



COMPLEMENTARY SUSTAINABILITY INFORMATION FOR EXTERNAL ESG ASSESSMENTS AND INDICES

ESG Climate Support Document FY2024

SQM Salar SpA.

About This Report

This complementary report has been prepared by SQM Salar SpA to provide additional sustainability information and context not covered, or not addressed in sufficient depth, in the company's 2024 Sustainability Report. It aims to strengthen transparency and consistency in the information disclosed to stakeholders, investors, and sustainability rating agencies.

The report focuses primarily on SQM Salar's operations in Chile, including its production facilities at Salar de Atacama and Planta Química Litio Carmen (PQLC), as well as its environmental management systems, social engagement practices, and governance mechanisms. While aligned with SQM's consolidated sustainability approach, this document specifically reflects the operational, financial, and ESG performance of the lithium business division.

Unless otherwise indicated, all information refers to the period between January 1 and December 31, 2024, and is based on data verified internally and externally through the company's Integrated Management System and audited financial statements prepared under IFRS standards.

This report complements public disclosures made through SQM's Sustainability Report, the Financial Statements of SQM Salar SpA and subsidiaries, and other corporate filings, serving as a technical reference for ESG evaluations, indices, and due diligence processes.



1 Climate Risks

1.1 Risks driven by changes in regulation

Carbon pricing mechanisms in the countries where we operate.

Chile introduced a carbon tax in 2017 to encourage cleaner energy and reduce fossil fuel use. It applies to large industrial and energy facilities and charges a fee based on their CO₂ emissions. The current rate is US \$5 per ton of CO₂ emitted, and companies must report their verified emissions to the Environmental Superintendency (SMA) and pay the tax through the National Tax Service (SII). Originally, the law applied to facilities with a total thermal capacity of 50 megawatts (MWt) or more. This changed with the 2020 Tax Reform (Law 21.210), which shifted the focus from installed capacity to actual emissions. However, the reform became fully operational in 2023, when the Environmental Ministry’s Decree No. 4/2023 came into effect establishing the official procedures for measurement, reporting, verification (MRV) and the Compensation System (SCE). Today, the tax applies to any establishment emitting 25,000 tons or more of CO₂ per year, or 100 tons or more of particulate matter (PM), regardless of its installed capacity. Since September 2023, companies can also offset part or all of their tax payments through certified emission reduction projects under the SCE. These changes could be more closely aligned with the Chilean NDC, so additional changes may occur in the future. Currently, the Chilean government plans to gradually increase the carbon price and develop a broader carbon market (ETS) as part of its Climate Change Framework Law and its goal of achieving carbon neutrality by 2050.

In particular, measure 14 of the updated NDC refers to the following: In tax matters, the following commitments must be implemented no later than 2035: a) For stationary sources in the electricity generation sector, a gradual increase in the green tax is proposed, bringing its value in line with the social cost of carbon. The tax should become part of the marginal cost, thereby reinforcing its corrective impact. b) For stationary sources in the industrial sector, a mechanism is proposed to incentivise more efficient energy use and accelerate technological change, taking into account the heterogeneity and particular characteristics of each industrial sector. c) For mobile sources, a redesign of current fuel taxes is proposed so that they have an effectively corrective effect and seek to internalise the externalities generated by the use of fossil fuels. The design must take into consideration the specific features of the different transport sectors, and the value of fuel taxes applied should be consistent with the Social Cost of Carbon.

Based on the information presented, we have analyzed our scenarios and identified as a risk the potential increase in the carbon tax, considering that all our scope 1 and 2 emissions would be subject to this policy from 2026 to 2040. To address this, we projected our emissions and estimated that the carbon tax is expected to rise as follows: a) For stationary sources affecting scope 2 (indirectly, through contracts), the price would increase between 2030 and 2035 until it reaches the Chilean social cost of carbon; b) For our stationary sources affecting scope 1, the increase would be gradual from 2030 to 2035, going from 5 USD/ton to around 25 USD/ton (main assumption made by us based on several international references, though there remains significant uncertainty). The adaptation measures consist of implementing initiatives to reduce greenhouse gas emissions. The financial implications are calculated to be 168.9 million USD in present value before any mitigation actions are taken.

Environmental issue the risk relates to	Climate change
Risk types and primary environmental risk driver	Changes to regulation of existing products and services
Value chain stage where the risk occurs	Direct Operations
Country/area where the risk occurs	Chile
Organization-specific description of risk	Changes in regulation may include new entry barriers for our products, increased mandatory reporting requirements (including climate disclosures), higher carbon prices or green taxes, exposure to litigation, and constitutional or legal reforms in Chile. These changes could increase compliance costs and directly affect our competitiveness in international markets. Particularly one of the most important is the Carbon pricing mechanisms in the countries where we operate.
Primary financial effect of the risk	Increased production costs
Time horizon over which the risk is anticipated to have a substantive effect on the organization	Short-term Medium-term
Likelihood of the risk having an effect within the anticipated time horizon	Likely
Magnitude	Medium-high
Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons	These regulatory changes may increase direct operating costs and compliance expenses and require the adaptation of our operations to stricter standards. They could also affect the competitiveness of our products in export markets under mechanisms such as the EU’s Carbon Border Adjustment Mechanism, with potential impacts on revenues and cash flows.
Primary response to risk	Develop a climate transition plan
Description of response	SQM Salar is developing a climate transition plan aligned with science-based targets consistent with limiting global warming to 1.5°C. As part of this process, we are implementing initiatives to reduce GHG emissions, improve energy efficiency, and expand renewable energy use. These actions strengthen resilience to regulatory changes, such as carbon pricing or green taxes, and position the company to comply with evolving disclosure and compliance frameworks.



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

A physical climate risk has been identified and prioritized concerning the potential rupture or overflow of evaporation ponds at the Salar de Atacama, where a large portion of lithium brine and derived products are stored. These ponds are exposed to acute physical risks associated with extreme precipitation events, which, although infrequent in the hyper-arid Atacama Desert, could become more intense under future climate conditions. The 2024 UC–SQM climate study developed high-resolution projections for the SSP5-8.5 scenario, using bias-corrected climatology (CR2Met v2.5) and statistical downscaling to estimate local conditions for the period 2040–2060. Results show that, although mean annual precipitation could decrease by approximately 40% (from 18.7 mm historically to around 10.7 mm), isolated heavy rainfall events may still occur with significant intensity. This pattern reflects a broader trend observed in arid zones: fewer rainfall events overall, but with larger volumes concentrated in short periods, increasing the risk of local flooding and slope instability.

For the Salar de Atacama operations, even a single episode of intense rainfall can generate operational impacts. The main risk identified is the potential loss of brine or finished products due to pond rupture or overtopping. Based on 2023 figures, this exposure represents a potential financial impact of approximately USD 97million, assuming a total loss scenario and no mitigation measures in place. The event probability is considered low but non-negligible, given the increasing uncertainty and variability of precipitation patterns in northern Chile.

To assess this risk, climate scenario analysis was applied to estimate both current and future frequencies of intense rainfall days. The analysis also considered infrastructure vulnerability, pond design parameters, and surrounding topography to determine potential flow paths and exposure levels. These results were integrated into SQM’s climate risk matrix to prioritize adaptation actions. Several adaptation measures have already been implemented or are being strengthened, including: structural reinforcement and elevation of pond embankments, real-time meteorological monitoring using SQM’s network of weather stations for early warning and response; insurance coverage to offset potential losses in case of material damage.

In summary, while long-term projections suggest a drier overall climate, the persistence of sporadic but intense rainfall events remains a material risk driver for operations in the Salar de Atacama. Continuous monitoring, infrastructure resilience, and preventive maintenance are essential to ensure that SQM’s evaporation ponds can withstand low-frequency but high-impact climate events, minimizing both operational disruption and financial exposure.

Environmental issue the risk relates to	Climate change
Risk types and primary environmental risk driver	Heavy precipitation (rain, hail, snow/ice)
Value chain stage where the risk occurs	Direct Operations
Country/area where the risk occurs	Chile
Organization-specific description of risk	Intense and localized rainfall events in short periods can affect infrastructure and roads, leading to interruptions in production processes, higher operating costs, and increased safety risks. Such events may also impact logistics between plants, production schedules, and capital expenditures, while creating potential environmental impacts and challenges for community projects and the relocation of personnel.
Primary financial effect of the risk	Decreased revenues due to reduced production capacity
Time horizon over which the risk is anticipated to have a substantive effect on the organization	Short-term Medium-term
Likelihood of the risk having an effect within the anticipated time horizon	Unlikely
Magnitude	Medium-high
Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons	The materialization of this risk could lead to interruptions in production processes, increased operating costs, and higher capital expenditures for infrastructure repair. It may also affect logistics between plants, production schedules, and safety performance, with potential impacts on sales revenues and cash flows.
Primary response to risk	Improve maintenance of infrastructure
Description of response	We have assessed at the Salar de Atacama facility the potential loss of product in our evaporation ponds, where a significant part of our inventory could be exposed to climatic events. Based on scenario analysis (RCP 8.5), we estimated the number of future days with intense rainfall and identified potential impacts together with adaptation measures. The risk corresponds to the potential loss of pond inventory estimated at approximately USD 154 million if no mitigation measures are implemented. To address this, we have quantified adaptation measures such as structural reinforcement of ponds and infrastructure upgrades. In addition, SQM Salar maintains insurance coverage to mitigate the financial effect of acute events, which would cover a large portion of potential losses.

2. Climate Opportunities

Global decarbonization efforts and the acceleration of electric mobility are creating a structural and long-term opportunity for lithium producers. According to the International Energy Agency (IEA) Global Critical Minerals Outlook 2024, global lithium demand could grow five- to six-fold by 2040 under the Net Zero Emissions (NZE) scenario, mainly driven by electric vehicles and stationary energy storage. The report highlights that lithium is the fastest-growing critical mineral among all those needed for clean technologies, with electric mobility expected to represent nearly 90% of total demand by 2040.

At the same time, several organizations underscore increasing pressure for responsible, low-impact production, including traceability of environmental performance, water use, and carbon footprint. Future competitiveness in the lithium market will rely not only on volume expansion but also on demonstrating strong sustainability credentials aligned with evolving regulations such as the EU Battery Regulation, the U.S. Inflation Reduction Act, and upcoming carbon disclosure requirements.

Within this global context, SQM is strategically positioned to contribute to the energy transition through the sustainable production of lithium. Operations in the Salar de Atacama already represent one of the most efficient sources of lithium globally, with a low carbon footprint compared to hard-rock alternatives. The company has announced plans to grow its lithium production capacity without increasing brine extraction rates and, in fact, to reduce total brine extraction by 50% by 2028, while maintaining or even increasing final production volumes.

This strategy is enabled by continuous improvements in recovery efficiency, evaporation process optimization, water recycling, and advanced technology development. These measures reduce the ratio of brine extracted per ton of lithium produced, directly addressing environmental and community concerns around resource use in the Atacama Desert. Additionally, SQM is working in the integration of renewable energy and low-emission processes at its lithium conversion plants. These initiatives help reduce operational emissions and position the company to access markets that demand products with a lower carbon footprint and long-term supply agreements with automakers and energy storage companies.

In summary, the transition toward net-zero transportation and renewable energy systems offers SQM a transformative opportunity for growth. As global demand for lithium increases sharply, SQM's commitment to expanding production without raising and even reducing brine extraction enables the company to meet market needs in a responsible way. These actions are focused on ensuring supply chains for critical minerals are low-impact, transparent, and resilient.