

Signing of Partnership Agreement

Codelco – SQM

GENERAL CONSIDERATIONS

1. **The Codelco-SQM partnership positions Chile as a leader in the global lithium market.** Thanks to this agreement, the country will seize the opportunities that the lithium market currently offers as a mineral that, like copper, is critical to the energy transition.
2. **Economic benefits for the country.** The Chilean state will receive approximately 70% of the operating margin that the new production generates between 2025 and 2030. Starting in 2031, the state **will receive 85% of the operating margin through payments to Corfo, taxes and dividends for Codelco.**
3. **The agreement comes at a good time.** It allows seizing the current opportunities that lithium offers, avoids the instability of a transition period and harnesses the potential of SQM assets, as the partnership will have access to 100% of the infrastructure and plants, including the world's largest lithium product refining center, located in Antofagasta.

Regarding production, the agreement states that the aim is to achieve a total additional production of 300,000 Lithium Carbonate Equivalent (LCE) in 2025-2030, while annual production of 280,000-300,000 tons of LCE has been defined for 2031-2060. This increase in lithium production will be achieved through improvements in process efficiency, the adoption of new technologies and the optimization of operations, and does not entail increased brine extraction or use of continental waters.

4. **The salt marsh is a unique ecosystem.** The partnership will be tasked with designing and developing a new production project that will incorporate new technologies to trend toward water balance while simultaneously increasing lithium recovery through compliance with the highest environmental standards. In addition to carrying out an ongoing process of dialogue with Atacameño communities that will extend beyond the signing of this agreement and aim to reach consensus on human development, environmental and governance issues.
5. **The process will progress according to the planned schedule.** The partnership, composed of Codelco through its subsidiary Minera Tarar, and SQM through SQM Salar, will become effective once all the legal, regulatory, technical and environmental requirements have been fulfilled, including the indigenous consultation process, all of which is planned to be completed in the first months of 2025.



Signing of Partnership Agreement

Codelco – SQM

– What is the Partnership Agreement?

The agreement establishes in detail all the steps, stages, rights obligations, terms and conditions of the public-private partnership that will dedicate itself to refined lithium production in the Salar de Atacama from 2025 until 2060.

– What are the principles of the new partnership?

1. A joint venture in which **Codelco will hold 50% of the shares plus one.**
2. Operational continuity and **respect for SQM's lease contract through 2030 is ensured, guaranteeing compliance with current agreements in place with communities and other social organizations.**
3. The partnership is expected to begin operating in 2025, once all preliminary conditions have been fulfilled.
4. The partnership will have two stages:
 - **2025-2030: SQM will be responsible for general management, enforcing its lease contract with the commitment of a potential increase in production without increasing the extraction of brine from the Salar de Atacama.**
 - **2031-2060: Codelco will be responsible for the partnership's general management.**
5. The partnership will be tasked with **designing and developing a new productive project that incorporates new technologies to trend toward water balance while simultaneously increasing lithium recovery through compliance with the highest environmental standards.**



Signing of Partnership Agreement

Codelco – SQM

– How will the partnership’s corporate governance be organized?

- **Between 2025 and 2030**, the board will be composed of 6 members and each party will appoint half of them. Codelco will appoint the president and SQM the vice president. Meanwhile, SQM will have the majority of votes in shareholders’ meetings, business management and rights to maintain consolidation of the joint venture’s results.
- **Starting in 2031**, the board will be composed of 7 members and Codelco will have the majority. Its members cannot have served as Codelco or SQM S.A. board members for over 10 years, either continuous or discontinuously. The state company will have the majority of votes in the shareholders’ meeting and results will be consolidated in Codelco.

NEXT STEPS IN THE PARTNERSHIP AGREEMENT:

	2024 Throughout the year	2025–2030 6 years	2031–2060 30 years
Milestone	Signing of Partnership Agreement	CODELCO-SQM Partnership	
Stage	Current operation SQM	Current Salar The partnership will be managed by SQM, enforcing the current lease contract	Codelco-SQM Projectz In this stage Codelco will take responsibility for management through 2060
Studies and consultation processes	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px; width: 45%;">EIA Extraction Reduction Plan (under way)</div> <div style="border: 1px solid black; padding: 5px; width: 45%;">Indigenous Consultation (CORFO lease contracts)</div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px; width: 45%;">EIA Codelco-SQM Project</div> <div style="border: 1px solid black; padding: 5px; width: 45%;">Indigenous Consultation</div> </div>	



Signing of Partnership Agreement

Codelco – SQM

CODELCO – SQM PROJECT 2031-2060:

It will allow high-quality lithium to be produced in compliance with the highest sustainability standards, both in environmental as well as community terms.

It considers significant investment in technology and innovation to integrate the salt marsh's environmental sustainability with operational efficiency, and makes the following commitments:

1. Reduce brine extraction until reaching 822 l/s (reduction of 50% of pumping authorized through 2030).	2. Trend toward a neutral water balance in lithium production, bringing the use of continental water to zero.	3. Reduce the evaporation of brines in wells by incorporating plants for evaporation, crystallization and condensation of water.	4. Preferential use of renewable energy to keep CO2 emissions low.
--	---	---	---

If you want more details on the Partnership Agreement between Codelco and SQM, visit the website:

www.acuerdocodelcosqm.cl

