusing on different employee profiles and areas handling critical processes. As part of this plan, the Risk, Audit, and Compliance Management conducts training workshops to update risk identification and controls across various departments, primarily with frontline teams. Additionally, all new hires must complete an onboarding process, regardless of their role or position. In particular, strategic risk presentations are made to the Board of Directors four times a year, while periodic risk management training is conducted approximately every two years.

- **Incentives linked to risk metrics at SQM**

The company provides a monetary incentive based on company-level objectives and individual performance. Our performance evaluation framework, which determines the Annual Variable Bonus, includes risk-related factors in compensation. This evaluation features questions such as whether the employee 'Identifies and manages risks, issues, and/or improvement opportunities related to the value of integrity' and SQM's ethics and compliance program, or whether they 'Promote safe behaviors within their team, following established procedures and identifying and mitigating risks.' This approach ensures that employee compensation is linked to risk management."

- **Risk criteria for the development of products and services**

As we have stated in our Sustainability, Ethics and Human Rights Policy: "As a mining company selectively integrated in the processing and commercialization of products, we are committed to strict compliance of the environmental regulations in force, ensuring a rigorous assessment of the potential impacts of our operations on the environment, the responsible management of natural resources, the establishment of timely prevention, compensation and reparation measures, and an effective monitoring policy". According to that and our commitment to comply with the Chilean Law, every new process that could affect the environment must have an evaluation in advance the impacts of our operations on the environment and neighboring human communities and thus avoid potential risks. In 2021, our new Integrated Process Management Policy was published to consolidate this commitment.



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1.4.3 Emerging risks

1. **International trade tensions could have a negative effect on our financial performance:** Growing tensions in international relations, particularly with China, represent a potential risk for SQM. These tensions could lead to political and economic measures targeting Chinese-owned companies, potentially resulting in adverse effects on our business, financial situation, and operational results. China holds a significant position as a key market for our company. However, its economic conditions remain vulnerable to global economic fluctuations. Recent disruptions in global financial markets caused by trade disputes and tariff actions between the United States, China, and other countries are concerning. The imposition of substantial tariffs on goods by both governments has the potential to escalate further, impacting various sectors.

- a. **Impact:** Recently, the United States and the European Union announced new tariffs on various goods of Chinese origin, including batteries and electric vehicles, significantly raising their levels. In response, China is considering retaliation, with new tariffs on Western products.

We cannot predict how the Chinese government will respond, nor the policies of the Chinese, European, and U.S. governments, but the escalation of the trade war between China and the United States, along with additional tariffs on bilateral imports, could continue to affect global economic conditions.

If the list of tariffed products expands or tariffs increase further, this could negatively impact the economic conditions of both countries. It could also lead to a decrease in demand for commodities such as lithium and other basic products, resulting in a material adverse effect on our business, financial situation, and operational results.

Additionally, escalating tensions in international relations with China could result in political and economic measures against Chinese-owned companies, which could also have a negative impact on our business, financial situation, and operational results.

- b. **Mitigation actions:** We are actively monitoring these developments and proactively evaluating our strategies to mitigate potential impacts on our business, financial health, and operational results. In this sense we have been making significant progress in diversifying our operations, having already operations in three different countries (Chile, Australia and China), and explorations for new projects in Australia and Sweden. For example, a notable advancement in this direction was our investment in constructing a new lithium hydroxide mine and refining plant in Mt. Holland, Western Australia, with a projected capacity of 50,000 metric tons. We are also committed to achieving our expansion goals responsibly while focusing on improving efficiency through various projects, including innovation initiatives.

Another noteworthy achievement was the acquisition of our refining plant in Dixin, China. The purchase process began in 2022 and was completed in 2024. This facility is dedicated to producing lithium hydroxide from lithium sulfate extracted from our Salar de Atacama operation. This strategic move allows us to manufacture up to 30,000 metric tons of lithium hydroxide per year using lithium sulfate from Chile.



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2. **Risk arising from the European Commission's proposal to classify lithium compounds as toxic for reproduction:** If this classification is approved, lithium compounds may become listed as Substances of Very High Concern. Substances of Very High Concern are subject to new regulations, increased usage restrictions, and bans on their use in consumer products (retail sales) unless it is demonstrated that they are essential for society. This occurs within the context of the European Union's Chemicals Strategy for Sustainability, which is part of the EU's Zero Pollution ambition, a key commitment of the European Green Deal. Such decisions by the European Union have a global business impact and are often mirrored by other countries and incorporated into international agreements related to chemicals. The competent authority in Korea is already considering to adopt this classification.
 - a. **Impact:** While the classification would not halt the use of lithium, it is highly likely to significantly increase costs in at least four stages of the lithium battery supply chain in the EU and countries adopting this classification: lithium extraction, processing, battery production, and recycling. This impact will result in increased administrative burden, operational risk management, and restrictions that could deeply affect these industries, leading to cost hikes. In Chile, there is also an anticipated impact on production costs, as this classification is expected to be adopted in the future, necessitating the implementation of mitigation measures in operations to prevent occupational exposure of workers and the release of lithium into the environment.
 - b. **Mitigation actions:** SQM participates in public-private working groups to evaluate the needs of the different stakeholders to contribute with its experience in the harmonization of standards and regulations at the local and international levels, promoting that they are based on risk assessment same as robust scientific and technical evidence and in compliance with national and international standards and agreements. SQM as a member of Eurometaux, the trade association representing non-ferrous metals producers and recyclers in Europe, and the International Lithium Association (ILiA), is actively and continuously monitoring regulatory changes related to this classification proposal. The working groups where SQM is participating are focused on the consolidation of all existing scientific evidence to support the most appropriate classification and on the development of risk assessment to promote the best Industrial practices on the use of Lithium compounds. Concurrently, SQM is promoting industry collaboration in Korea to gather technical and scientific data that allows for anticipation of regulatory changes occurring in Korea.



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1.5 Business Ethics

1.5.4 Systems and procedures to ensure effective implementation of SQM Code of Conduct

- **Compliance linked to employee remuneration**

Our performance evaluation framework, designed to encompass compliance criteria, carries a substantial weight within the overall assessment. This weight significantly contributes to determining the achievement of objectives tied to bonus allocation, firmly establishing the alignment of compliance with employee remuneration.

- **Employee performance appraisal**

Each year, our employees undergo performance evaluations, comprising self-assessment and supervisor assessment, along with feedback from both parties. In 2019, the Company introduced a team recognition element to commend groups of employees who have enacted noteworthy improvements within their respective domains. This program is built upon four pillars: People Development, Continuous Improvement, Common Goals, and Efficient Processes. Under the Continuous Improvement pillar, we appraise whether employees "Identify and manage risks, issues, and/or improvement opportunities related to the value of integrity and SQM's ethics and compliance program." Moreover, for the "Efficient Processes" pillar, leaders are also evaluated based on their ability to ensure that their decisions and actions, as well as those of their departments, align with the value of Integrity and SQM's Ethics and Compliance Program.

- **Compliance system is certified by a third party**

Our organization has received certification from the credit rating agency Feller Rate, acknowledging our robust compliance with the company's comprehensive compliance program. This certification was awarded in 2021 and remains valid until September 2023. The assessment conducted by this external body encompassed both our code of conduct and code of ethics, entailing a meticulous review of policies, internal regulations, and the precise functioning of our whistleblower reporting system. This certification ensures not only the effective management of reports received but also underscores our commitment to upholding fundamental principles, including whistleblower anonymity and protection against any form of retaliation.



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1.7 Supply Chain Management

1.7.2 Supplier ESG Program

Oversight of Implementation:

SQM demonstrates a high level of accountability by designating the Board of Directors as the highest decision-making body responsible for overseeing the implementation of the supplier ESG program.

Continuous Review of Purchasing Practices:

SQM ensures that its purchasing practices align with the Supplier Code of Conduct and upholds ESG requirements by conducting annual reviews. This proactive approach helps prevent potential conflicts and reinforces the company's commitment to responsible supplier relationships.

Supplier Exclusion Based on ESG Requirements:

SQM maintains strict adherence to ESG standards by excluding suppliers from contracting if they fail to meet minimum ESG requirements within a specified timeframe. This unwavering stance underscores SQM's dedication to sustainability.

Preference for High ESG Performance Suppliers:

SQM demonstrates its commitment to promoting sustainability by favoring suppliers with strong ESG performance. This preference is reflected in supplier selection and contract awarding processes, where ESG criteria are accorded a minimum weight.

Training for Procurement Team:

SQM recognizes the pivotal role of its procurement team in driving the success of the supplier ESG program. To empower its team members, SQM has successfully trained 30 procurement professionals through the 'Sustainable Supply Chain Management' course, offered by the Corporate Sustainability Academy of the Acción Empresas trade association. This comprehensive course has significantly enhanced their understanding of the paramount sustainability standards adhered to by SQM. As a result, participants are better equipped to foster ongoing improvements within their roles.

In 2023 and 2024, training sessions on Sustainability, Responsible Sourcing, and the OECD Guidelines were provided to the Purchasing, Procurement, Project, Regulatory Affairs, Quality, and Human Resources departments (more than 30 employees). These sessions were crucial for ensuring compliance with newly established policies and standards. Supported by external experts, the training aimed to raise awareness among teams about the importance of their roles in upholding SQM's responsible sourcing standards.

Incorporation of the OECD 5 Steps

In 2023, aligned with its sustainability objectives, SQM decided to integrate the OECD's 5-step framework into supplier management. This initiative aims to promote and ensure the application of a human rights approach and active risk monitoring throughout our value chain, particularly in the management of our suppliers.



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1.7.3 Supplier Screening

During 2023 SQM has continued with its responsible sourcing program aligned with the five pillars that constitute the core of our business sustainability strategy: 1) ethics and corporate governance, 2) our workforce, 3) our value chain, 4) environment and sustainable development, and 5) our communities. In line with these pillars, we aim to ensure that our suppliers comprehend and can meet our expectations to uphold our high standards. Consequently, we have published our Responsible Sourcing Policy, which encapsulates our requirements for the value chain.

Furthermore, we have a screening process which establishes the key areas for selection and evaluation concerning our suppliers.

This comprehensive process considers not only business priorities but also our environmental, social, and governance focal points (as detailed in Chat 1: Supply Chain Management). Risk dimensions are assessed through various sub-processes led by risk and compliance, procurement, sustainability, and health and safety management.

Some factors determining high risk in screening include relationships with public officials and entities, organizations with potential conflicts of interest, entities with a history of crimes or economic sanctions, organizations residing, domiciled, or having their headquarters or commercial office in certain prohibited countries or geographic areas (related to terrorism, narcotics trafficking, proliferation of weapons of mass destruction, transnational criminal organizations, and grave human rights violations), in accordance with the Conflict-Affected and High-Risk Areas (CAHRAs) list (<https://www.cahraslist.net/>).

The procedures for supplier screening are internally documented in the following:

1. General Procedure to Initiate Business Relationships with Third Parties,
2. Internal Guide for determining the risk level of a Third Party,
3. Compliance Procedure: Anti-Corruption for Third-Party Intermediaries,
4. SERCOL Evaluation, which certifies compliance with labor and social security obligations of our contracting companies, and
5. Pre-Procurement Activity Evaluation: is a form that encompasses ethical, social, human rights, environmental, supply chain, quality, and process aspects.

In the latter, the environmental and social assessment holds weight and was designed to favor the selection of suppliers aligned with our expectations.

This approach allows us to analyze the significance of our suppliers' roles thoroughly. Moreover, our suppliers encompass a wide array of attributes, including varying sizes, sectors of operation, and the type of material or commodity they provide. This exercise enabled us to identify the most significant risks within our value chain, thereby forming the foundation for prioritizing aspects considered during our supplier evaluations.

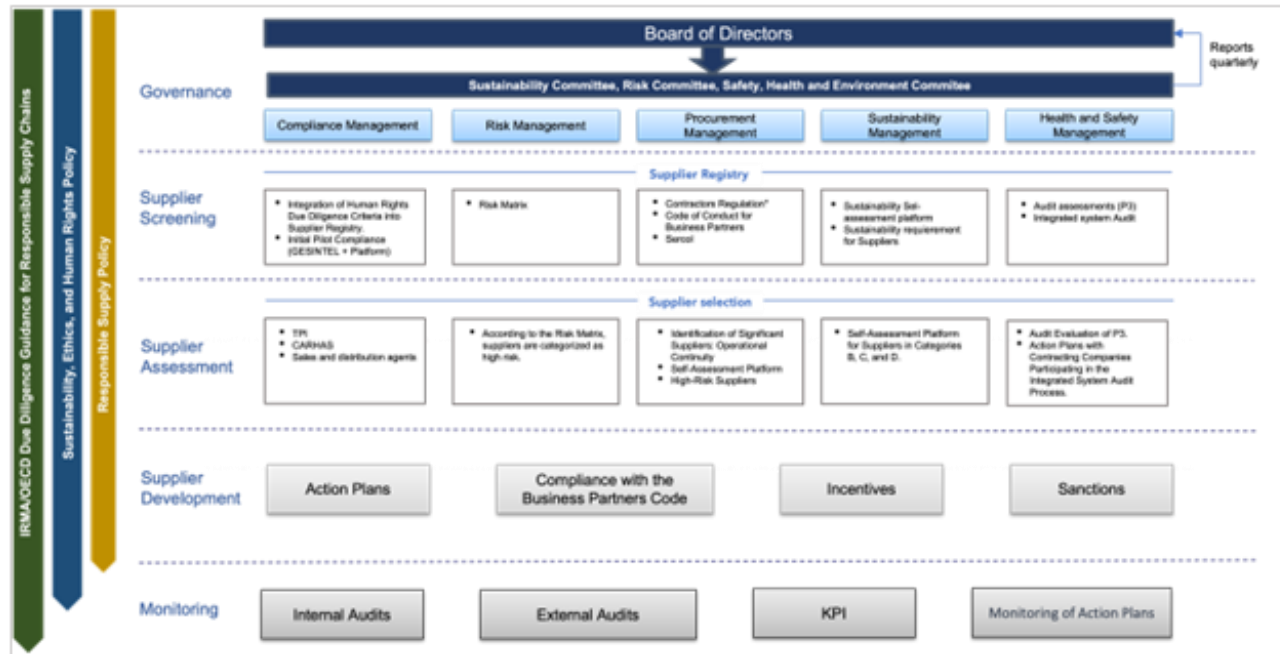


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Chart 1: Supply Chain Management SQM



KPIs for Supplier Screening

Supplier Screening	FY 2023
Total number of Tier-1 suppliers	1,436
Total number of significant suppliers in Tier-1	88
% of total spend on significant suppliers in Tier-1	30%
Total number of significant suppliers in non-Tier-1	0



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1.7.4 Supplier Assessment and Development

Supplier assessment

As evident from Chart 1, once a supplier is selected the Risk management will identify the appropriate periodic monitoring for the approved Third-Party Intermediary, including at least one of the following:

1. **Due Diligence:** Conducted for each third party by the Risk and Compliance Management team. It incorporates inputs from a web-based questionnaire (Third-Party Analysis Questionnaire), supporting documents, and other relevant data. This process undergoes periodic monitoring as per the Annual Monitoring Plan, with results reported to the Ethics and Compliance Committee at least annually.
2. **Interviews and External Assessments:** In certain instances, interviews may be conducted with key employees or owners of the third party, either by SQM or its external legal advisors. External reviews or audits, such as those conducted by independent law firms, investigative agencies, or due diligence service providers, might also be considered.
3. **On-site visits/inspections in person.**
4. **External Audits:** Third-party audits led by external entities are employed to assess adherence to higher standards and certifications, such as ISO and IRMA.
5. **Client requirement:** Our clients conduct reviews of our supplier engagement processes within the framework of the requirements of the standards associated with ESG assessments and the risks of Annex II of the OECD Guide "OECD Due Diligence Guide for Responsible Supply Chains of Minerals In Conflict-Assured Or High-Risk Areas"

Furthermore, SQM has developed an [online supplier assessment system](#) that evaluates suppliers from an ESG perspective. This platform gauges the level of progress and aids in generating action plans for specific suppliers. Although it initially encompassed a limited supplier base, we have recently extended access to our entire supplier network. This platform provides them with assessment outcomes, highlighting gaps in meeting our expectations and even furnishing feedback for addressing these gaps.

Also, SQM evaluates its contractors and subcontractors through evidence verification and audits, which involve on-site visits every three months (in certain cases). These audits are focused on the health and safety management system, work quality, sustainability, and environmental aspects. Specifically, these teams are required to demonstrate their assessment of environmental impacts, establishment of operational control systems to mitigate environmental impact, adherence to waste management and disposal practices, and completion of the self-assessment in the sustainability evaluation platform for suppliers. The rating scores enable us to categorize their qualification as 'preferred, conditional, or restricted'.



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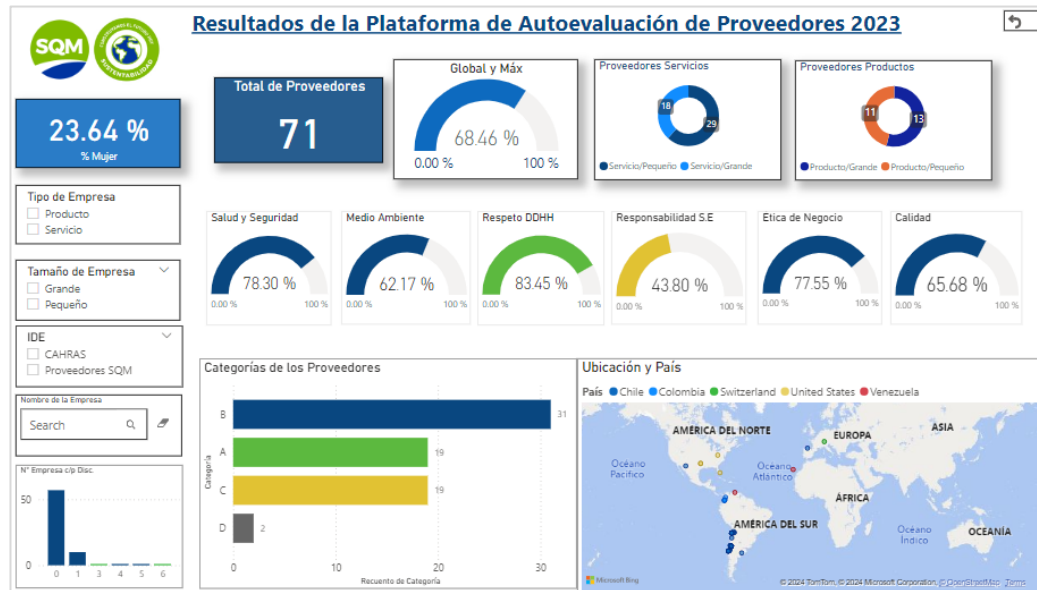
Supplier Development

Supplier information and training on the SQM's supplier ESG program:

SQM provides information and offers training to its contractors (service suppliers) on its ESG strategy and the ESG program for the supply chain. During these instances, SQM also presents its Responsible Sourcing Policy and other relevant commitments, such as the Sustainability Policy, Human Rights Policy, and the Integrated Process Management Policy. The sessions cover expectations regarding their implementation, the company's goals and challenges, as well as the use of the [self-assessment platform](#) and the [supplier portal](#). These forums also serve as an opportunity for contractors to address questions directly with SQM professionals.

Supplier access to ESG benchmarks against peers

SQM integrates and analyzes the ESG assessment results within the supplier platform through a dashboard.



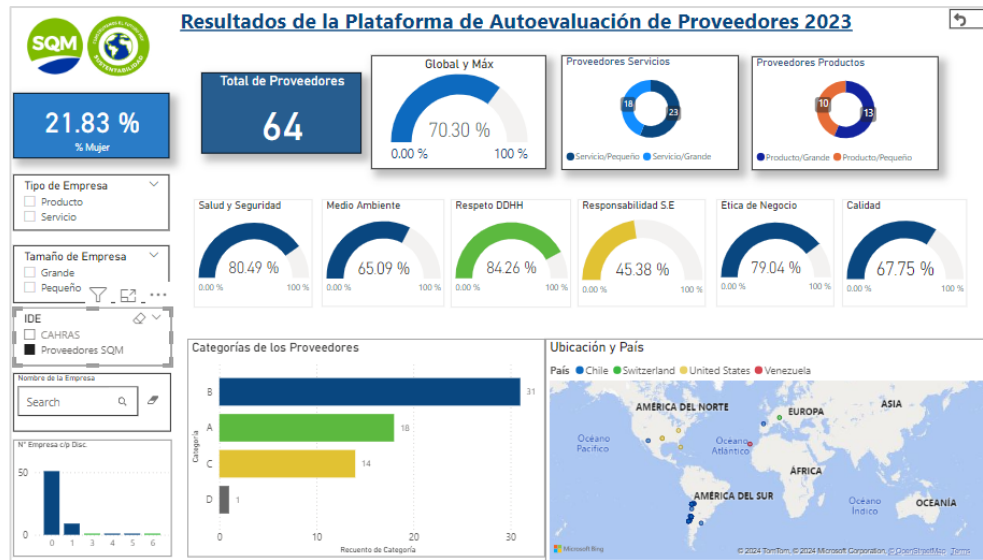
Total number of suppliers self-assessed in the Supplier Platform.



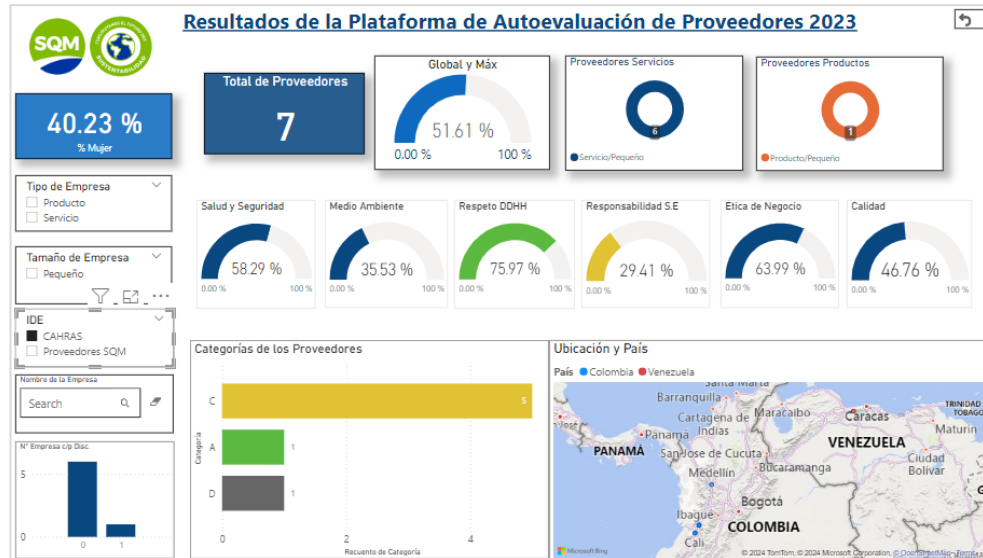
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The assessment outcomes are shared with contractors and subcontractors during training sessions, including a comparison or benchmark of performance among different evaluation participants. Relevant information is presented, providing a breakdown of company performance for each category (environment, respect for human rights, business ethics, health and safety, quality, and CSR) and for each question.



ESG assessment results of suppliers from conflict-affected and high-risk areas. Relevant information is presented, providing a breakdown of company performance for each category (environment, respect for human rights, business ethics, health and safety, quality, and CSR) and for each question.



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Supplier support on implementation of improvement actions

SQM has provided improvement reports to suppliers identified with performance gaps compared to performance expectations. These reports are delivered through the same Supplier Assessment Platform. The Sustainability and Procurement team is responsible for reviewing the questionnaires and providing improvement feedback to the suppliers.

In-depth technical support programs to build capacity and ESG performance in suppliers

Throughout 2023, the supplier risk matrix was enhanced with the integration of the bow tie risk methodology, aligning it with our business continuity and ESG strategy. This dynamic matrix undergoes thorough evaluation every quarter, enabling us to identify suppliers of utmost significance. Suppliers categorized as 'critical' within the matrix are then engaged with tailored improvement plans. These plans encompass comprehensive support, targeted training, and diligent monitoring. The overarching objective is to facilitate tangible enhancements and foster the development of systematic capacities, thereby empowering these suppliers to elevate their ESG performance.

1.7.5 KPIs for Supplier Screening

Supplier Assessment	FY 2023
Total number of Tier-1 suppliers	1436
Total number of significant suppliers in Tier-1	88
% of total spend on significant suppliers in Tier-1	30
Total number of significant suppliers in non Tier-1	0
Total number of significant suppliers (Tier-1 and non Tier-1)	88

1.7.6 KPIs for Supplier Screening and Development

Supplier Assessment	FY 2023	Target FY 2023
Total number of unique suppliers assessed	88	100%
% of unique significant suppliers assessed	100%	
Number of suppliers assessed with substantial actual or potential negative impacts	17	
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	19	
Number of suppliers with substantial actual/potential negative impacts that were terminated	1	

Supplier Corrective Action Support	FY 2023	Target FY 2023
Total number of suppliers supported in corrective action plan implementation	17	100%
% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	100%	



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Supplier Capacitive building programs	FY 2023	Target FY 2023
Total number of suppliers in capacity building programs	88	100%
% of unique significant suppliers in capacity building programs	100%	

1.8 Information Security

SQM has established several internal procedures to ensure the continuity of its systems. The purpose of these documents is to outline the proper management of the Security Incident Response Process, detailing the activities for resolving any unplanned disruption or degradation in quality that could negatively impact technological services and business continuity in the fastest and most effective manner possible. To secure this, SQM conducts at least one recovery tests per year for potential incidents in their database and servers. The most recent tests were conducted in 2024. The organization also performs External Verifications and Vulnerability Analysis, which include simulated hacker attacks. During 2023, no incidents that resulted in information security breaches occurred, nor were any clients, customers, or employees affected.



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2.Environmental Dimension

2.1 Environmental Policy & Management

2.1.2 Verification of Environmental Programs

SQM is an integrated producer and marketer of specialty plant nutrients, iodine, lithium and its derivatives, potassium fertilizers, and industrial chemicals. The organization produces these from caliche and brine, natural resources found in the Tarapacá and Antofagasta regions in northern Chile, specifically at the following sites: Lithium Chemical Plant Carmen, Salar de Atacama, Coya Sur, Tocopilla Port, and Nueva Victoria. The organization has made progress in obtaining various certifications focused on economic, social, and environmental aspects (ESG). Below is a summary of the most relevant certifications obtained up to 2024. The following Figure 2.1 details the SQM operations that hold certifications.

Table 2.1: Details the SQM operations that hold certifications.

Certifications			SQM S.A. facilities				
Name		Focus	PQLC	SdA	CS	PT	NV
ISO 14.001		E	●	●	●	●	
IRMA		E S G		●			
Responsible Care		E S G				●	●
ECOPORTS		E S				●	

PQLC: Planta Química Litio Carmen
SdA: Salar de Atacama
CS: Coya Sur
PT: Puerto de Tocopilla
NV: Nueva Victoria

- EMS is verified through international standards

SQM S.A holds ISO 14001:2015 certification for approximately 80% of its operations, reflecting its commitment to environmental management and sustainability. Puerto de Tocopilla obtained this certification in 2022 and successfully passed the follow-up audit in 2023, maintaining the certification until 2025. In 2023, the operations at the Salar de Atacama and the Planta Química Litio also received the certification, which will be valid until 2026, fully meeting the standard's requirements. Additionally, at the end of 2023, the operations at Coya Sur obtained this certification, successfully completing their first internal audit under the standard. Overall, 80% of SQM's operations are certified under ISO 14001:2015.

To obtain more information and view the certifications for each location, please visit the following link: <https://www.sqm.com/en/certificacion/iso-14001/>



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- **Third party certification /audit / verification by specialized companies**

SQM has the IRMA standard, the Responsible Care certification, and the ECOPORTS certification. Among these three certifications, the only SQM operational site that does not have the ISO 14001:2015 standard but does have one of these certifications is Nueva Victoria. Therefore, a coverage of 20% is achieved, equivalent to one-fifth of the total.

SQM holds the IRMA standard, which provides a framework for fostering responsible practices in the mining value chain, based on four key principles: Corporate Integrity, Positive Legacy Management, Social Responsibility, and Environmental Responsibility. This certification promotes more sustainable mining with a positive social and environmental impact. Our mine in the Salar de Atacama achieved a score of 75 in the independent evaluation according to the IRMA Standard for Responsible Mining.

Additionally, we have the Responsible Care certification, a voluntary commitment by chemical companies to manage their processes responsibly, ensuring health, safety, and environmental protection. SQM has maintained this international certification since 2013. In 2021, Puerto Tocopilla was certified for 3 years, followed by the Nueva Victoria Plant in 2022, also with a 3-year validity.

Furthermore, the ECOPORTS certification, the leading environmental initiative in the European port sector, offers environmental management tools based on EcoPorts PERS guidelines and voluntary global standards that go beyond regulatory requirements. In September 2023, Puerto de Tocopilla obtained the ECOPORTS certification for the Port Environmental Review System (PERS).

To obtain more information and view the certifications, please visit the following links:

- IRMA standar: <https://www.sqm.com/en/certificacion/initiative-for-responsible-mining-assurance/#compromisos>
- Responsible Care certification: <https://www.sqm.com/en/certificacion/responsible-care/#compromisos>
- ECOPORTS certification: <https://www.sqm.com/en/certificacion/ecoports/#compromisos>

2.1.4 Return on Environmental Investments

Currency	Unit	FY 2020	FY 2021	FY 2022	FY 2023
Capital Investments	USD	5,699,511	12,115,000	23,223,000	23,497,000
Operating Expenses	USD	10,797,489	19,013,000	20,957,000	23,528,000
Total Expenses	USD	16,497,000	31,128,000	44,180,000	47,025,000
Savings, cost avoidance, income, tax incentives, etc.	USD	0	0	0	0
% of operations covered	Basis for the coverage: Production volume	100	100	100	100



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2.2 Energy

2.2.1 Energy Management Programs

Our energy reduction programs are framed within the ISO 50001 certification, which is valid until January 2027. For more information, please visit the following link: <https://www.sqm.com/en/certificacion/iso-50001-2018/#compromisos>.

- **Innovation and R&D**

In 2023, SQM's Lithium Division has made significant investments in innovation to reduce energy consumption. A total of USD 1.09 million has been allocated to initiatives that are already installed and currently being monitored, while USD 10.04 million will be invested in projects that have not yet been implemented but are already confirmed. Investments are being made in suppliers with new technologies and in redesigning the company's operational processes, with the aim of improving operational efficiency and, consequently, reducing energy consumption. Some examples of the initiatives implemented are:

- **PQLC:** Improving boiler efficiency through upgrades to equipment and current control systems, as well as integrating energy from IT inputs.
- **Salar de Atacama:** Reducing energy consumption in the historical dryer and enhancing the efficiency of operational pumps.
- For the confirmed projects, the following actions are planned:
- **PQLC:** Reduce the specific fuel consumption (natural gas and LPG) per unit of production, improve steam availability for turbo compressor seals, optimize the insulation of hot water circuit lines, increase boiler efficiency in operations, and install complementary equipment such as thermocompressors to reduce energy consumption.
- **Salar de Atacama:** Increase pump efficiency in various sections of SQM's operations and replace diesel generators with electricity.
- With these confirmed initiatives, an energy savings of 90 GWh/year is expected.

In the Nitrate-Iodine division, significant investments have been made to reduce energy consumption. The most notable investment in 2023 was for the NPT3 plant, where 100 kUSD was allocated to modify its operation by replacing steam with hot water and optimizing the solution circuits. This initiative resulted in savings of 4,300 MWh of electrical energy and 47,000 MMBTU of natural gas.

Also, it is important to highlight that in response to climate change, SQM is investing in reducing energy consumption by displacing fossil fuels. We are conducting studies to replace the use of fossil fuels with renewable alternatives. Notable projects include 'Power to Heat,' which aims to electrify boilers and dryers using electricity from a nearby photovoltaic plant.

On the other hand, SQM has the EcoChallenge, an internal initiative designed to promote innovation and sustainability within the company. This challenge invites employees to propose and develop ideas that improve environmental performance and promote sustainable practices in our operations. Projects may focus on solutions to reduce environmental impact, optimize resource use, and enhance efficiency across various areas of the company.



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The EcoChallenge encourages active employee participation by offering prizes and incentives for the most innovative and effective ideas. This initiative not only fosters creativity and commitment to sustainability but also contributes to achieving SQM's environmental and sustainability goals. The main focus areas of this initiative include reducing greenhouse gas emissions, optimizing water use, and improving waste circularity.

In terms of decarbonization, the objective is to reduce our greenhouse gas emissions through the use of technologies and innovations that also optimize energy consumption. Specific areas for innovation and improvement include air preheating, exhaust heat recovery units, heat pumps, high-efficiency thermal insulation, energy from sea currents or waves, energy or thermal storage, high-efficiency motors, high-efficiency compressors, innovation in combustion processes to reduce Scope 1 emissions.

For more information on this topic, please refer to the following link: <https://www.sqm.com/sqm-ecochallenge/>

- **Training**

During 2023, training sessions on the ISO 50001:2018 standard were conducted for various areas of the company, including Maintenance and Operations, Support, and Senior Management. These sessions covered both the Nitrate-Iodine division and the Lithium division. The primary goal of the training was to raise employee awareness about the importance of energy management and to promote a proactive approach to reducing energy consumption.

The training on ISO 50001:2018 included a comprehensive contextualization of the standard, detailing its progressive integration into the company through the Energy Management System (EnMS), which began to be implemented in 2022. Essential concepts of the ISO 50001 standard were addressed, including the Energy Management System, energy performance, energy efficiency, and continuous improvement in energy performance. Additionally, the standard's requirements were discussed, such as management responsibility, the formulation of an energy management policy, energy planning, the implementation of energy management improvement plans, and the verification of the Energy Management System, among others.

Improvement opportunities for 2024 were presented, focusing on three key areas:

1. Strengthening operational control in operations and maintenance areas
2. Continuously improving the effectiveness of the EnMS
3. Increasing energy management capacity.

Additionally, the implementation of the EnMS in the company was reviewed, highlighting the main tasks to maintain and improve the system, the results obtained to date, and projections for the coming year.

In 2023, 131 people were trained, including 54 from the Lithium division and 77 from the Nitrate-Iodine division. So far in 2024, 172 people have been trained, all from the Lithium division.

To obtain more information about ISO 50001:2018, please visit the following links: <https://www.sqm.com/en/certificacion/iso-50001-2018/#compromisos>



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2.2.2 Energy Consumption

Total energy Consumption	Unit	FY 2020	FY 2021	FY 2022	FY 2023	Target 2023
Total non-renewable energy consumption	MWh	1,989,888.6	2,017,013.9	2,078,573.9	2,201,350	2,320,308
Total renewable energy consumption	MWh	0	0	0	0	
Data coverage	Percentage of Production Volume	100	100	100	100	

2.3 Waste & Pollutants

2.3.1 Waste Management Programs

- Innovation and R&D

SQM has the EcoChallenge, an internal initiative designed to promote innovation and sustainability within the company. This challenge invites employees to propose and develop ideas that improve environmental performance and promote sustainable practices in our operations. Projects may focus on solutions to reduce environmental impact, optimize resource use, and enhance efficiency across various areas of the company.

The EcoChallenge encourages active employee participation by offering prizes and incentives for the most innovative and effective ideas. This initiative not only fosters creativity and commitment to sustainability but also contributes to achieving SQM's environmental and sustainability goals. The main focus areas of this initiative include reducing greenhouse gas emissions, optimizing water use, and improving waste circularity.

To advance in the circular economy of waste, we aim to reduce the amount of waste generated by implementing recycling and reuse practices, developing more effective waste treatment technologies, and adopting more sustainable design approaches. Specific areas of innovation include air filters for the mining fleet, wood valorization, sustainable materials for leach pad construction and solution transport.

For more information on this topic, please refer to the following link: <https://www.sqm.com/sqm-ecochallenge/>



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- **Training**

At SQM, we train our employees in waste reduction to foster an organizational culture committed to sustainability and to integrate the company's circularity strategy. During these training sessions, the strategic plan to increase circularity is presented, with the primary objective of minimizing waste in the production of our products and reducing the volume of non-hazardous solid waste that ends up in landfills. We aim to reduce these volumes by 50% by 2025 and by 65% by 2040.

Complementing these efforts, SQM created the 'SQM Lithium 360 Sustainability Program' to ensure that employees understand and integrate corporate sustainability concepts and guidelines into their daily work. This program, structured in three stages: Learn, Promote, and Influence, is implemented through 2-hour educational sessions that, through participatory activities, seek to foster a common understanding of sustainability and its three strategic pillars: the Environment, Our People, and Contribution to Human Development.

During these sessions, key topics were addressed, such as the principles of IRMA certification, diversity and inclusion, water management, carbon footprint, and circular economy, all with the aim of ensuring that each employee understands how they can contribute to sustainability by applying the 10Rs in their daily work. These training sessions, held at the Salar de Atacama and Salar del Carmen facilities, included specific learning stations for each pillar, training a total of 500 people and promoting responsible practices that not only reduce waste generation but also ensure a positive and lasting impact on our organization and the community.

- **Independent certifications**

SQM is part of the [Clean Production Agreement \(APL\) Transition to Circular Economy \(TEC\)](#), led by Acción Empresas and driven by the Agency of Sustainability and Climate Change (ASCC). This is a voluntary public-private agreement between the business sector and state administrative bodies in Chile, aimed at fostering the sustainable development of companies through the definition of specific goals and actions that are not required by current legislation.

The goals established in this APL are aimed at making business processes more sustainable by implementing measures such as energy efficiency, water efficiency, and waste valorization, among others. These goals are **periodically audited** by the APL TEC Coordinating Committee to assess progress. The audits report on the level of compliance, the activities undertaken to achieve the goals, the main difficulties encountered, the relevance of the actions, and opportunities for improvement.

One of the specific objectives of the APL Transition to Circular Economy is to develop guidelines that promote the circular economy at SQM, prioritizing challenges and actions to achieve the goal of reducing industrial and non-hazardous domestic waste generation by 50% by 2025 at the Coya Sur and Puerto Tocopilla operations.

In 2024, the Iodine Plant Nutrition division successfully completed the audit and certification of the Clean Production Agreement Transition to Circular Economy Seal in our Coya Sur and Puerto Tocopilla operations, fully meeting the established criteria.

The following outlines the main medium- and long-term actions to achieve compliance with this APL.



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N°	Goal	Action Description	Term	Expected Outcome
1	Circularity Metrics	Develop and systematize a portfolio of ongoing projects linked to the 2025 circularity goal.	2024	Assess the development status of circularity efforts at each site.
		Measure the maturity level of operations to enable circularity projects and propose capabilities that need to be developed by each operation.	2024	Portfolio of Projects and Initiatives to Advance Circularity
		Identify and systematize new initiatives that can be added to the project portfolio to achieve the 2025 circularity goal.	2024	Enabling initiatives to increase the level of maturity regarding circularity
		2024 Investment Plan: Purchase of Scales	2024	Weighing and Characterization of Waste
2	Circular Supply	Supplier Platform	2024	
		Supply Chain Due Diligence	2025 - 2026	
3	Circular Culture	Design a governance structure responsible for executing, guiding, and reporting progress on this initiative.	2024 - 2025	Governance for the execution and oversight of compliance with the roadmap
		Achieve the commitment of stakeholders in various projects, activities, and initiatives, involving senior management in strategic instances.	2025	
4	Circular Processes and Technology	Innovation Pilots in Our Operations	2025	
5	Collaboration and Strategic Alliances	Participation in Sofofa Hub: Alliances with Strategic Partners	2024	Development of projects for operations that support circularity
		Engagement with Universities	2024	
6	Reduction in the Use of Plastic Bottles	Distribution of stainless-steel bottles to staff and installation of refill stations	2023- 2024	Reduction in the purchase of disposable plastic bottles
7	Replacement of polypropylene mats with PET	Pilot testing of mats to assess their field performance, durability, and compliance	2023 - 2024	
		Economic Feasibility Study	2024	
8	Replacement of wooden pallets with plastic ones	Pilot testing of plastic pallets to assess their durability and performance within the facility	2024	
		Economic Feasibility Study	2024	



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Lithium circularity strategy

SQM's Lithium division has implemented a Circularity strategy that establishes Key Results (KR) aligned with the company's global objective of reducing waste by 50% by 2025 and by 65% by 2040. These KRs include reducing total waste by 10% by 2025 compared to 2023, revalorizing 50% of the waste generated by 2025, and ensuring that waste remains in temporary storage areas for less than six months by 2024. To achieve these goals, SQM has launched various initiatives, which are detailed in our 2023 annual report (pages 159 to 162). One example is the Water Bottle Refill Campaign, which involves installing water dispensers and distributing reusable bottles to reduce plastic usage.

2.3.2 Waste Disposal

Waste	Unit	FY 2020	FY 2021	FY 2022	FY 2023	Target 2023
Total waste recycled/reused	Metric tonnes	0	1,143	645	227	
Total waste disposed	Metric tonnes	5,970	9,082	16,966*	9,603	10,073
- Waste landfilled	Metric tonnes	5,970	9,082	16,966	9,603	
- Waste incinerated with energy recovery	Metric tonnes	0	0	0	0	
- Waste incinerated without energy recovery	Metric tonnes	0	0	0	0	
- Waste otherwise disposed	Metric tonnes	0	0	0	0	
- Waste with unknown disposal method	Metric tonnes	0	0	0	0	
Data coverage	Percentage of Production Volume	100	100	100	100	

Note:* In the 2022 period, the amount of waste increased because the expansion of the refining plant of the Lithium business was being carried out, where it corresponds to debris.



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2.3.3 Hazardous Waste

Hazardous Waste	Unit	FY 2020	FY 2021	FY 2022	FY 2023	Target 2023
Total hazardous waste recycled/reused	Metric tonnes	0	0	0	0	
Total hazardous waste disposed	Metric tonnes	2,468	1,702	2,565	3,342	3,415
- Hazardous waste landfilled	Metric tonnes	2,468	1,075	1,922	3,342	
- Hazardous waste incinerated with energy recovery	Metric tonnes	0	627	643	N/D*	
- Hazardous waste incinerated without energy recovery	Metric tonnes	0	0	0	0	
- Hazardous waste otherwise disposed	Metric tonnes	0	0	0	0	
- Hazardous waste with unknown disposal method	Metric tonnes	0	0	0	0	
Data coverage	Percentage of Production Volume	100	100	100	100	

Note: * Due to the division of SQM's business into the lithium and nitrate areas, the consolidation of the quantity of hazardous waste incinerated with energy recovery was hindered within the stipulated timeframes. However, this information will be estimated during the current period.

2.3.4 Volatile Organic Compounds Emissions

Direct VOC emissions	Unit	FY 2020	FY 2021	FY 2022	FY 2023	Target 2023
Direct VOC emissions	Metric tonnes	7,370.9	5,753.1	4,913.8	4,675.8	5,041.61
Data coverage	Percentage of: Production Volume	100	100	100	100	



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2.4 Water

2.4.1 Water Efficiency Management Programs

Given the growing concern about water scarcity, efficient water management and optimization are key priorities for SQM. In response to these challenges, we have developed, planned, and implemented several strategic projects:

- **PRS Project:** At SQM Salar, we have launched the Solution Recovery Plant (PRS) Project at the Carmen Chemical Plant. This project aims to recover clean water while concentrating lithium-rich brine. The plant processes brine that is almost saturated with sodium chloride, coming from SQM's lithium carbonate plant at Salar del Carmen. Through an evaporative crystallization process, clean condensed water is recovered. In addition to facilitating water recycling, the project allows for the recovery of lithium that would otherwise be discarded, improving the quality of wastewater. In 2023, the plant achieved an annual recovery of 554,244 m³ of water, equivalent to 18 l/s.
- **Pile Capping Project:** This project focuses on preventing water evaporation, contributing to the conservation of water resources and improving water management efficiency. According to the data, each pile allows for the recovery of 3 liters per second (l/s). This recovery not only optimizes water use but also reduces the need for new sources, minimizing environmental impact and promoting sustainability in our operations.
- **Salar Futuro (Salar de Atacama):** This sustainable innovation project seeks to develop new technologies for lithium extraction with a zero water footprint. It includes the implementation of Advanced Evaporation Technologies (TEA) with mechanical evaporation equipment for a significant portion of the Salar's brines; Direct Lithium Extraction (DLE) for reduced brine extraction and reinjection; performance improvements to increase lithium carbonate and lithium hydroxide production by 5% or more from lithium seawater combined with a desalination plant. These changes aim to ensure a positive water balance in the Salar de Atacama basin, preserving local ecosystems. The reduction in evaporated water will be offset by the addition of desalinated water, eliminating the use of continental water.
- **TEA Seawater Project:** This project will supply the Nueva Victoria operations with 900 l/s of seawater by 2026, completely replacing the use of groundwater. This will provide flexibility for leaching operations and improve iodine and nitrate yields. The increased availability of water provided by the Seawater Pipeline will allow for the extension of leaching periods in the current operation, increase yields and the lifespan of the Nueva Victoria mining site, maximize asset use, and reduce the need for new evaporation ponds, as well as the reprocessing of approximately 600 million tonnes of out-of-operation heaps, at low cost, for the recovery of remaining iodine.
- **Drinking Water Plant:** As part of our responsibility in the communities where we operate, we have inaugurated a Drinking Water Plant in the Indigenous Community of Camar, benefiting more than 100 families. This project, developed between 2021 and 2022, is part of the development plan created by the community based on a detailed identification of their needs. While the plant does not directly reduce total water consumption, it contributes to more efficient and sustainable water resource management. By processing recycled or residual water, it decreases the need to extract new water from natural sources and provides a reliable source of potable water, reducing waste associated with sourcing and transporting water from less secure sources. Additionally, it serves as a model to optimize processes through



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technologies that improve water use and minimize losses during treatment, and acts as an educational tool to raise community awareness about the importance of water conservation and responsible water management practices.

It is worth noting that SQM achieved a -5.1% reduction in its total water consumption in 2022, which includes groundwater, surface water and water purchased from third parties. This translates into a reduction of 51 l/s or 1.63 million m³ of water. This progress is due to the implementation of the following measures:

- On-line monitoring for continuous surveillance of water extraction in the Salar de Atacama.
- Detailed analysis of water consumption in the different production areas.
- Creation of an 'Industrial Water Supply Report' for each area of the Salar de Atacama.
- Transition from a 'Static Supply' to a 'Daily Industrial Water Supply' for day and night shifts, adapting to operational variations.
- Development of the 'Plant Shutdown Standard', which reports downtime and the release of cubic meters of water for reuse, ensuring the supply of industrial water to critical areas such as ponds and services.
- Implementation of the 'Daily Industrial Water Consumption Report'.
- Operational efficiencies in the Caliche heap leaching process for iodine and nitrate extraction.

In addition, SQM has the EcoChallenge, an internal initiative designed to promote innovation and sustainability within the company. This challenge invites employees to propose and develop ideas that improve environmental performance and promote sustainable practices in our operations. Projects may focus on solutions to reduce environmental impact, optimize resource use, and enhance efficiency across various areas of the company.

The EcoChallenge encourages active employee participation by offering prizes and incentives for the most innovative and effective ideas. This initiative not only fosters creativity and commitment to sustainability but also contributes to achieving SQM's environmental and sustainability goals. The main focus areas of this initiative include: reducing greenhouse gas emissions, optimizing water use, and improving waste circularity.

Given that responsible water use is fundamental to the company's production processes, especially in regions with water scarcity, our initiative focuses on finding solutions that allow for more efficient water management at all stages of our processes. The main area of innovation in this regard includes: water efficiency in the company's processes, encompassing operations, measurements, and the use of artificial intelligence.

For more information on this topic, please refer to the following link: <https://www.sqm.com/sqm-ecochallenge/>



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Training

In our company, we are committed to the efficient management of water, recognizing its essential value for our operations and the environment. To this end, we conduct training sessions for our employees to inform and raise awareness about the company's water programs. During these sessions, we present in detail our commitment to water sustainability, highlighting the strategies and actions we are implementing to reduce continental water consumption.

As part of this training, SQM created the 'SQM Lithium 360 Sustainability Program' to ensure that employees understand and integrate corporate sustainability concepts and guidelines into their daily work. This program includes 2-hour educational sessions that, through participatory and informative activities, aim to foster a common understanding of sustainability and its three strategic pillars: the Environment, Our People, and Contribution to Human Development.

During these sessions, key topics are covered, such as the principles of IRMA certification, exploring the main requirements regarding water and how they are incorporated into SQM's operations, including water management, efficient use, water quality, pollution prevention, protection of water resources, legal compliance, and community involvement. The company's water footprint and the main water sources used in operations are also reviewed.

Our goal is to generate a deep awareness of water use and conservation, promoting an organizational culture that values water management across all areas of the company. We have set ambitious targets: to reduce continental water consumption by 40% by 2030 and by 65% by 2040. To achieve this, it is essential that every member of our organization aligns with these goals and actively contributes to reaching them. We believe that, with the participation and commitment of everyone, we can ensure a sustainable use of water that benefits both our company and the environment in which we operate.

2.4.2 Water Consumption

	Unit	FY 2020	FY 2021	FY 2022	FY 2023	Target 2023
A. Water withdrawal (excluding saltwater)	Million cubic meters	31.477439	31.885612	30.273553	30.085600	-
B. Water discharge (excluding saltwater)	Million cubic meters	0.858081	0.877836	0.895908	1.071084	-
Total net freshwater consumption (A-B)	Million cubic meters	30.619358	31.007776	29.377645	29.014516	30.619358
Data coverage	Percentage of: Production Volume	100	100	100	100	-



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2.5 Climate Strategy

2.5.1 Direct Greenhouse Gas Emissions (Scope 1)

Direct GHG (Scope 1)	Unit	FY 2020	FY 2021	FY 2022	FY 2023	Target 2023
Total direct GHG emissions (Scope 1)	metric tonnes CO2 equivalents	271,008	286,572	300,299	308,815	309,650
Data coverage	Percentage of: Production Volume	100	100	100	100	

2.5.2 Indirect Greenhouse Gas Emissions (Scope 2)

Indirect GHG (Scope 2)	Unit	FY 2020	FY 2021	FY 2022	FY 2023	Target 2023
Location-based	metric tonnes CO2 equivalents	221,735	234,010	177,384	152,848	156,779
Data coverage	Percentage of: Production Volume	100	100	100	100	
Market-based	metric tonnes CO2 equivalents	476,552	509,108	508,077	536,571	544,870
Data coverage	Percentage of: Production Volume	100	100	100	100	



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2.5.3 Indirect Greenhouse Gas Emissions (Scope 3)

Indirect GHG (Scope 3)	Unit	FY 2020	FY 2021	FY 2022	FY 2023*	Target 2023
Total indirect GHG emissions (Scope 3)	metric tonnes CO2 equivalents	415,291	3,137,097	3,518,079	1,476,288	1,444,998.9**

Note: * The organizational restructuring at SQM, driven by its focus on the two main business areas—lithium and nitrate—has been implemented to promote greater specialization, optimize resource management, and adapt strategies to the specific demands of each growing market.

Therefore, this year, Scope 3 information, both consolidated and detailed, is presented comprehensively for the lithium division, which represents the most significant part of the business in terms of revenue. The breakdown of these emissions is detailed in this year's [TCFD report](#).

** 2023 target considered for the lithium business

SQM Salar S.A. (lithium business) estimated the total Scope 3 emissions inventory by evaluating the applicability of the 15 categories described by the GHG Protocol and identifying 10 categories that apply to SQM in the period 2023.

Category	Scope 3 Category	Emissions in the reporting year (Metric tons CO2 eq)	Emissions calculation methodology and exclusions
Category 1	Purchased Goods and Services	531,773	SQM Salar S.A. estimated the total scope 3 emissions inventory by evaluating the applicability of the 15 categories described by the GHG Protocol and estimating 10 categories that apply to SQM.
Category 2	Capital Goods	53,179	SQM Salar S.A. estimated the total scope 3 emissions inventory by evaluating the applicability of the 15 categories described by the GHG Protocol and estimating 10 categories that apply to SQM.
Category 3	Fuel-and-energy-related activities	78,045	SQM Salar S.A. estimated the total scope 3 emissions inventory by evaluating the applicability of the 15 categories described by the GHG Protocol and estimating 10 categories that apply to SQM.
Category 4	Upstream transportation and distribution	373,560	The emission estimation was conducted according to the GHG Protocol methodology. SQM Salar S.A. estimated the total scope 3 emissions inventory by evaluating the applicability of the 15 categories described by the GHG Protocol and estimating 10 categories that apply to SQM.



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Category 5	Waste generated in operations	2,817	The emission estimation was conducted according to the GHG Protocol methodology. SQM Salar S.A. estimated the total scope 3 emissions inventory by evaluating the applicability of the 15 categories described by the GHG Protocol and estimating 10 categories that apply to SQM.
Category 6	Business travel	1,845	The emission estimation was conducted according to the GHG Protocol methodology. SQM Salar S.A. estimated the total scope 3 emissions inventory by evaluating the applicability of the 15 categories described by the GHG Protocol and estimating 10 categories that apply to SQM.
Category 7	Employee commuting	7,806	The emission estimation was conducted according to the GHG Protocol methodology. SQM Salar S.A. estimated the total scope 3 emissions inventory by evaluating the applicability of the 15 categories described by the GHG Protocol and estimating 10 categories that apply to SQM.
Category 9	Downstream transportation and distribution	139,779	The emission estimation was conducted according to the GHG Protocol methodology. SQM Salar S.A. estimated the total scope 3 emissions inventory by evaluating the applicability of the 15 categories described by the GHG Protocol and estimating 10 categories that apply to SQM.
Category 10	Processing of sold products	285,195	The emission estimation was conducted according to the GHG Protocol methodology. SQM Salar S.A. estimated the total scope 3 emissions inventory by evaluating the applicability of the 15 categories described by the GHG Protocol and estimating 10 categories that apply to SQM.
Category 12	End-of-life treatment of sold products	2,290	The emission estimation was conducted according to the GHG Protocol methodology. SQM Salar S.A. estimated the total scope 3 emissions inventory by evaluating the applicability of the 15 categories described by the GHG Protocol and estimating 10 categories that apply to SQM. This category includes emissions associated with the life cycle of lithium, an essential component in lithium-ion batteries used in electric vehicles and electronic devices.



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2.5.6 Climate-Related Management Incentives

Who is entitled to benefit from this incentive?	Type of incentive	Incentivized KPIs	KPI description
Other named executive officers: Every year a company monetary incentive is extended based on specific company-level goals and individual worker performance. All employees have a base associated with the results of the company and percentages that apply to the performance of functions for each of the areas in which they contribute. These incentives apply to senior executives who manage entire areas, whether at a commercial or productive level, managers, and heads of area, and the entire spectrum of company employees through collective agreements based on the achievement of goals.	Monetary	Emissions reduction	To strengthen the company's commitment to sustainability, key climate-related indicators are being integrated into executive incentives. SQM aims to achieve carbon neutrality by 2040 across all its operations, using 2019 as the baseline. In this context, 10% of the 2023 annual variable bonus has been allocated to SQM's Sustainability and Community Relations Manager. This incentive highlights the alignment between the company's executive compensation strategy and its overall carbon neutrality goal, leveraging a significant incentive to drive the crucial role of an executive in achieving this objective.
Other named executive officers: Every year a company monetary incentive is extended based on specific company-level goals and individual worker performance. All employees have a base associated with the results of the company and percentages that apply to the performance of functions for each of the areas in which they contribute. These incentives apply to senior executives who manage entire areas, whether at a commercial or productive level, managers, and heads of area, and the entire spectrum of company employees through collective agreements based on the achievement of goals.	Monetary	Efficiency	Within the annual goals associated with the company's performance and specific areas, criteria associated with operational efficiency are incorporated, which are subsequently reflected in the annual bonus. In particular, the associated incentives are close to 60% of the same and are associated with efficiency criteria regarding the operational result of the year's objective. On the other hand, work is also being done to include 20% associated with sustainable development, which will be reflected in each of the vice presidencies and include established sustainability objectives. According to this the company fosters the projects that could reduce energy consumption for example and thus reduce our carbon footprint.
Employees: All our workers can participate in an incentive program for those initiatives that stand out in terms of sustainability, achieving a monetary award and additionally internal recognition through the presentation of their projects to the company's senior management.	Monetary	Emissions reduction	Annually the organizational development team encourages teamwork including sustainability through a contest called VIVO in which those practices of all our corporate values that stand out in operations are recognized. During 2023, sustainability was incorporated in which incentives were given to those initiatives aimed at improving water consumption, energy consumption, emission reduction, among others, and a prize in money and recognition within the organization was given.



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2.5.8 Financial Risks of Climate Change

- **Risks driven by changes in regulation:**

Carbon pricing mechanisms in the countries where we operate. For example: that in Chile the limits of the establishments subject to this tax are less than 50 thermal megawatts (MWt), so the risk is that a greater number of operations will be affected by it or that the current tax covers other industrial sectors (indexed imposed on the price of fuels). Additionally, another risk consists of a considerable increase in the carbon tax compared to the current value of \$ 5/tCO₂. For this, we have evaluated as a risk there is an increase in the carbon tax and that all our emissions scope 1 and 2 in addition to scope 3, both upstream and downstream pay for this concept from 2025 to 2030. To this end, we have made a projection of our emissions and that the carbon tax is doubled from 2025 and that we pay for emissions. The adaptation measures correspond to the implementation of initiatives that allow reducing the generation of GHG. Financial implications of USD 103,830,263 are estimated before taking action.

- **Risks driven by change in physical climate parameters or other climate-change related developments**

The potential rupture of evaporation ponds in which an important part of our lithium products is kept as vulnerable to climatic events such as heavy rains has been identified and prioritized. For this, scenarios were used to have concrete estimates of current and future days of intense rains and to identify the potential impact along with the adaptation measures present and in application. The risk corresponds to the loss of all the product that we have in pools, which corresponds to approximately 97 MMUSD according to the results 2023, which in the event of not taking any mitigation measure could have a negative financial effect. Additionally, a series of adaptation measures have been quantified that correspond to the structural reinforcement of the ponds. In the event that damage occurs, the company has insurance that would cover a large part of a potential loss. Financial implications of USD 970,00,000 are estimated before acting.

2.5.9 Financial Opportunities Arising from Climate Change

Revenue growth opportunities derived from Climate Change by an increase in demand for:

1. **Lithium:** Transport is one of the main contributors to climate change. In an effort to reduce carbon emissions, electro-mobility offers a major solution. According to that, we see a major opportunity to provide the necessary lithium for the batteries in electric vehicles and we are working on the challenge of reducing our carbon and water footprint to leverage this opportunity.
2. **Solar Salts:** to mitigate the effects of climate change, a more renewable energy matrix is necessary along with the current announcements of the phase-out of carbon plants. According to that, we see an increase in our solar salts business line because are used in the concentrated solar plants for storage.
3. **Water Soluble Fertilizers:** Using this type of fertilizers allows a more rational use of water for fertigation applications, increasing the quality and yield of a variety of crops, by reducing the use of land and water.

Annual financial positive implications of USD 28,071,934,423 are estimated for this opportunity, as well as annual costs of USD 905,800,000 associated with its development.



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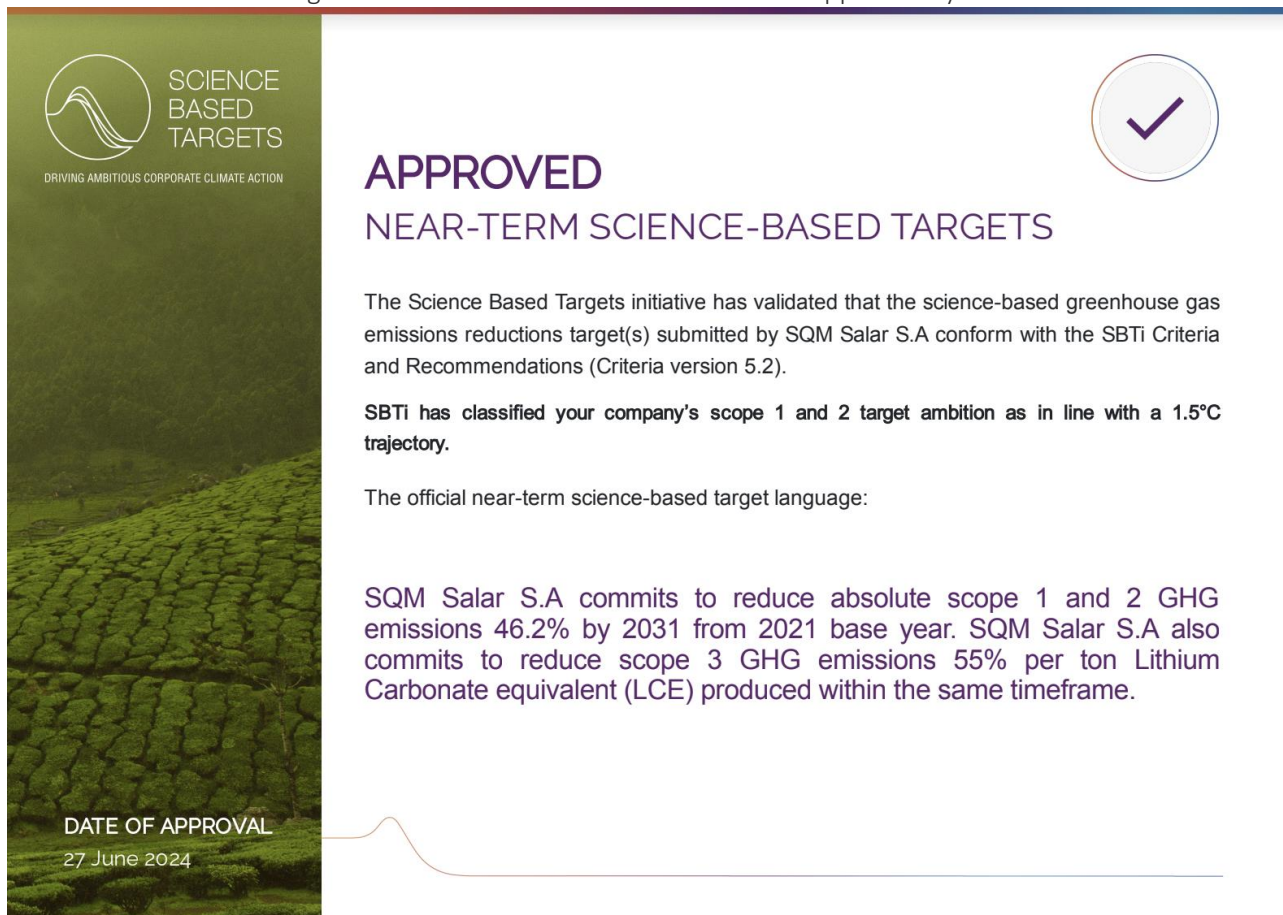
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2.5.12 Emissions Reduction Targets

In October 2023, SQM Lithium presented its specific science-based commitments for near-term objectives. In 2024, we received the validation letter for these objectives from Science Based Targets (SBTi). Below is the attached commitment validation letter:

Figure 2.5: Emission reduction commitment approved by SBTi.





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Scope covered by the target	Target Timeframe	Baseline year emissions covered and as a % of total base year emissions	% reduction target from base year	Is this target validated by the Science-based Targets Initiative?	Target Type and Metric
Scope 1 + 2 combined	Base year: 2021 Target year: 2031	Base year emissions: 312,285 % of total base year emissions: 21%	46.2	Yes	Absolute Target
Scope 3	Base year: 2021 Target year: 2031	Base year emissions: 324,987 % of total base year emissions: 73%	55	Yes	Intensity Target

SQM Lithium has established a commitment validated by SBTi, where Scope 1 and 2 emissions are considered in absolute terms, while Scope 3 emissions are measured in terms of intensity. Since the commitment applies exclusively to SQM's lithium division, only the emissions generated by these operations were accounted for in the response to this question.



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2..5.13 Low-Carbon Products

Type & Description of product(s)	Level of aggregation	% of total revenues from climate change product(s) in 2023	Estimated total avoided emissions per year	Comment
Our lithium and potassium nitrate business lines have a positive impact regarding benchmark in the industry in terms of CO2 emissions because we mainly use solar energy for the first stages of concentration.	Group of Products	72.9%	1,062,999	Our main lines of business in potassium nitrate, lithium carbonate, and lithium hydroxide products have a lower carbon footprint than the industry benchmark according to specific studies we have conducted in this regard. For this, we have estimated based on a project in which we have the results of our footprint for each ton of product as follows: i) Nitrates: SQM has 0.57tCO ₂ / ton while the benchmark has 2.0 tCO ₂ / ton. ii) Lithium carbonate: SQM has 4.25 tCO ₂ / ton while the benchmark has 8.1 tCO ₂ / ton. iii) Lithium hydroxide: SQM has 8.42 tCO ₂ / ton while the benchmark has 14.7.0 tCO ₂ / ton. Based on this, we consider sales for the year 2023 to estimate the global benefit of the impact of our products in terms of avoiding the emission of greenhouse gases.
SOLAR SALTS Potassium and sodium nitrates are used to store energy in Solar Energy plants. These plants are equipped with a salt storage system that stores energy in the form of heat enabling 24/7 operation and electricity generation.	Group of Products	1.2%	-	SOLAR SALTS Potassium and sodium nitrates are used to store energy in Solar Energy plants. These plants are equipped with a salt storage system that stores energy in the form of heat enabling 24/7 operation and electricity generation.



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2.5.14 Internal Carbon Pricing

SQM has implemented an internal carbon price through an internal fee, aligned with the price of allowances under an emissions trading scheme. The price was determined considering the analysis of emission reduction alternatives through a marginal abatement curve where the cost per unit abated for our operations was determined to be close to US\$10-15/ton CO₂e. In addition, this also considered the current green tax system and its future change of criteria from a technological one -boilers and turbines- to an emission one, with a cut-off threshold of 25 kCO₂e. Other international regulations have also been integrated into the price, such as the European Union's Carbon Border Adjustment Mechanism (CBAM), which will tax the importation of various goods produced outside the European Union, including fertilizers. This involves analyzing the potential affected emissions projected for each SQM operation plus the company's sustainability objectives.

The primary objectives of this internal carbon price are to:

- Change internal behavior.
- Drive low-carbon investment.
- Identify and seize low-carbon opportunities.
- Navigate GHG regulations.
- Drive energy efficiency.
- Supplier engagement.

The internal price on emissions is used as a criterion in the evaluation of the different types of projects to be executed in the calendar year, in order to promote and strengthen alternatives that are more sustainable, i.e., that have a lower impact on emissions, and that eventually are more costly without the inclusion of this internal tax.

This system covers Scope 1 and 2 emissions and applies a uniform and static pricing approach to spatial and temporal variations, respectively. At SQM, the internal carbon price has been set at US\$15 per ton CO₂e. This value is mandatory in decision-making processes related to capital expenditure and operations, serving as an essential criterion for evaluating annual projects to promote the most sustainable alternatives.

For more details, please refer to our [2023 Sustainability Report](#) and [2023 CDP](#).



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2.5.15 Net-Zero Commitment

The Sustainable Development Plan, publicly launched in October 2020, arises from our commitment to the new demands and expectations in environmental, social, and corporate governance matters, and with the firm belief in our contribution as a company immersed within industries that are changing the world.

This plan, hereinafter referred to as the SDP, was developed in alignment with the United Nations Sustainable Development Goals and serves to reinforce our dedication and efforts to ensure that our production activities harmonize with the environment, surrounding communities, and our people.

Our SDP is built upon three pillars of work:

- Our Environment
- Our People
- Our Contribution to Sustainable Industries.

The aim of the Our Environment pillar is to be committed to responsible and sustainable operations, minimizing our emissions, water usage, and contributing to environmental care in the locations where we operate. To achieve this, we have publicly undertaken four commitments, which are as follows:

- KR1: Achieve carbon neutrality for our Lithium, KCl, SOP, Iodine products by 2030, and for all our products by 2040.
- KR2: Reduce waste generation by 50% by 2025.
- KR3: Decrease continental water extraction by 40% by 2030 and 65% by 2040.
- KR4: Reduce brine extraction by 50% by the year 2028.

KR1 is outlined as achieving carbon-neutrality for our lithium, KCl, SOP, and iodine products by the year 2030, and for all our products by the year 2040, aiming to contribute to containing the temperature increase to 1.5°C by the end of the century. To attain this goal, the following commitments are in place, along with their respective Key Performance Indicators (KPIs).

#	Commitment	KPI
N°1	Carbon Neutrality: We have publicly established October 8, 2020, as the target date for achieving carbon neutrality in our products. For our external commitment, this includes Scope 1+2 by 2030 and incorporates Scope 3 by 2040.	Tracking the indicator of [TonCO2 eq / Ton Product] for Scope 1+2.
N°2	Commitment to the Lowest Carbon Footprint in the Market: We aim to become the company with the smallest carbon footprint for our products at all times. This indicator is based on the carbon footprint calculated through the Life Cycle Assessment (LCA) methodology, which is continuously verified by an independent third party and calculated as part of sustainability management reports. This includes Scope 1, 2, and 3 emissions.	Tracking the indicator of [TonCO2 eq / Ton Product] for Scope 1+2+3 for each final product of SQM.



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N°3	"Race to Zero" Commitment: In October 2021, we joined this global campaign as SQM, which entails achieving carbon neutrality for all our emissions as an organization by 2050 at the latest. To achieve this, we have until October 2023 to submit our specific science-based commitments for both shortterm and long-term targets, which will be assessed and validated based on Science Based Targets.	Monitoring of the absolute company-level emissions indicator [TonCO ₂ eq]. This corresponds to a measure of emission inventory and not necessarily product related.
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In 2023, the commitments of SQM Lithium passed the approval phase by Science Based Targets (SBTi) and were validated on June 27, 2024. These commitments focus on ambitious emission reduction and sustainability goals, aligned with global targets to limit global warming. The validation by SBTi confirms the company's ongoing commitment to best practices in climate change management and adherence to international standards for carbon footprint reduction. The following table shows our near-term commitment:

Target Time Frame	Target scope & related emission reduction target (as % of base year emissions)	%	Reduction
Base Year: 2021 Target Year: 2031	Scope 1&2	46.2%	Absolute
Base Year: 2021 Target Year: 2031	Scope 3	55%	Intensity

SQM Lithium is committed to reducing absolute Scope 1 and 2 GHG emissions by 46.2% by 2031, using 2021 as the base year. Additionally, it pledges to reduce Scope 3 GHG emissions by 55% per ton of Lithium Carbonate Equivalent (LCE) produced within the same timeframe. It is important to note that this emission reduction commitment was established by SQM Lithium and, therefore, does not cover the nitrate division.



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2.7 Product Stewardship

2.7.1 Product Design Criteria

Environmental criteria considered in the development of new products:

- **Choice of raw materials or components that have a lower environmental footprint**

In alignment with our sustainable development policy, the creation of new products must rigorously comply with the criteria established in this policy and the existing environmental management systems. These guidelines encompass waste minimization, the proper disposal of potentially hazardous substances, efficient resource use, and the reduction of greenhouse gas emissions and water consumption, among other fundamental aspects. Additionally, the development of new products must align with our [Responsible Minerals Supply Chain Policy](#), which demands a careful selection of raw materials to ensure their origin supports the company's sustainability commitments. Furthermore, SQM implements a rigorous process for controlling the sourcing of materials and supplies, which includes evaluations designed to prioritize purchases based on ESG criteria, as defined in our Responsible Sourcing Policy and the company's sustainability strategy. Therefore, any new product must undergo a thorough analysis to identify the best sourcing options, ensuring alignment with our sustainability commitments and contributing to the achievement of our goals, such as the target of carbon neutrality by 2040.

- **Direct operations, production & manufacturing**

Each year, SQM measures the carbon footprint of its products, which allows for the identification of opportunities to reduce environmental impacts such as energy consumption and waste generation. This ongoing measurement facilitates innovation in best practices for designing more efficient and sustainable products and processes.

In the design of new products, a detailed review is conducted to determine if changes to the project, particularly new processes being added, require an environmental impact statement or an environmental impact study, following the steps established in current environmental regulations. To ensure compliance with our sustainable development policy, which promotes waste minimization, efficient resource use, and the reduction of greenhouse gas (GHG) emissions and water consumption, best practices and criteria are established to assess the potential environmental impact of new processes. This includes public consultation, establishing a baseline, and mitigating potential impacts. These enhanced practices may also involve using more sustainable raw materials and optimizing production processes, contributing to the company's sustainability commitments and goals.

Additionally, the company continuously engages in research activities, which are essential for optimizing production processes and developing new products with a lower environmental impact. Furthermore, technological advancements are leveraged to enhance efficiency and improve product quality.

- **Distribution, storage and transportation**

They are mainly associated with safety aspects to maintain our goal of zero accidents, for these reasons it is considered an exhaustive evaluation of the safety sheets of the products and the establishment and strengthening of protocols for handling substances and their safe transport. As our Sustainable Development Policy states: 'As a company with operations around the world, producing essential supplies for industries that play a key role in human development such as healthcare, food, clean energy, and technology,



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among others, SQM guides its actions under the principles of excellence, safety, integrity, and sustainability' Safety is part of our values, and this applies to all the stakeholders identified in the scope.

SQM is committed to continuously maintaining and updating the labeling of its products to accurately reflect their hazards and risks. We ensure that all our products comply with the regulatory requirements of the target markets, providing clear information about associated hazards. Each SQM product is accompanied by a safety data sheet that details the ingredients and conditions for safe use and proper disposal. Additionally, the company constantly monitors regulatory and technical advancements to identify substances of high concern, in accordance with Regulation (EC) 1907/2006. It is important to note that each raw material used in our products is assessed based on its hazard classification. In line with these principles, the development of new products must also adhere to the same rigorous standards for labeling and hazard assessment, ensuring that high levels of safety and compliance are maintained across all our operations.

- **Use phase - operation and servicing/maintenance**

Our company is convinced of the importance of constant innovation in products that enable humanity to achieve sustainable development goals. For this reason, our business lines focus primarily on promoting clean energy, fostering electromobility, and increasing efficiency in food production, among other things. This is why our products actively contribute to these objectives, allowing our customers to achieve reductions in both water and energy consumption in agricultural products and to decrease fossil fuel use in our business lines, particularly lithium and solar salts.

SQM's products are essential for addressing urgent climate action and mitigating the effects of climate change. They contribute specifically to the 10 key solutions needed to avoid exceeding a 1.5 °C temperature increase. Notable products include lithium, solar salts, and water-soluble fertilizers. Lithium is crucial for electromobility, helping to reduce carbon emissions by creating batteries that lower both carbon and water footprints. Solar salts are fundamental as a renewable source that mitigates climate change by replacing coal plants in various parts of the world. Finally, water-soluble fertilizers optimize water use in fertigation, enhancing crop quality and yield while reducing soil and water usage. SQM is continually dedicated to developing higher-quality fertilizers to further decrease water consumption.

Through the adoption of new technologies and the implementation of innovative processes, SQM remains committed to developing products that align with these three key solutions to address the climate crisis.

- **End of life management**

Mainly in our line of fertilizers, there is constant work with the final customers of our products to, for example, adjust the optimal dose that allows the best yield of crops and therefore prevent the excess product from ending up in water courses and having negative effects in the ecosystem.

2.7.4 Hazardous Substances Commitment

We are committed to the health and safety of our workforce, the community, and the environment. Therefore, we are dedicated to the continuous research and evaluation of safer alternatives to the hazardous substances used in our operations, promoting their substitution. In our business lines, we handle only one hazardous waste, which is present in a product classified as a substance of very high concern (SVHC), namely boric acid. This product was not sold during 2022 and 2023, and this situation is expected to continue until 2050.



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2.8 Sustainable Raw Materials

2.8.1 Raw Materials Policy

- **Minimize the negative impacts of raw materials**

SQM states in its [Sustainability Policy](#) and [Responsible Minerals Supply Chain Policy](#) its commitments to the responsible sourcing of raw materials, specifically addressing the commitment to NOT use raw materials from World Heritage sites, protecting biodiversity, and managing the risks outlined in Annex II of the [OECD Guidelines](#). Similarly, the Sustainability Policy outlines the company's responsibility regarding its products and processes, emphasizing the use of appropriate raw materials and the proper handling of inputs and materials, particularly in relation to permitted chemicals, as well as the focus on reducing or substituting hazardous substances.

To ensure the integrated fulfillment of these commitments, the company declares its adherence to monitoring and ensuring product suitability, including the description and verification of its chain of custody and traceability flows throughout production. These commitments are also part of the scope of IRMA certification and external reviews by clients, as well as other certifications such as Ecovadis. Internally, there are reviews of the supply processes through our corporate risk management system and supplier evaluations from an ESG perspective (ESG Self-Assessment).

- **Collaborate with external stakeholders on best practice for sustainable raw materials**

SQM declares that it does not purchase, has not purchased, and does not plan to purchase raw materials for its production. However, it is committed to maintaining declarations and processes to manage risk and ensure sustainable sourcing practices in the acquisition of raw materials. These processes are aligned with both the requirements of the standards adopted by SQM Lithium and the commitments made to its clients and target markets. SQM actively engages with its key stakeholders in these areas, such as participating in IRMA working groups on chain of custody and responsible sourcing and maintains an ongoing relationship with its clients to meet their expectations on these matters. Additionally, it integrates the requirements and recommendations from audit processes, participates in international organizations for the analysis of chemical substance and industrial material regulations, and is a member of REACH to assess and integrate product hazard evaluations.

- **Increase the use of third-party verified raw materials**

SQM does not purchase raw materials, but it implements a human rights due diligence process for its entire supply chain, as well as a due diligence process for mineral purchases, in line with the implementation of the 5 steps of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Within this process, review activities are established, such as self-assessments, third-party audits conducted by clients, IRMA certification audits, and third-party audits as part of the company's internal control program.

These external audits, along with reviews within the risk management framework, compliance processes, and self-assessments, apply to the purchase of supplies, materials, and substances used in production processes. All of this is under rigorous control associated with the certified quality management system that the company possesses (ISO 9001).

- **Increase the use of recycled raw materials**

SQM has not purchased, does not purchase, and does not plan to purchase raw materials such as brine and caliche. However, in its raw material extraction processes, the company is committed to recycling or reprocessing mining waste. This commitment is part of the sustainability approaches in business planning. Additionally, processes are



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implemented in its plants to maintain high recirculation rates of materials, using by-products and waste in closed cycles to maximize the utilization of inputs and avoid the disposal of products or by-products.

- **Avoid raw materials from sites containing globally or nationally important biodiversity sites**

In the Sustainability Policy, SQM commits to not operating or sourcing raw materials, supplies, or materials from sites designated as World Heritage or protected areas. This commitment is implemented through a roadmap designed to ensure compliance with all commitments outlined in the policy.

2.8.2 Raw Material Programs

- **Conducting an assessment to prioritize raw materials**

SQM Lithium has declared that it does not buy, has not bought, and will not buy raw materials. However, it has implemented a management system for due diligence in case this process is ever undertaken. Additionally, there are rigorous controls on the sourcing of materials and supplies, including evaluations to prioritize purchases according to the ESG criteria defined within the framework of responsible sourcing and sustainability strategy. This commitment is outlined in the Responsible Sourcing Policy, the Sustainability Policy, the Human Rights Policy, among other corporate policies.

The company has an exclusive platform for suppliers where ESG evaluations are conducted. This platform maintains an online dashboard that assesses suppliers and associated risks, integrating this information into decision-making for managing and evaluating the purchase of inputs and materials. Moreover, critical suppliers related to materials important for the process, national regulations, and market requirements have been identified, enabling specific evaluations of these critical suppliers and materials. Additionally, the product traceability system is being updated to include the monitoring of the production process with the integration of sustainability attributes, particularly concerning the safety of the inputs and materials used. This results in the creation of flows such as chain of custody and product suitability.

Prioritization criteria have been established based on risks associated with material provenance, including human rights, environmental, ethical, and integrity aspects. These risks are identified through information analysis and due diligence processes defined in the relevant policies, as well as through information collection instruments (Know Your Supplier) and review and evaluation procedures, allowing for the prioritization or exclusion of suppliers when necessary.

- **Traceability of raw materials to their origin**

As part of our commitment to continuous improvement, SQM is updating its product traceability process and database, incorporating inputs, raw materials, and sustainability components for accurate reporting. Inputs are subject to thorough control in accordance with national and international regulations of the target markets. Furthermore, this analysis is integrated with our product quality management system (ISO 9001).

Both inputs and materials, as well as the product's production processes, are evaluated and controlled under our risk management system. This system includes the control of purchasing, storage, and use of hazardous substances, as outlined in our safety and health procedures, ensuring regulatory compliance traceability.

Additionally, the traceability of the inputs and materials used is reported and reviewed under the REACH certification framework.



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- **Reduction of the negative environmental impacts of raw material production**

For SQM, the raw materials are caliche ore and brine, unique and irreplaceable resources due to our production processes. This uniqueness makes it infeasible to prioritize certain raw materials over others. In the process of obtaining these raw materials, SQM follows internal guidelines to ensure proper management of the real and potential impacts associated with extraction. Our sustainability, human rights, ethics and integrity, and environmental policies, among others, reflect our approach to avoiding, mitigating, and compensating for the adverse effects of extraction. Within the corporate risk management system, there is rigorous monitoring of preventive and mitigatory controls. Additionally, SQM specifically oversees environmental compliance within the framework of the environmental license. These commitments are aligned with national regulatory processes that govern adverse impacts and are evaluated by authorities in the authorization of our mining operations and production processes.

- **Reduction of the negative social impacts of raw material production**

SQM has implemented a responsible mineral procurement management system that identifies and assesses impacts and risks according to the guidelines outlined in Annex II of the OECD Guidance. Additionally, the company monitors commitments related to the environmental license, which is derived from the project's environmental impact assessment. These commitments include mitigatory and compensatory controls for adverse impacts identified in the project assessment, which are overseen by the authorities and are part of SQM's integrated management system monitoring process (ISO 14001, ISO 45001, ISO 9001).

The company also maintains a corporate risk management system to identify and control strategic and operational risks. Control processes are implemented across the first, second, and third lines of defense (direct control in operational areas, internal audit control, and external audit processes) in accordance with the annual audit programs established by SQM.

- **Setting targets for the share of sustainable raw materials**

According to the mineral purchasing management system, 100% of the required criteria must be applied to raw materials if a purchase is made. The objectives related to environmental, social, and governance aspects must be fully met. The risk management system establishes tolerance margins aligned with the fulfillment of these objectives.

Similarly, the objectives and requirements for responsible purchasing must be fully met. Tolerance levels are clearly defined, and there is a corporate flow for their review and approval. Regulatory criteria related to materials or inputs (substances) are defined in accordance with legal requirements, which must be met 100%.

In addition to regulatory compliance and within the framework of the sustainability strategy, the company sets commitments (goals and objectives) for material business issues, based on the interests of key stakeholders. These goals and objectives are integrated into sustainable purchasing definitions. To achieve this, ESG evaluations are conducted for critical suppliers to establish priorities and objectives that align with SQM's sustainability strategy.

- **Setting targets for the share of recycled raw materials**

SQM has not acquired, does not acquire, and will not acquire external raw materials. However, in the context of our own extraction of brine and caliche, we have established internal commitments in line with our sustainability strategy for the reutilization of natural resources, inputs, and materials. In this regard, SQM recycles and reuses mining waste, reprocessing discarded mining material to extract brine thanks to the continuous improvement of our extraction processes. Additionally, in our plants, all waste and by-products are reused. We maintain closed-loop processes to maximize material reutilization and prevent the generation of waste. Products rejected in quality controls are also reprocessed. This entire process is properly tracked and documented in our product traceability and custody system.



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- **Reporting progress on sustainable raw materials sourcing targets**

Sustainability objectives are part of SQM's continuous improvement system, and therefore, they are monitored and evaluated. These objectives and goals are aligned with the performance of different areas and top management. The contribution of various company processes, such as sustainable procurement, to meeting the established goals is assessed, for example, in terms of carbon emissions. Thus, detailed monitoring of objectives related to critical materials and inputs is carried out to ensure that sustainability targets are achieved.

- **Training the company's internal stakeholders on their roles related to sustainable raw materials**

SQM's sustainability strategy includes a 'culture' focus, which emphasizes communication and training for internal areas and stakeholder groups on sustainability issues, both general and specific to objectives and goals. Training programs are conducted for suppliers, procurement departments, commercial teams, and others to ensure adherence to responsible practices in procurement and supply management. Additionally, as part of client reviews and their expectations, commercial and procurement areas are involved to provide training on the specific requirements of stakeholders.

2.8.3 Plastic Raw Materials

The 'Sustainable Raw Materials' criterion aims to assess the exposure of companies and their stakeholders to environmental, social, and governance risks associated with reliance on raw materials. At SQM, our primary raw materials are caliche ore and brine, which are processed internally within our production chain. Currently, SQM Lithium does not source minerals from third parties, as the ore we process comes exclusively from our deposits in the Salar de Atacama.

Regarding the specific question about plastic raw materials, which seeks to determine the amount of plastic used in designed and/or manufactured products (excluding packaging plastics), this does not apply to SQM. Our products contain plastic only in the packaging, not in their composition.

2.8.4 Metal Raw Materials

SQM is an integrated producer and seller of specialty plant nutrients, iodine and its derivatives, lithium and its derivatives, potassium fertilizers, and industrial chemicals. We develop products from caliche ore and brine extracted from mineral resources located in the Antofagasta and Tarapacá regions in northern Chile. Through SQM Lithium, we handle both the extraction and refining of lithium, producing high-purity lithium carbonate and lithium hydroxide. SQM's lithium products are essential in the production of cathodes for secondary rechargeable batteries, such as those used in electric vehicles, which promote sustainable lifestyles by facilitating the storage of renewable energy. It is important to note that nearly 70% of our revenue comes from the lithium division. In response to this question, we present the number of metric tons of lithium produced during 2023.

Metal materials	Amount (metric tones)	% of the total of the material used that comes from recycled sources
Lithium	187,683	-



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3. Social dimension

3.1 Labor practices

3.1.4 Gender Pay Indicators

The information regarding SQM's corporate-level gender pay gap is detailed on page 96 of the 2023 Sustainability Report, where it is broken down by job categories in terms of both mean and median figures. This data has been certified according to the Chilean standard NCh 3262: Gender Equality and Work-Life Balance Management, as well as by Deloitte. For the calculation of the pay gap mentioned in this document, 46.52% of the Lithium business workforce is considered.

Indicator	Difference between men and women employees (%)
Mean gender pay gap	-4.27%
Median gender pay gap	-4.47%
Mean bonus gap	0.73
Median bonus gap	-6.09

3.2 Human rights

3.2.1 Human Rights Commitment

SQM as a Company with a global scope, has proactively endorsed the Guiding Principles on Business and Human Rights of the United Nations framework, committing itself publicly, and at the highest corporate level to sustainable development in harmony with the environment, business ethics and the respect and promotion of human rights.

As such, SQM published in its latest Sustainability, Policy and Human Rights Policy (update process) based on the United Nations Sustainable Development Goals (SDG), the Principles of International Council on Mining and Metals, International Standard ISO 14001 Environmental Management Systems, the applicable standards of the International Finance Corporation (IFC) and the above mentioned “protection, respect and remedy” framework of the Guiding Principles on Business and Human Rights. In this Policy, the Company adheres to the Universal Declaration of Human Rights and the Convention 169 on Indigenous and Tribal Peoples of the International Labor Organization, among several other international instruments, incorporating them as a normative standard in the Company. For the complete Policy and its normative sources, please see <https://www.sqm.com/en/politica-de-sostenibilidad-etica-y-derechos-humanos/>.



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SQM's Sustainability Policy and Human Rights Policy commits to protect and respect human rights in a wide range of areas, where the Company could potentially produce adverse impacts. The scope of the Human Rights Policy and the Sustainability Policy considers business relationships, participation in joint ventures, associated companies, participation in boards of directors and, in general, the relationships or practices in our value chain.

During SQM's current Human Rights Impact Assessment, five main areas of human rights risks were identified, considering past, actual and possible future adverse human rights adverse impacts of the Company's operations. For each area, a number of commitments have been acquired by the Company in its Sustainability, Ethics and Human Rights Policy.

In the area of Ethics and Corporate Governance, SQM's commitments include:

- Zero tolerance for any type of corrupt activity by any person working on behalf of SQM.
- Provision of information in a framework of transparency, adequate risk management and control, contributing to the sustainable creation of value.
- Ensuring that processes and supply chain are free of minerals from conflict zones and that we will not directly or indirectly finance or benefit from these minerals, and that will not directly or indirectly benefit armed groups in countries in conflict zones, in accordance with applicable OECD guidelines, and implement and enforce procedures in accordance with applicable laws, necessary to prevent and combat money laundering and financing of terrorism.
- Ensure transparent and safe processes of participation and promote long-term commitments with stakeholders and especially vulnerable and underrepresented groups, civil and social organizations specialized in human rights, among others, as we explicitly state in the Sustainability Policy.

In the Area of Labor, Workers and Employees, SQM's commitments include:

- Full respect from the Company, all its members, as well as those in the supply chain, of labor rights, including non-discrimination, equal remuneration, prohibition of forced labor and child labor, labor unions rights and free association, workers safety and prevention of any kind of harassment, among others.
- Blind recruitment according to competencies and requirements for the position, without discrimination of any kind.
- Existence and operation of an anonymous complaint channel, confidential and non-retaliatory, available to all employees and workers and administered by an independent specialist Company.
- Awareness and education within the Company in order to prevent and eradicate any act or culture of harassment or bullying. Communities: Commitments focus on issues related to citizen participation, indigenous rights and indigenous consultation.
- The company is implementing the Chilean Normative 3262 on Gender and Work, Family and Personal Life Balance, which is subsequently certified by independent foreign organizations
- Operational risk prevention and occupational health.
- Assuring of alcohol and drug free workplace in our operations and facilities.

In the Area of Supply Chain matters, which are also and specifically addressed in SQM's Responsible Sourcing Policy, SQM's commitments include:

- Promotion and encouragement of responsible and sustainable sourcing.
- Respect and promotion of human rights, including labor rights, of workers in the supply chain, including consultants, contractors, distributors, independent contractors, subcontractors and wholesalers.
- Encouragement of participation and development of local suppliers.
- Existence of whistleblowers channel available and easily accessible for customers, as well as permanently updated information on the sustainability of our products and their potential effects on health and safety.



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- Existence and operation of an anonymous complaint channel, confidential and non-retaliatory, available to all employees and workers and administered by an independent specialist Company.
- Continuous relationship mechanisms with clients to understand and attend their needs, as well as those of other customers in the supply chain of our products.
- Extension of the SQM's soon to be approved Policy on the Use of Force and Safety to all contractors providing safeguarding services.

In the Area of Environment and Sustainable Development, SQM's commitments include:

- Development and implementation of appropriate prevention, mitigation and remediation measures to reduce environmental adverse effects associated with operations.
- Promotion of the involvement of local communities in the environmental management of our investment projects.
- Adequate preparation of our personnel, protocols and technology to respond to environmental emergencies.
- Care and optimization of the use of water resources, implementing industry best practices.
- Identification of potential effects on surrounding ecosystems due to the use of inland water from our operations and monitoring and implementation of measures to ensure that water use does not generate adverse effects on surrounding ecosystems and communities.
- Mitigation through quantification of our GHG emissions according to international methodologies and periodical verification
- Adaptation of our operations, production and logistics processes according to the specific needs and risks of each project, incorporating climate change as a factor in their periodic evaluation.
- Elaboration of the Due Diligence procedure in the supply chain and in suppliers, in order to identify, mitigate and manage potential risks and impacts, tending to our sustainable management at the level of our suppliers through the identification and implementation of good practices
- Design of training programmers in the implementation of the OECD voluntary principles at the level of the different areas involved in supply management

In the Area of Communities, SQM's commitments include:

- Promotion, in accordance with the regulations in force, of citizen participation and provision of transparent and timely information regarding our projects, as well as periodically reporting on environmental issues.
- Promotion of indigenous participation and free, informed and prior consultation, in good faith in relation to projects that could potentially affect them, in accordance with current legislation.
- Respect for the autonomy and traditional values of the communities where SQM operates.
- Promotion and support of sustainable economic development of the communities, and the generation of projects of shared value between our operations and neighboring communities.
- Implementation of communication channels that allow for a permanent dialogue with the community, as well as develop effective human rights due diligence mechanisms.
- Creation of the Community Environmental Units to foster joint monitoring with the communities.
- Enforcement of, soon to be published, Policy on the Use of Force and Security.



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3.2.2 Human Rights Due Diligence Process

The HRIA scope in terms of SQM S.A. and its subsidiaries and associates' activities, covered both the productive operations in Chile (iodine and derivatives, lithium and derivatives, potassium fertilizers, industrial chemicals, and specialty plant nutrients), and abroad, including the following commercial offices (listed in the table at the end of this description), production plants and joint ventures (the assessment of rights in the operations abroad was restricted to an assessment on labor rights issues).

The HRIA process identifies potential and real risks. Human rights risks have been incorporated into the business risk catalogue (strategic risks) and operational risks to ensure their follow-up and monitoring.

Furthermore, the "Corporate Risk Management" procedure was updated in accordance with the human rights approach, including the "sustainability" pillar and human rights criteria in the evaluation.

Commercial office	Productive plants	Joint venture / Productive plant / Commercial office
Atlanta / United States	Jackson / United States	Ajay North America: United States/ Atlanta (office - plant)
Guadalajara / Mexico	Topolobampo / Mexico	SQM Vitas Brasil: Brazil/ Candeias (office)/ Paranaguá, Sao Paulo, Imbituba, Río Grande (plants)
Bogotá/ Colombia	Manzanillo / Mexico	SQM Vitas Peru: Peru/ Lima(office)/ Trujillo (plant)
Guayaquil / Ecuador	Veracruz / Mexico	Ajay Chile: Chile/ Santiago(office)
Barcelona / Spain	Ensenada/ Mexico	Ajay Europe: France/ Evron (office - plant) / Pays de la Loire (plant)
Amberes / Belgium	Cádiz / Spain	Pavoni: Italy /Catalina - Ramacca (offices and plants)
Terneuzen / Netherlands	Durban / South Africa	SQM Vitas Dubai: United Arab Emirates (office)



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3.2.4 Human Rights Mitigation & Remediation

Based on the risks identified for each of the areas SQM identified as the main pillars for respecting and guaranteeing human rights, in 2023 the Company implemented a series of measures to prevent, identify, and remedy each risk or impact. The following is a detail of all the cases where the company applied remediation processes to ensure that the people who were impacted received an effective remedy:

Primary Issue	Cases	Action Taken
Discrimination or Harassment	5	Training
Discrimination or Harassment	1	Reprimand
Other	2	Reprimand
Other	5	Termination
Other	3	Training
Other	7	administrative sanctions
Total cases with actions taken	23	

The number of sites with mitigation plans includes the entire company as a whole; however, the following table shows in detail the number of cases by sector:

City	Cases
Planta Química de Litio del Carmen	2
Salar de Atacama	3
Nueva Victoria	2
Antofagasta	7
Santiago	1
Salar del Carmen	0
Tocopilla	0
Coya Sur	5
Maria Elena	3
Pozo Almonte	0

Details on human rights mitigation and reparation measures can be found in **Annex A (see in page 63)**.



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3.3 Human Capital Management

3.3.2 Employee Development Programs

Indicator	Program 1: Community of leaders	Program 2: Women leaders
Description of the program	<p>This is a training program for all SQM supervisors, now in its third version in 2023. The training includes four e-learning modules on our training platform "SQM Learn" (Module 1: Common Objective, Module 2: Efficient Processes, Module 3: Continuous Improvement, and Module 4: People Development). After completing the four modules, a work session is held with the virtual participation of various leaders of the organization to discuss and put into practice what was learned in two work sessions. In the first session, a Case Analysis is conducted, which is presented in the second session to extract conclusions, reflections, and insights from the learning (Both work sessions are held via Zoom).</p>	<p>This program aims to enhance the leadership of women within the company, equipping them with multiple skills and tools to strengthen their roles. The training includes 6 Zoom workshops and 1 in-person session, divided into 2 modules of learning, conversation, and reflection. All of this is developed using the methodology of an external entity expert in the field, aligned with the company's purpose and the program's objectives: to promote female leadership within SQM. This year, the program also included executive women from the organization to participate in in-person workshops on various topics.</p>
Business benefits of the program	<p>The program was designed to build fundamental leadership skills. The success is assessed through four key dimensions: 1. Leadership: perception of the influence on individuals to motivate them toward a common goal. 2. Growth: perception of opportunities to acquire skills or expertise for task development. 3. Collaboration: the team's willingness to work together to achieve a common goal and produce results. 4. Recognition: perception of the recognition culture within the company. These dimensions contribute to the outcome of Engagement, the extent to which individuals value, enjoy, and believe in their jobs, leaders, teams, and organization. The program's main outcomes include Connection (the individual's desire to stay with SQM) and Discretionary Effort (the individual's willingness to go above and beyond in their performance. In 2023, the program's third level was introduced, focusing on providing participants with decision-making tools aligned with corporate values.</p>	<p>This program was designed with the objective of creating learning and connection spaces in a trust-based environment for several women in the company. The success of the program can be evaluated in terms of Leadership (personal tools and team commitment), Accountability (effective and efficient performance in the role and position of each woman within the company), and Growth (increased participation of women leaders in positions of greater responsibility). These are all key characteristics for measuring employee satisfaction through the Pulse 2023 Survey.</p>
Quantitative impact of business benefits	<p>To measure the quantitative impact, the positive indicators and results obtained from the 2023 Pulse Survey were used, where the "Leadership"</p>	<p>In 2023, we achieved 20% female participation, continuing to work on programs and training to enhance their skills, reduce cultural biases</p>



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(monetary or non-monetary)	percentage reached 85%, reflecting characteristics associated with the effective communication of supervisors in goal setting, the provision of meaningful spaces to propose and implement improvements, efficient monitoring for the successful completion of tasks, clear and objective performance feedback, and solid procedures that allow for the precise execution of tasks. Therefore, this course benefited SQM by improving the human capital of its leaders, enhancing leadership skills that in turn benefited the teams, and fostering collaboration that improved engagement. Leaders were less likely to leave SQM.	within the company, and promote equity. To measure the quantitative impact achieved by this first version of the "Women Leaders" program, retention and participation indicators of female leadership were used, reflected in the increased confidence in their various roles, the impact of their work within the company and on their teams, and their influence in their roles and networking with women across the organization.
% of FTEs participating in the program	12,6%	11,1%

3.3.4 Hiring

Average hiring cost/FTE for the last fiscal year

Employees	FY 2020	FY 2021	FY 2022	FY 2023
Total number of new employee hires	522	1347	1637	1366
Percentage of open positions filled by internal candidates (internal hires)	43	39	29.6	35.6
Average hiring cost/FTE	1012	690	1121	525



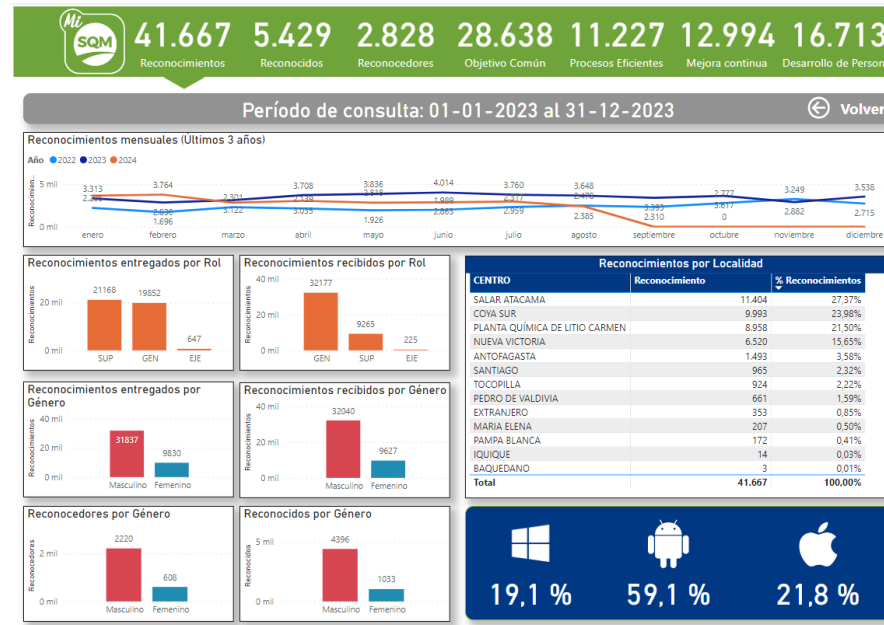
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3.3.5 Type of Performance Appraisal

For SQM, Performance Evaluation is primarily based on "Management by objectives". Every year, the company's employees are required to undergo a performance evaluation which includes a self-assessment and a supervisor's assessment, along with input from both parties. Additionally, it is crucial to consider that through the "VIVO" recognition program, employees can provide online recognition to their colleagues, supervisors, individuals from other departments, or entire teams.



3.3.7 Employee Support Programs

We care about the wellbeing of our workers and their families. Accordingly, the company has an area exclusively devoted to managing the benefits we provide our male and female workers alike. This area is responsible for monitoring and coordinating, so that each member of the organization is served in a timely and efficient manner.

SQM provides a variety of benefits to employees with open-term contracts. Some of these benefits are legal obligations while others are given at the company's initiative or are optional for employees.



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There are also additional benefits that are included under each individual collective bargaining agreement, based on the unions' specific interests and membership.

Our benefits include:

- Maternity Leave: In October 2011, Law No. 20,545 was enacted, which allows companies to add weeks to parental leave. This initiative has made it possible to guarantee the best care for babies and increase the participation of both parents in the care of their children, promoting a work-family balance. Mothers have a prenatal period of 6 weeks before delivery. The postnatal period extends for 12 weeks (84 days) from the day of birth. After that, the parental leave begins in which the woman can transfer part of her legal leave days to the father. There are 2 ways to make use of this benefit: 1. 12 weeks full-time with 100% subsidy up to a maximum of 66 UF. The employee can transfer up to 6 weeks to the father. 2. 18 weeks part-time with a 50% subsidy up to a maximum of 33 UF. The employee can transfer up to 12 weeks to the father.

- Paternity Leave: Men have a postnatal period that begins just after the birth of their son or daughter, and they can also opt for the leave that is granted through parental postnatal, a right that has been in force for fathers since 2011.

Workers have a 5-day paid leave, which can be used in 2 ways:

1. From the day of delivery: if the worker chooses this alternative, it will be 5 consecutive days without interruptions, except in the case of holidays or weekends.
2. Distributed within the first month after the birth: the 5-day benefit can also be used in installments. If so, the worker must request it from his employer by presenting the birth certificate.

- Flexible working hours: This law in Chile (law 20.761), extends the right of working fathers and mothers to have at least one hour a day to feed their children under two years of age (during working hours). It's also applicable to people who have custody of a minor by court order, for the care of the minor, or as a protection measure (it also extends to spouses).

- Childcare facilities or contributions (company program): In more corporate terms, the Company also provides benefits to new mothers who are working at the María Elena, Coya Sur and Pedro de Valdivia sites. They may opt to use a room in the town of María Elena so that they can bring children under the age of two with them for their shifts. There are also plans to create a childcare facility in the area during 2019 that would operate seven days a week in an effort to support employees during their work shifts and 7 x 7 shifts. The Santiago corporate building now has a nursing room and changing stations as part of an effort to make motherhood compatible with work.

- Paid family or care leave: This law in Chile (N° 20,399) allows parents who assume the custody or personal care of their children under two years of age, to have a nursery paid for by their employers.



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- **Working-from-home arrangements:**

Although a formal telework policy has not yet been established, at SQM we are currently developing a project focused on this topic, with an emphasis on flexibility, benefits, and placing the employee at the center of the organization. At the moment we offer the possibility of teleworking in the form of flexible hours for certain employees who request it from their supervisors.

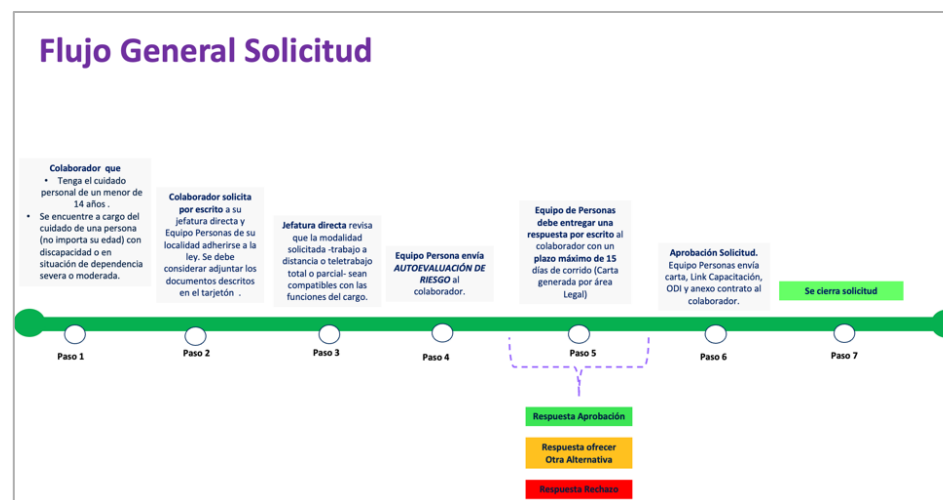
On the other hand, there is a legally and officially standardized procedure under Law 21.645 and the Chilean Standard NCh3262:2021 "Gender Equality Management and Work-Life Balance" for the "PROTECTION OF MATERNITY AND PATERNITY AND THE RECONCILIATION OF PERSONAL, FAMILY, AND WORK LIFE." This protocol includes the following key concepts:

- a) Remote work: This refers to situations where the employee provides services, in whole or in part, from their home or another location different from the company's establishments, facilities, or work sites.
- b) Telework: This refers to services provided using technological, computer, or telecommunications means, or when such services must be reported through these means.

According to legal requirements, SQM must offer this benefit to employees who meet the following conditions:

- The employee, during the employment relationship, is responsible for the personal care of another person.
- The person being cared for is: a) A child under 14 years old. b) A person with a disability or in a situation of severe or moderate dependency, regardless of age.
- The employee does not receive compensation for the caregiving activity.
- Remote work or telework is compatible with the role, meaning it will only be possible if the nature of their duties allows it.

The following image shows the standardized process for requesting telework:





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3.3.9 Trend of employee Well-being

This table highlights the 2023 target for measuring "Employee Engagement" as well as the percentage of employees who participated in the corresponding survey.

Unit	FY 2020	FY 2021	FY 2022	FY 2023	Target 2023
% of employees with top level of engagement	88	88	88	88	88
% of employees who responded to the survey	51.7	79	82	83	

3.4 Occupational Health & Safety

3.4.2 OHS Programs

The following table provides information regarding the prioritization and integration of targets to address risks of health and safety matters:

Target	Indicator	Indicator calculations	Goal	Frequency of monitoring
Improve safety in the performance of our operations, minimizing incidents and occupational illnesses as much as possible.	Compliance with effective closure of corrective actions (CM)	(No. of effectively closed CTMs/ No. of programmed) *100	100%	Weekly
	Compliance with corrective action implementation significant potential (PS)	(N° PS measures implemented/ No. of PS measures programmed) *100	100%	Weekly
	Frequency Index (FI)	(No. accidents CTP/ Total HH) *100	≤ 1	Monthly
	Gravity Index (GI)	(No. of days lost due to TCO accidents/ Total HH) *100	≤ 60	Monthly
Improve our capacity to carry out preventive activities by the different management, assistant managers, chiefs and supervisors in order to encourage the value of safety and the safety culture from the highest levels of the organization.	Compliance with the Individual Supervisor Program	(No activities executed/ N° of programmed activities) *100	100%	Weekly



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3.5 Customer Relations

3.5.2 Customer Satisfaction Measurement

Unit	FY 2020	FY 2021	FY 2022	FY 2023	Target 2023
% of satisfied customers	93.3	97.32	97.78	96.44	97.5
Data coverage: % of revenues	100	100	100	100	100



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Annexes:

Annex A

As consequence of HRIA, the Company implemented a wide range of policies and plans to address, mitigate, repair and prevent those risks, including public specific commitments on its Sustainability Policy, which also mandates reporting duties and the participatory revision of the Policy, as well as the human rights risk matrix with all relevant stakeholders within a two-year period.

Based on the risks identified for each of the areas for which SQM identified as the main pillars for respecting and guaranteeing human rights, the Company implemented a series of measures to prevent, identify and remedy each risk or impact. To this end, the Company's policies and programs, deal with each risks identified for each particular area in order to incorporate specific corporate commitments and measures for its mitigation and remedy.

Each one has the following commitments:

1. Ethics and Corporate Governance:

Corporate Commitment:

- SQM's Anti-Bribery and Anti-Corruption Policy¹ expressly prohibits making political or charitable contributions of any kind to political parties, political party officials, or political candidates. This Policy prohibits "improper payments" made in relation to SQM or on behalf of SQM, including a broad range of corrupt payments of cash or any item of value, or any advantage made or granted for the purpose of favorably influencing any decision related to SQM's business.
- SQM's Corporate Code of Ethics², establishes how a conflict of interest is managed and the corresponding procedure.
- SQM's Conflicts of Interest Policy³, establishes the situations described as conflicts of interest, and the procedure and course of action for their proper management.

Prevention Actions:

- SQM implemented an Ethics, Compliance and Corporate Risk Program⁴. This program consists of a preventive and monitoring method on the processes or activities that are more exposed to compliance risks associated with the Anti-Corruption Regulations, such as the Chilean Law No. 20,393, which establishes the Criminal Liability of Legal Entities, and the U.S. Foreign Corrupt Practices Act. The Program is informed through training and internal communication channels to all SQM employees. Based on this program, SQM conducted a series of monitoring and training sessions for its directors personnel.
- In 2023, 2213 employees completed the reinforcement training on compliance showing an increase compared to 2022, where 661 employees completed the training⁵.
- 100% of the directors of SQM S.A. and SQM Commercial received training on the U.S. Corrupt Practices Act ("FCPA"); ethics, reputation and risk culture; corporate governance and best practices; and risk management⁶.

¹ To access SQM's Anti-Bribery and Anti-Corruption Policy, please see: https://s25.q4cdn.com/757756353/files/governance_doc/esp/SQM-ABAC-Policy-Spanish-VF-01062018.pdf

² To access SQM's Corporate Code of Ethics, please enter the following link: https://s25.q4cdn.com/757756353/files/governance_doc/esp/2.1.-SQM-Codigo-de-Etica_Espa%C3%B1ol.pdf

³ To access SQM's Conflicts of Interest Policy, please see: https://s25.q4cdn.com/757756353/files/governance_doc/2022/04/Policy-on-Conflicts-of-Interest_ESP.pdf

⁴ For more information on SQM's Ethics, Compliance and Corporate Risk Program, please see: 2021 Sustainability Report, p.45.

⁵ Please see: Sustainability Report 2022 SQM, p. 57.

⁶ Ibid, p.46.



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- In 2023, 100% of the third parties with which SQM began commercial relations adhered to the Business Partner Code of Conduct⁷. In addition, they were required to take an e-learning course on anti-corruption⁸.
- SQM has implemented and certified its crime prevention model based on Law No. 20.393⁹ of Criminal Liability of Legal Entities.

Detection and remediation actions:

- SQM has a support and whistleblowing channel available to all SQM workers worldwide and to third parties accessible through its website: <https://sqm.ethicspoint.com> or by calling the numbers available for the countries where the main business offices are located.
- During 2023, 100% of the complaints received through the whistleblowing mechanisms were analyzed. Among these, there were no confirmed cases of corruption or actions taken in this regard. There were no legal actions related to unfair competition or monopolistic practices related to anti-trust.

2. Labor rights:

Corporate commitment:

- SQM's People Selection Policy and Procedure, as well as its IROHS, applicable for SQM Chile, establishes the incorporation of people over 18 years of age with a suitable competency profile and ethical work behavior, without discrimination, adjusted to the development of the business and SQM's values.
- SQM has adopted a Diversity and Inclusion Policy¹⁰ in order to generate the opportunities and conditions necessary for each person to develop his or her capabilities in an environment of cordiality, respect and openness.

Prevention:

- SQM has developed a comprehensive Operational Risk Management System¹¹, which has the objective of: establishing obligations and responsibilities in order to adopt all necessary measures to effectively protect and safeguard the life and health of all workers; defining, establishing and implementing standards to control all risks inherent to SQM's processes; and safeguarding facilities, equipment, machinery and all those critical matters related to the operations and processes developed in SQM.
- SQM developed, as in previous years, the Pulso SQM survey¹² in order to gather information on aspects such as employee commitment, satisfaction, leadership, and work environment, among others.
- During October 2021, SQM carried out its first self-assessment of Chilean Standard 3262-2012¹³, which provides guidelines and tools for the implementation of a Gender Equality and Work-Life Balance Management System, in order to see the existing gaps in the organization. In January 2023 the conformity of SQM's Gender Equality and Work-Life Balance Management System with standard 3262-2012 was independently certified by LGAI Chile S.A. (Applus) (SIG-500/23).

⁷ To access SQM's Business Partner Code of Conduct, please see: https://s25.q4cdn.com/757756353/files/governance_doc/esp/Co%CC%81digo-de-Conducta-para-Socios-Comerciales-de-SQM.PDF

⁸ Please see: Sustainability Report 2021 SQM, p. 46. 6.

⁹ To access SQM's crime prevention model, please see: https://s25.q4cdn.com/757756353/files/governance_doc/esp/Modelo-de-Prevenci%C3%B3n-de-Delitos.pdf

¹⁰ To see SQM's Diversity and Inclusion Policy, please enter the following link: <https://sqmiodine.com/wp-content/uploads/2021/03/Politica-de-Diversidad-e-Inclusion-web.pdf>

¹¹ 11 For more information on SQM's Operational Risk Management System, please see: 2021 Sustainability Report, p.97.

¹² For more details on the Pulse survey, see: 2021 Sustainability Report, p.93.

¹³ For more details on the self-assessment, see: 2021 Sustainability Report, p. 83 and for information on Chilean Standard 3262, see p.147



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Detection and remediation mechanisms:

- It is worth mentioning that, during 2023, 45 complaints were received through the EthicsPoint whistleblowing channel in relation to discrimination and/or harassment. All cases were duly investigated and 38 of them were concluded during 2023, with one remaining under investigation. In six cases, the findings justified the application of sanctions and measures of reparation and non-repetition. However, through the investigations carried out, we were able to establish that there were no discrimination per se or cases of repeated or serious harassment cases.
- SQM has implemented the Zyght tool to record incidents of all types: findings, hazardous situations and other issues related to Occupational Health and Safety.
- Regarding hazardous situations, during 2023, 1091 findings related to sources, actions, conduct or conditions of hazards were received. Of this total, 49% were investigated and closed and 51% remain open. This is mainly due to the fact that they were reported at the end of the year.

3. Supply Chain:

Corporate commitment:

- In 2021, SQM published its Responsible Sourcing Policy¹⁴. This policy establishes criteria for responsible sourcing, which suppliers must progressively incorporate within their organizations in order to ensure a human rights-compliant supply chain. Compliance with this policy extends to SQM's suppliers, who must accept it by signing a contract with SQM.
- SQM's Anti-Bribery and Corruption Compliance Policy is also important in this matter. This policy prohibits "improper payments" made in relation to SQM or on behalf of SQM, including a broad range of corrupt payments of cash or any item of value, or any advantage made or granted for the purpose of favorably influencing any decision related to SQM's business, and which extends to a series of corrupt payments, applicable to SQM personnel, related companies and other entities. Compliance with this policy extends to SQM's suppliers, who must accept it by signing a contract with SQM.
- Code of Conduct for Business Partners. Compliance with this policy extends to SQM's suppliers, who must accept it by signing a contract with SQM.
- Furthermore, all suppliers wishing to establish a business relationship with SQM must comply with the Company's standards. At the beginning of the process they must accept, through the signing of the contract, the Alcohol and Illegal Drugs Policy, the Diversity and Inclusion Policy, and the Ethical Sustainability and Human Rights Policy.
- During 2023, the Company developed, its soon to publish, its Policy on the Use of Force and Safety, which will be applicable to all its contractors performing safeguarding duties.

Prevention actions

- The sustainability area requires SQM's strategic suppliers to complete a self-assessment through a platform in the areas of Human Rights, Occupational Health and Safety, Environment, Quality, Business Ethics and Corporate Social Responsibility. Upon receiving the supplier's answers, the platform calculates the result and according to this, the sustainability area agrees on action plans with the supplier.

¹⁴ For more details on the self-assessment, see: https://www.sqm.com/wp-content/uploads/2022/07/Resp_Sourcing_policy.pdf



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- SQM's contractual basis establishes the accident rates that companies wishing to provide services to SQM must comply with, which must always be "at or below" the ranges established for the economic activity. It also establishes the obligation for any Company to establish a Risk Prevention Program aligned with SQM's Integrated Occupational Health and Safety Management System.
- SQM periodically monitors labor variables to measure compliance with labor and social security obligations of all contractors.
- During 2022, a formation course was given to the Company's security guards on Human Rights, which dealt with voluntary principles and the use of force, comprising 100% of the security guards. SQM is currently in the process of enacting its new Policy on the Use of Force and Security which incorporates the Voluntary Principles on Security and Human Rights.

Detection and Remediation actions

- The Operational Risk Management System (SISGRO) makes it possible to verify that service providers (contractors) comply with all the legal provisions in force in our country for their good performance.
- SQM has a "Customer Complaint Procedure". Complaints are registered and managed in the customer management system of the different commercial areas. Once the investigation process is closed, the creator of the complaint must generate the final report and send it to the client with a copy to the Product Manager and Head of Quality Management. Subsequently, the claim is closed by the claim originator, the Product Manager or the Head of Quality Management. In case the customer is not satisfied with the final report, the sales area will be responsible for defining the actions to be taken. It is worth mentioning that the Quality Management area is responsible for following up on compliance with the corrective actions committed to in the claims.

4. Environment and Sustainable Development:

Corporate commitment

- SQM is committed to reducing our inland water consumption, reaching a 40% reduction by 2030 and a 65% reduction by 2040. In Salar de Atacama, water consumption has been reduced by 50% and will remain at half of the environmentally approved level until 2030.
- As of 2022, SQM reduced brine extraction by 25% in order to reduce brine extraction by 50% by 2028, as committed in the Environmental Impact Study "Plan to Reduce Extraction in the Salar de Atacama", presented in early 2023.

Prevention actions

- SQM provides the website <https://www.sqmsenlinea.com/> or Online Monitoring in the Salar de Atacama, which communicates environmental information about the operation in the Salar de Atacama to the communities and interested parties. The system provides information on water extraction and net brine extraction, and functions as a means of verification for authorities and stakeholders regarding compliance with extraction obligations, based on established operational rules. It also provides data from historical records of environmental monitoring in the area to evaluate and avoid potential effects of SQM's operations, other stakeholders and natural phenomena such as climate change in the protection zones.
- SQM has developed, especially in Salar de Atacama, a project of Community Environmental Units, in order to foster participation, capacity-building and joint monitoring with local stakeholders.



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Detection and remediation actions:

- In cases of environmental impacts supervised by the environmental authority, 100% considered concrete actions and permanent reparation and mitigation plans. In this regard, SQM presented an Environmental Impact Study for the project "Plan to Reduce Extractions in the Salar de Atacama¹⁵" in order to reduce the maximum amount of brine to be pumped from the authorized extraction zones in the core of the Salar and water to be extracted from wells located in the alluvial zone on the eastern margin of the Salar; implement adjustments to the environmental monitoring plan and early warning plans, and adopt measures associated with the loss of specimens of the Algarrobo tree in the Camar-2 well sector of the Salar de Atacama.

5. Communities:

Corporate commitment

- The Sustainability, Ethics and Human Rights Policy¹⁶ has the communities as one of its central pillars, establishing specific commitments in this area. In this regard, SQM has expressly made a commitment to promote citizen participation with indigenous relevance and prior, free, informed and good faith consultation with respect to the communities potentially affected by the projects, in accordance with current legislation, and to respect the autonomy and traditional values of the communities where the Company's operations are carried out, among others. In addition, SQM's approach to Indigenous communities within the framework of the Policy is based on (i) Informed, transparent and culturally relevant participation and (ii) Promotion of the development of Indigenous communities.

Prevention actions

- SQM has worked to establish formal relationship agreements whose components incorporate human rights approaches, sustainability as a value, good faith and clear conflict resolution mechanisms, and the establishment of permanent working and monitoring groups.

Detection and remediation actions

- Through the cooperation agreements signed with the communities, SQM has established the creation of joint working groups with the communities, which also act as the first instance of conflict resolution in the event of any conflict.
- According to the agreements signed, SQM has the contractual obligation to take care of the conflicts that arise and the concerns of the community.
- SQM has a community portal for the entry of requests and complaints, which are reviewed confidentially. The site collects doubts, complaints or opinions from the communities, with the support of a management system that considers response times, associated investigation and case follow-up.
- During the reporting period, SQM did not receive any complaints or observations on violations of the rights of indigenous peoples.

¹⁵ To Access the environmental assesment file, please see: https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&id_expediente=2154490427

¹⁶ Please see: https://s25.q4cdn.com/757756353/files/governance_doc/esp/2021/Politica-de-Sostenibilidad-Etica-y-Derechos-Humanos.pdf