



## INTERVIEW WITH CEO

Santiago, Chile. January 17, 2021 – Sociedad Química y Minera de Chile S.A. (SQM) (NYSE: SQM; Santiago Stock Exchange: SQM-B, SQM-A) held an interview with *La Tercera, Pulso Domingo* today. As part of the interview, the CEO discussed the following:

### How have your two years as CEO with SQM been?

A lot of work. SQM is a tremendously large company that provides more than 10,000 jobs directly and indirectly, and that has a world-wide presence in changing and challenging markets. I also believe that we have a first-rate team that has allowed us to face challenges in a very good way.

### What changes are you driving at SQM?

We have several challenges that we are working on. We are increasing our production capacity in all of our business lines, with a special emphasis on lithium. We are working with all of our clients to expand our international presence while at the same time we are making it a priority to incorporate our commitment to the sustainability of our operations in all of our decisions. We have a sustainability plan that establishes specific environmental goals and that also focuses on the link with the communities neighboring our operations.

### You have reached a new era with the Corfo conflict behind you, but do you still have outstanding issues with the invoice payments? When do you close the case with the Department of Justice?

For the company the invoice case is closed. It was a complex and difficult process for everyone, but I think it concluded with positive changes: today we have much more robust corporate governance, better control systems and a compliance program with international standards.

### How was SQM's process with the auditors?

We had a monitor that helped us in the process of implementing a Compliance program under the highest DOJ standards and comparable to that of the best companies in the world.

### When you began this role, it was rumored that his position had a deadline. Is that true; do you want to be CEO of SQM for a similar time period as Patricio de Solminihac?

I don't have a timeline; the board will ultimately decide. My mission is to promote responsible, strong, ethical corporate governance and an organizational culture that allows our people to take pride in their work. I would also like this notion to transcend SQM, that its understood that this is a global vocation and, at the same time understands our commitment of SQM to Chile and its people.

### What about class action lawsuit in the United States? In August, they sent the last certification to the Department of Justice, when is that chapter closed?

As I mentioned, this is a closed topic for the company. We have a world-class compliance program in place. We have already fulfilled all of our obligations with the corresponding authorities.

### How has the new Compliance program been working?

Very well. It is a standard that we work to comply with 100% and that strengthens our position as global company.

**With these new measures, can you guarantee that the company will not go through the crisis it experienced over invoice payments again?**

It is my responsibility to make it so. We have set a goal for SQM to be recognized for its excellence in the production of refined lithium battery chemicals, for the added value it delivers and its contribution to the development of the country. Therefore, we are committed to keeping our four corporate values very present in our work: Excellence, Safety, Integrity and Sustainability.

**Your predecessor was critical of having a Tianqi representative on the Board of SQM. How has the relationship between both companies been?**

We have never been critical of our shareholders, nor have we qualified who may or may not be Board members of the Company. We have been careful that free competition issues are treated properly and that they do not affect SQM or our ability to create value. Tianqi is a very professional company and a big player in the lithium industry. Its participation in SQM has been through the board of directors, who are freely nominated and in my opinion have played an important role in the administration of the company.

**Has the protocol agreed to between Tianqi and SQM been successful? Does it need to be perfected?**

The protocol is quite clear, and the company has followed it closely. In my opinion, it does not require further adjustments.

**2020 was a difficult year for Tianqi: they put some assets up for sale, pledged the company's shares and announced financial difficulties to respond to the credit they obtained to get to SQM, is there a risk that they will have to sell to be able to respond to their financial needs?**

The truth is that I do not know the details of Tianqi's financial situation. Our concern is SQM and doing things the best possible, adding value in what we do, supporting the development of our workers and communities.

**Are you worried about the financial situation of the Chinese company?**

No. As I mentioned, our concern is SQM and how we can continue doing things better. I have a very high opinion of Tianqi and have no doubt that they will properly solve any problems they may have.

**Do these difficulties interfere with the growth plan you have planned for SQM?**

I have only found support in our development initiatives from both our board member and from all the shareholders with whom I continually meet.

**With respect to the protocol signed with Tianqi, you pointed out that it does not require adjustments. In what kind of situations has the protocol call been called upon in recent years?**

The protocol implemented is an integral part of our way of working and of the rules that the Board of Directors usually follows. The main goal of the agreement corresponds to keeping known the sensitive information available to the FNE.

### **Until when is the agreement with Tianqi valid?**

Tianqi's agreement with the Chilean Prosecutor's Office is valid for four years and can be extended for another two years. The protocol is complementary and is valid indefinitely.

### **Why is it necessary to increase capital?**

A few weeks ago, we announced a very ambitious growth plan that considers investing almost US\$2 billion between now and 2024 in projects in Chile and Australia. Of this total, approximately US\$1 billion will be invested in lithium projects, allowing us to increase our production capacity in Chile, from 70,000 tons of lithium carbonate to 180,000 tons in the coming years. At the same time, we expect to increase our lithium hydroxide production capacity, from 13,500 tons to 30,000 tons. In parallel, we hope to develop the Mount Holland project in Western Australia to be able to produce another 50,000 tons of lithium hydroxide through a 50/50 joint venture. The lithium market is growing at very high rates, and based on very robust fundamentals, for this reason we consider these investments in capacity increase very necessary. On the other hand, at this stage we hope to make investments that will allow us to increase our nitrate production capacity by 250,000 tons per year; and iodine, by another 3,000 tons. In addition, we are making investments to realize our ambitious sustainability plan. We seek to reduce the consumption of continental water by 40% and the extraction of brine by 50% by 2030 in our operations in the Salar de Atacama. We are also pursuing carbon neutrality in the production of lithium, potassium chloride and iodine in 2030.

SQM has had a very consistent financial policy over the past 30 years and we believe that this capital increase is the right decision for a company that seeks to maintain its world leadership positions in all the markets in which it participates. The flexibility provided by a robust balance sheet is needed to respond to the volatilities of the markets in which we participate and to the business opportunities that we are actively seeking.

This is the fourth time we have done a capital increase. In the past, we have carried them out to finance projects that were very relevant in the company, such as the development of the project in the Salar de Atacama. On this occasion, we are inviting SQM investors to participate in projects with great impact and that represent a new stage of SQM development.

### **Why wasn't this investment plan financed with debt?**

During the last 30 years we have had a very consistent financial policy and we believe that it is appropriate for a company like SQM, since it gives us the flexibility needed to develop projects and operate our plants in the most efficient way. This financial flexibility has been very important in the past in giving us the ability to capture development opportunities. We are actively looking for opportunities around the world where we can add value. Financing new projects with only debt would reduce our capacity for innovation and the possibility of developing new businesses.

**The market did not react well when announcement for the capital increase was made, the share price fell during the first hours of December 24. In fact, the market has looked uneasily at the proposed operation, how do you respond to those doubts?**

I think the market responded very well, and the share price today reflects this. More than doubts, what always exist are questions and interest in understanding SQM. Investors are rational and make their investment decisions by analyzing all available information. This is an invitation to participate in the new stage of development of the company and we see a lot of enthusiasm from the market.

**So far, what are the main concerns of shareholders of type B shares and AFPs?**

We have always had a very fluid and open dialogue with our investors in Chile and abroad. Obviously, in recent weeks we have been more available than usual to talk with anyone who wants to know in more detail the company's development plans. In general, there is great enthusiasm, mainly from foreign investors, regarding the announcement. I believe that interest has been generated in the significant investment plan that we have proposed for the next few years, which contemplates about US\$2 billion by 2024, both in Chile and Australia.

**What are the main arguments that you are giving to shareholders so that they have confidence in the company's multi-million-dollar growth plan?**

The main thing is that it is a plan that is based on facts. The current demand for lithium is around 320,000 tons per year and we project that in 2025 that number could more than triple. Moreover, by 2030 it could double again. The fundamentals behind this growth are, in turn, very robust since demand is growing strongly driven by the technological change that the automotive market is experiencing, leaving behind internal combustion cars for electric cars. We have seen that major car producers are investing heavily in this technology to be able to switch as soon as possible. The demand they see for electric vehicles in the near future is very strong, along with economic stimulus and bans on the sale of internal combustion cars that are coming in the very near future.

We believe that what is coming in the battery and electric car industry is very positive, and that SQM and Chile will continue to play an important role in this market.

**How do you expect the outcome at the shareholders' meeting on Friday, January 22<sup>nd</sup> to be?**

All right, it's an opportunity. The company is inviting its shareholders to make a decision and the feedback we have received is that it is an invitation that interests them.

**What do you expect as a result? Could the shareholder base of that series be further diversified, could controlling shareholders be diluted or could their presence be increased?**

We hope that the shareholders overwhelmingly approve this invitation to participate in the technological revolution of EVs (electric vehicles). Once the capital increase has been approved, the Board of Directors will decide the process by which these shares are made available to our shareholders, who will decide whether to subscribe or not. SQM is very liquid and this process will make it even more liquid, which will allow the entry of even more shareholders to the company.

**Does Julio Ponce agree with the capital increase?**

The invitation is open to all shareholders. We have spoken with many shareholders, but the focus of those conversations has been the first stage of the process, that is, the Extraordinary Shareholders' Meeting where we hope that the capital increase will be approved. In the subsequent conversations, I imagine that each shareholder will evaluate its role based on market conditions and the proposal that the company makes to them.

**What will happen in Australia? Is the Project still attractive to SQM?**

The Mount Holland project in Western Australia is a very good project, one of the best in the world. I would dare to say. For this reason, a significant part of our investment will be concentrated in Australia. We want to develop this project and continue looking for more development opportunities in the lithium industry in that country. We expect the market to grow and need not only our expansions in Chile and Australia, but much more.

**¿Which considerations must be made to make the investment decision related to this project?**

We look forward to receiving the final feasibility report in the next few weeks to make the investment decision as soon as possible.

**The strong commitment to Chile, what are you looking for? Considering that the company has less than 10 years left on the Salar concesión.**

We are convinced that the demand for lithium is very strong and our responsibility is to supply that demand. Accordingly, we invest in projects that are going to have an impact in a relatively short term, both in Chile and Australia. This requires significant investment and we assume that responsibility. In addition, until the last day that our contract in the Salar, we will give our best effort to continue adding value to the Salar de Atacama by producing sustainable and high-quality lithium, because it is the best way we have to contribute to development. of the country and add value to our shareholders.

**When will the work on the extension of the concession begin with Corfo?**

Our focus these days is on being able to develop these investment projects in the most sustainable and efficient way possible, while at the same time worrying about safety, costs and the quality of our production. We have a tremendous challenge to continue improving the relationships we have with our neighbors in the Salar de Atacama and to continue developing sustainable value-added projects for the Salar de Atacama and for Chile. That is our focus. The concession extension talks will take place when appropriate, and our task is to be prepared to offer CORFO, our neighbors and the country a proposal for the development and creation of sustainable value in the long term.

**What is SQM's strategy to related to technology and potential new entrants in the lithium market?**

Our value proposition for the market is not only the production of very high-quality lithium, but also producing lithium in the most sustainable way in the world in terms of water and carbon footprint. We believe that we are currently the lithium producer with the lowest carbon footprint, and we want to reach carbon neutrality by 2030. Add to this is our long experience in the industry and our drive for innovation, and I believe that we are the best and most reliable lithium supplier with the ability to support the industry in the long term.

**The Company recently announced an agreement with LG Energy Solution, what are its goals in this regard for 2021?**

The market is convinced of the development of the electric car and those involved in the process want to ensure its supply. LG Energy Solution is a very large and sophisticated player in that industry. Having reached an agreement to supply lithium carbonate and hydroxide until 2029, is a very good sign of confidence from a major player in the industry towards SQM.

This year, we expect to grow our volumes significantly, around 30% compared to 2020 and, at the same time, we hope to be able to reach new long-term agreements with other relevant players in the industry.

**How do you expect the lithium market to respond in 2021?**

As I have already said, we believe that demand will grow strongly, above 20% and that this implies relevant challenges and opportunities for SQM and for the country.

**Regarding the capital increase, you recalled the previous capital increases of the company, those that occurred many years ago, that is why the emphasis on why is it necessary today? Considering that the company has been working for more than 30 years without using this mode of obtaining resources.**

It is important to consider the size of the investments that we propose to make in the next four years. Maintaining world leadership in all our business lines, without giving up flexibility to face new projects, requires a decision of this nature which in my opinion will significantly strengthen SQM's competitive position.

**In that sense, does the historical amount of the investments that you are announcing make a difference in opting after so many years for a capital increase?**

Yes, as I was saying, the lithium market presents us with an unprecedented challenge to face. We believe that SQM and Chile must respond to that market.

**Did you indicate that SQM has to be prepared for when the negotiation with Corfo for the extension of the concession takes place and offer "to CORFO, our neighbors and the country a proposal for the development and creation of sustainable value in the long term"? Is SQM a reliable partner for Chile to be able to maintain the concession?**

I am convinced that we are a very good partner. We are a very good partner for Corfo not only because of the significant resources that we contribute to Chile and the development of the country, but also because of the knowledge we have in our different business areas, the corporate governance that we have implemented, and our commitment to the country that as reflected in the investments we are making and by the implementation of our Sustainability Plan that will lead our production in the Salar de Atacama to become the most sustainable lithium production in the world.

**What lessons have you learned in 2020?**

Since this pandemic began, we have taken all the necessary safeguards to protect our workers and contractors, their families and our neighboring communities through measures that we have been applying and promoting constantly and permanently. All of the above, has been done in accordance with the guidelines of governmental and international health organizations, together with professional advice from experts in the field.

In the future, we will continue to implement measures consistent with the evolution of the situation. As a company, we are also concerned about our neighbors, so we have been supporting the surrounding communities near the Antofagasta and Tarapacá regions with the delivery and donation of supplies necessary to face this emergency, in addition to technical support, such as training. I think the main lesson is that: the need to take care of ourselves and always prioritize people.

**The Company was impacted by the pandemic particularly on the prices of lithium. Today, the situation remains critical. How do you see 2021 regarding the repercussions that the coronavirus may still produce in the international market?**

It is difficult to know when the effects of the pandemic will crystallize in the markets in which we participate. In any case, we do not believe that these effects imply fundamental changes in the industries of which we are part, but rather specific impacts that should disappear when we return to normal. In any case, it is clear that the market situation improved significantly during the second half of 2020.

**You highlighted that the market situation improved significantly in the second half. Because of that, do you expect the end of 2020 to be with positive figures?**

Yes, during the third quarter there were positive trends in the markets, driven by high sales of electric vehicles around the world. This leads us to project growth compared to the previous year, which is also explained by a strong recovery in demand for lithium in China.

**In that sense, for 2021, how do you see the behavior of the price of lithium and the excess stock, a situation that worried the market for much of 2020?**

I would love to have even more inventory. We are growing our production capacities as quickly as possible in order to face the unique opportunity of supplying a market that has the potential to triple in size in a few years.

**Were you surprised by the decision of the Environmental Court and the Superintendency of the Environment regarding the Compliance Plan (PdC)?**

It was one of the possibilities of the process. We have already delivered a new proposal and all the necessary steps are being followed so that the new PdC complies with the requirements of the environmental regulatory authorities.

Beyond the PdC, as a company we are promoting a new form of relationship with the communities that, based on recognition, mutual respect, good faith between the parties and in a relationship of parity, allows us to establish permanent instances of dialogue, equal to same.

**What adjustments are you thinking of making?**

We are available to make all the improvements that are required to our Compliance Plan, in accordance with the provisions of the SMA and the First Environmental Court, and we have already made progress in showing what we do and how we do it. SQM has an online Monitoring Plan, available to all, where our levels of brine extraction and use of continental water are observed. In addition, we voluntarily assume an ambitious Sustainability Plan that includes specific goals such as significantly reducing our consumption of continental water in all our operations, reaching 40% reduction in 2030 and 65% reduction in 2040; reduce the extraction of brines by 50% by 2030, starting with a 20% reduction, and be carbon neutral in all our products by 2040, and with respect to lithium, potassium chloride and iodine by 2030. In parallel, we are in international certification processes. The company opted for the measurement and certification of the Annual Sustainability Report through the methodology proposed by the Global Reporting Initiative.

A few weeks ago, the S&P Dow Jones Index announced the results of the evaluations carried out and SQM qualified for both the DJSI Chile Index and the DJSI MILA Pacific Alliance Index. In September 2020, we began a self-evaluation under the responsible mining standard, Initiative for Responsible Mining Assurance, IRMA, in the Salar de Atacama, being the first step towards certification in this demanding standard.

**When do you expect to have the approval of the new compliance plan?**

The deadlines are not set by SQM and we are respectful of the authorities' timelines. SQM has maintained a strong adherence to the norms that govern the process opened by the SMA, an instance in which there has been broad participation from the communities, among other actors.

**When the plan was rejected, some clients mentioned their concerns related to SQM's environmental performance. Was this resolution detrimental to them?**

I would say that it prompted us to better explain to the public opinion and also to our clients what our environmental commitment consists of, how we work and what our challenges are.

**How has the new way of relating to the original community of the Salar worked?**

We believe that we are progressing well. Commitment to the communities is a priority, so much so that a member of the board of directors, Gonzalo Guerrero Yamamoto, is in charge of the link with the communities together with the team that has already been working on these relationships. We want to learn from their culture, contribute to the patrimonial protection, help with their development and become the best neighbor they can have. For this reason, we have signed cooperation and dialogue agreements with the communities of Camar, Toconao, Talabre, Quillagua and Huatacondo, and we are in the process of signing at least four more agreements in the short term and another four in the medium term. This allows us to develop a new form of relationship that, based on recognition,

mutual respect and good faith between the parties, takes direct responsibility for the concerns and perceptions of the communities by establishing permanent instances of dialogue.



## About SQM

SQM is a global company that is listed on the New York Stock Exchange and the Santiago Stock Exchange (NYSE: SQM; Santiago Stock Exchange: SQM-B, SQM-A). SQM develops and produces diverse products for several industries essential for human progress, such as health, nutrition, renewable energy and technology through innovation and technological development. We aim to maintain our leading world position in the lithium, potassium nitrate, iodine and thermo-solar salts markets by:

- Ensuring access to the best assets related to our current business lines by expanding our global presence;
- Actively searching for attractive minerals allowing us diversification opportunities to replicate and expand our existing mining capacities;
- Strengthening our operational, logistical and commercial excellence process from beginning to end, while looking to be a cost leader; and
- Maintaining a conservative financial policy which allows us to successfully endure economic cycles that could impact the markets in which we sell.

We are a company built and managed by a culture based on excellence, safety, sustainability and integrity. We work every day to expand this culture through the attraction, retention and development of talent as well encouraging an inclusive and diverse work environment ensuring the unique knowledge and innovation needed to sustain our business. We strive for safe and accident-free operations by promoting conduct that favors the physical safety and psychological well-being of everyone who works directly and indirectly with the Company.

We position ourselves as leaders in sustainability and commit to a sustainable future where we constantly work to responsibly manage natural resources, protect human rights, care for the environment, form close and trusting relationships with our neighboring communities and create value. Within these communities, we support projects and activities with a focus on education, business development, and protection of the environment and historical heritage. We create value for our clients through established commercial models and the production and development of differentiated products that respond to their industry and market specific needs, constantly creating and providing a sustainable improvement in the quality of life. We will continue to create value for all of our stakeholders through responsible management of natural resources, sustainable expansion projects and improvement of our existing operations, with a focus on minimizing our environmental impacts by reducing our carbon, energy and water footprints and working together with our shareholders, employees, customers, suppliers and communities.

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Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are estimates that reflect the best judgment of SQM management based on currently available information. Because forward-looking statements relate to the future, they involve a number of risks, uncertainties and other factors that are outside of our control and could cause actual results to differ materially from those stated in such statements, including our ability to successfully implement the Sustainable Development Plan. Therefore, you should not rely on any of these forward-looking statements. Readers are referred to the documents filed by SQM with the United States Securities and Exchange Commission, specifically the most recent annual report on Form 20-F, which identifies other important risk factors that could cause actual results to differ from those contained in the forward-looking statements. All forward-looking statements are based on information available to SQM on the date hereof and SQM assumes no obligation to update such statements, whether as a result of new information, future developments or otherwise, except as required by law.