



THE WORLDWIDE  
BUSINESS FORMULA

SUSTAINABILITY  
REPORT

---

2017



Foto de Portada: Pato Juarjual  
Foto: Corredor de Pica

# 2017

## Sustainability Report

Para más información sobre el presente documento y acerca del trabajo desarrollado en materia de sustentabilidad en SQM, visite o contáctenos a través de:  
[www.sqm.com](http://www.sqm.com)  
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OUR

## Our Company in 2017

G4-1/ G4-2

The year 2017 was, without a doubt, an intense and promising time at SQM. We completed several important projects and sent concrete signals demonstrating our strategy of consolidating our position as a major player in the markets where we operate.



### Patricio de Solminihac

CHIEF EXECUTIVE OFFICER

SQM, a global company with a strong international presence, has five lines of business: lithium and derivatives, specialty fertilizers, iodine and derivatives, potassium and industrial chemicals. Our experienced professional team is capable of meeting the challenges presented by growing demand at the market's lowest production costs, providing a very strong foundation for each line of business.

The year's most important event took place in lithium where SQM announced a significant increase in capacity via the acquisition of 50% of Kidman Resources Limited's rights in a project in Western Australia. The joint venture involves a mine, a spodumene concentrator plant and a refinery to process the concentrate. Its initial production target is estimated at 40,000 MT of lithium carbonate equivalent per year beginning in 2021. We also continued developing the project to produce lithium carbonate that we launched in 2016 in the Salar de Cauchari (Jujuy Province, Argentina).

Furthermore, late in the year, we announced the beginning of a promising reconciliation process in the arbitration proceedings with the Chilean Development Corporation (CORFO) regarding the lease of its mining claims in the Salar de Atacama. A month later, we reached an agreement with CORFO, thereby putting an end to the four-year conflict, which is certainly great news for SQM, our customers, shareholders and neighboring communities.

The agreement authorizes SQM to increase our quotas for the production and sale of lithium and lithium derivatives produced from resources in the Salar de Atacama until 2030. Lithium carbonate equivalent production is expected to reach 2.2 million tons during that time.

The deal is mutually beneficial. We will incur important expenditures with large lease payments and investments in production capacity, as well as significant contributions to communities and regional research and development. It also stipulates changes to continue strengthening our corporate governance.

In 2017, we announced growth in the iodine market through a project that increases our capacity from approximately 9,000 to 14,000 metric tons a year. We expect that capacity to be operational by mid-2018.

We also made progress on our quest to improve standards across the board. For example, we continued strengthening practices related to the SQM Crime Prevention Model to comply with Law 20,393. We continue to apply lean methodology, known internally as M1, and have had remarkable results in terms of cost savings, increased productivity, improved safety indicators and a transition to a more horizontal and efficient management culture.

As we continue on our path of continuous improvement in matters of sustainability, we are very conscious of the intimate connection with our surroundings and committed to acting responsibly. The challenge of contributing to and participating in the harmonious development of the areas where we operate is at the core of our work and motivates us daily. It is part of our corporate social responsibility efforts and is a key component of the value chain for which we are accountable to our customers, investors, employees and all other stakeholders.

In 2017, we continued contributing to social and productive development in the Tarapacá and Antofagasta regions where we operate. Our emphasis was once again on agricultural and educational development in these areas, aiming to create job opportunities for young people, encouraging technical training and entrepreneurship in fields that offer real development opportunities. With this goal in mind, we launched a technical-professional education outreach program with institutes and technical secondary schools from both regions in northern Chile. The program features professional internships, production site visits, talks and advising for students, teachers and administrators. The initiative has sparked considerable interest in young people and we are convinced that the program makes knowledge aligned with the needs of the working world closer and more accessible to these new generations.

In production, Ayllu wine continued growing its brand as a high-altitude desert wine, showcasing the work the Company has carried out over time in partnership with the agricultural communities surrounding San Pedro de Atacama. With the support of SQM's Atacama Tierra Fértil program, the sixth harvest took place in 2017 and annual capacity has reached 7,500 bottles. Varieties include syrah, pinot noir, malbec, petit verdot and chardonnay.

As our Company approaches its 50th anniversary, we analyze each of these achievements with satisfaction and great responsibility. We know that every decision impacts shareholders, customers and the entire surrounding community. That is why, in keeping with the spirit of the times, we have accepted sustainable management as a challenge that calls us to improve daily.





02

**ABOUT THIS  
REPORT**



## About this Report

[G4-28/](#) [G4-29/](#) [G4-30/](#) [G4-31/](#) [G4-32/](#) [G4-33](#)

Through this year's report, we reaffirm our commitment to this practice of transparency, which is highly important to everyone at sqm.

This Sustainability Report outlines SQM's performance in social, environmental and financial matters for the year ended December 31, 2017.

This is the ninth report of its kind published by the Company in accordance with the GRI principles.

For the fourth consecutive year, it has been prepared in accordance with the "Core" option offered in the fourth version of the GRI principles, known as GRI4. As a company, we have chosen not to externally verify this report.

Quantitative information presented in charts and tables uses the same methodology as the 2016 report. GRI4 indicators have been used as guidelines for all indicators and aspects incorporated into the report. This allows the reader to compare this year to our sustainability actions in former years. However, we have made some modifications in this Sustainability Report to add indicators incorporated by the Global Reporting Initiative as of the publication date.

For additional information regarding this report and SQM's work in the field of sustainability, please contact us at

[sqmsustentable@sqm.com](mailto:sqmsustentable@sqm.com)

[www.sqm.com](http://www.sqm.com)





**WE HAVE BEEN REPORTING  
IN ACCORDANCE WITH  
THE GLOBAL REPORTING  
INITIATIVE (GRI) SINCE**

**2009.**

Lithium evaporation ponds, Salar de Atacama.

# Stakeholders

G4-24/ G4-25/ G4-26/ G4-27

We have independently identified those institutions or organizations with which we engage based on four categories: needs, impacts, interests and expectations.

We reviewed and redefined our “stakeholders” in 2014 as part of the materiality analysis and stakeholder selection exercise proposed by GRI4.

Since then, we have reevaluated this definition every year and each time have decided to maintain the originally defined groups, because the relationship based on the four aforementioned categories has not changed over time.

STAKEHOLDERS	WHO THEY ARE	INTERESTS AND EXPECTATIONS	HOW WE ENGAGE
Employees	Workers directly employed by SQM with open- and fixed-term contracts.	Salaries, benefits, quality of life, professional development, information about the Company.	Regarding daily interactions in the workplace, SQM encourages an open-door policy with direct communication between supervisors and area managers and the workers reporting to them. This enables the timely detection of opportunities for improvement or for settling conflicts. Regular union meetings and meetings bringing together the workers, the CEO, senior vice-presidents and managers. Internal communication channels, such as data screens in common areas, a newsletter published three times per year, intranet and mailings are used to inform the entire organization at different facilities, thus bridging the geographic gap between workers.

STAKEHOLDERS	WHO THEY ARE	INTERESTS AND EXPECTATIONS	HOW WE ENGAGE
Contractors and Suppliers	Contractors and suppliers of goods and services (both general and sales).	Transparent bidding processes, payments within agreed deadlines and conditions, establishing lasting commercial relations, supplier development.	Meetings with personnel from the supply and contracting departments, as well as operational managers and supervisors where services are provided; orientation courses, safety training. Monitoring and ongoing contact with service providers that sell our products to guarantee delivery, consolidating a long-term, mutually beneficial relationship with each of them. Special programs for supplier development for SQM operations in Chile's regions; meetings with the company's union organizations.
Shareholders	The Company's main series A and B shareholders.	Capitalization of their investment and financial performance that allows for the sustainability of the Company over time.	Board meetings, regularly issued information, financial reports, web page, site visits and shareholder meetings.
Customers	Farmers, pharmaceutical companies, car manufacturers and technology companies, among others.	Fulfillment of commitments made regarding product supply and quality in accordance with agreed-upon deadlines, production processes with good standards, product safety.	Periodic, direct communication with and visits to clients, client site visits, surveys on products and operating standards.
Community	Residents of communities near our operations, including pertinent local, regional and national authorities, associations, foundations and institutions, and the media.	Creation of direct and indirect jobs, long-term support for the social and economic development of the community and care and appreciation for the environment and community at large. Pertinent, fluid communication.	Communication and regular meetings with representatives/leaders, site visits, involvement in local working groups and community activities and daily interaction with programs developed alongside the community or organizations. Open and fluid communication with authorities and institutional leaders. Contact with the media through press releases, interviews and events organized by the Communications Department.

# Relations with Organizations and Institutions

G4-16

RELATIONS WITH ORGANIZATIONS AND INSTITUTIONS	ASSOCIATE / MEMBER	PARTNER	BOARD MEMBER	AGREEMENT
<b>CHILEAN</b>				
Alma de Antofagasta Artistic and Cultural Group				★
Los Terralitos Cultural Folk Group		★		★
Los Chañares de Quillagua Youth Group		★		★
FILZIC Literary and Cultural Group		★		★
Antofagasta Industrial Association (AIA)	★	★	★	★
Iquique Industrial Association (AII)	★	★	★	★
Association of Industrial Mining Suppliers (ARPIMIN)				★
Chilean Industrial Chemical Association (ASIQUM)	★	★		
Aguas Blancas Indigenous Association		★		
Celeste Indigenous Association		★		
Juventud del Desierto Indigenous Association		★		★
American-Chilean Chamber of Commerce (AMCHAM)	★			
Argentine-Chilean Chamber of Commerce	★			
Belgian-Luxembourg Chamber of Commerce	★			
Chinese-Chilean Chamber of Commerce, Industry and Tourism	★			
Brisas de Chile Social Dance Club and Cultural Center		★		★
Pedro de Valdivia Women's Center		★		★
Center for Public Studies				★
Hijos de Pedro de Valdivia Center		★		
Parent Association from School D No. 7 Carlos Condell de la Haza		★		
General Parent Association from Toconao Educational Complex		★		★
General Parent Association from Socaire School		★		★
General Parent Association from Oscar Bonilla School A-26 Antofagasta				★
Jurique Rehabilitation Center		★		
Drakons Roller Hockey Club		★		★
Maranata Cristo Viene Sports Club				★
Samuel Vildoso Sports and Social Club		★		★
La Tortuga Sports Club		★		★
Villa Prat Sports Club		★		
Sporting Tocopilla Sports Club		★		★
Tocopilla Sports Club		★		★
Sagrada Familia School		★		★

★  
**Associate / Member:** Organizations and institutions to which the Company belongs and is an active member. This may include payment of membership fees or dues.

★  
**Partner:** Organizations and institutions for which the Company provides support for initiatives of common interest.

★  
**Board Member:** Organizations and institutions to which the Company belongs and holds a position on the executive board.

★  
**Agreement:** Organizations and institutions with which the Company has signed collaboration agreements to develop projects of common interest.

RELATIONS WITH ORGANIZATIONS AND INSTITUTIONS	ASSOCIATE / MEMBER	PARTNER	BOARD MEMBER	AGREEMENT
Don Bosco Industrial Technical School in Antofagasta		★		★
Don Bosco Industrial Technical School in Calama		★		★
María Elena District Civic Prevention and Emergency Committee	★			
San Pedro de Atacama District Civic Prevention and Emergency Committee	★			
Tocopilla District Civic Prevention and Emergency Committee	★			
Toconao Educational Complex		★		
Socaire Atacameña Community		★		★
Talabre Atacameña Community		★		★
Toconao Atacameña Community		★		★
Brotos de Mi Tierra Folk Group - María Elena		★		★
San Pedro de Atacama Council of Civil Organizations	★			
Regional Council on Mining Safety (CORESEMIN) - Antofagasta	★	★		
Regional Council on Mining Safety (CORESEMIN) - Tarapacá	★	★		
Crea Más Foundation				★
ArteAmérica Cultural Foundation				★
Industrial-Technical Educational Development Foundation of Antofagasta (CODETIA)				★
Hijos del Salitre Foundation		★		
Antofagasta Municipal Foundation for Social Development		★		★
Pozo Almonte Municipal Foundation for Social Development		★		★
Nitrates Museum Foundation	★	★	★	★
Chacabuco Nitrates Museum Foundation	★	★	★	★
Pedro de Valdivia Nitrates Museum Foundation	★	★	★	★
National High-Performance Sports Development Foundation				★
National Indigenous Development Corporation - San Pedro de Atacama Office		★		
National Forestry Corporation (CONAF) Antofagasta				★
National Forestry Corporation (CONAF) Tarapacá				★
Loa Regional Foundation				★
Simón de Cirene Foundation				★
Antofagasta Fire Department		★		★
Quillagua Primary School		★		
Carlos Condell School in Tocopilla		★		
Arturo Perez Canto School D-133 in María Elena		★		
School E-21 in Toconao		★		
School E-26 in San Pedro de Atacama		★		
School G-15 in Solor		★		
School G-22 in Camar		★		
School G-27 in Peine		★		

RELATIONS WITH ORGANIZATIONS AND INSTITUTIONS	ASSOCIATE / MEMBER	PARTNER	BOARD MEMBER	AGREEMENT
School G-29 in Talabre		★		
School G-30 in Socaire		★		
Oasis en el Desierto School in Pintados		★		
La Semilla Inspirada en la Obra de Don Bosco Foundation		★		★
Desafío Levantemos Chile Foundation		★		★
Mining Region Educational Foundation		★		★
Súmate Padre Alvaro Lavín Educational Foundation				★
Ganamos Todos Foundation		★		★
Hogar de Cristo Foundation		★		★
Libertad y Desarrollo Foundation				★
Foundation for Farming Innovation				★
Pro Ayuda al Niño Lisiado Foundation (Teletón)		★		★
Huanchaca Ruins Foundation	★	★	★	★
X ke Leer Foundation		★		★
Brotos de mi Tierra Folk Group		★		★
Chilean Engineering Institute	★			
National Institute for Agricultural Development (INDAP)		★		
Altos del Mar Neighborhood Council		★		
Camar Neighborhood Council		★		
Quillagua Neighborhood Council No. 1		★		
Socaire Neighborhood Council		★		
Toconao Neighborhood Council		★		★
Villa Prat Neighborhood Council		★		
Alcalde Sergio González Gutiérrez School in Pozo Almonte		★		★
School C-30 in San Pedro de Atacama		★		★
Lickan Antai School in San Pedro de Atacama		★		★
Metodista William Taylor School in Alto Hospicio		★		
Oscar Bonilla School in Antofagasta		★		★
Diego Portales Polytechnic School in Tocopilla		★		★
Humanities and Science Professional Technical High School in María Elena		★		★
Municipality of María Elena		★		★
Municipality of Pozo Almonte		★		
Municipality of San Pedro de Atacama		★		★
Municipality of Tocopilla		★		★
Pontificia Universidad Católica de Chile (Care Chile UC)		★		★
Tocopilla Fishermen's Union		★		
Osada del Carmen Religious Society		★		



RELATIONS WITH ORGANIZATIONS AND INSTITUTIONS	ASSOCIATE / MEMBER	PARTNER	BOARD MEMBER	AGREEMENT
Chilean Federation of Industry (SOFOFA)	★	★	★	
National Mining Society (SONAMI)	★	★		
Universidad Católica del Norte		★		★
Universidad de Antofagasta		★		★
Universidad de Chile		★		★
<b>INTERNATIONAL</b>				
American Hort	★			
Arab-Belgian-Luxemburg Chamber of Commerce	★			
Spanish Commercial Fertilizers Association (ACEFER)	★			
Potassium Nitrate Association (PNA)	★			
International Fertilizer Industry Association (IFA)	★		★	
World Iodine Association (WIA)	★		★	
National Fertilizer Sales and Production Association A.C. (ANACOFER)	★			
Belgium Mineral Fertilizer Association (BELFERTIL)	★			
California Certified Organic Farming (CCOF)	★			
Spanish Research Center				★
China Inorganic Salts Industry Association - Potash Branch	★			
Cooperation Centre for Scientific Research Relative to Tobacco (CORESTA)		★		
European Association of Chemical Distributors (FECC)	★			
European Lubricating Grease Institute (ELGI)	★			
European Solar Thermal Electricity Association (ESTELA)	★		★	
Florida Fertilizer and Agrochemical Association (FFAA)	★			
Florida Fruit and Vegetable Association (FFVA)	★			
Fluid Fertilizer Forum (FFF)	★			
Georga AH Foundation		★		
International Life Sciences Institute (ILSI)	★			
International Society for Horticultural Science (ISHS)	★			
Doctors Without Borders Spain		★		
Meststoffen Nederland (Dutch Fertilizer Association)	★			
Plant Food Association of North Carolina (PFANC)	★		★	
Proefstation voor de Groenteteelt vzw (Trial Station in Belgium)	★			
Soil and Fertilizer Alliance of China	★			
Sulphate of Potash Information Board (SOPIB)	★		★	
The Trade Fertilizer Institute (TFI)	★			
VOKA - Vlaams Netwerk Van Ondernemingen (Flemish Network of Enterprises)	★			
Western Plant Health (WPHA)	★			





03

SQM



## Sociedad Química y Minera de Chile S.A.

G4-3/ G4-4



We are a global company with a team of people committed to excellence. Our activities focus on the extraction of minerals, capable of being selectively integrated in the processing and commercialization of products for industries essential for human development.

We develop our products from caliche ore and brines extracted from mineral reserves in the Antofagasta and Tarapacá regions. We are global leaders in our five business lines:

- » Specialty plant nutrition
- » Iodine and derivatives
- » Lithium and derivatives
- » Industrial chemicals
- » Potassium

Heir to the nitrate industry, SQM is a non-metallic mining company that has been in business for 50 years. Thanks to our investments in specialized human capital and technological development for production processes, we have maintained and strengthened our global leadership in each business line, reaching more than 110 countries with our products.





**110**  
**countries**

**RECEIVE OUR PRODUCTS.**

Salar de Carmen Plant, Antofagasta.

## Milestones in Our History

Train taking cargo to  
Port of Tocopilla.



Town of María Elena, 1926.



**1926/  
1951 >**

1926

The Guggenheim family acquires land in the El Toco sector and opens the María Elena nitrate office.

1931

The Pedro de Valdivia office begins operating using the Guggenheim production system to manufacture sodium nitrate and iodine.

1951

A nitrate crystallizing plant is built in Coya Sur in order to take advantage of nitrate precipitation from solar evaporation ponds.

**1968/  
1971 >**

1968

On June 29, 1968, SQM is created through the merger of Corporación de Ventas de Salitre y Yodo, Compañía Salitrera Anglo Lautaro, Compañía Victoria and the Chilean government.

1971

SQM is nationalized, with CORFO taking 100% control of the Company.



Chemist in María Elena.

**1983/  
1986 >**

1983

The privatization process starts, concluding in 1988, when Chilean pension funds purchase a stake in the Company.

1985

The heap leaching process is first applied in extracting nitrates and iodine and other important changes are made to the production system.

1986

Potassium nitrate is first produced in Coya Sur using a completely new process designed by SQM.

**1993/  
1994 >**

1993

The Company begins leasing mining claims in the Salar de Atacama from CORFO, paving the way for the production of potassium and lithium.

Operations begin at a technical-grade potassium nitrate facility in Coya Sur and

SQM completes its first share issuance on international markets through its ADR program.

1994

SQM earns an international quality certification (ISO 9001) for its iodine plants, making it one of the first Chilean companies to become certified.

**1995/  
1997 >**

1995

SQM obtains the first environmental permit to operate in the Salar de Atacama and begins producing potassium chloride.

The Company signs an agreement with the Chilean National Forestry Corporation (CONAF) to monitor lagoons and bird fauna in the Salar de Atacama.

The Company completes a second issuance through its ADR program, gaining access to international capital.

1997

SQM begins producing lithium carbonate in its facilities in the Salar del Carmen, Antofagasta. Iodine production begins at the Company's plant in Nueva Victoria, Tarapacá Region.



Port of Tocopilla,  
Antofagasta Region.



Salar de Atacama Plant,  
Antofagasta Region.



Nueva Victoria Iodine Plant.



Lend a Hand to Your  
Community grant program.

## 2000/ 2001 >

2000

The Company expands its potassium chloride production in the Salar de Atacama and builds a new potassium nitrate plant at Coya Sur.

2001

A commercial distribution agreement is signed with the Norwegian company Yara International (ASA), enabling SQM to achieve significant cost synergies and geographic coverage for its specialty plant nutrition business.

SQM begins a new stage of expansion by signing several commercial agreements with important international companies, expanding its extensive sales network for which it is known today.

## 2002/ 2003 >

2002

An environmental management and corporate quality system is implemented.

The Company first implements the “Lend a Hand to Your Community” grant program to support social initiatives proposed by SQM employees.

2003

Lithium carbonate production capacity in the Salar del Carmen is increased to 32,000 tons per year.

## 2004/ 2005 >

2004

The lithium carbonate production process is certified under ISO 9001:2000.

2005

SQM purchases Kemira Emirates Fertilizers Company (Kefco), which manufactures soluble fertilizers.

Production of lithium hydroxide begins at a new plant in the Salar del Carmen.

## 2006 >

2006

The Company issues its first Sustainable Development Policy.

SQM acquires DSM's iodine business in Chile and invests in expanding production capacity at its iodine plant in Nueva Victoria.

The Company obtains environmental approval to increase extraction in the Salar de Atacama, with a robust environmental monitoring and early warning plan.

In collaboration with CONAF and the community, improvements are made to tourist facilities at Laguna de Chaxa.

The first “Stories from the Pampa” literary competition is held.

## 2007 >

2007

Production begins at the new nitrate prilling and granulation plant at Coya Sur.

The microenterprise funding competition was created as a way to support business initiatives in communities near our operations.

The project to refurbish the industrial area of the Humberstone nitrate office begins.

The lithium hydroxide production process is certified under ISO 9001:2000.

# Milestones in Our History

## 2008 >

2008

SQM increases its lithium carbonate capacity to 40,000 tons per year.

A joint venture agreement is signed with Migao Corporation for the production and distribution of potassium nitrate in China.

The Company invests in rebuilding the town of María Elena after the 2007 earthquake. SQM builds two modern residential facilities for 772 workers in the same town.

The Company first implements its innovative agricultural development program “Atacama Tierra Fértil” in collaboration with local farmers and the



Coya Sur Plant.

Likan Antai Agricultural School.

The “Allyu wine” project is started with communities in San Pedro de Atacama. The production process at the Coya Sur prilling and granulation plant is certified under ISO 9001:2000.



Math Assistance Program.

## 2009 >

2009

SQM signs new joint ventures with Coromandel (India), Qingdao Star (China) and Roullier (France).



Heap leaching, Nueva Victoria, Tarapacá Region.

## 2010 >

2010

SQM Vitas launches a new line of soluble phosphate products in Dubai.

Environmental approval is obtained for the Pampa Hermosa project to expand production of iodine and nitrates in Nueva Victoria, Tarapacá Region, with complete environmental monitoring and early warning plans.

## 2011 >

2011

Production starts at a new potassium nitrate plant in Coya Sur, increasing annual production by 300,000 tons.

SQM and Migao Corporation inaugurate a new potassium nitrate plant in China.

The first bottles of Allyu wine are sold, produced in Toconao at 2,400 meters above sea level as part of the Atacama Tierra Fértil.

In collaboration with Corporación Crea+, a math assistance program is started in the town of San Pedro de Atacama.



Allyu wine project.





Center for Environmental Education, Pampa del Tamarugal.



M1 Program begins.

## 2012 >

2012

SQM expands production capacity of potassium products in its facilities in the Salar de Atacama, yielding approximately 2 million tons per year, while lithium carbonate production capacity in the Salar del Carmen reaches 48,000 tons per year.

Iodine production in Nueva Victoria is expanded, bringing the Company's total installed capacity up to 12,500 tons of iodine per year.

The production process at the Coya Sur NPT III plant is certified under ISO 9001:2008.

## 2013 >

2013

SQM's operations in Nueva Victoria are certified in Responsible Care by the Chilean Industrial Chemical Association (ASIQUIM).

Capstone Mining Corp. signs an agreement with SQM for an option to acquire a majority interest in any metals found in a prospecting project in the province of Taltal. SQM sells the Antucoya project to Antofagasta Minerals.

The Center for Environmental Education in the Pampa del Tamarugal National Reserve is inaugurated in the Tarapacá Region, in partnership with the National Forestry Corporation.

As part of its community programs, the Company and the town of Quillagua begin operating a high-tech, hydroponic greenhouse.

## 2014 >

2014

The Company places US\$250 million in international bonds in the United States.

The LEAN work methodology is successfully implemented through a program known as M1 as part of the Company's efforts to cut costs and enhance productivity.

The Puquios de Llamara Observation Trail is inaugurated in the Pampa del Tamarugal National Reserve.

An exhibit entitled "Industrial Life in the Nitrates Industry" opens at the Huanchaca Ruins Museum in Antofagasta.

## 2015 >

2015

The Company earns Pro-ject & Sustain certification from the International Fertilizer Industry Association (IFA).

Production is suspended in Pedro de Valdivia. The production of iodine, iodide and nitrate salts is now concentrated in Nueva Victoria.

Over 5,700 new Tamarugo trees have been planted through SQM's Tamarugo Planting Program. These efforts have considerably increased the tree's population in the areas of Llamara and Bellavista in the Tarapacá Region.

## Milestones in Our History

### 2016 >

2016

SQM expands its lithium business to Argentina, in the Salar de Cauchari, through a joint venture with an annual production potential of 40 thousand tons of lithium carbonate.

The Company expands the Lean M1 methodology to new areas. The program has made such significant progress that SQM is considered a model for getting to know this innovative system and domestic and international companies periodically visit the Company's facilities to learn more about the best practices it has implemented. For SQM, this marks a step toward operational excellence and the continual improvement of

processes. The program's main objectives include enhancing productivity through effective and efficient processes and establishing new management and leadership methods.

The Company continues to strengthen practices related to SQM's Crime Prevention Model, in compliance with Law 20,393, SQM maintains its global leadership in the production of solar salts, consisting of refined sodium nitrate and potassium nitrate, used in solar power plants.

SQM's operations in Nueva Victoria are recertified in Responsible Care, an initiative that is managed in Chile by the Chilean Indus-

trial Chemical Association (ASIQUM).

The Company is recognized by "Impulsa Talento Femenino" as the best company in the commodities sector for its contribution to the inclusion of women in the workplace. SQM receives the award for "Best Value Creation 2015 in Raw Materials Sector" as part of the Top 100 Ranking published by Revista Capital and Banco Santander Chile.

The Company begins working with local residents to develop a strategic plan for strengthening tourism in the town of María Elena.



The SQM Strategic Development Plan is drafted, establishing guidelines for the Company's development over the next few years.



## Highlights 2017



- » SQM expanded its lithium business in Australia by acquiring 50% of Kidman Resources Limited's rights to the Mt. Holland lithium project located in the state of Western Australia. The joint venture involves a mine, a spodumene concentrator plant and a refinery to process the concentrate. Its initial production target is estimated at 40,000 MT of lithium carbonate equivalent (LCE) per year beginning in 2021. We continued our project in northern Argentina's Salar de Cauchari (Jujuy Province), which boasts potential annual production of 40 thousand tons of lithium carbonate.
- » On January 17, 2018, SQM and CORFO signed a decisive agreement to end the four-year arbitration proceedings that resulted from differences regarding the lease and project agreements signed by both parties on November 12, 1993, to lease and operate CORFO's mining claims in the Salar de Atacama.

This agreement includes important modifications to the lease agreement. On one hand, CORFO authorizes SQM to increase its quotas for the production and sale of lithium and lithium derivatives produced from resources in the Salar de Atacama until 2030. Lithium carbonate equivalent production is expected to reach 2.2 million tons during that time. Then, in the interest of ending the conflict, SQM will make a one-time payment of US\$17.5 million plus interest to CORFO.

The agreement also specifies that SQM must increase the lease payments it makes to CORFO, which are linked to sales of different products; and that it must make annual contributions of between US\$10.8 and US\$18.9 million for R&D; between US\$10 and US\$15 million to communities near the Salar de Atacama, and of 1.7% of SQM Salar's total annual sales for regional development.

The agreement also binds SQM to strengthen its corporate governance, incorporating auditing and environmental control mechanisms and creating opportunities for coordinating with CORFO.

- » Thanks to improved iodine sales projections, the Nueva Victoria plant reached its 2017 production capacity target of 13,000 MT/year.
- » Four years after implementation, lean methodology is now a reality at SQM. Known as M1, it has reported remarkable results in terms of cost savings, increased productivity and a transition to a more horizontal, efficient management culture. It has already been implemented in 75% of SQM's areas, including commercial offices in the U.S. and Spain. Cost savings is an estimated 30% at some plants.



- » The Company has continued making progress on SQM's Crime Prevention Model, in compliance with Law 20,393. Likewise, the 2015 version of the Code of Ethics was updated. The document compiles policies and regulations that guide the actions of everyone at the Company.
- » SQM began an outreach program with technical-professional high schools in the Antofagasta and Tarapacá regions, through collaboration agreements to strengthen the future applicant base for the various positions available at the company. This program, which has been very well-received by students, teachers and education authorities, includes professional internships, motivational and technical talks, site visits and technical advising for teachers and administrators.
- » Ayllu wine continued growing its brand as a high-altitude desert wine. With the support of SQM's Atacama Tierra Fértil program, the sixth harvest took place in 2017 and annual capacity has reached 7,500 bottles. When the program began, production was sustained by 1,600 vines. Today, 21,800 vines of Syrah, Pinot Noir, Malbec, Petit Verdot and Chardonnay have been planted.
- » Diario Financiero's annual ranking recognized SQM in the international expansion category thanks to the success of our strategy for opening markets on five continents.
- » SQM received two important awards at the 2017 Annual Mining Safety Conference in Iquique. The first was for reducing the lost-time injury rate (lowest in the region) and the other for the best Joint Committee on Hygiene and Safety in Tarapacá, earned by the committee at the Nueva Victoria Iodine Plant for its preventative measures.
- » We made several changes to our 13 Basic Safety Rules, one of which was the addition of BSR No. 14 "Port Operations" to incorporate safety elements related to port work. The M1 operational excellence system also clearly establishes direct operational controls and safe conduct to be implemented by workers and supervisors.



Salar del Carmen Plant, Antofagasta.

## Corporate Governance Policy

G4-14

SQM has corporate governance guidelines that are designed to guide the Board in exercising its duties with the Company and its shareholders. These guidelines are not intended to serve as a set of legal obligations, but rather a flexible framework that the Board can use to manage its dealings. They can be modified at the Board's discretion when necessary in light of laws and regulations.

The Board of Sociedad Química y Minera de Chile S.A. must exercise its best judgment in order to act in line with what it reasonably believes to be the interests of the Company and its shareholders. Upon accepting this obligation, SQM directors are authorized to rely on the honesty and integrity of the Company's senior executives, advisors and independent auditors. The directors may also request that the Company contract civil liability insurance under reasonable market conditions in the name of its directors and executives to cover the cost of compensation claims to the greatest extent possible.

## Organization and Corporate Governance

G4-34/ G4-36/ G4-39/ G4-42/ G4-38/ G4-40/ G4-43/ G4-49/

G4-59/ G4-51/ G4-52/

### BOARD OF DIRECTORS

The Board of Directors of SQM is comprised of eight members elected by the Company's shareholders to serve the Company's needs. The current Board of Directors was elected at the annual shareholders meeting held on April 28, 2017, chaired by: Eugenio Ponce L. The Board represents the shareholder groups with the greatest ownership interest in the Company.

In addition, the Board has three committees: The Audit and Financial Risk Committee, the Safety, Health and Environment Committee and the Corporate Governance Committee.

The efforts of the Board and its committees help to fortify SQM's corporate governance and reinforce good practices at the Company.

No Board member holds a managerial position within the Company.

#### G4-46/ G4-48

The Board is responsible for managing the Company and its main duties include:

- » Developing the Company's vision, strategy and objectives.
- » Hiring and continuously evaluating the Chief Executive Officer and top-ranking executives.
- » Identifying potential replacements for the company's CEO and other senior executives who have the skills, knowledge, conditions, experience and vision required for each position. This is done to ensure that a succession plan is in place for the Chief Executive Officer and other top-ranking executives in the event of unforeseen absence in order to minimize impact on the Company.
- » Approving new investment over US\$5 million. This does not include capital expenses for maintenance included in the annually approved investment plan.
- » Approving the annual operating budget.
- » Reviewing and approving the quarterly and annual financial statements.
- » Approving the Investment and Financing Policies to be presented for shareholder consent at the annual shareholders' meeting.
- » Reviewing and approving the sustainability report as well as examining perceptions of the Company's relevant stakeholders regarding its usefulness and acceptance.
- » Reviewing and approving annual reports filed by the Company in Chile and analyzing and evaluating the convenience, timely filing and relevance of these reports in order to continuously improve information disclosed by the Company.

The chairman of the Board's main duties include:

- » Chairing Board meetings
- » Chairing shareholders' meetings

Directors must act in accordance with the Company's Code of Ethics.

#### G4-41/ G4-44/ G4-46/ G4-47

When named to the Board, all new directors receive orientation on the Company's lines of business, risks, policies, procedures, main accounting criteria, sustainability and the legal framework applicable to the Company and its Board.

Within 60 days of electing a new Board, members receive a copy of certain documents on the Company including the bylaws, Code of Ethics, Manual for Managing Market Sensitive Information, sustainability report, the most recent 20-F and the most recent annual report. Along with the 20-F, the Board receives a list of all current contracts and a complete copy of the prior year's financial statements.

The Board of Directors has access to the Company's website, through which it can access pertinent Company information including financial statements, recent press releases and the most important corporate policies. It also meets with the appropriate members of management to review business matters and risks, including those related to sustainability, site visits and other information sessions, as appropriate. The Board is provided a description of relevant stakeholder groups in the sustainability report and meets with the People and Performance Senior Vice-President who explains each group's importance and expectations in the interest of maintaining stable, long-term relationships.

A formal training procedure is in place to foster the Board's professional development. The Board completes a Board Evaluation each year designed to promote efficiency and continuous improvement and evaluate its processes and performance. The evaluation could also be conducted by a third party. As part of this process, the Board evaluates itself, the Chairman and the Chief Executive Officer on the following aspects:

- » Any area they feel should be examined to improve the efficiency of the Board and the Company.
- » Any area that could be strengthened in order to continue enhancing their personal performance on the Board.
- » Any organizational, social or cultural barriers that could be inhibiting the natural diversity of capabilities, visions, characteristics and conditions that could have existed within the Board without those barriers.
- » Considerations related to any change in the Board's organization or functioning in crisis situations.

- » Any improvement related to the Company's disclosure of policies and procedures, ensuring that disclosures are easy for the public to understand and published in a timely manner.

At the end of this evaluation, the Board identifies specific training measures that it believes should be carried out. This process includes advising by an external consultant to detect and implement potential improvements. The full Board or a Board committee reviews its corporate governance policy annually. As part of this process, the Board examines corporate governance best practices implemented by other local and international entities.

The Board is responsible for approving the Company's annual report and sustainability report. Thus, ongoing training is designed to keep directors informed of all relevant changes to local and international regulations on inclusion, diversity, sustainability and risk management. The Board requests meetings with internal and external counsel, as necessary, to explain judgments and penalties and the 10 most important rulings related to the duties of care, prudence, loyalty, diligence and reporting that have been issued in local and international markets or that could impact the Company.

The Board also makes its best effort to hold at least one meeting a year at or close to operational facilities.

The Board visits at least one plant in order to have a better idea of the state and functioning of that facility, the main duties and concerns of those working at the office or plant and any recommendations and improvements that, according to the people responsible for those offices and facilities, would help improve operations.

The Board of Directors monitors management's performance and meets each month to analyze the Company's progress, assess investment opportunities and approve general guidelines and directives for SQM's development.

In compensation for his or her time, each director and committee member receives a stipend that is proposed annually by the Board for subsequent shareholder approval at annual shareholders meetings. Board stipends shall be customary, reasonable and competitive.



The Company has a Code of Conduct for the Board and employees. This code describes the conduct that is expected of employees and directors. It also defines a conflict of interest and describes the procedures a director must follow to report and resolve a possible conflict of interest. This code and the Company's Code of Ethics serve as a navigation chart for the Board and employees.

The Company and its executives, employees and directors must conduct themselves in accordance with the Code of Ethics. Such conduct reflects a commitment to transparency and integrity and rejects acts of corruption, based on the provisions of Law No. 20,393 in Chile and the Foreign Corrupt Practices Act (FCPA) in the United States.

## AUDIT AND FINANCIAL RISK COMMITTEE

### G4-35

The objective of the Audit and Financial Risk Committee (AFRC) is to help the Board fulfill its duties with respect to control and financial reporting matters. The AFRC works to control the Company's maximum exposure to financial risk in accordance with defined policies.

It is comprised of three directors. Independence requirements under Chilean and NYSE regulations must be taken into consideration in selecting the members of the AFRC.

This committee must meet at least four times per year. The AFRC presents pertinent information to the Board after each meeting.

The Audit and Financial Risk Committee acts in accordance with article 50 bis of Law 18,046, which states that the AFRC is responsible for, among other duties:

- » Examining and issuing an opinion on risk reports from external auditors and the financial statements prior to presenting them for final approval from the Board and shareholders.
- » Making proposals to the Board regarding the external auditors, risk rating agencies and account inspectors to be presented for shareholder approval at the shareholders' meeting.
- » Analyzing and preparing a report on the transactions contained in Section XVI of the Corporations Law, which regulates transactions between related parties.
- » Examining the salary and compensation plans for the Company's senior executives and employees.

The Audit and Financial Risk Committee is also responsible for, among other duties:

- » Analyzing the Company's policies on risk assessment and financial risk management, which includes reviewing the Company's key risks and related mitigative measures.
- » Maintaining procedures for policies and controls for identifying, evaluating and defining the degree of exposure of the Company's financial risk.
- » Meeting with the Head of Internal Audit at least twice a year, and more if necessary, to review the annual audit schedule or plan, among other items.

## **SAFETY, HEALTH AND ENVIRONMENT COMMITTEE**

### **G4-35**

The purpose of the Safety, Health and Environment Committee (SHEC) is to support the Board in fulfilling its duties by reviewing and recommending policies related to safety, health and environmental matters affecting the Company.

The SHEC is comprised of three directors. It meets at least twice a year, or more frequently if necessary. Its responsibilities include:

- » Periodically reviewing the Company's safety, health, environmental and sustainability policies and recommending changes to the Board or management, as appropriate. When establishing policies, indicators and reports, the Board will ensure compliance with international standards like the Global Reporting Initiative or equivalent.
- » Receiving and reviewing, at least once a year, management's reports on compliance with the Company's safety, health, environmental and sustainability policies, and all other applicable regulatory requirements.
- » Reviewing management's monthly reports to the Board for mention of any safety, health or environmental incident that must be reported to the appropriate regulatory authorities. If deemed necessary, SHEC members may call a meeting with the personnel involved in order to gather additional information about the nature of the incident and a description of the remedial measures taken.
- » Reviewing the Company's handling of emergency response planning procedures involving safety, health and environmental matters.
- » Receiving and reviewing, at least once a year, a report on the detected organizational, social or cultural barriers that could be inhibiting the natural diversity that would have existed without those barriers.

The SHEC will periodically report key findings to the Board.



## CORPORATE GOVERNANCE COMMITTEE

The purpose of the Corporate Governance Committee (CGC) is to support the Board in fulfilling its duties by reviewing and recommending policies related to corporate governance matters affecting the Company.

The CGC is comprised of three directors. It meets at least twice a year, or more frequently if necessary.

The committee's responsibilities include:

- » Reviewing the corporate governance policy once per year and recommending any changes it deems necessary.
- » Reviewing compliance of the corporate governance policy once per year and ensuring that applicable regulatory requirements are being met. As part of this process, the committee will examine corporate governance best practices implemented by other local and international entities.
- » Ensuring the Company has a proper succession plan in place for the CEO and other senior executives. This will include a list of possible candidates available to replace the CEO if the Board decides to remove him or in the event of an emergency. This list should take into consideration the skills, experience, independence and knowledge required for the position.
- » Ensuring there is a proper succession plan for the Chairman of the Board based on the skills, experience, independence and knowledge required for the position. The committee will do its best to identify possible, suitable candidates to be proposed to the Board.
- » Reviewing, at management's request, modifications to communications intended for the Company's shareholders, including institutional shareholders and analysts as well as potential shareholders.
- » Reviewing any directors' and officers' liability policy before it is contracted by the Company.

### G4-37

The Company maintains dialog with institutional shareholders, sell-side analysts and potential shareholders. The spokespeople for the market, specifically communications media, are the Chief Executive Officer and the Corporate Services Senior Vice-President. However, the Investor Relations and Communications departments facilitate delivery of the information that SQM must provide certain people and the communities where it operates. Specifically, the Investor Relations team manages the

formal program of presentations to update institutional analysts and shareholders on the Company's performance, its business, main risks as well as legal, financial and economic standing.

The Company also publishes financial results on a quarterly basis. These results, presentations and other press releases by the Company are available on SQM's website.

The Investor Relations team includes members with advanced English in order to respond to questions from non-Spanish speakers.

The Board regularly receives summaries and feedback on meetings held as part of the investor relations program and reports from analysts.

The Company regularly meets with institutional investors and analysts throughout the year. Such instances include road shows with international investors, presentations at industry conferences, participation in activities with sell-side analysts and meetings with individual investors. Several senior executives attend these events.

Investors can access all publicly available information through SQM's website. In accordance with the rights and responsibilities inherent to the position of shareholder, the Company ensures that the legally mandated information on the Company's economic, legal and financial position is provided to shareholders and the general public in Spanish and English. Specifically, the Company's website includes its social responsibility and sustainable development policies. The Board analyzes and evaluates the convenience, timeliness and relevance of annual reports filed in Chile and in the United States in order to improve information disclosed by the Company. It also approves all material event filings. All other press releases issued by the Company must be reviewed by the Disclosure Committee, which is comprised of key members of senior management.

In order to provide additional information on its social and environmental performance, SQM also publishes a separate sustainability report, which identifies relevant stakeholders, the reasons why groups are classified as such and the social responsibility and sustainable development indicators tracked by the Company.

*SQM's Corporate Governance Policy is available on the Company's website [www.sqm.com](http://www.sqm.com).*

# Organization

The following individuals serve on SQM's Board:



**1. CHAIRMAN**  
**EUGENIO PONCE L.**  
**Mechanical Engineer**  
**Universidad Católica de Valparaíso**  
 Chilean National ID: 5.370.715-7  
 Board member since April 2016

In 1981, Mr. Ponce joined SQM as Sales Manager. He became Commercial Manager in 1982, Commercial and Operations Manager in 1988 and Chief Executive Officer of SQM Nitratos S.A. in 1991. Between 2000 and 2016, he was Senior Commercial Vice President. He was also a member of the Board of IANSA. Currently, Mr. Ponce is a member of the Board of Soquimich Comercial. In April 2016, he was elected to the Board of SQM, and in May 2016, he was nominated as Chairman of the Board.



**2. VICE CHAIRMAN**  
**GERARDO JOFRÉ M.**  
**Commercial Engineer**  
**Universidad Católica de Chile**  
 Chilean National ID: 5.672.444-3  
 Board member since April 2017

Mr. Jofré is currently a Board member of Enel Chile, the Real Estate Investment Council of Santander Real Estate Funds, the Autoregulation Council of the Chilean Insurance Association and the Council of País Justo Foundation. From 2014 to May 2017 he was a Board member of CODELCO where he served as Chairman from 2010 to 2014. From 2010 to April 2017 he was a Board member of Latam Airlines. From 2005 to 2010 he served as a Board member of Endesa Chile, Viña San Pedro Tarapacá, D&S, Inmobiliaria Titanium, Construmart and Inmobiliaria Parque del Sendero. Mr. Jofré was Director of Insurance for America at Santander Group of Spain between 2004 and 2005. From 1989 to 2004 he served as Vice Chairman and CEO of Santander Group in Chile, and was a Board member and Chairman of various Group's companies. Between 1979 and 1989 Mr. Jofré served as CEO of ISE Insurance Company, Chief of Control and Studies in the Superintendence of Securities and Insurance, and Chief of Planning in the Ministry of Planning.



**3. DIRECTOR**  
**JOANNE L. BOYES**  
**Accountant**  
**University of Saskatchewan**  
 Chilean National ID: 48.188.014-9  
 Board member since April 2015

During her tenure as director, Ms. Boyes was Vice President, Treasury, Risk & Corporate Reporting of PotashCorp, a predecessor to Nutrien. She has been with the company since 2004 and is responsible for the company's enterprise risk management and corporate-wide insurance program, global external financial and integrated reporting, and complex accounting. She is a regular participant on the Audit Committee of PotashCorp, a predecessor to Nutrien.



**4. DIRECTOR**  
**HERNAN BÜCHI B.**  
**Civil Engineer**  
**Universidad de Chile**  
 Chilean National ID: 5.718.666-6  
 Board member since April 2017

Mr. Büchi served on the SQM Board of Directors for several years until April 2016. He is currently a Board member of Quiñenco S.A. and S.A.C.I. Falabella, among others. He is also Chairman of the Board of Directors of the Universidad del Desarrollo.



**5. DIRECTOR**  
**GONZALO GUERRERO Y.**  
**Lawyer**  
**Universidad de Chile**

Chilean National ID: 10.581.580-8  
 Board member since April 2016

Mr. Guerrero was General Counsel and substitute board member of Integramédica S.A. for more than seven years and was Director of Inversiones Oro Blanco S.A and VNT S.A. (Vantrust Capital Asset Management), among others, until April 2016. Currently, he is an executive board member of Guerrero and Associates, and a board member of Sanasalud S.A., Club Deportivo Palestino SADP and SMA Clínica Internacional S.A. (Peru).



**6. DIRECTOR**  
**ROBERT A. KIRKPATRICK**  
**Lawyer**  
**University of Saskatchewan**

Chilean National ID: 48.187.982-5  
 Board member since April 2015

Mr. Kirkpatrick is Vice President, Deputy General Counsel and Assistant Corporate Secretary of PotashCorp. He has been with PotashCorp, Nutrien's predecessor, since 1994 and is responsible for securities regulatory compliance and advising on corporate finance and development matters. He is a regular management participant on PotashCorp's Corporate Governance and Nominating Committee.



**7. DIRECTOR**  
**FERNANDO MASSU T.**  
**Commercial Engineer**  
**Universidad Adolfo Ibáñez**

Chilean National ID: 6.783.826-2  
 Board member since April 2017

Mr. Massu is currently the Chairman of the Board of Directors of BTG Pactual Chile and a Board member of the University of Adolfo Ibáñez Foundation. Previously, he was CEO of CorpBanca and Director of Wholesale Banking at Banco Santander Chile, among other positions at various financial institutions.



**8. DIRECTOR**  
**ARNFINN F. PRUGGER**  
**Geoscientist**  
**University of Saskatchewan**

Chilean National ID: 48.187.981-7  
 Board member since April 2015

Dr. Prugger is former Vice President, Technical Services of PotashCorp, Nutrien's predecessor (retired from this position on January 30, 2018). He has been with the company for over 25 years and has a wide range of senior-level experience in mining, mine operations and potash exploration.

The current Board of Directors was elected for a three-year period at the annual shareholders meeting held April 28, 2017.

As established in the Company's corporate governance framework, anyone may contact the directors by email at: [directores@sqm.com](mailto:directores@sqm.com).

On January 24, 2018, Joanne L. Boyes and Robert A. Kirkpatrick presented to the Board of Directors their resignations from the position as directors of SQM. On the same day, Darryl Stann was appointed director, replacing Joanne L. Boyes. On February 19, 2018, Mr. Mark F. Fracchia was appointed to SQM's Board of Directors replacing Mr. Kirkpatrick. As a result of the resignation of Ms. Boyes and Mr. Kirkpatrick, pursuant to the Company's by-laws, the entire Board of Directors will be elected at the next Annual Ordinary Shareholders' Meeting on April 27, 2018.

# Management

SQM's senior management consists of:



**1. CHIEF EXECUTIVE OFFICER  
PATRICIO DE SOLMINIHAC T.**

Industrial Engineer  
Universidad Católica de Chile  
Chilean National ID: 6.263.302-6



**2. CORPORATE SERVICES SENIOR  
VICE-PRESIDENT  
RICARDO RAMOS R.**

Industrial Engineer  
Universidad Católica de Chile  
Chilean National ID: 8.037.690-1



**3. DEVELOPMENT AND PLANNING  
SENIOR VICE-PRESIDENT  
PABLO ALTIMIRAS C.**

Industrial Engineer  
Universidad Católica de Chile  
Chilean National ID: 13.657.862-6



**7. POTASSIUM AND NITRATES COM-  
MERCIAL SENIOR VICE-PRESIDENT  
FRANK BIOT**

Master's in Applied Economics  
University of Antwerp, Belgium  
Chilean National ID:  
BEL592009828/2054



**8. NITRATES AND IODINE OPERA-  
TIONS SENIOR VICE-PRESIDENT  
CARLOS DÍAZ O.**

Industrial Engineer  
Universidad Católica de Chile  
Chilean National ID: 10.476.287-5



**9. FINANCE SENIOR  
VICE-PRESIDENT  
GERARDO ILLANES G.**

Industrial Engineer  
Universidad Católica de Chile  
Chilean National ID: 13.904.120-8



**4. LEGAL SENIOR VICE-PRESIDENT  
GONZALO AGUIRRE T.**

Lawyer  
Universidad Católica de Chile  
Chilean National ID: 13.441.419-7



**5. POTASSIUM AND LITHIUM OPERATIONS SENIOR VICE-PRESIDENT  
JUAN CARLOS BARRERA P.**

Industrial Engineer  
Universidad Católica de Chile  
Chilean National ID: 10.528.182-K



**6. PEOPLE AND PERFORMANCE SENIOR VICE-PRESIDENT  
JOSÉ MIGUEL BERGUÑO C.**

Industrial Engineer  
Universidad Católica de Chile  
Chilean National ID: 10.903.992-6



**10. IODINE, LITHIUM AND INDUSTRIAL CHEMICALS COMMERCIAL SENIOR VICE-PRESIDENT  
DANIEL JIMÉNEZ SCH.**

Industrial Engineer  
Universidad Católica de Chile  
Chilean National ID: 6.362.533-7



**11. RISK MANAGEMENT AND COMPLIANCE  
ANDRÉS YAKSIC B.**

Industrial Engineer  
Universidad Católica de Chile  
Chilean National ID: 15.313.670-K



**12. INTERNAL AUDITING  
RAÚL PUERTO M.**

Industrial Engineer  
Pontificia Universidad Javeriana de Colombia  
Chilean National ID: 14.757.436-3

## Legal and Ownership Structure

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Mining operations in Nueva Victoria, Tarapacá Region.

SQM S.A. is a publicly traded corporation with shares listed on the Santiago (Chile) and New York (U.S.) stock exchanges.

As of December 31, 2017, the Company's majority shareholders are:

SERIES A + B	N° OF SHARES	OWNERSHIP INTEREST %
THE BANK OF NEW YORK MELLON ADRS <sup>(1)</sup>	54,599,961	20.74%
SOCIEDAD DE INVERSIONES PAMPA CALICHERA S.A. <sup>(2)</sup>	51,901,840	19.72%
INVERSIONES EL BOLDO LIMITADA	45,693,872	17.36%
INVERSIONES RAC CHILE LIMITADA	21,403,015	8.13%
POTASIOS DE CHILE S.A.(2)	18,179,147	6.91%
INVERSIONES PCS CHILE LIMITADA	17,126,000	6.51%
INVERSIONES GLOBAL MINING CHILE LIMITADA <sup>(2)</sup>	8,798,539	3.34%
BANCO DE CHILE, ON BEHALF OF NON-RESIDENT THIRD PARTIES	8,394,289	3.19%
BANCO ITAU CORPBANCA, ON BEHALF OF FOREIGN INVESTORS	7,036,629	2.67%
BANCO SANTANDER, ON BEHALF OF FOREIGN INVESTORS	4,593,336	1.75%
INVERSIONES LA ESPERANZA CHILE LIMITADA <sup>(2)</sup>	3,758,098	1.43%
MBI CORREDORES DE BOLSA S.A.	2,502,475	0.95%
<b>SUBTOTAL LARGEST SERIES A AND B SHAREHOLDERS</b>	<b>243,987,201</b>	<b>92.70%</b>
<b>TOTAL SERIES A AND B SHARES</b>	<b>263,196,524</b>	<b>100%</b>

(1) The Bank of New York Mellon is the depository bank for the Company's ADSs that trade on the New York Stock Exchange. Information on the holders of the Company's ADSs is presented at the end of this section.

(2) Shareholder that is part of the controlling group.

SERIES A	N° OF SHARES	OWNERSHIP INTEREST %
SOCIEDAD DE INVERSIONES PAMPA CALICHERA S.A. <sup>(1)</sup>	44,894,152	31.43%
INVERSIONES EL BOLDO LIMITADA	29,330,326	20.54%
INVERSIONES RAC CHILE LIMITADA	19,200,242	13.44%
POTASIOS DE CHILE S.A. <sup>(1)</sup>	18,179,147	12.73%
INVERSIONES PCS CHILE LIMITADA	15,526,000	10.87%
INVERSIONES GLOBAL MINING CHILE LIMITADA <sup>(1)</sup>	8,798,539	6.16%
INVERSIONES LA ESPERANZA CHILE LIMITADA <sup>(1)</sup>	3,711,598	2.60%
KOWA CO LTD <sup>(1)</sup>	781,429	0.55%
KOCHI S.A. <sup>(1)</sup>	737,057	0.52%
LA ESPERANZA DELAWARE CORPORATION <sup>(1)</sup>	227,550	0.16%
BANCHILE CORREDORES DE BOLSA S.A.	181,125	0.13%
INVERSIONES RENTAMAX LIMITADA	154,000	0.11%
<b>SUBTOTAL LARGEST SERIES A SHAREHOLDERS</b>	<b>141,721,165</b>	<b>99.23%</b>
<b>TOTAL SERIES A SHARES</b>	<b>142,819,552</b>	<b>100%</b>

(1) Shareholder that is part of the controlling group.

SERIES B	N° OF SHARES	OWNERSHIP INTEREST %
THE BANK OF NEW YORK MELLON ADRS <sup>(1)</sup>	54,599,961	45.36%
INVERSIONES EL BOLDO LIMITADA	16,363,546	13.59%
BANCO DE CHILE, ON BEHALF OF NON-RESIDENT THIRD PARTIES	8,394,289	6.97%
BANCO ITAU ON BEHALF OF FOREIGN INVESTORS	7,017,504	5.83%
SOCIEDAD DE INVERSIONES PAMPA CALICHERA S.A. <sup>(2)</sup>	7,007,688	5.82%
BANCO SANTANDER ON BEHALF OF FOREIGN INVESTORS	4,593,336	3.82%
MBI CORREDORES DE BOLSA S.A.	2,501,593	2.08%
INVERSIONES RAC CHILE LIMITADA	2,202,773	1.83%
INVERSIONES PCS CHILE LIMITADA	1,600,000	1.33%
BANCHILE CORREDORES DE BOLSA S.A.	1,337,067	1.11%
RENTA 4 CORREDORES DE BOLSA S.A.	1,181,000	0.98%
LARRAIN VIAL S.A. CORREDORA DE BOLSA	1,167,776	0.97%
<b>SUBTOTAL LARGEST SERIES B SHAREHOLDERS</b>	<b>107,966,533</b>	<b>89.69%</b>
<b>TOTAL SERIES B SHARES</b>	<b>120,376,972</b>	<b>100%</b>

(1) The Bank of New York Mellon is the depositary bank for the Company's ADSs that trade on the New York Stock Exchange. Information on the holders of the Company's ADSs is presented at the end of this section.

(2) Shareholder that is part of the controlling group.

## Corporate Principles

**WE HOLD OURSELVES TO VALUES THAT ARE REFLECTED IN OUR DEALINGS WITH SHAREHOLDERS, EMPLOYEES, CUSTOMERS, SUPPLIERS, THE ENVIRONMENT AND THE COMMUNITY.**



## Mission

We are a global company with a team of people committed to excellence. Our activities focus on the extraction of minerals, capable of being selectively integrated in the processing and commercialization of products for industries essential for human development.

## Vision

We seek to be a global Company, recognized for its competitiveness excellence and innovation in its lines of business, oriented towards the development of products essential for human development, all within a framework of the highest standards of integrity.





Salar de Llamara, Pampa del Tamarugal National Reserve, Tarapacá Region.

## Our Values

### Excellence

- » We are an organization that is constantly striving to achieve better results, in order to create shared value for shareholders, associates, customers, suppliers and communities.
- » We encourage creativity, agility and innovation in our work and daily challenges.
- » We develop our work in a framework of sustainability and respect for the environment.
- » We wish to build a culture of excellence, throughout the organization, based on the ten principles of the M1 methodology.
- » We foster and value internal meritocracy as the main path of professional growth. We favor equality of opportunity, inclusion and diversity. We seek to create opportunities for professional development so that people achieve their maximum potential.

### Safety

- » Caring for people's safety is a priority commitment at the Company that motivates us daily to strive for safe and accident-free operations.
- » We are responsible for creating conditions under which each job can be performed safely and for promoting conduct that favors the physical safety and psychological wellbeing of everyone who works at SQM.
- » Each person at the organization is responsible for taking care of him/herself and other members of the team with an uncompromising commitment to safe conduct. We promote open and ongoing feedback in order to identify opportunities to improve safety.

### Integrity

- » Each day, we seek to do our job with the high standards of integrity described in the internal code of ethics. At the same time, we are open to and interested in identifying and implementing better ways to work that ensure and facilitate compliance with those standards.
- » We encourage respect and fulfillment of each of the commitments made to shareholders, customers, employees, regulators, communities, suppliers and authorities.

## Code of Ethics

G4-S02/ G4-S03/ G4-S04/ G4-S05/ G4-S07/ G4-S08/

G4-56/ G4-57/ G4-58

SQM has a Code of Ethics that must be followed by everyone that works at the Company, with no exceptions. In general terms, the code states that SQM is committed to abiding by the laws, rules and regulations of the countries where it operates and does business. SQM understands that there may be traditions and customs that vary from country to country. Nevertheless, these differences cannot deviate the Company from its decision to act with the highest standards of integrity and honesty.

SQM has also implemented a policy against bribery in general and bribery of public officials. It applies to directors and all SQM employees around the world and is available for all those who do business with SQM. The policy, signed by the Chief Executive Officer, states that SQM does not tolerate any form of bribery or corruption. It is absolutely clear in stating that no one may offer, give nor receive improper payments related to their work for SQM from anyone or to anyone at any time for any reason, and that no one may request that anyone else participate in bribery or make improper payments in representation of SQM. For the purpose of the policy, the term "improper payment" includes a wide range of corrupt payments in cash, valuables or advantage (not necessarily financial) given with the purpose of favorably influencing a decision related to SQM's business, in order to gain unfair advantage, or induce or reward improper conduct for the personal benefit of an individual or when the payment or advantage themselves are improper.

SQM has established a set of complementary policies to reinforce ethics and transparency. These include the Antitrust Manual, Donations and Contributions Policy, Business Courtesy Policy, Sponsorship and Membership Policy, policies that regulate relationships with public officials, as well as due diligence policies and procedures for new relationships with external partners, mergers or joint ventures as well as due diligence procedures for hiring third parties, such as suppliers, agents or distributors.

## **SQM HAS A CODE OF ETHICS THAT MUST BE FOLLOWED BY THE BOARD, MANAGEMENT AND ALL COMPANY EMPLOYEES.**

In order to ensure and safeguard compliance with the Code of Ethics, the policy on bribery and corruption and other policies that aim to establish a culture of integrity, SQM has:

- » A Compliance Officer, who is responsible for overseeing and monitoring policy and procedure execution and has the means and powers to do so.
- » A Compliance Division, charged with managing the Company's ethics and anti-corruption compliance program.
- » A Policy on Structure and Oversight of Anti-Corruption Compliance, which lists the responsibilities of various positions related to implementation and maintenance of the anti-corruption program.
- » An Ethics Committee, comprised of the Legal Senior Vice-President, the Finance Senior Vice-President and the Compliance Officer. Its mission is to ensure ongoing and correct application of the Company's policies, procedures and internal standards related to anti-bribery and anti-corruption regulations as well as compliance with antitrust laws. It also aims to foster a corporate culture that is aligned with the Company's ethical principles. The committee's operations are regulated by its own bylaws.
- » An Ethics and Compliance Oversight Council, comprised of the Chief Executive Officer, Corporate Services Senior Vice-President, Legal Senior Vice-President and Compliance Officer. Its mission is to ensure ongoing and correct application of internal ethical standards and to contribute to developing a corporate culture that is aligned with the Company's ethical principles. The council's operations are regulated by its bylaws. Its objectives include:
  - » Overseeing compliance with the SQM Code of Ethics, Bribery and Corruption Compliance Policy and the Antitrust Compliance Manual.
  - » Establishing internal sanctions in the event of violations of the Ethics Code, Chilean Law No. 20,393 or its amendments, the US



Salar de Atacama, Antofagasta Region.



**ALL SQM EMPLOYEES  
MUST FOLLOW THE  
CODE OF ETHICS.**

Foreign Corrupt Practices Act (FCPA), the Bribery and Corruption Compliance Policy and related procedures, as well as the Antitrust Compliance Manual. Sanctions on individual employees range from reprimand to dismissal and may include reports to the respective external agencies.

- » An internal policy to regulate complaints received. The policy establishes complaint channels that are available to all SQM employees around the world as well as third parties, in accordance with applicable legislation.
- » A policy on internal investigations that regulates how internal investigations must be conducted and includes sanctions for violations of internal policies, in accordance with applicable legislation.
- » An Internal Audit area that is independent of SQM management and acts as a third line of defense.

The full text of SQM's Code of Ethics is available on the Company's web page [www.sqm.com](http://www.sqm.com)

## Compliance Initiatives

We updated the Code of Ethics in December 2016 and provided the new version to all SQM employees around the world.

Each employee signs a statement indicating that he or she has received and read the Code. In turn, each employee is required to declare any conflict of interest he or she may have, as well as any connection to public officials or politically exposed persons (PEP).

Employee training addressing the Code of Ethics, applicable anti-corruption laws and program policies and procedures is a fundamental part of our Compliance Program. In 2016, we conducted widespread training via e-learning for all company employees with an e-mail address and computer assigned to them. A training video was used for employees without an assigned e-mail account. In 2017, we held face-to-face training with a significant portion of company employees as well as specific antitrust training. In addition, and in order to strengthen the Compliance Program, we offer distribution channels specifically for the Compliance Area and have created interactive videos to communicate concepts and



ideas related to business ethics. Our on-line trivia contests, which present challenges and questions related to our Code of Ethics and the program's policies and procedures, feature prizes and have high employee participation rates.

Our 2018 Training Plan also includes face-to-face training to reinforce the concepts that we have been teaching and present recent program improvements.

The policy on complaint channels now specifies that all complaints must be reviewed.

The Company investigated 8 complaints in 2017 but found no cases of corruption or risks of corruption. Twenty-five audits related to the Compliance Program were performed.

The Company is upholding its commitments with its neighbors by participating in a variety of social, cultural, educational and other projects.

In order to ensure additional transparency and control, all community initiatives are centrally managed by the Sustainable Development Division. Each initiative must be approved by the People and Performance Senior Vice-President in the framework of contributions and donations approved by the Board of Directors for the year. If the grantees are public entities, public figures, PEPs or related entities, these also require authorization by SQM's Chief Executive Officer, the Compliance Officer and Legal Senior Vice-President.

SQM has strengthened its Internal Audit and Compliance teams. As two separate, independently operating divisions, Internal Audit reports to the Directors' Committee while Risk Management and Compliance reports to the Chief Executive Officer with direct access to the Directors' Committee.

## Sustainable Development Policy

Optimum performance in these areas is key to the success of its operations and future development. Therefore, SQM commits to the following actions across all business lines (specialty plant nutrition, iodine, lithium, potassium and industrial chemicals) at its sales and production facilities in Chile and abroad:

- 1.** Abiding by the current laws and regulations applicable to its activities, products and services, as well as meeting voluntary agreements and standards to which it has committed.
- 2.** Implementing preventative measures and controls needed, in a timely manner, to minimize the risk of injury and harm to the health of our employees and those of contractors and subcontractors, thus promoting active participation of all workers in risk prevention matters.
- 3.** Minimizing the potential environmental impact of its activities by incorporating environmental variables into its operations from the design stage, thus implementing control and mitigation measures and avoiding contamination by properly managing waste and emissions.
- 4.** Promoting responsible and efficient use of natural resources and production inputs in line with national and international standards and good practices in this area.
- 5.** Providing its customers with high quality products that meet committed standards and assistance and service to ensure a mutually beneficial, long-term relationship.
- 6.** Maintaining good neighbor relations and participating in the development of the communities near our operations, supporting projects and activities designed to improve their quality of life, emphasizing education, culture and environmental protection.
- 7.** Maintaining open and ongoing communication with its employees, contractors, customers, shareholders, neighbors and authorities, periodically informing them of its performance.
- 8.** Promoting continual improvement in its performance in terms of safety, health, the environment, quality and community relations.
- 9.** Training, developing and evaluating its employees and personnel from its contractors as active agents responsible for effectively implementing this policy throughout our business.

**SQM IS COMMITTED TO SUSTAINABLY DEVELOPING ITS BUSINESS, INTEGRATING CONCERN AND RESPECT FOR ITS EMPLOYEES AND CONTRACTORS, THE ENVIRONMENT, THE COMMUNITY AND ITS CLIENTS.**

## **Statement of Sustainability**

IN KEEPING WITH THE PRINCIPLE OF CONSTANT IMPROVEMENT, THE COMPANY'S WORK IS ALIGNED WITH THE COMMITMENTS THAT IT HAS MADE TO ITS SHAREHOLDERS, CUSTOMERS, EMPLOYEES AND PARTNERS AS WELL AS NEIGHBORING COMMUNITIES TO CARRY OUT ITS COMMERCIAL AND PRODUCTIVE WORK IN HARMONY WITH THE ENVIRONMENT. SQM WILL TAKE STEPS TO PROTECT PEOPLE AND THE ENVIRONMENT IN ORDER TO MAKE ITS BUSINESS SUSTAINABLE. EVERYONE WHO WORKS FOR AND COLLABORATES WITH THE COMPANY SHARES IN THIS RESPONSIBILITY.

IN ACCORDANCE WITH THIS SUSTAINABLE DEVELOPMENT POLICY, SQM CONTINUOUSLY REVIEWS AND OUTLINES NEW CHALLENGES THAT ALLOW IT TO FURTHER ADVANCE ITS PERFORMANCE IN ALL AREAS.



## SQM in Chile and the World

G4-5/ G4-6

The Atacama Desert is abundant in mineral reserves of incomparable magnitude and quality. The iodine and nitrate reserves in its caliche ore fields are the largest on the planet and the Salar de Atacama contains brine with some of the highest concentrations of lithium and potassium in the world.

We are integrated producers and sellers of specialty plant nutrients, iodine, lithium, potassium fertilizers and industrial chemicals. Our products enable us to be a cost leader. Our efforts are supported by a specialized international commercial network with sales in over 115 countries.

SQM's development strategy is to be a selectively integrated mining operator that processes and markets products in order to efficiently supply industries that are essential for human development such as health care, food and technology. The strategy is built on 6 cornerstones:

- » Strengthening the internal processes that ensure resources that are key to business sustainability.
- » Extending M1 (lean operations) to the entire organization in order to improve our cost advantage, quality and safety.
- » Investing in developing the specialty fertilizer market, product differentiation, channel management and price optimization.
- » Recovering market share in iodine, seeking opportunities for consolidation and vertical integration, and investing in developing iodine and nitrate products for industrial use.
- » Seeking lithium assets outside of Chile, given the attractiveness of the market, in order to harness our operational capacities. In potassium, investing in operations that ensure access to raw materials for potassium nitrate.
- » Seeking opportunities for diversification in gold, copper and zinc projects in the region in order to leverage our mining operational capacities and ensure business continuity for our exploration program.

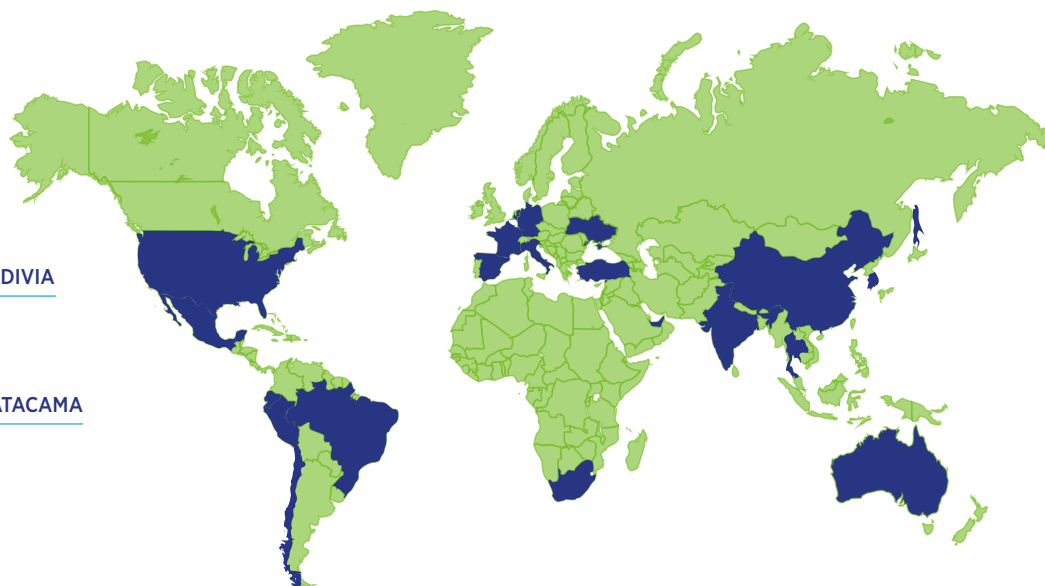
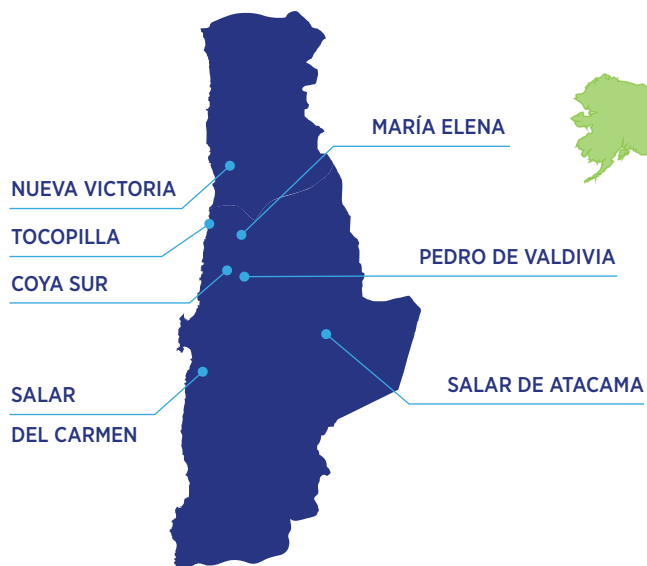
### SQM OPERATES IN THE HEART OF THE ATACAMA DESERT IN THE TARAPACÁ AND ANTOFAGASTA REGIONS.



The cornerstones are based on the following four key concepts:

- » Building an organization with a clear strategy, inspired leaders, personal responsibility and meaningful values.
- » Developing a strategic planning process that responds to customer needs and market trends, while ensuring coordination between corporate areas and lines of business and between operations and commercial areas.
- » Developing a robust risk control and mitigation process in order to actively manage risk in our lines of business.
- » Making strides in stakeholder management to establish community ties and communicate SQM's contribution to Chile and the world.





**OUR PRODUCTS REACH**

**110**

**COUNTRIES THROUGHOUT THE WORLD.**

**20**

**COMMERCIAL OFFICES.**

COMMERCIAL OFFICE

- » Atlanta / USA
- » Antwerp / Belgium
- » Barcelona / Spain
- » Guadalajara / Mexico
- » Guayaquil / Ecuador
- » Florence / Italy
- » Mülheim an der Ruhr / Germany
- » Bangkok / Thailand
- » Beijing / China
- » Johannesburg / South Africa
- » Tokyo / Japan
- » Sydney / Australia
- » Seoul / South Korea
- » Shanghai / China

PRODUCTION PLANT

- » Jackson / USA
- » Topolobampo / Mexico
- » Manzanillo / Mexico
- » Veracruz / Mexico
- » Cadiz / Spain
- » Durban / South Africa
- » Cape Town / South Africa
- » San Antonio / Chile

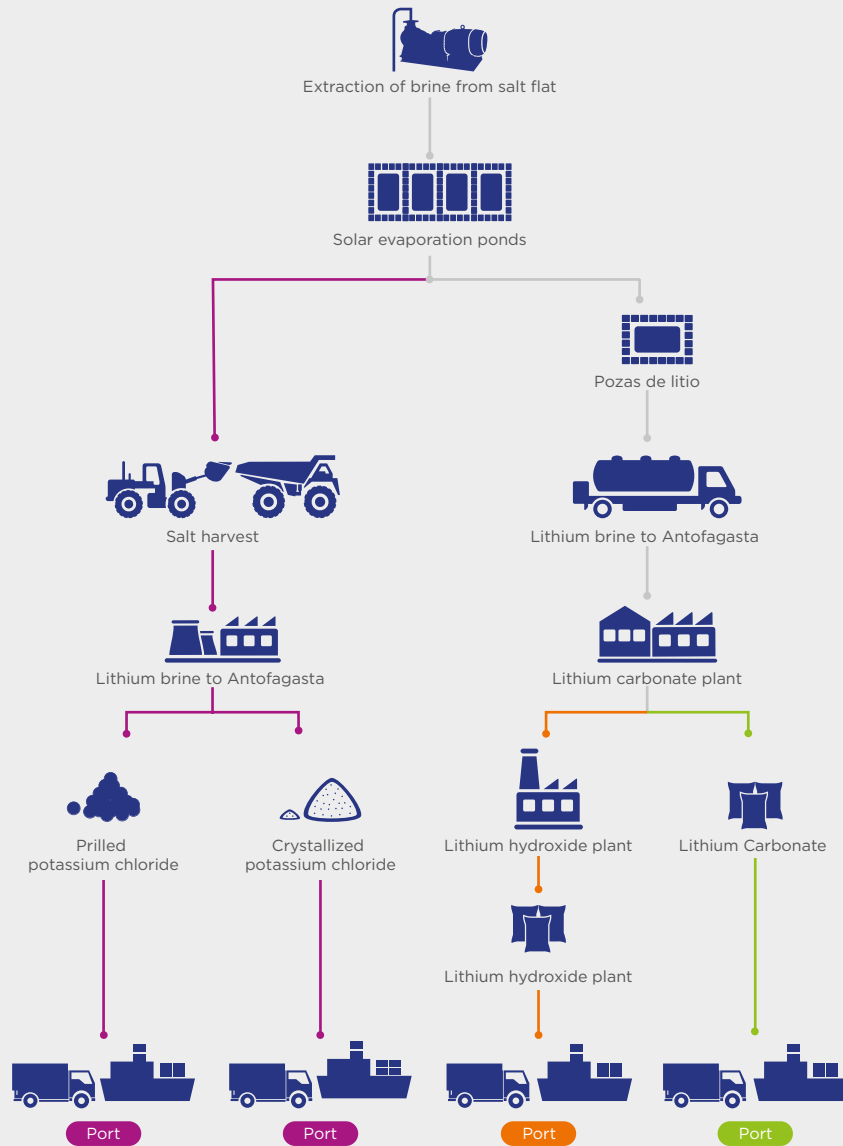
JOINT VENTURE /

PRODUCTION PLANT /  
COMMERCIAL OFFICE

- » Lima / Peru
- » Trujillo/ Peru
- » Paranagua and Candeias / Brazil
- » Atlanta / USA
- » Chile
- » Evron / France
- » Abu Dhabi / UAE
- » Dubai / UAE
- » Andhra Pradesh - Kakinada/ India
- » Bangkok / Thailand
- » Qingdao / China
- » Chengdu / China
- » Antalya / Turkey
- » Terneuzen / The Netherlands
- » Kajovka /Ucrania

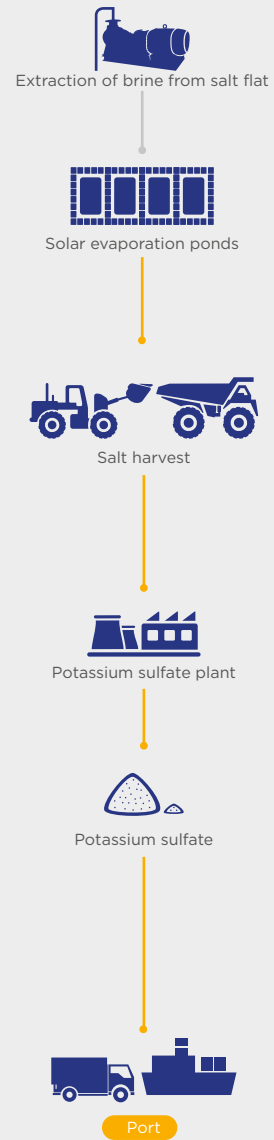
# Production Processes

## LITHIUM/POTASSIUM CHLORIDE PROCESSES



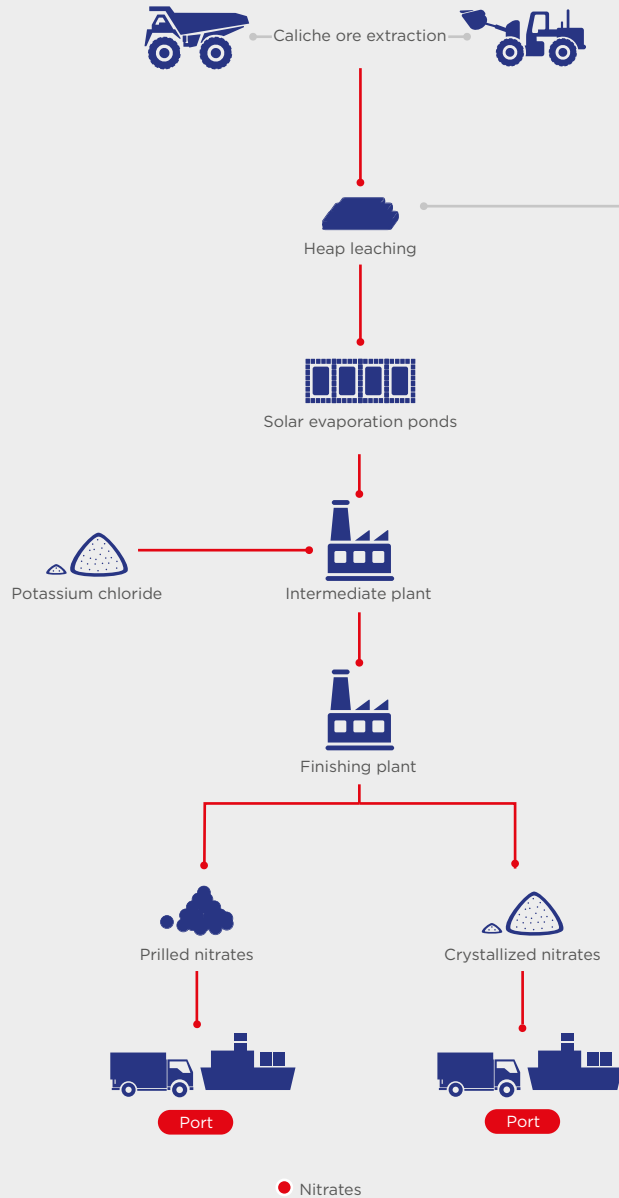
Processes carried out fully or partially in: Salar de Atacama and Salar del Carmen.

## POTASSIUM SULFATE PROCESS



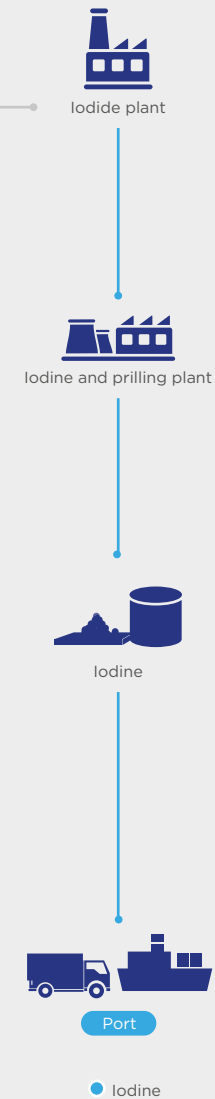
Processes carried out in: Salar de Atacama.

## NITRATES PROCESS



Processes carried out fully or partially in: María Elena, Pedro de Valdivia and Nueva Victoria.

## IODINE PROCESS



Processes carried out fully or partially in: María Elena, Pedro de Valdivia, Coya Sur and Nueva Victoria

## Our Products

SQM has an innovative business model based on the use of efficient technology to obtain a variety of products from the mineral resources it mines. These products are sold through a broad, efficient distribution and sales network that meets the needs of very diverse markets all around the world.

These products are: specialty plant nutrition; iodine and derivatives; lithium and derivatives; industrial chemicals and potassium.

**SQM HOLDS**

**16**

**VALID INVENTION PATENTS FOR PROCESSES AND PRODUCTS IN CHILE, THE UNITED STATES AND JAPAN, FOR THE PRODUCTION PROCESSES OF LITHIUM, IODINE AND NITRATES.**



### **SPECIALTY PLANT NUTRITION**

The Company provides specialized nutrition solutions for agriculture to boost growth, production and reproduction. They are especially useful on farms as part of a strategy for enhancing productivity and quality in order to add value to products.

These products deliver advanced solutions such as application by means of fertirrigation, soil and foliar applications, and are complemented by the experience and know-how of our team of agricultural experts that directly advise customers.

Specialty plant nutrients are mineral substances that fulfill specific, irreplaceable functions in crops. This business line includes sodium nitrate, sodium potassium nitrate and potassium nitrate, the last of which is the most important.



## IODINE AND DERIVATIVES

Iodine, one of SQM's main lines of business, is known for its antiseptic and germicidal properties because of its ability to rapidly penetrate the cell walls of microorganisms, causing their protein structure and DNA to rupture.

Some of the most common uses of iodine include health care applications such as contrast media for X-ray exams, povidone-iodine and inclusion as a component in synthesizing pharmaceuticals, bactericides, fungicides and disinfectants. It also has industrial applications in nylon and water repellent agents.

Iodine is widely used in the pharmaceutical industry. Low iodine levels during pregnancy and infancy can lead to neurological and physical development issues in children, as well as goiters and thyroid malfunction at all ages.

SQM's production and sale of iodine is certified under ISO 9001:2008 Quality Management Systems.

## LITHIUM AND DERIVATIVES

As the world's largest producer of lithium, SQM is committed to the development and sustainability of the lithium industry.

Lithium, the lightest of all metals, can be used in a variety of products including rechargeable batteries, high-resistance glass and ceramics, lubricating grease, air conditioning, pharmaceuticals, aluminum, cement, adhesives and dyes.

One of the most well-known uses is in lithium batteries, which have higher energy density than traditional batteries, which allows them to store more energy per weight and volume.

For the production and sale of lithium carbonate and lithium hydroxide, SQM is certified under ISO 9001:2008 Quality Management System. This certification demonstrates the Company's commitment to both customer satisfaction and the continual improvement of its processes in order to compete in a dynamic world.





## INDUSTRIAL CHEMICALS

Nitrates, potassium chloride and magnesium chloride are used for industrial applications such as explosives, thermal energy storage, metals treatments, lubricants for oil extraction, fire retardants, among others.

One of the most recent industrial applications of potassium and sodium nitrates is thermal energy storage in solar power plants. Concentrated solar power (CSP) plants equipped with a molten salt storage system store solar energy in the form of heat, enabling 24/7 continuous operation for power generation.

## POTASSIUM

SQM began operating in the Salar de Atacama in the nineties in order to supply itself with potassium chloride, a raw material used in the production of potassium nitrate. It is currently the only producer of all 3 sources of potassium: Potassium nitrate, potassium sulfate and potassium chloride.

Potassium is a nutrient with multiple industrial applications that plays a key role in the development of basic functions in humans and plants.

In people, it helps prevent and treat diseases such as high blood pressure, cerebrovascular complications and cognitive impairment, while in plants it improves resistance to stressors such as extreme temperatures, droughts, parasites and other elements.







## Promoting Research

In 2017, we continued supporting scientific research at the Aging and Regeneration Center, Care Chile UC, for studies on the positive effects of lithium on health. In 2012, the Company began supporting research on the effects of potassium on human health.

The main objective is to conduct scientific and applied research to develop new products and/or services that improve quality of life. This research has led to significant advances to establish a biomedical basis for the beneficial use of these elements in humans.

Potassium has been identified as having positive effects on the prevention and treatment of high blood pressure, cerebrovascular complications and cognitive impairment. The benefits of lithium are associated with the role it plays in activating the nervous system and generating neurons, which can help in the treatment of Alzheimer's and Parkinson's disease and other neurological diseases and conditions.





## World Iodine Association (WIA)

The World Iodine Association (WIA), chaired by SQM since 2015, aims to: Support and represent iodine producers, processors, formulators, distributors and end users in relevant industry groups, and in relevant official government authorities around the world with respect to guidelines and regulations on iodine and its derivatives; Develop, support and promote the use of iodine and its derivatives in existing and novel uses and applications in the fields of human and animal health and industry;

Provide information about the purposes, uses and applications of iodine and its derivatives to interested parties; and to help eradicate global iodine deficiency.

The association has seven full members-- Ajay Europe SARL , SQM Europe NV, Calibre Chemicals Private Limited, GE Healthcare AS, Iofina plc, Especialidades de sal AkzoNobel and Hypred SAS (Roullier Group)--and 2 associate members: Deepwater Chemicals and European Salt Producers.



04

**OUR  
PEOPLE**



THE WORLDWIDE  
BUSINESS FORMULA

## Employee Profile

**EACH PERSON ON THE SQM TEAM IS IMPORTANT AND ESSENTIAL TO THE COMPANY'S DEVELOPMENT. THEREFORE, IT IS VITAL THAT THE COMPANY FOSTER GOOD WORKING CONDITIONS, LEADERSHIP PRACTICES AND LABOR RELATIONS TO HELP MAINTAIN A POSITIVE WORK ENVIRONMENT.**

### G4-10

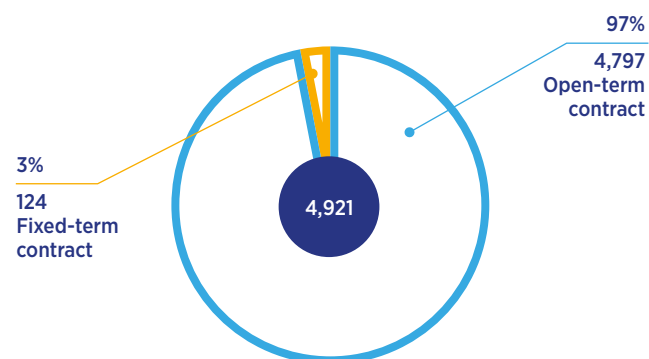
As of December 2017, SQM had 4,921 employees throughout the world. These employees breathe life into all areas of our Company's operations.

Our Company is made up of a diverse team of operators, technicians and professionals, both men and women of different ages, each of whom contributes their individual capacities and skills to the Company's development.

In accordance with our principles, SQM emphatically rejects any type of child labor. In strict compliance with Chilean legislation, employees must be 18 years old at the time of hire. This principle is also explicit in our internal personnel selection standards.

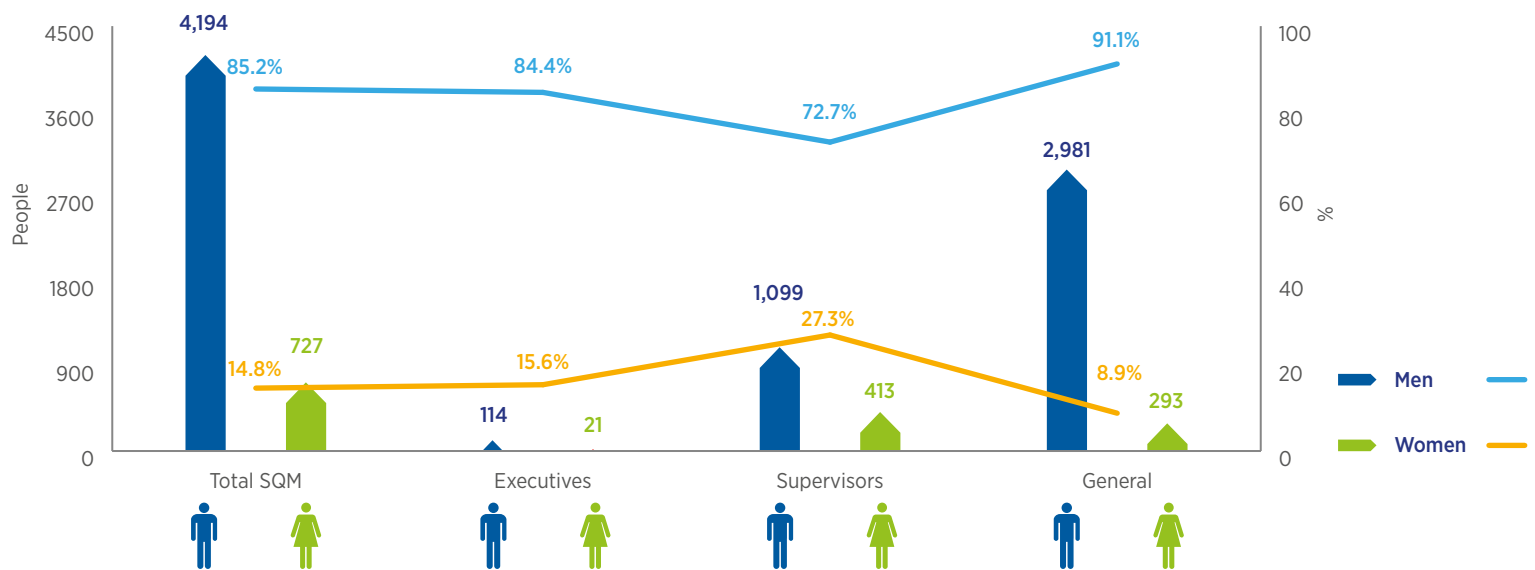
The different positions within the Company are organized into: general staff, supervisory staff and executive staff, carrying out duties at different production, commercial and administrative facilities.

EMPLOYEES BY CONTRACT TYPE AS OF DECEMBER 31, 2017





EMPLOYEES BY CATEGORY AND GENDER AS OF DECEMBER 31, 2017



**86%**

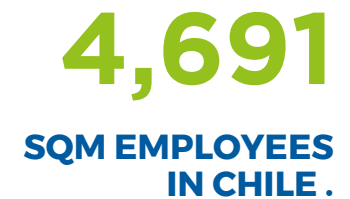
**OF OUR EMPLOYEES  
IN CHILE WORK IN  
THE TARAPACÁ AND  
ANTOFAGASTA REGIONS.**



## EMPLOYEE STATISTICS AS OF DECEMBER 2017

### G4-9/ G4-LA1/ G4-EC6

- » SQM provides an annual average of 10,188 jobs in Chile and around the world, including Company personnel and contractors.
- » The Company has 4,921 direct workers, of which 4,691 are based in Chile and 230 are located abroad. Contractors accounted for an annual average of 5,267 workers in 2017.
- » 4,042 workers (86%) work in the Tarapacá and Antofagasta regions, while 558 workers (12%) are based in the Metropolitan Region.
- » Senior management or executives are local workers who live in the regions where our main production centers and offices are located. Thus, 79% of our executives are from and work in the Tarapacá and Antofagasta regions, while 100% of the executives at the Santiago office are from the Metropolitan Region.
- » Of all employees (in Chile and abroad), 97% have open-term contracts and 3% were employed for a fixed term.

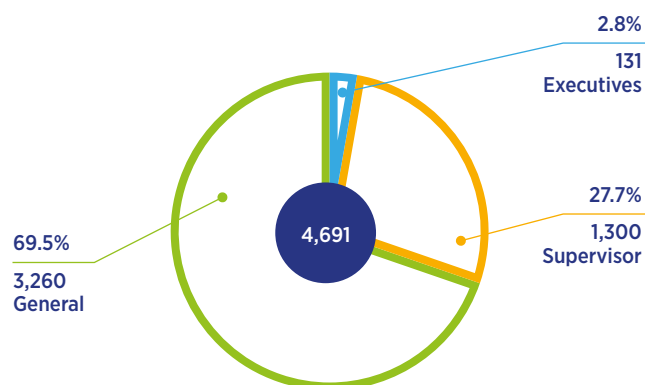




PERSONNEL IN CHILE AND OVERSEAS BY AGE GROUP, GENDER AND GEOGRAPHIC DISTRIBUTION AS OF DECEMBER 31, 2017

LOCATION	EXECUTIVES		SUPERVISOR		GENERAL		TOTAL
	Male	Female	Male	Female	Male	Female	
Metropolitan Region	67	16	243	120	73	39	558
Tarapacá Region	8	-	142	15	745	13	923
Antofagasta Region	34	5	567	163	2,132	218	3,119
Other regions	1	-	11	5	14	14	45
Other regions in Chile	-	-	23	11	4	8	46
Foreign offices	4	-	113	99	13	1	230
<b>TOTAL</b>	<b>114</b>	<b>21</b>	<b>1,099</b>	<b>413</b>	<b>2,981</b>	<b>293</b>	<b>4,921</b>

SQM EMPLOYEES BY CATEGORY IN CHILE





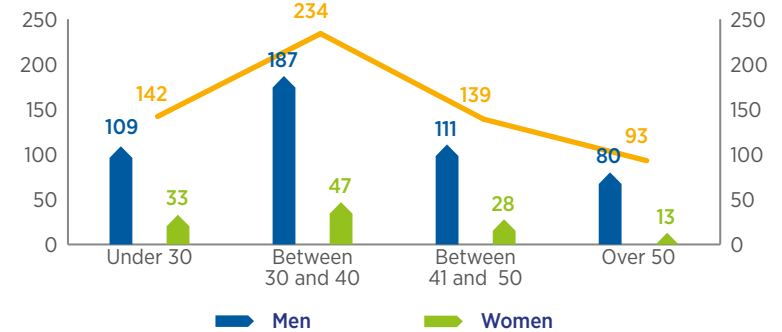
## DISTRIBUTION BY AGE, TURNOVER AND ABSENTEEISM

### G4-LA1/ G4-LA6

As of December 2017, 47% of our employees in Chile and overseas were over the age of 40, while 53% were younger than 40. This mixture of experience and new generations gives the Company a solid foundation and vitality.

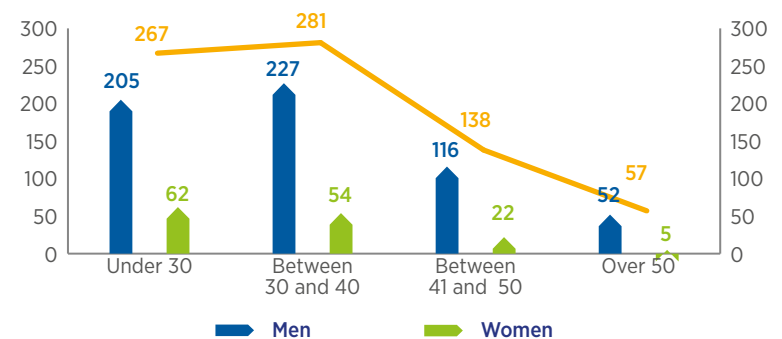
- » The turnover rate for the year 2017 was 10.4%, down from 13.53% in 2016.
- » The turnover rate for women in 2015 was 12.2%, compared to 10.1% for men.
- » The absenteeism rate reached 2.7%, considering both men and women.

## PEOPLE WHO LEFT THE COMPANY IN CHILE IN 2017 BY AGE GROUP AND GENDER



## PEOPLE WHO JOINED THE COMPANY IN CHILE IN 2017 BY AGE GROUP AND GENDER

### G4-LA1







**47%**

**OF OUR EMPLOYEES IN  
CHILE AND OVERSEAS  
AS OF DECEMBER 2017  
WERE OVER THE AGE  
OF 40.**



## WOMEN AT SQM

### G4-LA13

We have an open policy for searching for talent and determining salaries, free of discrimination of any kind, which enables both men and women to fill positions with different requirements and characteristics, such as: laboratory analysts, heavy-duty machinery drivers, administrative workers, executives and plant managers, among many others.

Women represent 13.4% of SQM employees in Chile and 14.8% when considering employees in Chile and overseas in aggregate.

In 2017, Company management organized a series of breakfasts to dialog with several internal audiences, including women. The aim was to hear and learn about their work-related concerns and identify opportunities to improve female employability, permanence and professional prospects.

SQM continues to participate in a gender working group coordinated by the Antofagasta and Tarapacá Regional Mining Agencies. These task forces are working to design a regional strategy for incorporating more women into the mining industry. As part of the Tarapacá gender working group initiatives, the Universidad de Chile Industrial Engineering Department's Center for Organizational Engineering visited SQM's operations in Tarapacá to conduct interviews and focus groups with the Company's female workers as part of its study entitled "Work Opportunities for Women and Young People at Mining Companies in the Tarapacá Region". The study aims to identify mechanisms that help incorporate more women and low-income young people who are unemployed or looking for first-time employment; gather qualitative and quantitative data on the conditions under which women and young people enter the labor market; and collect data related to the conditions and characteristics of employment in the mining sector in the Tarapacá Region. The results of the study will be published in 2018.

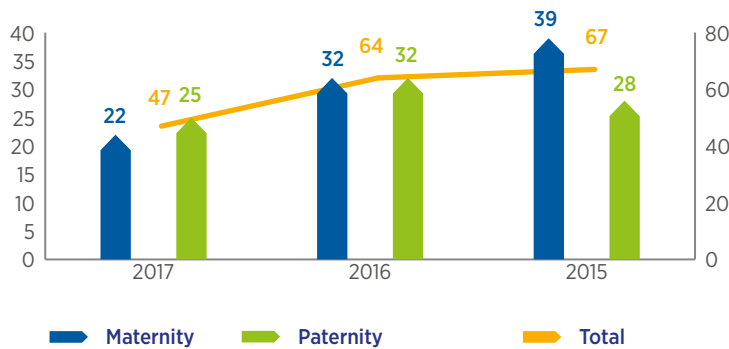
Salaries are determined for each position based on factors such as education, experience, job responsibilities, etc., and do not differ by gender. We review salaries and compare these factors with equivalent industries on an annual basis.

#### PATERNITY AND MATERNITY LEAVE AS OF DECEMBER 2017

##### G4-LA3

During the reporting period, 47 female employees went on maternity leave; all of them resumed their duties at the end of their leave. Following their return, two of the 47 female employees voluntarily resigned.

#### PATERNITY AND MATERNITY LEAVE CATEGORY 2017



# 13.4%

**OF SQM EMPLOYEES IN CHILE ARE WOMEN.**

**EACH YEAR, WE REVIEW OUR EMPLOYEE'S BENEFITS AND IMPROVE THE FACILITIES WHERE THEY WORK AND THE ACCOMMODATIONS WHERE THEY LIVE IN ORDER TO ENSURE THAT THEIR TIME AT WORK IS COMFORTABLE.**



### OPERATIONAL EXCELLENCE PLAN

We began implementing Lean methodology, internally known as “M1”, in November 2013. In the four years since, it has been applied in more than 80% of the Company and practically all operating areas.

Consequently, we have been able to optimize our processes to make them more efficient, cut costs and empower work team leadership by implementing organization-wide best practices, setting standards, and reducing losses from all type of waste and variability.

As we consolidate the methodology in this stage of continuous improvement, our employees have actively participated and demonstrated their commitment to implementing these new tools as they significantly increase production and yields while driving down electricity consumption.

In an unprecedented move, SQM innovated by incorporating Lean methodology into risk prevention. As a result, countless initiatives have emerged from the workers themselves and safety management was

added as an indicator on our operational visual boards. We also expect to see consolidation of a preventative culture based on self-care and reinforcing positive conduct. To that end, we have added some of our major contractors, with whom we aim to continue developing and optimizing M1.

Milestones for 2017 include international expansion of M1. The first stage was the commercial offices in Atlanta and Spain, Salar de Atacama laboratories, the Metals Exploration Division, Projects Division (at the Coya Sur, Nueva Victoria and Santiago facilities), Potassium-Lithium Supply and the administrative areas of Compensation, People, Operational Services and Information Technology.

**WE ARE BUILDING  
AN ORGANIZATION-  
WIDE CULTURE OF  
EXCELLENCE BASED ON  
THE PRINCIPLES OF THE  
M1 METHODOLOGY.**

## EMPLOYEE RELATIONS

### G4-LA 4/ G4-11 /G4-LA8 / G4-RH3/ G4-RH4

SQM is concerned with maintaining and fostering smooth relations and a sense of collaboration with the Company's employees. As of December 31, 2017, the Company had 22 unions, which represent 64% of all employees, primarily at its main production centers: María Elena, Coya Sur, Pedro de Valdivia, Salar de Atacama, Salar del Carmen, Nueva Victoria, Tocopilla, Antofagasta and Santiago. The Company protects and promotes its workers' freedom of association and encourages non-discriminatory policies. As of December 2017, 3,232 of SQM's employees in Chile, or 68.9% of our Chilean workforce, were covered by a collective bargaining agreement.

These agreements do not explicitly address safety-related matters, since SQM considers these to be a right its workers are entitled to and an obligation and duty that the Company must fulfill at all times. Most of these agreements consequently did not incorporate safety issues as benefits. SQM has implemented plans covering safety issues and provides regular training sessions regarding safety. One hundred percent of the Company's employees receive health care benefits.

The Company has a general policy of meeting periodically with unions to explain the origin and expected effect of any operating changes that may affect workers and their compensation. Notice is usually given more than two months in advance of any significant change; however, the exact timing will depend on the degree to which that change may affect them.

The Company completed nine collective bargaining processes in 2017. There were no strikes or operation shutdowns at SQM throughout the period.



## Benefits

G4-EC 3/ G4-LA2



Out of concern for our employees' well-being, the Company provides a variety of benefits to employees with open-term contracts. Some of these benefits are legal obligations while others are given at the company's initiative or are optional for employees:

- » National holiday and Christmas bonuses.
- » Special bonuses: education, funeral assistance, marriage and birth.
- » Special leave: death, marriage, moving and to have mammograms or prostate exams.
- » Life insurance for each employee that covers natural or accidental death and disability.
- » Supplementary health insurance.
- » Catastrophic health insurance.
- » Dental insurance.
- » Termination benefits in case of employee resignation, with varying benefits based on position.
- » Scholarships for children of employees who demonstrate academic excellence at the university level.
- » University and graduate-level scholarships for outstanding employees.
- » Group Voluntary Retirement Savings (APVG) Agreement to encourage employees to save for retirement. SQM partially matches employee contributions.
- » Gift upon the birth of a son or daughter for employees with open-term contracts.
- » Special celebrations (Father's Day, Mother's Day, Women's Day, Secretary's Day, Mining Day and Labor Day).
- » Box of traditional Christmas foods for each employee and his or her family.
- » Christmas gifts for sons/daughters and/or dependents under 12 years of age.
- » Birthday gifts for all employees with open- or fixed-term contracts.
- » The Company adjusts salaries each year based on a comparative compensation study of companies from comparable industries. This ensures fair and transparent salaries for non-unionized employees.

**WE CONTINUOUSLY  
ASSESS AND IMPROVE  
OUR FACILITIES AND  
SERVICES TO ENHANCE  
OUR EMPLOYEES'  
QUALITY OF LIFE.**





## WORK SITE LIVING STANDARDS AND COMFORT

### G4-EN31

SQM is concerned with providing good living conditions for our workers, especially while performing their roles at the Company's facilities. In this spirit we are constantly improving the infrastructure and services provided at operational facilities, accommodation facilities and offices.

Improvements in 2017 include:

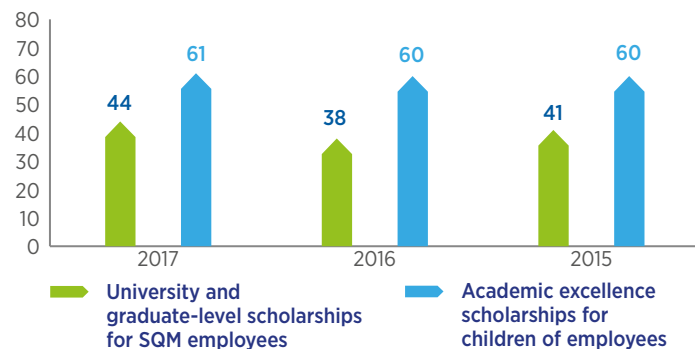
- » Creation of bicycle paths at Andino Camp, Salar de Atacama.
- » Improvements to the cafeteria, Andino Camp.
- » First exercise equipment installed in outdoor common area, Andino Camp.
- » Refurbishment of soccer field no. 3, including new turf and lighting, Andino Camp.
- » New gym for workers from SQM Salar's contractors.
- » Creation of an oratory, a space for prayer and reflection, a private area for internal communication, Andino Camp.

## SCHOLARSHIPS

In order to maximize professional development and growth for our employees and their children, we provide opportunities to reach educational goals through financial assistance. In 2017, 105 scholarships were awarded.

- » University and graduate-level scholarships: 44 employees received scholarships in 2017.
- » Scholarships for children of employees: In 2017, 61 outstanding students received scholarships.

### SCHOLARSHIP TYPE



The Company creates opportunities for technical and educational growth and development, offers an attractive internal mobility program and provides scholarship benefits for employees and their children.





#### INTERNAL MOBILITY PROGRAM

##### G4-LA10

We recognize and provide growth opportunities for SQM employees according to their competencies, skills and experience.

SQM has been working on its internal mobility program for the past seven years. This initiative allows general employees and supervisors to apply for promotions or lateral transfers.



# 61,833

**TRAINING  
HOURS.**



# 711

**SCHOLARSHIPS GRANTED TO  
EMPLOYEES AND  
THEIR CHILDREN AS OF  
DECEMBER 2017.**



# 105

**SCHOLARSHIPS  
AWARDED IN 2017.**

# 242

**PROMOTIONS EARNED  
THROUGH THE INTERNAL  
MOBILITY PROGRAM.**

In 2017, 242 positions were filled with internal hires. This program helps benefit the organization's culture because it:

- » Encourages good performance and meritocracy.
- » Retains and rewards the best talent.
- » Reinforces commitment and motivation.
- » Favors opportunities for personal development.
- » Increases employability by providing learning opportunities within the organization.
- » Enriches the Company through collaboration among areas.
- » Strengthens the idea that people are valuable assets for the Company.

SQM has decided to incorporate facets like training and recognition into this program to give it a new focus and position the idea of mobility or personal development within the Company.

**WE ENCOURAGE CREATIVITY, AGILITY AND INNOVATION IN OUR WORK AND DAILY CHALLENGES AS WE ADD VALUE FOR OUR CUSTOMERS.**

## WORKPLACE TRAINING

### G4-LA11/ G4-LA12/ G4-LA10

- » SQM trained 3,424 employees in Chile in 2017.
- » The 61,833 hours of training provided involved an investment of US\$770,300.
- » Our training program focused on core concepts like risk prevention, legal certification and corporate standards, technical skills and skill matrices, e-learning orientation, skill development, technology and languages for the ongoing further education of employees, supervisors and executives.



### AVERAGE TRAINING HOURS PER WORKER BY CATEGORY

CATEGORY	TOTAL TRAINING HOURS, ALL WORKERS, 2017	N° OF WORKERS 2017	AVERAGE HOURS PER WORKER
Operator	22,353	1,935	11.6
Administrative staff	626	134	4.7
Executives	1,620	158	10.3
Professionals	18,805	1,257	15.0
Technicians	18,429	1,392	13.2
	<b>61,833</b>	<b>4,876</b>	<b>12.7</b>

CATEGORY	TOTAL TRAINING HOURS, ALL WORKERS, 2016	N° OF WORKERS 2016	AVERAGE HOURS PER WORKER
Operator	16,905	1,341	12.6
Administrative staff	912	187	4.9
Executives	987	127	7.8
Professionals	12,598	1,195	10.5
Technicians	20,789	1,860	11.2
	<b>52,191</b>	<b>4,710</b>	<b>11.1</b>

CATEGORY	TOTAL TRAINING HOURS, ALL WORKERS, 2015	N° OF WORKERS 2015	AVERAGE HOURS PER WORKER
Operator	45,542	1,489	30.6
Administrative staff	708	174	4.1
Executives	965	99	9.7
Professionals	15,782	1,196	13.2
Technicians	27,560	1,248	22.1
	<b>90,557</b>	<b>4,206</b>	<b>21.5</b>

## AVERAGE TRAINING HOURS PER WORKER CATEGORY AND GENDER

CATEGORÍA PROFESIONAL						
	TOTAL TRAINING HOURS, MALE WORKERS, 2017	N° OF MALE WORKERS, 2017	AVERAGE HOURS PER MALE WORKER	TOTAL TRAINING HOURS, FEMALE WORKERS, 2017	N° OF FEMALE WORKERS 2017	AVERAGE HOURS PER FEMALE WORKER
Operator	21,987	1,893	11.6	366	42	8.7
Administrative staff	355	48	7.4	271	86	3.2
Executives	1,238	133	9.3	382	25	15.3
Professionals	14,377	937	15.3	4,428	320	13.8
Technicians	16,815	1,142	14.7	1,614	250	6.5
	<b>54,772</b>	<b>4,153</b>	<b>13.2</b>	<b>7,061</b>	<b>723</b>	<b>9.8</b>

CATEGORÍA PROFESIONAL	TOTAL TRAINING HOURS, MALE WORKERS, 2016	N° OF MALE WORKERS, 2016	AVERAGE HOURS PER MALE WORKER	TOTAL TRAINING HOURS, FEMALE WORKERS, 2016	N° OF FEMALE WORKERS 2016	AVERAGE HOURS PER FEMALE WORKER
Operator	16,773	1,323	12.7	132	18	7.3
Administrative staff	390	69	5.7	522	118	4.4
Executives	747	104	7.2	240	23	10.4
Professionals	9,349	896	10.4	3,249	299	10.9
Technicians	19,989	1,627	12.3	800	233	3.4
	<b>47,248</b>	<b>4,019</b>	<b>11.8</b>	<b>4,943</b>	<b>691</b>	<b>7.2</b>

CATEGORÍA PROFESIONAL	TOTAL TRAINING HOURS, MALE WORKERS, 2015	N° OF MALE WORKERS, 2015	AVERAGE HOURS PER MALE WORKER	TOTAL TRAINING HOURS, FEMALE WORKERS, 2015	N° OF FEMALE WORKERS 2015	AVERAGE HOURS PER FEMALE WORKER
Operator	44,013	1,459	30.2	1,529	30	51.0
Administrative staff	479	65	7.4	229	109	2.1
Executives	798	83	9.6	167	16	10.4
Professionals	12,149	870	14.0	3,633	326	11.1
Technicians	26,187	1,049	25.0	1,373	199	6.9
	<b>83,626</b>	<b>3,526</b>	<b>23.7</b>	<b>6,931</b>	<b>680</b>	<b>10.2</b>









## PERFORMANCE EVALUATION PROGRAM

### G4-LA 11

As part of our standards, we perform annual evaluations of our personnel's performance in their different roles. Evaluations start in the month of January for supervisors and executives, followed by general staff employee evaluations in April.

### AVERAGE NUMBER OF EMPLOYEES EVALUATED BY CATEGORY AND GENDER IN 2017

#### 2017 PERFORMANCE EVALUATION

EMPLOYEE CATEGORY	GENDER	NUMBER OF EMPLOYEES EVALUATED	PERCENTAGE OF EMPLOYEES EVALUATED
Executives		102	72%
		20	70%
Supervisor		1,019	99%
		376	97%
GENERAL		2,709	97%
		234	93%

**SQM'S TEAM IS THE FOUNDATION OF OUR DEVELOPMENT. WE ENCOURAGE AND VALUE THEIR ACHIEVEMENTS AND RECOGNIZE THEIR MERITS AS A PATH TO PROFESSIONAL GROWTH, FAVORING EQUALITY OF OPPORTUNITY.**



## RECOGNIZING OUR PEOPLE

In May, SQM launched the “VIVO” recognition program, one of several initiatives aimed at advancing on our path to excellence. The program involves recognition of peers and supervisors, people in other areas and in other locations, etc. The pillars of the program and motives for recognition are: people development, continuous improvement, common objective and efficient processes.

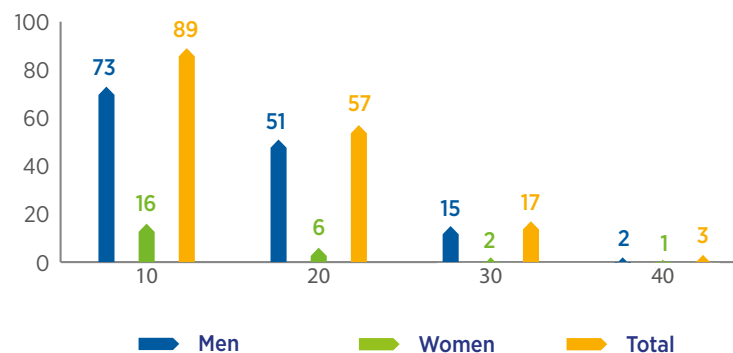
Employees are recognized via public boards, online and via a smart phone application.

The second phase includes periodic recognition ceremonies to publicly highlight efforts in each area.

The Company also recognizes the “best employees” at large ceremonies attended by the entire shift. Seventy-seven employees were given a plaque and monetary reward at such ceremonies.

The Company also recognized employees celebrating decades of service.

## RECOGNIZING YEARS OF SERVICE 2017



## VIVO RECOGNITIONS IN 2017

PILLARS	PEOPLE DEVELOPMENT	CONTINUOUS IMPROVEMENT	COMMON OBJECTIVE	EFFICIENT PROCESSES	TOTAL
N° of VIVO recognitions	765	627	1,534	239	3,165

## Workplace Safety



The fundamental importance we place on protecting each person at SQM and its contractors has led us to develop a work system that controls risks to the health and safety of individuals and the work team. We promote a risk prevention culture and incorporate actions that encourage safety into our daily operations. We also aim to integrate this safety culture into our workers' families.

### OPERATIONAL RISK MANAGEMENT SYSTEM (SIGRO)

#### G4-LA7

Our rigorous and ongoing work is based on application of the Operational Risk Management System (SIGRO), which involves a series of activities that must be performed each day.

All these activities are integrated into the M1 Operational Excellence Program, which standardizes our Risk Management System with M1 Lean tools, thereby increasing the effectiveness of SQM's prevention efforts.

The risk prevention department participates in performance dialogues, role confirmations, problem solving and operational standards, among others. All of this enables us to detect, assess and control the dangers and risks of the tasks performed in each work area, coordinating production and prevention and facilitating cultural change at all levels. New preventative tools such as "ABC" and "Prevention Dynamic" have also been incorporated, which has enabled each worker, his or her team and supervisors to detect and immediately resolve substandard actions or conditions that could lead to injury to people or damage to equipment or the environment.

The safety management system has 13 different dimensions:

- » Leadership
- » Behavior-based prevention
- » Joint committees
- » Reporting and investigating incidents
- » On-site activities
- » Compliance
- » Contractor oversight
- » Personal protective equipment
- » Occupational hygiene and health
- » Emergency plans
- » Training
- » Order and cleanliness
- » Audits

We strive to encourage safe work through programs with individual goals, like the one for supervisors, consisting of periodic reviews of critical inventory, work procedures, observation and inspection of activities and visible leadership.

In October 2017, we updated the contents of our Basic Safety Rules (BSR), adding a fourteenth rule called "Port Operations" which includes safety aspects specifically related to the work performed at the port, both at sea and on land.

Another modification included the addition of the "Safely Ending Tasks" concept to BSR No. 1 "Fundamental Aspects". The updated rule clearly establishes direct operational controls and safe behavior, within the M1 system of operational excellence, which the workers and supervisors must perform during and after tasks.

**SAFETY IS INTEGRATED  
INTO THE SQM WORK  
SYSTEM. FOR YEARS,  
WE HAVE PROMOTED A  
PREVENTATIVE CULTURE  
THAT HAS ALLOWED  
US TO CARE FOR AND  
PROTECT EMPLOYEES.**



Salt harvest, Nueva Victoria, Tarapacá Region.



In addition, the name of BSR No. 3 was changed from “Caliche Mining” to “Mining” and the concept of operations and content of the rule were expanded.

We are committed to ensuring full compliance with our operational controls, the 14 BSRs established by the Company. These rules focus on avoiding incidents with high potential to harm people by identifying mandatory preventative safety controls.

Since 2012, SQM has been a member of the Chilean Safety Association (ACHS), which provides medical attention in the event of accidents and advises member companies, working to ensure ongoing compliance with health and safety standards in our organization. This strategic partnership grew in 2017. The preventative approach will be expanded from services received to new challenges in 2018.

**EMPLOYEES AND CONTRACTORS MUST UPHOLD SQM'S 14 SAFETY RULES, AS THEY STRENGTHEN SAFE BEHAVIOR DURING TASKS AND FACILITATE PREVENTATIVE ACTION.**

#### HEALTH AND SAFETY SCREENINGS AT SQM IN 2017

FACILITY	ANNUAL SURVEILLANCE PROGRAM WORKERS SCREENED (%)	
	SILICON DIOXIDE	NOISE
Coya Sur	NEW	95%*
Salar del Carmen	NEW	100%
Nueva Victoria	100%	100%
Salar de Atacama	100%	99%*
Pedro de Valdivia	NEW	95%*
Tocopilla	NEW	90%*

NEW= No Exposed Workers

\* Workers not screened in 2017 were rescheduled for 2018.





The screenings showed that no workers had been exposed to silicon dioxide in Coya Sur and Pedro de Valdivia.

The Company continued to offer the following medical screening programs: for silicon dioxide at Nueva Victoria and Salar de Atacama; for noise exposure at Coya Sur, Pedro de Valdivia, Nueva Victoria, Salar del Carmen, Salar de Atacama and Tocopilla; for SO<sub>2</sub> at Pedro de Valdivia and Nueva Victoria.

In terms of protocol for musculoskeletal disorders, data was gathered from work stations at Coya Sur, Pedro de Valdivia, Nueva Victoria, Salar de Atacama and Salar del Carmen. ACHS will evaluate the results as the basis for the 2018 work program.

The Psycho-social Risk Surveillance Protocol given again at the Salar de Atacama, Salar del Carmen, Nueva Victoria mines as well as in Antofagasta and Santiago in the first half of 2018.

Beginning in October 2017 and with support from ACHS and Behavioral Science Technology (BST), a new version of the Organizational Culture on Safety Survey was applied throughout SQM. The new version measures the Company's progress on safety culture over the three years since the most recent survey in late 2014. With those results, new preventative programs for each work site will be planned and carried out until the next survey.

## COMMITTEES AND COMMISSIONS

### G4-LA5

SQM, its employees and the unions that represent them share this concern for safety and interest in the quality of life at camp accommodation facilities. In this spirit, they work together to reach agreements and make improvements, resulting in the creation of committees and commissions to address risk prevention, health and quality of life at camps. Company-employee participation mechanisms include:

- » Safety, Food, Health and Camp Facility Commissions.
- » Joint Committees on Hygiene and Safety.
- » Worker representation in accident inspections and investigations.
- » Identification of situations in violation of standards.
- » Coordination with risk prevention departments at each site.

The Safety, Food, Health and Camp Facility Commissions are comprised of worker representatives and members of the Company's management. The focus areas of the commissions are workplace safety and food service quality.

Thanks to these commissions, agreements have been reached between management and workers that help our personnel perform their job in a clean, safe and comfortable environment.



## JOINT COMMITTEES ON HYGIENE AND SAFETY

### G4-LA6

We support the work of the 13 Joint Committees on Hygiene and Safety that represent 100% of SQM workers in Nueva Victoria, María Elena, Coya Sur, Pedro Valdivia, Tocopilla, Salar de Atacama, Salar del Carmen, Antofagasta, Iquique and Santiago.

These committees are models on safety matters and play an important role in promoting best practices for workplace safety among all workers. They also offer educational activities for employees and their families regarding risk prevention matters such as drug prevention, first aid and fire extinguisher use, thus ensuring that safe practices are applied across the entire organization.

### STRESSING SAFETY

We carried out a variety of activities to promote preventative action at our operations in 2017:

- » The Salar de Atacama and Nueva Victoria sites acquired new vehicles and emergency equipment, doubling technical capacity and reducing response times.
- » The emergency brigade at the Port of Tocopilla welcomed 21 new members to provide 24/7 response to emergencies at the site. Furthermore, Salar de Atacama organized the 1st Summit of SQM Rescue and Emergency Brigades, a first-ever event that brought together representatives from the Company's different emergency brigades.
- » Safety training is a fundamental aspect at each SQM site. In 2017, ACHS partnered with BST to train leadership at Nueva Victoria, Coya Sur and Pedro de Valdivia. Contractors at these sites also received training. SQM and contractor prevention specialists were trained on the Ministry of Health's Occupational Hygiene and Health Protocols, while members of the joint committees at the Nueva Victoria site were trained as industrial noise (PREXOR) protocol monitors.
- » Salar de Atacama hosted a new version of the Safety Fair, a three-day event at which 16 speakers trained workers on use and maintenance of personal protective equipment (PPE).
- » Workers at the Coya Sur site were trained on psycho-social risk surveillance protocol, focusing on the results of the "double presence" dimension from the Ministry of Health's ISTAS 21 short-form survey.
- » At Coya Sur and Nueva Victoria, motivational safety talks were given by Duilio Lapreyda, an accomplished marathon runner who was involved in a serious automobile accident.
- » Another safety highlight in 2017 was SQM's presentation on its new M1 Work Safety Culture at the Experts in Mining Safety Seminar, organized by the Regional Council on Mining Safety (CORESEMIN), to teach safety area professionals about SQM's four years of work on Lean Methodology implementation seeking operational excellence and how it integrates safety and excellent results.



## HEALTH AND SAFETY INDICATORS

### G4-LA6/ G4-LA9

The Company has consistently improved its risk prevention performance. From 2004 to 2009, SQM reduced its accident rate by 80%, and from 2009 to 2017, this indicator fell another 42%. In 2017, the accident rate continued to improve, dropping 14.6% from 2016, measured using the Company's lost-time injury rate.

The reduction is even more significant if all workplace accidents are considered. The lost-time and non-lost-time injury rate in aggregate fell 12% from 2017 to 2016.

These results reinforce our vision of zero injuries, a commitment that we demonstrate and renew every day. With this conviction and persistent work from the entire team, we can continue to improve how we care for our people.

In terms of debilitating, chronic work-related illness, one case of work-related illness from noise was reported in 2017. The employee was re-assigned within the Company.

The Company obtained a lost-time injury rate (LTIR) of 0.26 for 2017 (base 200,000 hours worked), which includes SQM employees and contractors.

**AS WE REMAIN ALERT AND MAXIMIZE PROTECTION, WE HAVE PREVENTED INJURIES THROUGH EDUCATION AND RAISING AWARENESS OF SAFETY-RELATED ISSUES. THIS IS IN ADDITION TO OUR OPERATIONAL EXCELLENCE PROGRAM, WHICH HAS BOOSTED THE EFFECTIVENESS OF OUR PREVENTATIVE EFFORTS.**



↓ 12%

**DROP  
IN ACCIDENTS.**

ACCIDENT RATES OVER LAST THREE YEARS (BASE 200,000 HOURS WORKED)

	ACCIDENT RATES OVER LAST THREE YEARS (BASE 200,000 HOURS WORKED)					
	SQM EMPLOYEES		CONTRACTORS		TOTAL	
	LTIR	SR	LTIR	SR	LTIR	SR
2017	0.26	21	0.25	168	0.26	91
2016	0.36	25	0.23	20	0.3	22
2015	0.34	25	0.31	6	0.32	16

ACCIDENT RATES OVER LAST THREE YEARS (BASE 1,000,000 HOURS WORKED)

	ACCIDENT RATES OVER LAST THREE YEARS (BASE 1,000,000 HOURS WORKED)					
	SQM EMPLOYEES		CONTRACTORS		TOTAL	
	LTIR	SR	LTIR	SR	LTIR	SR
2017	1.32	106	1.24	841	1.28	453
2016	1.81	123	1.14	98	1.5	111
2015	1.7	127	1.56	29	1.64	81

# 0.26

## LOST-TIME INJURY RATE.



### SAFETY TRAINING

In 2017, the Company logged a total of 59,464 training hours on risk prevention and work-related illnesses for SQM employees and 65,568 training hours for contractors.

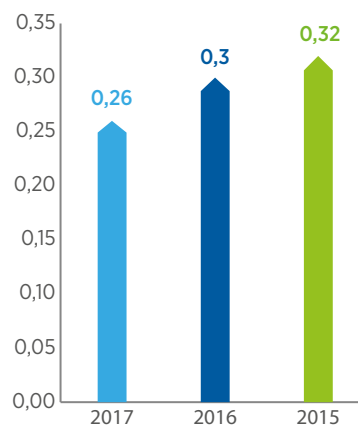
SQM is committed to both good work and safe work, which is why its risk prevention policy applies to all personnel and contractors. The Company gathers information regarding entry protocols for contractors and performs audits.

### IN 2017, WE PROVIDED A TOTAL OF

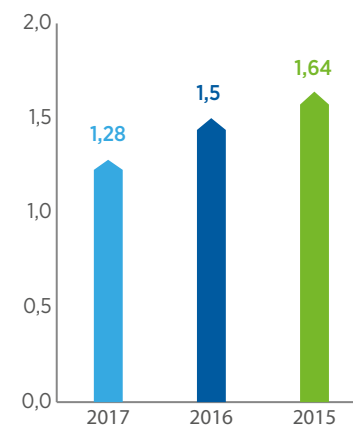
# 65,568

## HOURS OF TRAINING TO CONTRACTORS.

EVOLUTION OF LOST-TIME INJURY RATE (BASE 200,000 HOURS WORKED)



EVOLUTION OF LOST-TIME INJURY RATE (BASE 1,000,000 HOURS WORKED)



### SAFETY TRAINING HOURS FOR CONTRACTORS BY GENDER

TIPO DE CAPACITACIÓN	Men		Women		TOTAL	
	Nº OF MEN	HW* MEN	Nº OF WOMEN	HW* WOMEN	WORKFORCE	TOTAL HW*
Employee safety training	12,492	59,280	922	6,288	13,414	65,568

# Value Chain

G4-12/ G4-LA10/ G4-SO9/ G4-SO10

A significant portion of SQM's workforce consists of contractors who work at our Tarapacá and Antofagasta region locations and our offices in Iquique, Antofagasta and Santiago. During 2017, an average of 5,267 contractors worked at our operational facilities and on projects.

All contractors and employees must comply with the same SQM standards, particularly in the areas of safety, labor rights and ethical behavior. SQM periodically engages in oversight activities in order to verify that all contractors comply with labor and social security requirements.

Contractor companies are also audited on matters such as health and safety, basic sanitary and environmental conditions in the workplace, the health and safety management system, and the existence and functioning of joint committees, and compliance with labor laws.

## PRESERVING OUR VALUES

G4-LA15

When contractors of any size begin working at any SQM site, they receive a copy of our Contractor and Subcontractor Regulations. These regulations inform them of the Company's standards, including obligations and responsibilities regarding the protection of the life and health of all workers.

In 2017, contractors participated in 65,568 training hours focused specifically on safety matters as part of the Company's efforts to contribute to risk prevention and align workers with our Sustainable Development Policy and other SQM standards.

SQM's purchasing strategy takes safety and labor regulation elements into account for its procurement processes. Essential requirements include: membership in a safety association (mutual in Spanish), accident rate certificates, authorization to subcontract, health examinations, compliance with labor laws and employment contracts, personnel skills, equipment certifications, among others.

Suppliers are key to the development of our products, which is why SQM seeks to promote and strengthen the development of local businesses in areas where it has important operations.

**IN 2017,**  
**85.7%**  
**OF SQM'S SUPPLIERS OF GOODS OR SERVICES WERE LOCATED IN THE TARAPACÁ, ANTOFAGASTA AND METROPOLITAN REGIONS.**





### **SQM-APRIMIN STANDARDIZATION AGREEMENT**

SQM and the Mining Suppliers' Association (APRIMIN) signed a standardization agreement applicable to all the Company's operations and the employees of all APRIMIN-associated contractors at SQM. The agreement includes basic standards for occupational health and safety orientations, a small vehicle standard specifically applicable to pick-up trucks and standardized pre-employment health screenings for these mining sites.

The agreement facilitates employee transfer between operations, simplifying procedures and preventing repetition of exams and induction training, thereby increasing productivity. In addition to defining common methodologies, procedures and criteria, it sets standards for induction on occupational health and safety issues, health tests and requirements for small vehicles entering the mining site, thus facilitating worker accreditation and entry while lowering the costs associated with protecting people.

### **MORE SUPPLIERS IN TARAPACÁ**

For the past six years, we have supported the Iquique Industrial Association's "More Suppliers in Tarapacá" program for developing local suppliers in the region. The initiative strengthens their capacities, providing participants with know-how so that they will be able to submit bids for tenders and secure contracts with mining companies while complying

with strict requirements for the mining industry. Since the program began, participating companies have taken part in technical visits to the Nueva Victoria facilities and business rounds with SQM representatives. The program represents an opportunity for both suppliers and the Company since it enables them to identify newly offered goods and services to meet the Company's needs.

### **SQM AT EXPONOR**

Once again, we were strategic partners behind the major mining event in Antofagasta, Exponor. In addition to our stand, we participated in business rounds and gave a technology tour.

Exponor confirmed its leadership as a top event with a total of 1,220 face-to-face meetings. SQM supply and service areas met with supplier company executives and event presenters to respond to questions and discuss opportunities for collaboration.

Twenty supplier company executives registered to visit the operations area at the Salar de Atacama site. The technology tour included a technical talk and tour of the operation's main production processes. More than 40,000 people attended the fair.



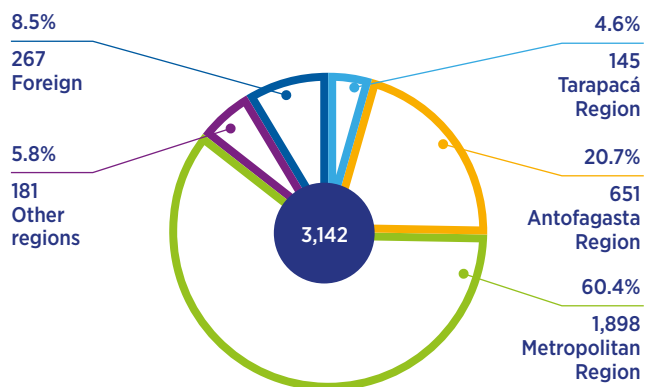


## TYPE OF SUPPLIERS 2017

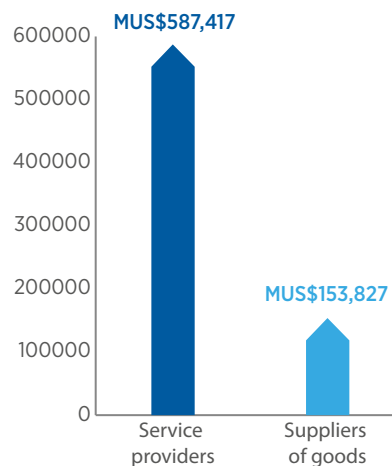
### G4-EC9

	N° OF SUPPLIERS	FOREIGN	LOCAL
Plant and mine equipment	271	26	245
Supplies for production	52	17	35
Operation, maintenance and transport services	2,058	179	1,879
Materials and spare parts	761	45	715
<b>TOTAL</b>	<b>3,142</b>	<b>267</b>	<b>2,874</b>

## NUMBER OF SUPPLIER COMPANIES AND ORIGIN 2017



## CONTRACTOR EXPENSES IN 2017



## Commitments with Our People

TOPIC	2017 COMMITMENTS	COMPLIANCE	2017 ACTIVITIES AND ACHIEVEMENTS	2018 COMMITMENTS
OUR PEOPLE	Company-wide implementation of recognition system that incorporates improvements identified in pilot program.	100%	In May, we launched the "VIVO" recognition program, one of several initiatives aimed at advancing on our path to excellence. A total of 3,165 people were recognized in areas such as: people development, continuous improvement, common objective and efficient processes.	Continue to implement the "VIVO" program and incorporate recognitions by work area.
	Continue SQM training program based on results of survey to identify needs and based on requirements established in the M1 Continuous Improvement System.	100%	The training program was carried out as scheduled, logging 61,833 training hours for employees.	Continue SQM training program based on results of survey to identify needs, and based on requirements established in the M1 Continuous Improvement System.
	Continue to expand skill matrix methodology to the rest of the Company.	100%	The skill matrices program was implemented in several areas within the Company, with 700 hours of training, particularly in the office of the iodine plant superintendent in Nueva Victoria.	Continue developing and training our personnel, aiming for continuous improvement of workers and supervisors.
	Carry out scholarship program defined for 2017.	100%	During the year we awarded a total of 105 scholarships, 44 scholarships to SQM employees and 61 academic excellence scholarships to children of employees.	Continue to carry out the scholarship program for SQM workers and their sons and daughters.
	Define a new way for employees to participate by promoting and implementing assistance projects to help their communities.	100%	We analyzed new ways for workers to participate in community projects and created two programs: the "SQM Volunteer Program", designed to provide support for communities near our operations through projects to improve public spaces, preserve cultural heritage and provide educational assistance through technical and motivational talks and support in math classes; and the "Sports Grant Program", to finance sports programs for our employees, including individual and group sports at both high-performance and recreational levels.	Implement the "SQM Volunteer Program" and the "Sport Grant Program."

TOPIC	2017 COMMITMENTS	COMPLIANCE	2017 ACTIVITIES AND ACHIEVEMENTS	2018 COMMITMENTS
HEALTH AND SAFETY	Continue making progress towards “zero accident” goal in operations and attaining better results than the prior year. The Company set a reference goal of attaining a lost-time injury rate (LTIR) less than or equal to 1.3.	100%	In 2017, the accident rate fell 12% (LTIR + NLTIR), including employees and contractors. The LTIR in 2017 was 1.28, marking a 15% reduction from the 1.5 attained in 2016.	Continue making progress towards “zero accident” goal in operations and attaining better results than the prior year. The Company set a reference goal of attaining a lost-time injury rate (LTIR) less than or equal to 1.22.
	Maintain the Operational Risk Management System (SISGRO), obtaining over 97% compliance in regulatory aspects.	100%	SISGRO System compliance came to 99.06% in 2017, which was obtained in the annual audit carried out between July and September on each operating division at SQM.	Maintain the Operational Risk Management System (SISGRO), obtaining over 98% compliance in regulatory aspects.
	Continue to improve reporting of incidents, encouraging the use of existing tools and continuously analyzing the need for new tools to improve the system.	100%	In 2017, in addition to improvements made in 2016 in reporting compliance with oversight activities and completing several corrective measures, a report was added that shows the type of incident reported each month.	Continue to improve reporting of incidents, encouraging the use of existing tools and continuously analyzing the need for new tools to improve the system.
	Conduct Organizational Culture Diagnostic Instrument (OCDI) survey to measure SQM’s Safety Culture and use results to identify aspects that need reinforcing and define the corresponding plans.	100%	The OCDI survey was conducted in October 2017. Results will be used to develop action plans to strengthen the Company’s prevention efforts.	Implement action plans developed based on the results of the OCDI survey.
	Continue timely follow-up of risk prevention audits.	100%	We completed 100% of PAWS integrated internal audits. In Salar de Atacama, new audits were added and the M1 program was integrated.	Continue timely follow-up of risk prevention audits.

TOPIC	2017 COMMITMENTS	COMPLIANCE	2017 ACTIVITIES AND ACHIEVEMENTS	2018 COMMITMENTS
CONTRACTORS	Continue oversight of contractors through semi-annual audits and monitor and verify action plans presented by them for deviations in compliance with SQM standards.	100%	In 2017, P3 audits were conducted on all contractors hired for periods longer than 30 days. We also verified compliance with D.S. 594 on a monthly basis for all contractors and held monthly safety meetings with all contractors.	Maintain ongoing control of contractors through P3 audits, track compliance with D.S. 594, monitor functioning of joint safety committees and hold monthly safety management meetings.
	Incorporate more contractors in Lean methodology in SQM areas that have already implemented M1.	100%	In 2017, additional contractors (with contracts for periods longer than 30 days) were incorporated into Performance Dialogues and the ABC tool in the offices of the Nitrates and Iodine Operations Senior VP and the Nitrates and Potassium Commercial VP, as well as prevention dynamics in the office of the Potassium and Lithium Operations Senior VP.	Continue incorporating contractors into all Lean methodology tools developed under M1 in the SQM areas that have already implemented M1.
	Maintain fluid and direct communication with them in order to ensure that their work is aligned with SQM's health and safety objectives.	100%	SQM maintains ongoing communication with contractors through monthly safety meetings, audits and training sessions.	Maintain and strengthen fluid and direct communication with contractors in order to ensure that their work is aligned with SQM's health and safety objectives.
	Ensure contractor compliance with labor laws.	100%	Contractor compliance with labor laws was controlled to ensure full compliance before and during the provision of services to SQM.	Maintain control of contractors using ADCAM IT system.







05

**OUR  
NEIGHBORS**



THE WORLDWIDE  
BUSINESS FORMULA



## **PRESERVING TIES WITH OUR NEIGHBORS IS VERY IMPORTANT TO SQM. IN THIS SPIRIT, WE HAVE BEEN BUILDING CLOSE, TRUST-BASED RELATIONSHIPS WITH THE COMMUNITY FOR YEARS.**

Our efforts focus on three core values, which we use to decide which programs and actions to implement.

- » Historical Heritage
- » Education and Culture
- » Social Development

In 2017, in planning and forecasting our Social Responsibility Program, we extended our scope to additional towns and communities in an effort to expand our presence in the area and maximize the positive impact of the programs.

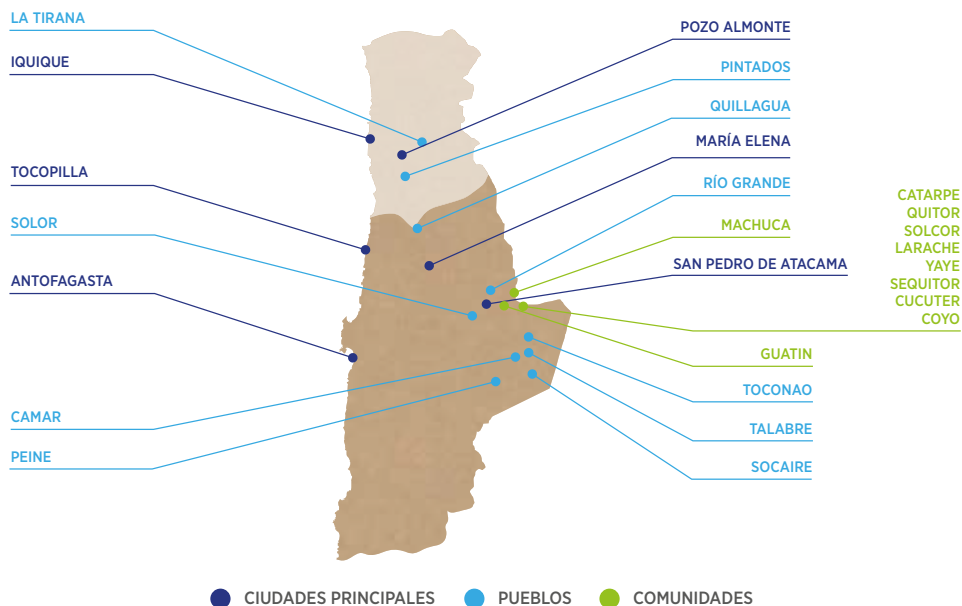
We periodically assess the performance and acceptance of our actions using impact indicators and studies. For example, we begin a study in early 2017 entitled “Comparative Analysis and Assessment of SQM CSR Programs” designed to provide a qualitative and quantitative perspective on each of our programs. The study accounts for each program’s impact and community-perceived value in order to measure its projections and effects.

While conducting the environmental assessments for our projects and in keeping with regulatory requirements, SQM has approached neighboring communities and conducted public consultation processes to measure the impact of our operations on neighboring communities.

SQM’s Corporate Social Responsibility Program has helped bring to life an important number of social, educational, cultural and production projects and initiatives in the diverse areas near our operations. To optimize implementation, all projects are backed by written collaborative agreements that establish the objectives, expected results, commitments and responsibilities of all parties. We also seek support from specialized institutions, foundations and corporations with expertise in the different project areas.

The Company is also involved in or promotes different working groups in the communities where it operates, thus supporting the design and implementation of community programs and facilitating early detection of conflicts or opportunities.





CITIES, TOWNS AND INDIGENOUS COMMUNITIES NEAR SQM OPERATIONS IN THE TARAPACÁ AND ANTOFAGASTA REGIONS.

## G4-SO1/ SO2

### COMMUNITY WORKING GROUPS AND MULTI-SECTOR COORDINATION IN NEIGHBORING TOWNS

WORKING GROUP	DISTRICT
Public-private Working Group "Agricultural and Commercial Improvements for the Farmers of Pintados"	Pozo Almonte
Tocopilla Dreams, Public-Private Board	Tocopilla
Production, Agricultural and Tourism Development Board of Quillagua	María Elena
Private-Public Production and Social Development Board of Quillagua	María Elena
María Elena/Pedro de Valdivia Tourism Board (PLADETUR)	María Elena
San Pedro de Atacama Council of Civil Organizations (COSOC)	San Pedro de Atacama
Toconao Sustainable Tourism Project Working Group	San Pedro de Atacama
Toconao Atacameña Community Working Group	San Pedro de Atacama
Socaire Atacameña Community Working Group	San Pedro de Atacama
Talabre Atacameña Community Working Group	San Pedro de Atacama
Lickanantay High-Altitude Wine Cooperative Working Group	San Pedro de Atacama
Toconao Wine Harvest and Cultural Fair Working Group	San Pedro de Atacama
Atacama Tierra Fértil Program Dialogue to Develop Agro-production Projects.	San Pedro de Atacama
District Civic Prevention and Emergency Committee (COE)	San Pedro de Atacama

## Historical Heritage



Pampa National Holidays in Humberstone.

Given our roots in the nitrate industry of the past, SQM is particularly motivated to preserve heritage. In addition to showcasing heritage and promoting its dissemination, we support several initiatives to perpetuate the traditions and rituals of neighboring communities.

We have worked with the Humberstone and Santa Laura Nitrates Museum Foundation, the Chacabuco Nitrates Museum Foundation, the Pedro de Valdivia Nitrates Museum Foundation and the Huanchaca Ruins Foundation for more than 10 years and maintain a stable presence on each of their boards. SQM's support covers a portion of these institutions' operating expenses as well as research, conservation and restoration projects.

Together with these organizations, SQM has put forth considerable effort to preserve the legacy of the nitrates industry in the Tarapacá and Antofagasta regions. Examples include: operations at the Santiago Humberstone and Santa Laura nitrates offices and showcasing some of their buildings, like the market, and cleaning the industrial area; opening the former Chacabuco nitrates office to the public, restoring the Philharmonic Building, and inaugurating the permanent exhibit, "Industrial Life in the Nitrates Industry: Legacy of Culture and Development", at the Huanchaca Ruins Foundation's Desert Museum in Antofagasta. These are in addition to complementary efforts like lighting the Huanchaca ruins and designing and implementing exhibits at the María Elena Museum.

We have also concerned ourselves with the intangible heritage of the nitrates industry. In 2017, we continued supporting initiatives of the Hijos del Salitre Foundation in the Tarapacá Region, like the customary Nitrates Week in November. The theme for this year, "Sports on the Pam-

pa", came to life through posters and talks that promoted different facets of the topic.

As part of its projects with the Nitrates Museum Foundation, for the sixth year in a row, traditional creole games were hosted at the Santiago Humberstone nitrates office. The event was designed to showcase traditional games such as rayuela, sack races, marbles and yincana, among others, and bring together several generations around traditions from the Pampa. The event drew more than 600 participants in 2017, widely surpassing attendance goals and consolidating it as a much-anticipated tradition during the Chilean national holidays.

For the sixth straight year, we joined families from the Pampa and the community to make the tin flower wreaths historically used to adorn grave sites at old nitrate offices. In 2017, 115 participants attended these workshops, hosted in Iquique, María Elena, Tocopilla and Quillagua. The workshops end with an All Saints' Day pilgrimage to the desert cemeteries next to the old nitrates offices to place the wreaths on the graves.

In addition, talks were held in María Elena and Quillagua to complement the workshops. Bernardo Guerrero, a sociologist and professor at Universidad Arturo Prat in Iquique, highlighted the importance and value of preserving intangible cultural heritage.

As our mining sites expand, we continue to keep thorough records of the pre-Hispanic and historical ruins found near SQM operations and implement preventative and mitigation measures to protect them, especially around the Nueva Victoria operations.



**SQM DEEPLY VALUES  
HERITAGE AND  
DIVERSE CULTURAL  
EXPRESSIONS AS THE  
FOUNDATION FOR  
EVERY COMMUNITY'S  
DEVELOPMENT.**

Pampa National Holidays in Humberstone.



Theatrical performance in María Elena, Antofagasta.



Pilgrimage to cemeteries by participants of Tin Flower Wreath Workshop in Iquique.

## RECOVERING HERITAGE

SQM supports several initiatives to recover the traditions of neighboring communities. Examples include celebrations for Pedro de Valdivia Nitrates Office Day and the Quillagua community's efforts to maintain its deep religious identity. We support their San Miguel Archangel and Corpus Cristi festivities each year. SQM also contributes to the carnival celebration in Quillagua by organizing activities like the February 2017 performance of the play "Las Aventuras de Papelucho". The show, by the Godot company, was also performed at festivals in Pozo Almonte, María Elena, Tocopilla and Toconao.

## PROMOTING TOURISM IN MARÍA ELENA AND PEDRO DE VALDIVIA

In 2017, advising continued on the Tourism Development Plan for the towns of Pedro de Valdivia and María Elena. As part of the plan, meetings with the Local Tourism Board were held to create a model for establishing María Elena as a tourist destination. The Regional Director of the National Tourism Service (SERNATUR) participated in the process.

In order to strengthen and contribute skills to the Local Tourism Board, training on project formulation was offered in addition to workshops on



teamwork, communication, leadership and other topics. The 2018 training schedule includes topics related to heritage, museography scripts and Spanish-English bilingual communication techniques.

Also in 2017, agreements were reached with SERNATUR's Antofagasta office to promote the district's tourism image by registering tourism-related services on its promotional platform. More than 20 on-site interviews were conducted in order to attract the interest of entrepreneurs in the food and hotel industries.

In order to make concrete improvements to the tourist attractions identified in the plan, an annual corporate volunteer program set out to organize, restore and showcase important areas of the former nitrates office, Pedro de Valdivia. The program, staffed by employees from SQM and local organizations, began in October 2017. It raises awareness and brings together people from the company and community to work on site in order to restore historic artifacts and clean historical buildings, beginning with the school. Volunteers also participated in a technical visit to the Humberstone site in Tarapacá, run by the Nitrates Museum Foundation, where they learned first-hand about the successful preservation experience at the site.

## Education and Culture

There have been significant accomplishments in our fifth year supporting the Math Assistance Program created by the Crea+ Foundation. Chief among those are the participating schools' high scores on the Chilean Ministry of Education's standardized tests. At the primary school in San Pedro de Atacama, the fourth-grade class scored 47 points higher than in the first year of the program.

Students in Quillagua, Solor, Camar, Peine and Socaire maintained improvements observed in prior years, thereby validating the educational community's growth in this important subject.

In the Tarapacá Region, the fourth-grade class at Oasis en el Desierto School in Pintados scored 281 points, consolidating its position as a leader in the area.

In 2017, new groups of children—eleventh graders in Toconao and third and fourth graders in San Pedro de Atacama—began using the Crea+ program. The Arturo Pérez Canto School in María Elena also joined the program for the first time.

This was also the first year of support for tenth graders at Toconao High School, whose score of 270 points exceeded the national average, establishing it as a sound option for accessing higher education.

This year, Crea+ initiatives included "Renata and Math", an animated series that provides children and their families with access to multimedia math resources via the Internet.

## WE CONTINUED EXPANDING THE MATH ASSISTANCE PROGRAM TO THE BENEFIT OF 1,300 STUDENTS AND THEIR FAMILIES IN THE TARAPACÁ AND ANTOFAGASTA REGIONS.

Crea+ also partnered with Universidad de Chile's Advanced Education Research Center to implement a program to activate problem solving in the classroom, known as ARPA. This initiative aims to train teachers from San Pedro de Atacama, Toconao and Pintados on a new methodology for developing student math skills.

In order to boost the achievements of the Math Assistance Program, provide incentives and reward the commitment demonstrated by teachers, SQM granted scholarships in 2017 to high performing teachers—Yéssika Molina from San Pedro de Atacama and Carlos Sáez from Pozo Almonte. These teachers went to Finland to learn about STEM, a mathematics teaching method that integrates science, technology and engineering in order to push learning to the cutting edge.

The Math Assistance Program also provides specialized support for teachers and class-by-class planning.

Our close relationship with the Oasis en el Desierto School in Pintados, located in the Tarapacá Region's Pozo Almonte district, began 11 years ago with educational improvement initiatives. In recent years, the relationship has included the Math Assistance Program as well as reinforcement, folk dance and music workshops. This is in addition to celebrating important dates, like Christmas, and special educational activities.

English classes were offered for the third year in a row. They benefit 15 students from the Ignacio Carrera Pinto School in Quillagua, located in the María Elena district. At the end of each year, the entire educational community gathers for an activity that includes presentations, songs and games to showcase what they have learned.





SQM-supported music workshop at Oasis en el Desierto School in Pintados.



Playing Archaeologist Workshop in Tocopilla.

In September, more than 2,200 elementary school students had a great experience as spectators in the Magic Classroom. Public school children in the port city of Tocopilla were captivated by the traveling cinema's interesting, educational movies for the fourth straight year.

Students from Gabriela Mistral School enjoyed this year's first Magic Classroom 3D IMAX screening of several documentaries on the 360° screen with the modern dome's audiovisual effects. The Magic Classroom also visited the following schools: Carlos Condell, Arturo Prat, Pablo Neruda, Bernardo O'Higgins and República de los Estados Unidos. It aims to teach students and bring them closer to topics like astronomy, trees, reefs and the story of cells in the human body.

### PLAYING ARCHAEOLOGIST IN QUILLAGUA

In 2017, children from Quillagua and María Elena participated in Playing Archaeologist, an innovative workshop for SQM-sponsored elementary and preschools. The workshop uses theoretical-practical classes to give students real-life experience in archaeological research. Activities include recreating the mummification process with materials like clay, burlap, sticks, tempera paints and aniline dye; learning archaeological excavation and procedures; retouching and painting projectile tips; and creating geoglyphs with rocks collected by the students.

### HERITAGE MONITOR TRAINING FOR YOUNG PEOPLE FROM TOCOPILLA

Forty students from Tocopilla participated in 10 urban cultural heritage workshops designed to train heritage monitors, who will be responsible for passing on the city's historical value in hopes that future generations will value and recognize the foundations of the port city. The closing activity was a cultural tour of Tocopilla to visit 10 heritage sites around the city chosen by the participants themselves.

The workshop resulted in the creation of a Tocopilla tourism map that shows the city's points of interest. Three thousand five hundred copies were printed and distributed, including 1,000 given to the municipal building and 500 given to Tocopilla's neighborhood associations (Unión Comunal No. 1 and 2).



## SCHOOL PROGRAMS IN NEIGHBORING COMMUNITIES

SCHOOL	TOWN	MATH ASSISTANCE PROGRAM	PSYCHO-PEDAGOGICAL PROGRAM	SUPPORT FOR CULTURAL INITIATIVES	CHRISTMAS CELEBRATION	EXTRACURRICULAR WORKSHOPS	ENGLISH WORKSHOP	ARCHEOLOGY WORKSHOP FOR CHILDREN	TOCOPILLA HERITAGE WORKSHOP
Oasis en el Desierto School	Pintados	★		★	★	★			
Quillagua Primary School	Quillagua	★		★	★		★	★	
Arturo Pérez Canto School D-133	María Elena	★		★				★	
Bernardo O'Higgins School	Tocopilla					★			★
Domingo Latrille School	Tocopilla			★					
República de los Estados Unidos School	Tocopilla			★		★			
Pablo Neruda School	Tocopilla					★			
Gabriela Mistral School	Tocopilla					★			
Arturo Prat Chacón School	Tocopilla					★			
Carlos Condell School	Tocopilla			★					
Sagrada Familia School	Tocopilla			★		★			★
School E-26	San Pedro de Atacama	★	★						
Jurike Program Center	San Pedro de Atacama				★				
School C-30	San Pedro de Atacama		★						
Toconao Educational Complex	Toconao	★	★	★					
School G-30	Socaire	★	★			★			
School G-29	Talabre	★	★						
School G-27	Peine	★	★						
School G-22	Camar	★	★						
School G-15	Solor	★	★						
Río Grande School	Río Grande	★	★						





8

**SCHOOLS PARTICIPATED  
IN THE FIRST YEAR  
OF OUR TECHNICAL-  
PROFESSIONAL  
EDUCATION OUTREACH  
PROGRAM.**

Students from San Pedro de Atacama tour SQM's operations in the Salar de Atacama.



## TECHNICAL-PROFESSIONAL EDUCATION OUTREACH PROGRAM

In 2017, we strengthened our relationship with technical-professional secondary schools in the Antofagasta and Tarapacá regions. Through our outreach program, we commit to creating opportunities that complement their education and encourage students to choose careers in mining and pursue higher education.

To that end, we design programs led by different SGM professionals who volunteer for:

- » Motivational talks, in which SGM professionals speak about their professional development and how they have expanded their knowledge as they built a career with the company.
- » Technical talks on different specialties where SGM professionals explain production processes while integrating themes of safety and methodology applied to operating excellence.
- » These talks are in addition to site visits, one-week placements at the company as an introduction to the working world, professional internships and equipment donations for the chemistry lab at María Elena High School.

At the Diego Portales Palazuelo Technical High School in Tocopilla, differently-abled students in the IT Assistant program participated in a motivating inclusion initiative. As part of the program, SGM IT personnel learned sign language in order to prepare for the students' visit. Additionally, one of the students completed a professional internship in the IT area.



SQM presentation to students from María Elena.

## TECHNICAL PROFESSIONAL SCHOOL PROGRAMS IN NEIGHBORING COMMUNITIES

SCHOOL	TOWN	MOTIVATIONAL TALKS	PROFESSIONAL/ TECHNICAL TALKS	FACILITY TOURS	PROFESSIONAL INTERNSHIPS	DONATIONS OF MATERIALS
Alcalde Sergio González Gutiérrez School	Pozo Almonte	★	★	★	★	
William Taylor Methodist School	Alto Hospicio				★	
Diego Portales Polytechnic School	Tocopilla	★	★	★	★	
Oscar Bonilla School	Antofagasta	★	★	★	★	★
Humanities and Science Professional Technical High School in María Elena	María Elena	★	★	★	★	
Don Bosco Industrial Technical School	Antofagasta	★	★	★	★	
Don Bosco Industrial Technical School	Calama	★		★		
Lickan Antai School	San Pedro de Atacama				★	★
Toconao Educational Complex	Toconao	★				



Students from Oasis en el Desierto School in Pintados visit hydroponic greenhouse in Quillagua.

## **SQM HAS COMMITTED TO ENVIRONMENTAL EDUCATION THROUGH ITS OWN PROGRAMS AS WELL AS JOINT INITIATIVES WITH CORPORATIONS, UNIVERSITIES AND INSTITUTIONS.**

### **PROMOTING SPORTS**

SQM has worked with the Ganamos Todos Foundation since 2013, setting up sports projects to promote well-rounded students, values and a healthy lifestyle. In 2017, we ran a six-month basketball school twice a week at the Pablo Neruda School in Tocopilla for 25 students with satisfactory results. The soccer school, which has been running for three years, attracted 60 boys and girls from around Tocopilla. They trained twice a week on the Villa Prat fields. While sharpening their skills and ball handling over six months of continuous growth, the boys and girls also learned sports-related values like fair play, respect and teamwork.

We plan to open a baseball school in late 2018 to complement the existing soccer and basketball programs.

In May, we supported Sporting Tocopilla's Family Fun Run commemorating the 100th anniversary of the club, with which SQM has enjoyed a collaborative relationship for years.

### **EDUCATION AND CARING FOR THE ENVIRONMENT**

As part of the Company's commitment to education and the environment, we continue strengthening a series of initiatives to showcase the area's natural and historical heritage, emphasizing care and preservation of the environment with tools that facilitate understanding and encourage conservation. Support for the Environmental Trailblazers of Tocopilla is one example. In 2017, we worked with them on two tours of the SQM-supported hydroponic greenhouse in Quillagua where participants could see first-hand how vegetables are grown in a sustainable manner. Teachers from 10 public schools participated along with representatives from the District of Tocopilla's education and environment area.

Throughout the year, SQM provided the trailblazers with materials for restoring green areas in their schools. These donated materials included wheelbarrows, potting soil, plants, trees and others.

These efforts continued in 2017 as we strengthened the environmental education program at the Center for Environmental Education (CEDAM) that began in 2015. The program's objective is to promote cultural change toward conservation and the sustainable use of ecosystems in the Pampa del Tamarugal National Reserve.

As part of the program, we support school and institutional visits to CEDAM as well as visits on important days such as World Environment Day or World Water Day. This initiative is aligned with the environmental education objectives developed by the National Forestry Corporation (CONAF) in the Tarapacá Region.



Children from the ViLTI SeMANN Program at Feria Fitec.

## ENCOURAGING SCIENTIFIC DEVELOPMENT IN BOYS AND GIRLS

For the fourth straight year, SQM supported the ViLTI SeMANN's "Sowing Innovative Pedagogical Methods and Strategies for the Future of Tocopilla". This program aims to provide children between 4 and 9 years of age with new and improved growth and development opportunities as well as activities that use technology and robots to encourage cognitive development, critical thinking and problem-solving skills.

The program benefits 85 preschool students, teachers and parents (25 students, 35 preschool teachers and 25 parents/guardians). At the elementary level, it benefited 120 people (40 students, 40 teachers and 40 parents/guardians).

The program culminated with a science fair in Tocopilla's main square, where the children demonstrated what they learned this year and exhibited their research projects on different topics like astronomy, sustainable energy and Lego™ robotics.

The initiative has been very well received by the Tocopilla community thanks to the transfer of teaching techniques to the educators.

Importantly, Antofagasta was home to the first Symposium on Neuroscience and Creativity, organized by the ViLTI SeMANN educational program and the TARPUQ UCN degree certificate program. Teachers and early childhood educators examined topics like how the brain works in early childhood, educational activities for the classroom and other topics of interest to the teachers.

## Social Development

### KNOWLEDGE AND FLAVORS OF OUR LAND

A program entitled “Knowledge and Flavors of our Land” was launched in Quillagua in 2017. Fourteen people participated in the culinary recovery and training workshops designed to revive traditional culinary practices and contribute to cultural and tourism development in Quillagua.

The program was the result of analysis by the Company and neighbors regarding ways to showcase culture and contribute to local development. Ruth Vilca, an entrepreneur and specialist in Aymara cuisine, who is internationally renowned for her recipes and ancestral dishes, led the classes and shared her knowledge with the students.

Workshop participants visited the town of María Elena, where they surprised diners with tasty traditional dishes at a culinary demonstration showcasing their talent and the different culinary techniques they had learned from the course. This much-anticipated activity was well-received by the Santa Elena community and the district.

### PARTICIPATION IN THE INTERNATIONAL FORUM ON INDIGENOUS BUSINESS

SQM participated in the 2017 International Forum on Indigenous Business in October. The event, sponsored by the Canadian Embassy in Chile, was held in Santiago.

This international forum, which is held in a different country each year, is a great opportunity for Canadian business leaders to build networks and potential partnerships with indigenous business leaders around the

world. SQM invited ten community representatives to participate in this opportunity to meet people from other ethnic backgrounds. Three of them spoke on their successful SQM-sponsored entrepreneurial experiences through the Atacama Tierra Fértil program.

Participants called this a unique opportunity to learn about other entrepreneurial success stories and understand how indigenous communities have developed in different countries.

### PROMOTING WELLBEING IN POZO ALMONTE

In 2017, as a way of supporting our neighbors and improving their quality of life, SQM donated funds to purchase two ambulances to Pozo Almonte’s District Social Development Corporation. The ambulances will bring health services to the farthest reaches of the Pozo Almonte community, including rural areas that are currently difficult to serve. Furthermore, residents will have access to emergency medical attention within the community and can be transported to Iquique. Previously, this type of service was unavailable due to the lack of an ambulance.

### SUPPORTING FIREFIGHTERS

The Seventh Fire Brigade of Quillagua purchased modern radio equipment that will solve the coverage problems facing the town and its roads. This milestone was made possible thanks to support from SQM’s “Lend a Hand to Your Community” grant program.

SQM also supported the Antofagasta Fire Department with a donation during the Bomberotón event to purchase radio equipment.





Participating alongside our neighbors in the International Forum on Indigenous Business.



Firefighters collecting donations at SQM offices in Antofagasta.

### TIERRA FÉRTIL PRODUCTION DEVELOPMENT PROGRAM

SQM has carried out an innovative and profitable agribusiness development plan since 2008.

The program has been implemented in Quillagua, San Pedro de Atacama, Toconao, Talabre, Camar and Socaire and includes public-private support networks involving Antofagasta regional government (FIC projects), Ministerial Secretariat of Public Works of Antofagasta (Directorate of Hydraulic Works), Ministerial Secretariat of Agriculture of Antofagasta, Foundation for Agricultural Innovation (FIA), SERCOTEC, National Corporation for Indigenous Development (CONADI), National Institute for Agricultural Development (INDAP), as well as associations and indigenous communities in the areas around our mining sites. ATF projects have been carried out in the field of agriculture with an emphasis on non-conventional renewable energy, hydroponics, animal fodder (including value-added products like alfalfa bales and pellets), wine production and crop growth in controlled environments, like greenhouses.

The program has a multidisciplinary team of professionals including agronomists, oenologists and viticulturists to provide technical assistance to implement participants' crop and production projects. The initiative draws upon the ancestral agricultural knowledge and heritage of the Aymara and Atacameño people, respecting cultural elements while integrating modern techniques to improve crop performance and their ability to sell quality products.

### HYDROPONICS IN QUILLAGUA

A project co-sponsored with the Quillagua Rural Hydroponics Cooperative involved 11 farmers growing lettuce in a 1,000 m<sup>2</sup> greenhouse connected to an NCRE system powered by solar energy panels.

Since 2013, the Company has worked with the Quillagua Rural Hydroponics Cooperative to position the business in the town of María Elena, supplying local supermarkets and cafeterias at mine sites. With this goal in mind, the Cooperative and SQM applied to a regional project funded by SECROTEC, called "Together: Business Development Fund." The project helps continuously improve the hydroponic production system by providing operating inputs; improving infrastructure; and training members in several business areas, including accounting, software management, hydroponic systems and handling.

Through the ATF program, they also applied to an Agrifood Marketing Innovation Program IMA 2017, aiming to improve current sales expectations and develop a marketing plan.

In 2017, the Quillagua Rural Hydroponics Cooperative received a GS1 Entrepreneurship Award for using GS1 global solutions in their operations and services in the Chilean market. The award ceremony was held in November 2017.



Hydroponics in the town of Talabre.





Alfalfa crops in the town of Talabre.

## ALFALFA IN SAN PEDRO DE ATACAMA

### Socaire:

SQM has continued theoretical and practical training for farmers on machinery such as a combine harvester with a mower and built-in grinder. The machinery was acquired in 2016 as part of a Foundation for Agricultural Innovation (FIA) project, which also included construction of 6 alfalfa storage facilities for participating farmers in Socaire and Camar. The infrastructure facilitates storage of animal fodder, benefiting the local cattle industry.

### Talabre:

In late 2017, a new 5-hectare alfalfa planting project began. It benefits 26 farmers (10 more than in 2016). This phase of the project is expected to be completed in the third quarter of 2018.

Progress has been significant. In the first alfalfa planting in 2016, 4.3 hectares were planted for 16 farmers. Harvesting machinery—a tractor, trolleys, plows, mowers and balers—was purchased and a community farm shed was set up to store the product for the winter.

## HYDROPONICS IN SAN PEDRO DE ATACAMA

Since May 2017, we have been working on a cooperation and technical support agreement for two hydroponic greenhouses in Socaire to be built with CONADI funding and run by the Ministerial Secretariat of Agriculture of Antofagasta. SQM donates technical advising and the supplies required for 12 months (renewable through mutual agreement) of operations. The company has also committed to a second greenhouse for lettuce, which drove lettuce production up past 4,000 heads a month in January 2018.

In December 2017 under the SQM-Community of Talabre cooperation agreement, work began on the launch and technical advising for two hydroponic greenhouses built with CONADI funding and run by the Ministerial Secretariat of Agriculture of Antofagasta. The agreement includes technical support and the supplies required for 12 months of operation, which may be renewed, through mutual agreement, for a similar amount of time. The greenhouses—one for flowers and the other for strawberries—will be essential to future development. The first harvest (strawberries, hot peppers and flowers) took place in January 2018.

## AYLLU WINE

In 2017, 19 independent farmers and an indigenous association participated in the Vino Ayllu Program, driving the total number of farmers who have met several goals up to 36:

- » Sixty-one families benefited directly from the 5th Toconao Wine Harvest-Cultural Fair organized by SQM. This is in addition to the benefits reaped by local restaurants and tour operators. The event was an important window into Atacama culture and a perfect opportunity for Vino Ayllu producers, who celebrated the 2017 harvest in the presence of more than 2,000 people.
- » As part of the ATF program, the Chilean Agricultural and Livestock Service (SAG) continued working with farmers and advancing on the wine making certification process.
- » Despite this year's frost during sprouting season, processed grape harvest rose to 9.0 tons for a total of 7,500 bottles.
- » Spurred by market demands, the vineyard acquired equipment to produce wine in barrels.
- » SENCE certification for the Wine Making Process Operator course to improve the skills of vintners and their families. The class ended in late 2017.

## LIKAN ANTAI AGRICULTURAL SCHOOL

We continue to work and provide technical support for Likan Antai Agricultural High School in San Pedro de Atacama. SQM also offers a co-op program, which complements their education on-site with our agricultural specialists. Eleventh and twelfth-grade students alternate weeks doing agricultural work in different locations around the San Pedro de Atacama district.

## G4-15

### AGRICULTURAL PRODUCTION DEVELOPMENT PLAN, PINTADOS – POZO ALMONTE

Since 2009, SQM has continued to play an active role in the Working Group for Agricultural Production Development in the town of Pintados. The local government of Pozo Almonte took part in this initiative along with the National Institute for Agricultural Development (INDAP), the Pozo Almonte Local Action Development Program (PRODESAL), Teck-Quebrada Blanca and the farmers themselves. The process resulted in the definition of a strategy and projects that benefit farmers from local organizations: Asociación Indígena Aymara Tierras de Jehová, Asociación Indígena Aymara Juventud del Desierto and Cooperativa Agrícola Nuevo Amanecer.

This initiative benefits 50 farmers from the three groups. In 2017, as a result of round table agreements, work on soil recovery continued and projects were undertaken to improve irrigation infrastructure with construction of collection tanks, Californian and drip irrigation systems. The objective is to encourage farming methods that use water and energy resources in a more sustainable manner.

During the year, their products were sold using labels and bags featuring the long-awaited Pintados Agricultural Colony logo, which was unveiled in 2016.

In late 2017, SQM began working on a cooperation agreement with the District of Pozo Almonte to install a 1,000 m<sup>2</sup> hydroponic greenhouse and cheese-making facilities in Tirana. This project will be completed during 2018.



Inauguration of Wine Harvest and Cultural Fair in Toconao 2017.



SQM is recognized for its international expansion by Diario Financiero.



Award given by the Antofagasta Fire Department for SQM's support.

## Awards in 2017

- » At the 2017 Annual Mining Safety Conference held by the Regional Council on Mining Safety (CORESEMIN), SQM and the Joint Committee at the NV Iodine Plant were recognized for their low lost time injury rate and prevention measures.
- » Diario Financiero recognized SQM in the international expansion category thanks to the success of our strategy for opening markets on five continents.
- » In María Elena, SQM was recognized as a partner and participant throughout Dialogues for Development in María Elena, led by Antofagasta Minerals' Antucoya project in conjunction with Komatsu Cummins and the district.
- » At the 2017 Exponor opening ceremony, SQM was recognized for its contribution to Don Bosco Technical Industrial School in Calama.
- » Reflecting SQM's steadfast commitment to safety, the College of Professional Mining Safety Experts in Antofagasta recognized Nitrates and Iodine Operations Senior Vice President, Carlos Díaz Ortiz, for his outstanding leadership and close relationship with employees.
- » The Iquique Industrial Association granted SQM the Entrepreneur Seal in the technical-professional students category in recognition of the Company's commitment to the Entrepreneurs Challenge program.
- » The William Taylor Methodist School in Alto Hospicio recognized SQM's commitment to and collaboration with technical-professional secondary education.



Award for SQM's support of Don Bosco Industrial Technical School in Calama.



Strategic Partner Award for the 2017 Corporate Social Responsibility Program (PRSE-AIA).

- » At its 37th anniversary celebration, the District of San Pedro de Atacama highlighted SQM's collaboration and commitment.
- » As the Tocopilla Sporting Club celebrated 100 years, it noted SQM's long-standing support.
- » The Hijos de Pedro de Valdivia Center honored SQM for its ongoing support of the former nitrate office's anniversary celebration.
- » The steering committee in Quillagua recognized SQM for its contribution of the band for the San Miguel Arcángel Festival.
- » The Antofagasta Industrial Association named SQM as a Strategic Partner for the 2017 Corporate Social Responsibility Program (CSR), which focuses on early childhood and seeks to contribute to the quality of education for the girls and boys of the Antofagasta Region.
- » Residents of La Tirana recognized SQM for its support of the Land a Hand to Your Community Fund, which funded a soup kitchen for a year.

## Commitments with Our Neighbors

TOPIC	2017 COMMITMENTS	COMPLIANCE	2017 ACTIVITIES AND ACHIEVEMENTS	2018 COMMITMENTS
HISTORICAL HERITAGE	Continue to support community folk music, educational, cultural and recreational programs designed to preserve and add value to local culture.	100%	We continued supporting Tin Flower Workshops (a symbol of revival of Pampa heritage) in the towns of Quillagua, María Elena, Tocopilla and Iquique. We provided support for the celebration of Nitrates Week in Tarapacá and the Pampa National Holidays in Humberstone, workshops to revive traditions for youth in Tocopilla, anniversary celebrations at the former Pedro de Valdivia nitrates office and festivities to honor the patron saint of Quillagua, among others. In the district of San Pedro de Atacama, we provided support for the cultural revival of traditional Atacameña wool and woven crafts by training women weavers.	Continue with cultural and traditional activities to revive heritage that require our presence as a Company. Support initiatives introduced by the communities to keep their traditions alive.
EDUCATION AND CULTURE	Continue executing educational and cultural programs designed to enable community development in order to empower and generate a greater impact on these communities.	100%	We continued to carry out the Más Matemáticas program in seven schools in San Pedro de Atacama and one in Pozo Almonte and expanded the program in María Elena from one to two schools. For the third straight year, we organized an English Workshop at the local school in Quillagua, in addition to workshops on folklore, music and other academic topics in Pintados, and we continued two programs in Tocopilla: the Vilti SEMMAN Sembrando Métodos and Innovative Teaching Strategies. In Tocopilla, we supported the Environmental Trailblazers Network in eight schools, organizing educational tours of the hydroponic greenhouse in Quillagua and donating materials to revive green areas. We awarded scholarships to teachers in Pintados and San Pedro de Atacama to participate in a teaching internship in Finland.	Broaden our coverage of the Más Matemática Program, providing financial support for one additional school in Pozo Almonte to implement the program and expanding the program to 12th grade at the Toconao Educational Complex in San Pedro de Atacama. Coverage in María Elena will reach 100%. Carry out the Vilti Semman program in Tocopilla for the fourth year in a row and continue to support workshops at schools in Quillagua and Pintados. Maintain scholarship program for teachers to do an internship in Finland.
SOLIDARITY WORK	Continue assisting with emergency situations that may arise in towns near our operations.	100%	During the summer, we provided assistance in the Zapar sector in San Pedro de Atacama, replacing irrigation piping damaged by strong winter weather.	Continue assisting with emergency situations that may arise in towns near our operations.

TOPIC	2017 COMMITMENTS	COMPLIANCE	2017 ACTIVITIES AND ACHIEVEMENTS	2018 COMMITMENTS
SOCIAL DEVELOPMENT	<p>Redesign the Micro-Entrepreneurial Funding Competition Program in order to make it more suitable for Tocopilla with a focus on training, grants for small initiatives and on-site assistance.</p>	100%	<p>As part of the redesigned micro-entrepreneurial program, in 2017 we leased and furnished offices to start a cowork project in Tocopilla. We helped nine entrepreneurs participate in the World Indigenous Business Forum (WIBF). At the event, they met and shared experiences with indigenous entrepreneurs from other countries and three of them gave presentations on their business ventures involving medicinal herbs, jams and wine production.</p>	<p>Inaugurate the cowork space in Tocopilla. This center will focus on coaching entrepreneurs on how to present their projects to apply for private and public funding grants. The center will also provide digital training for young people and help build networks between microentrepreneurs in Tocopilla. Continue to support culinary entrepreneurs in Quillagua with the initiative "Knowledge and Flavors of Our Land." Start working with the Agro-forestry Association of Quillagua to produce charcoal and handicrafts from its wood.</p>
	<p>Continue to support Ayllu wine initiative, strengthening vineyards with better irrigation and nutrition systems. Continue supporting hydroponic growing program in Quillagua and Socaire, including the co-op program, increase surface area of alfalfa plantations in Talabre and help with training and start-up of Conadi greenhouses in Talabre and Socaire.</p>	100%	<p>We continued providing support for 36 producers of Ayllu wine, including ongoing assistance, organizing the Wine Harvest - Cultural Fair, which has become a traditional event in the area, participating with the wine makers in events such as the World Indigenous Business Forum (WIBF). Support alfalfa projects and provide technical assistance in Quillagua, Talabre and Socaire. We continued developing hydroponics in Quillagua, and launched a technical cooperation agreement with CONADI to maintain hydroponic projects in Talabre and Socaire.</p>	<p>Continue to support community development through hydroponic, alfalfa and wine projects, donating technical assistance and materials. Implement a new hydroponics project in Tarapacá and a cheese making project in La Tirana, benefiting local farmers and laying the technical foundation for developing other hydroponic projects in Pozo Almonte and surrounding areas.</p>

TOPIC	2017 COMMITMENTS	COMPLIANCE	2017 ACTIVITIES AND ACHIEVEMENTS	2018 COMMITMENTS
SOCIAL DEVELOPMENT	Foster programs to promote special-interest tourism in neighboring towns that add value to the existing supply and generate production chains.	100%	Progress was made on the María Elena Tourism Development Plan (PLADETUR), laying the bases for development with training on tourism topics and initiatives to revive heritage spaces such as cleaning up Pedro de Valdivia. The National Tourism Service also actively participates in this initiative. We continued to provide assistance for the Chaxa tourist circuit in San Pedro de Atacama.	Work to strengthen training on tourism services, English for local guides and the heritage of the nitrates industry in the framework of the María Elena Tourism Development Plan (PLANDETUR). Inaugurate the museographic hall at the María Elena Museum as part of local heritage and tourism initiatives. Continue to support the community of Toconao in implementing tourism infrastructure and designing a tourism project for the town.
	Continue to support new initiatives in neighboring towns that generate social impact through recreational activities and sports.	100%	We organized soccer and basketball workshops for children in Tocopilla, with a dual emphasis on teaching sports and values, benefiting hundreds of children in the area. During the summer, we sponsored the under-15 soccer tournament "Copa Pampa Salitre" and "Copa Calichera", a professional tournament that brought together teams such as: Cobreloa, Antofagasta Portuario, Deportes Iquique, Argentina, among others.	Maintain support of already implemented initiatives and incorporate a baseball program in Tocopilla. Continue to organize soccer tournaments in María Elena and San Pedro de Atacama.





Students from Oasis en el Desierto School in Pintados visit greenhouse in Quillagua.





06

THE  
ENVIRONMENT

## Environmental Management System

G4-EN27/ G4-EN29/G4-EN34/ MM10/ G4-45/ G4-MM1

The Company strives to carry out all operations in harmony with the environment, respecting current environmental regulations, containing the possible impacts that our operations may have on the environment and properly using natural resources.

The Company has implemented an Environmental Management System to control environmental impact. More specifically, this system is used to plan, execute and continuously improve action plans in order to prevent impacts on the environment and neighboring communities.

Each year SQM updates its environmental risk assessments and performs audits to measure compliance with Environmental Qualification Resolutions and other applicable regulations at all production sites based on production-related risks.

Based on the Company's research studies, measurements and environmental monitoring, it has built a solid knowledge base of the ecosystems surrounding its operations and implemented effective prevention, mitigation and monitoring plans in order to ensure that these environments are properly protected.

It is very important for SQM that its projects consider environmental and social aspects from the very beginning. The Company submits every project to the Environmental Impact Assessment System and has obtained environmental authorization for a total of 59 projects to date (16 by SQM Nitratos S.A, 10 by SQM Industrial S.A, 14 by SQM S.A and 19 by SQM Salar S.A.). Of these 59 projects, 11 were approved with an Environmental Impact Study (EIA) and 48 with an Environmental Impact Statement (DIA).

**SQM PRIORITIZES ITS COMMITMENT WITH THE ENVIRONMENT, CONSTANTLY REVIEWING THE POSSIBLE IMPACTS OF ALL OPERATIONS AND GUARANTEEING COMPLIANCE WITH ENVIRONMENTAL LAWS.**

In 2017, the Company filed Environmental Impact Statements for expansion works at its Salar del Carmen facility and the salt dissolution and product refining plant in Pedro de Valdivia.

All SQM production facilities have closure plans that have been approved by the respective authorities. These plans are based on criteria and measures that meet current regulations. In 2017, the Company completed the third phase of the process of providing performance bonds to the National Geological and Mining Service (SERNAGEOMIN) based on the value of these closure plans.

**WE HAVE AN ENVIRONMENTAL MANAGEMENT SYSTEM AT ALL PRODUCTION SITES IN ORDER TO MINIMIZE THE IMPACT OF OUR OPERATIONS ON THEIR SURROUNDINGS.**



In order to guarantee that its actions are environmentally responsible, SQM carries out the following on an ongoing basis:

- » Annual internal environmental audits at all production facilities. It also conducts independent environmental audits for the Salar de Atacama and Salar del Carmen operations, and hydrogeological audits in Nueva Victoria.
- » Environmental monitoring and early warning plans at all operations.
- » Identification of opportunities for improvement and implementation of continuous improvement actions for environmental performance.
- » Annual environmental training program for SQM workers and contractors.

**EACH YEAR, THE COMPANY CONDUCTS A SERIES OF ENVIRONMENTAL AUDITS TO EVALUATE ENVIRONMENTAL RISKS RELATED TO ITS PRODUCTION PROCESSES.**

Also in 2017, authorities inspected all of our operations, specifically: Salar de Atacama, Salar del Carmen, Nueva Victoria, María Elena, Coya Sur, Pedro de Valdivia and Tocopilla. These inspections were conducted by the following agencies: the Regional Health Agency (Seremi de Salud), the Superintendency of the Environment (SMA), the National Geological and Mining Service (SERNAGEOMIN), the General Water Bureau (DGA), the National Forestry Corporation (CONAF) and the Agriculture and Livestock Service (SAG).

As of publication of this report, SQM has not received any significant fines and/or penalties for violations of environmental laws or regulations.

The Company is currently the subject of two sanctioning processes by the SMA, one for its production site in the Salar de Atacama and the other in Nueva Victoria. SQM is working to remedy the charges filed.



Birdlife in the Salar de Llamara, Tarapacá Region.

## Biodiversity

G4-EN 11/ G4-EN 12/ G4-EN 13/ G4-EN14

SQM's operations are located in desert areas with scarce biodiversity. However, there are areas near our operations with significant ecological value for which the Company has developed ongoing protection, monitoring and control plans to help protect the environment. We wish to highlight the following activities:

- » National Pampa del Tamarugal Reserve, close to the Nueva Victoria operations: Environmental monitoring plan for groundwater, aquatic biota ("Puquios de Llamara"), fauna and vegetation. This includes an early warning hydrogeological and biotic plan.
- » National Flamingo Reserve, close to the Salar de Atacama operations: Environmental monitoring plan for aquatic biota, flora, soil, fauna, water levels and quality, and meteorology in the Soncor and Aguas de Quelana sectors. This includes a hydrogeological contingency plan.

**SQM MONITORING PLANS COVER VARIABLES SUCH AS: FLORA, FAUNA, AQUATIC BIOTA, SOIL, WATER LEVELS AND QUALITY, AMONG OTHERS.**

## SQM OPERATIONS NEAR PROTECTED AREAS AND UNPROTECTED AREAS WITH HIGH BIODIVERSITY

FACILITY	GEOGRAPHIC LOCATION	PROTECTED AREA OR UNPROTECTED AREA WITH HIGH BIODIVERSITY	SIZE OF PROTECTED AREA	TYPE OF OPERATION	SQM PRESENCE IN AREA
Salar de Atacama	Antofagasta Region, Loa Province, San Pedro de Atacama District	National Flamingo Reserve	73,986 ha		
		Soncor sector	5,017 ha	No production facilities; environmental monitoring performed.	Environmental monitoring: 1 meteorological station, 84 hydro-geological monitoring points, 8 fauna monitoring points and 5 marine life monitoring points.
		Aguas de Quelana sector	4,136 ha	No production facilities; environmental monitoring performed.	Environmental monitoring: 61 hydro-geological monitoring points, 9 fauna monitoring points, 10 marine life monitoring points and 2 vegetation monitoring transects.
Nueva Victoria	Tarapacá Region, Tamarugal Province, Huara and Pozo Almonte Districts	Pampa del Tamarugal National Reserve	102,264 ha		
		Bellavista sector	2,654 ha	No production facilities; environmental monitoring performed.	Environmental monitoring: 30 hydro-geological monitoring points, 20 tamarugo monitoring points, 4 fauna monitoring stations and 8 vegetation monitoring transects.
		Pintados sector	14,146 ha	No production facilities; environmental monitoring performed.	Environmental monitoring: 20 hydro-geological monitoring points.
		Salar de Llamara	4,310 ha	7 wells for extracting water in use; environmental monitoring performed.	Water extraction wells, pipelines and electrical lines. Environmental monitoring: 63 hydro-geological monitoring points, 1 marine life monitoring point, 7 fauna monitoring points, 9 vegetation monitoring transects, 16 retama monitoring points and 24 tamarugo monitoring points.

## Species with Conservation Status

**SQM MONITORS THE CONSERVATION STATUS OF DIFFERENT SPECIES THAT INHABIT AREAS NEAR ITS OPERATIONS USING VITALLY IMPORTANT MONITORING PLANS.**

### SIMBOLOGÍA

**Data deficient**  
**Least concern**  
**Near threatened**  
**Vulnerable**  
**Endangered**  
**Rare**

### Nueva Victoria (Salar de Llamara, Sur Viejo, Bellavista)

**Tamarugo tuco tuco**  
*(Ctenomys robustus)*



**Peruvian serpent**  
*(Tachymenis peruviana)*



**Grey fox**  
*(Pesudalopex griseus)*

**Tamarugo tree**  
*(Prosopis tamarugo)*



**Tamarugo conebill**  
*(Conirostrum tamarugense)*



**Pacific iguana**  
*(Microlophus theresioides)*



**Gecko**  
*(Phyllodactylus gerrhopygus)*





## Salar de Atacama

### Puna lizard

(*Liolaemus puna*)



### Andean flamingo

(*Phoenicopterus andinus*)

### Culpeo fox

(*Pseudalopex culpaeus*)



### Fabiani lizard

(*Liolaemus fabiani*)



### Gray bat or Atacama bat

(*Myotis atacamensis*)



### Suri

(*Rhea pennata tarapacensis*)



### Large Dragon

(*Liolaemus erraneus*)

### James flamingo

(*Phoenicoparrus jamesi*)



### Peregrine falcon

(*Falco peregrinus*)

### Algarrobo

(*Prosopis flexuosa*)



### Andean seagull

(*Larus serranus*)



### Mouse-tailed bat

(*Tadarida brasiliensis*)



### Grey fox

(*Pseudalopex griseus*)



### Chululo

(*Ctenomys fulvus*)

### Paulina lizard

(*Liolaemus paulinae*)



### Small big-eared brown bat

(*Histiotus montanus*)



### Warty toad

(*Rhinella spinulosa*)



### Constanza lizard

(*Liolaemus constanzae*)

### Chilean flamingo

(*Phoenicopterus chilensis*)



### Andean gerbil mouse

(*Eligmodontia puerulus*)



# Environmental Monitoring Plan in the Salar de Atacama

G4-EN14

In the Environmental Impact Study for the project entitled “Changes and Improvements to Salar de Atacama Mining Operations”, one of the commitments made in the Environmental Qualification Resolution was to implement an Environmental Monitoring Plan to evaluate the status of the systems in the Salar de Atacama over time. The monitoring plan entails:

## **AN ONGOING HYDROGEOLOGICAL MONITORING PLAN WITH 225 MONITORING POINTS IN THE SALAR DE ATACAMA AQUIFER, WHICH INVOLVES:**

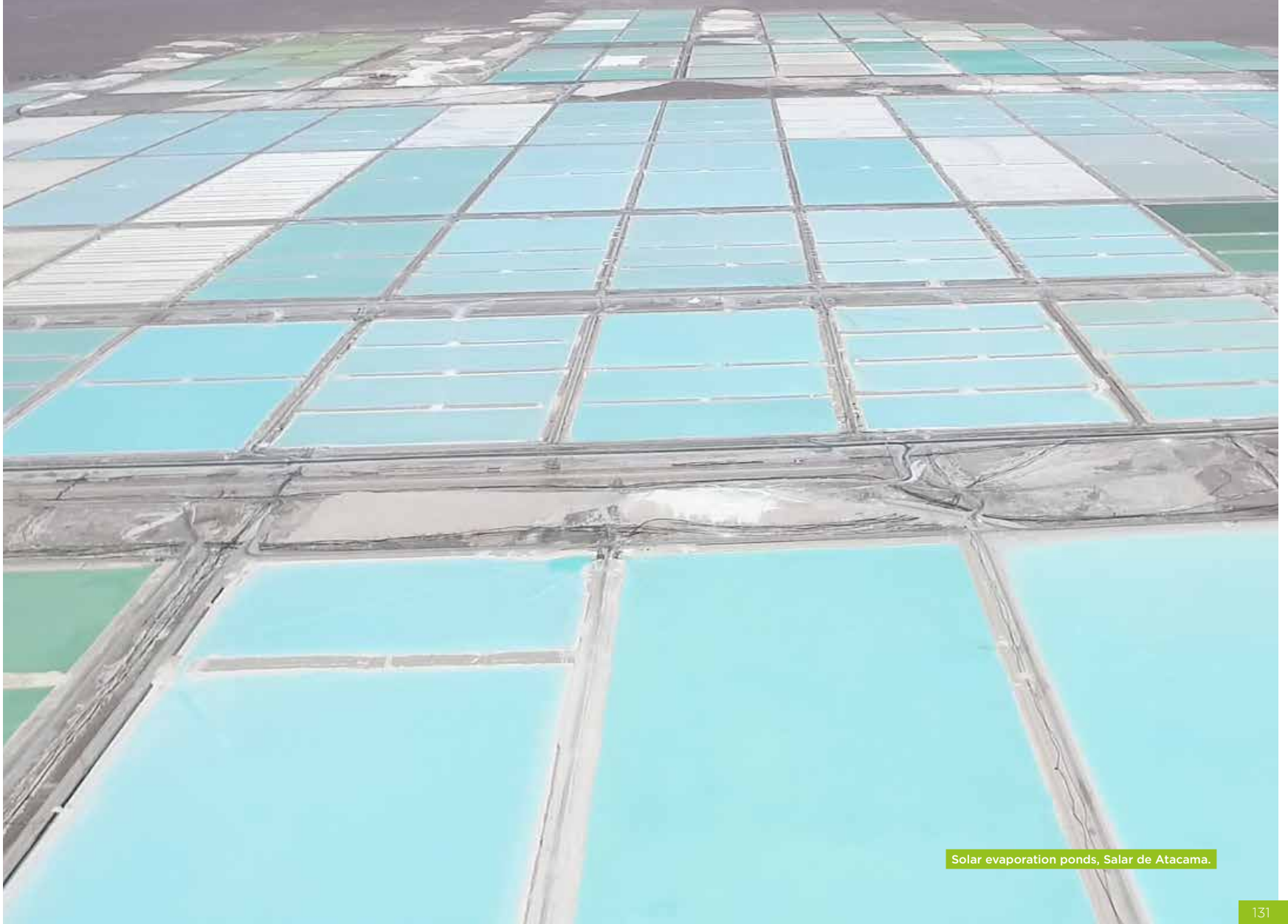
- » Measuring the levels and physical and chemical qualities of water distributed among shallow and deep wells, metric rods at lagoon level and gauging stations.
- » Measuring meteorological variables at meteorological stations known as “Chaxa” and “KCI”.

## **AN ENVIRONMENTAL MONITORING PLAN THAT INCLUDES BIOTIC MONITORING PERFORMED EACH YEAR IN APRIL.**

This monitoring controls a set of variables that allows it to detect changes in lake systems and vegetation in a timely manner using direct, on-site measurements and high-resolution satellite images (QuickBird or WorldView 2). The variables observed as part of this biotic monitoring in the Salar de Atacama include:

- » Vegetation with 99 monitoring points along the eastern edge of the Salar de Atacama.
- » Vegetation in connection-aquifer area with 18 monitoring points along the eastern edge of the Salar de Atacama (performed in January and April).
- » Flora with 75 plots distributed in 7 transects along the eastern edge of the Salar de Atacama.
- » Bioindicators with 66 vegetation transects in 8 profiles, of which 12 transects are controls and 54 are indicators.
- » Fauna with 18 sampling stations distributed among areas with vegetation.
- » Soil moisture content with 18 sampling points.
- » Aquatic life with 25 sampling stations distributed among the three lake systems in the Salar de Atacama (Soncor, Aguas de Quelana and Peine).

**SQM CARRIES  
OUT ONGOING  
ENVIRONMENTAL  
MONITORING PLANS  
TO TRACK DIVERSE  
ECOSYSTEMS IN ORDER  
TO GUARANTEE THEIR  
PROPER CONSERVATION  
STATUS.**



Solar evaporation ponds, Salar de Atacama.



In addition, since 1995 we have taken part in an environmental monitoring program in a joint effort with the National Forestry Corporation (CONAF), entitled “Bird Life Habitat and Population in the Salar de Atacama.” The program, which is carried out in January, April, June and October of each year, is aimed at opportunely detecting changes in the lake’s surface and depth, the bird population, flamingo food supply, local physical and chemical conditions and human activities.

The variables monitored include:

- » Lake surface in the Soncor and Peine lake systems.
- » Water column depth.
- » Bird populations.
- » Population of high Andean flamingos.
- » Abundance of food supply for flamingos.
- » Physical and chemical properties determining food supply of wildlife in lakes.

As a result of this monitoring program, the Company has collected 20 years’ worth of data on flamingo populations in the Salar de Atacama

and contributed to scientific research and activities carried out by CONAF, including an annual census of flamingos in approximately 52 high Andean wetlands in northern Chile, conducted since 1997. The census is taken at several important sites, including the Atacama, Tara, Aguas Calientes 1 and Pujsa salt flats within the National Flamingo Reserve, as well as other salt flats such as Ascotán, Carcote, Aguas Calientes 2, El Laco, Aguas Calientes 3, Punta Negra, Aguas Calientes 4 and Pajonales. The census focuses on three flamingo species that mainly inhabit the high plateaus of Chile: the Andean flamingo (*Phoenicoparrus andinus*), the Chilean flamingo (*Phoenicopterus chilensis*) and the James flamingo (*Phoenicoparrus jamesi*).

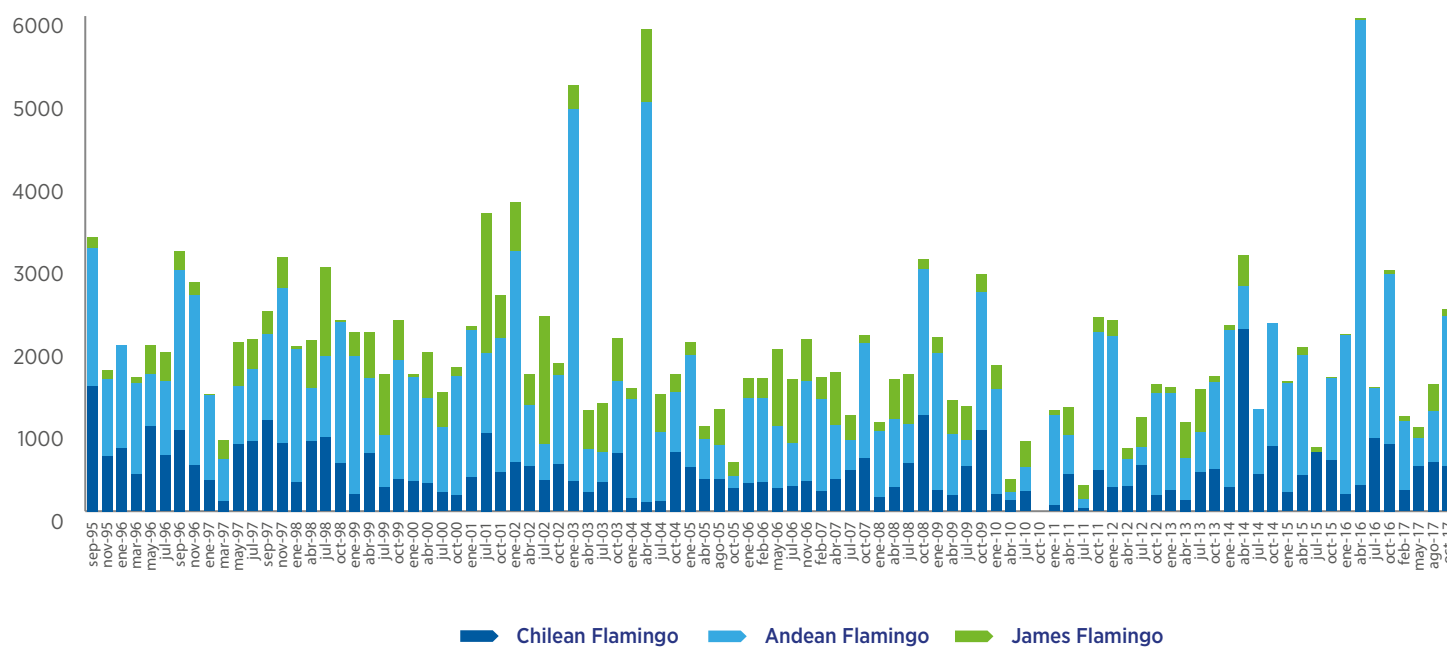
#### **MONITORING OF FLAMINGO REPRODUCTIVE CYCLE - SALAR DE ATACAMA**

SQM has been voluntarily monitoring the flamingo reproductive cycle since 2007, observing the three species of flamingos found at the Salar de Atacama: the Andean flamingo, the Chilean flamingo and the James flamingo.



Flamingos in the Salar de Atacama.

## FLAMINGO ABUNDANCE IN THE SALAR DE ATACAMA 1955 - 2017



**SQM HAS ENVIRONMENTAL MONITORING PLANS FOR: VEGETATION, AQUATIC BIOTA AND SURFACE WATER, THE “PUQUIOS” HYDRIC SYSTEM AND HYDROGEOLOGICAL ENVIRONMENTAL MONITORING TO TRACK THESE VARIABLES WHILE A PROJECT IS UNDERWAY.**

Tamarugo trees in the Salar de Llamara.

## Environmental Monitoring Plan in the Salar de Llamara

Salar de Llamara was classified as a regional strategic priority site and was incorporated into the Pampa del Tamarugal National Reserve in 2013 to protect a native tamarugo forest and “puquios” with bacterial formations located there. SQM executes the following activities within its robust environmental monitoring plan to ensure that the Pampa Hermosa project adheres to the provisions of the environmental assessment:

### MONITORING TAMARUGO TREES AND VEGETATION IN LLAMARA

The Company monitors tamarugo tree vitality using high-resolution satellite images (Quickbird, WorldView 2, WorldView 3 or Geoeye) and field data taken each year in November, when vegetation is most abundant.

A series of physiological measurements of tamarugo trees are taken periodically, including measuring the foliar hydric potential of branches, stomatal resistance, isotopic discrimination of carbon 13 and enrichment with oxygen 18. These measurements are determining factors in analyzing the hydric status of tamarugos.

Experts also monitor retama thickets and hygromorphic meadows in the area around the lagoons known as Puquios de Llamara in order to evaluate the status of these plants. Measurements include the percentage of green growth, vigor and phenology.

### MONITORING AQUATIC BIOTA AND SURFACE WATER IN LLAMARA

We also conduct semi-annual monitoring of aquatic biota and surface water in Puquios de Llamara in order to verify that there are no unforeseen effects on biotic and aquatic systems.

The variables controlled by monitoring of aquatic biota include:

- » Composition of phytoplankton and phytobentos.
- » Diversity of zooplankton and bentos.
- » Development and status of macrophytes.
- » Status of fish fauna.

### MITIGATION MEASURES FOR HYDRIC SYSTEM IN PUQUIOS DE LLAMARA

A mitigation measure has been implemented to reduce the effects of the decline in the water table on the Llamara aquifer as a result of pumping taking place approximately 8 km north of this site. Maintaining the levels and chemical quality of the water with minimal variations facilitates adequate development of biotic systems. Of the total underground resources extracted for Nueva Victoria in 2017, 670,981 m<sup>3</sup> were reinjected as part of the mitigation measures for the “Pampa Hermosa” project in Salar de Llamara.




#### **HYDROGEOLOGICAL ENVIRONMENTAL MONITORING PLAN**

This monitoring involves monthly measurements of aquifer levels, chemical quality, water volumes and flows extracted from wells, which enables the Company to verify predicted impacts during project operation, which is a key component of its Early Warning Plan.

#### **TAMARUGO TREE ENVIRONMENTAL MANAGEMENT PLAN**

In 2017 SQM continued activities as part of the Tamarugo Environmental Management Plan that involved tamarugo tree production in greenhouses from seeds collected in the area, watering of tamarugo trees planted, phytosanitary control, ex-situ conservation of tamarugo tree germoplasma and tamarugo tree productivity studies.

All data and knowledge generated through these activities and complementary studies are used in the environmental education program carried out in conjunction with CONAF in the Pampa del Tamarugal National Reserve and displayed for visitors to the Puquios de Llamara Trail inaugurated in 2014.



**THE TAMARUGO PLANT PRODUCTION PROGRAM INCLUDES DIFFERENT STAGES SUCH AS SEED COLLECTION AND GERMINATION TESTS, WHICH ARE DEVELOPED AS PART OF THE TAMARUGO TREE GERMOPLASMA EX-SITU CONSERVATION PROGRAM.**






Tamarugo forest in the Salar de Llamara.

The Pampa del Tamarugal National Reserve in the Tarapacá Region has considerably increased the number of tamarugo trees in the Llamara and Bellavista sectors, thanks to the Company's work and its Tamarugo Tree Planting Program, which planted 5,522 trees in Bellavista and 247 in Llamara, for a total of 5,769 new specimens of this endemic species.

Tamarugo seeds were collected and germination tests were taken before planting. This was executed in the framework of the Ex Situ Tamarugo Tree Germoplasma Conservation Program. Seedlings were developed at a nursery built as part of the Tamarugo Plant Production Program. In addition, previous rooting tests were required in order to select planting locations, together with irrigation system tests to determine what system would be used and irrigation frequency for plants to take root at the site.

**IN 2017, IRRIGATION  
AND MONITORING  
PROGRAMS WERE  
CONDUCTED FOR ALL**

**5,769**  
**TREES  
PLANTED.**



**AS OF 2017 SQM  
HAS PLANTED**

**+5,000**  
**TAMARUGO TREES.**



# Waste Management

G4-EN2/ G4-EN 22/ G4-EN 23/ G4-EN 24/

G4-EN 25/ G4-EN 26/ G4-EN 27/ G4-EN28

Sqm works hard to ensure that all waste generated at its operations is safely and properly handled, which includes obtaining necessary authorization for transport companies and final disposal sites.

Given the importance of waste management to SQM's operations, it has plans and procedures in place to manage both hazardous and non-hazardous waste. The Company has eight temporary storage sites for hazardous waste authorized by the Regional Health Agency (Seremi de Salud), six authorized temporary storage sites for non-hazardous industrial waste and an area for disposing of domestic waste generated at its operations.

In 2017, 89% of the waste generated in our production facilities was sent off-site for final disposal, while the remainder was stored on-site for potential future use or sale.

The execution and implementation of all stages of waste management plans, from generation to final disposal, are verified using annual internal audits.

SQM safely handles solid domestic waste at all facilities and camp accommodations or disposes of this waste in authorized landfills.

In 2017, SQM did not generate hazardous waste that was disposed of or treated internationally. In addition, 27% of the hazardous waste generated at our operations was reutilized, using an external company that uses this waste as alternative fuel. The Company recycles 12% of all industrial waste generated.

We continued efforts to train employees and contractors in order to guarantee proper waste management at our facilities.

In 2017 SQM began a recycling campaign in its offices in Antofagasta, installing two recycling centers at this facility to recycle paper, cans, plastic and tetra pak containers. The recycling centers seek to instill a culture of recycling in employees and encourage them to generate less waste in the office to benefit the environment and our surroundings.

## TOTAL WASTE SENT FOR FINAL DISPOSAL AND/OR TREATMENT

TYPE OF WASTE SENT FOR FINAL DISPOSAL	2017	2016	2015
Hazardous industrial waste (ton)	2,167	1,438	1,085
Non-hazardous industrial waste (ton)	1,038	961	2,289
	3,204	2,398	3,374

# 442,410 M<sup>3</sup>

**OF WATER FROM TREATED DOMESTIC LIQUID WASTE WAS REUSED IN THE PRODUCTION PROCESSES AT OUR FACILITIES IN COYA SUR AND PEDRO DE VALDIVIA IN 2017.**

SQM makes it a priority to properly manage water resources in its production processes, which is why the Company is constantly looking for new supply alternatives and working to ensure that liquid waste is correctly treated. All water treated at our sewage treatment plants is reutilized in our production processes in María Elena, Pedro de Valdivia, Coya Sur, Nueva Victoria and the Salar de Atacama. The Company's sewage treatment plants are maintained and monitored by specialized service providers.

Industrial water used at our Salar del Carmen operations is supplied by treated domestic liquid waste from the city of Antofagasta.

Domestic liquid waste from our offices in Antofagasta and at the Port of Tocopilla is disposed of in the public sewer system and, therefore, no dumping occurs that could affect biodiversity and protected habitats.

In 2017, no significant spills contaminating the soil or water (surface or groundwater) were reported at the Company's operating facilities and production sites.

Most of our products are sold in bulk, which significantly reduces packaging and waste. We have also implemented a joint initiative with our suppliers to reuse packaging in which supplies are delivered.



**SQM HAS**  
**8 temporary storage**

**SITES FOR HAZARDOUS INDUSTRIAL WASTE AND**

**6 temporary storage**

**SITES FOR NON-HAZARDOUS INDUSTRIAL WASTE.**



**SQM'S MAIN RAW MATERIALS ARE CALICHE ORE AND BRINES, BOTH OF WHICH ARE EXTRACTED FROM RESERVES LOCATED IN THE TARAPACÁ AND ANTOFAGASTA REGIONS.**

Salar de Atacama.

## Raw Materials and Inputs

### G4-EN1/ G4-EN30

The Company produces potassium chloride, potassium sulfate, magnesium chloride, lithium carbonate and lithium hydroxide from underground brines extracted from the Salar de Atacama. These brines boast the world's highest known concentrations of lithium and potassium, as well as considerable concentrations of sulfate and magnesium.

Caliche ore is found beneath inert material below the desert's surface, in layers two to three meters thick. Northern Chile is home to the largest known deposits of nitrates and iodine on the planet and is the only commercially exploitable source of natural nitrate in the world. A wide variety of products are produced from caliche ore, including: potassium and sodium nitrates used in specialty plant nutrients, nitrates for industrial applications and iodine and derivatives.

We responsibly manage our operations to guarantee that domestic and international regulations for transporting products, materials and people are met. The respective safety data sheets are provided for the transport of substances, products and inputs. No significant environmental impacts related to these matters have been identified during the reporting period.

### CONSUMPTION OF PRODUCTION

INPUTS	UNIT	2017	2016	2015
Tires	Units	161	117	133
Coating	m <sup>2</sup>	71,617	65,482	410,668
Lime	Tons	13,303	11,229	10,464
Sulfuric acid	Tons	2,997	3,548	5,898
Sulfur	Tons	11,238	9,469	13,939
Anti-caking agents	Tons	1	0	9
Collectors	Ton	484	575	511
Kerosene	m <sup>3</sup>	4,772	4,339	5,688
Ash Soda	Ton	99,283	99,640	84,427
Explosive	Ton	11,080	9,544	11,067

# Energy

G4-EN3/ G4-EN4/ G4-EN5/ G4-EN6/ G4-EN7

A high percentage of the energy the Company requires for production comes from solar power, which plays an especially important role in the solar evaporation ponds in Coya Sur, Nueva Victoria and the Salar de Atacama and gives us an important operating advantage.

Our production facilities are located in the Atacama Desert, which is characterized by high solar radiation and a high rate of water evaporation. These conditions allow the Company to execute processes to concentrate solutions in ponds year-round.

The Company's operations are also powered by electricity obtained from the National Electric System (SEN) and fuels such as oil and natural gas.

SQM has approximately 4,000 hectares of solar evaporation ponds, which allows it to harness significant amounts of solar energy, accounting for 95.8% of all energy consumed in our facilities.

## ENERGY INTENSITY

ENERGY INTENSITY (EXCLUDING SOLAR POWER)	2017	2016	2015
TJ/MUS\$	2.43	2.81	3.67

## ENERGY CONSUMPTION 2017

	2017	2016	2015
Solar energy	116,675,659	115,512,541*	101,902,799*
Electricity	1,810,331	1,866,756	2,029,041
Diesel	1,323,902	1,455,894	1,637,632
Natural gas	809,842	864,951	802,135
Liquefied gas	120,684	55,047	1,420
Bunker fuel	1,050,644	1,037,029	1,627,685
Gasoline	275	532	8,427
<b>TOTAL ( GJ)</b>	<b>121,791,337</b>	<b>120,792,750</b>	<b>108,009,139</b>

\* This figure was adjusted to account for differences in the formula for calculating solar power.



**95.8%**

**OF THE ENERGY USED  
AT OUR OPERATIONS IS  
SOLAR.**

Solar evaporation ponds, Coya Sur, Antofagasta Region.

# Air Emissions

G4-EN30/ G4-EN15/ G4-EN16/ G4-EN17/ G4 EN18/

G4-EN19/ G4-EN20

At its mine sites and production plants, the Company continuously monitors air emissions using detailed projections of expected environmental effects, emissions abatement equipment and proper monitoring and control of emissions.

SQM has put forth considerable effort to manage and control its particulate matter (PM10) atmospheric emissions. For this, the Company has a vast air quality monitoring network in the town of María Elena, participates in the air quality monitoring efforts in Tocopilla and has installed mobile monitoring stations in accordance with different environmental and operational requirements. All of these measures help ensure compliance with applicable regulations. In addition, meteorological stations are key in monitoring solar evaporation processes at its facilities. The Company has implemented environmental monitoring plans that include conducting isokinetic measurements on smokestacks (on dryers and boilers) and monitoring air quality in order to verify compliance with environmental regulations applicable to our facilities.

The Company has implemented a wide range of measures to fulfill commitments to control and reduce its PM10 atmospheric emissions in María Elena and Tocopilla as part of these towns' decontamination plans. In María Elena, SQM has its own network of air quality monitoring equipment, while in Tocopilla it participates in the city's air quality monitoring network. The Company regularly provides emissions, air quality and meteorological data to authorities.

**MARIA ELENA HAS MET THE PM10 DAILY AIR QUALITY STANDARD SINCE 2010. THE ANNUAL STANDARD HAS BEEN MET SINCE 2014 (THREE-YEAR PERIOD 2012-2014). FOR 2017, THE VALUE IS LESS THAN 40  $\mu\text{G}/\text{M}^3\text{N}$  AT ALL STATIONS ACROSS THE NETWORK (THREE-YEAR AVERAGE 2015-2017).**





PM10 emissions in María Elena have decreased 97.7% since 2007, thanks to operational changes implemented by SQM. This reduction has significantly improved local air quality.

In the case of Tocopilla, PM10 emissions generated by SQM's port operations are minor as compared to other sources in the city (less than 0.2% of total emissions come from SQM according to the 2007 emissions inventory). As part of the Tocopilla Decontamination Plan, SQM has fulfilled its commitments and executed all measures necessary to mitigate its emissions. In 2017, SQM's port operations reported PM10 emissions of 4.35 tons, marking a reduction of 38% between 2007 and 2017 and exceeding commitments in the decontamination plan.

With respect to greenhouse gas emissions, SQM estimates the total carbon footprint in aggregate for its entire production chain and separately for several products. These estimates consider all stages from the mineral extraction processes to the finished product, including domestic and international transport.

#### GHG INTENSITY

GHG INTENSITY	2017	2016	2015
Ton CO <sub>2</sub> eq/MMUS\$	285	329	462

Based on these calculations, we have estimated our GHG emissions for 2015, 2016 and 2017 to be less than one million tons of CO<sub>2</sub> equivalent each year. For 2017, GHG emissions totaled 600,898 tons of CO<sub>2</sub>, which can be broken down into 597,968 tons of CO<sub>2</sub>, CH<sub>4</sub> emissions representing 995 tons of CO<sub>2</sub> eq. and N<sub>2</sub>O emissions representing 1,934 tons of CO<sub>2</sub>eq.

GHG emissions are estimated using the IPCC Guidelines for National Greenhouse Gas Inventories and calculated as follows:

#### SCOPE 1: DIRECT EMISSIONS FROM FUEL CONSUMPTION

YEAR	CO <sub>2</sub> EMISSIONS (TONS)	CH <sub>4</sub> EMISSIONS (TONS OF CO <sub>2</sub> EQ)	N <sub>2</sub> O EMISSIONS (TONS OF CO <sub>2</sub> EQ)
2017	212,947	191	436

#### SCOPE 2: INDIRECT EMISSIONS FROM ELECTRICITY CONSUMPTION

YEAR	CO <sub>2</sub> EMISSIONS (TONS)	CH <sub>4</sub> EMISSIONS (TONS OF CO <sub>2</sub> EQ)	N <sub>2</sub> O EMISSIONS (TONS OF CO <sub>2</sub> EQ)
2017	385,021	805	1,499

#### THE RESULTS OF THIS CALCULATION WERE:

TOTAL EMISSIONS YEAR	TOTAL ANNUAL CO <sub>2</sub> EQ EMISSIONS (TONS)
2017	600,898
2016	618,341
2015	769,812

# Water

G4-EN2/ G4-EN8/ G4-EN9/ G4-EN10

Water is a scarce resource, particularly in the areas where SQM operates. As such, it must be well managed in production processes. The Company possesses water rights that have been duly authorized for its operations. SQM periodically informs authorities of water consumption for its production processes and works constantly to identify ways to use water more efficiently.

It also evaluates each facility's water management indicators on a yearly basis.

Measures implemented by the Company to efficiently use water include:

- » reincorporating all water treated in SQM sewage treatment plants into its production processes.
- » reutilizing process solutions to reduce the consumption of fresh water.
- » contracting suppliers that offer industrial water from treated domestic waste water.

The Company has used these sources to supply almost 100% of the industrial water needed to produce lithium carbonate and lithium hydroxide.

The extraction of fresh water for production purposes is strictly controlled by environmental assessments. This helps prevent damage to important environmental elements (vegetation, flora and fauna) in aquifers and surface water sources where the Company has water extraction rights.

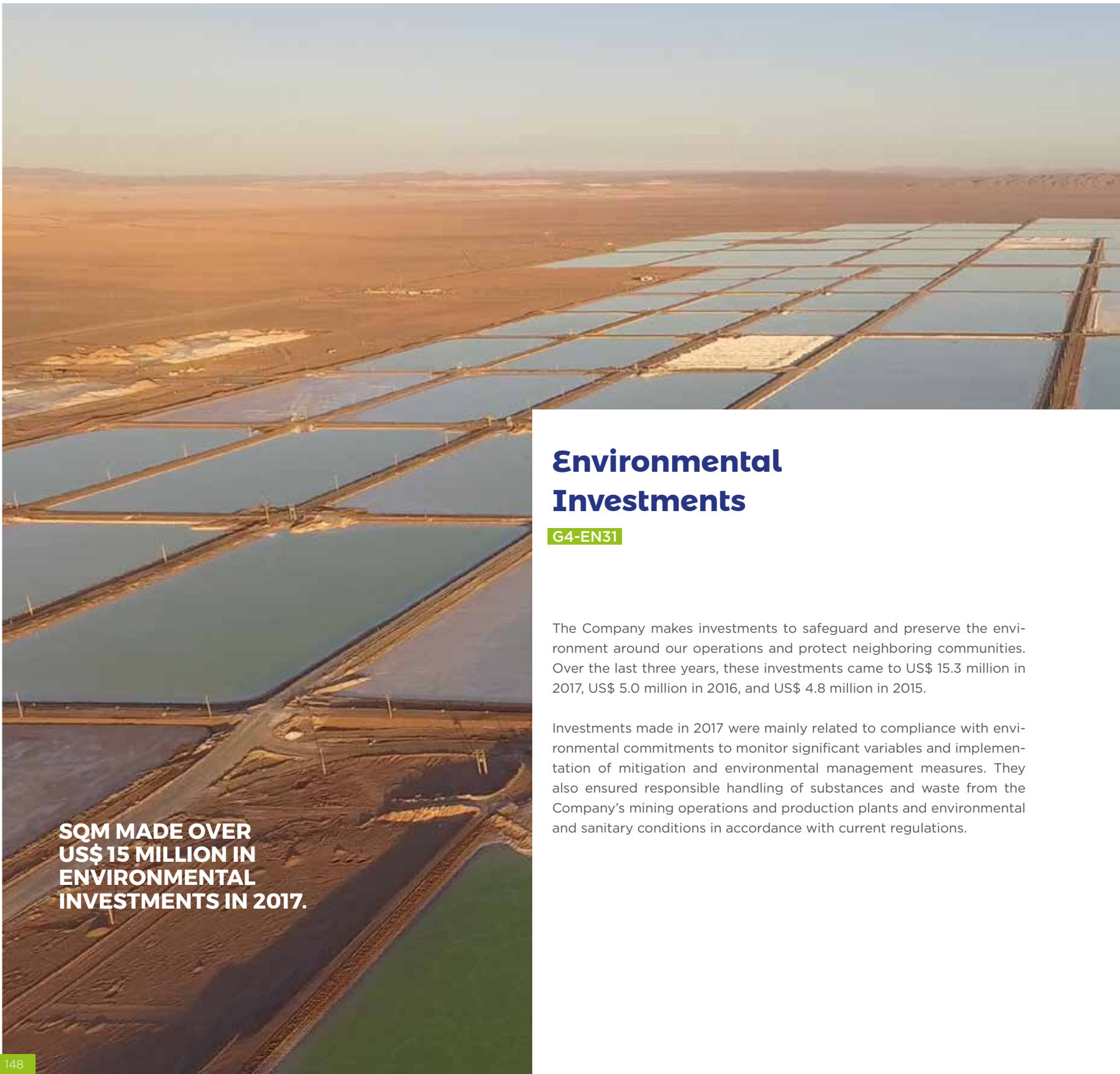
In conjunction with these studies, extensive hydrogeological modeling is designed and validated under the supervision of national and international experts, based on which the Company conducts ongoing monitoring of expected behavior.

## VOLUMES EXTRACTED FROM MAIN WATER SOURCES DURING 2017

FACILITY	WATER CONSUMPTION 2017			TOTAL WATER CONSUMPTION (M <sup>3</sup> ) AT PRODUCTION FACILITIES
	GROUNDWATER (M <sup>3</sup> )	SURFACE WATER (M <sup>3</sup> )	THIRD-PARTY SUPPLY (M <sup>3</sup> )	
Salar de Atacama	7,011,665		140	7,011,805
Salar del Carmen, Antofagasta, Tocopilla y Santiago			671,240	671,240
Nueva Victoria	17,880,742			17,880,742
María Elena, Coya Sur, Pedro de Valdivia		5,419,531	684,684	6,104,215
<b>TOTAL (M<sup>3</sup>)</b>	<b>24,892,407</b>	<b>5,419,531</b>	<b>1,356,064</b>	<b>31,668,002</b>



National Flamingo Reserve, Salar de Atacama.



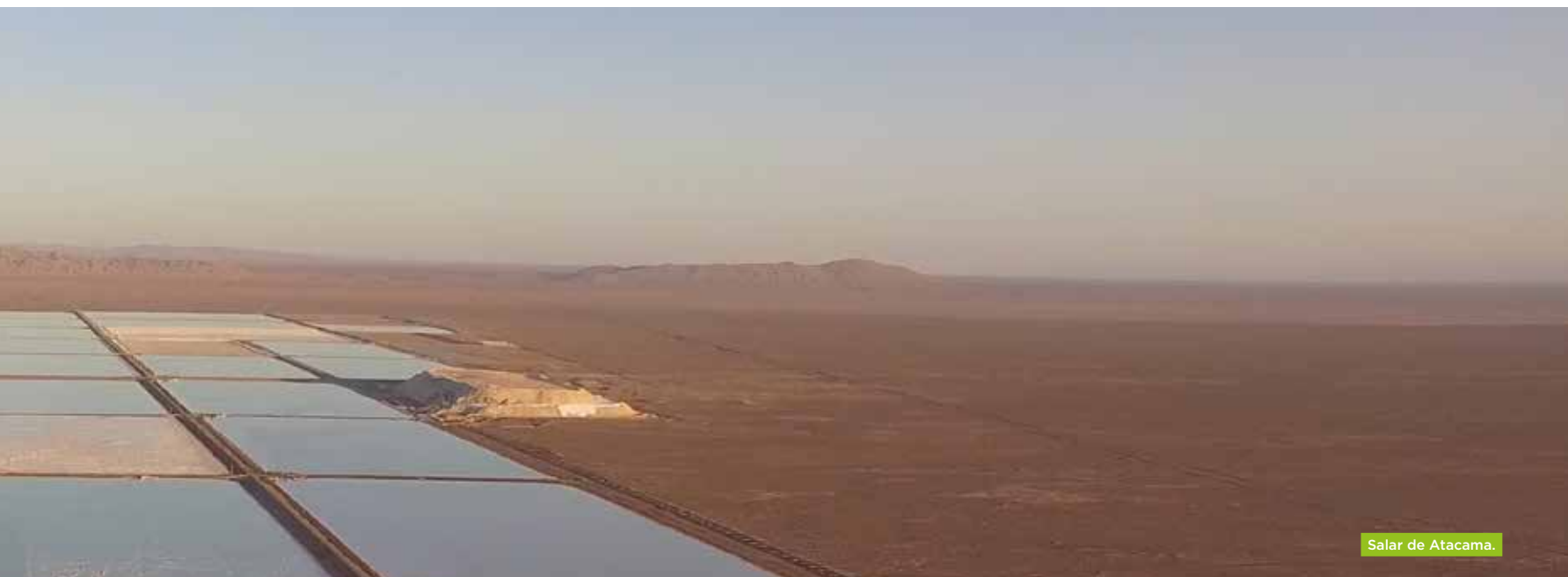
**SQM MADE OVER  
US\$ 15 MILLION IN  
ENVIRONMENTAL  
INVESTMENTS IN 2017.**

## **Environmental Investments**

**G4-EN31**

The Company makes investments to safeguard and preserve the environment around our operations and protect neighboring communities. Over the last three years, these investments came to US\$ 15.3 million in 2017, US\$ 5.0 million in 2016, and US\$ 4.8 million in 2015.

Investments made in 2017 were mainly related to compliance with environmental commitments to monitor significant variables and implementation of mitigation and environmental management measures. They also ensured responsible handling of substances and waste from the Company's mining operations and production plants and environmental and sanitary conditions in accordance with current regulations.



Salar de Atacama.

ENVIRONMENTAL INVESTMENTS IN 2017	2017	2016	2015
Improvements to environmental/hygiene/sanitary conditions	1,175	2,515	43
Environmental assessments	6,491	2,078	2,332
Environmental management personal, monitoring plans and mitigation measures	2,989	307	591
Domestic and industrial waste management	4,111	64	1,143
Hazardous waste management	489	79	699
<b>TOTAL EXPENDITURES (THUS\$)</b>	<b>15,255</b>	<b>5,043</b>	<b>4,808</b>

# Commitment with the Environment

TOPIC	2017 COMMITMENTS	COMPLIANCE	2017 ACTIVITIES AND ACHIEVEMENTS	2018 COMMITMENTS
ENVIRONMENTAL MANAGEMENT SYSTEM	Execute the environmental audit program in 2017 in order to review, monitor and control environmental aspects of our production processes.	100%	We carried out 100% of the environmental compliance audits scheduled for 2017. We updated our environmental risk assessment for all production facilities. We conducted a self-assessment and updated our indicators. We conducted a re-verification audit for the Responsible Care certification at our Nueva Victoria operations in 2016, which is valid until 2019.	Execute the environmental compliance audit program, including reviewing, monitoring and prioritizing environmental commitments and/or aspects of our production process.
RAW MATERIALS AND INPUTS	Verify and monitor environmental aspects of the Company's production processes by conducting internal environmental audits.	100%	We carried out compliance audits to verify and/or monitor environmental aspects of our production processes.	Verify and monitor environmental aspects of each production process, including inputs and raw materials.
	Monitor and control environmental aspects of production processes related to natural resources and inputs by conducting environmental audits.	100%	We carried out compliance audits to verify and/or monitor environmental aspects related to the use of natural resources for each production process.	Oversee and verify environmental aspects related to natural resources used in our production processes.
AIR EMISSIONS	Continue to conduct monitoring committed to in environmental monitoring plans.	100%	In 2017, we carried out all monitoring committed to in environmental monitoring plans.	Conduct monitoring committed to in environmental monitoring plans.
	Continue the implementation and operation of measures for reducing and controlling emissions contained in related urban decontamination plans. The Company will continue to measure its carbon footprint.	100%	In 2017 we maintained existing emissions reduction and control measures at our operations in areas with decontamination plans in effect (Maria Elena and Tocopilla). We also measured the carbon footprint in aggregate for SQM as well as for specific products as requested by our customers (lithium, solar salts and sodium nitrate).	Continue the implementation and operation of measures for reducing and controlling emissions contained in related urban decontamination plans. The Company will continue to measure its carbon footprint.

TOPIC	2017 COMMITMENTS	COMPLIANCE	2017 ACTIVITIES AND ACHIEVEMENTS	2018 COMMITMENTS
ENERGY	Continue researching and evaluating new alternatives for solar energy that can be implemented in our production processes.	100%	In 2017 we constructed a bike path at the accommodations camp in the Salar de Atacama featuring solar powered lighting. We have also reduced energy consumption by using the heat generated by one process in another process.	Seek and evaluate energy alternatives and/or energy efficiency initiatives in order to reduce conventional energy consumption.
WATER	Execute water use monitoring defined in environmental monitoring plans for the Salar de Atacama, the Salar del Llamara and Pampa del Tamarugal. Efficiently use water resources at our operations.	100%	We conducted all monitoring committed to in environmental monitoring plans related to water use in Pampa del Tamarugal, the Salar de Sur Viejo, the Salar de Llamara and the Salar de Atacama. We also regularly reviewed our production processes to ensure water was being used efficiently. These reviews evaluated the use of water treated at water treatment plants at company facilities and/or purging solutions from other processes as part of the water needed for operations.	Use water resources efficiently. Execute commitments in environmental monitoring plans related to water resources.
BIODIVERSITY	Execute biodiversity monitoring committed to in environmental monitoring plans for the Salar de Atacama, Salar del Llamara and Pampa del Tamarugal (Bellavista sector).	100%	We executed biodiversity monitoring committed to in environmental monitoring plans for Salar de Atacama, Salar del Llamara and Pampa del Tamarugal (Bellavista sector).	Execute biodiversity monitoring committed to in environmental monitoring plans for the Salar de Atacama, the Salar del Llamara and Pampa del Tamarugal (Bellavista sector).

TOPIC	2017 COMMITMENTS	COMPLIANCE	2017 ACTIVITIES AND ACHIEVEMENTS	2018 COMMITMENTS
WASTE MANAGEMENT	Execute the environmental training program for employees, which includes topics such as proper handling and disposal of waste at operations and accommodation camps.	100%	We carried out 100% of the environmental training sessions scheduled for 2017.	Train workers on proper waste management, which includes prevention topics focused on waste generation, segregation at origin, reuse, recycling and valuation, thus minimizing the amount of waste that is ultimately disposed of.
	Guarantee correct implementation of hazardous waste management plans at production facilities.	100%	We verified compliance with waste management plans for hazardous waste through compliance audits and/or regular reviews at all production sites to guarantee compliance.	Guarantee that hazardous waste is correctly managed in accordance with current regulations and commitments made in the hazardous waste management plan at each production facility.
ENVIRONMENTAL INVESTMENTS	Execute environmental investments scheduled for 2017, to both implement new projects and ensure the environmental performance of existing operations.	100%	All environmental investments committed to for 2017 were made. Investments included expenses to ensure the environmental performance of existing operations as well as implement new projects.	Make the investments necessary to sustain proper environmental performance at all operations.





Power plant that uses solar salts.



07

**OUR  
CLIENTS**



## Nuestros Clientes

G4-PR2/ G4-PR5/ G4-PR8

SQM's customers operate in very demanding domestic and international markets. The Company must therefore ensure delivery and compliance with the standards in each of the countries where we do business, helping to maintain and strengthen long-term and mutually beneficial relationships with our customers.

Our global presence has been made possible by efficient and effective management as a result of our ability to meet market challenges with responsibility, innovation and quality.

It is crucial that SQM customers be satisfied with our products. As a result, the Company has implemented:

- » A Quality Management System and other ongoing efforts to optimize all manufacturing, marketing and distribution processes.
- » Indicators are also continuously reviewed and monitored in order to maintain open communication channels, production quality and excellence in all operations.
- » SQM's excellent technical team is available to answer questions and respond to technical or service complaints. This service ensures a supplier-customer relationship based on trust and transparency.

We are committed to providing a response as quickly as possible and allowing customers to conduct audits on an ongoing basis. We have a Quality Complaint System, which is designed to ensure satisfaction with product deliveries and provide technical and safety information on the use and handling of products.

# 93.3%

**OF OUR PRODUCTS  
ARE EXPORTED  
THROUGHOUT THE  
WORLD.**

It is vitally important to SQM to guarantee compliance with environmental, safety and product quality standards. We understand this to be a commitment and an interest shared by our customers. Therefore, as part of its Sustainable Development Policy, SQM undertakes to comply with current laws and regulations that apply to its operations, production activities and services.

This commitment has led us to obtain voluntary certifications such as Ecovadis and international certifications such as Responsible Care provided by the Chilean Chemical Industries Association (Asiquim) for the Company's operations in Nueva Victoria and Protect & Sustain certification from the International Fertilizers Association for the Coya Sur, Salar de Atacama, Tocopilla, Antofagasta and Santiago operations.

Considerable information is exchanged between SQM and its clients. During 2017, a total of 74 customer surveys on sustainability and quality matters were submitted, 30 product quality statements were issued and one audit was conducted by an iodine customer.

In addition, one audit was conducted by a foreign governmental institution: The California Department of Food and Agriculture audited production of high-quality potassium sulfate for use in organic farming.

It is worth noting that there were no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products during their life cycle nor complaints regarding violations of customer privacy or customer data leaks.

Likewise, no violations that would result in a warning or fine have been identified. Incidents of deficient labeling were resolved at the destination point in a timely manner.

SQM does not measure customer satisfaction; however, complaint rates for each line of business are logged in order to manage dissatisfaction. The ratio of tons for which complaints were registered / tons delivered is below 5%.

Each customer concern is specifically addressed by sales directors and sales managers, who then leave meeting notes as to the matters discussed. Any customer complaint received is entered into the Quality Management System by sales coordinators so the respective area can investigate and respond to the matter.

Across our leading markets, our sales team assesses satisfaction directly on its regular visits to customers. After each sales meeting, the matters addressed, including those related to customer satisfaction, if any, are logged in a report that is submitted to the respective Commercial Division.





## Sales and Product Markets

**OUR COMPANY-OWNED GLOBAL LOGISTICS AND DISTRIBUTION NETWORK, COMPLEMENTED BY A BROAD TRUCK TRANSPORT NETWORK AS WELL AS EXCLUSIVE ACCESS TO THE PORT OF TOCOPILLA AND REPRESENTATION OFFICES IN 20 COUNTRIES ARE A KEY COMPONENT OF OUR BUSINESS MODEL.**

SQM has an extensive sales and distribution network, which it uses to market and distribute 93.3% of the Company's production to markets in North America, South America, Asia, Africa, Oceania and Europe.

One of SQM's strengths is its global presence for selling its products through company-owned offices. These are complemented by a broad truck transport network as well as exclusive access to the Port of Tocopilla and representation offices in 20 countries. SQM also has warehouses, fertilizer mixing plants and joint ventures in strategic markets that enable the Company to reach important distribution agreements around the world. The Company uses its broad logistics network to place its products in more than 110 countries, efficiently managing resources and promptly delivering products to satisfy customer needs.

In 2017, we made improvements at the Port of Tocopilla to ensure that products are being properly received, stored and shipped while safeguarding quality and specifications. In addition to numerous infrastruc-

ture improvements to ensure the safety of our workers, we completed other projects such as:

- » Resurfacing 3,100 m<sup>2</sup> of packaged product storage surface area with paving stone.
- » Building a 300-meter wall around the northern perimeter of the port in order to improve port safety and meet ISPS (International Ship and Port Facility Security) code as well as to enhance the port's external appearance.
- » Laying paving stone in uneven areas to ease vehicular traffic and increase the safety of people inside the port.
- » Remodeling packaging, maritime operations, administrative and bulk operations offices to create new break areas for personnel.
- » Equipping control rooms with high-definition closed-circuit TV systems for bulk operations and packaging areas.
- » Installing mechanized conveyor system to connect the holding and shipping areas.
- » Making safety improvements to belts, silos and access ways.



Port of Tocopilla.

## Our Certifications

G4-PR1 / G4-PR3 / G4-PR7

SQM's different products and processes are certified to ensure quality and protection of people and the environment during production and sales processes. Our main certifications include: Protect & Sustain, Responsible Care and ISO 9001:2008.

The Company has implemented ISO 9001:2009 for all lines of business. The independent international certification is valid for the following production and sales processes:

- » Iodine, since 1994.
- » Potassium nitrate and sodium nitrate (standard, refined and technical-grade) since 1998.
- » Some soluble products within specialty plant nutrients since 1998.
- » Lithium carbonate (industrial, technical and battery-grade) since 2005.
- » Lithium hydroxide (industrial, technical and battery-grade) since 2007.

In 2017 we completed a self-assessment for the ISO 9001:2015 standard for our different business lines and developed a plan to address all gaps arising from changing to the updated standard. To accomplish this, we redefined the scope of the management system and integrated it with the Strategic Development Plan, the Corporate Risk Management Policy and the Corporate Business Continuity Policy within the definitions of the Quality Management System, all in preparation for recertification under the ISO 9001:2015 standard scheduled for July 2018.

At SQM, proper product supply is very important. As such, in addition to striving for operational excellence, the Company continuously follows up with customers. We are also constantly concerned with our ability to quickly react to changes in national and international regulations that may affect the sale of our products.



Operations in the Salar de Atacama.

One such example is the European Union's chemical substance management system (Registration, Evaluation and Authorization of Chemicals or REACH), which evaluates whether a given substance constitutes a risk to human health or the environment.

In 2017, the Company began the process of updating its records for potassium nitrate, sodium nitrate, urea phosphate and iodine, including migrating data on these products to the International Uniform Chemical Information Database (IUCLID), which is a software used to register, store, maintain and exchange data on intrinsic and hazardous properties of chemical substances. Furthermore, a total of 250 safety data sheets were updated for SQM Iberian and SQM Europe.

All (100%) of the Company's products are subject to corporate labeling requirements and packaging artwork updating procedures. The first standard provides guidelines for all packaging and shipping units for products sold by the Company, including: identification (generic/commercial name), IMDG (International Maritime Dangerous Goods Code) and GHS (Globally Harmonized System of Classification and Labeling of Chemicals) coding requirements and special customer requirements. The procedure for updating packaging artwork includes the product origin designation, other regulatory and commercial requirements and safety instructions regarding the product's life cycle. All products have a respective safety data sheet in accordance with destination market requirements.

SQM has developed a global branding strategy that includes guidelines on ethics, corporate governance and procedures that have been distributed to sales offices and subsidiaries. They are also available in digital format. In 2017, there have been no incidents of non-compliance with regulations and voluntary codes concerning marketing communications.

For the specialty plant nutrients line of business, the Company has developed a value chain that is designed to satisfy the needs of the most diverse crops and soils, strengthening their yield and profitability. This is further proof of its commitment to be a strategic partner for its customers. The Company has a broad network of highly specialized technical and agricultural experts in the field of specialty plant nutrients who direct research projects on specific soil and crop requirements and provide expert advisory services in plant nutrition.

### PROTECT & SUSTAIN CERTIFICATION

The International Fertilizer Industry Association (IFA) certified SQM's commitment to responsible, safe product management, which includes aspects such as quality, health, occupational safety, industrial and environmental safety throughout the different stages of the product life cycle.

IFA SHE principles align with the SQM Sustainable Development Policy. This was essential for meeting the standards set forth in the Protect & Sustain program.

Certified SQM areas include production, product development, fertilizer storage and delivery at the Salar de Atacama, Coya Sur, Antofagasta, Santiago and Port of Tocopilla operations.

In 2017, the Company completed the IFA Protect & Sustain self-assessment, scoring within the necessary ranges for Product Stewardship Excellence certification. Based on the results of this self-assessment, the Company generated a work plan to address opportunities for improvement in product design, development and supply in preparation for the recertification audit scheduled for the second half of 2018.





WE EARNED

# PROTECT & SUSTAIN

CERTIFICATION.

Port of Tocopilla.

## Commercial Events

### RESPONSIBLE CARE

#### G4-15

In 2016, as part of SQM's commitment to sustainable development, the Nueva Victoria operations, located in the Tarapacá Region, were recertified under Responsible Care, which is valid for a period of three years. This certification—an international initiative for the chemical industry in which the Company has participated since 2013— involves voluntary commitments to making a continual effort in the following areas: production processes; handling, distribution, use and disposal of products; health and safety of individuals and protection of the environment and the community.

### ONGOING ASSISTANCE

Through a network of experts, SQM offers ongoing assistance programs to all customers to help them optimize increasingly scarce resources such as water and farmable soil. It does this through activities such as technical talks, seminars, publications and support material.



We are a Chilean company with an international reach and a strong global presence through our subsidiaries. As such, we have ties to a wide variety of representatives and industries for our five product lines: Specialty Plant Nutrition; iodine and derivatives; lithium and derivatives; industrial chemicals and potassium. This global reach has enabled SQM to take part in important international events.

The Company participated in numerous commercial events in 2017, including:

#### FRUIT ATTRACTION 2017

For the fourth straight year SQM Iberian participated in Fruit Attraction—the leading event for Europe's fruit and produce industry—at the IFEMA International Fair in Madrid. Its involvement in this important event aims to strengthen and diversify its position in the European market.

SQM's Iberian subsidiary took advantage of the large number of visitors from the agribusiness sector to exhibit its entire range of specialty plant nutrition products available, with a particular focus on soluble solids. As evidence of our commitment to global sustainability, we also shared a study showing that SQM's potassium nitrate has the industry's lowest carbon footprint.

Fruit Attraction bills itself as one of the fastest growing events in the European fruit and produce market, attracting more than 60,000 industry professionals from over 45 countries.



SQM Investor Day in New York.



Fruit Attraction 2017.

### FIRST INTERNATIONAL CONFERENCE OF THE WORLD IODINE ASSOCIATION

In November 2017, the World Iodine Association (WIA) held its first conference entitled “Iodine in Food Systems and Health” in Pisa, Italy. This international conference addressed the challenge of preventing iodine deficiencies from scientific and political perspectives, identifying the dangers of iodine deficiencies to health and the need for public policies on the matter.

SQM is a member of the World Iodine Association, an international non-profit organization that represents the iodine value chain from manufacturers to consumers. As stated in its mission statements, the WIA’s objectives include helping to eradicate global iodine deficiency and acting as a platform that brings together the scientific community, industry and patient and consumer organizations to build awareness and effectively combat iodine deficiency disorders.

### OTHER EVENTS IN WHICH WE HAVE PARTICIPATED

- » Santander Latam Conference in Cancun, Mexico, January
- » BanChile Investor Breakfast in Santiago, March
- » Larraín Vial Andean Conference in Santiago, March
- » Citi LatAm Conference in New York, March
- » BTG Pactual Latam Opportunities Conference in London, April
- » Santander Investor Breakfast in Santiago, May
- » BofA Merrill Lynch Latam Debt Conference in Miami, May
- » BofA Merrill Lynch CalGEMs Conference in California, June
- » NIRI IR Annual Conference in Orlando, June
- » Non-deal roadshow in Australia: Sydney, Melbourne, June
- » Non-deal roadshow in Europe: France, the Netherlands, UK, July
- » Non-deal roadshow in Canada: Toronto, Montreal, July
- » Credit Suisse Mid-Summer Conference in New York, August
- » BICE Investor Breakfast in Santiago, August
- » SQM Investor Day in New York, September
- » BTG Pactual Conference in New York, October
- » Non-deal roadshow in Asia: Tokyo, Hong Kong, Singapore, October
- » Scotiabank Investor Breakfast in Santiago, November
- » UBS Global Emerging Markets Conference in New York, November



SQM Investor Day in New York.

## Our Commitments with Customers

TOPIC	2017 COMMITMENTS	COMPLIANCE	2017 ACTIVITIES AND ACHIEVEMENTS	2018 COMMITMENTS
CUSTOMERS	Execute monitoring audits in August 2017 to verify progress on defined improvements before the certification process.	100%	We completed the IFA Protect&Sustain self-assessment and scored within the necessary ranges for Product Stewardship Excellence certification. We generated a work plan to address opportunities for improvement in product design, development and supply.	We will undergo the IFA Protect&Sustain recertification process in August 2018, in order to confirm our Product Stewardship Excellence certification.
	Define plan to work toward recertifying the Company's current areas under ISO 9001/2015.	100%	We completed a self-assessment for ISO 9001:2015 in our different business lines and designed a work plan to address any identified gaps. Redefine the scope of the management system and integrate it into the Strategic Development Plan, Corporate Risk Management Policy and Corporate Business Continuity Policy based on the definitions of the Quality Management System.	Certify production and sales processes for lithium, iodine and soluble fertilizers under the ISO 9001:2015 standard through an external assurance audit based on the upgraded standard ISO 9001:2015.
	Continue to provide information (surveys, forms, etc.) requested by clients in a timely manner and organize plant visits when necessary.	100%	We responded to 74 customer surveys on sustainability and quality matters and issued 30 product quality statements. One audit was conducted by an iodine customer. In addition, one audit was conducted by a foreign governmental institution: the California Department of Food and Agriculture audited the production of high-quality potassium sulfate for use in organic farming.	Continue to provide information (surveys, forms, etc.) requested by clients in a timely manner and organize plant visits when necessary.
	Update dossiers and migrate them from version 5 to version 6 of the International Uniform Chemical Information Database (IUCLID), which is a software used to register, store, maintain and exchange data on intrinsic and hazardous properties of chemical substances.	50%	We began the process of updating our records for potassium nitrate, sodium nitrate, urea phosphate and iodine, including migrating data on these products to IUCLID:	Finalize updating of records and chemical safety reports for potassium nitrate, sodium nitrate, urea phosphate and iodine, including filing the information with the European Chemicals Agency.

TOPIC	2017 COMMITMENTS	COMPLIANCE	2017 ACTIVITIES AND ACHIEVEMENTS	2018 COMMITMENTS
CUSTOMERS	<p>Complete registration of notifications for NPK mixtures sold by SQM Europe NV and SQM Iberia, in accordance with European Classification, Labeling and Packaging (CLP) standards in the different countries within the European Union where these products are sold.</p>	0%	<p>We prioritized the process of updating a total of 250 safety data sheets for SQM Iberian and SQM Europe.</p>	<p>Execute a program to update the Safety Data Sheets for SQM Europe and evaluate Safety Data Sheets of suppliers of inputs for SQM Europe, SQM Iberian and SQM NorthAmerica.</p> <p>Complete registration of notifications for NPK mixtures sold by SQM Europe NV and SQM Iberia, in accordance with European Classification, Labeling and Packaging (CLP) standards in the different countries within the European Union where these products are sold.</p>
	<p>Confirm application of three standards defined in 2017, update them and review the need for additional standards.</p>	100%	<p>We updated standards related to Safety Data Sheets, generating additional standards such as the use of the ExESS program to generate documents.</p>	<p>Generate additional standards for validating Safety Data Sheets for raw materials, update standards for confirming receipt of Safety Data Sheets by customers and apply existing standards.</p>





08

**ECONOMIC  
PERFORMANCE**





## Economic Performance

We are an integrated producer and seller of Specialty Plant Nutrients, iodine, lithium, potassium fertilizers and industrial chemicals. Our products are developed from high-quality natural resources, making us a cost leader. Our efforts are supported by an international commercial network.

**SQM'S BUSINESS STRATEGY IS TO BE A MINING OPERATOR THAT SELECTIVELY INTEGRATES THE PRODUCTION AND SALES OF PRODUCTS TO INDUSTRIES ESSENTIAL FOR HUMAN DEVELOPMENT, SUCH AS FOOD, HEALTH AND TECHNOLOGY.**

For the year 2017, SQM reported net income of US\$ 427.7 million, which represents an increase over the same period in 2016, when net income totaled US\$ 278.3 million.

The Company finished the year with a good fourth quarter. The robust 2017 results were mainly driven by strong lithium demand, resulting in significantly higher prices during the year.

SQM ended the year with EBITDA of US\$893.7 million and net income of US\$427.7 million, an increase of over 17% and 50%, respectively, compared to the previous year. Our focus on operational excellence and cost efficiencies helped achieve higher sales volume in the specialty plant nutrition and iodine and derivatives business lines.

In the specialty plant nutrition business line, sales volumes rose 15% in 2017 thanks to strong demand growth and decreased supply from our competition. Our operations team has made new operational improvements by significantly integrating production processes at the Coya Sur plant and improving the use of raw materials. These efforts drove nitrates production capacity up to 1.3 million MT/year. These improvements were





Coya Sur operations, Antofagasta Region.

made with minimum investment. As a result of these changes, we were able to increase sales volumes while providing the necessary supply to the potassium nitrate market.

In the iodine and derivatives business line, we accomplished the goal we set a few years ago of regaining our market share. In 2017, we successfully increased our market share to over 35%, reporting record high sales volumes of 12.7k MT. Prices recovered slightly during the year and, considering today's pricing trends, are expected to increase further in 2018.

In our lithium and derivatives business line, 2017 sales volumes were in line with the previous year, while prices rose 25% with an average price of over US\$13,500 per metric ton in the fourth quarter. For 2018, we expect strong demand growth to continue while new projects are also expected to increase production during the second half of the year.

## MARKET SHARE

### G4-4/ G4-8

BUSINESS LINE	% OF GLOBAL MARKET	% OF COMPANY'S GROSS MARGIN
Specialty Plant Nutrients	32%	19%
Iodine and derivatives	12%	7%
Lithium and derivatives	30%	60%
Industrial chemicals	6%	6%
Potassium	18%	9%



## SALES VOLUMES BY BUSINESS LINE

SALES VOLUMES BY BUSINESS LINE	2017	2016	2015	2017/2016	2017/2016
<b>SPECIALTY PLANT NUTRITION SALES VOLUME</b>					
Sodium nitrate	Mton	26.7	24.4	26.0	10%
Potassium nitrate and sodium potassium nitrate	Mton	601.4	475.8	493.6	26%
Specialty mixtures	Mton	209.9	213.5	203.9	-2%
Other specialty fertilizers (*)	Mton	129.1	127.2	108.4	2%
(*) Includes principally sales of other specialty fertilizers					
<b>IODINE AND DERIVATIVES SALES VOLUMES</b>					
Iodine and derivatives	Mton	12.7	10.2	9.3	24%
<b>LITHIUM AND DERIVATIVES SALES VOLUMES</b>					
Lithium and derivatives	Mton	49.7	49.7	38.7	0%
<b>POTASSIUM SALES VOLUMES</b>					
Potassium chloride and potassium sulfate	Mton	1,344.3	1534.7	1,241.8	-12%
<b>INDUSTRIAL CHEMICAL SALES VOLUMES</b>					
Industrial nitrates	Mton	167.6	128.9	126.1	30%

In 2017, capital expenditures reached approximately US\$172 million. Most of these expenses were related to maintenance and new expansion projects for nitrate, lithium carbonate and lithium hydroxide production. In addition to these expenses, the Company invested US\$24 million in the Minera Exar project in Argentina and US\$25 million in Mt. Holland in Australia.

For 2018, the Board approved a total Capex budget of approximately US\$517 million, of which US\$360 will be invested in Chile, including maintenance and production capacity expansions for lithium, iodine and potassium nitrate business lines. We have revised the investment required to increase our potassium nitrate capacity to 1.5 million MT, reducing total Capex to US\$50 million. We also expect to invest approximately US\$157 million in projects outside Chile.



**SQM REPORTED  
PROFIT OF**

**US\$427.7  
million**

Mechanical loading arm at Port of Tocopilla.

# Generation and Distribution of Added Value

## G4-Ec1

From the very beginning, SQM has generated economic resources for its diverse stakeholders and contributed to Chile's economic and social development.

Of the total economic value distributed in 2017, US\$ 1,742 million corresponds to wages and benefits for SQM employees, US\$ 3,485 thousands to community investments and US\$ 15,255 thousands to environmental investments.

The Company has received funds from the Chilean government in the form of tax credits and benefits, as an incentive and in compensation for actions such as employee training tax credits from the National Training and Employment Service (Sence) and tax benefits related to donations and mining licenses, among other items.

### GENERATION AND DISTRIBUTION OF COMPANY'S ADDED VALUE OVER LAST THREE YEARS:

ECONOMIC VALUE GENERATED	2017	2016	2015	2014
Sales	2,157,323	1,939,322	1,728,332	2,014,214
Financial income	13,499	10,550	11,570	16,142
Other non-operating income	17,827	14,781	15,343	24,055
<b>A) TOTAL INCOME</b>	<b>2,188,649</b>	<b>1,964,653</b>	<b>1,755,245</b>	<b>2,054,411</b>

Figures in ThUS\$

ECONOMIC VALUE DISTRIBUTED	2017	2016	2015	2014
Operating expenses	1,035,863	970,319	1,131,266	1,198,978
Payments to providers of capital	519,609	971,627	361,568	692,636
Payments to government	186,869	188,599	102,074	103,123
<b>TOTAL ECONOMIC VALUE DISTRIBUTED BY SQM</b>	<b>1,742,341</b>	<b>2,130,545</b>	<b>1,594,908</b>	<b>1,994,737</b>

Figures in ThUS\$

# MUS\$3,485

**MILLION IN COMMUNITY INVESTMENTS WERE MADE.**



Greenhouse in the town of Socaire, Salar de Atacama.

ECONOMIC VALUE RETAINED	2017	2016	2015	2014
Figures in ThUS\$	633,177	-165,892	160,337	59,674

CONTRIBUTIONS FROM THE STATE	2017	2016	2015	2014
Employee training tax credit (SENCE)	1,166	940	877	1,035
Credits and tax benefits for donations	300	270	878	731
Tax rebate for mining license payments	22	14	23	31
PPE credit	153	138	127	138
<b>TOTAL IN US\$</b>	<b>1,641</b>	<b>1,362</b>	<b>1,905</b>	<b>1,935</b>

## Our Commitments with Investors

TOPIC	2017 COMMITMENTS	COMPLIANCE	2017 ACTIVITIES AND ACHIEVEMENTS	2018 COMMITMENTS
INVESTORS	<p>Maintain communication channels with the market and our investors in order to keep them informed regarding our business development.</p> <p>Develop our business under principles of economic, social and environmental sustainability.</p>	100%	We organized several events and meetings with investors and analysts in Chile and abroad to provide relevant and timely information about our business.	<p>Maintain communication channels with the market and our investors in order to keep them informed regarding our business development.</p> <p>Develop our business under principles of economic, social and environmental sustainability.</p>



Salar de Atacama, Antofagasta Region.







09

**MATERIAL  
ASPECTS**

As we have done every year since 2014, our “Report Formulation Committee” has continued to evaluate the process used to prepare our Sustainability Report. This group, made up of members from the areas of community affairs, environmental affairs, human resources and communications, is consulted on the different topics to address in each edition. They also analyze additional topics to be covered and aspects from prior editions that could be improved. These departments are also responsible for compiling most of the content of this report.

As part of the process of identifying material aspects or internal or external matters of economic, environmental and social impact for the organization, an extensive list of issues was initially generated. From this list, we then selected the issues with the greatest impact, which themselves involve other matters.

The materiality matrix, which is reexamined every two years, is a graphic representation of the priority sustainability issues for SQM. The matrix used to prepare our 2017 Sustainability Report was most recently confirmed in 2016.

To build the initial list of material issues, we used the 2016 SQM Sustainability Report, developed under GRI4. For the fourth straight year, our stakeholders took a digital survey in order to detect which issues are most important for them. We also conducted an in-person survey for stakeholders without Internet access. This process took place in December 2017 and January 2018.

Our list considered the issues covered by national and regional media in 2017, as well as the Company’s main milestones throughout the year. Data pooling for the 2017 Sustainability Report was completed in March 2018. Therefore, some chapters include relevant information from after December 31, 2017. In those cases, the date is indicated.

As a result of this process, and based on our industry and operations, we defined the following material aspects as priorities for the Company:

- » Corporate governance
- » Our products (specialty plant nutrients, iodine and derivatives, lithium and derivatives, potassium, industrial chemicals)
- » Innovation
- » Human resources

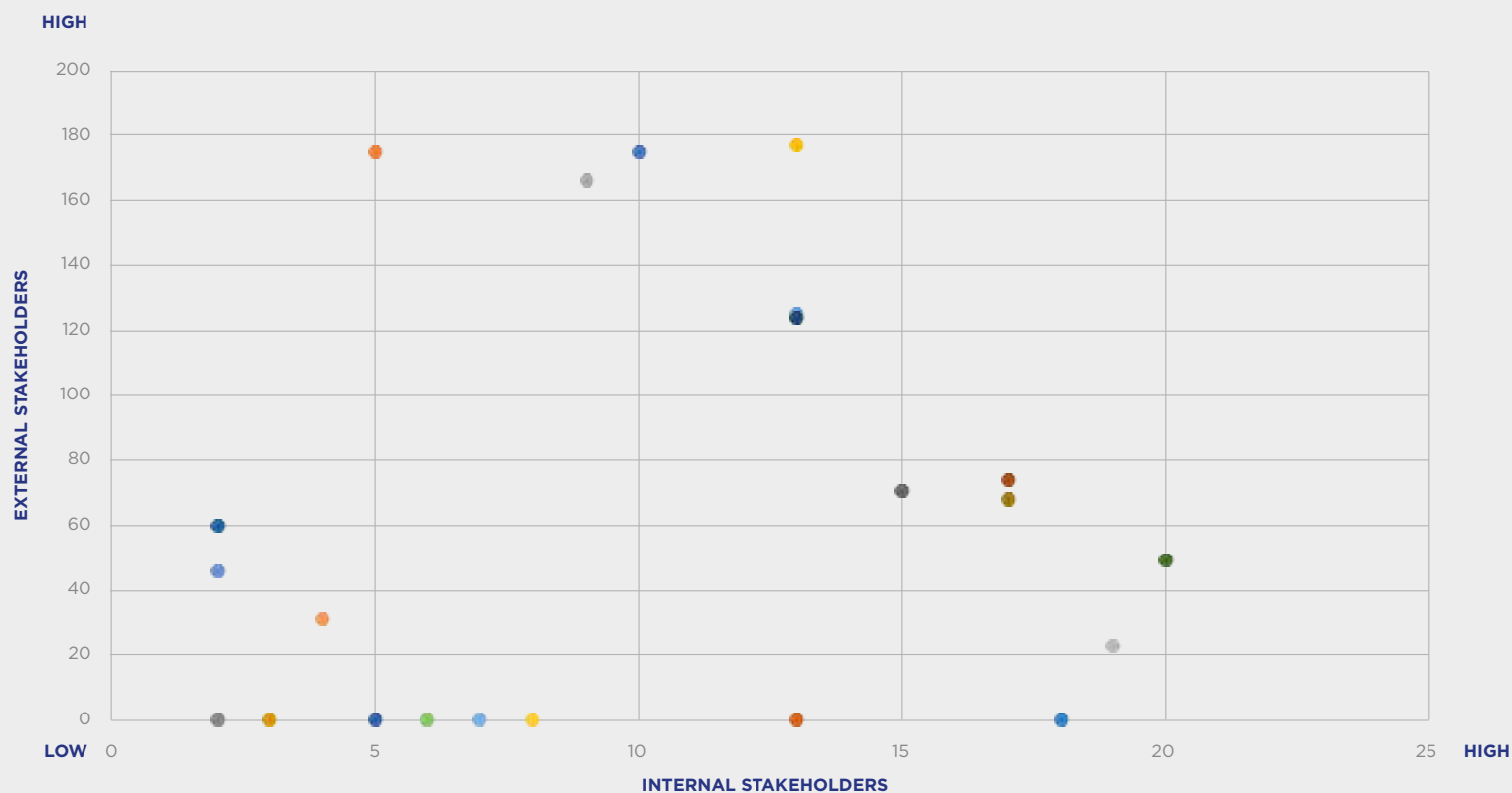
- » Female workforce
- » Security
- » Contractors
- » Neighboring communities
- » Education and culture, historical heritage
- » Social development
- » Environment
- » Waste
- » Raw materials and inputs
- » Energy
- » Air emissions
- » Water
- » Customers
- » Service quality
- » Financial results
- » Shareholders

The most important aspects for our stakeholders were: First, environment; second, community; and third, labor aspects.

The specific subtopics important to them were:

- » Conservation of area surrounding operations (environmental management system)
- » Water
- » Waste management
- » Alignment of the Company’s social programs with public policies, plans and programs
- » Outcomes and impacts of the Company’s social programs
- » Cooperation with other public and private-sector institutions to develop programs
- » Social programs related to the Company’s operations
- » Professional development
- » Workplace safety

# Material Aspects



- Conservation of area surrounding operations (environmental management system).
- Water (e.g. consumption and sources).
- Waste management.
- Alignment of the Company's social programs with public policies, plans and programs.
- Outcomes and impacts of the Company's social programs.
- Cooperation with other public and private-sector institutions to develop programs.
- Social programs related to the Company's operations.
- Professional development.
- Workplace safety.
- Training.
- Company's main challenges.
- Corporate values and principles.
- Company's economic performance.
- Market presence.
- Products (iodine, lithium, potassium, specialty plant nutrition, industrial chemicals).
- Use of raw materials and inputs.
- Energy (e.g. consumption and sources).
- Air emissions.
- Customer health, safety and privacy.
- Contractors.
- Financial results/performance.
- Shareholders.
- Innovation.



The background image shows an industrial facility under a clear blue sky. A complex network of metal conveyor belts and support structures extends across the scene. In the foreground, several large white bags with blue lifting straps are visible, suggesting a storage or processing area for raw materials.

# 10

## GRI4 INDICATORS



SUSTAINABILITY AREA	GRI ASPECT	INDICATOR		EXTERNAL ASSURANCE
General Standard Disclosures	G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Our Company	No
	G4-2	Provide a description of key impacts, risks and opportunities	Our Company	No
General Standard Disclosures	G4-3	Report the name of the organization	SQM	No
General Standard Disclosures	G4-4	Report the primary brands, products, and services.	SQM	No
General Standard Disclosures	G4-5	Report the location of the organization's headquarters.	SQM	No
General Standard Disclosures	G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	SQM	No
General Standard Disclosures	G4-7	Report the nature of ownership and legal form.	SQM	No
General Standard Disclosures	G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	SQM - Economic Performance	No
General Standard Disclosures	G4-9	Report the scale of the organization, including: Total number of employees.	SQM - Our People - Economic Performance	Aspects of this indicator considered in annual financial statements audited by PWC
		Report the scale of the organization, including: total number of operations; net sales (for private sector organizations) or net revenues (for public sector organizations), total capitalization broken down in terms of debt and equity (for private sector organizations); and quantity of products or services provided.	SQM - Our People - Economic Performance	
		Report the scale of the organization, including: total number of employees; total number of operations; net sales (for private sector organizations) or net revenues (for public sector organizations), total capitalization broken down in terms of debt and equity (for private sector organizations); and quantity of products or services provided.	SQM - Our People - Economic Performance	

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR	EXTERNAL ASSURANCE	
General Standard Disclosures	G4-10	Report the total number of employees by employment contract and gender.	Our People	
		Report the total number of permanent employees by employment type and gender.	Our People	
		Report the total workforce by region and gender.	Our People	
		Report the number of external workers by gender.	Our People	
		Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.	Our People	No
		Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.	Our People	
		Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Our People	
General Standard Disclosures	G4-11	Percentage of total employees covered by collective bargaining agreements.	Our People	No
General Standard Disclosures	G4-12	Describe the organization's supply chain.	Our People	No
General Standard Disclosures	G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including (changes in the location of, or changes in, operations, including facility openings, closings, and expansions, changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) or changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, etc.).	SQM	No
General Standard Disclosures	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization (principle 15 of The Rio Declaration on Environment and Development).	SQM	No
General Standard Disclosures	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	SQM - Our Neighbors - Commitment with the Environment	No

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR		EXTERNAL ASSURANCE
General Standard Disclosures	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: holds a position on the governance body, participates in projects or committees, provides substantive funding beyond routine membership dues or views membership as strategic.	About this Report	No
General Standard Disclosures	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	SQM	Aspects of this indicator considered in annual financial statements audited by PWC
General Standard Disclosures	G4-18	Explain the process for defining the report content and the aspect boundaries. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	Material Aspects	No
General Standard Disclosures	G4-19	List all the material aspects identified in the process for defining report content.	Material Aspects	No
General Standard Disclosures	G4-20	Report whether the aspect is material within the organization.	Material Aspects	No
General Standard Disclosures	G4-21	Report whether the aspect is material outside of the organization.	Material Aspects	No
General Standard Disclosures	G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatement.	No information was restated. Version G.4 maintained.	No
General Standard Disclosures	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Any tables or graphs with changes with respect to the 2016 Sustainability Report have not been clearly indicated in each chapter.	No
General Standard Disclosures	G4-24	Provide a list of stakeholder groups engaged by the organization.	About this Report	No
General Standard Disclosures	G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	About this Report	No
General Standard Disclosures	G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	About this Report - Material Aspects	No



SUSTAINABILITY AREA	GRI ASPECT	INDICATOR	EXTERNAL ASSURANCE
General Standard Disclosures	G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	About this Report - Stakeholders No
General Standard Disclosures	G4-28	Reporting period (such as fiscal or calendar year) for information provided.	About this Report No
General Standard Disclosures	G4-29	Date of most recent previous report (if any).	About this Report No
General Standard Disclosures	G4-30	Reporting cycle (annual, biennial, etc.)	About this Report No
General Standard Disclosures	G4-31	Provide the contact point for questions regarding the report or its contents.	About this Report No
General Standard Disclosures	G4-32	Report the 'in accordance' option the organization has chosen, report the GRI Content Index for the chosen option and report the reference to the External Assurance Report, if the report has been externally assured.	About this Report No
General Standard Disclosures	G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the report, report the scope and basis of any external assurance provided. Report the relationship between the organization and the assurance providers. Report whether the highest governance body or senior executives are involved in seeking assurance for the report.	About this Report - SQM No
General Standard Disclosures	G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	SQM No
	G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	SQM No

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR	EXTERNAL ASSURANCE
	G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	SQM No
	G4-37	Describe the consultation processes between groups of interest and the highest governance body with respect to economic, environmental and social issues.	SQM No
	G4-38	Report the composition of the highest governance body and its committees.	SQM No
	G4-39	Report whether the Chair of the highest governance body is also an executive officer. (and, if so, his or her function within the organization's management and the reasons for this arrangement).	SQM No
	G4-40	Report the nomination and selection processes for the highest governance body and its committees.	SQM No
	G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed.	SQM No
	G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	SQM No
	G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	SQM No
	G4-44	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.	SQM No
	G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Indicate if consultations are made to the stakeholders to use in the work of the highest governance body in the identification and management of impacts, risks and opportunities of an economic, environmental and social nature.	SQM - The Environment No

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR	EXTERNAL ASSURANCE
General Standard Disclosures	G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes.	SQM No
	G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	SQM No
	G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered.	SQM No
	G4-49	Report the process for communicating critical concerns to the highest governance body.	SQM No
	G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body.	SQM No
	G4-51	Report the remuneration policies for the highest governance body and senior executives.	SQM No
	G4-52	Report the process for determining remuneration.	SQM No
	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	SQM No
	G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	SQM No
	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management,whistleblowing mechanisms or hotlines.	SQM No

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR	EXTERNAL ASSURANCE		
Specific Standard Disclosures	G4-EC1	Direct economic value generated and distributed. Sales	Economic Performance	Aspects of this indicator considered in annual financial statements audited by PWC	
		Direct economic value generated and distributed: Finance income			
		Direct economic value generated and distributed: Other non-operating income			
		Direct economic value generated and distributed: Operating expenses			
		Direct economic value generated and distributed: Payments to providers of capital			
		Direct economic value generated and distributed: Payments to government			
		Direct economic value generated and distributed: Employee wages and benefits			No
		Direct economic value generated and distributed: Community investments			The Environment - Economic Performance
Specific Standard Disclosures	G4-EC2	Direct economic value generated and distributed: Economic value retained (ThUS\$)	Economic Performance	No	
		Financial implications and other risks and opportunities for the organization's activities due to climate change. Direct economic value generated and distributed.	SQM - Economic Performance	No	
Specific Standard Disclosures	G4- EC3	Coverage of the organization's defined benefit plan obligations.	Our People	No	
Specific Standard Disclosures	G4-EC4	Financial assistance received from government. Employee training tax credit (Sence)	Economic Performance	Aspects of this indicator considered in annual financial statements audited by PWC	
		Financial assistance received from government. Credits and tax benefits for donations			
		Financial assistance received from government. Mining license			
		Financial assistance received from government. Property, plant and equipment tax credit			
Specific Standard Disclosures	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Our People	No	
		Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.			

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR	EXTERNAL ASSURANCE
Specific Standard Disclosures	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation. Percentage of employees at foreign locations.	Our People
		Proportion of senior management hired from the local community at significant locations of operation: Place of origin of employees (all).	Our People
		Proportion of senior management hired from the local community at significant locations of operation. Place of origin of employees (executives).	Our People
		Proportion of senior management hired from the local community at significant locations of operation. Direct and indirect job sources.	Our People
Specific Standard Disclosures	G4-EC7	Development and impact of infrastructure investments and services supported.	Our People
Specific Standard Disclosures	G4-EC8	Significant indirect economic impacts, including the extent of impacts.	Our People - Our Neighbors
		Number of courses held to support the community.	Our People - Our Neighbors
		Number of course participants.	Our People - Our Neighbors
		Communities where courses were held.	Our People - Our Neighbors
		Number of projects participating in Micro-entrepreneurial Funding Competition.	Our People - Our Neighbors
		Number of projects selected.	Our People - Our Neighbors
Specific Standard Disclosures	G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	Our People
		Number of service contractors with which SQM did business.	Our People
		Total amount paid to service companies	Our People
Specific Standard Disclosures	G4-EN1	Materials used by weight or volume.	The Environment
Specific Standard Disclosures	G4-EN2	Percentage of materials used that are recycled input materials.	The Environment
Specific Standard Disclosures	G4-EN3	Energy consumption within the organization.	The Environment
Specific Standard Disclosures	G4-EN4	Energy consumption outside of the organization.	The Environment

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR	EXTERNAL ASSURANCE
Specific Standard Disclosures	G4-EN5	Energy intensity.	The Environment No
Specific Standard Disclosures	G4-EN6	Reduction of energy consumption.	The Environment No
Specific Standard Disclosures	G4-EN7	Reductions in energy requirements of products and services.	The Environment No
Specific Standard Disclosures	G4-EN8	Total water withdrawal by source. Report the total volume of water withdrawn from main sources in the reporting period.	The Environment No
Specific Standard Disclosures	G4-EN9	Water sources significantly affected by withdrawal of water.	The Environment No
Specific Standard Disclosures	G4-EN10	Percentage and total volume of water recycled and re-used.	The Environment No
Specific Standard Disclosures	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	The Environment No
Specific Standard Disclosures	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	The Environment No
Specific Standard Disclosures	G4-EN13	Habitats protected or restored.	The Environment No
Specific Standard Disclosures	G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk: list of species with conservation and/or extinction status.	The Environment No
Specific Standard Disclosures	G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1).	The Environment No
Specific Standard Disclosures	G4-EN16	Energy indirect greenhouse gas (GHG) emissions, by weight (scope 2).	The Environment No
Specific Standard Disclosures	G4-EN17	Other indirect greenhouse gas (GHG) emissions, by weight (scope 3).	The Environment No
Specific Standard Disclosures	G4-EN18	Greenhouse gas (GHG) emissions intensity.	The Environment No
Specific Standard Disclosures	G4-EN19	Reduction of greenhouse gas (GHG) emissions.	The Environment No

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR	EXTERNAL ASSURANCE
Specific Standard Disclosures	G4-EN20	Emissions of ozone-depleting substances by weight.	The Environment No
Specific Standard Disclosures	G4-EN21	NOx, SOx and other significant air emissions.	The Environment No
Specific Standard Disclosures	G4-EN22	Total water discharge by quality and destination.	The Environment No
Specific Standard Disclosures	G4-EN23	Total weight of waste by type and disposal method.	The Environment No
Specific Standard Disclosures	G4-EN24	Total number and volume of significant spills.	The Environment No
Specific Standard Disclosures	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	The Environment No
Specific Standard Disclosures	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	The Environment No
Specific Standard Disclosures	G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	The Environment No
Specific Standard Disclosures	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed at the end of their useful life, by category.	The Environment No
Specific Standard Disclosures	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	The Environment No
Specific Standard Disclosures	G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	The Environment No
Specific Standard Disclosures	G4-EN31	Total environmental protection expenditures and investments by type: Environmental Investments	The Environment No

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR	EXTERNAL ASSURANCE	
Specific Standard Disclosures	G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	SQM prefers that transport companies be accredited under the Highway Transport Standardization System (SHTC). In turn, SQM holds all service providers at the sites to basic environmental requirements such as: housekeeping, waste management and good conditions in the workplace.	No
Specific Standard Disclosures	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	SQM does not consider environmental criteria in screening new suppliers.	No
Specific Standard Disclosures	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	The Environment	No
Specific Standard Disclosures	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	SQM does not have any contracts or agreements that include human rights clauses.	No
Specific Standard Disclosures	G4-HR2	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	SQM does not have any contracts or agreements that include human rights clauses and does not conduct any training on human rights matters.	No
Specific Standard Disclosures	G4-HR3	Total number of incidents of discrimination and corrective actions taken.	Our People	No
Specific Standard Disclosures	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	Our People	No



SUSTAINABILITY AREA	GRI ASPECT	INDICATOR	EXTERNAL ASSURANCE
Specific Standard Disclosures	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	SQM has not identified any operations or suppliers at risk for incidents of child labor. No
Specific Standard Disclosures	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Our People No
Specific Standard Disclosures	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	SQM has not conducted any training on human rights matters. No
Specific Standard Disclosures	G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken.	SQM did not record any incidents of violations involving rights of indigenous people in 2017. No
Specific Standard Disclosures	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	SQM has not performed this type of review or assessment in 2017. No
Specific Standard Disclosures	G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	SQM has not performed this type of review or assessment in 2017. No
Specific Standard Disclosures	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	SQM does not have any contracts or agreements that include human rights clauses. No
Specific Standard Disclosures	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	SQM does not have any contracts or agreements that include human rights clauses. No

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR		EXTERNAL ASSURANCE	
Specific Standard Disclosures	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	Our People	No	
Specific Standard Disclosures		SQM employees by category (general, supervisor, executive) as of December 31.	Our People	No	
Specific Standard Disclosures		Total SQM employees as of December 31	Our People	No	
Specific Standard Disclosures		Percentage of employees at foreign locations.	Our People	No	
Specific Standard Disclosures		Place of origin of employees (all).	Our People	No	
Specific Standard Disclosures		Employees that joined SQM during the reporting period (% of total employees as of Dec 31).	Our People	No	
Specific Standard Disclosures		Percentage of women and men that joined SQM during the reporting period.	Our People	No	
Specific Standard Disclosures		List of employees by age and gender that joined SQM during the reporting period.	Our People	No	
Specific Standard Disclosures		Employees that left SQM during the reporting period (% of total employees as of Dec 31).	Our People	No	
Specific Standard Disclosures		Percentage of women and men that left SQM during the reporting period.	Our People	No	
Specific Standard Disclosures		List of employees by age and gender that left SQM during the reporting period.	Our People	No	
Specific Standard Disclosures		Total number and turnover rates (total new hires - total separations) / (average workforce) by age group, gender and region.	Our People	No	
Specific Standard Disclosures		Percentage of women and men of total SQM employees	Our People	No	
Specific Standard Disclosures		Percentage of employees with fixed and open-term contracts as of December 31	Our People	No	
Specific Standard Disclosures		Salaries	Our People	No	
Specific Standard Disclosures		G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Our People	No
Specific Standard Disclosures		G4-LA3	Return to work and retention rates after parental leave, by gender.	Our People	No

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR		EXTERNAL ASSURANCE
Specific Standard Disclosures	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	Our People	No
Specific Standard Disclosures	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Our People	No
Specific Standard Disclosures	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and gender.	Our People	No
Specific Standard Disclosures	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	Our People	No
Specific Standard Disclosures	G4-LA8	Health and safety topics covered in formal agreements with trade unions.	Our People	No
Specific Standard Disclosures	G4-LA9	Average hours of training per year per employee by gender, and by employee category.	Our People	No
Specific Standard Disclosures	G4-LA10	Training hours during the reporting period (led by the Human Resources Department's Training Area only for SQM)	Our People	No
Specific Standard Disclosures		Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Our People	No
Specific Standard Disclosures	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Our People	No
Specific Standard Disclosures	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Our People	No
Specific Standard Disclosures	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Our People	No
Specific Standard Disclosures	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	Our People	No
Specific Standard Disclosures	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	Our People	No

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR	EXTERNAL ASSURANCE
Specific Standard Disclosures	G4-LA16	Number of grievances about labor practices impacts filed, addressed, and resolved through formal grievance mechanisms.	SQM has a Code of Ethics. No
Specific Standard Disclosures	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Our Customers No
Specific Standard Disclosures	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome.	Our Customers No
Specific Standard Disclosures	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	100% of the Company's products are subject to corporate labeling requirements (GLC-I001-01) and packaging artwork updating procedures (GLC-P001-01). The first standard provides guidelines for all packaging and shipping units for products sold by the Company, including: identification (generic/commercial name), IMDG and GHS coding requirements and special customer requirements. The procedure for updating packaging artwork includes the product origin designation, other regulatory and commercial requirements and safety instructions regarding the product's life cycle. Additional information is available in the chapter Our Customers. No
Specific Standard Disclosures	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	No incidents occurred in 2017. No

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR	EXTERNAL ASSURANCE
Specific Standard Disclosures	G4-PR5	Results of surveys measuring customer satisfaction.	Our Customers No
Specific Standard Disclosures	G4-PR6	Sale of banned or disputed products.	Two products have been questioned. SQM sells specialty plant nutrition productions that are of general interest to authorities for two main reasons: broadly dispersive use, which involves concern for the environmental destination and potential malicious use in the manufacturing of homemade explosives. The most important product is potassium nitrate and, to a lesser extent, sodium nitrate. For both, the regulatory environment in the main markets is undergoing constant change, particularly in Europe following the recent terrorist attacks. Our Customers No
Specific Standard Disclosures	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	Our Customers No
Specific Standard Disclosures	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Our Customers No
Specific Standard Disclosures	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	In 2017, no related fines were received. No
Specific Standard Disclosures	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Our Neighbors No
Specific Standard Disclosures	G4-SO2	Operations with significant actual and potential negative impacts on local communities.	SQM No

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR		EXTERNAL ASSURANCE
Specific Standard Disclosures	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	SQM	No
		Percentage of employees trained in organization's anti-corruption policies and procedures.	SQM	No
Specific Standard Disclosures	G4-SO4	Communication and training on anti-corruption policies and procedures.	SQM	No
Specific Standard Disclosures	G4-SO5	Confirmed incidents of corruption and actions taken.	SQM	No
Specific Standard Disclosures	G4-SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	SQM - Economic Performance	No
Specific Standard Disclosures	G4-SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	SQM	No
Specific Standard Disclosures	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulation.	SQM	No
Specific Standard Disclosures	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	SQM	No
Specific Standard Disclosures	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	SQM	No
Specific Standard Disclosures	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	SQM	No
<b>SPECIFIC TO MINING</b>				
Mining and Metals Supplement	G4-MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	Environmental Commitment - Biodiversity	No
Mining and Metals Supplement	G4-MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place.	During 2017, SQM did not engage in any soil rehabilitation activities at our operations.	No
Mining and Metals Supplement	G4-MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	Management of large-volume mining waste is focused mainly on ensuring the safety of the deposits and encouraging, when feasible, reuse and recycling as it does not present any risk to human health.	No

SUSTAINABILITY AREA	GRI ASPECT	INDICATOR	EXTERNAL ASSURANCE
Mining and Metals Supplement	G4-MM4	Number of strikes and lock-outs exceeding one week's duration, by country	There were no strikes or lock-outs at SQM in 2017. No
Mining and Metals Supplement	G4-MM5	Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities.	In the Antofagasta and Tarapacá regions, SQM's production facilities coexist with Atacameña and Aymara indigenous communities. The Company has maintained good neighbor relations with these communities. No
Mining and Metals Supplement	G4-MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples.	In the Antofagasta and Tarapacá regions, SQM's production facilities coexist with Atacameña and Aymara indigenous communities. The Company has maintained good neighbor relations with these communities. No
Mining and Metals Supplement	G4-MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes.	In 2017, there were no incidents of disputes relating to land use. No
Mining and Metals Supplement	G4-MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks.	As reported in SQM's Sustainability Report 2017, this matter is not material. No
Mining and Metals Supplement	G4-MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	SQM has not carried out any closures resulting in resettlements of communities. No
Mining and Metals Supplement	G4-MM10	Number and percentage of operations with closure plans.	All of SQM's production facilities have regulator-approved closure plans. No
Mining and Metals Supplement	G4-MM11	Programs and progress relating to materials stewardship.	As reported in SQM's Sustainability Report 2017, this matter is not material. No

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