

## Corporate Procedure

### CRIME PREVENTION MODEL

Responsible Area	Approved by
Ethics and Compliance Department	Andrés Yaksic
Risk Management and Compliance Department	Risk Management and Compliance Officer
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## 1. Objectives

This document aims to establish the design of the Crime Prevention Model (hereinafter "CPM"), to comply with the provisions of Chilean Law No. 20,393 on criminal liability of legal entities and to prevent the commission of crimes under it and its modifications (hereinafter "Chilean Anti-Corruption Law").

## 2. Scope

This procedure applies worldwide to Sociedad Química y Minera de Chile S.A. and all its subsidiaries, affiliates and companies in which SQM owns more than 50% and other entities at the discretion of Risk Management and Compliance Officer ("SQM").

## 3. Definitions

- (a) **Applicable Laws:** The Chilean Anti-Corruption Law, the U.S. Foreign Corrupt Practices Act, commercial anti-bribery laws and any other applicable anti-bribery or anti-corruption law or regulation.
- (b) **CCO: Chief Compliance Officer,** formally designated by the Board of SQM, in accordance to first numeral of article four of the Chilean Anti-Corruption Law. The position is named as Risk Management and Compliance Officer in SQM.
- (c) **Risk Matrix:** Document that indicates the risks that affect SQM's Ethics and Compliance Program, along with the possibility of occurrence and impact of each of these, in addition to the controls implemented to mitigate said risks and their respective tests and sample selection methodology.
- (d) **RIOHS:** Chilean internal employment rules for its acronym in Spanish, *Reglamento Interno de Orden, Higiene y Seguridad de SQM*.

### Criminal offenses under Chilean Anti-Corruption Law:

- (a) **Unfair Administration:** An offense that is committed by one who, being responsible for safeguarding or managing the assets of a third party, or of any part thereof, damages said party, whether by abusively exercising powers to dispose of them on his/her behalf or obliging him/her, or by executing or omitting any other action in a manner manifestly contrary to the interest of the owner of the affected assets (as set forth in article 470, numeral 11 of the Chilean Criminal Code).
- (b) **Unlawful negotiation:** An offense that is committed by one who appropriates or diverts money, effects or any other item that the person has received by any title that produces an obligation to deliver or return it, to the detriment of another (as set forth in the article 470 numeral 1 of the Chilean Criminal Code).
- (c) **Bribery of a foreign public official:** An offense that is committed by one who offers, promises, or gives or consents to give a foreign public official a benefit, of economic or any other nature, for the benefit of himself or a third party, to omit or take an action

that will allow obtaining or maintaining for itself or for a third party any business or advantage in the scope of any international transactions or of an economic activity carried out abroad (as set forth in Article 251.bis of the Chilean Criminal Code).

- (d) **Bribery of a national public official:** An offense that is committed by any person offering or consenting to give a public official a benefit, of economic or any other nature, for the benefit of himself or a third party, in exchange for making or omitting an act that is part of their functions (as set forth in Article 250 of the Chilean Criminal Code).
- (e) **Water pollution:** An offense that is committed by any person who, illegitimately, introduces or orders the introduction into any body of water of contaminating agents that cause damage to hydrobiological resources. It is also committed by the person who, negligently, performs the behavior just described (as set forth in article 136 of the Chilean General Fisheries and Aquaculture Law).
- (f) **Commercial bribery:** An offense that is committed by any employee or agent who requests or accepts receipt of a benefit, of economic or any other nature, for himself/herself or a third party, to favor or for having favored the hiring of one of the bidders over another and by the one who gives, offers or consents to give such benefit for that purpose (as set forth in articles 287.bis and 287.ter of the Chilean Criminal Code).
- (g) **Financing of terrorism:** An offense that is committed by a person or a company who, by any means, directly or indirectly, solicits, collects or provides funds with the purpose of being used in the commission of any terrorist crimes (as set forth in Article 8 of Chilean Anti-Terrorist Law N° 18,314).
- (h) **Money laundering:** An offense that is committed by anyone who conceals or disguises the illicit origin of certain assets, knowing that they come, directly or indirectly, from the perpetration of crimes related to drug trafficking, illegal weapon sales, prostitution networks, embezzlement of public funds, malicious use of privileged information, bribery, terrorism, among others; and by the person who acquires, possesses, or uses the aforementioned goods, with the intention of making a profit, when at the time of receiving them he or she has known of their illicit origin (as set forth in Article 27 of Chilean Anti-Money Laundering Law N° 19,913).
- (i) **Incompatible negotiations:** An offense that is committed by the director or manager of a corporation (as well as any other person to whom the rules regarding duties established for the directors or managers of these companies are applicable) that directly or indirectly has an interest in any negotiation, action, contract, operation or management that involves the corporation, in breach of the conditions established by law. This offense is also committed if, in the same circumstances, they grant to or allow an interest to be taken by, having the obligation to prevent it, their spouse or civil partner, a relative in any degree from the straight line or up to the third degree inclusive of the collateral line, or by consanguinity or affinity, or third parties associated with it or these, or partnerships or companies in which any of the above exercise their administration in any way or have a corporate interest, which must be greater than 10% if the company is anonymous (as set forth in article 240 numeral one of the Chilean Criminal Code).

- (j) Receiving of stolen goods: An offense committed by one who, having in his or her power specie obtained through robbery, theft, or cattle rustling, by receipt or misappropriation, and knowing its origin or being of not knowing it, transports, buys, sells transforms or markets it (as set forth in article 456.bis A of the Chilean Criminal Code).

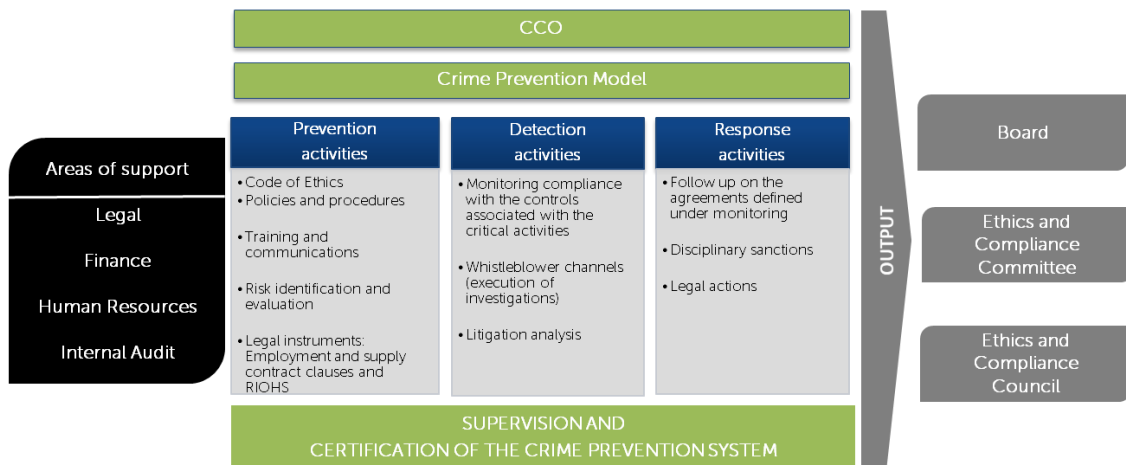
#### 4. Crime Prevention Model

The CPM includes a set of policies, procedures and standards that create a preventive and monitoring process through different control activities on the processes that are exposed to the risks of commission of the offenses under the Chilean Anti-Corruption Law.

In compliance with the provisions of the fourth article of the Chilean Anti-Corruption Law, the CPM of SQM is composed of the following elements:

- Appointment of a CCO;
- Definition of means and powers of the CCO;
- Establishment of a crime prevention system; and
- Supervision and certification of the crime prevention system.

Hereunder, the components of the model are presented graphically:



##### 4.1 Appointment of a CCO

The Board of Directors of SQM is responsible for appointing the Risk Management and Compliance Officer, who is responsible for the management of the CPM and for reporting on its status. This appointment will be valid for a maximum period of three years, which may be extended for periods of equal duration, by decision of the Board.

## 4.2 Definition of means and powers of the CCO

The CCO has:

- Autonomy and independence to access and report directly to the Board, in order to report the fulfillment of their duties.
- Its own budget approved by the Board.
- Sufficient personnel responsible for carrying out their management and the adequate tools and facilities for the proper performance of their tasks.
- Unrestricted access to the different areas of the organization and to all the information necessary for the proper development of its functions, for example, for carrying out investigations, monitoring of CPM compliance, among others.

In addition, the CCO has the following responsibilities:

- Ensure the proper development, implementation and operation of the CPM and its respective update.
- Report semiannually to the Board, or when circumstances so warrant, on its management and the operation of the CPM.
- Execute specific reviews to verify compliance with the main controls that prevent the criminal offenses covered under the Chilean Anti-Corruption Law.
- Implement a CPM training program for SQM members.
- Ensure the proper functioning of the reporting channels and their respective procedures.
- Execute or request that investigations be carried out when an unusual or suspicious situation arises.
- Responsible for the process of identification and analysis, risks and controls related to the criminal offenses covered under the Chilean Anti-Corruption Law.

## 4.3 Crime prevention system

The crime prevention system contains the following activities:

- (a) Prevention activities;
- (b) Detection activities; and
- (c) Response activities

### (a) Prevention activities

The objective of these activities is to have tools to prevent breaches of the CPM and the commission of criminal offenses covered under the Chilean Anti-Corruption Law.

- **Code of Ethics and Code of Conduct of SQM 's Business Partners**
- **Policies and procedures:** An effective control environment within SQM is critical to the effectiveness of the CPM. Within the control environment are all policies and procedures that are related to activities that generate risks of the commission

of criminal offenses. These must be properly documented, disseminated and available to the respective users. The following documents are highlighted:

- Anti-bribery and anti-corruption compliance policy;
  - Corporate policy on rendering and reimbursement of expenses;
  - Sponsorships and memberships procedure;
  - Donations and contributions procedure;
  - Procedure for business courtesies;
  - General procedure to initiate business relationships with third parties;
  - Global speak up procedure;
  - Global procedure for internal investigations and sanctions;
  - Compliance procedure for third party intermediaries; and
  - Anti-corruption compliance procedure for JV, equity investments and other business relationships.
- **Training and communication:** The objective is to reinforce the ethics and compliance culture in SQM, as well as to ensure the diffusion of the improvements constantly implemented in this area. It is essential that employees know the scope of the Chilean Anti-Corruption Law, the CPM and its policies and procedures. To achieve this, the Training Procedure of the Ethics and Compliance Program ("ECP") details the criteria, categories and guidelines needed to plan the training of the CPM annually.
  - **Risk identification and evaluation:** This process is to be executed according to the "*Procedimiento para la identificación y evaluación de riesgos y controles de las actividades del PEC*". It can be summarized as follows:

Risk Identification: To identify and update SQM's corruption risks, the process requires a feedback cycle that is obtained from different sources:

- Knowledge of the business;
- Internal Audit and SOX Reports;
- Risk Management Department;
- Legal regulations and national and international situation;
- Reports of internal investigations;
- Monitoring reports; and
- Policies and procedures.

Biannually, the CCO will present the identified risks to the Ethics and Compliance Council for their review and approval. An exercise of evaluation of related risks will be carried out every three years.

Risk assessment: This assessment will be carried out through the Risk Matrix. Once the risks have been identified, they will be grouped by activity, which corresponds to the process to which each risk belongs.

Then an evaluation will be made about the inherence of the risks; that is, before applying any control activity. This will be carried out under the criteria of the possibility of occurrence and the impact that would be generated in SQM if the risk were to materialize, both with scales of 1 (Insignificant) to 5 (Very High).

On the other hand, the level of risk will be determined through the weighting between impact and probability. Being a 5x5 matrix, there are 25 risk levels, which for simplification are divided into 4 main categories: Extreme (red), Significant (orange), Medium (yellow) and Low (green).

Identification and evaluation of control activities: With regard to the described risks, control activities that help mitigate the associated risk will be identified. Then, an evaluation of the design of the controls will be carried out, according to their frequency, nature and opportunity.

The Risk Matrix includes the tests and the methodology for the selection of samples, which will be executed during the monitoring of the activities to verify the effectiveness of the controls. This is carried out according to the *"Procedimiento para el monitoreo de las actividades del Programa de Ética y Cumplimiento Anticorrupción"*.

Residual risk assessment: Finally, the residual risk is defined, that is, the risk that is obtained after applying the control activities defined for each process.

- **Legal instruments:** Contract clauses for employees and suppliers, and RIOHS: Employees and suppliers must be formally informed of their obligations due to Chilean Anti-Corruption Law. The RIOHS establishes the main responsibilities of SQM employees, as well as the circumstances in which, and how, they could be sanctioned.

#### (b) Detection activities

These activities are developed with the purpose of detecting breaches of the CPM or the commission of criminal offenses under Chilean Anti-Corruption Law.

- **Monitoring compliance with the controls associated with the critical activities:** The CCO must periodically monitor the operation of the controls implemented to mitigate the risk of commission of criminal offenses under the Chilean Anti-Corruption Law.
- **Whistleblower channels (execution of investigations):** The CCO must establish the channels used to make reports related to breaches of the Chilean Anti-Corruption Law, the CPM, the Code of Ethics, the policies and procedures of SQM, and also possible violations of other applicable laws. Through these channels, both employees and third parties can report those potential breaches. By using these channels, the confidentiality of the reporter, and non-retaliation against the reporter are guaranteed, and anonymity is allowed in accordance with the applicable local legislation.

SQM Formal Whistleblower Channels are the following:

- SQM EthicsPoint: Phone number according to your location and phone operator (Chile):

Location	Toll free number	SQM code requested by the operator
Chile	ENTEL: 800-360-312	844-330-7095
	Movistar: 800-800-288	
	Claro: 800-225-288	
Easter Island	800-800-312	
Beijing	108-888	
Shanghai	10-811	
Belgium	0-800-100-10	
USA	844-330-7095	
Ecuador	1-999-119	
Mexico	001-800-658-5454	
South Africa	0-800-99-0123	
Spain	900-99-0011	

- Web form at [www.SQM.ethicspoint.com](http://www.SQM.ethicspoint.com) whose access is also provided through the SQM website and intranet as "Helpline-Hotline".

The Reported Events received through the Formal Whistleblower Channels will be reviewed by the CCO in coordination with the Internal Audit Department. To ensure that all Reported Events are reviewed, both areas have direct access to these Formal Whistleblower Channels. Together, they evaluate whether the Reported Events merit an investigation as described in the Global Procedure for Internal Investigations and Sanctions.

- **Litigation analysis:** The CCO must analyze lawsuits or any legal action in which SQM is involved and which is related to the Chilean Anti-Corruption Law.



### (c) Response activities

The objective of the response activities is to correct the deficiencies detected so that the breaches of the CPM, policies or procedures or the commission of crimes, do not occur again. These activities include sanctioning those who make these breaches, if applicable.

- **Follow up on the agreements defined under monitoring**

Under each monitoring of the risk activities determined by the Compliance Department, non-compliance with the CPM, its policies or procedures or the commission of criminal offenses under the Chilean Anti-Corruption Law are identified, and for each of them, agreements or action plans are created with the departments involved to address any deficiencies. The CCO shall monitor the action plans, ensuring their execution as agreed with each department.

- **Disciplinary sanctions**

The Ethics and Compliance Council or the Committee may apply disciplinary sanctions and their justification must be documented.

Sanctions must adhere to local labor regulations (specifically including, in Chile, the pertinent provisions in the RIOHS) and other applicable laws. In general, the sanctions that may be applied are, among others, the following:

- Specific or additional retraining or guidance, or similar measures;
- Verbal admonition;
- Written warning, with a copy in the employee's personal file and/or the corresponding labor authority;
- Suspension, when allowed by local labor law;
- Monetary or performance consequences; and
- Termination of employment relationship.

- **Legal actions**

If a situation could be considered as a criminal offense, the CCO, together with the Legal Vice-President, shall evaluate the possibility of filing a criminal report with the competent authorities.

## **4.4 Supervision and Monitoring of the Crime Prevention Model**

The CCO shall monitor and oversee the execution of the CPM, implementing the necessary improvements for its proper functioning within SQM.

The CCO is also accountable for the update of the CPM, where he must evaluate its design and effectiveness. He must consider at least the relevant changes in SQM and the changes in the legal regulations and national and international circumstances.

The CCO may request an independent evaluation of the CPM, which shall be aimed at evaluating each of its elements.

#### **4.5 Crime Prevention Model Certification**

Chilean Anti-Corruption Law indicates that companies may certify the adoption and implementation of their CPM, which establishes that the CPM complies with all the requirements established in said law. The certifier is an independent third party and must be registered with the Chilean *Comisión para el Mercado Financiero*.

#### **4.6 Reports**

The CCO will report semiannually to the Board about its management with regard to SQM's CPM, considering, for example, training and communications plan, new policies and procedures, management of the reports received through the whistleblower channel and internal investigations, results of monitoring of the controls to prevent the crimes covered under Chilean Anti-Corruption Law, among others.

Periodically, the CCO, or whoever it designates, will report to the Ethics and Compliance Council for its discussion issues related to ethics, compliance, and corruption risks. Likewise, it will deliver to the Ethics and Compliance Committee the results of the monitoring of the CPM controls and investigations, for its information and to define the internal sanctions in case of infractions to the CPM or the Applicable Laws.

#### **4.7 Areas of support for the Crime Prevention Model**

In order to support the CPM in its activities, the areas of support will participate in and be responsible for at least the following:

Legal Department

- Provide advice on the incorporation of contract clauses with employees, suppliers and other third parties;
- Report on lawsuits or any legal action in which SQM is involved and that is related to Chilean Anti-Corruption Law;
- Advise in relation to the analysis of reports and internal investigations;
- Execute and document the controls for which they are responsible in accordance with the Risk Matrix;

- Implement the action plans that are under their responsibility, according to the monitoring and investigation reports; and
- Report control gaps or any other information that affects the correct functioning of the CPM in relation to its functions and provide this information to the CCO to take the corresponding measures.

#### Finance Department

- Execute and document the controls for which they are responsible in accordance with the Risk Matrix;
- Implement the action plans that are under their responsibility, according to the monitoring and investigation reports; and
- Report control gaps or any other information that affects the correct functioning of the CPM in relation to its functions and provide this information to the CCO to take the corresponding measures.

#### Human Resources Department

- Inclusion of compliance clauses in employment contracts;
- Include the topic of the CPM in the induction program for new employees;
- Execute and document the controls for which they are responsible in accordance with the Risk Matrix;
- Implement the action plans that are under their responsibility, according to the monitoring and investigation reports; and
- Report control gaps or any other information that affects the correct functioning of the CPM in relation to its functions and provide this information to the CCO to take the corresponding measures.

#### Internal Audit Department

- Incorporate in the audit plan revisions to the CPM controls defined in the risk matrix;
- Support the CCO in the execution of the activities of the CPM that are requested and that are compatible with the independence of the area; and
- Report control gaps or any other information that affects the proper functioning of the CPM and provide this information to the CCO to take appropriate measures.

#### General activities for all areas

- Execute and document the controls for which they are responsible in accordance with the Risk Matrix;
- Collaborate with the updating and improvement of the CPM, through the realization of the observations and suggestions considered necessary;
- Collaborate with compliance with the CPM;

- For all areas that generate contracts with suppliers, include compliance clauses in contracts; and
- Report the facts or situations that violate the CPM, through the whistleblower channels.

## 5. **Validity**

This document will be valid for 24 months from its issuance date.

## 6. **References**

- Code of Ethics;
- Anti-Corruption and Anti-Bribery Compliance Policy;
- Global Speak Up Procedure;
- Global Internal Investigations and Sanctions Procedure;
- *Procedimiento para la identificación y evaluación de riesgos y controles de las actividades del Programa de Ética y Cumplimiento Anticorrupción; y*
- *Procedimiento para el monitoreo de las actividades del Programa de Ética y Cumplimiento Anticorrupción.*



## 7. Approvals

Responsible Area	Approved by
Ethics and Compliance Department	Andrés Yaksic
Risk Management and Compliance Officer	Risk Management and Compliance Officer
Date: January 2019	Date: January 2019
Signature	Signature
