



Corporate Governance Policy
SQM

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Corporate Governance Policy

The Board of Directors of Sociedad Química y Minera de Chile S.A. (the “Board” and the “Company” or “SQM”, respectively) must exercise its business judgment to act on what it reasonably believes to be in the best interest of the Company and its shareholders. In assuming that obligation, the Board must be entitled to rely on the honesty and integrity of the Company’s senior executives and its outside advisors and auditors. Directors will also be entitled to have the Company purchase reasonable Directors’ and officers’ liability insurance on their behalf for the benefit of indemnifications to the fullest extent possible and according to the applicable law.

The following corporate governance guidelines (the “Guidelines”) guide the Board in the exercise of its responsibilities to the Company and its shareholders. These Guidelines are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. These Guidelines are subject to modifications from time to time as determined by the Board, as the Board may deem appropriate or as required by applicable laws and regulations.

1. Board Responsibilities

1.1 General Responsibilities

The Board is responsible for the administration of the Company. Accordingly, the main duties of the Board are, among others:

- (a) To develop the Company’s vision, objectives and strategy;
- (b) To hire and continuously evaluate the CEO and senior management;
- (c) To annually identify potential replacements for the CEO and the senior management of the Company, who possess diverse capabilities, knowledge, conditions, experiences and visions that are required for each position, and to ensure a plan is in place to implement a timely replacement of the CEO and other members of the senior management team in the event of their unexpected absence, minimizing the impact on the Company;
- (d) To approve new investments over US\$5 million; this does not include maintenance capital expenditures included in yearly approved capital expenditures or frameworks;
- (e) To approve the annual operating budget;
- (f) To review and approve the quarterly and annual financial statements;
- (g) To approve the Finance and Investment Policy to be presented for Shareholder approval at the annual shareholder’s meeting;
- (h) Approve the corporate policies that the Company must have in accordance with the law, including the policy for managing conflicts of interest, policies related to the disclosure of essential information and privileged information, and the policy for the election of directors in subsidiaries;
- (i) To review the Sustainability Report, and to be informed of the usefulness and acceptance of the Sustainability Report as received by relevant interest groups of the Company; and

- (j) To review and approve the Company's annual reports filed in Chile, and to analyze and assess the adequacy, timeliness, and relevance of the annual reports, with the goal of permanently improving the information that the Company provides to the public.

The main duties of the Chairman of the Board include:

- (a) To chair Board meetings;
- (b) To chair shareholders' meetings; and
- (c) To cast the deciding vote in the event of a tie at Board meetings.

Directors shall serve on the Board in accordance with the Company's [Code of Ethics](#).

1.2. Board Responsibilities relating to Risk and Internal Controls

In addition to the duties listed above, the Board has the responsibility for determining the nature and extent of the significant financial risks that the Company is willing to take to achieve its strategic objectives and to maintain sound financial risk management and internal control systems.

In addition, the Board has established the following duties:

- (a) To approve a Code of Ethics which, among other things, describes the expected behavior of Company Directors and employees, and other policies and procedures from the Company's ethics and compliance program. The Code of Ethics shall be reviewed by the Board and updated annually
- (b) Identify formally in writing the type of decisions, which due to their legal, strategic, or functional nature may not be taken without the express authorization of the Board of Directors;
- (c) To review and approve contracts with a value of over US\$20million or its equivalent;
- (d) To approve long-term debt issuance;
- (e) To maintain an Audit and Financial Risk Committee (Directors' Committee) that is dedicated to controlling the maximum exposure to financial risk that is effectively taking place as defined by established policies;
- (f) To ensure that the Company maintains at least the following units that functionally report to the Directors' Committee: (i) an Internal Audit Unit, that reports directly to the Directors' Committee, (ii) a Compliance unit, and (iii) a Risk Management Unit.;
- (g) To annually inform its shareholders about the principal risks faced by the Company. These main risks are published annually in the 20-F filing (Item 3.D Risk Factors) and in the annual report;

- (h) According to article 16 BIS of the Company By-laws, the Board must ensure that all acts and contracts entered into by the Company with its majority shareholders, its Directors or executives, or with persons related to them, must be previously approved by two-thirds of the Board.
- (i) To ensure that the Company has an established procedure known by everyone who works for the Company, which is especially designed to identify possible issues that goes against the current laws, standards, regulations, or Code of Ethics or Policies of the Company, and which provides confidentiality of the identity of the whistleblower through the Code of Ethics and through the whistleblower form which is available on the Company's [website](#); and
- (j) To ensure the existence at all times of the following standing Board committees: i) Audit and Financial Risk Committee (Directors' Committee); ii) Safety, Health and Environmental Committee; and iii) Corporate Governance Committee. The Board has the flexibility to form a new committee or disband any such committee. Each committee will have a charter that sets forth the purpose, composition, and responsibilities of the committee. These committees shall periodically report findings to the Board.

1.3. **Audit and Financial Risk Committee (Directors' Committee)**

The Board has established an Audit and Financial Risk Committee, composed of three Directors. This Audit and Financial Risk Committee complies with the requirements of the New York Stock Exchange (the "NYSE") corporate governance rules applicable to audit committees. Under NYSE corporate governance rules, the audit committee of a U.S. company must perform the functions detailed in the NYSE Listed Company Manual Rules 303A.06 and 303A.07. Non-U.S. companies are required to comply with Rule 303A.06, but are not at any time required to comply with Rule 303A.07. In the 20-F, the Company publishes a comparison between the NYSE Rules and the Chilean Stock Exchange Regulations.

This Committee has the responsibilities detailed in [Appendix 1](#) of this Policy.

2. **General Meeting Protocol and Attendance**

As discussed in article 15 of the Company's By-laws, the Board will meet or be in session at least once a month. Directors are expected to attend Board meetings in person or via telephone or video conference, in which proper means are in place. Members of the Board and the Committees, upon which they serve, are expected to attend meetings fully prepared and to remain in attendance for the duration of the meeting. Board meeting attendance will be disclosed annually in the Board Report Card, which is published on the Company website.

According to article 13 of the Company By-laws, a Director who does not attend 3 consecutive meetings due to reasons not considered reasonable by the Board, will as a matter of fact stop performing his or her functions, and must be replaced without delay and formalities. In this case, and in the event of conflict of duties, resignation, dismissal, death, bankruptcy, or any other inability disabling a Director to perform his duties, the Board will proceed to appoint the replacement Director(s) pursuant to the Law who will

stay in office and perform his or her duties until the next shareholder's meeting to be held by the Company and at which all Directors are to be re-elected.

Extraordinary meetings of the Board may be called by the Chairman when requested by i) the Director elected by holders of the Series B shares, ii) any other Director with the assent of the Chairman or iii) an absolute majority of all Directors.

Additionally, Board members based outside Chile are expected to visit the country at least four times per year to attend Board meetings and other meetings with management.

3. Access to Information

The agenda for each Board meeting shall be established by the CEO, or whoever designated and the Board Chairman, taking into account suggestions from other members of the management team and Board members. Each Board member may add agenda items and is encouraged to raise subjects at any Board meeting that are not on the agenda for that meeting.

Meeting materials and information shall be distributed in advance of each meeting. Any necessary meeting materials can be provided in either English or Spanish upon the request of any Board member. The secretary of the Board is responsible for ensuring that said information is sent to the Board in a timely manner.

The meeting minutes will be provided to the Board as quickly as possible in Spanish, with a free translation to English before being executed by all required parties. Board members will have time to review Board meeting minutes in either language before executing them.

The Board and its Committees may ask or shall receive an analysis of the key matters for consideration in advance of each Board or Committee meeting. They may also ask or receive regular reports which include analysis of key metrics in respect to operational and financial information. The Board secretary is responsible for ensuring that information is sent to the Board in a timely manner.

All Directors may contact the CEO and other executives at any time to discuss any aspect of the Company's business. It is assumed that Board members will use judgment to be sure that such contact is not distracting to the business operation of the Company. The Board expects that there will be frequent opportunities for Directors to meet with the CEO and other members of senior management in Board and Committee meetings and in other formal or informal settings. Furthermore, the Board encourages management to, when appropriate, bring senior managers into Board meetings who can provide additional insight into the items being discussed because of personal involvement and substantial knowledge in those areas.

Each year, the shareholders will grant the Directors' Committee an adequate budget especially assigned for hiring experts in accounting, financial and legal matters to exclusively advise the Directors' Committee.

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board shall

have the authority to retain and approve the fees and retention terms of its outside advisors except to the extent that sole authority to retain certain advisors has been delegated to committees in accordance with their respective charters.

There is a system in place to maintain adequate documentation of the key topics considered for the implementation of the Board's diverse agreements, in order to prevent that the normal and timely decision-making process be affected as the consequence of a substitution, incapacity, absence, or resignation of one or more of its members. This information will be saved for two years.

4. Board Independence

Listed companies on the NYSE that are foreign private issuers, such as SQM, are permitted to follow home country practices in lieu of the provisions outlined in section 303A of the NYSE Listed Company Manual. SQM follows home country practices pursuant to Chilean Stock Exchange regulations and, therefore, there is no legal obligation to have a majority of independent directors on the Board. According to Chilean law, the CEO cannot serve as director. A comparative summary of the differences in corporate governance practices followed by SQM under home country roles and those applicable to US domestic issuers pursuant to Section 303A of the NYSE Listed Company Manual is set forth in the Company's 20-F.

According to article 16 of the Company's By-laws, if there are Directors that in a specific transaction have personal interests in it or on behalf of third parties, the provisions of Title XVI of the Chilean Corporations Act and the applicable regulations of such Act will be applied. This is in addition to the provisions of the policies and procedures of the Company's ethics and compliance program.

5. Board Composition, Selection, Succession, and Shareholder Meetings

Article 9 of the Company's By-laws provide that SQM will be managed by a Board composed of eight members. Series A shareholders will elect seven Directors, and Series B shareholders will elect one Director. The Directors may or may not be shareholders. At least one of said eight Directors must be independent as referred to in Law N°18,046 and the appointment and replacement of said independent Director shall be carried out in compliance with the provisions of the said Law. The Chairman is elected by the absolute majority of the Board, and in the event of a tie, a new voting will be performed, where only the Directors elected by Series A shareholders will participate.

The entire Board is regularly elected every 3 years at shareholders' meeting. The shareholder meeting minutes are executed in Spanish and the same, with a free English translation, are normally published on the Company website. The Board may appoint replacements to fill any vacancies that occur during periods between elections. If a vacancy occurs, the entire Board must be elected or re-elected at the next regularly scheduled meeting of shareholders. According to article 10 of the Company's By-laws, Directors can be reelected without term limits.

The Company has been promoting a non-discrimination, with the diversity being a fundamental value. Taking into account the importance of the role of the Board of Directors in the Company, we suggest that our shareholders consider the following principles when making the nomination of a candidate to the Board of Directors, expressly stating that it does not imply in any case any type of restriction for the nomination of candidates to the Board:

- (a) The members of the Board of Directors must meet high standards to perform in the position and possess the appropriate skills and experience, always focused on creating greater value for the Company and its environment.
- (b) A candidate for director must be selected on the basis of their skills, experience and solidity, as well as their ethical behavior and personal qualities in the leadership role in their field of expertise, which may transfer into efficient performance in the position.
- (c) The proposal of the person to be chosen could be oriented to the following various complementary perspectives:

It is desirable that the Board of Directors have an adequate combination of knowledge, experience and skills, and diversity, which favor its effectiveness and good collective performance.

In the event that the Board of Directors nominates a new director, as a result of a vacancy prior to the holding of the shareholders' meeting, it is suggested that the Board of Directors follow these same principles of diversity in its nomination.

In the event of Board elections, the Company will use its best efforts to make available to shareholders, as soon as possible and before the election, a document that contains the professional experience and profile of the candidates for Director, who has provided said information to the Company. Furthermore, the Company will request that each candidate disclose if he or she has had a contractual, commercial or other relationship with the Company's major shareholders, main competitors or suppliers in the past eighteen months.

The Company will use its best efforts to allow shareholders to observe remotely what happens in real time in the shareholder meetings. Following the shareholder meeting, the Company will make public as soon as possible any resolutions that were adopted in the shareholder meeting. These announcements will be made in both Spanish and English and will be made available on the Company's website, as well as filed with the appropriate regulatory agency, as required.

6. Board Training and Professional Development

All new members of the Board will receive an orientation to the Company upon joining the Board regarding the Company, its business, risks, policies, procedures, principal accounting criteria, sustainability and the legal framework applicable to the Company and its Directors. Within 60 days of the new board being elected, the board will be provided with pertinent information related to the Company, including, but not limited to the

[Company's By-laws](#), [Code of Ethics](#), [Manual for the Management of Information](#), [Fair Competition policy](#), [Sustainability Report](#), most recent [20-F](#) and most recent [annual report](#). Through receipt of the 20-F, the Board will receive a list of all material contracts, and a full copy of the previous year's financial statements. The Board has access to the Company website, through which it can access pertinent information about the Company, including but not limited to all recent financial statements and press releases issued by the Company and important Company policies. The Company will coordinate meetings with relevant management to discuss the business issues and risks, including those related to sustainability, site visits and other briefings as appropriate. In the Sustainability Report the Board will receive a description of the relevant interest groups, and a meeting with the area of Sustainability and Community Relations of Sustainability will be coordinated to explain to the Board the relevance of these groups and their expectations in an effort to help maintain a stable and long-term relationship with them.

The Board will also coordinate at least one annual training with the Risk Management and Compliance Officer, and Internal Audit to review the corruption risks and the Ethics and Anticorruption Compliance Program of the Company and antitrust risks. The Board of Directors will need to certify that they received this training. This training can be done a part of the new Board orientation or as a standalone training.

Professional development of the Board will be encouraged through a formal training procedure. Each year the Board will evaluate its own processes and performance through a Board Assessment designed to promote the Board's on-going effectiveness and continuous improvement. This evaluation may be performed by a third party. As a part of this evaluation, the Board will review itself, its Chairman, and its CEO, including but not be limited to evaluating the following items:

- (a) Any areas that it feels should be examined further to increase the effectiveness of the Board and the Company;
- (b) Any areas in which its members can strengthen and continue improving his or her personal performance on the Board;
- (c) Any organization, social or cultural barriers that could be inhibiting the natural diversity of capabilities, visions, characteristics and conditions that could have taken place at the Board level had these barriers not existed;
- (d) The considerations of any change to the organization and the functions of the Board in crisis situations; and
- (e) Any areas of possible improvement related to the Company's disclosure policies and procedures, ensuring that disclosure are easily understood by the public and that it is released in a timely manner.

At the conclusion of this evaluation the Board will define any specific training measures that it feels should be carried out, and will consider advisory services from third-party experts to aid in the detection and implementation of possible improvements.

Additionally, the Board will coordinate lectures with industry experts as necessary to support continual improvement of skills.

On an annual basis, the Board or one of its committees will review its corporate governance policy. As part of this process, the Board will review best corporate governance practices that are adopted by other entities, both locally and internationally.

The Board has a responsibility to approve the annual report and review the Sustainability Report that is published by the Company, and therefore as part of its ongoing training, must remain informed of any relevant regulatory changes, both locally and internationally, related to inclusion, diversity, sustainability, and risk management. If necessary, the Board will request a meeting with internal or external counsel to explain the most relevant verdicts, sanctions or pronouncements relating to the duties of safekeeping, reservation, loyalty, diligence and information that have occurred both locally and international markets that could have an impact on the Company.

The Board will also use its best efforts to hold at least one Board meeting a year at or near the operating facilities. The Board will visit at least one facility to have a better idea of the state and operation of the offices or facility that is visited, the main functions and concerns of those who work in these offices and facilities, and the recommendation and improvements that according to the people responsible for those offices and facilities would be appropriate to make in order to improve their operations.

7. Board Compensation

Based on article 17 of the [Company's By-laws](#), Directors will be remunerated for their duties. Compensation for the Board and its Committees shall be proposed annually by the Board to the shareholders for their approval at the annual shareholders meeting. Board compensation should be customary, reasonable and competitive.

8. Board Relations with Shareholders

The Company maintains a dialogue with institutional shareholders and sell-side analysts as well as potential shareholders. The Company's official spokespersons to the market, in general, and especially to the media, are the Chairman, the CEO, the CFO and any person designated for such purposes by the Chairman or the CEO. Notwithstanding the above, the "Investor Relations" and "Communications" Departments facilitate the delivery of information which SQM must provide to certain persons and to the communities where they develop their activities. More specifically, the Investor Relations team manages a formal program of presentations to update institutional shareholders and analysts on developments in the Company, its business, main risks, and financial, economic or legal situation. The Company also issues quarterly financial results. Copies of these results, presentations and other press releases issued by the Company are available on its website. The Company has members of the Investor Relations team who are fluent in English, in an effort to answer questions from individuals who do not speak Spanish. SQM discloses material information about SQM, including its financial information, corporate developments, products and other business matters, to the public through a variety of means, including its website, press releases, SEC filings, filings with the CMF, public conference calls and webcasts. SQM intends to use the Investor Relations section of its corporate website as a channel for the public distribution of material non-public information about SQM. SQM encourages investors, the media and others interested in SQM to review the information it makes public on the "Investor Relations" section of the

SQM website at <http://ir.sqm.com>, as this information may be deemed to be material information. In addition, investors may automatically receive email alerts and other information about SQM by enrolling their email addresses at the “E-mail Alerts” section of the website. While SQM will use its best efforts to ensure that public disclosure of material information is only disclosed through these channels, it cannot guarantee that information deemed material by an individual will not be released via other channels.

The Board receives regular summaries and feedback in respect to the meetings held as part of the investor relations program as well as receiving analysts’ reports on the Company.

The Company holds regular non-deal meetings with institutional investors and sell-side analysts throughout the year which include international investor non-deal roadshow programs, presenting at industry conferences, hosting sell-side analyst events, and conducting individual investor meetings. These shall be attended by various members of the senior management team.

The Company has a website by means of which the shareholder may access all available public information regarding the Company. The Company ensures that it will provide to shareholders and the general public the information required by law in regard to economic, legal, and financial situations, in line with the rights and duties inherent to the position as shareholder, in both Spanish and English. Specifically, the Company’s website shall include the policies adopted by the Company in relation to social responsibility and sustainable development.

The Board will analyze and assess the adequacy, timeliness, and relevance of the annual reports filed in both Chile and the United States, with the goal of improving the information that the Company provides to the public. Furthermore, the Board will approve the release of all essential facts that are filed by the Company. All other press releases filed by the Company shall be reviewed by the Disclosure Committee, which consists of key members of the senior management team. On an annual basis the Board, or one of its delegated committees will review the Company’s disclosure process to identify possible improvements to the quality and timing of the information. If deemed necessary, the Board may engage the services of a third party.

As noted above, the Company also publishes a separate Sustainability Report to provide further information on its social and environmental performance. As part of the Sustainability Report, the Company identifies the relevant interest groups as well as the reason why said groups are identified as such, and indicators measured by the Company in matters related to social responsibility and sustainable development.

9. Board’s Role in Monitoring Safety, Health, Environmental, Sustainability, Social Standards

The Board takes into account the safety, health, environmental, sustainability, and social and community impact of its decisions. For these reasons, the Safety, Health, and Environment Committee (the “SHEC”) is established to assist the Board in its review of the Company’s policies and changes or improvements to policies with respect to safety, health, environmental, sustainability, and social matters affecting the Company. Every year,



the SHEC will review the Company's framework of sustainability policies and strategies including safety, health, environmental, sustainability, and social, communities and human rights' issues, monitoring the Company's performance in respect of sustainability matters, and reviewing the Company's sustainability reporting.

The responsibilities of the SHEC are detailed in the [Appendix 2](#) of this Policy.

The SHEC will periodically present key findings to the Board.

Every month, the entire Board will receive, as part of the monthly management report, an update on the Company's main safety indicators.

Key issues of social responsibility are identified and assessed through the Company's financial risk management processes described above.

APPENDIX 1: Audit and Financial Risk Committee Charter

1. Purpose:

The Audit and Financial Risk Committee (the "AFRC") purpose is to assist the Board in meeting its responsibilities relating to financial reporting and control matters, and is dedicated to controlling the maximum exposure to financial risk that is effectively taking place, as that defined by established policies.

2. Composition:

The AFRC shall consist of three Directors. In determining the composition of the same, consideration will be made to the requirements for independence under the NYSE rules and the Chilean regulations.

3. Meetings:

The AFRC shall meet at least four times per year. The AFRC members shall use its best efforts to attend each meeting and to schedule meetings of the AFRC on the same day as the Board Meetings. The agenda and any necessary materials for such meetings shall be distributed in advance of the meeting, allowing applicable time for review by the AFRC members. A quorum will be two members of the AFRC.

Directors are expected to attend AFRC meetings in person or via telephone conference, in which proper means are in place, and to attend meetings fully prepared and to remain in attendance for the duration of the meeting.

The AFRC will present key findings to the entire Board after each meeting.

4. Responsibilities:

This committee is dedicated to controlling the maximum exposure to financial risk that is effectively taking place as that defined by established policies. The AFRC operates in accordance with article 50 bis of the Chilean Corporations Act, which provides that the Audit and Financial Risk Committee will, among other things:

- (a) Examine and issue an opinion regarding the external auditor's report including financial statements prior to its final presentation for approval at the Board meeting and at the shareholders meeting;
- (b) Propose to the Board the external auditors, rating agencies and the Account Inspectors that will be presented for approval at the shareholders meeting;
- (c) Examine and produce a report concerning the operations covered by Title XVI of the Chilean Corporations Act, which governs related party transactions.
- (d) Examine the remuneration and compensation plans of the senior management and company employees; and
- (e) Propose to the Board of Directors the corporate policies that the Company must have, in accordance with the law.

Additionally, the AFRC will, among other things:

(f) Review the Company's policies relating to financial risk assessment and financial risk management, including a review of the Company's key financial risks and related mitigations;

(g) Maintain procedures for policies and controls for knowing, evaluating and defining the Company's degree of exposure to financial risk;

(h) Meet as necessary, but not less than twice per year with the Company's Head of Internal Audit. The Audit and Financial Risk Committee will: (i) Review the audit program or annual plan; (ii) Review the recommendations and improvements from the Head of Internal Audit in an effort to minimize the occurrence of irregularities or fraud; (iii) Review the effectiveness of the crime prevention models implemented by the Company; and (iv) Ensure that the Company's internal policies, procedures, and controls are being effectively complied with by the entire organization and learn the Head of Internal Audit's opinion in regard to the effectiveness, suitability or possible improvements of said policies, procedures and controls.

(i) The Audit and Financial Risk Committee will: (i) Analyze the correct function of the risk management process, which is developed by the international principals, directives and recommendations of The Committee of Sponsoring Organizations (COSO) 2013; (ii) Review the risk matrix used by the area, the main sources of risks and the methodology for the detection of new risks, and of those new risks, the probability and impact of them occurring; (iii) Review the recommendations and improvements that, according the Head of Risk Management, would make the make the Company's risk management more effective; (iv) Review the contingency plans designed to react to the materialization of critical events, including the continuity of the Board in crisis situations; (; and

(j) Meets as necessary, but at least twice per year, with the external auditing firm in charge of the auditing of the financial statements. The Audit and Financial Risk Committee will analyze: (i) The audit program or annual plan; (ii) Possible differences detected in the audit in regard to accounting practices, administrative systems, and internal auditing; (iii) Possible serious deficiencies that may have been detected and those irregular situations which due to their nature must be informed to the competent regulatory agencies; (iv) The results of the annual audit program; and (v) The possible conflicts of interest that could exist in regard to the external auditing firm or its personnel, due to the provision of other services to the company or to the companies of the corporate group, and due to other situations.

In the revision of the matters dealt with in letters (g), (h) and (i) above, the Directors' Committee will have an opportunity to discuss these topics without the presence of managers or senior management.

5. Compensation:

The members of the AFRC shall be compensated for their duties related to the same. The compensation shall be presented to the shareholders for their approval at the annual shareholder's meeting.

APPENDIX 2: Safety, Health, and Environmental Committee Charter

1. Purpose:

The Safety, Health and Environmental Committee (the "SHEC") purpose is to assist the Board in meeting its responsibilities in reviewing and recommending policies related to safety, health, environmental, sustainability, and social matters affecting the Company.

2. Composition:

The SHEC shall consist of three Directors.

3. Meetings:

The SHEC shall meet as needed, but not less than four times per year. A quorum will be at least two members of the entire SHEC Committee.

4. Responsibilities:

Responsibilities of the SHEC are, among others, to:

- (a) Periodically review the safety, health, environmental and sustainability policies of the Company and, as appropriate, recommend changes in such policies to the Board of Directors or management. Regarding the definition of policies indicators and reports, the Board will ensure that international standards such as Global Reporting Initiative, or equivalent have been followed;
- (b) Receive and review, not less than annually, written reports from management on the status of compliance with safety, health, environmental and sustainability policies of the Company, and on compliance with all applicable regulatory requirements;
- (c) Receive and review, not less than annually, reports from management on any material non-compliance with the safety, health, environmental, security and sustainability policies of the Company, or any material non-compliance with any applicable regulatory requirement;
- (d) To review monthly management reports received by the Board, which lists any occurrence of a material safety, health, environmental incident that was required to be reported to appropriate regulatory authorities. If a member of the SHEC feels it necessary, he will call a meeting with the appropriate personnel to receive further information detailing the nature of the incident and describing the remedial action being taken;
- (e) Review the management safety, health, environmental and security emergency response planning procedures of the Company; and
- (f) Receive and review, not less than annually, the detected organizational, social, gender or cultural barriers that could be inhibiting the natural diversity that would have taken place without these barriers.

The SHEC will periodically present key findings to the entire Board.

5. Compensation:

The members of the SHEC shall be compensated for their duties related to the same. The compensation shall be presented to the shareholders for their approval at the annual shareholder's meeting.

APPENDIX 3: Corporate Governance Committee Charter

1. Purpose:

The Corporate Governance Committee (the "CGC") purpose is to assist the Board in meeting its responsibilities in reviewing and recommending policies related to corporate governance matters affecting the Company.

2. Composition:

The CGC shall consist of three Directors.

3. Meetings:

The CGC shall meet as needed, but not less than twice a year. A quorum will be at least two members of the entire Corporate Governance Committee.

4. Responsibilities:

Responsibilities of the CGC are, among others, to:

- (a) On an annual basis, the CGC will review its corporate governance policy and, if appropriate, recommend changes to the document;
- (b) On an annual basis, the CGC will review its corporate governance policy and ensure compliance with applicable regulatory requirements, and as a part of this process, the Board will review best corporate governance practices that are adopted by other entities, both locally and internationally;
- (c) The CGC will ensure adequate succession planning for the CEO and senior management. This will include an available list of potential replacements for the CEO position in the event of a Board determined change or in the event that an emergency replacement is needed, taking into consideration the skills, experience, independence and knowledge required for the CEO position;
- (d) The CGC will ensure adequate succession planning for the Chairman of the Board, taking into consideration the skills, experience, independence and knowledge required for the position. The CGC will also use its best effort to identify suitable candidates for appointment to the Board;
- (e) The CGC will receive and review, upon request to the senior management, an update on the Company's communication to and with shareholders, including institutional shareholders and sell-side analysts, as well as potential shareholders;
- (f) The CGC will receive and review any Directors' and Officers' Liability Policy before it is executed by the Company.

The CGC will periodically present key findings to the entire Board.

5. Compensation:

The members of the CGC shall be compensated for their duties related to the same. The compensation shall be presented to the shareholders for their approval at the annual shareholder's meeting.