



Solutions  
for human  
progress



SUSTAINABILITY  
REPORT

20  
19

# 2019

DISCLOSURE 102 - 7

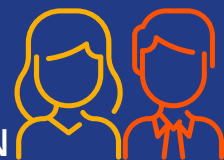
**12,685**  
JOBS IN CHILE AND  
THE WORLD



WOMEN  
MAKE UP  
**16.4%**  
OF EMPLOYEES  
IN CHILE AND  
THE WORLD

FOR WORKFORCE IN TARAPACÁ  
AND ANTOFAGASTA REGIONS

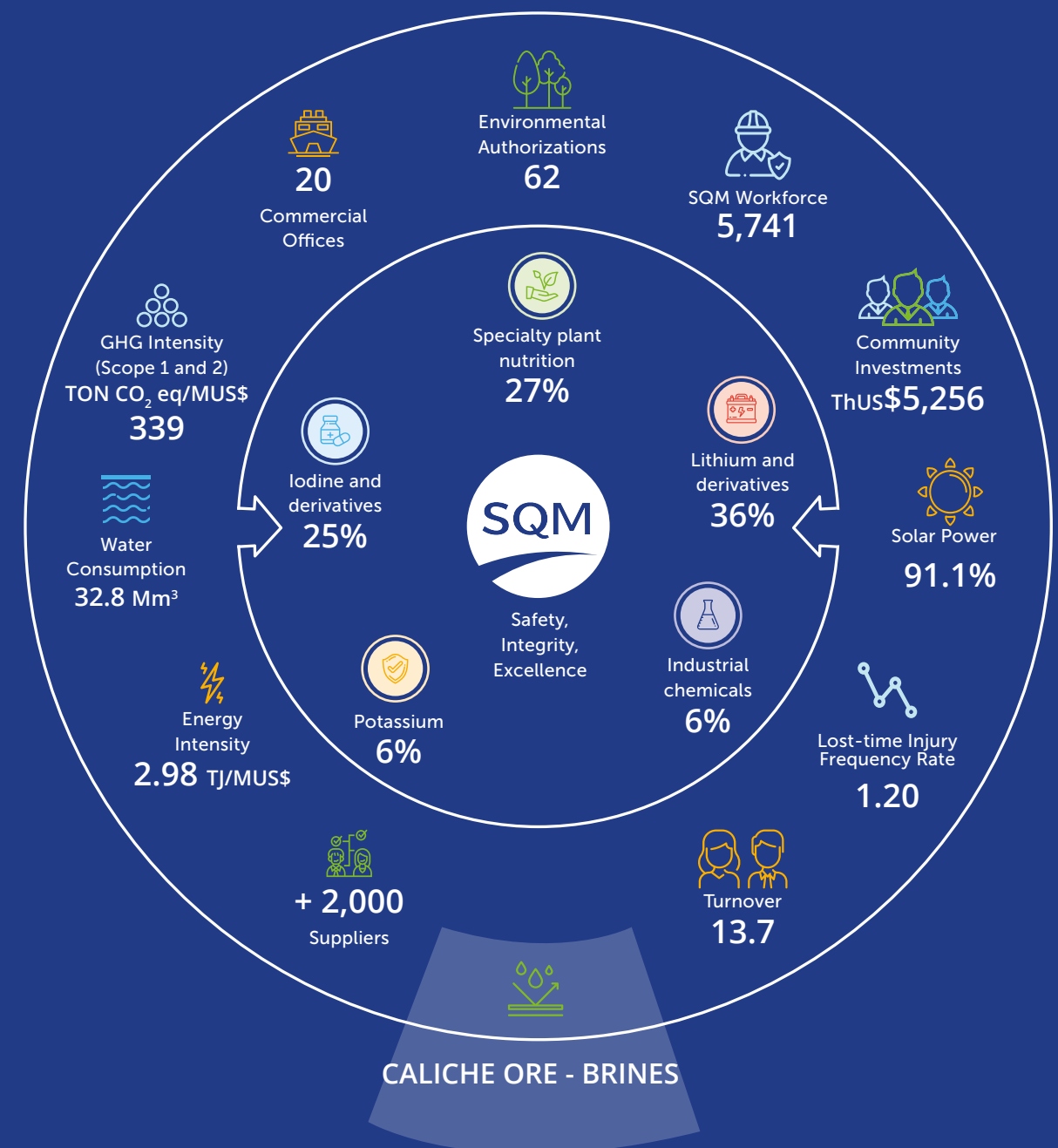
**62.7%**  
OF EMPLOYEES ARE  
LOCAL AND  
**84.8%**  
OF EXECUTIVES LIVE IN  
THE REGION



WE REACH  
**110**  
COUNTRIES  
AROUND THE  
WORLD

**ThUS\$1,943,655**  
TOTAL  
ANNUAL  
SALES

**1.3Mm<sup>3</sup>**  
OF WASTE  
WATER  
IS REUSED



NOTE: % expressed for product lines is their contribution to the Company's gross margin. International System prefixes are used throughout this report, with the exception of ThUS\$ = thousands of US dollars and MUS\$ = millions of US dollars.

Cover photo: Lithium ponds, Salar de Atacama, Antofagasta Region.

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01



Our  
Company  
in 2019



## A WORD FROM THE CEO

DISCLOSURE 102-14/ 102-15



**RICARDO RAMOS RODRIGUEZ**  
CHIEF EXECUTIVE OFFICER

Sustainability is essential to SQM, where we believe that using resources responsibly and contributing actively and conscientiously to society must go hand in hand with our activities.

Preparing the annual Sustainability Report is an important exercise through which we connect with our stakeholders, in addition to being a key management and transparency practice for our organization.

In keeping with this approach, in 2019 we took steps to reinforce this commitment by opting for external report assurance for the first time in order to enhance its quality and guarantee the transparency of the information contained herein.

Under this approach we have updated our Sustainability Development Policy and obtained several environmental certifications. The most noteworthy was the Responsible Care certification for our Nueva Victoria site, effective until 2022. In addition, we made progress on our “Green Lithium” project on the basis of the sound conviction that sustainability must be at the core of our actions.

**We are a Chilean company leading in demanding international markets. Our ability to meet these standards is only possible through our commitment to sustainability.**

We also released our Diversity and Inclusiveness Policy. Launched by our People department back in 2018 as a means to instill an organization-wide working culture of non-discrimination inherent to the corporation, this policy reflects how SQM is a global company composed of multidisciplinary teams. Along these same lines, in 2019 we added new talent to our ranks, bringing our female workforce up to 16.4%.

Regarding production, our Lean methodology-based operational efficiency system—known as M1 at SQM—has also come of age, and the challenge now lies in focusing M1 implementation on those areas we wish to drive\*. One of these areas is risk prevention, where we seek to identify opportunities for improvement. Unfortunately, in 2019 we were unable to lower our operational risk rate, reporting a Lost Time Injury Frequency Rate (LTIFR) of 1.2 for the year. The message is clear: zero accidents continues to be our target.

Regarding production, we boosted our lithium carbonate installed capacity and, accordingly, we expect to bring production up to 120,000 tons by mid-2021 through this 50,000-ton increase.

In 2019, we hit a record high in equivalent lithium carbonate exports. Additionally, we successfully shipped 14,000 tons of lithium to China, which is quite a milestone considering that China is the leading country in electromobility and the development of technological products.

We believe in the future of solar salts and market growth for this product. As a result, in November we began operations at a new plant at our Coya Sur site which will begin producing nitrates that are earmarked to meet not only the demand for specialty plant nutrients but also growing global demand for solar salts. This new operational capacity will provide us with enough product to successfully supply a large-scale concentrating solar power

plant in the Middle East that will require 400,000 tons starting in 2020. In addition, in 2019 we supplied all the solar salts for Cerro Dominador—the first solar thermal power plant in Chile and the largest in all of Latin America.

Moreover, our Coya Sur operations in the Antofagasta Region hit a record in KNO<sub>3</sub> production at its NPT3 and atmospheric plants.

In the iodine market, our sales volumes have outpaced our production capacity in recent years, which brought about a drop in inventory that has made it possible for us to regain market share. We are currently in the early stages of expanding our production capacity to meet future demand. Relative to this issue, we are waiting for the regulator to issue the environmental permit for our Nueva Victoria site, specifically for the “Tente en el Aire” project, requested in 2018. With this in place, we will be in a position to increase production of iodine and nitrate salts by using sea water in our heap leaching process. This

is essential to our sustainable development goals.

Regarding communities, in collaboration with the Pozo Almonte Municipality we officially opened the Pozo Almonte Agriculture and Livestock Research and Development Center. The 1,150 m<sup>2</sup> building is divided into two spaces, one for farming hydroponic lettuce and conducting research and another with equipment for manufacturing specialty goat cheese. Training has already been provided to herders and farmers in line with the project's objective of being a pilot farming training facility.

In the San Pedro de Atacama village of Toconao, we honored our pledge to the local Atacameña indigenous community to officially hand over SQM's former accommodations camp located in that town. The facility is currently slated to be a five-star hotel run by the indigenous community.

We also began consolidating our economic contribution, as pledged under an agreement signed with CORFO. This involves providing resources to the Antofagasta Regional Government and the municipalities of María Elena and San Pedro de Atacama, plus contributions to the San Pedro de Atacama communities earmarked for investment projects and fostering sustainable development as well as the Antofagasta Center for R&D in Clean Technologies. SQM's total contribution in 2019 amounted to US\$37,968,557 that are being disbursed as mandated by the agreement.

\*During the reporting period we continued to successfully roll out and expand our corporate volunteer program, "Lend a Hand to Your Community", which consists of employees who volunteer some of their free time to projects that benefit the community. This year 311 volunteers committed their time to these projects, which range in nature from supporting technical education to social and heritage-related programs for a total of 7 thousand hours of work\*.

The year 2019 was marked by plenty of challenges for our Company and the country, putting our abilities to the test. We continue to closely monitor the recent and future impacts of what is occurring in Chile, and, as always, our priority has been the safety and wellbeing of our people, contractors and neighboring communities.

We are fully committed to continue working toward and on sustainable development in 2020 for our communities in order to support their progress. We are optimistic in terms of the social challenges facing Chile and, as a company, we will direct our efforts towards responsibly honoring our obligations to the nation while rising to the occasion as necessary.

We hope that this Sustainability Report will help each and every one of you learn more about SQM and its endeavors in social, environmental and economic matters.

\*Information outside the scope of assurance.



Harvesting nitrate-rich salts in Sur Viejo, Nueva Victoria operations, Tarapacá Region.

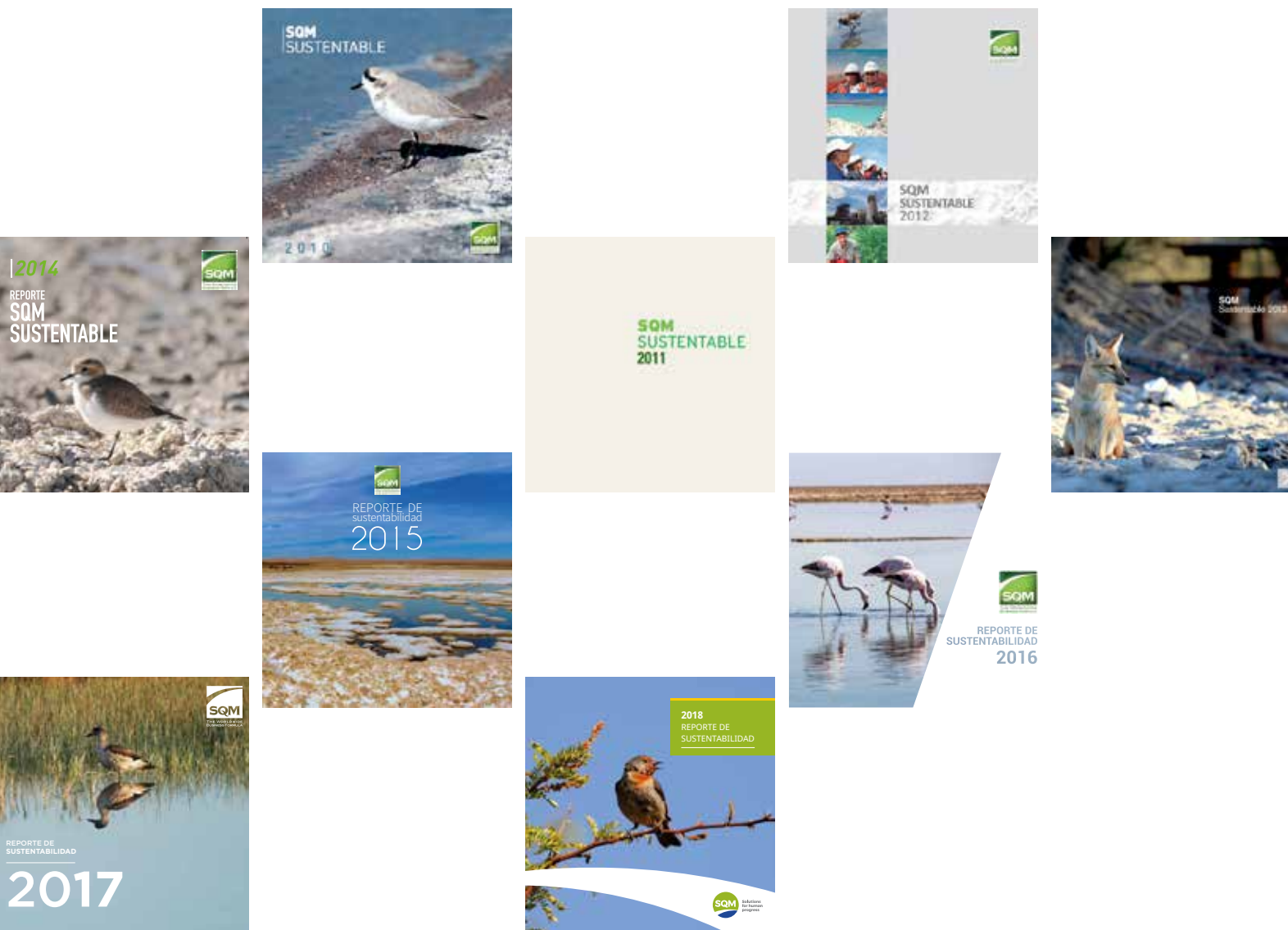


02



# Materiality





FOR MORE INFORMATION REGARDING THIS REPORT AND SQM'S SUSTAINABILITY WORK, PLEASE CONTACT US AT:

[SUSTENTABILIDAD@SQM.COM](mailto:SUSTENTABILIDAD@SQM.COM)  
[WWW.SQM.COM](http://WWW.SQM.COM)

## ABOUT THIS REPORT

DISCLOSURE 102 – 10/ 102-45/ 102-48/ 102-49/ 102-50/ 102 – 51/ 102 – 52/ 102 – 53/ 102-54/ 102 -56

We have been reporting in accordance with the Global Reporting Initiative (GRI) for 10 years and for the second consecutive year we are reporting in accordance with GRI standards.

This year we reaffirm our commitment to this transparency practice and, as a company, for the first time we have opted to

externally verify this report in response to new international requirements and in-house goals. KPMG Auditores Consultores SpA conducted this assurance process.

This report has been prepared in accordance with the Core option of the GRI standards. It is published annually and contains information for the period from January 1, 2019, to December 31,

2019. The prior report (published in June 2019) was for the period from January 1, 2018, to December 31, 2018.

This report considers all entities included in the consolidated financial statements, which are available at [www.sqm.com/investors/quarterly-information/Financial-Statements](http://www.sqm.com/investors/quarterly-information/Financial-Statements) pages 19 and 20.

Quantitative information presented in charts and tables uses the same methodology as the 2018 report. Changes or explanations required by the report's scope are included in each chart and table presented. This publication presents a variation in our Lost Time Injury Frequency Rate (LTIFR) as a result of some accidents being reclassified. We

are currently in the process of appealing two cases, which could modify the LTIR for 2016 and 2018 in the future.

In addition, during the reporting period there were no significant changes in our organization or our supply chain.

**We have been preparing our sustainability reports in accordance with the Global Reporting Initiative (GRI) since 2009.**

NOTE: International System prefixes are used throughout this report, with the exception of ThUS\$ = thousands of US dollars and MU\$ = millions of US dollars.



## STAKEHOLDERS

DISCLOSURE 102 - 21/ 102 - 40/ 102 - 42/ 102 - 43/ 102-44

Throughout this year and as a result of preparing our 2019 Sustainability Report, we have rearranged the manner in which we report on our stakeholders in order to present a more precise description of the type of relations we have with each one.

We consider stakeholders to be those individuals or groups of individuals who are significantly affected by our activities and whose actions or omissions may affect SQM's operations.

SQM has independently identified its stakeholders according to the nature of our business and relations with them, based on four areas: needs, impacts, interests and expectations.

It is our goal as a company to establish and maintain close, trust-based ties with each stakeholder or individual, by way of ongoing dialogue and other opportunities such as meetings, working groups or direct contact through the Company's various departments.

As established in SQM's corporate governance framework, the sustainability report is reviewed by the board of directors and includes a description of relevant stakeholders. A meeting is then arranged with the Director of Communications, Sustainability and Public Affairs, who explains to the board the importance of these stakeholders and their expectations, as part of our efforts to maintain stable, ongoing relations with our stakeholders over time, knowing full well that these relations can be dynamic.



Workers at Coya Sur operations, Antofagasta Region.



## STAKEHOLDER TABLE

DISCLOSURE 102-40/ 102-42/ 102-43/ 102-44

STAKEHOLDERS	WHO THEY ARE	INTERESTS AND EXPECTATIONS	HOW WE ENGAGE AND COMMUNICATIONS
Employees	Workers directly employed by SQM with open and fixed-term contracts.	Salaries, benefits, quality of life, professional development, information about the Company.	Daily interactions in the workplace/ Direct communication between supervisors and area managers and the workers reporting to them/ Regular union meetings, meetings between workers, management, senior vice-presidents and managers.  Internal communication channels, such as data screens in common areas, a newsletter published three times per year, bulletin boards, intranet and mailings/ Key information is delivered on digital platforms such as: Facebook, Instagram, YouTube channel and the new App "Mi SQM."
Shareholders and investors	The Company's main shareholders and bondholders.	Capitalization of their investment, financial performance, risk management, corporate governance practices, transparency and open communication that allow for the Company's sustainability.	Direct contact with Investor Relations/ Delivery of key information about the Company's financial performance through the Investor Relations website, the Annual Report, the 20F, the Sustainability Report, quarterly earnings releases, Essential Event or Event of Interest filings/ Calls and face-to-face meetings, participation in local and international conferences, non-deal roadshows, facility visits, shareholder meetings and Investor Day.
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/ Visits by supply department to supplier facilities or offices/ Orientation courses, safety training/ Follow up and ongoing contacts with service providers selling our products in order to guarantee deliveries/ Special programs for supplier training attended by SQM in the regions/ Meetings with trade associations attended by SQM/ Delivery of important information on digital platforms such as: Facebook, Instagram and YouTube channel.
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 that meet product safety and sustainability standards and regulations.	Periodic, direct communication and visits with clients/ Site visits and surveys on products and operating standards/ Delivery of important information about the Company through digital platforms such as: Facebook, Instagram and YouTube channel.
Community	Residents of communities located near operations, indigenous communities and community associations.	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 SQM representatives, community leaders and members/ Site visits/ Involvement in local working groups and operational inspections alongside public agencies/ Community activities and festivities/ Daily interaction with programs developed in conjunction with the community or organizations.

STAKEHOLDERS	WHO THEY ARE	INTERESTS AND EXPECTATIONS	HOW WE ENGAGE AND COMMUNICATIONS
Organizations and Institutions	Trade associations, private and public foundations, NGOs, institutions in general.	Support to create value for the community, region, country. Committed to initiatives that are of interest to the organization, the Company plays an active role in the organization. The Company contributes resources for project development.	Meetings with participation by our representatives/ Meetings to support initiatives/ Technical meetings/ Visits to sites or areas of interest/ Participation in seminars, training, etc.
Authorities	Local, regional and national authorities, regional, national offices and public agencies.	Creation of value for the community, region, country. Fulfillment of legal obligations and commitments under RCAs (environmental permits).	Official or formal meetings/ Technical meetings/ Work meetings related to public and private initiatives/ Inspections/ Online filing of information.
Media	Journalists, newspapers, radio, TV, digital media	Pertinent and relevant information regarding the Company's activities, in its various fields of action.	Contact with media through communications area/ Press releases, interviews or meetings/ Delivery of important information about the Company through digital platforms such as: Facebook, Instagram, LinkedIn and Youtube channel.





Taking measurements at solar evaporation ponds, Salar de Atacama operations, Antofagasta Region.

## MATERIALITY

DISCLOSURE 102-43/ 102 -46 / 102 -47/ 102 -49

One of the challenges we faced when preparing the 2019 Sustainability Report was determining the best way to convey this information so that it would be more clearly understood by our stakeholders, in accordance with our business strategy.

We lean on several different documents to define materiality in the context of this report. These include tools that have assisted us in preparing this report, such as third-party studies or reports drafted by direct consultants.

In this context, we have used the following as a basis for identifying material aspects:

- ✓ Materiality for the 2018 Sustainability Report was determined on the basis of the results of e-surveys (or face-to-face surveys when Internet wasn't accessible) conducted with: communities, suppliers, institutions, authorities, customers and SQM employees; Our list also considered issues covered by national, regional and international media in 2018, based on the media's editorial criteria, and topics highlighted by SQM in traditional and digi-

tal communication media during the reporting period.

- ✓ Brief questionnaire conducted in January 2020 with active SQM board members.
- ✓ Interview with independent director.
- ✓ Survey on the main issues our investors brought to the attention of our Investor Relations area in December 2019.
- ✓ Survey conducted by Ecovadis on SQM as a supplier.
- ✓ Statement of Sustainability Commitments taken on by SQM under Grands Domaines du Senegal CSR's Commitments 2019-2020, as a supplier.
- ✓ Internal Assessment of SQM Corporate Guidelines and Communications, conducted by Surmedia during the first half of September 2019.
- ✓ Study on the Perception, Reputation and Positioning of SQM in Northern Chile, conducted by Surmedia during the first half of October 2019.
- ✓ Review of news published by traditional media outlets and on news sites from January 1, 2019 to December 31, 2019.

We also met individually with the members of the 2018 "Report Formulation Committee." This group is made up of members from the areas of community affairs, environmental affairs, human resources and communications, who were consulted on the different topics that should be addressed in our Report. This group of individuals and their areas are responsible for compiling most of the content contained in each publication.

Information provided by company areas during the data collection process constitutes an additional source for identifying material aspects.

Once the material aspects have been identified, they are then validated and reviewed by the Office of Communications, Sustainability and Public Affairs.

## 2019 MATERIAL ASPECTS



DISCLOSURE 102-47

### ENVIRONMENTAL ASPECTS

- Water use and management.
- Eco-friendly final products (lithium, solar salts, iodine, fertilizers).
- Conservation of areas surrounding operations, taking precautions in terms of environmental issues.
- Environmental issues related to the Company.
- PM Air emissions
- Low or potentially low carbon footprint.
- Waste management.

- Pollution from mining.
- Facing future environmental restrictions imposed on current production processes (water use, water evaporation ponds, caliche mining, brine extraction, etc.)

### ECONOMIC ASPECTS

- Lithium, product quality and specifications, volume, prices, capacity growth and expansion plans, supply expectations, reliable product delivery capacity.
- Lithium as the main product for technological and international development.

### LABOR ASPECTS

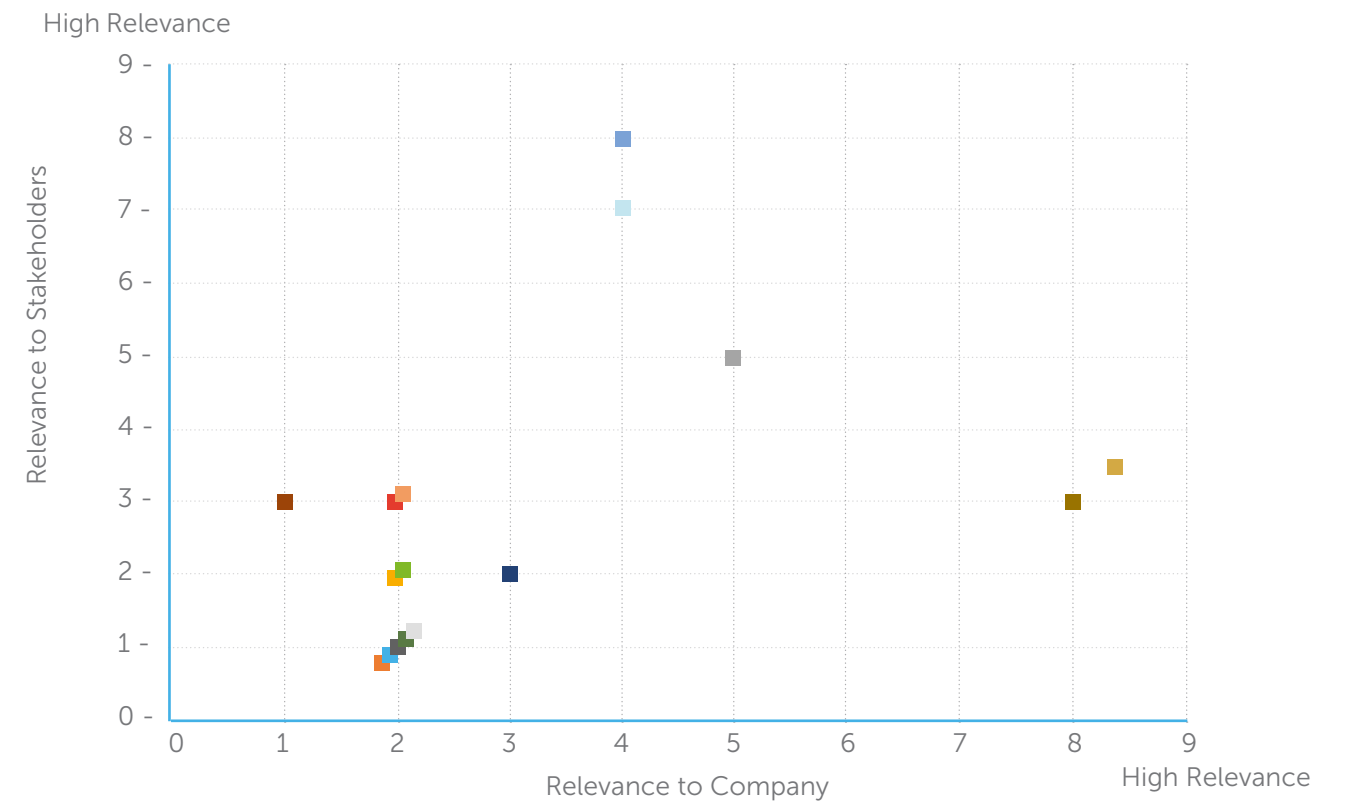
- Safety and accident rates.
- Labor relations and conditions.

### SOCIAL ASPECTS

- Developing a mutually-beneficial relationship with nearby communities (social development).
- Entrepreneurship.
- Employment.

DISCLOSURE 102-47

### MATERIALITY MATRIX



- Water use and management.
- Eco-friendly final products (lithium, solar salts, iodine, fertilizers).
- Conservation of areas surrounding operations, taking precautions in terms of environmental issues.
- Environmental issues related to the Company.
- PM air emissions
- Low or potentially low carbon footprint.
- Waste management.
- Pollution from mining.
- Facing future environmental restrictions imposed on current production processes (water use, evaporation ponds, caliche mining, brine extraction, among others).
- Lithium, product quality and specifications, volumes, prices, growth and capacity expansion plans, supply expectations, confidence in capacity to deliver.
- Lithium as the main product for technological and international development
- Safety and accident rates.
- Labor relations and conditions.
- Developing a mutually-beneficial relationship with nearby communities.
- Entrepreneurship.
- Employment.



03



SQM, from Chile  
to the World



## SOCIEDAD QUÍMICA Y MINERA DE CHILE S.A.

DISCLOSURE 102- 1/102-2/ 102-3/ 102-4/ 102-6/ 102-7/ 103-1/103-2/103-3

S.Q.M. S.A. is a global company focused on strategic industries for human development, such as food, clean energy and the technology that moves the world.

**5,741**

EMPLOYEES IN CHILE AND THE WORLD

**6,944**

AVERAGE NUMBER OF CONTRACTORS

**ThUS\$1,943,655**

TOTAL ANNUAL SALES



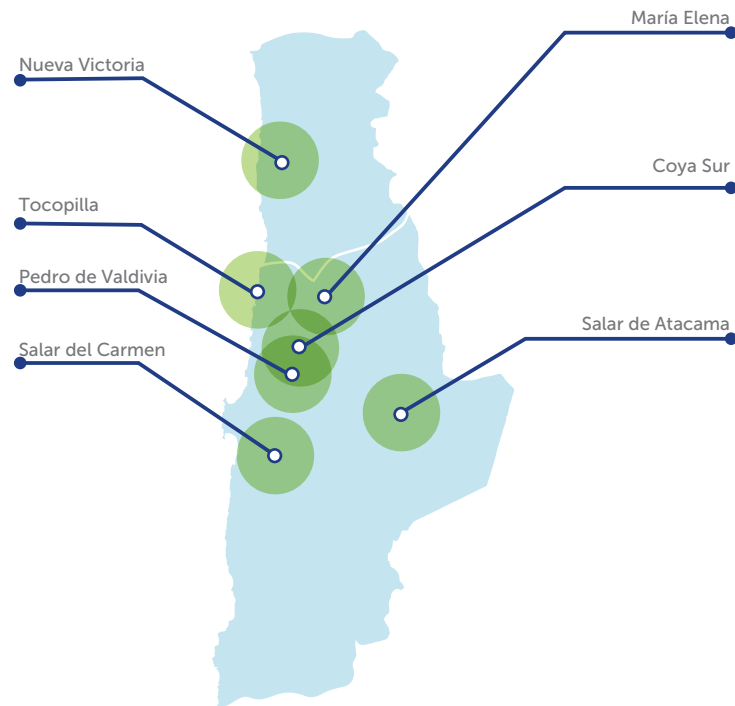
Solar evaporation ponds, Salar de Atacama, Antofagasta Region.



DISCLOSURE 102-3/ 102-4/ 102-6/ 102-7

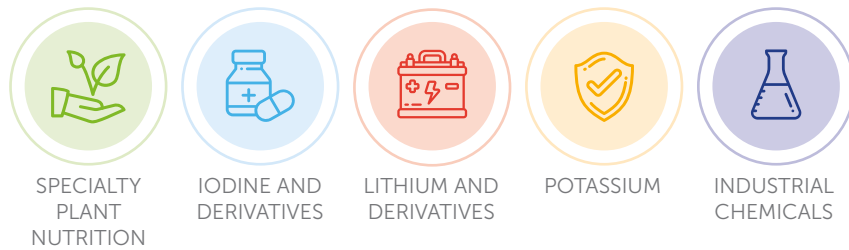
## GLOBAL PRESENCE

### OPERATIONS IN CHILE

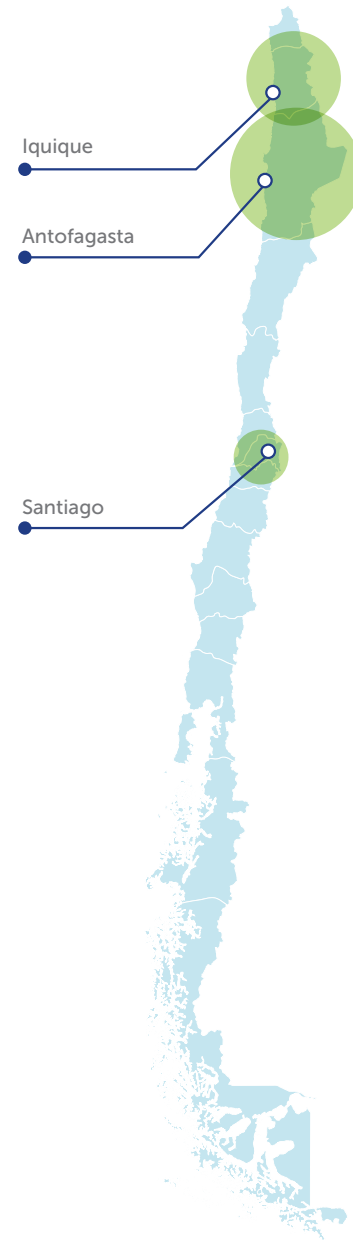


We develop our products from caliche ore and brines extracted from mineral resources located in northern Chile in the Antofagasta and Tarapacá regions.

We are a global leader in each of our five business lines:



### OFFICES IN CHILE



## SQM IN THE WORLD

DISCLOSURE 102-6

Our products reach 110 countries around the world.



### COMMERCIAL OFFICES

- Atlanta / USA
- Antwerp / Belgium
- Barcelona / Spain
- Guadalajara / Mexico
- Guayaquil / Ecuador
- Florence / Italy
- Bangkok / Thailand
- Beijing / China
- Johannesburg / South Africa
- Tokyo / Japan
- Seoul / South Korea
- Shanghai / China

### PRODUCTION PLANTS

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

### JOINT VENTURES / PRODUCTION PLANTS / COMMERCIAL OFFICES

- Lima/Peru (office)
- Trujillo/Peru (plant)
- Brazil/Paranaguá, Sao Paulo, Imbituba, Rio Grande (warehouses)
- Brazil/ Candeias
- United States/Atlanta (plant)
- Arab Emirates/Abu Dhabi
- Arab Emirates/Abu Dhabi
- India/ Andhra Pradesh–Kakinada
- China/Qingdao
- Turkey/Antalya
- Netherlands/Terneuzen
- Italy/Ramacca

### MARKETS SERVED

DISCLOSURE 102-6

We serve markets in North, Central and South America, Europe, Africa, Asia, Southeast Asia and Australia. Our customers come from the private and public sector and include large and medium-sized farmers, agricultural associations, farming co-operatives, distributors and supply manufacturers, and several of our products are used by the pharmaceutical, lubricant and technology industries, among others.

## 2019 HIGHLIGHTS

- The International Fertilizer Association (IFA) held its Annual Strategic Forum in Paris where it presented SQM with a gold medal in the category "Leadership in 2019," demonstrating that the Company's sustainable work is in line with world-class standards. Thirty-four companies from the industry were honored at the event.

- SQM's operations in Nueva Victoria, located in the Tarapacá Region, were re-certified in Responsible Care, a certification that is granted in Chile by the Chilean Industrial Chemical Association (ASIQUM). Our voluntary acceptance of this commitment ensures that we will uphold the six basic principles: continuous improvements in environment, health and safety; efficient use of resources; openly reporting on performance; listening to, involving and working with communities; cooperating with the government and other institutions to develop and implement standards; and helping promote the responsible management of chemical products.

- We re-certified our production and sales processes for lithium, iodine and soluble fertilizers under ISO 9001:2015 in September 2019. This renewed certification is valid for three years. This was possible due to the rigorous work begun in 2018.

- We enclosed the conveyor belt loading system at the Port of Tocopilla. This allowed us to load ships directly from the yards thereby minimizing air emission episodes during the loading process. Moreover, we installed additional concrete paving bricks for storing final products, and upgraded the shipment control system.

- At our Salar de Atacama operations we developed an on-line, real-time monitoring system that allows us to view brine extraction information and performance data from the hydro-geological environmental monitoring plan, which is being directly submitted. This will help us ensure that operations are sustainable while also informing the community. Click on the following link to access this monitoring tool: <https://www.sqmsenlinea.com/>. A second phase will include variables committed to in the Hydric Environmental Monitoring Plan.

- We opened our first maintenance shop powered by renewable energy in the Salar de Atacama where we generate 60% of the facilities' energy requirements, thereby reducing our CO<sub>2</sub> emission by six tons annually. The idea for this project came from our workers and supervisors who accepted the challenge of coming up with sustainable initiatives.







- On September 3rd, the Pozo Almonte farming and herding community witnessed a dream come true when SQM and the local municipality opened the first Agriculture and Livestock Research and Development Center in La Tirana. The 1,000 m<sup>2</sup> building houses a hydroponic greenhouse and a specialty goat cheese manufacturing center staffed by local farmers.
- SQM executives and the President of the Toconao's Atacamenian community signed an agreement marking the official handover of former SQM accommodation camp facilities located in the village of Toconao that were donated to the community. The new Hotel Tockolan (located near Jere in Kunza) is expected to open in 2021. The initiative will benefit all community members in Toconao, especially the young people and seniors.

- In November, SQM and Universidad Católica del Norte signed an important agreement to study microorganisms in brine. The study consists of determining until what point in the brine concentration process living microorganisms can be found. The initiative is a significant milestone for local scientific research, since there is no conclusive evidence about life in water with high salt concentrations.

- In November, the new nitrate production plant located at our Coya Sur site began operations designed to produce specialty plant nutrients and meet the growing global demand for solar salts. Additionally, SQM delivered solar salts to Cerro Dominador, the first thermal solar power plant—concentrating solar power—in Latin America that makes it possible to supply renewable energy 24/7.
- Also, in September, SQM's Salar del Carmen site that produces lithium carbonate and lithium hydroxide—essential to the development of electromobility—commissioned the first solar eco-charger, an entirely free-standing device that is not reliant on the power grid. The first of its kind in South America. The Antofagasta Industrial Association (AIA) recognized this initiative under the "Technological Contribution" category for its contribution to electromobility development in the Antofagasta Region.
- In December, Spain's Fundación Corresponsable honored the Atacama Tierra Fértil Program for its contribution to the local development of the communities of Quillagua, San Pedro de Atacama, Toconao, Talabre and Socaire. In these towns, its multidisciplinary team of professionals has organized diverse agricultural projects alongside local residents who received tools as part of the program.

- As of 2019, we have a Diversity and Inclusiveness Policy at SQM applicable to all levels company-wide. The purpose of this policy is to promote an organizational culture that fosters inclusiveness and respect. Persons with disabilities currently represent more than 1% of SQM's workforce, thus surpassing the regulatory quota.

- We delivered the first resources under the SQM-CORFO agreement for 2019. During 2019 the Company delivered a total of US\$3,090,988 in contributions to the municipalities of San Pedro de Atacama, María Elena and Antofagasta while the remainder of the amounts committed to is on hold until the legal contract conditions governing said contributions have been met.



- At year-end 2019, 16.4% of our workforce was female, which is twice the national average in the mining industry. This has been made possible as a result of better selection processes and an earnest attempt to form heterogeneous teams and expand the female workforce at all levels throughout the organization.

- We exported 14,000 tons of lithium to China, of total sales volumes of 45,100 tons of lithium and lithium derivatives produced by SQM. This constitutes a significant milestone for the Company, particularly considering that the Asian country is the leading driver of electromobility as a manufacturer of electric cars and technological products.







SQM IS A GLOBAL COMPANY THAT DEVELOPS AND MANUFACTURES A VARIETY OF PRODUCTS FOR SEVERAL INDUSTRIES THAT ARE ESSENTIAL FOR HUMAN PROGRESS.

DISCLOSURE 102-2

## IN THE HEART OF THE ATACAMA DESERT

The Atacama Desert, specifically in the Tarapacá and Antofagasta regions, is abundant in mineral reserves. The iodine and nitrate reserves in the caliche ore fields are the largest on the planet and the Salar de Atacama contains brine reserves with the highest concentrations of lithium and potassium in the world.

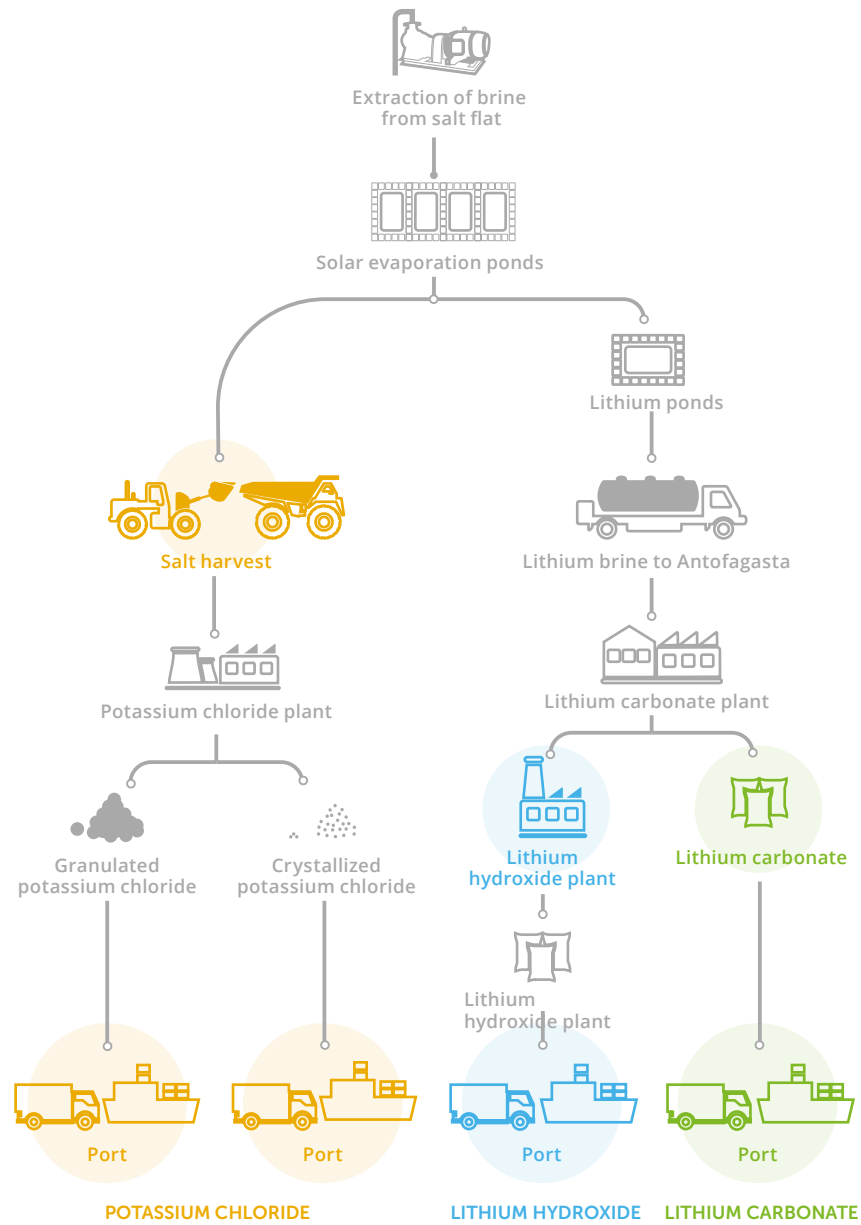
SQM is a global company that develops and manufactures a variety of products for several industries that are essential for human progress, such as health, nutrition, renewable energy and technology through innovation and technological advancements. Our objective is to maintain our global leadership position in the lithium, potassium nitrate, iodine and thermal salt markets by manufacturing high-quality products and promoting a culture of excellence in order to comply with our customers' dynamic and changing requirements.

Our organization is built and managed by a team of people committed to excellence, safety and integrity. We work every day to cultivate a culture of excellence, fostering and promoting creativity, agility and innovation in the workplace and guaranteeing equal opportunity, inclusiveness and diversity. We seek to create opportunities for professional development so that people achieve their maximum potential. We constantly strive to comply with the high standards of integrity described in our code of ethics while actively identifying and implementing ideas to enhance compliance with those standards. We aim for safe, accident-free operations, encouraging conduct that promotes the physical safety and psychological wellbeing of everyone working directly and indirectly with the Company.

We play a role in the development and wellbeing of local communities by supporting projects and activities involving education, business development and protection of the environment and historical heritage. We will continue to create value for all stakeholders by responsibly managing natural resources, sustainably expanding projects and improving existing operations, with a focus on minimizing our environmental impacts by reducing our carbon, energy and water footprints and working together with our stakeholders, employees, customers, suppliers and communities.

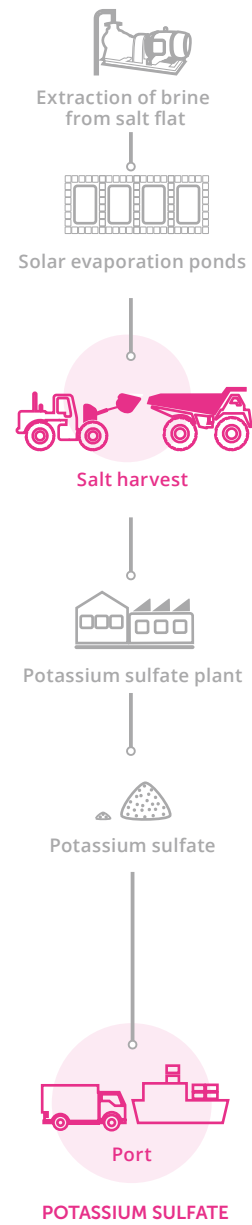
# PRODUCTION PROCESSES

## LITHIUM/POTASSIUM CHLORIDE PROCESSES



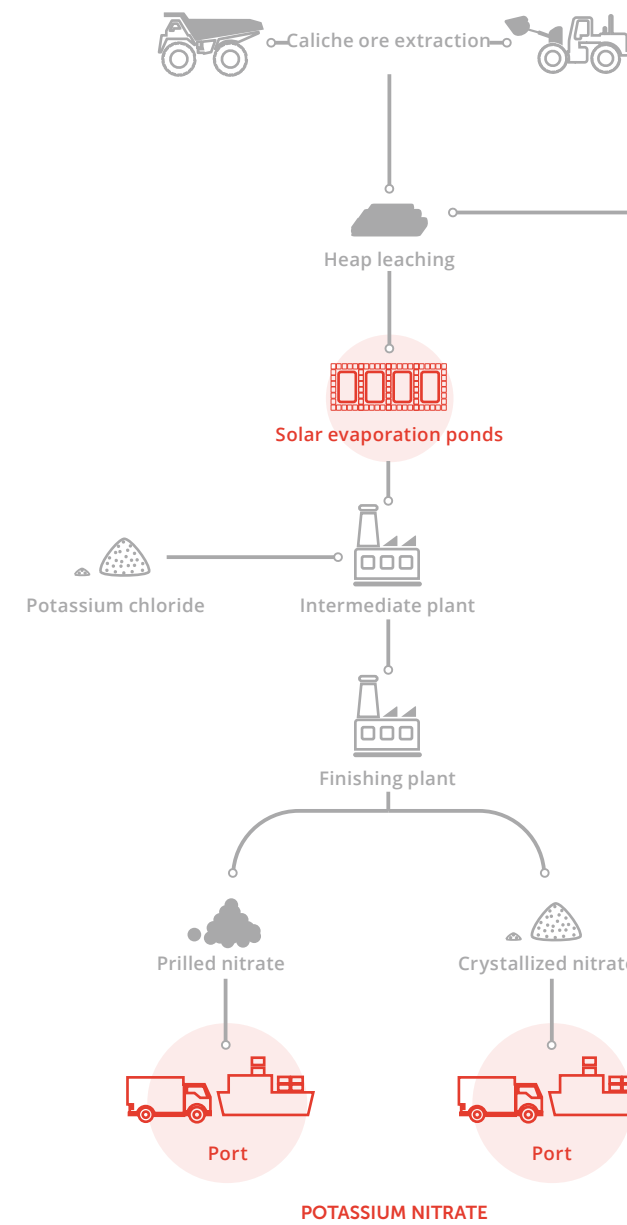
Processes carried out fully or partially in: Salar de Atacama and Salar del Carmen.

## POTASSIUM SULFATE PROCESS



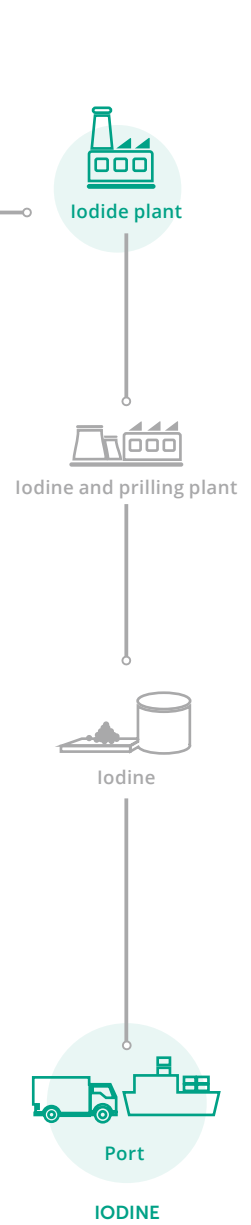
Processes carried out in: Salar de Atacama.

## 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.



DISCLOSURE 102-2

## OUR PRODUCTS

We are a global leader in each of our five business lines:



### LITHIUM AND DERIVATIVES

SQM has set a company-wide goal of transitioning toward “Green Lithium” production, which entails producing with the least possible impact so as to limit our carbon footprint while optimizing the use of water and engaging nearby communities in our operations through programs aimed at boosting their social wellbeing.

We know that many leading industries globally use our lithium products as essential raw materials in their manufacturing processes, for electromobility and state-of-the-art technology, for example. Likewise, they are also key consumables in the pharmaceutical and other industries.







Lithium ponds, Salar de Atacama operations, Antofagasta Region.

DISCLOSURE 102-2

**LITHIUM CARBONATE (GRADES):**

Battery grade, micronized;  
 Technical grade, crystals;  
 Technical grade, powder;  
 Technical grade, micronized.

**USES:**

- Rechargeable batteries
- Specialty glass
- Frits for ceramics and enamels
- Specialty cements and adhesives
- Powder for continuous casting
- Industrial air conditioning
- Aluminum

**LITHIUM HYDROXIDE (GRADES):**

Battery grade, crystals  
 Industrial grade, crystals  
 Technical grade, crystals

**USES:**

- Rechargeable batteries
- Lubricant grease
- Colorings

**ACTIONS FOR GREEN LITHIUM**

- Solar power makes up 95.6% of energy needs, and by using solar evaporation ponds we are able to keep our carbon footprint low. This is a solution-free process.
  - We work to protect our hydro footprint. We currently use ~168 l/s, which is equal to 4.18% of all the fresh groundwater rights in the entire basin.
  - SQM uses ~26 l/kg of water in its lithium hydroxide production; less than 1 liter of this amount is fresh water and the rest is made up of recycled water from the city of Antofagasta.
  - SQM posts each day on our web site the amount of water consumed daily by each of our wells located in the Salar de Atacama. Moreover, this information is available on line for the ongoing monitoring conducted by regulatory authorities.
  - We deliver quality products that meet strict international standards.
  - Our production and sales processes for lithium have been ISO 9001:2015 certified since 2019.
- Our operations are continuously regulated by 15 different government agencies.
  - We continually make investments to guarantee product availability, plus we have a team of professionals whose job consists of ensuring that our processes meet environmental standards.

**OUR PRODUCTS HAVE ADDED VALUE: LITHIUM CARBONATE (Li<sub>2</sub>CO<sub>3</sub>) AND LITHIUM HYDROXIDE (LiOH)**

We can produce up to 70,000 tons/yr of lithium carbonate, and we are currently working on bringing this capacity up to 120,000 tons/yr during the second half of 2021.

We also convert lithium carbonate into lithium hydroxide in Chile. We have two production lines that can produce up to 13,500 tons/yr of lithium hydroxide, which will be expanded to approximately 21,500 tons/yr in 2021.

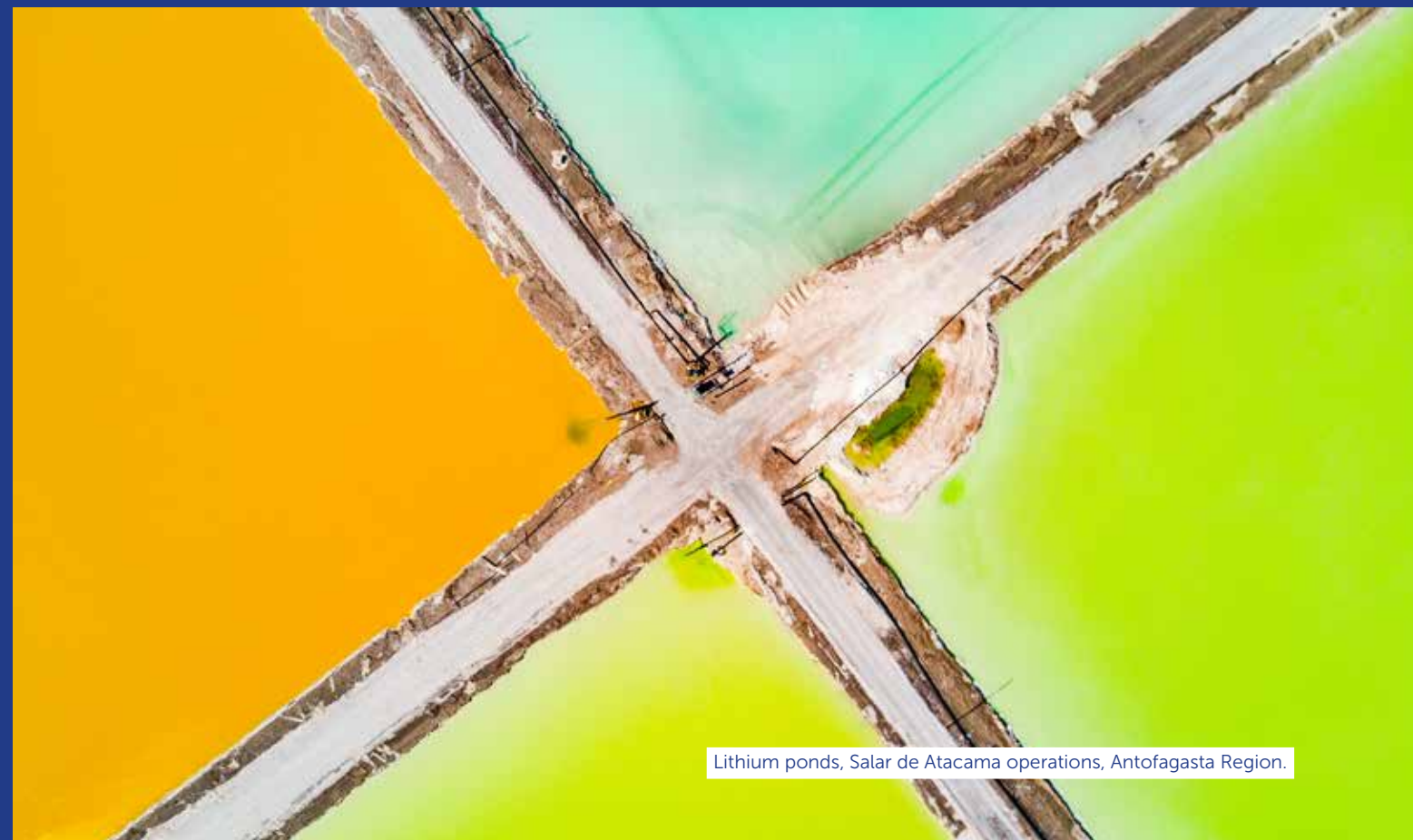


The process carried out in the Salar de Atacama consists of concentrating lithium solutions and using saturation and gravity to deposit them without the addition of external substances thereby eliminating most of the other elements and attaining an approximate 6% lithium concentration, which is 30 times more concentrated than the extracted brine.



This stage of the process takes more than one year and most of the energy consumed in this process comes from solar power.

Once the desired concentration is obtained, the solution is sent to a chemical plant located in Salar del Carmen, on the outskirts of the city of Antofagasta, where SQM produces lithium carbonate and lithium hydroxide.



Lithium ponds, Salar de Atacama operations, Antofagasta Region.

The solar evaporation ponds change tone based on their concentrations.





OUR IODINE AND DERIVATIVES ARE USED BY THE HEALTHCARE AND TECHNOLOGY INDUSTRIES TO IMPROVE PEOPLE'S LIVES.

DISCLOSURE 102-2

**SPECIALTY PLANT NUTRITION**

We believe SQM to be the world's largest producer of chlorine-free, natural potassium nitrates that are 100% soluble and, as such, water efficient since they can be applied through irrigation systems to enhance the quality and performance of crops. This is vitally important given global water scarcity and the need to develop more sustainable agriculture that yields better quality products and uses natural fertilizers.

Product development at SQM is possible through the exhaustive research and numerous field studies conducted by a global team of agronomists who work directly with each farmer.

**PRODUCTS:**

- Sodium nitrate, sodium potassium nitrate and potassium nitrate

**USES:**

- Crop fertilizer
- Fertigation

**IODINE AND DERIVATIVES**

At SQM, we believe ourselves to be the largest global producer of iodine since the world's largest caliche mineral reserves (raw material for iodine production) are located in northern Chile.

Iodine is used in diverse medical, agricultural and industrial applications. It is the main component of injectable contrast media for clinical exams and is used directly in the production of many drugs.

In industry, iodine is used in several applications including LCD and LED screens, disinfectants, biocides added to paint and wood treatments, herbicides and others.

SQM produces organic and inorganic iodine derivatives under a joint venture with Ajay Chemicals. SQM is also actively present in the iodine recycling business in Europe and the United States, either through Ajay or on its own.

**PRODUCTS:**

- Iodine

**USES:**

- Antiseptic, germicide, disinfectant, bactericides, fungicides
- Contrast media for X-ray exams
- Povidone-iodine
- Synthesizing pharmaceuticals
- Nylon industry
- Water repellent
- Polarizing film for liquid crystal screens (LCD and LED)
- Fluids for construction
- Pharmaceutical industry
- Raw materials or catalysts in the formulation of products such as contrast media for X-rays
- Pharmaceutical intermediaries
- Chemical products
- Organic compounds and pigments
- It is added to table salt to prevent iodine deficiencies





**SOLAR SALTS  
INDUSTRIAL APPLICATIONS OF  
POTASSIUM AND SODIUM NITRATES  
AS A MEDIA FOR THERMAL ENERGY  
STORAGE IN SOLAR POWER PLANTS.  
CONCENTRATING 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.**

DISCLOSURE 102-2

**POTASSIUM**

In order to supply its own potassium chloride for use as a raw material in producing potassium nitrate, SQM began operating in the Salar de Atacama.

SQM's initial investment included building a potassium chloride and potassium sulfate plant. The main sources of potassium available on the market for use in fertilizers are: potassium chloride (KCL), potassium sulfate ( $K_2SO_4$ ) and potassium nitrate ( $KNO_3$ ).

Of these three sources, potassium chloride is by far the most important one globally and SQM is the only company that produces all three.

It is important to bear in mind that potassium deficiencies in plants can lead to abnormalities and affect  $CO_2$  absorption. Additionally, potassium plays a key role in how plants regulate water for root absorption and water loss through stomata. Having a good level of potassium boosts plants' resistance to water stress.

**PRODUCTS:**

- Potassium nitrate, potassium sulfate and potassium chloride

**USES:**

- Nutrient with multiple industrial uses
- It prevents diseases such as high blood pressure, cerebrovascular complications and cognitive impairment
- In plants it improves resistance to stressors such as extreme temperatures, droughts, parasites and other elements

**INDUSTRIAL CHEMICALS**

Nitrates, potassium chloride, boric acid and magnesium chloride, in addition to potassium nitrate and sodium nitrate, are the raw materials for solar salts, which are essential to the functioning of solar thermal power plants; and magnesium chloride hexahydrate—known as bischofite—is used for effective dust control and de-icing on roads.

**PRODUCTS:**

- Nitrates, potassium chloride, boric acid and magnesium chloride, solar salts.

**USES:**

- Explosives
- Thermal energy storage
- Metals treatment
- Lubricant for oil extraction
- Fire retardant
- Road stabilization





**SQM HAS ITS OWN DISTRIBUTION AND LOGISTICS NETWORK MADE UP OF GROUND OPERATIONS, THE PORT OF TOCOPILLA AND A NETWORK OF STRATEGICALLY-STATIONED COMMERCIAL OFFICES AND SALES STAFF.**

## PRODUCT QUALITY



### DISCLOSURE 102-6

Given the characteristics and diversity of our products, we serve numerous highly demanding and sophisticated domestic and international markets and customers involved in innovative industries such as electromobility, pharmaceuticals, and others. This has required sustained effort on our part to ensure that deliveries meet the standards specified by each customer in our diverse markets, maintaining and consolidating long-term, mutually beneficial relationships where innovation, excellence and quality are key.

### SATISFIED CUSTOMERS ARE A MUST FOR SQM. 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.

The Company's communications policy has enabled us to build supplier-customer relationships where trust and transparency are fundamental. 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, and we have an excellent technical team that is available to answer questions and respond to technical or service complaints.





Salar de Atacama

Photo credit: Alejandro Álvarez. SQM Photography Contest.

**DISCLOSURE 102-11/ 102-12**

At SQM we work toward and are committed to guaranteeing compliance with environmental, safety and product quality standards, as stated in the principles of our Sustainable Development Policy. This manner of doing business has inspired us to obtain several voluntary qualifications and certifications such as Ecovadis, Responsible Care provided by the Chilean Chemical Industries

Association (Asiquim A.G.) for the Company's operations in Nueva Victoria, and Protect & Sustain certification—currently with Stewardship Excellence—from the International Fertilizers Association for the Coya Sur, Salar de Atacama, Tocopilla, Antofagasta and Santiago operations.

Information is continuously exchanged between SQM and its customers, who also audit our

operations regularly.

In 2019, the Company completed 11 lithium customer surveys (making up the entire customer base), in addition to 18 iodine customer surveys and five fertilizer and industrial chemical surveys, all related to sustainability and quality.

Twenty-six (26) product quality statements for iodine and lithium were updated. In addition, two

audits were conducted by iodine customers and one by a lithium customer.

Customer concerns are directly addressed by sales directors and sales managers. Any complaint received from our customers is entered into the Quality Management System by sales coordinators so the respective area can investigate and respond to the matter. The Company hopes to migrate to a CRM system

in 2020 in order to maintain better customer records.

Our sales team across our leading markets visits our buyers regularly in order to learn more about their satisfaction. After each sales visit, the matters addressed, including any related to customer satisfaction, are logged in a report that is submitted to the respective commercial division.

We began working with Salesforce

in 2019. This platform will help us gain a 360° perspective of our lithium and iodine customers, in addition to safeguarding their sales records and commercial agreements. In addition, we added the quality management module so that we can communicate with our customers in a timely and reliable fashion on matters such as complaints and/or suggestions. Designated in-house spokespersons work closely with all the areas involved in the sales process.



For our specialty plant nutrients line of business, since the very beginning SQM has paid special attention to its value chain, by producing specific products that have been adapted to satisfy the needs of each customer based on their crops and soils, strengthening their yield and profitability and becoming a strategic partner for its customers. In order to meet this objective, 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.

Ensuring proper and continuous supply of our products is essential to SQM, which is why we have a

customer follow up plan in place. 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.

[DISCLOSURE 102-12](#)

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

In 2019, all notifications were executed under the K-REACH standard for SQM products sold in South Korea. A total of six pre-registration notifications were executed and completed in May—one month prior to the deadline.

Our goal for this year was to execute the program to update safety data sheets and packaging and labels for iodine and lithium products for all markets. We met our goal by 100% in regard to safety data sheets and iodine packaging and labels, but we decided to postpone lithium updates until 2020 due to minor changes.

The outcome of this effort consisted of 97 new or updated safety data sheets. In addition, six iodine packaging labels were updated and three new ones were issued.



Salar de Carmen operations, Antofagasta Region.



DISCLOSURE 417-1

All of the Company's products are subject to corporate labeling requirements and packaging artwork updating procedures, which reflects the information described in accordance with the regulatory framework applicable to the different life cycle stages of SQM's products.

The labeling 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. These have been distributed to sales offices and subsidiaries and are available in digital format.

SQM sells specialty plant nutrition products 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 our main markets is constantly evolving, particularly after authorities took measures to address terrorist threats.



SQM has developed a global branding strategy that includes guidelines on ethics, corporate governance and procedures.



DISCLOSURE 102-2

## RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

One of the main goals of our research and development staff is to develop new production processes in order to maximize the returns obtained from the resources we mine. Our research is conducted by three different units that study all of the processes involved in producing our products, including designing chemical processes, phase chemistry, methodologies for chemical analysis and the physical properties of our finished products.

Research and development emphasizes:

- Optimizing current processes in order to reduce costs and improve the quality of our products by implementing new technologies.

- Using the products, we currently produce as the basis to develop new products that will provide greater margin, either through vertical integration or adapting product specifications.
- Adding value to inventories.
- Using renewable energy in our processes.

Our research and development activities. As a result, the Company has created new methods for extracting, crystallizing and finishing products. Technological advancements in recent years have made it possible for us to improve the efficiency of nitrate, potassium and lithium operations, enhance the physical quality of our filled products, reduce dust emissions and improve compacting by using special additives designed for products

handled in bulk. Our research and development activities have also led us to new markets with added value for our products. For example, using sodium nitrate and potassium nitrate for thermal storage at solar power plants.

We have patented several nitrate and iodine production processes. These patents have been submitted primarily in the United States, Chile and other countries when necessary. Our production processes are patented under Chilean patent No. 47,080 for iodine (producing spherical granules from sublimating chemical products) and Japanese patent No. 4,889,848 for nitrates (granulated fertilizers).







Salar del Carmen operations, Antofagasta Region.

**2019**  
FOR 3 YEARS

CERTIFICATION OF PRODUCTION AND SALES PROCESSES FOR LITHIUM, IODINE AND SOLUBLE FERTILIZERS WITH THE ISO 9001:2015 STANDARD.

## OUR CERTIFICATIONS

DISCLOSURE 416-1/102-12



SQM's products and processes are certified to ensure quality and protection of people and the environment during production and sales processes.

Following a demanding process begun in 2018, we re-certified our production and sales processes for lithium, iodine and soluble fertilizers under ISO 9001:2015 in 2019. This renewed certification is valid for three years.

### ISO 9001:2015

The Company has implemented ISO 9001:2015 for all lines of business. The independent international certification is valid for the following production and sales processes:

- Iodine.
- Potassium nitrate and sodium nitrate (standard, refined and technical-grade).

- Some soluble products for specialty plant nutrition.
- Lithium carbonate (industrial, technical and battery-grade).
- Lithium hydroxide (industrial, technical and battery-grade).



**PROTECT & SUSTAIN  
CERTIFICATION, STEWARDSHIP  
EXCELLENCE RATING**

DISCLOSURE 416-1

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 is essential to meeting the standards set forth in the Protect & Sustain program.

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

In 2019, the Company underwent an IFA Protect&Sustain recertification audit that we had been preparing for since 2018. The outcome was positive in that we attained the Stewardship Excellence certification, good for three years.



**RESPONSIBLE CARE**

DISCLOSURE 416-1

In 2019, our Nueva Victoria site, located in the Tarapacá Region, was re-certified under the Responsible Care certification, which is valid for three years.

SQM has been certified under this chemical industry international certification since 2013, having been previously re-certified in 2016. Responsible Care consists of the voluntary acceptance of a commitment to continuous improvements in the areas of environment, health and safety; efficient use of resources; openly reporting on performance; listening to, involving and working with communities; cooperating with the government and other institutions on developing and implementing standards; and helping promote the responsible management of chemical products.







**SQM, PRESENT AT GLOBAL EVENTS**

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.

**SQM AT FRUIT ATTRACTION 2019, THE LEADING EVENT FOR EUROPE'S FRUIT AND PRODUCE INDUSTRY**

For the sixth 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 at this important forum aims to strengthen and diversify its position in the European market. At the event,

the subsidiary presented on the benefits of potassium nitrate, positioning it as the potassium nitrate with the industry's lowest carbon footprint and reinforcing our commitment to global sustainability.

SQM Iberian also participated with a large stand where it promoted an ample portfolio of products that are sold on the European market, primarily based on using potassium nitrate in fertigation applications. Fruit Attraction is

one of the most important events in the European fruit and produce market, attracting more than 80,000 industry professionals from over 140 countries.

**PROMOTING SPECIALTY PLANT NUTRITION SOLUTIONS IN NEW MARKETS**

SQM was present at commercial events held in countries where our Company is banking on developing new business, such as: Poland, Romania, Greece and Russia. These markets are developing interesting applications for specific crops such as apples, grains, citrus plants, vegetables and greenhouse grown crops. SQM has developed

solutions that meet these crops' needs in the various stages of their phenological development by providing farmers with potassium nitrate-based nutritional solutions that meet the specific needs of their harvests while also boosting their yield and quality.



## FIFTY-ONE YEARS OF INNOVATION AND DEVELOPMENT

Following 51 years of industry presence, and thanks to the efforts of our professionals and technicians, our production processes have a high level of technological development and we have expanded our business network to become industry leaders in lithium, iodine, specialty fertilizers and solar salts. We have commercial offices and a complete logistics network to reach the world's main markets and customers in more than 110 countries on six continents.

### EARLY DAYS

1926

Inauguration of María Elena, the first plant using the Guggenheim system. In 1931, operations begin in Pedro de Valdivia, the second plant with the same system, but on a larger scale.

1968

Sociedad Química y Minera de Chile S.A. (SOQUIMICH) is created: 37.5% state-owned, represented by CORFO that provides the Victoria office, and 62.5% privately-owned, represented by Anglo Lautaro that owns the María Elena and Pedro de Valdivia offices. SOQUIMICH is responsible for the production and sale of all nitrates and iodine in Chile. In 1971, CORFO nationalizes the Company.

### IN THE EIGHTIES

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.



### IN THE NINETIES

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.

1994

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

1997

Production of lithium carbonate begins in the Salar del Carmen, Antofagasta. Iodine production begins at the Company's plant in Nueva Victoria, Tarapacá Region.



1995

The first environmental permit is granted 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 NEW CENTURY

2001

SQM begins a new stage of expansion by signing commercial agreements with international companies, expanding its production capacity and the sales network for which it is known today.

2002

The first environmental management and corporate quality system is implemented at SQM.

With a view to supporting neighboring communities, the Company implements the "Lend a Hand to Your Community" grant program to support social initiatives proposed by SQM employees.

2004

The lithium carbonate production process carried out at our Salar del Carmen plant is certified under ISO 9001:2000.

2006

The Company issues its first Sustainable Development Policy.

The Company acquires DSM's iodine business in Chile, located in the Tarapacá Region. It invests in the new business to expand the production capacity of its iodine plant in Nueva Victoria.

The Salar de Atacama site obtains environmental approval to increase



extraction, with a robust environmental monitoring and early warning plan. Additionally, and in collaboration with CONAF and the San Pedro de Atacama community, improvements are made to tourist facilities at Laguna de Chaxa.

2007

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

In collaboration with the Tarapacá Regional Nitrate Museum Foundation, a project is carried out to refurbish the industrial area of the Humberstone nitrate office.

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

2008

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.

2009

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





## 2011

Production of Ayllu Wine begins as part of the Atacama Tierra Fértil program. This wine is produced in Toconao at 2,400 meters above sea level. In collaboration with the Crea+ Foundation, a mathematics assistance program is started in the town of San Pedro de Atacama.

Production starts at the 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.

## 2013

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

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

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 re-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

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

Production is suspended at Pedro de Valdivia and 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 population of this native tree in the areas of Llamara and Bellavista in the Tarapacá Region.

## 2016

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

SQM's operations in Nueva Victoria are re-certified in Responsible Care, an initiative that is managed in Chile by the Chilean Industrial Chemical Association (ASIQUIM).

## 2017

Thanks to improved iodine sales projections, SQM's Nueva Victoria plants hit their 2017 production capacity targets of 13,000 MT/year.

SQM begins 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.

## 2018

CORFO and SQM sign an agreement that includes important modifications to the Salar de Atacama 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 production is expected to reach 2.2 million tons during that time. SQM will make a one-time payment of US\$17.5 million plus interest to CORFO.

SQM must increase the payments it makes to CORFO, which are linked to sales of different products, and make annual contributions of US\$10.8 to US\$18.9 million for R&D, contribute US\$10 to US\$15 million to communities near the Salar de Atacama, and make another contribution equivalent to 1.7% of SQM Salar's total annual sales for regional development. The agreement binds SQM to strengthen its corporate governance, through auditing and environmental control mechanisms and creating opportunities for coordinating with CORFO.



Coya Sur operations, Antofagasta Region.



04

Value  
Generated





Taking samples at Coya Sur operations.

Photo credit: Victor Pizarro. SQM Photography Contest.

## VALUE GENERATED



Customers in Thailand

Photo credit: Antoine Sauvage. SQM Photography Contest.

For the year 2019, SQM reported profits of US\$ 278.1 million, which represents a drop over the same period in 2018, when profits totaled US\$ 439.8 million.

In 2019, revenue totaled US\$1,943.7 million, which represents a 14.2% decrease when compared to the US\$2,265.8 million in income posted for the same period in 2018.

The Company's 2019 results were lower than those reported last year, primarily due to decreased

sales of potassium chloride and lower average prices for the lithium line of business. However, the market for the iodine and derivatives line of business was positive in 2019 as a result of higher average prices compared to 2018.

Despite significant growth in the lithium market in 2019, triggered by what we believe to be a 14% hike in lithium demand, results were lower than originally forecast due to delays in the penetration of electric vehicles in

a few key markets. As a company we believe that the basis for growth in demand in the lithium industry is more compelling than ever given automobile manufacturers' commitment to electrifying their vehicle fleets. Likewise, customers enjoy more competitive advantages as a result of technological advancements.

The specialty plant nutrition business line reported a total of US\$723.9 million in revenue, down 7.4% from the US\$781.8 million reported in 2018.



Operating revenue from sales of iodine and derivatives for the year ended December 31, 2019, totaled US\$371.0 million, up 14.2%. Sales volumes in this business line totaled 12.7 Mton.

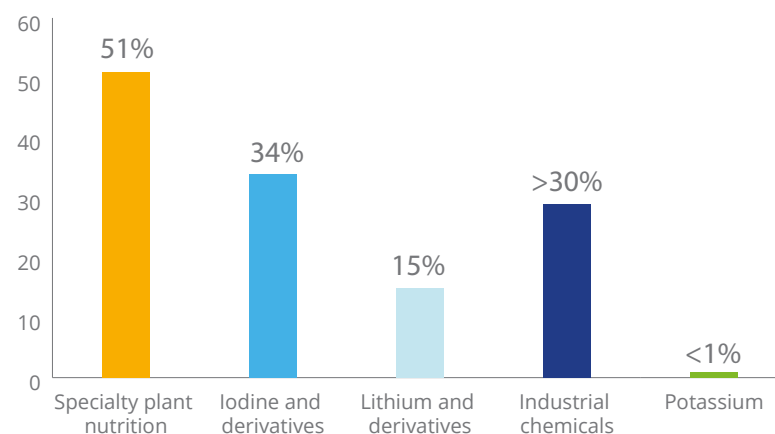
Sales of potassium chloride and potassium sulfate for the year ended December 31, 2019, totaled US\$212.2 million, 20.7% less than 2018.

Industrial chemicals posted operating revenue of US\$ 94.9 million, down 12.4% from the US\$108.3 million booked in 2018.

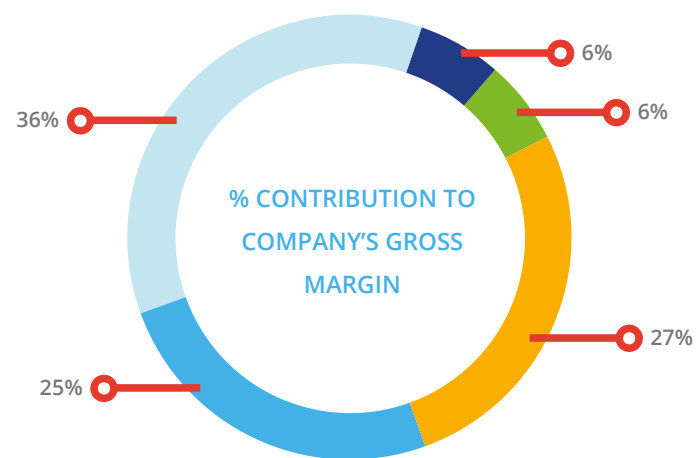
DISCLOSURE 102-7

**MARKET SHARE**

MARKET SHARE % FOR EACH BUSINESS LINE



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



Salar de Atacama operations, Antofagasta Region.



DISCLOSURE 102-7

**SALES VOLUMES BY BUSINESS LINE**

Sales Volumes by Business Line		2019	2018	2017	2019/2018	
<b>Specialty Plant Nutrition Sales Volumes</b>						
Sodium nitrate	kton	30.2	25.0	26.7	5.2	21%
Potassium nitrate and sodium potassium nitrate	kton	617.4	673.4	601.4	-56.0	-8%
Specialty mixtures	kton	238.9	242.5	209.0	-3.6	-1%
Other specialty fertilizers (*)	kton	155.3	141.6	129.1	13.7	10%
<b>Iodine and Derivatives Sales Volumes</b>						
Iodine and Derivatives	kton	12.7	13.3	12.7	-0.6	-5%
<b>Lithium and Derivatives Sales Volumes</b>						
Lithium and derivatives	kton	45.1	45.1	49.7	0.0	-0%
<b>Potassium Sales Volumes</b>						
Potassium chloride and potassium sulfate	kton	597.3	831.8	1,344.3	-234.5	-28%
<b>Industrial Chemicals Sales Volumes</b>						
Industrial nitrates	kton	123.5	135.9	167.6	-12.4	-13%

\*Includes mainly trading of other specialty fertilizers.



Port of Tocopilla, Antofagasta Region.



We continue to be optimistic about the long-term growth of the lithium market, which is why we continue moving forward with our plans for expansion in Chile. We expect to reach a capacity of 120,000 tons in 2021. We decided to complete the expansion of our lithium hydroxide capacity, which was previously announced as two, 8,000-ton modules, and we believe that the first phase will be completed next year.

We have plans to expand our lithium carbonate capacity in Chile even further in the future and we will continue working on the Mt. Holland project in order to make our final decision in the first quarter of 2021.

We believe that the price of iodine will continue rising throughout 2020, which will significantly grow our margins per ton in this line of business. This should offset the slightly lower sales volumes we are expecting for 2020.

We are still engaged in the process for an environmental permit for the "Tente en el Aire" project to modify our operations in Nueva Victoria, Chile. Our current iodine production capacity at that site is 11,000 tons/year, and this permit will allow us to increase this capacity in order to support market growth.

#### **GENERATING AND DISTRIBUTING ADDED VALUE**

The Company has generated economic resources for its diverse stakeholders and contributed to Chile's economic and social development.

Employee benefit expenses totaled US\$238,748 million in 2019.

DISCLOSURE 201-1/ 201-4

#### **GENERATION AND DISTRIBUTION OF ADDED VALUE OVER LAST THREE YEARS**

Economic Value Generated (ThUS\$)	2019	2018	2017
Operating revenue	1,943,655	2,265,803	2,157,323
Finance income	26,289	22,533	13,499
Other non-operating income	18,218	32,048	17,827
<b>Total economic value generated by SQM</b>	<b>1,988,162</b>	<b>2,320,384</b>	<b>2,188,649</b>
Economic Value Distributed (ThUS\$)	2019	2018	2017
Operating expenses	1,247,265	1,249,237	1,035,863
Payments to providers of capital	407,846	822,917	519,609
Payments to the State (by country)	108,222	178,630	186,869
<b>Total economic value distributed by SQM</b>	<b>1,763,333</b>	<b>2,258,085</b>	<b>1,742,341</b>
Economic Value Retained (ThUS\$)	2019	2018	2017
<b>Total economic value retained by SQM</b>	<b>224,829</b>	<b>62,299</b>	<b>446,308</b>

Contributions from the State (ThUS\$)	2019	2018	2017
Employee training tax credit (Sence)	1,276	1,250	1,166
Tax credit for donations	837	658	300
Mining license	24	22	22
Property, plant and equipment tax credit	133	175	153
Provisional payments for absorbed taxable profits (PPUA)	915	-	-
Foreign-source credit	-	1,528	-
<b>Total</b>	<b>3,184</b>	<b>3,632</b>	<b>1,641</b>



## CORPORATE STRUCTURE

DISCLOSURE 102-5

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, 2019, the Company's majority shareholders are:

Series A + B	Chilean Tax ID	No. of Shares	Ownership Interest (%)
INVERSIONES TLC SPA	76.902.021-7	62,556,568	23.77%
SOCIEDAD DE INVERSIONES PAMPA CALICHERA SA	96.511.530-7	48,687,306	18.50%
THE BANK OF NEW YORK MELLON ADRS	59.030.820-K	38,311,788	14.56%
POTASIOS DE CHILE SA	76.165.311-3	18,179,147	6.91%
INV GLOBAL MINING CHILE LTDA	96.863.960-9	8,798,539	3.34%
BANCO ITAU CORPBANCA ON BEHALF OF FOREIGN INVESTORS	97.023.000-9	7,373,216	2.80%
BANCO DE CHILE ON BEHALF OF NON-RESIDENT THIRD PARTIES	97.004.000-5	6,842,855	2.60%
BANCO SANTANDER ON BEHALF OF FOREIGN INVESTORS	97.036.000-K	6,618,416	2.51%
AFP HABITAT SA	98.000.100-8	5,337,680	2.03%
EUROAMERICA C DE B S.A.	89.899.230-9	4,866,523	1.85%
BANCHILE C DE B S A	96.571.220-8	4,777,425	1.82%
INVERSIONES LA ESPERANZA CHILE LIMITADA	79.798.650-K	4,193,763	1.59%
<b>Subtotal 12 Largest Series A and B Shareholders</b>		<b>216,543,226</b>	<b>82.27%</b>
<b>Total Series A and B Shares</b>		<b>263,196,524</b>	<b>100%</b>

As of December 31, 2019, the 12 largest Series A shareholders were:

Series A	Chilean Tax ID	No. of Shares	Ownership Interest (%)
INVERSIONES TLC SPA	76.902.021-7	62,556,568	43.80%
SOCIEDAD DE INVERSIONES PAMPA CALICHERA SA	96.511.530-7	44,894,152	31.43%
POTASIOS DE CHILE SA	76.165.311-3	18,179,147	12.73%
INV GLOBAL MINING CHILE LTDA	96.863.960-9	8,798,539	6.16%
INVERSIONES LA ESPERANZA CHILE LIMITADA	79.798.650-K	4,147,263	2.90%
KOCHI SA	96.518.570-4	874,192	0.61%
KOWA CO LTD	59.046.730-8	781,429	0.55%
BANCHILE C DE B S A	96.571.220-8	491,729	0.34%
TANNER C DE B S A	80.862.600-8	384,689	0.27%
KOWA HOLDINGS AMERICA INC	59.023.690-K	227,550	0.16%
SOC ADM DE FDOS DE CESANTIA DE CHILE II SA FDO SOLIDARIO	76.237.243-6	194,959	0.14%
BANCO DE CHILE ON BEHALF OF NEW YORK CLIENTS	97.004.000-5	177,463	0.12%
<b>Subtotal 12 Largest Series A Shareholders</b>		<b>141,707,680</b>	<b>99.22%</b>
<b>Total Series A Shares</b>		<b>142,819,552</b>	<b>100%</b>

NOTE: 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.





**TOTAL SERIES B SHARES**  
**120,376,972**  
 100%

**TOTAL SERIES A AND B SHARES**  
**263,196,524**  
 100%

DISCLOSURE 102-5

As of December 31, 2019, the 12 largest Series B shareholders were:

Series B	Chilean Tax ID	No. of Shares	Ownership Interest (%)
THE BANK OF NEW YORK MELLON ADRS	59.030.820-K	38,311,788	31.83%
BANCO ITAU CORPBANCA ON BEHALF OF FOREIGN INVESTORS	97.023.000-9	7,373,216	6.13%
BANCO DE CHILE ON BEHALF OF NON-RESIDENT THIRD PARTIES	97.004.000-5	6,842,746	5.68%
BANCO SANTANDER ON BEHALF OF FOREIGN INVESTORS	97.036.000-K	6,618,416	5.50%
AFP HABITAT SA	98.000.100-8	5,337,680	4.43%
EUROAMERICA C DE B S.A.	96.899.230-9	4,863,467	4.04%
BANCHILE C DE B S A	96.571.220-8	4,285,696	3.56%
AFP PROVIDA S.A.	76.265.736-8	4,002,653	3.33%
SOCIEDAD DE INVERSIONES PAMPA CALICHERA SA	96.511.530-7	3,793,154	3.15%
AFP CUPRUM S.A.	76.240.079-0	3,594,402	2.99%
AFP CAPITAL S.A.	98.000.000-1	3,221,037	2.68%
BOLSA DE COMERCIO DE SANTIAGO BOLSA DE VALORES	90.249.000-0	3,077,930	2.56%
<b>Subtotal 12 Largest Series B Shareholders</b>		<b>91,322,185</b>	<b>75.86%</b>
<b>Total Series B Shares</b>		<b>120,376,972</b>	<b>100%</b>

NOTE: 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.



05

# Corporate Governance

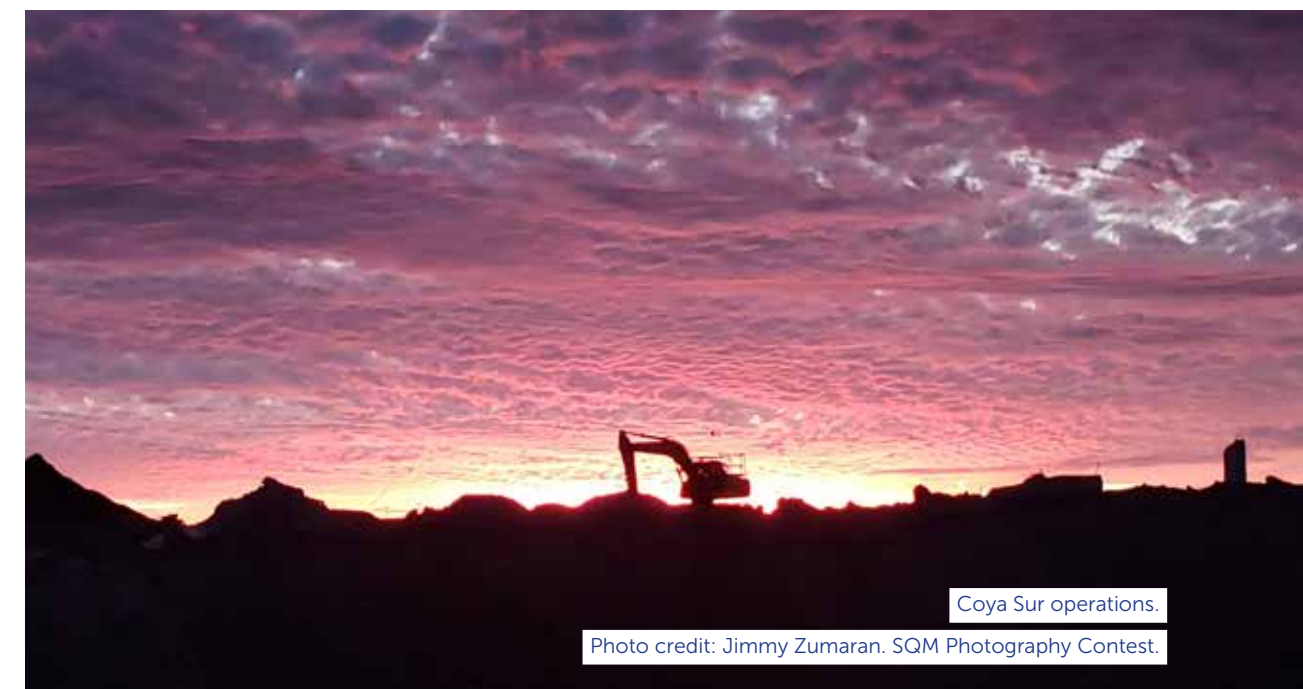




SQM's Corporate Headquarters, Santiago, Chile.  
Photo credit: Freddy Concha. SQM Photography Contest.

## ORGANIZATION AND CORPORATE GOVERNANCE

DISCLOSURE 102 – 18/ 102 – 19/ 102 - 20/ 102 – 22/ 102 - 23/ 102 - 24/ 102 - 27/ 102 – 32/ 102 - 33/ 102 - 35/ 102 - 36/



Coya Sur operations.

Photo credit: Jimmy Zumaran. SQM Photography Contest.

DISCLOSURE 102 – 18/ 102 - 19

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 guides the work of the board. This policy can be modified by the board at its discretion, from time to time or as needed or required by the laws and regulations that govern the Company.

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 in 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 the greatest extent possible in keeping with current legislation.



## BOARD OF DIRECTORS

DISCLOSURE 102-22/ 102-23 /102-18

The board of directors of SQM has eight full members. There are no alternate board members. Board members are elected for three-year terms at the annual shareholder meeting. The board can assign replacements for vacancies that arise between elections. If there is a vacancy, the entire board should be elected or re-elected at the next annual shareholder meeting. The current board of directors was elected for a three-year term at the annual shareholder meeting held on April 25, 2019. On this date, the following directors were elected: Alberto Salas M., Chairman of the Board; Patricio Contesse, Vice Chairman of the Board; Georges de Bourguignon A., Director; Hernán Büchi, Director; Laurence Golborne R., Director; Gonzalo Guerrero, Director; Francisco Ugarte L., Director; Robert J. Zatta, Director.

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

Article 9 of the bylaws indicates that the Company will be managed by the board of directors, composed of eight members. Series A shareholders will elect seven directors and Series B shareholders will elect one. Directors may or may not be shareholders. At least one of the eight directors must be independent, as indicated under the Corporations Law. The chairman is elected by absolute majority vote of the directors present and, in the event of a tie, a new vote will be held in which only directors elected by Series A shareholders may participate.

The efforts of the board and its committees help to fortify SQM's corporate governance and reinforce best practices at the Company. No board member holds a managerial position within the Company.

DISCLOSURE 102-30/ 102-32/ 102- 33

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 investments over US\$ 5 million. This does not include capital expenses for maintenance included in the investment plan approved annually by the board.



Salar del Carmen operations, Antofagasta Region.



Nueva Victoria operations.

Photo credit: Tomás Figueroa. SQM Photography Contest.



DISCLOSURE 102-32

- Approving the annual 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 shareholder 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 shareholder meetings.
- Casting the tie-breaking vote at board meetings.

DISCLOSURE 102 – 19/ 102-20

### RISK-RELATED RESPONSIBILITY AND INTERNAL CONTROLS

The board is responsible for determining the nature and scope of any significant financial risks that the Company may take on to reach its strategic targets and for soundly and effectively managing financial risks and internal control systems.

DISCLOSURE 102-20/ 102-24/ 102-26/ 102-27/ 102-28/ 102-29

All new directors will 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 will receive a copy of certain documents on the Company including the bylaws, Code of Ethics, Manual for Managing Market Sensitive Information, Free Competition Policy, Sustainability Report, the most recent 20-F and the Company's most recent annual report. Along with the 20-F, the board receives a list of all material contracts and



The board is responsible for determining the nature and scope of any significant financial risks that the Company may take on in order to reach its strategic targets and soundly manage the organization.





**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 INCLUSIVENESS, DIVERSITY, SUSTAINABILITY AND RISK MANAGEMENT.**

DISCLOSURE 102-30/ 102-31

and a complete copy of the prior year's financial statements. The board of directors has access to the website, through which it can access pertinent corporate information including financial statements, recent press releases issued by the Company and its most important corporate policies. Management will also meet with directors and the appropriate members of management to review business affairs and risks, including those related to sustainability, site visits and other informational sessions, as appropriate. The board is provided a description of relevant stakeholder groups in the sustainability report and meets with the Sustainability and Community Relations Manager, who explains each group's importance and expectations in the interest of maintaining stable, long-term relationships.

Likewise, the Risk Management and Compliance Manager will arrange for at least one annual training on corruption risks, the Company's Ethics and Compliance Program and free competition risks. Directors must sign a document certifying that they have taken part in this training. This training session may be conducted jointly with new

director training or separately.

DISCLOSURE 102-28

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

- Any area it believes should be examined to improve the efficiency of the board and the Company;
- Any area that its members could strengthen 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.

Al término de esta evaluación, el Directorio definirá las medidas de capacitación específicas que crea se deben llevar a cabo y considerará la asesoría de un experto ajeno a la compañía para la detección e implementación de esas eventuales mejoras.

At the end of this evaluation, the board identifies specific training measures that it believes it should carry out. This process includes advising by an external consultant to detect and implement potential improvements.

Annually, the board or a board committee reviews the Corporate Governance Policy.

As part of this process, the board examines corporate governance best practices implemented by other local and international entities.



The board requests meetings with internal and external counsel, as necessary, to explain the most important court decisions, administrative resolutions or 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 a reasonable effort to hold at least one meeting a year at or near the Company's 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.

According to Article 17 of the bylaws, directors are to be compensated for their services. Compensation for each director and committees will be proposed annually by the board for subsequent shareholder approval at annual shareholder meetings. Board stipends shall be customary, reasonable and competitive.

DISCLOSURE 102 – 22/ 102-29/ 102-35

### AUDIT AND FINANCIAL RISK COMMITTEE

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

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

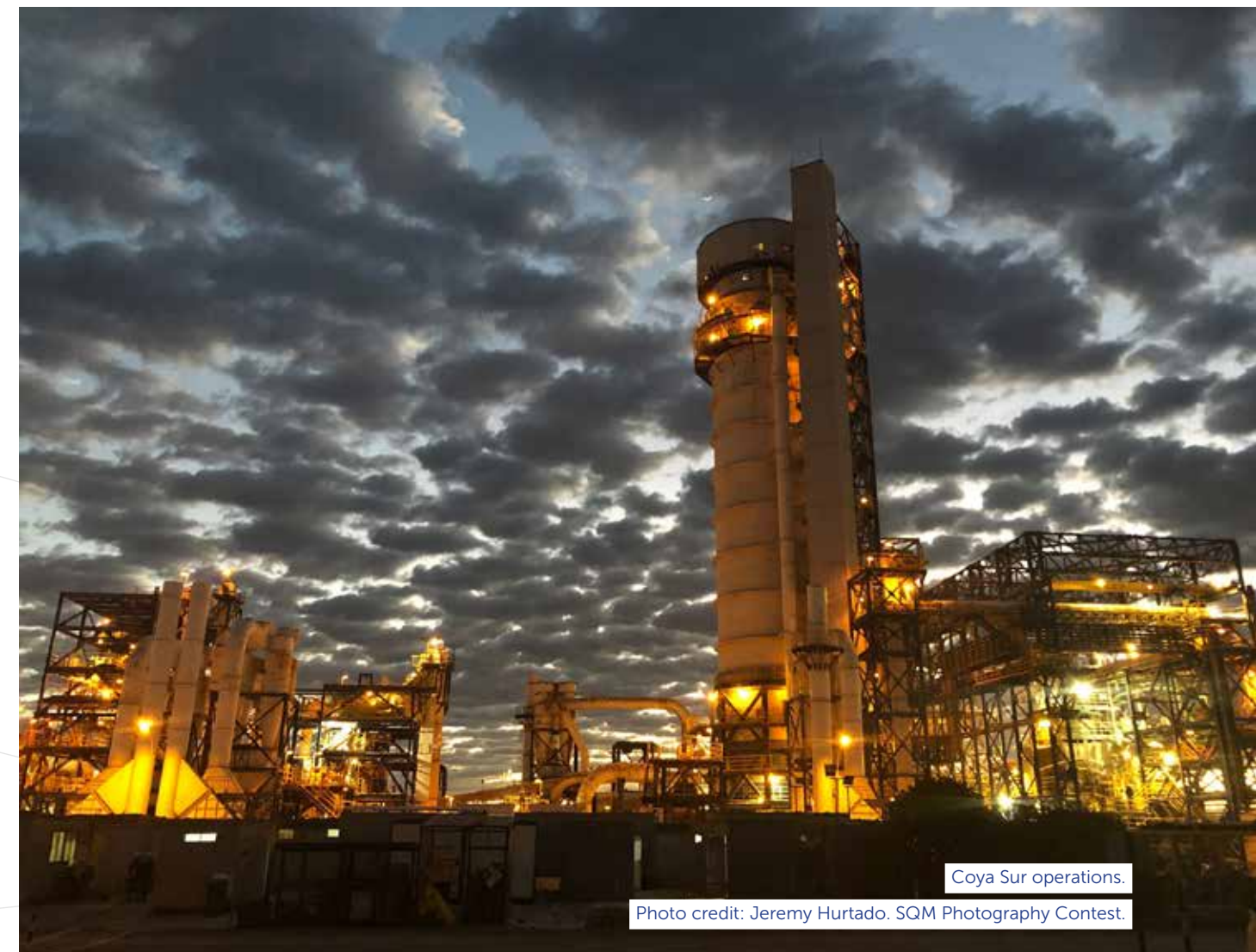
This committee must meet at least four times per year. After each meeting, the committee will report on its activities to the board.

The committee acts in accordance with article 50 bis of Law 18,046, which states that the Audit and Financial Risk Committee 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 company policy related to assessing and managing financial risk, including an analysis of key financial risks and mitigation measures.



Coya Sur operations.

Photo credit: Jeremy Hurtado. SQM Photography Contest.

- Maintaining procedures for policies and controls for identifying, evaluating and defining the degree of exposure of the Company's financial risk.
- Meeting with the internal audit manager at least twice a year, and more if necessary, to review the annual audit schedule or plan, recommendations, among other items.
- Meeting with the risk and compliance monitoring manager at least twice a year, and more if necessary, to review the risk management process, recommendations and improvements, among other items.
- Meeting with the external auditors at least twice a year, and more if necessary, to review the annual audit schedule or plan and possible differences detected in the audit in regard to accounting practices, administrative systems and internal auditing, among other items.





SQM workers, Salar de Atacama operations, Antofagasta Region.

## SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

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

The SHEC is comprised of three directors, who meet at least four times a year, or more frequently if necessary.

Its responsibilities include:

- Periodically reviewing the Company's safety, health, environment and sustainability policies and recommending changes to these policies to the board or management. The board works to ensure that policies, indicators and reports are defined in accordance with international standards such as the "Global Re-

porting Initiative" guidelines or other equivalent standards.

- Receiving and reviewing, at least once a year, management's reports on compliance with the Company's safety, health, environmental and sustainability policies and applicable standards.
- 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, committee 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 inhibit 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 is to assist the board in fulfilling its duties by reviewing and recommending policies related to corporate governance matters affecting the Company.

It is comprised of three directors who meet 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 with the corporate governance policy once per year and ensuring that applicable regulatory requirements are being met. As part of this process, the board 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 new position.

- Ensuring that 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.
- This committee will periodically report key findings to the entire board.
- The Company is in constant contact with institutional shareholders and analysts, as well as potential shareholders or investors.

DISCLOSURE 102-33/ 102-43/ 102-19

The Company's spokespeople for the market as a whole and specifically for communications media, are the Chairman of the Board, the Chief Executive Officer, the Finance Senior Vice-President and any other person appointed to this task by the Chairman of the Board or the Chief Executive Officer. However, the Company's 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 businesses, 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 Company's Investor Relations team includes members with advanced English in order to respond to questions from non-Spanish speakers. The Company discloses information to the public about itself, including its financial reports, corporate development, products and business-related aspects by way



Port of Tocopilla.

Photo credit: Eduardo Alcayaga. SQM Photography Contest.

of several different mechanisms including its website, press releases, Securities and Exchange Commission (SEC) filings, Financial Market Commission (CMF) filings, teleconferences and web casts. The Company seeks to leverage its Investor Relations section on its corporate website as a channel to post company-related information not previously published. The Company encourages its investors, the press and other interested parties to view the information it posts on the Investor Relations section of its website at <http://ir.sqm.com>, since this information may be considered relevant. Although the Company will do its best to ensure that relevant information will only be disclosed through these channels, it cannot guarantee that information that

one person may consider relevant will not be posted through other channels. The board regularly receives summaries and feedback on meetings held as part of the investor relations program and reports from the Company's analysts.

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

All publicly-available information on the Company can be

found on the 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 as well as in 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 to the market. The board approves all material event filings submitted by the Company or it has the option



of delegating this to the CEO. All other press releases issued by the Company must be reviewed by the Disclosure Committee, which is comprised of members of senior management. The board, or its respective committees, reviews the Company's publication process in order to identify opportunities for improving information quality and reporting. If necessary, the board could hire the services of a third-party.

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

In keeping with the above, the Company also publishes a separate Sustainability Report, which addresses its social and environmental performance. Part of the Sustainability Report includes identifying relevant stakeholders, the reasons why groups are classified as such and social responsibility and sustainable development indicators tracked by the Company.

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



Salar de Atacama operations.

Photo credit: Aaron Araya. SQM Photography Contest.



## ORGANIZATION

DISCLOSURE 102 – 22



**CHAIRMAN**

**ALBERTO SALAS M.**

Mining Engineer  
Universidad de Chile  
Chilean National  
ID: 6.616.233-0

Board member since  
April 2018

Graduate degree in Corporate Finance from Universidad Adolfo Ibáñez, Mining Engineer, Universidad de Chile Board Member of Cia. Minera Valle Central, CAP, ENAP, ENAEX S.A. and Amerigo Resources Ltd. He also chairs the board of Universidad de Chile's Foundation of Mining Engineers. He is currently the chairman of INACAP and sits on the board of ABAC.



**VICE CHAIRMAN**

**PATRICIO CONTESSE F.**

Lawyer  
Universidad Católica de Chile  
Chilean National  
ID: 15.315.085-0

Vice Chairman of the following boards of directors: Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A., Sociedad de Inversiones Oro Blanco S.A. and Norte Grande S.A. He also serves on the board of Nitratos de Chile S.A. Currently, he is also the chairman of Invercap S.A. and serves on its Directors' Committee.



**BOARD MEMBER**

**GEORGE DE BOURGUIGNON A.**

Economist  
Pontificia Universidad Católica de Chile  
Chilean National  
ID: 7.269.147-4

MBA from Harvard Business School; he is co-founder and chairman of Asset Chile S.A. and Asset Administradora General de Fondos S.A. Over the last ten years he has served on the boards of various Chilean companies such as LATAM Airlines and Embotelladora Andina, where he remains on the board.



**BOARD MEMBER**

**HERNAN BÜCHI B.**

Civil Engineer  
Universidad de Chile  
Chilean National  
ID: 5.718.666-6

He served on SQM's board for several years until April 2016. He is currently on the boards of Quiñenco S.A. and S.A.C.I. Falabella, among other companies. He also chairs the board of Universidad del Desarrollo.



**BOARD MEMBER**

**LAURENCE GOLBORNE R.**

Industrial Engineer  
Universidad de Chile  
Chilean National  
ID: 8.170.562-3

He is currently on the board of Ripley Corp. S.A., Construmart S.A., Aventura S.A. (Peru), Sociedad Inversiones Arrigoni S.A. and Metalúrgica Arrigoni S.A., and is the chairman of Tavamay S.A. (Paraguay). Previously, he served as a minister of the Chilean government from 2010-2012 and before that he was CEO of Cencosud S.A. and Corporate CFO of Gener S.A., among other positions at different companies.



**BOARD MEMBER**

**GONZALO GUERRERO Y.**

Lawyer  
Universidad de Chile  
Chilean National  
ID: 10.581.580-8

Master's degree in business administration from Universidad Adolfo Ibáñez. He was legal counsel and alternate director of Integramédica S.A. and on the board of Inversiones Oro Blanco S.A., Asfaltos Chilenos S.A., Vantrust Capital Asset Management and SMA Clínica Internacional S.A. (Perú). He is currently Executive Director of Guerrero y Asociados and sits on the boards of Sanasalud S.A., SMA Clínica Internacional S.A. (Peru) and Club Deportivo Palestino SADP.



**BOARD MEMBER**

**FRANCISCO UGARTE L.**

Lawyer  
Universidad Católica de Chile  
Chilean National  
ID: 10.325.736-0

LL.M. from University of Chicago Law School. Partner, Carey Abogados. Extensive experience with Chilean and international financial companies and institutions in the area of mergers and acquisitions, financing, capital and debt offerings and other corporate matters. He also has experience in management positions at Bci Corredores de Bolsa and Votorantim Andina.



**BOARD MEMBER**

**ROBERT J. ZATTA**

Business Administration  
Merrimack College  
Chilean National  
ID: 48.211.511-K

MBA in Finance from Fairleigh Dickinson University, he has held senior management positions at the former General Foods Corporation and Campbell Soup Company. He worked with Rockwood Holdings, Inc., was a board member of Nexeo Solutions, Inc., and since 2017 has chaired the Advisory Committee of Silberman College of Business – Fairleigh Dickinson University.

The current board of directors was elected for a three-year period at the annual shareholder meeting held on April 25, 2019.

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

(The curriculum vitae of the directors have been summarized).



## MANAGEMENT

DISCLOSURE 102-9

SQM's senior management consists of:



**CHIEF EXECUTIVE OFFICER**

**RICARDO RAMOS R.**

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



**FINANCIAL SENIOR VICE-PRESIDENT AND CFO**

**GERARDO ILLANES G.**

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



**LEGAL SENIOR VICE-PRESIDENT**

**GONZALO AGUIRRE T.**

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



**POTASSIUM AND NITRATES COMMERCIAL SENIOR VICE-PRESIDENT**

**FRANK BIOT**

Master's in Applied Economics  
University of Antwerp, Belgium  
BEL592009828/2054



**LITHIUM AND IODINE COMMERCIAL SENIOR VICE-PRESIDENT**

**PABLO ALTIMIRAS C.**

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



**PEOPLE AND PERFORMANCE SENIOR VICE-PRESIDENT**

**NATALIA PIZARRO G.**

Civil Engineer  
Universidad de Santiago  
Chilean National ID: 14.167.897-3



**POTASSIUM AND LITHIUM OPERATIONS SENIOR VICE-PRESIDENT**

**CARLOS DÍAZ O.**

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



**NITRATES AND IODINE OPERATIONS SENIOR VICE-PRESIDENT**

**JOSÉ MIGUEL BERGUÑO C.**

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



**DIRECTOR OF CORPORATE AFFAIRS**

**MARIA IGNACIA LÓPEZ B.**

Journalist  
Universidad Finis Terrae  
Chilean National ID: 10.777.962-0



**DIRECTOR OF INTERNAL AUDITING**

**RAÚL PUERTO M.**

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



**DIRECTOR OF RISK MANAGEMENT AND COMPLIANCE**

**FRANCISCO SÁNCHEZ V.**

Industrial Engineer  
Universidad Católica de Chile  
Chilean National ID: 15.381.281-0

NOTE: María Ignacia López B., assumed the position of Director of Corporate Affairs on October 14, 2019. In March 2020, before closing this 2019 Sustainability Report, Rodrigo Vera D. became Mine Operations Senior Vice President. He is an industrial engineer with a degree from Universidad Católica de Chile and his Chilean National ID is 9.120.446-0.



06



Our  
Values





## OUR VALUES

DISCLOSURE 102 - 16

### 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, within a framework of the highest standards of integrity.

Through our actions, we hold ourselves to values that we promote on a daily basis in our dealings with our shareholders, employees, customers, suppliers, the environment and the community.



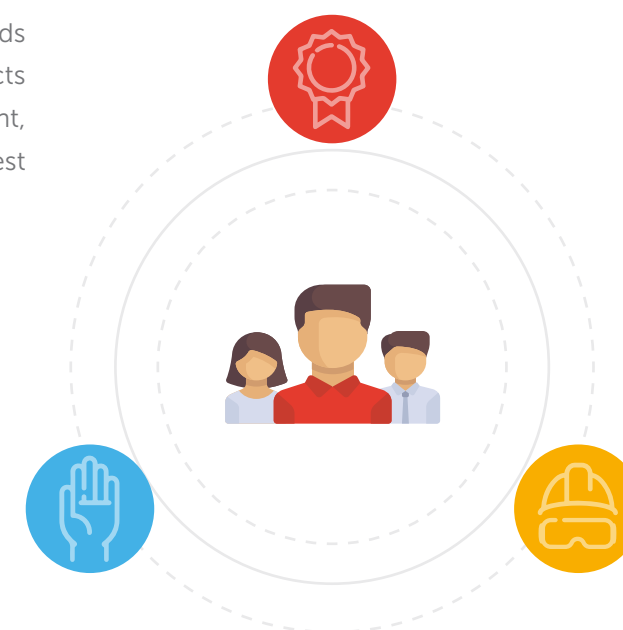
EXCELLENCE



SAFETY

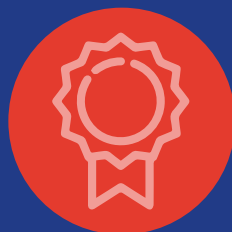


INTEGRITY





## OUR VALUES



### EXCELLENCE

- We are an organization that is constantly striving to achieve better results, for the purpose of creating shared value with shareholders, associates, customers, suppliers and communities.
- We strive to be creative, agile and innovative 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, thereby favoring 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 develop safe and accident-free operations.
- We are responsible for creating conditions under which each job can be performed safely and also 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 promote respect and fulfillment of each of the commitments made to shareholders, customers, employees, regulators, communities, suppliers and authorities.



Workers at Salar de Atacama operations, Antofagasta Region.



## CODE OF ETHICS

DISCLOSURE 102 – 16/ 102 – 17/ 102 – 20/ 102-25/ 205 -2

We have a Code of Ethics that emphasizes the commitment made by the board, management and all company employees to ethical and transparent business practices.

It sets forth the standards that we must follow when conducting business everywhere in the world.

We ensure that we are doing our job correctly with the right people and in a way that we are able to create value for our people, communities, business partners and shareholders.

Our Code applies to everyone, across the board, without exception. In addition, SQM has a Code of Conduct for Business Partners, which sets the integrity standards that business partners must meet when conducting any business with us.

The Ethics and Compliance Department is responsible for updating and implementing the Code. It is also responsible for answering questions about the Code and the right way to do things. Moreover, this department provides employees with resources to help them make the right decisions and abide by the Code and applicable laws. The full text of SQM's Code of Ethics is available on the Company's web page: [www.sqm.com](http://www.sqm.com)

**The Ethics and Compliance Department is responsible for managing any possible conflict of interest between employees, directors and third parties.**

**100%**  
OF OUR EMPLOYEES  
RECEIVE A COPY OF THE CODE





## HUMAN RIGHTS

At SQM, we comply with all laws regarding fair working conditions, salaries, maximum hours, child labor and forced labor. Doing business correctly means that we promote integrity at all our operations and we support positive human rights practices that are free from worker exploitation. We prohibit child labor, forced labor and any other similar practice. Working hours must be in line with the corresponding laws and employees must receive fair compensation for their labor. Any human rights violation must be reported immediately to initiate corrective measures.

## ETHICS AND COMPLIANCE PROGRAM

[DISCLOSURE 102-16/102-17/205-2/415-1](#)

SQM has developed an Ethics and Compliance Program that establishes a set of policies and procedures that support the standards contemplated in the Code. This program and the Code establish a framework for our way of working and making business decisions for SQM.

This program applies to all employees (male and female), executives and contractors without exception. It is shared through trainings and internal communication channels with all SQM employees.

The Company has a Policies and Procedures Archive containing all the documents. Program compliance is monitored regularly by the Ethics and Compliance Department.



Our Code applies to everyone, across the board, without exception. In addition, SQM has a Code of Conduct for Business Partners.





**IN 2019, THE ETHICS AND COMPLIANCE PROGRAM REACHED A LEVEL OF MATURITY THAT HAS MADE IT POSSIBLE FOR MANAGEMENT TO FOCUS ITS EFFORTS ON CONTINUALLY PROMOTING A CULTURE OF INTEGRITY.**

Iodine plant workers, Nueva Victoria operations, Tarapacá Region.

The program contains a set of policies and procedures, such as the Anti-Bribery and Anti-Corruption Policy; the Free Competition Policy; the Donation and Contribution, Business Courtesy, Sponsorship and Membership Procedure; procedures that regulate relationships with public officials; and the necessary due diligence policies and procedures for

starting new business relations with external partners, mergers, joint ventures; and due diligence procedures for hiring third parties, such as suppliers, agents or distributors.

In order to ensure compliance with the Code of Ethics and the Ethics and Compliance Program, SQM has a compliance officer who reports directly

to the Chief Executive Officer and heads up the Ethics and Compliance Department, which is the area in charge of updating and supervising the Ethics and Compliance Program and the Code of Ethics. Moreover, SQM has an Ethics and Compliance Committee and an Ethics and Compliance Council, composed of members of management, whose mission is to ensure

the ongoing and appropriate application of internal standards related to the Ethics and Compliance Program and help build a corporate ethics culture. Moreover, SQM has an internal audit area that is independent of SQM's management and acts as a third line of defense.

**The Compliance Officer reports to the board of directors twice a year on matters regarding business risks, compliance risks and the structure and functioning of the Ethics and Compliance Program.**

(1) The members of the Ethics and Compliance Committee are: the Director of Risk Management and Compliance, the Financial Senior Vice-President and CFO, and one lawyer from the Legal Division appointed by the Legal Senior Vice-President.  
 (2) The members of the Ethics and Compliance Council are: the CEO, the Legal Senior Vice-President and the Director of Risk Management and Compliance.





## SUPPORT AND COMPLAINT CHANNEL

DISCLOSURE 406-1/205-3

At SQM, we have a support and complaint channel available to all SQM workers around the world and also to third parties. Parties may lodge complaints through the channel on the website <https://sqm.ethicspoint.com> or by calling the numbers available in the countries where we have our main commercial offices.

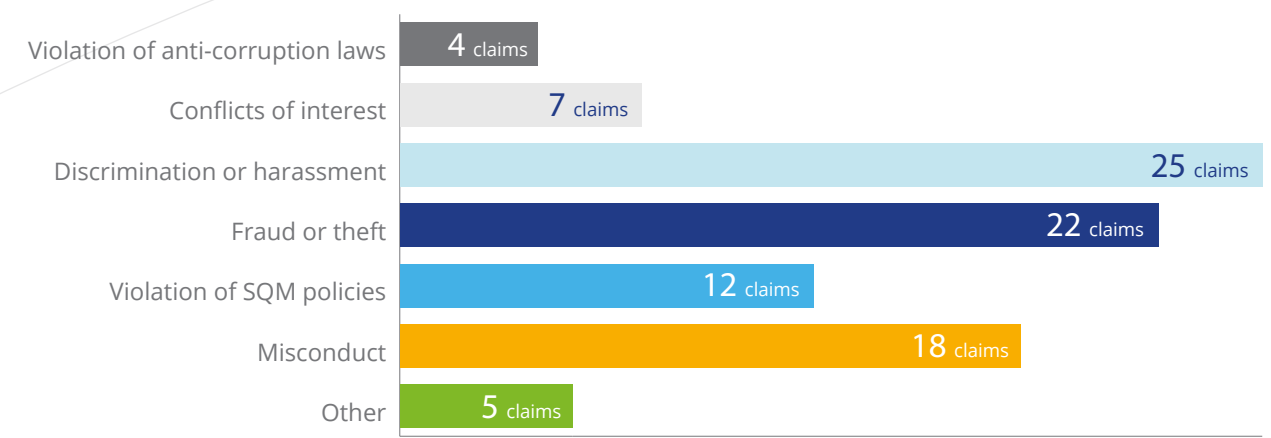
In 2019, 93 complaints were received, all of which were reviewed by the Ethics and Compliance Department

before continuing along the regular channels established in the internal investigation procedure. SQM is committed to ensuring compliance with the principles related to the complaint channel, which are: confidentiality of complaints lodged; a no retaliation policy; and anonymity, in countries where this is permitted under law. No complaints were made regarding cases of discrimination or human rights abuses.

The complaint channel constitutes a tool that allows for reporting violations of company policies as well as inappropriate behavior in general. Through this channel, SQM has received reports of sexual harassment, on-the-job harassment, etc.

The Ethics and Compliance Department is responsible for following up on all reports of possible violations of the Code and SQM's internal guidelines.

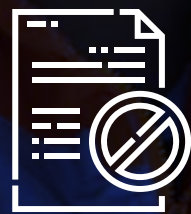
### COMPLAINTS BY TYPE



**100%**  
OF COMPLAINTS WERE ANALYZED BY THE TEAM IN CHARGE.

**36**  
COMPLAINTS WARRANTED AN INTERNAL INVESTIGATION.

**28**  
DISCIPLINARY MEASURES WERE APPLIED.



IF AN EMPLOYEE, CONTRACTOR OR THIRD PARTY SEES A SITUATION THAT COULD INFRINGE ON OUR CODE OF ETHICS OR PROGRAM, HE/SHE HAS THE DUTY TO REPORT IT.





Salar de Atacama operations, Antofagasta Region.

**The Ethics and Compliance Department is responsible for providing permanent advising to all SQM workers and interested third parties.**

## COMPLIANCE INITIATIVES

DISCLOSURE 102-17/ 205-1/ 205-2

Employee training addressing the Code of Ethics, applicable anti-corruption laws and program policies and procedures are fundamental parts of our Ethics and Compliance Program.

In 2019, we held in-person training with a significant number of employees at all SQM sites in Chile and most of our commercial offices. In addition, training sessions via e-learning were held with SQM's high-risk suppliers and contractors.

The Ethics and Compliance Department held in-person training with all SQM board members. This department is responsible for keeping all directors informed about the Company's main policies and procedures.

Additionally, in order to strengthen the Ethics and Compliance Program, we offer distribution channels specifically for the Compliance Department and on-line trivia contests, which present challenges and questions related to our Code of Ethics and the program's policies and procedures, and have high employee participation rates.

The Ethics and Compliance Department monitors and tests implementation and effectiveness of our Ethics and Compliance Program, to minimize the risks associated with Law 20,393 and the FCPA, such as bribery between private parties, bribing public officials, and tampering with accounting records.

**31**

**PROCESSES WERE CONDUCTED IN CHILE AND AT TWO COMMERCIAL OFFICES ABROAD TO MONITOR IMPLEMENTATION OF THE ETHICS AND COMPLIANCE PROGRAM IN 2019**



To foster integrity, SQM is part of Fundación Generación Empresarial, an organization that promotes business principles, values and best practices, supporting companies in the management of a business ethics culture. In 2019, we participated again in the “Barometer on Values and Business Ethics,” with over 600 employees taking part.

**SQM participated in the “2019 Barometer on Values and Business Ethics” organized by Fundación Generación Empresarial.**

**654**

EMPLOYEES RECEIVED IN-PERSON TRAINING.

**623**

EMPLOYEES TRAINED THROUGH E-LEARNING OR VIDEO.



Sur Viejo, Nueva Victoria operations, Tarapacá Region.





Salar de Atacama operations.

Photo credit: Aaron Araya. SQM Photography Contest.

## ABOUT OUR SUSTAINABLE DEVELOPMENT POLICY AND DIVERSITY AND INCLUSIVENESS POLICY

DISCLOSURE 102 – 11/ 102 – 16



San Pedro de Atacama.

Photo credit: Cristián Donoso. SQM Photography Contest.



In September 2019, the Company revised its Sustainable Development Policy with a view to reaffirming and updating its commitment to its actions, so that they are sustainable in terms of our stakeholders and the environment, while also ensuring we conduct our business according to the principles of continuous improvement of our environmental and quality management system.

The scope of this policy includes our stakeholders: Employees, contractors, suppliers, shareholders, customers, communities, the environment. We have defined our Sustainable Development Policy as a series of measures upheld by SQM that are aimed at creating an organization-wide culture of sustainability in which the Company and its employees efficiently and responsibly manage natural resources, with

a view to preserving ecological balance while caring for people and their surroundings.

The concept of sustainable development involves meeting the needs of today's generations without compromising the ability of future generations to meet their own needs.



## SUSTAINABLE DEVELOPMENT POLICY

DISCLOSURE 102-11

We are a global company engaged in industries that are essential for human development, such as health, food, clean energy and technology. Our experience and knowledge have earned us a global leadership position in specialty plant nutrition (SPN), iodine and derivatives, lithium and derivatives, and industrial chemicals. We also participate in the potassium market. We reach diverse markets on time with our products and deliver quality to our customers.

To give life to products that are strategic for human development, we base our actions on the values that guide our conduct: Excellence, safety and integrity, expressed in our Code of Ethics, which applies to everyone at SQM. This Code calls us to follow strict standards to ensure proper corporate governance and a robust risk management system, fully complying with current laws and regulations, in addition to commitments and domestic and international standards that we voluntarily undertake to meet.

We foster labor relations based on respect, generating the conditions necessary for each person to develop their skills. We value meritocracy and always favor equal opportunity, inclusiveness and diversity, non-discrimination and respect for human rights.

We are committed to protecting the environment and responsibly managing the natural resources we use, complying with our commitments, focusing and planning all of our work to prevent and minimize impact on the surroundings, the ecosystem and future generations. We constantly strive to reduce the use of raw materials, control our air emissions, particularly greenhouse gases, and avoid generating waste or ensure it is properly managed. We continuously monitor our Environmental Management System to ensure optimal environmental performance.

We are accountable to our customers, delivering high-quality products that meet committed standards and applicable

regulations and providing assistance and service to ensure a mutually beneficial, long-term, collaborative relationship. We maintain a Quality Management System to accomplish this.

We promote continual improvement of our performance in terms of safety, health, the environment, quality and community relations.

This continual attention to our daily work enables us to promptly develop and implement any prevention plans and control measures necessary, integrating innovation and ground-breaking solutions, thanks to the ongoing search for continuous improvement under the Lean M1 methodology.

Likewise, we maintain a close relationship with communities near our production facilities and participate actively in their development. We engage in an open, ongoing and transparent manner with neighbors through programs and initiatives developed with their participation, by mutual

**At SQM, our commitment to sustainability is far-reaching and unwavering, acting with concern and respect for people, the environment and the community in everything we do. As a company, we are committed to complying with high standards and, in turn, are always seeking new challenges to continue improving sustainability at SQM.**

agreement, where we are all part of a common goal. In this spirit, we have defined the following priority areas: education, social inclusiveness, entrepreneurship, reviving historical heritage and sustainable development.



Students visiting port facilities in Tocopilla.



## DIVERSITY AND INCLUSIVENESS POLICY

We are a global company, with employees from over 30 different countries, that aims to generate the opportunities and conditions necessary for each person to develop their skills in a cordial, respectful and receptive environment. Therefore, we commit to:

- Promoting an internal culture of diversity, non-discrimination and respect.
- Fostering equal opportunity, valuing and evaluating people based on their merit, performance and effort to generate value.
- Adapting workplace conditions and spaces, as needed, to facilitate the gradual incorporation of people with disabilities.
- Continuously challenging selection and evaluation processes to facilitate meritocracy and attract, develop and retain talented people.
- Forming heterogeneous work teams with people who share a common purpose at SQM and always seek excellence.
- Broadening female participation at all levels and areas within the organization and to increase local hiring at our operating facilities.



Inclusive entry way, SQM offices, Antofagasta.



SQM participating in Inclusiveness Expo.





## RECOGNITION IN 2019

- The Nitrates Museum Foundation, as part of its celebrations for having been placed on UNESCO's List of World Heritage in Danger, recognized SQM for its ongoing commitment to the foundation. SQM also sits on the foundation's board.
- Spain's Fundación Corresponsable honored the "Atacama Tierra Fértil" Program for its contribution to the local development of the communities of Quillagua, San Pedro de Atacama, Toconao, Talabre and Socaire. In these towns, SQM's multidisciplinary team of professionals has organized diverse agricultural projects alongside local residents.
- SQM was awarded a SHE Excellence Gold Medal by the International Fertilizer Association (IFA) in recognition of its ongoing commitment to the principles of safety, health and environment promoted by the association.
- Iquique's 7th Company of Firefighters bestowed a token of their appreciation to SQM in recognition of the support it provided to them for purchasing firefighting equipment.
- The Antofagasta Industrial Association (Asociación de Industriales de Antofagasta) recognized SQM in the category of "Technological Contribution" for the Ecocharger project for electric cars, a solar-powered system that aims to develop and foster electromobility at the Salar del Carmen site.
- We were also honored by School E-26 in San Pedro de Atacama for our contribution to furthering the arts and culture in the school community.
- SQM was recognized by the Government of Chile for having helped out during the climatic emergencies that affected the districts of San Pedro de Atacama and Calama. The Ministry of Mining handed out this recognition.
- In María Elena, the Humanities and Science Professional Technical High School also recognized us for having supported the educational efforts undertaken at their establishment.
- In Quillagua, the officials of the patron saint festivities recognized SQM for having restored the images of Saint Michael the Archangel and the Virgin of the Rosary.



07



# Our People



## OUR PEOPLE

DISCLOSURE 103-1/ 103-2/ 103-3

We put a great deal of effort into our selection and recruiting systems in order to build teams of diverse individuals and actively address issues such as inclusiveness and women in mining. In fact, given the unique attributes of our industry and SQM in particular, our Company is made up of a team of individuals from different professions and trades, operators and technicians, men and women of different ages, each of whom contributes their individual capacities, experience and skills to the Company's development.

**At SQM, our employees are our most important asset. That is why we work to foster their professional development and permanency with the Company.**

**5,741**  
 PEOPLE MAKE UP SQM'S  
 WORKFORCE IN CHILE AND  
 ABROAD AS OF DECEMBER  
 2019.

People are the foundation of our company and, therefore, are very important to SQM. This conviction has motivated us to develop an area specifically concerned with employee wellbeing, benefits and professional development, among other related topics.

The different positions within SQM are organized into: general staff, supervisory staff and executive staff. These groups of workers make up multidisciplinary teams and carry out duties at different production, commercial and administrative facilities.



DISCLOSURE 102-8

## TOTAL EMPLOYEES BY STAFF TYPE, EMPLOYMENT CONTRACT, GENDER AND REGION AS OF DECEMBER 31, 2019

Region	Executives				Supervisors				General				
	Open-term contract		Fixed-term contract		Open-term contract		Fixed-term contract		Open-term contract		Fixed-term contract		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
Metropolitan Region	70	15	0	0	247	149	4	4	70	39	0	2	
Tarapacá Region	12	0	0	0	168	26	9	1	813	30	30	5	
Antofagasta Region	28	5	0	0	647	194	11	6	2,246	273	95	18	
Other Regions	0	0	0	0	25	13	1	0	6	11	1	0	
Foreigners	5	0	0	0	264	146	2	0	43	6	1	0	
<b>Total</b>	<b>115</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>1,351</b>	<b>528</b>	<b>27</b>	<b>11</b>	<b>3,178</b>	<b>359</b>	<b>127</b>	<b>25</b>	<b>5,741</b>

NOTE: The Company has four part-time workers: three with open-term contracts, (two in Antofagasta—one male and one female—and one foreign male worker) and one male worker with a fixed-term contract in Antofagasta.

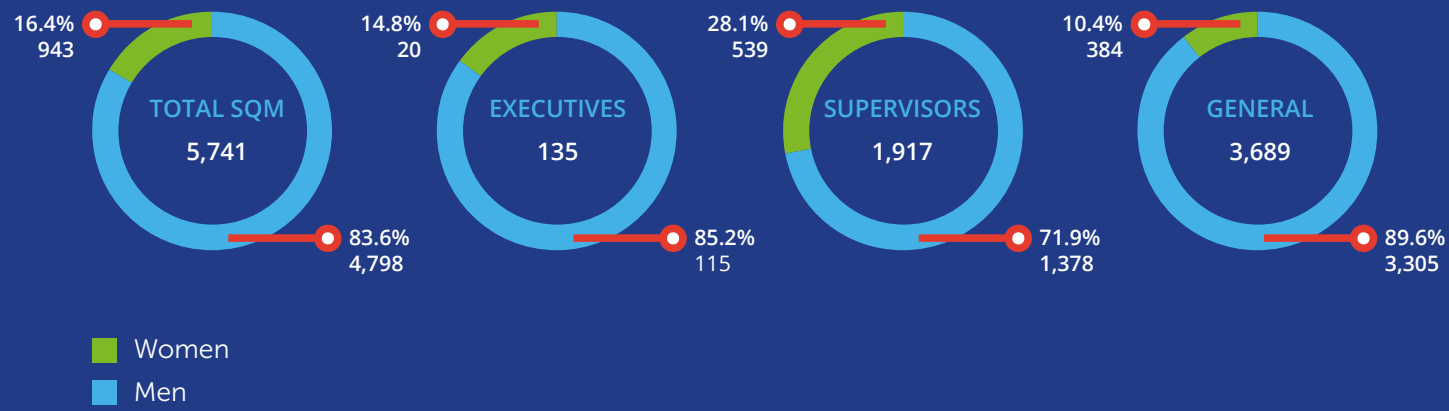
## TOTAL EMPLOYEES BY EMPLOYMENT CONTRACT AND PERCENTAGE IN 2019

Contract Type	Number of Employees	%
Open-term contract	5,551	97%
Fixed-term contract	190	3%
<b>Total</b>	<b>5,741</b>	<b>100%</b>

**12,685**  
 JOBS



### SQM EMPLOYEES BY CATEGORY, GENDER AND PERCENTAGE IN CHILE AND ABROAD IN 2019



### SQM EMPLOYEES BY CATEGORY AND PERCENTAGE IN CHILE IN 2019

SQM Employees by Category in Chile	Number of Employees	%
Executives	130	2.5%
Supervisors	1,505	28.5%
General	3,639	69.0%
Total Chile	5,274	100,0%







SQM Emergency Brigade, Salar de Atacama operations, Antofagasta Region.

DISCLOSURE 202 - 2

**MAIN REGIONS WHERE EMPLOYEES WORK BY CATEGORY AND PERCENTAGE IN 2019**

Region	No. Executives	%	No. Supervisors	%	No. General	%
Employees in the Tarapacá and Antofagasta Regions out of Total Number of Employees	45	33.3%	1,062	55.4%	3,510	95.1%
Employees in the Metropolitan Region out of Total Number of Employees	85	63.0%	404	21.1%	111	3%

**62.7% OF ALL EMPLOYEES WORKING IN THE TARAPACÁ AND ANTOFAGASTA REGIONS RESIDE IN THOSE REGIONS**

Sites	% Employees	% Executives
Tarapacá Region and Antofagasta Region	62.7%	84.8%

**84.8%**  
OF EXECUTIVES WHO WORK IN THE  
TARAPACÁ AND ANTOFAGASTA REGIONS  
RESIDE IN THOSE REGIONS.



DISCLOSURE 102-8

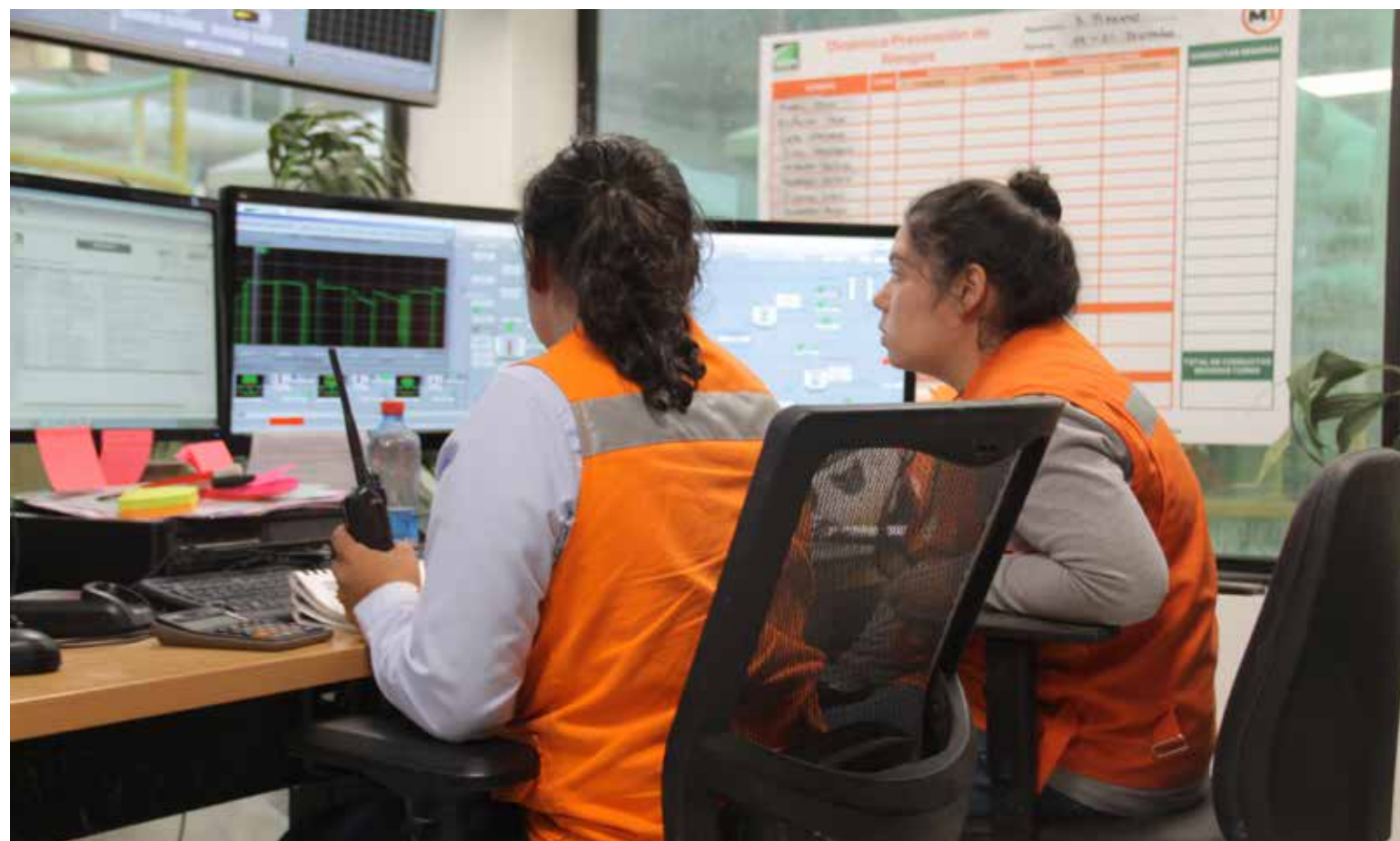
**EMPLOYEE STATISTICS AS OF  
DECEMBER 2019**

SQM provides an annual average of 12,685 jobs in Chile and around the world, including Company personnel and contractors.

**467**  
EMPLOYEES ARE  
FOREIGNERS

**6,944**  
CONTRACTORS ANNUALLY  
ON AVERAGE IN 2019

**943**  
WOMEN WORK AT SQM IN  
CHILE AND AROUND THE  
WORLD



**5,274**  
OF ALL SQM EMPLOYEES  
WORK IN CHILE

**5,741**  
TOTAL NUMBER OF DIRECT  
SQM EMPLOYEES IN CHILE  
AND THE WORLD



DISCLOSURE 405-1

PERSONNEL IN CHILE AND OVERSEAS BY AGE GROUP, GENDER AND GEOGRAPHIC DISTRIBUTION AS OF DECEMBER 31, 2019

Distribution	Tarapacá		Antofagasta		Metropolitana		Other Regions		Overseas		Number of Employees	%
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women		
Under 30	99	19	475	120	53	42	0	4	83	29	924	16.1%
30 to 40	415	28	1,106	230	158	87	12	12	117	61	2,226	38.8%
41 to 50	295	10	779	99	102	56	15	3	84	43	1,486	25.9%
51 to 60	184	4	492	42	58	13	4	5	24	18	844	14.7%
61 to 70	39	1	169	5	15	11	2	0	7	1	250	4.4%
Over 70	0	0	6	0	5	0	0	0	0	0	11	0.2%

DISCLOSURE 401-1

ABSENTEEISM, TURNOVER

The 2019 SQM absenteeism rate was 3.0%, including workers overseas. The rate was 2.9% for men and 3.0% for women.

The 2019 absenteeism rate for employees in Chile reached 3.1%, broken down by gender, the rate was 3.1% for men and 3.5% for women.

2019 TURNOVER BY AGE GROUP AND GENDER IN CHILE, ALL CONTRACT TYPES

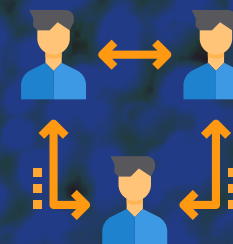
Distribution	Men	Women	
Under 30	23.8%	30.3%	
30 - 40	13.2%	18.3%	
41 - 50	10.0%	14.7%	
Over 50	6.0%	11.9%	
Total	12.6%	20.0%	13.7%

PEOPLE WHO ENTERED THE COMPANY IN CHILE IN 2019 BY AGE GROUP AND GENDER

Distribution	Men	Women	
Under 30	247	87	
30 - 40	256	67	
41 - 50	123	23	
Over 50	51	7	
Total	677	184	861

PEOPLE WHO LEFT THE COMPANY IN CHILE IN 2019 BY AGE GROUP AND GENDER

Distribution	Men	Women	
Under 30	92	28	
30 - 40	168	54	
41 - 50	101	23	
Over 50	55	9	
Total	416	114	530



**13.7%**  
COMPANY'S TOTAL  
TURNOVER  
RATE IN CHILE IN 2019





08

# Participation and Inclusiveness





## PARTICIPATION AND INCLUSIVENESS



The year 2019 was marked by great progress in terms of inclusiveness at our Company. We launched our Workplace Diversity and Inclusiveness Policy and worked hard to involve our people in the policy.

This policy covers all levels of the organization and seeks to generate equality and opportunities for all with the understanding that SQM employs people of different ages, 30 nationalities, men and women from communities near its operations, and workers with disabilities. For all employees, it

looks to create the opportunities and conditions necessary for each team member to develop personally and professionally.

This policy fosters equality and encourages us to value and evaluate people on the basis of their merit and performance.

During the reporting period we have also improved our selection processes to facilitate meritocracy, thereby attracting diverse, talented people to the organization that are open to developing their skills.

SQM is working on adapting its workplace conditions and spaces to facilitate the gradual incorporation of people with disabilities. Initiatives are aligned with the Inclusiveness Law, which mandates that 1% of every company's employees be persons with disabilities. The Company's goal is to go beyond legal requirements by providing opportunities for people with disabilities to join the workforce, with equal rights and responsibilities.



As of year-end 2019, there were a total of 54 persons with disabilities working at SQM, which is more than the current 1% legal requirement.

### PRO-INCLUSIVENESS INITIATIVES

SQM took part in the Santiago and Antofagasta Inclusiveness Expos, which were opportunities to promote the wellbeing and work of people with disabilities. A total of 20 companies and more than 1,000 visitors participated in the Antofagasta event.

At the inclusiveness event, we offered seven job openings for people with disabilities, and SQM's People team gave a workshop on employability designed to develop participants' soft skills for job interviews.

### AN INCLUSIVE PRACTICE

An individual's first on-the-job experience is always very important and tends to make a mark on students; at SQM, this process is part of our corporate volunteer program since our very own male and female workers become mentors for the interns assigned to their areas. In 2019 alone, the Company received 332 interns (120 women and 212 men) who worked at various SQM production sites and offices.

In the summer of 2019, the IT department at Coya Sur hosted the Company's first intern with a slight cognitive impairment for two months. The intern's disability did not prevent him from communicating with his peers, making trust-based relationships or taking on responsibility. The area prepared in advance to be able to work with people with cognitive disabilities and has also been trained in sign language. This is the second year that this area has hosted special needs students.

**Our Company's goal is to provide opportunities for people with disabilities to join the workforce, thereby creating equality of rights and responsibilities.**



Students from INACAP Iquique visiting Nueva Victoria operations, Tarapacá Region.



Special activity to celebrate "Intern Day".





## EXPANDING THE FEMALE WORKFORCE

One of our goals is to form heterogeneous teams and expand the female workforce at all levels throughout the organization. At the end of 2019, 16.4% of our workforce was female (amounting to 943 women). This figure is much higher than the rest of the mining industry, where on average the female workforce is 12%, according to the Women in Mining Working Group. This group, made up of

representatives from the Ministry of Mining, Ministry of Women and Gender Equity and a large number of mining companies, aims to increase average female participation in mining in Chile to 18% by 2025. Since we are already close to meeting this target, at SQM we have set a goal of 20% by 2021.

**We aim to have a 20% female workforce by 2021.**

## ALL HANDS ON DECK FOR INCLUSIVENESS

Included among the activities to successfully implement our Diversity and Inclusiveness Policy were construction projects to improve access for persons with disabilities at several of our sites, and measures to enhance quality of life for nursing mothers.

Several improvements were made to the Antofagasta offices such as an extension to the dining hall, and enhancements at entry

points and sidewalks, including automatic doors and handrails. Support rails on elevators and a handicap bathroom were installed at the corporate offices in Santiago.

Areas created with a view to reinforcing gender equity also benefited from this suite of improvements. One such benefit for mothers was a new infant feeding room and a changing

station that was installed in one of the restrooms for increased comfort and peace of mind for women working at the Santiago offices.

Additionally, some improvements were made to the María Elena preschool (run by SQM) in order to bring it up to Chilean government (JUNJI) code. Beginning in March 2019, this preschool began operating on 7x7 day shifts in



order to serve children whose parents work that shift. "Executive suite" cabins were set up as a housing option at this same site. With house-like features, female employees will have a place to live with their small children (under the age of two) without breaking the mother-child bond.

At the same time, and in order to involve our employees in this culture of inclusiveness, lectures are being held to familiarize workers with the concept of inclusiveness and boost their understanding and empathy. We will continue holding these lectures throughout 2020 in order to reach out to a larger number of workers while also providing information that is helpful to this endeavor.

DISCLOSURE 401-3

**PATERNITY AND MATERNITY LEAVE IN 2019**

Maternity leave	24
Parental	24

NOTE: Only women used this type of leave in 2019.

**TOOLS FOR INCLUSIVENESS**

SQM also works with several institutions on the social integration of people with physical and intellectual disabilities and people diagnosed with Autism Spectrum Disorder (ASD). One example is its joint work with Fundación Teautismo through the "Carreteando por el Desierto" (Partying Through the Desert) program. This initiative enabled us to provide education and health professionals in María Elena with tools and good practices to help screen children for ASD at an early age. The program also has an on-site phase to train those closest to a person with autism in order to improve their quality of life.





## EMPLOYEE RELATIONS

Cooperation and respect by and between our workers is fundamental, which is why we meet regularly with our employees to maintain and foster smooth and collaborative relations.

We also engage in collective bargaining processes to address diverse topics such as wage adjustments and benefits and other matters of interest to workers and the Company. The Company has a general policy of meeting periodically with unions

to explain the origin and expected effect of any issues such as those related to general company policies or operating changes that may affect workers and their compensation. Notice is given based on the degree of impact. In the event of a significant change, notice is usually given more than two months in advance.

As of December 31, 2019, the Company had 21 unions, which represent 61.1% of all employees, who work primarily at its main production centers in Chile:

María Elena, Pedro de Valdivia, Coya Sur, Salar de Atacama, Salar del Carmen, Nueva Victoria, Tocopilla, Antofagasta and Santiago. In 2019, the Company closed new collective bargaining agreements with five unions before the prior agreements expired.

66.9% of all SQM employees in Chile are covered under collective bargaining agreements.



The Company regularly reviews all of the benefits it provides its employees in order to make improvements as necessary.





**WE ARE CONCERNED WITH PROVIDING GOOD CONDITIONS FOR OUR WORKERS WHILE THEY PERFORM THEIR ROLES AT THE COMPANY'S FACILITIES. IN THIS SPIRIT, WE ARE CONSTANTLY IMPROVING THE INFRASTRUCTURE AND SERVICES PROVIDED AT ACCOMMODATION FACILITIES AND OFFICES.**

DISCLOSURE 102 -36/ 401-2

### THINKING OF OUR PEOPLE

We care about the wellbeing of our workers and their families. Accordingly, the Company has an area exclusively devoted to managing the benefits we provide our male and female workers alike. This area is responsible for monitoring and coordinating employee benefits so that each member of the organization is served in a timely and efficient manner.

SQM 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. There are also additional benefits that are included under each individual collective bargaining agreement, based on the unions' specific interests and membership.

Our benefits include:

- National holiday and Christmas bonuses.
- Special bonuses: education, funeral assistance, marriage and birth.

- Special leave: death, marriage, moving and mammograms or prostate screenings.
- 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.
- University scholarships for employees' children who demonstrate academic excellence.
- 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 annually, in September, based on a comparative compensation study of companies from comparable industries. This ensures fair and transparent salaries for non-unionized employees.
- Preferential plans are offered under agreements with gyms and telephone companies.



DISCLOSURE 401-2

In 2019 we made several improvements to our accommodation facilities. Some of these were aimed at boosting employee comfort, while others were related to recreation and wellbeing.

Additionally, some improvements or benefits were extended to the María Elena community as a result of the Company's ties with its neighbors.

**SALAR DE ATACAMA SITE:**

- Sidewalks connecting the entire Andino accommodation facility.
- Rooms were remodeled for use exclusively by female employees.
- Recreation and events room for female employees.
- Music room.
- Gym for contractors.
- Bike path.
- Outdoor barbecue area.
- Kiosk.
- Game room.

- Bus station and emergency rooms staff.
- Artificial turf on the Andino playing fields was replaced.

**SALAR DEL CARMEN SITE:**

- Dining hall expanded
- Changing rooms expanded
- Capacity of water storage tanks in the dining facility was increased.

**MARÍA ELENA SITE:**

- Small soccer field at the Pampinos accommodations facility was fixed.
- Artificial turf was replaced on the playing fields located at the Guggenheim accommodations facility.
- Health care plans for seniors free of charge at the María Elena Hospital.
- Road-side accident service along Route 5 within the María Elena community limits during the hours the municipal health clinic is closed.
- Roof repair program for homes located in the town of María Elena.

- Healthy eating pilot implemented by Universidad de Antofagasta students doing their internship in nutrition at the María Elena dining hall.

- Clinical laboratory and X-ray facility at the María Elena Hospital open seven days a week.
- Accreditation of María Elena Hospital.

**NUEVA VICTORIA SITE:**

- Thirty rooms expanded at Iris Camp.
- Outdoor barbecue area installed at Iris Camp.
- Artificial turf replaced on the playing fields at Iris Camp.
- A women's changing room installed in the mine area.

**TOCOPILLA:**

- Improvements made to the beds, furniture, children's playing area, bathrooms and lighting at Indígena Camp, which is a recreational center owned by the Company.



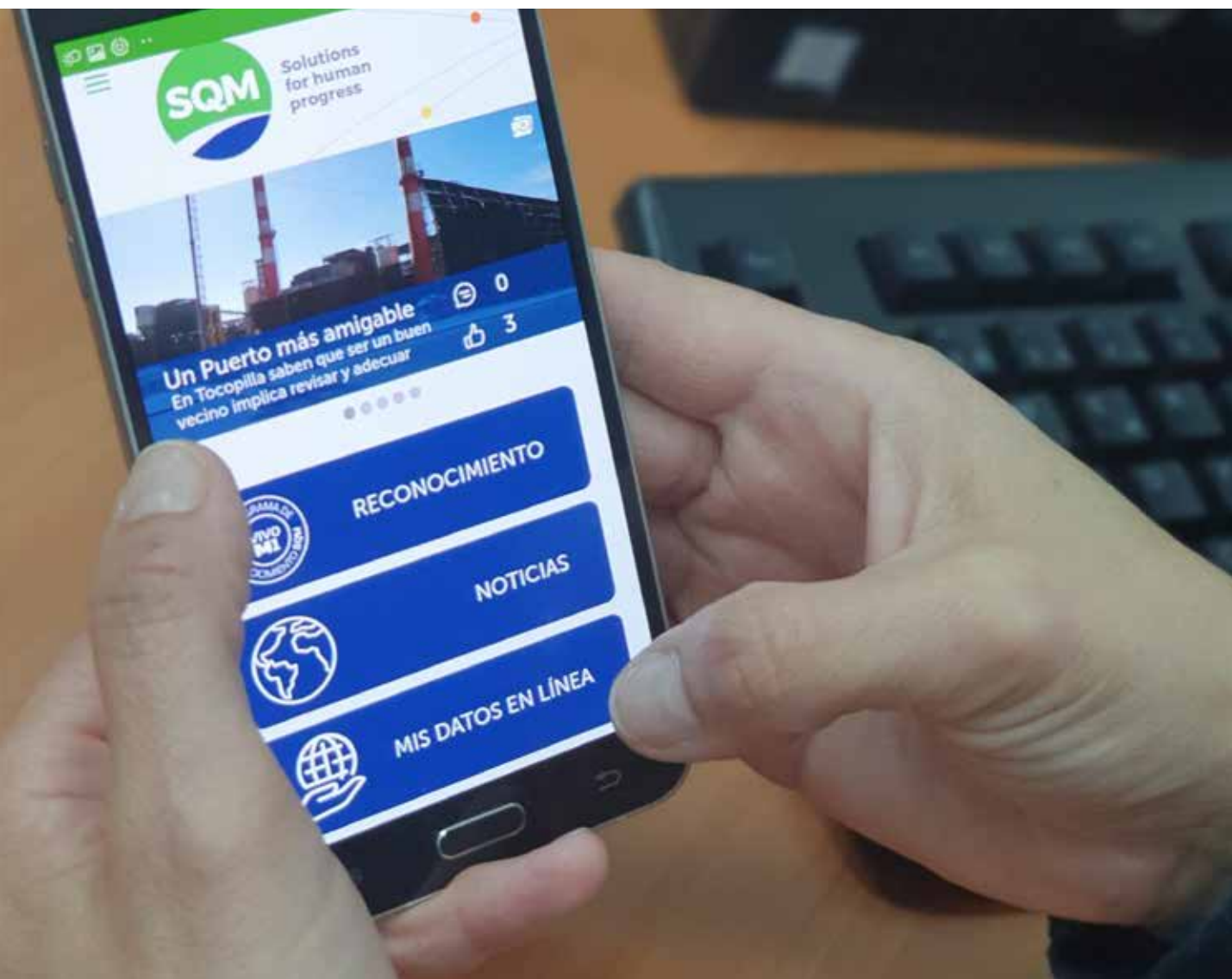
Workers at Salar de Atacama operations, Antofagasta Region.



Port of Tocopilla.

Photo credit: Claudio Gallegos. SQM Photography Contest.





**MISQM**

In 2019, in order to be more in touch with our employees, we implemented MISQM, which employees can download on their cell phones to stay informed and in contact. MISQM can be used to process payments, manage vacation time, request certificates, grant awards, among other tasks.

This development is very much appreciated by our employees since they no longer have to spend their own time requesting personal paperwork at the human resources office.

DISCLOSURE 404-2

**117 EDUCATION SCHOLARSHIPS AWARDED IN 2019**

Given the priority the Company places on the professional and educational development of its employees and their children, SQM's Excellence Scholarship program has granted 980 scholarships since created.

A total of 117 scholarships were awarded in 2019 to individuals who demonstrated outstanding academic effort and dedication.



Types of Scholarships	2019	2018	2017
University and graduate-level scholarships for SQM employees	47	45	44
Academic excellence scholarships for sons and daughters of employees	70	64	61

**117**  
SCHOLARSHIPS  
AWARDED IN 2019

**70**  
ACADEMIC  
EXCELLENCE  
SCHOLARSHIPS  
AWARDED TO  
CHILDREN OF  
EMPLOYEES

**47**  
SCHOLARSHIPS  
AWARDED TO SQM  
EMPLOYEES

**980**  
EDUCATION  
SCHOLARSHIPS  
GRANTED TO  
EMPLOYEES AND  
THEIR CHILDREN  
AS OF DECEMBER  
2019



DISCLOSURE 404-2

### MOBILITY PROGRAM

SQM's nine-year-old mobility program is a corporate practice centered around promoting the professional development of our employees through recognition and opportunities to grow within the Company, according to their skills, abilities and experience.

Employees holding general and supervisory positions may apply to positions published on SQM's intranet and opt for promotions or make lateral shifts from one department to another. Job openings are only posted in-house in order to promote employees or give them the opportunity to work in other areas that may require their expertise.

This generates benefits in terms of organizational culture, such as:

- Encouraging good performance and meritocracy.
- Retaining and rewarding the best talent.
- Reinforcing commitment and motivation.
- Favoring opportunities for personal development.
- Increasing employability by providing learning opportunities within the organization.
- Enriching the Company through collaboration among areas.
- Strengthening the idea that people are valuable assets for the Company.

SQM believes that mobility and the development of people are possible when complemented by training and recognition.



Year	2019	2018	2017
Number of employees who have changed jobs thanks to the internal mobility program	401	284	132

### BRINGING TRAINING CLOSER TO OUR EMPLOYEES

In 2019, SQM launched an on-line training website [www.sqmaprende.com](http://www.sqmaprende.com) for its employees. This tool is available to all company employees as a centralized hub where they can download new material/content required to do their jobs. The training portal can be accessed from any device, anywhere.

The tool also features interactive videos to enhance content learning.

After having completed the course, students receive a certificate of completion showing that they met the course requirements.

Some of the courses available on the platform include: SQM Corporate Orientation, Defensive Driving, M1 Tools for Safety, Plant Maintenance Skill Matrix, Phishing Awareness Training, SAP Support Material, and others.







Salar de Atacama.

Photo credit: Marco Garay. SQM Photography Contest.

## WORKPLACE TRAINING

DISCLOSURE 404 – 1/ 404-2



At SQM our workers are constantly trained on matters related to their jobs with a view to supporting their professional development and performance excellence.

The main training topics during the period were: risk prevention (legal certification and corporate standards), techniques and skill matrix, e-learning orientation, skill development, technology and language courses.

**5,565**  
SQM EMPLOYEES TRAINED IN CHILE

**91,604**  
TRAINING HOURS

**ThUS\$690**  
INVESTED IN EMPLOYEE TRAINING



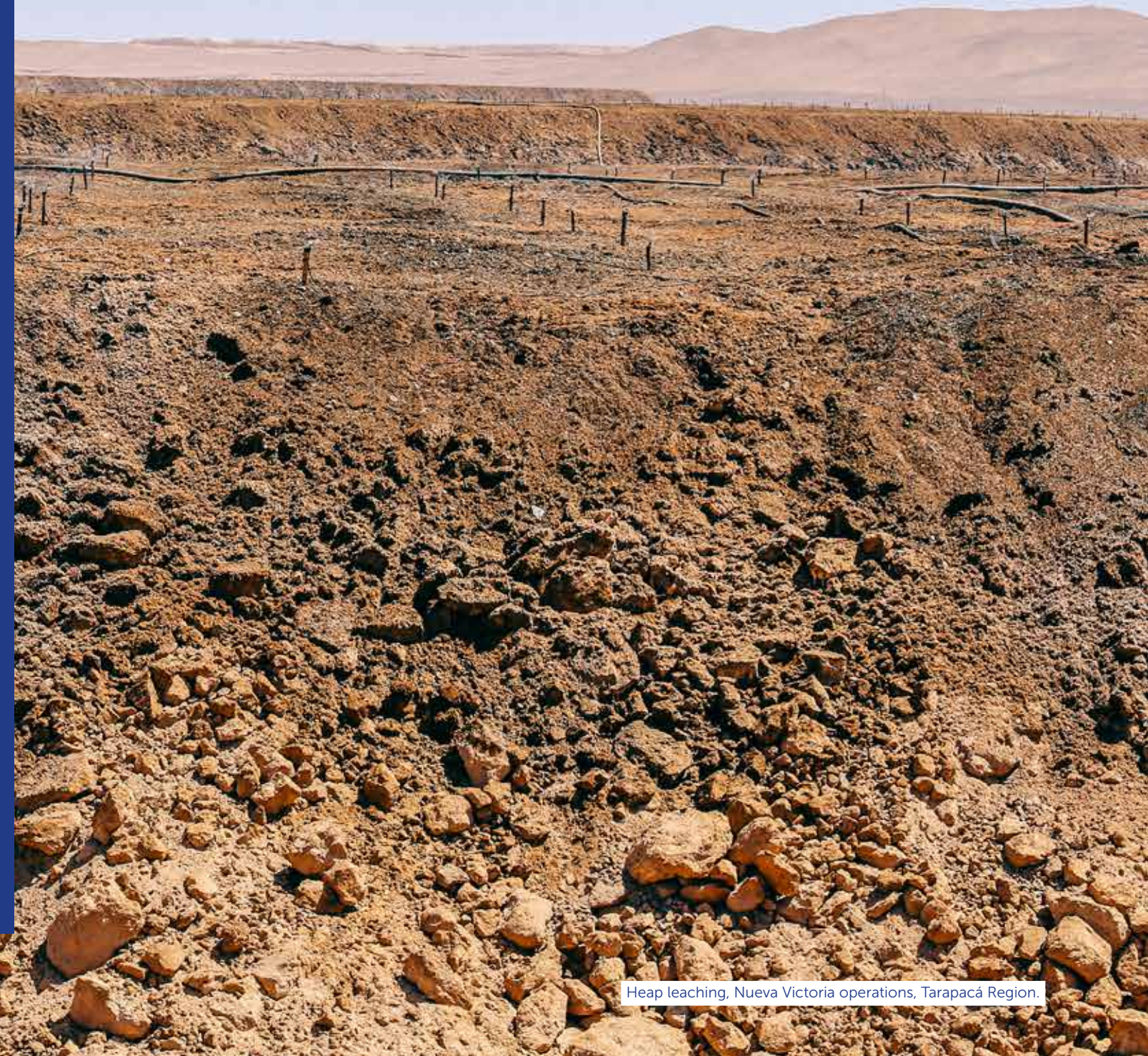
## AVERAGE TRAINING HOURS PER EMPLOYEE AND CATEGORY

DISCLOSURE 404-1

Employee Category	Total Training Hours, All Employees, 2019	No. of Employees 2019	Indicator
Operators	40,357	2,067	19.5
Administrative staff	965	119	8.1
Executives	2,367	106	22.3
Professionals	26,109	1,623	16.1
Technicians	21,806	1,650	13.2
	91,604	5,565	16.5

Employee Category	Total Training Hours, All Employees, 2018	No. of Employees 2018	Indicator
Operators	33,619	1,926	17.5
Administrative staff	1,708	109	15.7
Executives	1,771	113	15.7
Professionals	21,631	1,498	14.4
Technicians	24,727	1,522	16.2
	83,456	5,168	16.1

Employee Category	Total Training Hours, All Employees, 2017	No. of Employees 2017	Indicator
Operators	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
	61,833	4,876	12.7



Heap leaching, Nueva Victoria operations, Tarapacá Region.



### AVERAGE TRAINING HOURS PER FEMALE EMPLOYEE

DISCLOSURE 404-1

Employee Category	Total Training Hours, Female Employees, 2019	No. of Female Employees 2019	Indicator
Operators	6,325	102	62.0
Administrative staff	500	72	6.9
Executives	476	21	22.7
Professionals	6,295	475	13.3
Technicians	2,361	240	9.8
	15,957	910	17.5

Employee Category	Total Training Hours, Female Employees, 2018	No. of Female Employees 2018	Indicator
Operators	1,688	82	20.6
Administrative staff	998	66	15.1
Executives	242	21	11.5
Professionals	5,418	430	12.6
Technicians	1,663	220	7.6
	10,009	819	12.2

Employee Category	Total Training Hours, Female Employees, 2017	No. of Female Employees 2017	Indicator
Operators	366	42	8.7
Administrative staff	271	86	3.2
Executives	382	25	15.3
Professionals	4,428	320	13.8
Technicians	1,614	250	6.5
	7,061	723	9.8

### AVERAGE TRAINING HOURS PER MALE EMPLOYEE

DISCLOSURE 404-1

Employee Category	Total Training Hours, Male Employees, 2019	No. of Male Employees, 2019	Indicator
Operators	34,032	1,965	17.3
Administrative staff	465	47	9.9
Executives	1,891	85	22.2
Professionals	19,814	1,148	17.3
Technicians	19,445	1,410	13.8
	75,647	4,655	16.3

Employee Category	Total Training Hours, Male Employees, 2018	No. of Male Employees, 2018	Indicator
Operators	31,931	1,844	17.3
Administrative staff	710	43	16.5
Executives	1,529	92	16.6
Professionals	16,213	1,068	15.2
Technicians	23,064	1,302	17.7
	73,447	4,349	16.9

Employee Category	Total Training Hours, Male Employees, 2017	No. of Male Employees, 2017	Indicator
Operators	21,987	1,893	11.6
Administrative staff	355	48	7.4
Executives	1,238	133	9.3
Professionals	14,377	937	15.3
Technicians	16,815	1,142	14.7
	54,772	4,153	13.2



### THE M1 PATH TO EXCELLENCE

The M1 operational excellence methodology, based on the Lean system, is already a part of the SQM organizational culture. Program penetration in 2019 surpassed 90%, moving the Company out of the implementation phase and into the maintenance phase during which the program will be deployed more directly in specific areas such as quality, production and costs. Moreover, the program will be reimplemented in 2020 as a pilot at our Nueva Victoria site in the Tarapacá Region in order to reinforce risk prevention.

M1 provides SQM with a tool to identify good practices and improvement opportunities, provide continuous training to its employees, reduce its operating costs, optimize processes and boost safety. Moreover, M1 addresses key principles such as fair and connected leadership, listening and reaching agreements, treating people with dignity, explaining the purpose of each job and features an employee recognition program based on values that honor people and their work.







Workers at Coya Sur operations, Antofagasta Region.

## PERFORMANCE EVALUATION PROGRAM

DISCLOSURE - 404 -3

Every year our employees must undergo performance evaluations consisting of a self-assessment and a supervisor assessment, coupled with feedback from both parties.

Evaluations begin in the month of January for supervisors and executives, followed by general staff employee evaluations in April.



We acknowledge our employees' achievements as a path to professional growth that favors equal opportunity and encourages continuous improvement.

DISCLOSURE - 404 -3

### EMPLOYEES IN CHILE EVALUATED BY CATEGORY AND GENDER BY PERCENTAGE IN 2019

Performance Evaluations	Individuals Evaluated	% Evaluated
TOTAL EVALUATED	4,981	94%
Supervisors and Executives	1,641	89%
General	3,340	97%
<b>MEN</b>	<b>4,221</b>	<b>95%</b>
Supervisor, Men	1,198	91%
General, Men	3,023	97%
<b>WOMEN</b>	<b>760</b>	<b>89%</b>
Supervisor, Women	443	86%
General, Women	317	94%



### CELEBRATING OUR EMPLOYEES' ACHIEVEMENTS

Given how successful our "VIVO" program has been, we continue to use it to recognize our employees. "VIVO" entails using an on-line platform or an app to recognize others at all levels, i.e., peer to peer, among supervisors, people in other areas and in other locations, etc.

component to acknowledge teams of employees who had implemented improvements in their areas that warrant recognition, among other merits.

The pillars of the program are: People Development, Continuous Improvement, Common Goals and Efficient Processes.

In 2019, the Company decided to include a team recognition

Recognition Program	Individuals Recognized	Men Recognized	Women Recognized
Total Awards	13,855	11,828	2,027
Recognition for Years of Service	103	91	12
Recognition for Best Worker	92	84	8

**13,855**

RECOGNITIONS AWARDED TO EMPLOYEES IN 2019 IN DIFFERENT CATEGORIES







09

Safety, One  
of Our Values





Emergency Brigade training.

## SAFETY, ONE OF OUR VALUES

DISCLOSURE 103-1/103-2/103-3

Caring for people's safety is a priority commitment at the Company that motivates us daily to strive for safe and accident-free operations, which is why safety is one of the Company values.

Caring for individual and group safety is vitally important to SQM which is why we foster a culture of prevention and encourage our workers to also adopt this approach at home.

DISCLOSURE 403-1 (2018)

### OPERATIONAL RISK MANAGEMENT SYSTEM

SQM bases its work on an Operational Risk Management System (SISGRO) with a view to facilitating and standardizing company-wide prevention management and controlling occupational risks and losses that could potentially occur at its different operations.

SISGRO is a mandatory application for all individuals working at the Company, whether at our production centers, sites or projects.

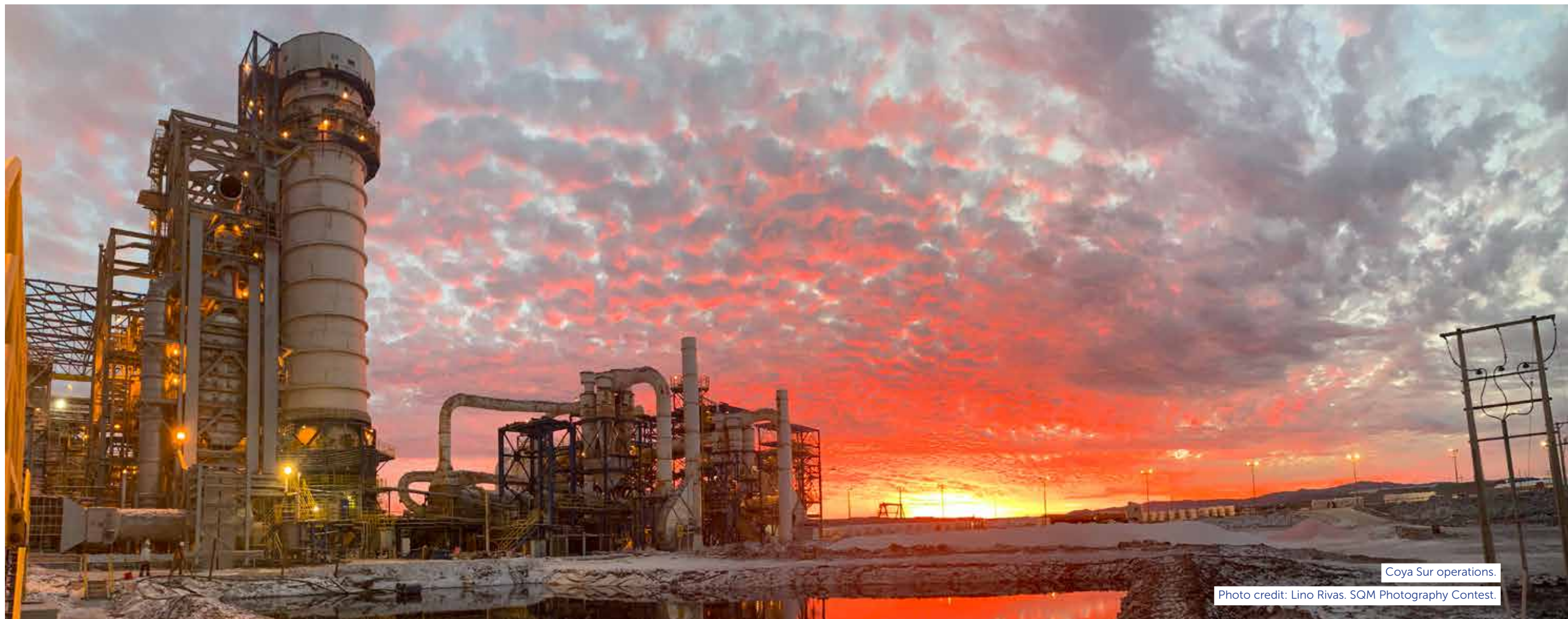
All activities carried out under SISGRO are part of the Operational Excellence Program, called M1, through which the Company is able to standardize the suite of Lean system tools provided under M1 to risk management, thereby providing better outcomes.

THE PRINCIPLES OF OUR MANAGEMENT SYSTEM ARE:

- Leadership.
- Behavior-based Prevention.
- Joint Committee on Hygiene and Safety (JCHS).
- Accident Investigation Reporting.
- On-site Activities.
- Compliance.
- Contractor Oversight.
- Emergency Plans.
- Ongoing Training
- Order and Cleanliness.
- SISGRO Audits.







Coya Sur operations.

Photo credit: Lino Rivas. SQM Photography Contest.

DISCLOSURE 403-2 (2018)

We manage our own Critical Inventory by identifying hazards and evaluating risks related to the process carried out in the different areas. By identifying hazards and evaluating risks we are able to determine which items are critical in order to

establish the necessary effective controls. Once implemented, we conduct an evaluation of each control that has been set up to address occupational health and safety issues. The purpose is to determine to what extent the issue being evaluated is

actually brought under control so that we can then develop the necessary action plans to ensure an effective control.

We then confirm the processes to evaluate and continuously improve the occupational health

and safety management system. Moreover, employees are able to use Performance Dialogues to notify management of hazards or dangerous situations. Employees wishing to remove themselves from workplace situations that

they believe may cause injury, illness or disease are protected under the provisions of Article 184 bis of the Labor Code.



## PROCESSES USED TO INVESTIGATE WORKPLACE INCIDENTS

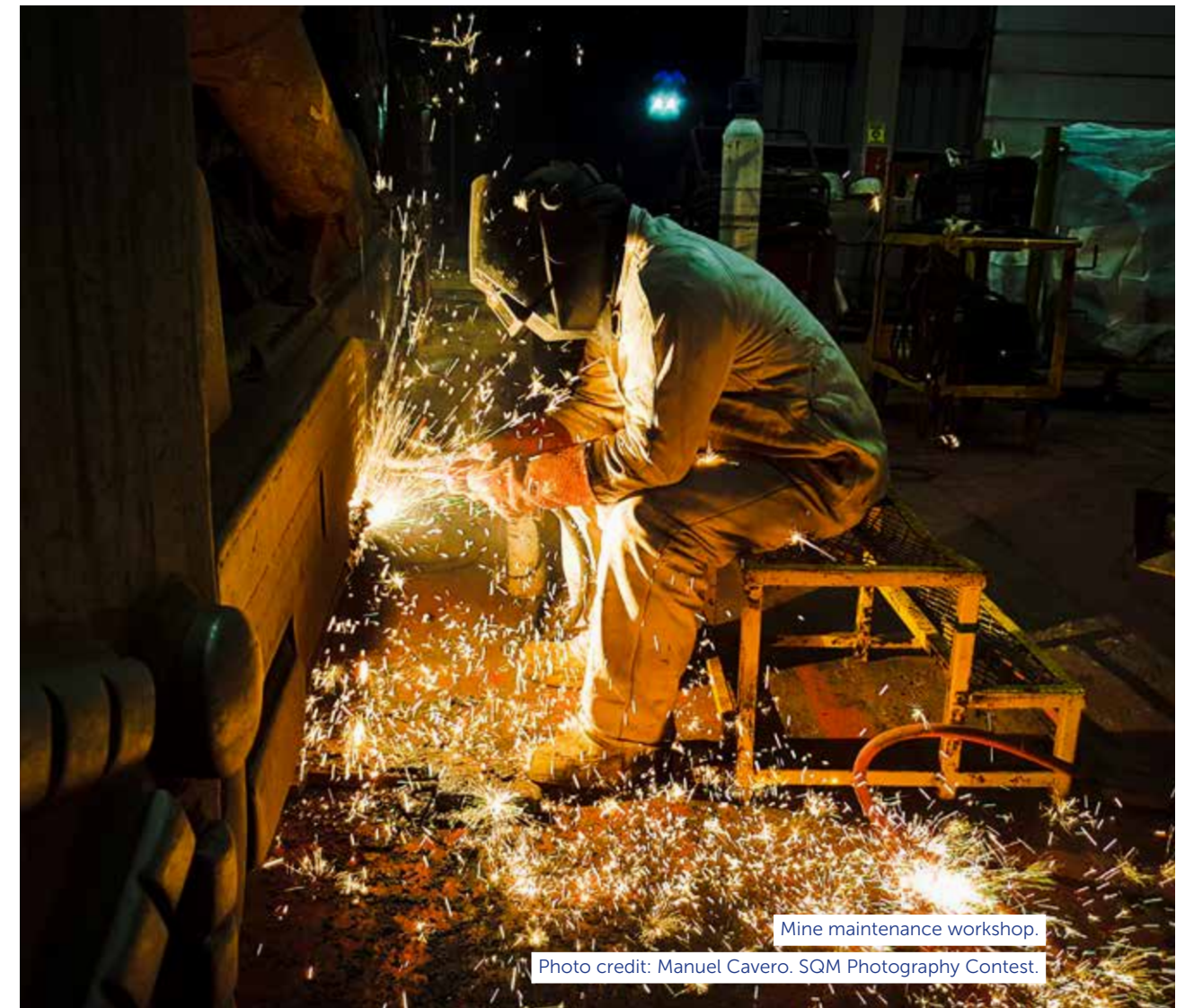
DISCLOSURE 403-2 (2018)

The Company's investigation process is broken down into six steps. Incident investigations must begin as soon as possible following the incident so that the team of investigators may make their observations at the time of the incident and be sure to collect the available evidence:

1. Immediate Actions
2. Gather Information and/or Research Data
3. Organize Information and/or Research Data Gathered
4. Analyze Cause and Effect
5. Implement Control Solutions
6. Draft Report on Investigation and Findings

It is mandatory for all SQM personnel, contractors, suppliers, visitors and all others to immediately report to their direct supervisors, any incident that may have affected them or that they are aware of, using the quickest channel available to them. It is also mandatory for personnel to provide all the information required to investigate the event.

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.



Mine maintenance workshop.

Photo credit: Manuel Cavero. SQM Photography Contest.





DISCLOSURE 403-3 (2018)/ 403-6 (2018)

In order to safeguard our employees' health, we have healthcare clinics and first aid stations available at our work sites. These are staffed by specialists, physicians and paramedics who are trained, qualified and accredited to perform these duties.

Workers on site have 24-hour access to primary care centers. If necessary, employees are transferred to more sophisticated medical centers in ambulances kept on site at each operational center.

In order to respect and ensure the confidentiality of patients' medical records, once care has been provided, the physician/paramedic will verbally and privately inform the patient of the diagnosis and care indications. They will also issue a "Care Certificate" stating the treatment provided and indications. At every appointment, patients are informed of their rights under Law 20,584 governing patient rights and responsibilities, which emphasizes that medical information must not be disclosed to anyone other than the individual receiving care.

As part of our volunteer program and services aimed at promoting better health, employees have access to the polyclinics located at each work site and the María Elena Hospital, as well as special group health insurance plans with Cruz Blanca, Cruz del Norte and Colmena, where they can access health insurance plans with more benefits. The Company's package of employees benefits also includes supplementary health insurance and catastrophic medical insurance plans available to all employees at low rates that are based on the number of dependents of each employee.



Additionally, in 2019 SQM launched its "Vida más Sana" (Healthier Living) program. This program consists of several benefits such as making fresh fruit available to employees at the offices daily free of charge; encouraging employees to take part in sports activities such as functional fitness classes and cooking classes at SQM's Antofagasta offices; and a food cart offering healthy items at the same offices. The Company plans on replicating these initiatives at other operations in 2020.

Moreover, all employees have access to special SQM employee discounts at gym franchises located in different cities, along with healthy and low-cal menu options and salad bars at company cafeterias.

DISCLOSURE 403-4 (2018)

SQM, its employees and the unions that represent them have a shared concern for the safety of people and quality of life at camp accommodation facilities. In this spirit, they are willing to reach agreements and make improvements in this area. This has resulted in the creation of committees and commissions to address risk prevention,

health and quality of life at camps. Company-employee participation mechanisms include:

- Union Leader and Company Safety Commission.
- 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 Union Leaders and Company commissions are comprised of worker representatives and members of the Company's management. They are responsible for verifying that workers have proper workplace safety standards in place to do their jobs and, also, that food served on site meets high standards.

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

As far as the Company is concerned, it has 13 Joint Committees on Hygiene and Safety (JCHS) that represent SQM's 5,048 employees (annual average). These committees are governed by Supreme Decree No. 54, which provides that all companies, sites, branches or agencies employing more than 25 individuals must set up Joint Committees on Hygiene and Safety composed of company and worker representatives. Decisions adopted by the committee when exercising its rights as provided under Law No.16,744, will be binding for both the Company and its employees.

We must point out that SQM considers safety to be a right its workers are entitled to and an obligation and duty that the Company must fulfill at all times. Consequently, most of these agreements do 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 healthcare benefits.





DISCLOSURE 403-5 (2018)

SQM provides its employees training and education courses on a variety of different subject matters as well as specific training courses that address occupational hazards, hazardous activities or situations.

Courses are given weekly during the workday. All new hires and contractors scheduled to work at one of SQM's production sites must take the introductory courses in addition to specific courses on the subject matter related to the job they were hired to perform. Employees must retake the courses to refresh their knowledge, as necessary or according to their annual planning and schedule of assessed danger of exposure. For example, certain courses are valid for one or two

years only, such as defensive driving, first aid or fire extinguisher use, among others. At the end of each course students are tested to check their understanding of the concepts taught.

SQM gave 122 different training courses in 2019 on risk prevention, corporate standards, legal certifications, technique and rescue skills.

Some of the courses regularly offered include: New Hire Orientation, Defensive Driving, Working at Heights, Blocking Energy Sources, Isolating, Blocking and Testing Energy Sources, Energy Blocking Module, Tmert E.C. Protocol, Product Safety Data Sheets, UV Radiation, Critical Inventory, among others.



DISCLOSURE 403-8 (2018)

SQM has implemented an Occupational Health and Safety System as set forth in Chilean Supreme Decree 76, Title II Occupational Health and Safety System, Article 7.

SQM's 5,048 employees (annual average) are part of this system and, as such, are governed by its rules and subject to audits, just like their workplaces. This figure excludes employees of its subsidiary SQMC and foreign employees.

Regarding contractors or contractor companies covered by the Occupational Health and Safety System and whose place of employment is governed by this system or subject to audits, 100% of them (equal to 6,944 workers on average annually) are covered.



Land Surveyor

Photo credit: Fernando Rosales. SQM Photography Contest.

In addition, our Nueva Victoria site in the Tarapacá Region may be audited under the Responsible Care certification system, which consists of a voluntary commitment by the chemical industry to continuous improvement in the areas of environment, health and safety.

This audit extends to our 1,060 Nueva Victoria employees (annual average), representing 21% of the Company's entire workforce.

A total annual average of 1,237 contractors work at our Nueva Victoria site and they too are subject to audits. They make up 17.8% of all contractors working at SQM (annual average).



DISCLOSURE 403-8 (2018)

## SURVEILLANCE GUIDES AND PROTOCOLS

Inspections were conducted in November and December 2019 to verify compliance with the Ministry of Health’s guidelines and protocols. This was a joint activity carried out with experts from ACHS.

The following guidelines and programs were reviewed: National Silicosis Eradication Plan, PLANESI; Occupational Noise Exposure Protocol,

PREXOR; Manual Load Handling Protocol, MMC; Musculoskeletal Disorders of Upper Limbs, TMERT EESS; Occupational Exposure to Chronic Intermittent Hypobaric Caused by Elevation; Solar UV Radiation Occupational Exposure Prevention and Protection Program and Psychosocial Risk Protocol.

### RESULTS BY SITE, SURVEILLANCE GUIDES AND PROTOCOLS

Guide/Protocol	Tocopilla	María Elena	Pedro de Valdivia	Nueva Victoria	Salar de Atacama
Silicosis	N/A	N/A	91%	73%	83%
Occupational noise exposure	58%	59%	77%	51%	73%
Manual load handling	10%	76%	69%	25%	56%
Musculoskeletal disorders of upper limbs	60%	95%	100%	78%	77%
Hypobaric	N/A	N/A	N/A	N/A	N/A
UV	88%	82%	94%	68%	88%
Psychosocial	42%	73%	73%	56%	68%

NOTE: N/A Guide or protocol does not apply to this site.



Workers at Salar de Atacama operations, Antofagasta Region.



The Salar del Carmen and Antofagasta sites will be inspected during the second quarter 2020.

No occupational illnesses were reported in 2019.

The Load Management Manual is ranked the lowest throughout the entire Company in terms of percentage of compliance, while noise is cited as an issue by all workplaces. Noise exposure is something that affects the largest number of job posts, which are all part of the medical surveillance program.

Some of our safety performance figures are listed below:

DISCLOSURE 403-9 (2018)

### INJURIES FROM WORKPLACE ACCIDENTS, SQM EMPLOYEES

Number of hours worked 10,514,238

Type	LTIFR: Lost time injury frequency rate	No.
Fatalities resulting from an injury occurring during a workplace accident	0	0
Injuries from a workplace accident with major consequences (not including death)	0.29	3
Recorded injuries from workplace accidents	1.62	17

**10,514,238**  
NUMBER OF HOURS WORKED AT SQM

The most common types of workplace accidents during the reporting period were: fractures, burns and contusions.

DISCLOSURE 403-9

### INJURIES FROM WORKPLACE ACCIDENTS, NON-SQM EMPLOYEES ENGAGED IN WORK OR AT WORKSITES CONTROLLED BY SQM

Number of hours worked 11,235,443

Type	LTIFR: Lost time injury frequency rate	No.
Deaths from an injury occurring during a workplace accident	0	0
Injuries from a workplace accident with major consequences (not including death)	0.35	4
Recorded injuries from workplace accidents	0.80	9

NOTE: Rate is calculated at 1,000,000MH and does not include SQMC employees or foreigners. Data have been collected at work site medical procedure rooms and verified by the administrative entity for its workplace accident and professional illness insurance.

The most common types of workplace accidents during the reporting period were: amputations, burns, contusions, cuts.

In order to control these risks, the Company has developed new standards with critical controls and updated existing controls, combined with improving Corporate Electrical Regulations and Electrical Licensing Procedures, training on risk control tools (HCR and ART) and standards, updating critical inventory and PTS and analyzing and disclosing accident information to business areas.

The primary basic rules of safety related to the workplace accidents that occurred during the period were: Working at heights, energy blocking system, lifting operations and safety basics.

We periodically and systematically review and update our corporate standards as a measure to prevent occupational hazards or control risks.



## ACCIDENT TYPE AND RATE

DISCLOSURE 403-9

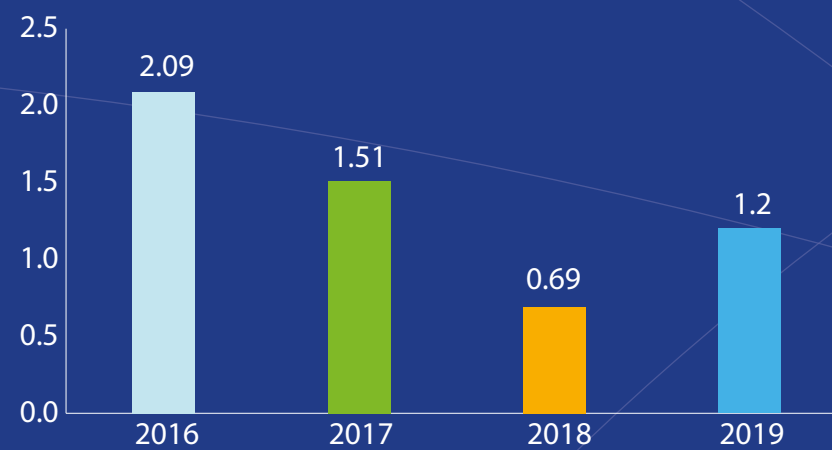
Total															
Region	SQM					CONTRACTORS					SQM + CONTRACTORS				
	LT	NLT	FATAL	LITFR	DLR	LT	NLT	FATAL	LITFR	DLR	LT	NLT	FATAL	LITFR	DLR
Antofagasta	12	37	0	1.66	143	4	42	0	0.44	9	16	79	0	0.98	68
Tarapacá	5	7	0	2.23	81	5	7	0	2.40	55	10	14	0	2.31	69
Metropolitan	0	1	0	0.00	0	0	0	0	0.00	0	0	1	0	0.00	0
Overall total	17	45	0	1.62	115	9	49	0	0.80	18	26	94	0	1.20	65

NOTE: Days lost due to accidents in 2019 are being reviewed by the administrative entity (ACHS), so severity rates could be modified.  
Values in this table have been approximated to the nearest higher whole number.

- LT: Lost time accident
- NLT: No lost time accident
- FATAL: Deaths from workplace accidents
- LTIFR: Lost time injury frequency rate
- DLR Days lost rate due to accidents

## LOST TIME INJURY FREQUENCY RATE FOR SQM AND CONTRACTORS (LAST FOUR YEARS)

Year	LITFR
2019	1.20
2018	0.69
2017	1.51
2016	2.09



NOTE: Days lost due to accidents in 2019 are being reviewed by the administrative entity (ACHS), so severity rates could be modified. Verified 2019 LITFR includes SQM employees and contractors

DISCLOSURE 403-10 (2018)

## OCCUPATIONAL ILLNESS AND DISEASES

Breakdown of number of cases of employees receiving medical care during the period:

Types of Visits/Cases	Number of Visits/Cases
Occupation-related visits	150 medical visits for POE*
Ordinary visits	1,419 medical visits for PCE**
Cases reported as occupational illness	0
Main illnesses or diseases reported	951: Common cold 109: Musculoskeletal disorders (no cases reported as occupational illnesses) 5: Dermatology cases 0: Psychosocial 0: Noise-induced hearing loss

\*POE Presumed to be an occupational event  
\*\*PCE Presumed to a common event

DISCLOSURE 416-2

## TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS OR HEALTH AND SAFETY CODES FOR PRODUCTS AND SERVICES.

Total number of cases of non-compliance with voluntary regulations or codes concerning the health and safety impacts of products and services during the reporting period	6
Non-compliance with regulations that result in fines or penalties	5
Non-compliance with regulations that result in warnings	1
Non-compliance with voluntary codes	0



### STRESSING SAFETY

We carried out a variety of activities at our sites and in the community that were aimed at promoting preventative action at our operations in 2019, such as:

### NOISE MANAGEMENT

The Company implemented an innovative solution to reduce noise from the MOP H I plant grinding circuit. This solution consists of flexible acoustic barriers—very similar to covers or curtains—with a high-density vinyl interior and polyester exterior that provide a high level of insulation, UV resistance and tensile strength. These curtains considerably reduced the degree of energy perceived by the workers in that area. At the same time, SQM worked with ACHS to develop various surveillance and protection procedures and programs for their workers.

This innovation was in fact an improvement inspired by recommendations issued by ACHS as part of its observations of a considerably high decibel (dB) level in the area of implementation.

### REINFORCING SAFE HABITS

Workers at our Nueva Victoria site were trained and certified in the course on electrical risks delivered to refresh employees' knowhow and reinforce safety habits and procedures regarding heaps and ponds at the site. The JCHS suggested this training as a mitigation measure for this type of risk. Twenty-three workers from the area were certified.

### PREVENTING PSYCHOSOCIAL RISKS

A new survey was conducted to identify the occupational psychosocial risks that production personnel may be exposed to at the Coya Sur and Pedro de Valdivia sites.

It is worth noting that the Psycho-social Risk Surveillance Protocol—a joint development by the Ministry of Health and ACHS—is aimed at encouraging greater collaboration among employees and supervisors at work, guaranteeing people are respected and treated well; fostering clarity and transparency within the organization; and facilitating a better work/life balance, among other purposes.

### GUARANTEEING PROCESSES

SQM employees participated in the "Process Safety Management Seminar" held by the FM Global insurance company and organized by the Lithium-Potassium Risk Management Area and Salar del Carmen's Prevention Area.

The idea for this seminar came about following several visits made by the insurance company to SQM sites to implement operational process safety management programs. The purpose was to teach workers about change management, which is a management system focused on reducing the probability of occurrences and incidents involving processes related to solvent extraction (SX) plants.

Nearly 40 professionals from the plants participated in two days of discussions on subjects pertaining to ten basic aspects of the structure of the safety management system, ranging from analyzing and understanding risk, to the integrity of assets and investigating incidents. All of these matters have a high level of incidence on preventing and reducing the number of events.



Solar evaporation ponds.

Photo credit: Victor Rivas. SQM Photography Contest.

### FIRST AID WORKSHOP FOR COMMUNITITES

The Potassium-Lithium Risk Management Area and the Salar de Atacama JCHS were the driving forces behind a "First Aid Workshop" that was held at the Toconao Educational Complex in San Pedro de Atacama. Forty-seven teachers, students and parents took part in the workshop. The community also received an Automated External Defibrillator (AED) for use during cardiopulmonary emergencies.

At the workshop participants received general information about first aid, general care guidelines, and tools and equipment to quickly respond to a heart attack. In addition to learning how to change bandages, and why people go into shock and how to treat them, participants also learned how to move injured individuals and properly use the AED for cardiopulmonary arrest and resuscitation.

### JCHS AT SQM SITES PARTICIPATED IN A CORESEMIN SEMINAR

A total of 130 members from various SQM Joint Committees on Hygiene and Safety met with Antofagasta Region contractors in Calama to discuss and examine various matters related to the roles of the JCHS as well as safety, risk prevention and occupational health.





Salar de Atacama Joint Committee on Safety and Health during training at Toconao Educational Complex, Antofagasta Region.

The event was organized by the Antofagasta chapter of the Mine Safety Committee (Comité Minero de Seguridad Minera de Antofagasta) to share good practices. SQM gave a presentation on the importance of workplace safety and how work is performed, the main activities carried out currently, such as prevention campaigns, monthly inspections and training conducted with nearby communities.

An opportunity to share good practices, this 9th version of the event is proof of the leadership of the Joint Committees and their contribution within organizations.

#### COYA JOINT COMMITTEE ON HYGIENE AND SAFETY FULLY ON BOARD WITH SAFETY

Being prepared for any possible event is one of the driving principles of the JCHS at SQM's Coya Sur site. Accordingly, the committee arranged for an emergency care cabinet to be delivered to the site. It came stocked with a trauma board, immobilizers and an emergency kit containing dressings, emergency survival blankets, gauze, etc., to save workers' lives in the event of an accident. The

purpose is to provide employees with the items they would need in the event of an accident or a medical emergency, and to ensure that there are trained employees on site who know what to do immediately following an emergency since time is critical and may save lives.

#### FIGHTING BREAST CANCER TOGETHER

The Salar de Atacama JCHS co-organized a field operation with the Arturo López Pérez Foundation to give digital mammograms to more than one hundred women belonging to the San Pedro de Atacama community and the female workforce at the site.

As part of this government-sponsored Breast Cancer Early Detection Program, a mobile clinic—fully-equipped with two digital mammogram machines and digitization equipment and staffed with a radiologist and specialist medical technologists—set up shop in Toconao's main square for nearly a week.

#### A PRO-SAFETY HARBOR

The Tocopilla JCHS organized a safety fair for employees and contractors where they were informed of the self-care, preventive management and other initiatives and activities carried out during the first half of the year.

This activity was held in the context of World Safety Day and sought to drive cultural change among workers so that safety becomes second nature.

In addition to this initiative, SQM employees and contractors held a series of peer-to-peer meetings to highlight best practices, standardize criteria, come up with a common language for safety issues and honor workers who are committed to safety at the port.



### SQM JCHS MEETS WITH SPECIAL GUESTS

More than 30 people representing a total of nine organizations met at the Nueva Victoria site during the first meeting between the SQM JCHS, contractors and special guests such as Besalco, Aramark, ECR, the Chilean Safety Association (ACHS) and BHP Cerro Colorado. The last two have long-standing, sound experience in safety recognized by the industry.

Members of the BHP Cerro Colorado JCHS gave a presentation on their experience in safety management, emphasizing the psycho-social aspect of workers, using the causal tree analysis methodology to investigate incidents, the importance of immediate reportability and other topics related to peoples' behavior.

Nearly 40 advisors, members of the SQM JCHS and contractors such as VMS, API, Viggo, Excon, Eulen, Aramark and Yeyma participated in the "Salar de Atacama Meeting of the Joint Committee on Hygiene and Safety." The purpose of this event was to share experiences and talk about what each team is doing at their sites to boost accident prevention and create safer workplaces for all workers.

A variety of activities took place during the meeting including presentations on different prevention-related issues, roles, operational aspects and initiatives.







10



Value Chain





Chemistry lab, Antofagasta.

## VALUE CHAIN

DISCLOSURE 102-9



At SQM contractor companies, contractors and suppliers are a key part of our ability to do business. This workforce works at our operations located in the Tarapacá and Antofagasta regions, Port of Tocopilla and our offices in Iquique, Antofagasta and Santiago. On average in 2019 the number of contractors working at SQM in 2019 was 6,944.

All employees and contractors must comply with the standards we have established at SQM, particularly in the areas of safety, labor rights and ethical behavior.

SQM periodically engages in oversight activities in order to measure the degree to which 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.





**SQM ORGANIZED SEVERAL TRAINING SESSIONS FOCUSED SPECIFICALLY ON SAFETY MATTERS FOR CONTRACTORS AS PART OF ITS EFFORTS TO CONTRIBUTE TO RISK PREVENTION AND ALIGN WORKERS WITH OUR SUSTAINABLE DEVELOPMENT POLICY AND OTHER STANDARDS.**

### **VALUES SHARED WITH OUR EMPLOYEES**

When contractors of any size begin working at any SQM site, we provide each of them a copy of our Contractor and Subcontractor Regulations. These regulations inform them of the Company's standards, including obligations and responsibilities regarding safeguarding the health and lives of all workers. In addition, SQM organized several training sessions focused specifically on safety matters for contractors as part of its efforts to contribute to risk prevention and align workers with our Sustainable Development Policy and other 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 evaluated in different ways, for example, procurement engineers visiting their facilities to observe aspects such as trash separation, noise pollution, industrial waste, water consumption, and issuing their suggestions based on their observations.

We also have a Procurement Procedure designed to regulate and standardize this process by defining an effective methodology for managing and controlling purchased products. This process includes making a purchase request, selecting from possible supply sources, analyzing alternatives, placing an order, generating and monitoring purchase orders and paying suppliers.

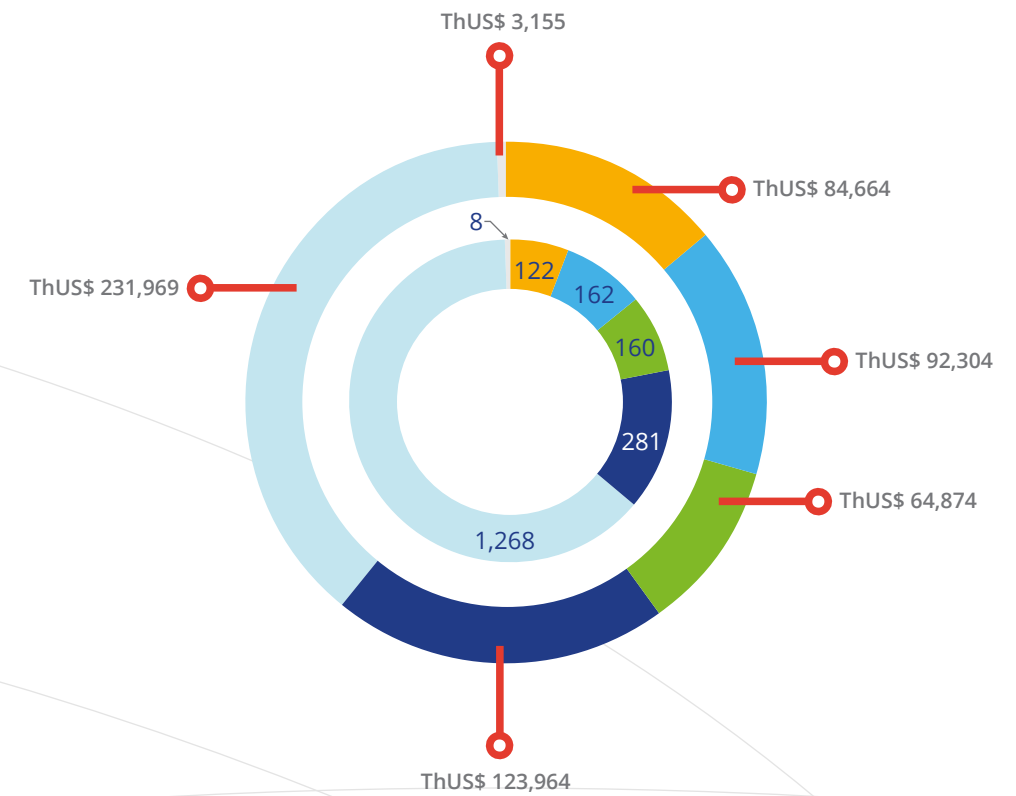
We try to work with suppliers that are located in or near the communities and cities where we operate. We define a local supplier as a company whose main offices are located in the Tarapacá or Antofagasta regions, close to our operations in order to drive and strengthen companies located in each region.



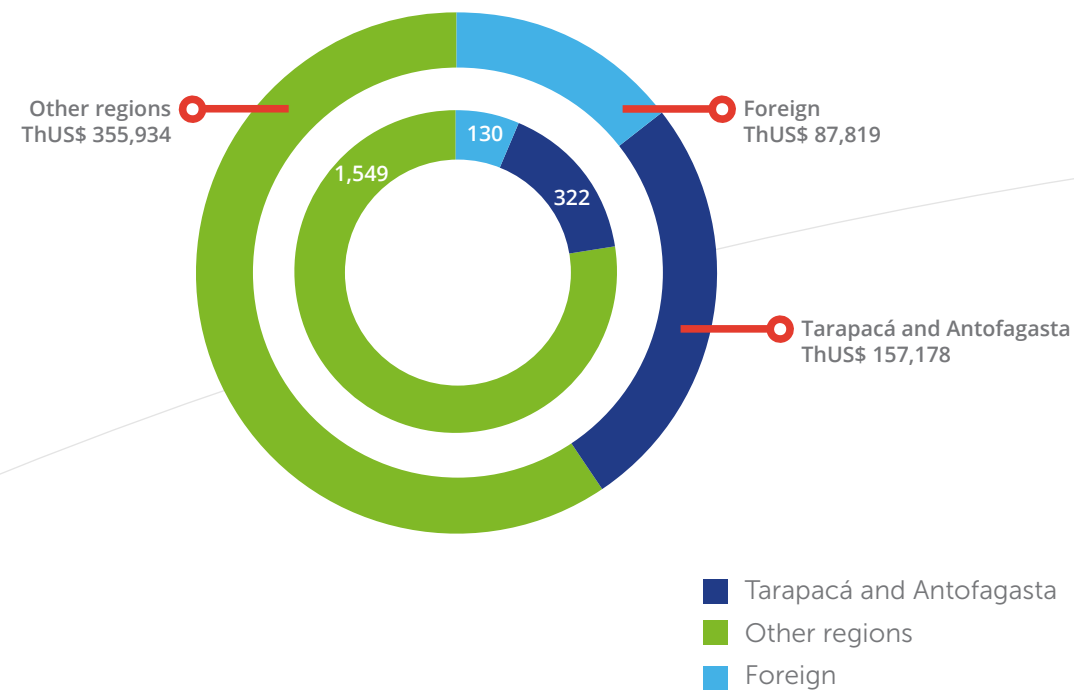
**SUPPLIERS BY TYPE, REGION AND PURCHASES IN US\$**

Región	Supply Chain		Services		Supplies		Total	
	Number of Suppliers	Value in US\$	Number of Suppliers	Value in US\$	Number of Suppliers	Value in US\$	Number of Suppliers	Value in US\$
Tarapacá and Antofagasta regions	159	63,815,172	162	92,304,410	1	1,058,665	322	157,178,247
Other regions	1,258	113,072,239	281	123,964,446	10	118,896,917	1549	355,933,602
Foreign	121	84,636,403	8	3,155,000	1	27,820	130	87,819,223
<b>Total</b>	<b>1,538</b>	<b>261,523,814</b>	<b>451</b>	<b>219,423,856</b>	<b>12</b>	<b>119,983,402</b>	<b>2,001</b>	<b>600,931,072</b>

**DISTRIBUTION OF SUPPLIERS BY REGION, TYPE OF SUPPLIER AND PURCHASES IN US\$**



**DISTRIBUTION OF SUPPLIERS BY REGION AND PURCHASES IN US\$**



- Foreign (Purchases)
- Tarapacá and Antofagasta (Services)
- Tarapacá and Antofagasta (Purchases)
- Other Regions (Services)
- Other Regions (Purchases)
- Foreign (Services)





## SQM CONSOLIDATES ACTIVE PARTICIPATION IN EXPONOR

More than 20 thousand people visited SQM's stand at the 2019 Exponor Fair held in the city of Antofagasta. SQM representatives took part in 61 business meetings and technical talks during this event. In addition to purchasing and procurement meetings, SQM representatives met with nearly 100 suppliers interested in working with the Company.

As in previous years, a group of 33 suppliers associated with the mining industry—mostly international—visited our Salar de Atacama operations to learn about our facilities and lithium production chain.

Additionally, SQM's stand offered a series of activities including live exhibits on hydroponic crops treated with SQM products; an electric vehicle charging station with live demonstrations of the advantages of electromobility; plus, a field trip for 300 children from Antofagasta, Toconao, Tocopilla and María Elena who took part in 13 robotics workshops held by Vilti Semann, one of the event's most visited stands.

## 2019 CIMIT

In addition, SQM was present at the third version of the Tarapacá International Mining Conference (CIMIT), along with the 1,500 individuals who visited the two-day conference organized to provide the mining sector an opportunity to network and discuss mining issues. The B2B of the Pacific was also organized as a side event to CIMIT where we were actively involved, alongside other Chilean, Peruvian, Argentinean and Mexican companies that were able to meet at more than 800 meetings with suppliers. Also, we announced employment opportunities at the Mining Job Fair held at the same time.

Moreover, we participated in an exhibition on "Business Opportunities and Challenges in Mining", presented by one of our executives, and we were also invited to join a discussion on "Dispelling myths about entering the field of mining from a gender perspective," organized by the Ministry of Women and Gender Equity.



In 2019, we backed several initiatives aimed at supporting innovation and entrepreneurship, including, but not limited to, Puerto Cowork in Tocopilla, the Scrap Challenge, a joint effort with Hub de Tarapacá in Iquique, and reconstruction of the Feria Redonda market in María Elena, all of which drive local businesses and production activities in towns near our operations.



11

Committed to the Environment





San Pedro de Atacama.

Photo credit: Cristián Donoso. SQM Photography Contest.

## COMMITTED TO THE ENVIRONMENT



**We develop our operations while being conscientious of the environmental impacts they may generate.**

### DISCLOSURE 103-1/103-2/103-3

At SQM we carry out our operations conscientiously, in harmony with the environment and in compliance with environmental legislation in effect. It is essential that we work to ensure that natural resources and production inputs are used sustainably and to minimize

the possible impacts of our production processes on the environment and neighboring communities.

We conduct our activities in accordance with our Sustainable Development Policy in order to minimize environmental impact and incorporate environmental

variables into our operations early on, beginning in the design stage. This helps us to implement control and mitigation measures and avoid contamination by properly managing waste and emissions.





San Pedro de Atacama operations.

Photo credit: Rodrigo Arriagada. SQM Photography Contest.

**DISCLOSURE 103-1/ 103-2/ 103-3**

Our operations are located in desert areas with scarce biodiversity. However, there are some areas near our operations with significant ecological value. In these areas we have implemented ongoing protection, monitoring and control plans to help protect the environment.

The experience has provided us with a solid knowledge base of the ecosystems surrounding our operations, which has enabled us to draft and implement effective prevention, mitigation and monitoring plans.

Each of our projects is submitted to the Environmental Impact Assessment System. As of

December 2019, we have environmental authorization for a total of 62 projects (16 by SQM Nitratos S.A, 12 by SQM Industrial S.A, 14 by SQM S.A and 20 by SQM Salar S.A.). Of these 62 projects, 11 were approved with an Environmental Impact Study (EIA) and 51 with an Environmental Impact Statement (DIA).



**In accordance with our Sustainable Development Policy, SQM continuously reviews and outlines new challenges that allow it to further advance its performance in all areas.**



DISCLOSURE 103-1/ 103-2/ 103-3

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 2019, authorities conducted inspections at our operations in Nueva Victoria, Salar de Atacama, Salar del Carmen, Coya Sur, Pedro de Valdivia, María Elena and Tocopilla. The inspections involved the following agencies: The Regional Health Agency (Seremi de Salud), the Superintendency of the Environment (SMA), the National Geological and Mining Service (SERNAGEOMIN) and the General Water Bureau (DGA).

DISCLOSURE 307-1

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

WE PERIODICALLY CARRY OUT:

- Yearly internal environmental audits at all production facilities.
- Independent environmental audits for the operations at Salar de Atacama and Salar del Carmen, and hydro-geological audits related to the extraction of industrial water for our operations in Nueva Victoria.
- Environmental monitoring and early warning plans at the Salar de Atacama and Nueva Victoria operations.





DISCLOSURE 304-2 /103-1/ 103-2/ 103-3

## SITES CLOSE TO THE NUEVA VICTORIA OPERATIONS IN THE TARAPACÁ REGION

Our Nueva Victoria site is located in the district of Pozo Almonte in the Tarapacá Region, and is subject to a very extensive environmental monitoring plan given its proximity to the Tamarugal National Reserve, Bellavista sector, Pintados sector and Salar de Llamara.

### PINTADOS SECTOR

- 20 hydro-geological monitoring points

### BELLAVISTA SECTOR

- 30 hydro-geological monitoring points
- 20 tamarugo monitoring points
- 4 fauna monitoring stations
- 8 vegetation monitoring transects
- 10 water extraction wells

### SUR VIEJO:

- 9 water extraction wells
- 16 hydro-geological monitoring wells

### SALAR DE LLAMARA

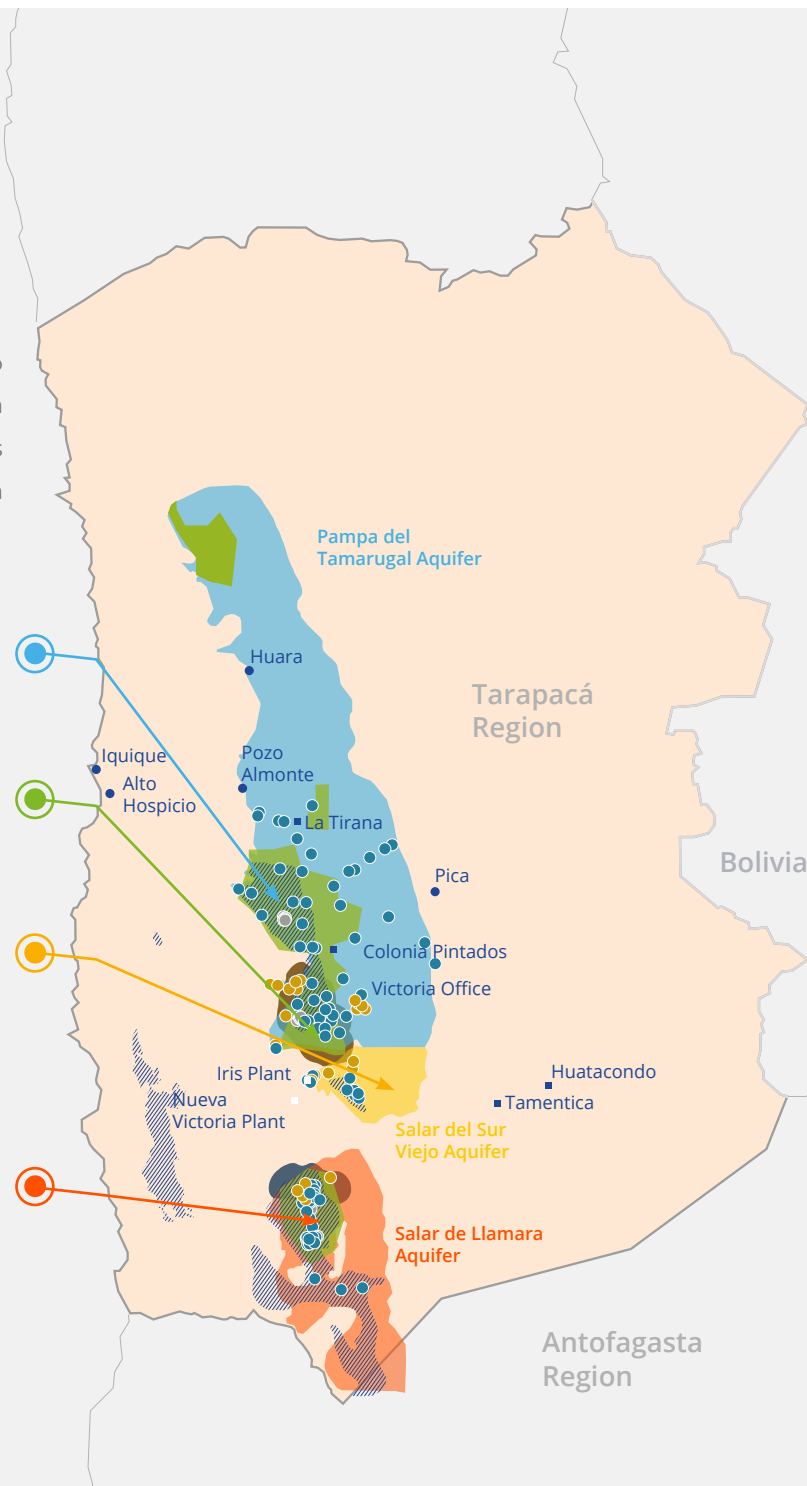
Water extraction wells, pipelines injection wells and power lines

- 63 hydro-geological monitoring points
- 1 aquatic biota monitoring point
- 7 fauna monitoring points
- 9 vegetation monitoring transects
- 16 retama monitoring points
- 24 tamarugo monitoring points
- 7 water extraction wells in use; environmental monitoring performed.

- Pumping wells
- Observation wells

- Monitoring points for Pampa Hermosa Biotic Environmental Monitoring Plan
- /// Salt flat

- Pampa del Tamarugal National Reserve
- Bellavista tamarugo vitality study area
- Llamara tamarugo vitality study area



## SPECIES WITH CONSERVATION STATUS

DISCLOSURE 304 -4

### LEAST CONCERN

- 1) Gecko (*Phyllodactylus gerrhopygus*)
- 2) Culpeo fox (*Pseudalopex culpaeus*)

### RARE

- 3) Lava lizard (*Microlophus theresioides*)

### DATA DEFICIENT

- 4) Tamarugo conebill (*Conirostrum tamarugense*)

### ENDANGERED

- 5) Tamarugo tree (*Prosopis tamarugo*)



## ENVIRONMENTAL FEATURES OF PRODUCTION PROCESSES IN NUEVA VICTORIA

We produce iodine and derivatives, and nitrate-rich salts from the caliche ore mined at our Nueva Victoria site, located in the Tarapacá Region. One of the features of this site's production system is its leaching operations. These are different from other types of mining in that water is used as the leachate, as well as solutions recirculated from the leaching process. All solutions draining out of the well-lined heap leaching operations are channeled by gravity through an open conveyance network that was carefully planned and built in advance, and discharged into collection ponds. All runoff from irrigation and draining is measured in real time.

The solution obtained from the caliche ore leaching operations containing iodine in the form of iodate is sent to the iodide plant. Part of the iodate in the solution is reduced to iodide using sulfur dioxide, which is produced by burning sulfur. The resulting iodide is combined with the rest of the original iodate solution to release elemental iodine.

The solid iodine is then refined in a melting and prilling process that

SQM has patented in Chile and the United States.

Nitrates are processed in solar evaporation ponds that are assembled in sequence allowing nitrates to flow from pond to pond. Nitrate concentrations and chemical balances are measured in each pond, which are permanently monitored by SQM operators until reaching the right concentration at which the nitrates will precipitate in the ponds and be ready for harvest. We take advantage of the high solar radiation rates and natural features of the Atacama Desert in this process where 96.2% of the energy required comes from the sun.

Zero waste is generated during the Nueva Victoria production process because of how it is designed. The iodine and derivatives and nitrate production process does not yield any industrial waste.

Additionally, water used for domestic consumption at camp facilities is recirculated into the production process.

We are currently working on a pilot project to decrease the water evaporation rate at our processing centers (where the leached

solutions are discharged). The system consists of floating a large quantity of balls on the surface of the ponds. The expectation is that the floating balls will reduce the evaporation rate by 80% once operating.

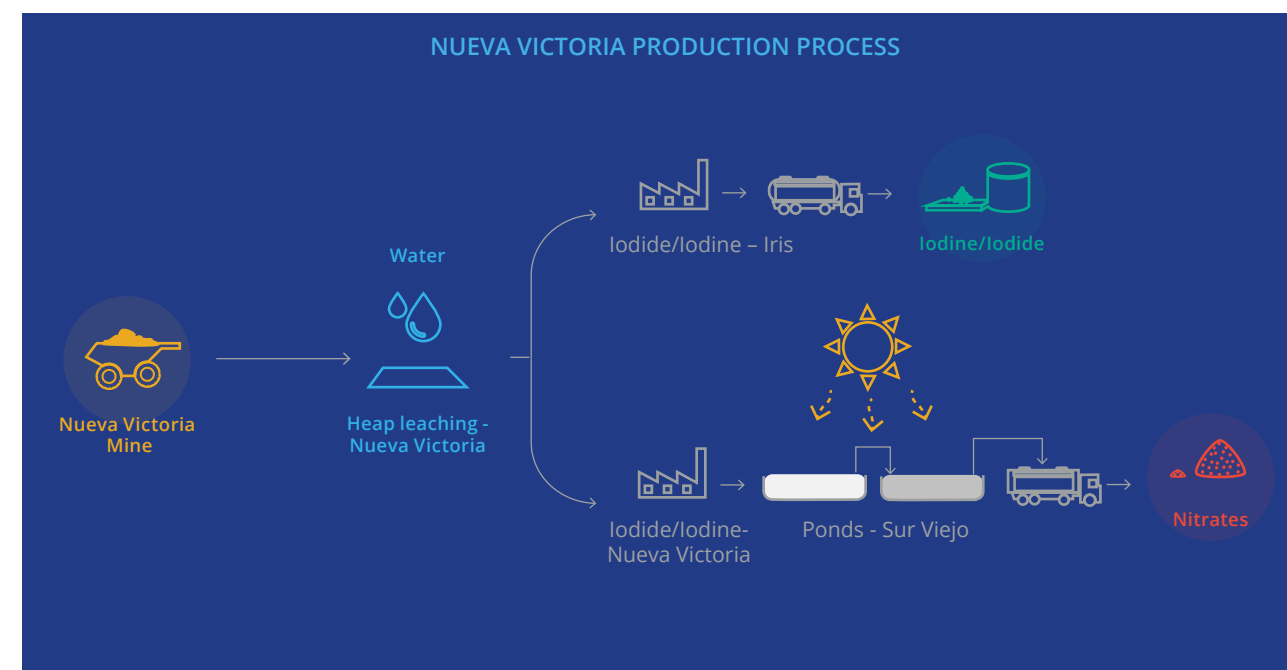
A penalty process was initiated at our Nueva Victoria operations in 2019. In February the Superintendent of the Environment approved the Compliance Program submitted by SQM. It is currently operational for a duration of 36 months and includes 30 scheduled actions. The Company is currently preparing an Environmental Impact Study whose date of approval will determine the duration of the Compliance Program (36 months) and this could take longer as a result of the indigenous consultation process.

Likewise, the Universidad Católica del Norte is undertaking the microbiological studies required under the Plan as well as some complementary studies for which two field campaigns have already been carried out.

The Quillagua and Huatacondo communities have submitted an appeal to the Antofagasta Environmental Court in regard to the Compliance Program approval.



Heap leaching, Nueva Victoria operations, Tarapacá Region.





## ENVIRONMENTAL MONITORING PLAN IN THE SALAR DE LLAMARA

DISCLOSURE 304-2

Salar de Llamara was incorporated into the Pampa del Tamarugal National Reserve in 2013, for being classified as a priority site under the regional biodiversity strategy, because of the native tamarugo forest and “puquios” with bacterial formations located there. SQM executes the following activities within its 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 each year in November, when vegetation is most abundant. This monitoring is conducted using high-resolution satellite images (Quickbird, WorldView 2, WorldView 3 or Geoeye).

A series of physiological measurements of tamarugo trees are also taken periodically.

The main variables measured include

- Foliar hydric potential of branches.
- Stomatal resistance.
- Isotopic discrimination of carbon 13.
- Enrichment with oxygen 18.

These measurements are determining factors in analyzing the hydric status of tamarugos. Experts also monitor retama thickets and hydromorphic 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. The variables controlled by monitoring of aquatic biota include:

- Composition of phytoplankton and phytobentos.
- Diversity of zooplankton and bentos.
- Development and status of macrophytes.

### 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. By returning water to the



Salar de Llamara Environmental Monitoring Plan, Tarapacá Region.



**WE CONTINUED ACTIVITIES AS PART OF THE TAMARUGO ENVIRONMENTAL MANAGEMENT PLAN THAT WAS LAUNCHED FOUR YEARS AGO WITH THE TAMARUGO TREE PLANTING PROGRAM IN THE TARAPACÁ REGION.**

#### DISCLOSURE 304-3

ground, water levels and chemical quality are maintained within normal ranges for adequate development of biotic systems.

In addition, in 2019 SQM commissioned an important number of studies on the "puquios" and their biotic systems, which were conducted by teams of professionals from leading Chilean and international organizations and institutions.

#### 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 and, if necessary, activate its Early Warning Plan.

#### TAMARUGO ENVIRONMENTAL MANAGEMENT PLAN

In 2019 we continued activities as part of the Tamarugo Environmental Management Plan that was launched four years ago with the tamarugo tree planting program in the district of Pozo Almonte, in the Tarapacá Region. This program involved planting 5,522 tamarugos in the Bellavista area and 247 in the Llamara area for a total of 5,769 trees of this endemic species. Throughout the reporting period, these trees continued to be monitored, supervised and watered, which has yielded a good level of vitality despite the difficulties faced by this species in its early stages of development.

The Company is studying the possibility of planting an additional 1,000 tamarugo trees in 2020 as part of this program.

All data and knowledge generated through these activities and complementary studies are used in the environmental education program carried out in conjunction with the National Forestry Corporation (CONAF for Spanish acronym) in the Pampa del Tamarugal National Reserve.



DISCLOSURE 304-2 /103-1/ 103-2/ 103-3

## SITES CLOSE TO THE SALAR DE ATACAMA OPERATIONS IN THE ANTOFAGASTA REGION

Our Salar de Atacama site is located in the district of San Pedro de Atacama, Antofagasta Region, close to protected areas such as the National Flamingo Reserve, Soncor Sector and Agua de Quelana Sector.

### ENVIRONMENTAL MONITORING PLAN

- Road network
- - - Soncor RAMSAR Site
- National Flamingo Reserve
- Lagoons

#### FLORA AND VEGETATION

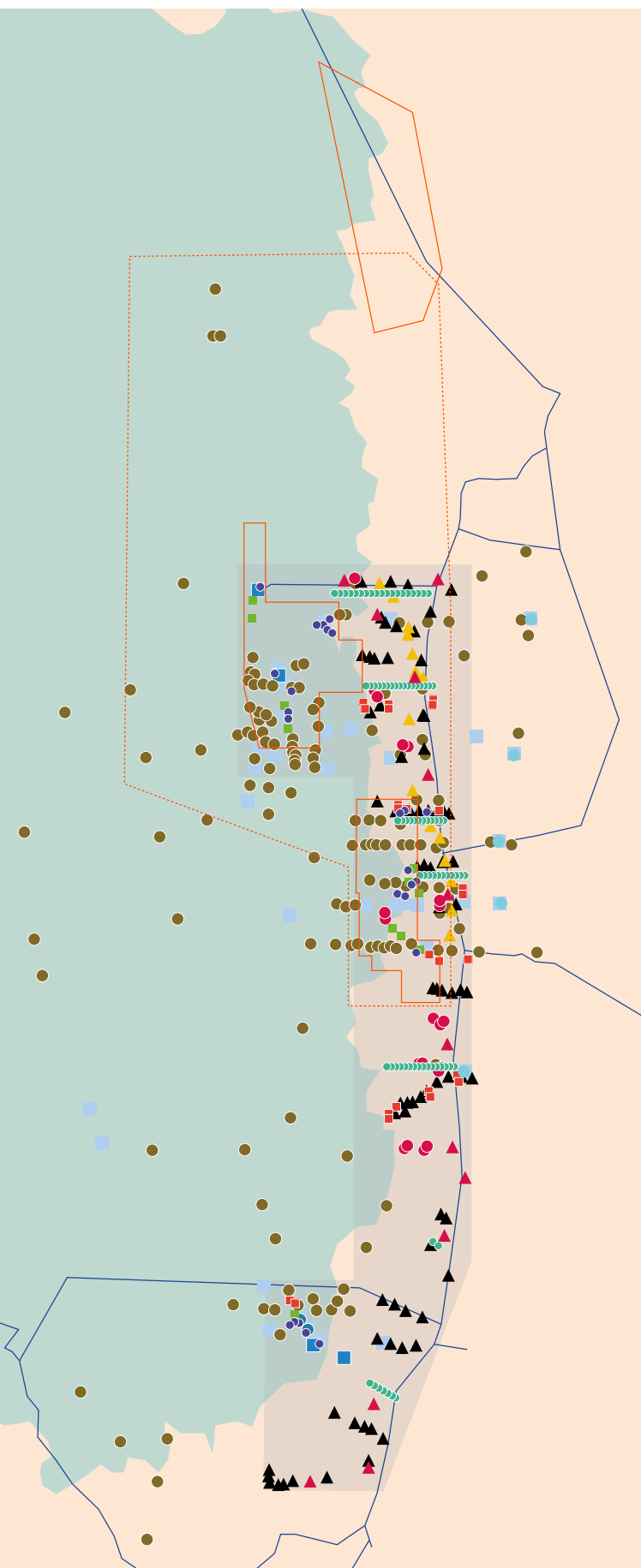
- Flora monitoring plots
- ▲ New vegetation monitoring plots
- ▲ Vegetation monitoring plots
- ▲ Vegetation monitoring plots in vegetation-aquifer connection zone
- Bioindicator plots

#### FAUNA

- Census points
- Transects
- Aquatic biota monitoring

#### PSAH VARIABLES

- Quality
- Flow
- Level
- Lake surface
- Volume



## SPECIES WITH CONSERVATION STATUS

DISCLOSURE 304 -4



### ■ NEAR THREATENED

- 1) Puna lizard (*Liolaemus puna*)
- 2) Gray bat or Atacama bat (*Myotis atacamensis*)

### ■ LEAST CONCERN

- 3) Constanza lizard (*Liolaemus constanzae*)
- 4) Mouse-tailed bat (*Tadarida brasiliensis*)
- 5) Small big-eared brown bat (*Histiotus montanus*)
- 6) Culpeo fox (*Pseudalopex culpaeus*)
- 7) Grey fox (*Pseudalopex griseus*)
- 8) Warty toad (*Rhinella spinulosa*)
- 9) Andean gerbil mouse (*Eligmodontia puerulus*)
- 10) Peregrine falcon (*Falco peregrinus*)

### ■ VULNERABLE

- 11) Paulina lizard (*Liolaemus paulinae*)
- 12) Andean seagull (*Larus serranus*)
- 13) Andean flamingo (*Phoenicoparrus andinus*)
- 14) Parina Chica (*Phoenicoparrus jamesi*)
- 15) Chilean flamingo (*Phoenicopterus chilensis*)
- 16) Darwin's rhea (*Rhea pennata tarapacensis*)
- 17) Chululo (*Ctenomys fulvus*)

### ■ ENDANGERED

- 18) Fabiani lizard (*Liolaemus fabiani*)

### ■ DATA DEFICIENT

- 19) Andean lizard (Large Dragon) (*Liolaemus erraneus*)



## ENVIRONMENTAL FEATURES OF PRODUCTION PROCESSES IN THE SALAR DE ATACAMA

Our Salar de Atacama site operates sustainably, continuously developing new technology to expand our knowledge of the deposit and improve our lithium and potassium production processes so that we always obtain a sustainable product with a low carbon and water footprint.

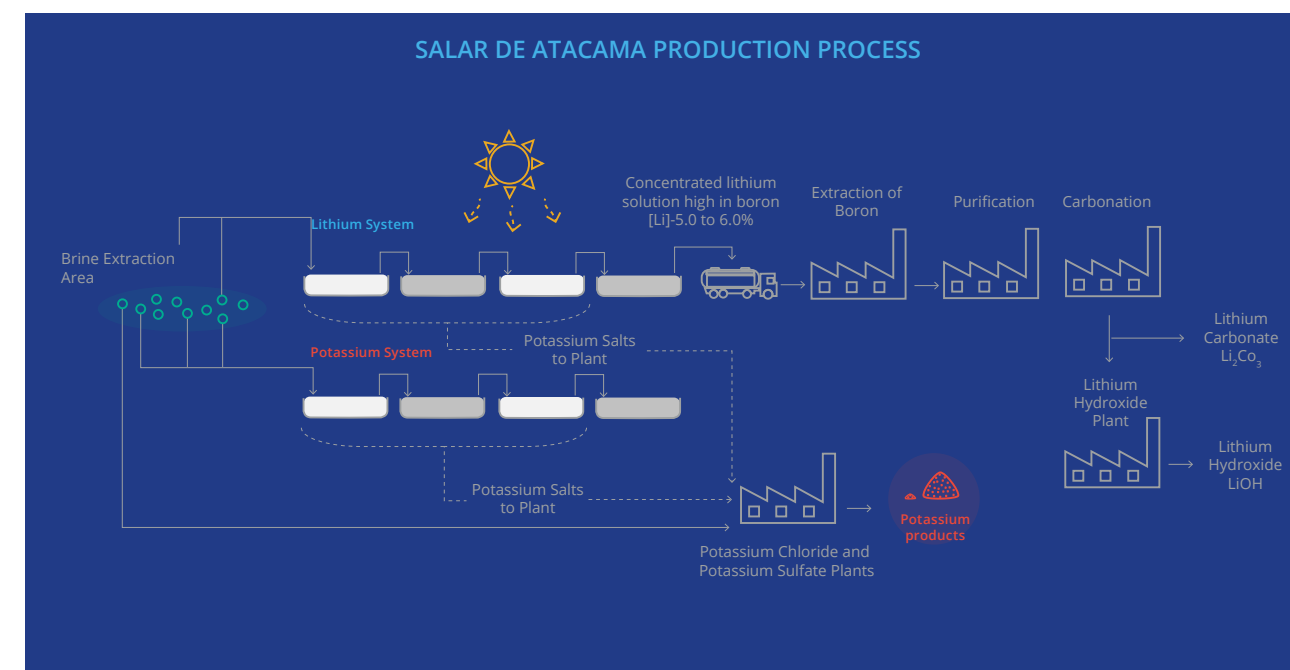
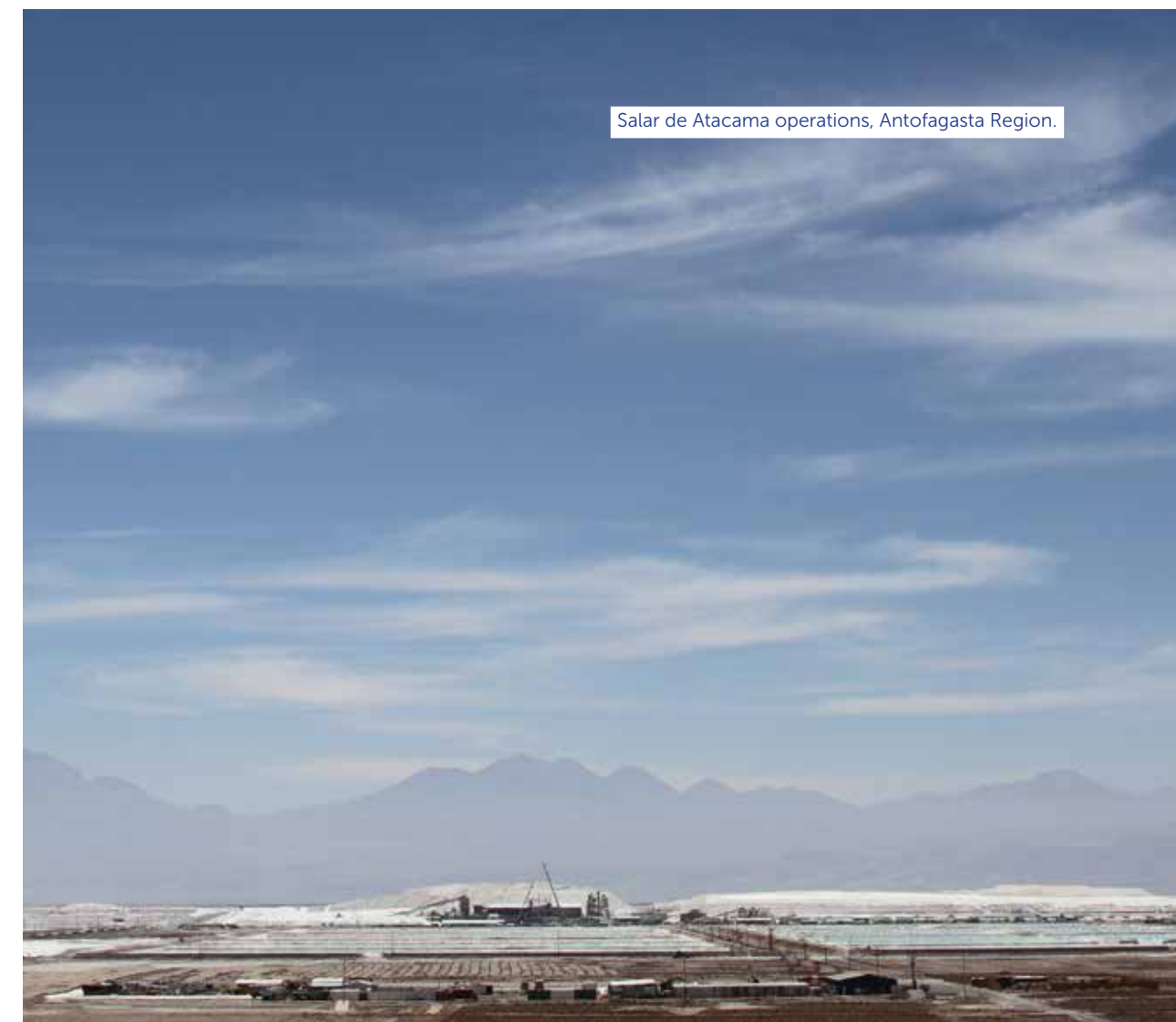
The entire process undertaken in the Salar de Atacama basin is chemical- and solvent-free and based on maintaining correct nitrate concentrations and chemical balances in the ponds, which are constantly monitored by SQM operators. A total of 97.4% of the energy used at the Salar de Atacama site is solar energy, which is responsible for concentrating minerals by evaporating the ponds. These processes naturally return the water back into the ecosystem.

In 2018 and 2019 the real amount of water we used in our production processes amounted to approximately ~168 l/s, which is less than 4.18% of the underground water rights and less than 2.5% of the total water rights granted for the basin.

Our environmental permit authorizes us to extract up to 1,500 l/s of brine from the Salar during this period. The TDS concentration in the brine is approximately 7-8 times greater than seawater and it is not suitable for human consumption or agriculture, based on Chilean regulations.

The brine and water are physically separated because they have different densities and, as a result, it is not possible to confirm a direct impact on the lakes from extracting water, although a significant imbalance in the mixture zone could potentially cause alterations. The environmental impact study requires SQM to adopt a 225-point monitoring plan to ensure that water extraction does not trigger any changes in the mixture zone. There is also an early warning plan in place that regulates water extraction in order to prevent any impact from occurring.

With a view to making environmental information concerning our operations more open to the community and authorities, we developed an online monitoring system to report water and brine extraction data and other background information regarding environmental issues related to our activities in the area that may be of public interest. You can access this system via this link <https://www.sqmsenlinea.com/>







In 2019 the Superintendency of the Environment (SMA for its Spanish acronym) approved the Compliance Program submitted by SQM, owner of the "SQM Salar Atacama" project and involved in sanction proceedings raised by the SMA in November 2016 in Exempt Ruling No. 1/F-041-2016.

At the same time in January, the Peine and Camar Communities and the Atacameño People's Council submitted three complaints to the Environmental Court against the SMA for having approved the Compliance Program submitted by SQM.

The Environmental Court held a hearing in April to hear final arguments and SQM joined as an independent third party in addition to the SMA.

In May, the Environmental Court conducted an inspection of Salar de Atacama and all the parties involved participated. They are awaiting a ruling.

On December 26th, the Environmental Court issued a ruling rendering null and void Exempt Ruling No. 24/Rol F-041-2016, which approved the compliance program and suspends the administrative penalty proceedings.

**In 1995 SQM obtained the first environmental permit to begin operating in the Salar de Atacama.**





Environmental Monitoring Plan, Salar de Atacama, Antofagasta Region.

DISCLOSURE 304-3

**ENVIRONMENTAL MONITORING PLAN IN THE SALAR DE ATACAMA**

In the Environmental Impact Study for the project “Changes and Improvements to Mining Operations at Salar de Atacama”), 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:

- 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 sta-

tions known as “Chaxa” and “KCI.”

Our operations are located near ecosystems that are highly valuable in certain sectors. We have implemented an Environmental Biotic Monitoring Plan to closely monitor key variables for determining the status of the vegetation, flora, fauna and aquatic life in the ecosystems under protection.

This monitoring controls a set of variables 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.

- 75 plots recording flora, distributed in 7 transects along the eastern edge of the Salar de Atacama
- 18 fauna monitoring stations (birds, mammals, reptiles)
- 18 soil moisture and characterization sampling points
- 25 aquatic life sampling stations (Soncor, Aguas de Quelana and Peine lake systems)

- Flamingo Census with CONAF
- Monitoring of flamingo breeding cycle



DISCLOSURE 304-3

### ONGOING HYDROGEOLOGICAL MONITORING PLAN WITH 225 MONITORING POINTS IN THE SALAR DE ATACAMA AQUIFER

We have a Hydrogeological Environmental Monitoring Plan (PSAH) in place to control the hydrogeological variables that are important to environmentally-sensitive areas. The plan includes a wide monitoring network made up of:

- 225 monitoring points
- 112 shallow wells
- 84 deep wells
- 5 fresh water extraction wells
- 18 metric rods (surface water)
- 4 surface water gauges
- 2 meteorological stations
- 48 continuous-measuring points

### ONLINE MONITORING SYSTEM

At our Salar de Atacama operations we have taken on the challenge of making environmental information regarding our operations transparent, as a commitment to sustainability. We therefore make available to the community and authorities online information on water and brine extraction and other background information regarding environmental issues related to our activities in the area that may be of public interest.

We have designed and implemented a monitoring system that provides us with average daily flow rate data for both extracted water and net extracted brine. It also serves as a verification system for authorities and stakeholders wishing to verify our compliance with extraction limits, in keeping with current operating regulations. The results of this report are public and can be reviewed on SQM's website.

**We carry out environmental monitoring plans to track ecosystems in order to guarantee their proper conservation status.**



San Pedro de Atacama Lagoon, Antofagasta Region.





Evaporation ponds, Salar de Atacama operations.  
Photo credit: Claudio Sánchez. SQM Photography Contest.

## WATER

DISCLOSURE 306-1



Salar de Atacama operations.  
Photo credit: Sebastián Glasinovic. SQM Photography Contest.

DISCLOSURE 103-1/ 103-2/ 103-3

Since SQM's operations are located in areas with scarce water resources, the use of this resource is very important to our Company and it must be well managed in our production processes. We have water rights that have been duly authorized for our operations. The water extracted is salt, underground and surface water.

SQM periodically informs authorities of water consumption for its production processes and works constantly to identify ways to use water efficiently. It also evaluates each facility's water

management indicators on a yearly basis.

We take measures to ensure efficient water use such as:

- Reincorporating all water treated in SQM sewage treatment plants into its production processes. This water is reutilized in our processes in María Elena, Pedro de Valdivia, Coya Sur, Nueva Victoria and Salar de Atacama. The Company's sewage treatment plants are maintained and monitored by specialized service providers.
- Reutilizing process solutions to reduce the consumption of

fresh water.

- Using suppliers that offer industrial water from treated domestic waste water. The industrial water used at the Salar del Carmen facilities comes from waste water treated by the city of Antofagasta. The Company has used these sources to supply almost 84.6% of the industrial water needed to produce lithium hydroxide and lithium carbonate at the Salar de Carmen facilities. The rest of the consumption requirements are met with purchased, desalinated seawater.



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.

Of the total underground resources extracted for Nueva Victoria in 2019, 802,625 m<sup>3</sup> were

reinjecting as part of the mitigation measures for the Pampa Hermosa project in Salar de Llamara.

[DISCLOSURE 303-2 \(2018\)/ 303 -4 \(2018\)/ 306-1](#)

In order to optimize consumption, we recirculate all waste water and water treated at SQM sewage treatment plants into our production processes, thus reutilizing all water. In 2019 we reused approximately 548,550 m<sup>3</sup> based on operational estimates.

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. No effluent is discharged.

[DISCLOSURE 306-1/ 306-3/ 306-5](#)

In the year 2019, no significant spills contaminating the soil or water (surface or groundwater) were reported at the Company's operating facilities and production sites.

[DISCLOSURE 303-5/ 303-3](#)

### WATER CONSUMPTION 2019

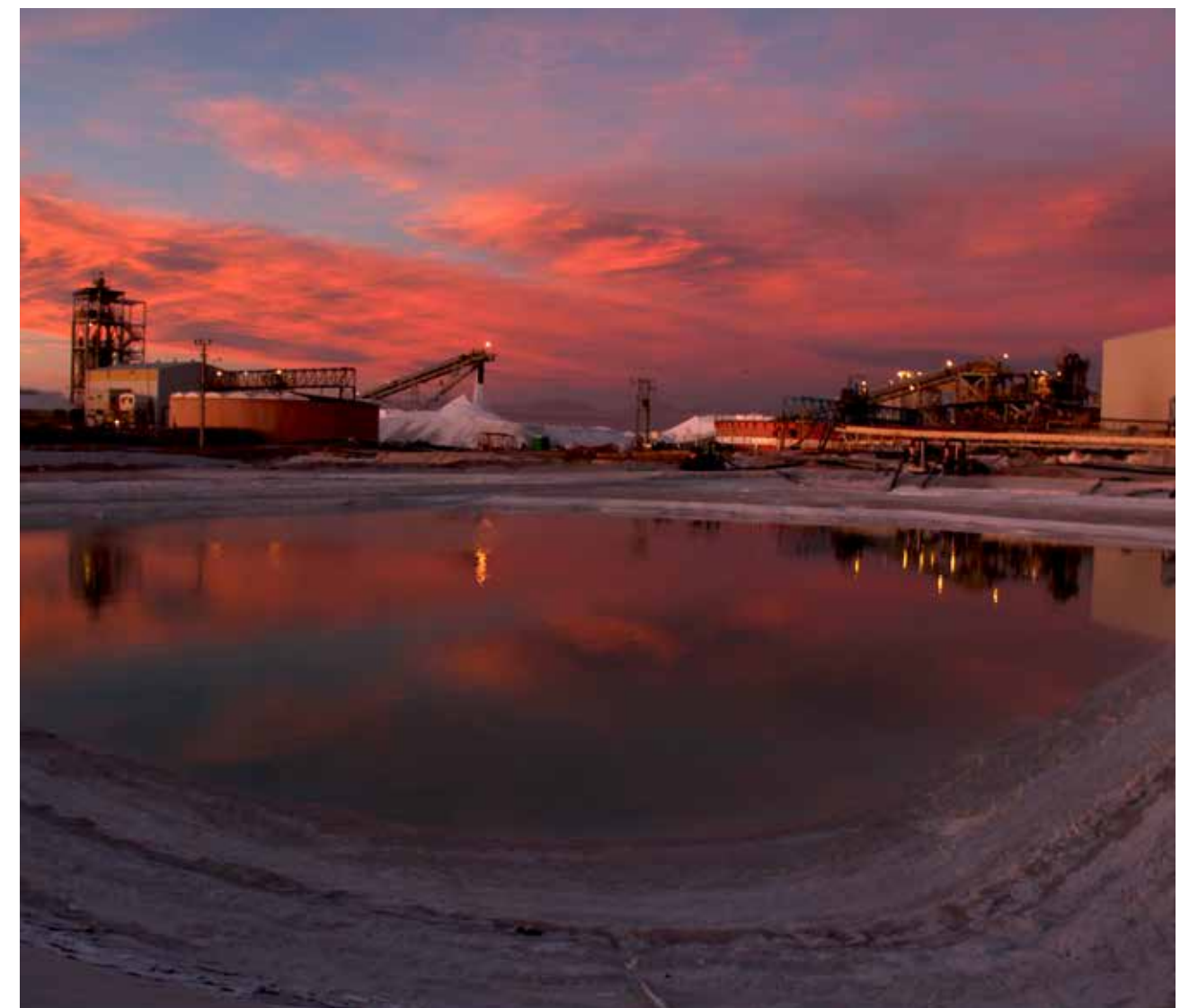
Facility	Groundwater (m <sup>3</sup> )	Surface Water (m <sup>3</sup> )	Third-Party Supply (m <sup>3</sup> )
	Other Water (TSD >1000mg/l)		Fresh Water (TSD ≤1000mg/l)
<b>Zones subject to water stress</b>			
Salar de Atacama	5,286,219	-	-
Salar del Carmen	-	-	939,586
Nueva Victoria	19,896,165	-	-
María Elena, Coya Sur, Pedro de Valdivia	-	6,227,886	426,472
Tocopilla-Antofagasta	-	-	39,790
<b>All zones</b>			
Other Offices	-	-	12,924
<b>Total per category (m<sup>3</sup>)</b>	<b>25,182,384</b>	<b>6,227,886</b>	<b>1,418,772</b>



We recirculate into production processes all waste water and water treated at SQM sewage treatment plants.

**1,343,699 m<sup>3</sup>**

OF SEWAGE WERE REUTILIZED IN 2019







**82% OF THE HAZARDOUS INDUSTRIAL WASTE GENERATED AT OUR OPERATIONS IN 2019 WAS SENT OFF-SITE FOR FINAL DISPOSAL**

## WASTE

DISCLOSURE 103-1/ 103-2/ 103-3/ 306-2/ 306-4

Given the importance of waste management to SQM's operations, it works hard to ensure waste is safely handled, which includes obtaining necessary authorization for transport companies and final disposal sites.

SQM has developed plans and procedures to manage both hazardous and non-hazardous waste. We have 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 2019, 82% of the hazardous industrial waste generated in our production facilities was sent off-site for final disposal using authorized transport, while the remainder was recycled or used to generate energy. Hazardous waste is transported in accordance with regulations in effect in Chile.

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

In 2019 it did not generate any hazardous waste that was disposed of or treated internationally. Nineteen percent (18%) of the hazardous waste generated by its operations was recycled by external companies as alternative fuel.

The Company prioritizes recycling or reusing inputs, opting to eliminate waste only as a last resort, and when we do, we work with authorized waste management companies.

Most of our products are sold in bulk, which significantly reduces packaging and minimizes future waste.

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

DISCLOSURE 306-2

Type of Waste	2019
Hazardous industrial waste (ton)	2,791
Non-hazardous industrial waste (ton)	1,898
Domestic waste and other (ton)*	4,688
<b>Total</b>	<b>9,377</b>

\*Includes 2,170 tons from town of Maria Elena.



## EMISSIONS

DISCLOSURE 103-1 / 103-2 / 103-3

We continuously monitor air emissions at all facilities using detailed projections of expected environmental effects, emissions abatement equipment and proper monitoring of emissions.

We also maintain meteorological stations that are key in monitoring solar evaporation processes at facilities. In addition to these measures, as part of its existing environmental monitoring plans, the Company conducts isokinetic measurements on smokestacks (on dryers and boilers).

SQM has worked hard to manage and monitor emissions of particulate matter (PM10). For this, we have a vast air quality monitoring network in the town of María Elena and participate in the air quality monitoring efforts in Tocopilla.

The Company has implemented a wide range of measures to fulfill commitments to control and reduce its PM10 atmospheric emissions in these towns as part of their decontamination plans.

- PM10 emissions in María Elena have decreased 97.8% from 2007 to date. This reduction can be attributed to operational changes implemented by SQM and has resulted in significantly improved local air quality and meeting of daily and annual PM10 standards.
- In the case of Tocopilla, PM10 emissions generated by SQM's port operations are minor as compared to other sources in the city. As part of the Tocopilla Decontamination Plan, commitments have been fulfilled and all measures necessary to mitigate emissions have been taken.



Salar de Atacama operations.

Photo credit: Javier González. SQM Photography Contest.



Port of Tocopilla.

Photo credit: Fernando Quiroz. SQM Photography Contest.

DISCLOSURE 305-7

In 2019, SQM's port operations reported PM10 emissions of 4.56 tons, marking a reduction of 37% from its 2007 levels. In comparison to 2019 levels, this reduction is 24% below commitments made in the decontamination plan.





## GREENHOUSE GASES (GHG)

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.

DISCLOSURE 305-4

### GHG INTENSITY

Energy Intensity (Excluding Solar Power)	2019	2018	2017	2016
Tons CO <sub>2</sub> eq/MUS\$	339	248	285	329

Based on these calculations, we have estimated our GHG emissions for 2017, 2018 and 2019 to be less than one million tons of CO<sub>2</sub> equivalent (CO<sub>2</sub> eq) each year.

For 2019, GHG emissions totaled 647,209 tons of CO<sub>2</sub> eq, which can be broken down into 241,443 tons of CO<sub>2</sub> eq (Scope 1) and 405,766 tons of CO<sub>2</sub> eq (Scope 2), and includes CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O emissions. GHG

emissions are estimated using the IPCC Guidelines for National Greenhouse Gas Inventories and electric power is calculated using the factors posted on the National Energy Commission's website. The factors correspond to the Great North Interconnected System (SING) and the Central Interconnected System (SIC) and are calculated as follows:

DISCLOSURE 305-1

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

Year	CO <sub>2</sub> emissions (tons)	CH <sub>4</sub> emissions (tons)	N <sub>2</sub> O emissions (tons)
2019	240,958.3	6.7	1.1
2018	160,313.6	5.6	1.1
2017	212,947.0	7.6	1.5
2016	219,801.1	8.0	1.5



DISCLOSURE 305-2

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

Year	CO <sub>2</sub> eq emissions (tons)
2019	405,766.3
2018	388,190.2
2017	385,021.4
2016	385,508.8

**THE RESULTS OF THIS CALCULATION WERE:**

Year	CO <sub>2</sub> eq emissions (tons)
2019	647,209
2018	548,960
2017	600,898
2016	618,341



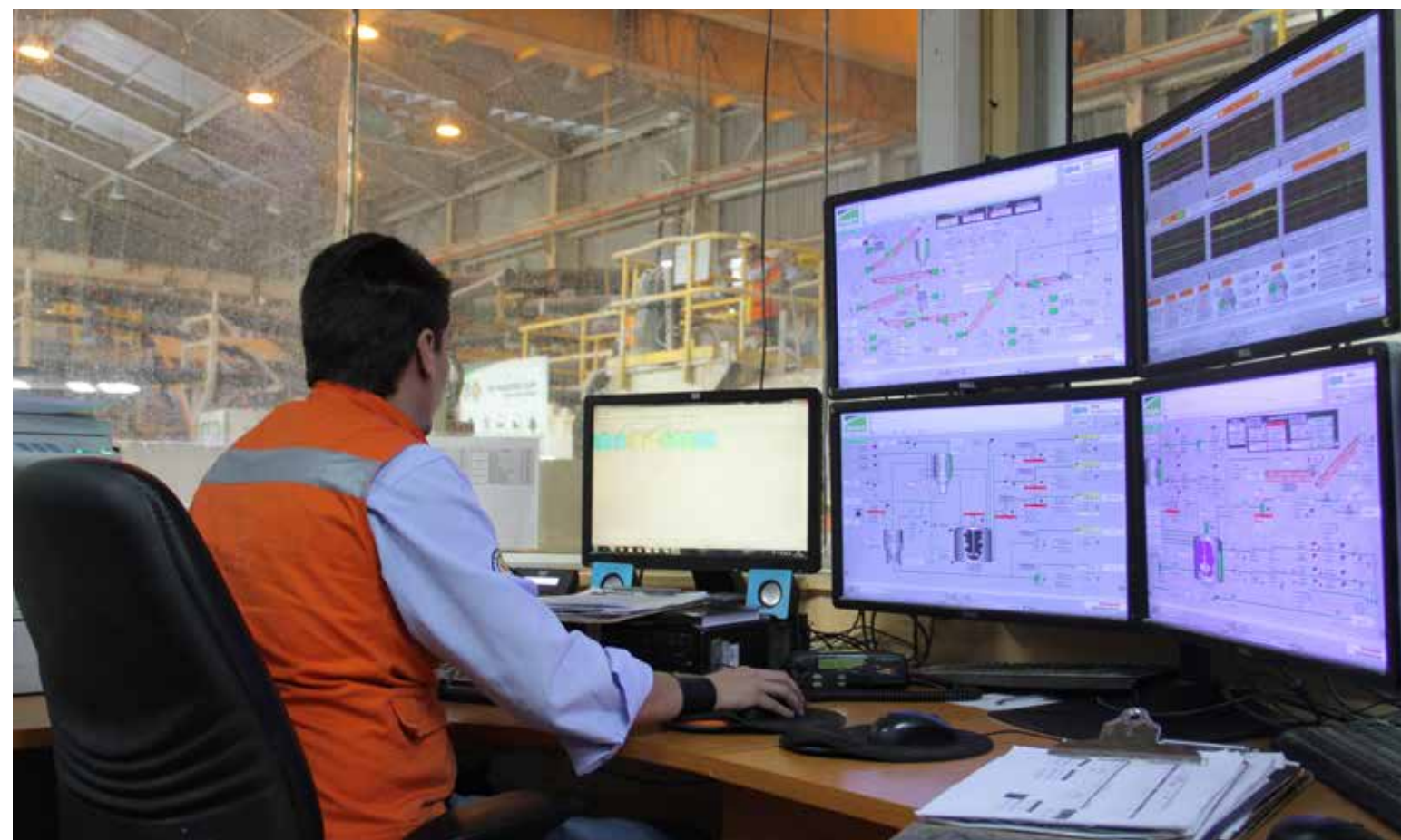
DISCLOSURE 305-5

**FIRST SELF-SUSTAINABLE MAINTENANCE WORKSHOP**

Northern Chile is known for its high solar radiation and low precipitation rates. That is what urged the Salar de Atacama’s Superintendency of Mine Maintenance to develop an unprecedented project to use solar energy to power the Maintenance Shop in a way that is eco-friendlier and more respectful of the environment and neighboring communities.

The idea came from the workers, who challenged themselves to generate initiatives to help care for our environment.

The innovative idea is designed to co-generate clean energy at the shop using an ‘On Grid’ technology—a system that is connected to the power grid—that also aims to self-generate power using a system of solar panels. By using the panels installed on the roof, we have been able to provide 60% of the power required for the shop during the day,” explained Muñoz.



The panels produce 68 kwh/day, for an annual production of 19 megawatts that are generated from 7:00 a.m.to 7:00 p.m. (the period of greatest solar radiation). After that time, the shop begins to pull electricity from the power grid until 06:59 a.m., when the photovoltaic panels once again feed the facility.



## DRIVING ELETROMOBILITY

In order to reinforce and promote the use of clean energy, SQM and Copec inaugurated the first electric eco-charger in South America, in the Antofagasta Region, at its Salar del Carmen site. The eco-charger is designed to contribute to sustainable development and environmental care by reducing carbon dioxide (CO<sub>2</sub>) and greenhouse gas (GHG) emissions.

The initiative will constitute a contribution to government-driven energy policies such as "The 2018-2022 Energy Path," designed to modernize the Chilean power grid by way of a series of goals such as increasing the supply of e-vehicles on the market, expanding the reach of the charging station network, fostering research into electromobility and participating in various public-private projects.

This sustainable power system is fully off-grid, operating 24 hours a day, 365 days a year on 100% solar power that is generated by the 46 solar panels installed at a 15° angle in the 96-square-meter plot built for this purpose.

The system's small-scale photovoltaic plant absorbs the sun's energy which is then stored in the system's lithium batteries and later distributed through an electric charger equipped with a smart meter.

Solar charging stations will soon be available at our sites in Antofagasta, María Elena, Tocopilla and Salar de Atacama.



One of the most important aspects of this operational milestone is that, in the mid-term, SQM will be able to replace a percentage of its diesel-fueled vehicle fleet. For example, the Salar del Carmen warehouse now runs its daily errands in two electric vans.





## ENERGY



SQM uses a high percentage of solar energy, which is an important component of its production processes for solar evaporation ponds at the facilities in Coya Sur, Nueva Victoria and Salar de Atacama. This method gives it an advantage over other processes. It is only possible because the Atacama Desert, where SQM's operations are located, has extremely high levels of solar radiation, resulting in high evaporation rates and facilitating the processes employed to concentrate salts in ponds year-round.

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

SQM has approximately 4,000 hectares of solar evaporation ponds, which allow it to harness significant amounts of solar energy, accounting for 91.1% of all energy consumed in our facilities.

[DISCLOSURE 302-3](#)

### ENERGY INTENSITY 2019

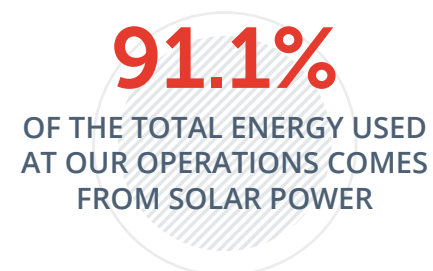
Energy Intensity (Excluding Solar Power)	2019	2018	2017	2016
TJ/MUS\$	2.98	2.52	2.43	2.81



DISCLOSURE 302-1/ 302-4

### 2019 ENERGY CONSUMPTION

	2019	2018	2017	2016
Solar Power	57,952,904	98,312,397	116,675,659	115,512,541
Electricity	1,863,344	1,757,533	1,810,331	1,866,756
Diesel	1,434,766	1,175,611	1,323,902	1,444,806
Natural Gas	2,238,568	674,393	809,842	789,626
Liquid Gas	113,428	129,755	120,684	51,805
Bunker Fuel	28,740	515,583	1,050,644	1,035,708
Gasoline	660	426	275	486
TOTAL (GJ)	63,632,410	102,565,698	121,791,336	120,701,728



### ENVIRONMENTAL INVESTMENTS

We make important investments to safeguard and preserve the environment around our operations and protect neighboring communities. Over the last three years, these investments came to ThUS\$17,063 in 2019, ThUS\$19,877 in 2018 and ThUS\$15,255 in 2017.

In 2019, investments in this area 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.

### ENVIRONMENTAL INVESTMENTS

Environmental Investments	2019	2018	2017
Environmental assessments	835	512	1,175
Sustainability, environmental monitoring and mitigation measures	6,757	10,202	6,491
Improvements to environmental/hygiene/sanitary conditions	5,452	4,403	2,989
Domestic and industrial waste management	3,836	4,221	4,111
Hazardous waste management	183	539	489
Total expenditures (ThUS\$)	17,063	19,877	15,255





## SQM EMPLOYEES RECEIVE ENVIRONMENTAL TRAINING

One of SQM's main commitments consists of guaranteeing that we operate sustainably, with respect for the environment and neighboring communities, thereby ensuring compliance with current legislation. In keeping with this premise, employees at our Salar de Atacama site and the areas of Communities, Environment and Hydrogeology, participated in training focused on learning more about miscellaneous initiatives that enable us to work in harmony with our surroundings and avoid any potential impact associated with our activities.

Training is designed to provide participants an opportunity to discuss topics of interest such as the geological formations in the Salar de Atacama basin, the Authorized Extraction Plan approved under the environmental permit (RCA), the most relevant aspects of the Chilean environmental institutional arrangements, project assessments under SEA guidelines (Environmental Assessment System) and projects approved for the Salar de Atacama site.

The main objective consists of providing sound knowledge and information as a basis for good decision making at the production level, while also understanding the effect of our day-to-day decisions on creating synergies between environmental care and concern and operations.





12



SQM, Present  
in the Community





Llakan Mask Carnival, Tocopilla, Antofagasta Region.

## SQM PRESENT IN THE COMMUNITIES

DISCLOSURE 413-1/ 413-2

Our operations are located in northern Chile in the Tarapacá and Antofagasta regions, which feature a predominately dry desert climate. Most of the population lives in the regional capital cities, outside of which the remaining population lives in towns or villages located at long distances from each other, connected by roads as ground travel is the main form of transportation.

There are small villages located near the Company's operations that make their living from either

farming, tourism, port operations or mining, such as María Elena, formerly a saltpeter town that is now known for providing services to the mining industry and as a future hub for niche tourism. There are also a considerable number of settlements of different Atacameña indigenous communities, particularly in the municipality of San Pedro de Atacama.

**SQM-driven programs are implemented jointly with our neighbors with whom we have direct, trust-based relationships.**





Because of our location, we interact with the following communities and nearby villages that are associated with our centers of production:

Region	Operations	Communities/Towns	Description	Population	Education
Tarapacá	Nueva Victoria	Iquique	Regional capital, Capital of the Province of Iquique, District: Population: 191,468 No. of households: 66,986 Men: 94,897 Women: 96,571	Population density: 83.70 Masculinity index: 98.3 Average age: 34.3 Indigenous peoples: 18%	Avg. schooling for head of household: 12.3 years Elementary school attendance: 95% Preschool attendance: 53% High school attendance: 75% Some higher education: 38% Completed higher education: 74% Avg. schooling for indigenous peoples: 10.3 years
		Pozo Almonte -La Tirana -Pintados	Capital of the Province of Tamarugal, District: Population: 15,711 No. of households: 8,926 Men: 8,987 Women: 6,724	Population density: 1.14 Masculinity index: 133.7 Average age: 32.2 Indigenous peoples: 43%	Avg. schooling for head of household: 10.0 years Elementary school attendance: 86% Preschool attendance: 55% High school attendance: 56% Some higher education: 20% Completed higher education: 78% Avg. schooling for indigenous peoples: 8.6 years
		Alto Hospicio	District: Population: 108,375 No. of households: 33,178 Men: 54,206 Women: 54,169	Population density: 188.86 Masculinity index: 100.1 Average age: 28.8 Indigenous peoples: 31%	Avg. schooling for head of household: 10.4 years Elementary school attendance: 95% Preschool attendance: 56% High school attendance: 71% Some higher education: 16% Completed higher education: 65% Avg. schooling for indigenous peoples: 8.6 years

Region	Operations	Communities/Towns	Description	Population	Education	
Antofagasta	Puerto de Tocopilla/ María Elena/ Coya Sur/ Salar de Atacama/ Salar del Carmen	Antofagasta	Regional capital, Capital of the Province of Antofagasta, District: Population: 361,873 No. of households: 112,451 Men: 181,846 Women: 180,027	Population density: 11.79 Masculinity index: 101.0 Average age: 33.3 Indigenous peoples: 8%	Avg. schooling for head of household: 12.1 years Elementary school attendance: 96% Preschool attendance: 49% High school attendance: 74% Some higher education: 36% Completed higher education: 73% Avg. schooling for indigenous peoples: 10.6 years	
		Port of Tocopilla	Tocopilla	Capital of the Province of Tocopilla, District: Population: 25,186 No. of households: 10,670 Men: 12,481 Women: 12,705	Population density: 6.25 Masculinity index: 98.2 Average age: 34.5 Indigenous peoples: 8%	Avg. schooling for head of household: 10.5 years Elementary school attendance: 94% Preschool attendance: 52% High school attendance: 76% Some higher education: 18% Completed higher education: 74% Avg. schooling for indigenous peoples: 9.1 years
		María Elena / Coya Sur	María Elena -Quillagua	District: Population: 6,457 No. of households: 1,959 Men: 4,092 Women: 2,365	Population density: 0.52 Masculinity index: 173.0 Average age: 35.4 Indigenous peoples: 13%	Avg. schooling for head of household: 11.2 years Elementary school attendance: 95% Preschool attendance: 46% High school attendance: 79% Some higher education: 27% Completed higher education: 81% Avg. schooling for indigenous peoples: 10.5 years
		Salar de Atacama	San Pedro de Atacama -Rio Grande -Solor -Toconao -Talabre -Camar -Socaire -Peine -Machuca -Catarpe -Quitor -Soncor -Larache -Yaye -Sequitor -Cucuter -Coyo	District: Population: 10,996 No. of households: 4,144 Men: 6,161 Women: 4,835	Population density: 0.47 Masculinity index: 127.4 Average age: 34.3 Indigenous peoples: 52%	Avg. schooling for head of household: 11.1 years Elementary school attendance: 93% Preschool attendance: 53% High school attendance: 73% Some higher education: 35% Completed higher education: 82% Avg. schooling for indigenous peoples: 9.1 years

\*Demographic data appearing in this table are taken from the results of the 2017 Census, conducted by the National Institute of Statistics, [www.censo2017.cl](http://www.censo2017.cl)



DISCLOSURE 103-1/103-2/103-3/ 413-1

### OUR APPROACH TO COMMUNITY ENGAGEMENT

For years the Company has focused its community engagement work on three main areas of action when determining which initiatives and programs it will develop. In 2019, we decided to expand our scope of work to include sports and healthy living after noticing a particular interest and commitment by our neighboring communities in participating in a wide range of recreational and sports activities.

We have a renewed commitment to sports as we consider this an opportunity for more community involvement, skill building, discipline, inclusiveness, entertainment and a chance to contain disruptive behaviors such as drug use, and promote wellbeing and healthy living.

The four areas of actions that define our community engagement activities are as follows:



EDUCATION AND CULTURE



SOCIAL DEVELOPMENT

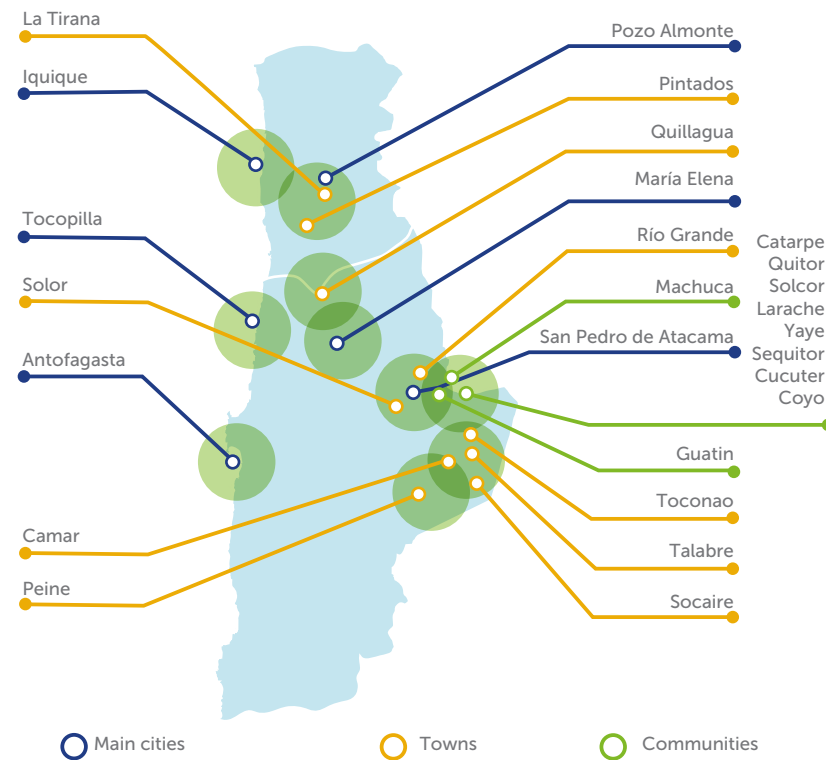


HISTORICAL HERITAGE



HEALTHIER LIVING (SPORTS)

### MAP OF COMMUNITIES\*



**We encourage the formation of working groups as opportunities for discussion and drivers of project design, evaluation and follow up.**

\*Information outside the scope of assurance.





DISCLOSURE 103-1/103-2/103-3/ 413-1

In order to measure our impact and prior to taking on new commitments, we regularly assess our programs as well as their performance and acceptance, using impact indicators. For the last two years, we have worked with an independent consultant to apply a study called, "Comparative Analysis and Assessment of SQM CSR Programs," and in 2019 we decided to reassess this tool and change the instrument. Apart from that, our community relations team conducts periodic assessments to determine the viability of each program year after year, alongside the communities involved in each one.

Also, during the second half of 2019 we conducted a perception study that included a qualitative assessment of our programs and areas of work, entitled "Study on the Perception of SQM - Zona Norte Positioning and Reputation." This survey was conducted by the consulting firm SURMEDIA.

We will conduct another survey in 2020 but this time on existing programs, followed by a report on the current situation. Improvements and efficiencies will be put into place accordingly.

In addition, we are considering the possibility of working with a new software that is designed to boost interaction with our stakeholders and, monitor programs with accuracy, with controlled response times, so that we can assess and record our interactions while also integrating additional factors such as data for compliance with GRI standards and Dow Jones Sustainability Index records.

All our operations and expansion projects are subject to environmental assessments in accordance with current regulations, and company controls and commitments. This includes measuring the impact of operations on neighboring communities. In that context, SQM personnel themselves invite citizen participation and

conduct consultations and other community outreach initiatives that set our Corporate Social Responsibility program apart as one that does not resort to outsourcing and that creates permanent community ties.

To ensure a greater commitment, all company-driven projects are accompanied by written collaboration agreements that establish the objectives and expected results as well as each party's commitments and responsibilities. In this area, we seek support from institutions, foundations and corporations specializing in the various fields of expertise required by each project.

DISCLOSURE 413-1

**COMMUNITY ENGAGEMENT AND WORKING GROUPS AND MULTI-SECTOR COORDINATION IN NEIGHBORING TOWNS IN 2019**

Engagement and Working Groups	District:
Chanavayita No. 2 Fishermen's Union Working Group*	Iquique
Chanavayita No. 4 Fishermen's Union Working Group*	Iquique
Chanavayita No. 5 Fishermen's Union Working Group*	Iquique
Chanavayita No. Fishermen's Union Working Group*	Iquique
Caramucho No. 3 Fishermen's Union Working Group*	Iquique
Public-Private Working Group "Agricultural and Commercial Improvements for the Farmers of Pintados"	Pozo Almonte
SQM and Tocopilla Fishermen's Union Working Group	Tocopilla
Women and Mining Group, made up of the Ministry of Mining, Ministry of Women and Gender Equality and Mining Companies.	Santiago

\*Working groups for agreement effective beginning in 2020, within the framework of the SQM Environmental Impact Study (EIA) for "Tente en el Aire", whose areas of influence include coastal communities in the Province of Iquique in the Tarapacá Region: Cádizamo, Caramucho and Chanavayita.

In addition to the formal working groups we have established, we participate in other formal opportunities for engagement and coordination with groups of individuals or associations in areas near our operations.

Engagement and Coordination with Local Communities	Town
Work with CONAF, Pampa del Tamarugal Aymara Rural Indigenous Association and SQM	Pozo Almonte
Work with Victoria Neighborhood Council	Pozo Almonte
Work with Fishermen's Union No. 1 Chanavayita*	Iquique
Work with Caramucho Union Nos. 1 and 2 and Cádizamo Union*	Iquique
Chanavayita social project (with a total of 11 organizations including Chanavayita Neighborhood Council, fire department and sports clubs)*	Iquique
"Desafío Scrap" Hub Tarapacá, CORFO, INACAP, SQM Contest Jury	Iquique
Business Advisory Council for William Taylor Methodist School Technical	Alto Hospicio
Work with Quillagua community	Quillagua
Work with "Saberes y Sabores" program to reinforce culinary start ups	Quillagua
Work with religious dance groups from María Elena and Pedro de Valdivia to reinforce and revive the Pampina popular religious identity and culture	María Elena
SQM volunteer work in community of María Elena	María Elena
Educational support for María Elena Technical/Humanities High School	María Elena
Work with María Elena Rural Clinic	María Elena

\*Agreements effective beginning in 2020, within the framework of the SQM Environmental Impact Study (EIA) for "Tente en el Aire", whose areas of influence include coastal communities in the Province of Iquique in the Tarapacá Region: Cádizamo, Caramucho and Chanavayita.



continuación:

Engagement and Coordination with Local Communities	Town
Work with María Elena Round Market merchants to foster startups	María Elena
Work with municipality of María Elena and local artisans	María Elena
Educational support and inclusiveness programs with Diego Portales de Tocopilla High School	Tocopilla
Work with the Professional Association of Tocopilla Transportation Companies (Agretoc)	Tocopilla
Work with professionals from Cowork, the Municipality of Tocopilla, Provincial Government Delegate and the Project Initiatives Assessment Committee	Tocopilla
Coordination of SQM volunteers with administrators from the Estrellitas del Pacífico Preschool, Pedro Aguirre Cerda Special Education School and the Tocopilla Senior Center	Tocopilla
Work with administration and technical teaching unit at the Sagrada Familia School	Tocopilla
Work with administration of the Domino Latrille School for co-op accreditation and conversion into a humanities and technical professional high school	Tocopilla
Work with municipality of Tocopilla to implement community initiatives	Tocopilla
"Agricultural Improvement Program for Río Grande Farmers"	San Pedro de Atacama
Work with "Toconao Sustainable Tourism Project"	San Pedro de Atacama
Work with Toconao Atacameña Community	San Pedro de Atacama
Work with Socaire Atacameña Community	San Pedro de Atacama
Work with Talabre Atacameña Community	San Pedro de Atacama
Work with Lickanantay High-Altitude winemakers' cooperative, manager and board	San Pedro de Atacama
Education work with DAEM SPA	San Pedro de Atacama
Education work with the SPA Municipal Education Department	San Pedro de Atacama
Toconao Wine Harvest-Cultural Fair Working Group	San Pedro de Atacama
Public-private work led by the Ministry of Public Works for emergency assistance coordination	San Pedro de Atacama

### TOTAL CONTRIBUTIONS COMMITTED TO THE COMMUNITY UNDER CORFO-SQM LEASE AGREEMENT

Among the commitments undertaken as part of the Corfo-SQM agreement, in 2019 we made a contribution of US\$3,090,988 to the municipalities of San Pedro de Atacama, María Elena and Antofagasta.

This money is part of the 1.7% of our sales, which totaled US\$13,171,294 during the period, that SQM must contribute annually until 2030 when the CORFO agreement in the Salar de Atacama expires.

This contribution of 1.7% is divided as follows:

- 1% Antofagasta Regional Government for public investment
- 0.3% Antofagasta Regional Government for product development
- 0.2% Municipality of San Pedro de Atacama
- 0.1% Municipality of María Elena
- 0.1% Municipality of Antofagasta

Moreover, as indicated in the Corfo agreement, SQM must deliver US\$14 million to promote sustainable development and investment projects in the Salar de Atacama communities that are duly registered with CONADI. It also calls for a US\$ 10.8 million contribution to the Antofagasta Center for Clean Technology (R+D). The contributions committed to are in the process of being transferred while awaiting completion of the formalities provided under the agreement.

The total value of SQM's investment in the communities is ThUS\$5,256, which does not include contributions provided under the CORFO agreement.



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# Atacama Tierra Fértil program





Workers at hydroponic greenhouse in Pozo Almonte, Tarapacá Region.

## ATACAMA TIERRA FÉRTIL PROGRAM



### DISCLOSURE 413-1

Launched in 2008, SQM's Atacama Tierra Fértil Program has helped launch numerous agricultural initiatives in the driest desert on the planet. These programs are part of our essence given our ranking as the leading fertilizer producer in the world, selling specialty products formulated to produce large yields with low water consumption. Moreover, our staff of experienced agronomists works directly with each individual farmer, advising them accordingly so they will obtain the best possible results.

The Atacama Tierra Fértil Program operates in the following towns: Pozo Almonte, Quillagua, San Pedro de Atacama, Toconao, Talabre, Río Grande and Socaire.

Designed to provide farmers with technical expertise and support for their crops and production, the program's staff of multidisciplinary professionals provides tools for innovation to improve crops and sales of high-quality, value-added products.

Respecting the unique cultural aspects and characteristics of ancestral Aymara and

Atacameñan agriculture is one of its distinctive features.

Over the years the program has received support from the following organizations: Antofagasta Regional Government (FIC Projects), Regional Public Works Agency of Antofagasta (Hydraulic Works Bureau), Regional Agricultural Agency of Antofagasta and Tarapacá, Foundation for Agricultural Innovation (FIA), SERCOTEC, National Corporation for Indigenous Development (CONADI), National Institute for Agricultural Development



(INDAP), as well as the municipal governments presiding over territories housing the indigenous associations and communities located near our operations.

DISCLOSURE 413-1

## POZO ALMONTE

### POZO ALMONTE FARMERS RECEIVE 40 TONS OF ANIMAL FEED

Members of the Pampa del Tamarugal Rural Aymara Association, consisting of 48 members, received feed for their goats and sheep in an effort to boost small stock farming in Pozo Almonte. This is the first step taken by a working group made up of representatives from SQM and the local association.

The agreement entails providing supplementary forage and feed for the goat and sheep herds along with specialized veterinary care to enhance herd management and animal production and reproduction techniques. The forty-ton supplementary feed delivery consisted of: 30 tons of alfalfa in blocks and 10 tons of concentrated feed for the goat and sheep owned by the association's members. This is a one-time, year-long project.

In late 2019, we joined efforts with CONAF and the Pampa del Tamarugal Rural Aymara Indigenous Association to begin a three-year project starting in 2020 aimed at building a 30-hectare alfalfa production unit in the Pampa del Tamarugal National Reserve in the district of Pozo Almonte. SQM committed to designing and building the alfalfa production unit as well as financing equipment, supplies and materials. This unit is expected to serve as a source of forage and feed for small stock owned by participating association members.

### POZO ALMONTE AGRICULTURE RESEARCH AND DEVELOPMENT CENTER

As part of our commitment of using our expertise as a specialty fertilizer producer to foster agricultural production, we opened the Pozo Almonte Agriculture Research and Development Center in 2019.

The initiative is outlined in the agreement signed by the Municipality of Pozo Almonte and SQM. The only one of its kind in the Tarapacá Region, the center's objective is to develop

hydroponic crops and produce cheese for sale on the local market.

It will train anyone wishing to grow their own hydroponic crops, providing guidance as a pilot program to identify the best business processes and production techniques. Moreover, a cooperative staffed initially by six members has been set up to manage the goat cheese production facilities.

Owned by the Pozo Almonte Municipality and located at the "Los Pinos" campground, the research center spans more than 1,150m<sup>2</sup> divided among two buildings: one is used to grow hydroponic crops and the other one houses the cheese factory (duly certified by health authorities) along with a refrigerated delivery truck to ensure the cold chain remains intact.

In addition to the infrastructure, SQM provides technical assistance and supplies.



Agricultores Colonia de Pintados, Pozo Almonte, Región de Tarapacá.







THE WORK WITH FARMERS HAS FOCUSED ON FOSTERING GOOD AGRICULTURE PRACTICES THROUGH GUIDANCE FROM SQM PROFESSIONALS.

#### 2019 HIGHLIGHTS

- 13 official visits received
- 220 people have toured the facilities
- 3 trainings courses held: "Managing Pruning and Fruit Formation in Bell Pepper Plants," "How to Make Gourmet Goat Cheese" and "Basic Course in Hydroponics for Sustainable Farming."
- 2 student interns from the Pica Vocational High School are specializing in hydroponic farming techniques.
- 1 student intern from the Technical Professional School for Higher Education in Agriculture

#### PROMOTING AGRICULTURE IN PINTADOS – POZO ALMONTE

In 2019, SQM continued its work with the Pintado Farming Colony through the Tierras de Jehová Multicultural Indigenous Association and the Juventud del Desierto Aymara Indigenous Association, while also providing specific support to local farmers.

The work has focused on fostering good agriculture practices through guidance from SQM professionals in enhancing soil structures with sand and washing to recover new arable soil; assisting with the implementation of irrigation systems designed to save water; providing agricultural equipment for soil preparation, seeds and plants, all of which is supplemented with a plant nutrition program. Other initiatives have also been carried out such as growing melons and watermelons, planting grape vines and experimenting with coconut fibers as a means to introduce new techniques as alternatives to farmland substitution.

#### SUPPORT PROVIDED:

- Tierras de Jehová Multicultural Indigenous Association: the association's eight farmers and their families have received support for enhancing soil structure and texture and purchasing agricultural machinery.
- Juventud del Desierto Aymara Indigenous Association: The association's eight farmers and their families have received support for soil enhancement, irrigation and fertilization techniques, and purchasing agricultural materials, equipment and seeds.





A total of 5,297 bottles of wine were produced in 2019—up 6% from 2018—which is quite a success considering the extreme climate events affecting the region this year.

**SQM'S SUPPORT CENTERED AROUND PROVIDING TECHNICAL MONITORING AND CONSULTING DURING EVERY STAGE OF PRODUCTION, WITH AN EMPHASIS ON THE COOPERATIVE'S WORK AND THE COMBINED EFFORT OF THE TEAM OF ASSOCIATES.**

## QUILLAGUA

### HYDROPONICS IN QUILLAGUA

This project was started back in 2013 with the opening of the 1,000 m<sup>2</sup> Quillagua greenhouse built to grow lettuce and the Quillagua Hydroponics Farming Cooperative. In 2018, the cooperative turned its efforts to revamping its sales program with support from SQM to purchase a refrigerated delivery truck to

boost sales in nearby cities; it also began operations at its new research greenhouse.

In 2019, this project entered a new phase involving the remodeling of the main greenhouse, replacing the crop bed system, energy and water circulation system and replacing the roof.

The 10-member cooperative admitted six new members to its ranks.

Additionally, the cooperative began discussions with the Cencosud supermarket chain in the Tarapacá Region to sell its lettuce production in 2020. The objective is to revive the cooperative and its greenhouse sales.

## SAN PEDRO DE ATACAMA

### AYLLU WINE

As part of the SQM Atacama Tierra Fértil Program, a group of 19 farmers from Celeste, Toconao, San Pedro de Atacama and Socaire produce high-altitude wine at more than 2,400 meters above sea level.

Ayllu vineyards celebrated their seventh harvest in 2019. Ayllu, which stands for community in Kunza, is an example of the local

desire to develop a wine industry on the basis of modern techniques and technical assistance from Chilean and international expert consultants instead of traditional methods.

Ayllu is a signature wine. Each bottle is labeled with the number of square meters, number of vines per lot, number of bottles produced per year and elevation

of the vineyard. These unique features are what have enabled the wine to be sold at hotels and restaurants throughout the Antofagasta Region.

Wine is currently produced from the following grape varieties: Chardonnay, Petit Verdot, Pinot Noir, Syrah, Malbec, Muscatel, the traditional Chilean grape País and the recently added Sauvignon Gris.



### **AYLLU WINE CELEBRATED ITS VII HARVEST FESTIVAL**

A total of 5,297 bottles of wine were produced in 2019—up 6% from 2018—which is quite a success considering the extreme climate events affecting the region this year.

SQM’s support centered around providing technical monitoring and consulting during every stage of production, with an emphasis on the cooperative’s work and the combined effort of the team of associates.

More than a thousand people arrived in Toconao to participate in the VII Toconao Wine Harvest Festival. This cultural, family event celebrates the value that the Lickanantay roots hold for this unique Ayllu wine made by local Atacameña vineyards.

Festival goers had the chance to taste all of the high-altitude Ayllu wine varieties at this event held with support from the Municipality of San Pedro de Atacama, the Toconao Atacameña Community and neighborhood council and SQM. Several artists performed

at the festival, most notably local celebrities such as Margarita Chocobar, Kunza Lari, El Gran Accidente and others.

Organized by the Lickanantay Vineyard Cooperative, this year’s celebration added novel lectures (“Chile and its Wines” and “High-Altitude Wines”) and tastings, which went over quite well with visitors.



### **HYDROPONIC PRODUCTION PROGRAM IN SOCAIRE AND TALABRE**

This hydroponic production project was launched back in 2016 in Socaire as a local research center for identifying which crop species and varieties are most suited for hydroponic production in the village.

At present, 6,000 heads of lettuce are grown monthly at the 1,000m<sup>2</sup> production site, which employed four full-time local employees in 2019.

The same program was replicated in the community of Talabre, where they also decided to grow fruit and leafy vegetables in live substrates, which led to hiring five traditional farmers.

The program turned its efforts to upgrading and repairing infrastructure in 2019 along with building new civil works to support production, while continuing to provide technical support and monitor production.



### ALFALFA CROP STARTUP PROGRAM

Established in 2008 in Talabre, this program began by sowing 0.2 hectares of drip-irrigated fields of alfalfa in order to boost water efficiency and crop yield. Once the technique was approved by the farmers and the local community in 2011, the program was expanded through support from the Foundation for Farming Innovation to include research and training.

Efforts in 2019 focused on setting up alfalfa farms in sector 3 and standardizing irrigation systems. The fields were cut three times during the season, with yields of 12, 15 and 20 for each respective cutting.

### PROGRAM FOR REVIVING GARLIC PRODUCTION

Activities carried out in 2019 under the Río Grande garlic production program consisted of helping disinfect farmland with products that have a low impact on local ecosystems, and repeating the treatment when diseases were detected further on in the cycle. A total of 23 farmers participated in the garlic farming program, 15 of which were assigned to growing garlic while the remainder tended rotational crops designed for disease control. Production levels remained stable at 70% on average, which has had a considerably positive impact on the community.

A new Río Grande farm (Hierbas Buenas) joined the project in 2019, adding 30 hectares of arable land. The first wave of support consisted of preliminary civil works.





## SUPPORTING OUR NEIGHBORS IN EMERGENCIES

In early 2019, some communities near SQM's operations suffered the effects of highland winter weather.

As a preventative measure in Tarapacá, specifically the municipality of Pozo Almonte, we provided two pieces of machinery in Nueva Victoria to build a temporary rainwater catchment and storage system to prevent flooding in La Tirana. We also donated 500 bottles of water to the townspeople living in remote highland villages. This donation was delivered directly to the Municipality of Pozo Almonte.

Along the coast, specifically in Chañavayita, we donated 72 tarps to protect homes.

In Quillagua, we worked with the Municipality of María Elena to restore electricity, distribute plastic coverings to protect houses, and deliver drinking water from María Elena, as well as four, 10-liter jugs of water each to 100 Quillagua families.

Workers employed at our Salar de Atacama operations played a key role in restoring the road network. They were assigned to clearing the roads and entrances into nearby villages located along the Toconao to Talabre stretch, Route CH23 and the access road leading up to the Andino Camp.

SQM, the Chilean Army, the local municipal government and Regional Mining and Public Works agencies all joined forces to clear and level main and secondary roads leading to homes and other sectors in San Pedro de Atacama and its family clans.

Water tanker trucks were provided to distribute potable water to residents in Talabre and Toconao. Specifically, in Toconao residents were able to protect their homes with plastic covers. Furthermore, SQM coordinated efforts to divert water through canals.

In Río Grande, the community received materials to temporarily reconstruct main access points into town along with drinking water and other items. In Socaire, we delivered drinking water and fuel to ensure the hydroponic greenhouse would continue operating and not run the risk of losing its crops.

In other villages, we gave families polyethylene sheets to protect their homes, farms and generators in the event of power outages.



Workers at Salar de Atacama operations supporting neighbors during an emergency, Antofagasta Region.



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# Fostering Production Development





Hydrogeological monitoring.

Photo credit: Claudio Cayo. SQM Photography Contest.

## SUPPORTING INDUSTRIAL DEVELOPMENT



Closing event for Desafío Scrap contest, Tarapacá Region.

DISCLOSURE 413-1

### IQUIQUE

#### SQM'S "SCRAP CHALLENGE" DRIVES THE ENTREPRENEURIAL SPIRIT IN TARAPACÁ

The "Scrap Challenge" organized by Hub Tarapacá and supported by the Chilean Development Corporation (Corfo) and SQM, aroused the interest of twelve projects. The purpose of the challenge was to add value to the non-hazardous waste generated at SQM's Nueva Victoria site, including cardboard and wooden pallets, thereby

creating a new line of business for start-ups. SQM joined the Challenge in encouraging local entrepreneurs and innovators in the wider northern area, Arica and Parinacota, Tarapacá and Antofagasta regions to get involved.

The first step in the proposal consisted of identifying the gaps, followed by tackling the issues from the standpoint of traceability, use or final disposal for each of these materials, and then developing individual waste management plans for each waste stream.

A jury comprised of regional experts voted on the winning project entitled "Ecowood Packaging," led by Franklin Zepeda. The entrepreneur designed an environmentally-friendly packaging solution for Chilean fruit exports in order to do away with plastic pieces.

In addition to first place, three other projects were awarded an honorable mention. They are also receiving support to launch their business and foster new regional startups.





DISCLOSURE 413-1

### **POZO ALMONTE**

#### **HOT WATER PROVIDED SUSTAINABLY IN VICTORIA**

The objective is to provide support to at-risk families living in the Tamarugal pampa, near the former Victoria Office. This is the closest human settlement to our operations.

The Company supported and managed a project aimed at providing them the hot water they have always wanted. This was made possible through a partnership between the Municipality of Pozo Almonte and SQM that installed solar-heated water heaters, bathrooms and other infrastructure that truly improved the residents' quality of life. The initiative entailed an investment of over 30 million pesos.

### **QUILLAGUA**

#### **QUILLAGUA'S AGROFORESTRY AND TOURISM PROGRAM TAKES SHAPE**

SQM donated machinery and training that will enable the Indigenous Agroforestry Association in the oasis of Quillagua to add value to one of the valley's most important resources: the Algarrobo tree and its derivatives. In 2019, efforts focused on defining the Agroforest Cluster and other measures such as hiring a forestry

engineer to develop adhesion standards required by CONAF for sustainable exploitation of the forest; consultant services for designing the logo for the coal and advice for local small business owners who designed an artisan workshop proposal and alternatives for manufacturing pieces.

Plans have been drawn up to build a craft workshop in 2020. The shopkeeper and site are already arranged.

### **MARÍA ELENA**

#### **REOPENING THE EMBLEMATIC ROUND MARKET**

With a view to providing tools and support for local businesses, SQM supported reconstruction of the María Elena Round Market (Feria Redonda), which was destroyed in a fire in 2018 that consumed 25% of the structure. The market finally opened its stalls after several months of work.

María Elena locals flock to the Redonda Market to stock up on a variety of goods. The remodeling process involved certain structural changes that were carried out in accordance with regulations and suggestions from the Ministry of Culture, Art and Heritage.

The process involved rebuilding several stalls and installing security cameras, among other improvements.



DISCLOSURE 413-1

**TOCOPILLA**

**ESPACIO EMPRESARIAL EN TOCOPILLA**

We teamed up with La Semilla Foundation in Tocopilla to promote entrepreneurship, partnerships, training and business development by supporting “Puerto Cowork,” a hub where local startups can meet up. For two straight years we focused on launching and consolidating projects but in 2019 we changed gears and began focusing on preparing entrepreneurs to apply for public and private funding. This new approach has allowed entrepreneurs and business owners to secure Sercotec 2019 funds from programs such as: Capital semilla, Capital Abeja and Crece.

“Puerto Cowork” also supports the program “Mueve Cruza y Enfrenta” (Move, Cross and Confront) to encourage innovation and entrepreneurship in children and adolescents, providing technological tools based on robotics and 3D printing, helping participants to learn about and develop initiatives in this field of technology.

The program was first designed for youth ages 15 to 18. However, as many younger children also expressed interest, it was broadened to include kids as young as 10 years old.

**SUPPORT FOR THE FISHERMEN OF TOCOPILLA**

The 102 members of the Tocopilla Fishermen’s Independent Union received for the second consecutive year work tools as part of initiatives agreed to by the Company and the fishermen.

Consumables, materials and tools were divided up into two deliveries made in 2019. The first one took place in May and consisted of 105 meters of fishing net, 38 full-body neoprene wet suits and six spools of fishing line. The second one took place in December and consisted of equipment for 31 shellfish divers and consumables for fishermen such as fishing line, nets, hooks, boots, wet suits and other items. This initiative is designed to support the local fishing village in the Port of Tocopilla, which has been affected by high seas and swells on several occasions.







**SQM EXECUTIVES AND THE PRESIDENT OF THE TOCONAO ATACAMEÑA COMMUNITY SIGNED AN AGREEMENT MARKING THE OFFICIAL HANDOVER OF FORMER SQM CAMP FACILITIES LOCATED IN THE VILLAGE OF TOCONAO.**

DISCLOSURE 413-1

### **SAN PEDRO DE ATACAMA**

#### **FROM MINE CAMP TO FIVE-STAR HOTEL**

SQM executives and the President of the Toconao Atacameña Community signed an agreement marking the official handover of former SQM camp facilities located in the village of Toconao.

This process that began a few years ago entailed joint efforts by the community and SQM, with particularly active involvement by members of the Toconao community. Several milestones were met during this process such as: provision of the architectural plans for a resort, specialized committees comprised of community members that defined a suite of relevant aspects such as branding, tourism activities, interior design and other amenities that will be available at the resort. At the same time, a working group was formed to reach agreements for property transfer and assistance during the next phase of the project..

#### **YOUNG ATACAMEÑANS STAND OUT AS "LEADERS IN EL LOA"**

Eduard Varas from Socaire and Wilfredo Cruz from Toconao were recognized along with eight other young people from the province for their important contribution to the community by furthering sports and the wine industry in their respective communities. SQM provides support to the El Loa Leadership Program.

#### **EXPERT APPRENTICES FOR SQM**

For the second year, the Operator Apprentice training program at SQM Salar prepared new professionals from neighboring communities to take on new jobs with high performance, efficiency and quality standards.

The program prepared by the Company is backed by the know-how, knowledge, innovation and experience of SQM workers.

It is structured around four core topics:

- Awareness of safety regulations and how operations are organized.
- Understanding of production stages and technical processes for operations.
- On-site knowledge of good practices for operational or lithium production processes.
- Knowledge of quality standards that enable continual improvement of processes.

This program brought together 26 apprentices—men and women from the communities of Toconao, Calama, Peine, Socaire, Camar and San Pedro de Atacama.

Participants acquired both soft skills and technical tools. At the end of the apprenticeship they were offered open-term contracts in different areas of SQM's Salar de Atacama operations.



DISCLOSURE 413-1

## ANTOFAGASTA

### CONTRIBUTING TO THE SOCIAL MOBILITY OF THE MOST VULNERABLE

At the “La Chimba” Technical Training Center, located in the Luz Divina squatter settlement in Antofagasta, sixty students travel from different parts of the city to take classes that end after 10 pm at night. The long distances, commute times and limited offering of public transportation in the area affect student attendance.

In order to reduce student drop-out rates stemming from the complex commute, SQM and the Recrea Foundation donated 20 electric bikes to the students, neighbors and Father Felipe Berríos, the priest in charge of the training center. These bikes will help improve the students’ commutes to and from class. These sustainable bicycles have an 80-kilometer range.

### SUPPORTING NEIGHBORS AND THEIR EMPLOYABILITY

We are committed to supporting the communities near our operations in the Tarapacá and Antofagasta Regions, and as such we continue to hold “Employability Workshops.” Run by SQM psychologists who teach participants how to prepare for job interviews and write resumes, these workshops also provide participants the opportunity to apply for job openings available in the Company. These workshops seek to increase the number of locals working at SQM sites.

This effort is carried out in conjunction with various Employment Opportunity offices located in area towns such as Pozo Almonte, Alto Hospicio, the municipality of María Elena, Sence Calama and Antofagasta and school in towns near our operations.

We are also actively involved in job fairs organized by municipalities and universities:



## SAN PEDRO DE ATACAMA

### SECOND-CHANCE EDUCATION PROGRAM

For the second consecutive year, SQM worked with the Municipality of San Pedro de Atacama’s Employment Intermediation Office (OMIL) to develop the School Validation and Remediation Program, which gives individuals from the town of San Pedro de Atacama and neighboring areas the chance to complete their primary and secondary studies. This initiative equips them with a tremendous tool to access better opportunities in the job market.



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# Furthering Community Development





DISCLOSURE 413-1

## FURTHERING COMMUNITY EDUCATION

SQM has undertaken a series of educational initiatives that focus on closing existing gaps in education establishments located near its operations. These initiatives aim to expand teachers' knowhow, provide teaching

resources and essentially serve as a bridge between these establishments and the Company by involving SQM employees in some of the educational processes, especially at the technical professional level. This

support is in response to unmet needs in the regions where we operate and also with the understanding that the bulk of our workforce and their children are trained and educated in these regions.

The SQM-driven education programs seek to provide tools and skills to students living far away from urban centers in order to close the gap between rural and urban education.



## SCHOOL PROGRAMS IN NEIGHBORING COMMUNITIES

School	Town	Mathematics Assistance Program	Language Assistance Program	Psycho-pedagogical Program	Support for Cultural, Music, Dance or Similar Initiatives	Christmas Celebration	Extracurricular Workshops	English Workshop	Vilti Semman Program
Oasis en el Desierto School	Pintados	✓			✓	✓	✓		
Ignacio Carrera Pinto Primary School in Quillagua	Quillagua	✓		✓	✓	✓		✓	
Arturo Pérez Canto School D-133	María Elena	✓							✓
Bernando O' Higgins School	Tocopilla						✓		✓
Domingo Latrille High 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						✓		
Javiera Carrera Preschool	Tocopilla					✓	✓		
Hogar de Cristo Preschool	Tocopilla					✓	✓		
Estrellita del Pacífico Preschool	Tocopilla					✓			
E-26 School	San Pedro de Atacama	✓	✓		✓				
Toconao Educational Complex	Toconao	✓	✓		✓	✓			

School	Town	Mathematics Assistance Program	Language Assistance Program	Psycho-pedagogical Program	Support for Cultural, Music, Dance or Similar Initiatives	Christmas Celebration	Extracurricular Workshops	English Workshop	Vilti Semman Program
G-30 School	Socaire	✓	✓						
G-29 School	Talabre	✓	✓			✓			
G-27 School	Peine	✓	✓						
G-22 School	Camar	✓	✓		✓				
G-15 School	Solor	✓	✓						
Río Grande School	Río Grande	✓	✓			✓			
Lickanantay Preschool in Toconao	Toconao					✓			
Miscanti de Socaire Preschool	Socaire					✓			
Sol del Norte Preschool	Camar					✓			
Papin Pahir	Talabre					✓			
Chañarcito Preschool	San Pedro de Atacama					✓			
Lickanantay Preschool	San Pedro de Atacama					✓			
Paunna Lickan Preschool	San Pedro de Atacama					✓			
Río Grande Preschool	Río Grande					✓			
Jardín Infantil de Río Grande	Río Grande					✓			



DISCLOSURE 413-1

**MATHEMATICS ASSISTANCE PROGRAM**

For the seventh year in a row, the collaborative effort between SQM and the Crea+ Foundation continues to bear fruit both qualitatively and quantitatively. This well-rooted program still pulls in good results and is valued by both teachers and administrators at participating establishments.

During 2019, the program had a direct impact on 1,674 students and 49 teachers at the following participating schools:

**This is our third year supporting an internship overseas in Finland by awarding grants to the following three professionals who stand out for their performance and commitment to their students: Sandra Chávez, Principal of the San Roque de Peine School; Carla Michea, teacher at the Arturo Pérez Canto school in María Elena; and Denissa Opazo from the Oasis en el Desierto School in Pozo Almonte.**

**“MÁS MATEMÁTICA PROGRAM” IN SCHOOLS IN TOWNS NEAR SQM OPERATIONS IN 2019**

School	Region	No. Administrative Staff	No. Teachers	No. Levels	No. Students
Oasis en el Desierto School	Colonia de Pintados	2	3	8	91
Ignacio Carrera Pinto Primary School	Quillagua	1	1	6	22
Arturo Pérez Canto School	María Elena	3	13	8	541
E-26 SPA	San Pedro de Atacama	2	14	6	705
Toconao Educational Complex	San Pedro de Atacama	2	7	12	225
San Roque de Peine	San Pedro de Atacama	1	2	6	16
San Bartolomé de Socaire	San Pedro de Atacama	1	3	6	28
Cámar	San Pedro de Atacama	1	1	4	13
Sólor	San Pedro de Atacama	1	2	6	32
Talabre	San Pedro de Atacama	1	1	3	1



Students participating in environmental workshops at Sagrada Familia School in Tocopilla.



## SCHOOLS WITH OUTSTANDING RESULTS IN MATH:

School	Classes Tested	2018 SIMCE Scores Published in 2019
Toconao Educational Complex	10th Grade	300 Points, 10 more compared to 2018, 21 more than the municipal average and 36 more than the national average
Oasis en el Desierto School in Pintados	6th grade	262 Points, 28 more compared to the last test taken in 2016, 27 more than the municipal average and 11 more than the national average

In 2019, the Math Assistance Program benefited 1,674 students and teachers in the Tarapacá and Antofagasta regions.



The program expects to help new generations improve their literary and reading skills by working hand in hand with language teachers, deploying and strengthening diverse tools to motivate students.

Consulting services provided to the +Lenguaje Program in 2019 were earmarked for the corresponding San Pedro de Atacama schools:

School	Region	No. Administrative Staff	No. Teachers	No. Levels	No. Students
E-26 SPA	San Pedro de Atacama	2	14	6	706
Toconao Educational Complex	San Pedro de Atacama	2	5	6	102
San Roque de Peine	San Pedro de Atacama	1	2	6	16
San Bartolomé de Socaire	San Pedro de Atacama	1	3	6	28
Cámar	San Pedro de Atacama	1	1	5	12
Sólor	San Pedro de Atacama	1	2	6	32
Talabre	San Pedro de Atacama	1	1	1	1

## PROGRAMA DE APOYO + LENGUAJE

The + Lenguaje extra help program was implemented in San Pedro de Atacama municipal schools in 2019 following a trial run in late 2018.

Aimed at boys and girls in 1st to 6th grade, this program has been implemented to fill educational gaps and boost test scores. Its primary objective consists of improving the students' reading quality, speed and comprehension by providing technical support to teachers in the area, administering tests and evaluations and fostering activities related to reading comprehension.

## OTHERS JOINT INITIATIVES WITH CREA+

### +THEATER IN TOCONAO

In collaboration with Crea+ Foundation, a Theater Workshop was held in Toconao and San Pedro de Atacama schools. The activity gathered students from both schools who were interested in learning from a multidisciplinary team of professionals skilled in theatrical techniques, acting, makeup and script writing, culminating in a show at the workshop's closing ceremony held before the community.

### EXPLORING THE USE OF EXAM READER

In an effort to incorporate useful innovations in the schools, an Exam Reader pilot program was set up at a few of them. This program consists of training teachers to use the application to scan sheets of test answers and then instantaneously process the results by uploading them to the on-line platform called Power BI. The system helps schools

wrap up their academic years by saving them time on correction, processing and analyzing information. This initiative is scheduled to continue in 2020.



DISCLOSURE 413-1

**EDUCATION IN THE PINTADOS AGRICULTURE COMMUNITY**

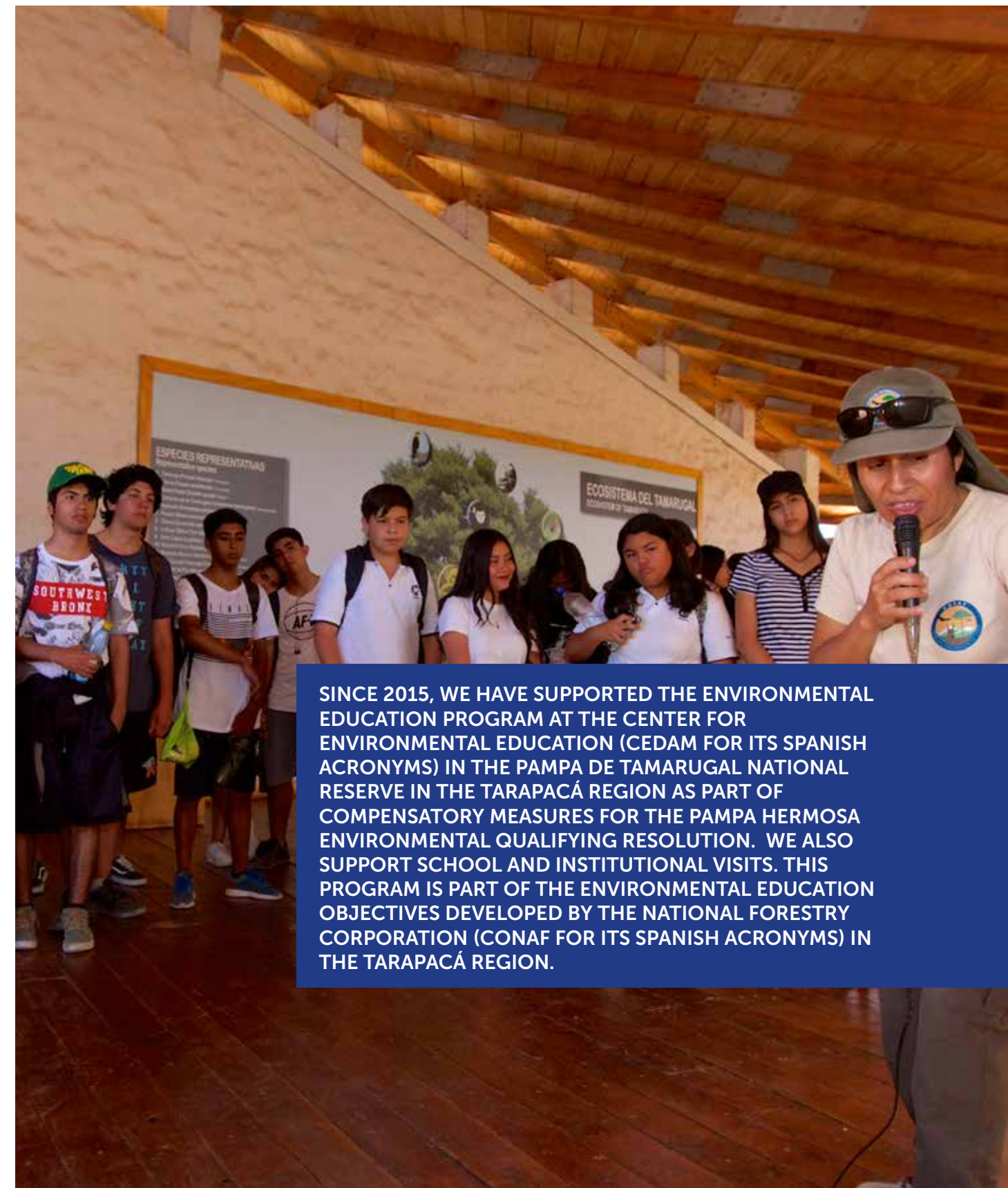
We continue to provide ongoing support to the Oasis en el Desierto School in Pintados, near our Nueva Victoria site. In 2019 we launched a few initiatives such as extra-help workshops, folk dancing, music and “StoryTime” to encourage children to read. SQM also contributes to celebrations on special dates, like Christmas, or educational activities, such as World Book Day. These activities benefit students from the school and are in addition to the support provided by the Más Matemática Program.

**ENVIRONMENTAL EDUCATION ALONGSIDE COMMUNITIES**

As part of our commitment to sustainable development and education, we have promoted initiatives that transfer knowledge to students and communities regarding environmental care so that they can make decisions about their surroundings and create habits that prevent and resolve environmental issues such as water management, separating waste streams, sustainable crops, etc.



Environmental Trailblazers in Tocopilla.



SINCE 2015, WE HAVE SUPPORTED THE ENVIRONMENTAL EDUCATION PROGRAM AT THE CENTER FOR ENVIRONMENTAL EDUCATION (CEDAM FOR ITS SPANISH ACRONYMS) IN THE PAMPA DE TAMARUGAL NATIONAL RESERVE IN THE TARAPACÁ REGION AS PART OF COMPENSATORY MEASURES FOR THE PAMPA HERMOSA ENVIRONMENTAL QUALIFYING RESOLUTION. WE ALSO SUPPORT SCHOOL AND INSTITUTIONAL VISITS. THIS PROGRAM IS PART OF THE ENVIRONMENTAL EDUCATION OBJECTIVES DEVELOPED BY THE NATIONAL FORESTRY CORPORATION (CONAF FOR ITS SPANISH ACRONYMS) IN THE TARAPACÁ REGION.





**THE RECYCLING CAMPAIGN IN MARÍA ELENA MANAGED TO COLLECT 2.6 TONS OF RECYCLED MATERIAL FROM RECYCLING CENTERS LOCATED IN DIFFERENT PARTS OF THE DISTRICT AND AT SCHOOLS.**

DISCLOSURE 413-1

## MARÍA ELENA

### 2.6 TONS OF RECYCLED MATERIAL IN MARÍA ELENA

In order to foster environmental care and education, we supported a teaching and recycling program in María Elena called "Reciclando desde el Aula y el Hogar" ("Recycling from the Classroom and Home"). Schools, daycare centers and the local municipality joined forces in initiatives to promote recycling such as training, participation in fairs, the "Locos por el Reciclaje" ("Crazy about recycling") contest and reuse workshops. Everything was organized by the Mr. Barber Foundation with support from SQM.

Local María Elena residents attended educational lectures aimed at making them more informed for responsible environmental decision making. By the end of the campaign, 2.6 tons of recycled material had been collected from recycling centers located in different parts of the district and at schools, making a positive impact in the area.

### ENVIRONMENTAL TRAILBLAZERS IN MARÍA ELENA PARTICIPATED IN IMPORTANT ENVIRONMENTAL FAIR

To commemorate Global Recycling Day, entities and organizations involved in the circular economy in María Elena and a group of students from the Humanities and Science Professional Technical High School took part in the recycling fair co-organized by UCN's Recicla Program and the Regional Environmental Agency in Antofagasta.

This initiative was designed to reinforce environmental stewardship and create awareness regarding waste reuse.

Additionally, an electric trimoto was acquired to reinforce the work plan drawn up by the three partners (the Municipality of María Elena, Mr. Barber Foundation and SQM). The 500-kilo tri-motor powered by lithium batteries is 100% electric. These pro-recycling initiatives first began in 2018 when the first recycling center was opened in María Elena.

### THE "I LOVE YOU, WATER" CAMPAIGN

Part of the Company's ongoing efforts to preserve water resources involve providing support for the first environmental fair held in María Elena in collaboration with the Mr. Barber Foundation and the Municipality of María Elena. This fair also marked the closure of the "I Love you, Water" Campaign.

This campaign set out to raise awareness about the importance of using water efficiently and showcase various water savings techniques. The campaign included the following initiatives: installing 100 water saving kits; a major field awareness campaign; and a school contest to foster creative ways students can save water. All of these activities were aimed at involving and educating the community.

The Company pledges to continue supporting this type of initiative in the future through new programs targeted especially at children.



DISCLOSURE 413-1

**SAN PEDRO DE ATACAMA**

**PROGRAM AIMED AT SUPPORTING EXPERTISE IN AGRICULTURE AT THE LIKAN ANTAI HIGH SCHOOL**

Started back in 2008 as a means to provide comprehensive support to agricultural programs taught at the Likan Antay High School, this program provided benefits to four 11th graders and six 12th graders in 2019. The initiative aims to build the necessary skills and capacity in students as a way to support regional agriculture and environmental care, while also transferring detailed knowhow and experience in farming through co-ops in SQM agricultural programs.

Professionals were hired to train participants in a variety of different areas of interest while they also completed a practical course on high school plots throughout the school year. Here they learned about both modern and traditional farming techniques for a well-rounded education in agriculture.



**SUPPORTING EDUCATION ADMINISTRATION AT THE MUNICIPAL EDUCATION OFFICE**

The Company supported yet another initiative during the reporting period. The Municipal Education Administration Program was designed to meet the real needs of education establishments, such as training teachers and teaching assistants, transfers, transportation and delivering teaching materials to traveling teachers who teach at different schools, etc. This is in addition to the Multi-Grade Games that were held in Ayllu de Solor in 2019.

**TOCOPILLA**

**DRIVING ROBOTICS AND SCIENCE WITH VILTI SEMANN**

SQM is a supporter of the ViLTI SeMANN Program. Managed by Universidad Católica del Norte (UCN) in Tocopilla and in its fourth year, this program is designed to boost primary education among boys and girls ages 4 to 9.

In 2019, a total of 80 students from seven education establishments in Tocopilla participated in this program. Its objectives are to: close educational gaps, promote creative talent and contribute to equal opportunities in education (knowledge). Bringing science and robotics closer to the students through fun and engaging learning techniques.

The most noteworthy achievements this year included sending three students from Tocopilla schools to the National Robotics Tournament held in Santiago, where they got to not only experience the trip itself but also spend time with boys and girls from other regions.

Also, for the first time this year, the ViLTI SeMANN Program was held in María Elena, benefiting 20 boys and girls ages 5 to 7 years from the Arturo Pérez Canto School. Similar to their peers in Tocopilla, these children had the opportunity to develop their critical thinking skills through games, singing and dancing, all related to the world of robotics.



**NIKOLA TESLA EXHIBIT CAPTIVATES VISITORS IN SANTIAGO, ANTOFAGASTA AND IQUIQUE**

As part of SQM's contribution to education and culture, the Company was involved in the successful exhibit celebrating the Serbo-Croatian's contribution to the 2nd Industrial Revolution, entitled "Nikola Tesla, the Future Belongs to Me" and shown in Santiago, Antofagasta and Iquique. Open to the public, participants were able to enjoy student-led guided tours and a workshop for boys and girls centered around building with coil. Some 3,000 individuals are estimated to have visited the exhibit.



DISCLOSURE 413-1

**ENVIRONMENTAL TRAILBLAZERS  
IN TOCOPILLA**

For four years, SQM has provided support for environmental education activities that emphasize teaching students how to care for and appreciate the environment and water resources, create more parks and green areas, and learn about gardening/farming, etc. One of these programs is the Tocopilla Environmental Trailblazers Network where student members serve as environmental trailblazers at several different education establishments.

Implemented by Verdical and funded by SQM, the program successfully created a hanging garden at the Arturo Prat school, thereby expanding green areas at the school. The children also participated in theoretical and practical workshops. Moreover, the Tocopilla Municipal Education Administration Department is also a member of this public private partnership that was set up to foster sustainable development in Tocopilla.

**CALAMA**

**WE INAUGURATED THE FOURTH  
PHASE OF THE DON BOSCO  
SCHOOL IN CALAMA**

SQM is a member of the Antofagasta Industrial Association (AIA) which, alongside regional authorities, the school community and representatives of the member companies, inaugurated the second floor of Building No. 6 at the Don Bosco Industrial Technical School in Calama.

This support was aimed at improving the education of students enrolled in this school, which is located near the Company's operations and provides its students a combination of theoretical and practical education.





### EXPANDING INCLUSIVENESS THROUGH SPORTS

SQM volunteers have been supporting a beautiful inclusiveness project in conjunction with the Miradas Compartida Foundation that is devoted to social and workplace integration of persons with intellectual disabilities. This entails working closely with the inclusive soccer schools in the cities of Antofagasta, Tocopilla and Santiago and groups of employees from the Company who play with the young children on inclusive teams that compete on different occasions.

Additionally, in Antofagasta and Tocopilla the volunteers took part in inclusive theater classes as students alongside the children from Miradas Compartidas, as a way to experience inclusion. SQM support also included contributions for other inclusive activities carried out by the foundation in the cities where it works such as paraolympic games.

### PROMOTING INCLUSIVENESS

For several years now SQM has been encouraging inclusiveness-based initiatives in regard to which we have made donations to institutions whose work depends on this funding.

In this context, more than 120 individuals participated in the first workday organized by the Teautismo Foundation and SQM, as part of the "Carreteando por el Desierto" program. This consisted of four days of presentations by physical therapists, psychologists, pediatric neurologists, sociologists, speech therapists and others. The event was held in María Elena in order to train healthcare professionals, teachers from the Technical High School D-133 and the Integra daycare establishments and SQM staff who all learned more about identifying and diagnosing Autism Spectrum Disorder (ASD) in area children and youth.

The "Carreteando por el Desierto" Program also plans on replicating this experience in the Municipality of Tocopilla in the near future given how successful it was and how much interest there was for it in María Elena.

### WE ARE ONE

Through support provided by SQM and cooperation from Antofagasta Region schools, students in their 5th semester of Psychopedagogy at INACAP's Antofagasta Campus completed the TODOSOMOSUNO project, which consisted of a book that tells five stories written by them for third grade students, parents and teachers at public schools, government-subsidized schools and private schools. The project was designed to contribute to education by fostering empathy and acceptance at school, at home, in people and creating awareness, understanding and acceptance of other's realities, thereby preventing physical and psychological abuse or bullying.

The project was implemented at the Arturo Pérez Canto D-133 School in María Elena, the San Ignacio School in Calama, Netland School and Héroes de la Concepción E-81 School in Antofagasta. The work plan addressed five special education needs that were detected in the classroom such as Autism Spectrum Disorder, Hearing Impairment, Visual Impairment, Down Syndrome and Attention Deficit Hyperactivity Disorder.



Students in the VILTI SEMANN program.



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“Lend a Hand to Your Community” SQM Corporate Volunteer Program





## “LEND A HAND TO YOUR COMMUNITY” SQM CORPORATE VOLUNTEER PROGRAM



For the third year in a row, we continue to show our commitment to the corporate volunteer program which is aimed at involving SQM employees in areas near the operations where they work, thereby creating ties and commitment as well as fostering a greater sense of social work among our employees. Additionally, this type of community work leads to new team dynamics and ties with the

participating students' families who also joined in at times.

These projects are both social and educational in nature and emphasize support for technical/professional education in the towns located near our operations and offices. SQM employees volunteering for these educational programs have experience in these fields of work.

Moreover, some cultural and historic preservation activities are carried out in association with some of our operations.

The works carried out are diverse and vary according to the requirements of each community, the characteristics of each territory, the needs detected and partnerships formed with foundations and corporations, for example: Hogar



de Cristo, Choshuenco Foundation, Miradas Compartidas, La Semilla Foundation, Diego Portales School in Tocopilla, Óscar Bonilla School in Antofagasta, María Elena Humanities and Technical High School, William Taylor Methodist School in Alto Hospicio and Alcalde Sergio González Gutiérrez School in Pozo Almonte.

	Educational Volunteering		Social Volunteering		Total	
	2018	2019	2018	2019	2018	2019
Organizations where we have volunteered	7	8	18	14	25	22
No. of volunteer events (work days)	43	105	108	99	151	204
Participating volunteers	61	54	114	257	175	311
Volunteer hours	435	5,029	1,522	2,268	1,957	7,297
Direct beneficiaries	1,250	580	4,811	4,385	6,061	4,965



## EDUCATIONAL VOLUNTEERING INITIATIVES

### VOLUNTEER SUPPORT FOR TECHNICAL PROFESSIONAL EDUCATION IN ANTOFAGASTA AND TARAPACÁ

We continue working with the establishments that we have signed cooperation agreements with in previous years such as the María Elena, Tocopilla, Calama, Pozo Almonte, Antofagasta and Alto Hospicio Technical High Schools.

The aim is to optimize training for future professionals through technical assistance, motivational and technical talks, on-site visits, equipment and by bringing outstanding students into the Company for professional internships.



The corporate volunteer program had outstanding results in 2019, with 311 volunteers donating a total of 7,297 hours of work.



## 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 High School	Pozo Almonte	✓	✓	✓	✓	
William Taylor Methodist High School	Alto Hospicio	✓	✓	✓	✓	
Nazaret Catholic School	Alto Hospicio	✓		✓		
Diego Portales Polytechnic High School	Tocopilla	✓	✓	✓	✓	
Oscar Bonilla High 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 High School	San Pedro de Atacama			✓	✓	✓
Toconao Educational Complex	Toconao	✓				✓
<b>Higher Education</b>						
Santo Tomas Technical Training Center	Iquique	✓	✓	✓	✓	
Inacap	Iquique	✓	✓	✓	✓	

This year we hosted 332 students who did their professional internships with us. This figure is much higher than last year's 168 interns who worked at various SQM production centers.

SQM employees with professional training in the technical careers taught at the high schools are in charge of providing this support to students through the corporate volunteer program "Lend a Hand to your Community."

### TOTAL INTERNSHIPS BY GENDER IN 2019

January - December 2019	No. Students
Total No. Internships	332
Women	120
Men	212

### TOTAL INTERNSHIPS BY LOCATION IN 2019

Location	No. Students
Nueva Victoria	84
María Elena	7
Coya Sur	45
Pedro de Valdivia	36
Tocopilla	11
Salar de Atacama	45
Salar del Carmen	50
Antofagasta	30
Santiago	24

### MARÍA ELENA

#### SUPPORTING TECHNICAL-PROFESSIONAL

SQM funded upgrades at the María Elena Technical High School's chemical laboratory. The upgrades consisted of installing modern equipment, new AC, a new storage area and replenishing chemical supplies and materials, which directly benefited more than 30 students. This will make it possible for students to continue their studies and perhaps, eventually, work at SQM sites in the future.

This effort was instrumental in motivating 50% of the students in 2019 (more than in 2018) to choose chemistry as a technical career path, after having been involved in an educational experience that ties academic knowhow to hands-on field work led by SQM employees.

### SALAR DE ATACAMA

#### TOCONAO, IN FULL COLOR!

Community members, the local neighborhood council, SQM volunteers, 39 students from Universidad del Desarrollo and Swiss students from the 2019 Magellan Project joined forces under a project that brought both color and life to one of the most iconic and traditional sites in town. The entire group worked together on beautifying Toconao's main square and its surroundings. They painted benches and seats; cleaned up the gardens; painted the neighborhood council building; and more, as part of a grand gesture of support since this is one of the most frequently-visited tourist attractions in all of Toconao.

#### CLEANING UP THE STREETS OF TOCONAO

Volunteers also carried out other noteworthy activities in the Municipality of San Pedro de Atacama such as cleaning the main streets of Toconao, where they were joined by 35 students from the Antofagasta School, community members and military personnel.





**IN MARÍA ELENA, VOLUNTEERS IMPLEMENTED A "TEEN-FRIENDLY SPACE", WHICH CONSISTED OF REVAMPING THE BUILDING WITH HELP FROM NEIGHBORS AND STAFF AT THE LOCAL CLINIC IN CHARGE OF THE PROGRAM.**

## SOCIAL VOLUNTEERING INITIATIVES

### IQUIQUE

#### UNITED FOR CHILDHOOD

For two years now SQM has been working with the María Ayuda Charitable Fund in Iquique as part of the SOFOFA-run "United for Childhood" program under which member companies sponsor an institution. Company volunteers have worked alongside young girls performing a variety of different activities, such as cleaning the dunes on Cerro Dragon, beach excursions and visiting the former saltpeter operations at Humberstone.

The Company also sends an annual donation to the foundation to make improvements to the residence.

### ALTO HOSPICIO

#### SUPPORTING THE ALTO HOSPICIO COMMUNITY ASSOCIATION

As part of our social volunteering, Nueva Victoria site employees worked with the Un Techo Para Chile Foundation, neighbors and students from the Santo Tomás Technical Education Center on building a fence around the facilities and making some

upgrades to the community center at the former Ex Vertedero camp. All told, the work consisted of installing a perimeter fence, repairing light fixtures, finishing the garden and revamping the electrical system initially installed by students studying electricity at Universidad Santo Tomas. Additionally, students from the same university held a dental health clinic with dental hygiene students and physical trainers who tended to the small children at the camp.

### MARÍA ELENA

#### TEEN-FRIENDLY SPACE

Another volunteer effort carried out in María Elena consisted of setting up a "Teen-Friendly Space", which consisted of revamping the building with help from neighbors and staff at the local clinic in charge of the program.

Volunteers built a path from the clinic that leads directly to the container that was set up as an office (and donated by SQM). Volunteers also set up a green area and painted the new facilities. But before doing this work they had to clean up the entire site, which was being used as a small dump.

### TOCOPILLA

#### WORKING FOR EARLYCHILDHOOD EDUCATION

SQM employees, parents and guardians, and teachers at the Estrellita del Pacífico Preschool that serves some 90 children from Tocopilla's Pacífico Norte neighborhood, worked together on a series of projects such as reinforcing the facility's security fencing, installing automatic emergency lights, replacing sinks, painting the entire facility, creating green areas, and covering and padding metal columns to prevent accidents, among other enhancements.

These improvements are helpful in moving along the Ministry of Education's certification process.

Ninety-seven preschoolers are registered at this establishment that is also part of the support network for the Tocopilla Penitentiary, where inmates help by preparing materials and building furniture for the school.



## SAN PEDRO DE ATACAMA

### SUPPORTING SENIORS AT THE SIMÓN BENÍTEZ CENTER

SQM volunteers made a series of upgrades possible at the Simón Benítez Senior Center in San Pedro, which has some 90 regular members. After several days of work over a few months, SQM volunteers and staff from the club officially inaugurated the upgrades. Beginning in June 1981, this center has provided a place for seniors to socialize with peers and take part in a series of social and recreational activities.

### “OJO DEL DESIERTO” MAGAZINE ALSO AVAILABLE IN PRINT!

Thanks to the volunteer program in San Pedro de Atacama, the digital journal published by young journalists and managed by the Alto Jama Neighborhood Council will expand its coverage through a printed version, available to readers who do not have the opportunity to read the on-line version on either a computer or a smart phone. The magazine expects to reach all neighborhood council members

with its printed version and the rest of the community with the digital version. Fledging journalists sat in on a journalism workshop designed to underscore the media tools available to journalists today.

## ANTOFAGASTA

### IMPROVING INFRASTRUCTURE FOR GIRLS

Volunteers in Antofagasta headed to the Laura Vicuña Residence (part of the Hogar de Cristo) to aid the 15 at-risk girls ages 13 to 18 who live there. Volunteers worked for three days painting the dorm rooms and setting up furnishings purchased for the rooms and common areas.

## SANTIAGO

### GREEN AREAS FOR SAN RAMÓN

SQM volunteers in Santiago came out to support youngsters at the Ángel de la Guarda daycare center in San Ramón run by the Cristo Vive Foundation. Co-organized with the Patio Vivo Foundation, this activity involved planting trees and painting the main courtyard and its immediate surroundings, turning it into a



playground where children can learn and have a place to be.

A total of six tree species were planted (jazmin, rue, jacaranda, quillay and pear) in a 100 m<sup>2</sup> courtyard and along a straight line in front of the education center that tends to more than 150 at-risk children ranging from daycare age to upper secondary age.



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Healthier Living,  
SQM in the  
Community





Tennis clinics in the communities of María Elena and Tocopilla.

## HEALTHIER LIVING, SQM IN THE COMMUNITY



### DISCLOSURE 413-1

For a few years now, some of the communities where we operate have expressed an interest in sports. Every year we receive requests from institutions and associations asking us to donate to or host activities to promote and fund sports events in their communities. As such we like to support this type of project because we understand how valuable sports are to human health and to providing young people the tools they need to learn about teamwork, consistency,

healthy competition, respect and other life skills.

### SQM SPORTS GRANTS

For the second consecutive year SQM has backed employees and community members wishing to participate in the SQM Sports Scholarship program. In 2019, more than 30 projects were submitted (25% more than last year) and 21 were selected from among the program's four lines of action: instructional, recreational, competitive and high performance.

Winning projects were implemented in the communities of María Elena, Tocopilla, Santiago, Toconao, Iquique, Antofagasta and others. They were presented by Company workers that play some sport at a competitive level, participate in sports organizations or represent relatives who are looking to promote sports and healthy living through diverse initiatives.





Sports together with communities in Tocopilla.

DISCLOSURE 413-1

**IQUIQUE, TOCOPILLA Y ANTOFAGASTA**

**TOTAL ACTION STREET SOCCER**

SQM also funded “Fútbol Calle,” a social project that uses sports as a vehicle to provide opportunities to men and women from Arica to Punta Arenas. On the basis of participation and inclusiveness, this project uses soccer as a

platform to teach sportsmanship and values. SQM contributed to this activity in the cities of Iquique, Tocopilla and Antofagasta.

**MARÍA ELENA Y TOCOPILLA**

**WORLD-CLASS TENNIS IN THE COMMUNITY**

Sports are instrumental in improving the lives and education of young people, and as such we were motivated to fund tennis

clinics held by internationally-renowned Chilean tennis players Nicolas Massú and Sergio Cortés in Tocopilla and María Elena. They shared their experiences with the young participants while also teaching them the theoretical and practical aspects of tennis.

This top-notch sports activity was sponsored and carried out by SQM, with support from the Tocopilla Tennis Club and the

Coya Sur Tennis Club in María Elena. The event provided more than a hundred children and adults the opportunity to practice different swings and serves.

**TOCOPILLA**

**SUPPORTING THE TOCOPILLA SPORTS CLUB DURING THE NATIONAL CHAMPIONSHIP**

SQM supports the Tocopilla Sports Club’s participation in

the third division league; and its preparation and participation in the AFUNOR North Zone Soccer Championship. The team’s 30 players were cheered on by 1,800 fans attending the championship.

The club’s training paid off as they proceeded to win the National Amateur Soccer Championship held in Punta Arenas, after 57 years of not qualifying for any national championships.

**WIN-WIN (GANAMOS TODOS)**

We joined the Ganamos Todos Foundation in organizing a program to foster sports in Tocopilla. The program consisted of sports clinics and four soccer camps for 72 students ages 4 to 14.

Camps taught the children basic sports training including the fundamentals of soccer.



DISCLOSURE 413-1

A men's beach soccer and beach volleyball tournament was also held in Tocopilla. A total of eight soccer teams and eight teams of volleyball doubles competed, many of whom were active employees of community institutions. Fifty-six (56) people took part in this activity directly, rooted on by hundreds of spectators from the town of Tocopilla.

**SAN PEDRO DE ATACAMA**

**SECOND SQM FAMILY FUN RUN IN TOCONAO**

A second version of the Family Fun Run was held in the town of Toconao, giving participants a chance to enjoy beautiful natural scenery. The event attracted a large number of runners who dared to complete this high-altitude circuit run at more than 2,400 meters above sea level and featuring Chile's unique geography and temperatures that typically border 30°C.

This version had two race categories: 2K and 6K. Since its

inception, the event has been financed with a grant from SQM's Sports Scholarship Program awarded to employee Marcelo Lobos and his team of Runners Salar de Atacama.

In Antofagasta the Company organized the SQM Family Fun Run as part of the SQM Healthier Living Program. The 5k run is a free activity open to the community at which 100+ participants ran south along the city's coastline beginning at Trocadero Beach.

**ANTOFAGASTA**

**CKAPATUR CLUB**

We support Ckapatour Club, which joined forces with the Auto Club's tennis team to hold the four-day "James Armstrong" International Senior Tennis Tournament for men and women ages 35 to 85. This was an opportunity for our Antofagasta athletes to compete against their local, regional, national and international peers, and make a positive impact on the city.

**SANTIAGO Y VALPARAÍSO**

**BEST BALL**

For the second year we supported soccer tournaments for at-risk children in several Metropolitan and 5th Region communities with support from SQM volunteers. The project consisted of a multi-sport event for 50 players ages 18 to 60.



Family Fun Run in Toconao, Antofagasta Region.



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Reviving  
our Past and  
Culture



DISCLOSURE 413-1

## UNVEILING OUR PAST AND CULTURE

We support initiatives that aim to add value to the history of the nitrate industry in the Tarapacá and Antofagasta regions, given our long-standing commitment to this line of historic work as natural heirs to the former saltpeter empire.

Examples of these efforts include: donations to operations at the Santiago Humberstone and Santa Laura nitrates offices, the Chacabuco Nitrates Museum Foundation and the Huanchaca Ruins Foundation's Desert Museum in Antofagasta, as well as additional works finished such as lighting for the Huanchaca ruins and designing and installing exhibits at the María Elena Museum.

We were recognized at a celebration for the Nitrates Museum Foundation in 2019 for all of our contributions over the years, which earned the museum a place on UNESCO's list of world heritage in danger. SQM sits on the Corporation's board and has supported a variety of projects since its founding.

In 2019 we continued working with the "El Cielo de la Pampa se viste de Colores," a celebration of the Chilean national holidays in the Pampa where participants enjoyed traditional creole games and dance at the Santiago Humberstone nitrates office. More than 1,000 people showed up for the event this year.

We also sponsored activities and workshops aimed at retrieving and restoring intangible heritage. For the seventh year we held a Floral Wreath Workshop in Iquique. Close to a hundred participants took part in this workshop that focused on bringing back the tradition of making flowers from tissue paper and cans in María Elena, Tocopilla and Quillagua. The workshops in each town ended, as is tradition, with pilgrimages to the surrounding cemeteries on November 1.

Recovering heritage is also common in communities located near our operations where teams of archaeologists continue to document and keep thorough records on 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.

**We have worked with the Humberstone and Santa Laura Nitrates Museum Foundation, the Chacabuco Nitrates Museum Foundation and the Huanchaca Ruins Foundation for more than a decade and maintain a steady presence on each of their boards.**



Church in the community of Toconao, Antofagasta Region.





Toys from the pampa in María Elena, Antofagasta Region.

DISCLOSURE 413-1

### SQM ART AND CULTURE GRANTS

We set up Art and Culture Grants in response to a need detected in our communities and among our workers in 2019. These grants are open to SQM employees and cultural organizations interested in applying for funding.

The following areas are covered under these contributions:

- Producing and publishing books and reading material.
- Editing and publishing artistic and cultural audiovisual material.

- Promoting and developing music and dance in their various forms.
- Creating and promoting handicrafts.

Slightly more than 25 million pesos were granted to the 13 winning projects.

Winning Projects	Where Did the Resources Go?	Sites
Latin Music Dancer	Support for dancers, for purchasing equipment, holding specialized dance workshops and participating in congresses and contests.	Santiago
Los Macanudos	Purchasing musical instruments and equipment for music group.	María Elena
Guitar lessons for SQM employees	Purchasing instruments and paying teacher fees for employee guitar lessons.	Antofagasta
Valuing the Pampina Identity	Fees for weaving class and materials; advertising pampina handicrafts.	María Elena
Recovering the Pampina Identity through Handicrafts	Fees for woodworking workshop assistant and equipment; advertising handicrafts.	María Elena
"La Aventura Patrimonial de Lucy y Pascual" Children's Book	Professional fees for book illustrator, designer and translator and printing fee	Nueva Victoria
Purchasing musical instruments for musical group Kusillasta	Purchasing musical instruments for Andean music group.	San Pedro de Atacama
Spirits of Pedro de Valdivia	Fees for audiovisual equipment and editing video on the Pedro de Valdivia former nitrate office.	Santiago
Encouraging Boys and Girls in Primary School to Read and Learn the Kunza at the Toconao Education Complex	Fees for designing, printing, and advertising the Kunza language research guide.	San Pedro de Atacama
Wooden Handicrafts	Purchasing material and equipment for handicraft workshop in María Elena.	María Elena
Recording Record of the Banda Ricky Bastardo	Fees for musicians and professionals involved in recording the LP.	San Pedro de Atacama
50 Years of Faith	Purchasing outfits and producing video of the religious dance group.	María Elena
The Talabre Community is draped in color in keeping with our faith and tradition	Purchasing outfits.	San Pedro de Atacama





Casa Telar participating in art fair in Santiago.

DISCLOSURE 413-1

**TOCOPILLA**

**RECOVERING LOOMS AND IDENTITY**

A group of 27 men and women from Tocopilla participated in a weaving workshop organized by the Center for the Handicapped and Taller Violeta Parra, where they learned how to work a loom

to weave pieces. Their work of art depicted the main historic sites and buildings in Tocopilla along with well-known local figures.

There are plans to repeat the workshop again in 2020, but this

time aimed at weaving ponchos and blankets as a means to provide weavers with an opportunity to make some extra money selling their wares.

**SAN PEDRO DE ATACAMA**

**LOOM WORKSHOP TAKES PART IN ART FAIR**

Casa Telar, a project launched by the ONA Foundation and SQM, aims to commemorate the textile arts and ancestral know-how of the Lickanantay culture.

The program made considerable progress during 2019, mainly with groups from the communities

of Toconao, Socaire, Larache and Talabre. These collectives worked to highlight the value of textiles made by the Atacameña Lickanantay people.

Thanks to their efforts, the Casa Telar Program participated for the first time in the 12th MasDeco Market—a fair showcasing exhibitors and entrepreneurs in the fields of social innovation, design, cultural revival and culinary arts, among others.

A delegation of student-representatives from the communities had the opportunity to learn more about projects and business endeavors from throughout Chile and the world. The experience of exhibiting their products and hearing technical opinions from experts and the public undoubtedly strengthened their work.



DISCLOSURE 413-1

**SAN PEDRO DE ATACAMA**

**+ CULTURA PROGRAM**

We worked with the Crea+ Foundation in San Pedro de Atacama to develop a program aimed at protecting local heritage and art, essential to indigenous ancestral and cultural heritage.

The + Cultura program entails various initiatives that are carried out in partnership with community schools and organizations. The objective is to integrate and implement a series of activities aimed at recovering local culture while reinforcing the work carried out by the schools.

**FIRST ART ROOM FOR SAN PEDRO DE ATACAMA**

The first art exhibition room in San Pedro de Atacama was created to encourage and promote art and artistic expression among young children. More than 400 first-to fourth-graders from the San Pedro de Atacama School E-26 were the project beneficiaries.

The idea came from the school's art teacher María Elena González and was made possible thanks to a public private partnership between SQM, the Crea+ Foundation and the Municipal Education Department under the + Cultura Program.

In 2019 the school's first art room, decorated in honor of the Lickan Antay culture and known as "Pilpinto," which means butterfly in the Atacameño tongue of Kunza, was implemented and equipped with a variety of materials, tools and furnishings.





# 19



## Stakeholder Institutions and Foundations



### STAKEHOLDER INSTITUTIONS AND FOUNDATIONS

**ASSOCIATION/MEMBER:**

Organizations and institutions to which the Company belongs and is an active member. This may include payment of membership fees or dues.

**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 Chilean Organizations and Institutions	Associate / Member	Board Member	Agreement
Association of Concentrated Solar Power Companies	✓		
Antofagasta Industrial Association (AIA)	✓	✓	✓
Iquique Industrial Association (AII for its spanish acronyms)	✓	✓	✓
Chilean Industrial Chemical Association (Asiquim for its spanish acronyms)	✓		
American-Chilean Chamber of Commerce (AMCHAM)	✓		
Argentine-Chilean Chamber of Commerce	✓		
Belgian-Luxembourg Chamber of Commerce	✓		
Chinese-Chilean Chamber of Commerce, Industry and Tourism	✓		
Santiago Chamber of Commerce	✓		
Regional Council on Mining Safety (Coresemin for its spanish acronyms) - Antofagasta	✓		
Regional Council on Mining Safety (Coresemin for its spanish acronyms) - Tarapacá	✓		
Generación Empresarial Foundation (FGE for its spanish acronyms)	✓		
Chilean Institute for Rational Business Management (ICARE for its spanish acronyms)	✓		
Chilean Engineering Institute	✓		
Chilean Federation of Industry (Sofofa for its spanish acronyms)	✓		
National Mining Society (Sonami for its spanish acronyms)	✓		

Relations with International Organizations and Institutions	Associate / Member	Board Member	Agreement
Spanish Commercial Fertilizers Association (ACEFER for its spanish acronyms)	✓		
Spanish Packaging Recovery Association (AEVAE for its spanish acronyms)	✓		
International Fertilizer Industry Association (IFA)	✓		
World Iodine Association (WIA)	✓	✓	
National Fertilizer Sales and Production Association A.C. (ANACOFER)	✓		
European Solar Thermal Electricity Association (ESTELA)	✓	✓	
Far West Agribusiness Association (FWAA)	✓		
Georgia Citrus Association	✓		
Independent Lubricant Manufacturers Association (ILMA)	✓		
The Trade Fertilizer Institute (TFI)	✓		

NOTE: Data in this table updated as of December 2019  
Acronyms are provided in parenthesis in the organization's original language.



SQM has been a member of Global Compact since May 2020.



We engage through donations or as a result of projects of common interest with the following associations, institutions and foundations:

**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 Chilean Organizations and Institutions	Associate / Member	Partner	Board Member	Agreement
Center for Public Research				✓
Best Ball Sports Club		✓		✓
Maranata Cristo Viene Sports Club		✓		
Crea Más Foundation		✓		✓
99 Uno Foundation				✓
Creando Valor y Apoyo Foundation		✓		✓
Choshuenco Educational Foundation		✓		✓
Ganamos Todos Foundation		✓		✓
Generación Empresarial Foundation (FGE for its spanish acronyms)	✓			
Hogar de Cristo Foundation		✓		✓
Libertad y Desarrollo Foundation				✓
Mar de Chile Foundation				✓
Miradas Compartidas Foundation		✓		✓
Foundation for Farming Innovation				✓
Pro Ayuda al Niño Lisiado Foundation (Teletón)		✓		✓
Recrea Foundation				✓
Recyclapolis Foundation		✓		✓
Chilean Chamber of Construction Social Foundation				✓
Un Techo Para Chile Foundation		✓		✓
Inacap		✓		✓

Acronyms are provided in parenthesis in the organization's original language.

Relations with Chilean Organizations and Institutions	Associate / Member	Partner	Board Member	Agreement
Chilean Institute for Rational Business Management (ICARE for its spanish acronyms)	✓			
Chilean Engineering Institute	✓			
National Institute for Agricultural Development (Indap for its spanish acronyms)		✓		
National Institute for Agricultural Research (Inia for its spanish acronyms)		✓		
Trace International Inc (TRACE)	✓			✓
Universidad Austral		✓		✓
Universidad de Chile		✓		✓
Universidad de Concepción		✓		✓
Universidad de la Frontera (Ufro)		✓		✓
Universidad del Desarrollo				✓
World Economic Forum	✓			

Relations with Tarapacá Region Organizations and Institutions	Associate / Member	Partner	Board Member	Agreement
Tierra de Jehová Indigenous Association		✓		✓
Juventud del Desierto Rural Aymara Indigenous Association		✓		✓
Pampa del Tamarugal Rural Indigenous Association		✓		✓
Father Alberto Hurtado Foreign Resident Brotherhood, Cultural and Social Center				✓
Pampa del Tamargual Goat Breeder and Dairy Cooperative		✓		
Hijos del Salitre Foundation		✓		
Nitrates Museum Foundation	✓	✓	✓	✓
National Forestry Corporation (CONAF for its spanish acronyms) Tarapacá				✓
Iquique Fire Department		✓		✓
Oasis en el Desierto School in Pintados		✓		
Crece con Identidad Foundation				✓
Alcalde Sergio González Gutiérrez School in Pozo Almonte		✓		✓
William Taylor Methodist School in Alto Hospicio		✓		✓
María Ayuda Charity Foundation		✓		✓
Municipality of Pozo Almonte		✓		✓
Universidad Santa Tomás		✓		✓





Relations with Antofagasta Region Organizations and Institutions	Associate / Member	Partner	Board Member	Agreement
Los Terralitos Cultural Folk Group		✓		
Los Chañares de Quillagua Youth Group		✓		
Aguas Blancas Indigenous Association		✓		
Celeste Indigenous Association		✓		
VILTI Toconao Fire and Rescue Brigade		✓		
Bicentennial Cultural Center				✓
Brisas de Chile Social Dance Club and Cultural Center		✓		✓
Pedro de Valdivia Women's Center		✓		✓
Tocopilla Center for Art and Literature				✓
Hijos de Pedro de Valdivia Center		✓		
Parent Association from School D No. 7 Carlos Condell de la Haza		✓		
Jurique Rehabilitation Center, San Pedro de Atacama		✓		
General Parent Association from Socaire School		✓		
General Parent Association from Toconao Educational Complex		✓		✓
General Parent Association from Oscar Bonilla School A-26 Antofagasta		✓		
Art and Literature Circle				✓
Simón Benítez Senior Center in San Pedro de Atacama		✓		
Tocopilla Sports Club		✓		✓
Ckapatour Sports Club				✓
La Tortuga Sports Club		✓		✓
Villa Prat Sports Club		✓		
Sagrada Familia School - Tocopilla		✓		✓
Don Bosco Industrial Technical School in Calama		✓		✓
Don Bosco Industrial Technical School in Antofagasta		✓		✓
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	✓			
Rio Grande Atacameña Community		✓		✓
Socaire Atacameña Community		✓		✓
Talabre Atacameña Community		✓		✓
Toconao Atacameña Community		✓		✓

Acronyms are provided in parenthesis in the organization's original language.

Relations with Antofagasta Region Organizations and Institutions	Associate / Member	Partner	Board Member	Agreement
Brotos de Mi Tierra Folk Group - María Elena		✓		✓
Regional Council on Mining Safety (Coresemin for its spanish acronyms) - Antofagasta	✓	✓		
Quillagua Hydroponic Rural Farmers' Cooperative		✓		✓
Altura Lickanantay Winemakers' Cooperative		✓		
El Loa Provincial Development Foundation (PROLOA)		✓		✓
Antofagasta Municipal Foundation for Social Development		✓		✓
Chacabuco Nitrates Museum Foundation	✓	✓	✓	✓
Pedro de Valdivia Nitrates Museum Foundation	✓	✓	✓	✓
National Forestry Corporation (CONAF for its spanish acronyms) Antofagasta				✓
Antofagasta Fire Department		✓		✓
San Pedro de Atacama Fire Department		✓		✓
Tocopilla Fire Department		✓		✓
San Pedro de Atacama Municipal Education Office (DAEM for its spanish acronyms)		✓		
Arturo Prat Chacon School in Tocopilla		✓		
Ignacio Carrera Pinto Primary School in Quillagua		✓		
Bernardo O' Higgins School in Tocopilla		✓		
Carlos Condell School in Tocopilla		✓		
Arturo Perez Canto School D-133 in María Elena		✓		
Toconao School E-21 in the Toconao Education Complex		✓		
School E-26 in San Pedro de Atacama		✓		
School G-15 in Solor		✓		
School G-22 in Camar		✓		
School G-27 in Peine		✓		
School G-29 in Talabre		✓		
School G-30 in Socaire		✓		
Gabriela Mistral School in Tocopilla		✓		
Pablo Neruda School in Tocopilla		✓		
Río Grande School		✓		
La Semilla Inspirada en la Obra de Don Bosco Foundation		✓		✓
Tocopilla Municipal Cultural Foundation				✓
Mining Region Educational Foundation		✓		✓
Huanchaca Ruins Foundation	✓	✓	✓	✓



Relations with Antofagasta Region Organizations and Institutions	Associate / Member	Partner	Board Member	Agreement
Teautismo Foundation		✓		✓
Brotos de mi Tierra Folk Group		✓		✓
Rio Grande Preschool		✓		
Estrellita del Pacífico Preschool		✓		
Hogar de Cristo Preschool		✓		
Javiera Carrera Preschool		✓		
Lickanantay Preschool in San Pedro de Atacama		✓		
Lickanantay Preschool in Toconao		✓		
Miscanti Preschool in Socaire		✓		
Paunna Lickan San Pedro de Atacama Preschool		✓		
Sol del Norte Preschool in Camar		✓		
Chañarcito Preschool in San Pedro de Atacama		✓		
Alto Jama Neighborhood Council in San Pedro de Atacama		✓		
Altos del Mar Neighborhood Council		✓		
Quillagua No. 1 Neighborhood Council		✓		
Toconao Neighborhood Council		✓		
Villa Prat Neighborhood Council		✓		
Lickan C-30 Agricultural High School in San Pedro de Atacama		✓		✓
Domingo Latrille School in Tocopilla		✓		
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 San Pedro de Atacama		✓		
Municipality of Tocopilla		✓		✓
San Pedro de Atacama Municipal Education Office (OMIL for its spanish acronyms)		✓		
Papin Pahir in Talabre		✓		
Pontificia Universidad Católica de Chile (Care Chile UC)		✓		✓
Tocopilla Fishermen's Union		✓		✓
Osada del Carmen Religious Society		✓		
Universidad Católica del Norte		✓		✓
Universidad de Antofagasta		✓		✓

Relations with International Organizations and Institutions	Associate / Member	Partner	Board Member	Agreement
Potassium Nitrate Association (PNA)	✓			
California Certified Organic Farming (CCOF)	✓			
China Inorganic Salts Industry Association - Potash Branch	✓			
Oregon Association of Nurseries (OAN)	✓			
Dii GmbH	✓			

Acronyms are provided in parenthesis in the organization's original language.



20

Assurance  
Letter



**Independent Review Report  
Sociedad Química y Minera de Chile S.A's 2019 Sustainability Report**

To the **President and Directors** of  
Sociedad Química y Minera de Chile S.A (SQM)

We have conducted a limited review of the content and data disclosed in the 2019 Sustainability Report of SQM, regarding the contents related to the 102-1 to 12-12 (organizational profile), 102-14 (strategy), 102-16 (ethics and integrity), 102-18 (governance), 102-40 to 102-44 (stakeholder engagement), 102-45 to 102-56 (reporting practices) essential GRI indicators and the 303-5, 304-2, 305-4, 305-7, 306-3, 401-2, 403-9 and 413-1 material contents (henceforth "indicators subject to review") reported in the 2019 Sustainability Report for the year ended in December 31, 2019.

SQM's management is responsible for the preparation of the Sustainability Report. Additionally, SQM's management is responsible for the contents, affirmations, scope definition and the management and control of information systems which provided the information reported.

Our review was conducted in accordance with attestation engagement standards established by the Colegio de Contadores de Chile A.G. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion over "SQM's 2019 Sustainability Report". Accordingly, we do not express such an opinion.

Contents and data disclosed in the "indicators subject to review" in "SQM's 2019 Sustainability Report" were also reviewed considering the criteria established in the Global Reporting Initiative (GRI) Sustainability Reporting Standard as well as SQM's internal guidelines, which are summarized as follows:

Determine that the contents and data disclosed in the "indicators subject to review" in "SQM's 2019 Sustainability Report" are duly supported with sufficient evidence.

Determine that SQM has prepared its 2019 Sustainability Report in accordance with the Principles on Content and Quality as established by the GRI Standard and its internal guidelines.

Confirm the comprehensive option stated by SQM in its 2019 Sustainability Report, in accordance with the GRI Standard.

Our procedures considered conducting inquiries with SQM's management and the personnel from the operations responsible for the preparation of the report, as well as performing other analytical procedures and tests, that included:

Interviews with SQM's key personnel, in order to assess the "indicators subject to review" in "SQM's 2019 Sustainability Report" preparation process, content definition and information systems used.

Verification of data included in the "indicators subject to review" in "SQM's 2019 Sustainability Report" through supporting documentation provided by SQM.

Analysis of the collection process and the quality control of the quantitative information reported in the "indicators subject to review" in "SQM's 2019 sustainability report".

Verification of data reliability using analytical procedures, testing on a sample basis and the review of recalculations.

Visits to the operations located in Salar de Atacama, Salar del Carmen, María Elena, Coya Sur and the regional office in Antofagasta Region.

Review of the wording of "SQM's 2019 Sustainability Report".

Based on our review, nothing came to our attention that caused us to believe that:

Contents and data disclosed in the "indicators subject to review" in "SQM's 2019 Sustainability Report" are not duly supported with sufficient evidence.

The "indicators subject to review" in "SQM's 2019 Sustainability Report" have not been prepared in accordance with the Principles on Content and Quality as established by the GRI Standard and SQM's internal guidelines.

"SQM's 2019 Sustainability Report" does not comply with the comprehensive option stated by SQM in accordance with the GRI Standard.

KPMG SpA

Tamara Agnic M.  
Partner

Santiago June 5, 2020



Taking measurements at solar evaporation ponds, Salar de Atacama operations, Antofagasta Region.



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# GRI Content Index



GRI Standard	Contents	Name of Content	Section	Page	Ratio Verified by KPMG
General Disclosures					
GRI 102: 2016 General Content	102-1	Name of the organization	SQM, from Chile to the World	26	✓
	102-2	Activities, brands, products and/or services	SQM, from Chile to the World	26, 37,40, 43, 47, 49, 58	✓
	102-3	Location of headquarters	SQM, from Chile to the World	28, 29	✓
	102-4	Location of operations	SQM, from Chile to the World	26, 28	✓
	102-5	Ownership and legal form	Value Generated	80, 83	✓
	102-6	Markets served	SQM, from Chile to the World	26, 28, 51	✓
	102-7	Scale of the organization	SQM, from Chile to the World Value Generated	26 – 28, 74, 76	✓
	102-8	Information on employees and other workers	Our People	135, 140	✓
	102-9	Supply chain	Value Chain	203, 206, 104	✓
	102-10	Significant changes to the organization and its supply chain	About This Report SQM, from Chile to the World	14, 30	✓
	102-11	Precautionary principle or approach	SQM, from Chile to the World Our Values	52, 125, 126	✓
	102-12	External initiatives	Table of Stakeholder Institutions and Foundations	52, 54, 61, 348	✓
	102-13	Membership in associations	Table of Stakeholder Institutions and Foundations	348	✓
	102-14	Statement from senior decision-makers	Our Company in 2019	8	✓
	102-16	Values, principles, standards, and norms of behavior	Our Values	109 – 112, 114, 125	✓
	102-18	Governance structure	Corporate Governance	87, 88	✓
	102-40	List of stakeholder groups	Materiality	16, 18	✓
	102-41	Collective bargaining agreements	Participation and Inclusiveness	154	✓

GRI Standard	Contents	Name of Content	Section	Page	Ratio Verified by KPMG
General Disclosures					
GRI 102: 2016 General Content	102-42	Identifying and selecting stakeholders	Materiality	16, 18	✓
	102-43	Approach to stakeholder engagement	Materiality	16, 18, 21, 98	✓
	102-44	Key topics and concerns raised	Materiality	16, 18	✓
	102-45	Entities included in the consolidated financial statements	Materiality	14	✓
	102-46	Defining report content and topic boundaries	Materiality	21	✓
	102-47	List of material topics	Materiality	21, 22, 23	✓
	102-48	Restatements of information	Materiality	14	✓
	102-49	Changes in reporting	Materiality	14	✓
	102-50	Reporting period	Materiality	14	✓
	102-51	Date of most recent report	Materiality	14	✓
	102-52	Reporting cycle	Materiality	14	✓
	102-53	Contact point for questions regarding the report	Materiality	15	✓
	102-54	Claims of reporting in accordance with the GRI Standards	Materiality	14	✓
	102-55	GRI Content Index	Materiality	362	✓
	102-56	External assurance	About this Report	14	✓





GRI Standard	Contents	Name of Content	Section	Page	Ratio Verified by KPMG
Material Issue: Lithium, product quality and specifications, volumes, prices, capacity growth and expansion plans, supply expectations, trusting its own product delivery capacity, lithium as a main product for technological and international development, eco-friendly final products (lithium, solar salts, iodine, fertilizers).					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	SQM, from Chile to the World Committed to the Environment	26	✓
	103-2	The management approach and its components	SQM, from Chile to the World Committed to the Environment	26	✓
	103-3	Evaluation of the management approach	SQM, from Chile to the World Committed to the Environment	26	✓
GRI 102: 2016 General Content	102-7	Scale of the organization	SQM, from Chile to the World Our People	26,28, 74, 76	✓



GRI Standard	Contents	Name of Content	Section	Page	Ratio Verified by KPMG
Material Issue: Environment Water use and management.					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	Committed to the Environment	237	✓
	103-2	The management approach and its components	Committed to the Environment	237	✓
	103-3	Evaluation of the management approach	Committed to the Environment	237	✓
GRI 303: Water and Effluents 2018	303-1	Interacting with water as a shared resource	Committed to the Environment	237	
	303-2	Managing impact of water discharge	Committed to the Environment	238	
	303-3	Water Extraction	Committed to the Environment	238	
	303-4	Water Discharge	Committed to the Environment	238	
	303-5	Water Consumption	Committed to the Environment	238	✓



GRI Standard	Contents	Name of Content	Section	Page	Ratio Verified by KPMG
Material Issue: Preserving areas surrounding operations, taking precautions in terms of environmental issues, issues related to the Company, mining companies that pollute and contaminate, facing future environmental restrictions imposed on current production processes (water use, water evaporation ponds, caliche mining, brine extraction, etc.)					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Committed to the Environment	213, 214, 216, 218	✓
	103-2	The management approach and its components	Committed to the Environment	213, 214, 216, 218	✓
	103-3	Evaluation of the management approach	Committed to the Environment	213, 214, 216, 218	✓
GRI 304: Biodiversity 2016	304-2	Significant impacts of activities, products and services on biodiversity 2016	Committed to the Environment	218, 226	✓
	304-3	Habitats protected or restored 2016	Committed to the Environment	234, 235	
	304-4	IUCN Red List species national conservation list species with habitats in areas affected by operations 2016	Committed to the Environment	219, 227	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	At the closing of this report, the company has no breaches of environmental legislation and regulations.	216	



GRI Standard	Contents	Name of Content	Section	Page	Ratio Verified by KPMG
Material Issue: PM Air Emissions, Low or Potentially Low Carbon Footprint					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	Committed to the Environment	242	✓
	103-2	The management approach and its components	Committed to the Environment	242	✓
	103-3	Evaluation of the management approach	Committed to the Environment	242	✓
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Committed to the Environment	245	
	305-2	Energy indirect (Scope 2) GHG emissions	Committed to the Environment	246	
	305-4	Greenhouse gas emissions intensity	Committed to the Environment	244	✓
	305-5	Reduction of GHG emissions	Committed to the Environment	246	
	305-6	Emissions of ozone-depleting substances (ODS)	The company does not use substances that generate emissions that deplete the ozone layer.	-	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Committed to the Environment (considers only air emissions PM)	243	✓



GRI Standard	Contents	Name of Content	Section	Page	Ratio Verified by KPMG
<b>Material Issue: Waste management</b>					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	Committed to the Environment	241	✔
	103-2	The management approach and its components	Committed to the Environment	241	✔
	103-3	Evaluation of the management approach	Committed to the Environment	241	✔
GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	Committed to the Environment	238	
	306-2	Waste by type and disposal method	Committed to the Environment	241	✔
	306-3	Significant spills	Committed to the Environment	238	
	306-4	Transport of hazardous waste	Committed to the Environment	241	
	306-5	Water bodies affected by discharges of water and runoff	Committed to the Environment	238	



GRI Standard	Contents	Name of Content	Section	Page	Ratio Verified by KPMG
<b>Material Issue: Labor Relations</b>					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	Our People	134	✔
	103-2	The management approach and its components	Our People	134	✔
	103-3	Evaluation of the management approach	Our People	134	✔
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Our People	142	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our People	157, 158	✔
	401-3	Parental leave	Our People	152	
GRI 402: Labor/ Company Relations 2016	402-1	Minimum notice periods regarding operational changes	Our People	154	



GRI Standard	Contents	Name of Content	Section	Page	Ratio Verified by KPMG
Material Issue: Safety and Accident Rates					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	Safety, One of Our Values	179	✓
	103-2	The management approach and its components	Safety, One of Our Values	179	✓
	103-3	Evaluation of the management approach	Safety, One of Our Values	179	✓
GRI 403: Occupational health and safety 2018	403-1	Occupational Health and Safety System	Safety, One of Our Values	179	
	403-2	Hazards Identification, Risk Assessments and Incident Investigations	Safety, One of Our Values	180, 182	
	403-3	Occupational health services	Safety, One of Our Values	184	
	403-4	Employee participation, inquires and communication regarding occupational health and safety	Safety, One of Our Values	185	
	403-5	Employee Training in Occupational Health and Safety	Safety, One of Our Values	186	
	403-6	Fostering employees' health	Safety, One of Our Values	184	
	403-8	Coverage of Occupational Health and Safety System	Safety, One of Our Values	186, 188	
	403-9	Injuries from workplace accidents	Safety, One of Our Values	190, 192	✓
	403-10	Occupational Illness and Disease	Safety, One of Our Values	193	

GRI Standard	Contents	Name of Content	Section	Page	Ratio Verified by KPMG
Material Issue: Develop a mutually-beneficial relationship with nearby communities (social development), business ventures and employment					
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	SQM, Present in the Community - Our People	262 - 264	✓
	103-2	The management approach and its components	SQM, Present in the Community - Our People	262 - 264	✓
	103-3	Evaluation of the management approach	SQM, Present in the Community - Our People	262 - 264	✓
GRI 413: Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	SQM, Present in the Community - Our People	265, 259, 262, 264, 265, 271, 272, 287, 288, 290, 293, 294, 298, 302, 306, 309, 310, 312, 332, 334, 338, 341, 342	✓
	413-2	Operations with significant actual and potential negative impacts on local communities	SQM, Present in the Community	262, 259	✓





GRI Standard	Contents	Name of Content	Section	Page	Ratio Verified by KPMG
<b>Other Reported Disclosures</b>					
GRI 102: 2016 General Content	102-15	Main impacts, risks and opportunities	Our Company in 2019	8	
	102-17	Mechanisms for advice and concerns about ethics	Our Values	112 – 114, 121	
	102-19	Delegation of responsibility	Corporate Governance	87	
	102-20	Executive-level positions with responsibility for economic, environmental and social topics	Corporate Governance	87, 88, 90, 112	
			Our Values		
	102-21	Processes for consultation with stakeholders on economic, environmental and social topics	Materiality	16	
	102-22	Composition of the highest governance body and its committees	Corporate Governance	87, 88, 94, 95, 96, 102	
	102-23	Chair of the highest governance body	Corporate Governance	87, 88	
	102-24	Nominating and selecting the highest governance body	Corporate Governance	87, 90	
	102-25	Conflicts of interest	Our Values	112	
	102-26	Highest governance body's role in setting purpose, values and strategy	Corporate Governance	90	
	102-27	Collective knowledge of the highest governance body	Corporate Governance	87, 90	
	102-28	Performance evaluation process for highest governance body	Corporate Governance	90, 93	
	102-29	Identification and management of economic, environmental and social impact	Corporate Governance	90, 94	
102-30	Effectiveness of risk management processes	Corporate Governance	88, 93		



GRI Standard	Contents	Name of Content	Section	Page	Ratio Verified by KPMG
<b>Other Reported Disclosures</b>					
GRI 102: 2016 General Content	102-31	Evaluation of economic, environmental and social topics	Corporate Governance	90, 93	
	102-32	Highest governance body's role in sustainability reporting	Corporate Governance	87, 88, 90	
	102-33	Communication of critical concerns	Corporate Governance	87, 88, 95, 98	
	102-35	Remuneration policies	Corporate Governance	87, 93, 94	
	102-36	Process for determining remuneration	Participation and Inclusiveness	87, 157	
	GRI 201: 2016 Economic Performance	201-1	Direct economic value generated and distributed	Value Generated	79
201-4		Financial assistance received from government	Value Generated	79	
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from local community	Our People	139	
GRI: 204 Procurement	204- 1	Proportion of spending on local suppliers	Value Chain	206	
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	Our Values	212	
	205-2	Communication and training about anti-corruption policies and procedures	Our Values	112, 114, 121, 122	
	205-3	Confirmed incidents of corruption and actions taken	Our Values	119	
GRI 302:Energy 2016	302-1	Energy consumption within the organization	Committed to the Environment	252	
	302-3	Energy intensity	Committed to the Environment	251	
	302-4	Reduction of energy consumption	Committed to the Environment	252	





GRI Standard	Contents	Name of Content	Section	Page	Ratio Verified by KPMG
<b>Other Reported Disclosures</b>					
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	Participation and Inclusiveness	165, 166, 168, 169	
	404-2	Programs for upgrading employee skills and transition assistance programs.	Participation and Inclusiveness	161, 162, 165	
	404-3	Percentage of employees receiving regular performance and career development reviews	Participation and Inclusiveness	173	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Our People Participation and Inclusiveness	142	
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Our Values	119	
GRI 407: Freedom of association and collective bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SQM, from Chile to the World Participation and Inclusiveness	154	
GRI 415: Public Policy 2016	415-1	Contributions to political parties and/or representatives	Our Values	114	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of health and safety impact of product or service categories	SQM, from Chile to the World	61, 62, 63	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SQM, from Chile to the World	193	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	SQM, from Chile to the World	56	







**DESIGN:**

Baobab Diseño