

**S-LCA of lithium mining in Chile and its potential impacts on water and the local community -
Supporting Material**

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SM 1. Interviews

SM 1.1 Overview

Two trips were taken to the area surrounding the Salar de Atacama (SdA) operation to conduct interviews. Exploratory interviews were conducted in July 2022. Table 2 displays the community and position of each interviewee and the date the interview was conducted; some community members were interviewed during both trips.

An initial trip was taken from July 2 to 8, 2022 to the area surrounding SQM's SdA operation. Exploratory interviews were conducted with various members of the local community to gain a better understanding of the social issues related to lithium mining that were the most relevant for the local community. Exploratory interviews were used for identifying relevant subcategories to consider within the S-LCA in combination with other data sources (Table 1).

Table 1. Subcategories identified for inclusion in the S-LCA based on different sources

Source	Subcategories – Local community - SdA										
	AtMR - F	AtMR - A	AtMR - I	AtIR	DaM	CH	SaHLC	RoIR	CE	LE	AfET
SHDB			✓	✓	✓		✓	✓			
Literature on the SdA region	✓	✓	✓			✓		✓	✓	✓	
Discussions with SQM	✓	✓	✓	✓		✓		✓	✓	✓	✓
Interviews 2022	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Acronyms: AtMR – F: Access to material resources – freshwater; AtMR – A: Access to material resources – agriculture; AtMR – I: Access to material resources – infrastructure; AtIR: Access to immaterial resources; DaM: Delocalization and migration; CH: Cultural heritage; SaHLC: Safe and healthy living conditions; RoIR: Respect of indigenous rights; CE: Community engagement; LE: Local employment; AfET: Access for eco-tourism.

Interviews were then developed for a second trip (conducted March 13 to 22, 2023) with questions relevant to each of the selected subcategories for the *Local community* stakeholder group. An example question is “Is there information on the lithium mining process available and understandable to your community?” for the indicator on information about the lithium mining process within the subcategory *Access to immaterial resources*. All interview questions can be seen in SM 1.2. Furthermore, additional statements made during the interviews were coded to the relevant subcategory.

Table 2. Community and position of interviewee and the date the interview was conducted

Community	Position	Interview date	
		July 2022	March 2023
Beter and Tulor	Former treasurer of the Community of Tulor-Beter and former President of the Housing Committee		X
Camar	President of the Community of Camar	X	
	Primer 1st Director of the Community of Camar		X
Catarpe	President of the Community of Catarpe	X	X
	Secretary of the Community of Catarpe	X	
	Community member and farmer of Catarpe		X
Peine	President of the Community of Peine	X	X
Rio Grande	Community member and farmer of Rio Grande	X	
	Mayor of San Pedro de Atacama	X	X
	Director of the Health Department of San Pedro de Atacama	X	X
San Pedro de Atacama	Employee of the Health Department of San Pedro de Atacama	X	
	Manager of the Hydroponica Socaire greenhouse and community member of Socaire		X

	Employee of the Hydroponica Socaire greenhouse and community member of Socaire		X
	Employee of the Hydroponica Socaire greenhouse and community member of Socaire		X
Talabre	President of the Community of Talabre	X	
	Treasurer of the Community of Talabre	X	
	Secretary of the Community of Talabre	X	
Tchecar	Former math teacher at Likan Antay and President of the Community of Tchecar and hostel owner		X
	President of Irrigation Association	X	
	Herb collector and landscape architect	X	X
Toconao	Former President of Toconao and current President of the Electrical Committee of Toconao		X
	Producer for the Ayllu wine project		X
	President of the Neighborhood Board and tourism guide		X
	Producer for the Ayllu wine project		X
	Former President of the Community of San Pedro de Atacama and current President of the Housing Committee		X

SM 1.2 Interview questions

During the second trip to the area around the SdA operation (March 2023), specific questions for the identified subcategories were asked in interviews with members of the local community to fill remaining data gaps on these topics. The questions asked for each subcategory are shown below.

Access to material resources (freshwater)

1. What is the biggest threat to freshwater in the region from your perspective (e.g., mining, tourism, climate change)?
2. Does your community have projects with SQM related to water?
3. Is the overall impact of SQM positive or negative on the water?
4. How are brine and freshwater viewed/differentiated in your culture?

Access to material resources (agriculture)

1. Does your community have projects with SQM related to agriculture?
2. Are there limits to the freshwater usage in agriculture due to salinity?

Access to material resources (infrastructure)

1. Does your community have projects with SQM related to infrastructure development?
2. Are any facilities provided by the company to the community still working properly and are they well maintained?

Access to immaterial resources

1. Does your community have projects with SQM related to education?
2. Is there information on the lithium mining process available and understandable to your community?
3. Have you been offered the option to tour the SQM facilities?

Delocalization and migration

1. Has there been migration to the region due to the lithium mines (specifically SQM)?
2. If so, does the migration impact your community?

Cultural heritage

1. Has the presence of mining companies (specifically SQM) impacted your cultural practices, in either a positive or negative way?
2. Does your community have projects with SQM related to culture?

Safe and healthy living conditions

1. Have there been negative health impacts in your community due to the presence of lithium mining?
2. Does your community have projects with SQM related to health?

Respect of indigenous rights

1. Do the mining companies (specifically SQM) respect your indigenous rights, e.g. FPIC (Free Prior and Informed Consent), territory, cultural sites, etc.?

Community engagement

1. Does SQM regularly hold meetings with the community? If so, how often (e.g., annually, bi-annually, monthly, constant dialogue, etc.)?
2. Is there a pathway easily available for your community to submit complaints, thoughts, requests, etc. to SQM?
3. Does SQM take into account your viewpoints?

Local employment

1. Are there employment opportunities at the lithium mines for those in your community, specifically at SQM?
2. Are local/indigenous communities given equal opportunity for employment at SQM?

Access for eco-tourism/outdoor economy

1. Is your community engaged with tourism?
2. Are there any conflicts between the tourism and mining industries?
3. Do you have a preference for what the regional economy should be based on – e.g., mining, tourism, or both?

General

1. What type of projects would you like to be further promoted or initiated by SQM?
2. Has there been more benefit or harm to the community since the arrival of the company?
 - a. Ask for elaboration/follow-up on what they say
3. Do you feel respected by SQM?
4. What would you improve?

SM 2. Data quality procedures and evaluation results

Data was collected for the S-LCA from primary and secondary sources, providing both site-specific and regional level data. The following sections describe the main data sources used in the S-LCA, the method of data collection, and the evaluation of the data quality following the pedigree matrix in Table 3.

Table 3. Pedigree matrix for evaluating data quality in S-LCA (adapted from the *Guidelines for Social Life Cycle Assessment of Products and Organizations 2020* (UNEP 2020) and based on Eisfeldt and Ciroth (2017))

Score	1	2	3	4	5
Indicator					
Reliability of the source(s)	Statistical study or verified data from primary data collection from several sources.	Verified data from primary data collection from one single source or non-verified data from primary sources, or data from recognized secondary sources.	Non-verified data partly based on assumptions or data from non-recognized sources.	Qualified estimate (e.g., by an expert).	Non-qualified estimate or unknown origin.
Completeness conformance	Complete data for country-specific sector/country.	Representative selection of country-specific sector/country.	Non-representative selection, low bias.	Non-representative selection, unknown bias.	Single data point/ completeness unknown.
Temporal conformance	Less than 1 year of difference to the time period of the dataset.	Less than 2 years of difference to the time period of the dataset.	Less than 3 years of difference to the time period of the dataset.	Less than 5 years of difference to the time period of the dataset.	Age of the data unknown or data with more than 5 years of difference to the time period of the dataset.
Geographical conformance	Data from the same geography (country).	Country with similar conditions or average of countries with slightly different conditions.	Average of countries with different conditions, geography under study included, with large share or country with slightly different conditions.	Average of countries with different conditions, geography under study included, with small share, or not included.	Data from unknown or distinctly different regions.
Further technical conformance	Data from the same technology (sector).	Data from similar sector, e.g., within the same sector hierarchy, or average of sectors with similar technology.	Data from slightly different sector, or average of different sectors, sector under study included, with large share.	Average of different sectors, sector under study included, with small share, or not included.	Data with unknown technology/sector or from distinctly different sector.

SM 2.1 Interviews

The interview data was evaluated to assure data quality based on the pedigree matrix for evaluating data quality in S-LCA, where 1 indicates very good performance and 5 means very bad performance (Eisfeldt and Ciroth 2017; UNEP 2020). The results of the evaluation for the interview data are shown in Table 4. Since the interview data was not verified but from primary sources (i.e., members of the local community), it scored 2 for reliability. Interviews were conducted with many, but not all local communities, and therefore the data was scored as 2, meaning it is a representative selection of the region but not a complete dataset. The temporal conformance also scored as 2 because the interviews were conducted within 2 years of the set reference year for the S-LCA. The geographical conformance was scored as 1 because all interviews were conducted in the same region as the product system under study. The technical conformance was scored as 2; although the majority of interviewees spoke specifically about SQM's lithium operation, there were instances where interviewees also made general statements about lithium mining or mining in the region as a whole. The interview data scored an average of 1.8 across the five criteria and was therefore considered a suitable data source.

Table 4. Pedigree matrix evaluation of the data quality for interview data from the interviews conducted with local community members in the region surrounding the Salar de Atacama facility in July 2022 and March 2023

Score	1	2	3	4	5
Indicator					
Reliability of the source(s)		Non-verified data from primary sources (members of the local community)			
Completeness conformance		Representative selection of region- and sector-specific			
Temporal conformance		Less than 2 years of difference to the time period (2021) and interviews in 2022 and 2023			
Geographical conformance	Data from the same geography (region)				
Further technical conformance		Data from same technology (lithium mining) ^a			

^a The majority of interviewees spoke specifically about SQM's lithium operation, however, there were instances where interviewees also made general statements about lithium mining or mining in the region as a whole. Therefore, we scored the technical conformance as 2.

SM 2.2 Sustainability reports

SQM's sustainability reports from 2020 (SQM S.A. 2020a), 2021 (SQM S.A. 2021c), and 2022 (SQM S.A. 2022a), in addition to their report on the *Sustainability of lithium production in Chile* (SQM S.A. 2021a) were reviewed as data sources. Table 5 displays the evaluation of the data quality for the sustainability reports and

The *Sustainability of lithium production in Chile* (SQM S.A. 2021a) scored the same as the sustainability reports across the five criteria (shown in Table 6). The only difference was that the *Sustainability of lithium production in Chile* document was not verified by a third-party, however the score was still 2 for the reliability since the data was from a recognized secondary source.

Table 6 shows the data quality results for the *Sustainability of lithium production in Chile* document.

The sustainability reports followed the Global Reporting Initiative (GRI) standard and were verified by Deloitte under a limited assurance review that the reports were prepared in accordance with the GRI standard (SQM S.A. 2020a, 2021c, 2022a). Therefore, the sustainability reports were scored as 2 for reliability since they are verified data from recognized secondary sources. The reports also scored as 2 for completeness, since they provided information that was representative of the region- and sector-

specific. The reports are within one year or from the year of the time period under study (2021), so they scored as 1 for temporal conformance. The sustainability reports scored 1 for geographical and technical conformance since data was available in the reports that was specific to the region and to lithium mining. Overall, the sustainability reports scored 1.4 on average across the five criteria and were considered suitable data sources.

Table 5. Pedigree matrix evaluation of the data quality for sustainability reports from SQM (SQM S.A. 2020a, 2021c, 2022a)

Score	1	2	3	4	5
Indicator					
Reliability of the source(s)		Verified (by Deloitte) data from recognized secondary sources (SQM)			
Completeness conformance		Representative selection of region- and sector-specific			
Temporal conformance	Less than 1 year of difference to the time period (2021) and reports from 2020, 2021 and 2022				
Geographical conformance	Data from the same geography (region)				
Further technical conformance	Data from same technology (lithium mining)				

The *Sustainability of lithium production in Chile* (SQM S.A. 2021a) scored the same as the sustainability reports across the five criteria (shown in Table 6). The only difference was that the *Sustainability of lithium production in Chile* document was not verified by a third-party, however the score was still 2 for the reliability since the data was from a recognized secondary source.

Table 6. Pedigree matrix evaluation of the data quality for *Sustainability of lithium production in Chile* (SQM S.A. 2021a)

Score	1	2	3	4	5
Indicator					
Reliability of the source(s)		Non-verified data from recognized secondary			

	sources (SQM)
Completeness conformance	Representative selection of region- and sector-specific
Temporal conformance	Less than 1 year of difference to the time period (2021) and report from 2021
Geographical conformance	Data from the same geography (region)
Further technical conformance	Data from same technology (lithium mining)

SM 2.3 IRMA audit

The Initiative for Responsible Mining Assurance (IRMA) conducted an audit of SQM's SdA operation, measuring the performance against social and environmental impact criteria (IRMA 2023). As a data source, the *SQM Salar de Atacama Audit Packet* (IRMA 2023) scored 2 for reliability since it was from a recognized secondary source, 1 for completeness since it was a complete selection of data that was specific to the SdA operation, 2 for temporal conformance since the audit was conducted and published within two years of the study time period, and 1 for geographical and technical conformance since the audit covered the specific lithium mining site (Table 7). The average score for the audit packet was 1.4.

Table 7. Pedigree matrix evaluation of the data quality for *SQM Salar de Atacama Audit Packet* (IRMA 2023)

Score	1	2	3	4	5
Indicator					
Reliability of the source(s)		Data from recognized secondary sources (IRMA)			
Completeness conformance	Complete selection of region- and sector-specific				
Temporal conformance		Less than 2 years of difference to the time period (2021) and audit conducted in 2022 and			

	published in 2023
Geographical conformance	Data from the same geography (region)
Further technical conformance	Data from same technology (lithium mining)

SM 2.4 SQM internal data

SQM provided internal data upon request for various topics, e.g., gender distribution of employees, proof of union agreements, internal health and safety policies, etc. The data provided by SQM scored as a 1.4 across the five data quality criteria (Table 8).

Table 8. Pedigree matrix evaluation of the data quality for data provided directly upon request by SQM

Score					
Indicator	1	2	3	4	5
Reliability of the source(s)		Data from recognized secondary sources (SQM)			
Completeness conformance	Complete selection of region- and sector-specific				
Temporal conformance		Less than 2 years of difference to the time period (2021) and collected data (2020 to 2023)			
Geographical conformance	Data from the same geography (region)				
Further technical conformance	Data from same technology (lithium mining)				

The average score across the main data sources was 2 for reliability, 1.6 for completeness, 1.6 for temporal conformance, 1 for geographical conformance, and 1.2 for technical conformance. Overall, the average data quality score was 1.5 and all data sources were considered to be of suitable quality for use in the study.

SM 3. Reference scales and performance indicators

Reference scales were adapted from existing scales (Life Cycle Initiative and Social Life Cycle Alliance 2022) to fit the context of the region and product using local laws and international best practices. Reference scales were created in cases where one did not previously exist. Reference scales and indicators are shown below for the *Local community* (section SM 3.1), *Worker* (SM 3.2), and *Society* (SM 3.3).

Some of the indicators that were relevant for the Salar de Atacama site were not necessary to include for the Carmen Lithium Chemical Plant. This was largely due to the difference in the indigenous population in the surrounding community. In these cases, the reference scales and performance indicators were adapted to fit the conditions of the chemical plant and the surrounding community, i.e., excluding indicators specific to traditional indigenous community structures.

Reference scales and indicators are specific to the context of lithium mining in Chile but can be adapted for future studies depending on the product system under study.

SM 3.1 Local community

SM 3.1.1 Access to material resources – freshwater

Table 9. Reference scale for the subcategory *Access to material resources – freshwater* for the stakeholder *Local community*

Score	+2	+1	0	-1	-2
Access to material resources - freshwater	The company has an environmental management system, and additionally supports the community with the improvement of tangible resources such as access to drinking water, water/sanitation infrastructure improvement, etc.	The company is committed to a responsible use of freshwater resources with goals to improve and has an environmental management system to ensure this	The company has a policy in place to protect freshwater resources, has responsible practices related to freshwater usage (consuming within their allowed water rights), and no claims or concerns have been raised that the company's actions have adverse effects on freshwater resources	The company has a policy in place to protect freshwater but the company's activities represent a risk of resource deprivation, e.g., water availability, but there are plans to manage this risk	The company's activities represent a high risk of resource deprivation, e.g., use of water, and there are no plans to manage this risk
Relevant performance indicators	1 to 7	1 to 5 & 7	1 to 3 & 7	1 to 2	-

Table 10. Performance indicators for the subcategory *Access to material resources – freshwater* for the stakeholder *Local community*

Performance indicators	
1	The company has a policy in place that protect freshwater resources.
2	The company has a system in place to enforce the policy, e.g., management plans to protect freshwater resources.
3	The company consumes less than their allowed water rights.
4	The company aims to reduce the amount of water consumed.
5	The company has a certified environmental management system.
6	The company has projects related to drinking water access, water/sanitation infrastructure, etc.
7	There are no raised concerns or claims that the company has had adverse effects on freshwater resources in the region.

SM 3.1.2 Access to material resources – agriculture

Table 11. Reference scale for the subcategory *Access to material resources – agriculture* for the stakeholder *Local community*

Score	+2	+1	0	-1	-2
Access to material resources - agriculture	The company is committed to responsible practices related to agricultural lands, has a certified environmental management system, and additionally supports the community in tangible resource improvements e.g., increased agricultural yields, improved irrigation systems, etc.	The company is committed to responsible practices related to agricultural lands, has a certified environmental management system, and no claims or concerns have been raised that the company's actions have adverse effects on agricultural resources	The company has a policy in place and responsible practices related to agricultural lands and no claims or concerns have been raised that the company's actions have adverse effects on agricultural resources	The company's activities represent a risk of resource deprivation, e.g., degradation of agricultural lands, but there are plans to manage this risk	The company's activities represent a high risk of resource deprivation, e.g., degradation of agricultural lands, and there are no plans to manage this risk
Relevant performance indicators	1 to 5	1 to 3 & 5	1 to 2 & 5	2	-

Table 12. Performance indicators for the subcategory *Access to material resources – agriculture* for the stakeholder *Local community*

Performance indicators	
1	The company has a policy in place that protects neighboring agricultural lands.
2	The company has a program in place to protect and improve neighboring agricultural lands.
3	The company has a certified environmental management system.
4	The company has projects related to improving agricultural yields, irrigation, etc.
5	There are no raised concerns or claims that the company has had adverse effects on agricultural lands in the region.

SM 3.1.3 Access to material resources – infrastructure

Table 13. Reference scale for the subcategory *Access to material resources – infrastructure* for the stakeholder *Local community*

Score	+2	+1	0	-1	-2
Access to material resources – infrastructure	The company additionally supports the community beyond what is required with the improvement of tangible infrastructure such as e.g., projects leading to increased electricity access, home improvements, roads, etc. and through long term agreements	The company is committed to a responsible use of existing infrastructure and supports the community infrastructure and development via the required payments (e.g., CORFO)	Evidence of policies or responsible practices related to infrastructure, and no claims or concerns have been raised that the company's actions have adverse effects on infrastructure	The company's activities represent a risk of infrastructure damage, e.g., degradation of roads due to trucks, burden to electrical grid/other infrastructure, etc., but there is a policy in place and there are plans to manage this risk	The company's activities represent a high risk of infrastructure damage, e.g., degradation of roads due to trucks, burden to electrical grid/other infrastructure, etc., and there are no plans to manage this risk
Relevant performance indicators	1 to 6	1 to 3 & 6	1 to 2 & 6	1	-

Table 14. Performance indicators for the subcategory *Access to material resources – infrastructure* for the stakeholder *Local community*

Performance indicators	
1	The company has a policy in place to support community development.
2	The company avoids local traffic roads with mining transport trucks.
3	The company complies with required funding of development projects (e.g., CORFO).
4	The company has projects related to improving infrastructure such as e.g., projects leading to increased electricity access, home improvements, roads, etc.
5	The company has long term agreements with communities which finance development.
6	There are no raised concerns or claims that the company has had adverse effects on existing infrastructure in the region.

SM 3.1.4 Access to immaterial resources

Table 15. Reference scale for the subcategory *Access to immaterial resources* for the stakeholder *Local community*

Score	+2	+1	0	-1	-2
Access to immaterial resources	The company is committed to supporting the community in creating improved access to immaterial resources e.g., health care, education, lending programs, etc. and additionally builds access through information sharing and technology and skills transfer	The company is committed to supporting the community in creating improved access to immaterial resources e.g., health care, education, lending programs, etc. The local community receives sufficient information regarding the lithium mining process.	Evidence of policy or responsible practices related to immaterial resources, and no claims or concerns have been raised that the company's actions have adverse effects on immaterial resources. The company has publicly available information on the lithium mining process.	The company's activities represent a risk of limiting access to immaterial resources, e.g., restricting freedom of expression, suppressing local opinions, etc., but there are plans to manage this risk	The company's activities represent a high risk of limiting access to immaterial resources, e.g., restricting freedom of expression, suppressing local opinions, etc., and there are no plans to manage this risk
Relevant performance indicators	1 to 7	1 to 5 & 7	1 to 3 & 7	1	-

Table 16. Performance indicators for the subcategory *Access to immaterial resources* for the stakeholder *Local community*

Performance indicators	
1	The company has a policy in place to support the community through education and healthcare initiatives.
2	The company takes action to enforce the policy.
3	The company makes information on the lithium mining process publicly available.
4	The local community receives sufficient information or is aware of the information that the company makes publicly available about the lithium mining process.
5	The company has projects related to improving access to immaterial resources e.g., projects to increase community services through education, health care, and lending programs.
6	The company provides programs that enable technology or skills transfer.
7	There are no raised concerns or claims that the company restricts freedom of expression, suppresses local opinions, etc.

SM 3.1.5 Delocalization and migration

Table 17. Reference scale for the subcategory *Delocalization and migration* for the stakeholder *Local community*

Score	+2	+1	0	-1	-2
Delocalization and migration	There are no issues with delocalization or migration due to the company but there is migration to the region and the company provides decent and equal job conditions for internally displaced persons or immigrants.	There are no issues with delocalization or migration due to the company but there is migration to the region and the company provides decent and equal job conditions for internally displaced persons or immigrants.	The company does not contribute towards involuntary resettlement or delocalization. AND/OR There is some migration to the area due to the company's presence but it does not negatively impact the permanent local community.	The company contributes towards involuntary resettlement or delocalization. AND/OR There is migration to the area due to the company's presence and it negatively impacts the permanent local community.	The company contributes towards involuntary resettlement or delocalization and there is no support given to displaced people. AND/OR There is migration to the area due to the company's presence and it negatively impacts the permanent local community and nothing is being done to remedy this.
	AND/OR There are challenges with the migration of the permanent local community away from the region and the company has efforts to support their stay in the region.				
Relevant performance indicators	1 & 2 establish a need: IF 2, then 3 & 4 AND 5 & 6 establish a need: IF 5 & 6, then 7 AND/OR 8 establishes a	1 & 2 establish a need: IF 2, then 3 & 4 AND 5 & 6 establish a need: IF 5 & 6, then 7	1 & 2 establish a need: IF 2, then 3 & 4	NOT 1 AND/OR NOT 3 (2 establishes a need)	NOT 1 AND/OR NOT 3 (2 establishes a need)

need: IF 8,
then 9

Table 18. Performance indicators for the subcategory *Delocalization and migration* for the stakeholder *Local community*

Performance indicators	
1	The company does not contribute towards displacement/involuntary resettlement.
2	There is no migration to the region that can be attributed to the company.
3	The migration to the region that can be attributed to the company does not negatively impact the permanent local community.
4	The mining camp where fly-in-fly-out workers stay is located outside the communities and does not contribute to negative impacts in the local community.
5	There is migration to the region that is unrelated to the company.
6	The migration to the region that is unrelated to the company does not negatively impact the permanent local community.
7	The company has a policy for hiring that does not exercise bias or discrimination.
8	The region faces challenges related to migration away from the communities.
9	The company makes efforts to support the local community so they have a higher quality of life and can stay in the region.

SM 3.1.6 Cultural heritage

Table 19. Reference scale for the subcategory *Cultural heritage* for the stakeholder *Local community*

Score	+2	+1	0	-1	-2
Cultural heritage	The company makes efforts to rescue cultural heritage, for example, by organizing cultural exchange activities with the communities, e.g., language recovery programs, programs to preserve cultural heritage, etc.	The company has a policy in place to protect cultural heritage and the company has programs in place to protect the cultural heritage.	The company has a policy in place to protect cultural heritage and does not disrespect the cultural heritage.	The company does not make efforts to protect and respect the cultural heritage of the region but does not disrespect the cultural heritage.	Disrespect towards the cultural heritage of the region was evidenced and there are no plans to manage this risk.
Relevant performance indicators	1 to 5	1 to 3	1 & 3	3	-

Table 20. Performance indicators for the subcategory *Cultural heritage* for the stakeholder *Local community*

Performance indicators	
1	The company has a policy in place that protects cultural heritage.
2	The company takes action to enforce the policy, e.g., management plans to protect and/or support cultural heritage.
3	The company does not directly disrespect the cultural heritage.
4	The company has projects (e.g., funding of cultural activities and events) to protect cultural heritage.
5	The company has projects related to language recovery to protect cultural heritage.

SM 3.1.7 Safe and healthy living conditions

Table 21. Reference scale for the subcategory *Safe and healthy living conditions* for the stakeholder *Local community*

Score	+2	+1	0	-1	-2
Safe and healthy living conditions	No incidents on community health and safety. The presence of the company significantly improves the community's access to health resources.	There are no incidents and there is a mechanism in place to prevent incidents. In addition, the company supports the local community in cases of natural disaster.	The company has a policy for reducing risks to human health and the community and there are no incidents that have impacts on community health and safety.	There are minor impacts on community health and safety, however, they are still tolerable and there is a mechanism in place to solve the issues.	There are numerous incidents on community health and safety, which are considered intolerable and there is no mechanism in place to solve the issues.
Relevant performance indicators *	1 to 5	1 to 3 & 5	1 to 3	2	-

* Performance indicators 6 & 7 establish a need for sanitation and health resources in the region.

Table 22. Performance indicators for the subcategory *Safe and healthy living conditions* for the stakeholder *Local community*

Performance indicators	
1	The company has a policy in place that protects safe and healthy living conditions.
2	The company has a system in place to enforce the policy, e.g. management plans to protect the community and prevent incidents that impact the community.
3	There are no raised concerns or claims that the company has harmed the safety or health of the local community.
4	The company has projects related to improving the health of the community.
5	In cases of natural disasters, the company provides support to the local community.
6	Percentage of local community who have access to improved water sources and sanitation.
7	Access to adequate health care in the local community.

SM 3.1.8 Respect of indigenous rights

Table 23. Reference scale for the subcategory *Respect of indigenous rights* for the stakeholder *Local community*

Score	+2	+1	0	-1	-2
Respect of indigenous rights	The indigenous community is not only integrated into decision making processes, but the company additionally has projects aimed at the promotion of the indigenous community, e.g., infrastructure, agriculture, health, cultural development.	No claims or concerns have been raised that the company's actions have adverse effects on indigenous peoples and there is integration of the interests and concerns of the indigenous community in the company's decision-making process e.g., by holding annual meetings with indigenous community members.	The company has a policy in place to respect indigenous rights and no claims or concerns have been raised that the company's actions have adverse effects on indigenous peoples, e.g., discrimination or disrespect of their fundamental rights.	There is a policy in place but there are still incidents with indigenous peoples that were identified e.g., discrimination, disrespect, etc. and exclusion in decision-making processes.	The company has an ongoing dispute with the indigenous community due to land ownership, threatening their fundamental rights.
Relevant performance indicators	1 to 5	1 to 2 & 4 to 5	1 & 4 to 5	1	-

Table 24. Performance indicators for the subcategory *Respect of indigenous rights* for the stakeholder *Local community*

Performance indicators	
1	The company has a policy in place to respect the fundamental rights of the indigenous community.
2	The company has systems in place to enforce the policy of informed participation, e.g., communication channels, complaint channels, etc.
3	The company has systems in place to enforce the policy of the promotion of the development of indigenous communities, e.g., apprenticeship program, projects related to health, infrastructure, culture, etc.
4	There are no raised concerns or claims that the company has disrespected the fundamental rights of the indigenous community.
5	The indigenous communities feel respected by the company.

SM 3.1.9 Community engagement

Table 25. Reference scale for the subcategory *Community engagement* for the stakeholder *Local community*

Score	+2	+1	0	-1	-2
Community engagement	The company is in continuous and respectful dialogue with diverse community stakeholder groups during the year and actively integrates their interests and concerns in the decision-making processes of the company.	The company engages with diverse community stakeholder groups respectfully on a regular basis (e.g., once a year) and develops a strategic plan to integrate their interests and concerns in the decision-making processes.	The company has a policy in place for stakeholder engagement and the company engages with diverse community stakeholder groups respectfully, but infrequently (e.g., once every five years).	The company has a policy for community engagement but does not engage with community stakeholder groups or with only some of them.	The company does not engage with community stakeholders and does not take into account their interests and concerns in the decision-making process.
Relevant performance indicators	1 to 5	1 to 3 & 5	1 to 2	1	-

Table 26. Performance indicators for the subcategory *Community engagement* for the stakeholder *Local community*

Performance indicators	
1	The company has a policy in place to regularly engage and communicate with the local community.
2	Community engagement respects the procedure desired by the indigenous community.
3	The company has regular communication with the local community.
4	The community feels that their concerns are heard by the company and integrated into company decision-making.
5	The company has feedback mechanisms in place for the local community.

SM 3.1.10 Local employment

Table 27. Reference scale for the subcategory *Local employment* for the stakeholder *Local community*

Score	+2	+1	0	-1	-2
Local employment	The company has systems in place to grow local employment and additionally, training is provided to the local community to enable them to work for the company. The local community is satisfied with the available job opportunities.	The company has systems in place to enforce the policy of growing local employment, e.g., local employment targets, communication of job openings, etc. AND/OR The majority of employees were hired locally.	The company has a policy that commits to growing local employment.	The company has a policy for and does not engage in discrimination against the local community when hiring new workers.	The company refuses to employ workers from the local community.
Relevant performance indicators	1 to 7	1 to 5	1 to 2 & 4	1 & 4	-

Table 28. Performance indicators for the subcategory *Local employment* for the stakeholder *Local community*

Performance indicators	
1	The company has a policy for hiring that does not exercise bias or discrimination against the communities surrounding the operation.
2	The company has a policy that encourages hiring from the communities surrounding the operation.
3	The company has a goal to grow local employment.
4	The company hired locally at the facility (percentage of employees that live in the commune near the operation).
5	The company informs the local community about job vacancies.
6	The company has programs in place to increase the number of locals hired.
7	Members of the community feel there are sufficient job opportunities at the company.

SM 3.1.11 Access for eco-tourism/outdoor economy

Table 29. Reference scale for the subcategory *Access for eco-tourism/outdoor economy* for the stakeholder *Local community*

Score	+2	+1	0	-1	-2
Access for eco-tourism/ outdoor economy	The company is committed to a responsible use of resources, has a certified environmental management system, and additionally supports the community in tangible resource improvements e.g., tourism infrastructure, etc.	Evidence of environmental management systems or responsible practices related to the surrounding ecosystems, and no concerns of adverse effects have been raised.	No claims or concerns have been raised that the company's actions have adverse effects on eco-tourism opportunities.	The company's activities represent a risk of resource deprivation, e.g., degradation of the ecosystem, and therefore a low risk to diminish livelihood associated with eco-tourism, but there are plans to manage this risk	The company's activities represent a high risk of resource deprivation, e.g., degradation of the ecosystem, and therefore a high risk to diminish livelihood associated with eco-tourism and there are no plans to manage this risk
Relevant performance indicators *	1 to 5	1 to 3	1 to 2	1	1

* Performance indicator 1 establishes that there is eco-tourism (or the potential for eco-tourism) in the region.

Table 30. Performance indicators for the subcategory *Access for eco-tourism/outdoor economy* for the stakeholder *Local community*

Performance indicators	
1	The region has a strong presence of eco-tourism.
2	No concerns or claims that the company's presence negatively impacts the eco-tourism opportunities in the region.
3	The company has environmental management systems in place to ensure the protection of the surrounding ecosystems.
4	The company has a plan to work with the local community to encourage tourism.
5	The company supports the local eco-tourism through projects, e.g., tourism infrastructure, souvenirs, etc.

SM 3.2 Worker

SM 3.2.1 Freedom of association and collective bargaining

Table 31. Reference scale for the subcategory *Freedom of association and collective bargaining* for the stakeholder *Worker*

Score	+2	+1	0	-1	-2
Freedom of association and collective bargaining	The company engages in a dialogue with the collective representation of workers and incorporates their views into management decisions.	The company recognizes the collective representation of organized workers in negotiations and the company has a system in place to enforce the policy that allows freedom of association and collective bargaining.	The company has a policy that allows freedom of association and collective bargaining. AND No incident has been discovered that the company or facility prevents worker's freedom of association and collective bargaining.	Incidents have been discovered that the company prevents worker's rights to freedom of association and collective bargaining, but a corrective action plan with a clear timeline for completion has been developed	Incidents have been discovered that the company prevents worker's rights to freedom of association and collective bargaining, but a corrective action plan with a clear timeline for completion has not been developed
Relevant performance indicators	1 to 4	1 to 2 & 4	1 & 4	-	-

Table 32. Performance indicators for the subcategory *Freedom of association and collective bargaining* for the stakeholder *Worker*

Performance indicators	
1	The company has a policy in place that allows freedom of association and collective bargaining.
2	The company has a system in place to enforce the policy, e.g., monitoring of unionization percentages, right to strike, association, and collective bargaining, etc.
3	The company has a regular dialogue with the union and incorporates their views into management decisions.
4	No concerns or claims that the company prevents worker's freedom of association and collective bargaining.

SM 3.2.2 Fair salary

Table 33. Reference scale for the subcategory *Fair salary* for the stakeholder *Worker*

Score	+2	+1	0	-1	-2
Fair salary	Workers receive wage above the minimum wage, and performance or competence-based remuneration (e.g., bonus or higher wage). The employer is promoting fair salary practice in its value chain.	Workers receive wage above the minimum wage and performance or competence-based remuneration (e.g. bonus or higher wage). Wages received are above the average wages in the region for the same type of job.	The company has a policy in place to ensure fair salary. Workers receive minimum wage for a single worker.	Workers receive wages below the minimum wage, however above the poverty line wage.	Workers receive a poverty line wage or below. There is a salary disparity between employees.
Relevant performance indicators	1 to 5	1 to 4	1 & 3	-	-

Table 34. Performance indicators for the subcategory *Fair salary* for the stakeholder *Worker*

Performance indicators	
1	The company has a policy in place to ensure fair salary.
2	The company has performance or competence- based remuneration (e.g., bonus or higher wage).
3	The workers receive minimum wage (or above).
4	The workers receive a wage that is above average for the same type of job in the region.
5	The company promotes fair salary in their value chain.

SM 3.2.3 Working hours

Table 35. Reference scale for the subcategory *Working hours* for the stakeholder *Worker*

Score	+2	+1	0	-1	-2
Working hours	Hours worked per week are below 40 hours per week to promote a better work-life balance. The company has a program to promote work-life balance and track its progress and effectiveness.	Hours worked per week are below the limits set by Chile (45 hours per week) that promotes a better work-life balance. If there is overtime, workers are paid for overtime working hours.	Hours worked per week, not including overtime, are at the limits set in Chile (45 hours per week), and workers are paid for overtime working hours. Workers have a minimum rest period (24 hours within 7 days).	Hours worked per week, not including overtime, are above the limits set in Chile (45 hours per week) but below the limits of the ILO (48 hours per week), and workers are paid for overtime working hours.	Hours worked per week, not including overtime, are above the limits set by the ILO (48 hours per week), and workers are not paid for overtime working hours.
Relevant performance indicators *	1 to 5	1 to 4	1 to 4	1	-

* For +2 and +1, performance indicator 3 refers to working less than the maximum allowed hours, while in 0, it refers to working the maximum allowed hours.

Table 36. Performance indicators for the subcategory *Working hours* for the stakeholder *Worker*

Performance indicators	
1	The company has a policy in place to ensure adequate working hours.
2	The company has a system in place to enforce the policy, e.g., set regulations on working hours and overtime.
3	Employees work the maximum allowed working hours (or less).
4	Overtime hours are documented and compensated.
5	The company has a program to promote work-life balance.

SM 3.2.4 Equal opportunities/discrimination

Table 37. Reference scale for the subcategory *Equal opportunities/discrimination* for the stakeholder *Worker*

Score	+2	+1	0	-1	-2
Equal opportunities/discrimination	The rate of women in the workforce is well above the sector's average (10% in mining and quarrying) and there are goals to further increase the percent of women employed to achieve a gender balance. There is no wage gap between men and women. The company is certified in voluntary standards that ensure gender equity.	The rate of women in the workforce is above the sector's average (10% in mining and quarrying) and there are goals to further increase the percent of women employed. The wage gap is below the country's average (10.9%). Beyond having an equal opportunity policy, the company implements measures to encourage the employment of the indigenous community.	The company has a policy in place to ensure equal opportunities and rejection of any type of discrimination . Additionally, impartial recruitment was identified. The rate of women in the workforce equals the sector's participation rate (10% in mining and quarrying). The wage gap matches the country's average (10.9%).	The company has a policy in place to ensure equal opportunities and rejection of any type of discrimination , but impartial recruitment was not identified. The rate of women in the workforce is lower than the sector's participation rate (10% in mining and quarrying). The wage gap matches the country's average (10.9%). There are no programs to encourage the employment of the indigenous community.	There is no policy in place to ensure equal opportunities and rejection of any type of discrimination and impartial recruitment was not identified. The rate of women in the workforce is much lower than the sector's participation rate (10% in mining and quarrying). The wage gap is below the country's average (10.9%). There are no programs to encourage the employment of the indigenous community. Recruitment discrimination was identified.
Relevant performance indicators	1 to 6	1 to 5	1 to 3	1	-

Table 38. Performance indicators for the subcategory *Equal opportunities/discrimination* for the stakeholder *Worker*

Performance indicators	
1	The company has a policy in place to foster equal opportunities and prevent discrimination.
2	The company has a system in place to enforce the policy, e.g., hiring procedures follow the policy, goals, etc.
3	Women's participation rate equals (or is above) the sector's average participation rate.
4	There is no identified wage gap between genders.
5	The company has programs to encourage the employment of the indigenous community.
6	The company is certified for voluntary standards to ensure gender equity.

SM 3.2.5 Health and safety

Table 39. Reference scale for the subcategory *Health and safety* for the stakeholder *Worker*

Score	+2	+1	0	-1	-2
Health and safety	The company has an occupational health and safety system (OSH) established, which goes beyond the requirements of the law (e.g., there is an employee health and safety committee that provides advice and helps monitor OSH programs). The accident rate in the last 12 months from the assessment period, was below the sector's average.	The company has systems in place (e.g., reporting, emergency preparedness plan, etc.) to ensure the OSH policy is followed and the safety of their workers, including pandemic health specific measures. The accident rate in the last 12 months from the assessment period, was below the sector's average.	The company has an OSH system established and provides health and safety training for all employees, including personal protective equipment. The accident rate equals the sector's average (1.36 accident frequency rate in 2021 in Chile's mining extractive industry).	The company has an OSH policy established, but compliance is not ensured and personal protective equipment is not provided in all occasions. The accident rate during the last 12 months from the assessment period is equal to the sector's average.	No OSH policy is established, personal protective equipment is not provided. The accident rate during the last 12 months from the assessment period is above sector's average.
Relevant performance indicators	1 to 7	1 to 5 & 7	1, 3, 5 & 7	1	-

Table 40. Performance indicators for the subcategory *Health and safety* for the stakeholder *Worker*

Performance indicators	
1	The company has an occupational health and safety system (OSH) policy in place.
2	The company has a system in place to enforce the policy, e.g., management system, reporting, etc.
3	Health and safety training are provided.
4	COVID-19 specific health and safety measures were in place.
5	Personal protective equipment is provided for every worker and site visitor during their time spent on site.
6	The company has a health and safety committee.
7	The accident rate in the last 12 months is lower when compared to the sector's average accident rate.

SM 3.2.6 Sexual harassment

Table 41. Reference scale for the subcategory *Sexual harassment* for the stakeholder *Worker*

Score	+2	+1	0	-1	-2
Sexual harassment	The company has a policy to prevent sexual harassment and has a reporting mechanism established for employees to report instances of sexual harassment and training about sexual harassment. There are effective actions to prevent harassment. Reported incidences of sexual harassment are taken seriously and investigated. During the year of assessment, there were no instances of sexual harassment reported.	The company has a policy to prevent sexual harassment and has a reporting mechanism established for employees to report instances of sexual harassment and training about sexual harassment. There are effective actions to prevent harassment. Reported incidences of sexual harassment are taken seriously and investigated.	The company has a policy to prevent sexual harassment and has a reporting mechanism established for employees to report instances of sexual harassment.	The company has a policy to prevent sexual harassment but no system to enforce the policy.	The company does not have a policy to prevent sexual harassment.
Relevant performance indicators	1 to 5	1 to 3 & 5	1 to 2	1	-

Table 42. Performance indicators for the subcategory *Sexual harassment* for the stakeholder *Worker*

Performance indicators	
1	The company has a policy in place to protect against sexual harassment.
2	The company has a system in place to enforce the policy, e.g., trainings, reporting systems.
3	Action is taken to investigate and address the issue in cases of reported sexual harassment.
4	There are no instances of harassment in the assessment year.
5	There are effective actions to prevent harassment.

SM 3.2.7 Employment relationship

Table 43. Reference scale for the subcategory *Employment relationship* for the stakeholder *Worker*

Score	+2	+1	0	-1	-2
Employment relationship	Aside of the existence of a written contract and the workers having a signed copy of it, the company implements measurements to ensure fair and transparent relationships between the organization and its people (e.g., measures to prevent and resolve disputes, procedures for collecting and implementing employee feedback, etc.).	Aside of the existence of a written contract and the workers having a signed copy of it, the company does not use short-term contracts to undermine obligations to workers under labor and social security laws.	The employer provides a written contract that defines the relationship between employers and workers (rights and responsibilities of each) and workers have a copy of the signed contract. Tasks comply with the agreed.	There is a written contract that defines the relationship between employers and workers, but tasks go beyond the contents of the contract.	There is not a written contract that defines the relationship between employers and employees.
Relevant performance indicators	1 to 5	1 & 3 to 5	1, 3, & 5	1 & 3	-

Table 44. Performance indicators for the subcategory *Employment relationship* for the stakeholder *Worker*

Performance indicators	
1	The company has a policy in place to ensure fair and transparent relationships between the company and its employees.
2	The company has a system in place to enforce the policy, e.g., feedback mechanisms for employees, systems to resolve disputes, etc.
3	The company provides a written contract that defines the relationship between employers and workers (rights and responsibilities of each) and workers have a copy of the signed contract.
4	The company does not use short-term contracts to undermine a collective bargaining agreement, or to avoid or reduce obligations to workers under applicable labor and social security laws and regulations.
5	Tasks comply with the working contract.

SM 3.2.8 Social benefits/social security

Table 45. Reference scale for the subcategory *Social benefits/social security* for the stakeholder *Worker*

Score	+2	+1	0	-1	-2
Social benefits/ social security	All employees benefit from governmental and corporate health care services and social security systems. Workers receive more than the minimum number of paid leave days (more than 15). There are additional benefits offered by the company that are not mandatory.	All employees aside of being eligible to enroll in the social security system, benefit from complementary services offered by the company and receive the minimum number of paid leave days (15).	There is a policy in place to ensure labor rights. Employees benefit from governmental or corporate social security system, which includes health and pension plans and receive the minimum number of paid leave days (15 working days) according to the law.	There is a policy in place to ensure labor rights. Only some employees are eligible to enroll in the social security system. Workers receive less than the minimum number of paid leave days (less than 15).	Employees are not eligible to enroll in the social security system and receive less than the minimum number of paid leave days (less than 15).
Relevant performance indicators	1 to 7	1 to 6	1 to 5	1	-

Table 46. Performance indicators for the subcategory *Social benefits/social security* for the stakeholder *Worker*

Performance indicators	
1	The company has a policy in place to ensure the labor rights of the employees.
2	Holiday and paid leave are in accordance with local regulations.
3	Sick leave and compensation for work-related injuries are in accordance with local regulations.
4	Dismissal and severance payments are in accordance with local regulations.
5	All employees are eligible to enroll in the social security system.
6	Complementary and non-mandatory services are offered by the company to its employees.
7	Employees receive more than the minimum number of days of paid leave.

SM 3.2.8 Child labor

Table 47. Reference scale for the subcategory *Child labor* for the stakeholder *Worker*

Score	+2	+1	0	-1	-2
Child labor	No child labor or working child is detected (all workers above 18 years old) and the company has a policy to enforce child labor prohibition. The company has a program to prevent child labor throughout its supply chain.	No child labor or working child is detected (all workers above 18 years old) and the company has systems in place to enforce the policies.	There is a policy in place to prevent child labor. AND No child labor is detected (under 18). OR There is a working child but in compliance to local regulations (not under 15 years old for work; not under 18 years old for hazardous work).	Working child according to local regulations (not under 15 years old for work or not under 18 years old for hazardous work), but working conditions are not in compliance (e.g., hinders school activity).	Child labor is detected and does not comply with local regulations (i.e., workers are aged under 15).
Relevant performance indicators	1 to 4	1 to 3	1 & 3	1	-

Table 48. Performance indicators for the subcategory *Child labor* for the stakeholder *Worker*

Performance indicators	
1	The company has a policy in place to prevent child labor.
2	The company has a system in place to enforce the policy, e.g., considering age in hiring practices, reporting on age of workers.
3	There was no child labor detected at the operation.
4	The company has a program to prevent child labor throughout its supply chain.

SM 3.3 Society

SM 3.3.1 Public commitment to sustainability issues

Table 49. Reference scale for the subcategory *Public commitment to sustainability issues* for the stakeholder *Society*

Score	+2	+1	0	-1	-2
Public commitment to sustainability issues	The company publishes a three-dimensional annual report in accordance with international standards and has pledged to comply with the Global Compact Principles or other global initiatives to foster sustainable development. Additionally, the company has implemented follow-up mechanisms to comply with promises.	The company prepares and publishes a three-dimensional annual report in accordance with international standards that is verified and implements mechanisms to follow up on the pledges made on sustainability issues.	The company prepares and publishes a three-dimensional annual report specifying significant environmental, social, and economic impacts of its activities in the preceding year according to international standards.	The company prepares and publishes an incomplete annual report on the environmental, social, and economic impacts of its activities, leaving some of these dimensions out of scope (e.g., only reporting on the economic dimension).	The company does not prepare or publish an annual report on the environmental, social, and economic impacts of its activities.
Relevant performance indicators	1 to 6	1 to 5	1 to 3	1	-

Table 50. Performance indicators for the subcategory *Public commitment to sustainability issues* for the stakeholder *Society*

Performance indicators	
1	The company publishes an annual sustainability report.
2	The sustainability report is in accordance with international standards, e.g., GRI.
3	The sustainability report covers all three dimensions.
4	The sustainability report is verified by a third-party.
5	The company has programs in place to follow up on pledges made on sustainability issues.
6	The company has pledged to comply with the Global Compact Principles or other global initiatives to foster sustainable development.

SM 3.3.2 Contribution to economic development

Table 51. Reference scale for the subcategory *Contribution to economic development* for the stakeholder *Society*

Score	+2	+1	0	-1	-2
Contribution to economic development	The company contributes to the country's and to regional economic development through local employment and local expenditure and projects to encourage education, entrepreneurs, and local businesses.	The company contributes to the country's and to regional economic development through local employment and local expenditure.	The company contributes to the economic development through a significant contribution to the overall country GDP.	The company contributes to the economic development through a minimal contribution to the overall country GDP.	The company does not contribute to economic development.
Relevant performance indicators	1 to 5	1 to 4	1 to 2	1 to 2*	-

* For -1, performance indicator 2 refers to a minimal contribution the country's GDP.

Table 52. Performance indicators for the subcategory *Contribution to economic development* for the stakeholder *Society*

Performance indicators	
1	The company has a policy in place to contribute towards economic development.
2	The company contributes significantly to the country's GDP.
3	The company contributes to regional economic development through employing locals.
4	The company contributes to regional economic development through local expenditure.
5	The company has projects that encourage economic development in the region.

SM 3.3.3 Technology development

Table 53. Reference scale for the subcategory *Technology development* for the stakeholder *Society*

Score	+2	+1	0	-1	-2
Technology development	The company has partnerships in research and development and programs aimed at technology transfer.	The company has partnerships in research and development.	The company invests in technology development as required in the lease agreement.	The company does not invest in technology development or transfer but has plans to in the future.	The company does not invest in technology development or transfer and has no plan to do so.
Relevant performance indicators	1 to 4	1 to 3	1 to 2	1	-

Table 54. Performance indicators for the subcategory *Technology development* for the stakeholder *Society*

Performance indicators	
1	The company has a policy to invest in research and development (R&D).
2	The company invests in technology development as required in the lease agreement.
3	The company has partnerships in research and development.
4	The company has programs aimed at technology transfer.

SM 3.3.4 Corruption

Table 55. Reference scale for the subcategory *Corruption* for the stakeholder *Society*

Score	+2	+1	0	-1	-2
Corruption	There is a formalized commitment to prevent corruption which is widely spread among stakeholders, additionally there is individual or departmental monitoring, and the company does not have a history of corruption and participates in collective alliances with stakeholders to fight corruption.	There is a formalized commitment to prevent corruption and the company carries out further measures to ensure compliance and continuous improvement (e.g., mechanisms for anonymous reporting of suspicions).	There is a formalized commitment of the company to prevent corruption and fraud.	Although there is a formalized anti-corruption policy in the company, there are reports of corruption occurring from stakeholders in the past 12 months.	There is no commitment of the company to prevent corruption and corruption cases have been detected in the past 12 months.
Relevant performance indicators	1 to 5	1 to 4	1 to 2	1 & NOT 2	NOT 2

Table 56. Performance indicators for the subcategory *Corruption* for the stakeholder *Society*

Performance indicators	
1	The company has a policy in place to prevent fraud and corruption.
2	There are no reports of corruption occurring from stakeholders in the assessment year.
3	The company has a system in place to enforce the policy, e.g., an anti-corruption program.
4	The company implements individual and departmental monitoring for detecting corruption/fraud attempts and cooperates with internal or external stakeholders to fight corruption.
5	The company has no corruption issues in the recent past (e.g., within 5 years of the assessment period).

SM 3.3.4 Poverty alleviation

Table 57. Reference scale for the subcategory *Poverty alleviation* for the stakeholder *Society*

Score	+2	+1	0	-1	-2
Poverty alleviation	The organization has a strategic plan to alleviate poverty, which pursues both practical and strategic approaches to poverty reduction. The material aspects of poverty are addressed, as well as the direct and indirect causes of poverty at the local level.	The organization has a strategic plan to reduce poverty, which uses a practical approach to poverty reduction, addressing the material aspects of poverty, mostly those related to subsistence needs.	Contributions to poverty alleviation were identified, however, the organization does not carry a poverty alleviation program.	The company passively contributes to the region's impoverishment (e.g., by grabbing and restricting access to natural resources, not hiring local, etc.).	The company actively contributes to the region's impoverishment (e.g., massive dismissals during crisis, monopolization of resources, etc.).
Relevant performance indicators	1 to 4	1 to 2 & 4	1	NOT 4	-

Table 58. Performance indicators for the subcategory *Poverty alleviation* for the stakeholder *Society*

Performance indicators	
1	The company has a policy in place to generate shared value.
2	The company has programs that improve well-being and reduce poverty.
3	The company consults with the communities to understand the needs of the region.
4	The company hires from the local community.

SM 4. Weighting and scaling procedures for the average scoring approach

During the interviews conducted in March 2023, specific questions relevant to each of the assessed subcategories for the *Local community* stakeholder group were asked (SM 1.2). The interviewee's answer to each question was then used as a data source for the respective subcategory. Other statements made during interviews outside of a specific question were coded and classified to the relevant subcategory.

An indicator for a subcategory can have multiple sub-indicators as illustrated in Table 59. Sub-indicators can have different data sources (e.g., interview data, sustainability report data, IRMA report data, etc.). Within a sub-indicator based on interview data, each interview answer is given an equal weighting and then an overall score for that sub-indicator is calculated based on the average (see Sub-indicator 1 in Table 59). Then each of the sub-indicators is weighted equally to give a final score for the indicator (see the final row in Table 59).

Table 59. Illustrative example of the weighting procedure within an indicator

Indicator 1				
Sub-indicator	Data	Yes/No/Partially	Score (yes = 5, partially = 2.5, no = 1)	Overall score for sub-indicator
Sub-indicator 1 (e.g., answer from interview question specific to this subcategory)	Interview answer 1	Yes	5	2.9
	Interview answer 2	No	1	
	Interview answer 3	No	1	
	Interview answer 4	Partially	2.5	
	Interview answer 5	Yes	5	
Sub-indicator 2 (e.g., from the sustainability report)	Data from report	Yes	5	5
Sub-indicator 3 (e.g., from the IRMA report)	Data from report	Yes	5	5
Sub-indicator 4 (e.g., from the Ecovadis report)	Data from report	Yes	5	5
Final score for Indicator 1				4.475

Within each subcategory, the indicators are all weighted equally. Table 60 displays an illustrative example for the weighting procedure within a subcategory.

Table 60. Illustrative example of the weighting procedure within a subcategory

Subcategory 1	
Indicator 1	4.475
Indicator 2	5
Indicator 3	3
Indicator 4	5
Indicator 5	5
Average score for Subcategory 1	4.495

After the average score per subcategory is calculated, the score is scaled based on the maximum score available. Table 61 continues the illustrative example and shows the calculation used for scaling and the resulting final score for the subcategory.

Table 61. Illustrative example of the scaling procedure

Subcategory 1	Score	Maximum score
Indicator 1	4.475	5
Indicator 2	5	5
Indicator 3	3	3
Indicator 4	5	5
Indicator 5	5	5
Average score for Subcategory 1	4.495	-
Scaled score	$= ((4.475+5+3+5+5)/(5+5+3+5+5))*5$	
	= 4.886	

The final score is then considered with respect to the defined reference scale for the subcategory using the score ranges in Table 62 (Life Cycle Initiative and Social Life Cycle Alliance 2022).

Table 62. Score range to determine the final score on the reference scale for the subcategory (based on Life Cycle Initiative and Social Life Cycle Alliance (2022))

Final score	+2	+1	0	-1	-2
Score range	4.6 to 5.0	3.6 to 4.5	2.6 to 3.5	1.6 to 2.5	1.0 to 1.5

SM 5. Social life cycle inventory results

SM 5.1 Local community – Carmen Lithium Chemical Plant

Nine subcategories were considered for the *Local community* surrounding the Carmen Lithium Chemical Plant, located outside of the city of Antofagasta. Sections SM 5.1.1 through SM 5.1.9 describe the social life cycle inventory results for the *Local community* subcategories.

SM 5.1.1 Access to material resources – freshwater

SQM has a policy in place to protect freshwater resources (SQM S.A. 2021b) and measures to enforce the policy, such as, meeting 73% of the industrial water needs with treated waste water from the city of Antofagasta and recirculating treated water into production processes (SQM S.A. 2022a). Further, there are goals to reduce the amount of water consumed (SQM S.A. 2022a).

The Carmen Lithium Chemical Plant has an ISO 14001:2015 certified environmental management system since 2023 and proof of this certification was provided (ISO 2015; SQM S.A. 2023). There is nothing to indicate that the chemical plant has adverse effects on the freshwater resources in the region (Fragkou and Budds 2020; SQM S.A. 2020a, 2022a). However, SQM does not have specific projects in the city of Antofagasta related to improving access to drinking water or water treatment and sanitation infrastructure.

SM 5.1.2 Access to material resources – agriculture

SQM has a policy to evaluate the impact of their operations on the environment and neighboring communities, but no policy specific to agricultural lands (SQM S.A. 2021b). SQM participates in the program *Sustainable Agriculture and Value-Added Food in the Antofagasta Desert* which is carried out in four districts, including Antofagasta, to promote sustainable agriculture while considering the unique agro-ecological zones. There were no raised concerns or claims that the Carmen Lithium Chemical Plant has adverse effects on agricultural lands in the region.

SM 5.1.3 Access to material resources – infrastructure

There is a policy in place to support community development (SQM S.A. 2021b). SQM complies with the CORFO lease agreement and provides a financial contribution to the Antofagasta Regional Government for public investment and product development and to the Municipality of Antofagasta (SQM S.A. 2018a, 2021c). There are no concerns that the chemical plant has adverse effects on the local infrastructure since a significant portion of the water supply comes from treated water and the rest from purchased desalinated water and the electricity is secured through a specific contract (SQM S.A. 2022a). However, there are no projects specific to improving infrastructure in the city of Antofagasta.

SM 5.1.4 Access to immaterial resources

There are policies to support the improvement of education and to promote sports and healthy living (SQM S.A. 2021b) and SQM makes contributions to support education and community health and safety (SQM S.A. 2021c). There are projects to improve education in Antofagasta such as providing professional and technical talks and internships, as well as food donations to high schools in Antofagasta, sponsoring a program to train students on communication and entrepreneurial skills, and sponsoring an all-girls STEM camp to promote careers in science and engineering for high school girls (SQM S.A. 2020a, 2022a). Further, there are technical training programs to provide job training and certifications for adults (SQM S.A. 2022a).

There are tours for civil engineering students from the Universidad Católica del Norte and the Universidad de Antofagasta to learn about the lithium production process in the Salar de Atacama and Antofagasta (SQM S.A. 2022a). There is public information available on the lithium production (SQM S.A. 2021a) and a life cycle assessment of lithium (SQM S.A. 2022b). Though, it is unclear how the

community in Antofagasta receives information about the lithium chemical plant operations or if SQM communicates with them directly. There were no raised concerns that SQM restricts freedom of expression or suppresses local opinions.

SM 5.1.5 Delocalization and migration

The chemical plant is located outside of the city of Antofagasta and its construction did not lead to displacement. The economy of Antofagasta has historically been based on mineral production and has become a global port-city, which makes it an attractive location for migrants (Stefoni et al. 2022; Sickinger and Gatica 2023). The Antofagasta Region has 8.29% of the migrant population in Chile (Stefoni and Contreras 2022). The mining industry can generate divergent dynamics that can strengthen (through funding of cultural initiatives) or weaken (through migratory processes) the local identities (Fundación de Cultura y Turismo de San Pedro de Atacama 2022).

SQM has a *Diversity and Inclusion Policy* that prohibits bias or discrimination, including against foreign workers, during personnel selection (SQM S.A. 2020b). Blind recruitment procedures are followed to evaluate applicants (SQM S.A. 2021b). SQM has projects related to agriculture, education, and supporting the Antofagasta women's soccer team that enhance the quality of life in the region (SQM S.A. 2021c, 2022a).

SM 5.1.6 Cultural heritage

There is a policy to support cultural initiatives that benefit the community (SQM S.A. 2021b) and investments are made towards culture and historical heritage (SQM S.A. 2021c). There was no evidence that the company directly disrespects the cultural heritage in the region. SQM is on the board of the Huanchaca Ruins Foundation in Antofagasta and provides resources for the operations and upkeep of the sites and museum (SQM S.A. 2021c; Ruinas de Huanchaca 2023). SQM also supported the Budeo Bodyboard Club in Antofagasta for the bodyboard world championship (SQM S.A. 2022a).

SM 5.1.7 Safe and healthy living conditions

SQM has a policy to minimize waste and emissions to reduce the risk to human health, the environment, and communities (SQM S.A. 2021b). There are no raised concerns about health impacts due to the chemical plant. SQM participates in programs to support children with autism (SQM S.A. 2020a). They also support the Miradas Compartida Foundation in Antofagasta among other municipalities to integrate individuals with intellectual disabilities and launched dance and soccer workshops for children (SQM S.A. 2021c). SQM also provides support to the Antofagasta women's soccer team (SQM S.A. 2021c, 2022a) and other sports organizations to provide equipment, transportation, and training (SQM S.A. 2022a).

In the Antofagasta Region, there is a deficiency in health care infrastructure with two hospital beds per 1000 inhabitants (OECD 2020). The Antofagasta Region has the lowest rank for health based on life expectancy at birth in Chile (OECD 2020). During the Covid-19 pandemic, SQM donated mechanical ventilators and respirators as well as other supplies to the Antofagasta Healthcare Network (SQM S.A. 2020a). Further, they participated in a campaign from Miradas Compartida Foundation to bring food to families during the pandemic (SQM S.A. 2020a).

SM 5.1.8 Community engagement

SQM has policies for citizen participation and transparency regarding projects and their possible effects and to implement communication channels to allow for a permanent dialogue with the community (SQM S.A. 2021b). It was unclear how SQM communicates with the community in Antofagasta regarding the Carmen Lithium Chemical Plant. There is a feedback mechanism in place via an online complaint channel where community members and stakeholders can submit complaints or requests to the company (SQM S.A. 2023b).

SM 5.1.9 Local employment

The company has policies to encourage hiring from the communities surrounding the operation (SQM S.A. 2020b) and follows blind recruitment procedures to avoid discrimination of any kind during recruitment and hiring processes (SQM S.A. 2021b). 73.8% of the employees at the Carmen Lithium Chemical Plant live in the area as of December 2021 (SQM S.A. 2023a). It is not known if SQM specifically targets the local community to inform them of job vacancies. There is a Community Technical Training Program in place to provide job training courses (e.g., solar panel maintenance techniques, operating forklifts, nursing care, etc.) and certifications (e.g., welding, security guard, home electrical techniques, etc.); 15 women in Antofagasta participated in this program (SQM S.A. 2022a).

SM 5.2 Worker – Salar de Atacama and Carmen Lithium Chemical Plant

The stakeholder *Worker* was assessed for both of SQM's facilities related to lithium production, the Salar de Atacama operation and the Carmen Lithium Chemical Plant. Eight subcategories were assessed for the *Worker* at both facilities. However, much of the social life cycle inventory results relate to worker rights policies or union agreements that cover both facilities. For this reason, the social life cycle inventory results are displayed together for the Salar de Atacama and Carmen Lithium Chemical Plant (SM 5.2.1 through SM 5.2.8). Any differences between the two facilities for the *Worker* are discussed.

SM 5.2.1 Freedom of association and collective bargaining

SQM has a policy in place that respects workers' right to freedom of association and seeks to have a transparent dialogue to enable mutually beneficial agreements (SQM S.A. 2021b). 77.1% of SQM employees in Chile are unionized and 75.8% are covered by collective bargaining agreements (SQM S.A. 2022a).

The IRMA audit found through interviews and review of documents that SQM does not hire replacement workers to undermine a legal strike or avoid negotiating in good faith (IRMA 2023). In December 2022, workers at SQM Salar announced a strike demanding bonuses and wage increases, among other things and SQM announced they would start the mediation process with the union (Bnamerica 2022). SQM engages in collective bargaining agreements and proof was provided for the latest agreement with the SQM Salar S.A. Company Workers' Union (Sindicato de Trabajadores de Empresa SQM Salar S.A.) (SQM S.A. 2023a).

Union representatives are invited to participate in meetings for the Safety, Health, and Environment Committee and the Health and Safety Management System (SQM S.A. 2021c, 2022a). There are also communication channels for relating to unions and regular union meetings (SQM S.A. 2021c, 2022a). If there are any operational changes that could impact workers, SQM meets with the unions to explain the expected changes (SQM S.A. 2022a).

SM 5.2.2 Fair salary

There is a policy in place at SQM to ensure no wage discrimination (SQM S.A. 2021b) and internal guidelines that remuneration shall follow what is agreed upon in the respective contract or collective bargaining agreement (SQM S.A. 2023a). Various bonuses are in place as part of the collective bargaining agreements, e.g., night shift bonus, monthly incentive bonus, management bonus, etc. (SQM S.A. 2023a). There is a base salary adjustment as part of collective bargaining agreements (SQM S.A. 2023a).

The minimum wage in Chile is 460,000 pesos (equivalent to 572.70 USD) as of September 1, 2023 and will be 500,000 pesos (equivalent to 622.50 USD) by July 1, 2024 (Gob.cl 2023a). The Chilean minimum wage exceeds the poverty level (U.S. Department of State 2022). The lowest paid wage for employees at both the SdA facility and Carmen Lithium Chemical Plant exceeds the minimum wage (SQM S.A. 2023a). The average salary in the mining sector in Chile is 1,025,735 pesos (equivalent to 1200 USD) (Economic Research Institute 2023) which is slightly above the average salary paid across

all positions at the SdA facility and is slightly below the average salary paid across all positions at the Carmen Lithium Chemical Plant (SQM S.A. 2023a).

During an interview with a local community member in the area surrounding the SdA facility, it was stated that more members of the community work for Albemarle than for SQM because Albemarle pays more (Interview 2023). Union members demanded a wage increase as part of their demands for an announced strike in December 2022, stating that their salaries are lower than workers in similar companies such as Albemarle (Bnamerica 2022).

SQM promotes labor rights of workers in their supply chain and the Operational Risk Management System (SISGRO) verifies that service providers and contractors meet all the legal provisions in place (SQM S.A. 2022a). SQM has also created a Responsible Sourcing Policy and joined the Global Battery Alliance (GBA) to work towards a sustainable battery supply chain (SQM S.A. 2022a).

SM 5.2.3 Working hours

SQM has a policy to ensure compliance with worker rights laws in all operating countries, including working hours regulations (SQM S.A. 2021b). Employment contracts at SQM set regulations on working hours and overtime (SQM S.A. 2023a). Overtime hours are documented and compensated according to the national law or the rate defined in the collective bargaining agreement (IRMA 2023; SQM S.A. 2023a).

In the mining sector in Chile, shift work is often the norm, with the typical work pattern following 7x7 (meaning seven days working followed by seven days off) or 4x4 with 12-hour work days (CRU International Limited 2023). Under these shift work systems, the average number of hours worked per week is then 42.5 hours (CRU International Limited 2023). Shift work is followed at SQM's operation (SQM S.A. 2023a) and this is in line with the Chilean law which sets the working hours at 45 hours per week (U.S. Department of State 2022).

Chile has recently passed a law to reduce the work week to 40 hours and this will be gradually implemented until 2028 (Gob.cl 2023b). For sectors that require continual operation such as mining, employers will be able to compensate employees that exceed the 40 hour work week with additional annual rest days (CRU International Limited 2023).

SQM has taken steps to promote work-life balance at the headquarters in Santiago through the NCh 3262 (2012) certification on Gender Equity and Work-Life Balance (Faúndez et al. 2013; SQM S.A. 2023c). There are plans to certify the Antofagasta offices as well, but there is no implementation date set for the Salar de Atacama and Carmen Lithium Chemical Plant facilities (SQM S.A. 2023a).

SM 5.2.4 Equal opportunities/discrimination

There is a policy in place to promote a work culture that fosters diversity, non-discrimination, and equal opportunities (SQM S.A. 2021b) as well as an inclusion policy that is being implemented (IRMA 2023). The hiring procedures align with the diversity and inclusion policy which "encourages the hiring of women, people with disabilities and people belonging to the communities surrounding the operation" (SQM S.A. 2020b). Measures and policies were confirmed by interviews with employees for the IRMA Audit of the SdA operation (IRMA 2023).

In the mining and quarrying sector in Chile in 2017, 10% of employees were women (ILO Harmonized Microdata 2017). 13.2% of employees at the Salar de Atacama operation and 20.7% of employees at Carmen Lithium Chemical Plant were women in 2021 (SQM S.A. 2023a). In 2022, 20% of the employees at SQM overall were women (SQM S.A. 2022a). There are goals to increase the percentage of women employed, with the aim to have 25% female staff overall at SQM by 2025 (SQM S.A. 2022a). There are also goals to increase the number of employees from the local community at the SdA facility.

The gender wage gap was 10.9% based on gross earnings in Chile in 2021 (OECD 2023). Based on the minimum wage per position and gender at the SdA operation and Carmen Lithium Chemical Plant, there was no identified wage gap between the genders (SQM S.A. 2023a).

There is a mentoring program for civil engineering and geology students from the Universidad Católica del Norte in Antofagasta and the Pontificia Universidad Católica de Chile in Santiago to increase women's participation in mining (SQM S.A. 2022a). There is also an apprenticeship program for the indigenous communities surrounding the Salar de Atacama. The program aims to integrate more local people into the company through paid trainings and the possibility of a job following participation in the apprenticeship (SQM S.A. 2022c, 2023a). Open positions at the Salar de Atacama are circulated within the local community via Facebook and WhatsApp (SQM S.A. 2023a).

As described in SM 5.2.3, the Salar de Atacama and Carmen Lithium Chemical Plant have not been certified for the NCh 3262 (2012) certification on Gender Equity and Work-Life Balance (Faúndez et al. 2013; SQM S.A. 2023a) which, if certified, would further promote gender equality.

SM 5.2.5 Health and safety

SQM has an occupational health and safety (OSH) policy in place that establishes protocols that must be followed by everyone working at SQM, with the goal to have a zero accident rate at their operations (SQM S.A. 2021b). The protocols on order, hygiene, and security at SQM Salar are clearly documented (SQM S.A. 2023a). The protocol includes the obligation for employees to report any hazardous conditions or risky situations that they witness (SQM S.A. 2021c, 2023a). Contractors follow the same occupational health and risk prevention standards (SQM S.A. 2022a). There is an emergency preparedness plan in place to protect employees from potential hazards (ecovadis 2021). Health and safety training are provided for employees and subcontractors (ecovadis 2021; SQM S.A. 2021c). There is a Safety, Health and Environment Committee which reviews policies, changes, and improvements related to social issues and those related to safety, health, and the environment (SQM S.A. 2021c).

During two site visits (July 2023 and March 2023) conducted at the SdA operation, personal protective equipment (PPE) was provided and was required to enter the facility's premises. No observations were made of workers without PPE at the SdA operation during the site visits.

Further, COVID-19 specific health protocols were followed during the pandemic. Online training was provided to maintain social distancing measures (SQM S.A. 2021c). During the site visit to the mining camp for the SdA (Campamento Andino) in July 2022, masks were provided and required to be worn on camp and mining site premises and distancing barriers were in place in the camp cafeteria.

The annual sustainability reports include reporting on the accident frequency rate and reporting on health and safety management systems and trainings in line with the GRI Standard 403: Occupational Health and Safety (GRI 2018), which are assured by Deloitte (SQM S.A. 2022a). In 2021, the total recordable injury frequency at SQM was 1.33 and there were zero fatalities among company employees in the last five years (SQM S.A. 2021c). The injury frequency and fatality rate were lower at SQM than the extractive mining industry in Chile overall (1.36 injury frequency and 0.02 fatality rate) (SERNAGEOMIN 2021).

SM 5.2.6 Sexual harassment

There is a policy to reject sexual harassment at SQM (SQM S.A. 2021b) and internal regulations prohibit all forms of harassment, including bullying and sexual harassment (SQM S.A. 2021c). There is the development of awareness and education programs to prevent bullying and harassment (SQM S.A. 2021c). A confidential complaint channel is available to all employees through a third-party where discrimination and harassment can be reported (SQM S.A. 2023b). When cases of harassment are reported, they are analyzed and it is determined what action needs to be taken, e.g., further investigation,

trainings, termination (SQM S.A. 2021c, 2023b). Data specific to sexual harassment was not available so the reports of discrimination and harassment were used as a proxy for the risk of sexual harassment.

Five complaints were received between 2020 and 2021 at the SdA operation and four complaints at the Carmen Lithium Chemical Plant related to “discrimination or harassment” which were analyzed and led to discipline, trainings, or termination where appropriate (SQM S.A. 2023a). The IRMA audit found that there were no effective actions to prevent harassment (IRMA 2023).

SM 5.2.7 Employment relationship

SQM has documented internal regulations on obligations and prohibitions that all employees must recognize (SQM S.A. 2022a, 2023a). Internal regulations dictate procedures surrounding work contracts, e.g., that signed copies should be provided within 15 days of hiring an employee and that a signed copy remains in the possession of each party (SQM S.A. 2023a). Contracts define the rights and responsibilities of the employer and employees (SQM S.A. 2023a). Internal regulations state that tasks must comply with the working contract; only changes to work that is similar in nature, without detriment to the worker, and within the same city are allowed (SQM S.A. 2023a).

93.4% of the workforce has a contract in Chile (SQM S.A. 2022a) and the IRMA audit confirmed that SQM does not use short-term contracts to undermine collective bargaining agreements or to reduce obligations to workers under law (IRMA 2023).

The confidential complaint channel can be used to raise concerns about inappropriate conduct and violations of SQM policy, but employees are also encouraged to approach their supervisors about instances where violations have occurred (SQM S.A. 2023b).

SM 5.2.8 Social benefits/social security

The labor rights approach of SQM’s policy aims to protect the labor rights of the workers and includes that all the internal regulations (which cover topics such as remuneration and paid leave) must be known to all workers (SQM S.A. 2021b).

In Chile, employees with more than one year of service are entitled to 15 working days of holiday with full pay (Ax Legal 2021). SQM’s internal regulations include a provision to allow holiday in accordance with the legislation and collective bargaining agreements (SQM S.A. 2023a). It was confirmed by the IRMA audit that SQM gives employees 15 working days of holiday after one year of service (IRMA 2023).

Employees are eligible to enroll in a social security system and should inform SQM on their pension fund affiliation and social security health institution (SQM S.A. 2023a). The internal regulations at SQM provide details on sick leave and compensation for work-related injuries (SQM S.A. 2023a). There is legal insurance for compensation related to occupational accidents which covers medical expenses and salaries during recovery (IRMA 2023). SQM also offers an additional insurance for death or permanent disability of the worker to cover the salary for the family (IRMA 2023). Additional bonuses and benefits are agreed upon in the collective bargaining agreements with the SQM Salar S.A. Company Worker’s Union (SQM S.A. 2023a).

Dismissal and severance payments are in accordance with Chilean law and the collective agreements (IRMA 2023). Cases where dismissal without severance could occur are specified clearly in the company’s internal regulations (SQM S.A. 2023a).

SM 5.2.1 Child labor

Chile has ratified many conventions related to the prevention of child labor, e.g., ILO Convention 138, Minimum Age, ILO Convention 182, Worst Forms of Child Labor, and the UN Convention on the Rights of the Child (U.S. Department of Labor 2022). Chilean law specifies the minimum age for work

and for hazardous work as 18 years old (U.S. Department of Labor 2022). The only exception is for non-hazardous work with signed parental permission at a minimum age of 15 (BIZ Latin Hub 2023).

SQM has policies in place to reject all forms of child labor and make this principle enforceable throughout the supply chain (SQM S.A. 2021b). SQM only hires people over the age of 18 and considers this in their hiring policies, verifies the age of workers, and maintains age records for workers (SQM S.A. 2022a; IRMA 2023). SQM's sustainability reports include reporting that is in line with the GRI standard for child labor and is assured by Deloitte (SQM S.A. 2022a). The youngest employee at both the SdA and Carmen Lithium Chemical Plant during the assessment period was 19 years old (SQM S.A. 2023a). No child labor was seen during site visits to the SdA facility.

SQM has established criteria for responsible sourcing to ensure that their supply chain does not include child labor (SQM S.A. 2022a). The IRMA audit found that there was not a high risk of child labor in the mine's supply chain (IRMA 2023).

SM 5.3 Society

The *Society* stakeholder group was considered to be the same for the two facilities under study since they are both located in the Antofagasta Region of Chile.

SM 5.3.1 Public commitment to sustainability issues

SQM has published an annual sustainability report since 2010 (SQM S.A. 2023d). The sustainability reports are in accordance with GRI standards and the Sustainability Accounting Standards Board (SQM S.A. 2022a). The sustainability reports cover all three dimensions of sustainability (environment, social, and economy), with topics related to equity and investments, environmental impacts such as CO₂ emissions and water consumption, and communities and workers (SQM S.A. 2022a). Sustainability reports are verified by a third-party, Deloitte (SQM S.A. 2022a). Pledges made on sustainability issues are followed up with programs to work towards achieving sustainability goals (many of the programs and policies have been described in other sections of the life cycle inventory). Sustainability reports include relevant Global Compact Principles (SQM S.A. 2022a). SQM has joined the Race To Zero program as part of the Science-Based Targets Initiative (SBTi) which includes the pledge to reach net-zero emissions as soon as possible, with a 50% reduction by 2030 (SQM S.A. 2022d).

SM 5.3.2 Contribution to economic development

There is a policy in place to promote and support economic development of communities and generate shared value projects between SQM and the communities surrounding operations (SQM S.A. 2021b). The mining sector (largely copper and lithium mining) in Chile contributes significantly to the GDP of Chile, representing 14.6% of the GDP in 2021 and making up over half of the exports from Chile (Consejo Minero and Banco Central de Chile 2022; International Trade Administration 2022). As one of the two lithium producers in Chile, SQM has a substantial contribution towards the GDP of Chile.

SQM contributes to the regional economic development in Antofagasta through employing members of the local community. Local hires make up 73.8% of employees at Carmen Lithium Chemical Plant and 19.5% of employees at the SdA facility (SQM S.A. 2023a). The company also contributes to regional economic development through local expenditure with 15.2% of the total expenditure occurring locally in 2021 from both facilities (SQM S.A. 2023a). There are also projects to encourage economic development in the region such as the apprenticeship program to train new professionals from the surrounding community (SQM S.A. 2022c), a social investment fund (SQM Lithium Ventures) for the generation of innovation and applied technology from entrepreneurs and startups (SQM S.A. 2022a), and the "Nothing Can Stop Us" campaign to support entrepreneurs through a tournament in the region (SQM S.A. 2022a).

SM 5.3.3 Technology development

SQM has a policy to invest in research and development that responds to the needs of their consumers (SQM S.A. 2021b). As part of the CORFO lease agreement, part of the contributions from SQM go exclusively towards research and development activities as well as contributions to the Antofagasta Center for Clean Technology (SQM S.A. 2018a, 2022a). SQM also has many partnerships in research and development such as participating in the Global Battery Alliance which aims to work towards a sustainable and transparent battery supply chain (SQM S.A. 2022a). SQM also has a memorandum of understanding with LG Energy Solution to study and develop joint investment projects along the electromobility industry value chain (SQM S.A. 2022a). Further, SQM has programs with universities and the Center for Agricultural Research and Development to train students and promote applied research and technology transfer (SQM S.A. 2022a).

SM 5.3.4 Corruption

SQM has a policy in place to make business decisions along the axes of anti-corruption, anti-trust, intellectual property, conflicts of interest, money laundering, confidential and reprisal-free reporting channels, standardized investigation procedures, data protection, information storage and security, and fraud prevention (SQM S.A. 2021b). There is an additional Anti-Bribery and Anti-Corruption policy in place at SQM (SQM S.A. 2018b).

On the company level, there have not been any reported instances of corruption since 2018 when SQM and its former CEO had to pay penalties for violating the Foreign Corrupt Practices Act (FCPA) due to payments to politically-connected individuals in Chile occurring between 2005 and 2015 (U.S. Department of Justice Office of Public Affairs 2017; U.S. Securities and Exchange Commission 2018). On an individual level, there were a few reports of conflict of interest and one report of falsification of contracts, reports, or records at the SdA and Carmen Lithium Chemical Plant during 2021 (the assessment year) which were then investigated and dealt with accordingly (SQM S.A. 2023a).

SQM has systems in place to enforce their anti-corruption policy. All reports through their complaint channel related to conflicts of interest or falsification are investigated and appropriate action is taken (SQM S.A. 2023a). Preventative and monitoring activities are carried out for processes that are most exposed to compliance risks associated with the anti-corruption regulations (SQM S.A. 2022a). Awareness actions are implemented at SQM in the context of International Anti-Corruption Day each year with the goal to highlight integrity and ethical conduct for workers at the different operations (SQM S.A. 2021c, 2022a).

SM 5.3.5 Poverty alleviation

There is a policy in place at SQM to generate shared value in the local communities and support economic development (SQM S.A. 2021b). SQM has programs to improve the well-being of communities and reduce poverty through education (see *Local community – Access to immaterial resources*), entrepreneurship (see *Society – Contribution to economic development*), health care (see *Local community – Safe and healthy living conditions*), and agriculture (see *Local community – Access to material resources - agriculture*). Further, SQM consults with the communities to understand their needs (see *Local community – Community engagement*). SQM also hires from the local community and has programs to increase the number of local hires, thereby providing opportunities (see *Local community – Local employment*).

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