



2018 ANNUAL REPORT
INTEGRATED REPORT





SCOPE OF THE INTEGRATED REPORT

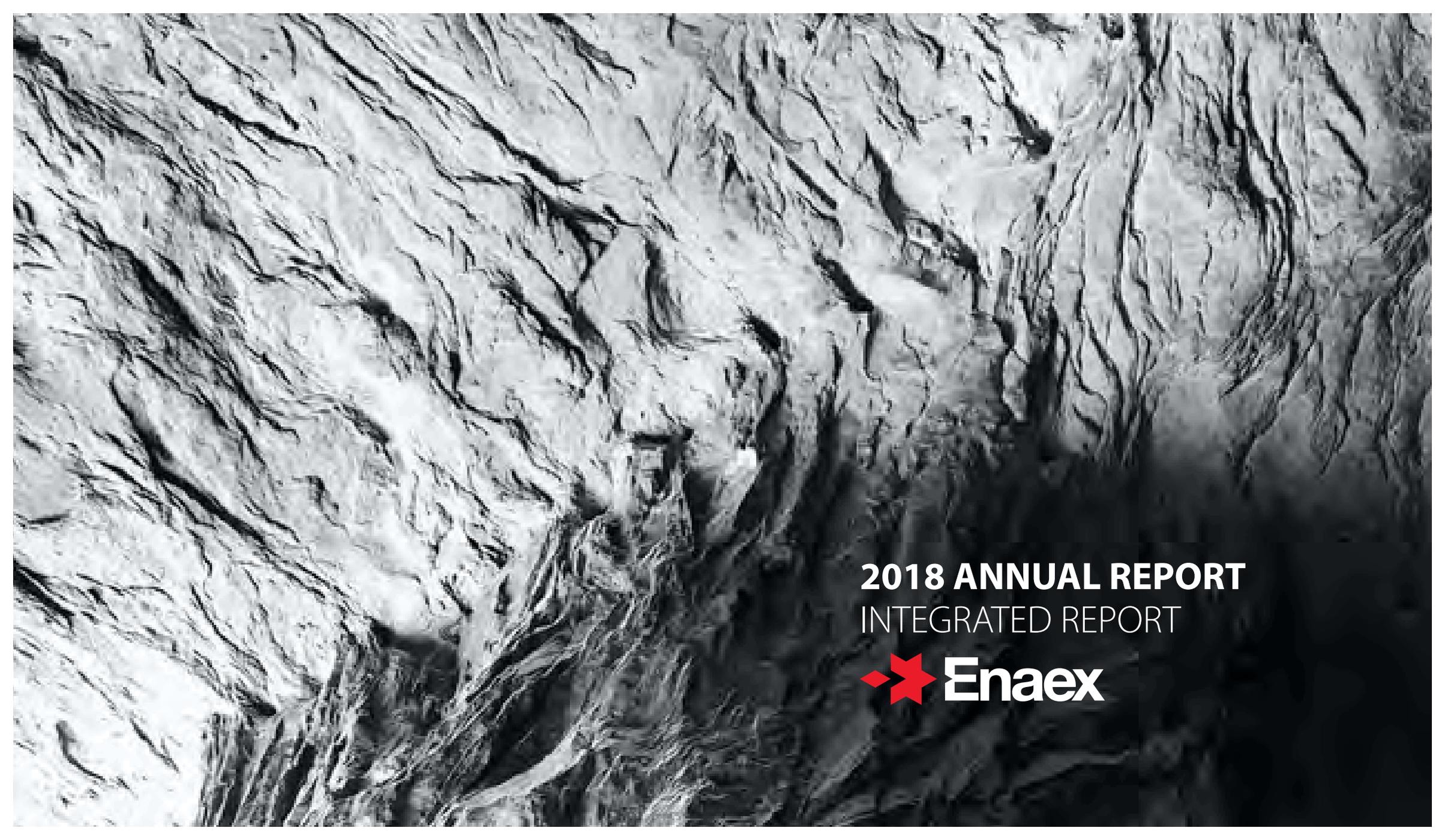
This integrated report includes consolidated information on the Company's financial, social and environmental performance for the period between January 1 and December 31, 2018.

The Integrated Report is written in accordance with International Integrated Reporting Council (IIRC) methodology. This third version once again aims to provide a broader view of its business model so that its shareholders and main stakeholders may understand how the Company seeks to meet the challenges of sustainable growth in a competitive global environment and create value in the long term. This report discloses increasingly better data on how sustainability challenges have been transformed into opportunities for innovation and growth—for the Company, its suppliers and its customers. Our new corporate vision focuses on thinking big. We continue to make progress on the ambitious commitments that define Enaex's current and future roles with services that offer comprehensive solutions while developing a business that adapts to industry changes quickly and efficiently.

Legal Name	: Enaex S.A.
Doing Business As	: Enaex
Chilean Tax ID	: 90.266.000-3
Type of Entity	: Publicly Traded Corporation
Securities Registration	: SVS Registry No. 0401
Headquarters	: El Trovador 4253 5th floor, Las Condes, Santiago
Phone	: +56 22837 7600
E-mail	: finanzas@enaex.com
Website	: www.enaex.com

A publicly traded corporation in accordance with Law No. 18,046, Securities Registry No. 0401 of the Financial Market Commission or CMF (before, Superintendency of Securities and Insurance or SVS):





2018 ANNUAL REPORT
INTEGRATED REPORT





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**CORPORATE
INFORMATION**





A WORD FROM OUR CHAIRMAN

Dear Shareholders:

It is my pleasure to present, on behalf of the Board of Directors of Enaex S.A., the 2018 Integrated Report and Financial Statements. This Integrated Report once again includes significant activities from all areas of our operations. It is written in accordance with the International Integrated Reporting Council (IIRC) framework, a model which aims to provide a more thorough, precise and comprehensive representation of how our Company's resources create value.

The Company and its board of directors have an ongoing interest in achieving our best performance—in the economic realm and in every other area that enables Enaex to project itself in an innovative, sustainable manner. This year, we focused on our role as an integrated rock fragmentation services provider offering high-value, customer-focused solutions. We continue developing cutting-edge products and solutions for global mining with programs that address some of the aspects most relevant to the organization: human resource management, efficiency, safety, synergy between subsidiaries, robotics, emissions control and energy efficiency.

In the three years since we acquired 100% of Enaex Britanite, Brazil's largest explosives company, and 96% of France's Davey Bickford Enaex, one of the world's leading manufacturers and distributors of electronic detonators for the explosives industry, we have undoubtedly achieved the objective of constantly improving our value proposition for customers. We have done so by offering cutting-edge initiation systems and technology as well as more efficient logistics and supply processes, which has strengthened our global position. A survey published in *Minérios*, a Brazilian mining journal,



places Enaex Britanite at the forefront of the Brazilian blasting market in terms of market share and customer satisfaction. Enaex was recognized by the French-Chilean Chamber of Commerce as the Best Performer in French-Chilean Commercial Relations of 2018, reflecting the successful integration process and significant results recorded since acquiring the French company.

As of December 2018, Enaex recorded US\$783.1 million in revenue and US\$78.7 million in profit, representing an 11% increase and a 2% drop, respectively, relative to the prior year. The difference is attributable to the tax reform that began in 2014, raising the Chilean tax rate from 25.5% to 27% between 2017 and 2018. However, this was offset by higher sales in Chile, Brazil and Peru thanks to increased growth in the mining sector. On international markets, exports reached 192,000 tons, primarily to the destination markets of Bolivia, Peru and Australia. Similarly, sales of initiation systems were also up worldwide.

In keeping with the Company's strategic plan, which aims to optimize international development and harness its strengths at the regional level, on May 15 Enaex acquired 70% ownership in Cuzco-based Industrias Cachimayo S.A., which was owned by Yura S.A., a subsidiary of the Gloria group and Perú's only producer of Ammonium Nitrate.

The mining sector faces problems that require timely solutions and non-traditional insights. Joint innovation efforts involving mining companies and their suppliers have become fundamental to the industry's

sustainability. That is why it is an honor to have been recognized in May by the School of Science and Engineering at Universidad Adolfo Ibáñez with the Technological Innovation in Engineering award for Enaex's contributions to the mining industry in recent years.

In the environmental realm, Enaex continued work on the 2006 Clean Development Mechanism (CDM) efforts to reduce nitrous oxide emissions at the Prillex America complex in Mejillones. Energy efficiency projects were also implemented, translating into significant energy savings. The Company has the capacity to cogenerate nearly 60% of its electricity consumption, reducing annual CO₂ equivalent emissions by approximately 30,000 tons. This progress positioned the Company, for the third straight year, among the 29 companies on the Dow Jones Sustainability Index Chile (DJSI Chile) developed by Santiago Exchange, S&P Dow Jones Indices and RobecoSAM.

In closing, I would like to express special gratitude to our employees in all the countries where we operate: Chile, Argentina, Australia, Brazil, Canada, Colombia, the United States, France, Mexico and Peru. Their efforts and dedication are what has enabled us to become leaders in production, quality, sustainability and innovation. I would also like to thank our customers, suppliers, financial institutions, investment funds and bondholders. They have accompanied us throughout the years as we set challenges and goals for ourselves. Likewise, I am grateful to the shareholders who have placed their trust in us and to the directors who have contributed to this endeavor.




Juan Eduardo Errázuriz O.
Chairman

THE COMPANY AT A GLANCE

VISION

TO BE THE MINING INDUSTRY'S MOST PRESTIGIOUS COMPANY, DELIVERING HIGH-VALUE SOLUTIONS TO THE WORLD'S MOST IMPORTANT MINING REGIONS.

MISSION

TO GROW ALONG WITH CUSTOMERS, SUPPLYING HIGH-QUALITY AMMONIUM NITRATE, RELATED CHEMICALS AND MINING SERVICES.

TO PROVIDE WORLD-CLASS SAFETY STANDARDS, RELIABILITY AND INNOVATIVE SERVICES.

TO ESTABLISH A GLOBAL PRESENCE AND LEADERSHIP IN LATIN AMERICA.

TO GENERATE VALUE FOR SHAREHOLDERS AND EMPLOYEES.

TO BE RECOGNIZED AS A COMPANY THAT IS RESPECTFUL OF THE COMMUNITY AND THE ENVIRONMENT.

THE COMPANY

ENAEX S.A., A SUBSIDIARY OF THE SIGDO KOPPERS GROUP, HAS MORE THAN 98 YEARS' EXPERIENCE IN THE EXPLOSIVES MARKET. OVER THE YEARS, THE COMPANY HAS BECOME THE WORLD'S THIRD LARGEST PRODUCER OF AMMONIUM NITRATE.

In 2018, the Company continued to grow internationally, expanding its capacity to develop and export innovative, cutting-edge products and solutions for the global mining industry. It is currently the largest supplier of comprehensive rock fragmentation services for mining in Chile and Latin America.

Enaex owns the world's largest Ammonium Nitrate production complex: Prillex America. The plant has a production capacity of 850 thousand tons/year and produced a total of 702 thousand tons of Ammonium Nitrate in 2018.

The Company has contracts with a large portfolio of important customers, including the region's main open-pit and underground mines. It provides rock fragmentation and blasting services in Chile, Argentina, Brazil, Colombia and Peru, where it also has a broad network of on-site service plants. These plants provide a variety of services, such as: shot blasting, loading blasting agents, shallow mooring, plugging blast holes, checking blasting holes, and magazine management.

The Company stands out for its steady growth throughout Latin America. In Colombia, through its subsidiary Enaex Colombia S.A.S., it has a high-tech packaged emulsions plant in operation since 2010. In Argentina, the Company's subsidiary Enaex Argentina SRL has a bulk emulsions plant in operation since 2014. In Brazil, the Company acquired a 100% interest in IBQ Industrias Químicas (Britanite), the country's largest manufacturer and seller of civil explosives, in 2015. In Peru, it acquired an 80% interest in the

local company, Chemtrade, and a 70% interest in Cuzco-based Industrias Cachimayo S.A., Peru's only Ammonium Nitrate producer, thus consolidating Enaex's place as the region's largest producer of Ammonium Nitrate. Beginning in 2016, its Latin American subsidiaries began operating under the names Enaex Colombia, Enaex Argentina, Enaex Peru and Enaex Britanite. The Company continues to strengthen its position as a regional leader in mining services.

Enaex's credit profile and liquidity position remain sound. This year, Feller Rate and Fitch Ratings confirmed their national risk ratings of AA and AA-, respectively, for Enaex S.A. For the third straight year, Best Chile 2018 (part of the Best Employee Financial Future program) also recognized Enaex as an outstanding company on the basis of its concern for employee wellbeing and health.

The community and the environment are also essential to Enaex's growth plan. This is underpinned by its Clean Development Mechanism (CDM) projects, which began in 2006 and aim to reduce nitrous oxide emissions at the Prillex America complex. These projects have measured environmental impact throughout the product life cycle since 2015. The Company earned several accolades and certifications in the areas of sustainability and innovation. For the third straight year, it was chosen to be part of the Dow Jones Sustainability Index Chile (DJSI Chile) developed by Santiago Exchange, S&P Dow Jones Indices and RobecoSAM.

In 2017, the Company made two new technological developments in conjunction with renowned institutions, like the Stanford Research Institute (SRI), ASI Robots, Terrainox, Thecne and SK Godelius. RoboMiner® and Mine-iTruck® are both teleoperated robotics solutions for mining sites.

The Company is known for its innovation, sustainability, exceptional quality, safety and passion for service. These values are key to satisfying customer needs and providing on-site solutions.

THE FIRST TELECOMMAND LOADING OF A BLASTING AGENT TOOK PLACE IN 2018. THE COMPANY EXPECTS TO CONTINUE CONSOLIDATING ROBOTIZATION AND TELEOPERATION OF ON-SITE OPERATIONS, IMPROVING PERSONNEL SAFETY AND PRODUCTIVITY AT MINING SITES.

Enaex ventured outside the region in June 2015 to acquire Davey Bickford, a global leader in the manufacturing of electronic detonators and initiation systems, headquartered in France and with subsidiaries in Australia, Canada, Chile, the United States, Mexico and Peru. To date Enaex owns 96% of the company.



EBITDA

Consolidated EBITDA Enaex S.A.

(in thousands of US\$)



KEY FIGURES FOR ENAEX S.A.

	2011	2012	2013	2014	2015	2016	2017	2018
Average Price of Ammonia (US\$/ton)	577	605	547	549	458	278	279	313
Ammonium Nitrate Production (thousands of tons/year)	738	811	773	782	782	700	683	702
Number of Employees	1,392	1,558	1,703	1,970	3,533	3,309	3,436	4,000
Number of Production Plants	4	5	7	13	13	13	13	14
Number of Service Plants	23	25	25	25	24	24	23	60
Number of Mobile Manufacturing Units	71	86	100	106	124	121	120	200

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS ENAEX S.A.

(in thousands of US\$)

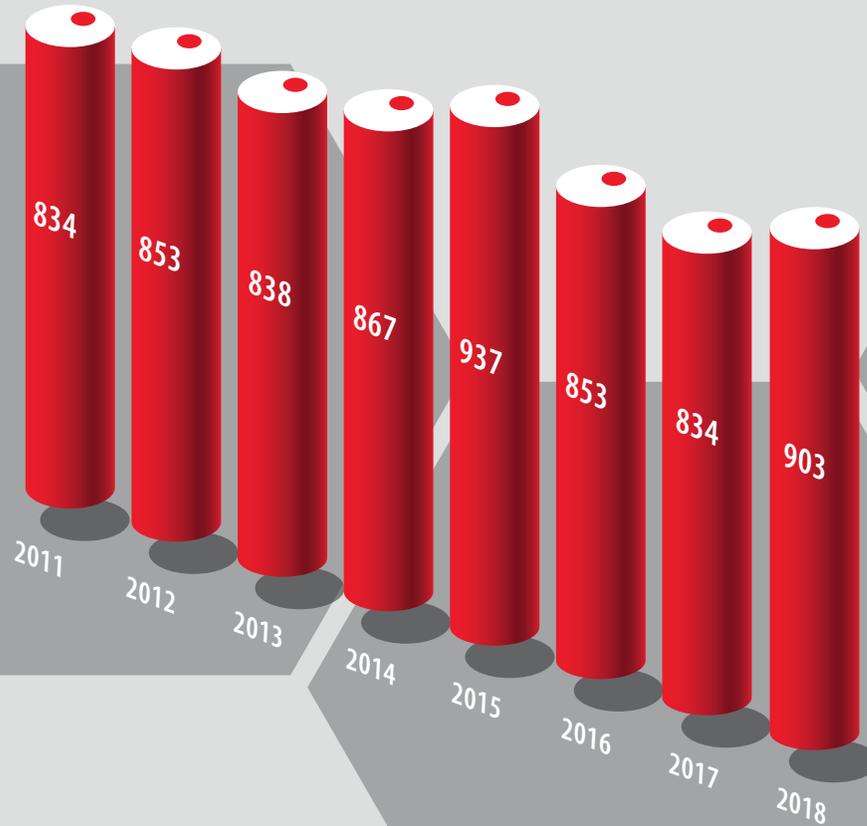
	2011	2012	2013	2014	2015	2016	2017	2018
Sales	575,149	641,429	648,482	645,950	761,766	692,368	705,173	783,061
Net operating income	108,192	126,211	122,505	130,341	148,629	128,478	124,928	124,722
Sales margin	19%	20%	19%	20%	20%	19%	18%	16%
EBITDA	142,341	152,348	150,476	154,170	180,657	165,259	164,373	166,235
EBITDA margin	25%	24%	23%	24%	24%	24%	23%	21%
Profit for the year	79,045	90,907	93,914	99,148	104,581	85,337	80,184	78,730
Assets	746,161	816,351	788,259	835,547	1,097,355	1,116,286	1,166,705	1,187,256

* EBITDA calculations do not include other income (losses) for 2011.

ENAEX S.A. SALES VOLUME

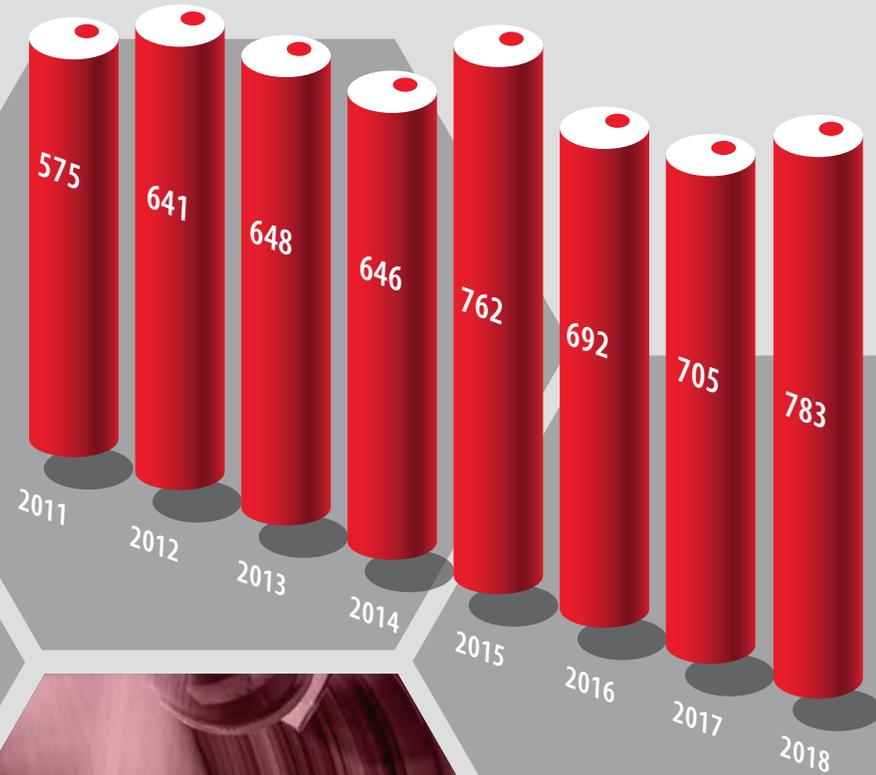
In thousands of tons*

*Explosives, Ammonium Nitrate and chemicals



ENAEX S.A. SALES REVENUE

In millions of USD



COMPANY HISTORY



1920

Compañía de Explosivos de Chile was founded on November 9th.

1923

Explosive manufacturing began at the Río Loa plant. The corporate name was changed to Compañía Sudamericana de Explosivos.

1972

Through the Chilean Economic Development Agency (CORFO), the Chilean government took full control of the Company, changing its name to “Empresa Nacional de Explosivos”.

1974

First Mobile Manufacturing Unit.

1983

Production of nitric Acid and Ammonium Nitrate began at the plant in Mejillones (Prillex America).

1987

The Company was acquired by Chilean investors, FAMA E, and U.S.-based Austin Powder Company.

1989

The Company's corporate name was changed to ENAEX S.A.

1990

Sigdo Koppers acquired a 33% interest in Enaex S.A.

1991

Enaex was formed as a publicly held corporation.

1992

Construction of a new Ammonium Nitrate plant began in Mejillones.

1993

Sigdo Koppers increased its ownership interest in Enaex to 50.01%.

1997

The Ammonium Nitrate project began with an investment of approximately US\$130 million in a new plant with production capacity of 350,000 tons/year. This investment brought the Company's total

1999

Production of Ammonium Nitrate began at the new plant in Mejillones.

2001

Enaex earned the National Quality Award (Premio Nacional a la Calidad) in the large corporation category.

2006

The Company carried out a successful capital increase of US\$68 million and secured two loans totaling US\$125 million in order to finance the new Ammonium Nitrate plant in Mejillones. The Company decided to implement a carbon credit project in Mejillones.

2007

Subsidiary Enaex Argentina SRL was created. The carbon credit project and construction of a new Ammonium Nitrate plant began.

2008

The Carbon Credit Project's certified emissions reduction initiative was launched. Subsidiary Enaex Servicios S.A. was created and the Company was split into manufacturing and service divisions.

2009

The carbon credits project was approved under the Kyoto Protocol and the United Nations officially issued the first emissions reduction certificates, allowing Enaex to sell its carbon credits to Mitsubishi Corporation in Japan.

2010

The new Ammonium Nitrate plant (Panna 4) opened, bringing total production to 850 thousand tons and making it the world's largest explosive-grade Ammonium Nitrate production complex.

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2011

The Prillex complex reached its maximum, nominal capacity, at 850 thousand tons of Ammonium Nitrate per year. UNFCC approved the Panna 4 carbon credit project. Enaex solidified its position as the national leader in CO₂ reduction and emission of carbon credits (Certified Emission Reduction, CERs).

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2012

Enaex acquires a one-third stake in IBQ Industrias Químicas (Britanite) in Brazil. In late 2012, Enaex launched a new project called "The New Enaex Cycle", updating its image and headquarters, aligning them with new growth and productivity challenges.

2013

This year was key in defining Enaex's focus on a model based on continuous innovation.

.....

2014

In Peru, the Company acquired an 80% interest in Chemtrade, a company through which it was awarded the Ammonium Nitrate supply contract for Minera Antamina. In Chile, new contracts were signed with the Collahuasi mines, increasing Enaex's domestic market share.

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2015

Acquired 100% of IBQ Industrias Químicas (Britanite) and 91% of the Davey Bickford Group, a French world leader in manufacturing electronic detonators. In October, Enaex conducted its first bond issuance on the local market, for a total amount of UF 2.5 million.

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2016

Enaex became part of the Dow Jones Sustainability Index Chile (DJSI Chile) and Chilean Federation of Industry (SOFOFA) bestowed us with one of its most important national accolades, naming Enaex Outstanding Company of the Year.

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2017

Enaex launched two new technological developments, RoboMiner® and Mine-iTruck®, robotized, teleoperated solutions for mining sites. In the financial realm, Feller Rate improved the Company's national risk rating from AA- to AA with a stable outlook.

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2018

In Peru, Enaex began blasting services in Quellaveco, one of the world's largest unexploited copper mines and acquired 70% of Cuzco-based Industrias Cachimayo S.A., a company owned by Yura S.A., a subsidiary of the Gloria group, and Peru's only producer of Ammonium Nitrate. In innovation, the Stemming-iTruck®, a teleoperated solution for plugging blast holes, was launched. The School of Engineering and Sciences also recognized Enaex with the Technological Innovation in Engineering award.

In sustainability, the Company was chosen to be part of the Dow Jones Sustainability Index Chile for the third straight year. Enaex also received the Impulsa Talento Feminino award, an initiative from PwC Chile, Fundación Chile Mujeres and Pulso, which recognizes companies that promote women in the workplace with high hiring rates and payment equality.

CORPORATE GOVERNANCE

DIRECTORIO



CHAIRMAN
Juan Eduardo Errázuriz Ossa
4.108.103-1
Civil Engineer



VICE CHAIRMAN
Sergio Undurraga Saavedra**
4.280.259-K
Business Administration



Horacio Pavez Aro
9.737.844-4
Civil Engineer



Juan Pablo Aboitiz Domínguez*
7.510.347-6
Civil Engineer



Alejandro Gil Gómez
5.054.638-1
Businessman



Naoshi Matsumoto Courdurier
9.496.299-4
Business Administration



Norman Hansen Fernández
6.062.403-8
Sociologist



Patricio Leighton Zambelli**
8.255.566-8
Business Administration



Alberto Salas Muñoz
6.616.223-0
Mining Engineer

*Member of the directors' committee, related to the controlled companies, created in accordance with art 50 bis of the Corporations Law.

**Member of the directors' committee, independent from the controller, created in accordance with art 50 bis of the Corporations Law.

COMPANY'S MANAGEMENT



Chief Executive Officer

Juan Andrés Errázuriz Domínguez / 9.350.009-1
Civil Engineer

Chief Financial Officer

Pablo Busquet Errázuriz / 11.472.210-3
Business Administration

Vice President West Latam

Edmundo Jiménez Gallardo / 12.622.945-3
Civil Engineer

Vice President Human Resources

Patricia Valenzuela Urra / 8.267.412-8
Psychologist

Vice President Supply Chain

Pablo Wallach Beovic / 12.585.165-7
Civil Engineer

Vice President Production

Claudio Yévenes Constanzo / 9.383.155-1
Civil Engineer

Vice President of Innovation and Start Ups

Miguel Angel Peña Duarte / 10.279.473-7
Civil Engineer

Prillex Plant Manager

Cristobal Ugalde Rother / 13.433.063-5
Naval Engineer

Río Loa Plant Manager

Matías Sims Soza / 13.602.163-K
Civil Engineer

Punta Teatinos Plant Manager

Alejandro Castillo Hamati / 9.152.917-3
Civil Engineer

Underground Mining Manager

Renato Ramírez Iglesias / 13.549.494-1
Civil Engineer

Major Companies Manager

Erik Muñoz del Pino / 7.719.693-5
Civil Engineer

Country Manager Chile

Luciano López Cordero / 12.227.163-3
Civil Engineer

Operations Manager

Marcos Zamora Gómez / 8.651.367-6
Civil Engineer

Supply Chain Manager

Iván Zapata López / 13.426.256-7
Civil Engineer

Lean and Supply Manager

José Miguel Camelio Canales / 15.641.286-4
Civil Engineer

Planning, Development and Control Manager

Francisco Baudrand Biggs / 8.922.866-2
Civil Engineer

Accounting Manager

Berta Pasten Carrasco / 10.244.703-4
Public Accountant and Auditor

Excellence Center Manager

Jorge Rioja Ovando / 6.553.741-9
Civil Engineer

HSEC Manager

Leonel Cataldo Morales / 8.054.812-5
Civil Engineer

Latam West Human Resources Manager

Soledad De Palacios Rodillo / 9.032.677-5
Psychologist

Compensation, Benefits and Remunerations Manager

Patricio Felipe Melo G. / 13.963.897-2
Business Administration

Organizational Development and Talent Manager

Maria Soledad Bauer Zambrano / 9.975.206-8
Translator

Corporate Controller

Fernando Moreno Pérez / 10.742.624-8
Accountant

OWNERSHIP STRUCTURE

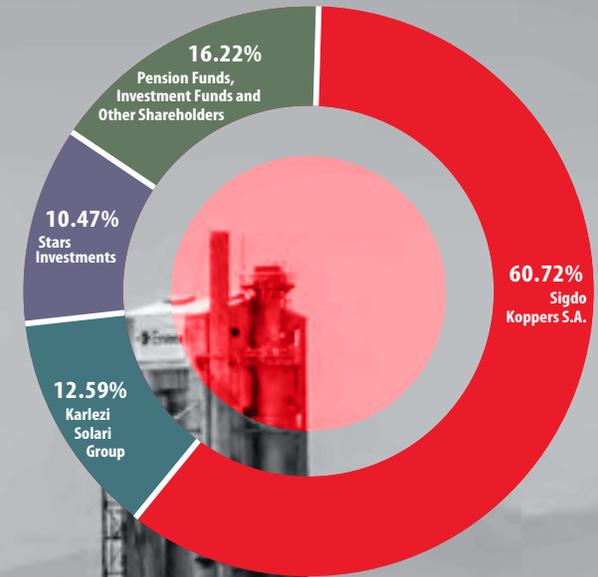
In late 1990, the Sigdo Koppers S.A. Group acquired an interest in Enaex. Later, in 1993, the group became the Company's controlling shareholder. This prominent group has investments in: the service sector, through Ingeniería y Construcción Sigdo Koppers S.A., Puerto Ventanas S.A. and its subsidiary Fepasa S.A.; the industrial sector, through Enaex and Magotteaux, in the automotive sector, through SKBergé S.A.; and importation, sales and leasing of heavy machinery, farm equipment and transportation for construction and inputs, through SK Comercial S.A.

AS OF DECEMBER 31, 2018, ENAEX S.A.'S SHARE CAPITAL WAS DIVIDED INTO 123,000,000 SHARES. THE COMPANY'S 12 MAIN SHAREHOLDERS WERE AS FOLLOWS:

Shareholder	Number of Shares	Ownership Interest
Sigdo Koppers S,A,	74,687,564	60.72%
Inversiones Gran Araucaria Dos Limitada	7,677,390	6.24%
Moneda S,A, - Pionero Fondo de Inversión	6,915,000	5.62%
Lucec Tres S,A, (1)	5,300,000	4.31%
BTG Pactual Chile S,A, C DE B	5,043,060	4.10%
Inversiones Santa Filomena Ltda, (1)	4,912,668	3.99%
Inversiones y Valores Harabuquen Ltda,	4,359,373	3.54%
Inversiones Auguri Ltda, (1)	2,850,000	2.32%
Agrícola Cechi Ltda, (1)	2,425,000	1.97%
Inversiones Schwember y Cia Ltda,	800,000	0.65%
Moneda Corredora de Bolsa Ltda,	713,964	0.58%
Banco de Chile (on behalf of non-resident third parties)	587,557	0.48%

(1) Non-controlling group with more than 10% interest.

AS OF DECEMBER 31, 2018, ENAEX S.A.'S SHARE CAPITAL WAS DISTRIBUTED AS FOLLOWS:

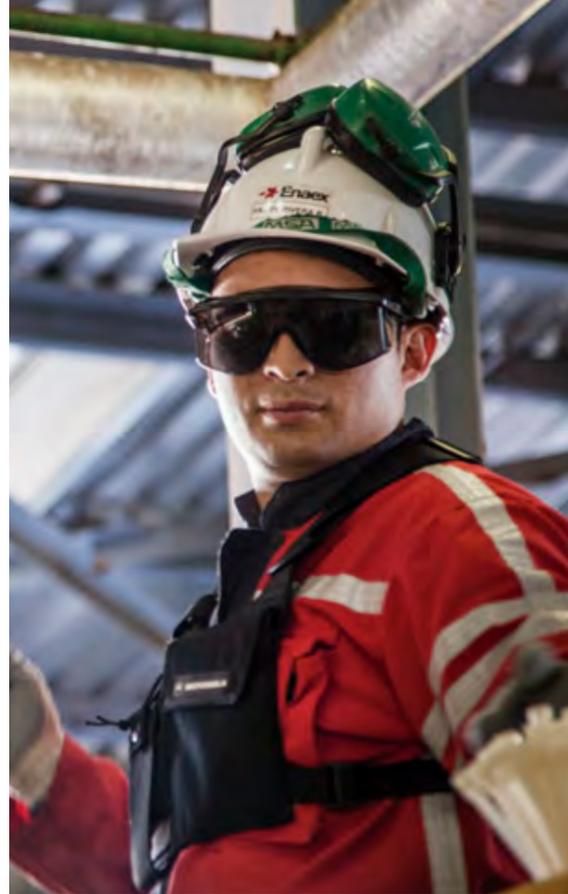


Enaex

CORPORATE GOVERNANCE PRACTICES

In 2018, Enaex worked with an external firm to certify that its corporate governance standards comply with the practices recommended in Superintendency of Securities and Insurance General Character Standard No. 385 (now CMF).

The Company has a Corporate Governance Code and formal policies on issues including: proposal for candidates for director, orientation and ongoing training of new directors, hiring independent consultants, self-assessment by the Board of Directors, board confidentiality, insider information, and succession of key executives.



COMMUNICATION AND INDEPENDENT REPORTING BY CONTROL AREAS

Direct, ongoing communication is maintained through quarterly board meetings. At least once a year, the Chief Executive Officer is excused from the meeting while the Board analyzes performance in conjunction with:

- a. Independent Auditors: Issues like the external audit program and its results, deviations and possible conflicts of interest that could exist in relation to the audit firm or its personnel.
- b. The Chairman of the Risk Committee: Proper functioning of the risk management process, methodology, risk map, residual risk levels, recommendations for improvement, action and contingency plans, among other issues.
- c. Internal Controller: The Internal Audit program and its results, process risks, noteworthy deficiencies, recommendations for improvement, follow-up on action plans, strengthening the control environment and effectiveness of the crime prevention model.
- d. Vice President of Human Resources and Sustainable Development Unit: Effectiveness of policies on diversity and inclusion, organizational, social and cultural barriers that could inhibit natural diversity and, the usefulness and acceptance of sustainability reports distributed to relevant stakeholders.

RISK MANAGEMENT

The Company's Corporate Risk Management Model includes a Risk Committee as well as formal risk management policies and procedures designed to provide reasonable certainty that objectives will be achieved and the Company's value will be maximized.

The Internal Control Area is responsible for coordinating updates to the corporate risk map, monitoring mitigation plans, auditing the main business risks and eliciting commitments to improve.



ETHICAL BEHAVIOR AND SELF-REGULATION

The Enaex Code of Conduct establishes an ethical-behavioral framework for directors, employees and/or consultants, all of whom are responsible for knowing and applying the provisions of the code. The Enaex Corporate Ethics Committee is responsible for promoting values and ethical conduct within the organization, addressing and resolving complaints and conflicts of interest in a timely matter and enforcing the Code of Ethics.

COMPLAINT CHANNEL

The Company has a formal procedure for processing reports of possible irregularities or illegal activities. The channel is available to Company employees, shareholders, customers, suppliers or third parties. This procedure guarantees whistle blowers anonymity and freedom from retaliation. It also ensures that each complaint is duly addressed.

Complaints can be made at:

- Complaint hotline (+56) 2 2837 7696
- Complaint e-mail (canaldedenuncias@enaex.com)
- Corporate website (www.enaex.com)

In 2018, a total of 29 complaints were filed (18 in 2017). The Ethics Committee reviewed the cases in conjunction with other reports and issued a resolution with the corresponding disciplinary measures for each incident.

CRIME PREVENTION MODEL

Laws No. 20,393 and No. 21,121 establish criminal liability of legal entities for the crimes of money laundering, terrorism financing, bribery, receiving stolen goods, inappropriate business dealings, corruption among private entities, misappropriation and improper management. To uphold the law with a preventative approach and maximum diligence, Enaex has a long-standing Crime Prevention Model. The model has been certified by an external company, BH Compliance, and is periodically audited for recertification.

ANTI-MONOPOLY LAWS

Enaex promotes and respects free competition, a core value that must govern every aspect of business dealings. Competition stimulates efficiency and creativity, laying the foundation for

fair and equitable business relationships. Thus, the Company's clear structure for preventing anti-competitive practices includes essential elements like the Antitrust Compliance Manual, a Communications Procedure and a board-appointed compliance officer.

ENAEX'S BOARD OF DIRECTORS

Nine board members without executive responsibilities serve on the Company's single-tier board. In 2018 attendance was 95% and board members had served for an average of 9 years. The board's tasks include a self-assessment process supported by an independent consulting firm. Board members have sufficient chemical, mining and financial industry experience to direct the Company.





CORPORATE VALUES WE ARE ONE

OUR CORPORATE VALUES, REFLECTED EACH DAY IN OUR EMPLOYEES ATTITUDE AND COMMITMENT, ARE CELEBRATED ANNUALLY WITH THE ENAEX SPIRIT AWARD.

OUR OBSESSION, EXCELLENCE

- We strive for the highest technological and service quality standards.
- We fulfill our commitments.
- We work in teams with high accountability and honesty.

OUR PRIORITY, LIFE

- We put people's safety and integrity first.
- We are responsible with the environment.
- We are committed to the social development of the communities where we operate.

OUR VOCATION, OUR CUSTOMERS

- We have a vocation for service.
- We are empathetic and cater to their needs.
- We see our relationships with customers as partnerships.
- Our passion is to provide solutions of exceptional value.

OUR STRENGTH, OUR STRENGTH, INNOVATION AND ENTREPRENUERSHIP

- We develop in our people the audacity to find solutions.
- We take risks to solve unresolved problems.
- We have a long-term mindset.

POLICY ON SUSTAINABILITY, DIVERSITY AND INCLUSIVENESS

THROUGH ITS POLICY ON SUSTAINABILITY, DIVERSITY AND INCLUSIVENESS,
ENAEX SEEKS TO ESTABLISH MEASURABLE, LONG-TERM COMMITMENTS.

CONSIDERATION AND COLLABORATION WITH STAKEHOLDERS

Promoting ethical behavior and collaboration between all the organization's members.

Promoting close, transparent dialog with the communities where the Company operates, actively generating social capital, especially through education and environmental protection.

Supporting local suppliers and socially responsible behavior, fostering collaborative relationships.

Building cordial relationships with relevant authorities through timely compliance with applicable legal standards.

Maintaining and promoting fair competition based on ethical business practices.

INCLUSIVENESS AND DIVERSITY

Conscious of the value of accepting differences, the Company complies with Law No. 20,015 on Workplace Inclusion, which seeks to eliminate discrimination and exclusion based on ethnicity, gender or other aspects that could affect an individual's dignity.

OCCUPATIONAL HEALTH AND SAFETY

Personal safety is a priority and is directly related to sustainable, successful development. To that end, this year, we continued working on the campaign that began in 2017 around the corporate value "Our Priority: Life", promoting self-care as well as protection for colleagues, communities and the environment.

INNOVATION

The Company considers innovation a key element in creating long-term value. Consequently, process, product and service innovations in safety, sustainability and infrastructure are an important part of its long-term strategy.

COMMUNITY INVOLVEMENT

The Company has committed to be an agent of positive change in the communities where it operates. Enaex makes concrete contributions that create social capital and earn recognition for the Company as a role model of environmental responsibility, safety and transparency.

ENVIRONMENTAL PROTECTION

Promoting environmental responsibility in all business areas, seeking, first and foremost, to comply with all current rules and regulations.

Progressively increasing the efficiency with which the Company uses and manages natural resources.

Maintaining its leadership position in climate change management, maintaining low-carbon emissions in Ammonium Nitrate production and promoting energy efficiency initiatives.

Encouraging implementation of management systems that ensure ongoing process improvement as well as identification and control of environmental aspects.



STAKEHOLDERS

OUR BUSINESS SUCCESS DEPENDS ON HARMONIOUS, COLLABORATIVE WORK WITH ALL OUR STAKEHOLDERS. THUS, WE MUST WORK TO IDENTIFY THE CHALLENGES FACING THE COMPANY AND AREAS FOR IMPROVEMENT.

Enaex maintains a holistic, strategic relationship with each of its primary stakeholders, thereby enabling effective communication in pursuit of mutual collaboration and sustainable competition.

The Company's primary stakeholders and its engagement plan for each group is described below:

COMMUNITY

To support the social, economic and environmental development of the communities in which we operate, actively helping to generate social capital.

INVESTORS AND STAKEHOLDERS

To produce long-term profitability, while upholding high standards of quality, sustainability and transparency.

SUPPLIERS

To promote open, transparent and harmonious communication, contributing to the creation of shared value.

AUTHORITIES

To maintain a transparent relationship and actively comply with applicable legal standards.

EMPLOYEES

To provide opportunities for development, equality, participation and teamwork while encouraging dialog and safety.

COMPETITORS

To uphold fair competition based on ethical business practices.

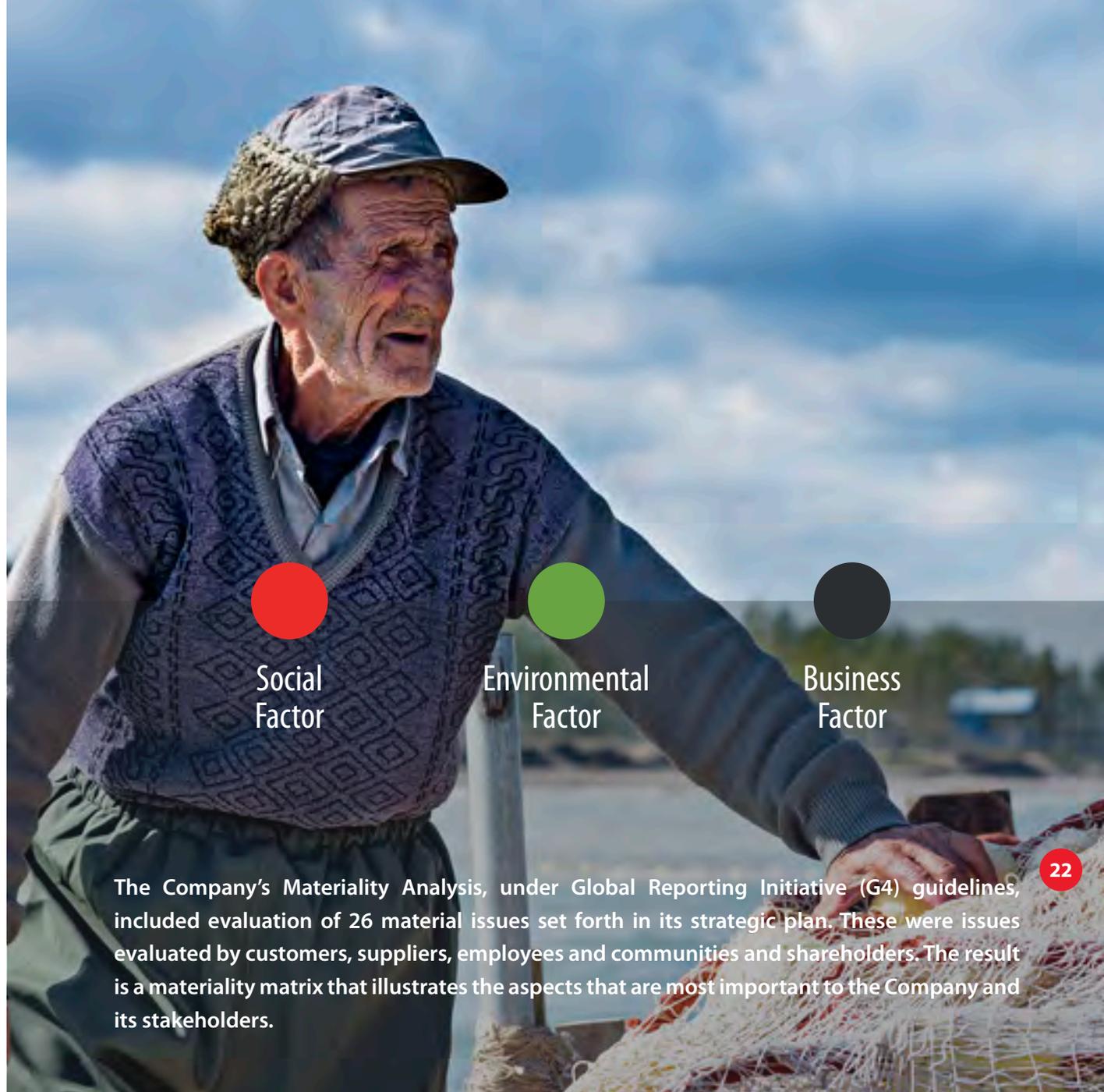
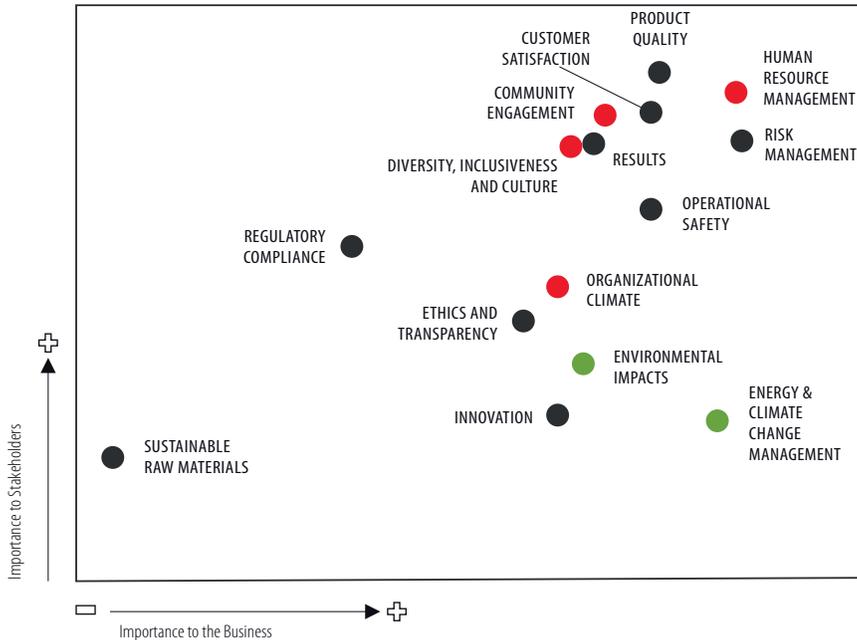
CUSTOMERS

To provide comprehensive solutions, focusing on customer needs and expectations, delivering excellent, innovative, competitive products and services in a timely manner.

MATERIALITY

IN ORDER TO CONTEND WITH AN INCREASINGLY COMPETITIVE ENVIRONMENT, ENAEX MUST DEFINE WHICH ASPECTS OF THE BUSINESS ARE KEY TO CREATING ECONOMIC, SOCIAL AND ENVIRONMENTAL VALUE WHILE ENSURING IT MEETS STAKEHOLDER AND DEVELOPMENT NEEDS.

Enaex Materiality Matrix



The Company's Materiality Analysis, under Global Reporting Initiative (G4) guidelines, included evaluation of 26 material issues set forth in its strategic plan. These were issues evaluated by customers, suppliers, employees and communities and shareholders. The result is a materiality matrix that illustrates the aspects that are most important to the Company and its stakeholders.



OCCUPATIONAL SAFETY, HEALTH AND WELLBEING

At Enaex, the safety, health and wellbeing of the people who comprise the Company is directly related to sustainable and successful development and, as such, a fundamental priority. In terms of safety, the Company seeks to consistently reduce the number of lost time accidents at all subsidiaries over the years by reinforcing a preventative risk culture where self-care and protection of colleagues are paramount.

On the other hand, seeking to align this material issue with Sustainable Development Goal (SDG) 3 (3.8) and as part of a comprehensive occupational health program that Enaex will be implementing between 2018 and 2022, the Prillex America Plant conducted a massive influenza vaccination campaign for employees and members of the Mejillones community, reaching a total of 140 people in 2018. This is part of an Occupational Health program that the company will develop between 2018 and 2022.

ENAEX CONSOLIDATED SAFETY¹

	2016	2017	2018	Meta 2019
Fatalities	0	0	0	0
Frequency Rate*	0.42	0.43	0.34	0.29

¹2018 data includes 100% coverage of subsidiary revenue versus total Enaex S.A. revenue.

*No. of lost-time accidents x 200,000 / total hours worked.

COMMUNITY ENGAGEMENT – DUAL EDUCATION PROGRAM

For years the Company has prioritized initiatives that promote quality education both for employees and as a means of supporting local community development. In conjunction with Fundación Chile Dual, Enaex has implemented a dual education program where students from technical high schools in areas surrounding production plants can earn a technical specialization. The program enables them to expand classroom learning by acquiring work experience, thus facilitating access to quality employment in the future. This initiative also supports Enaex's commitment to SDG 4 (4.4).

	2016	2017	2018	2019 Target
No. of Students in Dual Education Program	24	35	32	>30

ENERGY AND CLIMATE CHANGE MANAGEMENT

Beginning in 2006, the Company set out to create a low-carbon Ammonium Nitrate product by implementing an intense greenhouse gas reduction program in the manufacturing process. The first Ammonium Nitrate plant began operating in 1982. Since then "Clean Development Mechanism" and energy efficiency projects at the Prillex America plant have managed to decouple production increases over the years from greenhouse gas emissions. At 0.3 tons of CO₂ equivalent per ton of Ammonium Nitrate produced, 90% less carbon is released into the atmosphere each year, thereby helping achieve the targets set forth in SDG 13 "Climate Action".

	2016	2017	2018	2019 Target
GHG Emissions Scope1+Scope2* (Mton CO ₂ eq)	270	282	211	< 200
Production of Ammonium Nitrate (Mton)	699	682	702	>700
Emissions Intensity Index for Production of Ammonium Nitrate (TCO ₂ eq/TNA)	0.38	0.41	0.30	< 0.30

*Calculated using GHG Protocol methodology. Verified by SGS Chile under ISO 14,064.



2

STRATEGY



 Enaex

CUSTOMER RELATIONS

- Specialized sales team
- On-site technical support
- On-site staff
- Customer satisfaction survey

CUSTOMERS

- Mining companies operating in Argentina, Australia, Brazil, Chile, Colombia, the United States and Peru.
- Customers purchasing Ammonium Nitrate, explosive products and electronic detonators in more than 40 countries
- Civil works customers
- Nitric Acid and chemical product customers

DISTRIBUTION CHANNELS

- Comprehensive logistics for product and service distribution in Chile and around the world

REVENUE

- Sale of raw materials and bulk explosive products
- Sale of blasting services
- Sale of initiation systems and accessories
- Sale of high explosives
- Sale of chemical products

BUSINESS MODEL

COSTS

- Inputs
- Compensation
- Depreciation and amortization
- Maintenance
- Logistics
- Other costs

VALUE PROPOSITION

KEY RESOURCES

- Ammonium Nitrate production complex, Prillex America
- Packaged emulsions plants
- Bulk emulsions plant
- Detonator plant
- Service plants in mining work sites
- Highly committed, competent employees

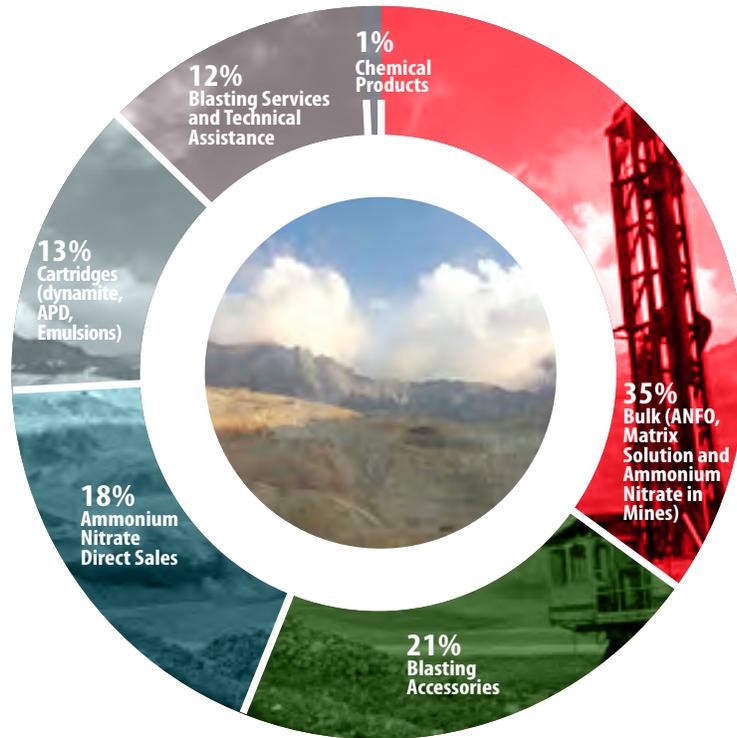
KEY ACTIVITIES

- Specialized product manufacturing
- Ammonium Nitrate
- Bulk explosives
- High explosives
- Initiation systems
- Accessories
- Customized blasting services
- Technological development
- Innovation
- Carbon credit projects
- Energy efficiency

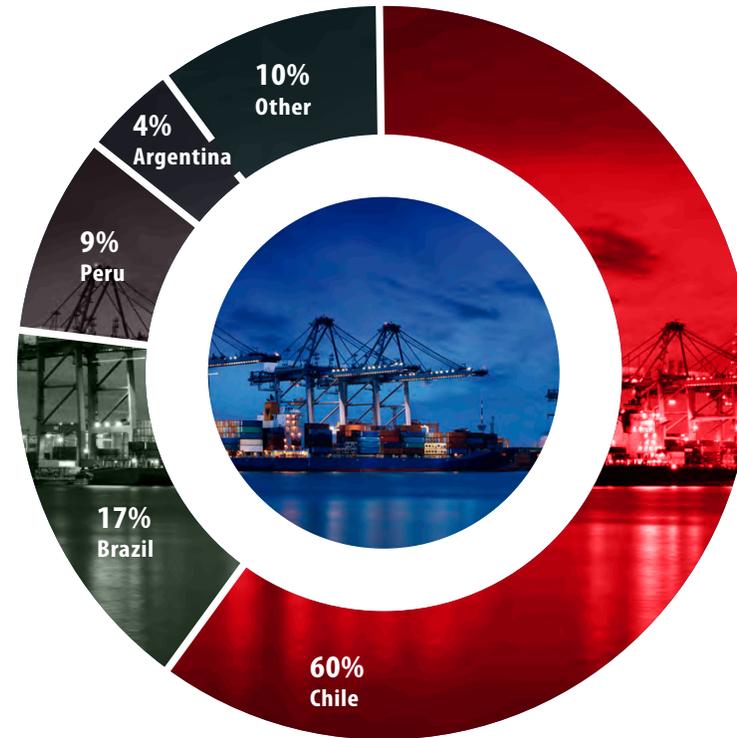
KEY PARTNERS

- Suppliers of inputs
- Suppliers of technology
- Innovation managers
- Research and development entities
- Sigdo Koppers S.A. group companies
- Legal counsel
- Audit firms
- Domestic and international banks
- Bondholders
- Customers
- Board of directors
- Shareholders

2018 SALES REVENUE BY PRODUCT



2018 SALES REVENUE BY COUNTRY



PRODUCTS AND SERVICES

THANKS TO OUR VAST EXPERIENCE IN AMMONIUM NITRATE PRODUCTION, ENAEX HAS BECOME THE LARGEST PRODUCER IN LATIN AMERICA AND THIRD IN THE WORLD.

WITH 98 YEARS IN THE INDUSTRY, IT HAS ESTABLISHED ITS LEADERSHIP IN THE ROCK FRAGMENTATION SERVICES MARKET FOR LARGE-SCALE MINING IN CHILE AND HAS BECOME A MAJOR PLAYER IN THE REGION'S EXPLOSIVES MANUFACTURING MARKET.

Ammonium nitrate is also sold as a raw material used for on-site manufacturing of blasting agents at various mining sites. Enaex provides customer- and site-specific solutions using Ammonium Nitrate and other products. Today, the Ammonium Nitrate produced by the Company is sold directly to customers within Chile and abroad, including important destinations like Australia, Argentina, Bolivia,

Mexico and Peru. In its explosives product line, Enaex produces a large amount of high explosives—including various types of dynamite, boosters, cartridge emulsions and detonators—at the Río Loa plant in Calama. These products are used in blasting for open-pit and underground mining as well as small- and medium-scale mining operations.

PRODUCT FAMILIES

RAW MATERIALS FOR EXPLOSIVES

- Low-density Ammonium Nitrate
- Prillex IR: Low-density Ammonium Nitrate (long range)
- Prillex ULD: Ultra low-density Ammonium Nitrate
- Prillex HPURE: Emulsion-grade high purity Ammonium Nitrate
- Prillex FR: Ammonium Nitrate for emulsions
- 84% Ammonium Nitrate solution
- Emulsions
- Water gels

BLASTING AGENTS

- Mechanized ANFO (aluminized)
 - Heavy ANFO (pourable and pumpable)
-

HIGH EXPLOSIVES

- ANFO in sacks
- Packaged emulsions
- Dynamite
- Coal mine permissible dynamite
- Seismic exploration
- Boosters
- Cone boosters
- Landslide control

INITIATION SYSTEMS

- Non-electric detonators
 - Electric detonators
 - Electronic detonators
 - Detonating cords
-

OTHER PRODUCTS

- Koolkap self-inflating bags
 - Power deck plugs (Taponex)
 - Quikdraw cannons
 - Flame retardant
 - Expansion cement
 - Rock blasting accessories
-

OTHER CHEMICAL PRODUCTS

- 60% Nitric Acid



BLASTING SERVICES AND CUSTOMER TECHNICAL SUPPORT

THANKS TO ONGOING EFFORTS TO MEET OUR CUSTOMERS NEEDS AND ADD VALUE, THE COMPANY HAS BECOME THE LARGEST MANUFACTURER AND DISTRIBUTOR OF EFFICIENT, INNOVATIVE EXPLOSIVES IN LATIN AMERICA. ENAEX IS ALSO CHILE'S LEADING PROVIDER OF COMPREHENSIVE ROCK FRAGMENTATION SERVICES.

Enaex has an extensive network of on-site service plants to fulfill customer needs and requirements. Located at the main mining sites throughout Chile, each plant provides a variety of services for the mining industry, such as: shot blasting, loading blasting agents, shallow mooring, plugging blast holes, checking blasting holes, and magazine management.

The blasting designs on which Enaex's services are based may be submitted by the customer or proposed by the Company's highly qualified, experienced engineering team. These proposals enable Enaex to add value to customer operations by training, advising and recommending the most appropriate techniques and products for each situation.

Leveraging its vast blasting impact experience and knowledge of crushing and grinding unit operations, the Company optimized the fragmentation process and is able to offer complete blasting engineering services, from blast hole design to blasting design. Today, the Company offers the entire value chain for comprehensive rock fragmentation services, ongoing innovation, technological development, efficient logistics and commitment to its customers.



MAIN CUSTOMERS / MINE / YEAR SALES BEGAN

CHILE

CODELCO

Codelco Div. Northern Division (Chuquicamata, Radomiro Tomic, Ministro Hales)	1922
Codelco El Teniente	1922
Codelco Div. Norte (Gabriela Mistral, Salvador)	2018
Codelco Div. Andina	2018

ANGLO AMERICAN

Los Bronces	1995
Soldado	1996

MANTOS COPPER

Mantos Blancos	1986
Mantoverde	2007

ANTOFAGASTA MINERALS

Los Pelambres	1995
Centinela	2000
Antucoya	2014
Encuentro	2014

KGHM

Sierra Gorda	2011
Franke	2011

TECK

Quebrada Blanca	2012
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BHP BILLITON

Cerro Colorado	2015
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MINERA DOÑA INÉS DE COLLAHUASI

Collahuasi	2015
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OTHER COMPANIES

Atacama Kozán	2002
SQM Nitratos	2008
Guanaco Compañía Minera	2010
Proyecta S.A.	2010
Minera Florida	2011
Strabag Spa	2014
Orica	-
Exsa	-
Maxam	-

AUSTRALIA

RÍO TINTO

Mines in Australia	2009
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BRAZIL

GRUPO VALE

Mines in Brazil	1995
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YAMANA GOLD

Mines in Brazil	2017
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PERU

HUBBAY MINERALS

Minera Constanca	2017
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ANGLO AMERICAN

Quellaveco	2018
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MMG

Las Bambas	2018
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PRODUCTION PLANTS



CHILE

AMMONIUM NITRATE PLANT (PRILLEX AMERICA)

Located in Mejillones.
Production of Ammonium Nitrate.
Current production capacity: 850 thousand tons/year.

MULTIMATRIX PLANT (PRILLEX AMERICA)

Located in Mejillones.
Production of bulk emulsions.
Current production capacity: 250 thousand tons/year.

DYNAMITE AND EXPLOSIVES PLANT (RÍO LOA)

Located in Calama.
Production of cartridge explosives
(dynamite, pentolite, PETN), ANFO in sacks and bulk emulsions.

INITIATION SYSTEMS PLANT (RÍO LOA)

Located in Calama.
Production of non-electric detonators, non-electric dual detonators,
non-electric trunk line detonator.

ANFO AND EMULSIONS PLANT (PUNTA TEATINOS)

Located in La Serena.
Production of emulsions and distribution center
for Ammonium Nitrate and cartridge products.
Current production capacity: 60 thousand tons/year.

ARGENTINA

EMULSIONS PLANT AND DISTRIBUTION CENTER (CAMPANARIO)

Located in the Province of San Juan.
Production of bulk emulsions.

BRAZIL

EMULSIONS AND BOOSTERS PLANT

Located in Quatro Barras.
Production of matrices, packaged emulsions, boosters and others.

FRANCE

ELECTRONIC DETONATORS AND OTHER ACCESSORIES PLANT

Located in the city of Héry.
Production of electronic detonators and other accessories.

PERU

AMMONIUM NITRATE PLANT (CACHIMAYO)

Located in Cuzco.
Production of Ammonium Nitrate.
Current production capacity: 35 thousand tons/year.

UNITED STATES

EMULSIONS PLANT

Located in Rush Valley, Utah.
Production of emulsions.
Current production capacity: 20 thousand tons/year.

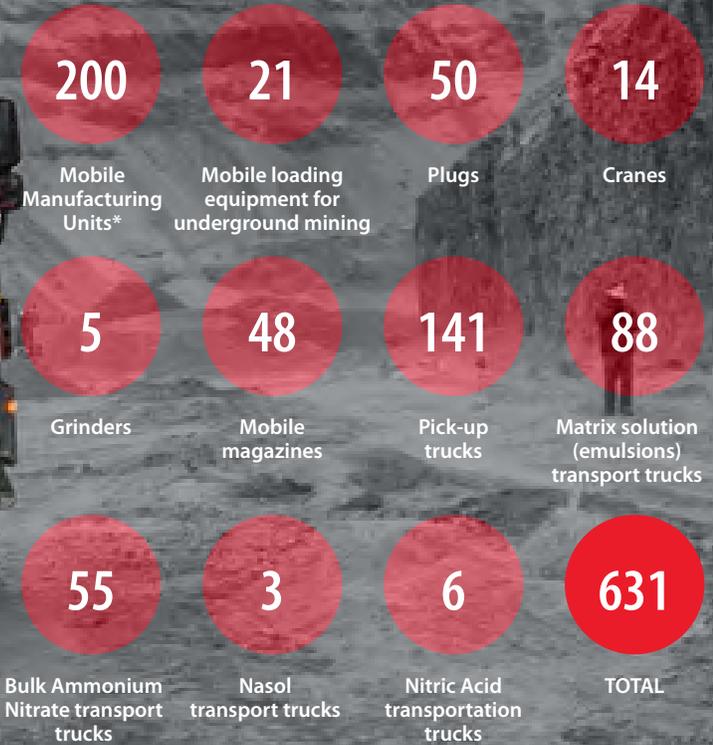
SERVICE PLANTS

Our service plants, which are located near customers mineral deposits and mining sites, feature all the equipment necessary for safe, high-quality, productive operations. The most noteworthy include: storage silos for Ammonium Nitrate and emulsions, magazines for storing high explosives and initiation systems, equipment for transporting raw materials, support offices and mobile manufacturing units. The latter are specially designed to transport raw materials (Ammonium Nitrate and oil) to be mixed on-site where they will be used. Mobile manufacturing units are custom designed and equipped for each mine, according to the most stringent safety standards. As of December 2018, the Company had a global fleet of 200 factory trucks for open-pit mining operations and 21 trucks for underground mining operations.



MOBILE MANUFACTURING UNITS OPERATIONAL SUPPORT

TYPE OF MOBILE EQUIPMENT AND/OR VEHICLE



*30 are high tonnage Milodon trucks.

KEY PARTNERS

LEGAL COUNSEL

Villaroel y Compañía Limitada.

AUDITORS

Deloitte Auditores y Consultores Ltda.

MAIN INSURANCE POLICIES

- Physical damage, which covers physical assets under company ownership or responsibility, including loss due to business interruption resulting from an accident.
- Corporate third-party civil liability (third-party damages and operations in Mejillones port terminal).
- International transport for import/export goods.
- Vehicles and mobile equipment.
- Transportation and cabotage for all goods transported between the plants or distribution centers within Chilean territory.
- Personal accident coverage for all executives.
- Insurance policies on local sales credit and export loans.

SUPPLIERS

For supply of ammonia, the main raw material in the production of ammonium nitrate, Enaex holds a long-term supply contract with Trammo, a major player on the international ammonia market. This supplier represents more than 10% of the Company's total purchasing costs.

Enaex is constantly developing supplier relationships in order to obtain the best supply conditions. It establishes strategic supply relationships, especially for the raw materials, packaging and products that constitute approximately 80% of its purchases.

By reinforcing corporate management structures, the Company has achieved interesting synergies, which are further enhanced by our ongoing search for global supply opportunities.

To ensure sustainability, the Company also balances its suppliers to include both Chilean and international suppliers capable of making and faithfully fulfilling commitments.

The Company's main suppliers of raw materials and services include: Trammo, Nelson Brothers, Compañía de Petróleos de Chile, Pst Industries, Transporte Bello, Transporte Gil, among others.

MAIN BANKS

DOMESTIC

Banco Crédito e Inversiones
Banco de Chile
Banco Estado
Banco Itaú
Banco Santander
Banco Security
HSBC
Scotiabank

INTERNATIONAL

Bank of Tokyo-Mitsubishi
Bank of America Merrill Lynch
BNP Paribas
Corpbanca Colombia
Corpbanca New York
Citibank N.A.
HSBC New York
EDC
J.P. Morgan
Scotiabank
Société Générale

INNOVATION AND DEVELOPMENT

COMPETITIVENESS FACTORS AND ENAEX SOLUTIONS

The first explosives company in Chile to measure its carbon footprint by product unit, Enaex's carbon emissions are up to 40% lower than other industry suppliers.

ENERGY CONTROL

Solutions that seek mine stability by controlling the energy used during material removal. These solutions aim to ensure sustainable operations with appropriate slope and wall controls.

HIDREX® AND PANFEX®

Explosives specially designed to control slopes and blasts.

REACTIVE ROCKS

Solutions that seek to mitigate significant operating risks in mines where rocks react spontaneously given the presence of pyrite in the rocky massif.

PIREX®

This blasting agent is specially designed to retard the reaction of ANFO and the pyrite in the rock.

ENERGY OPTIMIZATION

Solutions that seek to reduce costs by replacing electric energy with chemical energy in the crushing and grinding processes. Optimized fragmenting processes generate savings in the mining process.

High Fragmentation ENERGEX®

A high-power explosive product that improves rock fragmentation.

Mesh Optimization VERTEX®

This blasting agent is characterized by its versatility, enabling cost reductions through mesh enlargement.

PRODUCTIVITY AND LOGISTICS

UBT TRUCK

Designed to manufacture and load emulsions in underground mines, this autonomously powered truck can operate for more than 12 hours.

EVS®

Enaex Value Simulator is a technological tool developed to quantify the value generated by the products for operational mining processes.

SAFELOCK®

A safety accessory that secures the detonator to the booster in order to prevent decoupling and making priming safer.

PREBLAST® SYSTEM

A method in underground mining for reconditioning rock with subsidence blocks. Enables production acceleration in the deepest mines with low-grade minerals.

UBEX ONE®

This dual, teleoperated underground equipment is a mechanized on-site loading system for pumpable, gasifiable emulsions, for use in tunnels and civil works.

SUSTAINABILITY

Solutions that seek to innovate in the social aspects of the blasting process in order to achieve sustainable development and community protection.

PLASMA®

A blend of salts and rapidly expanding metallic dust delivers an innovative, non-explosive rock fracturing product for civil works and mining.

BLAST SITE WATCH®

A system that measures and controls the vibrations from blasts located near communities.

CHEMICAL PRODUCTS

PRILLEX HD®

This high-density, high-purity ammonium nitrate is widely compatible with emulsifiers and is used to manufacture explosive emulsions and as fertilizer.

TRADEMARKS, PATENTS AND LICENSES

Enaex® is the Company's most important brand and, in combination with others, represents a significant portion of corporate assets. Given their track record and use, some of the brands, including Amongelatina®, Iniciador APD®, Softrón® and Enaline®, have become market bellwethers. Milodón®, High-Performance Truck®, EVS® and Safelock® are some of the Company's other noteworthy trademarks. The following products stood out in 2016 and 2017: Pirex®, Hidrex®, Energex®, Vertex®, Panfex® Emulgex® and Preblast® and now robotics development brands like RoboMiner®, Mine-iTruck®, Stemming-iTruck® and iControl®.

INNOVATION IS ALSO THINKING BIG.

THE COMPANY HAS BEEN WORKING ON SYSTEMATIZING THE INNOVATION MANAGEMENT PROCESS IN ORDER TO MAKE INNOVATION CONTINUOUS AND SUSTAINABLE OVER TIME. A SIGNIFICANT PART OF THESE EFFORTS HAS FOCUSED ON DEVELOPING SPECIALIZED PRODUCTS AND SERVICES TO MEET CUSTOMERS SPECIFIC AND SIGNIFICANT EVERYDAY NEEDS.





ON MAY 24, 2018, THE SCHOOL OF SCIENCE AND ENGINEERING AT UNIVERSIDAD ADOLFO IBÁÑEZ RECOGNIZED ENAEX WITH THE TECHNOLOGICAL INNOVATION IN ENGINEERING AWARD FOR ENAEX'S CONTRIBUTIONS TO THE MINING INDUSTRY IN RECENT YEARS.

A NEW VICEPRESIDENCY CHARGED WITH PROVIDING NEW SOLUTIONS

Seeking to provide more agility and to optimize innovation processes, Enaex implemented the Vice Presidency of Innovation and Start-Ups in 2018. Its global structure aims to accelerate development at the pace of exponential technology.

HIGH-TECH DEVELOPMENTS

This year the Company made important progress on the tremendous challenge of robotizing blasting processes. The new solutions focus primarily on three objectives: Always seeking to improve levels of personal safety, the first is to offer a solution for high-risk operations. Second, we seek to make viable mining resources whose risk levels hinder traditional operations. Finally, we aim to implement remote, automated operations, modernizing traditional mining and making advances in technology and productivity.

NEARLY 31 INNOVATION PROJECTS IN THE GLOBAL PORTFOLIO

Furthermore, the Company has increased its capacity to develop and export innovative products and solutions. The Milodon® MMU is currently operating in some service operations in Brazil and Peru while products like Vertex® Energex® and Plasma® are being used in Brazil.



ENAEX ROBOTICS

In 2018, the Company recorded important advances in the process of maturing and integrating all machines involved in robotization and teleoperation of the blasting process for mining sites. The most significant milestone was the first teleoperated on-site loading of blasting agent. In 2019, the focus will be on consolidating the solution and continuing on-site operations.

Mine-iTruck®

Mine-iTruck® is a mobile manufacturing unit that is entirely teleoperated. It is specially designed to manufacture ANFO and Heavy ANFO (pourable and pumpable) and gasifiable products for blasting in open pit mining. With remote capabilities, raw materials can be transported and blasting agents can be manufactured, making it possible, in conjunction with RoboMiner®, to perform completely remote and safe operations.

RoboMiner®

RoboMiner®, a cutting-edge robotic unit that has manipulation and developed manual skills, is specially designed for priming and mooring tasks in the blasting process for open pit and underground mining applications. The units improve personal safety by enabling remote operation performed from control stations situated far from the blasting area.



Stemming-iTruck®

A grinder truck with Mine-iTruck® functions, Stemming-iTruck® is able to carry material for plugging blast holes in open pit mines. It can be teleoperated from the control station—a safer and more comfortable workplace outside the blasting site—to transport gravel and unload it in the blast hole.

iControl®

iControl®, the integrated control station for the aforementioned teleoperated equipment, makes operations safer and more comfortable for people. Using local telecommunications infrastructure or a company-owned network to set up operations, we can use this control system to agilely perform remote operations in any area or territory.



OPPORTUNITIES AND RISK FACTORS

THE COMPANY'S MULTIPLE INTEGRATION PROCESSES
ENABLE GREATER INTERNATIONAL COMPETITIVENESS.

OPPORTUNITIES

DEVELOPING SYNERGIES

More than three years after the 2015 acquisition of new subsidiaries Britanite and Davey Bickford, Enaex continues to develop important operating, financial and innovation synergies to be leveraged in the short and medium-term. Britanite expanded the Company's expertise in civil works and provided direct access to iron and aluminum markets in Brazil. Now operating under the name Enaex Britanite, both brands characteristics and commercial relationships with the regional mining and civil works sectors optimize the Company's image in Brazil. On the other hand, the addition of Davey Bickford Enaex—with its leadership in initiation systems and presence on almost all continents—grants the Company access to an international distribution network.

The Company continues strengthening its regional leadership through subsidiaries Enaex Argentina, Enaex Colombia, Enaex Mexico and Enaex Peru, which provide products and comprehensive rock fragmentation services.

INTERNATIONAL GROWTH

As the mining industry recovered, the Company developed new capabilities and investments by building plants in different markets where it operates and exporting innovative products and solutions.

EMPLOYEE EXCHANGE PROGRAM

The Company offers an inter-subsidiary employee exchange program in order to spread best practices and identify potential synergies within the group.

INNOVATION AND TECHNOLOGICAL DEVELOPMENT

The Company has developed a technology portfolio including products and processes through in-house development, licensing agreements and technology exchange with industry leaders. This culture of innovation has enabled Enaex to win several bidding processes with new customers and report increasingly better results. Furthermore, with its subsidiary, Davey Bickford Enaex, the Company has consolidated its leadership in mining innovation at the international level.

TRAINING TO IMPROVE PRODUCTIVITY

All employees have access to training and development programs that aim to help the Company meet high quality standards and maintain long-term relationships with all customers and suppliers. Furthermore, with the acquisition of Britanite, the Company managed to improve the efficiency of its logistics and supply processes.





IT IS IMPORTANT TO NOTE THE COMPANY'S SOUND FINANCIAL POSITION, AS REFLECTED IN THE CONFIRMATION OF RISK RATINGS FROM FELLER RATE (AA, STABLE OUTLOOK) AND FITCH RATINGS (AA-, STABLE OUTLOOK) IN 2018.

Instrument	Fitch Ratings	Feller Rate
Shares	Level 3	First class Level 3
Bond Line	AA- (Stable)	AA (Stable)

RISK FACTORS



MARKET RISK

Following the 2015 acquisitions, the Company has benefited from diversification and vertical integration of its operations with a greater presence in the region's other mining markets and technological markets for initiation systems around the world. Approximately 75% of sales are tied to copper mining, 10% to iron and gold mining and the remainder to production of other minerals in small- and medium-scale mining, civil works and chemical sales. Furthermore, it is exposed to international price competition for ammonium nitrate, which depends on fluctuations in global supply and demand.

CREDIT RISK

customers renowned for their experience and solvency. According to corporate policy, credit insurance policies are purchased to cover the majority of customers in Chile and abroad with different risk. Even so, there are customers without coverage on certain markets where the Company operates, which implies possible credit risk.

ACCIDENT RISK

The Company holds insurance policies to cover physical loss to its property, losses due to resulting business interruptions, as well as civil liability and cyber risks.

INPUT AND PRODUCTION FACTOR RISK

The Company is impacted by variations in international ammonia prices, which are sensitive to oil and natural gas prices. To mitigate the risk of fluctuation in this input, customer contracts stipulate periodic rate adjustments based on indexation formulas that account for this product. Risks in fluctuations in the cost of other relevant production inputs, like oil or electricity, are also covered using indexation formulas.

FINANCIAL RISK

The Company manages currency, interest rate and working capital financing risk. In exchange rate risk, in 2009 the Company established the US dollar as its functional currency because the majority of its commercial operations and investments are in that currency.

Likewise, its financial obligations (both short and long-term) are primarily secured in that currency in order to reduce the exchange rate risk on cash flows and earnings. Since the local currency remains the functional currency of some subsidiaries, Enaex has some exposure to exchange rate fluctuations, primarily the euro and the Brazilian real. Thus, the Company maintains currency and interest rate swaps.

THE COMPANY'S CONSERVATIVE FINANCIAL POLICY HAS RESULTED IN A SOUND FINANCIAL POSITION.

GIVEN THE IMPORTANCE ENAEX PLACES ON EFFICIENTLY MANAGING FINANCIAL RESOURCES AND IMPLEMENTING STRATEGIES TO FACE EXCHANGE MARKET VOLATILITY, THE COMPANY MAINTAINS STRICT CONTROL OF ITS INVESTMENTS, CASH FLOWS AND WORKING CAPITAL WHILE FOCUSING ON MAINTAINING ITS SHARE AND CREDIT RATINGS.

FINANCIAL POLICY

For major investment projects, Enaex policy allows a mixed financing structure, including external sources (local and international banks), publicly tendered bonds, company-generated funds and capital contributions. The Company aims to maintain a conservative medium-term debt structure and comfortable covenant cushion.

The Company's smaller investments aim to sustain growth and ensure normal replacement of operating assets, upgrades and new equipment to expand and improve production capacity. Such investments are generally funded with the Company's operating cash flows.

Short-term bank debt is generally used to cover working capital needs, which are primarily related to the purchase of ammonia. It is worth noting that levels of short-term bank debt can vary throughout the year as a result of fluctuations in the international price of ammonia and production process efficiency.

MAIN CONSOLIDATED FINANCIAL RATIOS

	2011	2012	2013	2014	2015	2016	2017	2018
Financial Debt* / EBITDA	1.5x	1.3x	1.1x	1.2x	2.0x	1.89x	1.7x	1.8x
Liabilities / Equity	0.7x	0.7x	0.54x	0.57x	0.98x	0.84x	0.81x	0.84x
EBITDA / Financial Expenses	31.0x	31.6x	32.9x	37.5x	18.8x	11.4x	11.5x	12.9x

* Financial Debt: (Total Financial Liabilities - Hedge Assets)



3

**BUSINESS
AREAS**



COMPANY DEVELOPMENT PLANS

IN 2018, ENAEX S.A. INCREASED ITS CAPACITY TO DEVELOP AND EXPORT INNOVATIVE PRODUCTS AND SOLUTIONS FOR THE GLOBAL MINING INDUSTRY.

It is currently the largest supplier of comprehensive rock fragmentation services in Chile and Latin America.

The 2015 acquisitions helped the Company successfully achieve some of its strategic goals, like regional leadership and increased global presence. In terms of innovation, this year the Stemming-iTruck® was added to projects launched in 2017 (RoboMiner® and Mine-iTruck®). These robotization and teleoperation solutions for mining operations in complex operating situations helped the Company achieve the first on-site teleoperated loading of a blasting agent in 2018. The Company believes that innovation improves process productivity, emphasizing customer needs and personal safety.

Thanks to this effort, the Company continues to win bids with new customers and is able to offer unique products. Enaex's strong performance was also thanks to its employees, who have kept the highest quality standards and embraced a global culture.



→ ENAEX ARGENTINA

Enaex Argentina has been servicing open-pit and underground mines since 2007. It owns the High Explosives plant in Olavarría and, as of 2014, the Campanario Emulsions Plant (PEC) which has an annual production capacity of approximately 65,000 tons. This project secures supply for local customers, minimizing risks associated with import substitution policies, and increasing the probability of being awarded future contracts. The Company also performs underground loading operations with the Underground Bulk System—the first of its kind in Argentina—using UBS equipment and emulsions produced at the Campanario Emulsions Plant. In 2018, the Company won new bids in the provinces of Santa Cruz and Catamarca.

→ ENAEX COLOMBIA

The Company has been operating in Colombia since 2010, when it built and opened a high-tech packaged emulsions plant through a partnership contract with the defense industry. The mining energy sector is the main driver of the Colombian domestic economy. Colombia is home to large-scale, open-pit coal mining operations as well as gold, nickel, copper, limestone and iron ore operations, which are becoming important alternatives for the country's mining development. Likewise, Colombian roadway and port infrastructure development is in full swing. Consequently, there will be significant growth in the demand for explosives in coming years and important opportunities for blasting services and technical support.



→ ENAEX PERU

In 2014, the Company re-entered the Peruvian market, acquiring an 80% interest in Chemtrade, an explosives manufacturing and blasting accessories company that now operates under the name Enaex Peru. They also manufacture pyrotechnic detonators and ANFO in sacks, which are distributed primarily to the local market. Products like ammonium nitrate, boosters, dynamite and cartridge emulsions are also imported, primarily from Chile. In 2017, Enaex Peru began blasting service operations at Minera Constancia, owned by Hudbay Minerals. In 2018, it began at Quellaveco, a copper mine owned by Anglo American and Mitsubishi Corporation. It also increased its production capacity by acquiring 70% of Cuzco-based Industrias Cachmayo S.A., Peru's only producer of ammonium nitrate.

IN DECEMBER 2018, ENAEX PERU PERFORMED THE FIRST COMPREHENSIVE BLASTING SERVICE AT QUELLAVECO, ONE OF THE WORLD'S LARGEST COPPER DEPOSITS.

→ ENAEX BRITANITE

IBQ Industrias Químicas (Britanite), now Enaex Britanite, is an explosives and rock fragmentation services company founded in 1961. With more than 50 years of experience, it has a strong market share in major infrastructure projects in Brazil. Enaex Britanite leads its segment in Brazil thanks to a history marked by entrepreneurial spirit, determination, and the strength of its team. Its main products are detonating chord, pumpable and cartridged emulsions and electronic and non-electronic initiation systems. They primarily supply the heavy civil construction, mining and quarrying industries as well as a wide network of distributors. Enaex Britanite stands out for also offering technical assistance and distribution to these segments. Headquartered in the city of Quatro Barras, Enaex Britanite operates in more than eight Brazilian states.

Harnessing group synergies, Enaex Britanite added the Milodon® truck to its blasting operations. It also added Vertex® and Prillex® ULD to its product portfolio.

IN 2016 AND 2017, ENAEX BRITANITE WAS NAMED “OUTSTANDING SUPPLIER” BY ANGLOAMERICAN BRAZIL IN THE STRATEGIC ALIGNMENT CATEGORY.

In a 2018 survey published in the Brazilian mining journal, Minérios, 170 mining and civil works customers in Brazil recognized Enaex Britanite as the leading company in terms of market share and customer satisfaction in the Brazilian blasting market. Furthermore, Enaex won first place in the Best Suppliers category at CMOB Brazil's first CMOB Suppliers Award, which evaluated the company's performance in health, safety, social and environmental aspects. For the third year in a row, Enaex also won the Top Engineering award in Detonation Engineering and Fire and Explosives Planning, awarded by the Association of Alumni of the School of Engineering at the Federal University of Minas Gerais (AEAEUFMG) in Brazil.



THE DIGITAL ELECTRONIC INITIATION SYSTEM DAVEYTRONIC® EVOLUTION, A NEW SOLUTION DESIGNED FOR HIGH-VOLUME BLASTING AND BLASTING MADE MORE COMPLEX BY CLIMATIC CONDITIONS, STOOD OUT WITH UNIQUE SAFETY AND TECHNOLOGY CHARACTERISTICS.

→ DAVEY BICKFORD ENAEX

Davey Bickford Enaex leads the world in design, manufacturing and distribution of electronic detonators, which are known for producing more precise results in the rock fragmentation process. Founded in France with the invention of the safety fuse in 1831, the Company has nearly 200 years of innovation experience. Operating in France, Australia, Canada, Chile, the United States, Mexico and Peru, the Company primarily serves the markets of blasting, excavation and seismic exploration for mining.

In 1998, the Company pioneered electronic initiation systems. Its history of ongoing innovation expands Enaex's ability to innovate and develop new blasting solutions. Davey Bickford Enaex also focuses on safety, from design to implementation, for all its products.

The Company also complements its products with services proven to increase customer productivity. It proposes operating optimizations based on the use of electronic products and preventing any type of uncontrolled interruption.

In order to increase global capacity, the Company implemented its first automatic assembly machine for electronic detonators in 2016. It also launched a “Big Data” innovation project to optimize customer operations. In 2018, Enaex was recognized by the French-Chilean Chamber of Commerce as the Best Performer in French-Chilean Commercial Relations in 2018, recognition that speaks to the successful merger of the Company and Davey Bickford Enaex.

MINING INDUSTRY

According to the World Bank's most recent economic data for 2018, published in January 2019, the United States grew at a rate of close to 2.9% and the Eurozone at a rate of 1.9% in comparison to 2017, when both grew around 2.3%. Elsewhere, Chinese economic growth was about 6.6%, down slightly from 6.8% in 2017 and 6.7% in 2016. As a result, global growth stabilized at a rate near 3.0% in 2018.

The report also indicated that emerging economies grew around 4.2%, very similar to the 4.3% recorded in 2017. Chile recorded 3.9% growth, well above the 2017 rate of 1.5% and the Brazilian economy expanded by 1.1%, marking two straight years of growth since its recession. Growth figures are expected to rise for developed economies in 2019; however, growth projections place Chinese figures around 6.2%, down from the aforementioned 6.6%. Brazil is expected to expand even faster, at rate of 2.2%. Growth in Chile is projected at 3.5% in 2019.

COPPER PRICES

In an economy dominated by expectations of new expansionary fiscal policy, infrastructure projects in the United States and better-than-expected development in China, the price of copper rebounded, with highs above 3.20 USD/lb in the first half of 2018 and an annual average of 2.95 USD/lb, reflecting trade tensions between the United States and China. Thus, the average price of copper was 6.0% higher relative to the 2.80 USD/lb recorded in 2017.

While trade tensions between China and the United States continued to mount in the first months of 2019, Cochilco estimates place the average price of copper at 3.05 USD/lb in 2019 and 3.08 USD/lb in 2020. However, these prices could vary if the trade war between the two countries continues through the year, particularly since the PMI for China's manufacturing sector has not shown values that confirm economic expansion.

COPPER PRODUCTION

In 2018, Chilean mining operations produced nearly 5.83 million tons, a record high and up 6.0% from the 5.50 million tons produced in 2017. According to Cochilco, copper production is expected to grow 1.6% to 5.94 million tons in 2019. As of September 2018, the potential project portfolio and existing investment for 2026 total nearly US\$66 billion. If the entire project portfolio comes to fruition, Chile can be expected to produce over 7.1 million tons in 2026.

EXPLOSIVES MARKET

The businesses in which Enaex and its subsidiaries operate are primarily affected by the activity levels of the Latin American region's major mining companies, which directly and indirectly represent approximately 75% of copper production sales and approximately 10% of iron and gold production sales. The remainder of the Company's sales are tied to production of other minerals by small and medium-scale mining operations, civil works and chemical sales.

In terms of the global explosives market, there was evidence of a worldwide over-supply of ammonium nitrate, which has driven prices down in the last three years. Rather flat growth in local and regional market demand is expected in the short- and medium-term. This is primarily attributable to efficiency and production efforts by the large-scale mining industry. The Company seeks to consolidate its presence in the Latin American market, continuing to develop business in its Argentine, Brazilian, Colombian, Mexican and Peruvian subsidiaries. Furthermore, the Company has entered new markets such as Asia Pacific, Oceania and North America, enabling it to diversify its sales and expand its global presence to around 40 countries.



4

**SOCIAL
PERFORMANCE**



Enaex

HUMAN RESOURCE MANAGEMENT

In 2018, Enaex continued working toward its vision of becoming the mining industry's most prestigious company, delivering high-value solutions to the world's most important mining regions. This year, the strategic challenge of taking on the multinational environment was particularly important.

As part of the transformation, the following main initiatives were implemented in 2018:

ORGANIZATIONAL CULTURE

CULTURE CAMPAIGN: "WE ARE ONE"

Operating in a global context implies a cultural challenge of respecting the differences between the countries while belonging to a single company. This year, as multinational integration efforts continued, the "Our Priority: Life" values campaign was a focal point. A group of 25 athletes represented Enaex in the 2018 Santiago Marathon. In keeping with the WE ARE ONE slogan, employees from subsidiaries in Argentina, Brazil, Chile and France participated.

In the second half of the year, the Company launched its "Our vocation: Our Clientes" value campaign with 4 focal points: communication, milestones and recognition, intervention of leaders and human resources subsystems. This value supports the service area as it intervenes in the customer experience

to ensure the best service experience in a way that is substantial and sustainable over time.

ORGANIZATIONAL CLIMATE

For the third straight year, an organizational climate survey was conducted throughout the Company, including employees from Enaex subsidiaries in a total of 9 countries. This enabled the group to continue learning about employee perceptions regarding important issues like leadership, benefits, development opportunities, among others.

The results were excellent, with 77% satisfaction in Chile and the Company as a whole, representing 5- and 6-point increases, respectively, over 2017.

RECOGNITION PROGRAM

The Company is convinced that people perform their best in a positive working environment.

The Recognition Program continued in 2018, aiming to establish a culture of gratitude and focus on good performance. At the beginning of the year, a new, easier-to-use mobile and web application with improved functionalities was launched, thereby improving the program's usage rates and achieving a 54% increase in recognitions relative to 2017. As of December, there were more than 40,000 recognitions, averaging 12.84 recognitions per person throughout the Company. Each year, the recognition process culminates with the Enaex Spirit award.



FLEXIBLE BENEFIT PROGRAM

Flexibility is the new, fundamental ingredient that has emerged as new generations join the workforce.

The flexible benefits program allows employees to select benefits according to their individual needs. Available benefits include time off, holiday bonuses, retirement, athletics, recreation and other bonuses. Launched in 2014, the current program participation rate is 97%.

TALENT DEVELOPMENT AND SUCCESSION PLANS

The Company uses a performance-potential matrix to map and monitor its professional teams. Executives meet periodically to identify critical positions, succession plans and relevant facets. This year, we performed skill assessments at all Enaex subsidiaries.

THE INTEGRATION PROCESS

The professional exchange between all Enaex subsidiaries is one of the Company's top integration initiatives. It seeks to create collaborative networks between the subsidiaries, share best practices, identify potential synergies and align cultures.

INTERNAL MOBILITY

This year, approximately 66% of vacancies were filled from within the Company, including both international and domestic placements.

TRAINING

The Company provided more than 90,000 training hours, reaching 79% of

the workforce with an average of 43 hours per person. This is an increase from the 2017 figures of 61,000 hours reaching 71% of the workforce. The Company ensures that training covers technical specialization, certifications and retraining for critical positions.

One of the major production plant programs was "Career Development at the Prillex Plant". Offered in partnership with the Universidad Católica del Norte's Technical Training Center, the program aims to help the plant's maintenance and production operators expand their knowledge and certify their skills. This year, 51 employees participated in the 21 courses offered as part of basic and technical programs. As in 2017, the service plant training program sought to continue standardizing drivers roles with Recertification of Skills and Preparation of MMU Driver Operators. Today, the Company has 70 operators with certified technical skills.

The Company also implemented development programs for all new contracts awarded in 2018. The 95 training courses and more than 190 individuals trained made it possible to provide excellent service at these new mines.

TRAINING SCHOLARSHIP PROGRAM

Forty-three employees had their studies funded by the scholarship program. The initiative gives preference to programs leading to technical and professional degrees over graduate degrees.

LEADERSHIP PROGRAM

The "Leadership Pipeline" project stands out among efforts toward cultural integration and standardizing leadership at the different Enaex subsidiaries. The program's four leadership levels are: leader of self, leader of others, leader of leaders and senior leader. This year's training focused on the ability to inspire. The courses provided leaders with tools to inspire and motivate their teams while improving their credibility and approachability. All 283 leaders in attendance said they would recommend the program. Around 68% of the Company's leaders also participated in an online training



program in which Enaex makes explicit its expectations of leaders at each development level.

At the operational level, a total of 200 operational leaders voluntarily registered for the learning certificate program on Leading Work Teams offered by Duoc-UC.

The supervisor assessment program was another leadership innovation. Via a mobile application, teams quickly and easily assess their leaders on 4 key leadership practices: feedback, communication, consistency, care and commitment. Results were obtained within a 15-day period and the participation rate was 91%.

LABOR RELATIONS

This year, four collective bargaining processes were conducted with service plant unions. These negotiations took place within the framework of the 2017 labor reform. Customers placed great value on the fact that all negotiations were conducted ahead of schedule. Open, transparent communication with the unions was noteworthy and enabled the Company to further its corporate development plans.

The unionization rate was 51%, down from the 53% recorded the previous year.

INCLUSIVENESS AND DIVERSITY

In 2018, Enaex addressed compliance with Law No. 21,015, conducting an internal survey on employee disability status. Qualifying employees were then invited to participate voluntarily in the accreditation process set forth under the Workplace Inclusion Law. Following this process, four differently-abled people were hired at different plants and offices. The Company sought to go beyond in terms of compliance and to generate spaces necessary for workplace inclusion throughout the entire organization.

SALARY GAP

Gender equity is essential at Enaex. As such, there is salary parity, in other words, men and women in similar positions earn the same. As of 2018, the salary gap was 1%, down from 3.4% in 2017 and 4.7% in 2016, all in favor of men.

WORKFORCE

By Company

Enaex Servicios	1,500
Enaex S.A.	407
Britanite	1,063
Davey Bickford	655
Other Subsidiaries	375
Total	4,000

By Role

Senior Management	49
Management	122
Supervisory	951
Middle-Management	48
General	2,830
Total	4,000

ORGANIZATIONAL DIVERSITY

	Board of Directors	Senior Management	Organization
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By Gender

Male	9	43	3,300
Female	0	6	700

By Nationality

Chilean	9	26	1,921
Brazilian	0	8	1,058
French	0	8	495
Other	0	7	526

By Age

Under 30	0	0	892
30 - 40	0	9	1,588
41 - 50	2	22	863
51 - 60	2	14	546
61 - 70	2	4	108
Over 70	3	0	3

By Years of Seniority

0 - 3	4	5	1,550
3 - 6	2	20	1,077
7 - 8	0	10	307
9 - 12	0	5	310
Over 12	3	9	756

SOCIAL INDICATORS

The following shows the percentage of the total workforce under 30 years of age, women and women with strategic positions at the Company.

Year	2016	2017	2018	Target	Regulatory
Total Workforce	3,309	3,436	4,000	-	-
Under 30 years	16%	22%	22%	22%	100%
Women	17%	18%	18%	12%	100%
Women with Strategic Positions*	3%	2%	3%	3%	100%

Women in Strategic Positions* = Women in Strategic Positions / Total Women

HSEC RISK MANAGEMENT

In terms of comprehensive management of risks related to operating processes and resource protection, the 2018 campaign focused its efforts on enhancing worker occupational safety and health to maintain the highest possible level of physical, mental and social wellbeing among its people. The most common HSEC risk management activities include pre-employment and on-the-job health screenings, qualitative and quantitative assessments of risk agents, epidemiological surveillance and programs that specifically aim to control the risk of occupational disease.



The following are highlights from the 2018 efforts to improve employee occupational health and wellbeing:

HSEC MANAGEMENT SYSTEM

In 2018, Enaex publicized and implemented the HSEC-PSM integrated management system, which consists of 20 elements that comprise a world-class system that standardizes the main regulations on matters like OSHA (Occupational Safety and Health Administration) and ISO (International Organization for Standardization).

As part of the HSEC-PSM Integrated Management System, the Conduct Observation Program was implemented in production plants in Chile. The more than 4,400 interactions between supervisors and workers aim to positively reinforce behavior in order to promote cultural change in the area of safety. The Occupational Health Program was also implemented to address current, local legal requirements. In keeping with corporate values, the program promotes a culture of health and quality of life through diagnostic initiatives and prevention of illnesses not associated with the working environment.

IN 2018, PRILLEX AMERICA PLANT EARNED RECERTIFICATION FOR RESPONSIBLE CARE FROM CHILE'S ASSOCIATION OF INDUSTRIAL CHEMICALS (ASIQUM). THROUGH THIS VOLUNTARY COMMITMENT, CHEMICAL COMPANIES COMMIT TO ONGOING EFFORTS TO PERFECT THE PROCESSES OF PRODUCING, HANDLING, DISTRIBUTING, USING AND DISPOSING OF PRODUCTS IN ORDER TO SECURE THE BEST HEALTH AND SAFETY CONDITIONS FOR EMPLOYEES AND THE COMMUNITY, THE COMPANY AND ENVIRONMENTAL ASSETS.

Safety Statistics

	01-01-2018 12-31-2018		01-01-2017 12-31-2017	
	Enaex Servicios	Enaex S.A.	Enaex Servicios	Enaex S.A.
Frequency Rate*	1.05	3.38	2.31	0.00
Accident Rate**	0.21	0.75	0.45	0.00
Total Hours Worked	2,859,474	887,977	2,595,671	851,797
Average No. of Employees	1,413	400	1,322	392

* No. of lost-time accidents x 1000000/number of man hours worked

**No. of lost-time accidents x 100/No. of workers

COMMUNITY MANAGEMENT

The Company set the social objective of being an agent of positive change in the communities where it operates. Enaex makes concrete contributions that create social capital and earn recognition for the Company as a role model of environmental responsibility, safety and transparency.

In this way, Enaex constantly works to build a sustainable business.



The following are highlights of 2018:

WORKING AGREEMENT WITH SMALL-SCALE FISHERMEN IN MEJILLONES

In 2018, Enaex launched a work program with the small-scale fishing sector in Mejillones. Working groups, including representatives of the four unions and more than 130 employees and senior executives from the Prillex America Plant, were established. The objective is to build the trust necessary for a long-term working relationship through provision of specific services for receiving and unloading ammonia. This task required lengthy workshops and training for fishermen on safety matters and handling of hazardous substances.

The Company was proud to sign a contract with the union presidents of this important industry in Mejillones. The agreement reflects mutual effort as well as a commitment and conviction to improve quality of life for all Mejillones residents.

DUAL EDUCATION PROGRAM

One of the Company's community focuses is quality technical-professional education as a means of promoting development of families and society as a whole.

To that end, the Prillex America and Rio Loa plants offer an annual dual education

program through which 11th and 12th grade students from surrounding technical high schools spend three days at school and two in the plants. They complement and integrate their studies in a real working environment and gain early contact with the working world.

The program's main objective is for students to apply the basics of their technical specialty and develop work skills and relationships that are useful in the working work.

No. of Co-op Students	Male	Female	Total Co-op Students	No. of Mentors
Prillex America Plant, Mejillones	8	6	14	7
Rio Loa Plant, Calama	8	10	18	14
Total	16	16	32	21



OPEN-DOOR PROGRAM

This program seeks to meet the community's need for information on how the Company works and the safety standards applied at production plants. In 2018, more than 300 people including relatives and community members, visited the Prillex America, Rio Loa and Punta Teatinos plants. The initiative was positively evaluated for its professionalism and transparency in response to questions about employees and safety as well as care of its facilities.

In 2018, the following activities took place as part of this program: visits from local authorities, visits from employees families, visits from students in the industrial engineering program at Inacap technical training center. Fire brigades in surrounding communities were also trained on how to act in light of law no. 17,798 and its regulations.

PROLOA FOUNDATION

For the past 17 years, Enaex has had a strategic partnership with Proloa, a non-profit foundation that supports development in the Antofagasta Region. This corporation focuses on creating projects that help develop productive sectors other than mining (agriculture, services, etc.). To ensure projects are properly executed, Enaex is an active participant on the Proloa board of directors. In late 2018, Proloa restructured its guidelines so that the instruments used would generate greater community impact.

COMMUNITY COLLABORATION

In December 2018, the Company made a donation to the Chuchurí indigenous community for a Christmas celebration. Attended by at least 100 people, the event focuses on children and senior citizens.

The Sierra Gorda Service Plant sponsored the Sueño de Colores preschool, which serves 104 boys and girls between 3 months and 4 years of age. The Los Pelambres Service Plant held a Christmas party for children from the Alcázar-Illapel school. The entire team participated, spending time and creating an enjoyable experience for all the children.

“TEACH TO PROTECT” PROGRAM ENAEX BRITANITE, BRAZIL

In 2018, Enaex Britanite worked with the Civil Defense and Municipal Secretary of the Environment in the state of Quatro Barras, Brazil, where its main production plant is located, on the “Teach to Protect” program. The program works with 70 students from the Tancredo de Almeida Neves Municipal School to promote responsible action and conduct related to environmental problems like wasting water, pollution and sorting waste. It raises student awareness of the importance of protecting the environment as a contribution to sustainable community development.

The Secretary of Education of Quatro Barras recognized and honored Enaex Britanite for the initiative.



5

ENVIRONMENTAL
PERFORMANCE



EMISSIONS MANAGEMENT AND CARBON FOOTPRINT

CDM PROJECTS

In 2006, the Company implemented the first Clean Development Mechanism (CDM) project to reduce nitrous oxide emissions from the nitric acid plant. As a result, CO₂ equivalent emissions was cut by nearly 800,000 tons, the equivalent of 273,000 cars in one year.

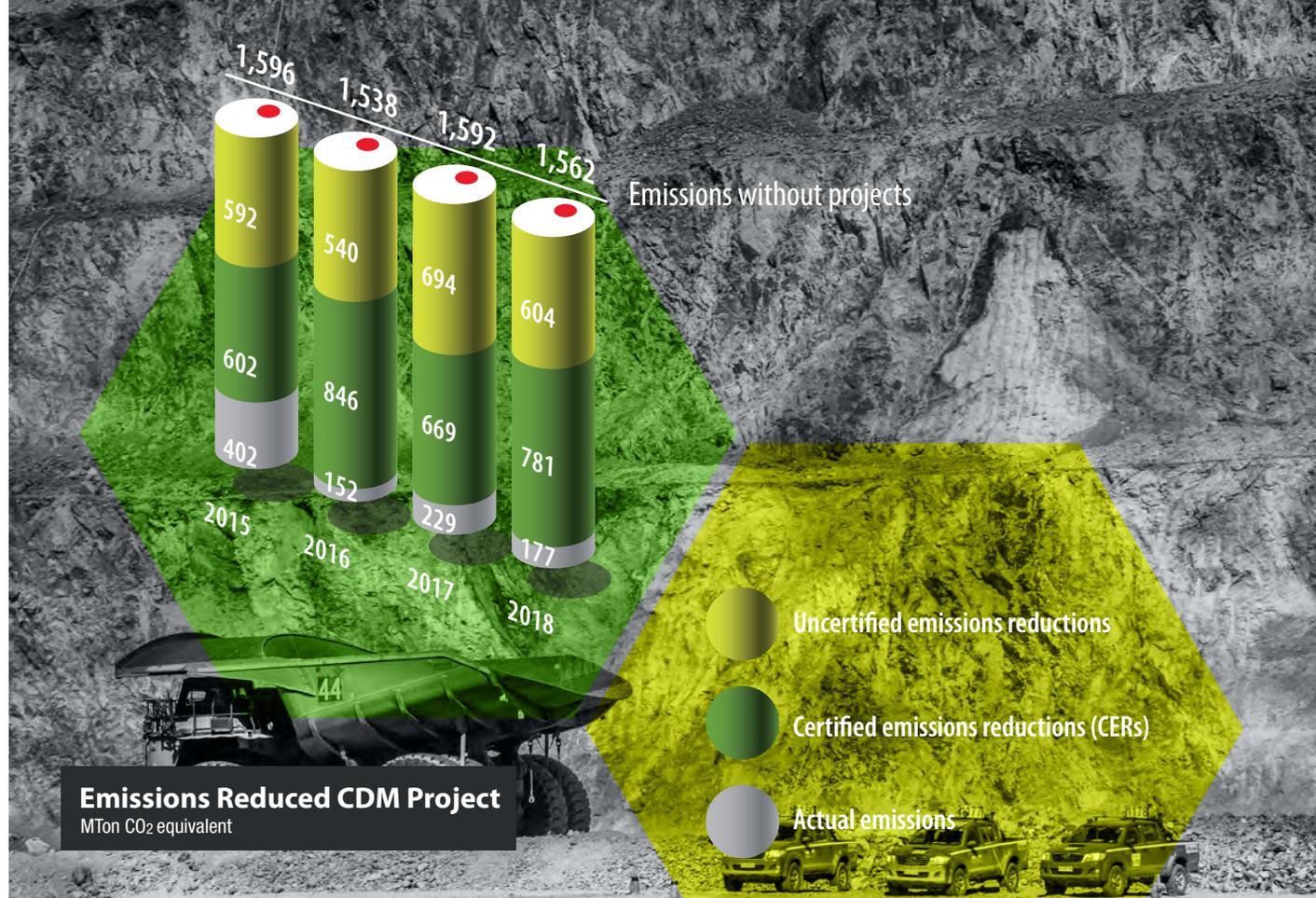
Enaex's two current CDM projects reduce process emissions by 85%. As a result, the emissions intensity of the ammonium nitrate produced at the Prillex America Plant is close to 0.3 tons of CO₂eq/ton product, among the industry's lowest.

The Company participates in the global fight against climate change with UN-Certified Reduced Emissions (CER), also called Carbon Bonds. In 2018, 781,000 CERs were generated and submitted to the World Bank to neutralize part of the emissions in the European Union.

CORPORATE CARBON FOOTPRINT

In 2018, CO₂ equivalent emissions totaled approximately 1.02 tons, down 20% from 2017. This reduction in greenhouse gas emissions is primarily attributable to increased efficiency of the EnviNOx system, which reduces N₂O emissions, as well as decreased use of inputs and integration of the national energy distribution systems, SING and SIC, which cut the emissions factor for network electricity by 40%.

Enaex began calculating its corporate carbon footprint using GHG Protocol methodology in 2009 and has had it independently verified since 2012.



CORPORATE CARBON FOOTPRINT SUMM

MTon CO ₂ equivalent	2016	2017	2018	2018 Target	Fulfillment
Direct emissions	233	254	194		100%
Indirect emissions (purchased energy)	37	27	17	↓15% Versus 2017	100%*
Other indirect emissions	915	999	811		100%
Total	1,185	1,280	1,022		100%

*This reduction is in addition to the decrease in the emission factor for the National Electric System.



PARTICIPATION IN CLG CHILE

In 2010, Enaex joined CLG, the Corporate Leaders Group for Climate Change founded in the United Kingdom in 2005. The group has been one of the most consistent voices to openly support development of global-level public policy that combats the effects of climate change while maintaining a favorable business environment.

With more than 10 years experience on greenhouse gas emissions reduction projects and, internationally, on emissions trading systems, each year Enaex makes financial contributions to and participates in the technical committee that supports government entities in establishing policies and instruments that facilitate the transition to a low-carbon economy. These policies and instruments also translated into sustainable development opportunities for Chile, through a high-level gathering on leadership and business innovation.

In 2018, subsidiary Enaex Colombia joined the CLG group in Colombia, confirming the Company's commitment to reducing global warming.

ENERGY EFFICIENCY

Since 2010, the Company has developed energy efficiency projects that have significantly reduced operating costs and indirectly reduced CO2 equivalent emissions.

IN 2018, SELF-GENERATION USING THE STEAM GENERATED BY THE PRILLEX AMERICA PLANT, WHICH WAS RESPONSIBLE FOR 95% OF THE COMPANY'S ENERGY CONSUMPTION IN CHILE, REPRESENTED NEARLY 60% OF POTENTIAL CONSUMPTION.

In self-generation, 2.5 MWh were attributable to the Panna 4 turbo compressor, 1.0 MWh to installation of frequency variators at Panna 3 and 1.4 MWh to the back-pressure turbine installed in 2016.

THESE MEASURES HAVE SUPPORTED AN 18% DECREASE IN INDIRECT EMISSIONS FROM ENERGY CONSUMPTION IN THE CORPORATE CARBON FOOTPRINT SINCE 2014.

On the other hand, 100% of the corporate buildings are equipped with LED lighting.

ENERGY CONSUMPTION

In 2018, Enaex's consolidated energy consumption was 171,841 MWh.

MWh by source	2016	2017	2018
Electricity purchased from National Network	48,870	36,389	48,530
Fossil fuel consumption	59,884	49,446	87,705
Self-generation	30,932	30,145	35,606
Total	139,687	115,980	171,841
Coverage (*)	68%	79%	88%

*Coverage is calculated as a proportion of revenue of each subsidiary included in the indicator relative to Enaex's total revenue.