



SQM ESG SUPPORT DOCUMENT 2020
Complementary Information

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1. Governance Dimension

1.1 Board Effectiveness

DJSI 1.1.5

Board meeting attendance	%
Average board meeting attendance	96
Minimum of attendance for all members required	>75

1.2 Policy Influence

DJSI 1.6.1 & DJSI 1.6.2

	Currency	FY 2017	FY 2018	FY 2019	FY 2020
Lobbying, interest representation or similar	USD	110,695	13,318	22,586	31,816
Local, regional or national political campaigns / organizations / candidates	USD	0	0	0	0
Trade associations or tax-exempt groups (e.g. think tanks)	USD	636,423	664,411	778,735	837.463
Other (e.g. spending related to ballot measures or referendums)	USD	0	0	0	0
Total contributions and other spending	USD	747,073	677,729	801,322	869,279

Name of organization	Description	Total amount paid in 2020 [USD]
Libertad y Desarrollo. /// Topics: Education Politics Justice Economy Poverty Health Labor Forecast Regulation and Environment	Think Tank: Libertad & Desarrollo is a private study and research center, independent of all political, religious, business and government groups dedicated to the analysis of public affairs promoting the values and principles of a free society. As a research center, Libertad y Desarrollo seeks to promote freedom in the political, economic and social fields, proposing concrete formulas for the improvement of a free social order through the analysis, research and dissemination of public policies. Topics: Education Politics Justice Economy Poverty Health Labor Forecast Regulation and Environment	168,130
Cámara de Comercio de Santiago. // Topic: Business Development	The Chamber of Commerce of Santiago is a non-profit gremial association, representing the most relevant economic sectors in the country. The CCS carries out an important union work, actively participating in legislative issues that it considers of interest to its associates and companies at the national level. The work of the CCS has been geared towards supporting the country's business development, for which It has a series of products	129,690



Name of organization	Description	Total amount paid in 2020 [USD]
	and services aimed, mainly, at providing its associates - and businessmen in general - with the appropriate tools to improve their management.	
World Economic Forum /// Topics we support at WEF are: How to Save the Planet, Fairer Economies, Tech for Good, Society & Future of Work, Better Business, Healthy Futures and Beyond Geopolitics	The World Economic Forum is the International Organization for Public-Private Cooperation. The Forum engages the foremost political, business, cultural and other leaders of society to shape global, regional and industry agendas. WEF meetings serve the purpose of introducing new issues, trends, and organizations to members and the public for discussion, and are believed to help evolve corporate and public sector agendas for future decision making. The main topics of WEF are: How to Save the Planet, Fairer Economies, Tech for Good, Society & Future of Work, Better Business, Healthy Futures and Beyond Geopolitics.	61,671

SQM does not contribute to political campaigns, political or commercial organizations or any other tax-exempt groups.

1.3 IT Security/ Cybersecurity Governance

DJSI 1.8.1

1.3.1 Executive Management Responsibility

Functions	Description
Name	Carmen Luz Gilmore
Position	IT Manager/ Chief Information Security Officer (CISO)
Objective of position	Protect and monitor SQM's technological ecosystem against different information security threats. Manage IT Risks. Manage the policies, rules and procedures of Information Security. SOX - IT internal and external audit management, and their respective general IT controls.
Specific Responsibilities	<ul style="list-style-type: none"> ▪ Maintain updating of information security policies, standards and procedures. ▪ Identify and manage IT risks. ▪ Detect, analyze and report on security incidents. ▪ Advise IT areas and the company on information security. ▪ Implement automated indicators of Information Security and Cybersecurity (KPI, KGI, etc). ▪ Follow-up and consolidation of the findings of the internal and external SOX - IT audits. ▪ Internal monitoring within the management for compliance with IT control. ▪ Review and update of the ITGC Matrix. ▪ Develop, implement and deliver the results of the security awareness plan and program.

2. Social Dimension

2.1 Labor Practice Indicators

2.1.1 Workforce Breakdown: Gender.

DJSI 3.2.2

Diversity Indicator	Percentage (0-100%)
Share of women in total workforce (as % of total workforce)	17.1
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	17.2
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	17.6
Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions)	20
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	26.5
Share of women in STEM-related positions (as % of total STEM positions)	12

2.1.2 Workforce Breakdown: Race/ Ethnicity & Nationality

DJSI 3.2.3

Nationality	Share in total workforce (as % of total workforce)	Share in all management positions, including junior, middle and senior management (as % of total management workforce)
Chilean	91.1	83.2
Mexican	1.4	3.0
Belgium	1.3	3.4
South African	0.8	0.6
Spaniard	0.8	1.4
Chinese	0.6	1.7
Others	4.0	6.7

2.1.3 Gender Pay Indicators

DJSI 3.2.5

Median gender pay gap (difference between men and women employees): 2.89%

2.2 Human Rights

2.2.1 Human Rights commitment

DJSI 3.3.1

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 May 2021 its latest Sustainability, Ethics and Human Rights Policy 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/>

SQM’s Sustainability, Ethics 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 areas identified include:

- **Ethics and Corporate Governance:** Commitments in this area are focused on transparency, zero tolerance for any type of corrupt activity engaged by SQM personnel, adequate risk management and control, supply chain free of minerals from conflict zones in accordance with applicable OECD guidelines, and prevention of money laundering and financing of terrorism.
- **Labor rights:** Commitments include blind recruitment and non-discrimination, prohibition of forced labor and child labor, labor union’s rights, anonymous complaint channel, prevention of harassment or bullying, and risk prevention and occupational health.
- **Value Chain:** Commitments in this area cover encouragement of responsible and sustainable sourcing, respect for human rights through the value chain, including labor rights of workers in the supply chain, encouragement of local suppliers, etc.
- **Environment and Sustainable Development:** Commitments include issues of prevention, mitigation and remediation of environmental pollution and environmental emergencies; optimization of water use, and climate change.
- **Communities:** Commitments focus on issues related to citizen participation, indigenous rights and indigenous consultation.

2.2.2 Human Rights Due Diligence Process

DJSI 3.3.2

As part of the Company’s commitment to the Guiding Principles on Business and Human Rights, as well as a means to assess the salient human rights areas where SQM could adversely impact -thus focusing the Companies efforts in monitoring, prevention, reparation and reporting, as reflected in the resulting Sustainability, Ethics and Human Rights Policy- SQM commissioned a Human Rights Impact

Assessment to the legal consultants and international human rights experts, Bertrand-Galindo, Barrueto, Barroilhet & Cía.

This Human Rights Impact Assessment (HRIA) was conducted during 2021 and was based on the United Nations Guiding Principles on Human Rights and Business three pillars of protection, respect and remedy and the UNGP framework, as well as the Global Reporting Initiative (GRI) Standard 412 on Human Rights Assessment. SQM's HRIA was performed in accordance with the methodologies developed by the Danish Institute for Human Rights and adapted to the context of its operations with five distinct phases: 1. Planning and scoping; 2. Data collection and baseline development; 3. Analyzing impacts; 4. Impact mitigation and management; and 5. Reporting and evaluation.

The HRIA incorporated as international human rights benchmarks all human rights considered in the UNGP framework as well as the core international human rights instruments and declarations, including the United Nation's Universal declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the Convention on the Elimination of All Forms of Discrimination against Women, the Convention on the Rights of the Child, the International Convention on the Elimination of All Forms of Racial Discrimination, as well as the International Labor Organization's (ILO) Indigenous and Tribal Peoples Convention No. 169, among others.

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, productive plants and joint ventures (the assessment of rights in the operations abroad was restricted to an assessment on labor rights issues):

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)
Tokyo / Japan	Cape Town / South Africa	
Beijing / China	San Antonio / Chile	
Shanghai / China	Terneuzen / Netherlands	
Bangkok / Thailand		
Seoul / South Korea		
Johannesburg / South Africa		
Sydney/Australia		

The human rights assessment and data collection of potential human rights risks and impacts on stakeholders, was in view of incorporating a participatory approach, by means of interviews and questionnaires. Other major sources for data collection and impact assessments where: review of relevant domestic and international press releases, official international country indexes including the Census, the Universal Periodic Review, governmental information including the environmental permits of each of the operations in Chile, public safety statics and fatality rates statics, judicial and administrative sanctions, etc. Other relevant information was obtained from several ONG´s, experts, and consultant reports including: National Institute of Human Rights Annual reports, Observatorio Ciudadano 2019 Report: Globalización de las empresas de energía renovable: Extracción de litio y derechos de los pueblos indígenas en Argentina, Bolivia y Chile (“Triángulo del Litio”), ECLAC report on lithium, PULSO survey for employees, Valor Estratégico Consultancy Perceptions Analysis Report on SQM, Fundación Generación Empresarial´s Barometer of Values and Business Ethics, Freedom House Country reports, and World Bank Open Data. Finally, SQM internal complaint channels and complaint records were reviewed, as well as the Company´s latest Sustainability Report and Corporate and Financial Annual Report 2020.

2.2.3 Human Rights Assessment

DJSI 3.3.3

The Human Rights Impact Assessment Process included the following stake holders: the entirety of SQM’S workforce, communities surrounding productive operations, indigenous communities, suppliers and clients, and the identification of potential risks in SQM operations, joint ventures and value chain.

The assessment procedure and corresponding risk matrix was based on the criteria of scale, reach, and irreparability condition, as recommended by the UN Global Compact. The rights potentially affected and the rightsholders were identified in each case, and the resulting seriousness was evaluated in terms of probability of occurrence both a priori (before any measure was taken by the Company), and as a residual risk (after preventive and reparatory measures had been established). As a result of this analysis, the following main areas of focus where established (as later reflected as main pillars of action in the Company´s respective Policy) with their correspondent commitments:

- Ethics and Corporate Governance: including zero tolerance for any type of corrupt activity by SQM personnel, transparency, adequate risk management and control, supply chain free of minerals from conflict zones in accordance with applicable OECD guidelines, and prevention of money laundering and financing of terrorism.
- Labor rights: including blind recruitment and non-discrimination prohibition of forced labor and child labor, labor union´s rights, anonymous complaint channel, prevention of harassment or bullying, and risk prevention and occupational health.
- Value Chain: including encouragement of responsible and sustainable sourcing, respect for human rights through the value chain, including labor rights of workers in the supply chain, encouragement of local suppliers, etc.
- Environment and Sustainable Development: including issues of prevention, mitigation and remediation of environmental pollution and environmental emergencies, optimization of water use, and climate change.
- Communities: including issues related to citizen participation, indigenous rights and indigenous consultation.

Of these, the salient human rights issues where:

- Access to water in the context of the operations in Salar de Atacama.
- Community relationship with indigenous communities and indigenous people's rights to previous and informed consultation.
- Corporate governance and compliance in relation to past practices.
- Labor rights and protection of vulnerable groups among the work force, both within the Company and in the joint-ventures and through the value chain.
- Environmental protection of the ecologically sensitive areas such as the salt basins in the north of Chile.

2.2.4 Human Rights Mitigation and Reparation

DJSI 3.3.4

In the process of the HRIA, the Company gave proof of the implementation of 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.

2.3 Employee turnover rate

DJSI 3.5.6

Indicator	2017	2018	2019	2020
Total employee turnover rate	10.1	8.8	8.2	12.2
Voluntary employee turnover rate	2.3	2.4	3.0	3.1
Data coverage (as % of all FTEs in Chile)	100	100	100	100

2.4 Trend of employee engagement

DJSI 3.5.7

Indicator	2018	2019	2020	Target 2020
Employee engagement (% of actively engaged employees)	81	78	88	78
Data coverage (as % of all employees)	15	23	51.7	>50