Antitrust & Competition Law Compliance Manual

Sociedad Química y Minera de Chile S.A. and subsidiaries

January 2017

Preface

At SQM, we believe in fair competition. We are committed not to engage in collusion with competitors, to compete on the merits and to treat our suppliers and customers fairly. We expect the same uncompromising behavior from our directors, officers and employees all over the world. Any action in contravention of the present manual will be dealt with swiftly and severely to the fullest extent of the law.

Patricio de Solminihac

CEO

Introduction

SQM Code of Ethics establishes the commitment of the company to respect antitrust laws throughout the world.

Antitrust/competition ("antitrust") laws apply in most countries in the world. They aim to promote free and fair competition among companies and to benefit consumers.

Failure to respect antitrust laws could lead to large fines for SQM, litigation and, in some countries, fines and criminal sanctions for directors, officers or employees involved in the conduct. Infringement of antitrust laws can also lead to commercial agreements being unenforceable and significant damage to SQM's and individuals' reputations.

SQM is committed to respecting antitrust laws throughout the world. SQM has activities and sales in many countries and it must respect the laws in all those countries.

All directors, officers and employees are expected to understand and respect applicable antitrust laws and failure to do so may result in internal disciplinary procedures. You are required to read this Compliance Programme, acknowledge that you have done so, acknowledge that you understand its content and undertake that you will comply with it – please see page 14.

This Compliance Programme establishes general rules and does not intend to cover all the potential cases that directors, officers and employees may face in the performance of their duties. In the case of doubt regarding a specific circumstance or if you have any questions concerning the Compliance Programme or applicable antitrust laws, you should contact the SQM Risk Management and Compliance Officer. The SQM Risk Management and Compliance Officer is Andrés Yaksic: andres.yaksic@sqm.com | +56 (2) 2425 2077.

If you become aware of conduct that risks infringing the antitrust rules, please contact the SQM Risk Management and Compliance Officer or use the respective whistleblowing hotline channel.

You must not ignore conduct that risks infringing antitrust laws whether this is conduct of an SQM employee or of another company's employee. Hiding conduct that risks infringing antitrust laws may result in internal disciplinary procedures. Similarly, nobody should attempt to prevent or discourage colleagues from reporting conduct that may infringe the law; any such attempts may result in internal disciplinary procedures. Any report or information received regarding conducts that risk infringing antitrust laws will be treated with the appropriate and reasonable confidentiality measures, respecting the rights of all those involved.

The 2 Golden Antitrust Rules

The following pages describe the potential antitrust law risks and what you should be mindful of when dealing (1) with competitors and (2) with customers. In each case, the Compliance Programme sets out some "Never" rules, regarding conducts that must never be carried out, and other subjects that must first be discussed with the SQM Risk Management and Compliance Officer. In addition, the Compliance Programme also contains some important best compliance practices, which if applied properly will substantially lessen the chances of you ever infringing antitrust law.

As a preliminary, there are **2 Golden Antitrust Rules**, which must always be kept in mind:

1. Never enter into anti-competitive agreements or understandings

Antitrust law prohibits agreements, practices or understandings that have the object or effect of preventing or restricting competition, or that tend to produce such effects.

You can enter into an antitrust agreement even in the absence of a binding, written or formal agreement. A mere understanding or even the absence of reaction to a unilateral statement by you or a competitor's employee can be considered as an agreement. Likewise, an informal agreement or a "gentlemen's agreement" can qualify as an illegal agreement. Even agreements or understandings that are never implemented in the market can be illegal. The fact that you intend to "cheat" on the agreement or do not expect the agreement to have any impact is not a valid defense.

The main subjects that you should not mention, agree or discuss with competitors are:

- Prices – including future prices, margins, discounts;
- Dividing markets by allocating customers or markets (be this by geography, type of customer, bid rigging);
- Limiting capacity/output or sales;
- Refusing to deal with suppliers or customers; and
- Excluding other actual or potential competitors.

You should never exchange competitively sensitive information with competitors, including through third parties (e.g. suppliers, customers, trade associations). The mere act of receiving unsolicited sensitive information volunteered by a competitor may be problematic.

You should also not fix the price at which customers (or distributors) will resell SQM's products.

2. Never abuse a dominant position/market power

Companies with strong market power (this is sometimes referred to as a "dominant position") are prohibited from exploiting their position in a way which may damage competition or customers. In practice, this means that companies with strong market power cannot engage in certain commercial behavior that would be considered legal for most market players.

Assessing whether a company has strong market power depends on many factors. One of the most important factors is the company's market share in a particular market.

There is a risk that SQM could be considered to have strong market power in a number of product markets worldwide. As a rule of thumb, employees should consider that SQM has

strong market power if its market share is over 33% in a market.

If you believe that SQM may be dominant in a market, you need, in particular, to be careful with exclusive dealing arrangements or any form of incentive that entails an exclusivity, discriminating against customers or refusing to deal without a legitimate objective justification, tying or bundling the sale of products and when offering discounts. Always consult with the SQM Risk Management and Compliance Officer.

Dealing with competitors

The risk of infringing antitrust law is greatest when you are dealing with potential or actual competitors. Compliance with antitrust law should always be in your mind whenever you are dealing with potential or actual competitors.

Actual competitors are those that already compete with SQM. Potential competitors are companies that are likely market entrants.

The Never Rules

Never mention, discuss or agree on any of the following with competitors.

Exchange Competitively Sensitive Information

- Never mention or exchange Competitively Sensitive Information ("**CSI**"). **CSI** is information relating to any of the subjects noted in the following bullets.

Discuss or mention prices

- Never discuss or mention prices, price changes, margins, discounts or rebates. For example, never contact a competitor to ask whether, if SQM were to raise prices, they would do the same. Similarly, if you receive information from a customer about prices offered by competitors, never contact a competitor to check this information even if you believe that information to be untrue.
- Never discuss or mention market conditions with a view to learning about price levels in a market.

Discuss or mention market shares

- Never discuss or mention SQM's or competitors' market shares.

Discuss or mention output/sales or capacity

- Never discuss or mention the level of SQM's output/sales or capacity.
- Never agree to limit SQM's output/sales or capacity.

Discuss or mention costs

- Never discuss or mention cost of raw materials or the impact of potential increases in cost on SQM's or its competitors' own prices. For example, never discuss passing on a price increase to customers.

Discuss allocating markets or customers

- Never mention, discuss or agree to allocate sales, territory, customers or products between SQM and a competitor.
- Never mention, discuss dividing up customers/contracts or bids, for example by agreeing who will or will not bid for a particular contract.

Coordinate over product introduction

- Never agree when you will introduce a new product or delay introducing a new product.

Boycott/retaliate

- Never discuss or agree not to deal with particular customers or suppliers. Even if the customer or supplier has allegedly infringed the law, agreeing not to deal with them is illegal. Therefore never stop dealing in response to a complaint from a competitor or another market participant; if, coincidentally, you were intending to stop dealing in any event, consult the SQM Risk Management and Compliance Officer before doing anything.

- Never mention or discuss plans for keeping a new entrant out of the market or excluding an actual competitor.

- Never warn a new entrant not to enter a market.

Discuss or mention investments, R&D, product plans etc.

- Never discuss or mention possible concrete investments that SQM or a competitor is considering making.

- Never discuss or mention confidential R&D, marketing initiatives or product plans.

If the matters of any of these Never Rules are <u>mentioned or discussed</u> at a meeting or in conversation with a competitor, you must <u>leave</u> the meeting or <u>end</u> the conversation <u>immediately</u> and <u>inform the SQM Risk Management and Compliance Officer</u> about the incident. Even if a <u>competitor simply volunteers</u> information on any of these Never Rules, that should be reported.

<u>Always consult with the SQM Risk Management and Compliance Officer before</u>

- Agreeing to lawfully cooperate with a competitor. For example, before agreeing to purchase, distribute or develop a product jointly or before making a joint investment.

- Entering a licensing agreement with a competitor.

- Establishing or agreeing to an industry standard/specification.

- Buying (or selling) shares/assets of a competitor company.

- Participating as director or relevant officer of a competitor company.

- Joining a trade association – see specific trade association guidance below.

Trade associations

Never

- Discuss or mention any of the subjects covered by the Never Rules listed above at a trade association meeting or on the fringes of a trade association meeting (e.g. over coffee or dinner or in a taxi).

- Attend a trade association meeting that does not have a clear written agenda or where written meeting minutes will not be subsequently circulated.

- This applies to all meetings, including audio- or video-conferences.

Always consult with the SQM Risk Management and Compliance Officer before

- Joining a trade association.

- Contributing SQM data to industry statistics prepared by a trade association or other third party.

At a trade association meeting, always

- Object to discussion/disclosure of CSI or discussion or mention of any of the subjects covered by the Never Rules noted above.

- If discussions go too far and/or are not stopped, **leave** the meeting and **immediately** speak to the SQM Risk Management and Compliance Officer.

- You **must** object or leave the meeting even if this is awkward – silence is not enough.

- Check that any objection or the fact of leaving a meeting is recorded in the minutes.

Dealing with customers

Dealing with customers poses a lower risk of infringing antitrust law compared to dealing with competitors. Nonetheless, you have to be careful, in particular, not to set resale prices for, nor impose onerous terms on customers. There are also specific rules regarding resale of products in Europe [these rules do not cover all of the European countries, contact the SQM Risk Management and Compliance Officer for more information] and rules that apply if SQM has strong market power/a dominant position.

The Never Rules

- Never require customers (or distributors) to resell at a particular price.
    - Recommending resale prices or maximum resale prices to a customer (or distributor) is allowed provided that no pressure is exerted to encourage adherence to the recommendation.

- Never seek to discipline or threaten a customer who does not adhere to a recommended resale price. Conversely, never give a customer a financial or other commercial incentive to apply your recommended price.

- Never offer customers discounts on condition that they will purchase exclusively (or almost exclusively) from SQM.

- Never require a European customer/distributor not to resell a product to another European country.

Always consult with The SQM Risk Management and Compliance Officer before

- Exchanging any CSI with customers (since a customer could pass on this CSI to a competitor).

- Announcing proposed price changes before their effective date.

- Offering rebates if there is a possibility that SQM has a market share of 33% or more.

- Making sales below cost (total cost, variable cost etc.).

- Entering into exclusive supply or distribution agreements.

- Refusing without a legitimate objective justification (e.g. a concern about creditworthiness) to supply an existing customer.

- Informing a customer that you will only supply them with product A if they also purchase product B from you, or offering a discount available only if the products A and B are purchased together.

- Specifying one price to a customer/distributor who is selling a product in one European country and a higher price if the customer/distributor is going to export the product to another European country.

- Requiring a European distributor not actively to try to sell to customers outside an allocated territory in Europe.

- Trying to restrict what a customer does with a product purchased from SQM.

Best compliance practices

Sharing information: Need to know versus nice to know

It can sometimes be legitimate to share information about SQM with people outside SQM. But always be cautious. Never share CSI – see the examples above. If asked to share CSI, you must consult the SQM Risk Management and Compliance Officer.

In addition, in all cases, you should only share information when this is indispensable. A good rule of thumb is to ask if the information is something that the other person "needs to know". If yes, the information can potentially be shared. On the contrary, if the information is merely something that it would be "nice" for the other person to know, the information should not be shared.

Drafting tips

You should take care with language in all business communications, whether in writing or in telephone conversations or meetings. Careless language could be very damaging if SQM was ever subject to an investigation by competition authorities or involved in antitrust litigation with another company. **A poor choice of words can make a perfectly legal activity look suspicious.**

Many internal documents are likely to come under scrutiny during an investigation or legal proceedings, even those which you might believe to be confidential such as diaries, telephone call records or personal note books. Documents in this context are not limited to papers, but include any form in which information is recorded including computer records and databases, e-mail, virtual and cloud files, microfilms, tape recordings, films, videos, etc.

In light of this:

- Consider first **whether** you need to write/type anything at all.
- If you think it might be a sensitive area, speak to the SQM Risk Management and Compliance Officer first.
- Whenever you write/type something down, remember that it could be made public one day. **Would you be comfortable if it was?**
- Do not use vocabulary that is suggestive of guilt/illegal behaviour (e.g. "Please destroy/delete after reading").
- Avoid aggressive vocabulary, such as "This will enable us to dominate the market", or "We will eliminate the competition". Likewise, avoid language suggesting that you/SQM has a strategy to drive a competitor out of business.
- Do not speculate about whether an activity is illegal or legal.
- Do not write anything which implies that SQM's prices are based on anything other than your/SQM's independent business judgement.
- Avoid any suggestion that an industry view has been reached on a particular issue such as price levels. For example, avoid writing that you are doing something because of an "industry agreement", "consensus" or "practice".
- State clearly the **source** of any competitor pricing information or other potentially

sensitive information (otherwise it might look like it came from the competitor).

- Do not refer to SQM as being dominant or having high market shares. You could instead refer to it as being a market leader.

- Avoid giving the impression that any customer is getting special treatment ("This is a special deal for you only").

- Do **not keep** papers/records for any longer than provided for in SQM's document retention programme. But **always** keep them for this long.

- Do not keep lots of different versions of the same document. **Only keep the final** version; drafts unfortunately sometimes assume a life of their own.

- Follow these same rules if annotating documents received from others.

E-mail, voicemail, instant messaging, social network chatgroups (or other electronic communication) and phone calls

E-mail and voicemail can often contain even more damaging statements than letters or memoranda, because they are sometimes sent or left more casually. Both e-mail and voicemail messages can be accessed during an inspection by competition authorities or in legal proceedings. They are regarded as a particularly good source of information because they are stored by time and date and can give a good picture of what was done and said.

You should therefore take **as much care** in sending messages by e-mail or leaving them on voicemail as you would when sending a letter or memorandum. Assume that all e-mail or voicemail messages may be read or heard by others.

Instant messaging and social network chatgroups are even more dangerous because people often assume that conversations are not recorded. In fact, your systems or that of your correspondent may very well record the contents of such conversations.

In certain countries and under specific circumstances, the authorities may even intercept and record phone calls, so the same rules mentioned above apply for such communications.

Communications with in-house and external counsel

In some circumstances SQM would be able to prevent the disclosure of communications with their external or in-house lawyers on the ground that the communications are protected by the right of "legal professional privilege" and can therefore be kept confidential. To best enable SQM to claim legal professional privilege always:

- Whenever you communicate with lawyers regarding legal advice, mark the document as "**Privileged and confidential**". Do the same in the **email subject line** (if applicable).

- Do the same if forwarding a lawyer's advice.

- If you are replying to a request for information from in-house or external counsel, ensure that the words "**Privileged and confidential. Prepared at the request of [external] counsel**" appear at the beginning of your reply and in the email subject line (if applicable).

- Clearly mark and separate sections of a document containing legal advice.

- Do not send copies of communications with in-house or external counsel outside SQM.

- All communications between you and in-house or external counsel should be kept in **separate** files/email folders/folders on servers that you should mark as "**Privileged and confidential**".

Document retention and destruction

Please refer to SQM's document retention and destruction policy for general guidance on how long to keep any particular documents or records. However:

- You **must not delete or destroy** documents or records (which would not otherwise be destroyed in accordance with SQM's usual policy) because you think they contain damaging information. Deleting or destroying documents or records will damage SQM's standing with the competition authorities if it comes to light in an investigation, and can also lead to criminal penalties.

- If you are notified that SQM is under investigation by the competition authorities, all (even routine) document destruction in the areas identified by counsel must **immediately stop** until further notice.

Dealing with enquiries

If you receive any enquiry from a lawyer from outside SQM, contact a member of the SQM Legal Department and/or the SQM Risk Management and Compliance Officer immediately. Do not answer any questions.

If you receive an enquiry from an inspector or other government official, contact a member of the SQM Legal Department and/or the SQM Risk Management and Compliance Officer immediately. If neither is available, do not contact another person but note down the name of the caller, the purpose of the call, the name and number of the inspector and their contact telephone number. Record any other information given to you, such as the date and time of a potential inspection. Pass all this information as soon as possible to a member of the SQM Legal Department and/or the SQM Risk Management and Compliance Officer. Do not answer any of the inspector's or official's questions.

You should never provide false or misleading information while answering enquiries from the competition authorities.

Inspection by a Competition Authority

If someone claiming to be an inspector or official from a competition authority contacts you or arrives at SQM's premises, it is **essential** that you contact a member of the SQM Legal department, the SQM Risk Management and Compliance Officer, or your manager **immediately**. If an inspector or official from a competition authority arrives at SQM's premises, you should not try to obstruct their entrance, but do request for their identification and for a copy of the court order or other applicable authorization, which you should provide to the SQM Legal department or the SQM Risk Management or Compliance Officer when contacting them. If a member of the SQM Legal department or the SQM Risk Management and Compliance Officer are not at the premises, you should try to request the inspector or official to wait for their arrival (if possible).

APPENDIX

Acknowledgment

I am aware of and understand SQM's Antitrust Compliance Programme and confirm that I will comply with the principles contained in this Compliance Programme.

Name:

Signed:

Date: