

**2016 ANNUAL MANAGEMENT REPORT
SQM S.A. DIRECTORS COMMITTEE**

Pursuant to the provisions of Article 50 bis of the Law 18,046 – on Corporations- and Bulletin No. 1,956 of the Superintendence of Securities and Insurance, the Directors Committee of Sociedad Química y Minera de Chile S.A. (SQM or the Company) has prepared and subsequently unanimously approved this "2016 Annual Management Report" by said Committee so that it may be included entirely or partially in the Company's 2016 Annual Report and also be informed at the Ordinary Annual Shareholders Meeting of SQM to be held on Friday, April 28, 2017.

1. Activities performed.

During 2016, the Directors' Committee of SQM (the "Committee") essentially analyzed:

- (i) the Company's Unaudited Financial Statements and Reports
- (ii) the Company's Audited Financial Statements and Reports
- (iii) the Reports and proposals of External Auditors, Accounts Inspectors, and Independent Risk Rating Agencies for the Company
- (iv) the proposal to SQM's Board of Directors about the External Auditors and Independent Rating Agencies that the Board could recommend to the respective Shareholders' Meeting for their subsequent appointment
- (v) the tax and other services, other than audit services, provided by the Company's External Auditors for the Company and its subsidiaries in Chile and abroad
- (vi) the remuneration and compensation plans for the Company's main executives
- (vii) the information related to the Company's operations as referred to in Title XVI of the Corporations Act
- (viii) the Report on Internal Control of the Company, and
- (ix) the various matters referred to in the "Directors Committee" section of SQM's Financial Statements as of December 31, 2016 and which form part of the Company's "2016 Annual Report" that is at the entire disposal of Shareholders.

In this context and regarding the above, the Committee:

- (a) Examined the information regarding the Financial Statements of SQM for the 2016 business year and the Report issued thereon by the External Auditors of SQM.- Similarly, it also examined the Company's Interim Consolidated Financial Statements for the 2016 business year.
- (b) Examined during its Meeting No. 111 on November 7, 2016 the subscription of four contract de agenciamiento between the Japanese company Kowa Co., Ltf. ("Kowa") for Japan and other countries. Kowa is a related party as it is a shareholder of the Company and has a joint performance agreement with Sociedad de Inversiones Pampa Calichera S.A. The Committee approved these contracts, followed by the approval of the Board during sesión nNo. 729, which was held on November 7, 2016. The contracts were timely informed regarding such approvals, and it also confirmed that such contracts were agreed in price, terms, and similar modalities as the prevailing ones in the respective markets at the exact moment, and consequently approved its subscription - by unanimity of the present Board members.
- (c) Proposed to the Company's Board of Directors the names of the External Auditors and the Independent Risk Rating Agencies for SQM and the Company's Board of Directors, in turn,

suggested their appointment to the respective Annual Ordinary Shareholders Meeting of SQM. The Company's Board of Directors approved said suggestions and the Shareholders' Meeting also ratified them.

- (d) Examined the remuneration system and the compensation plans for the Company's employees and Top Executives.

The Committee also (i) authorized to hire on behalf of the Company the services of PwC, (ii) reviewed the expenses of the Chief Executive Officer, and (iii) reviewed the reports from the internal audit and risk and compliance areas of the Company.

Finally, the Directors' Committee also created the Annual Management report, in reference to Chilean Law NO. 18,046.

2. Recommendations to Shareholders.

The Committee decided to recommend the following to SQM's Ordinary Annual Shareholders Meeting to be held on Tuesday, April 28, 2017.

- (a) To appoint Pricewaterhousecoopers Consultores, Auditores y Compañía Limitada as the external auditing company for Sociedad Química y Minera de Chile S.A. for the business year running between January 01 and December 31, 2017. In second place, they also considered KPMG as an alternative recommendation.
- (b) To appoint Riesgo Humphreys Limitada, Fitch Chile Clasificadora de Riesgo Limitada and Feller Rate Clasificadora de Riesgo Limitada as the three Independent Risk Rating Agencies for Sociedad Química y Minera de Chile S.A. for the business year running between January 01 and December 31, 2017.
- (c) To propose Ms. Genoveva del Pilar Cofré Gutierrez and Mr. Angél Gómez M. as account inspectors for the Company, and Mr. Ricardo Marín Varas and Oscar Alejandro Canales Tapia as replacement account inspectors.

3. Remuneration of the Committee and Expenditures.

SQM's Ordinary Annual Shareholders Meeting held on April 24, 2016 approved the following remunerations for members of the Directors Committee:

- (i) the payment of a fixed gross and monthly amount of 75UF (indexed monetary unit) for each of the three Directors that form part of the Company's Directors Committee and independently of the number of Directors Committee Meetings held or not during the respective month or year and for the period between May 01, 2016 and April 30, 2017.
- (ii) the payment in national currency to each one of the three Directors of a variable gross amount equivalent to 0.02% of the total net income that SQM S.A. effectively obtains from the exercise of the business year 2016 and that results after deducting the amount due for amortization of negative goodwill and independently of the number of Directors Committee Meetings held or not during said year

- (iii) fixed and variable amounts indicated are not subject to any charge between them and those expressed in percentages shall be paid immediately after the respective Ordinary Annual Shareholders Meeting of SQM S.A. approves the Balance Sheet, the Financial Statements, the Annual Report, the Accounts Inspectors Report, the External Auditors Report for SQM S.A. for the business year ending on December 31, 2016, and
- (iv) the amounts expressed in UF shall be paid in Chilean pesos according to the value that the Superintendence of Banks and Financial Institutions, the Central Bank of Chile or other relevant institution that replace the latter, determine for the indexed monetary unit on the last day of the corresponding calendar month. The amounts referred to in United States of America dollars shall be converted into Chilean pesos -and consequently paid in national currency- according to the same exchange rate determined for the final dividend for 2016.

This Shareholders Meeting also approved the operating expenses for the Committee and they correspond to the amount of the annual remuneration of the members of the Directors Committee indicated in above points (i) and (ii) .

During 2016, the Directors' Committee incurred US\$64,942 in expenses.

SQM S.A. DIRECTORS COMMITTEE

Hans Dieter Linneberg A.
President

Santiago, April 5, 2017.