

SQM SUSTAINABILITY REPORT



2010



SQM SUSTAINABILITY REPORT

Please direct suggestions and/or comments on this report to sqmsustainable@sqm.com.

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A WORD FROM OUR CEO

I am with great pleasure that I present to you the SQM Sustainability Report 2010, which details our financial, environmental and social performance in 2010. The year was complex as we contended with the impact of the global economic crisis on our markets. However, the Company also recorded many remarkable milestones. The year 2010 opened with the decision to stop production in El Toco and Pampa Blanca in order to deal with a complicated production scenario. This decision stemmed from the need to make our production processes more efficient to address the economic crisis and to respond satisfactorily when markets recovered and demanded more of us.

The year also marked important milestones in the Company's long-term development. Worth mentioning is the environmental approval we obtained for the Pampa Hermosa project, which will allow us to expand our iodine and nitrate operations in Tarapacá. Furthermore, we began a test run of the new potassium nitrate plant in Coya Sur and initiated some projects at our production facilities in the Salar de Atacama, which will enable us to properly satisfy our growing market share in potassium fertilizers, thus strengthening the Company's position in that business.

Another major highpoint of 2010, which shows our ongoing efforts to maintain high quality standards, was the renewal of the ISO 9001:2008 certification for our lithium, nitrate and iodine production processes, as well as our logistics, storage and human resources areas. The Company continued to play an active role in social projects with the community, which meant carrying out a series of projects and programs in

the Tarapacá and Antofagasta Regions involving education and culture, cultural heritage and social development. As a result of these efforts, our Company was recognized as a 2010 Outstanding Company by the Municipality of San Pedro de Atacama, confirming that these endeavors are in line with our most important corporate values.

In safety and health matters, the Company continued to strengthen its systematic risk prevention efforts, certified under the Competitive Company Program offered by Mutual de Seguridad. This work has enabled us to continually reduce workplace accidents in recent years. However, we have not made the same progress in terms of the severity of such accidents. In September 2010, we lost six employees in a tragic accident that is still under investigation. It was a painful incident for everyone at the Company and calls us to continue working harder on risk prevention, a commitment that stems from the fundamental principles that guide our operations and behavior.

Our commitment to the quality of life of our workers is a priority for the Company, reflected in investments in workplace infrastructure, increasing training programs and strengthening of professional development plans for all SQM employees.

Lastly, I invite you to explore the SQM Sustainability Report 2010, which conveys SQM's management efforts both in production areas and with regards to its shareholders, employees, customers, the environment and the community.

Best regards,

Patricio Contesse
Chief Executive Officer

SQM



SQM a non-metal mining company, is the world leader in the businesses of specialty plant nutrition, iodine and derivatives, lithium and derivatives, potassium and industrial chemicals; all products obtained from processing caliche ore and brines present in the deserts of the Tarapacá and Antofagasta Regions and the Salar de Atacama (Atacama Salt Flat), respectively.

With production facilities in the Tarapacá and Antofagasta Regions and offices in Santiago and another 20 countries, SQM directly or indirectly employs over 10,000 people.

THE COMPANY

SQM is a market leader with five main business lines:

specialty plant nutrition; iodine and derivatives; lithium and derivatives; potassium and industrial chemicals. Over the years, it has become the largest producer and seller in the niche markets of specialty plant nutrition, iodine and lithium, with market shares of 50%, 36% and 28%, respectively, towards the end of 2010. Its products are obtained from processing caliche ore and brine, mineral resources found in the deserts of the Tarapacá and

Antofagasta Regions and the Salar de Atacama. It currently has production facilities in these regions as well as in Santiago and 20 other countries around the world.

Caliche ore deposits were first mined commercially in 1830; Chile was considered the global industry leader from then until the end of the 19th century, losing its title in 1920 with the invention of synthetic nitrates. In that same decade, the Pedro de Valdivia and María Elena nitrate offices started using the Guggenheim production method.

CORFO (Chilean government agency for the advancement of production) was founded in 1939 during the administration of Pedro Aguirre Cerda to modernize economic activity in Chile and reorganize the nitrates industry. SQM was formed in 1968 through a joint venture between nitrate company Anglo Lautaro and CORFO. Finally, between 1983 and 1988, SQM was privatized.

From that point until 1993, SQM concentrated efforts on modernizing its production plants, strengthening its logistics network and adding value to its products. It made major changes to its mineral extraction and processing methods, opened fertilizer mixing plants in Belgium, Chile, Mexico and the United States and added new products to its portfolio. One such product was potassium nitrate, a natural fertilizer rich in nutrients—considered one of SQM’s greatest achievements during this period. The product, which is 100% water soluble and chlorine-free, quickly positioned itself in the market as the ideal product for greenhouse crops in areas with highly variable weather conditions.



Employees at SQM port in Tocopilla.

Prilling Plant, Coya Sur, Antofagasta Region.



In 1993, SQM began its international financial expansion by placing American Depositary Receipts on the New York Stock Exchange. Then, between 1994 and 1998, it developed an extraction and solar evaporation system for brines and constructed plants to produce potassium chloride, lithium carbonate and boric acid.

While SQM began as essentially a producer and seller of fertilizers, over a 40 year period it capitalized on opportunities as they arose and became a multidisciplinary company with major global presence in multiple business lines.

HISTORY

1924



The Guggenheim family acquired the Coya Norte land in the El Toco sector to build a facility for caliche operations. The Maria Elena caliche facility was erected here and began operating on November 22, 1926, using the Guggenheim production method.

1930



Construction of the Pedro de Valdivia caliche facility began. This facility had more capacity than Maria Elena and started operating on June 6, 1931 using the Guggenheim method.

1951



Construction began on a crystallizing plant in Coya Sur in order to efficiently use the nitrate precipitation from solar evaporation ponds.

1983



SQM's privatization process began, concluding in 1988, and private pension funds acquired an ownership stake.

1971



SQM was nationalized, with CORFO taking control of 100%.

1968



SQM was created through the merger of companies Corporación de Ventas de Salitre y Yodo, Compañía Salitrera Anglo Lautaro, Compañía Victoria and the Chilean government.

1985



The heap leaching process first used to extract nitrates and iodine. The Coya Sur potassium nitrate facility began production.

1986



The potassium nitrate facility at Coya Sur began production.

1993



The technical-grade potassium nitrate facility began operating. The Company completed its first share issuance on international markets through its ADR program.

1995



The Company issued a second share offering on international markets through its ADR program. Production of potassium chloride began in the Salar de Atacama.

2001



A commercial distribution agreement was signed with the Norwegian company Yara International ASA to take advantage of cost synergies in its specialty plant nutrition business.

2000



Construction was completed on a new potassium nitrate facility, expanding potassium chloride production capacity.

1997



SQM began producing lithium carbonate from lithium brines.

2005



Kemira Emirates Fertilizers Company (Kefco) was bought by SQM. The lithium hydroxide facility in the Salar de Carmen began operating.

2006



SQM acquired DSM's iodine business in Chile.

2007



Production began at the new prilling and granulation plant at Coya Sur.

2010



The new potassium nitrate facility at Coya Sur begins operating on a test basis. Work to expand potassium products continues in the Salar de Atacama. In Dubai, SQM Vitas launches a new line of phosphate products in the soluble segment.

2009



Work began to expand potassium nitrate and potassium chloride production. SQM signed new joint ventures with Coromandel (India), Qingdao Star (China) and Roullier (France).

2008



SQM entered into a joint venture with Migao Corporation to produce and distribute potassium nitrate in China. SQM increased its lithium carbonate capacity to 40,000 metric tons per year.

ORGANIZATION AND CORPORATE GOVERNANCE

Corporate governance at SQM is led by the Board of Directors, as decided by shareholders at an Ordinary Shareholders' Meeting held April 30, 2008. The Board consists of eight members, who represent the main shareholders, and is chaired by Julio Ponce Lerou. The Board also has a Directors Committee comprised of Hernán Büchi, Eduardo Novoa and Daniel Yarur. No board member holds a managerial position within the Company. The Board of Directors

monitors management performance and meets each month to analyze the Company's progress, assess investment opportunities and approve general guidelines and directives for SQM's development. In compensation for their time, each director receives a fixed monthly stipend in Unidades de Fomento (UF) and a percentage of the Company's net income once per year.

BOARD OF DIRECTORS



DIRECTOR

Kendrick T. Wallace
Lawyer
Harvard Law School
Passport No. 712198876

DIRECTOR

Wolf von Appen B.
Entrepreneur
Taxpayer ID No. 2.884.455-7

DIRECTOR

Daniel Yarur E.
Information Engineer
Universidad de Chile
Taxpayer ID No. 6.022.573-7

CHAIRMAN

Julio Ponce L.
Forestry Engineer
Universidad de Chile
Taxpayer ID No. 4.250.719-9

DIRECTOR

Eduardo Novoa C.
Commercial Engineer
Universidad de Chile
Taxpayer ID No. 7.836.212-K

DIRECTOR

Hernan Büchi B.
Civil Engineer
Universidad de Chile
Taxpayer ID No. 5.718.666-6

VICE-CHAIRMAN

Wayne R. Brownlee
Economist
University of Saskatchewan
Passport No. BD 108168

DIRECTOR

José María Eyzaguirre B.
Lawyer
Universidad de Chile
Taxpayer ID No. 7.011.679-0

MANAGEMENT

As of December 31, 2010, the Company's senior management was made up by:



CHIEF EXECUTIVE OFFICER
Patricio Contesse G.
Forestry Engineer
Universidad de Chile
Taxpayer ID No. 6.356.264-5



EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER
Patricio de Solminihac T.
Industrial Engineer
Universidad Católica de Chile
Taxpayer ID No. 6.263.302-6



CHIEF FINANCIAL OFFICER AND BUSINESS DEVELOPMENT
Ricardo Ramos R.
Industrial Engineer
Universidad Católica de Chile
Taxpayer ID No. 8.037.690-1



SENIOR COMMERCIAL VICE PRESIDENT
Eugenio Ponce L.
Mechanical Engineer
Universidad Católica de Valparaíso
Taxpayer ID No. 5.370.715-7



GENERAL COUNSEL
Matías Astaburuaga S.
Lawyer
Universidad Católica de Chile
Taxpayer ID No. 7.080.469-7



NITRATES AND IODINE OPERATIONS SENIOR VICE PRESIDENT
Mauricio Cabello C.
Mechanical Engineer
Universidad de Santiago de Chile
Taxpayer ID No. 10.391.635-6



SALAR-LITHIUM OPERATIONS SENIOR VICE PRESIDENT
Juan Carlos Barrera P.
Industrial Engineer
Universidad Católica de Chile
Taxpayer ID No. 10.528.182-K



NEUE VICTORIA OPERATIONS SENIOR VICE PRESIDENT
Jaime San Martín L.
Transportation Engineer
Universidad Católica de Chile
Taxpayer ID No. 8.931.725-8



HUMAN RESOURCES AND CORPORATE AFFAIRS SENIOR VICE PRESIDENT
Daniel Jiménez Sch.
Industrial Engineer
Universidad Católica de Chile
Taxpayer ID No. 6.362.533-7



SUSTAINABLE DEVELOPMENT AND PUBLIC AFFAIRS SENIOR VICE PRESIDENT
Pauline De Vidts S.
Industrial Engineer
Universidad Católica de Chile
Taxpayer ID No. 9.668.138-0

During the reporting period, there were no major changes in SQM's management.

As established in the Company's corporate governance framework, anyone may contact the directors by email at directores@sqm.com

CORPORATE GOVERNANCE FRAMEWORK

A commitment is an agreement, a responsibility undertaken with care. Based on this premise, SQM has committed to continuously improving its corporate governance practices in order to remain an ethically driven organization, focused on the equal treatment of all shareholders, working to uphold their interests, maximizing investment returns and optimizing shareholder value.

SQM's Corporate Governance Framework has four main purposes:

I) To commit the efforts of the Board of Directors and senior management on maximizing the value of the Company for all of its shareholders, as well as for its customers and employees.

II) To reaffirm the Board of Directors' duty to provide guidelines that will lead senior management to achieve best practices at every level of the organization;

III) To underscore one of the Board of Directors' most important objectives, which is to provide the vision of the Company, its goals and the strategy to attain such goals.

IV) To stress the Board of Directors' responsibility to continuously monitor and evaluate senior management's performance in accordance with the Company's vision and strategy.

The full text of SQM's Corporate Governance Framework is available at www.sqm.com.

LEGAL AND OWNERSHIP STRUCTURE

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

As of December 31, 2010, the Company's principal shareholders are:

SERIE A	NUMBER OF SHARES	% OWNERSHIP OF SERIES	% OWNERSHIP OF TOTAL SHARES
Sociedad De Inversiones Pampa Calichera S.A.	55,437,977	38.82%	21.06%
Inversiones El Bordo Ltda.	44,746,513	31.33%	17.00%
Inversiones Rac Chile Ltda.	19,200,242	13.44%	7.30%
Inversiones Global Mining Chile Ltda.	13,798,539	9.66%	5.24%
Inversiones La Esperanza Chile Ltda.	3,693,977	2.59%	1.40%
Larrain Vial S.A. Corredora de Bolsa	2,549,382	1.79%	0.97%
Kowa Co. Ltda.	781,429	0.55%	0.30%
Kochi S.A.	714,084	0.50%	0.27%
La Esperanza Delaware Corporation	227,550	0.16%	0.09%
Inversiones Rentamax Ltda.	154,000	0.11%	0.06%
Banchile Corredores de Bolsa S.A.	131,914	0.09%	0.05%
Inmobiliaria y Comercial Recoleta Sur Ltda.	97,572	0.07%	0.04%
Subtotal Main Series A Shareholders	141,533,179	99.10%	53.77%
Total Series A Shares	142,819,552	100%	54.26%
TOTAL SERIES A SHAREHOLDERS	493		

SERIE B	NUMBER OF SHARES	% OWNERSHIP OF SERIES	% OWNERSHIP OF TOTAL SHARES
The Bank of New York Mellon	45,345,530	37.67%	17.23%
Inversiones El Bordo Ltda.	17,576,359	14.60%	6.68%
Sociedad de Inversiones Pampa Calichera S.A.	8,903,774	7.40%	3.38%
Banchile Corredores de Bolsa S.A.	5,178,641	4.30%	1.97%
AFP Provida S.A.	3,109,256	2.58%	1.18%
Banco Itaú por Cuenta de Inversionistas	2,874,819	2.39%	1.09%
Inversiones Rac Chile Ltda.	2,699,773	2.24%	1.03%
Larrain Vial S.A. Corredora de Bolsa	2,369,576	1.97%	0.90%
AFP Capital S.A.	1,872,620	1.56%	0.71%
AFP Habitat S.A.	1,737,253	1.44%	0.66%
Banco de Chile por Cuenta de Terceros	1,636,070	1.36%	0.62%
Banco Santander por Cuenta de Inv. Extranjeros	1,595,378	1.33%	0.61%
Subtotal Main Series B Shareholders	94,899,049	78.83%	36.06%
Total Series B Shares	120,376,972	100%	45.74%
TOTAL SERIES B SHAREHOLDERS	1,518		
TOTAL SERIES A AND B SHAREHOLDERS	1,629		

CODE OF ETHICS

SQM has expanded its business abroad, and, aware that some countries have different customs and traditions, has committed to work in compliance with their laws, rules and regulations. Notwithstanding, it also brings to the table its firm decision to act with the utmost integrity and honesty as it has done throughout its entire existence.

SQM's Code of Ethics, which applies to its directors, senior management and all employees, clearly establishes the principles that should govern the actions of all individuals at the Company.

SQM is committed to complying with the laws, rules and regulations of the countries where it conducts business.

SQM understands that traditions and customs may vary from one country to the next but that these differences cannot divert it from its decision to act with the highest possible standards of integrity and honesty.

Integrity and ethics have always been a significant component of the way SQM does business. Acting with full integrity is key to maintaining the trust and credibility of shareholders, directors, executives, employees, customers, suppliers, government bodies, regulators, communities, stakeholders and other people, institutions and organizations with which the Company interacts.

All SQM directors, executives and employees should:

- Propiciar y mantener un entorno de transparencia en las actividades que les competen de acuerdo con su rol y nivel de responsabilidad.
- Cultivate and preserve transparency in their activities based on their role and level of responsibility.
- Build work and management relationships on a basis of ethics and integrity.
- Encourage and demand that all SQM directors, executives and employees fulfill their duties appropriately.
- Foster and respect compliance of applicable laws, rules and regulations.
- Work with dedication, perfection, honesty, integrity and be consistent with SQM's values and policies.

Our company will not tolerate unethical conduct, especially when it may inflict harm on shareholders, customers, employees and other relevant persons or the community at large.

This code provides policies, guidelines and principles that should guide our actions. We, the executives and employees of SQM, together with our directors, pledge to act in accordance with this code.



VISION

During the next ten years, SQM expects to further consolidate its market position in its principal business lines: specialty plant nutrition; iodine and derivatives; lithium and derivatives; potassium and industrial chemicals. This expectation is based on its unequalled access to high-quality natural resources, its installed capacity and its ability to react quickly to changes in market conditions. SQM's management will also continue to adhere to the well-defined principles that reflect the Company's high ethical standards, its fair treatment of shareholders, employees, customers and suppliers, its strong sense of social responsibility and its commitment to the environment.

VALUES

Our values are a common language at SQM and the foundation of our actions. They reflect what the world can expect of SQM and what we expect of ourselves.

For our shareholders these values are synonymous with profitability and productivity; for our customers they mean innovation, proximity, commitment and quality; for society in general they lead to sustainable development based on our ongoing concern for the environment, worker safety and being a good neighbor to the community.

SQM VALUES

SQM bases its identity on these values:

EXCELLENCE

We commit to working with the best standards of quality, efficiency and effectiveness. We rationally use the resources that we manage and promote actions that add value. We act responsibly and fulfill our commitments.

INTEGRITY

We conduct business in an honest, fair, ethical, respectful and transparent manner. Our language is open and consistent with our actions towards people, the environment, the community, customers and other entities with which we interact.

SAFETY

We value the life and health of all persons. We believe that caring for people is an organizational, personal and social commitment that is put into practice in the workplace and the private life of each of us.

TEAMWORK

We encourage people to work together. We value the personal traits and skills of each person and foster the exchange of ideas, opinions and experiences, thus stimulating collective work. We treat people with respect, dignity and courtesy to cultivate relationships built on trust.

INNOVATION

We address work and challenges creatively. We encourage flexible and varied approaches to the way we do business, constantly pursuing better solutions and ways of achieving our objectives.



OUR PRODUCTS

The Company's five main business lines are: specialty plant nutrition; iodine and derivatives; lithium and derivatives; potassium and industrial chemicals.

SPECIALTY PLANT NUTRITION

The specialty plant nutrients SQM manufactures provide solutions to modern agricultural challenges and supply farmers with tools to face any problems that may arise. In this business line, the Company maintains a close relationship with its customers both directly and through joint ventures in China, Thailand, Turkey, Dubai, Spain, Holland, Brazil and Peru, among other countries. To solidify these relationships, it has professional agricultural specialists on staff to supply customers with expert advice on fertilization according to the type of crop, soil and climate.

SQM's specialty plant nutrients—potassium nitrate, sodium nitrate and sodium potassium nitrate, as well as other specialty blends—are set apart by the following features:

- **Nitrógeno nítrico:** Nitrogen source preferred by plants that does not need to be transformed before being absorbed.

- **Highly soluble:** Allows rapid absorption of nutrients, especially in stages when large quantities are needed.

- **Chlorine-free:** Several crops such as tobacco, potatoes, citric plants, avocado, etc., are sensitive to this element and their production potential and/or quality is affected when products containing chlorine are used.

IODINE AND DERIVATIVES

SQM has established itself as the world's largest iodine producer. Given its versatility, iodine has a wide variety of pharmaceutical, industrial, technological and chemical applications. More than 50% of iodine demand is related to human and animal health and nutrition. Iodine is also used in manufacturing light polarizing membranes used in liquid crystal displays (LCD) for televisions, monitors, computers and other portable devices, as well as various other industrial applications, including catalysts for organic synthesis, dyes, soil fumigants, herbicides and heat stabilizers for nylon fibers, among others.

LITHIUM AND DERIVATIVES

SQM is the principal producer of lithium in the world: This element is used in manufacturing rechargeable batteries for cellular phones, cameras and laptop computers. Lithium boasts a series of benefits: lithium batteries have higher energy density, enabling them to store more energy per weight and volume; in its solid state it has a large caloric capacity, allowing it to be used in applications that involve heat transfer, such as ceramic glass, an important component in kitchen stovetops. Lithium is utilized in manufacturing glass and ceramic coatings because of its low coefficient of thermal expansion, making the final product more resistant to changes in temperature, and because it decreases the melting points of the materials employed in the production process, resulting in lower energy costs for manufacturers. In addition, adding lithium to glass gives the glass certain physical and mechanical properties such as hardness, shine, and increased resistance to chemical agents. At room temperature, lithium is the lightest of all metals, giving it significant potential for use in aerospace and aeronautical applications.



POTASSIUM

Potassium is an essential primary macronutrient that, although not part of a plant's structure, fulfills a fundamental role in the development of its basic functions. This business line includes potassium chloride and potassium sulfate. Potassium is one of three nutrients essential for healthy growth of crops and cannot be replaced by any other macronutrient. Therefore, correctly applying potassium is fundamental to achieving properly balanced plant nutrition. It also fulfills other important functions in plant development, including guaranteeing crop quality; increasing post-harvest duration; and improving the taste, vitamin content and physical appearance of crops.

INDUSTRIAL CHEMICALS

SQM has participated in this business line for over 30 years, producing sodium nitrate, potassium nitrate, boric acid and potassium chloride for industrial use; these products are used as inputs in a large number of production processes. Industrial nitrates have gained importance in recent years due to their use as a means of thermal energy storage in solar power plants. This technology is being widely utilized in Spain and the United States, countries that are committed to reducing greenhouse gas emissions.

SQM OPERATIONS

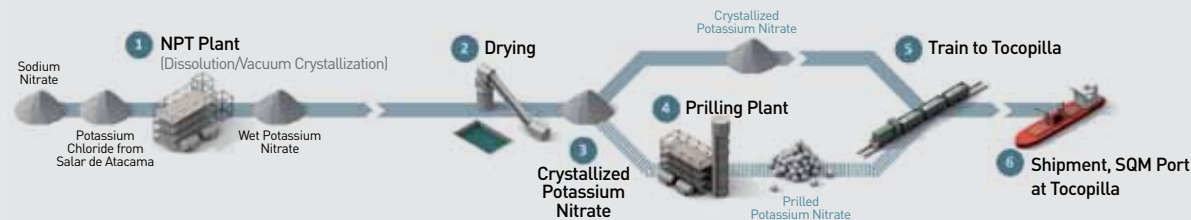
Chile is a country of contrasts in many ways, including soil, urban diversity and climate. Located between the Tarapacá and Antofagasta Regions, the Atacama Desert is the vast backdrop for SQM's production plants, with access to natural reserves of unrivaled magnitude and quality. The most extensive reserves—known worldwide—are of iodine and nitrate and have some of the highest concentrations of lithium and potassium.

SQM is a unique company thanks to its rich natural resources which make SQM's business model impossible to replicate.

In addition to offices in Santiago and Antofagasta, SQM has operations in María Elena, Coya Sur, Pedro de Valdivia, Tocopilla, Pampa Blanca, and in the Salar de Carmen and Salar de Atacama in the Antofagasta Region; and in Nueva Victoria in the Tarapacá Region. SQM also has commercial offices in over 20 countries and production facilities in the United States, Mexico, Egypt, Turkey, France, Holland, Belgium, China, Thailand, South Africa and the United Arab Emirates.



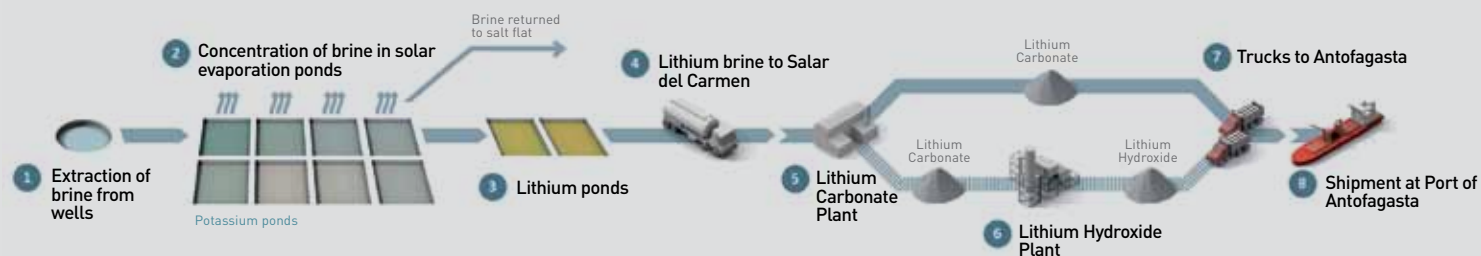
Potassium Nitrate Process



Iodine Process



Potassium Chloride and Lithium Process



SALES AND PRODUCT MARKETS

North America, South America, Asia and Europe are the principal markets for over 90% of SQM's production. SQM products are sold in international markets on six continents thanks to its own extensive sales and distribution network. This network includes railway and port facilities, as well as commercial offices in over 20 countries, without neglecting another important factor—SQM's first-rate human capital that includes on-site technical professionals to directly advise customers.

The global presence that SQM has attained thanks to its effective and efficient management at all levels throughout the Company presents new challenges in logistics, which begins at production facilities and ends once products are delivered to customers all over the world. Clearly, one of the most important steps in this logistics and distribution network involves the handling and care of its products, which is strongly linked to the success of the business.

SQM AND SUSTAINABILITY

SQM operates under the principle of continuously improving its performance in all areas. As a result, the Company aligns itself with commitments made to shareholders, customers, employees, partners, the community and ourselves with respect to conducting business in harmony with its surroundings, and caring for people and the environment to guarantee business sustainability, a task for which all of its workers and collaborators are responsible.

For SQM, it is extremely important to maintain long-term and mutually beneficial relationships with the community, its customers, shareholders and employees, built on open and ongoing communication, which ensures their growth and development as well as that of the Company. These

actions are well aligned with the principles set forth in the Sustainable Development Policy. As part of efforts to continuously improve, in 2010 SQM revised and updated this important policy containing guiding principles on safety, health, environmental, quality and community matters.

In accordance with this Sustainable Development Policy, each year the Company outlines new challenges that allow it to continue to advance its performance in all areas—a commitment to all stakeholders. The year 2010 was no exception; various initiatives were implemented and challenges addressed throughout the year. The results of its efforts are detailed in the following sections of this report.

SUSTAINABLE DEVELOPMENT POLICY

SQM is committed to sustainably developing its business, integrating concern and respect for its employees and subcontractors, the environment, the community and future development into its work. Therefore, SQM commits to the following actions throughout its main business lines (specialty plant nutrition, iodine, lithium, potassium and industrial chemicals) at its sales and production facilities in Chile and abroad:

- Comply with current laws and standards applicable to its activities, products and services, as well as commitments it acquires voluntarily, including internally defined standards.
- Develop and implement prevention plans and control measures in a timely manner in order to minimize the risk of injury and harm to the health of our employees, on-site service providers, contractors and subcontractors, encouraging active participation from all employees in risk prevention matters.
- Minimize the potential environmental impact of our activities by incorporating environmental variables into our operations from the design stage, thus implementing control and mitigation measures and avoiding contamination by properly managing waste and emissions.
- Promote responsible and efficient use of natural resources and production inputs in line with national and international standards and good practices on the matter.
- Provide our customers with quality products that meet committed standards and provide assistance and service to ensure a long-term and mutually beneficial relationship.
- Maintain good neighbor relations and participate in the development of the communities near our operations, supporting projects and activities designed to improve the quality of life in these communities, emphasizing education, culture and environmental protection.
- Maintain open and ongoing communication with our employees, contractors, customers, shareholders, neighbors and authorities, periodically informing them of our performance.
- Promote continual improvement in our performance in terms of safety, health, the environment, quality and community relations.
- Educate, train and evaluate our employees and external service staff as active agents responsible for effectively implementing this policy throughout our business.



CHALLENGES IDENTIFIED IN SQM SUSTAINABILITY REPORT 2009

At the end of 2009, as it does each year, SQM identified new sustainability challenges to address in 2010; these commitments were articulated in the "SQM Sustainability Report 2009".

SQM's contribution to regional and national social development was recognized by the Municipality of San Pedro de Atacama, naming SQM a "2010 Outstanding Company".

The award, given each year by the municipality to companies that stand out for their work and contribution to the community's economic and

social development, was bestowed on SQM for its ongoing concern for the community, its interest in getting to know the residents and its contribution to economic and social development in 2010, thanks to the responsible commitment to be a good neighbor that is at the heart of everything it does.

The challenges identified for 2010 are presented throughout this report and reflect SQM's commitment to continually improving its performance in all aspects that make its business sustainable.



SQM executives receive award from Municipality of San Pedro de Atacama as a "2010 Outstanding Company".



Chaxa Tourist Center, National Flamingo Reserve, Antofagasta Region.

Commitment for 2010	Completion	Description
Shareholders		
Continue maximizing return on investment and creating long-term value for shareholders in response to the trust they place in the Company.	✓	Return on equity and share value rose more than 20% in 2010, meeting shareholder expectations.
Our People		
Provide a positive labor environment, necessary to safely perform quality work within established parameters, always respecting our employees and their quality of life.	✓	In June 2010, corporate climate was measured and satisfaction levels of 68% were obtained.
Comply with the annual employee training plan.	✓	The annual employee training plan for 2010 included 54,923 training hours for 2,530 employees on technical, management, risk prevention and other matters.
Provide university and graduate-level scholarships for high-performing employees and university scholarships for children of employees.	✓	In 2010, 17 scholarships were given to employees and 26 to children of employees.
Carry out grant competition for employees in support of the community.	✓	The grant competition for employees in 2010 awarded funds to four employee initiatives that supported the communities of Tocopilla, Antofagasta, Pozo Almonte and Toconao.
Each and every one of our employees must continue the activities necessary to ensure progress towards our "Zero Accident" goal for all operating facilities, meeting the goals of FI < 0.40; FIC < 1.0; SI < 20 and increasing incident reporting.	✗	Accidentability indices obtained in 2010 were: FI = 0.41; FIC = 0.82 and SI = 427.2. Unfortunately, two fatal accidents occurred and, as a result, the goals proposed for 2010 were not met.
Continue reducing accidents at SQM by complying with our Basic Safety Rules and the CCP requirements, with leadership from our supervisors.	✓	The number of accidents in 2010 decreased over 2009 (85 vs. 121). SQM's Basic Safety Rules were audited continuously during the year, which improved compliance. CCP activities were carried out and there was an increase in supervisory leadership activities.
Monitor contractors through regular audits to ensure compliance with SQM standards in performing their work and maintain fluent, direct and transparent dialogue with them.	✓	The contractor audit program was conducted and, when necessary, agreements were made with contractors to improve any detected weaknesses.
Nitrate History and Archeological Heritage		
Continue developing a work plan that allows for the recovery and dissemination of nitrate industry heritage. Continue to make progress on commitments to restoring and disseminating historical heritage in accordance with the Company's environmental studies	✓	The work plan for 2010 was carried out completely, including conducting external environmental audits in María Elena, maintaining fencing around off-limit and monitoring areas for protected heritage, and performing materials analysis studies to fulfill environmental commitments.
Education and Culture		
Continue providing programs that promote the greatest impact on community development.	✓	In 2010, activities were supported and financed to improve educational quality and accessibility in Toconao and Colonia Pintados, such as the psychoeducational program with the local municipality and digital literacy courses, as well as improvements in equipment and supplies for preschool and classrooms in Pintados. In terms of culture, the Company sponsored initiatives involving folk music and patron saint festivals to revitalize and add value to the local culture, as well as providing support for the Toconao Cultural Center and sports and recreational activities.

[*] Note:

Frequency Index (FI): Lost-time accidents per 200,000 working hours.

Combined Frequency Index (CFI): Lost-time and no-lost-time accidents per 200,000 working hours.

Severity Index (SI): Number of hours lost per 200,000 working hours

Social Development

Continue to finance competition for micro-entrepreneurs as a tool to foment local business development.	✓	In the 2010 version, out of 98 applications, nine projects were selected from the towns of Peine, Socaire, Camar, Toconao and San Pedro de Atacama.
Make further progress in the agricultural development program, "Atacama Fertile Land", developing a plan to strengthen the educational process at the Lickan Antai School, and using this place as a meeting point to teach technical management to participating farmers.	✓	At the Likan Antai Agricultural School in San Pedro de Atacama, we created an experimental production unit measuring 5,000 m ² where students were taught how to develop the area's main crops of interest using automated irrigation, nutrition and crop handling techniques. The school serves as a meeting place for activities with farmers and delegations from other schools to teach technical management of local crops. We continued to provide on-site support for farmers participating in the program from the various towns involved regarding crops and wine production techniques.

Environmental Management System

Continue to identify and control environmental aspects of the Company's production processes.	✓	SQM's Environmental Management System is based on internal environmental audits conducted on an ongoing basis that are intended to verify proper control of environmental commitments in environmental approvals for production processes and applicable environmental standards.
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Raw Materials and Inputs

Ensure compliance of inputs approved in Environmental Rating Resolution for production processes.	✓	Internal environmental audits confirm that consumption of inputs and raw materials complies with environmental approvals for production processes.
Sustainably use natural resources and production inputs and minimize the possible impact of production activities at all times	✓	Internal environmental audits confirm compliance with controls and measures necessary to ensure minimum impact of processes on natural resources.

Energy

Promote and work towards energy efficiency.	✓	SQM continued to participate in the Mining Industry Roundtable on Energy Efficiency in order to exchange experiences and good practices to promote and manage energy use. Internally, progress was made on defining and applying performance indicators for energy consumption and projects were developed to better manage energy consumption at our facilities.
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Emissions

Monitor emissions as part of the Company's environmental monitoring plans.	✓	All emissions and air quality monitoring contained in environmental monitoring plans was conducted.
Ensure compliance with measures in decontamination plans related to operating facilities.	✓	All measures established in the María Elena Environmental Decontamination Plan were executed. Measures were also implemented at the Port of Tocopilla in anticipation of the requirements of the Tocopilla Environmental Decontamination Plan.

Water

Conduct monitoring as part of the Company's environmental monitoring plans (Salar de Llamara and Salar de Atacama).	✓	100% of monitoring included in the environmental monitoring plans was conducted. Environmental monitoring plans were reviewed based on internal and external audits and the resulting recommendations were implemented.
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Biodiversity

Monitor flora and fauna as part of the Company's environmental monitoring plans (Salar de Llamara and Salar de Atacama).	✓	100% of flora and fauna monitoring included in the environmental monitoring plans was conducted. Environmental monitoring plans were reviewed based on internal and external audits and the resulting recommendations were implemented.
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Waste Management

Complete environmental (waste) training program.	✓	Employees were familiarized with the Hazardous Waste Management Plan for each facility, taught to properly segregate hazardous waste and shown the work and investments that the Company has made to comply with applicable standards.
Verify proper functioning of Hazardous Waste Management Plan.	✓	SQM has management plans and authorized storage areas. Compliance with these plans was verified through internal environmental audits.

Investments in Environmental Matters

Make investments necessary to maintain good environmental results by implementing opportunities for improvement that are detected.	✓	All environmental projects scheduled for 2010 were carried out. Also, the plan was reviewed every six months, adding projects for environmental improvements.
Ensure compliance with applicable regulations by performing internal environmental audits.	✓	The environmental audit program was completed 100%.

Our Customers

Recertification under ISO 9001:2008 for nitrate, iodine, lithium and Tocopilla port operations.	✓	The company RUV Rheiland audited production facilities for lithium, nitrates and iodine, including support areas in Santiago and storage and loading procedures at the Tocopilla port during October and November 2010 and, as a result, recertified these processes.
100% compliance with 2009 operational excellence program as defined by operations management.	✓	Quality performance indicators remained within defined ranges even in the face of certain difficulties stemming from strong increases in production and external effects (inputs, suppliers).
Provide information (surveys, forms, etc.) requested by our customers in a timely manner and organize plant visits when necessary.	✓	We received and completed 19 surveys during 2010. Quality audits with four customers—two iodine customers and two nitrate customers—were verified.
100% completion of REACH implementation program.	✓	The 13 products considered for 2010 were registered before the deadline set by the European Union.

RELATIONS WITH ORGANIZATIONS AND INSTITUTIONS

SQM worked in conjunction with diverse organizations in order to obtain greater synergies and better results, collaborating primarily with: Antofagasta Industrial Association (AIA) – General member and board member

- Iquique Industrial Association (AII) – **General member**
- Potassium Nitrate Association (PNA, International) – **General member and board member**
- Chilean Chemical Industry Association (ASIQUM) – **General member and board member**
- International Fertilizer Association (IFA) – **General member**
- Chilean-Chinese Chamber of Commerce, Industry and Tourism – **General member**
- American-Chilean Chamber of Commerce (AMCHAM) – **General member**
- Center for Public Studies – **Contributor**
- CODETIA – **General member and board member**
- Chacabuco Nitrates Museum Foundation – **Contributor**
- Crea Más Foundation – **Contributor**
- Public Affairs Foundation – **Contributor**
- Humberstone Nitrate Museum Foundation – **Contributor**
- Huanchaca Ruins Foundation – **Contributor**
- Hogar de Cristo – **Contributor**
- International Plant Nutrition Institute (IPNI) – **General member**
- Mining Industry Roundtable on Energy Efficiency – **General member**
- Municipalities of María Elena, San Pedro de Atacama, Tocopilla and Pozo Almonte – **Contributor/Collaborative Agreement**
- Pontificia Universidad Católica de Chile – **Collaborative Agreement**
- The Chilean Federation of Industry (SOFOFA) – **General member**
- National Mining Society (SONAMI) – **General member and board member**
- Sulphate of Potash Information Board (SOPIB) – **General member**
- Universidad Católica del Norte – **Collaborative Agreement**
- Universidad de Chile – **Collaborative Agreement**
- Universidad de Santiago de Chile – **Collaborative Agreement**

Note:

General member: Implies involvement in organization's decision making in addition to providing financing.

Collaborative Agreement: A formal agreement exists establishing some type of periodic contribution.

Contributor: Involves specific contributions for a particular matter.

REPORT PARAMETERS

This report contains information on SQM's sustainability management, particularly regarding its performance in environmental, financial and community matters at all of the Company's operations in Chile between January 1, 2010 and December 31, 2010. It was prepared using the version 3 (G3) guidelines from the Global Reporting Initiative. The indicators to be considered were defined by SQM's employees that have ongoing relationships with stakeholders. These individuals were also responsible for gathering the information for each indicator. As this is our second report using this system, we did not have the necessary information

to perform a comparative three-year analysis for certain indicators. In addition, given the nature of SQM's business, some information is deemed confidential and cannot be disclosed. Lastly, we have classified this report as Level B and have put forth special effort to define its content and go into depth on each issue.

SQM has chosen not to externally verify this report; however, it has done a thorough job at gathering information and providing auditable content that has been verified internally.

STAKEHOLDERS

SQM conducted a study involving a variety of individuals within the organization to identify its stakeholders; from this study, it determined which persons or groups of persons could influence or be affected by the Company's activities based on

their different needs, interests, expectations and involvement with the Company.

The following stakeholders have been identified:

Stakeholders	Our People	Shareholders	Customers	Community	
Who they Are	Company employees.	Contractors and suppliers of goods and services.	The Company's main shareholders, series A and B.	Farmers, pharmaceutical, automotive and technology companies, among others.	Residents of communities near our operations: María Elena, Quillagua, San Pedro de Atacama, Toconao, Socaire, Peine, Talabre, Camar, Tocopilla, Pozo Almonte, Pintados, Iquique and Antofagasta; including the respective local and regional authorities.
Interests and Expectations	Compensation and benefits, health and safety, quality of life, professional development, information on the Company.	Payments for goods and services under agreed-upon terms and conditions, transparent bidding processes.	Capitalization of their investments and financial results that ensure the Company's long-term sustainability.	Compliance with supply and product quality commitments within agreed-upon deadlines.	Creation of direct and indirect employment, support of community's social and economic development, respect for the environment.
Main Forms of Involvement	Periodic meetings with labor unions, internal communications, meetings with the CEO, Vice-Presidents and Managers.	Meetings with personnel from Procurement and Operations Departments that provide services, on-going safety training for contractor employees, induction courses	Meetings with the Board of Directors, information sent to shareholders on regular basis, annual reports, plant visits.	Periodic visits to customers, SQM plant visits for customers and product-related surveys.	Fluent communication via periodic meetings with representatives/leaders, plant visits, participation on working groups and local task forces, participation in community activities. SQM has a Community Relations Department and a Communications Department to improve relations with local communities. Open communication with authorities and community representatives.

In 2009, SQM identified its stakeholders and the issues of greatest importance to them, as well as its own interests and expectations.

In 2010, the Company obtained comments and feedback on the prior year report from some stakeholders. These opinions are very valuable to improving both the report and the sustainable management efforts behind the report. Interviewees highlighted the importance of learning about SQM's operations and its

product line in detail. They also showed interest in environmental and community development information. In terms of format, feedback received highlighted the report's good use of photographs and its colorful, clear presentation. Some suggestions recommended including more detail on contributions made to neighboring communities and including photographs and commentary on the beneficiaries. These suggestions were incorporated into this report.



Youth from María Elena enjoying the desert summer.

FINANCIAL RESULTS



SQM is constantly aiming to identify opportunities to improve its production processes, strengthen its competitive position and create value for its shareholders. These efforts have led the Company to continuously expand its product offering within its main business lines: specialty plant nutrition; iodine and derivatives; lithium and derivatives; potassium and industrial chemicals. In the first three segments, SQM is the market's largest producer.

This leadership and the Company's positive long-term prospects are based on three key pillars:

- Sustainable development of unique, vast and high-quality natural resources.
- Low production costs throughout all business areas.
- First-rate human capital





Prilled Iodine.

OUR BUSINESS

As an integrated producer of specialty fertilizers and chemicals, SQM enjoys important competitive advantages that have afforded it significant growth, such as expansion of its potassium products, where the Company has steadily increased its presence. This growth in the potassium chloride market is expected to continue and to significantly impact results in the coming years.

SQM's global leadership in its main markets is rooted in the following factors that are key to the success of its business:

- Vast natural resources, whose location, ease of extraction and chemical composition make them unique in the world.
- Significant economies of scale in its different business areas, affording major cost advantages over its competitors.
- Important synergies between our natural resources: caliche ore and brines.
- Flexible production processes that complement each other.
- Global presence through an extensive distribution and sales network.
- Participation in markets with high growth potential.



Prilled potassium nitrate.



Lithium carbonate.



Prilled sodium nitrate.

FINANCIAL RESULTS 2010

SQM reported net income of US\$382.1 million (US\$1.45 per share) in 2010, 13.0% higher than in 2009 when net income was US\$338.3 million⁽¹⁾ (US\$1.29 per share).

Solid earnings were posted in 2010 because market conditions in all business lines exceeded initial expectations for the year, leaving behind the low levels in 2009.

For 2011, expectations call for moderate growth in comparison to the recovery seen in 2010 as the market returns to historic levels of expansion. SQM remains specially positioned to take advantage of this growth and fully committed to capitalize on its competitive advantages.

Specialty Plant Nutrition (by volume)		2010	2009	2010/2009	
Sodium nitrate	Mton	16.8	16.5	0.3	1%
Potassium nitrate and sodium potassium nitrate	Mton	546.2	392.1	154.0	39%
Specialty mixtures	Mton	164.8	174.6	-9.8	-6%
Other non-SQM specialty fertilizers (*)	Mton	87.6	82.3	5.2	6%
(*) Includes principally sales of other specialty fertilizers					
Iodine and Iodine Derivatives (by volume)					
Iodine and iodine derivatives	Mton	11.9	7.2	4.8	67%
Lithium and Lithium Derivatives (by volume)					
Lithium and lithium derivatives	Mton	32.4	21.3	11.1	52%
Potassium (by volume)					
Potassium chloride and potassium sulfate	Mton	1,273.0	690.0	583.0	84%
Industrial Chemicals (by volume)					
Industrial nitrates	Mton	198.9	149.2	49.7	33%
Boric acid	Mton	2.6	3.4	-0.8	-22%

⁽¹⁾The "SQM Sustainability Report 2009" indicates net income for 2009 of US\$327.1 million, which differs from the figure in this report because the Company changed from Chilean GAAP to IFRS in 2010. These two sets of accounting standards have different account classification criteria.

The favorable scenario experienced in 2010 encouraged SQM to invest and expand, including major investments to increase the production capacity of potassium products from the Salar de Atacama, as well as efforts to finalize construction on the new potassium nitrate plant in Coya Sur, which should

help reduce production costs and more efficiently use natural resources.

The following section summarizes how SQM has generated wealth for its diverse stakeholders and how it has distributed this wealth.

Generation and Distribution of Added Value ⁽¹⁾	2010	2009 ⁽²⁾
Economic Value Generated (ThUS\$)		
Sales	1,830,413	1,438,659
Financial income	8,787	7,839
Other non-operating income	3,162	3,318
Total Income	1,842,362	1,449,816
Economic Value Distributed (ThUS\$)		
Operating expenses	1,176,979	935,650
Payments to providers of capital	828,705	609,477
Payments to government	69,650	56,045
Total Economic Value Distributed	2,075,334	1,601,172
Economic Value Retained (ThUS\$)	(232,972)	(151,355)

⁽¹⁾ This table was prepared using the consolidated financial statements of Sociedad Química y Minera de Chile S.A. and subsidiaries as of December 31, 2010 and 2009, audited by Ernst & Young, published in the 2010 Annual Report and available at www.sqm.com.

⁽²⁾ The 2009 values in the SQM Sustainability Report 2009 differ from the figures presented in this table. These differences stem from the change in accounting standards from Chilean GAAP to IFRS in 2010. These two sets of accounting standards have different account classification criteria. Therefore, 2009 values were changed to make them comparable with 2010 figures.

Of the total economic value distributed in 2010, 6.6% corresponds to wages and benefits for SQM

employees, 0.1% to community investments and 0.2% to environmental investments.

SIGNIFICANT FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

	2010	2009	2008
Employee training tax credit (Sence)	1,100.65	893.19	588.27
Credits and donations	565.87	122.96	573.12
Mining license	NA	-	49.11
Property, plant and equipment tax credit	131.09	99.18	163.97
Total (ThUS\$)	1,798	1,115	1,374

This does not include mandatory monthly provisional tax payments or mining industry monthly provisional tax payments.

CONTRACTOR EXPENSES

In 2010, SQM did business with more than 700 contractors for approximately US\$350 million. More than 85% of these contractors are located in the Metropolitan, Tarapacá and Antofagasta Regions. In

2010, the Company also purchased goods for around US\$280 million from more than 1,500 suppliers, 87% of which are located in the Metropolitan, Tarapacá and Antofagasta Regions.



Commitments for 2011

- To achieve the greatest return for shareholders through responsible and efficient management that ensures long-term profitability.

OUR PEOPLE



The Company's human capital is the foundation for its development. As a result, SQM values the skills of the men and women that work at its diverse facilities, ensuring that all work is performed in accordance with solid principles of respect and care for the health and physical integrity of each employee and partner.

SQM is always concerned with maintaining an exceptional, motivated team committed to the Company's progress, creating personal and professional development opportunities, recognizing that a good corporate climate is fundamental to the success of the entire organization and that the participation and interest of all individuals is necessary to attain such a climate.

At SQM, we value the life and health of each individual above all else. Each person that works at SQM's facilities is also committed to this value.

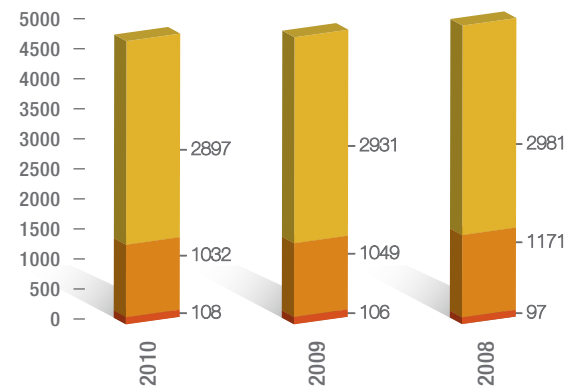
EMPLOYEE PROFILE

SQM boasts a first-class team of men and women that perform various functions within the company. The Company uses three internal classifications for its employees: general employees, supervisors and executives.

As of December 31, 2010, SQM had 4,037 employees.

EMPLOYEES BY TYPE

- General employees
- Supervisors
- Executives



Pedro de Valdivia, Antofagasta Region.



Nueva Victoria, Tarapacá Region.

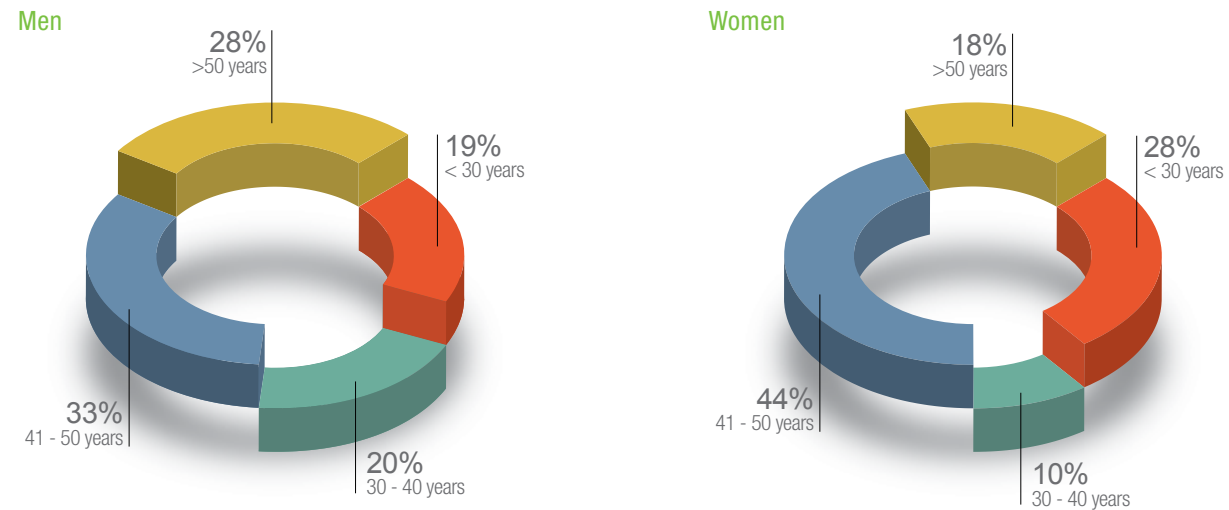
SQM values hiring local employees from the towns where it operates. For this reason, 90% of employees are from the Tarapacá and Antofagasta Regions, where production facilities are located, and another 10% are from the Metropolitan Region. At the executive level, 45% are from the Tarapacá and Antofagasta Regions while 55% are from the Metropolitan Region.

Of the Company's worldwide personnel, 12% are women, while 11% of its personnel in Chile are women. They perform functions as diverse as: heavy machinery operator, laboratory analyst, administrative assistant, plant supervisor and

manager, among others. The percentage of women employed by SQM is 7.5% greater than the mining industry average in Chile and the result of an open, non-discriminatory recruiting policy in accordance with the Code of Ethics.

On a related note, the Ministry of Mining, together with SERNAM, the Chilean national women's authority, named SQM's Sustainable Development and Public Affairs Senior Vice President, Pauline De Vidts, "Outstanding Woman in Mining Industry 2010", reflecting SQM's commitment to the professional development of all of its employees.

SQM PERSONNEL AS OF DECEMBER 31, 2010 BY AGE AND GENDER



Heavy machinery operator at the El Toco mine.



Treasury Department offices in Santiago.

Given interest from younger individuals to join a company with very diverse processes and potential to develop their careers in different areas within the Company, 39% of SQM's workforce is under 40 years old.

Of the Company's total employees as of year-end 2010, 3,956 had open-term contracts and 81 had fixed-term contracts, equivalent to 98% and 2%, respectively.

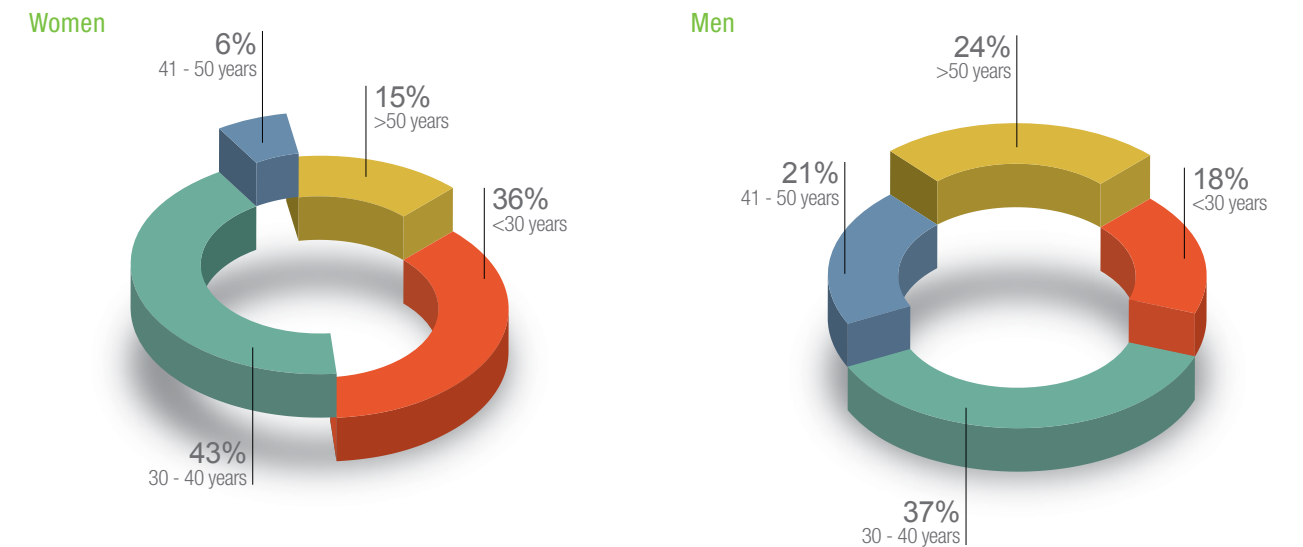
During 2010, 26% of SQM's employees left the Company. Of this figure, 89% were men and 11% were women. This figure is 90% greater than in 2009 due to the temporary close of production facilities at Pampa Blanca and El Toco, where scheduled

layoffs took place. Dismissed employees were given benefits that exceeded legal requirements as well as the option to apply for new positions at other Company facilities. The variation in the rotation rate* for the period was -1% (-3.49% in 2009), while the absenteeism rate** reached 3.20% in 2010 (2.72% in 2009).

(*) Rotation rate = (total entries-total exits)/(average workforce)

(**) Absenteeism rate = (average total hours of absenteeism per worker per month/working day of each worker)/(monthly average workforce)

EMPLOYEE TURNOVER DURING 2010 (BY AGE AND GENDER)



RELATIONSHIP WITH OUR EMPLOYEES

COLLECTIVE BARGAINING

As of December 2010, 2,792 employees, or 69%, were covered by a collective bargaining agreement. SQM has good relations with its labor unions, which has enabled it to successfully navigate negotiations processes.

In addition to the compensation agreements reached during each negotiation, SQM revises each supervisor's salary annually based on comparative wage studies that include other mining companies and businesses from other industries. This process provides for clear and transparent dialogue when determining salaries.

Worker safety is a major concern that the Company shares with its unions, reaching favorable

agreements to mutually collaborate on this matter. As a result, safety and food commissions have been formed, consisting of union leaders and supervised by management, to complement the work of the Joint Committees. These commissions conduct periodic plant visits, issuing reports on situations that require attention and subsequently monitoring improvements implemented.

Worker representatives from the diverse joint committees take part in inspections, audits and investigations of safety and health-related accidents. Workers also have access to complaint mechanisms and have the right to refuse to perform hazardous tasks.



Employee housing in María Elena, Antofagasta Region.

Safety Commission during an inspection of Nueva Victoria, Tarapacá Region.



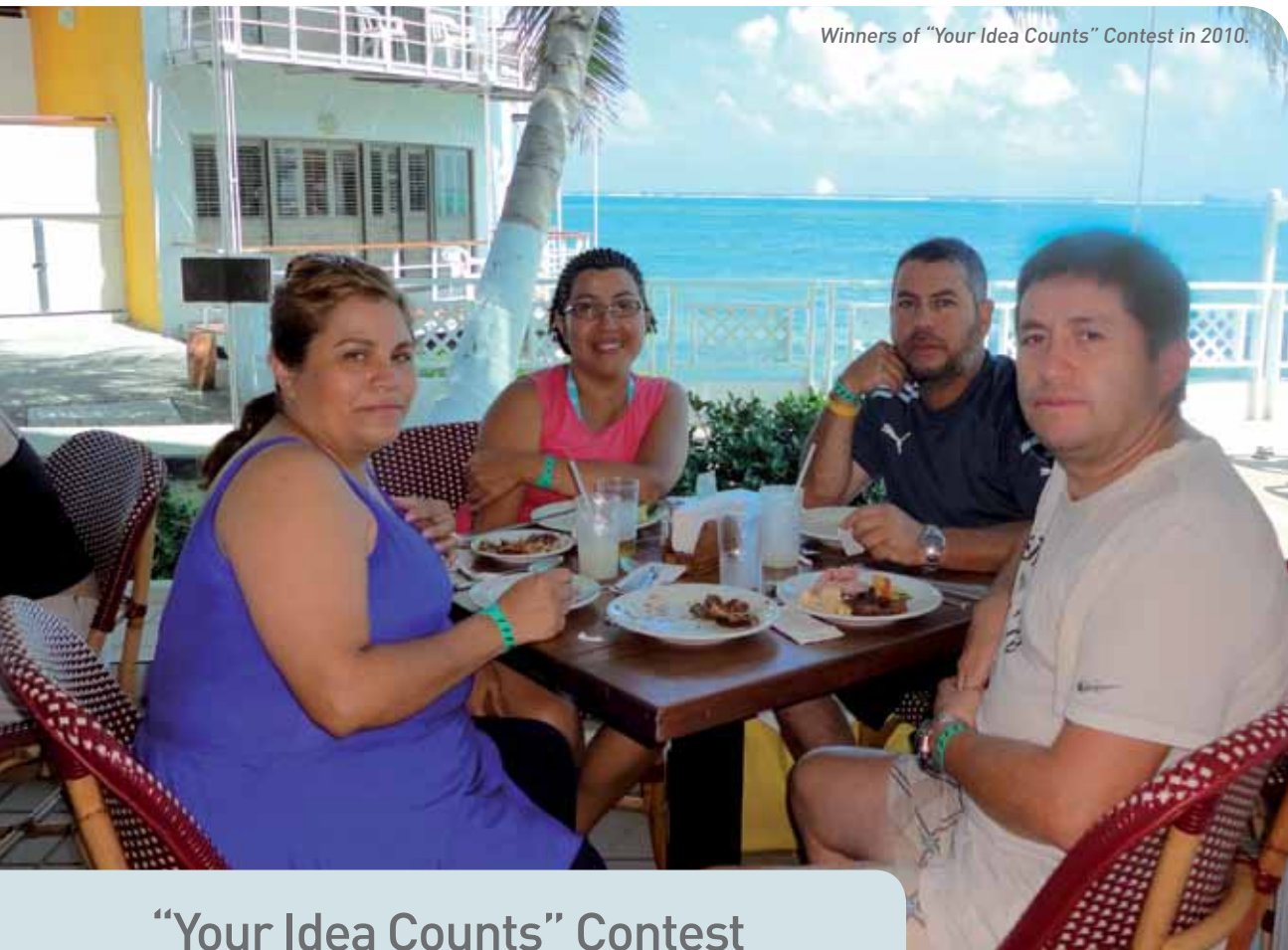
All employees enjoy the following benefits:

- National holiday and Christmas bonuses.
- Special education, funeral assistance, birth and wedding bonuses.
- Special leave for death, marriage and moving.
- Total and permanent disability, life and major medical insurance.
- Staff severance indemnity for resignation of employees with more than three years at the Company.

- Scholarships for children of employees achieving academic excellence in school.
- University and graduate-level scholarships for outstanding employees.

In 2010, the Company continued to make investments in its camps, together with an extensive recreation program, which have substantially improved quality of life for hundreds of workers that commute to the different SQM operations to work.

Also, in June 2010, the Company measured its corporate climate, confirming worker satisfaction levels of 68%. The survey included 2,080 individuals.



Winners of "Your Idea Counts" Contest in 2010.



One of the winners of the Caribbean vacation in 2010.



Winners of "Your Idea Counts" Contest in 2009.

"Your Idea Counts" Contest

As a way to encourage all employees to make continuous improvements to their respective workplaces, since 2008 SQM has held the "Your Idea Counts" Contest. The initiative recognizes that workers themselves best know their areas and production processes and, as a result, values their contributions in risk prevention, savings and productivity matters.

The contest looks to identify proposals in three areas that are of great interest to the Company:

SAFETY: Ideas that improve safety conditions in the workplace or for tasks being performed.

PRODUCTIVITY: Ideas that improve the outcome of an operation in order to reach proposed goals without neglecting worker safety in that area.

SAVINGS: Ideas that reduce the costs of an operation or function without neglecting outcomes or worker safety in that area.

One of the program's most important features is that it recognizes not only those projects selected as winners, but also each person presenting an idea.

All winning ideas are implemented and their authors receive a monetary prize. The three best ideas each year win a week-long Caribbean vacation for two at an all-inclusive resort.

In the contest's three years, more than 570 ideas have been submitted, with 162 individuals from the general and supervisor levels receiving awards.



Maintenance Certificate 2010, where nearly 70% of participants were recognized for having perfect attendance.

PROFESSIONAL DEVELOPMENT AND TRAINING

One of SQM's key objectives is that its workers consider themselves trained to perform their jobs efficiently and have access to professional development opportunities without overlooking personal growth. The Company encourages its workers to interact with neighboring communities, assisting them through existing programs.

As an incentive for high-performing employees, SQM grants university and graduate-level scholarships to improve skills and enhance personal and professional development. It also provides scholarships to children of employees. In 2010, 13 scholarships were given to employees and 26 to children of employees.

In pursuit of opportunities for personal growth for its workers, since 2002 SQM has carried out an annual program in which four grants are awarded to winning projects presented by employees, allowing them to develop social projects in benefit of the community. The resulting interaction gives employees direct involvement with individuals from neighboring communities, creating a close tie that enriches both parties.

The workers that volunteer with the SQM – Hogar de Cristo project deserve special mention: These individuals have participated for many years in social activities to benefit at-risk children. In Antofagasta, this volunteer corps works regularly with children from the Padre Alberto Hurtado Preschool, showering them with attention during each visit. The volunteer corps is made up of a group of SQM employees, motivated simply to help these children with their educational and personal development, selflessly taking part in numerous activities such as festivities for Christmas, Children's Day and Easter, in addition to ongoing projects to improve the center's facilities.

In accordance with its policy to constantly improve its employees' skills, SQM trained 3,106 of its workers in 2010, totaling 54,923 training hours.

The training program's core themes included:

- Risk prevention
- Coursework and specific technical workshops by operating area
- Induction

TRAINING HOURS BY CATEGORY IN 2010

Professional Category	Hours	Training Hours/Total Employees per Category
Facility and machinery operators and assemblers	12,357	9.2
Administrative personnel	1,627	9.1
Management personnel	1,401	17.5
Professionals	14,036	14.8
Technicians	3,624	9.2
Skilled workers	20,178	21.8
Unskilled workers	1,700	9.7
	54,923	



Training at María Elena, Antofagasta Region.

Another key concern for SQM involves managing and developing all personnel within the organization, which is why the Company conducts performance evaluations for all employees, an initiative that also helps employees commit to their performance and professional development. These evaluations identify the progress and contributions of each employee in their role within the organization, making it an important tool for people management and continuous improvement.



In 2010, 39 individuals were recognized for their work commitment during Labor Day ceremonies.



26 children of employees were recognized for their achievement in undergraduate studies with SQM's Academic Excellence Scholarship.



"La Rojita de Tocopilla" was one of the projects that benefited from an SQM grant. The contribution will support the integral development of the town's children and youth, several of whom are shown here.



Thanks to an SQM grant, the infrastructure at the Padre Alberto Hurtado Preschool in Antofagasta has improved considerably.

SQM Employees Lend a Hand to the Community

OUR EMPLOYEES SUPPORT THE COMMUNITY

In 2010, a total of four community projects led by SQM employees benefited from an SQM grant as part of the program "Lend a Hand to your Community". The Company has given grants like these for the past nine years to the best initiatives that contribute to the development of the communities near its production facilities.

Because of these grants, the soccer field in the El Salitre neighborhood of Pozo Almonte is a safer and more pleasant place to play thanks to a new perimeter fence and green areas as well as other elements that make it an enjoyable recreational area for the community.

A new psychomotor function and early intervention room at the Padre Alberto Hurtado Preschool, run by Hogar de Cristo in Antofagasta, is another of the 2010 projects that will cultivate each child's skills and provide the necessary preventative tools for their educational development.

A grant in the district of Tocopilla will give a major boost to local sports by fully equipping the Youth Soccer League "La Rojita de Tocopilla" and, as a result, encouraging the children to play sports and have some wholesome fun.

Culture and the arts will also benefit from these SQM grants. In and around Toconao funds were given to promote classical ballet and dance, which will foster the physical mobility, artistic skills and culture of local residents.

These projects, conceived by employees, not only enable them to participate and identify opportunities for improvement in their surroundings, but also to foster the economic and social development of the communities near production facilities and improve the quality of life of their residents.



SAFETY

Another fundamental value at SQM is the safety of its employees and partners; **a job well done is a job done safely** and no operating goal justifies exposing a worker to uncontrolled risk. With this in mind, SQM has labored systematically to continuously improve risk prevention, leading to consistent decreases in its accidentability indices from 2004 until now. However, it has still not achieved suitable outcomes as serious accidents occurred this year, causing the Company to intensify efforts to attain the zero accident record it strives for.

SAFETY AND OCCUPATIONAL HEALTH MANAGEMENT SYSTEM

SQM's Safety and Occupational Health Management System is designed to provide the necessary internal elements to continuously improve thanks to ongoing planning, control and improvement of tasks performed.

This management system was implemented as part of the Competitive Company Program (CCP), offered by Mutual de Seguridad to affiliated businesses. The program's main objective is to permanently and systematically reduce work-related accidents and professional illnesses, emphasizing participation from the entire organization.

The CCP defines responsibilities at each organizational level for carrying out professional risk prevention activities through the following modules:

- Executive Risk Control Committee
- Joint Committee on Hygiene and Safety
- Supervisor Activities
- Training and Skills
- Working Conditions
- Personal Protective Equipment
- Laws and Other Provisions
- Emergency Plan
- Control of Contractors and Subcontractors
- Occupational Hygiene and Health

The first three elements are the basis for this system as they encompass the activities that ensure the program's success, among which on-site activities of the Joint Committees and leadership from executives and supervisors are key.

As in prior years, each operating facility underwent audits by Mutual de Seguridad in 2010 as part of this program to verify compliance with requirements. These audits enabled SQM to remain certified with excellent ratings at each of its facilities.

For years, the main aspects that helped SQM obtain this certification have included ongoing training of all company personnel and employees of contractors, the use of management tools to integrate risk prevention into daily operations and adherence by workers and supervisors to a preventative culture under the motto **"Done Safely, Well Done"**.

JOINT EFFORTS

Each and every one of the individuals working within SQM needs to understand that they must be active participants in order to improve health and safety conditions within the organization.

Part of this involvement is through various commissions and committees that meet regularly, which have achieved good results.

Joint Committee on Hygiene and Safety

In accordance with the Law on Subcontracting and Providing Temporary Services, in 2010 the Company had 16 Joint Committees on Hygiene and Safety functioning in María Elena, Pedro de Valdivia, Coya Sur, Tocopilla, Pampa Blanca, Nueva Victoria, Salar de Atacama, Antofagasta, Santiago and Salar del Carmen.

Committees formed for specific projects include representatives from contractors to ensure adequate representation of the individuals working on each respective project. The committees consist of six labor representatives—three members and three

alternates. In all, 96 workers participate on these committees, in addition to 12 union representatives on the Safety Commission, which gives a total of 108 employees taking part in these committees in representation of all SQM workers.

Safety and Food Commissions

SQM's union leaders have made a valuable contribution to risk control activities at its facilities by forming commissions, playing a leading role in the Company's daily tasks on such matters.

SQM has Safety Commissions and Food Commissions comprised of leaders from diverse unions. They work in parallel with the Joint Committees on Hygiene and Safety, conducting periodic visits of the Company's facilities to monitor and detect conditions that could be improved. During these visits, reports are drawn up and commitments are made with the Company to implement measures when appropriate. The Food Commissions review and monitor conditions in cafeterias and dining halls.

Coordination by the different joint committees during accident and tsunami drills is key in detecting opportunities for improvement and avoiding accidents.



Talk with families by Joint Committee members.



Evacuation drill at Antofagasta office.



Part of the emergency response team at María Elena, Antofagasta Region.

Joint Committees: An Integral Contribution to Safety

The work performed by the Joint Committees on Hygiene and Safety is crucial to systematically improving performance at SQM. In addition to addressing specific issues based on the needs and realities of each location, the committees also organize campaigns on sun protection, defensive driving, seatbelt use in buses, safe celebrations for the national holidays, Christmas and New Year as well as give talks on fire extinguisher use and first aid, among other activities—tasks that stand out because they are targeted not only toward SQM workers but also toward contractor employees, the workers' families and the community.

The social outreach efforts of these committees also deserve special mention, including talks with families of employees and the community regarding domestic matters like household budgeting,

internet safety for kids, beach and pool safety and tips on how to act in an emergency, use a fire extinguisher and perform first aid, among others.

The various committees also organize recreational activities for SQM families and contractor employees that address risk prevention themes, thus helping to promote self-protection not only at work but also at home and in life in general.

Another fundamental duty of these entities is to identify opportunities for improvement. As a result, the Joint Committees periodically inspect different areas within the Company, presenting proposals and obtaining tangible benefits.

SAFETY PERFORMANCE

In 2010, the downward trend in accidents seen since 2004 continued, reporting a record low frequency index. However, SQM's performance was far from favorable as the Company experienced two unfortunate accidents with fatalities, reflected in an increase in the severity index.

This sustained drop in frequency indices has been possible thanks to systematic plans and programs, solid leadership from the Company's management and a permanent commitment from supervisors, employees and contractors.

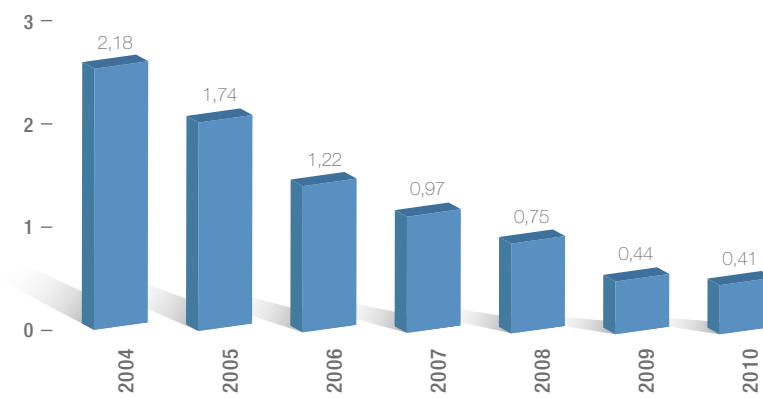
However, despite these efforts, the Company still has not attained suitable outcomes. In September 2010, six employees lost their lives in a tragic accident,

the cause of which is still under investigation. It was a painful event for all at the Company that calls everyone to adhere to standards intended to keep them safe.

As a result, the Company decided to reinforce its already intense training program, emphasizing familiarity with, understanding of and application of SQM's Basic Safety Rules for employees of both SQM and contractors.

SQM's Basic Safety Rules apply to activities that may be potentially dangerous to individuals should accidents occur while they are being performed. As a result, it is very important that these rules be properly followed during all appropriate activities.

EVOLUTION OF THE FREQUENCY INDEX



ACCIDENTABILITY INDICES FOR LAST 3 YEARS

	SQM Employees		Contractors		Total	
	FI	SI	FI	SI	FI	SI
2010	0.51	918	0.34	101.1	0.41	427.2
2009	0.42	148.2	0.45	103.6	0.44	121.9
2008	0.91	33.0	0.63	132	0.75	87.8

Note:
Frequency Index (FI): Lost-time accidents per 200,000 working hours.
Severity Index (SI): Number of hours lost per 200,000 working hours.



Supervisors conducting duties as part of the Visible Leadership Program, Pedro de Valdivia, Antofagasta Region.

As part of this program, the Company provided 24,227 training hours to SQM employees and 131,149 hours to contractor employees in 2010.

Total days lost because of accidents including load days—days lost equivalents for certain events (e.g. 6,000 days are added per fatal accident)—amounted to 44,023 in 2010 versus 13,467 in 2009.

In terms of professional illnesses, six cases were registered in 2010: two of hypoacusia, one of epicondylitis and three of silicosis. Therefore, SQM's professional illness rate in 2010 was 0.14.

Preserving the health and integrity of each employee is a priority commitment for SQM. As a result, the Company works to guarantee ongoing compliance with occupational health programs, with a special department that advises on and coordinates execution of medical exams with Mutual de Seguridad for early detection of professional illnesses. In addition, the

Company encourages employee training on exposure to risks that may affect health and the proper use of all personal protective equipment so that they are aware that the equipment's sole purpose is to protect them.

The risk inventory conducted by employees from both SQM and contractors before beginning any job is very important as it allows them to define required control measures. Likewise, each new hire or relocated employee must be instructed by his direct supervisor as to the risks of his job and the relevant control measures.

Every worker that enters SQM, either as an employee or contractor, must attend an induction course in which they learn about risk agents that can cause professional illnesses and the relevant preventative measures. In 2010, 9,312 individuals attended this course.

OUR CONTRACTORS

A considerable portion of the workers at SQM facilities are employed by contractors, specifically 6,300 individuals in 2010 in both operations and projects. This figure is 6% less than the 6,696 external workers in 2009. The decrease is due primarily to some services being internalized, construction ending on some projects and operations being stopped at El Toco and Pampa Blanca.

SQM strives to maintain a fluid and close relationship with its contractors and requires their work to adhere to SQM's principles on safety, labor rights and ethical behavior.

SQM also has a monthly monitoring system for contractors regarding labor and safety matters, which evaluates the following variables, among others:



Contractors at Coya Sur Prilling Plant, Antofagasta Region.



SQM and contractor employees working together. María Elena, Antofagasta Region.

Labor Variables

- Compliance with certificate of labor and social security obligations
- Compliance with Labor Control Service audits
- Infractions identified by labor authorities
- Presentation of duly executed termination agreements

Health and Safety Variables

- Personnel safety
- Personnel health
- Basic sanitary and environmental conditions in the workplace
- Safety and health management system
- Formation and operation of Joint Committees

The information generated by this monitoring system for contractors provides SQM with a monthly evaluation and rating for each company, which is examined in detail by the managers in charge of the respective contracts to ensure that these companies' performances in labor and safety matters meet SQM's standards.

A special safety training course was conducted for workers from the diverse companies that provide services for SQM, totaling 131,149 training hours for 32,140 contractors.



Commitments for 2011

Our People

- Definición e implementación de planes de acción transversales y específicos para mantener y mejorar el ambiente laboral en la Compañía.
- Define and implement general and specific action plans to maintain and improve the Company's workplace setting.
- Comply with the annual employee training plan.
- Grant university and graduate-level scholarships for outstanding employees and managers. Give scholarships to children of employees enrolled in higher education programs.
- Continue to carry out the SQM Employee Grant Program, thereby strengthening ties with neighboring communities.

Safety

- Make progress towards "zero accidents" in operations, meeting goals of FI < 0.30; FIC < 0.70; SI < 16 (indices based on 200,000 man hours).
- Comply with requirements of Competitive Company Program, increase supervisory leadership activities and reportability of indices. Complete risk prevention audit program.

Contractors

- Monitor contractors using audits to ensure compliance with SQM standards in performing their work and maintain fluent, direct dialogue with them so that their actions are aligned with SQM's safety and health objectives.

OUR NEIGHBORS



SQM's principal interest lies in being a good neighbor to the inhabitants of the towns near its operations, creating long-term relationships based on respect and trust that result in mutual growth. To do so, the Company maintains open, ongoing communication with authorities and residents of each town near its facilities, promoting economic and social development by working together on projects and activities to improve their quality of life. To ensure that this objective is met, the following three major themes have been defined to focus the support the Company provides to neighboring communities:

- Cultural heritage: to restore, conserve and spread the legacy of the nitrate industry from which SQM inherited its heritage, and promote the value of and draw attention to the Atacama and Aymara cultures.
- Education and culture: to develop neighboring communities based on integrated education of future generations.
- Social development: to foment entrepreneurship of economically sustainable activities that allow for long-term local development.

CULTURAL HERITAGE

SQM values Chile's nitrate history and, as a result, has placed special emphasis on recovering its cultural heritage and spreading its legacy. The Company participates in the Chacabuco Foundation, a non-profit organization responsible for the restoration and conservation of the former Chacabuco office. It supports this foundation by funding monthly operating expenses and organizing cultural activities to promote it as a tourist attraction.

Along the same lines, SQM supports the Nitrates Museum Foundation, which has taken charge of restoring the former Humberstone and Santa Laura nitrate offices. SQM assists with a portion of the foundation's monthly operating expenses and participates in larger projects such as cleaning and restoring the Humberstone Market and the Humberstone and Santa Laura industrial zones. As a result of its efforts, SQM has helped restore the abandoned properties—part of which was even buried under meters of earth and debris. This important work, together with a commemorative exhibit on the

nitrate industry and its place in the world markets of that time, have helped increase tourism and thus generated new resources to manage these nitrate enclaves.

As in prior years, the Company also provided support for a local festival that takes place the first Sunday in June in the old Pedro de Valdivia nitrates office where former residents return to the city to celebrate its anniversary with parades, artistic performances and a Catholic mass.

Another initiative that SQM has spearheaded for local culture, supported by Antofagasta's El Mercurio newspaper, is the literary contest "Stories of the Pampa", which has attracted hundreds of participants in its three years, demonstrating the interest and creative energy of these hopeful writers. The jury for the competition is chaired by Hernán Rivera Letelier, known for both the accolades he has won and for his goal of rescuing and spreading the legacy of the nitrate industry and its cultural riches.

Former Santa Laura nitrate office.



Regional authorities, SQM executives and local residents at inauguration of Plaza Coya Sur in María Elena.



Omar Seura, President of Children and Friends of Coya Sur, is extremely proud to have a space to relive memories of his beloved Coya Sur office.

Renovation was completed on the Coya Sur Plaza in María Elena in 2010, which was inaugurated at a moving ceremony attended by regional authorities, employees and former residents of this nitrate town. The plaza's largest attraction is without a doubt the renovation work done on the historical "kiosk", built exclusively of Oregon pine, which continues to be one of the most representative emblems of the former Coya Sur nitrate town. At the end of the 20th century, the kiosk was the epicenter for all social gatherings, including impromptu open air concerts, but its shadow concealed deep secrets of the pampa residents, which is why a heavy sense of nostalgia permeated the air at the inauguration of this important piece of heritage. Its restoration will preserve in time a tremendously significant piece of nitrate history

and make it possible for tourists to learn more about the history of the pampa while residents, known as coyinos, relive memories of their lives in this nitrate office.

Beginning in 2009, SQM pledged to make a major contribution to the Huanchaca Ruins Foundation in Antofagasta over a four-year period. This foundation aids with the beautification and conservation of the Huanchaca Ruins, perpetuating the region's historical legacy, especially through the Desert Museum located within the cultural park that was inaugurated in May 2010. This contribution by the Company is consistent with its steadfast interest to preserve cultural and social heritage in the areas where it operates.

As a part of the environmental studies for its new projects in the area, SQM is working to register and protect pre-Hispanic and historical heritage sites, especially near María Elena and Nueva Victoria. These efforts include educational projects for the community, such as talks and traveling exhibits, and other measures to add value to places with unique heritage, using informational signs and self-guided paths. These initiatives are clearly designed to promote tourism focusing on the pampa culture and the ancestry of the area's indigenous peoples.

Cultural heritage is enriched by the multiple artistic expressions of the Atacama and Aymara peoples, which SQM has supported through initiatives to

highlight and disseminate this ancestral legacy, such as: assembling a folkloric music and dance group at the Pintados School, helping Atacama music and dance groups participate in various shows and festivals and organizing a well-known cultural exhibit "Tambo Andino" in Iquique and patron saint festivals in Quillagua and towns near the Salar de Atacama. The Company has also provided assistance to promote cultural practices and traditional products, such as corn for patasca stew in San Pedro de Atacama, improved shearing methods and crafts in Talabre, cactus handicrafts in Río Grande and installation of a workshop and showroom for handicrafts in Ayllú de Sequitor, San Pedro de Atacama.



Restored former train station at María Elena, Antofagasta Region.



First place winner of Stories of the Pampa contest in 2010.



Three winners and three honorable mentions were recognized as part of the 2010 version of Stories of the Pampa.



The best stories are published in a book donated to libraries throughout the country.

Stories of the Pampa

In conjunction with Antofagasta's El Mercurio newspaper, SQM organized the literary contest "Stories of the Pampa" for the third consecutive year as part of its corporate social responsibility activities. The competition attracted more than 350 participants who recreated diverse pampa stories involving the nitrates industry.

The contest aims to recover the past and cultural wealth of the nitrates industry through narrations from Chilean national or resident authors. This initiative stands out nationally because of the prizes awarded and the quality of the works submitted, which total almost 1,000 over the contest's three years.

Another special feature of the contest is its jury, comprised of historian Floreal Recabarren, the director of Antofagasta's El Mercurio, Mauro Robles, and SQM's Human Resources and Corporate Affairs Senior Vice President, Daniel Jiménez, and led by celebrated writer Hernán Rivera Letelier.

In addition to fomenting writing of pampa stories, SQM makes a major contribution to Chilean schoolchildren and society in general by publishing a special book containing the three winning and three honorable mention stories and donating it to various libraries and public schools.



The time capsules of Antofagasta's nine municipalities will be opened in María Elena for the tercentennial festivities.

In other matters, SQM organized three free concerts in the cities of Antofagasta, Iquique and María Elena to commemorate its 42 years and Chile's bicentennial. The shows featured well-known Chilean entertainers and musicians that performed for over 9,000 fans.

In addition, SQM worked together with the nine municipalities in the Antofagasta Region to celebrate the bicentennial by designing and creating time capsules. The nine capsules were given to the municipalities, which used resident surveys to select the objects that would be placed inside and preserved in a concrete vault built in the newly renewed Plazoleta Bicentenario, where they will await the Chilean tercentennial celebration in another hundred years and then be opened by future inhabitants of the area.

EDUCATION AND CULTURE

SKILL DEVELOPMENT

The co-op training programs developed by SQM aim to reinforce the primary human need to obtain new skills and broaden already acquired knowledge, which becomes especially important for those seeking new and better employment opportunities. The students that participate in this program split their time between the classroom and on-site work, guided by SQM professionals, where they can put into practice their knowledge of matters as varied as metallurgy, chemical analysis, electricity or geology,

based on their specialty. A strong training program is also developed through community scholarships in the towns where the Company is located.

At the same time, SQM continues to support the Human Capital Development Program conducted each year by Codetia, an organization that is part of the Antofagasta Industrial Association, which also organizes free courses for residents of the region.



Schoolchildren from María Elena at the time capsule ceremony.



Plant operator training for the Antofagasta community.



Co-op students benefit from their internships in the Salar de Atacama, Antofagasta Region.

SUPPORTING COMMUNITY EDUCATION

In the field of formal education, SQM has provided ongoing support to schools near its operations, committed to improving quality and equity in education. Initiatives worth highlighting include the Company's support for the past three years in hiring an educator for children with special needs in schools within the San Pedro de Atacama community. Furthermore, this support has helped equip specialized care facilities for psycho-educational therapy in the Toconao and Peine schools to better serve the children.

Also in San Pedro de Atacama, SQM has an agreement with the town of Socaire, by which the Company finances travel for all students who study outside the town, covering the bus fare so that children and youth can continue their secondary studies or higher education programs in San Pedro de Atacama, Calama and Antofagasta while maintaining regular contact with their families and friends.

The Company also continued to organize various workshops and activities in the former Toconao School, converted by SQM into a cultural center in 2009, where the town's diverse clubs now have space for events.

Every year SQM maintains support of well-known educational and recreational activities in the San Pedro de Atacama community such as the Multi-grade School Games, an annual activity which brings together all students from the Socaire, Talabre, Río Grande, Solor and Camar Schools; Solidary Christmas, a Christmas party for the children of the Toconao, Talabre, Camar, Socaire and Peine preschools organized by SQM; and the Summer Fun Program which organizes workshops and recreational activities for all children in the towns near its operations, including the Salar de Atacama, Quillagua, María Elena and Colonia Pintados.



Andean mural at primary school in Quillagua.

Also, SQM once again sponsored the Pintados School near Pozo Almonte, where SQM has made significant contributions by completely renovating the facilities, purchasing sports equipment and conducting courses, workshops and recreational activities for its students. Support for the Pintados School grew out of a project by workers in Nueva Victoria to create a reading room in 2008 using a grant from SQM. This grant program gave rise to an ongoing commitment from the Company and its workers with this town's educational community.

Another similar project is the Company's sponsorship of the Padre Alberto Hurtado Preschool in Antofagasta's Bonilla neighborhood, which belongs to the Hogar de Cristo foundation. SQM provides assistance through monthly contributions given to Hogar de Cristo's "1+1" campaign. The preschool also benefits from the unconditional help of the "SQM Corporate Volunteers", who have made improvements to the school building and participated in diverse activities with the children and their parents.

Another contribution that deserves mention stems from projects driven by employees and promoted by the Company so that its workers make a commitment

with the surrounding communities, such as installing and fully equipping a library with furniture, tables, chairs, bookshelves and educational material and equipping a game room with board, educational and motor games, dress-up clothes and other items for children to amuse themselves during recess at the Ignacio Carrera Pinto G-15 School in Quillagua. The initiative also included donating computers with English, Spanish and science programs as well as encyclopedias and the creation of an Andean-themed mural created by sculptor Gerardo Bravo as the backdrop.

This magnificent project was implemented thanks to one of the four community grants that SQM gives each year as part of its corporate social responsibility activities involving cultural heritage, social and educational development and culture. The most recent version of the grants program benefitted the communities of Quillagua, Peine, La Tirana and Toconao.

The Company also continued to provide financial support to the municipalities of San Pedro de Atacama and María Elena for local anniversary celebrations that attract many local participants.



Pintados neighbors receive certificates for their course in digital literacy, Tarapacá Region.



Students at Oasis del Desierto Primary School attending SQM's agriculture workshop, Tarapacá Region.

Folk music workshop for boys and girls from the Pintados School.



School garden with assistance from a local farmer.



Active participation from SGM employees at the Pintados School has created a beautiful friendship.

Oasis del Saber Primary School in Pintados: A Special Bond

Contributions to the Pintados School in 2010 are not targeted only towards academics as in prior years, but rather towards developing recreational activities for students, professors, parents and guardians to share meaningful moments.

In developing workshops to complement the academic curriculum, a folk music workshop was organized, donating musical instruments to the school band and hiring a music teacher to reawaken the children's musical abilities.

Music was the means used to recover the local cultural identity, closing the workshop by performing a traditional story in which the children narrated the local history of Pintados.

An agriculture workshop focused on strengthening the town's farming identity by growing vegetable crops for self-consumption as well as

melons. The boys and girls, guided and advised by a local farmer, learned and developed different farming techniques.

However, the workshops were not only targeted towards student. A digital literacy course was offered to parents and guardians, who learned computer basics in a practical forty-hour course—clearly an important tool for their daily lives.

The diverse recreational activities that the Company has organized in recent years also deserve mention. These include celebrations for Children's Day and Christmas that create a special bond between SGM workers, the children and their families.

"We are infinitely grateful to SGM and its people for the support we have received and the collaboration we have seen over the years for our school and its students", School Principal María Meza.

The heavy machinery course opened important doors for young people from María Elena.



Students of "Entrepreneurship in Catering" course.

Community Scholarships: Contributing to the Future

Aware of the importance of developing the skills of neighboring communities, SQM has put forth significant effort to provide job training for the diverse towns where it is located.

In 2010 alone, the Company trained 691 neighbors, who today have tangible tools that make them more employable, contributing to personal, family and community growth.

These courses were conducted using community and pre-hire scholarships, through the Chilean government's Sence organization, and also with corporate funding.

Each municipality played a key role, selecting the course subjects based on local needs and attracting participants.

The diverse subjects addressed in the training give students varied specializations, intended to not saturate particular job fields. Some of the courses offered include: Tour guide, security guard, plant operator, administrative assistant, catering, hairdressing, heavy machine operator, sports referee, English, professional cosmetologist, business development, management tools, food industry customer service, arc welding, basic accounting, etc.



"The children loved it because they do not have many other ways to have fun in the town," Antonia Mondaca, President of Talabre Neighborhood Association.



Juggling workshop for children and youth.



Mini-chefs learn about healthy eating and hygiene.

Summer Fun

As a way to help children have fun during the summer months, each year SQM organizes the Summer Fun Program in and around the towns of María Elena, Quillagua and Toconao.

The varied program includes numerous activities to entertain and educate the kids, building skills in different areas. During the program, the children are taken care of by counselors that teach them about science, cooking, arts and crafts, recycling, sports, balloon twisting, painting and other activities like recreational evenings and movie nights.

Also, during 2010, the Summer Fun Program featured a special magical tour from a circus theater company, which shared their acrobatic, juggling and trapeze skills with the boys and girls of Toconao, Quillagua, María Elena and Pozo Almonte. After these special workshops, where both children and teenagers learned these arts, the circus company gave a series of spectacular performances, open to the community, in each of the towns.



More than 9,000 people enjoyed the three bicentennial concerts that SQM organized free of charge in the cities of María Elena, Antofagasta and Iquique.

Bicentennial Concert

As part of Chile's bicentennial celebrations and SQM's 42nd anniversary, the Company organized a Bicentennial Concert Series featuring well-known Chilean singers and musicians performing for more than 9,000 people at three shows in María Elena, Iquique and Antofagasta.

The performances brought together the best of Latin American music with the voices of Nicole, Amaya Forch and Denisse Malebrán, accompanied by musical performances from Inti Illimani Histórico, Los Bipolares and 50 musicians from the Antofagasta Symphony Orchestra, conducted by Eduardo Gajardo Schmidlin. Performances included pieces from other countries celebrating 200 years of

independence like Colombia, Argentina and Mexico. The first show took place in María Elena, where the whole community gathered in the plaza to witness one of the year's most important events. The party continued in Antofagasta at the Huanchaca Ruins historical monument, a symbolic location that hosted 6,000 people enjoying a magical night. The tour culminated at the Iquique Municipal Theater. With the façade of an imposing building characteristic of the golden nitrates era serving as the backdrop, the concert brought together thousands of people to say farewell to this grand concert series that was calling on northern Chile for the first time.



Iquique neighbors delighted in a special bicentennial concert.

SOCIAL DEVELOPMENT

In San Pedro de Atacama, for the fourth consecutive year, the Company allocated resources to local micro-entrepreneurs to carry out their projects, which directly benefit community development. In 2010, a total of nine projects were awarded funds in San Pedro de Atacama and the surrounding towns in areas such as agriculture, livestock farming, traditional handicrafts, special-interest tourism and local impact businesses.

From year to year, the number of applicants has increased, reaching 98 in 2010, or 21% more than the prior year, which reaffirms this program's importance in the local community and the interest it has prompted. In its four years in existence, the program has funded 32 micro-entrepreneurial initiatives in the towns of Peine, Socaire, Camar, Toconao and San Pedro de Atacama proper, affording these communities major development possibilities.

The Micro-Entrepreneurial Funding Competition is developed in conjunction with the Municipality of San

Pedro and Servicio País (a Chilean social intervention program) which seeks to foster skill development among the community's residents, providing them with the capacity to shape their own future.

The winning projects in 2010 were:

- Implementing spray irrigation for alfalfa crops in Socaire.
- Using solar energy to heat a greenhouse used to produce vegetables and cooking and medicinal herbs in Sequitor.
- Purchasing mobile modules to promote traditional handicrafts nationally and internationally in San Pedro de Atacama.
- Enhancing the quality and productivity of vegetable gardens by rationally using water with a storage pond in San Pedro de Atacama.



Aliro Cruz installed automated irrigation in Socaire.



Héctor Cifuentes can now rationally use water for his crops.



Gladys Flores provides an important service in Camar with her new convenience store.

- Implementing an automated irrigation system by constructing a sealed well in Socaire.
- Enhancing services for Camar residents by implementing a local general store.
- Improving productivity at a seamstress shop by purchasing new equipment to expand sewing, alteration and design services that highlight local icons in San Pedro de Atacama.
- Building a greenhouse to produce fresh vegetables using hydroponic techniques in Peine.

- Improving traditional wine production equipment by purchasing machinery and inputs in Toconao.

Also in 2010, improvements were made to roads and informational signs along the tourist route in the Chaxa complex, an important center in the National Flamingo Reserve located near Toconao.

In the town of Quillagua, SQM continued to help with the supply of potable water as part of an agreement with the Municipality of María Elena. The Company also carried out the yearly cleaning of local irrigation canals in conjunction with the Irrigators' Association.



Ángel Puca enhanced his wine production equipment.



Catherina Holmgren installed solar heating in a greenhouse in Sequitor.



Spray irrigation project by Gabriel Varas.



María Valencia expanded her local icon design services.



Miguel Paz is now a hydroponic farmer.



Rubén Concha promotes Atacama handicrafts.

"The major contribution from this collaborative agreement is that it will serve to increase and improve our farm production", expresses community leader Orlando Ramos while showing the crop advancements at the nursery run by the organization Women Entrepreneurs of the Desert.



Ratification of the collaborative agreement with the Pintados Agro-productive and Commercial Enhancement Program, Tarapacá Region.



The program benefits four farmers' associations in the district of Pozo Almonte.

Agricultural and Commercial Enhancement Program for Farmers in the Town of Pintados, within the District of Pozo Almonte.

A noteworthy milestone in implementing SQM's Sustainability Development Policy was the formation of a working group for Agricultural Development and Production in the town of Pintados, which brought together public and private sector representatives as well as farmers themselves to define a strategy that benefitted farmers in the town's four associations. The municipality of Pozo Almonte, two government development agencies (INDAP and PRODESAL Pozo Almonte), the mining company Teck-Quebrada Blanca and SQM also participated in this collective task.

The group's efforts resulted in defining an agro-production enhancement program that was originally aimed at defining

and financing two projects essential to farmers: preparing and recovering soil to increase crop surface area and purchasing inputs and installing machinery and irrigation equipment.

Lastly, the working group's efforts plus the strategy defined for the agricultural sector led to the signing of a public-private collaborative agreement during Expomundo Rural on December 17, 2010, in Santiago, which was later ratified in Pintados before local authorities and farmers from the four organizations.

Farm plots within the Likan Antai School in San Pedro de Atacama were inaugurated by planting olive trees and holding an Earth offering ceremony.



In conjunction with the program inauguration, regional authorities visited SQM's production facilities.

Atacama Fertile Land

In May 2010, an agreement was signed to continue SQM's agricultural development program "Atacama Fertile Land" in conjunction with the municipality of San Pedro de Atacama and the Likan Antai School, which has supported agricultural development in the towns surrounding the Salar de Atacama since 2009, improving the economy for local farmers and encouraging self-sustainability.

Atacama Fertile Land is based on introducing sustainable agricultural practices, transferring technology to participating farmers and reinforcing schooling of agricultural students at Likan Antai School in San Pedro de Atacama, as a platform for encouraging culturally significant agricultural practices.

This program has allowed the Likan Antai School in San Pedro de Atacama to prepare the following plots for testing and production for educational purposes:

- Grapevines for wine production (420 m²) to understand how different grape varieties behave in the area.
- Grapevines for wine production (1,200 m²) to identify the production characteristics of the Syrah grape.
- Olive trees (1,900 m²) to understand how different varieties behave in the area.
- Local vegetable crops (900 m²) to test farming techniques used on different varieties.

In order to introduce sustainable agricultural practices through technology transfer, ongoing and periodic technical support is provided in areas such as plant nutrition, fertilization, irrigation, pest control and plant health for farmers registered with the different programs in Toconao, Talabre and Socaire, based on the main crops identified for each town. This intervention includes donations of fertilizers, insecticides and fungicides needed during the period.

In addition, a series of talks and presentations have been given in the towns on techniques for managing different crops, including talks targeted at high school students.

During the second half of 2010, several investments were made in the towns of Socaire and Talabre. These projects consisted of installing 12 automated irrigation demo units for 12 farmers, covering approximately one hectare to grow alfalfa using microspray irrigation as well as broad beans and potatoes using irrigation tape and constructing shared collection tanks for irrigation water that benefitted six farmers in Socaire.

Work was also done to train local farmers on how to improve the winemaking process, specifically concerning wine's organoleptic properties, enabling them to produce white, rosé and red wines.

This program's growing, positive impact has prompted SQM to renew support, increasing both its investment and the number of participants. This initiative has helped to develop local agriculture, improve the economy and promote sustainability.

In terms of promoting efficient farming and ongoing advising, in 2010 close to 100 farmers were invited to San Pedro de Atacama to participate in the First Agricultural Congress where attendees learned of SQM's experience and available support, especially, to develop agroforestry industries and recover regional agriculture. This first regional congress also brought together the diverse public and private players committed to the development of the Antofagasta Region, who learned of the progress made by Atacama Fertile Land.

Participants could also discuss diverse topics of common interest and exchange experiences in seven theme-based roundtables conducted during the two-day event.

Donato Cruz, farmer from Socaire, with his crops planted thanks to SQM's "Atacama Fertile Land" agricultural development program.



Commitments for 2011

Nitrate Industry and Archeological Heritage

- Continue developing a work plan that allows for the recovery and dissemination of nitrate industry heritage. Continue to make progress on commitments to restoring and disseminating historical heritage in accordance with the Company's environmental studies.

Education and Culture

- Maintain assistance for the recovery and restoration of local culture by supporting folk, cultural, educational and recreational initiatives for the community.

Social Development

- Proceed with the Micro-Entrepreneurial Funding Competition in San Pedro de Atacama.

- Continue participating in Quillagua Working Group to create a production development program for that town and carry on with agricultural enhancement program in Pintados.

- Reinforce agricultural program Atacama Fertile Land, supporting production development in the Salar de Atacama. Also, maintain support for educational strengthening plan at Likan Antai School by working consistently with teachers and specialists in technical education.

Solidarity Support

- Meet commitments made by SQM in 2010 for the earthquake that affected Chile in February 2010. SQM will provide assistance to neighboring communities when affected by an emergency.

SOLIDARITY SUPPORT

In February 2010, south-central Chile was strongly affected by an earthquake and SQM's great spirit of solidarity was evidenced by a series of activities and contributions from both the Company and its employees.

Worth special mention are money and in-kind donations made to Hogar de Cristo to channel help to the areas most affected by the earthquake. This donation was designed to address the institution's most urgent needs in the Maule and Biobío Regions, which included bedding, coal, diapers and diverse basic necessities that were scarce in the affected areas. This contribution was made possible thanks to an internal campaign by SQM workers, who collected money, clothing and numerous non-perishable food items. They also quickly organized teams to build emergency housing.

The Company complemented this initiative by making a major contribution to the victims of the largest earthquake to hit Chile in many decades. Another contribution committed to at the end of 2010, and made in 2011, was a considerable donation to the

rebuilding of the Barros Arana National Boarding School, which suffered substantial damage from the earthquake. His contribution was made as part of the Rebuilding Donations Program created by the government through the Ministry of Finance and the National Rebuilding Fund Advisory Committee, with which SQM wished to collaborate to rebuild an institution of great historical value in national education.

In addition, in November 2010, SQM signed a four-year agreement with the foundation Un Techo Para Chile. The goal of this agreement is to eradicate more than 70 slums that are home to over 700 families in Chile's 6th Region (known as Libertador General Bernardo O'Higgins) by working closely with inhabitants and helping them obtain definitive housing.

Regular meetings are held with representative organizations from the communities in order to understand the value of the Company's efforts on behalf of the community, determine the effectiveness of initiatives implemented and plan future actions.

THE ENVIRONMENT



SQM conducts its operations in harmony with the environment, ensuring sustainable use of natural resources and production inputs and at all times minimizing the possible impact of its production activities. It has developed a solid knowledge base on the ecosystems surrounding its operations, which enables it to implement the prevention, mitigation, monitoring and control plans necessary to ensure these environments are protected. The Company strives to continuously improve its processes and operations.

ENVIRONMENTAL MANAGEMENT SYSTEM



Tamarugo tree monitoring, Tarapacá Region.

One key pillar of the Company's Environmental Management System (EMS) calls for incorporating environmental and social dimensions into all new investment projects from the design stage, which includes protecting environmentally sensitive areas, complying with applicable regulations, safeguarding archeological and cultural heritage and not disturbing the lifestyle, customs and traditions of its neighbors, among other environmental issues. With these goals in mind, SQM has conducted environmental assessments of all new projects or major modifications to existing projects, which includes more than 51 projects assessed and approved to date since the enactment of Law No. 19,300 on General Environmental Bases in 1994. In 2010, the Company obtained environmental approvals for two Environmental Impact Studies and four Environmental Impact Statements.

This creates a solid foundation for the EMS, which is implemented in all of SQM's operations. The system is based on identifying and controlling environmental aspects of the Company's production processes, in order to protect its employees, nearby communities, natural resources and, in general, the existing ecosystems in the desert areas where its production activities take place.

The EMS is supported by internal environmental audits conducted twice a year at each operation and worksite, along with ongoing monitoring of compliance with any needs for improvement that have been identified and quarterly reports to the CEO and operating vice-presidents. As a way to strengthen the EMS, yearly independent audits are conducted at facilities in the Salar de Atacama and Salar de Carmen and independent archaeological audits are performed for mining areas with environmental approvals in the Environmental Impact Study for the project "María Elena Technological Change."

The strict requirements of the EMS are met with an ongoing environmental training program, which SQM conducts and updates annually for both its direct employees as well as those of its contractors.

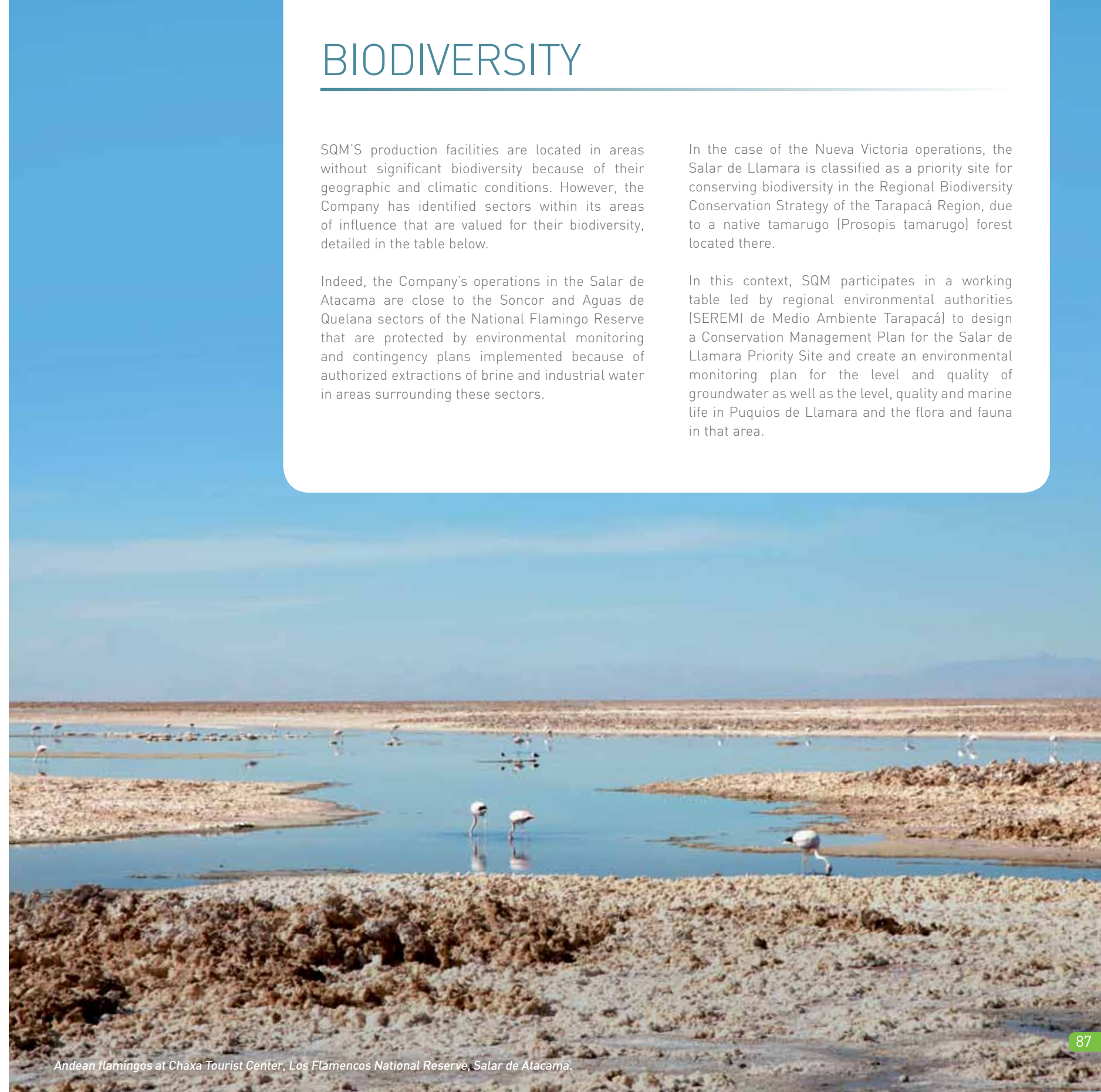
BIODIVERSITY

SQM'S production facilities are located in areas without significant biodiversity because of their geographic and climatic conditions. However, the Company has identified sectors within its areas of influence that are valued for their biodiversity, detailed in the table below.

Indeed, the Company's operations in the Salar de Atacama are close to the Soncor and Aguas de Quelana sectors of the National Flamingo Reserve that are protected by environmental monitoring and contingency plans implemented because of authorized extractions of brine and industrial water in areas surrounding these sectors.

In the case of the Nueva Victoria operations, the Salar de Llamara is classified as a priority site for conserving biodiversity in the Regional Biodiversity Conservation Strategy of the Tarapacá Region, due to a native tamarugo (*Prosopis tamarugo*) forest located there.

In this context, SQM participates in a working table led by regional environmental authorities (SEREMI de Medio Ambiente Tarapacá) to design a Conservation Management Plan for the Salar de Llamara Priority Site and create an environmental monitoring plan for the level and quality of groundwater as well as the level, quality and marine life in Puquios de Llamara and the flora and fauna in that area.



Andean flamingos at Chaxa Tourist Center, Los Flamencos National Reserve, Salar de Atacama.

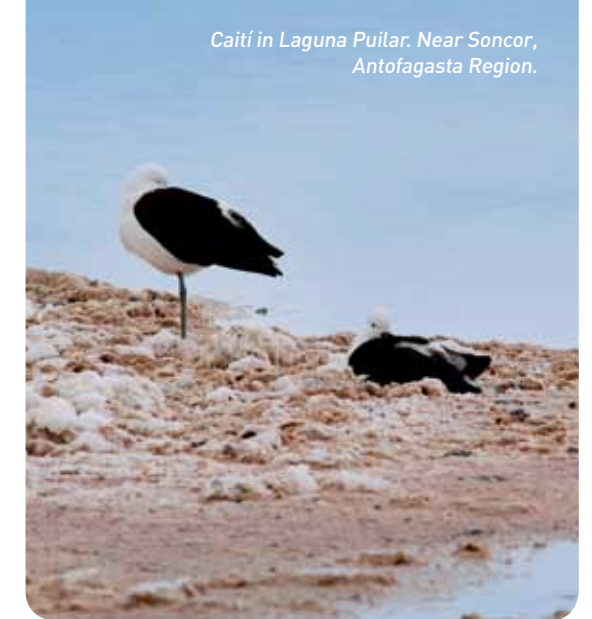
LIST OF SQM LAND LOCATED WITHIN PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

Facility	Protected Area or Unprotected Area with High Biodiversity	Size of Protected Area	Area Involved in Monitoring Plan (*)
Salar de Atacama	National Reserve "Los Flamencos"		
	Soncor sector	5,017 ha	9,153 ha
	Aguas de Quelana Sector	4,136 ha	
Nueva Victoria	Salar de Llamara	4,310 ha	4,310 ha

(*) Corresponds to the area under environmental monitoring. No operational facilities exist in these sectors.



Andean flamingos. Soncor lake system, Antofagasta Region.



Caiti in Laguna Puillar. Near Soncor, Antofagasta Region.

The Company's production activities near these sectors have undergone extensive environmental assessment processes that include an evaluation stage for all activities that could have potential environmental impacts, after which all protective measures necessary to minimize any potential effects are taken. Therefore, SQM implements complete and robust environmental monitoring and control plans in these sectors, which allow it to both ensure that its operations are carried out in compliance with predefined environmental objectives and make appropriate decisions in cases where deviations are identified between monitoring results and the Company's commitments.

These plans extend to vegetation, flora, fauna and marine biota, among others, and are complemented by programs to monitor responsible water management and the hydrology of the aquifers from where we extract industrial water (Salar de Atacama, Salar de Llamara and Salar de Sur Viejo) and raw materials for production processes, as is the case with the brine deposits in the Salar de Atacama.

LIST OF SPECIES WITH CONSERVATION STATUS

Facility	Identified Species	Classification
Salar de Atacama	Fauna	
	Chilean flamingo (<i>Phoenicopterus chilensis</i>)	Vulnerable
	Andean flamingo (<i>Phoenicoparrus andinus</i>)	Vulnerable
	James flamingo (<i>Phoenicoparrus jamesi</i>)	Vulnerable
	Andean seagull (<i>Larus serranus</i>)	Vulnerable
	Large dragon (<i>Ctenoblepharys erroneus</i>)	Inadequately known
	Constanza lizard (<i>Liolaemus constanzae</i>)	Rare
	Fabiani lizard (<i>Liolaemus fabiani</i>)	Rare
	Andean fox (<i>Pseudalopex culpaeus</i>)	Inadequately known
	Grey fox (<i>Pseudalopex griseus</i>)	Inadequately known
	Silky mouse (<i>Eligmodontia puerulus</i>)	Inadequately known
	Chululo (<i>Ctenomys tulvus</i>)	Vulnerable
Nueva Victoria (Salar de Llamara, Sur Viejo)	Flora	
	Tamarugo tree (<i>Prosopis tamarugo</i>)	Vulnerable
	Fauna	
Gecko (<i>Phyllodactylus gerrhopygus</i>)	Vulnerable	



James flamingo in Canal Burro Muerto sector.



Andean flamingos at Laguna Salada near Peine, Antofagasta Region.



Monitoring Peine lake system, Salar de Atacama, Antofagasta Region.



Soncor lake system, Laguna de Barros Negros, Antofagasta Region.

Monitoring the Reproductive Cycle of Andean Flamingos in the Salar de Atacama

Since 2007, SQM has voluntarily monitored the reproductive cycle of flamingos by making daily observations of three types of flamingos present in the Salar de Atacama (Andean flamingos, Chilean flamingos and James flamingos). These activities are conducted during the entire breeding season, which lasts from August to April of the following year. During this period, the Soncor, Aguas de Quelana and Peine lake systems are visited daily.

The Salar de Atacama is an important feeding ground for all three types of flamingos, which vary in abundance based on the season. In summer, one can mainly see flamingos in the higher lagoons and the lagoons of the Salar. The reverse is true in the winter when flamingos can primarily be seen at lower altitudes and in the Argentine central plains.

The Salar de Atacama is thereby recognized as an important breeding center for the Andean flamingo. The objective of the Company's voluntary monitoring is to generate information needed to determine when and where the distinct stages of the reproductive cycle take place. The information gathered is very relevant to entities like the Chilean Forestry Service (CONAF) and international centers for research on migratory birds so they may understand the success of different mating seasons in the Salar de Atacama and other salt flats in Chile.

Also, on-site work with CONAF allows ongoing surveillance of human activity that could potentially disrupt the flamingos during their breeding activities (mating dances, nest building, egg incubation, rearing chicks, among others).

Monitoring Lake Systems in the Salar de Atacama with Satellite Image Analysis

As part of SQM's environmental commitments in the Salar de Atacama, and in order to deepen its technical knowledge of the hydrological characteristics of the Soncor and Peine lake systems, the Company is developing a set of studies to determine the origin of the waters that feed into these systems in order to improve environmental protection. In the context of these efforts, the Company monitors the evolution of the lake surface of the Soncor and Peine systems using satellite images.

First, it obtains a high resolution image taken by the Worldview-2 satellite in April of each year of the areas under study. This image is then analyzed using digital transformations and on-land control points located along the lagoons' borders. The physiognomic properties of the lagoons are then described on site, considering

sedimentary characteristics plus the thickness of the film of water at the respective control points.

The benefits of conducting monitoring with satellite images include more accurate quantification of the lake surface as the diffuse borders seen in this type of lagoon can be better identified and the analysis can include islands within the lagoon, which is not possible with traditional topography methods. Also, comparisons can be made between years to identify certain trends in the lake systems. The comparative analyses performed in the last four years indicate that the lagoons have not experienced significant changes in surface size, remaining within historically observed levels, with the natural fluctuations observed between winter and summer due to variations in the prevailing evaporation rate.

WASTE MANAGEMENT

SQM has approved storage and disposal sites for hazardous and non-hazardous industrial waste, as well as temporary storage sites, at all of its worksites to responsibly manage its solid and liquid waste. In addition, at all worksites the Company applies authorized hazardous waste management plans, which require use of authorized transport and recipients to treat and dispose of all types of waste. Compliance with these plans is verified continuously using internal environmental audits, which are intended to guarantee proper waste handling from generation to final

disposal. SQM also recycles computer and electronic waste, totaling 6,353 and 6,310 kg of equipment in 2010 and 2009, respectively.

Employees are key to properly handling and classifying waste, which is why the Company makes a considerable effort to train them how to correctly classify and segregate waste, while also explaining the Company's work and investments to ensure proper handling of hazardous waste and its commitment to the environment and future generations.



One of SQM's hazardous waste storage warehouses.

In terms of domestic liquid waste, SQM possesses authorized water treatment plants at all of its industrial facilities and camps. Effluents emitted from these plants comply with applicable regulations and are reutilized in production processes or, in the case of Antofagasta and Tocopilla, are disposed of in the public sewer system and, therefore, no dumping occurs. The treatment plants are maintained and monitored by specialized service providers.

For solid domestic waste, the Company either uses management programs and authorized disposal sites at SQM facilities and camps or contracts out services to dispose of this waste in authorized landfills. Hazardous and non-hazardous industrial waste is kept within SQM facilities in authorized storage yards and is transported for final disposal by companies authorized to carry each type of waste. During 2010, close to 50% of hazardous waste generated by the Company was reutilized using an external company that allocates the assorted waste for different uses.

TOTAL WEIGHT OF WASTE MANAGED (BY TYPE AND TREATMENT)

Type of Waste	2010	2009	2008
Hazardous industrial waste (ton)	682	736	1,363
Non-hazardous industrial waste (ton)	1,340	2,256	4,190
TOTAL	2,022	2,992	5,553

RAW MATERIALS AND INPUTS

SQM's main raw materials are caliche ore and salt brines, which are extracted from reserves located in the Tarapacá and Antofagasta Regions. The important synergies between these two natural resources make SQM's business model the only one of its kind in the world. Having these raw materials available provides SQM with important advantages.

Caliche is a mineral that exists almost exclusively in Chile, which boasts the most important commercially exploitable reserves in the world. This mineral has high concentrations of sodium nitrate and iodine and

is found beneath inert material no more than two meters below the desert's surface, in layers two to three meters thick.

The underground salt brines found in the Salar de Atacama have high concentrations of lithium and potassium. The main products derived from this salt flat are potassium chloride, lithium carbonate, lithium hydroxide, potassium sulfate and boric acid.

One of the most notable features is the fact that these two resources complement each other to create



Extracting caliche ore, Antofagasta Region.



Salar de Atacama, Antofagasta Region.

one of the Company's most important products: potassium nitrate.

The particular characteristics of these resources are one of the most important pillars in the Company's strategy, because the products obtained from them are used in a wide range of applications that provide solutions to the modern challenges facing our world

today, such as energy (via lithium and nitrate salts as solar salts) and food production (through potassium nitrate and the range of specialty plant nutrients that SQM produces).

A series of inputs are needed for SQM's production processes, detailed in the table below for the last three years:

CONSUMPTION OF PRODUCTION INPUTS

Input	Unit	2010	2009	2008
Tires	unit	190	303	229
Coating	thousands of m ²	2,742	2,996	2,543
Lime	ton	9,773	7,145	8,753
Sulfuric acid	ton	3,265	11,133	11,155
Sulfur	ton	13,497	11,934	10,342
Anti-caking agent	ton	132	140	320
Collectors	ton	522	253	428
Kerosene	m ³	5,153	6,349	5,511
Soda ash	ton	48,108	27,134	70,468
Explosives	ton	7,460	11,664	11,318

Note: This table includes the main inputs purchased through the Procurement and Projects Departments.



Solar evaporation ponds for producing lithium brines, Salar de Atacama, Antofagasta Region.

ENERGY

The principal energy sources used by SQM in its production processes are:

- Solar energy
- Electricity obtained from the Great North Interconnected System
- Fuels such as oil and natural gas

Of these, solar energy is the most widely used and is especially instrumental in the solar evaporation ponds in Coya Sur, Nueva Victoria and the Salar de Atacama. A considerable portion of the Company's total energy requirements are supplied directly by the sun and, therefore, one of SQM's main advantages is that its facilities are located in the Atacama Desert,

a place with significant radiation and a high rate of water evaporation. These conditions permit solution concentration processes in ponds through selective precipitation to be operated year-round using solar energy.

Currently, SQM has a total of 3,000 hectares of solar evaporation ponds, which enable the Company to obtain almost 95% of all energy consumed in its facilities from the sun: In other words, approximately 95% of energy consumed is from a renewable source.

The following table summarizes direct and indirect energy consumption, detailed by primary source:

DIRECT AND INDIRECT ENERGY CONSUMPTION, DETAILED BY PRIMARY SOURCE

	2010	2009	2008
Electricity	1,396,832	1,462,123	1,466,992
Diesel	1,874,790	1,794,890	2,036,645
Natural gas	567,544	532,253	152,282
Liquefied gas	148,427	78,313	57,132
Bunker fuel	981,410	1,151,987	1,629,967
Gasoline	10,723	16,118	6,606
TOTAL (GJ)	4,979,726	5,035,684	5,349,622

Note:

Values do not include consumption by project area or offices in Antofagasta.

Changes with respect to information reported in SQM Sustainability Report 2009:

Diesel consumption 2009 decreased because consumption was detected that had mistakenly been counted twice.

Gasoline consumption 2009 and 2008 increased because some previously uncounted consumption records were found.

In accordance with its Sustainable Development Policy regarding the efficient use of resources, SQM is constantly improving and modifying its production processes in order to more efficiently use energy. Within this framework, in 2010 the Company implemented diverse initiatives, including:

ECOLOGICAL GUARD STATION

An important project to highlight is the Ecological Access Control Guard Station at the Nueva Victoria – Iris facilities, which uses solar and wind energy to power its computer, telephone and lighting systems.

This new system was designed for a maximum of 1,500 Watts, which runs the computer and lighting systems. Low-consumption LED lighting equipment that provides good illumination was also installed.



Ecological Guard Station, Nueva Victoria, Tarapacá Region.

This guard station is self-sustainable from an energy perspective since it fully operates (100%) with energy collected using solar panels and a wind turbine that generates energy from local wind currents. The Company hopes to replicate this system in other remote areas.

SOLAR LIGHTING AT ANDINO CAMP

The Company installed solar outdoor lighting posts that illuminate the common areas at the Andino Camp, located near the Salar de Atacama.

This system provides self-sustainable, low-cost lighting reaching more than 250 meters. The new lighting system has a solar panel in the upper part of each post and functions with LED lighting and a deep cycle battery (a system that accumulates energy during the day and consumes it at night).

Another benefit is the lack of cables between each post, making them independent from one another and effective in the event of a natural disaster and also eliminating visual contamination.

INSTALLATION OF NEW HEAT EXCHANGERS AT REFRIGERATION PLANT

In order to maximize energy use and minimize production losses, replacement equipment for the cooling system at the Pedro de Valdivia crystallization plant was installed. With use, heat exchangers accumulate insoluble salt deposits that greatly affect heat transfer and, therefore, they are periodically removed to be sent for scheduled maintenance, a process that takes around one month. The new equipment installed prevents increases in ammonia condensation and reductions in system heat loss, thus decreasing power consumption.



PROPANE GAS

Propane gas was incorporated to operate rotary drying furnaces at the Coya Sur prilling plant. The system was initially designed to operate with two types of fuel (natural gas and diesel) until a third type of fuel (propane) was added. This modification allows better fuel control, reducing specific consumption during the drying process and improving plant availability.

Thanks to these initiatives developed in 2010, the Company estimates an annual reduction in energy consumption of 37,632 GJ, equivalent to 1% of SQM's total annual consumption in 2010. As a result of these cutbacks, CO₂ emissions also decreased by 3,099 tons of CO₂.

Another initiative for which savings has not been quantified (because failure probability for the connected equipment is needed for the calculation) is the use of solar equipment for backup energy. In isolated areas within the Salar de Atacama facilities, solar cells were installed to backup energy for remote instrumentation equipment, making them autonomous and more reliable.

Thus, should power generation equipment fail, the battery bank charged using solar energy immediately begins to operate.

The Company has also implemented other minor projects such as replacing transformers with state-of-the-art models and installing meters to control and adjust consumption. SQM also encourages energy efficiency by reducing indirect consumption using video conferencing at all operating facilities to decrease travel. In addition, it continuously evaluates the fleet used to transport personnel to its diverse facilities in order to optimize the number of vehicles and, thus, save energy.

Since 2007, SQM has actively participated in the Mining Industry Roundtable on Energy Efficiency, a voluntary technical group composed of the energy-area leaders from major mining companies, non-metal mining companies, the Chilean National Mining Company (ENAMI), the National Energy Efficiency Program (PPEE) and the office of the Subsecretary of Mining. The main goal of this group is for mining companies to manage energy use, exchange experiences, discuss the implementation of energy efficiency indicators appropriate for all companies and generate collective innovative projects.

AIR EMISSIONS

The Company is constantly concerned with the air emissions from its mine sites and production plants, managed using detailed projections of expected environmental effects, emissions abatement equipment and proper monitoring and control mechanisms.

SQM's operations produce the following air emissions: particulate matter (PM10) from rolling and crushing minerals as well as moving and transporting bulk products; and CO2 from consuming fuel and electricity. Since 2009, these emissions are recorded for continuous monitoring.

The calculation methodology for greenhouse gas emissions was adjusted in 2010 in order to ensure a more precise estimate that considered production processes and fuel for transporting both products and personnel. The calculation estimated annual emissions for 2008, 2009 and 2010 of less than one million tons of CO2 equivalent each year.

For its PM10 emissions, SQM has a vast air quality monitoring network throughout its operating facilities. This network is instrumental in complying with applicable regulations and, in some cases, in monitoring solar evaporation processes at these facilities. Additionally, SQM has installed mobile monitoring stations based on different environmental and operational requirements. Among its existing environmental monitoring plans, the Company also

conducts isokinetic measurements on smokestacks (on dryers and boilers) and monitors air quality in order to verify compliance with environmental regulations applicable to SQM facilities.

The Company's measures to mitigate particulate matter emissions include periodic application of dust suppressant (bischofite) on all roads connecting facilities, which considerably reduces dust in suspension generated by moving vehicles and trucks. This same system is used on the main streets in María Elena.

This initiative complemented actions taken by SQM to reduce emissions in María Elena, within the framework of the María Elena Decontamination Plan, which resulted in considerably reduced concentration of particulate matter in the air, consistent with the plan objectives.

Although the emissions attributable to SQM's port operations are minor in relation to other fixed sources in Tocopilla (less than 0.2% of total emissions come from SQM), the Company has been proactive in implementing necessary measures to reduce its emissions in Tocopilla and comply with the Tocopilla Decontamination Plan (PDA). As a result, SQM has implemented 90% of the specific measures contained in the PDA before the deadline, significantly reducing emissions.





WATER

Since the Company operates in the Atacama Desert, water is an indispensable resource in SQM's production processes and must be used rationally. Given these circumstances and in line with its Sustainable Development Policy, SQM abides by applicable regulations in using all water rights, including periodically reporting to authorities. Likewise, SQM is continuously evaluating new ways to more efficiently utilize water by evaluating each facility's management indicators on a yearly basis. The measures implemented for these purposes include reincorporating all water treated in SQM sewage treatment plants into its production processes.



The courtyards at the worker and supervisor camps in María Elena are watered using drip irrigation.



Leaching heaps, Nueva Victoria, Tarapacá Region.

In this same framework, water extracted for production purposes undergoes a thorough prior analysis aimed at ensuring that important environmental variables (vegetation, flora and fauna) in aquifers and surface water sources where the company has water rights are not affected. To do so, extensive hydro-geological modeling is designed, validated and tested under the supervision of national and international experts,

based on which the Company conducts ongoing monitoring of expected behavior. In many cases, SQM has established that it will restrict extractions in response to potential contingencies in order to address any possible undesired effects on the environment in advance, all intended to show that its facilities operate responsibly with the environment and their surrounding communities.

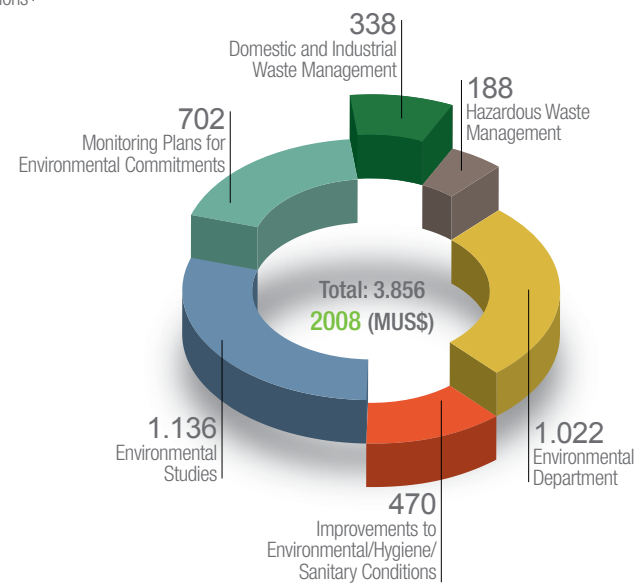
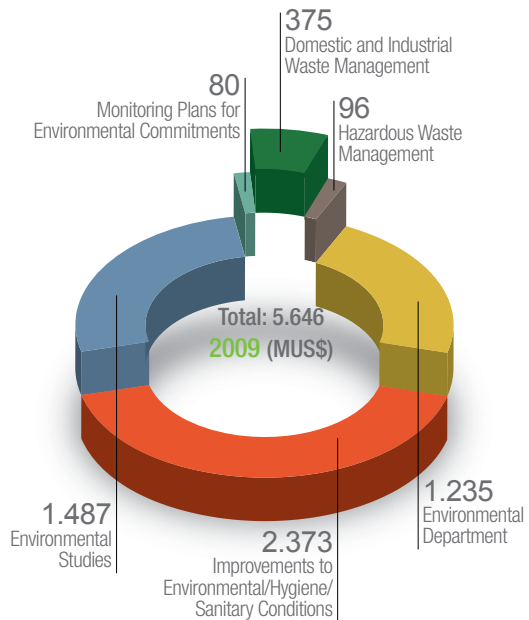
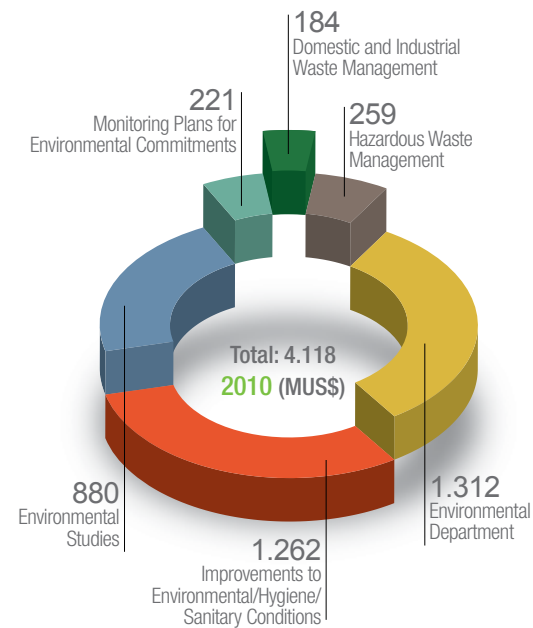
VOLUMES EXTRACTED FROM MAIN WATER SOURCES DURING 2010

Water Source (Facility)	Groundwater (Thm ³)	Surface water (Thm ³)	Third-party supply (Thm ³)
Salar de Llamara and Sur Viejo aquifers (Nueva Victoria)	7,903	0	0
Salar de Atacama aquifer (Salar de Atacama)	7,217	0	0
Sierra Gorda aquifer (Pampa Blanca)	558	0	0
Río Loa and San Salvador (María Elena, Coya Sur, Pedro de Valdivia, Pampa Blanca, Salar del Carmen)	0	4,848	754
TOTAL	15,678	4,848	754

INVESTMENTS IN ENVIRONMENTAL MATTERS

During 2010, SQM has continued efforts to fully comply with current environmental regulations and, as a result, had no significant environmental fines or non-monetary sanctions during this period.

SQM's environmental protection efforts include investments of ThUS\$4,118 in 2010, ThUS\$5,646 in 2009 and ThUS\$3,856 in 2008, detailed in the following charts:



Commitments for 2011

Environmental Management System

- Control and verify environmental aspects of the Company's production processes.

Biodiversity

- Monitor flora, fauna and water biota as part of the Company's environmental monitoring plans (Salar de Llamara and Salar de Atacama).

Waste Management

- Complete environmental training program.
- Verify compliance with hazardous waste management plans and applicable regulations by performing internal environmental audits.

Raw Materials and Inputs

- Verify compliance of inputs approved in Environmental Rating Resolution (RCA) for production processes through internal environmental audits.
- Ensure and safeguard sustainable use of natural resources and production inputs, minimizing the possible impact of production activities at all times.

Energy

- Promote the responsible use of energy and integrate the concept of "efficient use" into operations.

Air Emissions

- Monitor emissions as part of the Company's environmental monitoring plans.
- Ensure compliance with measures in decontamination plans related to operating facilities.

Water

- Monitor flora, fauna and water biota as part of environmental monitoring plans (Salar de Llamara, Salar de Atacama and pre-operating plan for Pampa Hermosa), ensuring responsible use of water and timely control of environmental impacts.

Investments in Environmental Matters

- Make environmental investments scheduled for 2011 and other investments identified during the year that are necessary for favorable environmental results.
- Ensure compliance with applicable regulations by performing internal environmental audit program.

OUR CUSTOMERS



Thanks to a robust Quality Management System, SQM has forged long-term relationships with its customers, delivering quality products that meet agreed-upon standards and specifications, and providing high-quality service that leads to mutually beneficial relationships.

The Company is committed to maintaining high quality standards for all products and services. Therefore, it provides clients with service that enables them to increase their productivity, maintaining open communication at all times and, thus, allowing it to create relationships built on trust throughout all business lines.

In order to properly control any risk related to product handling or use, SQM evaluates potential impacts throughout each product's life cycle.

SQM maintains strong ties with its customers, facilitating visits to production facilities and participating in audits requested by them. It received and responded to 19 surveys on safety, health, environmental and quality matters requested by customers.

LOGISTICS AND DISTRIBUTION NETWORK

The proper functioning of the Company's logistics and distribution network is strongly linked to its success. In effect, SQM has a global reach, with its logistical challenge beginning at production facilities and ending once the product is delivered successfully to our customers around the world. The current distribution network enables the Company to deliver products in a timely and efficient manner, which is key to customer satisfaction.

The initial challenge involves the internal logistics of transporting raw materials—caliche ore and brines—to where they will be processed. Potassium chloride, for example, is extracted from the Salar de Atacama and then transported to production centers in Coya Sur to manufacture potassium nitrate. After processing, the end product travels from the production facilities to the port of Tocopilla to then be transported to more than 100 countries on five continents.

Given the significant increase in production estimated for the Salar de Atacama, important investments are being made at port facilities, including new receiving and weighing systems, warehouses, packing systems and cranes, among others, thus ensuring top service in delivering products in optimum condition.

COMMUNICATION WITH OUR CUSTOMERS

At SQM, customer satisfaction is paramount. As a result, the Company implemented its Complaint System, an open communication channel through which any customer can submit their concerns, complaints or technical questions about products. This system has reported no incidents regarding violations of regulations or voluntary codes related to the impact of SQM products and services on customer health and safety.



CERTIFICATIONS

To reinforce its commitment to deliver quality products and services, in October and November 2010 SQM renewed independent certifications under standard ISO 9001:2008 for production and sales processes of the following products: iodine; lithium carbonate; industrial, technical and battery-grade lithium hydroxide; standard, refined and technical-grade potassium nitrate and sodium nitrate; and some soluble products for specialty plant nutrition.

Supplying customers with products in a timely manner is a priority for SQM and, therefore, the Company does not concern itself only with operational excellence but also with detecting and reacting quickly to changes in national and

international regulations that may affect the sale of its products. One such example is the system for managing chemical substances established by the European Union, REACH (Registration, Evaluation and Authorization of Chemicals), which was first implemented in June 2008. REACH involves different implementation stages to guarantee safe use of chemical substances.

In 2010, SQM finished the registration stage for its products exported to the EU in quantities greater than 1,000 TM/year before the deadline established by the EU, thus guaranteeing continued product deliveries to European customers.



Loading process at Tocopilla port.

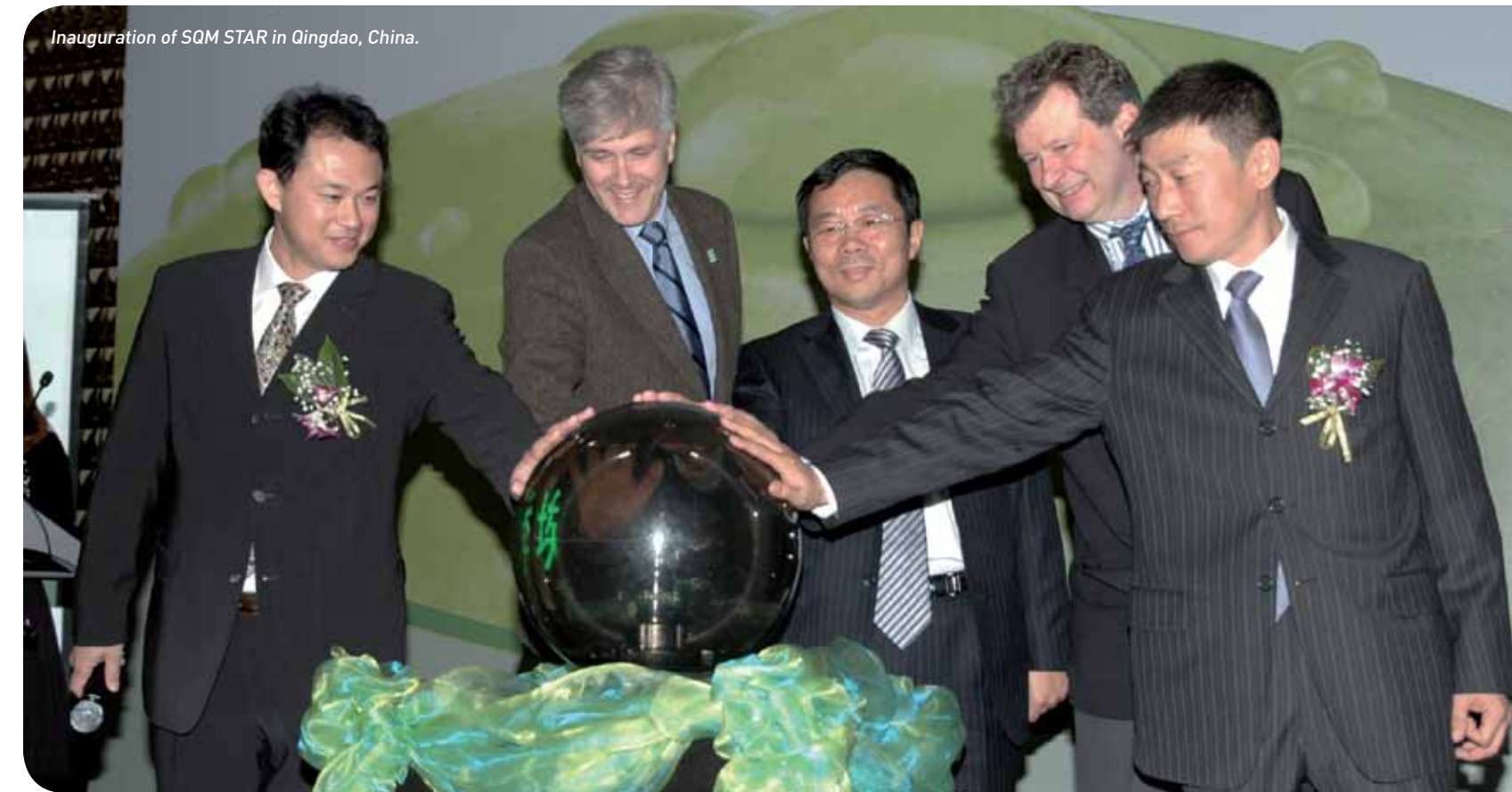


Loading process in Coya Sur.

STANDING ADVISORY

In the specialty plant nutrition business, SQM has taken care to maintain a close relationship and provide ongoing advising to its customers regarding the best fertilization techniques and the use of custom-made nutrients. Agricultural experts make on-site visits to customers and become familiar with the crop and soil type. Such visits allow SQM to conduct a comprehensive analysis of fertilization needs, complemented with technical workshops, international seminars, publications and a variety of other useful resources that allow customers to increase their crop productivity and avoid destroying forests and intricate ecosystems for farm land in a world with an increasing need for food sources.

SQM conducts ongoing formal and field research to then be applied to the diverse advisory programs it provides in its markets throughout the world. All nutritional programs are associated with an irrigation-management recommendation that leads to more efficient use of water and nutrients supplied to the crops. Thus, the Company develops its products with advanced technology, intended to satisfy the needs of the most diverse crops, strengthening their yield and profitability, backing its commitment to not only offer products but to be a strategic partner for its customers.



GLOBAL PRESENCE

Since SQM does business with a large variety of countries and customers, it organizes or participates in numerous important global events each year. In 2010, the Company took part in major international events such as AGRIFLOR 2010 in Ecuador, the main flower industry trade fair in the Americas; the "Lithium Asia" congress, held in September in China to address numerous topics related to the lithium market, where SQM participated with a stand; and the "SolarPACES Conference 2010", held in France, where the Company played a key role as a presenter on the use of solar salts in solar concentrator plants.

Two new joint ventures also deserve mention: SQM STAR in China and SQM VITAS in Dubai—world-class events that mark an important step for the Company.

SQM also collaborated on diverse initiatives in Chile in 2010 such as the seminar "Lithium and the Domestic Economy", organized by the Ministry of Mining and SONAMI, where Patricio de Solminihac, Executive Vice President and Chief Operating Officer, gave a talk entitled "Lithium Resources in Chile and the World" and a meeting of senior experts concerning "Sustainable Development of Lithium in Latin America: Emerging Issues and Opportunities", organized by the Department of Economic and Social Affairs of the United Nations' Economic Commission for Latin America and the Caribbean, where the Company presented on "Sustainable Lithium Production: The SQM Experience".



Commitments for 2011

Our Customers

- Comply with ISO 9001:2008 maintenance audits for nitrate, iodine, lithium and Tocopilla port operations.
- 100% compliance with 2010 operational excellence program as defined by operations and service management.
- Provide information (surveys, forms, etc.) requested by customers in a timely manner and organize plant visits when necessary.
- Supply European customers with up-to-date product safety sheets in the languages of the countries where SQM sells its products, in accordance with REACH standards. Comply with work program for products with REACH registration date in 2013.

GRI CONTENT INDEX



View of solar evaporation ponds, Salar de Atacama, Antofagasta Region.

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SQM
SUSTAINABILITY REPORT

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