

► Sustainability Linked Bond Framework

October, 2021



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▶ 1. Introduction : Business Overview

Braskem Idesa (the “Company”) is a petrochemical company, leader in production capacity of Polyethylene resins in México ¹.

Braskem Idesa is an association created in 2010, made up of Braskem (with 75% of the shares), a Brazilian company with leadership position in petrochemicals in America; and Grupo Idesa (with 25% of the shares), one of the main Mexican business groups.

Braskem Idesa began operating in the production of polyethylene in 2016 in its three plants. The plants are located in the community of Nanchital de Lázaro Cárdenas del Río in the state of Veracruz and have a combined capacity of 1,050,000 tons of thermoplastic resin per year.

Over the past 10 years we have grown and crossed borders alongside our clients in more than 41 countries, thanks to a team of 831 members in Mexico, who, every day, ensure the continuity of our operations.

Our fundamental pillars are integrity, ethics, transparency and proper conduct, which can be clearly seen in how we engage with our stakeholders (shareholders, clients, Team Members, suppliers, communities) and manage our businesses and processes through our principles and values.

Our priorities lie in ensuring a high operating rate at the Braskem Idesa complex in accordance with the highest standards and controls, both in terms of safety and environmental performance, which can be clearly seen in our operational efficiency.

Braskem Idesa has been committed to the principles of Sustainable Development and Social Responsibility² since it was created in 2010, when its stakeholders were informed through a public statement on the principles, values, and commitments that would guide Braskem Idesa’s actions thereafter. In this sense, by implementing its business plan, the Company aims to prevent and mitigate risks and capture business opportunities related to environmental, social, and governance issues. The objective in view is to improve people's life as well as the planet's, creating sustainable and innovative solutions from chemistry and plastic and engaging the entire plastic and chemicals value chain. In this way, the Company aims to provide all stakeholders economic, environmental, and social performance in line with the principles of Sustainable Development, with ethical and responsible actions and strengthened governance practices.

Since 2013, with this purpose and as an intrinsic part of its strategy, the Company has established long-term objectives ("Macro-Objectives") aligned with the Global Company (Braskem), aiming to contribute in a significant manner to Sustainable Development, aligned with the United Nations' Sustainable Development Goals ("SDG").

In 2020, a new cycle of Macro-Objectives ³ was established globally by Braskem for 2030, encompassing material and relevant issues for the Company's business and stakeholders, such as greenhouse gas emissions, circular economy⁴ (sustainable solutions in products PCR⁵ resin), plastic waste disposal, staff security, diversity and inclusion, operational eco-efficiency, biodiversity, human rights, among others. These objectives are published and reported through our annual ESG sustainability report.⁶

One particular course of action from which Braskem Idesa is able to reinforce its commitment to Sustainable Development to society is by issuing and/or contracting sustainable debt instruments.

This document aims to give a brief overview on Braskem Idesa's Sustainable Development Strategy and also aims to establish a Sustainability-Linked Bond Framework (the "Framework") through KPIs and targets to accomplish for in the medium- to long-term.

Source: external consultancy, Links (English and Spanish):

1- Braskem and Idesa profile: Ethylene XXI Project [Braskem Idesa](#)

2- Sustainable strategy and Sustainable Development Global Policy: <http://www.braskemidesa.com.mx/sustainable-strategy>,
https://www.braskem.com.br/portal/Principal/arquivos/imagens/PE%201120-00003-EN_Reap.pdf

3- Macro-Objectives <http://www.braskemidesa.com.mx/macroobjetivos>

4- Circular Economy Commitments: <http://www.braskemidesa.com.mx/posicionamientoeconomicircular>

5- PCR resin: <https://www.braskem.com.br/imgreen/recycled-en>

6- ESG Sustainability Report: https://www.braskem.com.br/Portal/Idesa/arquivos/Catalogos/Sustainability%20%20Anual%20Report%20ESG%202020%20 BI_ENG.pdf

Operation CAPACITY and *PRODUCTION* process

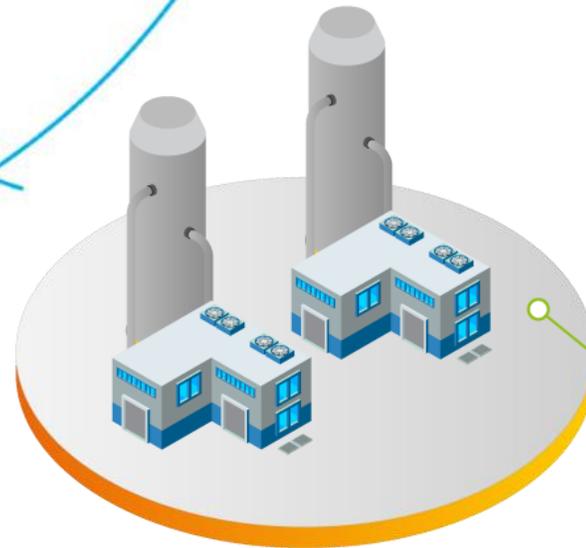
PRODUCTION OF
1,050,000 TONS
OF *POLYETHYLENE*

ETHANE PRODUCER



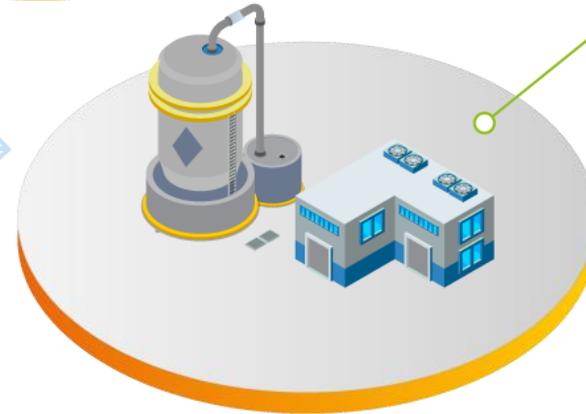
Ethane **CRACKER**

66,000 Barrels per Day
ETHANE



1 LDPE plants

LDPE	LDPE
300 KTY	400 KTY



2 HDPE plants

HDPE
350 KTY

1,050 KTY
ETHYLENE

2. Braskem Idesa Sustainability Strategy: Approach to Sustainability

- Below we describe Braskem Idesa's sustainability strategy and its alignment with the United Nations Development Objectives (SDG), in accordance with the company's macro-objectives as well as information about our ambition and commitments regarding ESG.

In this Framework we also intend to include information and our commitments and actions on:

- Climate Change
- Water usage and recycling
- Circular Economy (PCR Sales) and elimination of plastic waste
- Social Responsibility



2. Braskem Idesa Sustainability Strategy: Approach to Sustainability

Braskem Idesa has a global production capacity of over 1.05 million tons per year of polyethylene resins. Since 2019, it is a leader and pioneer in the production of I'm Green Recycled, which is made from a postconsumer polyethylene resin and has an annual production capacity of 7.5 kilotons. Since 2019, it has been developing partnerships, technologies and the market for the production and commercialization of resins made from recycled content.

Plastic and its many applications provide various benefits to life in society, including less contamination and reduction in emissions in the environment. It also provides greater durability and resistance.

Plastic is also fundamental for the sanitation sector since it is used in water and sewage pipes, water tanks, and treatment plants, providing more efficiency in the process with lower costs. Plastic is also present in packaging (which reduces food waste) and in the mobility and agriculture sectors, presenting more resistant, lighter and environmentally efficient solutions with lower water and energy consumption.

It is fundamental to acknowledge the impacts of plastic production and disposal to the environment. For instance, plastic is resource-intensive in terms of fossil raw materials, energy, water and climate change. Another impact is plastic waste disposal, mainly driven by post-consumption plastic waste, which may cause environmental losses and may affect rivers and oceans.

Considering the challenges inherent to the petrochemical industry, Braskem Idesa was founded with the public commitment to follow the principles of Sustainable Development. The Company understands it plays an important role and is an agent of transformation in the solution of these challenges.

Therefore, Braskem Idesa incorporates sustainability as a strategic pillar, aiming to prevent and mitigate risks associated with its operations, products, and value chain, and to capture opportunities to leverage its business and value chain by providing innovative and sustainable solutions from chemistry and plastics. With this orientation, the Company aims to create positive results for all its stakeholders: shareholders, clients, communities surrounding its facilities, lenders, vendors, investors, its members, and society in general.

Corporate Governance & Risk Management

Braskem Idesa believes that governance goes beyond complying with regulatory rules – it is a way to keep the business environment more transparent, safe, predictable and complete with the purpose of ensuring value generation today and in the future, thus safeguarding the rights of all our shareholders while allowing us to serve the interests of our other stakeholders.

In this sense, with the objective of becoming a model in governance and compliance, Braskem Idesa and Braskem have a governance system composed of institutionalized decision-making bodies and guidance documents, which have been constantly strengthened to recognize problems we had in the past. These guidelines address these problems accordingly and help us evolve in our corporate governance practices, meeting the highest practices and applicable standards, laws and recommendations.

In Mexico, Braskem Idesa adopts practices of the Corporate Governance Code, which includes codes of conduct for members and for third parties, prohibition against accumulating the positions of Chief Executive Officer and Chairman of the Board of Directors by the same person, and implementation of the annual performance evaluation process of the Board of Directors, supporting committees and secretariat, among others.

The foundations for this system have been approved by the Board of Director (BD) with the support of the Compliance Committee (CC), which monitors activities encompassing all internal controls and potential risks. Furthermore, the Ethics Committee analyzes and evaluates preventive and punitive actions regarding violations of our Code of Ethics, depending on the case in question.

Because Braskem Idesa believes that the commitment to an ethical, integral and transparent performance starts with our Board of Directors, extending to all our members, customers and suppliers, its compliance structure is composed by a statutory compliance committee which reports directly to the board of directors.

This committee is led by the Chief Compliance Officer (CCO), who works in partnership with other areas to ensure that the compliance system is followed by all Braskem Idesa team members. The compliance system consists of a set of measures to prevent, detect and remedy risks and issues that are not compatible with acting ethically with integrity and transparency, and its implementation is supported by regional compliance, corporate risk management, internal controls and internal audit departments. Braskem Idesa also offers to its internal and external public a communication channel for reporting conducts that do not comply with ethical, honest and transparent action, which are widely disclosed and available on internal and external Braskem Idesa portals.

Corporate Governance & Risk Management

Since 2018, we promote a culture of ethical and transparent integrity with all our stakeholders through the implementation of our code of ethics and conduct, contributing to the enhancement of the Company's governance model.

Braskem Idesa invested and strongly improved a system capable of leading our organization along a path of compliance with applicable standards and worldwide best governance practices, in addition to ensuring conduct based on ethical principles and values that protect and strengthen the company and all of our stakeholders.

Braskem Idesa is susceptible to risks that can prevent or even destroy the search for our purpose of improving people's lives by creating sustainable solutions from chemistry and plastic. In this sense, the Company is committed to identifying, assessing and addressing risks to allow an extension of our positive impact to all of our stakeholders. Braskem Global Corporate Risk Management Policy is based on international references, and it establishes a clear process in which risks are constantly assessed, revised and addressed in mitigation plans. Its methodology segregate risks in four categories – strategic, operational, financial and regulatory –, which are periodically evaluated by Company's executives considering its impacts and its probability to occur. The result of this analysis is graphically represented by a heat map, where priorities are set in discussion with the Board of Directors. After defining priorities and mitigation actions, the implementation is supervised by the compliance committee, which is composed of independent members from the Board of Directors. Under the normal course of this process, Braskem Idesa also addresses potential risks related to environmental, social and governance issues (“ESG”).

Source: external consultancy, Links (English and Spanish):

Councils and Board: <https://www.compliancebraskemidesa.com.mx/>

Compliance and Governance Policies: <https://www.compliancebraskemidesa.com.mx/gobierno-corporativo>

Ethics Line Channel: <https://canalconfidencial.com.br/lineadeeticabraskemidesa/#home?lang=es-ES>

Code of Conduct: <https://compliancebraskemidesa.com.mx/pdf/codigo-de-conducta.pdf>

Third Party code of Conduct: <https://compliancebraskemidesa.com.mx/pdf/codigo-de-conducta2021.pdf>

Global Sustainable Development Strategy

Braskem Idesa adopts practices in sustainability, that are shared among its team members and aligned with top management through its Global Sustainable Development Policy. This Policy determines the guidelines for leveraging the Company's strategy towards the principles of Sustainable Development, systematically incorporating the principles in the Company's decision-making process. It also determines regular reports of its execution to the Board of Directors. In addition to this Policy, the Company adopts the procedures established in its Health, Safety, Environment, Quality and Productivity Policy, which guides the actions of its members and top management towards business excellence levels. This assures the generation of increasingly sustainable results according to local and global standards.

Braskem Idesa periodically assesses the materiality of its business and the Company to its main stakeholders. The Company also evaluates Sustainable Development from a corporate risk management perspective, which aims to direct efforts to leverage opportunities and reduce negative impacts in the path of pursuing its strategic goals, including environmental, social, and governance issues.

As described above, any ESG risk which the Company defined as a priority and set mitigation plans will be periodically reported to the Board of Directors by means of the compliance committee.

Materiality Assessment



Material Issue	BI 7 Macro Goals	SDG	GRI Content	Coverage		SASB
				Internal	External	
Social Investment in Communities	6	1,3,4,11, 13, 17	413-1, 413-2	✓	✓	
Energy	5	7,13	302-1, 302-3, 302-4	✓	✓	RT-CH-130a.1
Water	5	6	303-1, 303-2, 303-3, 303-4, 303-5	✓	✓	RT-CH-140a.1 RT-CH-140a.2 RT-CH-140a.3
Biodiversity	4	14, 13, 15, 17	304-3, 304-4	✓	✓	
Air	4	13	305-1, 305-2, 305-4, 305-7	✓	✓	RT-CH-110a.1 RT-CH-110a.2 RT-CH-120a.1
Complaints Procedures	26	16	413-1, 419-1	✓	✓	RT-CH-210a.1
Corruption	6	16	205-1, 205-2, 205-3	✓	✓	
Workforce	6	18	401-1	✓	✓	
Health and Safety	1	3,8	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10	✓	✓	RT-CH-320a.1 RT-CH-320a.2
Financial Performance	2	8	201-1, 202-2	✓	✓	
Circular Economy	3,4,7	11,12,13,14,17	301-1, 301-2, 301-3, 306-2, 306-4	✓	✓	
Corporate Governance	1,2,4,5,6,7	16	102-14,102-18	✓	✓	RT-CH-530a.1
Postconsumer	3	9,11,12,13,17	306-3, 306-4, 306-5	✓	✓	RT-CH-150a.1
Waste	3	9,11,12,13,17	306-1, 306-2	✓	✓	
Transparency and Integrity	6	16	102-16, 107-17, 103-1, 103-2, 103-3, 406-1, 415-1	✓	✓	

At Braskem Idesa, we are aligned with global methodologies such as GRI Standards and the Sustainability Accounting Standards Board (SASB).



Braskem Idesa contributes directly and indirectly to the following SDGs: 1,3,4,6,7,8,9,11,12,13,14,15,16 and 17

Global Sustainable Development Strategy

Thus, based on strong management practices and on a wide risk and materiality assessment process, and supported by its Global Sustainable Development Policy, Braskem Idesa is seeking to be acknowledged as a global reference in the chemical sector for its contribution to Sustainable Development, creating and providing solutions for the local and global challenges of humanity by fostering innovation.

To do this, it conducts its business plan to i) search for and develop increasingly sustainable production resources and operations; ii) develop and deliver an increasingly sustainable portfolio of products and services; and iii) offer, along with its client chain, solutions for an increasingly sustainable life in society. Through this strategy, Braskem Idesa aims to contribute directly to the SDGs described below:

- SDG 1: No Poverty;
- SDG 5: Gender Equality;
- SDG 6: Clean Water and Sanitation;
- SDG 7: Affordable and Clean Energy;
- SDG 8: Decent Work and Economic Growth;
- SDG 9: Industry, Innovation and Infrastructure;
- SDG 11: Sustainable Cities and Communities;
- SDG 12: Responsible Consumption and Production;
- SDG 13: Climate Action;
- SDG 14: Life below water;
- SDG 15: Life on Land.

Global Sustainable Development Strategy

To guide this strategy, Braskem Idesa defined its first cycle of long-term sustainability commitments in 2009 (the Macro-Objectives), in line with the United Nations' 17 SDGs and with targets for 2020. Over the years, Braskem Idesa achieved the best standards of people and processes safety, reaching a superior performance relative to the sector. The Company also adopted actions to mitigate and adapt to the impacts of the climate changes, water reduction and recycling in the production process, as well as biodiversity proliferation and preservation and social responsibility. Since the start of operations in 2016, Braskem Idesa committed to circular economy principles and in 2020 sold resins with recycled content PCR resin in Mexico, improved and certified its compliance system and maintained its credit risk rating stable as a global company.

In 2020, these Global Macro-Objectives were re-evaluated and renewed considering ambitious challenges for 2030, in line with the 2030 Agenda of the United Nations. The development of these new challenges was a wide and demanding process that involved 30 workshops and interviews with more than 500 Company leaders and members globally, and was based on the analysis of global challenges and trends. It also took into account the analysis of corporate risk in relation to our business and value chain, mapped by the corporate risk management area.

In this way, our new Global Sustainable Development Strategy was approved by the Board of Directors with 7 Macro-Objectives for 2030. These are relevant topics for the Company's business, described on the following page:

Global Macro-Objectives for 2030 in alignment to UN Sustainable Development Goals (SDGs)

- **Health and Safety:** To remain among the best in class in Occupational Health and Safety and Process Safety in the Global Chemical and Petrochemical Industry, seeking to achieve zero accidents with people, processes, or health;
(SDG 8 – Decent Work and Economic Growth)
- **Financial and Economic Results:** To be recognized as a leading Company by the market due to its contribution to sustainable development, maintaining financial health and discipline in the capital allocations, focusing on value creation and strengthening the relationship with the market based on the ESG value;
(SDG 8 – Decent Work and Economic Growth)
- **Plastic Waste:** To be recognized as a Company that develops the recycling value chain in the regions where it operates and be a leader in the Americas, increasing the sale of recycled products, to work on preventing the disposal of plastic waste, and make the products increasingly more circular;
(SDG 11 - Sustainable Cities and Communities, SDG 12 - Responsible Consumption and Production, and SDG 14 - Life Below Water)
- **Climate Change:** To be among the best companies in the chemical industry in terms of GHG emissions and a key player in capturing CO2 emissions through the use of renewable raw materials;
(SDG 6 – Clean Water and Sanitation, SDG 7 – Affordable and Clean Energy and SDG 13 – Climate Action)

Global Macro-Objectives for 2030 in alignment to UN Sustainable Development Goals (SDGs)

- **Operational Eco-Efficiency:** To be among the benchmarks in operational eco-efficiency in the global petrochemical industry, through increasingly more sustainable operations and services, focusing on water and energy resources;
(SDG 6 – Clean Water and Sanitation, SDG 8 – Decent Work and Economic Growth, SDG 11 - Sustainable Cities and Communities, SDG 12 - Responsible Consumption and Production)
- **Social Responsibility and Human Rights:** To be recognized as the most humane Company in the sector, which respects and promotes human rights throughout the chain and local development for the communities surrounding its operations;
(SDG 5 – Gender Equality and SDG 8 – Decent Work and Economic Growth)
- **Sustainable Innovation:** To be recognized as a Company that increasingly accelerates and delivers innovative and sustainable solutions to consumers and society, having innovation as a key factor to enable all commitments.
(SDG 9 – Industry, Innovation and Infrastructure)

Global Sustainable Development Policy: <https://www.braskem.com/RI/detail-bylaws-and-policies/braskem-sustainable-development-global-policy>

For more details on the process of Risk Management, access the Corporate Risk Management Policy at: <https://www.braskem.com/RI/detail-bylaws-and-policies/braskems-governance-and-compliance-policies>

Code of Conduct: <https://compliancebraskemidesa.com.mx/pdf/codigo-de-conducta.pdf>

Macro-Objectives: <http://www.braskemidesa.com.mx/macroobjetivos>

▶ Sustainability Strategy :
Approach to Sustainability

Braskem Idesa defined specific Key Macro-Objectives: Performance and levers to achieve goals for each Macro-Goal of climate change and Circular Economy, elimination of plastic waste, Water efficiency and Social Responsibility





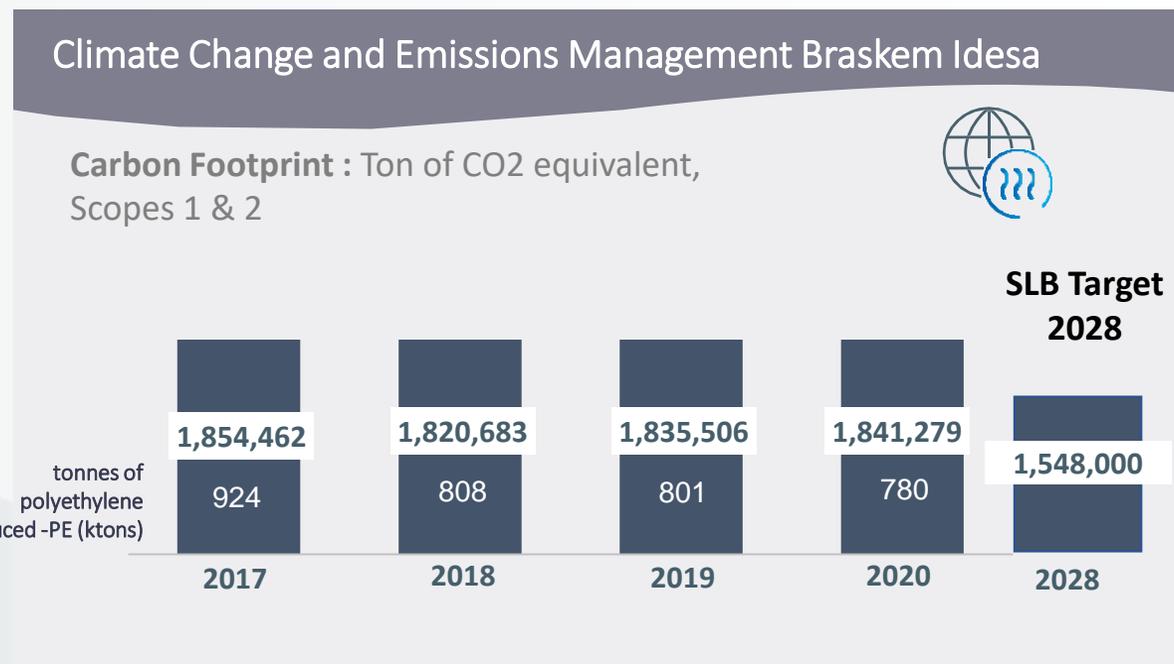
Climate change Global Braskem Commitment : providing a 15% reduction for the Global Operation (USA, Brazil, Europe, México) in absolute greenhouse gas emissions (“GHG”) until 2030 and achieving carbon neutrality until 2050. To do this, Braskem will act in three fronts:

- (i) Reduction of emissions focusing on energy efficiency, and increasing the use of renewable energy in current operations, establishing partnerships focused on innovation and technology;
- (ii) Offsetting emissions with potential investments in the production of chemicals and polymers from renewable sources; and
- (iii) Capturing carbon emissions through research and development for the use of carbon emissions as a raw material.

Braskem Idesa complies with all regulations issued by the Secretaría del Medio Ambiente y Recursos Naturales (SEMARNAT) and the Secretaría de Energía (SENER) in Mexico, in addition to the Material and Energy Balance Methodology, monitoring all emissions from our operations.

The following shows the performance of Braskem Idesa in Green house gas GHG and its SLB target achieve a 15% reduction in absolute GHG scope 1 and 2 ktCO2e emissions in 2028

Scope 1 (Fixed and mobile fuel combustion) Gases: CO₂, CH₄, N₂O, HFC
 Scope 2 (Company’s use of electrical energy) Gases: CO₂, CH₄, N₂O, HFC.
 The data reported was compiled in compliance with the requirements stipulated by the Mexican Department of the Environment and Natural Resources (SEMARNAT) and the Mexican Department of Energy (SENER) in the Matter and Energy Balance Methodology.





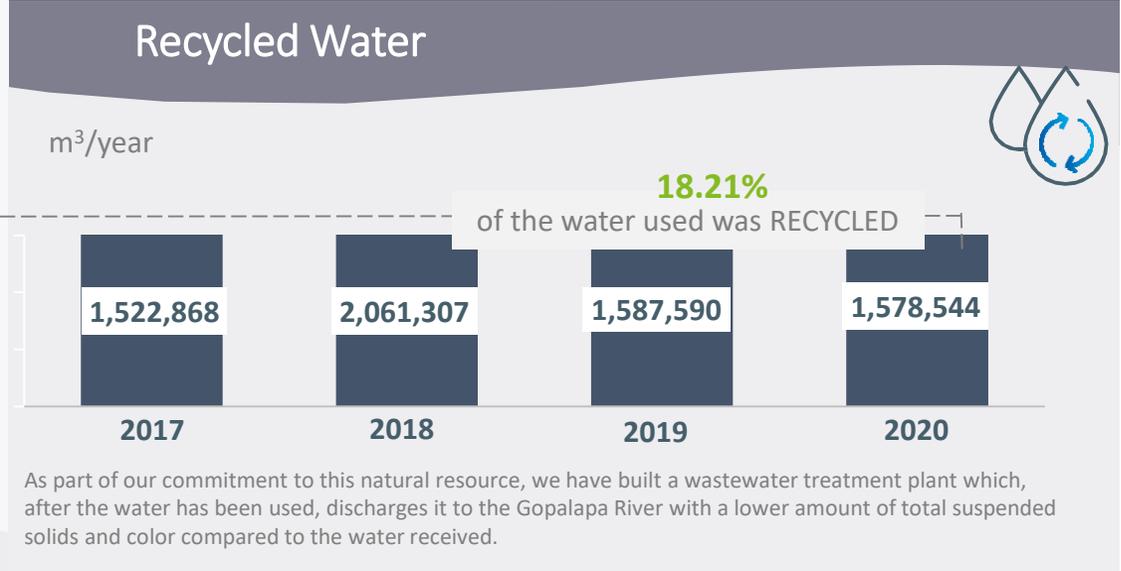
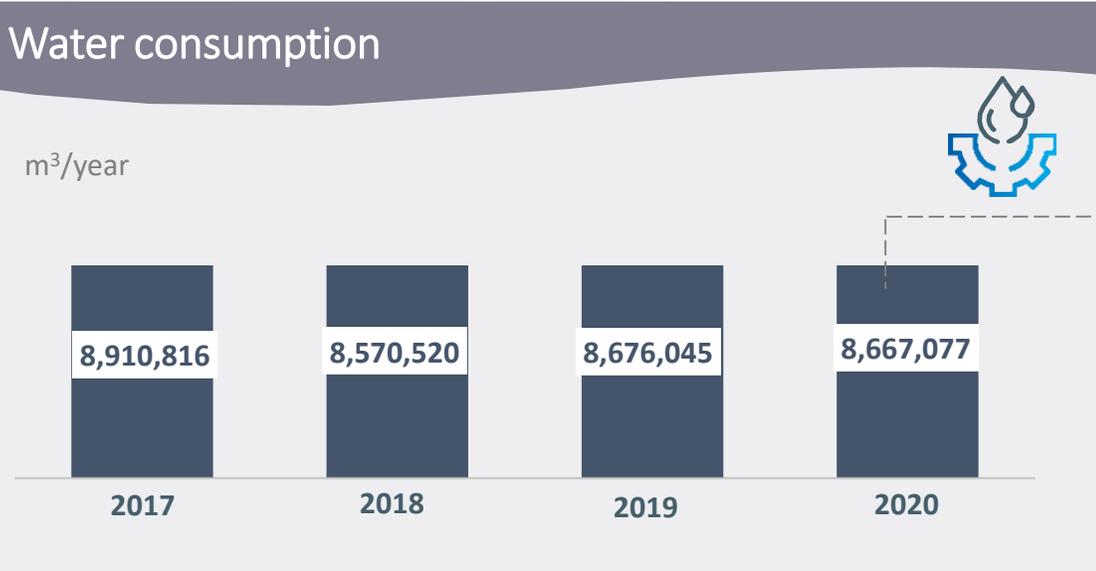
Water Efficiency: At Braskem Idesa, we recognize the importance of promoting water conservation measures to protect this resource for future generations.

This is an integral part of our business vision, which is why we have consolidated our environmental strategy by developing protocols and projects that focus on improving water management in our operations.

Our production process requires water, which is used in steam generation, refrigeration systems, manufacturing processes and effluence disposal. Every single day, we strive to improve our water efficiency strategy, with the goal of diversifying the sources from which we get our water and reusing it at different stages within the production process.

18.21 % of the water used in 2020 was **RECYCLED**

The following shows our performance in the Water Efficiency



Circular Economy- eliminating plastic waste:

- By 2025, expand its I'm green™ portfolio aiming to include 300,000 tons of thermoplastic resins and chemicals with recycled content;
- By 2030, expand to 1 million tons of such products;
- By 2030, work to divert 1.5 million tons of plastic waste away from incineration, landfills, or the environment. To do so, Braskem Idesa will continue to pursue its mechanic recycling projects.



Braskem Idesa remains committed to sustainable development, with a focus on creating value from the transition to a carbon neutral circular economy. As of now, the Company has already reached significant milestones, which have been acknowledged in relation to these Macro-Objectives – as described below:

We are convinced that the Circular Economy is the key to creating a more sustainable future.

We are firmly committed to generating value for our clients and contributing to the development of the supply chain, which is why we have adopted a business model with a sustainable approach. This has driven us to roll out innovative projects that help improve our production practices and enable us to offer high-quality products that encompass the present and future needs of society.

In line with our goal to contribute to the development of solutions to improve the management of the plastic lifecycle, we are committed to shifting toward a Circular Economy, which, unlike a linear economy, proposes the recovery of plastic waste and reducing the CO2. This is done by substituting the virgin resin and transforming it into raw materials that can be used to create new products and materials through the implementation of processes encompassing redesign, reuse and recycling to help drive environmental conservation and maintain the value of resources throughout their lifecycle.

The adoption of a circular model is not only a challenge for our company but also for the plastics industry and its value chain. We work closely with clients, business partners, brand owners, recyclers, researchers, industrial associations, government agencies and ONGs to develop solutions that are based on the requirements of a society that is increasingly involved in waste management and recovery.

CIRCULAR ECONOMY BUSINESS MODEL



Braskem Idesa works alongside other elements of society who have made commitments and set themselves goals regarding the incorporation of recycled materials into their products. Not only that, we aim to redesign products, increase plastic waste recovery rates, and promote awareness about responsible consumption, social responsibility, high quality performance and traceability

PACKAGING and recycling process



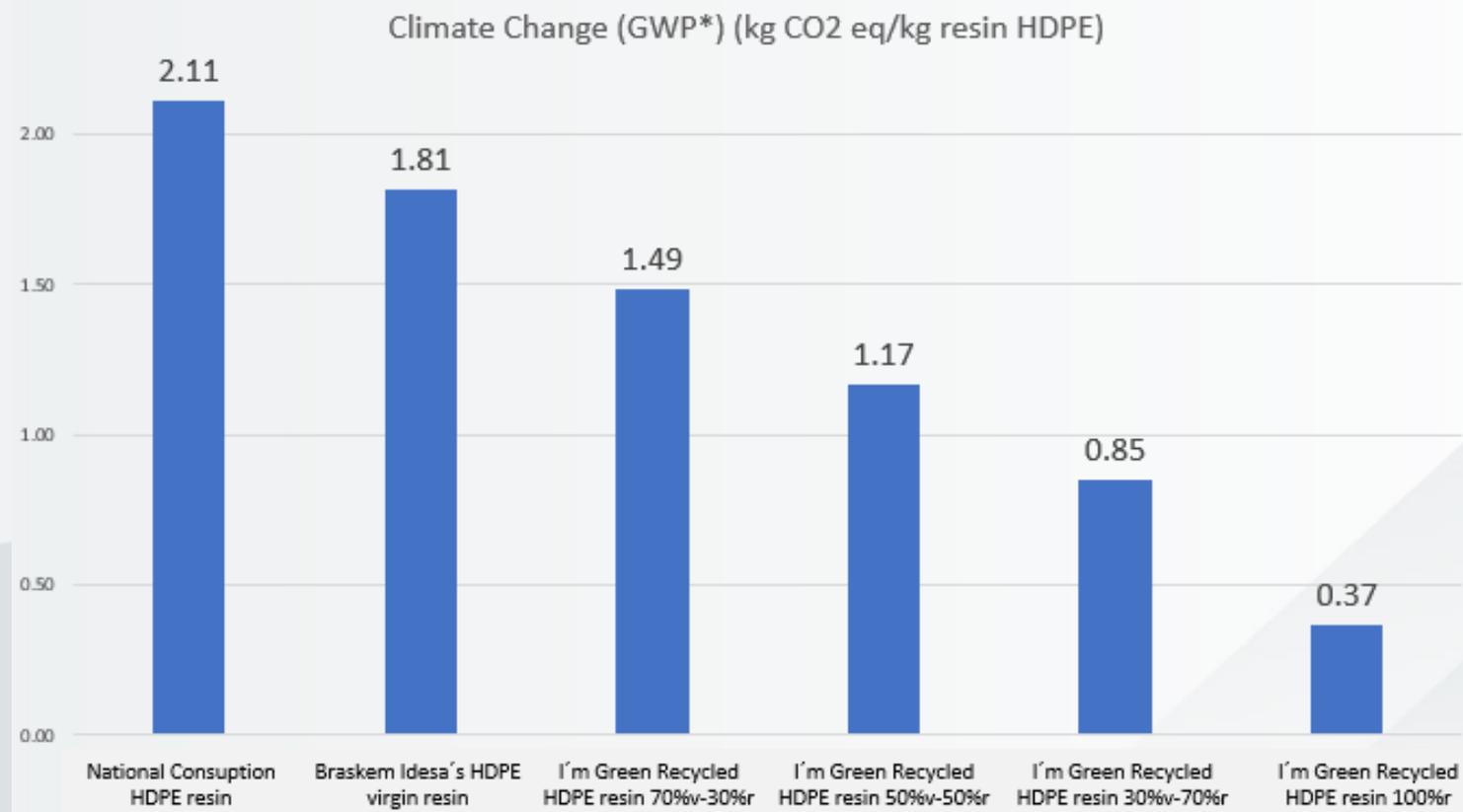
Achievements

- Sales: 3 kT in 2020, 7.5 KT in 2021
- +25 Clients, +12 Brand Owners

CO2 emissions reduction quantified from the Life Cycle Assessment of I'm Green Recycled 2021 (postconsumer resin PCR) made in Mexico.

The Environmental LCA¹ of I'm green recycled was carried out, where we found out that the environmental footprint of I'm Green Recycled HDPR resin **decreases** in the categories of **climate change**.

Global Warming Potential (GWP), comparison of average resin of national consumption vs virgin resin vs I'm green recycled resin in three grades and 100% PCR



¹ This LCA developed in accordance with the international standards of LCA, ISO 14040 Environmental management - Life cycle assessment - Principles and framework and ISO 14044 Environmental management - Life cycle assessment - Requirements and guidelines (NMX-SAA- 14040-IMNC-2008 and NMX-SAA-14044-IMNC-2008).



Social Responsibility

Braskem Idesa has a commitment of sustainable, economical and social development, which has motivated us to develop a Private Social Investment strategy and to drive actions that add value to the communities surrounding our operations.

The engagement activities we organized focus on the following main areas:

- Stakeholder Engagement Plan (PRGI)
- Local Development.
- Community Health and Safety
- Participative Environmental Monitoring (MAP), and
- Social Investment Plan

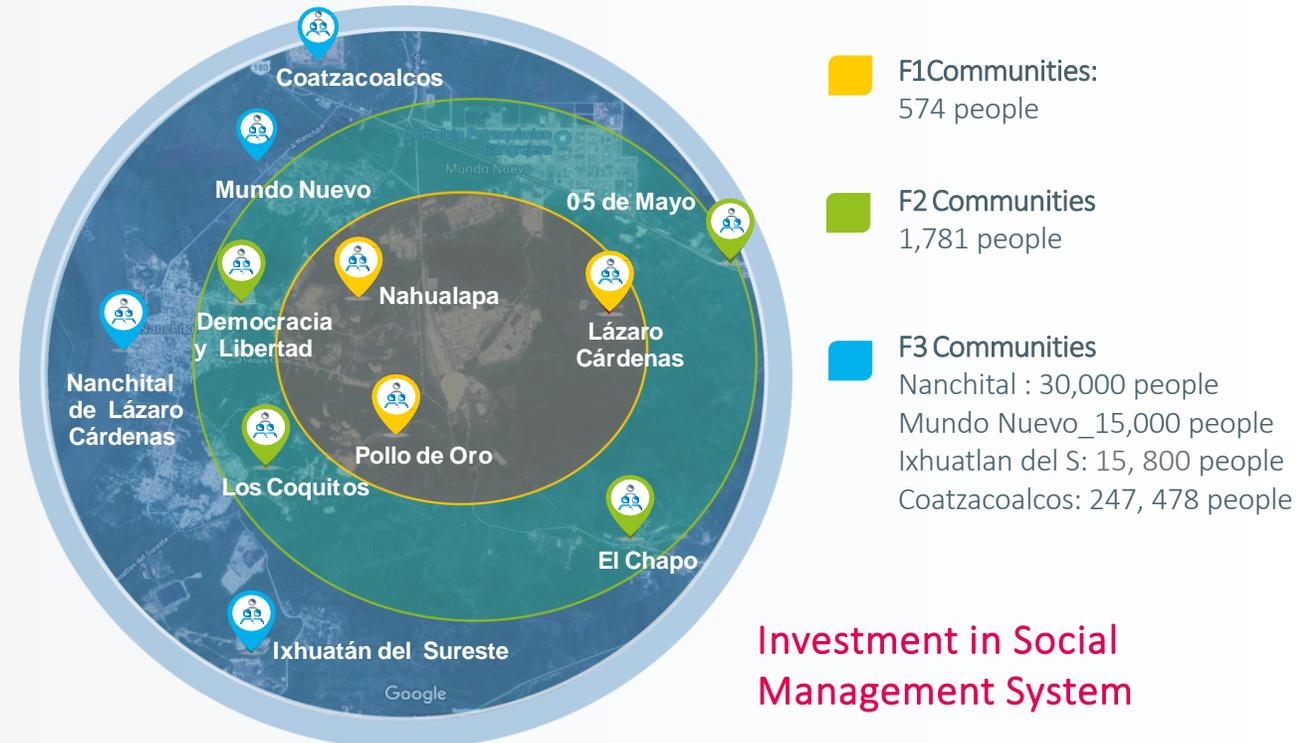
Our business strategy is aligned to the Sustainable Development Goals (SDGs), Global Sustainable Development Policy and the EHS, Quality and Social Responsibility Policy, which allow us to establish guidelines to support our community engagement strategy in compliance with the ESG principles, focusing on fundamental goals:

- Increase the scope of positive social and environmental impact.
- Promote the company's role as a provider of sustainable solutions.
- Forge trust-based relationships with the communities and other interested parties.
- Take care of the Human rights.

Through our **Social Investment Program** we assisted more than **9 thousand** people directly in the communities near the complex during 2020. Additionally, **Braskem Idesa employs 24%** of economically active people in these communities.

We invested USD 1 million to benefit people and health professionals during the COVID-19 pandemic in Mexico.

Our Social Influence Area of Braskem Idesa Petroquimical Complex in Mexico



Investment in Social Management System

	2017	2018	2019	2020
Number of Private Social	14	16	9	27
Investment Projects	550,000 USD	600,000 USD	644,000 USD	715,949 USD
The Action Program against pandemic Covid-19 in México.				\$1,000 KUSD Benefiting 1.5 million people



► Framework

This Framework is aligned with the Sustainability-Linked Bond Principles (SLB) 2020, as administered by International Capital Markets Association's (ICMA).

▶ 3. Rationale for Framework

Recognizing the role of sustainable finance in supporting the transition to a low-carbon and more resource efficient economy, we have decided to put in place this Sustainability-Linked Bond Framework (the “Framework”) to link our funding strategy with our sustainability objectives, leveraging ambitious timelines to achieve sustainability performance targets that are relevant, core, and material to our business.

As part of our Sustainable Development Strategy, Braskem Idesa strives to consistently address environmental and social issues where we believe to have proper capabilities to effect positive change. In that way, we intend to issue Sustainability-Linked Bonds (“SLBs”) in order to reinforce the Company’s strategy and contribution to the Sustainable Development and to pursue its long-term commitments.

As a result, this Framework intends to signal to the market Braskem Idesa’s commitment to its Sustainable Development Strategy and detail it in a high-level approach to give comfort to all stakeholders (investors, coordinators, risk agency, SPO provider, and multilateral agencies, among others) involved in the mentioned financial transactions.

We hope our issuance of Sustainability-Linked Bonds will bring a positive effect and (i) encourage the market to contribute to a low carbon circular economy transition and (ii) inspire other companies to do the same.

▶ 4. Alignment with the Sustainability-Linked Bond Principles, 2020

The Sustainability-Linked Bond Principles (“SLBP”), as administered by the International Capital Market Association (“ICMA”), are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for the issuance of an SLB. Additionally, ICMA aims to facilitate and support environmentally and socially sustainable economic activity and growth. Our Sustainability-Linked Framework aims to follow the SLBP.

Our Framework is in alignment with the five core components of the SLBP: (1) Selection of Key Performance Indicators (KPIs); (2) Calibration of Sustainability Performance Targets (SPT); (3) Sustainability-Linked Securities Characteristics; (4) Reporting and (5) Verification. Given that the SLBP requirements are broader, we will use the five pillars of the SLBP to orientate our Sustainability-Linked Framework that will include funding instruments.

Sustainability-Linked Bonds are instruments for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ESG objectives. In that sense, issuers are thereby committing explicitly (including in the instrument documentation) to future improvements in sustainability outcome(s) within a predefined timeline that are relevant, core and material to their overall business. SLBs are forward-looking performance-based instruments. The proceeds of SLBs are intended to be used for general purposes, with no use of proceeds limitations.

Braskem Idesa is committed to the Sustainable Development Goals (SDGs) as it understands that private sector engagement is essential to accelerate the fulfillment of the 2030 Agenda. Our KPI contributes to SDG 13 – Climate Action, SDG 7 – Affordable and Clean Energy, SDG 6 - Water and Sanitation, SDG12 Responsible Consumption and Production and SDG11 Sustainable Cities and Communities – according to our sustainability strategy.

▶ 4.1 KPI Selection

KPI #1: Percentage reduction of absolute Greenhouse Gas Emissions (GHG), in ktCO₂e

Percentage reduction of green house gas (GHG) emissions scope 1 and 2 (ktCO₂e), assessed through an annual GHG inventory.

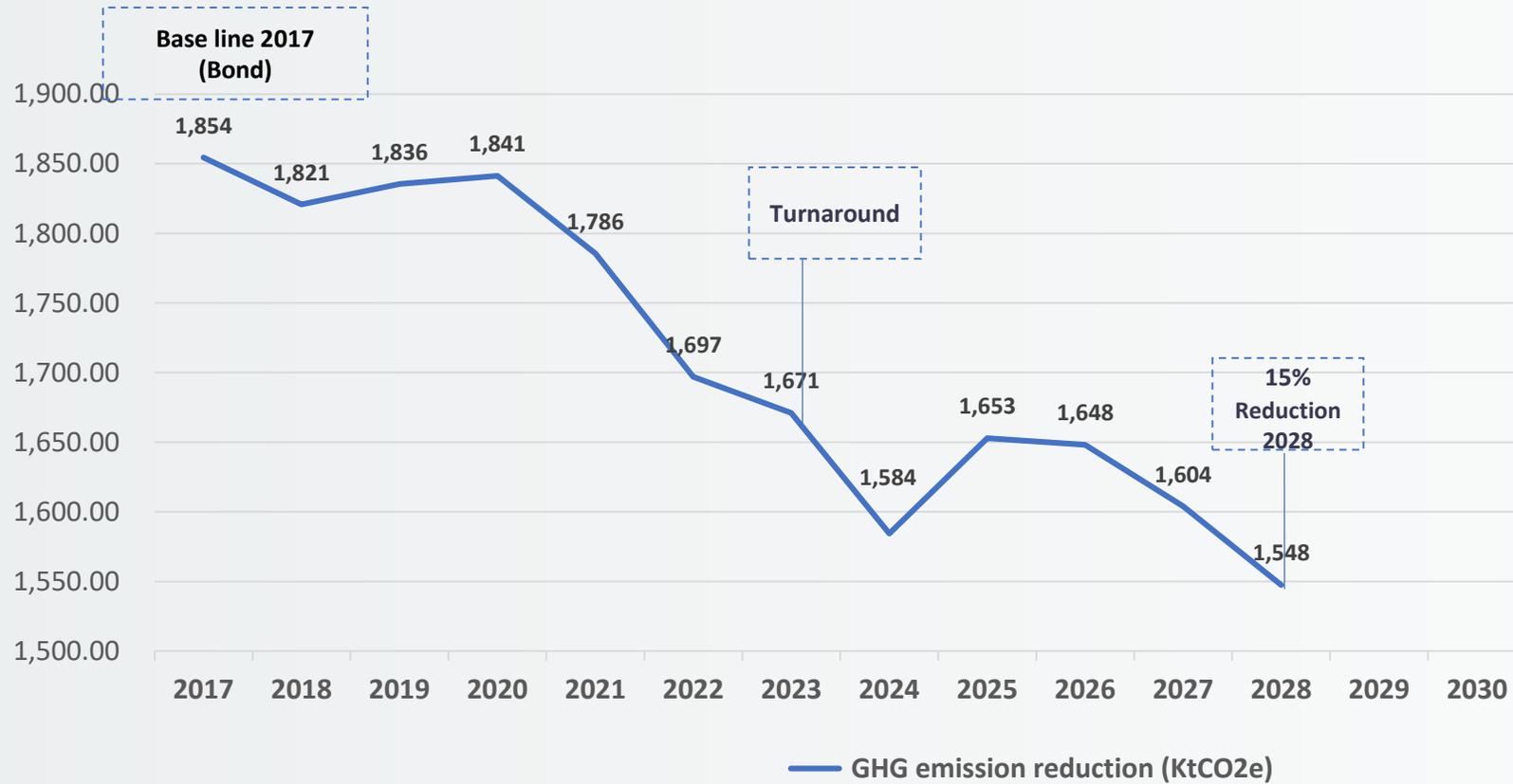
SPT: 15% reduction absolute GHG emissions Scope 1 and 2 ktCO₂e by the end of 2028 in relation to the 2017 baseline (as further described on section 4.2)

- **Rationale:** To reduce absolute GHG emissions considering emissions originated in Braskem Idesa's own operations (scope 1) and in its energy consumption (scope 2), as of its industrial footprint in 2017, aiming for efficiency in the productive process, business opportunities, and technology development. This is a strategic KPI for the Company, given the relevance of GHG emissions throughout its industrial process, direct or indirectly, and the importance of capturing opportunities and mitigating risks on GHG emissions to its long-term business plan and to combat climate change.
- **SDG:** This KPI is directly related to SDG 13 - Action Against Global Climate Change;
- **Baseline:** 1,854 ktCO₂e (Scope 1 + 2);
- **Baseline year:** 2017;
- **2028 Goal:** Achieve a 15% reduction in absolute GHG scope 1 and 2 ktCO₂e emissions, to 1,548 ktCO₂e

▶ 4.2 Calibration of Sustainability Performance Target (SPT)

- **Sustainability Performance Target:** Reduce absolute GHG emissions Scope 1 and 2 ktCO₂e to 1,548 ktCO₂e by the end of 2028, which represents a 15% reduction in relation to the 2017 baseline
- **Sustainability Performance Target Trigger:** Achieve a 15% reduction in absolute GHG emissions by the end 2028 (using the 2017 Baseline)
- **Sustainability Performance Target Observation Date:** December 31, 2028
- **2017 Baseline:** 1,854 ktCO₂e (Scope 1 + 2);
- Strategic 2028 Goal and selection of methodology for calculating the SPT: Assessed through Braskem Idesa's annual GHG inventory.

Model CO2 Emission considering scope 1 &2- Historical and trend



Scope 1 (Fixed and mobile fuel combustion) Gases: CO₂, CH₄, N₂O, HFC
 Scope 2 (Company's use of electrical energy) Gases: CO₂, CH₄, N₂O, HFC.

The data reported was compiled in compliance with the requirements stipulated by the Mexican Department of the Environment and Natural Resources (SEMARNAT) and the Mexican Department of Energy (SENER) in the Matter and Energy Balance Methodology. – RENE

Statements

- This graph shows our performance and projection of absolute Green house gas GHG emissions, considering Scope 1 and Scope 2.
- For the Sustainability-Linked Bond Framework, we are taking 2017 as the base line because we reached the operation rate production efficiency considering Nominal Capacity per year of the complex.
- We are not taking 2020 as base line as it was an atypical year. In addition to the pandemic, the federal government unilaterally decided to close the supply of natural gas, and to continue operating, Braskem Idesa started an "Experimental operation Business" mode, causing an increase in the use of ethane making up for this lack of supply, with an impact on the energy matrix of consumption in the complex. But we remained operating, and the supply was normalized.

Note about the Turnaround

- In 2023 Braskem Idesa will have a turnaround for expansion and maintenance.



Factors that support the achievement of the targets:

- **Reported actions.** Report of the actions and acknowledgments of mitigation of climate risk that resulted in a 15% reduction in GHG emissions from 2017 to 2028. Among the actions that stand out are the projects in energy efficiency, transition to increasingly renewable energy grid, modernization of petrochemical plants and implementation of methodology of carbon price to support investment decisions.
- **Business plan aligned with the development of the low-carbon economy.** The commitments made in relation to the fight against climate change are supported by a consistent action plan that aims to reduce GHG emissions in 15% by 2030 and achieve carbon neutrality by 2050 globally within Braskem. This will be done through investments related to projects of energy efficiency and new agreements of renewable energy consumption, emissions compensation in the production of chemicals and polymers made from recycled content, and by capturing carbon emissions through research and development to use carbon emissions feedstock

We have made progress in identifying reduction projects, which in the first quantification exercise represent a reduction challenge of 215 ktons CO₂e. There is still hard work to identify other projects that focus in reduction, capture and compensation of CO₂e. The reduction projects are showed in the next chart.

Pathway towards reduce GHG emissions and Carbon Neutrality comprises a Portfolio of Solutions in:

HOW WE WILL GET THERE



REDUCTION

- Improve Energy Efficiency in existing operations Scope 1 (Fixed and mobile fuel combustion), Scope 2 (Company's use of electrical energy)
- Increase use of Low Carbon and Renewable Energy in current operations
- Explore and invest in new low Carbon Intensity Process technologies



COMPENSATION

- Accelerate business growth through added investments in renewable feedstock based Chemicals, Polymers and PCR Polymers
- Assess cost-benefit of Carbon offset through Natural Solutions and Reforestation



CAPTURE

- Capture of carbon emissions through research and development to use carbon emissions as a raw material
- Monitor Carbon Capture & Sequestration landscape, and consider as an alternative to future Carbon Taxes
- Increase R&D efforts and investments in new technologies to convert CO2 to value-added Chemicals

Indicative Projects to Meet Target

Non-exhaustive list of projects to meet the Sustainability Performance Target

Project Name	As a % of total reduction of CO2e emisisions identified
Putting the automatic flare steam control into operation	2.0%
Steam use Optimization Strategy	39.7%
Capture of CO2	18.6%
Energy supply from renewable sources (5 MW)	9.2%
Implementation of PRO-MV in the furnace area	12.1%
Furnace Operation Scenarios	2.2%
Reduction of energy consumption in STC-2801	3.9%
Energy consumption reduction in STC-2802	9.8%
Optimization of the operation of LDPE steam temperature control valves	1.5%
Others	1.2%
Quantify of substitution of virgin resin by postconsumer resin PCR PE (sales) and Benjamin (reforestation) 100 hectares	TBD – Estimated additional 17,000 - 12,000 ton CO2e

Main factors that risk the achievement of the targets and how we will face it:

- **Market conditions.** Market conditions may deteriorate and delay or make the execution of a project that is significant to the attainment of the goal more challenging
- **Feedstock Supply ethane.** We receive raw material through a supply contract with PEMEX (ethane and natural gas). Additionally, we aim to increase our feedstock through ethane imports (Fast Track) and we will have that with the permanent terminal project
- **Financial indicators.** The Company's cash generation, indebtedness and leverage may compromise its capacity to access and provide resources for executing the projects related to achieving the goal
- **Extreme events.** Extreme events, such as a pandemic or natural disaster may delay and/or make the execution of the business plan related to the fight against climate change more challenging
- **Operational incidents.** Operational incidents in productive processes may generate an increase in fuel combustion and, consequently, increase in greenhouse gas emissions

▶ 4.3 Sustainability-Linked Bond Characteristics

SLBs are any type of bond instrument where the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ Environmental, Social and Corporate Governance (“ESG”) objectives. In that sense, issuers are committing explicitly to future improvements in sustainability outcome(s) within a predefined timeline that are relevant, core and material to their overall business. SLBs are a forward-looking performance based instrument. The proceeds of SLBs are intended to be used for general purposes; hence, the use of proceeds is not a determinant in our categorization.

In addition to that, our SLBs will have a sustainability-linked feature that can result in a coupon adjustment, that can be represented by, but is not limited to, coupon step-ups and/or step-downs if:

- KPI has not achieved the SPT on the target observation date;
- The verification (as per the verification section of this Framework) of the SPTs has not been provided and made public by the time of the notification date, as defined in the instrument documentation; or
- Braskem Idesa fails to provide satisfaction notice as of the notification date related to achieving the SPT, each as defined in the bond documentation

The step-up and/or step-down adjustment, as applicable, will be specified in the relevant documentation of the specific transaction.

▶ 4.4 Reporting

Annually, and as the case may be, at any date/period relevant for assessing the trigger of the SPT performance leading to a potential adjustment in the instrument characteristics Braskem Idesa will publish and keep readily available and easily accessible on our website Investor Relations located in <http://inversionistasbraskemidesa.com.mx/indexen.html> a SLB update including:

- i. Up-to-date information on the performance of the selected KPI, including the baseline where relevant;
- ii. A verification assurance report relative to the SPT outlining the performance against the SPT and the related impact, and timing of such impact, on a bond's financial performance; and
- iii. Any relevant information enabling investors to monitor the progress of the SPT. Information may also include when feasible and possible:
 - i. Qualitative or quantitative explanation of the contribution of the main factors, behind the evolution of the performance/KPI on an annual basis;
 - ii. Illustration of the positive sustainability impacts of the performance improvement; and/or
 - iii. Any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope.

Our calculation of the relevant KPI or SPT, may exclude the effects of certain material acquisitions or material investments which result in an increase in installed capacity over 5% and/or material changes in laws or regulations applicable or relating to our production activities, in each case to be set forth, if applicable, in further detail in the terms and conditions of each our Sustainability-Linked Securities

▶ 4.5 External Review & Verification.

This Framework and the associated annual reporting will benefit from three layers of external verification:

1. One-time second-party opinion (SPO) by a recognized ESG agency on the alignment of the Framework and the associated documentation with the Sustainability-Linked Bond, including an assessment of the relevance, robustness and reliability of selected KPIs, the rationale and level of ambition of the proposed SPT, the relevance and reliability of selected benchmarks and baselines, and the credibility of the strategy outlined to achieve them, based on scenario analyses, where relevant. The SPO may be available on the SPO provider's website.
2. An assurance statement by an independent and limited assurance from an External Verifier of our performance level against the SPT for the stated KPI by a qualified external reviewer with relevant expertise. This assurance will be provided annually, and as the case may be, at any date/period relevant for assessing the SPT performance leading to a potential adjustment in the instrument used, and will be made publicly available on our website Investor Relations (either on a standalone basis or inside a published report with periodicity no longer than annually).
3. A verification assurance certificate confirming whether the performance of the KPI meets the relevant SPT, published on Braskem Idesa website Investor Relations following a target observation date.

▶ 5. Amendments to this Framework

The Company will review this Framework on a regular basis, including its alignment to updated versions of the Sustainability-Linked Bond Principles as and when they are released, with the aim of adhering to best practices in the market. The Company will also review this Framework in case of material changes in the perimeter, methodology, and/or the SPT's calibration. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of Braskem Idesa and the SPO provider. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an External Reviewer. The updated Framework, if any, will be published on Braskem Idesa website Investor Relations located in <http://inversionistasbraskemidesa.com.mx/indexen.html> and will replace this Framework.

The amendments of this Framework does not impact the existing bonds of Braskem Idesa

▶ 6. Definitions

CO2e: carbon dioxide equivalent, is a way of expressing all the different greenhouse gases as a single number

External Verifier: qualified provider of third-party assurance or attestation services appointed by the Issuer to review the Issuer's statements for GHG emissions.

GHG: Greenhouse gases emission.

GHG Emissions : GHG emissions means Scope 1 (emissions originated in Braskem Idesa own operations) and Scope 2 (emissions from energy consumption) will be considered in ktCO₂e. Assessed through Braskem Idesa annual GHG inventory.

Sustainable Development: development that meets the current generation's needs, without compromising future generations' ability to meet their own needs. When applied to the companies, this development requires the simultaneous consideration of the economic, social and environmental dimensions. For Braskem, it is a way of conducting and developing its business, taking into account the needs of all stakeholders, today and in the future.

SDGs: Sustainable Development Goals of United Nations 2030 Agenda.

Sustainability Performance Target Trigger: is calculated as follows: the GHG emissions for the year ended 2028, assessed through Braskem Idesa annual GHG inventory.

Sustainability Performance Target Trigger Observation Date: the date that will be considered to determine if the sustainability performance target has been achieved

Scope 1 emissions: emissions originated in Braskem Idesa own operations.

Scope 2 emissions: emissions from energy consumption.

DISCLAIMER ON FUTURE STATEMENTS

This Sustainability-Linked Bond Framework (the “Framework”) does not constitute a recommendation regarding any securities of Braskem Idesa (“Braskem Idesa” or “company”) or any affiliate of the company. This Framework is not, does not contain and may not be deemed to constitute an offer to sell or a solicitation of any offer to buy any securities issued by Braskem Idesa or any of its affiliates.

In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about and observe any applicable restrictions on distribution.

Any bonds or other debt securities that may be issued by Braskem Idesa or its affiliates from time to time, including any Sustainability-Linked Securities, shall be offered by means of a separate prospectus or offering document in accordance with all applicable laws, any decision to purchase any such securities should be made solely on the basis of the information contained in any such prospectus or offering document provided in connection with the offering of such securities, and not on the basis of this Framework.

The information and opinions contained in Framework are provided as of the date of this Framework and are subject to change without notice. None of Braskem Idesa or any of its affiliates assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current Braskem Idesa policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations.

This Framework is intended to provide non-exhaustive, general information. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Braskem Idesa and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the company as to the fairness, accuracy, reasonableness, or completeness of such information.

This Framework may contain statements about future events and expectations that are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “goal,” “intend,” “may,” “plan,” “project,” “strategy,” “target” and “will” or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No representation is made as to the suitability of any Sustainability-Linked securities to fulfil environmental and sustainability criteria required by prospective investors.

This Framework does not create any legally enforceable obligations against Braskem Idesa; any such legally enforceable obligations relating to any Sustainability-Linked Securities are limited to those expressly set forth in the legal documentation governing each such series of Sustainability-Linked Securities. Therefore, unless expressly set forth in such legal documentation, Braskem Idesa failure to adhere or comply with this Framework, including, without limitation, failure to achieve any sustainability targets or goals set forth herein, will not constitute an event of default or breach of contractual obligations under the terms and conditions of any such Sustainability-Linked Securities’. Factors that may affect Braskem Idesa ability to achieve any sustainability goals or targets set forth herein include (but are not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, and other challenges.

► Sustainability Linked Bond Framework

September 20th , 2021

