

A close-up photograph of a woman wearing a white hard hat and blue safety glasses. She is looking down at a tablet computer she is holding in her hands. The background is a blurred industrial environment with various pipes and machinery. The image is overlaid with a large graphic on the right side consisting of a yellow-to-orange gradient triangle pointing downwards and a blue triangle pointing upwards, meeting at a point.

ANNUAL REPORT 2018

Braskem 

PASSION FOR TRANSFORMING

FOREWORD





GLOBAL AND CONNECTED WITH THE FUTURE

We are a company that seeks innovation at all times. As the sixth largest producer of thermoplastic resins in the world¹ and a global leader in the production of biopolymers, we believe in the power of transformation through chemistry and plastics, and in their responsible use to improve the lives of people.

On the following pages, see the path we pursued in 2018 in order to continue to improve our results, our commitment to sustainable use of plastic, and our capacity to innovate in the search for sustainable products and solutions that are increasingly more efficient.

Braskem always seeks to improve its Annual Report to be transparent and provide relevant information to our stakeholders. To do so, we would like to ask for your cooperation on our continuous improvement.

At the end of our report, you will find a research about the current content and what, in your opinion, could be improved in the future versions. There are only six multiple choice questions. The research is completely anonymous and does not require any personal or professional information. The answers will only be used internally to improve our report.

Thanks in advance for your contribution and enjoy your reading!

¹ Considering Polyethylene, Polypropylene, and Polyvinyl Chloride – Source: external consulting

MESSAGE FROM THE BUSINESS LEADER



READY FOR NEW CHALLENGES

102-14

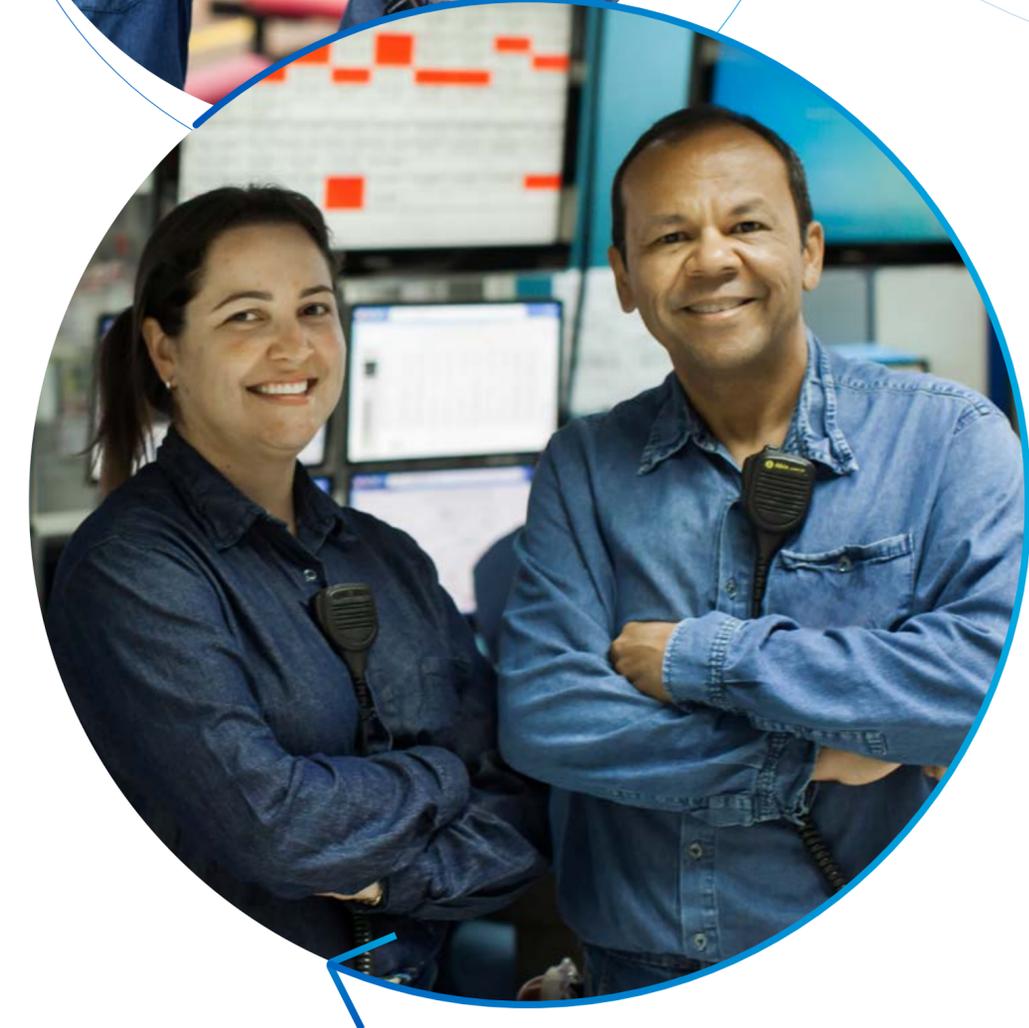
Soundness, innovation, and result – these are the words that defined Braskem in 2018. A year when, despite all the challenges faced by global market, we posted a record cash generation, reaching R\$ 7.1 billion – 187% higher than 2017. Our EBITDA showed a strong consistency, reaching R\$ 11.3 billion, with a net income of the controller company of R\$ 2.86 billion.

In addition to keeping our focus on creating value for our shareholders, in 2018 we once again placed our bets on innovation. We reached higher than simply developing more sustainable products. We encouraged our Members to follow global disruptive trends, sought to better serve our Clients, developed new ways to manage our business and to assumed a leading role in extremely important initiatives for the preservation of the planet.

To this end, we are developing along with our Members, projects that will help us think beyond and create a company that is increasingly oriented to the future. Through our squads – groups formed by multidisciplinary teams with different views on innovation for the business – we are closely monitoring topics defined as priority for our company: mobility and digital manufacturing.

While working to improve further the way we operate and drive our vision for the future, we initiated a digital transformation process in several industrial and corporate areas, numerous initiatives to create digital process optimization tools, preventive maintenance, quality control, and the adoption of technologies such as artificial intelligence, machine learning, and advanced analytics.

But none of this would be possible without our Members, who continually contribute in the search for new solutions that make Braskem an increasingly better company – and not only in terms of products and services, but also as a great place to work. Therefore, I wish to highlight one of the most important initiatives of our company in 2018 – the BeU^x, a new Value Proposition for our Members that offers possibilities for innovation and creation to a diverse and constantly evolving team.



SOUNDNESS, INNOVATION, AND RESULT – THESE ARE THE WORDS THAT DEFINED BRASKEM IN 2018



SUSTAINABLE AND RESPONSIBLE

CRITERIA 15, 19 AND 20 - COP

With a focus on our constant evolution, I would like to highlight our positioning within the Circular Economy. We believe that plastics have a critical role to play in delivering a more sustainable future, but we also recognize the need for better management of post-consumer waste. Thus, through this public positioning, we are increasingly committed to supporting sustainable and innovative technologies and, especially, the expansion of recycling in all places where we operate.

Plastic waste in our oceans has attracted worldwide attention. Aware of our role in confronting this global challenge, we joined the Alliance to the End Plastic Waste – an initiative that involves 30 corporations – to help minimize the impact of waste disposed of improperly, and to seek new technologies and business models that favor reuse of this material.

Through such initiatives, we are constantly reinforcing our engagement with and contribution to the major global social and environmental agendas. In 2018, we updated our Global Sustainable Development Policy, a document that reinforces our commitments to adhering to the precepts of the Universal Declaration of Human Rights and aligns our goals and aspirations with the agenda of the United Nations’ Sustainable Development Goals.

CONTINUOUS IMPROVEMENT

Even in the constant search for the new, at no time have we set aside our strong commitment to continuous strengthening of our governance and compliance processes. In 2018, we continued to implement our Compliance Improvement program. We have already adopted 93% of the total number of actions. We established a process to evaluate the Board and Board members, contributing to its effectiveness and improvement of the company’s governance.

Finally, I would like to thank our Shareholders, as well as our Clients, for all the trust placed in Braskem. I also thank all the dedication and competence of our Suppliers, Partners and Members – who are essential in making Braskem even stronger in a scenario of global competition.

Fernando Musa

**WE BELIEVE THAT
PLASTICS HAVE A
CRITICAL ROLE TO PLAY
IN DELIVERING A MORE
SUSTAINABLE FUTURE**

BRASKEM





BRASKEM

102-1, 102-2, 102-4, 102-6, 102-7, 102-12, 102-13, 301-1

We are the sixth largest petrochemical company in the world, with 41 industrial units in four countries (Brazil, the United States, Mexico, and Germany) and an annual production capacity of 8.9 million tons of thermoplastic resins (Polyethylene, Polypropylene, and Polyvinyl Chloride) and 10.7 million tons of basic chemicals (such as Ethylene, Propylene, Butadiene, and Benzene, among others). We serve Clients in more than 100 countries from a wide variety of sectors, such as food packaging, civil construction, industrial, retail,

automotive, agribusiness, and health and hygiene, among others.

Following our commitment to sustainability and innovation, we are also the main global producer of biopolymers, with annual production capacity of 200,000 tons of I'm green™ Green Plastic, a Polyethylene produced from sugarcane ethanol, a source that is 100% renewable. In 2018, we launched an Ethylene Vinyl Acetate (EVA) copolymer from renewable sources, which is also part of our I'm green™ brand.

WE ARE THE SIXTH LARGEST PETROCHEMICAL COMPANY IN THE WORLD, WITH 41 INDUSTRIAL UNITS AND THE MAIN GLOBAL PRODUCER OF BIOPOLYMERS, WITH ANNUAL PRODUCTION CAPACITY OF 200,000 TONS OF I'M GREEN™ GREEN PLASTIC.



MAP OF OPERATIONS



41
INDUSTRIAL
units

OPERATIONS
in **4 COUNTRIES**

CLIENTS
in over
100 COUNTRIES

Free cash flow
generation
**R\$ 7,068
MILLION**

16
SALES
offices

8,008²
Members



Click here to learn more about our global presence.



Click here to see the addresses of our offices.

² Members only. Does not include interns.

TO LEARN MORE ABOUT HOW WE WORK, CLICK ON NUMBERS AND ICONS

BUSINESS MODEL

1. Raw Material Extraction
2. Processing Raw Material
3. Logistics
4. Transformation and Processing
5. Use
6. Disposal
7. Recycling



Capitals



Natural



Human



Financial



Intellectual



Manufactured



Social

Stakeholders



Members



Investors / Shareholders



Clients



Civil Society

It should be noted that Braskem does not produce or market products derived from genetically modified organisms (GMOs) or products containing GMO ingredients, whether in Brazil or abroad.



Click here to watch the video with our strategy for Sustainable Development (Portuguese only)



Click here to learn about our Global Sustainable Development Policy.

SUSTAINABILITY AS PART OF THE STRATEGY

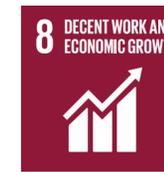
CRITERIA 1, 3, 6, 9, 10, 11, 15, 17, 19 AND 20 - COP

We aim to improve people’s lives by creating sustainable solutions in chemicals and plastics—topics that are becoming increasingly strong in our growth strategy. We believe that sustainable development is a way of conducting and developing our business, and considering the needs of all stakeholders, today and tomorrow. We continuously seek to think and act sustainably in all our corporate activities, ranging from operational and management processes to services, investments, relationships, and products.

In order to support this work, we have in place a solid Global Sustainable Development Policy, which was revised and approved by the Board of Directors in April 2018, that together with Senior Management, oversees the policy’s commitments performance.

Supported by three pillars—increasingly sustainable operations and services, increasingly sustainable product portfolio, and solutions for an increasingly sustainable life (where we work to adapt to climate change while reducing our greenhouse gas emissions and water consumption, among other impacts)—through this policy we aspire to be a civic company and leader in sustainability in the chemical industry, always strengthening our commitment to promoting economic growth, environmental preservation, and social justice.

THE SUSTAINABLE DEVELOPMENT IS A WAY OF CONDUCTING AND DEVELOPING OUR BUSINESS



HUMAN RIGHTS

CRITERIA 3 AND 9 - COP

We adopt internationally recognized human rights as the base for sustainable development and we respect these rights in developing our business, including direct operations, operations of joint ventures, and of the value chain. Our commitment follows the United Nations Guiding Principles on Business and Human Rights, is guaranteed by Braskem's Code of Conduct and Code of Conduct for Third Parties and, in 2018, was reinforced with the approval of the Sustainable Development Policy. This policy, in addition to defining responsibilities, is integrated into corporate norms and guidelines related to the topic, with a focus on risk management in three main areas: human rights, community relations, and environmental protection and preservation.

Braskem initiated its first audit (due diligence) on human rights in 2016 as set out in its Guiding Principles. In 2017, the assessment of actual

and potential impacts of the activities upon human rights was completed, through which we were able to identify all possible risks that involve our operations and those of our value chain, and to approve our first Risk Matrix on the Violation of Human Rights.

The matrix defined the prioritization of Braskem's activities by identifying five potential risks, ensuring the development of action plans to mitigate such risks: dignity and diversity, ethics and transparency, traditional peoples, fair work in the value chain, and post-consumer. To ensure integrated risk management, we included these risks of human rights violations identified in the Corporate Risk Matrix, monitored by the Board of Directors and Senior Management.

We made significant advances in 2018. In addition to completing 100% of the short-term actions set out in our action plan, we finalized relevant studies and diagnoses that will allow for even more assertive steps to be taken to mitigate prioritized risks. These advances will be revealed throughout the various sections of this report.

To learn more about the initiatives in which we participate and about our voluntary commitments, go to www.braskem.com.br/voluntary-commitments



Click here to learn more about our commitment to human rights

IN 2018, WE MET
100% OF SHORT-
TERM ACTIONS

RISKS THAT CAN INVOLVE OUR OPERATIONS AND OUR VALUE CHAIN



ETHANOL CHAIN



SUPPLIERS



BRASKEM



LOGISTICS



PROCESSOR



END USER



CONSUMER



RECYCLING CHAIN

TRADITIONAL PEOPLES

CONSUMER SAFETY

CONSUMER SAFETY

WORK AND CAREER CONDITIONS

WORK AND CAREER CONDITIONS

ETHICS AND TRANSPARENCY

FAIR WORK IN VALUE CHAIN

FAIR WORK IN VALUE CHAIN

FAIR WORK IN VALUE CHAIN

SAFE WORK IN VALUE CHAIN

SAFE WORK IN VALUE CHAIN

SAFE WORK IN VALUE CHAIN

POST-CONSUMER

POST-CONSUMER

DIGNITY AND DIVERSITY

PROPERTY SECURITY

PRIVATE PROPERTY

PROCESS SAFETY

OCCUPATIONAL HEALTH AND SAFETY

HEALTHY ENVIRONMENT

SAFETY OF SURROUNDING COMMUNITIES

TRADITIONAL PEOPLES

Macro goals for sustainable development

CRITERIA 1, 9, 11, 15, 17, 18, 19 AND 20 - COP

In our search for products and solutions that minimize environmental and social impacts, we align our business strategy with 10 macro goals with targets set for 2020, associated with the UN's 17 Sustainable Development Goals (SDGs) and more specifically to seven SDGs to which we contribute most.

The macro goals were developed from the renewed materiality consultation in 2013, based on a structured consultation process with stakeholders. Of the 29 aspects evaluated, 17 were considered material because it were in the critical or highly critical quadrants and were consolidated into 10 macro strategic goals for our contribution to sustainable development. The results of achieving the macro goals are regularly monitored by the company's Board of Directors.



SAFETY

To be among the benchmarks in chemical, occupational, and process safety in the Global Chemical Industry.

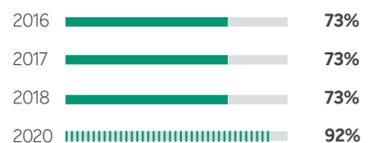
% OF ACHIEVED GOALS



ECONOMIC AND FINANCIAL RESULTS

To be among the top three thermo-plastic resin producers in the world and ensure profitability that sustains business continuity, while maintaining the Investment Grade rating in the three major international agencies.

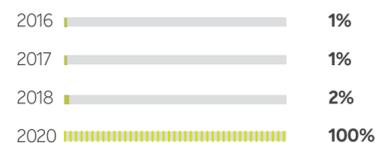
% OF ACHIEVED GOALS



POST-CONSUMPTION

To be one of the five largest traders of PE and PP with recycled content in the world, among the petrochemical companies producing Polyolefins. And to become an important driver of recycling plastic in Brazil, supporting the achievement of the goals in the Packaging Sector Agreement.

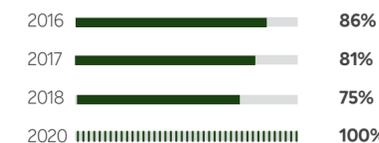
% OF ACHIEVED GOALS



LOCAL DEVELOPMENT

To achieve an "excellent" reputation in the Citizenship Dimension of RepTrak® Pulse, demonstrating recognition from the communities in the vicinity of our facilities and from society at large for the company's contribution to the improvement of human development.

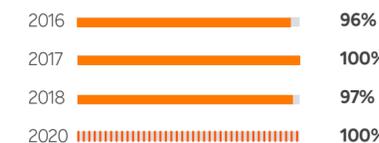
% OF ACHIEVED GOALS



WATER EFFICIENCY

To be a benchmark in the global chemical industry for our usage of water resources in terms of water consumption and water reuse.

% OF ACHIEVED GOALS



CLIMATE CHANGE

To be among the world's largest chemical companies in intensity of greenhouse gas (GHG) emissions while maintaining the use of renewable raw materials.

% OF ACHIEVED GOALS



DEVELOPMENT OF SOLUTIONS

To be recognized as a company that supports its Clients in the development of environmental and social solutions in Chemicals and Plastics, reaching a "strong" reputation level through its products and services.

% OF ACHIEVED GOALS



STRENGTHENING PRACTICES

To be among the business benchmarks in Brazil for our contribution to sustainable development, as well as a global benchmark in the sector for our contribution to sustainable development.

% OF ACHIEVED GOALS



RENEWABLE RESOURCES

To be among the leading producers of chemicals and thermoplastic resins from renewable raw materials, and remain the world's largest producer of thermoplastic resins from renewable sources.

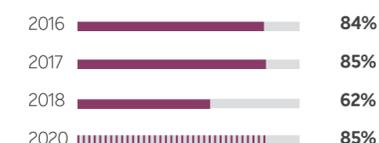
% OF ACHIEVED GOALS



ENERGY EFFICIENCY

To be among one of the best chemical industries in the world, in terms of energy consumption intensity and use of renewable energy sources.

% OF ACHIEVED GOALS



Braskem initiatives that have earned recognition as Global Compact LEAD by the UN can be seen here.



Click here to see The Sustainability Yearbook 2019.



STRENGTHENING PRACTICES



NOTHING IS CREATED, NOTHING IS WASTED, EVERYTHING IS TRANSFORMED

103-2, 103-3, 102-12, 102-13

Aware of our role as one of the world's largest producers of polymers, in 2018 we defined a series of global initiatives to drive a circular economy in the production chain of processed plastic products.

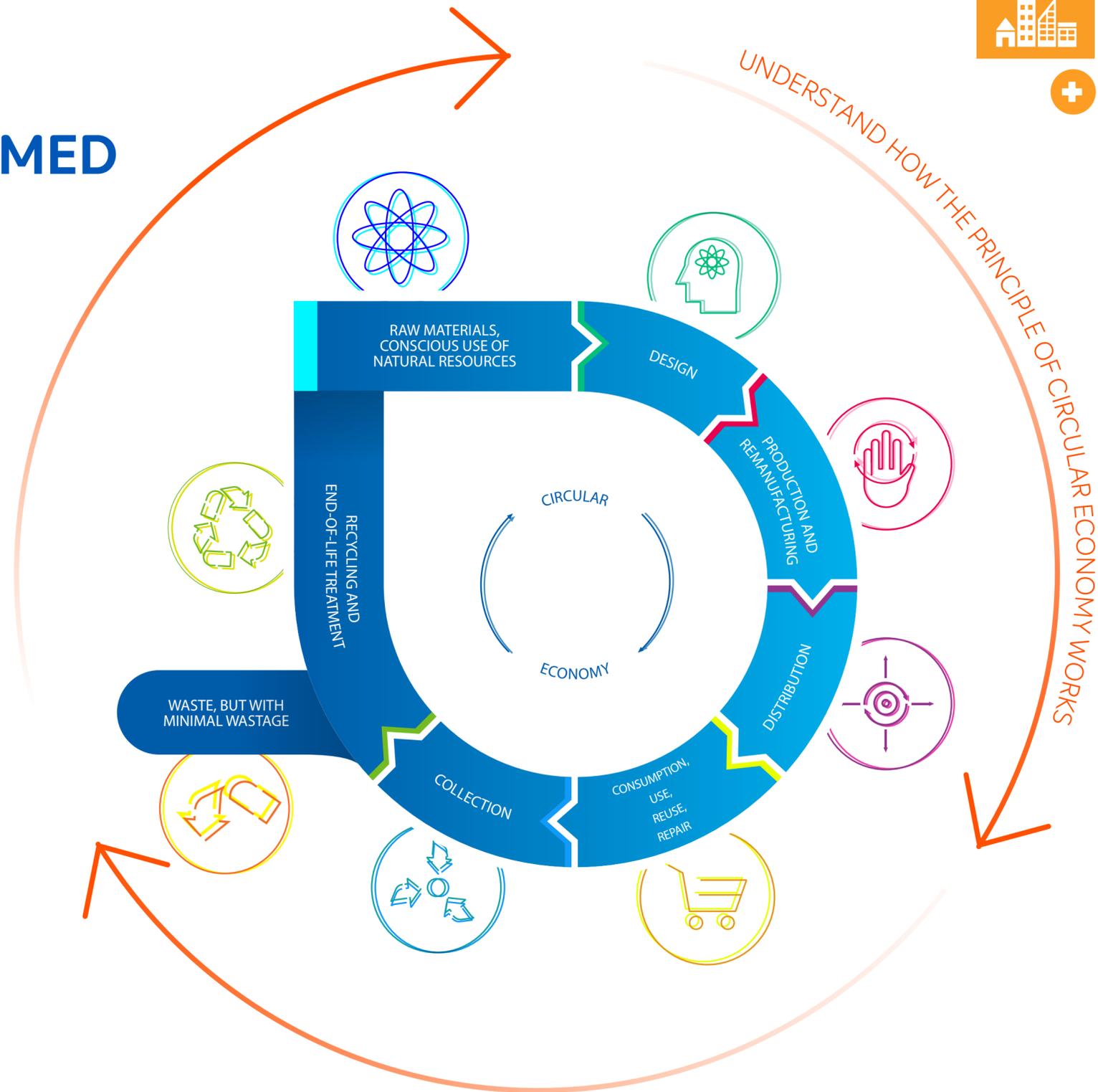
Inspired by nature, a circular economy has a cycle of positive and continuous development that preserves and enhances what comes from the planet. We seek to develop eight key initiatives, among which are the partnerships with Clients in the development of new products to expand and facilitate the recycling and reuse of plastic packaging. They also include growing investments in new resins from renewable sources, such as Green Plastic made from sugarcane, and supporting new technologies, business models, and systems for collection, sorting, recycling, and recovery of materials.

To move toward a circular economy, we are also committed to improving practices at all our industrial units to reduce the loss of pellets (tiny granules of raw material for the production of plastic products that can be dispersed in plant and logistics operations, and end up reaching the environment) by 2020, and adhering to industry commitments to work toward making all plastic packaging reusable, recyclable, or recoverable by 2040.

Additional initiatives include engaging consumers in recycling programs through conscious consumer education initiatives, using life-cycle assessment tools, and supporting actions to improve solid waste management to prevent waste disposal in the seas.

OUR GOALS

- ✓ By 2020: 100% from our units will adopt best practices for pellet control.
- ✓ By 2040: 100% of plastic packaging will be reusable, recyclable, or recoverable.



Click here to learn more about the eight fundamental issues we have set to achieve these goals and watch the video with the Circular Economy Manifesto.



FOR A MORE EFFICIENT WASTE MANAGEMENT

Plastic waste reaching the oceans has a significant impact on marine life. This plastic is carried to the oceans mainly through rivers, which are heavily affected by incorrect disposal and poor management of solid waste, and a low level of recycling. It is a very complex problem that requires attention from governments, communities, and companies.

While working to create sustainable solutions through chemicals and plastic, we understand the need to be part of the solution and we know that much work is still needed to ensure proper management of solid waste. Thus, we have decided to actively take part in the debate and in considering solutions to combat the accumulation of plastic waste in the oceans.

The initiative, Fórum Setorial dos Plásticos – Por um Mar Limpo (Industry Forum of Plastics – For a Clean

Sea), was created by Plastivida and the Oceanography Institute of the University of São Paulo and aims to work with companies and associations in the plastics sector to coordinate actions to reduce waste in the oceans. And, since waste management is a broad and complex issue – with environmental, economic, and social challenges – Plastivida has proposed a mobilization around a Declaration of Intent, to promote the commitment of this sector.

We are one of the signatories of the document and have worked to find solutions through the development of new technologies, increased recycling, and the promotion of educational actions. Some initiatives already align with Braskem’s own objectives and positioning within the circular economy, such as the goal to adopt best practices in pellet control by 2020, thereby preventing them from reaching rivers and oceans.

GLOBAL CHALLENGE



Braskem joined the Alliance to End Plastic Waste to help end improper disposal of this type of waste in the environment, especially in the oceans. The goal is to invest up to US\$ 1.5 billion over the next five years in projects and in the development of technologies that prevent disposal of plastic waste into the environment.

Initial global proposals include partnerships with cities to design integrated waste management systems in urban areas with low infrastructure, especially where there are rivers that carry large amounts of waste into the ocean.

The Alliance is a non-profit organization comprised of over 30 global companies, across the entire plastic production chain. The World Business Council for Sustainable Development is a strategic partner.

To learn more about this initiative, go to: www.endplasticwaste.org.



STRONGER RECYCLING

Our sustainable development strategy underpins all of the company's actions. In 2018, we expanded and strengthened the Wecycle platform, which focuses on promoting and developing business and initiatives to value plastic waste through partnerships, and bringing reliability and quality to the development of products, solutions, and processes involving all links in the plastic recycling chain.

With the mission to create initiatives and projects aligned to its positioning, we launched resins with recycled content originated from sacks, post-consumer domestic waste, and pails of printing ink. We produced 400 tons in 2018. In addition, we have been working to promote and support globally the engagement of the plastic value chain in recycling and recovery programs and, through educational programs on conscious consumption, increase the understanding of the value of plastic waste to the economy.

With a focus on innovation, we are also investing in the search for both mechanical recycling technologies—to improve the quality of the recycled resin—and chemical recycling, which can allow plastic waste to be processed and transformed again into chemicals that can be used in numerous value chains, with benefits for society.

In order to advance the development of chemical recycling, partnerships were established with EngePol - Polymer Engineering Laboratory of COPPE/ UFRJ (Alberto Luiz Coimbra Institute for Graduate Studies and Engineering Research of the Federal University of Rio de Janeiro), SENAI Institute for Innovation in Biosynthetics (SENAI CETIQT), and Cetrel (an environmental services company that started operations in 1978, as part of the Camaçari Petrochemical Complex).



COLLECTION AND RECYCLING WITH THE PHILADELPHIA EAGLES

In the next eight years, the partnership signed between us and the Philadelphia Eagles football team will make it possible to collect and recycle plastic bottle caps and other plastic materials used at Lincoln Financial Field and at the team's training center, in Pennsylvania, United States. The initiative also includes an educational project aimed at public schools in the region to promote career opportunities in science, technology, engineering, and mathematics.



PLASTIC RECYCLING WITH MURAL ARTS PHILADELPHIA

We entered into a partnership with Mural Arts Philadelphia, the largest public arts program in the United States, to recycle plastic used in the process of creating murals. The material is transformed into resins, and then converted into new plastic products such as buckets and benches, which will be used again by the artists. The partnership promotes and introduces the benefits of recycling, and encourages a more sustainable lifestyle among people.



REVERSE LOGISTICS PROGRAM FOR POLYPROPYLENE PLASTIC CUPS

The program guides and encourages companies to properly dispose of used plastic cups. The initiative is a partnership between us and Dinâmica Ambiental, with supporters such as Copobras, Altacoppo, and Jaguar. The cups are collected and transformed into new products, such as caps for cosmetics and household utensils. Interested companies can support the program or choose the reverse logistics process for their used cups. More than 15 companies participate in the program and, in a five-month period, 3.6 tons of plastic have already been collected, corresponding to nearly 2.2 million cups.



BRASKEM'S VISION ON SUSTAINABLE FUTURE



bluevision

A digital platform created by us, Bluevision gathers relevant content on solutions for a sustainable future. In line with our commitments, this global channel connects people, shares initiatives and ideas, and materializes our purpose in contributing to improving quality of life by presenting not only innovations, but also the transformative force of those who develop solutions for the intelligent use of natural resources.

With a profile on the main social networks, the channel offers inspiring stories, curiosities, and facts, from individuals and organizations, through text, video, and infographics that highlight innovative solutions for a better future, human development, and intelligent use of the planet's resources. Among the more than 30 videos posted on the platform in 2018, there are two inspiring stories. One is by Mona Soares, an entrepreneur from the state of Bahia who produces artisanal and environmentally friendly cosmetics. The other is by Ernst Götsch, a Swiss farmer and researcher working in Brazil who created a fertilizer-free agricultural technique that relies on ecosystem management.

MONITORED REPUTATION

Since 2008, the management of our reputation has focused on three major fronts: the monitoring of a panel of rational and emotional indicators, process governance in the areas responsible for relationships with different stakeholders, and incorporation of analyses in decision-making on aspects associated with image and reputation.

Annual monitoring uses RepTrak® methodology of the Reputation Institute and is performed in all countries where we operate. This monitoring makes it possible to track the perception of different stakeholders mapped in our relationship chain, assessing emotional aspects (Pulse®), such as level of esteem, admiration, empathy, and trust; and rational indicators reflected in seven dimensions: Products and Services, Innovation, Work Environment, Governance, Citizenship, Leadership, and Performance.

In 2018, we made progress in the global Pulse® index, showing a growth in the perception by all stakeholders and maintaining our reputation in the 60-69 points range. In the current survey, 5,939 people were consulted, among Members, Clients, Suppliers, surrounding communities, society, and influencers in the four regions where we operate: Brazil, Mexico, the United States, and Europe (Germany and The Netherlands). Reputation management allows us to create a basis for decision-making in the assessment of image risks and opportunities for improvement in the relationship with stakeholders.



Click here to access Bluevision.



OUR REPUTATION



GOVERNANCE AND COMPLIANCE



COMMITMENT AND GLOBALIZATION

102-16, 102-17, 102-18, 406-1

We believe that the perpetuation of our business is closely linked to ethics and integrity, and therefore we have in place modern governance and compliance initiatives, in line with market requirements. Throughout 2018, we implemented new routines and new controls, and reviewed several policies to enhance compliance processes and make them globally applicable to a multicultural and multi-ethnic team.

In this period, we also completed the second year of independent monitoring. The most recent report in September 2018 contained new recommendations that were implemented by January 2019. The third monitoring cycle began in March 2019, and a third report is scheduled to be issued in June 2019.



THE PERPETUATION OF OUR BUSINESS IS CLOSELY LINKED TO ETHICS AND INTEGRITY

2018 HIGHLIGHTS

CRITERIA 13 AND 14 - COP

• **ADHERENCE** to the Commitment of the Corporate Movement for Integrity and Transparency

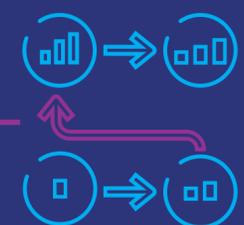


• **ISSUANCE** of the Second Independent Monitoring Report (filed on September 27 at the U.S. Department of Justice)



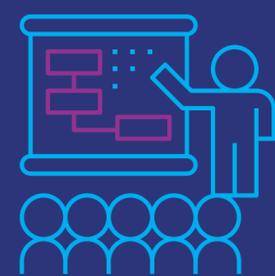
• **PROGRESS** in the evaluation of Ethos Institute's integrity indicators

• **COMPLETION** of 12 internal audit projects, including compensation, purchase of inputs, sales, and freight



• **INVESTIGATION TRAINING** for members of the Compliance Committee and Ethics Committee

• **BEGINNING** of the training program for partners concerning the company's Code of Conduct for Third Parties.



• **SOLID TEAM:** 37 Members from five different nationalities, 10 more than in 2017

• **8,275³ MEMBERS** trained in the topic of compliance by the end of 2018



• **TRAINING** on anti-corruption for members of the Board of Directors and Audit Committee



• **120 NORMATIVE** Documents reviewed by the internal controls area

• **CREATION** of 13 new Normative Documents foreseen in the Compliance Program, including the Policy for Transactions with Stakeholders



• With 10 **STRUCTURED MEASURES** in the Prevention, Detection, and Remediation pillars, the Compliance Program has already reached 95% on actions implemented: 153 out of 161.



Click here to learn more about our structure, principles, and corporate governance model or visit our Investor Relations [website](#).

³ Interns included.



ANTI-CORRUPTION POLICIES AND PROCEDURES

102-16, 103-2, 205-2, CRITERIA 6, 12 AND 13 - COP

Our Code of Conduct has a global scope and sets out the values, principles, and practices that guide the company's conduct. It is worth mentioning that all members of the Board of Directors and 98% of Members received training on Braskem's Code of Conduct, which has a section dedicated to combating corruption. The company also has in place an Anti-Corruption Policy, and 100% of the Board and 96% of the Members are trained on this topic.

Our Code of Conduct is translated into all languages of the countries where Braskem operates, and can be viewed on the company's intranet and website (<https://www.braskem.com/home-en>).



102-17, CRITERIA 14 - COP

Our [Code of Conduct](#) is translated into all languages of the countries where Braskem operates, and can be viewed on the company's intranet and website

RISK ASSESSMENT

102-15, CRITERIA 3 - COP

Conducted every two years, the risk assessment process determines the main factors that can impact the achievement of the company's strategic objectives, whether financial, strategic, operational, or regulatory. Of a total of 106 risks assessed, 16 were considered priorities and taken for approval by the Board of Directors, which, together with the company's leadership, will monitor each of them in greater detail and frequency. For each of these risks, action plans were developed to reduce the likelihood and/or the impact if such event were to occur.

It should be noted that risks associated with sustainability are considered strategic and evaluated in this category. Notable among the priority risks are:

- **Occupational safety:** Possibility of failures in occupational safety processes and/or procedures, resulting in accidents with Members, which could lead to lost time injury, permanent damage to health, and/or death.
- **Tax proceedings:** Possibility of unfavorable outcome of tax and social security proceedings in which the company challenges the legal and/or constitutional nature of collections by tax authorities, which may result in financial losses (taxes and fines) and damage to the image.
- **Post-consumer plastic waste:** Possible difficulty in raising post-consumer recycling rates of plastics (chemical, mechanical, and energy), resulting in rejection of our products by society and consequent loss of market.

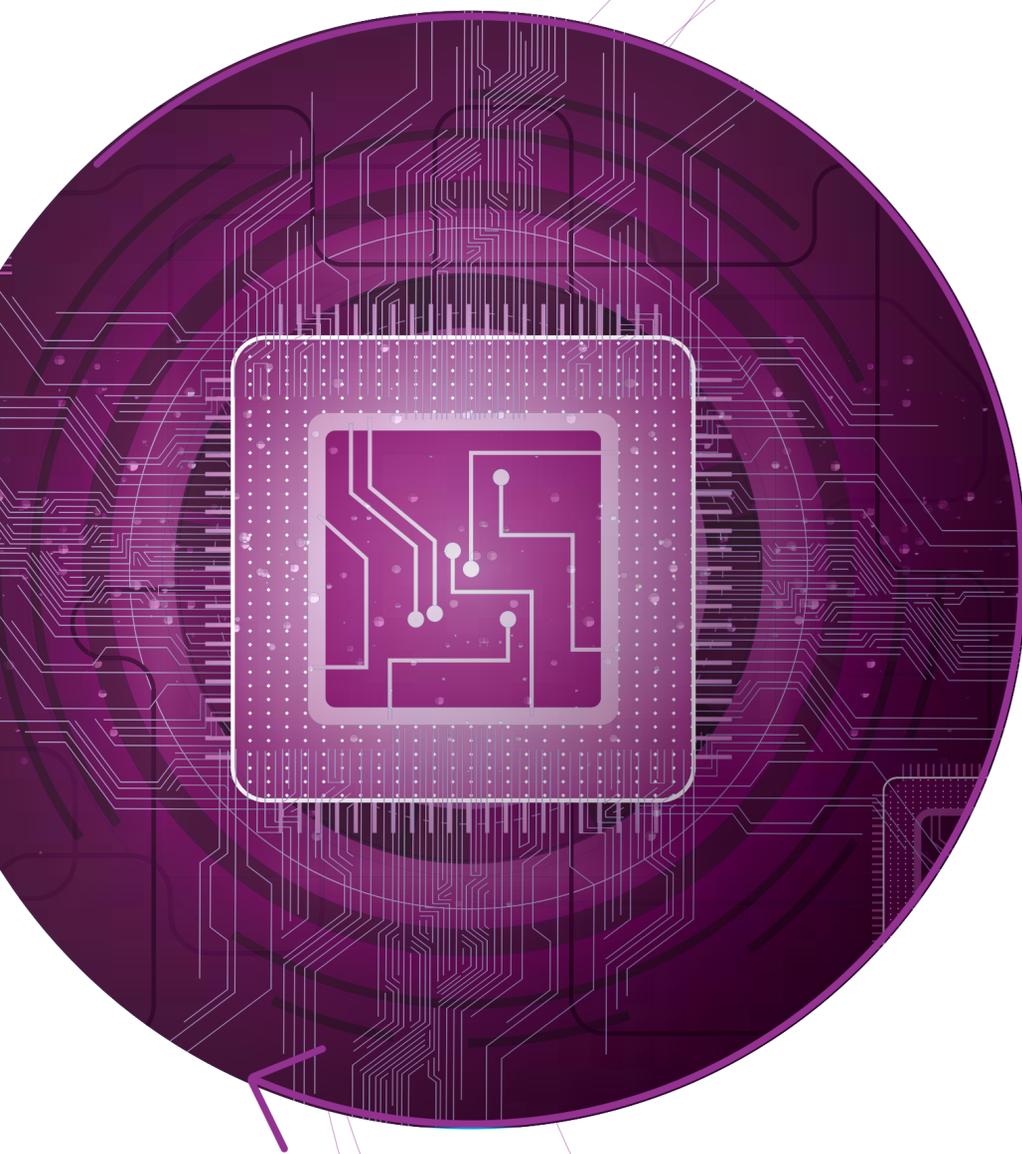


[Click here](#) to learn more about our Anti-Corruption Policy or go to our Investor Relations [website](#).



OF A TOTAL OF 106 RISKS ASSESSED, 16 WERE CONSIDERED PRIORITIES

- **Industry cycle:** Possible difficulty adapting the business to market volatility or to inadequate assumptions in the development of corporate strategies, resulting in financial losses and/or loss of competitiveness.
- **Integrity and corruption:** Possibility that prevention and detection mechanisms are not sufficient to avoid an event related to corruption, fraud, irregularities, and/or ethical and conduct deviations that could compromise the values and standards advocated by us and the achievement of its objectives, resulting in financial losses (compensations and court settlements) and damages to the image.
- **Process safety and logistics:** Possible failure in the safety of the production process, resulting in injury and/or death of Members, environmental impacts, and/or unavailability of assets.
- **Macroeconomic and political factors:** Possible instability of macroeconomic and political factors, resulting in difficulty in responding to economic downturn and changes in the political scenario, which could lead to loss of market and financial losses for the company.
- **Cybersecurity:** Possible difficulty in combating cyberattacks, resulting in undue exposure of sensitive data, delays and unscheduled shutdowns, financial losses, fraud, and industrial espionage, with potential to compromise security systems in our plants.
- **Human rights:** Possible difficulty in adequately managing labor relations and relations with communities impacted by the company's operation and that of its chain, resulting in human rights violations, financial losses, and damage to company image.
- **Protection of personal data:** Possible non-compliance with the requirements of the various personal data protection laws, resulting in accusations of obstruction of justice, financial losses (fines and damages), and damages to company image.
- **Climate change:** Possible difficulty in adapting to climate change and reducing greenhouse gas emissions in production processes, resulting in negative impacts on the environment.
- **Cost of raw materials:** Possible difficulty in establishing contracts that guarantee competitive raw material prices, resulting in exposure to market volatility, reduction of the company's margin, and financial losses.
- **Environmental issues:** Likelihood of problems in management of existing environmental liabilities, resulting in fines and sanctions, in addition to damages to company image.



DATA PROTECTION

As a global company, one of our priorities is to comply with the privacy laws governing the processing of personal data of our Clients, Suppliers, and Members in all countries where we operate. Thus, in 2017 we started a project to adapt to the new GDPR⁴ requirements in Germany and Holland and, in 2018, we started to implement a Global Privacy Program that covers all regions where we have relevant operations or commercial offices.

The expansion of scope was determined when Brazil enacted its General Data Protection Law in 2018, which has made it possible to further streamline our internal structuring to ensure adequate and transparent governance that guarantees the preservation of the rights and freedoms of data owners. This program is already underway and involves mapping personal data used in each area, updating contracts with service providers that process personal data on our behalf (parent company), increasing knowledge and awareness of this law and its implications, and adjusting all necessary processes.

Even though this program has been designed as a continuous action, significant improvements have already been implemented, such as the definition for updating international data transfer agreements, as well as the review of contracts and privacy policies for the European region. New initiatives are being implemented for other regions, including Brazil.

⁴ General Data Protection Regulation (GDPR): a project for data protection and identity of European Union citizens that was approved in 2016 by the European Parliament and Council

TRADE CONTROLS

The trade control process follows a U.S. government guideline to ensure sanctions against countries and terrorist regimes involved in international drug trafficking or activities related to the proliferation of weapons of mass destruction and other threats to national security, foreign policy, or the U.S. economy. At Braskem, the process mainly involves the areas of procurement, logistics, finance, and technology.

INTERNAL AUDIT

Our internal audit is an independent and objective evaluation and consulting activity, designed to add value and improve our operations. In 2018, a total of 12 projects were completed, including: Compensation, Treasury, Procurement of Raw Materials, Sales, Freight, and Transports. These reports generated 126 opportunities for improvement in the internal controls environment of the audited processes and 276 action plans for the respective remediation

INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

As demonstration of our commitment to best corporate governance practices, in 2018 an obligation was included in the company's bylaws to maintain at least 20% of independent members in the formation of our Board of Directors. Today, our Board consists of 11 members, six of whom are independent.



[Click here to learn about the structure and the members of our Board and Departments.](#)

OUR BOARD CONSISTS OF 11 MEMBERS, SIX OF WHOM ARE INDEPENDENT

The Compliance Committee has become a Statutory Committee, consisting of at least three independent members of the Board. Since 2018, the position of Chairman of the Board has been held by an independent member, as provided for in Article 19 of the bylaws.

In addition to this enhancement, other improvements are being implemented to ensure the transparency of our actions. In 2018, a process to evaluate the Board and Board members was established, contributing to the effectiveness of the Board and improvement of the company's governance. The first evaluation cycle is being conducted with the support of a specialized external consulting firm, which has helped identify the strengths and points for improvement of the group and its members.

The succession plan for the CEO and his or her direct reports, as well as for the compliance officer, has become a duty of the Board of Directors, as recommended by the Brazilian Corporate Governance Code, to ensure that company administration has professionals, for hiring or promotion, whose experience and skills contribute to the good performance of the company and preservation of its value.



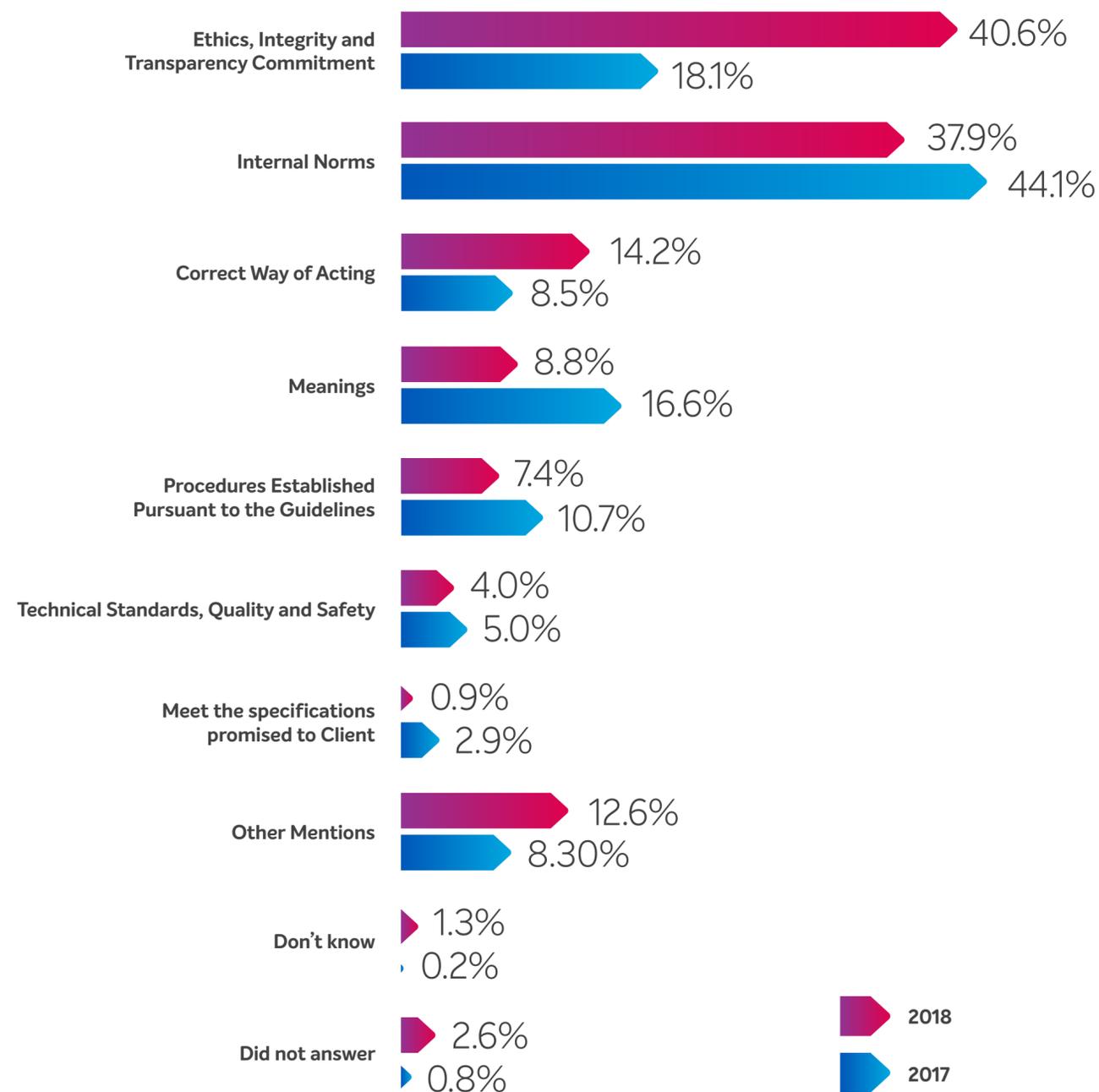
COMPLIANCE IS FOR EVERYONE CRITERIA 13 - COP

In order to understand how our Members view compliance actions, we once again conducted a global survey involving 4,024 people across our operations in Brazil, the United States, Mexico, and Europe. Conducted online between January 15 and February 19, 2018, the purpose of the survey was to understand people's perception of compliance and how it relates to their day-to-day lives.

Overall, the results indicate that our Members changed their perception of the concept of compliance when compared with 2017. People understand the topic as a commitment of ethics, integrity, and transparency and not just as compliance with norms.



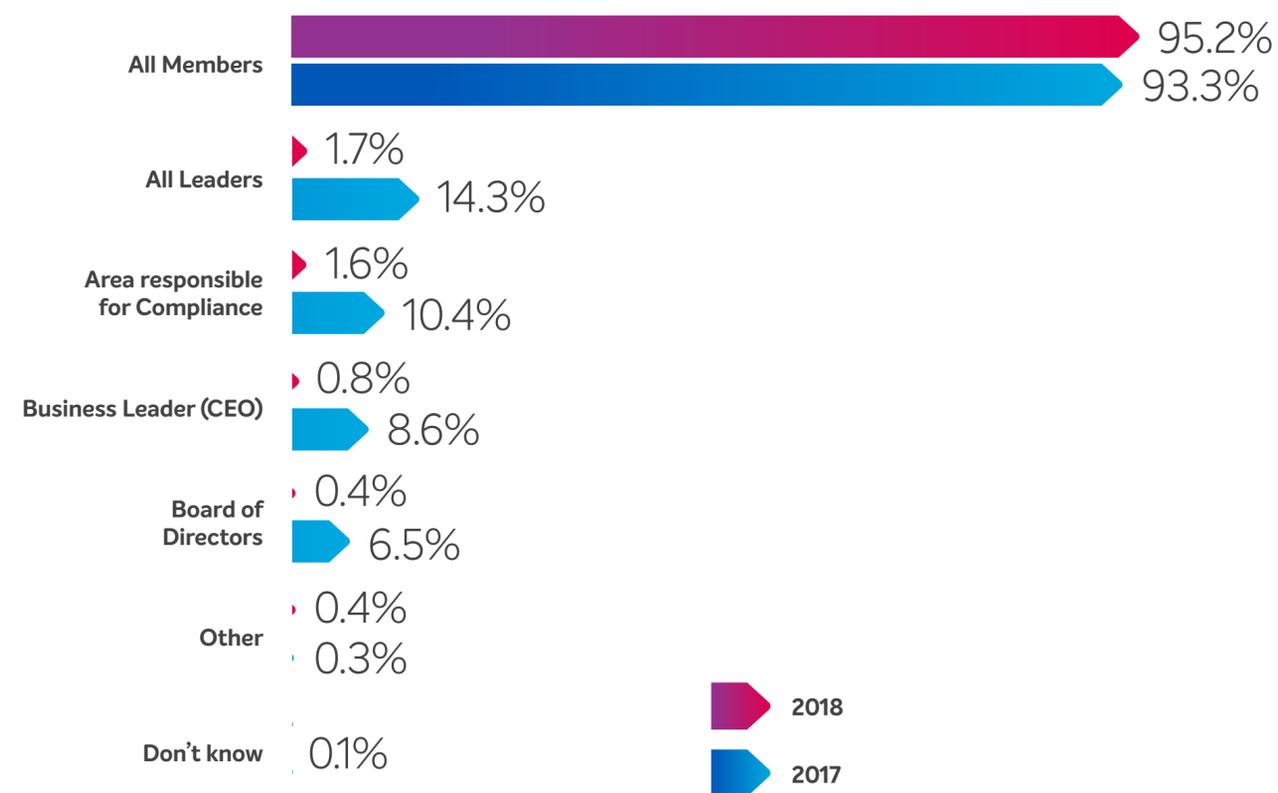
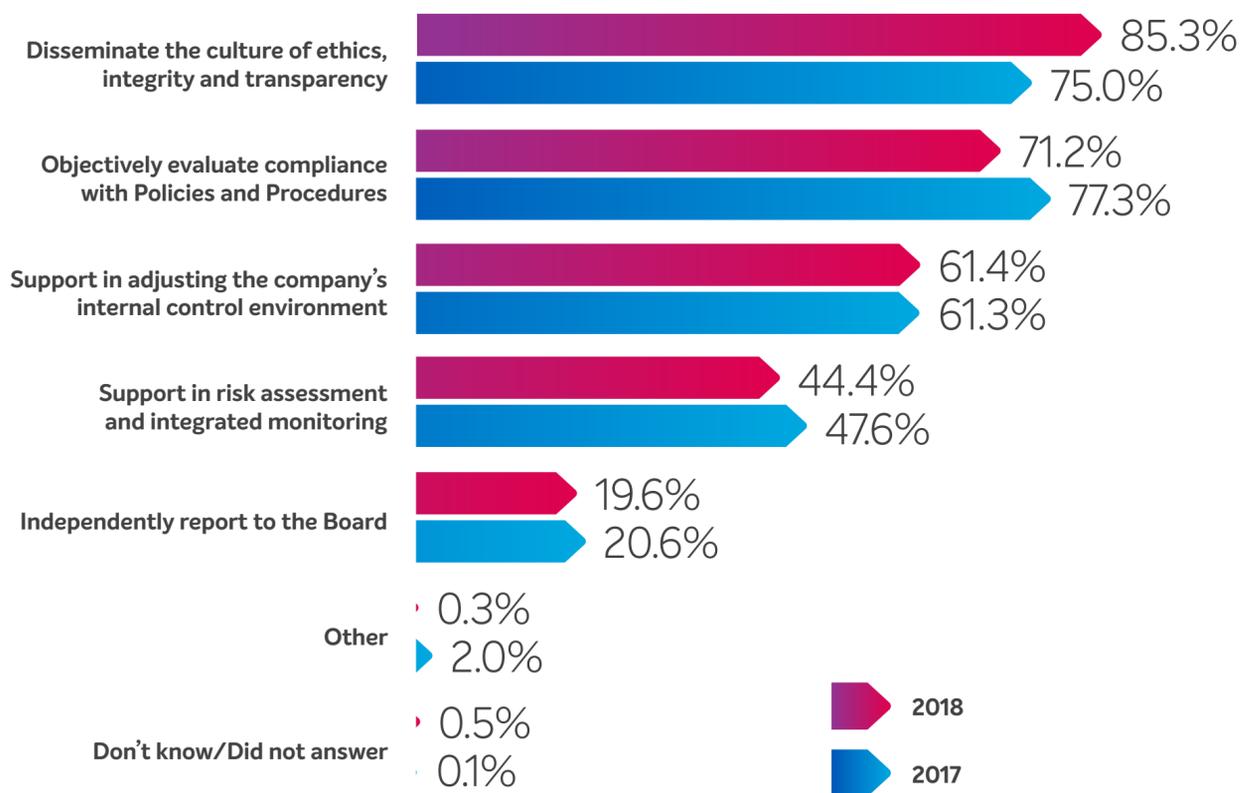
WE ONCE AGAIN CONDUCTED A GLOBAL SURVEY INVOLVING 4,024 PEOPLE ACROSS OUR OPERATIONS





Furthermore, the dissemination of a culture of ethics, integrity, and transparency ranked first in the perception of priorities of the compliance area, increasing by 10% compared to 2017.

The perception that compliance is everyone's responsibility was already very high in 2017, and this perception was maintained in 2018.

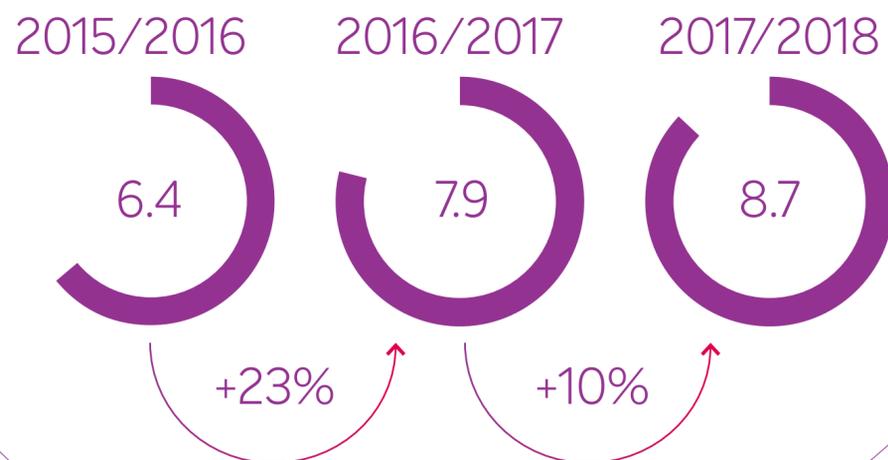


Globally, knowledge of the Compliance Policy has increased from 49% to 82%. Today, 98% of the Members have undergone training in the Code of Conduct and have signed the document. Since the Compliance Policy has been replaced by the Compliance System Policy and by the Code of Conduct, the goal is to have 100% of the Members complete the training.



ABOVE-AVERAGE PERFORMANCE

After the implementation of several corrective and preventive actions, we reached a score above the market average in the evaluation by the Ethos Institute's Thematic Guide: Integrity, Prevention and Fight Against Corruption. Based on the 13 integrity indicators selected, which assess how aspects of sustainability and social responsibility have been incorporated into the business, helping to define strategies, policies, and processes, we have reached an overall score of 8.7—where the average of companies is 6.7. We have accomplished significant growth compared with 2015/2016, when indicators first became available for assessment.



IN LINE WITH BEST PRACTICES

103-2, 103-3

The year of 2018 was also significant in the review and implementation of new documents aligned with the best market practices and pursuant to recommendations of the Brazilian Corporate Governance Code (CBGC), among them the internal regulations of the Board of Directors, of the Finance and Investments Committee, of the People and Organization Committee, of the Compliance Committee, of the Strategy and Communication Committee, and of the Statutory Executive Board.

Valid and enforced globally, the Dividends and Stakeholder Transactions policies were approved. The revised internal regulations for the Board and its committees, as well as said policies, are available and accessible to all Members. In addition, they are available to all our stakeholders on the investor [relations website](#)

ETHICS LINE CHANNEL 102-17, 406-1, CRITERIA 5 AND 13 - COP

Since 2017, our Ethics Line Channel has been managed by an independent, outsourced team that receives, evaluates, and directs all reports received in a personalized and impartial manner. Internally, these reports are evaluated by a specialized Investigation team of the compliance area. In addition to the online channel, telephone service is available 24/7, in four languages (Portuguese, English, Spanish, and German).



GENERAL NUMBERS

340 TOTAL NUMBER OF CALLS THROUGH THE CHANNEL (cases opened and received in 2018)

287 CASES COMPLETED (cases completed in 2018, regardless of date of receipt)

118 CASES STILL ONGOING (cases that remain open, regardless of the date of receipt)



DISCRIMINATION

IN 2018, 14 CASES RECEIVED IN BRAZIL AND 1 IN THE UNITED STATES

IN BRAZIL, 6 CASES WERE COMPLETED BY DECEMBER 31, 2018, AND 8 WERE STILL UNDER REVIEW

OF THE 6 CASES COMPLETED, 3 WERE SUBSTANTIATED

2 REMEDIATION ACTIONS WERE IMPLEMENTED



HARASSMENT

IN 2018, 55 CASES WERE RECEIVED GLOBALLY

39 CASES WERE COMPLETED BY DECEMBER 31, 2018 AND 16 WERE STILL UNDER REVIEW

5 CASES HAD REMEDIATION ACTIONS IMPLEMENTED

BRASKEM ETHICS LINE CHANNEL

Our Ethics Line Channel is available to all Members, Clients, third parties, and external public of the company, and is structured in order to maintain total confidentiality about the content of the reports. The reports may be made any day and time through a toll-free number or via the Internet:



BRAZIL: 0800 377 8021 (www.linhadeeticabraskem.com)

GERMANY: 0800 183 0763 (www.lineethikbraskem.com)

HOLLAND: 0800 022 7714 (www.ethieklinebraskem.com)

MEXICO: 01 800 681 6940 (www.lineadeeticabraskemidesa.com)

UNITED STATES: 1 800 950 9280 (www.ethicslinebraskem.com)

ARGENTINA: 0800 222 0394 (www.lineadeeticabraskem.com)

COLOMBIA: 01 800 518 4806 (www.lineadeeticabraskem.com)

PERU: 0800 76757 (www.lineadeeticabraskem.com)

CHILE: + 56-448909744 (www.lineadeeticabraskem.com)

SINGAPORE: + 65-31585409 (www.ethicslinebraskem.com)

BUSINESS PERFORMANCE





FINANCIAL AND ECONOMIC RESULTS - SOUNDNESS AND CONSISTENCY

102-9, 102-45 103-2, 103-3

We closed the year 2018 with a record free cash flow generation of R\$ 7.1 billion, 187% higher than 2017, a result that shows our resilience in a period marked by a challenging external scenario, a reduction in international spreads, and extraordinary events that impacted our operations worldwide.



WE CLOSED THE YEAR
2018 WITH A RECORD FREE
CASH FLOW GENERATION
OF R\$ 7.1 BILLION

BRAZIL

In Brazil, demand for resins, including PE, PP, and PVC, continued to recover and totaled 5.2 million tons, up 2.4% from 2017 because of the improvement in the level of economic activity and the demand from the agriculture, cosmetics, pharmaceuticals, and food packaging sectors. Special notice should be given to the PVC market, which, in 2018, grew by 1.4% after four consecutive years of decline.

On the other hand, the utilization rate of our crackers was 91%, down 3 p.p. from 2017, which is mainly explained by the truckers' strike in May, the incident at the Chlor-Alkali plant Alagoas in January, the blackout that affected Brazil's Northeast plants in March, and lower demand in fourth trimester of 2018.

In this scenario, resin sales totaled 3.4 million tons, 2% below 2017, while sales of the main chemicals were 1% higher than 2017, totaling 2.9 million tons. In 2018, exports of resins totaled 1.3 million tons, and of the main chemicals, 571,000 tons, 14% and 31% less than 2017, respectively.

Our Cost of Goods Sold (COGS) reached a total of US\$ 9,510 million, 9% higher than in 2017, an increase that can be explained by the higher price of feedstocks, partially offset by lower sales volume. Despite the increase, for the year, COGS was positively impacted by the PIS/COFINS tax credit on feedstock purchases of US\$ 278 million (R\$ 1,020 million) and by the Reintegra credit in the amount of US\$20.5 million (R\$ 69 million).

THE UNITS IN BRAZIL AND EXPORTS POSTED EBITDA OF US\$ 1,905 MILLION (R\$ 6,985 MILLION)



(* Includes the accounting COGS and excludes Cetrel and resale of naphtha)

For the year, the units in Brazil and exports posted EBITDA of US\$ 1,905 million (R\$ 6,985 million), 61% of the company's consolidated segments.

FINANCIAL OVERVIEW

(US\$ MILLION)	2018 (A)	2017 (B)	VAR. (A) / (B)
Net revenue	11,539	11,532	0%
COGS	(9,510)	(8,727)	9%
Gross profit	2,028	2,805	-28%
Gross margin	18%	24%	-6 p.p.
SG&A	(655)	(669)	-2%
Other operating revenue (expenses)	20	(123)	-117%
EBITDA	1,905	2,628	-27%
EBITDA margin	17%	23%	-6 p.p.
Net revenue (R\$ million)	42,258	36,802	15%
EBITDA (R\$ million)	6,985	8,380	-17%



UNITED STATES AND EUROPE

In 2018, demand in the U.S. polypropylene market grew by 3.1%, especially in the segments of caps and oriented film, widely used in food packaging. In the European market, on the other hand, demand fell due to the weak economic performance of the region, particularly in countries such as Germany and Italy.

The plant utilization rate was 87%, down 10 p.p. from 2017 due to operational problems in the United States, a scheduled shutdown of the unit in Oyster Creek (Texas), and the logistical restriction on receiving propylene at the plants in Europe because of the low level of the Rhine River. As a result, sales were 9% lower, totaling 1.9 million tons.

Our COGS reached a total of US\$ 2,496 million, up 7% from 2017 explained by higher propylene prices (which accompanied the rise in oil prices) and logistics constraints in Europe, which increased the prices of this monomer in the region.

FOR THE YEAR, THE UNITS IN THE UNITED STATES AND EUROPE POSTED EBITDA OF US\$ 608 MILLION (R\$ 2,208 MILLION)



- 56% Propylene U.S.
- 22% Propylene Europe
- 8% Other Variable Costs
- 3% Salaries and Benefits
- 3% Services and Materials
- 2% Deprec/Amort
- 5% Freight Sales
- 2% Electric Energy

(* Includes the accounting COGS)

For the year, the units in Brazil and Europe posted EBITDA of US\$ 608 million (R\$ 2,208 million), accounting for 19% of the company's consolidated segments.

FINANCIAL OVERVIEW (US\$ MILLION)

	2018 (A)	2017 (B)	VAR. (A) / (B)
Net revenue	3,211	3,087	4%
COGS	(2,496)	(2,324)	7%
Gross profit	715	763	-6%
Gross margin	22%	25%	-3 p.p.
SG&A	(167)	(183)	-9%
Other operating revenue (expenses)	2	(7)	-
EBITDA	608	647	-6%
EBITDA margin	19%	21%	-2 p.p.
Net revenue (R\$ million)	11,725	9,854	19%
EBITDA (R\$ million)	2,208	2,063	7%



- 23% Ethane
- 1% Electric Energy
- 11% Natural Gas
- 11% Other Variable Costs
- 0% Salaries and Benefits
- 7% Services and Other
- 38% Deprec/Amort
- 8% Freight



(*) Includes the accounting COGS

The result for the segment includes revenue of US\$ 95 million referring to the delivery-or-pay provision of the ethane supply contract. For the year, the unit in Mexico posted EBITDA of US\$ 617 million (R\$ 2,251 million), accounting for 20% of the consolidated segments.

FINANCIAL OVERVIEW
(US\$ MILLION)

	2018 (A)	2017 (B)	VAR. (A) / (B)
Net revenue	1,034	1,128	-8%
COGS	(636)	(657)	-3%
Gross profit	398	472	-16%
Gross margin	38%	42%	-4 p.p.
SG&A	(81)	(90)	-10%
Other operating revenue (expenses)	79	9	-
EBITDA	617	623	-1%
Operating EBITDA margin*	51%	53%	-2 p.p.
Net revenue (R\$ million)	3,771	3,601	5%
EBITDA (R\$ million)	2,251	1,987	13%

*Does not consider the delivery-or-pay provision for feedstock contracts.

MEXICO

Demand for PE in Mexico was 2.1 million tons compared to 2 million tons in 2017, a growth of 2.7%. The sectors that most influenced this growth were blown and films/laminates, widely used in the food packaging and hygiene sectors.

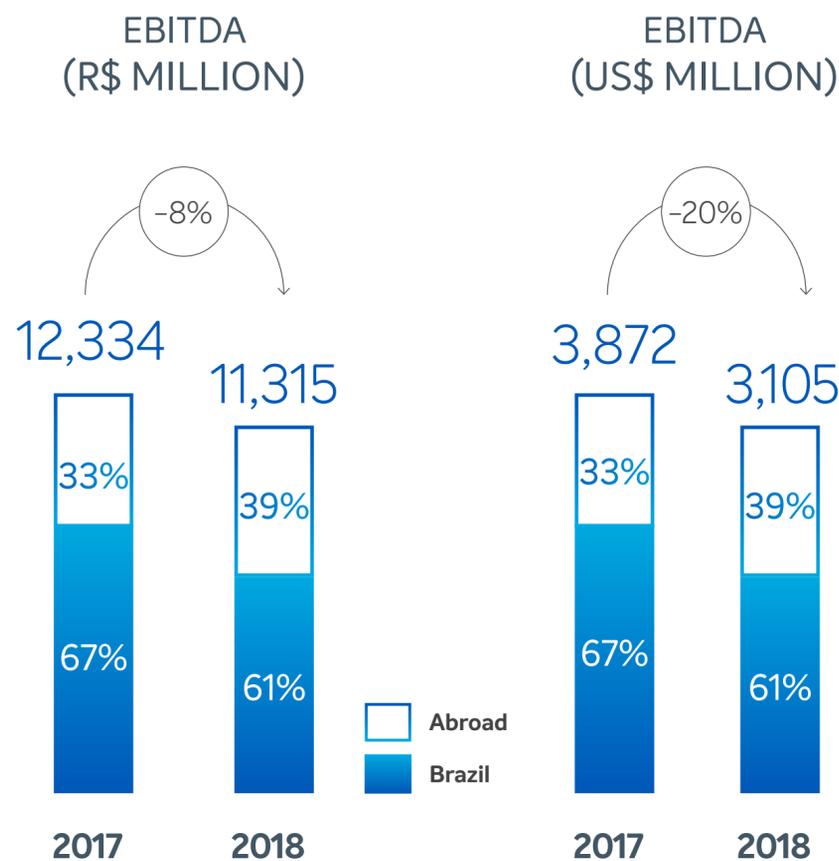
The utilization rate of the Polyethylene plants was 77%, down 11 p.p. from 2017 mainly because of lower supply of ethane in the period and a scheduled shutdown in May. As a result, sales were 18% lower, totaling 799,000 tons, of which 67% were directed to the Mexican market.

Our COGS totaled US\$ 636 million, down 3% from 2017 because of lower sales volumes, which offset higher ethane price levels.

FOR THE YEAR, THE UNIT IN MEXICO POSTED EBITDA OF US\$ 617 MILLION (R\$ 2,251 MILLION).

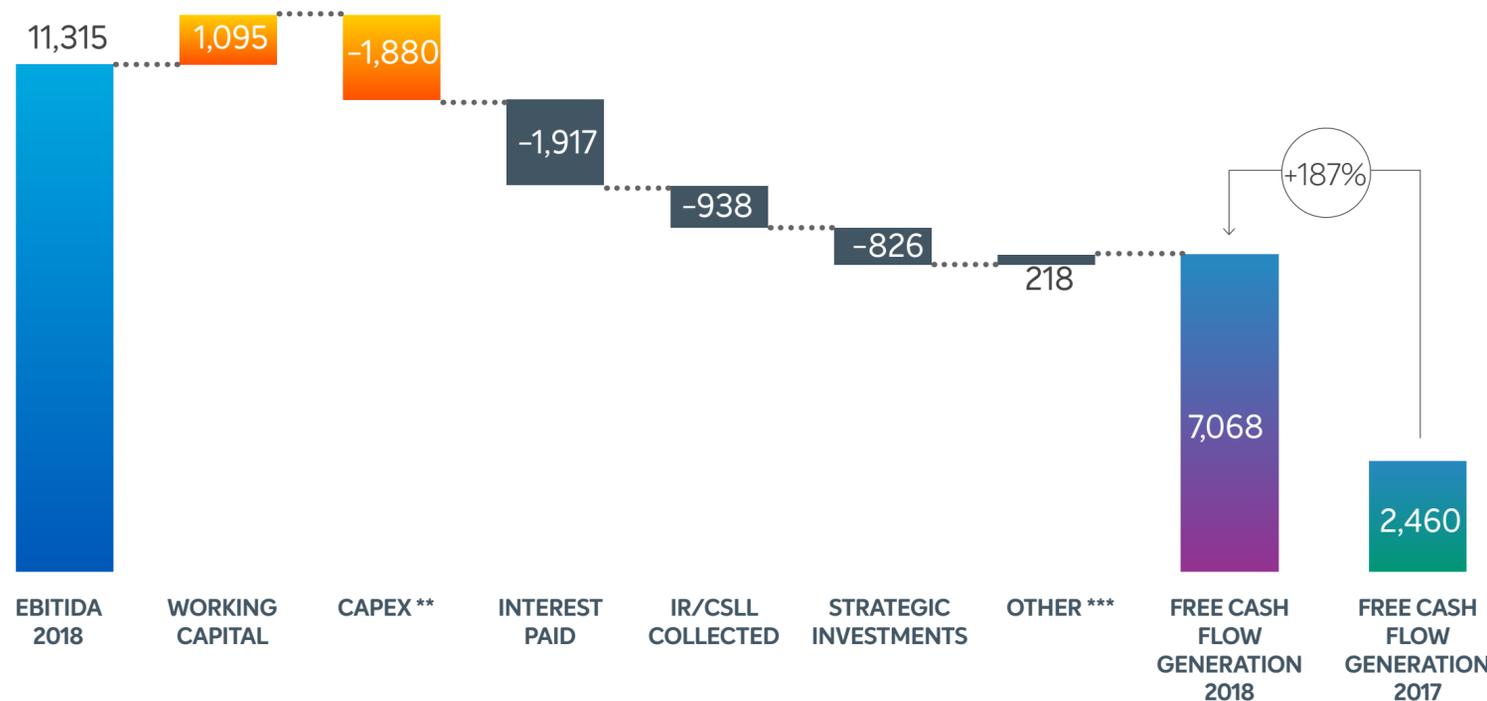
CONSOLIDATED

We generated US\$ 3.1 billion (R\$ 11.3 billion) in EBITDA for the year, representing a 20% decrease compared to 2017, mainly due to lower spreads in the industry and lower utilization rates of our plants.



Despite the lower EBITDA, our free cash flow generation reached a record amount of R\$ 7.1 billion given the positive variation in operating working capital, the positive impact of the depreciation of the Brazilian real against the U.S. dollar, the reduction in income tax payment in the United States in U.S. dollars, and the lower interest paid after the early settlement of debt in Brazilian reais with higher cost including the partial prepayment of the perpetual bond.

RECORD FREE CASH FLOW GENERATION (R\$ MILLION)



* Free Cash Flow ÷ Market Cap (considers the share price on 12/31/2018).
 ** Considers the CAPEX of Braskem Idesa, Cetrel and does not consider associated taxes that are allocated in "working capital."
 *** Includes: (i) Premium in the dollar put option; (ii) Funds received in the investments' capital reduction; (iii) Financial assets held to maturity; and (iv) dividends received.

In September 2018, given this strong cash generation and in order to reduce interest expenses on loans, we partially redeemed US\$ 200 million in the 7.375% perpetual bonds at par value. In addition, we contracted a line of credit of up to US\$ 225 million guaranteed by Euler Hermes, which will be used to finance part of the investments in our new PP plant in the United States, and a line of credit of US\$ 295 million, with credit coverage by the Italian government agency SACE, which will be used for corporate purposes.

In 2018, Standard & Poor's and Moody's shifted our credit risk outlook from negative to stable and, for the first time, our credit risk is three steps above sovereign credit risk by Standard & Poor's. Thus, we retained our investment grade by Standard & Poor's and by Fitch Ratings and above sovereign risk by the three major risk rating agencies.

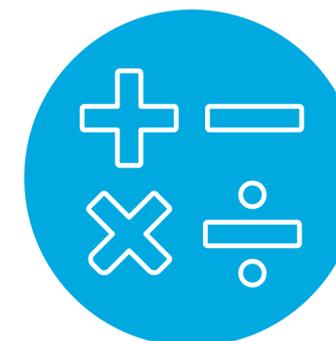
NET DEBT*
US\$ 5.1 BILLION

NET DEBT / EBITDA*
2.06X

AVERAGE DEBT MATURITY
14 YEARS

RAGE OF DEBT MATURITIES
40 MONTHS

WEIGHTED AVERAGE COST OF DEBT
VARIATION FX + 5.52%



*Does not include Braskem Idesa's project finance debt; considers the Leniency Agreement.



Click here to learn more about the results and our business strategy www.braskem-ri.com.br/home-en.

VALUE ADDED STATEMENT (VAS) 201-1

	2016	2017	2018
Revenues (R\$ thousand)	52,429,423	58,000,752	68,923,212
Sales of goods, products, and services (R\$ thousand)	55,930,688	57,958,099	68,255,566
Other (expenses) revenues, net (R\$ thousand)	(3,437,060)	1,202	567,793
Provisions for credits of doubtful debtors (R\$ thousand)	(64,205)	41,451	99,853
Inputs acquired from third parties (R\$ thousand)	(39,909,905)	(41,147,077)	(51,627,620)
Costs of products, goods and services sold (R\$ thousand)	(37,802,247)	(38,845,377)	(48,993,132)
Materials, energy, third-party services, and other (R\$ thousand)	(2,019,390)	(2,237,835)	(2,574,232)
Loss/recovery of asset values (R\$ thousand)	(88,268)	(63,865)	(60,256)
Gross value added (R\$ thousand)	12,519,518	16,853,675	17,295,592
Depreciation, amortization, and depletion (R\$ thousand)	(2,683,100)	(2,928,855)	(2,990,577)
Net value added produced by the entity (R\$ thousand)	9,836,418	13,924,820	14,305,015
Value added received in transfer (R\$ thousand)	720,407	652,527	1,856,981
Equity income (R\$ thousand)	30,078	48,832	(888)
Financial income (R\$ thousand)	690,122	603,630	1,857,793
Other (R\$ thousand)	207	65	76
Total value added for distribution (R\$ thousand)	10,556,825	14,577,347	16,161,996

	2016	2017	2018
Personnel (R\$ thousand)	1,267,513	1,421,214	1,565,468
Direct remuneration (R\$ thousand)	986,940	1,147,158	1,239,606
Benefits (R\$ thousand)	218,110	212,815	263,294
FGTS (government severance fund) (R\$ thousand)	62,463	61,241	62,568
Taxes, fees, and contributions (R\$ thousand)	3,018,046	4,232,072	4,925,801
Federal (R\$ thousand)	1,288,179	2,214,611	2,235,453
State (R\$ thousand)	1,703,249	1,995,068	2,639,015
Municipal (R\$ thousand)	26,618	22,393	51,333
Remuneration of third-party capital (R\$ thousand)	7,000,463	4,790,740	6,763,517
Financial expenses (includes exchange rate variation) (R\$ thousand)	6,755,962	4,545,979	6,495,041
Leases (R\$ thousand)	244,501	244,761	268,476
Remuneration of equity capital (R\$ thousand)	(729,197)	4,133,321	2,907,210
Net income (loss) for the year (R\$ thousand)	(438,331)	3,074,114	2,866,675
Dividends	-	1,000,000	-
Non-controlling shareholding interest in subsidiaries (R\$ thousand)	(317,725)	50,331	40,535
Result from discontinued operations	26,859	8,876	-
Total value added distributed (R\$ thousand)	10,556,825	14,577,347	16,161,996

STRATEGY - GLOBALIZATION AND TECHNOLOGY

BRASKEM'S STRATEGIC OBJECTIVES

AMBITION

PRODUCTIVITY AND COMPETITIVENESS

- Seek continuous improvements in **productivity** and **competitiveness** in the current operation, with a focus on **operational efficiency** and **cost leadership**

Braskem as 1st quartile operator

FEEDSTOCK DIVERSIFICATION

- **Diversify the feedstock profile**, increasing gas exposure and maintaining **asset flexibility**

Reach balance between liquid base and gas base, creating flexibility of +20%

GEOGRAPHIC DIVERSIFICATION

- **Expand the global footprint** outside Brazil with **gains in scale in PE and PP**, reinforcing our **leadership in the Americas**

Increase global capacity by 25%, with operations outside Brazil representing more than 50% of EBITDA

PEOPLE, GOVERNANCE AND REPUTATION

- Implement solutions to address the challenges of the **Circular Economy** and include **mechanically and chemically recycled** resins and chemicals in our product portfolio
- Attract and retain talent with the implementation of the new **EVP**
- Strengthen **Braskem's image and reputation** before members, society and investors through advances in compliance and innovation

Recognition of Braskem as a global, sustainable, innovative and people-oriented company



In 2018, we continued to implement our strategy through various initiatives. Regarding productivity and competitiveness, we signed a contract for the purchase of wind energy that will enable the expansion of the Folha Larga Complex in the State of Bahia, being developed by EDF Renewables.

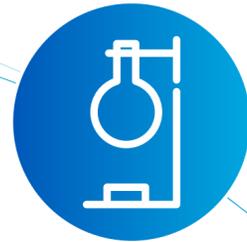
Furthermore, we have established a partnership with Siemens for the development of a retrofit project of the petrochemical plant of the complex in the ABC region in the State of São Paulo, which will reduce electricity consumption and CO2 emissions in that unit. [Learn more in the Health, Safety and Environment section - Energy Efficiency].

NEW PLANT

Construction of the new PP plant in the United States was 48.3% complete at the end of 2018, with a total investment of US\$ 382 million already made.

Regarding feedstock diversification, it was our first year operating the petrochemical complex in Bahia, Brazil, using imported ethane as feedstock.

We have invested US\$ 382 million of a total of up to US\$ 675 million planned for the construction of the new Polypropylene plant—the sixth PP industrial unit in the United States, whose physical progress is nearly halfway complete. In addition, our Board of Directors approved the establishment of a new company in India to pursue new growth and sales opportunities.



FAR BEYOND THE PETROCHEMICAL INDUSTRY

Far beyond the petrochemical industry In order to evolve in strategic areas of our business and remodel the way we work, in 2018 we started to work on digital transformation. With the participation of dozens of Members worldwide, the initiative has sought the integration of digital technologies in our operations and business processes with the objective of raising us to new levels of performance and competitiveness, evolving the way we work, and creating new ways to serve our Clients.

Our culture of agility and entrepreneurship puts us in a solid position to be the company that will lead the digital evolution in our industry. Supported by the newly created Braskem Digital Center, our Members in Brazil, Mexico, the United States, and Germany are looking for new ways to serve Clients, create value, and generate sustainable competitive advantages. Among the actions included in this initiative are:

- Using new technologies such as drones, sensors, and machine learning to operate more efficiently and cost effectively.

- The intelligent application of a large amount of data gathered by us over the years to support decision-making about factory operations.
- The creation of an atmosphere in which Members dedicate their time, talent, and energy to performing higher value activities.

A FEW HIGHLIGHTS

- The action plan defines more than 50 initiatives covering all business areas, from operations, marketing, and sales, to the supply chain, procurement, and corporate structure. Together, they have the potential not only to increase margin, but also to consolidate our leading position in innovation in the chemical industry.
- Examples of the potential gains: The use of digital technologies allows for up to 7% increase in productivity and up to 15% improvement in maintenance costs.

BRASKEM 5.0

The backbone of a broad transformation program, we reorganized our Information Technology team around a new strategy that is more connected to the business, and created goals aligned with the company's strategic objectives. The Braskem 5.0 Program was created to support this transformation. The initiative aims to align the main business challenges with opportunities to adopt new technologies and processes in a sustainable and scalable manner. Some actions of the program are already going in this direction, with projects involving the industrial internet of things (IIoT), virtual reality applied to the industry, robotic process automation (RPA), data-lake analytics, sales force automation, and cloud technologies such as Office 365 and SAP Concur, among others.

Planning of the program includes seven pillars: Supply Chain and Logistics, Digital IT, New Business Models, People, Industry 4.0, Enterprise 2.0, and Customer Experience.

- In 2018 alone, we received more than 110 initiatives from various areas.
- We created the User Experience Squad, focused on providing a new experience in using our current and future technology solutions with a dedicated team and agile methodology.
- We held hackathons and Discovery Day, providing the business areas with immersion for one or two days, where, with the involvement of startups and other market companies, we sought alternatives to solve the challenges proposed.



INNOVATION





MOVED BY THE NEW

We are a company that is always on the lookout for innovation, and for what the future and technology can bring to improve people's lives in a sustainable and responsible way. But it is not only our model and our strategy that are linked to innovation. Today, innovation is part of each Member who, regardless of their area of activity, is always focused on seeking new solutions and services that strengthen our contribution to sustainable development.



INNOVATION IN NUMBERS

We live in an era that is in constant transformation. Therefore, investments in people and infrastructure are essential to improving existing initiatives and creating new opportunities for businesses and Clients.



307 MEMBERS



1 PROCESS TECHNOLOGY Development Center, in Mauá (Brazil)



16,000 ANALYSES were conducted for 75 clients in Pittsburgh (United States)

- **2 TECHNICAL CENTERS** focused on polymers, in Wesseling (Germany) and Coatzacoalcos (Mexico)
- **2 TECHNOLOGY AND INNOVATION CENTERS**, in Triunfo (Brazil) and Pittsburgh (United States)
- **1 RENEWABLE CHEMICALS RESEARCH CENTER**, in Campinas (Brazil)
- **7 PILOT PLANTS**
- **27 NEW RESIN GRADES** added to the portfolio in 2018
- **INVESTMENT OF MORE THAN R\$ 14 MILLION** in the Technology and Innovation Center in Triunfo (Brazil) and more than R\$ 10 million in the Technology and Innovation Center in Pittsburgh (United States).
- **308 PROJECTS** to develop new products and processes
- **34 NEW PATENT** applications and 152 extensions
- **282 PATENTS** granted
- **420 CLIENTS** received support from our Technology and Innovation Center in Triunfo (Brazil), with more than 59,000 analyses conducted



EXPANDING CAPACITY

Throughout 2018, we invested in expansion, construction, and improvements in several of our laboratories and pilot plants. With this, we expect to have even more versatility and capacity for innovation in our products and services.

• TECHNOLOGY CENTERS

In Pittsburgh (United States), we installed a semi-commercial thermoforming line to help develop new products and applications. In addition, robots were installed to automate operating routines in the laboratory, including compression molding, elasticity, and impact testing.

In Triunfo (Brazil), we started the construction of a new 2,800 square meter building for the laboratory expansion. The space will have advanced polymer characterization laboratories, which will be able to perform analyses such as chromatography, polymer fractionation, microscopy, as well as catalysis and petrochemical process technology laboratories. The quality control laboratory will operate in the same building.

With an investment of R\$ 50 million (including equipment), the challenge for the new building is to encourage innovation even before it is built. The team responsible for the project identified more than 30 applications of plastic in construction, with solutions that take into account the savings, durability, strength, and versatility of materials.

• LABORATORIES

We acquired two new chromatographs for the Process Technology Development Center, in Mauá (Brazil). One focuses on the identification of organic compounds, and the second on sulfur speciation of liquid samples, mainly used in the work of chemicals and specialties platforms. Investments were also made in handling equipment to enable moisture analysis and powder characterization. In addition, in order to help grow the solvent business, new equipments were acquired to sample and measure solubility in systems to apply in new solvents applications.

In Wesseling (Germany), investments were made in equipment to add capability for assessing basic characterization in polyethylene (PE), such as presses and molds, flow rates, density, impact (IZOD), and moisture, as well as to improve the chromatograph to enable testing of volatile organic emissions.

WE ARE ALWAYS
LOOKING FOR
INNOVATION



FOCUS ON MEGATRENDS



• PILOT PLANT

In 2018, we built a fermentation pilot plant at the Renewable Chemicals Research Center (RC), located in Campinas (Brazil), which will allow us to advance our renewable chemicals projects and develop new products and processes. These projects are closely related to the circular economy proposal, at the beginning of the value chain, seeking to develop products that contribute to CO₂ capture.

• OPERATION

We established a new operation in Boston (United States), focusing on research, development, and marketing of chemicals and materials from renewable sources. The choice for this location helps us take advantage of the region's advancement in biotechnology and advanced materials. Activities include research and development in biotechnology and materials science, business and market development, and the search for technologies for strategic partnerships.

With a global approach and teams that work in an interconnected manner, we have been directing our efforts to developments that go beyond plastics, and focusing on its positioning in the face of medium – to long – term changes, such as new markets and new uses for our products. This is how one of the main initiatives of 2018 began: the squads, interdisciplinary working groups that will develop innovative solutions connected to mobility and digital manufacturing.

• **Mobility:** The convergence and maturation of technologies, combined with the need for less polluting modes of travel in large cities, are changing the mobility model in the world. Lower consumption of fossil fuels because of the adoption of electric cars will impact the oil market and, consequently, our feedstock. In addition, future vehicles will not be the same as those of today and may need products with other characteristics, which generates opportunities. This trend also has the potential to change consumption standards and demand a different profile for our products.

• **Digital manufacturing:** The squad's purpose is to test new business models and develop technologies for 3D printing based on the current product portfolio, but not limited to it. To this end, we are investing in new laboratory capabilities and have partnered with equipment manufacturers, a university in Sheffield, England, and Virginia Tech in the United States, to develop polymers for Filament (FFF) and Selective Laser Sintering (SLS) and explore opportunities in Specialty Chemicals for Stereolithography (SLA).

OUR INNOVATIVE THINKING
GO FAR BEYOND PLASTIC

INNOVATIONS FOR THE MARKET

A plastic that changes color? More flexible and at the same time durable packaging? An EVA for footwear from renewable sources? Every year we invest in research for the development of more efficient products that impact the environment and society less. Among hundreds of products, 27 new resin grades were added to our portfolio in 2018.



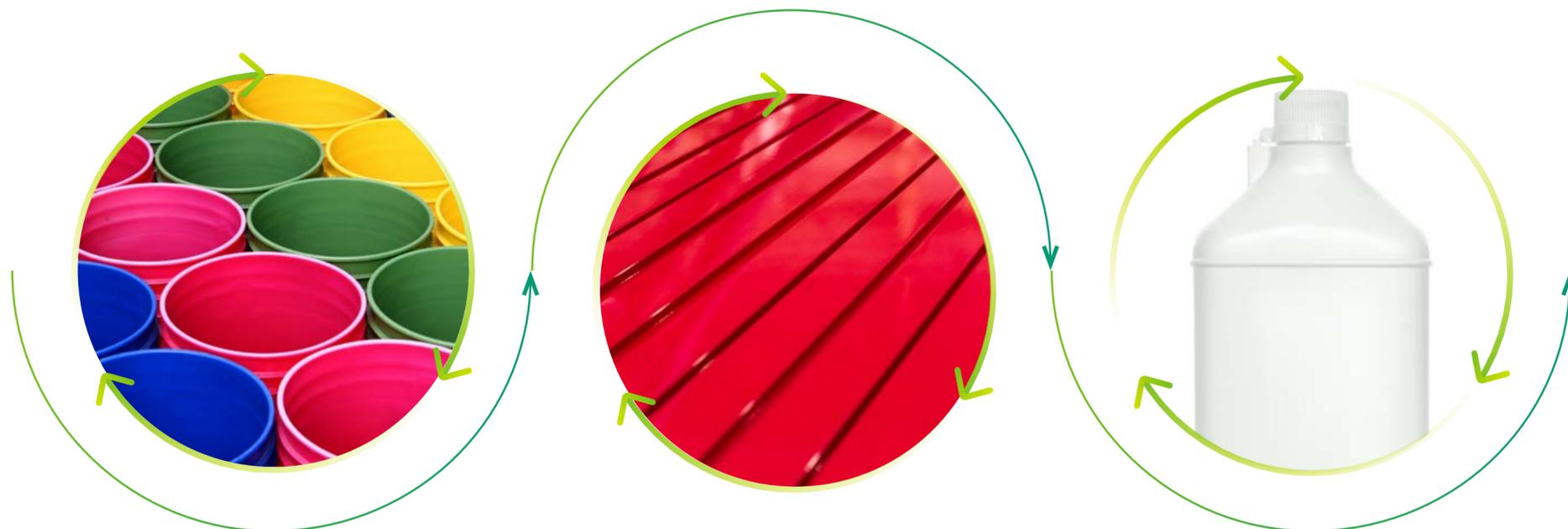
Green EVA: developed in partnership with the North American company Allbirds, the EVA (Ethylene Vinyl Acetate copolymer) from a renewable source is part of our I'm green™ brand and will be used in Allbirds' SweetFoam line of shoes. Among the characteristics of the product are lightness, flexibility, and durability. Greenhouse gases are captured during the production process, reducing emissions: While 1 kilo of fossil EVA releases 1.84 kilos of CO₂ into the atmosphere, 1 kilo of EVA I'm green™ captures 2.51 kilos of CO₂.



Intelligent polymers: Since 2017, we have been working on the development of polymers that change color with an external stimulus to communicate relevant information to the user. Its main applications are in food packaging, cosmetics, and pharmaceuticals. Among the benefits are increased safety as an indicator of quality, reduction in food waste, and the possibility of avoiding bad consumer experiences.



Resistance, flexibility, and transparency: We released three new products to the Brazilian and U.S. markets. In Brazil, there was an expansion of the Polyethylene portfolio for closures, with the new HDPE resins fully meeting the technical requirements of carbonated beverage caps, and the new, more durable LLDPE resin (LL2402N) being used for edible oil bottle caps. For the flexible packaging market, we introduced a new Proxess1509XP metallocene LLDPE, which combines good mechanical properties and gloss for packaging. In the United States, a Polypropylene impact copolymer (Prisma 6810) was launched that combines transparency, stiffness, and impact strength. The product is used for rigid packaging and its market was developed in the United States and Europe.



Global resin: The production of a Polypropylene (PP) used in the United States for the piping market and used in Brazil for the production of extruded sheets was initiated in Brazil. A new PP resin for buckets has also been launched, with better mechanical properties and higher melt flow rate, which improves processability and facilitates production for our clients.

PVC: We developed a new grade for the market of rigid profiles for ceilings, with superior processability and capacity to incorporate mineral fillers. This development was carried out to meet the demand of the processing industry, in line with the new, recently revised ABNT NBR 14285 standard.

Solvents: We launched a new HE-70S oxygenated solvent, a distinct product for our hydrocarbon portfolio. The new solvent is produced with ethanol, bringing sustainability value and lower toxicity to the final product. The properties of the new solvent allow for its application in formulas for adhesive and cleaning thinners.

New applications

Thinking and testing products in new ways is also part of our culture of innovation. Thus, in 2018, we started a pilot project at our plant in Camaçari (Brazil) to test the use of plastic for the protection and thermal insulation of pipelines, and to replace metal sheets. The material has presented advantages such as longer lifespan and high capacity for returning to its normal state after being submitted to stress. In addition, the study shows performance gains and cost reductions. The technology is already known in Europe and is being tested in Brazil by our market development area, in partnership with Rochling Plásticos de Engenharia do Brasil and UCA Engineering Plastics.

Recycled resin

During the Sustainable Brands conference, held in Vancouver (Canada) in July 2018, we presented – through the Wecycle platform – promising results in creating a new recycled resin with superior quality and a high percentage of recycled materials derived from post-consumer thermoformed packaging made from Polyethylene. Its main characteristics include resistance to stress cracking like that of virgin resins and tensile stress mechanical properties that are 70% higher than recycled resins currently on the market. The next step is to identify partners to test the solution in small volume thermoformed packaging.

Playing with Green Plastic

As the world’s largest producer of biopolymers, in 2018 we began supplying our Green Polyethylene I’m green™ for the production of the LEGO Group’s botanical elements, such as trees, bushes, and leaves. The partnership reinforces our successful strategy of investing in sustainable and innovative products.



Life cycle assessment

CRITERIA 10 - COP

In 2018, 13 full studies were completed, four of which were externally reviewed, and 12 additional simplified studies. From 2006 to 2018, a total of 109 studies have been conducted, of which 61 were completed, 13 reviewed and 35 simplified. Among the highlights of the year is the LCA study of the new resin from the renewable portfolio I’m Green™ EVANCE and a study that compares the best ways to transport Members between their homes and our facilities. The study concluded that management of the occupancy rate and of the technology of the means of transportation are fundamental for reducing the environmental impact related to this operation.

In addition, we made a comparison between carton and flexible packaging for frozen foods. The study demonstrated environmental benefits of flexible packaging ranging from 16% to 37% reduction in total impact. Reducing packaging weight and reducing the volume occupied in freezers are key factors in achieving the result.



COMPLETE ASSESSMENT

In 2018, we completed extensive life-cycle inventory work at all of our chemicals and polymer production units in Brazil. This work resulted in the consolidation of an inventory with hundreds of our products that can be used to diagnose the main points of environmental impact in production, and to disclose the average environmental impact of each product family in platforms such as Ecoinvent (the largest repository of LCI datasets in the world) and SICV Brasil (National Repository for Life Cycle Inventories).

SHARED INFORMATION

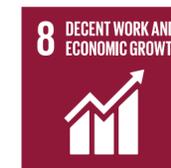
In January 2018, we started a project to develop a solution that would allow for efficient and comprehensive management and sharing of knowledge at Braskem. In addition to a new organizational structure dedicated to this subject, we created an online platform for knowledge sharing: the Knowledge Hub, which integrates documents available in different systems and knowledge sources currently used in our organization.

Through this initiative, people will be able to share and find content and professionals with specific knowledge to guide them when necessary. In addition, the tool promotes great exchange of experiences and generates the possibility to co-create solutions in discussion forums. The platform also benefits internationalization of knowledge and addressing of gaps, increasing individual and collective productivity of Members. The platform was launched in March 2019 and, with it, we hope to be an even more agile, efficient, collaborative, and competitive organization, ensuring collective knowledge in favor of our global competitiveness.

More attractive

In 2018, we were named one of the most attractive companies for startups, according to a ranking by 100 Open Startups in Brazil, a platform for engagement between companies and startups that was created by more than 70 leading organizations worldwide, which evaluate and classify startups around the world to generate business.





INVESTMENT IN THE FUTURE

A sustainable entrepreneurship platform already consolidated within the company, Braskem Labs seeks startups with high-impact solutions and entrepreneurs who believe in their potential to transform the world. The initiative is currently divided into three programs with different focuses: Ignition, a program for those who have a good idea that uses plastic and/or chemicals for improved social and environmental impact and want to transform it into a business; Scale, for those who already have a consolidated business and seek to gain scale; and Challenge, which seeks startups to solve challenges posed by our various areas.

In 2018, through Scale, 10 startups were accelerated during four months through dozens of mentorships and business connections. Meanwhile, 18 challenges were proposed to the startup ecosystem, and various pilot projects are currently being developed within us to capture efficiency gains or reduce costs in our different areas.

SCALE



- 158 companies signed up to participate in the program
- 10 companies accelerated
- 42 Braskem Leaders engaged as mentors, sponsors, or specialists
- 40% of the accelerated companies did business with us
- 30% are already in contact with potential investors

CHALLENGE



- More than 270 startups registered
- 22 Braskem areas registered
- 18 challenges proposed
- 19 pilot projects being developed
- Approximately R\$ 500,000 in investments

INVESTMENT

R\$ 1,435,836.54



2016

R\$ 1,779,574.00



2017

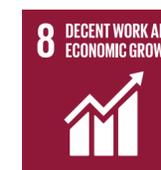
R\$ 1,996,600.06



2018



STAKEHOLDERS



BEU^x – AN OPEN INVITATION TO LIVE NEW EXPERIENCES TOGETHER

MEMBERS

103-2, 103-3, 404-2, 405-1

We are a people-oriented organization and, for us, it is essential to create value for all our stakeholders. It couldn't be any different with our Members. Promoting the development of all and creating an environment where people can grow professionally and personally is at the center of the strategy of the People & Organization department.

We care about people from before they enter the company until they leave. We want to ensure that the time they spend with the company is a positive experience. Thus, since 2017 we have been reinforcing the implementation of several initiatives to make our work environment more receptive, integrated, creative, and collaborative.

We search for the new at all times. In 2018 we consolidated our Value Proposition with the BeU^x, which brings together new possibilities of how people can develop, learn, and experience work.

The twisted **semicircle** with Braskem's colors reinforces the concept of constant transformation and the experience that is renewed and reinvented at every moment. It proposes the ability to renovate complex systems through subtle changes.

Be: As a verb, 'Be' is the action element of BeU^x. It reinforces the assumption that the career, the achievements and the professional path within Braskem depend on the movement and attitudes of each individual as part of a whole. It also reinforces the assumptions of originality, diversity and respect for People.

'Be' also brings forward the power of a group, of self-affirmation and of how members recognize themselves and others and the work that is done from the inside out.



The "U", the leading role of our Members in the construction of the whole gains strength. It emphasizes the invitation to live experiences at Braskem, shows that Members need to be in group and thus make the global and collaborative transformation.

The "X", along with the "U", creates the expression UX. It represents the movements of the future of work, they come in the form of experimentation. It raises Members to the power of their experience, of sharing, of learning, of what can be experienced together.

The words "BE" and "U" have different weights, thus facilitating sound and pronunciation.

LEADING ROLE AND FLEXIBILITY

Society is changing. And so is the way people perceive work. Attentive to how these transformations are rapidly impacting the work environment, with the definition of our Value Proposition we have identified several initiatives to continue evolving in our people management model.

Throughout the year, we involved around 300 Members from all countries where we operate to help us identify opportunities for improvement and build new people management practices. After several meetings, nearly 4,800 changes were suggested. Among these initiatives is a working model that brings greater flexibility and self-direction to professionals.

We created a more flexible workplace, allowing Members to carry out their activities from places other than the company's headquarters on certain days of the week. The change offers greater convenience in performing the day's tasks, strengthening our relationship of trust and professional maturity.



A NEW EXPERIENCE

In the search for new ways of working and as an invitation to live new experiences, in addition to flexibility, we are also betting on the integration and sharing of spaces. With the physical implementation of this new concept, all our floors at the company's headquarters in São Paulo (Brazil) underwent a renovation to make the office a more open corporate environment.

Workstations are no longer fixed, and people can sit where it is most convenient, either close to their team or close to Members in other areas. The idea is to facilitate closer relations between different areas, opening up opportunities for coexistence and co-creation.

Furthermore, in order to increase the spaces for temporary projects, in which multidisciplinary teams are dedicated for long periods of time, specific rooms have been created for this purpose. This initiative is linked to the process to define our Value Proposition, which showed the importance of increasing the opportunities for interaction between people and allowing each Member to play a leading role in carrying out their activities, regardless of where they are. As of 2019, some of these new internal onboarding initiatives will be replicated to other offices and industrial units, observing the specificities of each region and country.

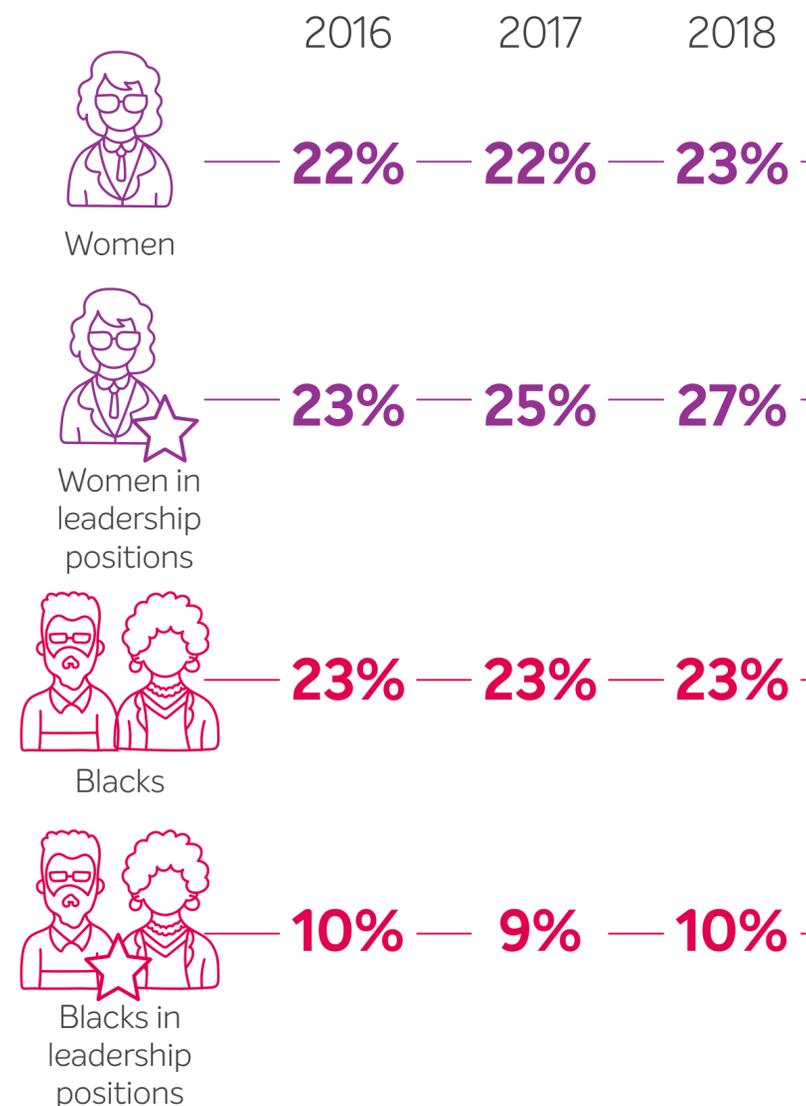
MORE DIVERSE, INCLUSIVE, AND HUMANE

103-2, 103-3

Our mission to work toward a better society for current and future generations also includes human rights. For this reason, every day we work to become an increasingly inclusive and welcoming company. We give everyone equal opportunities through the Diversity & Inclusion program. In addition to holistic actions, our initiatives are based on five work fronts aimed at the inclusion and empowerment of historically marginalized groups: women, LGBTQIA+ (Lesbian, Gay, Bisexual, Transgender, Queer, Intersex and Assexual), black people, socially vulnerable people, and persons with disabilities.

In Brazil, we focused on actions that promote awareness and mobilization on the topic. In 2018, more than 500 Leaders were trained in the topic. We created the affinity network for LGBTQIA+ Members and started hiring transgender people and persons with disabilities. We organized the Braskem Forum on Diversity and Inclusion and approximately 500 Members participated. We also organized the second Diversity and Inclusion Week, with the topic "Empathy," which featured actions in our units throughout Brazil.

In the United States, 2018 was the first year of advancing the local diversity strategy, with the formation of a committee dedicated to the topic and training sessions conducted at all sites.



Note: We don't have yet have specific indicators for people with disabilities and LGBTQIA+.

THE IMPORTANCE OF GOOD COMMUNICATION

The way we communicate says a lot about us. Thus, in order to strengthen the work on inclusion and diversity, in 2018 we launched a guide for our Members on how to communicate while respecting gender, sexual orientation, race, ethnicity, origin, physical or mental condition, religion, education, and other characteristics that enrich diversity within Braskem and society.

The guide shows, above all, the importance of inclusive communication, and reinforces the awareness that work environments are composed of people with different characteristics and therefore it is important to communicate in a manner that is including, valuing, respecting, and welcoming all diversity inherent to human beings.



Guia Comunicação Inclusiva



Click here to learn more about our diversity processes.

IN 2018, WE WON THE EXCELLENCE OUT AND EQUAL AWARD FOR OUR ACTIONS TO PROMOTE THE INCLUSION OF LGBTQIA+ PEOPLE.

WHO WE ARE

405-1

TOTAL NUMBER OF MEMBERS (WORLDWIDE)

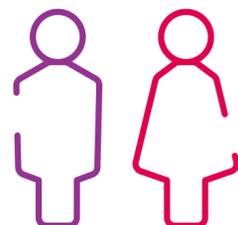
2016 2017 2018



6,005 — 6,010 — 6,176



1,651 — 1,703 — 1,832



7,656 — 7,713 — 8,008

RATIO OF SENIOR MANAGEMENT HIRED WITHIN THE LOCAL COMMUNITY

103-3, 202-2

According to our culture, the exchange of people between business units in Brazil and abroad is a common practice for the development of Members, an initiative that may have a direct impact on this indicator.

	2016	2017	2018
Brazil	53%	56%	58%
United States	N/A	N/A	N/A
Germany	67%	67%	75%
Mexico	26%	29%	28%
International offices	0%	0%	10.5%
Total	49%	51%	53%

* Members of senior management are Members from grades 3 to 10 who have direct reports (managers, directors, vice presidents, and president). To calculate the number of Leaders from the local community (born in the same state where they work), we used the number of Leaders in senior management positions versus the place of birth, with the exception of the United States, which does not have this information (for legal reasons). This indicator is monitored for all countries where we operate, for those with industrial units and those with commercial offices only.



RATIO BETWEEN THE LOWEST SALARY COMPARED WITH THE LOCAL MINIMUM WAGE*

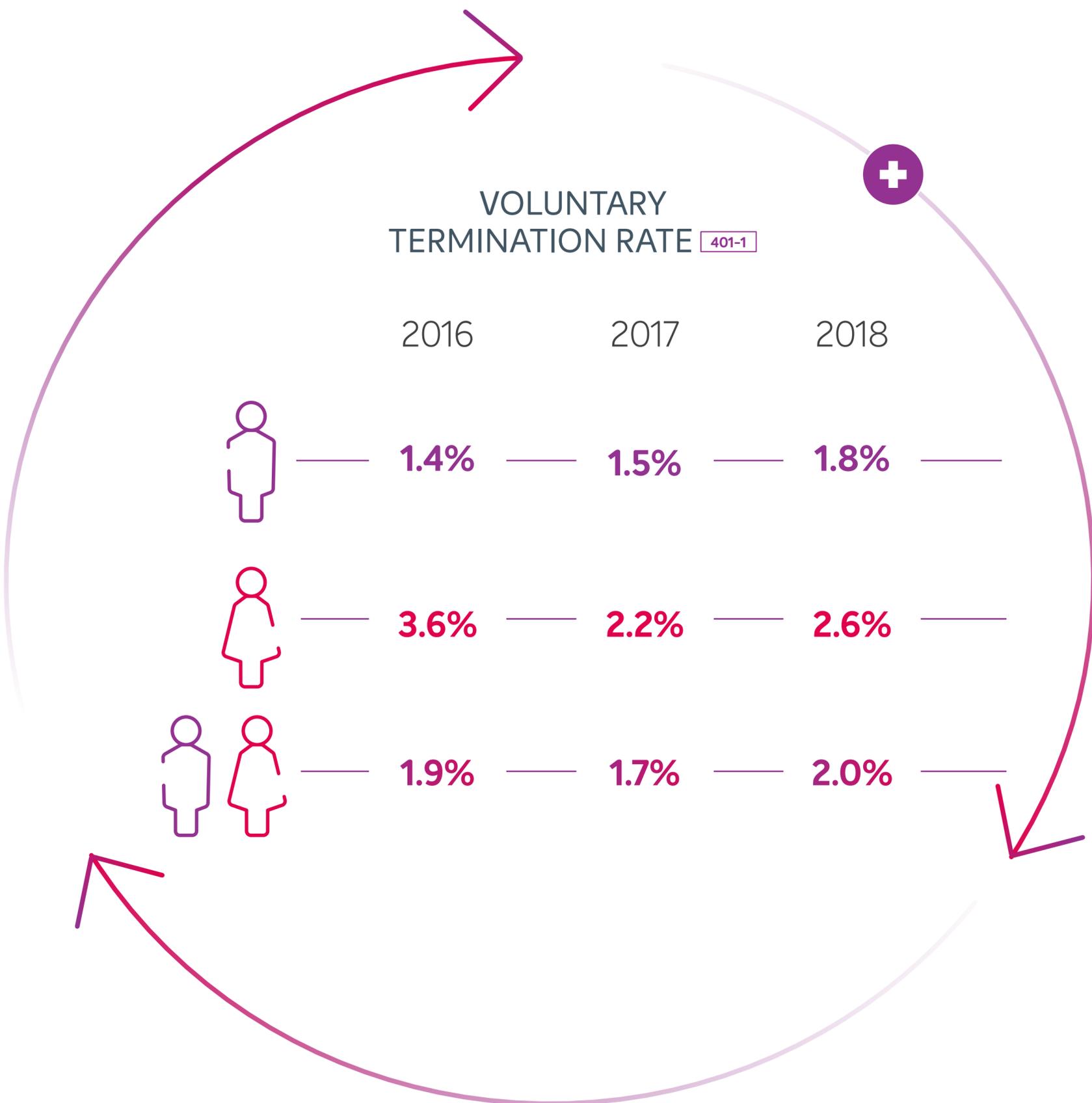
202-1

	2016	2017	2018
Brazil			
Alagoas	1.5	1.5	1.5
Bahia	1.6	1.6	1.6
Rio de Janeiro	2.2	2.1	2.1
Rio Grande do Sul	1.8	1.8	1.8
São Paulo	1.8	1.7	1.7
United States	3.1	3.1	3.5
Germany	2.0	2.0	2.1
Mexico	3.5	3.6	3.3

* The calculation method used considers the lowest salary paid by us using the Hay table (a table of salaries and wages established by us) valid until December using 85% of the range in Brazil and Mexico (lowest percentage of the range that varies between 85 and 115) and 80% of the range in the United States and Germany (smallest percentage of the range that varies between 80 and 120) of the smallest wage compared with the local minimum wage that is established through local bargaining agreements, for Brazil, and the local minimum wage for non-unionized Members. At all locations, we offer Members salaries above the minimum wage in the region.

VOLUNTARY TERMINATION RATE 401-1

	2016	2017	2018
	1.4%	1.5%	1.8%
	3.6%	2.2%	2.6%
 	1.9%	1.7%	2.0%



ATTRACT AND DEVELOP PEOPLE⁵

[103-2, 103-3, 402-2, 404-2](#)

Supporting the growth and development of our Members is a priority for the People & Organization department. Thus, throughout 2018 we continued to implement various programs focused on integration, development, and preparation and training of Leaders.

We strengthened our connection to student entities in order to bolster our position as a company capable of attracting young professionals. As proof that we are on the right track, in 2018 alone we were recognized by Love Mondays as one of the 50 companies most loved by Members and interns, as one of the Dream Companies for Young People by Cia de Talentos, and as one of the Best Companies to Start a Career by Você S/A.

In 2018, our university and technical internship programs had around 35,000 applications, a 32% growth compared to 2017. For the selection process of the university internship program, a pilot project was carried out using artificial intelligence in the application phase and with online dynamics and game phases to ensure a better fit to the profile we were seeking. On another front, our Operator Training program hired 40 interns and 89 trainees, and supported our strategy of renewing the Industrial team. In Mexico, 41 interns were hired and 10 were employed for positions in industrial and support areas such as analysts and technicians.



As part of the Leaders' training strategy, we offer classroom programs and development opportunities through distance education in three environments: the Self-Development Portal, the LMS Platform, and the Technical Development Platform. In Mexico, approximately 80 individual development plans were conducted for Leaders. Main training topics were crucial conversations between Leader and direct report, international programs, leadership acceleration, strategic planning, and coaching sessions. In all, there were more than 2,600 hours of Leader training. In 2018, in Mexico, the program for developing new

leaders was also launched, and looked to prepare Members for their first transition to leadership positions. In the United States, 21 leaders participated in development workshops.

Also in 2018, we launched Braskem's new Career Philosophy, looking to guide Leaders and Members in building their careers in the company, in line with the current scenario and our Value Proposition. For the year, R\$ 272 million was invested in training 6,825 Members worldwide.

For us, career is a sequence of diverse and meaningful experiences that enhance the development of our Members. There are many possible ways to build a career, and each Team Member is encouraged to pursue their own path to achieving a higher level of satisfaction and strengthening their individual purpose while delivering results for the company.

MOST LOVED: We are among the 50 largest Brazilian companies most loved by their employees, according to Love Mondays.

YOUNG PEOPLE'S DREAM: After a survey conducted with more than 70,000 people, we received the "Dream Career" award in the "Youth" category.

BEST COMPANY: We were chosen as one of the Best Companies to Start a Career by Você S/A.

⁵ The Horizontes program was discontinued in 2017, and we do not currently have programs for Members in the post-career transition process



INDIVIDUAL PERFORMANCE MANAGEMENT

404-3, CRITERIA 8 - COP

All of our Members around the world undergo annual performance evaluations that consider the Member's contribution to the organization in quantitative terms (results) and alignment with the culture. This performance and career management is the basis for dialogue in the relationship between Leader and direct report, who plan and agree on the results to be achieved in the year in an Action Program—the PA – as it is known in the company.

Throughout the period, the evolution of results is monitored and, if necessary, new directions are defined. The assessment takes place at the beginning of the following year and serves as a basis for identifying development opportunities to be included in the PA for the following year or in the plan called Education for Work, which includes actions to support continuing education and recommendations for corporate programs.

Finally, in the judgment phase, the Leader decides on the Member's next steps in a clear, fair, impartial manner, and in line with the organization's mission and goals.

The process is carried out in all locations where we operate. All Members have an individual PA, a requirement to receive their variable pay, which is associated with achievement of

goals. Based on the development and growing challenges in the PA, the Member is evaluated in the People Planning and Succession process that seeks to ensure career planning for strategic positions within the company.

TRADE UNION RELATIONS

102-41, CRITERIA 6 E 8 - COP

We recognize Unions as the legal representatives of our Members, and we always seek dialogue and understanding as the preferred means of resolving possible labor and Union conflicts. In Brazil, almost all of our Members are represented by Unions. Collective bargaining agreements are conducted directly by our Brazil's Labor Relations team or through the Employers' Unions, also with the support and participation of said team.

Concerning Members worldwide, only a few at the Neal plant in the United States are covered by collective bargaining agreements. In Germany, none of the plants has had this type of coverage since 2014, since the country does not have an agreement in place for the chemicals and petrochemicals category. In Mexico, only unionized Members of the operation are covered by collective bargaining agreements.

The PA cycle consists of four phases:

1. Planning/Pact
2. Monitoring
3. Assessment
4. Judgment

	BRAZIL	U.S.	GERMANY	MEXICO	INTERNATIONAL OFFICES	TOTAL
Members covered by collective bargaining agreements	6,098	59	0	339	0	6,496
Total number of Members ¹	6,173	754	188	812	81	8,008
% Members covered by collective bargaining agreements	98.8%	7.8%	0.0%	41.7%	0.0%	81.1%

¹ Does not include interns

COMMUNITIES

103-2, 103-3, 203-1, 301-3, 413-1

A NEW STRATEGY

In 2018, we reviewed our Private Social Investment (ISP – Investimento Social Privado) strategy created in 2012. With the support of an external consulting firm specialized in sustainable management, we defined a model that brings greater connection with the business and is in line with our Sustainable Development Policy. Now, we are guided by three priority causes: sustainable consumption and post-consumption; innovation and sustainable entrepreneurship; and local development.

The purpose is to maximize the positive social and environmental impact of Braskem, build lasting relationships, and contribute to the sustainable development of the communities where we operate and of society as a whole. Thus, all our ISPs must fulfill three basic objectives: to increase the positive social and environmental impact, to promote the company as a provider of sustainable solutions, and to establish relationships of trust with communities and other stakeholders. This strategy reinforces our belief that ISP projects can be leveraged through coordination and partnerships, ethics and transparency, internal engagement, and business connection.

Private Social Investment (ISP) is the voluntary, planned, monitored, and evaluated use of our private resources to carry out initiatives of public interest, guided by the company's strategy and by a participatory action of the community, public authorities, and other companies.

MAXIMIZE OUR POSITIVE IMPACT, BUILD LASTING RELATIONSHIPS AND CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT OF THE COMMUNITIES IN WHICH WE OPERATE AND OF SOCIETY AS A WHOLE

SOCIAL AND ENVIRONMENTAL IMPACT

Expand the positive social and environmental impact generated by Braskem, contributing to transform the reality of the communities where we operate.

REPUTATION

Promote Braskem as a company that provides sustainable solutions to local and global challenges and be recognized by communities as a partner of local development

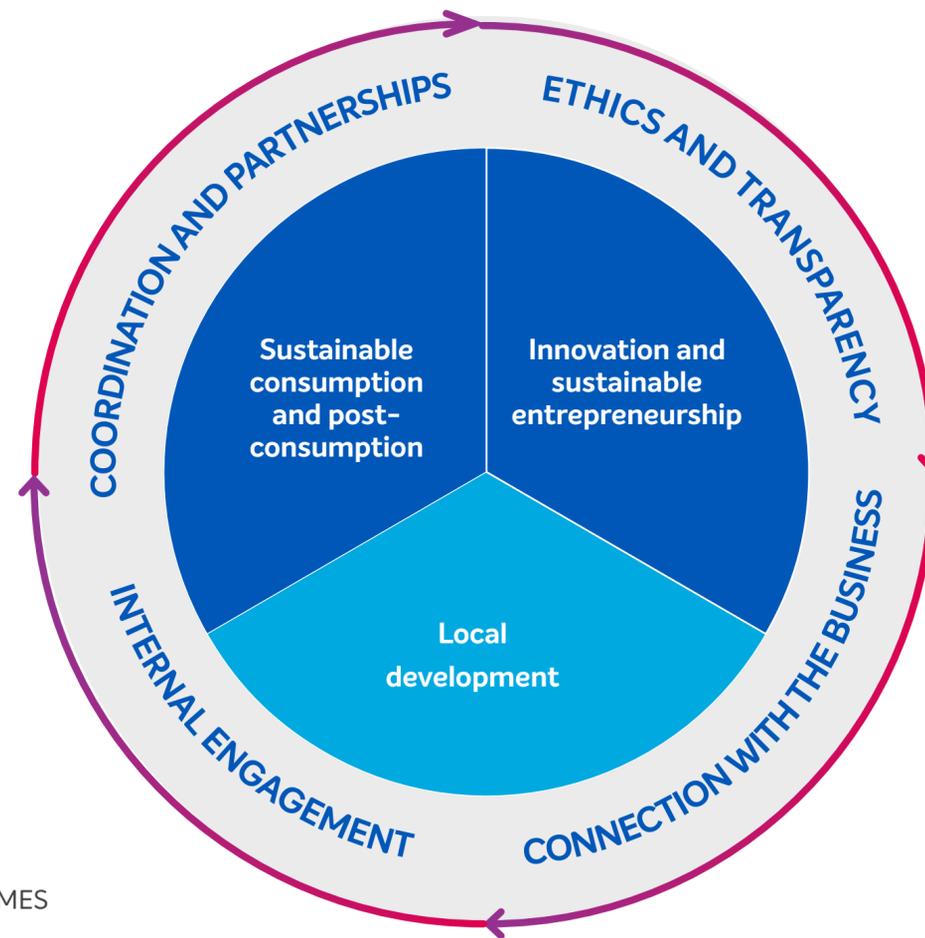
RELATIONSHIP

Establish relationships of trust and maintain permanent dialogues with our communities and other stakeholders

Lead education practices for sustainable consumption and provide scale and sustainable solutions, considering the life cycle of products, especially plastic, through actions to promote the 4Rs: rethink, reduce, reuse and recycle

Empower people to develop businesses that have a positive impact on society and the environment

Promote and actively participate in actions aimed at the social and environmental development of the locations impacted by Braskem.



PORTFOLIO REVIEW

Based on our new strategy, we map out each project’s strengths and opportunities and consider the demands of the communities themselves. This is an important process that has made it possible to improve projects that have good potential, to maintain those that are efficient, and to verify the possibility of conducting new projects that meet other needs.

PROJECTS EVALUATED



After the analysis, we found that only 34 projects fit our ISP criteria. In order to meet the requirements, the project must be planned, monitored, and evaluated, and have a participatory community action. Projects that do not meet these criteria are considered one-time support or donations.

OUR IMPACT CRITERIA 16 - COP

In 2018, we directly helped nearly 200,000 people in different areas where we operate. Our local and global actions have had a positive impact on both the community and the environment.

		2017	2018
Beneficiaries	Direct	144,000	199,281
	Indirect	-	350,910
One-time support or donations		26	46
Private Social Investment (ISP) projects	Brazil	40	34
	Mexico	6	7
	Global	1	1
	Total	47	42
Sorted waste (kg)	(Ser+)	14,352	25,022
Plastic waste collected and redirected (ton)	Plastianguis	7	28

GLOBAL PRIVATE SOCIAL INVESTMENT (ISP)

	Investment	Number of projects	Beneficiaries
BRAZIL	R\$ 8,342,553.97	34	115,867
GLOBAL	R\$ 954,493.98	1	70,954
MEXICO	R\$ 273,430.73	7	3,990
TOTAL	R\$ 9,570,478.68	42	190,811

GLOBAL INVESTMENT BY COUNTRY (ISP + DONATIONS)

	Investment	Number of projects	Beneficiaries
GERMANY	R\$ 2,160.68	1	-
BRAZIL	R\$ 18,636,399.29	57	120,827
UNITED STATES*	R\$ 226,845.92	13	2,010
MEXICO	R\$ 964,766.43	16	5,490
GLOBAL	R\$ 954,493.98	1	70,954
TOTAL	R\$ 20,784,666.30	88	199,281

*Numbers reported up to third quarter of 2018



CLICK HERE TO LEARN ABOUT OUR CAUSES

GLOBAL INVESTMENT BY CAUSE (ISP + DONATIONS)

CAUSE	INVESTMENT
Sustainable consumption and post-consumption	R\$ 5,058,198.95
Local development	R\$ 13,580,460.57
Innovation and sustainable entrepreneurship	R\$ 2,146,006.77
Total	R\$ 20,784,666.30

COMPLIANCE: REVIEW OF THE GUIDELINE AND PROCEDURE

In order to improve our management practices and continue the process initiated in 2017, we reviewed the Global Guideline for Sponsorships and Donations, the procedures of each country, the documents that guide the selection of proponents, and the monitoring and transparency of the process. This review was done in all regions where we operate: Brazil, Mexico, the United States, and Europe.

In partnership with Deloitte, all projects conducted in Brazil in 2017 had their accounts audited to ensure that all investments were being properly allocated and correctly used, pursuant to the provisions set out in the agreements with each proponent. This evaluation may include an on-site audit if the project meets certain review criteria, such as:

- If the amount invested is equal to or greater than R\$ 500,000
- If the due diligence assessment finds that the proponent has a high level of risk
- If it is a donation from the Odebrecht Foundation
- If the regular audit disapproves the project, even partially





OUR PROJECTS 103-2, 103-3

Braskem Volunteer Program

The program was created to promote a positive social and environmental impact in the communities surrounding our operations and to improve people's quality of life. The program is global and, in addition to Brazil, has the participation of Mexico and the United States. In 2018, actions were carried out in two ways:

Competition: Members of the company joined forces to work in a social organization in the community for a specific period of time. The collaborative competition took place from May to August and, as recognition, donations were made to entities supported by the teams that achieved the highest score in each country.

Task forces: In an unprecedented manner, several individual actions were carried out in a group in each of the locations in which we operate. Donation campaigns and actions were also promoted with people from the community in situations of social vulnerability.

One of the main indicators of success of the Volunteer Program is the engagement rate, which grew significantly in 2018, reaching 16% globally and 4,400 hours of volunteer work.

	2017	2018
Investment	R\$ 290,511.63	R\$ 954,493.98
Direct beneficiaries	36,167	70,954
Indirect beneficiaries	159,018	350,910
Participants	856	2,759
Braskem members	359	1,287
External guests	497	1,488
Hours donated	4,550	15,964
Institutions benefited	47	64
Actions taken	1,222	2,226
One-time donations	18,786	32,010
Task forces	-	15
Donation campaigns	-	4
Engagement rate (percentage of total number of Braskem members)	4.7%	16%

IN JUST ONE YEAR, THE VOLUNTEER PROGRAM HAD:

▶ **222%**
increase in participation of volunteers

▶ **82%**
more actions

▶ **70%**
growth in donations

▶ **251%**
more hours dedicated by volunteers



Ser+ 301-2, 301-3

Ser+ is a project to promote social inclusion and the socioeconomic development of those responsible for sorting recyclable material and of cooperative members by promoting the development of the national recycling chain in Brazil.

In 2018, we consolidated the national implementation of the project, covering all regions in which we operate. Through the partnership with Mãos Verdes (Green Hands), we invested and expanded the Sorting Units (UT – Unidades de Triagem) and approved 37 cooperatives based on human rights criteria and, among them, two are qualified to serve our Wecycle program. One of the most important results is the 26% increase in the monthly income of those benefiting from the project, more than double the target set for 2018.

It is important to note that given the wide variety of specifications and packaging requirements, most packages that carry the Wecycle seal contain a higher percentage of recycled resins, although there is a need to mix with virgin resin in order to meet quality standards. With the advance of the initiative and new partnerships, we plan to expand our volume of recycled resins to 900 tons per month in 2019.

WE SEEK TO BE A COMPANY PROVIDER OF SUSTAINABLE SOLUTIONS



	2016	2017	2018	GOAL 2019
Investment	R\$ 1,210,924.68	R\$ 1,966,508.50	R\$ 1,698,489.70	-
Sorting units / Cooperatives served	45	35	37	40
Number of cooperatives eligible to serve Wecycle	-	-	2	2
Sorters benefited	3,444	1,278	1,057	1,000
Sorters trained	858	326	472	600
Volume of waste sorted (kg)	30,824	14,352	25,022	60,000
Volume sold/month – T/UT	-	-	72	60
Percentage of sorters with increased income	-	-	52%	40%
Increase in income/month	23%	42%	26%	12%



Edukatu

Developed in 2013 through a partnership between us and the Akatu Institute, Edukatu takes environmental education and concepts of sustainability and conscious consumption to schools across Brazil. We also entered into partnerships with municipal boards of education of seven cities in the States of São Paulo, Rio de Janeiro, and Bahia, and with the São Paulo State Department of Culture, which significantly increased the reach of the project.



2016 2017 2018 GOAL 2019



TOTAL NUMBER OF PARTICIPANTS

— 28,441 — 38,773 — 42,073 — 46,210 —



TEACHERS INVOLVED

— 2,591 — 2,382 — 2,095 — 1,000 —



STUDENTS INVOLVED

— 5,710 — 7,126 — 5,388 — 4,950 —

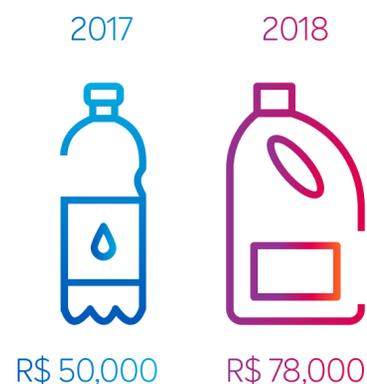


Ecobarreira

Ecobarreira (Ecobarrier) is a project carried out in partnership with the Safeweb Institute in Porto Alegre, created to prevent solid waste from reaching Lake Guaíba. Installed in the stream called Arroio Dilúvio in March 2016, Ecobarreira has received our support since 2017 as an environmental education project focused on raising awareness among children and adolescents about conscious consumption and sustainable post-consumption.

Since its inauguration, Ecobarreira has already prevented 475 tons of material from being released into the lake, an average of 180 tons per year. After studying the material collected in the stream, it was found that only 8.2% of the material collected is plastic, and of this total, nearly 20% can be recycled.

Investment



Pescadores de Mel

Through a partnership with Uniprópolis, the project teaches fishermen from four regions in the State of Alagoas: Maceió, Barra de São Miguel, Marechal Deodoro and Coqueiro Seco (Brazil) the trade of honey production and hydroponic farming. The goal is to promote generation of additional income for fishermen during the annual fishing ban, in addition to social inclusion and technical training. The honey and propolis produced have unique medicinal properties and help strengthen the region's trade.

	2016	2017	2018
Investment	R\$ 50,000	R\$ 50,000	R\$ 50,000
People trained in beekeeping	133	91	178



SOM + Eu

The music education project in Duque de Caxias (Brazil) offers free music workshops and has a permanent calendar of artistic and cultural events. The idea is to promote social inclusion of beneficiary students, who participate in their free time. The project also includes other initiatives, such as Orquestra Tubônica, which combines music with environmental education by producing musical instruments made of plastic, such as PVC.

	2017	2018
Investment	R\$ 250,000 (ICMS)	R\$ 214,287 (54 BRK, 160 ICMS)
Young beneficiaries	258	334

Plastianguis

Held in Mexico, the event encourages recycling and helps educate the community to identify and sort plastic waste, which is exchanged for coins called PlastiPesos. The coins are used to buy cleaning products and food for a price subsidized by us. In 2018, sorting reached 28 tons—304% higher than the previous year. The material was sent to recycling cooperatives in the region.

	2017	2018
Families benefited	400+	800
Community participants	1,000	3,200
Products delivered (staples basket)	6,000	19,824
Volunteers	66	130
Hours of volunteer work	600	1,170 (average of 9 hours per person x 130 people)
Plastic collected (tons)	7	28.3
Food staples products distributed (tons)	-	21.7
Investment (MXN\$)	MXN\$ 603,889.51	MXN\$ 1,192,338.40
Investment (R\$)	R\$ 102,243.37	R\$ 227,563.28
PlastiPesos distributed	79,534	201,967
Food staples baskets distributed	494	1,239

Inclusion and diversity at The Franklin Institute

We have become the official partner for Diversity and Inclusion at The Franklin Institute, in Philadelphia, one of the largest and oldest centers of science, technology, education, and development in the United States. This partnership allowed us to support programs such as Color of Science, Women in Science, and Introduce a Girl to Engineering.

The purpose of the initiatives is to drive diversity in STEM (science, technology, engineering, and mathematics) fields, and they offer practical activities, special workshops, and opportunities for direct interaction with academic leaders, industry executives, and influential leaders.

We are already a partner of The Franklin Institute in other projects, collaborating with commitments in sustainability and state-of-the-art technology that impact more than 1 million people each year. In 2018, the company was the main sponsor of the Women in Science Day event, which included a presentation by Yi So-yeon, a biotechnologist and the first Korean astronaut to go to space. The company is also a constant supporter of the Philadelphia Science Festival, where we present content about the benefits of plastic to attendees.

WE INVEST TO EMPOWER LOCAL WORKERS



Respect to local cultures 411-1

Maintenance of traditional local cultures and livelihoods is part of what we monitor in the areas surrounding our operations. Since 2015, we have supported a participatory fishing monitoring program that has been tested and implemented in the communities of Ilha da Maré (Bahia) by Instituto Maré Global. The program has annually empowered nearly 100 fishermen and shellfishers to reproduce their traditional way of life.

The work of the Institute, which also involves emancipatory environmental education, has been expanded to the schools in the region through the traveling Environmental Tent. In 2018, 269 children learned about the value of local knowledge and environmental preservation and conservation in the communities of Praia Grande, Santana, Botelho, and Martelo.

The innovative tent provides space for debates about protecting and improving local knowledge about fishing, and promotes synergy among the residents who depend on the quality of artisanal fishing. This synergy resulted in the creation of the Institute of Artisanal Fishing (IPA -



Instituto de Pesca Artesanal) in 2017 and inauguration of its headquarters in 2018. As a legitimate representative of the demands of the communities of Ilha de Maré, this year the Institute undertook its first initiative: to register IPA at the Social Security Institute (INSS) to allow it to provide services such as issuing of a General Fishing Register (RGP - Registro Geral de Pesca), which guarantees fishermen's rights to disability insurance, retirement, maternity aid, etc.



Open dialogue with the community

CRITERIA 5, 7 E 10 - COP

We consider the relationship with the local community to be extremely important and, to this end, we established a series of communication channels. Each regional office has specific communication channels for the community. Some of these channels are accessed through Development Committees—this is the case in Triunfo and Bahia, where communication channels were defined through COFIP and COFIC, respectively. In addition, the company has a corporate channel, where questions, complaints, and comments are received by our Corporate Health, Safety, and Environment team and submitted to the corresponding area. In the case of reports on issues related to topics such as harassment and discrimination, we have in place the Ethics Line Channel, as covered in the Compliance and Governance section.

OPERATION AT PINHEIRO 413-2

Braskem has been conducting mining activities in Alagoas (Brazil) since 1975, when the company was still known as Salgema. The activities consist of the exploitation of salt that is used in the production of chlorine and soda.

Since March 2018, when there were seismic shocks in Maceió, Alagoas, after the heavy rains that occurred at the time, we began to monitor the worsening of the cracks in the buildings in the District of Pinheiro in Maceió, and since then the wells in the area have been deactivated and are not operational.

Braskem has signed an agreement to implement emergency measures in the neighborhood and has provided support, information and collaboration with relevant public authorities on the issue.



To learn more, visit our website: www.braskem.com.br/esclarecimento-alagoas (Portuguese only)



SUPPLIERS

103-2, 103-3, 102-9, 308-1, 414-1, CRITERIA 2, 3, 6 AND 9 – COP

As an essential part of our successful operations, our Suppliers are managed through a decentralized structure, with areas responsible for cost analysis, quality assessment of products and services, and adherence to the Code of Conduct for Third

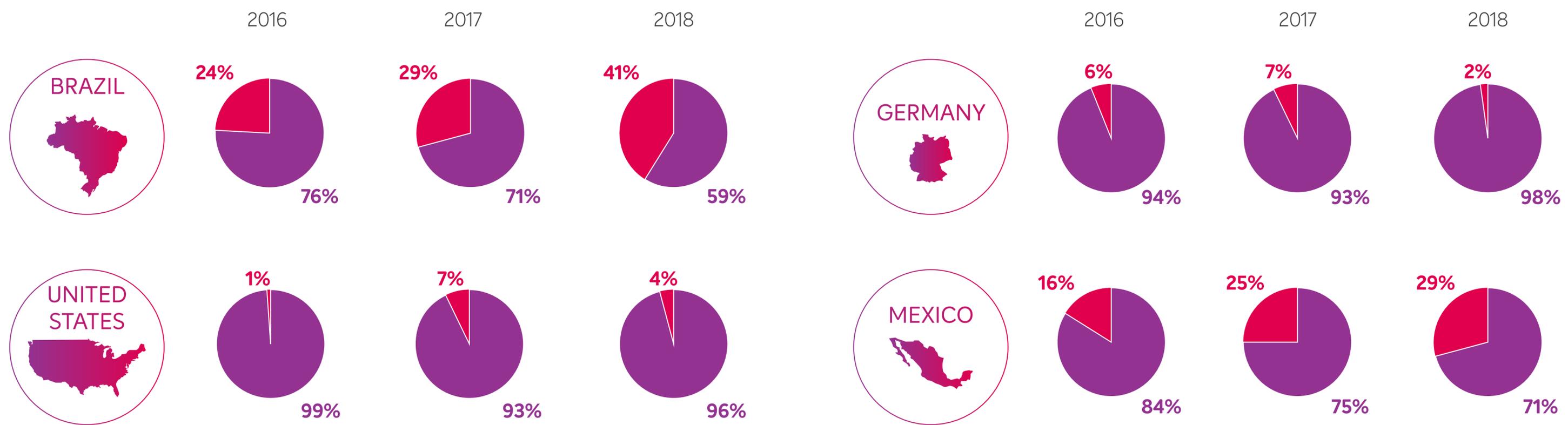
Parties. The Code was inspired by widely accepted documents that include, among others, the UN Universal Declaration of Human Rights, the procedures recommended by the International Labor Organization (ILO), and the laws and

regulations of the countries where we operate. In addition, in the case of contracts for industrial areas, all Suppliers must also respond to and address our minimum Health, Safety, and Environment requirements, based on our HSE Policy.



PROPORTION OF SPENDING ON LOCAL SUPPLIERS BY COUNTRY* 204-1

● NATIONAL ● FOREIGN

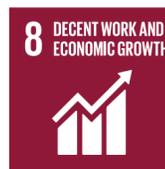
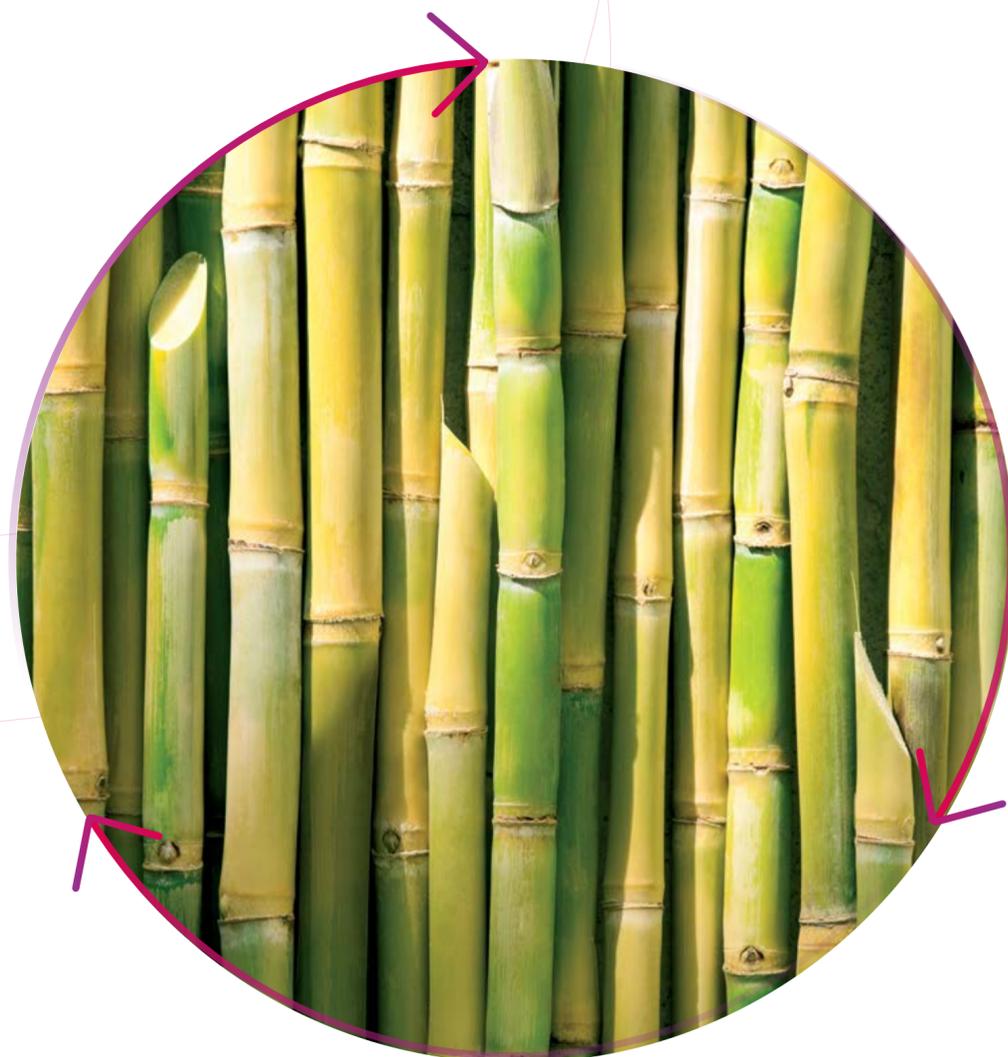


*For the purpose of calculating this indicator, we consider national suppliers as "local," and significant places of operations are the countries where we have industrial units.

MAIN SUPPLIER CATEGORIES

Ethanol: This product has one of the most rigorous management processes at Braskem. To ensure compliance with mandatory requirements, in 2016 we launched the Responsible Ethanol Procurement Program, also intended to improve issues such as slash and burn, biodiversity, and best practices in environmental, human rights, and labor aspects.

Fossil raw materials: Among the products in this category are naphtha, condensate, ethane, propane, and LRH in Brazil, ethylene and propene in the United States and Germany, and ethane in Mexico.



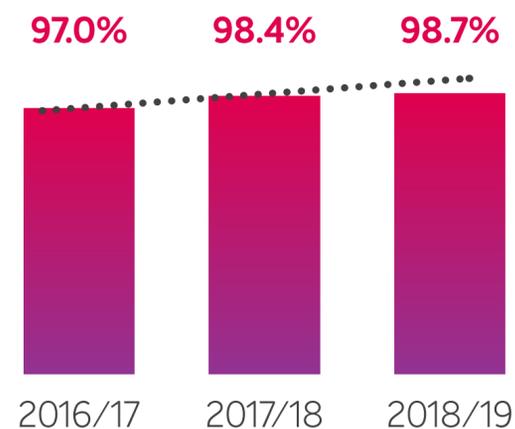
Management of ethanol Suppliers

CRITERIA 6 - COP

Our management for this category of Suppliers is based on compliance issues (mandatory requirements) and excellence (points for continuous improvement). In 2018, 95% of the ethanol purchased by us was produced by Suppliers that conformed to these two pillars. To this end, we guarantee the commitment of 50% of SPOT supplier mills. The other 50% signed, at least, our Code of Conduct for Third Parties.

In addition, 100% of the committed supplier mills and a sample of their sugarcane suppliers are audited by third parties every two years. In 2018, Control Union audited 20% of our supplier mills, which demonstrated their continuous annual evolution. During this audit, three nonconformities were found in a new partner, all related to supplier management. We will follow up on this issue in 2019 to ensure mitigation of risks related to fair work in the value chain.

% COMPLIANCE



Click here to access our Code of Conduct for Third Parties

⁷ Suppliers that, although registered at Braskem, do not have supply agreements.



PROCUREMENT CRITERIA 2 - COP

The year was of great importance for procurement. Responsible for contracting services (industrial and corporate), purchasing direct materials (inputs), indirect materials (MRO), and equipment, throughout the year we managed to advance our global operations, leverage important projects for the procurement processes, implement new technologies, train the team, and obtain significant gains to the company through our trading strategies.

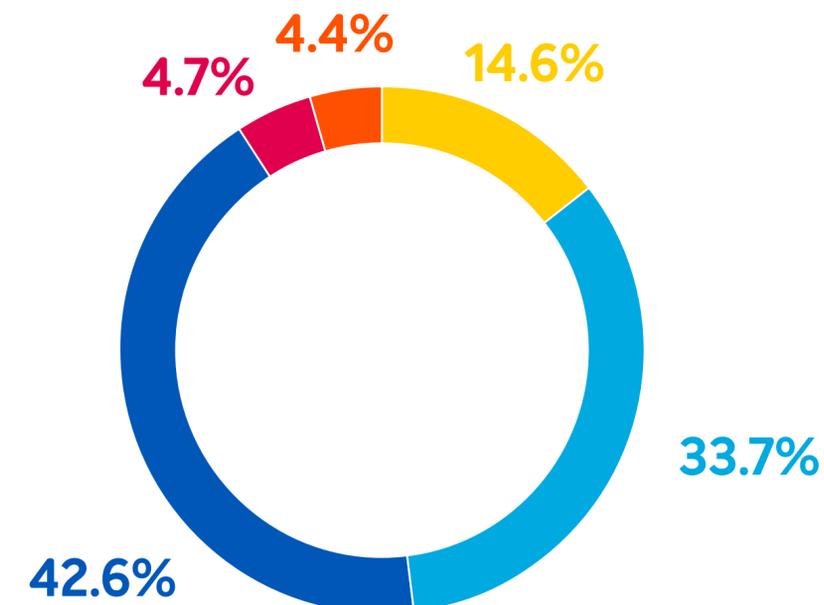
We are also responsible for ensuring reliability, through transparent purchases and following the formal processes of the organization. To this end, in addition to the information about internal needs, it is important to have detailed knowledge of our Suppliers to predict the financial and managerial impacts of the negotiations. Tools such as Suppliers Radar (which identifies companies with greater exposure to labor and economic risks) and due diligence processes are examples of information that the procurement area uses to better conduct its negotiations within technical, quality, and cost criteria to ensure the good performance of our operations, always with consideration for ethics and responsibility.

Another tool is the quarterly Supplier evaluation process. This evaluation generates the Supplier Performance Index (IDF - Índice de Desempenho de Fornecedores) and is applied to all Suppliers considered critical in the sustainability assessment. Deviations identified through the assessment are dealt with in an action plan involving the user areas, Suppliers and procurement.

Percentage of number of Suppliers by type of service

With 4,636 Suppliers registered, we continue working to become increasingly digital and global, acting as a driver for sustainable development throughout the supply chain in which we operate.

- INPUTS
- LOGISTICS
- MACHINERY, EQUIPMENT AND INSTALLATIONS
- ENERGY
- TECHNICAL AND COMPLEMENTARY SERVICES



More global and sustainable

The globalization process of procurement was started in 2017 and developed in 2018 with the implementation of several new procedures guided by our Global Procurement Policy. Respecting the constraints and needs of each region, in 2018 we strengthened our position by identifying opportunities for development of Suppliers with global presence and development of contractual tools that allow us to leverage synergies.

Also in 2018 we put into practice the Sustainable Procurement Tool, which provides a better social and environmental risk assessment during the technical evaluation phase of the bidding process. The platform seeks to support the various purchasing areas by including sustainability issues into their decision-making process and consists of evaluations where Suppliers report information about their management of various aspects related to ours sustainability pillars.

This pilot program—carried out with the purchasing categories that are critical in terms of social and environmental impacts, of the industrial services, and inputs areas—allowed the Procurement team to conduct an evaluation with more robust criteria, of all participants of the bidding processes, ensuring better decision-making. Also in 2018, the teams involved were trained and material was prepared concerning the criteria and recommendations for the use of the tool. We are currently in the validation phase of these criteria with company Leaders, Compliance, Legal Department, and with the Getúlio Vargas Foundation (FGV). After this process, we will seek approval from senior management to complete and validate the implementation. Meanwhile, the tool is also under

analysis to be included in Coupa, a global platform for contracting in procurement and, in 2019, it will be implemented for the purchase categories deemed to be of high social and environmental impact.

In addition, in 2019 our work should also be guided by the introduction of new technologies such as the Purchasing Process Management Platform and Warehouse Management Systems, promoting agility, simplification, and accuracy in managing warehouses,

together with the application of global compliance requirements through the Global Procurement Policy.

It is also important to highlight the opportunities generated by the synergy among the countries where we operate and the integration of the teams with global company Leaders and forums that rely on the contribution of Members from the various regions bringing their perspectives and allowing the exchange of experiences.



COMPANY ENGAGED

CRITERIA 2 AND 8 - COP

In 2018 we were the Brazilian highlight in the CDP Supply Chain ranking, which evaluates the companies that best engage their supply chains in adopting new approaches to climate change and water management. For the first time we were included on the Supplier Water A list and for the second consecutive year, the Supplier Climate A list. Among our main actions are workshops to train suppliers, follow-up on the implementation of possible improvements identified, and the annual application of a form for the reporting of information related to water and climate management.

Joint action between the procurement and sustainable development areas allows us to evolve in the CDP Supply program through a continuous alignment between CDP and purchasing areas, incentive for Suppliers' participation in the program, and monitoring of response rates. In addition, the procurement area is working to increase the number of CDP member companies in the industrial segment, seeking to further strengthen the program within our supply chain.

LOGISTICS

The year 2018 was very challenging for logistics, especially after the general truck drivers' strike in Brazil (in May 2018) and the consequent establishment of a minimum freight price by ANTT (National Agency for Land Transport). The immediate impact was a significant increase in the cost of road freight transport of resins, which, as a consequence, mobilized the Logistics team to find alternative forms of transport and negotiation in order to minimize impacts.

Thus, our logistics area has increased its efforts to use alternative and more sustainable modes, with coastal shipping gaining even greater importance. In this period alone we, increased by 80% the volume transported through this mode in relation to what we transported in the previous year—with an expected reduction of approximately 80% of greenhouse gas emissions in the routes where maritime transportation was used instead of road transportation. In addition, we carried out a joint study with specialized consultants to create an action plan focused on increasing competitiveness of logistics, and developed specific routes that allow us to operate trucks with greater capacity.



With regard to the new purchasing and compliance guidelines, logistics has been strengthening its actions with service providers. Considering the precarious infrastructure of the Brazilian highways and the high theft rates, we held periodic meetings and conducted audits, cargo monitoring, and updating in terms of our HSE (Health, Safety, and Environment) procedures, thus obtaining a 40% reduction in the number of cargo thefts and 20% in the number of accidents on the roads when compared to 2017.

The Log2020 program (which includes operations, management, planning, and contracting) advanced significantly in relation to 2017, tripling the recurrent benefits in logistics projects, totaling R\$ 84 million. The benefits include a reduction of 80% in loading time in our units in Rio de Janeiro because of the automation of the process, as well as productivity gains—through maximization of storage areas (new layouts and areas, and improvements in stacking), packaging optimization, and improvement in the logistics network—and the reduction of storage costs.

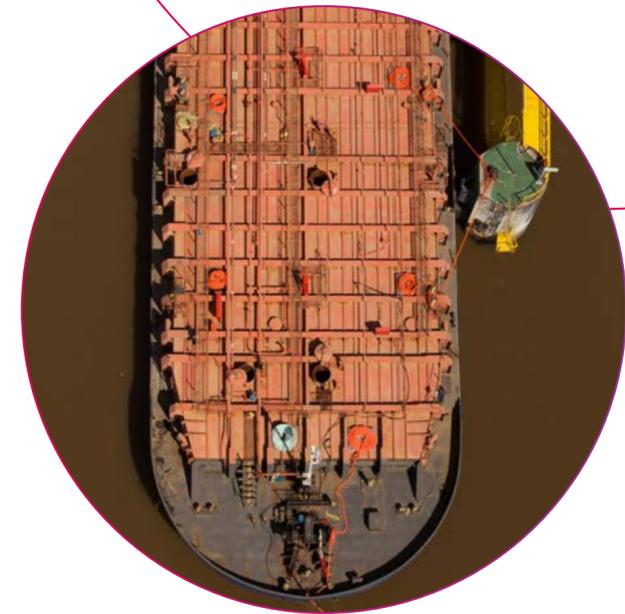
It is also worth mentioning the continued implementation of transformational projects such as KISS⁸ (for optimization of networks and inventories), Revolution⁹ (with improvements to order to cash processes and Client service), as well as the strengthening of global logistics actions for best practices in management.

In line with our sustainability strategy, the logistics area is also developing packaging composed of recycled materials and is strongly engaged in the Pellet Zero Program, part of the initiative to reduce marine debris.

⁸ Keep It Super Simple
⁹ Process for receiving and processing Client orders

TRANSFORMATION IN LOGISTICS

As part of the strategy to promote more dynamic logistics and closer proximity to the market and stakeholders, the area of Chemicals and Vinyls—which works primarily with the transportation of liquids and gases—is implementing the Athena project. Scheduled for completion in 2019, the project will allow us to create a new structure focused on solutions, prioritizing processes, communication, and greater proximity to Suppliers through the internationalization of part of the Maritime Contracting team, implementation of monitoring in the transportation fleet, and automation and optimization of systems.



Safety and responsibility

To ensure safety of all stakeholders involved in logistics processes, we work with the main risk managers in Brazil and freight tracking. We also hold regular meetings with our service providers, ensuring that everyone is up-to-date on our internal Health, Safety, and Environment processes, and have annual audits at carrier headquarters.

In addition, we are part of the following road safety promotion programs:

- **Program Olho Vivo na Estrada:** This helps prevent unsafe behavior in the transportation of hazardous products through driver awareness. It was instituted by ABIQUIM in partnership with ABICLOR. In 2018, we acted to raise awareness of more than 800 people involved in its logistics chain.
- **Transportadora da Vida:** This initiative by the Union of Cargo and Logistics Transport Companies (SETCERGS) certifies cargo transport companies that act with a greater emphasis on safety.



- **Program Na-Mão-Certa:** Developed by OSCIP Childhood Brazil, the program promotes the protection of children and adolescents in the country and ensures that issues related to sexual abuse and exploitation are included in public and private policies. In 2018, we were recognized for the third consecutive year in this program for once again going beyond the annual goals established by Childhood Brazil. We raised awareness of 749 truck drivers, 92 logistics third parties, and 42 Members, in addition to the involvement of 32% of the carriers that serve us. **CRITERIA 4 - COP**



WELL-BEING **CRITERIA 5 - COP**

To ensure safety in our logistics processes, it is also important to improve work conditions for truck drivers and the quality of the stop and rest areas, and reduce waiting time. This can limit exposure to prostitution and alcohol consumption.

In view of this, in 2018 we proceeded with the approval of gas stations and, with the support of the Buonny risk manager, we approved 13% of the sites inspected in the year. These advances have also provided a better performance of logistics operations, as well as safety and convenience for truck drivers.

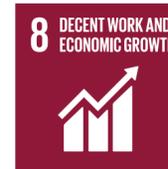
This year we also supported the Diagnostics of the Child and Adolescent Rights Guarantee System in Camaçari, Dias d'Ávila, and Candeias. We learned how the different public agencies act in prevention, detection, and remediation, and we will be able to develop, in 2019, a project for territorial intervention that guarantees a more efficient and coordinated action among them.





THIRD-PARTY WORK CONDITIONS **CRITERIA 5 - COP**

After improving the work environments made available to third parties, in 2018 we developed a pilot analysis of their work conditions at Braskem. The infrastructure of the workplaces, the reception and inclusion of this group, and the knowledge about the whistleblowing channel (Ethics Line), among other factors, were evaluated. The assessment will help define the next interventions intended to provide good work conditions to third parties.



PROCESS SAFETY

The logistics area continued with the structured program of risk studies involving 19 new products whose operations are classified as medium and low risk, based on the volume transported and their hazard. Since its inception in 2015, 42 different hazardous products produced and handled by us have already been evaluated.

During this process, 25 different carriers and 289 matrix road routes were analyzed, 23 of them with international destinations (Mercosur), in addition to six loading/unloading bases. Audits were also carried out in 22 bonded warehouses. It is also worth noting the adjustment made to the Logistics HSE procedures for implementation of Intelius. In the maritime transport mode, 37 vessels were inspected by the Vetting team. [Learn more about Intelius in the Health, Safety, and Environment section.]

Specific HSE assessments were also carried out in nine different maritime terminals contracted by us and five of our own terminals. Inspections were based on international standards such as the CDI-T (the Chemical Distribution Institute's terminal inspection program). With this process to identify risks and define preventive control barriers, we focus on the prevention of accidents linked to its logistics operations.



CLIENTS

We believe that plastic plays a key role in creating a more sustainable future. That's why we work with our Clients and our value chains to develop products and solutions that are increasingly efficient and with a high potential for recycling and reuse. For this vision to become a reality, we act in an integrated way to develop new technologies, in the design of new products, and in the generation of opportunities to innovate through projects and partnerships that strengthen the circular economy. Among our main initiatives are:

Circular economy: Among the initiatives defined is the development of partnerships with Clients in designing new products to expand and facilitate recycling and reuse of plastic packaging, especially one-way packaging. [\[Click here to learn more about circular economy\]](#)

PICPlast: A partnership with the Brazilian Plastics Industry Association (ABIPLAST), the initiative promotes the export of processed products, to encourage competitiveness and innovation in the sector. In 2018, more than R\$ 40 million was invested in actions such as PlastCoLab, an interactive space whose second edition was held in Porto Alegre, directly impacting more than 6,000 people through exhibitions and activities that showcase how plastic, combined with

innovation, technology, and responsibility, can transform the future. In five years, R\$ 190 million was invested in the export incentive program and more than R\$ 15 million in actions to promote the advantages and benefits of plastic.

Wecycle: The initiative focuses on inspiring businesses to value post-consumer plastic waste and the recycling chain, and mitigating the associated environmental and social risks. Through partnerships with Clients, recyclers, and cooperatives and companies that own consumer brands, the platform is supported by four main pillars: technical reliability, environmental and social responsibility, traceability of origin, and correct destination of the products throughout the chain. [\[Click here to learn more about Wecycle\]](#)

Selo Maxio®: These eco-efficient resins offer benefits such as reduced energy consumption during processing, increased productivity, and reduced weight of the final product—factors that minimize the environmental impacts of the production process of numerous products. In 2018, we incorporated into the Maxio family the HDPE HD4601U, a resin that enables the rotomolding process to occur faster than with similar resins, resulting in lower power consumption and higher productivity.

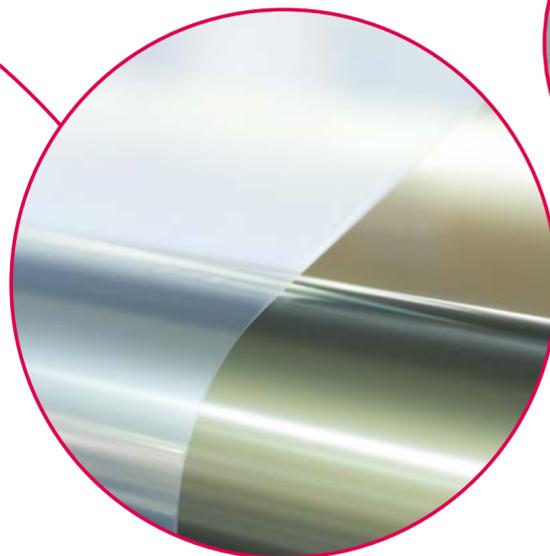


VERSATILITY, INNOVATION, AND PARTNERSHIPS

Throughout 2018, we worked on several projects with our Clients to develop solutions for a more responsible and sustainable use of plastic. Among them is a partnership with Condor, a manufacturer of materials for real estate painting, to create the Special Sustainable Painting Kit, using post-consumer plastic. The product originates from the reuse of plastic packaging of printing inks and road markings.

In another partnership, with Pão de Açúcar, one of the leading retailers in Brazil and a pioneer in the collection of post-consumer materials, we and Embalixo will produce new garbage bags using plastic materials discarded by customers at Pão de Açúcar recycling stations and industrial sacks previously used by Braskem to deliver its resins. In addition, along with Leroy Merlin (one of the largest chains of construction material stores in Brazil) and Martiplast, we developed organizers made of 100% recycled plastic under the Ou brand.

All of these initiatives are part of the Wecycle platform, which uses innovation in the service of sustainable solutions and the development of business and initiatives that value plastic waste.



LIGHTWEIGHT AND PRACTICAL

A partnership between Braskem and Cartonale, the largest producer of corrugated plastic solutions in Latin America, supplied Polypropylene (PP) panels to isolate the perimeter of Braskem's new Technology and Innovation Center at the Triunfo Petrochemical Complex. Lighter and easier to handle, PP panels allow artwork to be printed directly onto the material, requiring no adhesives or paint. More resistant, they can also be used more than once, which makes the product more sustainable. Another advantage is that at the end of the useful life of the plastic panels, they are 100% recyclable. In addition, they will provide a more economical, convenient, and safe disassembly, since they require fewer people to be taken down and transported to other locations.

FLOATING PANELS

Since 2017 we have supported our client Ciel & Terre Brasil, a joint venture between the French company Ciel & Terre and the Brazilian company Sunlution, in the implementation of its solar energy generation technology using floating panels made with PE supplied by our known as Hydrelío®.

The most recent project developed was the creation of a floating solar farm in the reservoir of the Sobradinho Hydroelectric Plant with an approximate area of 5 hectares (equivalent to five soccer fields) and capacity to generate 5MWp of energy.



DESIGN CHALLENGE

Created to introduce plastic to future architects and designers as a versatile and adaptable material, the Design Challenge has reached its sixth edition and provides students with a market development experience through two months of immersion and training with renowned professionals in the field. The winning team in 2018, from Centro Universitário Belas Artes in São Paulo, created an innovative and multifunctional water cooler from plastic, in partnership with Esmaltec.



GOVERNMENT 103-2, 103-3, 201-4

Responsibility, integrity, and transparency are values that we practice in our daily lives and in relationships with all our stakeholders. Our operating model values open dialogue and commitment to ethical management.

We have a tax incentive for ICMS (Value Added Tax on Goods and Services) granted by the State of Alagoas through the State Integrated Development Program (PRODESIN), which assists in the state's industrial development, in consideration for the investment of US\$ 500 million made by Braskem in the new Alagoas PVC plant implemented in 2012 in the Marechal Deodoro Industrial District. This incentive is treated as a reduction of taxes levied upon sales and, in 2018, the amount calculated was R\$ 81.9 million. Since PRODESIN was recognized in 2018 as an investment

grant under Complementary Law No. 160/2017, the amount for 2018 was allocated to reserve for tax incentives, pursuant to Art. 195-A of Law 6,404/76.

Since 2015, we have also obtained approval for our requests to reduce by 75% the income tax on earnings from our industrial units located in the states of Alagoas and Bahia. This incentive is granted by the Superintendency of Development of the Northeast (SUDENE) and has a 10-year term of enjoyment. In 2018, we recorded a tax loss in our operations in Brazil, and no deduction is possible in terms of tax incentive.

Considering financial operations, funding was obtained from a national government agency in 2016, financing from a national public agency in 2018, and financing with international public agencies in 2017 and 2018.

	2016	2017	2018
Total tax incentives / credits*	78.8	167.4	81.9
PRODESIN - ICMS (R\$ million)	78.8	95.7	81.9
SUDENE - income tax (R\$ million)	-	71.7	-
Total grants (R\$ million)	0.45	-	-
Grant - national agencies (R\$ million)	0.45	-	-
Total financing (R\$ million)	-	420	1,732.1
Financing - national government agencies	-	-	0.45
Financing - foreign government agencies - ECAs (R\$ million)**	-	420.4	1,731.7

*Tax incentives/credits: Tax incentives for ICMS, granted by the Government of Alagoas through the Integrated Development Program of the State of Alagoas - PRODESIN, and income tax granted by the Superintendency of Development of the Northeast - SUDENE

**ECAs - Export Credit Agencies: Financing incentivized by NEXI (Japanese ECA) Euler Hermes (German ECA) and SACE (Italian ECA). Financing granted in USD - For conversion purposes the exchange adopted was that on the date of entry of funds into the company's cash account.



HEALTH, SAFETY, AND ENVIRONMENT



HEALTH, SAFETY, AND ENVIRONMENT

103-2, 403-1, CRITERIA 11 - COP

Always looking for improvements in the safety, efficiency, and sustainability of our production processes, throughout 2018 we strived to implement our new Integrated Management System—Intelius—which involves a set of guidelines and international best practices aligned with our strategy of sustainability, continuous improvement, and globalization.

Implementation started in the second quarter of 2018, and Intelius is now integrating SEMPRE's EHS, Quality, and Industrial Excellence requirements—which since 2013 have helped us reinforce the culture of risk prevention based on discipline and respect for safety processes and procedures. Through Intelius, we will unify global best practices, always taking into account local requirements, thus

encouraging the collaboration of Members for continuous improvement of processes and company performance.

The global nature of Intelius is its greatest highlight. Bringing together the best of each country in a single system, it is possible to eliminate redundancies and inconsistencies and create new mechanisms for sharing best practices among all Members, allowing for communication on several subjects. The system also establishes unified panels of indicators, which will be made available on an online platform. To increase the knowledge of Members, training was carried out on the Intelius modules, with 4,401 people being trained in 2018.

With Intelius, previous systems no longer exist, but the implementation did not significantly impact routine plant activities. Intelius acts as a provider of guidelines on the necessary actions in the industrial areas—without restrictions on the form—thus allowing autonomy and independence in making operational decisions, providing greater simplification and integration. Intelius is currently organized into three vertical and two transverse pillars.

GAP ASSESSMENT CRITERIA 8 - COP

Throughout 2018, all of our units worldwide performed a process called gap assessment—a self-assessment to determine the points that needed to be improved to meet the basic requirements and evolution of performance indicators as defined by Intelius. This process was finalized in December 2018 and, based on this evaluation, each of the plants developed an action plan to be implemented according to their own schedule. The first audit cycles for evaluating the units will take place in 2019.





OCCUPATIONAL HEALTH AND SAFETY

103-2, 103-3, 403-2, 403-9, 403-10, CRITERIA 9 AND 10 - COP

Caring for the health and safety of our Members is an essential value for us. As part of our macro goals for sustainable development, we work to be among the benchmarks in terms of health, operational, product, labor safety and process safety in the global chemical industry, and to annually advance in our goals and performance.

But, even with constant reinforcement and prevention work, in 2018, there were two occurrences related to occupational disease: an instance of worsening of hearing loss and a new case of illness related to exposure to external leakage. As part of the continuous improvement process, we continue to strengthen its global alignment and standardization for the identification, evaluation, and control of occupational diseases. In this sense, 12 global occupational health and hygiene standards have been developed in Intelius that will reinforce this strategy. It is worth noting that in 2018 we did not register any fatal accidents, either involving Members or contractors.

In accident prevention, we continue to implement actions and campaigns related to human reliability, as well as the development of new global standards for occupational safety. We use a methodology called PUMA (Perception, Unfitness, Motivation, Ability) for accident investigation associated with human behavior.

Regarding the indicators, in 2018, the frequency rate of accidents with and without lost time (CAF + SAF), considering Members and third parties per million hours worked, presented a small increase of 4% over the previous year. Many of these events

were related to falling and stumbling during walking and climbing ladders. The same applies to the lost-time injury frequency rate, considering Members and Partners per million hours worked, with a 56% increase and with an 11% increase in severity rate.

NUMBER OF ACCIDENTS X 1MM/MHW

	2014	2015	2016	2017	2018	GOAL 2019
Accident frequency rate (SAF + CAF)	0.97	0.68	0.8	1.02	1.07	0,75
Accident frequency rate (CAF)	0.14	0.26	0.24	0.33	0.53	0
Accident frequency rate (CAF) third parties	0.14	0.20	0.29	0.23	0.46	
Severity rate	12.53	47.38	179.03	35.33	183*	
Number of fatal accidents	0	0	1	0	0	
Occupational disease frequency rate	0	0	0	0	0.12	

* Increase in value compared to the previous year was due to the evolution of the gravity of a case occurred in 2018 certified after evolution and stabilization of the clinical state.



Click here to view our HSE policy (Portuguese only).

OCCUPATIONAL SAFETY AND RISK MANAGEMENT

103-2, 403-2, 403-3, 403-4, 403-5

At Braskem, the aspects of occupational health and hygiene are part of the same area and same coordination. The objective is integration, since the risks mapped and controlled by one area are monitored by the other, through the health profile of the worker. In relation to the facilities, almost 100% of our units have medical care units in the work environment, facilitating access and surveillance of Members' health. The exception is remote offices where we have between one and 10 Members.

Management of health risks and occupational safety are also part of the management system. This element is composed of four global standards, one of which is specific to risk management. This standard defines the processes, including our risk matrix and actions for their reduction. In addition, other elements, such as process safety management, environment, personal safety, and occupational health and hygiene, address

their specific risks. Each of these elements defines specific strategies for such management, such as audits, inspections, and international technical reference tools. The application of these tools is always done by qualified professionals, in the routine activities or otherwise, of Members and contractors.

The risk identification process is carried out with the participation of qualified professionals, whether Members or contractors. In addition, it is part of our culture to maintain an open channel between professionals and the Health, Safety, and Environment team, which can be a way to communicate unidentified risks. Our Global HSE Guideline states that "every site or plant must ensure that Team Members are authorized to prevent any act or situation that is considered unsafe"—a requirement that helps protect all Members and contractors from potential occupational hazards.



HUMAN RELIABILITY

Evaluating the minor incidents that occurred in 2018, we realized that many of them are associated with distraction and lack of concentration while performing routine activities. Therefore, we began to implement and invest in human reliability actions in all regions where we operate. Among the issues prioritized is mindfulness—the element needed to ensure safety in operations. The action plan for this project was designed throughout 2018, with training already done with Leaders and the creation of a Technical team responsible for work governance in the coming years. In 2019, training will begin in the production units.

OUR RISK IDENTIFICATION PROCESS IS CARRIED OUT WITH THE PARTICIPATION OF QUALIFIED PROFESSIONALS

PROCESS SAFETY

103-2, 103-3, 413-2

Critical to operations, safety in our production processes is the result of strong commitment—and continuous training—of the teams. Our process safety management prioritizes proactive indicators and is always in search of a culture of prevention. To this end, we have in place an ongoing risk analysis program in the industrial processes for improvement through the implementation of specific recommendations. Combat, emergency, and evasion plans are developed for accident scenarios, in line with risk studies. Regarding technical training, there are structured plans for training and retraining of Members on topics regarding process safety.



Throughout 2018, five Tier 1 events were recorded (1 less than in the previous year), with a rate of 0.12 per million hours worked (14% less than 2017)—a number compatible with the best process safety benchmarks of companies in the U.S. chemical industry (0.34 is the average rate of U.S. companies in recent years).

TIER 1 – No. OF EVENTS



TIER 1 – FREQUENCY RATE



TIER 1 – SEVERITY RATE



For Tier 2, we also see a downward trend, with 26 incidents recorded in 2018 (five less than the previous year). The accident rate per million hours worked fell from 0.74 to 0.60, a reduction of 19%.

TIER 2 – NO. OF EVENTS

2014	2015	2016	2017	2018
49	40	37	31	26

TIER 2 – FREQUENCY RATE

2014	2015	2016	2017	2018	META 2019
1.13	1.17	0.90	0.74	0.60	0.60

In Tier 3, we once again observed an increase in the number of occurrences – a result of an improvement in the recording methodology and of the commitment of the Members to reporting any type of deviation that could cause a loss of primary containment, in order to reduce minor events.



Risk Rating

Even though we do not have a target for this indicator, in 2018, we advanced in Risk Rating results. Today all of our plants already meet the international level of “Standard,” and half are at the “Above Standard” level.

PRODUCT SAFETY

103-2, 103-3, 416-1, 416-2, 417-1, 417-2

Our assessment of impacts of products and services on health and safety is in line with our ongoing evolution with a focus on sustainable development. In this way, we have a constant process for evaluation and international benchmarking, which analyzes our practices and seeks improvements.

In 2018, 100% of our products and services were analyzed for their impacts on health and safety. In addition, based on our annual audits at all plants, there were no events of non-compliance regarding regulations or voluntary codes related to labeling or communication. We point out that our labels are reviewed and updated periodically and comply with global health and safety policies and guidelines, and with the six GHS labeling elements.

In addition, we improved and made available to stakeholders all Data Sheets and Material Safety Data Sheets (MSDSs) of our products, in accordance with the applicable laws. With increased knowledge of end-use products and applications, we have been able to meet national and international regulatory approvals and enter new markets, ensuring safety to our clients and business.



We also partner with key stakeholders (including ABIQUIM¹⁰, ACC¹¹, Plastics Industry Association, and Plastics Europe) to recognize and mitigate risks associated with the use of products for people and the environment, and promote the benefits to our society. In Brazil, we are contributing to the development of the future Brazilian Chemical Safety Regulation, in addition to advocating for regulatory legislation and its gradual implementation, which will bring the country a better understanding of the risks and benefits that encompass chemicals.

¹⁰ Associação Brasileira da Indústria Química (ABIQUIM) – Brazilian Chemical Industry Association

¹¹ American Chemistry Council – ACC

INVESTMENTS AND GAINS IN ENVIRONMENTAL PROTECTION 103-2, 103-3

Our strategy toward the development of increasingly sustainable products and solutions begins with a concern for safety and with our production methods. To this end, we have annual goals and variable investments according to the needs of each plant, region, schedules of maintenance shutdowns, recertification, and business strategy, among others. In 2018 the amounts invested in these initiatives increased by almost 30% compared with 2017, showing our focus on improvements in aspects of HSE, where total spending increased almost 14%.



TYPE OF EXPENDITURE (R\$ MILLION)	2016	2017	2018	
Investments in HSE	Workplace safety	51.4	7.5	16.5
	Process safety	25.9	87.6	113.3
	Health	2.8	3.9	5.6
	Environment	23.8	13.1	10.2
	Total	103.9	112.1	145.4
Expenditure on treatment of effluents and waste	Treatment of liquid effluents	51.1	52.6	60.1
	Waste management	55.3	57.2	82.0
	Total	106.4	109.8	142.1
Management of emissions	7.9	8.8	6.7	
Environmental licenses	1.0	1.0	1.1	
Depreciation	46.0	46.0	46.0	
Provision for recovery of environmental damages (environmental liabilities)	182.6	102.5	89.4	
Other environmental management costs	59.7	48.9	57.9	

Monitoring of costs avoided through improvement projects is also part of HSE management. In 2018, events internal and external to the company negatively impacted our avoided costs, mainly in eco-indicators that, in aggregate, did not reach the goals, generating additional expenses instead of savings, when compared to the target established for the year. Compared with the historical data from the beginning of Braskem in 2002, we observed an evolution in general.

These events include the incident in the electric substation of the Chlor-Alkali plant in Alagoas, the truck drivers' strike in Brazil—which generated problems with inflow and outflow of products and inputs and reduced production—and a blackout in Northeast Brazil. Due to these factors,

our production was below plan. It is worth noting that our energy consumption is predominantly of thermal origin, so projects involving improvements in energy efficiency also have a positive impact on emissions and on avoided costs.

Braskem, in the continuous improvement of its indicators, reformulated its methodology to calculate and present avoided costs to establish an economic valuation parameter based on the improvement of socioenvironmental indices, considering 2002 as a baseline, the year the company started its operations.

As shown in the following table, the costs avoided since the year we went into operation (2002) until 2018 were US\$ 2,768,984,399.00 for all operations in Brazil, Germany, the United States, and Mexico.

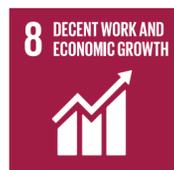
OUR STRATEGY STARTS AT A CONCERN WITH THE SECURITY



COSTS AVOIDED – MANAGEMENT OF HEALTH, SAFETY, AND ENVIRONMENT

DIMENSION (R\$ MILLION)		2002 TO 2014	2015	2016	2017	2018	2002-2018
Safety	Workplace safety	42,570,000	6,150,000	5,030,000	5,850,000	5,640,000	65,240,000
	Process safety	2,164,384	- 7,397,260	4,684,932	1,260,274	1,903,968	2,616,297
Environment	Waste generation	171,086,342	24,876,883	25,897,298	27,951,463	25,184,154	274,996,142
	Water consumption	- 11,484,509	1,949,138	4,930,722	4,021,398	- 3,180,674	- 3,763,926
	Effluent generation	64,428,893	9,623,867	10,962,052	12,441,199	9,625,041	107,081,052
	Energy consumption	979,395,109	179,879,004	228,210,998	198,391,572	127,833,979	1,713,710,661
	GHG emissions	285,510,718	79,183,714	58,699,075	116,243,528	69,467,138	609,104,173
TOTAL		1,533,670,936	294,265,345	338,415,078	366,159,433	236,473,607	2,768,984,399

WE WORK TO
ENSURE A PROCESS
FOR IMPROVEMENT
TO BE CONTINUED
IN OUR INDICATORS



WATER EFFICIENCY

103-2, 103-3, 303-1, 303-2, 303-3, 303-4, 303-5, 306-1

Aware of the importance of responsible use of water resources and of our role as a benchmark in the global chemical industry, the company's water processes are integrated into the management of business risks through the Enterprise Risk Management (ERM) platform. Our primary use of water occurs across the production process of our 41 industrial plants, mainly for cooling systems, steam generation, consumption in processes and products, and disposal of effluents.

We draw water from different sources, including surface water, groundwater, and third-party sources (including reuse). Given the nature of our operations, we are legally obliged to monitor our liquid discharges (parameters such as pH, temperature, sediments, oils, floating materials, and hydrocarbons, among many others).

To identify, assess, and respond to water-related risks in our direct and value chain stages, the Sustainable Development team worked with focal points of all industrial plants and

with strategic areas of the company to obtain accurate and qualified information on extreme climate events related to water. In tandem with this research, an analysis of the future projections related to the climate was made, considering the scenarios defined by INPE¹², IPCC¹³, and WRI¹⁴ until 2040. Based on the survey of historical data and future projections, all risks and opportunities related to water were prioritized.

It is worth mentioning that since 2017 we have developed action plans for all the plants located in high-risk river basins (four Brazilian river basins). These plans consider alternatives such as water reuse and desalination, including evaluations of partnership with local sanitation companies and, depending on the location, a partnership with other businesses. We also monitor 100% of our supply chain, which is encouraged to report impacts that may indirectly affect us (for example, disruption in production). Where necessary, suppliers receive individual support to identify potential opportunities for collaborative actions and to develop action plans to address the risks.

¹² Instituto Nacional de Pesquisas Espaciais (Inpe)

¹³ Painel Intergovernamental sobre Mudanças Climáticas (em inglês, Intergovernmental Panel on Climate Change - IPCC)

¹⁴ World Resources Institute



GLOBAL HIGHLIGHT **CRITERIA 18 - COP**

We presented our water case at the SDGs in Brazil Global Compact event - The Role of the Private Sector, held in September 2018 in New York, in parallel programming to the UN General Assembly. The selected cases were chosen after the evaluation of 80 registered cases, in a process conducted by a panel of independent jurors, based on criteria created by PwC. Our water case was also selected as a highlight for the global 10-year celebration event of the CDP Supply Chain in Las Vegas in February 2019, and is globally recognized as one of the best initiatives.



MANAGEMENT OF CONTAMINATED WATER

We have in place a robust management of contaminated areas, with guidelines in our integrated management system that provide for preventive and corrective management of environmental liabilities. With goals and results directly monitored by the company's senior management, the industrial units work with a focus on prevention of liabilities and, should they occur, investigation and treatment, always seeking the best technical solution.

To carry out cross-cutting management of the topic, a group of specialists was created. They convene periodically to discuss specific aspects, such as supplier assessment, new projects, preventive actions to liabilities, legislation, new techniques, internal and external benchmarking to learn about the systems for prevention and remediation, and creation/revision of technical standards on contaminated areas.

WATER CONSUMPTION AND EFFLUENT GENERATION

We monitor our water consumption and reuse on a monthly basis through specific eco-efficiency indicators, relating consumption to the volume of products produced and marketed, and a reuse indicator that correlates the volume of reclaimed water consumed with the total volume of water consumed by the organization. Thus, in 2018 water consumption was 4.28 m³/t, up 7.5% over the previous year and 5.1% above the target established for the year. In absolute numbers, we consumed 75.7 billion liters (megaliters) of water in its production processes.

WATER CONSUMPTION (M³/T)



Some of our units receive or withdraw water and distribute it to other companies (not all owned by us). Therefore, consumption will normally be lower than withdrawal. In 2018, the company's water withdrawal profile was:



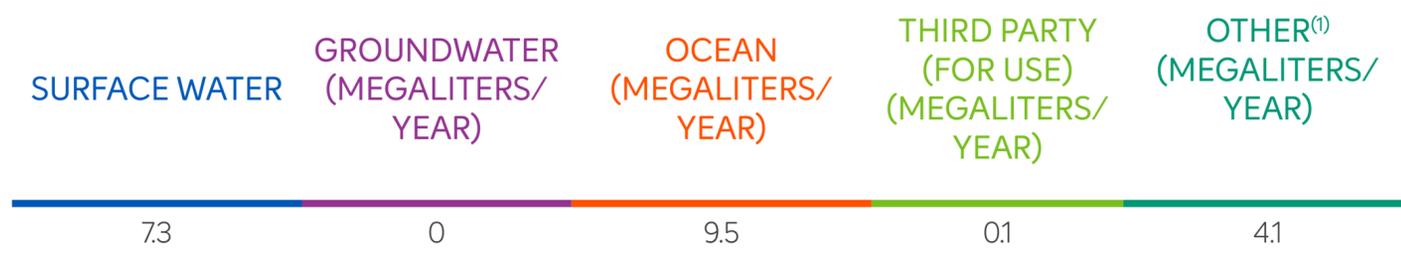
Regarding effluents, all units have pre-defined standards for discharge in accordance with local legislation and formal internal procedures, reporting discharge precautions, and standards for disposal, among others. Some plants have laboratories capable of analyzing the effluents they generate. These laboratories also develop internal standards for environmental quality assessment. Each region where we operate has its own characteristics, as well as substances of interest regarding the composition of the effluents. These substances are listed in specific legislation or in the operating licenses.

Our eco-efficiency in generation of liquid effluents was 1.19 m³/t, down 12.3% over 2017 and 6.2% above the target established for 2018. Generation of effluents totaled 21 billion liters (megaliters) in 2018.

EFFLUENT GENERATION (M³/T)



In 2018, we or the treatment units that receive our effluent, discharged, after treatment, into the following receiving bodies:



¹Final disposal on the ground in the units of Southern Brazil.

The major impacts on these results were, in addition to internal and external events (such as truckers' strike and blackout in Northeast Brazil), scheduled and unplanned shutdowns, higher temperatures and worsening water quality, increasing consumption of water and purges in cooling towers.



Part 1



Part 2

Click here for more information on our water consumption and effluent generation.



RESPONSIBLE OPERATION

Per CDP, we are again among the 126 companies included on the Climate A list and among the 27 companies on the Water A list. Throughout the world, we are among the 16 companies that have achieved the maximum classification in both categories, of which only two are Brazilian. Three are in the global chemical sector. CDP is a non-profit organization that selects the best publicly traded companies in the world in relation to managing greenhouse gas emissions, water consumption, and use of forests. The responsible use of water and the search for innovative solutions to preserve it are part of our macro goals for sustainable development. Read about some of our main initiatives:



Sewage treatment **CRITERIA 18 - COP**

We are one of the supporters of the Mogi+Água project, carried out by the Trata Brasil Institute and the Municipal Department of Agriculture of the Municipality of Mogi das Cruzes, in São Paulo (Brazil). With technology developed by one of the startups of the Braskem Labs program to reduce sewage and generate water to irrigate plants and clean floors, the goal of the project is to install portable sewage treatment plants on rural properties in the municipality.

The idea is also to promote the quality of rivers and streams in the region of Mogi. To this end, rural properties in the district of Cocuera will be the first beneficiaries, since it is the entrance of the Tietê River basin in the city.



Less Loss More Water movement

CRITERIA 18 - COP

An initiative of the Brazil Network of the UN Global Compact, led by us with Sociedade de Abastecimento de Água e Saneamento de Campinas (Sanasa) and Schneider Electric, the Less Loss More Water movement seeks to obtain a commitment from public agents to improve water management and the urban distribution system in the country.

Throughout 2018, the movement was present at several important events in Brazil and abroad, such as the 8th World Water Forum, the annual meeting of the UN Global Compact in New York, and Rio Water Week.

Less Loss More Water has also released an update on the situation of losses in potable water distribution systems in Brazil. The work, conducted in partnership with the Trata Brasil Institute, was highlighted in the media. The year also marked the creation of bylaws for the movement, the formation of the first council, and the expansion in the number of leading companies.

Reuse

In 2018, 26.3% of the total water consumed in our operations came from reuse processes, 16.0% of which resulted from process improvement (effort) and 10.3% from the original operation of the plant (born with the project of the plant). In 2018, we avoided consumption of 20.4 billion liters of water from springs as a result of reuse projects. The numbers have remained stable in recent years, but there is growth potential in the future because of water security projects in the Southeast and Northeast of Brazil.

TYPE OF REUSE	2014	2015	2016	2017	2018
Process improvements ⁽¹⁾	17.2%	15.6%	16.2%	16.6%	16.0%
Inherent reuse ⁽²⁾	11.0%	9.5%	8.3%	10.4%	10.3%
Total	28.2%	25.1%	24.5%	25.8%	26.3%

¹ Reuse of process improvements is any reuse originating from modifications in the current units, including or improving processes.

² Inherent reuse is any use that was born with the industrial unit and is part of the original process of the plant. The number for the previous year is always used given the complexity to generate the number.



AQUAPOLO

A partnership between Sabesp (São Paulo State Basic Sanitation Company) and BRK Ambiental, the Aquapolo project helps transform treated sewage into reuse water for industrial activities. With capacity to produce 1,000 liters/second of reuse water, it is considered the largest project in the sector in South America and the fifth largest in the world.

In all our units in the ABC region, in Greater São Paulo (Brazil), we are already using 97% reuse water in our operations—a project so relevant that it allowed us to maintain our normal activities even during the severe drought that hit the Southeast region of the country in 2015.



7 AFFORDABLE AND CLEAN ENERGY



ENERGY EFFICIENCY

103-2, 103-3, 302-1, 302-3, 302-4

We continuously seek solutions that help improve efficiency and reduce energy consumption in our production units—from an environmental and economic standpoint. In 2018, our energy consumption was 10.94 GJ/t, an increase of 3.1% over 2017 and 2.9% above the target established for the year. As in our water efficiency results, events such as the incident in the electric substation of the Chlor-Alkali unit in Alagoas, the truck drivers' strike in Brazil, the blackout in the Northeast of the country, and planned and unplanned shutdowns had a significant impact on failing to reach the target.



ENERGY CONSUMPTION (GJ/T)



INITIATIVES FOR PROCESS IMPROVEMENTS	ECONOMIC GAIN (R\$ MILLION)	REDUCTION IN ENERGY CONSUMPTION (GJ)*
Improvements in production processes (except furnaces) and sale of electricity	35,782,578.17	1,340,059
Furnace optimization	34,389,621.81	878,698
Reduced steam consumption	24,145,895.37	207,807
Improvements in boilers and turbines	6,422,638.60	192,153
TOTAL	100,740,733.95	2,618,717

*The calculation methodology considers the total GJ consumed divided by the total tonnage produced. The reduction in energy consumption is a result of improvements in the ratio of products per consumption of GJ in the historical series.

ENERGY MATRIX

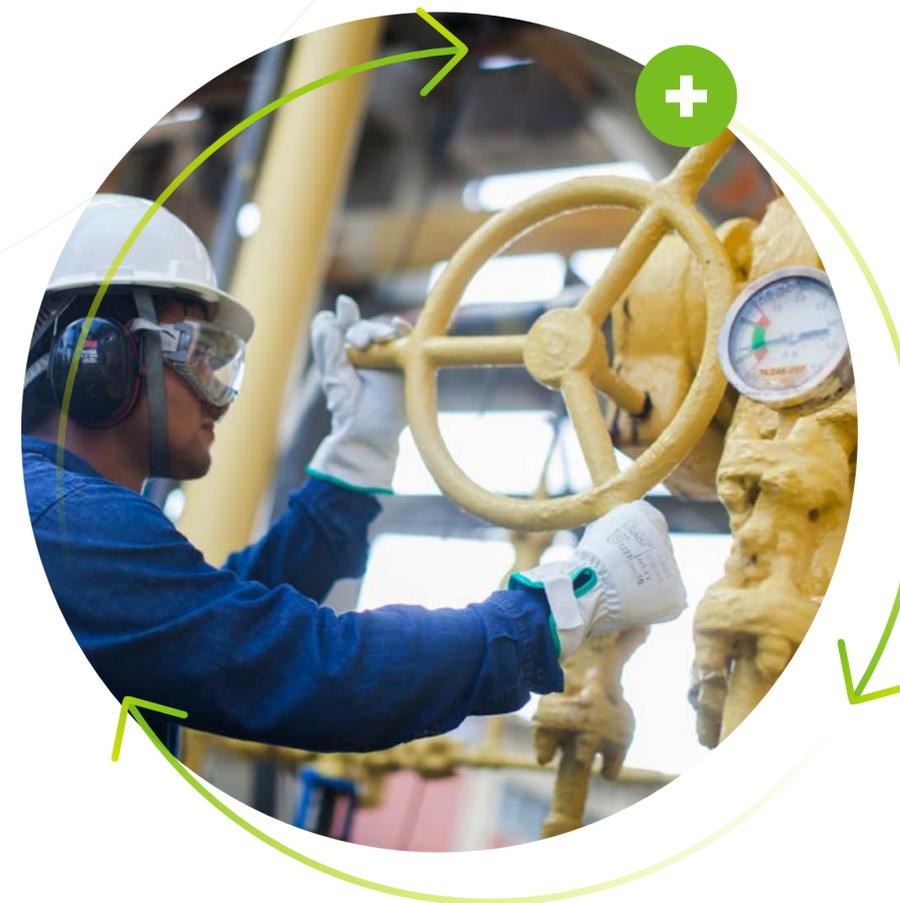
Among factors influencing our energy matrix, in 2018 we had an increase in consumption of natural gas due to the greater use of ethane as feedstock in Bahia, as well as greater consumption in Mexico. Regarding external fuels, we had an increase in the consumption of coal in the Químicos 2 plant - Rio Grande do Sul.

PERCENTAGE OF CONSUMPTION BY TYPE OF ENERGY PER TOTAL CONSUMPTION

	2014	2015	2016	2017	2018
Electric	10.2%	9.0%	9.0%	9.9%	9.1%
Natural gas	13.0%	16.0%	20.0%	22.4%	24.0%
Other external fuels (mainly oil and coal)	5.2%	5.5%	6.0%	4.7%	6.7%
Residual fuels from the petrochemical process	71.6%	68.8%	65.0%	62.9%	60.2%

PERCENTAGE OF RENEWABLE ENERGY CONSUMPTION PER TOTAL ENERGY CONSUMPTION

	2014	2015	2016	2017	2018
	7.17%	8.26%	7.44%	7.60%	7.11%



PERCENTAGE OF CONSUMPTION OF RENEWABLE ELECTRIC ENERGY PER TOTAL ENERGY CONSUMPTION

	2015	2016	2017	2018
Renewable electric energy (%)	68%	73%	76%	74%
Renewable electric energy (self-declared) (%)	-	-	83%	81%*

*Some processes for obtaining self-declarations are still ongoing.

To calculate the percentages of renewable energy, we considered the hydrogen burned from the Chlor-Alkali electrolysis as renewable and considered the percentage of renewable electric energy in the matrix of each country.



RENEWABLE AND EFFICIENT

Among the initiatives to be an increasingly efficient and modern company in energy generation, in 2018 we kicked off two large renewable generation projects that will start operating between 2019 and 2021.

The first was a commitment to enable the expansion of EDF Renewable's wind farm in Bahia. The new renewable energy park, located in the municipality of Campo Formoso, 350 km northwest of Salvador, will help put Bahia among the leaders in the wind energy sector in the coming years. To enable this expansion, we have committed to purchase wind energy from this park for 20 years, a move that will reduce the amount of CO₂ emissions by 325,000 tons over the term of the agreement.

Another project involves our joint investment with Siemens, of approximately R\$ 600 million, in the modernization of our plant's electricity system at the ABC Petrochemical Complex in São Paulo. The project, which will reduce electricity consumption and CO₂ emissions, foresees the replacement of steam turbines with high-efficiency electric motors, supported by new cogeneration of energy fueled by residual gas from the petrochemical production process. In order to enable the investment in the new cogeneration plant, we signed a 15-year contract with Siemens in the Build, Own and Operate modality. In addition to providing greater safety and reliability to the processes, with this retrofit, we estimate a reduction in energy consumption equivalent to that of a city with a population of 1 million. The investment started in 2019 and its completion is expected in 2021.

WASTE MANAGEMENT

103-2, 103-3, 301-2, 301-3, 306-2

The correct management of our waste and the increasing investments in renewable raw materials are initiatives already integrated into our operating strategy. Thus, monthly we monitor these numbers through eco-efficiency indicators that relate the volume of waste generated with the quantity of products produced and marketed. Therefore, we work to increase reuse in our industrial units every year by means of return of flows — the equivalent of internal recycling—in addition to investments that in the future will enable us to perform energy and chemical recycling.



We work with strict targets for total waste generation (hazardous and non-hazardous), defined and adjusted annually for a period of five years. In 2018, generation was 2.13 kg/t, 2.5% above the target, but in line with the results of 2017.

WASTE GENERATION (KG/T)



The waste generated was disposed of as follows:

DISPOSED WASTE (t)	2014	2015	2016	2017	2018
Recycling	7,930	4,628	7,371	6,830	7,731
Recovery (including energy)	5,424	3,975	7,247	6,370	3,355
Sanitary and industrial landfills	21,493	2,804	9,146	8,980	15,990
On-site storage	748	1,859	1,303	455	1,260
Incineration	20,408	1,713	8,423	8,199	7,988
Reuse	238	739	482	505	457
Composting	662	274	475	299	392
Underground waste injection	7,960	0	1,931	1,756	899
Other*	5,000	3,700	17,022	5,258	4,829
TOTAL	69,863	19,692	53,400	38,652	42,901

* Other: autoclaving, vacuum thermal desorption of mercury, co-processing of waste in rotary clinker kilns for the production of cement, soil decontamination by thermal desorption

In 2018, destination by type of waste was carried out as follows:

DESTINATION ¹	Hazardous waste (t/year)	Non-hazardous waste (t/year)
	2018	2018
Recycled	6,092	1,639
Reuse (reclaim)	275	182
Composting	259	134
Recovery (including energy)	1,321	2,034
Incineration	865	7,123
Underground injection	899	-
Sanitary and industrial landfills	12,341	3,649
Temporary internal storage	48	1,212
Other ²	73	4,755

¹ We had adjustments to our waste data reporting methodology to better qualify the information and increase transparency, thus initiating the detailed reporting from 2018.

² Other: autoclaving, vacuum thermal desorption of mercury, co-processing of waste in rotary clinker kilns for the production of cement, soil decontamination by thermal desorption.



CLIMATE CHANGE

103-2, 103-3, 201-2, CRITERIA 18 - COP

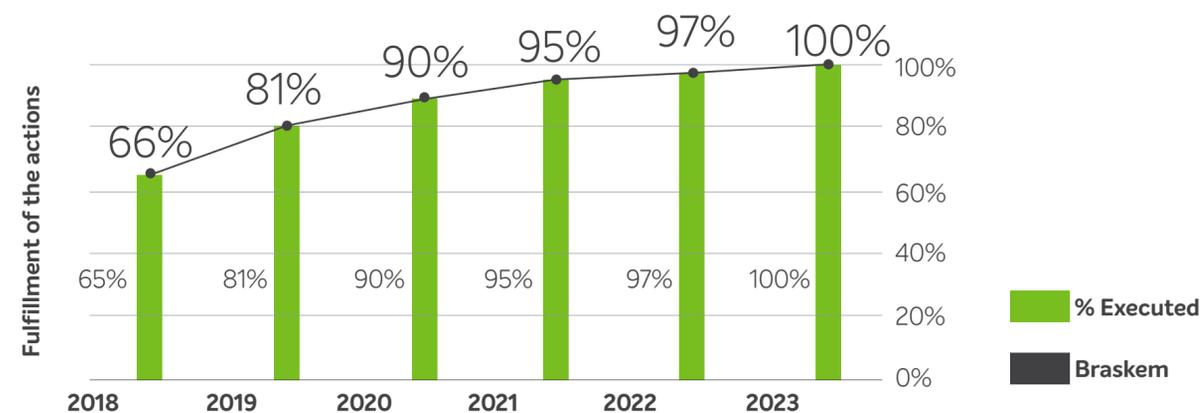
Actions for mitigation of and adaptation to climate change have always been part of our strategy, and are a commitment in our goals for sustainable development. To be among the world's best chemical industries in terms of greenhouse gas (GHG) emissions intensity, we have made a lot of efforts to develop effective actions that bring real solutions, such as the use of renewable raw materials, development of new products, and practices such as carbon pricing.

In line with this strategy, since 2008 we have been part of the Global Compact's Brazilian Network Committee and, since 2013, of the Global Compact's LEAD group, and are part of the initiatives of UNIDO's Green Industry Platform and of the Global Compact's Caring for Climate. In addition, we assumed the coordination of the Technical Group on Energy and Climate of the Brazilian Network of the UN Global Compact in 2017, and we have participated in a business platform created by the Center for Sustainability Studies of the Getúlio Vargas Foundation (FGV): Companies for the Climate.

PLAN TO ADAPT TO CLIMATE CHANGE

In 2018, the implementation of actions to mitigate climate risks occurred according to plan, highlighting the evaluation of the effectiveness of 100% of these actions in the calculation of residual risk, thus ensuring that potential high-risk threats are eliminated. Our plan foresees the implementation of 100% of all actions by 2023.

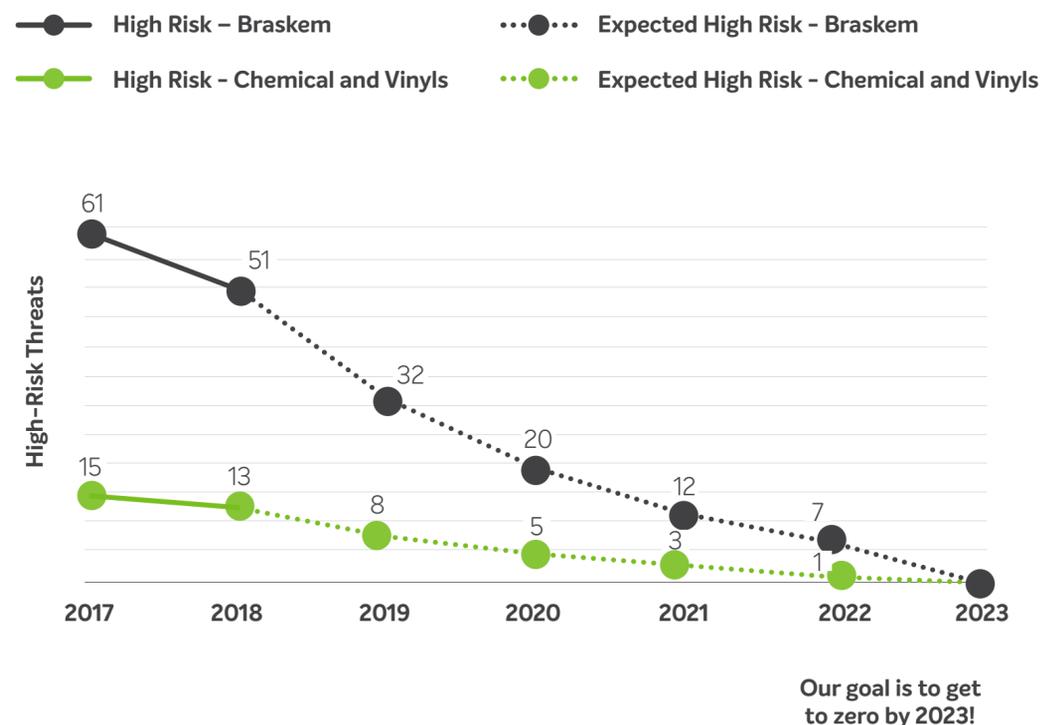
FOR THE EIGHTH CONSECUTIVE YEAR, WE OBTAINED THE CLASSIFICATION IN THE GOLD CATEGORY OF THE BRAZILIAN GHG PROTOCOL PROGRAM.



WE WERE SELECTED FOR THE SEVENTH CONSECUTIVE TIME TO INTEGRATE THE PORTFOLIO OF THE CARBON EFFICIENT INDEX (ICO2) OF B3 (BRAZIL).

Of the potential climate risk scenarios, we identified 61 potential high-risk threats to the business, 39 in Brazil, 16 in Mexico, and six in the United States. With our management efforts, in 2018 these numbers had already been reduced to 51 potential high-risk scenarios. Our goal is to reach zero by 2023.

INDICATOR OF EFFECTIVENESS IN MANAGEMENT OF POTENTIAL RISKS



CARBON PRICING

Part of our decision strategy for investments since 2016, we have an internal evaluation process (shadow pricing method) that supports our decisions on investment portfolio. A result of a commitment proposed by the World Bank and adopted by us during the UN Climate Summit. The process is being used in 100% of the operations in Brazil: Between 2016 and 2018, 51 projects used the methodology, and of these, 37 impacted the reduction of GHG emissions.

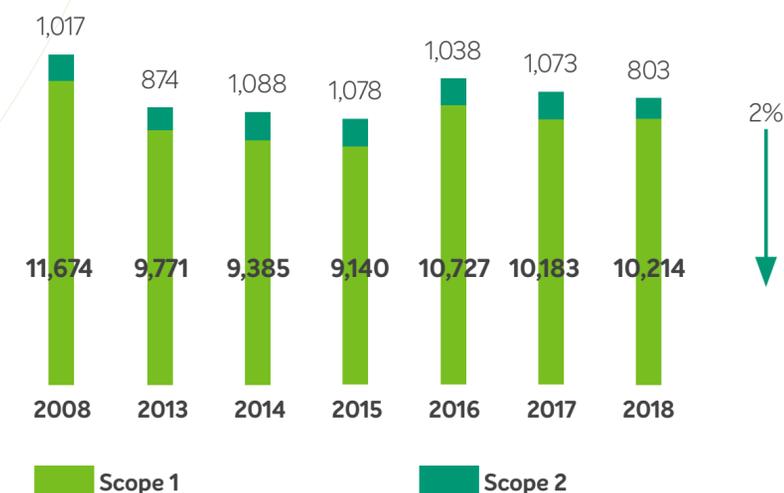
GHG EMISSIONS INVENTORY

305-1, 305-2, 305-3, 305-4, 305-5, 305-6

Our corporate emissions inventory considers all Scopes 1, 2, and 3 categories in 100% of the operations. In 2018 there was an increase (0.31%) in our Scope 1¹⁵ emissions due to an increase in primary energy consumption in our operations, driven by internal technical factors, such as unplanned operational shutdowns, and external factors, such as the truck drivers' strike in Brazil and power outage events in the Northeast region of Brazil. The total Scope 1 emissions was 10,214,251 tCO₂e.

Scope 2¹⁶ emissions are lower than last year, mainly due to a reduction of approximately 20% in the average CO₂ emission factor of the Interconnected System in Brazil in 2018 compared to 2017, reaching 802,590 tCO₂e. We seek from our electricity suppliers to obtain self-declarations for the purchase of renewable energy, which in 2018 were audited by an independent third party, to reduce Scope 2 emissions from part of the energy acquired that is obtained by bilateral agreements.

GHG EMISSIONS (SCOPES 1 AND 2) - ktCO₂e

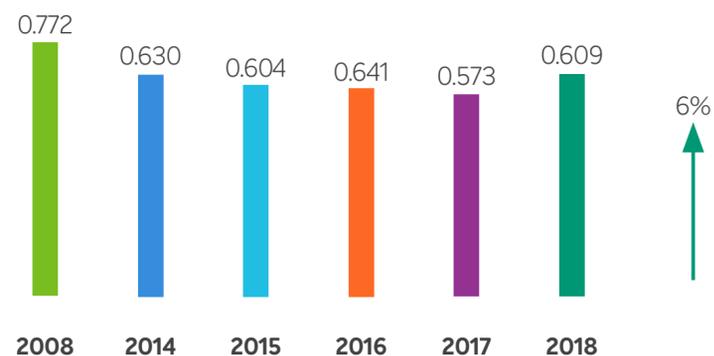


¹⁵ Direct GHG emissions

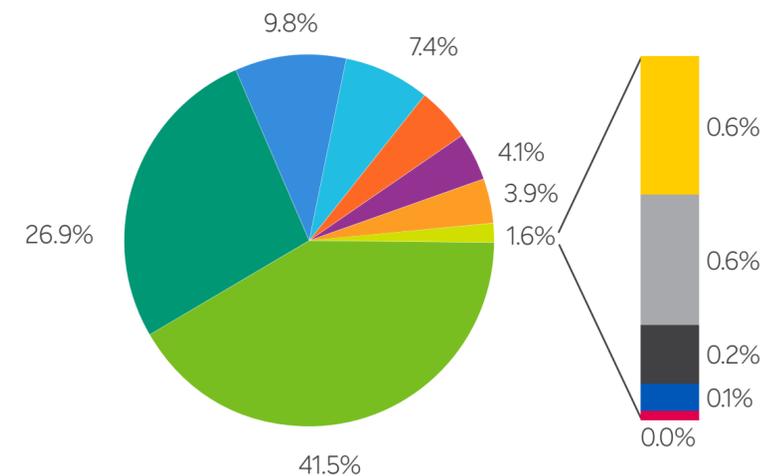
¹⁶ Indirect emissions from the purchase of electricity

The increase in our Scope 1 emissions, coupled with lower production compared to 2017 (approximately 10% reduction) and driven by the above mentioned internal and external events, led to an increase of our Scope 1 and 2 emission intensity indicator in 2018. This increase could have been greater if we had not implemented initiatives to mitigate emissions, among which are projects to switch energy sources for less carbon-intensive alternatives and recovery/energy efficiency in operations.

CARBON INTENSITY (SCOPES 1 AND 2) - tCO₂e/t

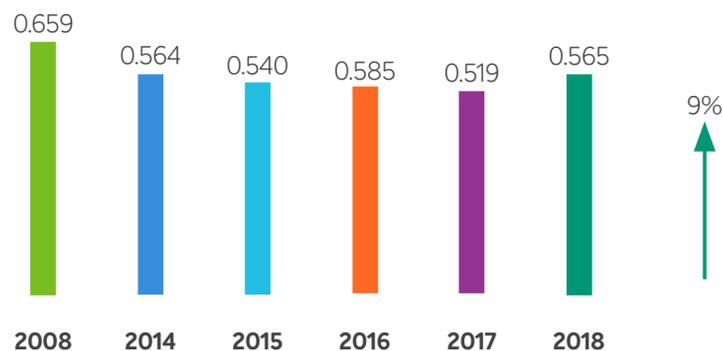


GHG EMISSIONS (SCOPE 3)



- Category 1 = 9,968.8 mil tCO₂e
- Category 10 = 6,459.7 mil tCO₂e
- Category 11 = 2,364.0 mil tCO₂e
- Category 12 = 1,773.5 mil tCO₂e
- Category 9 = 1,137.3 mil tCO₂e
- Category 4 = 992.9 mil tCO₂e
- Category 3 = 940.1 mil tCO₂e
- Category 15 = 142.2 tCO₂e
- Category 2 = 134.1 tCO₂e
- Category 5 = 59.4 tCO₂e
- Category 7 = 29.3 tCO₂e
- Category 6 = 7.2 tCO₂e
- Category 8 = 0.7 tCO₂e

CARBON INTENSITY (SCOPE 1) - tCO₂e/t



Scope 3¹⁷ emissions also increased, mainly due to an increase in the scope of reporting products sold under Category 11 - Use of Products Sold and Category 10 - Processing of Products Sold. In 2018, our Scope 3 totaled 24,009,000 tCO₂e, with Categories 1, Goods and Services Purchased, 10 and 11 being the most representative:

¹⁷Other indirect GHG emissions

ENGAGEMENT OF THE SUPPLY CHAIN

In 2018, we proceeded with the process to engage critical Suppliers regarding climate change, achieving results that increase the chain's resilience to mitigate and adapt: presentation of initiatives to reduce emissions, reporting of targets to reduce emissions, and Suppliers that are already cascading the engagement to their own partners, all of this voluntarily. We have encouraged Suppliers to join the Action Exchange within the CDP Supply Chain, a free consultancy to identify opportunities to reduce costs, emissions, and energy consumption in their processes.



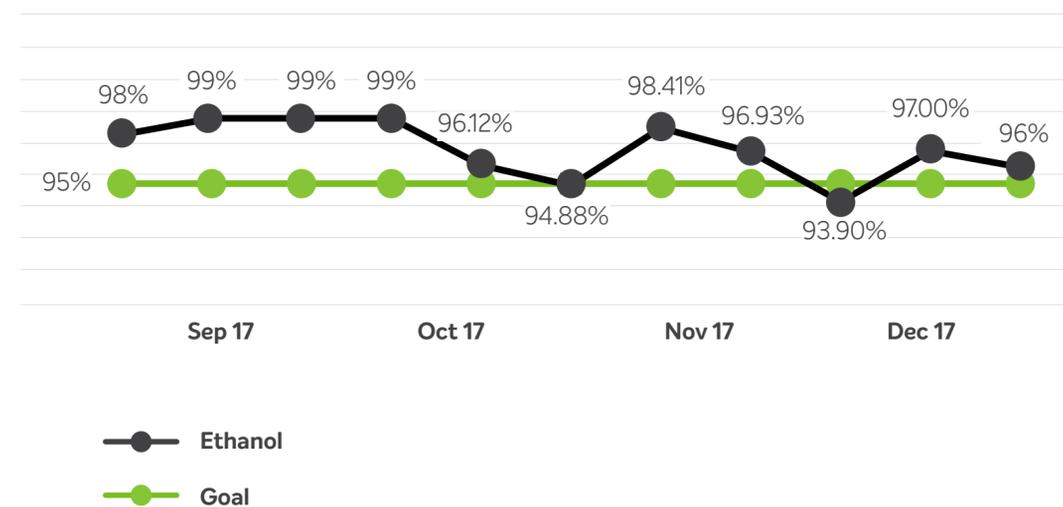
In 2018:

- 61%** of engaged Suppliers reported initiatives to reduce emissions
- 46%** of engaged Suppliers reported targets
- 44%** of Suppliers engaged their suppliers
- 140** Suppliers invited by us answered the climate questionnaire in 2018 (66.5% of the total Suppliers invited)

CARBON CREDITS IN THE FLEET OF CORPORATE VEHICLES

Since 2011 we have carried out an inventory of Scope 3 GHG emissions (indirect emissions), with a significant evolution of the chain's engagement and identification of initiatives to reduce these emissions. With support from Ticket Log, in 2017 we joined an initiative to generate carbon credits through the replacement of gasoline with ethanol in our fleet of corporate vehicles and became eligible for the monitoring phase in 2018, upon fueling with ethanol at a percentage higher than required (95.46%). In the second half of the same year, we requested the issue of carbon credits, expected to be issued in the first half of 2019.

EVOLUTION OF ETHANOL SUPPLY INDICATOR FOR THE FLEET





OTHER EMISSIONS

305-7

In addition to greenhouse gas emissions, we manage other air emissions, such as ozone-depleting substances and pollutants from fuel combustion, such as NO_x and SO_x, among others. We have also been replacing depleting substances with other substances not on the Montreal Protocol list.

The higher consumption of coal in Southern Brazil explains the increase in emissions of NO_x, SO_x, and particulate matter. In any case, these emissions are within the legal standards applied to units that consume coal.

EVOLUTION OF EMISSION OF OZONE-DEPLETING SUBSTANCES (ODS)

ODS	2014 (t)	2015 (t)	2016 (t)	2017 (t)	2018 (t)
Tons of CFC-11 equivalent	48.6	55.3	3.0	1.7	2.9

¹⁸ Ozone depletion refers to a decline in the total volume of ozone in the Earth's stratosphere (the ozone layer).

EVOLUTION OF EMISSIONS OF SO_x, NO_x, AND OTHER SIGNIFICANT SUBSTANCES (TONS)

EMISSIONS ¹	2014 (t)	2015 (t)	2016 (t)	2017 (t)	2018 (t)
NO _x	11,421	9,546	9,651	10,509	10,122
SO _x	11,509	4,503	3,137	3,779	4,870
Volatile organic compounds	3,881	3,808	6,139	6,811	8,890 ²
Particulate matter	1,225	911	860	911	1,289
Toxic air pollutants ³	97	652 ²	531	677	595
Other ⁴	6,190	14,495	4,145	4,746	7,078

¹ The methodologies used are recommended by the local environmental agencies. Where no measurements are taken, estimates (emission factors) based on recognized methods, such as AP-42 from the USEPA, are used.

² Plants have been increasing their assessments. This explains the increase in these parameters.

³ Includes toxic air pollutants and PAHs.

⁴ Includes total hydrocarbons and carbon monoxide.

Click here and leave your opinion about the content you just read. Answer just six multiple choice questions to help us to continually improve this report.

GRI CONTENT INDEX



GRI CONTENT INDEX 102-55

GRI Standard	Disclosure	Page and/or answer	Global Compact Principles
GENERAL DISCLOSURES			
	102-1 - Name of the organization	7	
	102-2 - Activities, brands, products, and services	7	
	102-3 - Location of headquarters	107	
	102-4 - Location of operations	7	
	102-5 - Ownership and legal form	Braskem was formed in August 2002 by the merger of six Odebrecht Group companies and the Mariani Group. We are a publicly traded corporation with several industrial units in Brazil, the United States, Germany, and Mexico (through a joint venture with Idesa). Go to http://www.braskem-ri.com.br/ownership-structure for more details.	
	102-6 - Markets served	7	
	102-7 - Scale of the organization	7	
GRI 102: General Disclosures	102-8 - Information on employees and other workers	52	6
	102-9 - Supply chain	30, 66	
	102-10 - Significant changes to the organization and its supply chain	There was no significant change in the reporting period.	
	102-11 - Precautionary Principle or approach	As a principle and in accordance with the Health, Safety, Environment, Quality and Productivity Policy, Braskem does not produce, handle, use, market, transport, or dispose of any product if it cannot do so safely with a minimum impact of the product on the environment. It should be noted that Braskem does not produce or market products derived from genetically modified organisms (GMOs) or products containing GMO ingredients, whether in Brazil or abroad.	
	102-12 - External initiatives	7, 15	
	102-13 - Membership of associations	7, 15	

GRI Standard	Disclosure	Page and/or answer	Global Compact Principles
	102-14 - Statement from senior decision-maker	4	
	102-15 - Key impacts, risks, and opportunities	22	
	102-16 - Values, principles, standards, and norms of behavior	19, 22	10
	102-17 - Mechanisms for advice and concerns about ethics	19, 22, 29	10
	102-18 - Governance structure	19	
GRI 102: General Disclosures	102-23 - Chair of the highest governance body	The Chairman of the Board of Directors of Braskem is not the executive director of Braskem. Pursuant to Article 19, Sole Paragraph of the company's bylaws, "The position of Chief Executive Officer and Chairman of the Board of Directors may not be cumulatively held by the same person, unless otherwise provided for in the Regulation." Regulation = B3 Level 1 Listing Regulation.	
	102-40 - List of stakeholder groups	Members (including company Leaders), Financing Institutions, Clients, Suppliers, Academia, Local Audiences (NGO, Community, Trade Entities), Opinion Formers (Government, Press), and General Public. Go to www.braskem.com.br/material-issues-assesment for more details.	
	102-41 - Collective bargaining agreements	55	3
	102-42 - Identifying and selecting stakeholders	The identification and selection of our stakeholders for engagement was based on the groups that play the role of influencers, enablers, impactors, and beneficiaries in the relationship with the company. Go to http://www.braskem.com.br/material-issues-assesment for more details.	

GRI Standard	Disclosure	Page and/or answer	Global Compact Principles
	102-43 - Approach to stakeholder engagement	www.braskem.com.br/ material-issues-assesement	
	102-44 - Key topics and concerns raised	www.braskem.com.br/ material-issues-assesement	
	102-45 - Entities included in the consolidated financial statements	30	
	102-46 - Defining report content and topic Boundaries	www.braskem.com.br/ material-issues-assesement	
	102-47 - List of material topics	www.braskem.com.br/ material-issues-assesement	
	102-48 - Restatements of information	There was no significant change in the reporting period.	
GRI 102: General Disclosures	102-49 - Changes in reporting	There was no significant change in the reporting period.	
	102-50 - Reporting period	January 1 to December 31, 2018.	
	102-51 - Date of most recent report	2018	
	102-52 - Reporting cycle	Annual	
	102-53 - Contact point for questions regarding the report	107	
	102-54 - Claims of reporting in accordance with the GRI Standards	This report was prepared in accordance with the GRI Standards: Core option	
	102-55 - GRI content index	99	
	102-56 - External assurance	The external assurance, carried out by KPMG, occurs at the request of the Leaders and is part of the set of annual goals of those responsible for preparing the report.	

MATERIAL TOPIC
ECONOMIC PERFORMANCE

Macro objectives: Economic-financial results

GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/ material-issues-assesement	
	103-2 - The management approach and its components	31	
	103-3 - Evaluation of the management approach	31	

GRI Standard	Disclosure	Page and/or answer	Global Compact Principles
GRI 201: Economic Performance	201-1 - Direct economic value generated and distributed	36	
	201-2 - Financial implications and other risks and opportunities due to climate change	93	7
	201-4 - Financial assistance received from government	75	

MARKET PRESENCE

Macro objective: Local Development

GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/ material-issues-assesement	
	103-2 - The management approach and its components	49	
	103-3 - Evaluation of the management approach	52	
GRI 202: Market Presence	202-1 - Ratios of standard entry level wage by gender compared to local minimum wage	53	6
	202-2 - Proportion of senior management hired from the local community	52	6

INDIRECT ECONOMIC IMPACTS

Macro objective: Local Development

GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/ material-issues-assesement	
	103-2 - The management approach and its components	56	
	103-3 - Evaluation of the management approach	56	
GRI 203: Indirect Economic Impacts	203-1 - Infrastructure investments and services supported	56	

PROCUREMENT PRACTICES

Macro objective: Local Development

GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/ material-issues-assesement	
	103-2 - The management approach and its components	66	
	103-3 - Evaluation of the management approach	66	

GRI Standard	Disclosure	Page and/or answer	Global Compact Principles
GRI 204: Procurement Practices	204-1 – Proportion of spending on local suppliers	66	
ANTI-CORRUPTION			
Macro objective: Strengthening practices			
GRI 103: Management Approach	103-1 – Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 – The management approach and its components	22, 28	
	103-3 – Evaluation of the management approach	28	
GRI 205: Anti-corruption	205-2 – Communication and training about anti-corruption policies and procedures	22	10
	205-3 – Confirmed incidents of corruption and actions taken	There were no confirmed cases of corruption in the period.	10
ANTI-COMPETITIVE BEHAVIOR			
Macro objective: Strengthening practices			
GRI 103: Management Approach	103-1 – Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 – The management approach and its components	22, 28	
	103-3 – Evaluation of the management approach	28	
GRI 206: Anti-competitive Behavior	206-1 – Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Nothing to report. Braskem does not have any process of this nature.	
MATERIALS			
Macro objective: Renewable Resources			
GRI 103: Management Approach	103-1 – Explanation of the material topic and its Boundary	28	
	103-2 – The management approach and its components	91	
	103-3 – Evaluation of the management approach	91	
GRI 301: Materials	301-1 – Materials used by weight or volume	7, 10	7, 8
	301-2 – Recycled input materials used	61, 91	8
	301-3 – Reclaimed products and their packaging materials	61, 91	8

GRI Standard	Disclosure	Page and/or answer	Global Compact Principles
ENERGY			
Macro objective: Energy efficiency			
GRI 103: Management Approach	103-1 – Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 – The management approach and its components	89	
	103-3 – Evaluation of the management approach	89	
GRI 302: Energy	302-1 – Energy consumption within the organization	89	7, 8
	302-3 – Energy intensity	89	8
	302-4 – Reduction of energy consumption	89	8, 9
WATER			
Macro objective: Water efficiency			
GRI 103: Management Approach	103-1 – Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 – The management approach and its components	85	
	103-3 – Evaluation of the management approach	85	
GRI 303: Water	303-1 – Interactions with water as a shared resource	85	7, 8
	303-2 – Management of water discharge-related impacts	85	
	303-3 – Water withdrawal	85	8
	303-4 – Water discharge	85	
	303-5 – Water consumption	85	
BIODIVERSITY			
Macro objective: Strengthening practices			
GRI 103: Management Approach	103-1 – Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 – The management approach and its components	76, 82	
	103-3 – Evaluation of the management approach	82	

GRI Standard	Disclosure	Page and/or answer	Global Compact Principles
GRI 304: Biodiversity	304-2 – Significant impacts of activities, products, and services on biodiversity	In 2018, there were no significant impacts on biodiversity (valid for Mexico, where the topic is material).	8
	304-4 – IUCN Red List species and national conservation list species with habitats in areas affected by operations	Two species (Ceratozamia miqueliana and Zamia loddigesii). It should be noted that these species were rescued by the company during the construction of the complex in 2012 to 2016, and are now in a conservation area.	8
EMISSIONS			
Macro objective: Energy Efficiency			
GRI 103: Management Approach	103-1 – Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 – The management approach and its components	93	
	103-3 – Evaluation of the management approach	93	
GRI 305: Emissions	305-1 – Direct (Scope 1) GHG emissions	94	7, 8
	305-2 – Energy indirect (Scope 2) GHG emissions	94	7, 8
	305-3 – Other indirect (Scope 3) GHG emissions	94	7, 8
	305-4 – GHG emissions intensity	94	8
	305-5 – Reduction of GHG emissions	94	8, 9
	305-6 – Emissions of ozone-depleting substances (ODS)	94	7, 8
	305-7 – Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	97	7, 8
EFFLUENTS AND WASTE			
Macro objective: Security			
GRI 103: Management Approach	103-1 – Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 – The management approach and its components	85, 91	
	103-3 – Evaluation of the management approach	85, 91	

GRI Standard	Disclosure	Page and/or answer	Global Compact Principles
GRI 306: Effluents and Waste	306-1 – Water discharge by quality and destination	85	8
	306-2 – Waste by type and disposal method	91	8
ENVIRONMENTAL COMPLIANCE			
Macro objective: Strengthening practices			
GRI 103: Management Approach	103-1 – Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 – The management approach and its components	82	
	103-3 – Evaluation of the management approach	82	
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations		8
		In June 2018, a civil lawsuit was filed by the State Public Prosecutor's Office in São Paulo against Braskem and 11 other companies located in the Capuava Petrochemical Complex. The lawsuit asks for compensation of R\$ 100 million for moral and environmental damage due to high rates of people in the region suffering from Hashimoto's thyroiditis. At the close of this report, there was no evidence that industrial activities were responsible for triggering Hashimoto's thyroiditis in that location (this information also applies to indicator 413-2).	
SUPPLIER ENVIRONMENTAL ASSESSMENT			
Macro objective: Strengthening practices			
GRI 103: Management Approach	103-1 – Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 – The management approach and its components	66	
	103-3 – Evaluation of the management approach	66	
GRI 308: Supplier Environmental Assessment	308-1 – New suppliers that were screened using environmental criteria	66	8

GRI Standard	Disclosure	Page and/or answer	Global Compact Principles
EMPLOYMENT			
Macro objective: Economic-financial results			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 - The management approach and its components	49	
	103-3 - Evaluation of the management approach	49	
GRI 401: Employment	401-1 - New employee hires and employee turnover	53	6
	401-2 - Benefits provided to full-time employees that are not provided to temporary or part-time employees	Life insurance, health insurance, disability allowance, maternity/paternity leave, private pension fund, and stock purchase plan, among others. There is no distinction of benefits offered to full-time, temporary and part-time employees. Benefits are offered upon hiring.	
	401-3 - Parental leave	In Brazil, we monitor the number of maternity leaves and the percentage of terminations up to one year after the return from the leave. Number referring to Members in Brazil who returned from maternity leave from January to December 2018: 92 returns and 7 post-return terminations.	6
OCCUPATIONAL HEALTH AND SAFETY			
Macro objective: Security			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 - The management approach and its components	76, 78 to 80	
	103-3 - Evaluation of the management approach	78, 80	
GRI 403: Occupational Health and Safety	403-1 - Occupational health and safety management system	76	
	403-2 - Hazard identification, risk assessment, and incident investigation	78, 79	
	403-3 - Occupational health services	79	
	403-4 - Worker participation, consultation, and communication on occupational health and safety	79	

GRI Standard	Disclosure	Page and/or answer	Global Compact Principles	
GRI 403: Occupational Health and Safety	403-5 - Worker training on occupational health and safety	79		
	403-6 - Promotion of worker health	To support the promotion of non-occupational health to employees, Braskem offers health insurance, which covers general and dental services. For contractors, Braskem requires, through a service agreement, the provision of health insurance. In addition to health insurance, Braskem promotes other health support actions, such as: vaccination campaigns, quality of life tests, occupational medical follow-up, and nutritional monitoring, gym membership, among others.		
	403-7 - Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	To support the promotion of non-occupational health to employees, Braskem offers health insurance, which covers general and dental services. For contractors, Braskem requires, through a service contract, the provision of health insurance.		
	403-8 - Workers covered by an occupational health and safety management system	Braskem has approximately 21,000 workers, 40% of whom are Members and 60% are contractors covered by the occupational health and safety management system.		
	403-9 - Work-related injuries	78		
	403-10 - Work-related ill health	78		
	TRAINING AND EDUCATION			
	Macro objective: Strengthening practices			
	GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
		103-2 - The management approach and its components	49	
103-3 - Evaluation of the management approach		49		
GRI 404: Training and Education	404-2 - Programs for upgrading employee skills and transition assistance programs	49, 54		
	404-3 - Percentage of employees receiving regular performance and career development reviews	55	6	

GRI Standard	Disclosure	Page and/or answer	Global Compact Principles
DIVERSITY AND EQUAL OPPORTUNITY			
Macro objective: Strengthening practices			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 - The management approach and its components	51	
	103-3 - Evaluation of the management approach	51	
GRI 405: Diversity and Equal Opportunity	405-1 - Diversity of governance bodies and employees	49, 52	6
NON-DISCRIMINATION			
Macro objective: Strengthening practices			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 - The management approach and its components	21 to 22	
	103-3 - Evaluation of the management approach	21 to 22	
GRI 406: Non-discrimination	406-1 - Incidents of discrimination and corrective actions taken	21 to 22	6
RIGHTS OF INDIGENOUS PEOPLES			
Macro objective: Local Development			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 - The management approach and its components	55 to 59, 71 to 74, 76 to 77	
	103-3 - Evaluation of the management approach	55 to 59, 71 to 74, 76 to 77	
		64	
GRI 411: Rights of Indigenous Peoples	411-1 - Incidents of violations involving rights of indigenous peoples	No incidents were identified in the reporting period. Considering that traditional populations (fishermen and quilombolas) live in communities close to Braskem's operations in the Port of Aratu, some initiatives have been taken to prevent damage, promote sustainability, and establish a relationship of dialogue and trust with these communities.	

GRI Standard	Disclosure	Page and/or answer	Global Compact Principles
LOCAL COMMUNITIES			
Macro objectives: Local Development			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 - The management approach and its components	56	
	103-3 - Evaluation of the management approach	56	
GRI 413: Local Communities	413-1 - Operations with local community engagement, impact assessments, and development programs	56	1
	413-2 - Operations with significant actual and potential negative impacts on local communities	65, 80	1
SUPPLIER SOCIAL ASSESSMENT			
Macro objective: Strengthening practices			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 - The management approach and its components	66	
	103-3 - Evaluation of the management approach	66	
GRI 414: Supplier Social Assessment	414-1 - New suppliers that were screened using social criteria	66	2
PUBLIC POLICY			
Macro objective: Strengthening practices			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 - The management approach and its components	75	
	103-3 - Evaluation of the management approach	75	
GRI 415: Public Policy	415-1 - Political contributions	Zero	10

GRI Standard	Disclosure	Page and/or answer	Global Compact Principles
CUSTOMER HEALTH AND SAFETY			
Macro objective: Security			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 - The management approach and its components	81	
	103-3 - Evaluation of the management approach	81	
GRI 416: Customer Health and Safety	416-1 - Assessment of the health and safety impacts of product and service categories	100% (SDS provides impacts and controls of HES, they are reviewed periodically, SDS platform (3 years) - RIS (according to with each legislation reported).	81
	416-2 - Incidents of non-compliance concerning the health and safety impacts of products and services		81
MARKETING AND LABELING			
Macro objective: Strengthening practices			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 - The management approach and its components	81	
	103-3 - Evaluation of the management approach	81	
GRI 417: Marketing and Labeling 2016	417-1 - Requirements for product and service information and labeling	The labeling information corresponds to SDS information (GHS format) and is handled by each site. The internal procedure used is ANX 6020-00840 - Information on chemical hazards.	81
	417-2 - Incidents of non-compliance concerning product and service information and labeling		81
	417-3 - Incidents of non-compliance concerning marketing communications	Zero. The company declares non-existence of non-compliance with regulations and voluntary codes relating to marketing communications, including advertising, promotion and sponsorship, broken down by type of results.	

GRI Standard	Disclosure	Page and/or answer	Global Compact Principles
SOCIOECONOMIC COMPLIANCE			
Macro objective: Strengthening practices			
GRI 103: Management Approach	103-1 - Explanation of the material topic and its Boundary	www.braskem.com.br/material-issues-assesment	
	103-2 - The management approach and its components	28	
	103-3 - Evaluation of the management approach	28	
GRI 419: Socioeconomic Compliance	419-1 - Non-compliance with laws and regulations in the social and economic area	Braskem has lawsuits in the aforementioned period, whether environmental or regulatory; however, the company does not have definitive ruling on fines or non-monetary sanctions during the period in question. The same criteria used in the "Reference Form" established by the "Brazilian Securities Commission" ("CVM") was adopted for this report, in accordance with IN CVM 480/209 - R\$ 50 million. For environmental matters, it considered the amount of R\$ 10 million.	
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* COP (Communication on Progress): commitments made by UN Global Compact participants with the implementation of the 10 Global Compact Principles in their business strategies and daily operations.

LIMITED ASSURANCE REPORT ISSUED BY INDEPENDENT AUDITORS

To the Board of Directors, Shareholders and Stakeholders
Braskem S.A.
São Paulo – SP

Introduction

We have been engaged by Braskem S.A. (“Braskem” or “Company”) to apply limited assurance procedures on the sustainability information disclosed in 2018’s Annual Report, related to the year ended December 31st, 2018.

Responsibilities of Braskem’s Management

The Management of Braskem is responsible for adequately preparing and presenting the sustainability information in the Annual Report 2018 in accordance with the *Standards for Sustainability Report of the Global Reporting Initiative – GRI (GRI-Standards)*, as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors’ responsibility

Our responsibility is to express a conclusion about the information in the Annual Report 2018 based on a limited assurance engagement conducted in accordance with the *Standards for Sustainability Report of the Global Reporting Initiative – GRI (GRI-Standards)* and the methodology developed globally by KPMG for assurance of social and

environmental information disclosed in sustainability reports – *KPMG Sustainability Assurance Manual – KSAM*, applicable to historical non-financial information.

These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Braskem’s Annual Report 2018, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the *Standards for Sustainability Report of the Global Reporting Initiative – GRI (GRI-Standards)* and the *KPMG Sustainability Assurance Manual – KSAM* consists mainly of questions and interviews with the Management team Braskem and other professionals of the Company involved in the preparation of the information disclosed in the Annual Report 2018 and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Annual Report 2018 taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Annual



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Report 2018, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

(a) engagement planning: considering the material aspects for Braskem's activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Braskem's Annual Report 2018. This analysis defined the indicators to be checked in details;

(b) understanding and analysis of disclosed information related to material aspects management;

(c) analysis of preparation processes of the Annual Report 2018 and its structure and content, based on the Principles of Content and Quality of the *Standards for Sustainability Report of the Global Reporting Initiative - GRI (GRI-Standards)*;

(d) evaluation of non financial indicators selected:

- understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;

- application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the Annual Report 2018;
- analysis of evidence supporting the disclosed information;
- visits to three Braskem's operations and to the corporate office application of these procedures, and items (b) and (c);
- (e) analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;
- (f) comparison of financial indicators with the financial statements and/or accounting records.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable

assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Annual Report 2018.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

Conclusion

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in the 2018 Annual Report of Braskem is not fairly stated in all material aspects in accordance with the Standards for Sustainability Report of the Global Reporting Initiative - GRI (GRI-Standards), as well as its source records and files.

São Paulo, May 10th, 2019

KPMG Financial Risk & Actuarial Services Ltda.

Ricardo Algis Zibas

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