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RESPONSIBLE SOURCING POLICY for SQM suppliers

I. Introduction

At SQM we are aware that, as a multinational company with operations around the world, we have a commitment and responsibility to respect human rights and our commitments established in our Sustainability, Ethics and Human Rights Policy, which goes beyond the bare minimum required by law.

Throughout the time that we have been in operation, we have worked to improve (i) our quality in production, (ii) a guarantee of fair treatment, (iii) environmental protection, and (iv) unrestricted respect for human rights, submitting ourselves to the highest international standards. We have formally adhered to the United Nations Guiding Principles on Business and Human Rights and its “protect, respect and remedy” framework, adopting these as our own. We hope to extend this commitment to human rights throughout our production chain to ensure responsible sourcing. In accordance with our Sustainability, Ethics and Human Rights Policy, at SQM we assume the commitment to promote and espouse responsible sourcing, and for this purpose, we establish this Responsible Sourcing Policy for Suppliers (the “Policy”).

This Policy establishes criteria for responsible sourcing, which our suppliers must progressively incorporate into their organizations to ensure a supply chain that is in compliance with human rights. The Policy is structured around the 5 pillars of the Sustainability, Ethics and Human Rights Policy, namely: (i) Ethics and Corporate Governance; (ii) Employees; (iii) Value Chain; (iv) Environment and Sustainability; and (v) Communities. Each pillar establishes the criteria that SQM suppliers must meet to guarantee responsible sourcing throughout their supply chain.

We encourage our suppliers to progressively comply with the responsible sourcing criteria established in this Policy within their company and implement it consistently throughout their supply chains.



II. Guide for the SQM supplier

At SQM we hope that our suppliers ensure responsible sourcing in the provision of services, execution of works or tasks and trading of products, and to support them with this, below is a guide with steps to follow:

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



III. Substantial Breach of the Policy

Certain risks exist throughout the supply chain, and when these arise, they imply a substantial breach not only of this Policy, but also of SQM's other corporate policies. A substantial breach is understood to mean a gross human rights violation or unacceptable behavior that poses a threat to the rule of law or human rights. In these situations, SQM may suspend or end the business relationship with the supplier that has engaged in this behavior.

SQM is aware that throughout the supply chain of activities involved in the extraction of minerals and their transportation or trade, there is a greater likelihood of occurrence of certain abuses that constitute gross human rights violations, and companies should avoid and make a commitment to eradicating these.

The following are considered **gross human rights violations**:

1. Engage in any form of child labor in accordance with Convention No. 182 of the International Labour Organization (ILO), ratified by Chile in 2000.
2. Adopt or tolerate forced or compulsory labor practices or others that imply any type of modern slavery, including working under duress and any work that the individual has not voluntarily offered to do.
3. Any form of cruel, inhumane or degrading treatment or torture.
4. Other abusive treatment, such as widespread sexual violence and other gross human rights violations.
5. Commit or participate in the commission of war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

In acknowledgment of the fact that extractive activities associated with mining, such as those developed by SQM, present risks regarding the possible involvement of non-state armed groups throughout the supply chain, which represent a threat to the state of law and human rights, SQM will not tolerate any type of direct or indirect support of non-state armed groups. Direct or indirect support may include, but is not limited to, procuring minerals, making payments, providing logistical assistance or equipment, carrying out actions or contracts in their name, among others.

The following are considered to be unacceptable behavior:

1. Directly or indirectly support non-state armed groups that illegally control work or mines sites or otherwise control transportation routes or at points where minerals are traded.
2. Directly or indirectly support non-state armed groups that illegally tax or extort at points of access to work or mine sites, along transportation routes or at the points where minerals are traded.
3. Directly or indirectly support non-state armed groups who extort intermediaries, export companies or international traders.



IV. Criteria for Responsible Sourcing

In our Policy framework, we have established specific criteria based on 5 work pillars:

1. Ethics and Corporate Governance

1.1. Expressly commit to the fundamental pillars of human rights and of the company to “protect, respect and remedy.”

Suppliers must formally adhere to the United Nations Guiding Principles on Business and Human Rights.

1.2. Fully comply with anti-corruption laws when working in the name of SQM.

1.2.1. Suppliers will not give, offer or receive bribes or improper payments in connection to their work for SQM, for or from any person at any time or under any circumstance, and nobody should ask anyone else to offer bribes or make improper payments in representation of SQM. The definitions of bribes, improper payments and other corrupt behavior can be found in SQM's Anti-Bribery and Anti-Corruption Compliance Policy.

1.2.2. All accounting and financial transactions with SQM must be duly registered by suppliers in reasonable detail in the suppliers' sales books and registries.

1.2.3. Suppliers will not use any of SQM's assets for personal benefit or for illegal or inappropriate ends.

1.2.4. Suppliers must provide information regarding the SQM EthicsPoint complaint channel and its contact information so that employees, contractors and third parties can report any irregularity in the contractual relationship.

1.3. Guarantee that processes and supply chains are free from minerals from conflict-affected areas

A supplier that acquires or sells bulk volumes of tin, tungsten, tantalum and/or gold must have functional policies and means of transparency to ensure that the products and components supplied are considered free from minerals originating in conflict-affected areas, in compliance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

1.4. Guarantee that no armed groups in countries in conflict-affected areas are directly or indirectly financed, pursuant to OECD guidelines published on its website <https://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals>.

1.4.1. Suppliers must have a customer selection process and a record of their buyers.

1.4.2. Suppliers may not support groups that illegally control mine sites or otherwise control transportation routes, points where minerals are traded and upstream actors in the supply chain.



1.5. Combat money laundering, terrorism financing and financing of non-state armed groups. The requirements established in our SQM Code of Ethics must also be considered.

1.5.1. Suppliers must comply with all laws on money laundering and terrorism financing, as well as international guidelines to eradicate these practices.

1.5.2. Suppliers must abstain from establishing business or contractual ties with actors who have committed or have been condemned for committing war crimes or other violations of international humanitarian law, crimes against humanity or genocide.

1.5.3. Suppliers may not illegally tax or extort money or minerals at points of access to mine sites, along transportation routes or at points where minerals are traded.

1.5.4. Furthermore, suppliers may not illegally tax or extort intermediaries, export companies or international traders.

1.5.5. Suppliers must respect the Voluntary Principles on Security and Human Rights¹ in the interaction with public or private security forces.



¹ For more details on the Voluntary Principles on Security and Human Rights, see the orientation guide for the implementation of the Voluntary Principles on Security and Human Rights of the International Council on Mining and Metals and the International Finance Corporation (IFC) and specifically, see: https://media.business-humanrights.org/media/documents/files/documents/Gu%C3%ADa_ICMM-CICR-IFC-IPIECA_VPSHR.pdf.





2. Employees

2.1. Outrightly reject all types of child labor.

2.1.1. Suppliers and their contractors will not hire minors, nor will they engage children to carry out labors or other activities within their operations.

2.1.2. All employees will have the legal minimum age permitted to work under applicable legislation. In Chile, the minimum permitted working age is 18 years old.

2.2. Expressly commit to the eradication of forced labor or other labor that implies any type of modern slavery.

2.2.1. Suppliers must have an express commitment to the eradication of forced labor and practices that imply any type of modern slavery or servitude or human trafficking.

2.2.2. Suppliers will ensure that their workers have a copy of their work contracts, which express: (i) the salary, (ii) the conditions, (iii) bonuses, (iv) work shift, and others.

2.2.3. Suppliers will not apply undue deductions to their workers' salaries.

2.2.4. Suppliers must ensure the payment of social security and health care of their workers, as well as any other related legal obligations, within the term established by law.

2.2.5. Suppliers must ensure that their workers comply with the working hours established by law and that any overtime is voluntary and will be compensated in accordance with current legislation.

2.2.6. Suppliers may not restrict the freedom of movement of their workers or make it difficult for them to get to and from their work site.

2.2.7. Suppliers may not confiscate their workers' property, documentation or salaries for any reason.

2.2.8. Suppliers must ensure that their workers undertake their work in hygienic conditions and in an environment free from threats and other abusive situations at the hands of other workers or their superiors.



2.3. Avoid salary discrimination, hiring, promoting and making work decisions based on objective criteria.

Suppliers must comply with non-discrimination criteria regarding the salaries paid to their workers for a job, activity or similar responsibility.

2.4. Hold a blind recruiting process, evaluating applicants based on their competencies and requirements for the position, without any discrimination.

Suppliers will have a staff selection policy in place, including criteria that ensures non-discrimination in the staff hiring process.

2.5. Have a staff reduction plan or policy in place.

SQM encourages its suppliers to implement workforce reduction plans based on the principle of non-discrimination in the event that the need for collective layoffs arises².

2.6. Guarantee and promote freedom and fundamental rights for workers.

2.6.1. Suppliers must have an express commitment to the freedom of expression, association, religion and political rights of their employees.

2.6.2. Suppliers must avoid any type of anti-union practice, aggression or harassment directed toward their unionized workers or the union leaders of their company.

2.6.3. Suppliers must promote inclusion and diversity in their workplaces and avoid any arbitrary discrimination on the grounds of the following: (i) race or ethnicity, (ii) nationality, (iii) socioeconomic status, (iv) language, (v) political ideology or opinion, (vi) religion or belief, (vii) union membership or participation in union organizations or lack thereof, (viii) sex, (ix) maternity, (x) breastfeeding, (xi) sexual orientation, (xii) gender identity and expression, (xiii) marital status, (xiv) age, (xv) affiliation, (xvi) personal appearance and (xvii) illness or disability.

2.7. Respect workers' rights to privacy and personal information.

Suppliers must respect their workers' rights to privacy of personal data, safeguarding their personal data and making correct use of these, in keeping with the laws in force.

2.8. Maintain an anonymous, confidential complaint channel without retaliation, available to all workers and managed by an independent company specialized in this area.

SQM suppliers must develop and implement a standardized confidential investigation procedure that establishes penalties that are known to workers in advance, with the possibility to appeal the decisions made by the company.

2.9. Train managers and executives on the prevention of workplace harassment and a culture of aggression.

Suppliers must prohibit and prevent all forms of harassment, including sexual harassment and aggression, and must train those who supervise others on the proper action in the event of a complaint of this type.

² For further details on good practices in workforce reduction and the application of the principle of non-discrimination, see the Performance Standards on Environmental and Social Sustainability of the International Finance Corporation (IFC) and, in particular, Performance Standard No. 2, available at: https://www.ifc.org/wps/wcm/connect/4b8d6e5a-2fec-4d16-a375-92bf4feb13d8/PS2_Spanish_2012.pdf?MOD=AJPERES&CVID=k5Lny1.



2.10. Implement an occupational health and operational risk prevention management system based on international standards, with an aim to eliminate work-related deaths and injuries.

2.10.1. Suppliers who carry out jobs in representation of SQM must comply with applicable legislation and SQM's policies on occupational health and risks.

2.10.2. Suppliers must periodically implement a risk management and evaluation system, which includes procedures, instructions and controls to prevent, remedy and avoid future accidents.

2.10.3. Suppliers must maintain an emergency system and facilities in the event of any possible safety or health emergency.

2.10.4. SQM encourages its suppliers to adopt the latest versions of certification on third-party safety issues.

2.11. Provide ongoing training to staff to ensure a safe work environment and conditions

2.11.1. Suppliers will ensure that their workers receive regular orientation and training on health and safety, tailored to the type of work they perform.

2.12. Promote and control operations and facilities to ensure that these are alcohol-free and drug-free workplaces

2.12.1. Suppliers will provide training to managers and executives to identify, control and eliminate risks associated with workers' health and safety, to promote safety in the workplace.

2.12.2. Suppliers must adopt a zero tolerance policy for drugs and alcohol.

3. Value Chain

3.1. Disseminate this Policy to company managers.

Suppliers will ensure that company managers are cognizant of the scope of this policy.

3.2. Undergo assessment by SQM.

Suppliers and future suppliers may be assessed by SQM based on sustainability criteria and may be given tools to further their understanding.

3.3. Ensure the quality of processes and products/services through adequate risk management and analysis.

3.4. Keep information permanently up to date regarding products used and/or produced and their potential effects on health and safety.

4. Environment and Sustainable Development

4.1. Comply with environmental legislation.

Suppliers must have all the permits and documents necessary to operate and conduct activities related to the services they provide to or through SQM.

4.2. Maintain an impact management system to timely minimize and mitigate potential environmental impacts.

4.2.1. SQM suppliers must measure and monitor at least the following environmental performance indicators: (i) air quality and greenhouse gas emissions; (ii) energy consumption; (iii) use of water; (iv) waste generation, disposal and recycling.



4.2.2. Suppliers must develop an environmental management and assessment system and develop prevention, mitigation and reparation measures as appropriate to reduce adverse effects that may arise in relation to their operations.

4.3. Ensure responsible and efficient use of natural resources.

4.3.1. SQM suppliers will make efforts to establish specific environmental targets to reduce their consumption factors in all or some of the following categories: (i) water, (ii) energy, (iii) waste and (iv) greenhouse gas emissions.

4.3.2. Suppliers must implement a system for the quantification, segregation, reuse and recycling of solid waste, to minimize its impact on the environment. In the event that they operate inside our facilities, they must follow SQM's recommendations.

4.3.3. Suppliers must seek alternatives to minimize both the generation of emissions and contaminant waste.

5. Communities

5.1. Unrestrictedly respect human dignity and the fundamental rights of people.

5.1.1. Suppliers must assume the duty to protect, respect and redress the human rights of the communities within their area of influence or, if operating within our facilities, with our neighboring communities, in accordance with the United Nations Guiding Principles on Business and Human Rights.

5.1.2. Suppliers must respect the autonomy and traditional values of the communities associated with their operations and SQM's operations, if applicable.

5.2. Identify the social impacts and risks on the communities likely to be affected by the company's operations.

5.2.1. Suppliers must identify the communities that may be exposed to risks due to the company's operations and activities, in order to understand the heritage of the community, always espousing respectful treatment and transparent dialogue.



5.3. Promote citizen participation and providing transparent and timely information about our projects, and periodically reporting on environmental matters, in accordance with current standards.

5.3.1. Whenever required by law, suppliers must implement a citizen participation process and provide accurate information in a transparent and timely manner.

5.4. Promote participation of indigenous communities and prior, free, informed and good faith consultation regarding communities that may be impacted by their projects in accordance with current legislation, where relevant.

5.5. Comply with all obligations contracted with the communities. All suppliers are expected to fully comply with the commitments established with the communities. If operating in our facilities, the Contractor, by hiring members of a community, is not only impacting that community, but also SQM's reputation through possible problems that may arise as a result of any breach during the validity of the contracts. However, SQM will not be responsible for these problems that arise with the community, but it will take this situation into consideration in future contracting processes.



Ricardo Ramos
Chief Executive Officer

April 2022

