

**Operator:**

Good afternoon, ladies and gentlemen. At this time, we would like to welcome everyone to Braskem's conference call with investors. Today with us we have Roberto Simões, CEO, Pedro Freitas, CFO, Marcelo Cerqueira, Vice-President of Manufacturing Brazil & Global Industrial Operations, Rosana Avolio, Investor Relations Director, Thiago Fontana Gemignani, Case Maceió, Leadership Team, Almir Viana Cotias Filho, Vinyls Leader, and Filipe Alves Tavares, Case Maceió Legal.

We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the Company's presentation. After Braskem's remarks are completed, there will be a question and answer section. At that time further instructions will be given. Should any participant need assistance during this call, please press \*0 to reach the operator.

We have simultaneous webcast that may be accessed through Braskem's IR website, at [www.braskem-ri.com.br](http://www.braskem-ri.com.br), and the MZiQ platform, where the slide presentation is available for download. Please feel free to flip through the slides during the conference call.

There will be a replay facility for this call on the website. We remind you that questions, which will be answered during the Q&A session, may be posted in advance on the website.

Before proceeding, let me mention that forward-looking statements are being made under the Safe Harbor of the Securities litigation reform act of 1996. Forward-looking statements are based on the beliefs and assumptions of Braskem's management, and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Braskem and could cause results to differ materially from those expressed in such forward-looking statements.

Now I will turn the conference over to Marcelo Cerqueira. Mr. Cerqueira you may begin your conference.

**Marcelo Cerqueira:**

Good afternoon, everybody. I will start with some introduction and some information, and then I will pass to my colleagues to compliment all the information.

If you can see in this slide, we started our operation in Alagoas in 1975. It was a company called Salgema at that time, that in the 90s it changed the name for Trikem, and in 2002, together, with another company, made it to form Braskem.

So we have two main assets in Alagoas, the chlor-alkali plant in Maceió and the PVC plant in Marechal Deodoro. In the picture on the right, you see the chlor-alkali plant on the center, it uses salt to produce chlorine and caustic soda, and DDC, which is the feedstock to produce PVC. The chlor-alkali plant also receives ethylene from the cracker in Bahia. So this is our production chain of the vinyl business.

Our commitment in Alagoas is to create value in the region, generate jobs, income, revenue and tax for the state. And even with the interruption of the activities in the chlor-

alkali in May 2019, we decided not to cut the jobs and the people were working to restart the plant.

We generate around 2,000 jobs, 500 direct jobs and about 1,900 outsourced jobs. We generate a revenue of R\$1.5 billion per year, and local taxes around R\$150 million.

And we are the pillar of the production chain in Alagoas. We account for 3% of the whole GDP, and we support more than 60 companies in the plastics and chemical chain in the state.

Can you change the slide? This second slide, some technical details. On the right, you can see an example of a salt mine. The salt layer is about 1,000m down in the underground of the Maceió city. It is like a rock. So the way we extract it, it is with water that comes from a pipeline that you can see in blue. It promotes a dissolution, forming the brine that goes up because of the pressure, and then sent to the plant to produce chlorine and caustic soda.

On the left, you can see two pictures. This is how you can see the wells on Alagoas. So it is like a small tree of pipelines, very simple, and it is connected to the plant.

So we have 35 wells, all of them in operation. The depth is about 1,000 meters. All of them licensed by the Mineral Agency and the Environmental Agency, according to the Brazilian regulation. And we decided to stop the extraction of the salt in May 2019, last year in this region.

Can you change the slide, please? In March 2018, an earthquake happened and impacted some regions in Maceió. In the picture on your left, you can see the Maceió city. On the left is Lagoa Mundaú, and most of our wells are close to the lagoon in this green area, and the earthquake hit this area close to the lagoon, also.

Since then, we adopted a very responsible, transparent and active posture, and reinforced the commitment to protect people of this region, and also to understand the geological phenomenon.

Since then, we have been implementing many actions, including the mine closure plan and the actions defined with the authorities. If you look at the timeline, in 2019, we hired independent geological studies to support our decisions, and we decided to close the salt mine. We created a safe zone, a protection area close to our mines based on an international study made by the IFG, a German institute with high expertise in this kind of salt mines. And we signed cooperation terms with the city hall to develop several actions in order to protect the people in the region.

In 2020, we made a huge advance in the process. We signed an agreement with public defenders and with the prosecutors that established actions to relocate the residents of the region based on risk areas that were defined by the local civil defense.

And we started the compensation program of the residents that we call PCF. We had a huge advance in the PCF last year, with the relocation of many people of the region, including large structures. We have more detail in the other slide that you will see from Thiago.

We advanced in the areas with monitoring systems and the execution of the mine closure. We made many amendments to the agreement that we signed in the beginning of the

year with the authorities, and that led to the termination of the civil action related to the residents in the end of 2020.

And we also signed an agreement with the federal and state prosecutor for the termination of the social and environmental public civil action. And also, we signed an agreement with the labor prosecutors for the termination of the labor PCA.

Moving to the next slide, our action, we are based in two main pillars. The first one is safety of the people in removing the residents from the risk areas with our financial compensation program, psychological support, actions to maintain that areas and protect the residents that are living there, and actions to prevent disease proliferation through pest controls and monitoring. Those are some examples of the first pillar, which is safety of people.

And the second one to understand the geological phenomenon. So, as I mentioned, we hired studies to support us in our decision. We made many actions around the drainage works, we are monitoring the soil. Now we have a robust system that is monitoring the area. We continue to study with sonars to assess the condition in our salt wells, and we are working permanently to close the site wells, aligned with the Mineral Agency.

In the next slide, please, we are working in four main fronts, legal fronts with the objective to provide legal certainty to the actions implemented by the Company, and the technical front, conducting studies to understand the phenomenon for directing actions focused on safety, and also the implementation front, which the objective is to implement all the actions that comes from the legal front and the technical front. And we are also working in restarting the chlor-alkali plant. This is a relevant front that our intention is to restart it in a few days.

Now I will pass to Thiago to complement the information.

**Thiago Fontana Gemignani:**

Good afternoon. I hope you all can hear me. I am part of the leadership team of the Maceió case. I will try to bring additional color to some of the things Marcelo mentioned in the introduction.

Beginning with slide 12, we try to frame the main workstreams of our action fronts that we have going on in the Maceió case. The first one is the relocation and compensation that encompasses all the support for relocation, compensation of the residents, and also large structures that are located either on the risk area, protection area, the safety zone that Marcelo mentioned, and also the monitoring areas. So we will talk a little bit more on the map afterwards to give more color on that.

The second works front is more on the tech side, it is related to the closing and monitoring of salt wells. As Marcelo mentioned also, we have 35 salt extraction wells and there are a lot of studies that are going, that we have already been conducting for some time, and based on the findings of the sonar studies and experts, there is a plan for stabilizing and also closing those wells. We will also talk a little bit more about that.

The third action front is related to social-urbanistic measures. We have been doing some in this workstream in 2020, but it is actually something that we will be a lot more focused 2021 onwards, given the agreement that we made at the end of the year.

The fourth workstream is related to environmental study, and it is also related to the agreement we made at the end of the year and relates to the study to understand if the salt extraction activities created any environmental impact in the region.

And the final one, the additional measure relates to additional aspects that support in many ways the first four workstreams that I mentioned, and also some of the additional agreements and cooperation agreements we made with the city hall to give us some support.

The structure of the presentation, I will have one or two slides to give more details on each one and try to also give a summary in terms of final considerations in each one of them to give an overall context of the action fronts on the case.

Moving to slide 13, this is the first aspect to understand on the relocation compensation. Actually, here we have the risk evaluation map, and we can say that this defines a lot, the scope of action on relocation and compensation.

If you look on the left side of slide 13, we have the green area, yellow area and gray area. All these areas are the ones that are focus of the relocation and compensation program. The yellow one and the green one, they were added actually in the agreement that we made at the end of the year. The gray ones, you can see that there are different zone definitions. They are part either of the original agreement that we made in January 2020 or a couple of amendments that happened throughout the year.

A few messages related to the risk evaluation map and the relocation and compensation program. First one is that, in our understanding, this risk evaluation map, and that relates again to the scope of action of Braskem, of the Company, represents a comprehensive and conservative view of the Company once it encompasses all the recommendations from the civil defense. It is based not only on risk areas, but also on what civil defense defines as a monitoring area, and also includes the recommendations from technical experts and technical studies on potential long-term scenarios of impact in the region.

Again, the risk that is foreseen now by the civil defense, the monitoring areas by the civil defense, and also potential long-term scenarios. So it is a very comprehensive, understanding and conservative view.

Another message here is that these areas, again, as is the knowledge of the market, they were additions throughout the year, and this is because everything begins on the technical side. So there were new developments on the technical, new understandings from the civil defense or new studies that came throughout the year, and they led to conclusions on technical, on the on the scope of action. And to give security also on the legal side, there were also results of amendments with the authorities.

The last message on this slide is that it is important that we believe we made significant progress in the relocation in the areas in the map, and we can see, there is the caption here, there is a percentage of relocation with some of those areas.

The green-yellow area, again, we do not have percentage related yet because they were just included as part of the December 30th agreement, but the other areas are close to 100%, 95%, 97%, 98%, and the other one that is 79% is actually the one that entered in October. So we can see that we already have a way of operating that is being successful, we believe, in a very sensitive topic. So it is very important that we are being able to move forward. And I will give an emphasis on this 100% relocation in the areas that are, since the beginning, considered the most priority areas.



Moving to slide 14, the name of the program and the chapter already says it is relocation and compensation, but it is important to understand two different dimensions. This is the first step on any contact with the resident, and even with a large structure: we give all the relocation, support, availability of social technicians, all the support to find a new place for the person to move, all the logistics or support that they need, and the financial support to go to a new place. This is the whole relocation support program.

And we had the financial support. This is individual, of course, but it is also related to understanding and analyzing individual situations, defining eligibility, making proposals of compensation, signing the homologation of agreements and the compensation payment.

So these are two workstreams. We have more than 400 people from the Company and different specialist partners in different steps of the process that support and help us in this program.

Going to slide 15, just a few highlights on the numbers we achieved in 2020, and again, there is a lot of way to go, a lot of work to do, but we believe that we made important achievements in 2020. I will give some numbers and some color to them.

These are the numbers from end of the year, 2020, we relocated close more than 9,000 families. It seems to have a gap with the 15,000, but it is important that the agreement that we signed in December added close to 4,500. So again, where we already began, the numbers are advancing well, and now we believe this will also be true for the new areas that were included.

We made until the end of the year more than 3,400 compensation proposals. In January, we closed above 4,000 proposals. So, again, were able to keep the peace and evolve this throughout the year.

And one of the most important KPIs for us is that we have a 99.7% of acceptance. It shows that the program is healthy, it shows that, and this is very important, we are doing fair proposals so people can be compensated by the situation and restart their lives in a proper way.

As mentioned, it is not only residents. We do have large structures in the area like schools, hospitals and other kinds of commercial structures that demand a more customized approach given the complexity, especially for the relocation part of the process. We have already relocated more than 30, and they are close to 50. Again, this number also encompasses the new ones that were added throughout the process.

Only talking about the compensation process, more than 10,000 thousand meetings were held. This shows that it is a very intensive process with the community, and this is very important. There is a lot of process, but there is a lot of contact, understanding and helping the people in the program.

We disbursed approximately R\$500 million last year, and this will be much more intense in the next year, since 2020 was a year of ramp-up, also.

On slide 16, as I mentioned, on each of the action fronts, I will give some considerations here, final considerations, just as a summary. First one, on slide 16, the provisions amount that we have in the Company is in parallel to that scope that I mentioned at the beginning, and it is a parallel in this way in a very comprehensive way scope that considers, again, monitoring areas, all the risk areas from the civil defense, and includes

all the recommendations from specialized independent studies looking to potential long-term scenarios. So this is the first message that we think it is important.

The Company's priority continues to be advancing on financial compensation program and keep accelerating as much as possible so we can, as soon as possible, solve the situation for everyone in the region, including relocation, as we mentioned, and compensation.

Also, in addition, another priority for the year is in terms of negotiation, dealing with possible measures related to public concessioners that either have assets or are connected, potentially impacted by the relocation process in the area, and also individual lawsuits that exist against the Company.

A last point here is also in the agreement that we made at the end of the year in the public and civil action of the residents. It was created a technical group, and it is also to give more security on the on the framework where the phenomenon is going to be monitored and studied for the next five years. It is something that we feel it is important for the authorities, but also for the Company in order to give a framework as we look and analyze the phenomenon continuously.

Talking about the next workstream, on slide 17. This, again, is more on the technical side. We do have, as Marcelo mentioned, 35 salt extraction wells, and there were a lot of technical sonars, geomechanical studies and recommendations by experts. And these all created a plan that we have for closing all these 35 wells.

In this plan, there is a protocol discussed and authorized by the National Mining Agency, ANM. Each salt extraction well has its own specific plan. So depending on the characteristics of the cavity and the status of the cavity, there might be different techniques that are being recommended.

And for four of the 35, the recommended implementation action by experts is the backfilling or filling with solids. That is a measure that is considered for cases of more complexity. It is more capital intensive. So when we talk about provision, a lot of the values related to this workstream is related to these four, but also encompasses the actions that are built for the 35, given the recommendation from several of the most renowned experts in the field.

Again, as already mentioned, everything, is subject to approval to the National Mining Agency, and we already have actions in progress for 20 of the 35. Again, it is a very important and capital program that we are moving on.

Going to slide 18, this is something that was made public by the Company, communicated by the end of the year. There was a letter by the National Mining Agency recommending additional measures, especially related to filling of solids, which, as I mentioned, is the more extreme solution, for more complex cases. It is more capital intensive. They indicated that other wells, other cavities, not only the four that we mentioned, would need this kind of intervention. This could lead to investments and costs close to R\$3 billion.

Afterwards, we also made public that there is a temporary suspension. After that, Braskem, the Company also, of course, established a line of communication – we already had, of course, but specifically on this aspect – to have a technical discussion. And at this point in time, it suspended the effects of that letter until the development of the technical discussions move forward. And again, we expect this to have further developments over the course of the next months.

Going to slide 19, again, final considerations, the same framework that I mentioned. The Company already presented to National Mining Agency a plan for all the 35 wells that is based on the technical recommendations of several experts in the different knowledge fields. And the provision amounts are aligned with this plan.

It is a plan of complex execution, as you might imagine, and therefore it is the object of technical discussions between the Company specialists and the National Mining Agency. The implementation of the plan, as also mentioned, has already started for the wells where the National Mining Agency has already authorized. And as mentioned on the previous slide, over the next few months, the Company expects to conclude the discussions with the National Mining Agency. And of course, we will keep the market posted on these developments.

Going to slide 20, on the social-urbanistic measures, the actions implemented in this dimension in 2020, being the demolition of specific buildings that were indicated with risk by the civil defense, security, vigilance programs, and also janitorial services in relocated areas. But it is going to be more of a focus going on.

And as of December 2020, the agreement that I mentioned on the social-environmental public interest civil action defined the destination of a maximum value cap, and it is outlined to be implemented in three main dimensions.

One of them is the relocated area. So interventions in the relocated area being the decommissioning of areas, demolition, waste management, superficial drainage interventions, implementation of a vegetation cover, area management, maintenance of properties of cultural interest. Again, all the projects will need to be (26:07 TECHNICAL DIFFICULTY) with a proper technical engineering program. But again, this is an outline that reflects the best knowledge at this point, with a value that is defined as a maximum, as a cap in this program.

The agreement on the social-urbanistic also relates to mobility, implementation of immediate initiatives and also long-term solutions on the mobility, and also social compensation actions. So resources to enable social impact actions on multiple fronts: social, cultural, public services, among others. This will be a subject of discussion and implementation, beginning this year.

Going to slide 21, in terms of considerations, the provision amount in this workstream of R\$1,58 billion. It is a maximum cap agreed in the social environmental public interest civil action settlement, and this includes, as I mentioned, resources that will be available for relocated area interventions, urban mobility actions, social compensation measures, and also the collective social and moral damage.

And this R\$1.58 billion, we gave more details that also went public in the sense that there is a value there, an amount that might be served, a contingency cost for two of the dimensions. If not, it will be convertible in collective, social and moral damage.

The priority for 2021 for the Company, and we believe also for the signatory authorities, is to establish the decision, governance and monitoring of the program. So we are still in the first move steps after the agreement was settled, and work and defining the recommended measures. In 2021, we believe we will begin implementing actions, but it is it will be the first step. A lot of work in defining together with the signatory authorities within that amount is defined.

The agreement, also an important point, provides for the eventual joining of other interested parties to the agreement, and this will be the object of negotiations over the next months. So this is something that we will monitor and advance, we expect, over the course of the year.

In the environmental study workstream, slide 22, I have only one slide. Again, as part of the settlement that we did on the social-environmental public interest civil action in December 2020, it was defined the rationale for environmental study that has already been in some of its steps, with the objective of verifying whether the salt well extraction activities, created any environmental impact in the region, including biodiversity, water quality and among others.

Some important points in this study. The study will be conducted by a technically recognized company aligned with the authorities, and also in a scope that is pre-aligned with the authorities. So we begin the study with a mutual agreement on the Company, and a scope that makes sense for both parties.

It is a plan of multiple steps, and we are in the initial phase of this study, the data collection, and we expect the completion of the study by the 2H. As mentioned in the National Mining Agency workstream discussion, the Company will also keep the market posted once and if we have further and mature developments in this dimension.

Going to the last workstream, additional measures, this encompasses actions related to technical cooperation agreements with the civil defense and the city hall of Maceió. And also, these last three bullet points that we can see on slide 23, a lot of the costs and activities and infrastructure that we need to put in place also to guarantee that the other workstreams happen in a proper way, being external adviser for the relocation and compensation program, infrastructure to serve the residents, and also the management of the program, being communication, legal, compliance, everything that needs to go on in the backstage also so that the program, the activities can be implemented as expected.

On slide 24. I will not go into details here. We have four cooperation terms with the city hall of Maceió and civil defense. They go from equipment to be provided to the civil defense to have a better structure to monitor the phenomenon, civil interventions in risk and demolition where necessary, where indicated as a more emergency risk situation by the civil defense, building inspection, and also to support, the civil defense in the development of evacuation plans, emergency plans if necessary, if that situation ever came to happen.

On slide 25, we talk a lot about the residents center. Again, to serve the residents and the PCF, as we call, the compensation and relocation program, we have more than 400 people from social technicians, lawyers, facilitators, back-office structure, IT, planning teams. It is a huge structure and process that we move so that we can achieve the objectives we have to serve the residents since the beginning.

And we created what we call the Residents Center. It is the place with more than 2,000 m<sup>2</sup>, 100 rooms. It was a whole structure to receive the community in a proper way and give follow up, make the process move either in the compensation or relocation. Unfortunately, due to covid pandemic, the Residents Center is closed, but we moved the entire program operation to a remote operation since March last year.

It is working again. We managed to achieve important developments over the course of last year. We will keep monitoring to see if and when we can go back to the Residents Center.



It was a place where we concentrate a lot of the services that we provide to people. But it is important to say, this did not prevent us from keep doing what we need to do in all the services, all the support that we need. We just said that to do ourselves the way we serve the residents.

Slide 26, one example of an important program that we have, the animal care program. As you might imagine, it is a huge, relevant area that is being relocated, and there were abandoned animals. We could not look at this and not act in order to create the right social environment in an adequate way.

So we made a partnership with the university UFAL, from Alagoas, FUNDEPES, and created a program to rescue, health treatment, vaccination programs even for animals that were not abandoned. So it is important program that shows our social care in creating the right environment and working in every way that we believe it is important for the residents in the area going.

Going to slide 27, the expected spending in additional measures were dimensioned aligned with the plan presented on the other action fronts. So again, we have all this concept of support experts, structure, everything is in line with what we presented, and also, it will keep being a priority for the Company to implement initiatives that are still pending on the cooperation terms, and enabling the entire support and structure necessary for the measures defined in the other workstreams.

So, thank you. I hope I was able to go through all those points. I will pass to Filipe Tavares, who will talk about the legal front of the of the case.

**Filipe Alves Tavares:**

Thank you, Thiago. Good afternoon, everyone. From a legal perspective, as you may appreciate, this case has brought us many challenges.

On slide 29, highlighted here, the main lawsuits that were filed against the Company in the context of the geological event. First, we have three public interest civil actions, which tackle, the first one, claim for reparation for workers who used to work in the region that is being deoccupied; the second one, the reparation for all the residents that had to leave their homes to start a life in another area; and another one that tackles the social and environmental reparation, which focuses on the stabilization of the area, and also the compensation from an environmental and social standpoint.

These three lawsuits combined represented for the Company in 2020 over R\$36 billion in liability. And last year, as a result of the start of the negotiations and the settlements that the Company reached with the authorities, we have significantly reduced these liabilities.

We also emphasize here a class action that was brought against the Company last year. It is still in its very early stages, and it claims for reparation of our American depository receipts holders due to alleged noncompliance with disclosure obligations of the Company.

So going to the next slide, we will start giving a little bit more detail on the first public civil action, which focused on the reparation of workers. We have reached a settlement with the Labor prosecutors office to bring down these civil action. It was a R\$3.7 billion claim. We have also a preliminary injunction request to freeze R\$2.5 billion from the Company's bank accounts back in October 2019. This request was denied by the Labor Justice in

Brazil. And in parallel, the Company advanced in negotiations with the labor prosecutor's office, and in February, we reached a settlement to pay R\$40 million to implement a program for the recovery of business and to promote educational and work capacitation programs that will benefit the workers and students of this affected area.

Going to slide 31, we bring here details on the public civil action that focused on the reparation of the residents of this area that is being deoccupied. In the beginning of last year, in January, we reached the first settlement with the authorities. As you may understand appreciate, all the actions here have a technical background. So we started the relocation and compensation program to meet the relocation, support and compensation of those residents of the safety zone area, which the Company started implementing back in November 2019, and further going on in the beginning of the year based on the risk map of the civil defense, which also indicated another area that needed to be deoccupied, given the risk of building collapses.

The initial program built for the relocation of the safety zone was also extended for residents of these risk areas. So in January 2020, the settlement encompassed over 4,500 properties and families, and throughout the year, the civil defense updated its assessment of risk of the area, which was also reflected in new updates of the map. And by means of negotiations between Braskem and the plaintiffs of these particular lawsuits, we also included this new areas of risk that were identified in the program.

In September 2020, we reached an important mark of the technical understanding of the case. The Company concluded, by means of its independent technical experts, an assessment of the impact to the surface of the geological phenomenon, both from a natural present standpoint, and also a potential of impacts in the future.

The results of these studies were shared with the authorities and, as the Civil Defense and the Geological Survey of Brazil revealed this information, together with the data that they had collected in the field, they gave one last new update on the risk map in December 2020, which was the basis for the negotiation of the final settlement in this lawsuit, which resulted in the termination of the public interest civil action focused on the reparation for residents.

So our first settlement in January 2020 had a dimension of about 4,500 properties and families, and the settlement we reached in the end of the year covered the whole risk area, including from a potential perspective in the future, and we expect to receive in the Residents Center and in our compensation program over 15,000 properties and families as a result of these settlements.

Going to the next slide, 32, we will speak a bit more on the social environmental reparation public civil action. But just before I go there, to close the last one, as I spoke of the new dimensions of this program throughout this year and the next, until December 2022, we expect to receive these 15,000 families at a cost estimated in R\$5.2 billion.

So now back to the social environmental public civil action, this was a very broad and complex lawsuit brought against us by the Federal Prosecution Office in Maceió. It focused on measures that needed to be taken to stabilize the area and also in the identification of which would be the social and environmental damages of the geological phenomenon, seeking for reparation or compensation of such damages.

So we entered into these discussions, and it went throughout the whole year last year, always supported by the technical studies, independent studies hired by the Company.

So the first commitment that the Company presented in this settlement is to conduct these studies, to understand the phenomenon and define the necessary actions. We have advanced very much in this front. Many studies have been concluded and the actions and measures taken by the Company so far have a technical background.

And tackling the core of the lawsuit, we also focused on adopting the necessary measures to stabilize the cavities and monitor the soil. This has to do with the mining closure plan that the Company has to undertake, and is followed up by the National Mining Agency in Brazil. At this point, the measures that the Company knows from a technical standpoint and is implementing have an estimated cost of R\$1.2 billion, that have also been provisioned.

And the second dimension, which is the identification of potential environmental impacts and damages, I do not want to be repetitive, Thiago already spoke a little bit about this. We have hired an independent technical study that will go through this year and is expected to be concluded in the 2H, and will give us an assessment of what would be, if any, potential environmental impacts in the region, and then the parties in these agreements will agree upon the measures that need to be taken by Braskem. So far, we still do not have any cost estimated, as we need to have the conclusion of this particular study.

And the third and last dimension of this lawsuit, we have agreed with the Federal Prosecutor's Office and also the State Prosecutor's Office in Alagoas with a cap, a fixed amount that will be destined to interventions in the deoccupied area, urban mobility alternatives and social compensation projects. This amount is of R\$1.6 billion, including collective collateral damages that must also be paid by the Company.

Going to slide 33, we tackle a bit the class action that was brought against the Company in August 2020. As I said in the introduction, this lawsuit is still in its very early stages. It has as defendant Braskem and certain of its current and former executives, and it is based on the allegation that the defendants made false statements or omitted information related to the geological event in Alagoas to the market.

The Company has engaged a specialized US-based law firm to represent the defendants in this class action, and at this point, we still cannot predict with reliability any future development or impacts of this lawsuit.

I will now pass to Almir Cotias to give us an update on our vinyls business operation.

**Almir Viana Cotias Filho:**

Good afternoon, everyone. I would like to give you an overview about the vinyls business. When we say vinyls business, we are talking about the industrial and commercial operations that we have in the PVC, chlorine and caustic soda.

We have assets for making those products in two different states of Brazil. We have assets in Alagoas and also in Bahia. Alagoas is, by far, the most relevant. In Alagoas, we have the caustic soda and chlorine plant. It is the plant we decided to shut down in 2019. In that plant, we use brine, as Marcelo explained in the beginning. The plant makes the caustic soda that we sell to the market, and also the chlorine that we use actively to make the EDC that will feed the PVC plants that we have in Alagoas, and also in Bahia. 2/3 of the PVC production of Braskem is in Alagoas, and we ship the EDC to Bahia to make the PVC or to feed the PVC plant that we have there.

As said before, we are in the process of restarting the chlor-alkali plant in Alagoas. We are in the commissioning phase. We expect to have this concluded in this quarter.

And for Bahia, we decided to shut down a small chlor-alkali plant that we have there in the beginning of 2020. It is very small, old and at the end of the lifecycle of the assets. So we decide to permanently shut it down.

Going to the next slide, regarding the business model, we temporarily use it for running the vinyls business since we decided to shut down the chlor-alkali in 2019. We decided to import caustic soda and EDC to be able to feed the market, or to sell to the market and keep the market well-supplied. We sell caustic directly to the clients, and we use the EDC in our PVC assets to keep PVC running normally to supply the market.

And we are in a process of moving to the new integrated business model after the startup of the chlor-alkali plant back in operation this quarter, and we will be able to make our own caustic soda again and serve the market.

And we will be doing the same with the EDC, and we have the captive EDC to feed our PVC plants. And instead of importing the chlorine, the caustic or the EDC, we will be bringing the salt from external sources. And of course, in the meantime, we did an investment to be able to handle, process and receiving the salt and use our plant. The investment is about R\$60 million, and it was completely up and running.

Then, I will pass to Pedro, who will continue the explanation regarding the financial aspects.

**Pedro Freitas:**

Thank you, Almir, and good afternoon, everyone. It is a pleasure to talk to all of you. I will try to sum up everything that we have discussed in the past hour or so, and try to kind of put it together financially.

First of all, on slide 38, we can see that we had a very significant advance in all the fronts that Marcelo Cerqueira outlined in the beginning. In the legal front, the three main public interest civil actions were terminated and the total requests in those actions of almost R\$40 billion have ended up being settled for around R\$10 billion. It is still a high number, but you can see that the reduction in uncertainty is very relevant for the Company.

We still have the class action ongoing as Filipe highlighted, but the three largest ones are in the past now. It is the challenge now in the technical front and the implementation front to complete all the actions that were agreed upon on those actions.

On the technical front, we have completed many studies to improve our understanding of the phenomenon. We are advancing in other studies, and I think most importantly, we have started to actually close and backfill the wells that are in the plan to be backfilled. That was a very significant achievement. It is the type of operation that the Company has never done before, and that is not very common anywhere in the world. So we are happy to see that it is working in terms of advancing the closure of the mine.

In the implementation front of the relocation program, as Thiago highlighted, we have already made around 4,000 proposals to people around a definitive settlement, and we continue moving on the relocation with the additional areas that were added to the map in December.



And finally, on the operational front, as Almir just highlighted, we are coming back to an integrated business model with imported salt. We expect that will also add back to the Company's results through this year and in the coming years.

Moving to the next slide, we can see the total provisions today. This is an expected value for the end of 2020. We are still in the process of closing the numbers and having them audited, but the total provision in the balance sheet is expected to be around R\$8.8 billion. If you were able to keep track through the presentation, the total amount of the provisions was around R\$10 billion. We have already consumed around R\$1.2 billion. That is why the remaining provision is at R\$8.8 billion.

I think it is important to mention here, you can see the different numbers that we mentioned through the presentation, but we have also highlighted some expected future developments, such as the study, which is not here because we do not have any indication around that at this moment in time. So this is the total number that we have at this point, R\$8.8 billion.

And then, moving to the next slide, you can see how the Company intends to fund that amount. We have already set aside R\$1.5 billion in a specific account that is supporting the relocation program. We have another R\$3.6 billion in nonoperating cash flows coming from the PIS/COFINS credits that the Company either has already recognized or that the Company expects to recognize over the coming years. We have general responsibility, insurance of US\$300 million, which is around R\$1.7 billion at current exchange rates. We are still discussing that with insurance companies, but we do expect a favorable result on that, and then the Company will be able to count on that, again, depending on the result of those discussions.

So you can see here that that adds up to close to R\$7 billion. The R\$2 billion identified, first, we have five years over the cash flow of this R\$8.8 billion. Second point, the Company today is carrying an excess cash of R\$8.5 billion. So the R\$2 billion that are not mapped out here will likely come either from existing cash or from future operating cash flow. But you can see it is not a big burden for the Company going forward.

So, from a nonoperational perspective, the sources of cash and the uses of cash seem to be well balanced, and we then can count on the operating cash flow for the other uses of the Company.

And the next slide, my last slide is just the outlook for 2021. Of R\$8.8 billion, R\$4.1 billion will be dispersed this year, and then this year, you can see, again, R\$1.5 billion already set aside to the relocation program, R\$1 billion that we expect to monetize in PIS/COFINS credits this year, and then the insurance with all comments that we already made on that. So for this year, we believe that all the sources and uses are already in balance.

I will pass on now to Marcelo Cerqueira for the final comments before we open up to questions. Thank you.

**Marcelo Cerqueira:**

Thank you, Pedro. As you saw in the previous slide, we made a significant progress in all fronts, especially in this slide 38, where we show where we were in January 2020, where we are in 2021.

So, a significant progress. But we need to keep the pace, and for 2021, the priorities are to ensure the safety of the people in the region. So we will continue to make actions to

protect the people in that area. We will continue to advance in the financial compensation program and support of the relocation program for the people. We will implement the action defined in the agreement related to the social environmental process, and we will continue to advance in our plan to close the mine, in talks with the Mining Agency.

We will conclude the commissioning phase of the chloro-alkali plant. As I said, we expect to start up in a few days. And we continue monitoring the region following the dynamics of the geological phenomenon.

This is what we have. So I think we can now open for Q&A. Thank you very much.

**Guilherme Levy, Morgan Stanley:**

Good afternoon, everyone, and thanks for this call today. I have just one question, actually. I understand that the environmental front is the only one missing now, and that this front is included in the social environmental direction of slide 32. So I just want to understand, how is this going to work? After the Company concludes its studies in the 2H21, what are the mechanics to – I do not know if this is the correct term – amend the social environmental agreement and add these values so we do not have this open clause anymore? And also, if the Company, by any chance, has at least an order of magnitude for these additional environmental liability, that would be great. Thank you.

**Filipe Alves Tavares:**

Thank you for your question, Guilherme. With regards to the results of the environmental assessment that is going to be conducted by this independent technical consulting company, which was hired in agreement with the Federal Prosecutor's Office, once the study is concluded, and it is expected to be concluded in the 2H, and the Company presents the results of the potential impacts that may appear from this assessment, the settlement already provides for the governance of the interactions between Braskem and the Federal Prosecutor's Office to define what measures must be taken.

Together with the assessment of the impacts, the independent consulting company must also present its proposal for measures that need to be taken to repair, mitigate or compensate such environmental impacts.

In case the parties, Braskem and MPF, do not agree on the plan presented by the consulting company, the settlement provides for a second opinion from another independent consulting firm, which is also to be hired by Braskem, to support the discussions among both parties.

The execution plan for what needs to be taken regarding each of the impacts that may be identified, are to be determined by both parties, by Braskem and MPF. And once they are agreed upon, they will have their own schedule and provisions of estimated amounts to be incurred.

So there is no necessity to amend the agreement, the settlement that was reached in December, given that it already provides for the governance of this process, which we expect to start in the 2H, once we receive the result of this independent study.

**Pedro Freitas:**

Just to compliment, Guilherme, I was under the impression when you started your question that that the environmental aspect that Filipe talked about was the only aspect

missing. In fact, we could say that we have a few aspects missing that were mentioned through the presentation, and I will just highlight them, because I think it is important that you have clarity around that.

We highlighted that we still have one area of priority in terms of negotiations for 2021, which is around the public concessioners and individual lawsuits, that is highlighted in slide 16. That is one area that we are also going to focus on in 2021.

It is important to mention that in Brazil, individual rights cannot be eliminated by a settlement like the one that we did. So people and companies and other entities still have a right to come after the Company. But what we have established in the settlement is that, if they want to join the settlement and be a part of the relocation program, for example, then they need to give up their personal claims. That is one area that is still going to be a focus for this year.

The second one is the environmental study that Filipe mentioned. The third one is highlighted in slide 21, we still can have other interested parties joining the agreement over the next few months. So that is also going to be negotiated on the social-urbanistic measures front.

And finally, again, as highlighted on slide 19, we have a legal obligation around the closing of the salt wells and the stability of the mine, and that is supervised by the Brazilian mining regulator, ANM.

So we still have that conclusion of discussions with the mining regulator around the implementation of measures. I wanted to highlight those. They are all through the presentation, but putting it all together, we still have these areas of priority for 2021.

I just wanted to emphasize that, close to the uncertainty that we had over the past year and the reduction in uncertainty, these matters that are remaining will be much less relevant. So I think we should not let these lingering areas of priority be in front of the huge advance that we had last year in terms of reducing the uncertainties and the risks around the case for the Company.

**Guilherme Levy:**

Perfect. Thank you.

**Gabriel Barra, UBS:**

Thanks for the questions. I have just one, related to the operations in Alagoas and Bahia. If this migration (67:18), how should we think about margins (67:23) the Company had to (67:24) the salt mining operation? What is part of not having (67:30) being supplied by a third-party? That is my question. Thank you.

**Pedro Freitas:**

Gabriel, your sound was a little bit low and blurred. I got that you would like to understand how the new operating mode will affect margins for the Company now with the production with imported salt.

I will give you kind of a high level overview, and then I will ask Almir if there is any additional information for him to complement.

When we stopped the operation almost two years ago, we announced that that would impact the EBITDA of the Company negatively for an amount of US\$20 million to US\$30 million per quarter. So let us say around US\$100 million to US\$120 million per year of lower EBITDA with the plant stopped.

Looking at the operational model with imported salt, it does not give us back the same type of returns and results that we had in the past because of the higher logistics cost that we will have. So what we see now is that we will have a recovery of roughly half of that amount of about US\$100 million, US\$120 million. So that would be US\$50 million, US\$60 million of EBITDA recovery in the vinyl's business, plus an additional benefit in the Bahia cracker, because that cracker, with the chlor-alkali plant shutdown, not operating, the cracker was operating at roughly 2 p.p. below the historical average.

Those 2 p.p., that is only marginal returns. All the fixed cost is already paid for, all the CAPEX already paid for. So it is a variable 2 p.p. that we are getting back in terms of operating rates in Bahia.

And also, looking at spreads that we have for the vinyl's business in the past year or so compared to what we are seeing now, the spreads now seem to be almost US\$200 per ton better for this year. So actually, the US\$50 million, US\$60 million that I mentioned in terms of return to recover in operations could have an upside to that if this higher spread materializes over the course of the year.

Almir, if you have any other points to compliment, go ahead.

**Almir Viana Cotias Filho:**

Exactly, Pedro. Actually, I believe we would be able to capture back a certain amount, half or a little bit higher than that, of what we had before, but it creates us conditions to improve our operations, stability, and also to generate some kind of benefits in the integration that we have with our assets in Bahia.

I believe it is exactly that, and the moment and the market is a very good for vinyls. And that in a moment that the market is having a higher spread is even better.

**Gabriel Barra:**

Okay. Thanks, guys. That is exactly my question.

**Christian Audi, Santander:**

Thank you. First of all, thank you very much for the presentation. The level of detail here is really amazing. I know it has been a tremendous amount of work on the part of the Company, so I know it is not yet done, but it is a phenomenal job on a very complicated situation.

I have two questions, The first one, Pedro, and again, thanks for the level, the breakdown and the detail on slide 40, where you breakdown the provisions and where the money will come from, but the basic message here, I just want to make sure I understand because it is a lot of information, is that the provisioning should not impact in any significant way the operating or the cash flow being generated by your operations. So when you combine the cash and all the other items that you showed, the impact on your operating cash flow generation should not be significant. Just to clarify that I understood it correctly.



And then secondly, when we also look at that slide, you had the breakdown of the PIS/COFINS credit. If you could just elaborate a little bit on the timing of when the rest of the PIS/COFINS credits would be booked, that would be very helpful. Thank you very much.

**Pedro Freitas:**

Hi, Christian, it is a pleasure talking to you. On slide 40, the breakdown, this is a proxy that we created that we are setting aside nonoperational funds available to the Company, plus nonoperational future cash flows like the PIS/COFINS credit and the insurance, against this nonoperational liability that the Company has.

So it is a way of trying to set aside these cash flows, and then, when we look at the operational health of the Company and the operational prospects of the Company, then we can look at operating cash flow and not be concerned about how we are going to pay for Alagoas. We are trying to set aside the nonoperating cash flows on a proxy basis. This is not a formal allocation, but it is a way for us to show that the nonoperating cash flow available to the Company, plus the nonoperational excess cash that the Company has is enough to pay for the full amount of the liabilities.

Of course, there is a timing aspect here. For example, as I showed on slide 41, for the R\$4.1 billion for this year, that would be already covered under those assumptions, and then moving forward, the additional R\$2 billion required from cash could likely be required only next year, or even later than that.

That is part of kind of trying to separate those two worlds, the nonoperating with this liability and the operating cash flow.

On the PIS/COFINS, there is a breakdown there, as you as you highlighted. The R\$1.6 billion is already in our balance sheet, booked, because we have already had that case passed through the courts. The R\$2 billion, all the companies in Brazil have already won that case in the Supreme Court, but the case needs to pass through the lower courts. Every specific case needs to pass through the lower courts for that to be booked. And we do have a few cases that have not yet passed through the lower courts for a final signation, but it has already been won in the Supreme Court.

So it is more of a procedural aspect that we expect to be concluded this year. We do not control that timeline, but it would be reasonable to assume that that would be booked over the course of this year.

**Christian Audi:**

Okay. Thank you very much.

**Participant (via webcast):**

On slide 13, what is the likelihood that the monitoring area will continue to expand, and at what with the growth of the monitoring area end?

**Thiago Fontana Gemignani:**

As I mentioned, the first message I tried to give when presenting the slides, the risk evaluation map is already a comprehensive and, in our view, conservative view. Again, it relates to all the areas that are considered risk areas for relocation. There is still the finest

monitoring we already assumed as part of the scope in the last agreement that we made, and it also encompasses all the views of potential areas that might be impacted in the long-term scenarios, given the studies of three different renowned institutions from Brazil and outside of Brazil.

So again, it is not possible to say likelihood or things like that. Our view is, again, already a very comprehensive map is in terms of context. Now we have the monitoring areas, and we have this potential long-term scenarios.

So we feel that it is a much more solid understanding and much solid scope that we have to act, especially in comparison to as the developments happened throughout 2020 and the new technical developments, as I mentioned.

And the final thing, as I also mentioned on slide 16, is that due to the agreement that we made at the end of the year, it was established a technical group, and this group will be responsible for monitoring the event, and also studying the adjacent areas for a period of five years.

Again, it is not anticipated, any aspects at this point in time, since also monitoring areas are already consolidated in part. But it will be also scope, and we do not anticipate at this point any developments, anything different from that shared with the market.

**Participant (via webcast):**

When do you expect the R\$1.7 billion in insurance to be confirmed and agreed to by the insurance companies?

**Pedro Freitas:**

It is a complex discussion with the insurance companies. All the all the process, the situation is complex. It involves a lot of interactions and flow of information. There are technical studies being conducted also by the insurance companies based on technical documents that we are submitting. So although we do expect this to be resolved over the course of this year, we cannot give a 100% guarantee that it will happen. So, again, given the complexity, the depth of the studies is very great, it will take some time for that to be resolved.

Nevertheless, from a cash flow perspective, you saw in the chart that we could be counting on that for cash flow for this year. But if not, as I said, roughly R\$2 billion are going to come from excess cash anyway. So if we need to use those funds this year and then count on the insurance for the coming years, that would also be fine for the Company.

**Operator:**

With no further questions, I will turn over to the Company for closing remarks.

**Marcelo Cerqueira:**

Thank you very much. It was a pleasure to participate in this call with you. Our objective is to clarify information regarding to the Maceió case. And I would like to emphasize the huge progress that we have made in all fronts in 2020. It was a huge work from the team, and we will keep the pace in 2021 in order to reduce the uncertainties. This is our objective for 2021.

This is my final message. Thank you very much.

**Operator:**

Thank you. This concludes today's Braskem's conference call, you may disconnect your lines at this time. Thank you.

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