



Sustainability Report

2020





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Message from the CEO

[102-11, 102-14, 102-15]



Roberto Noronha Santos
CEO

The year of 2020 will go down in history as a global milestone. The profound and ongoing global impact brought by COVID-19 has reminded all companies that a healthy economy depends on healthy workers and communities and that long-term sustainability can only be achieved by adapting to new ways of doing business in unpredictable situations.

From the start of the pandemic, we have taken a holistic approach to caring for our business, workers, and community, investing upward of 1.4 million Brazilian reais in initiatives to fight COVID-19.

In the first half of the year, the decelerating global economy forced us to make difficult decisions, including multiple site shutdowns

and consequent reduction of work hours for administrative personnel. When the most critical period of the pandemic was over, assertive decisions by our Executive Officers made it possible to resume operations across all facilities.

To ensure a safe return to work, we developed an Internal Health Protocol and applied a wide range of measures to avoid the spread of the virus, following the recommendations of the World Health Organization (WHO). As a result, we were able to resume production at idle sites, safely reinstate our workforce, and even earn recognition for this from the Ethics in Business Award and the Mexican Social Security Institute.

With the new health and safety protocols implemented by different sectors of the economy, global economic activity picked up in the second half of the year and demand for our products was immediately restored.

The factors for a strong recovery in the second semester included pent-up demand from the second quarter of 2020, inventory replenishment demand from industries that use chemicals as raw materials, changes in consumption habits as a result of the pandemic

—leading to people prioritizing wellness at home above leisure or other experiences outside their domestic environment—and the economic measures applied on a global scale to stimulate household consumption, particularly via negative interest rates, stimulus packages, and family aid programs.

After a turbulent year, our economic-financial results were positively surprising. We ended the year with net revenues of R\$3.2 billion, just 3% less than in 2019, and an adjusted EBITDA of R\$551 million, a 31% rise year-over-year.

In addition to maintaining our results, in 2020, we also took an important strategic step toward formalizing the lease of two nitrogen fertilizer plants in the cities of Camaçari (state of Bahia) and Laranjeiras (Sergipe), in addition to maritime terminals at the Port of Aratu (Bahia). This historical milestone for Unigel marks the start of Unigel Agro, which will enable us to expand our presence in agribusiness, a strategic segment for Brazil that currently relies on imported urea, the main type of nitrogen fertilizer.

We should also highlight that sustainability and innovation are

strategic pillars at Unigel. An important accomplishment in that regard has been the release of our Ecogel® brand of sustainable products. The brand currently includes two lines of polystyrene (PS) composed of up to 30% post-consumer recycled plastic. With Ecogel® products, we directly promote a circular economy, stimulate reverse logistics, and encourage socioeconomic and environmental development for all stakeholders at every stage of the product life cycle.

Governance is also an aspect on which we have worked and evolved over the past five years. Especially worthy of note are our new anonymous hotline where employees can report violations or provide feedback; the transformation of our former Advisory Board into a Board of Directors; and our newly restructured, enhanced Compliance department for greater robustness in business risk management.

As recognition for sustainable practices across the production chain and the social responsibility initiatives we have developed alongside our local communities, we were awarded the EcoVadis gold medal for our participation in the Together for Sustainability

ty program. Only 5% of the more than 50,000 companies evaluated by EcoVadis are awarded the medal.

Special emphasis should also be placed on Unigel's first report with CDP, a leading global reference in environmental impact monitoring, reinforcing our commitment to reducing greenhouse gas (GHG) emissions and improving our water security performance.

We are grateful to all who took part in building our history over the course of 2020. Overcoming the challenges of our time and achieving results was only possible thanks to each and every one of our employees and their exemplary attitude toward tackling a global crisis, and also thanks to our leaders and shareholders, who believed in our potential and made decisions with exemplary judgment.

With great satisfaction, we present you with Unigel's second Sustainability Report containing an overview of the year's main events and of our responsibilities toward the environment, the community, and the management of our business.

**We wish you all
an enjoyable read.**

Highlights

EcoVadis **Gold Medal**



Environmental



Announcement of new brand of **Unigel Ecogel® sustainable products**



Pellet Zero Program agreement signed



First CDP¹ report on **Climate Change and Water Security**

Social



Over R\$1.4 million invested in social responsibility initiatives during the pandemic



Ethics in Business Award 2020 for our “Fighting the new Coronavirus” project



Recognition for Corporate Social Responsibility by the government of Mexico

Governance



Newly structured **Compliance Department**



Stronger communication on ethics within the company



Adjusted EBITDA of R\$551 million 31% higher than the indicator reported for 2019

¹ CDP is a not-for-profit charity that runs a global environmental disclosure system. Every year, the organization supports thousands of companies, cities, states, and regions in measuring and managing their risks and opportunities related to climate change, water security, and deforestation. To know more, visit: <https://www.cdp.net/pt>

About the Report

The release of the Unigel Participações S.A. 2020 Sustainability Report underlines our commitment to maintaining transparency and open dialog with all audiences.

This document describes the most important aspects of our operations from January 1, 2020 to December 31, 2020. Starting with this publication, Unigel will release sustainability reports on an annual basis. **[102-49, 102-50, 102-52]**

This report was prepared in conformity with the GRI Standards: Core option. The Standards are

the most recent version of the GRI guidelines used by companies worldwide to support their sustainability reporting. **[102-12, 102-54]**

All GRI-related content is indicated throughout the text in square brackets and bold type and is described in further detail in the GRI Summary section at the end of this report.

This year's report also includes a simplified report of Sustainability Accounting Standards Board (SASB) indicators for the Chemical industry.

If you have any questions about the contents of this publication or have comments or suggestions you would like to submit, please contact us at: sustentabilidade@unigel.com.br. **[102-53]**



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Underlining our commitment to transparency, the Unigel Sustainability Report will now be released annually, starting with this edition.

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Company Profile

Founded in 1966, Unigel Participações S.A. is a privately held Brazilian chemical company controlled by Cigel Participações S.A., a holding company owned by the family of our founder, Mr. Henri Armand Slezinger. [102-1, 102-5]

We are among the largest chemical companies in Brazil, producing basic and intermediate inputs for a wide range of industrial production chains. At our 11 sites in Brazil and Mexico, we produce acrylics and styrenics for the Brazilian and international markets. In 2021, we also became the largest producer of nitrogen fertilizers in Brazil. [102-7]

Holding a leading position in Latin America according to US-based consultancy IHS, we have the second largest nominal production capacity for styrene and polys-

tyrene, and we are the only local producers of acrylonitrile and methacrylates. In 2021, we are also well-positioned to become the largest producer of urea and ammonia in the region.

In 2020, our consolidated net revenue was R\$3.2 billion, of which 52% came from the styrenics segment and 48% from acrylics. [102-7]

We ended the year with an adjusted EBITDA of R\$551 million, 31% more than the indicator reported for 2019, and with R\$624 million cash in hand, a year-over-year growth of 63%. The Company ended 2020 with net debt amounting to 3.18 times the adjusted EBITDA reported for the year, a lower financial leverage when compared to the previous year (3.34x). [102-7]

“

We are among the largest chemical companies in Brazil. As of 2021, we are also the country's largest producer of nitrogen fertilizers.

Today, we are a vertically integrated chemical company that produces a diversified portfolio of products at sites strategically located near the largest ports in Latin America and our main suppliers of raw materials in the Brazilian states of Bahia (Candeias and Camaçari), Sergipe (Laranjeiras), and São Paulo (Cubatão, Guarujá, and São José dos Campos), as well as in Mexico (San Luís Potosi and Ocoyoacac).

Main Changes Occurred [102-10]

December 2019:

- Idling of Cosoleacaque site in Mexico, which served the acrylics segment;

August 2020:

- Reopening of three previously idle acrylic plants in Candeias (Bahia);
- Formal lease of two nitrogen fertilizer plants in the cities of Camaçari (Bahia) and Laranjeiras (Sergipe).

Presence in Latin America [102-3, 102-4]

Sites



2 Our Unigel AGRO sites will start up in 2021.

3 The Cosoleacaque site is currently idle.

Ports, Headquarters and Innovation Center



4 Terminals included in the fertilizer plant lease agreement.

Starting Unigel Agro

[102-10]

With the lease of two nitrogen fertilizer plants, we have taken our first steps into agribusiness. Unigel Agro handles all of Unigel's fertilizer operations.

Like our successful history in other industries, our growth in the fertilizer segment is also underpinned by a strategy of integration within the chemical value chain. By manufacturing fertilizers, we produce our own supply of ammonia, an essential raw material in our acrylic manufacturing process.

Our goal is to operate within broad and integrated production chains to increase our competitiveness,

diversify our product portfolio, and ensure sustainable cash generation, allowing us to maintain a continuous growth trajectory.

With Unigel Agro, we acquired the capacity to produce over 1.1 million tonnes of urea and over 900,000 tonnes of ammonia per year. This brings us into position to become an important producer of fertilizers in Brazil, with the potential to supply up to 20% of domestic demand. The startup of Unigel Agro operations also addresses important aspects related to sustainability, enhancing food and nutrition security in Brazil by reducing the country's dependen-

ce on imports. The reactivated idle facilities will also create employment in the regions where these plants are installed and may lower the operating and financial risks of fertilizer mixing companies — the manufacturers of NPK⁵ products — as well as rural growers.

The ten-year lease agreement, which can be extended for an additional ten years, also adds to our portfolio ARLA-32⁶ (ARLAGEL), an additive that reduces pollutant emissions by diesel engines, used by trucks with engines manufactured in accordance with the EURO5⁷ system.



○ A sign welcoming the new division of Unigel (fertilizers).

5 The initialism NPK refers to the composition of these fertilizers: nitrogen, phosphorus, and potassium.

6 ARLA is an abbreviation of Agente Redutor Líquido Automotivo (automotive liquid reducing agent). The number 32 refers to the concentration of urea in the demineralized water solution found in the tank. It transforms NO_x into nitrogen and water.

7 The EURO 5 system is a set of regulatory standards that aims to reduce pollutant emissions by diesel-powered vehicles. Its main goal is to reduce nitrogen oxide (NO_x) emissions by up to 60%.

Job Creation

To reestablish operations at our Unigel Agro facilities, we hired over 250 new employees in 2020, a year when unemployment rates in Brazil reached 14.1%⁸.

In January 2021, we secured supply agreements for natural gas, the main raw material used at the two plants. The Laranjeiras (SE) plant started up operations in April 2021 and our plant in Camaçari (BA) started operating in June 2021. With both new plants up and running, we now have approximately 450 active employees at our fertilizer production sites in the states of Sergipe and Bahia in 2021.

⁸ Data from November 2020, according to the National Household Sample Survey (PNAD Contínua) released by the Brazilian Institute of Geography and Statistics (IBGE).



○ **José Roberto Marquis**

Chief Industrial, EHSQ & Sustainability Officer

The COVID-19 pandemic made 2020 a year apart from all others, requiring quick adaptations by every industry. From the start, we developed a wide range of initiatives to protect the health of our employees and their families and ensure the safety of our operations. At the same time, we continued looking outward and contributing to society by manufacturing and donating essential products to fight the coronavirus, including resources for medical care and general well-being.

Impacts of the COVID-19 Pandemic on Production

In light of market fluctuations in the second quarter of 2020 resulting in a strong decline in sales volumes and operating margins, we temporarily suspended some of our operations. In the styrenics segment, we shut down production between April and June at three sites; in the acrylics segment, acrylonitrile production was suspended from March to July. [102-10]

On the other hand, as new needs emerged as a result of the pandemic and a rapid adaptation of the industrial sector to new health and safety protocols, we were able to fully resume our activities in the third quarter of 2020. During this return, it was possible not only to resume full operation at our manufacturing facilities and produce near maximum capacity, but

also to reactivate our acrylic sheet manufacturing plants in Candeias (BA).

Despite the downtime in the first half of 2020, strong demand in the second half of the year mitigated the impact of the pandemic on our production volumes. In 2020, we manufactured 1.1 million tonnes of our products, only 6.2% less than in the previous year. [102-7]



○ Observers monitoring our COVID-19 prevention protocols.





Presence of Unigel Products During the Pandemic

After the start of the COVID-19 pandemic, we identified three main consumption trends driving industrial demand for Unigel products:

○ New Applications for Clear Acrylic Barriers

During the pandemic, many establishments — including supermarkets, hospitals, offices, and public services — invested in installing clear acrylic sheets to create physical barriers between people, making it possible to communicate without spreading viruses such as Sars-CoV-2.

We produce Methyl Methacrylate (MMA), the main raw material in the manufacture of acrylic sheets. As a result, in addition to continuing to produce acrylic sheets in Mexico, we also reactivated our acrylic sheet plants in Brazil in 2020 to meet the increased demand brought by this new application.

Greater Investment in Home Comforts

With the circulation restrictions imposed by the pandemic and a large contingent of people now working from home, many families reallocated funds that would otherwise be spent on out-of-home experiences and leisure, investing instead in greater comfort for their homes.

This drove a remarkable increase in demand for products used in civil construction, particularly those related to home renovations — such as paints, which are produced using products manufactured by Unigel (e.g., MMA).

Higher demand for major household appliances and electronics also drove up use of polystyrene and other thermoplastic resins that are based on Unigel products like styrene and acrylonitrile.

2020 brought increased demand for polystyrene and other polymers consisting of styrene and acrylonitrile, which are used in major household appliances







○ Increased Use of Packaging and Disposable Materials

In the hospital sector and even in homes, disposable materials saw increased demand and use. Disposable polystyrene cups are just one example of this, offering a safer alternative in public and private healthcare settings, among other essential establishments during the pandemic.

Also, with the restrictions to indoor dining and higher number of people working from home, delivery services boomed — and consequently, so did the use of Unigel products in disposable containers that enable the safe storage and transportation of food and drinks.

Products and Brands

Unigel's product portfolio is composed of chemicals, petrochemicals, plastics, and fertilizers. Our strategy to remain competitive combines a mastery of process technology and constant innovation with operational integration, which enables us to produce a part of the inputs needed for our own products.

We act as a link in different value chains. Our products are basic and

intermediate materials for chains in various industries, ranging from construction to agriculture, automotive, appliances and electronics, mining, packaging, pulp and paper, paints and varnishes, healthcare, and cosmetics. [102-2]

Through our clients' products, we are present in the everyday lives of people everywhere, providing essential materials for the manufacture of final products.

“

Our strategy to remain competitive combines a mastery of process technology and constant innovation with operational integration.

Industries Served and Products

[102-2]

Polystyrene ○

A thermoplastic resin produced by polymerizing the styrene monomer, offered as two main families of products: transparent general purpose polystyrene (GPPS) and high impact polystyrene (HIPS). Polystyrene is characterized by its excellent processability and versatility of applications.

Application Examples:

- hermoformed (cups and plates) and injected (cutlery) single-use products.
- **Internal and external components of refrigerators and washing machines.**
- Dairy containers.
- Foam containers for food (e.g., sliced deli meats).
- Components for electronic devices (e.g., printers).
- Household utensils (jars, containers, bowls, organizers).

Industries: Single-use products, electronics, food packaging, household utensils.

Ecogel® ○

Launched by Unigel in 2020, Ecogel® is produced with up to 30% post-consumer recycled plastic.

[Know more on page 56.](#)

Application Examples:

- **Major home appliances, especially internal and external components for refrigerators.**
- Electronic components.

Industries: Home appliances, electronics, consumer goods, household utensils, automotive.





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We are the only manufacturers of PMMA in Latin America, marketed under the Acrigel® brand.

○ Glacial Methacrylic Acid (GMAA)

A viscous and colorless liquid, soluble in water and most organic solvents. Produced from the hydrolysis of acetone cyanohydrin, it can be used as a precursor to other methacrylates. In the chemical industry, it is used to promote excellent thickening power and to enhance polymer hardness and shine.

Application Examples:

- **Acrylic-based thickeners.**
- Co-monomer for the manufacture of water-based and solvent-based resins.
- Dispersant.

Industries: Paints, textiles, home appliances.

○ PMMA – Acrigel®

A thermoplastic resin produced from the polymerization of MMA. Its properties include high transparency and UV-stability, assuring durability and weather-resistance.

Application Examples:

- Flashlight lenses, brake lights, coatings for automotive pillars, emblems, and rain deflectors.
- Packaging.
- Home appliance displays, panels, and buttons.
- Lenses for household lighting and for public transportation.
- **Cups, pitchers, and bowls.**

Industries: Automotive, cosmetics, home appliances, lighting, household utensils.

Acetonitrile ○

A colorless liquid with low viscosity, low reactivity, and high capacity to dissolve electrolytes and nonpolar compounds. It is mainly obtained as a byproduct of acrylonitrile manufacture. Acetonitrile is generally produced at roughly 80% purity and sold to purifiers that market the product for applications demanding higher purity.

Application Examples:

- Pharmaceuticals.
- **Lithium-ion batteries.**
- Laboratory use as a solvent in high-performance chromatography.
- Purification of petrochemicals such as butadiene.

Industries: Pharmaceutical, electronics, laboratories, petrochemical.

Acrylonitrile ○

An organic monomer widely used by the chemical industry as a raw material in the manufacture of plastics and acrylic fibers, among other products. It provides added mechanical strength and chemical resistance.

Application Examples:

- Engineering plastics such as ABS and SAN, used mainly by the automotive and home appliances industries.
- **Acrylic fibers used in the manufacture of textile filaments.**
- Acrylamide, used in the manufacture of paints and varnishes, and polyacrylamide, used in water treatment and oil-well drilling.
- Carbon fiber.
- Nitrile rubbers.
- Ether amines used as flotation agents in mining.

Industries: Textile, automotive, electronics, household utensils, aviation, paints, petrochemical, mining, water treatment.





○ Ethyl Methacrylate (EMA)

A liquid and colorless monomer with a manufacturing process similar to methyl methacrylate (MMA). Given its distinctive ability to improve adhesion, spreadability, and crack resistance, EMA is commonly used in the manufacture of acrylic nails and in the polymerization of emulsions for the manufacture of paints, coatings, and adhesives.

Application Examples:

- **Manufacture of acrylic nails.**
- Acrylic emulsions to produce paints and varnishes.
- Dental applications.

Industries: Paints, cosmetics, healthcare.

“

Acrylonitrile is an essential ally in innovative applications, including carbon fiber used by automakers to enhance the energy efficiency of cars, and polyacrylamide used in water treatment.

Toluene ○

A product with diverse applications in the chemical industry. Toluene is among the main raw materials in the manufacture of TDI (toluene diisocyanate, a precursor of polyurethane) and p-toluenesulfonic acid (a polymerization initiator). It is also a solvent for resins, rubbers, paints, and coatings.

Application Examples:

- Solvent for resins, rubbers, paints, and coatings.
- Polyurethane precursor.
- Production of organic initiators.

Industries: Paints, chemical.

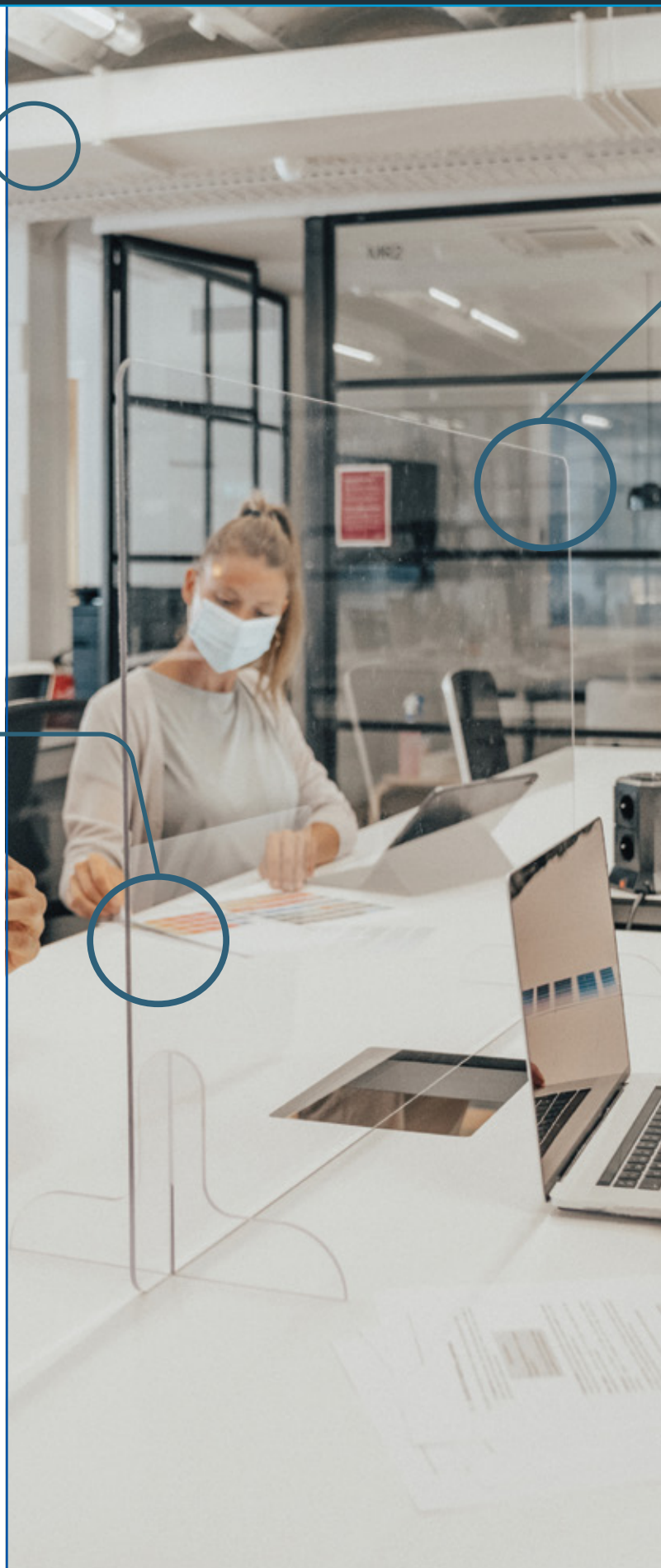
Acrylic Sheets ○

Produced by MMA polymerization or PMMA extrusion, acrylic sheets are used by the construction industry as an alternative to glass and other materials on account of its properties: light weight, high mechanical strength and UV-resistance, ease of machining, and wide range of available colors and textures.

Application Examples:

- Special construction projects, e.g., aquariums and hockey courts, and bathtub manufacturing.
- Alternative to glass in architectural applications.
- Sanitary protection barriers and visual communication displays.
- Hospital applications, including neonatal incubators and intubation domes.
- Furniture, decorations, and lighting.

Industries: Construction, decoration, lighting, hospitals.





○ Methyl Methacrylate (MMA)

A monomer widely used by the chemical industry, offering superior shine, hardness, and durability performance in certain applications.

Application Examples:

- **Manufacture of acrylic sheets and resins, including PMMA.**
- Acrylic emulsions used in the production of paints and coatings.
- Manufacture of dental and orthopedic prostheses.

Industries: Paints, automotive, construction, decoration, healthcare.

○ Sodium Cyanide

Commonly produced by reacting sodium hydroxide with hydrogen cyanide, sodium cyanide is used mainly in gold and silver mining, as its reactivity facilitates the extraction of these metals. It is manufactured in solution or briquette form.

Application Examples:

- **Gold and silver mining.**
- Industrial applications, e.g., galvanoplasty.

Industry: Mining.

“

In 2020, demand for methyl methacrylate (MMA), used in the production of acrylic sheets, increased on account of the pandemic and was the driver for reactivating our plants in Brazil.

Latex

An aqueous dispersion of polymers, produced by emulsion polymerization and with varying properties according to the combination of monomers used in its formulation. Unigel manufactures styrene-butadiene (SB) and styrene-acrylic (SA) latexes.

Application Examples:

- Couche and LWC paper: used in printing of magazines, catalogs, calendars, books, and various publicity materials.
- Specialty papers: thermal paper, labels, release liners.
- Card stock: used in packaging for food and beverages, cleaning and hygiene products, cosmetics, and pharmaceuticals.
- **Woven and non-woven fabric impregnation for the textile industry, to produce carpets, rugs, synthetic grass, and footwear.**

Industries: Paper, construction, food packaging, decoration, footwear.





○ Ammonium Sulfate

An inorganic material produced by reacting sulfuric acid with ammonia. It is produced in ground or granulated form. Due to its sulfur and nitrogen content, ammonium sulfate is an excellent replenisher of soil nutrients.

Application Examples:

- Nitrogen fertilization of cotton, corn, coffee, sugarcane, and vegetable crops.

Industry: Agribusiness.

○ Styrene

A liquid, colorless, oily monomer used in the synthesis of a wide range of products in the chemical industry. Styrene is typically used in applications requiring shine and rigidity.

Application Examples:

- Polystyrene (PS) resin.
- Expanded polystyrene (EPS), used in packaging for electronics and in thermal and acoustic insulation blocks used in construction.
- Other styrene thermoplastic resins (e.g., ABS and SAN resins) for automotive and electronic applications.
- Acrylic emulsions used in the formulation of paints and coatings.
- Styrene rubbers used in the manufacture of tires and footwear.
- Unsaturated polyester resin (UPR), a raw material in the manufacture of composites for the construction, nautical, and automotive industries.

Industries: Construction, electronics, automotive, footwear.

Annual Production Capacity

[102-7]

Segment	Candeias (BA)	Tonnes
Acrylics	Methacrylates (MMA, EMA)	90,000
Mining	Sodium Cyanide – Solution	18,000
Mining	Sodium Cyanide – Solid	16,000
Fertilizers	Ammonium Sulfate – Powder	350,000
Fertilizers	Ammonium Sulfate – Granular	100,000
Acrylics	Acrylic Sheets	16,000
Acrylics	GMAA	5,000
Segment	Camaçari (BA)	Tonnes
Styrenics	Styrene	190,000
Acrylics	Acrylonitrile	100,000
Mining	Sodium Cyanide – Solution	18,000
Styrenics	Toluene	5,000
Acrylics	Acetonitrile	5,000
Segment	Cubatão (SP)	Tonnes
Styrenics	Styrene	120,000
Styrenics	Toluene	2,000
Segment	São José dos Campos (SP)	Tonnes
Styrenics	Polystyrene	190,000
Segment	Guarujá (SP)	Tonnes
Styrenics	Polystyrene	120,000
Styrenics	Latex	42,000
Segment	San Luís Potosí (Mexico)	Tonnes
Acrylics	Acrylic Sheets	6,000
Segment	Ocoyoacac (Mexico)	Tonnes
Acrylics	Acrylic Sheets	12,000

Markets Served

To set ourselves apart and ensure competitiveness in the international commodities market, we make sure that our products and deliveries offer world-class quality and excellent sales technical support.

For over five decades, these foundations have allowed us to develop solid and lasting relationships in the business-to-business sector (B2B), from small

businesses to leading multinationals in local and international markets across the Americas, Asia, and Europe. **[102-6]**

North America

- Acetonitrile
- PMMA
- Acrylonitrile
- Sodium Cyanide
- EMA
- MMA
- Polystyrene
- Acrylic Sheets

Europe

- Acrylonitrile
- EMA
- MMA
- Polystyrene
- Acrylic Sheets

Central America

- Polystyrene

South America

- PMMA
- Acrylonitrile
- Sodium Cyanide
- Styrene
- Fertilizers
- Latex
- EMA
- MMA
- Polystyrene
- Toluene⁹
- Acrylic Sheets
- GMAA

Africa

- PMMA
- Acrylonitrile
- Sodium Cyanide
- Latex
- EMA
- MMA
- Polystyrene

Asia

- Acetonitrile
- Acrylonitrile
- EMA
- MMA
- Polystyrene

9 Toluene is generated as a part of other chemical processes and therefore not produced in significant quantities.

Supply Chain

Having an efficient supply chain is part of Unigel's business strategy. In the pursuit of stronger integration within the petrochemical chain, we started mainly procuring commoditized raw materials, a practice that tends to mitigate the risk of input shortage and allows us to focus on long-term agreements with local suppliers and lowering the costs of logistics. As a result, we are helping fuel the local economy while reducing our carbon footprint.

The pillars of the company's growth include continuous integration within the value chain, which allows us to produce our own raw

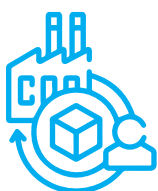
materials at different points of the operating process. For example, we produce our own styrene, which is then used to manufacture polystyrene; the ammonia we generate goes back into the production of acrylonitrile. Overall, by controlling these various links in the chain, we have greater control over production planning and are better able to mitigate raw material shortage risks, in addition to increasing the added value of our operations.

To ensure that procured materials and services comply with the established requirements, we have a system in place to monitor our su-

pliers of services, materials, and logistics. Unigel's Code of Ethics and Conduct requires our suppliers to be committed to eradicating child and forced labor and to act responsibly toward the environment, society, and employee safety. Any violation of the Code of Ethics and Conduct is to be reported using our Canal Aberto hotline at: <https://www.unigel.com.br/index.php/canal-aberto/>.

The main materials consumed by Unigel are production inputs, packaging, and stock materials. In addition, we engage the service providers needed for our operations to run smoothly as listed below: **[102-9]**

Number of Suppliers (Contract)



192

Raw material
suppliers



1,154

Service
suppliers



1,332

Other suppliers

(including packaging, secondary materials, general maintenance materials, etc.)

Distribution of Raw Material Supply Chain

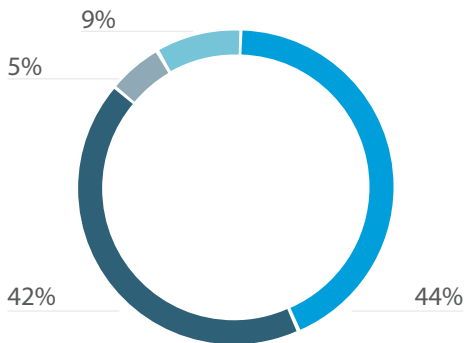
In our global operations, 41% of our suppliers are based in Brazil and 59% are international. Among our Brazilian suppliers, 84% are lo-

cated near our operations, with 67% being based in São Paulo State, 16% in Bahia, and 16% in other regions of the country.

Among our international suppliers, 49% are located in Mexico near our sites and 24% are US-based. The rest are distributed elsewhere as shown below.

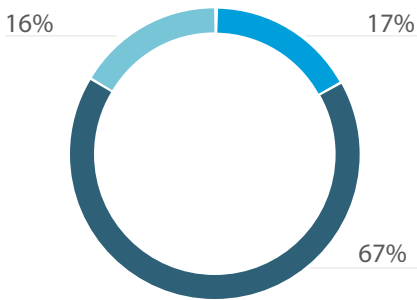
Nationality	Number	Share
Brazilian	79	41%
International	113	59%
Total	192	100%

Distribution of Unigel Suppliers (%)



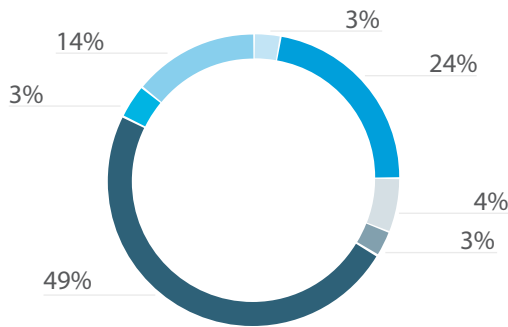
- North America
- South America
- Asia
- Europe

Brazilian Suppliers (%)



- São Paulo
- Bahia
- Others

International Suppliers (%)



- Mexico
- USA
- Mexico
- China
- Switzerland
- The Netherlands
- Others

Transportation Safety

Unigel Qualifica is a ratification, qualification, evaluation, and awards program for transportation/logistics providers in Brazil, developed in 2018. The program evaluates all logistics providers annually and gives them a rating of up to 5 stars. At present, over 90% of our logistics providers have a 5-star rating and only 3% are rated 3 stars.

In Mexico, we were awarded the Responsabilidad Integral certification¹⁰ by the National Chemical Industry Association (ANIQ), which is granted to companies showing good practices in chemical transportation, storage, and handling

and in assuring the safety of personnel involved in these activities. **[102-13]**

As of 2017, Unigel holds an annual Logistics Safety Day event, designed to bring logistics companies together to discuss topics related to transportation safety. Due to the restrictions imposed by the COVID-19 pandemic, the most recent edition of the event was held in December 2019.

In 2020, we trained our operations teams and logistics providers to implement a new system for cargo lashing and unitization in shipping containers. As a result of this approach, we reduced the

number of transportation-related accidents by 37.5% and only five events were reported throughout the year, involving toppling and collisions.

Outside of the company, Unigel preserves responsible relations and seeks to drive transformation in the sector by means of associations like the Brazilian Chemical Industry Association (ABIQUM), the Center for Business Integration and Development in the Baixada Santista (CIDE), the São Paulo State Industrial Center (CIESP), and the Cooperation Network for Plastics (Logistics and Infrastructure work front). **[102-13]**



○ As part of the Unigel Qualifica Program, all logistics providers undergo an annual performance evaluation. ○

10 To view Unigel's full list of certifications, please see Attachment A.



Sustainability-Focused Management

Strategic Guidelines for Sustainability

39

Materiality Matrix

42

Strategic Guidelines for Sustainability

Concerned not only with its economic impacts but also the environmental and social repercussions of its actions, Unigel created its Sustainability Department in 2019 to systematize the company's many management initiatives and stimulate the development of integrated plans and initiatives. This brought impactful results to our stakeholders, in line with the material topics that were identified. We believe that sustainability is not empty talk; it is the key to long-term business survival.

During its first year in activity, aware of the subject's wide-ran-

ging environmental, economic, and social relevance, the new department identified a need to list priority areas for establishing and implementing a more sustainable management approach. These areas are addressed in the Materiality Matrix presented in a later section of this report.

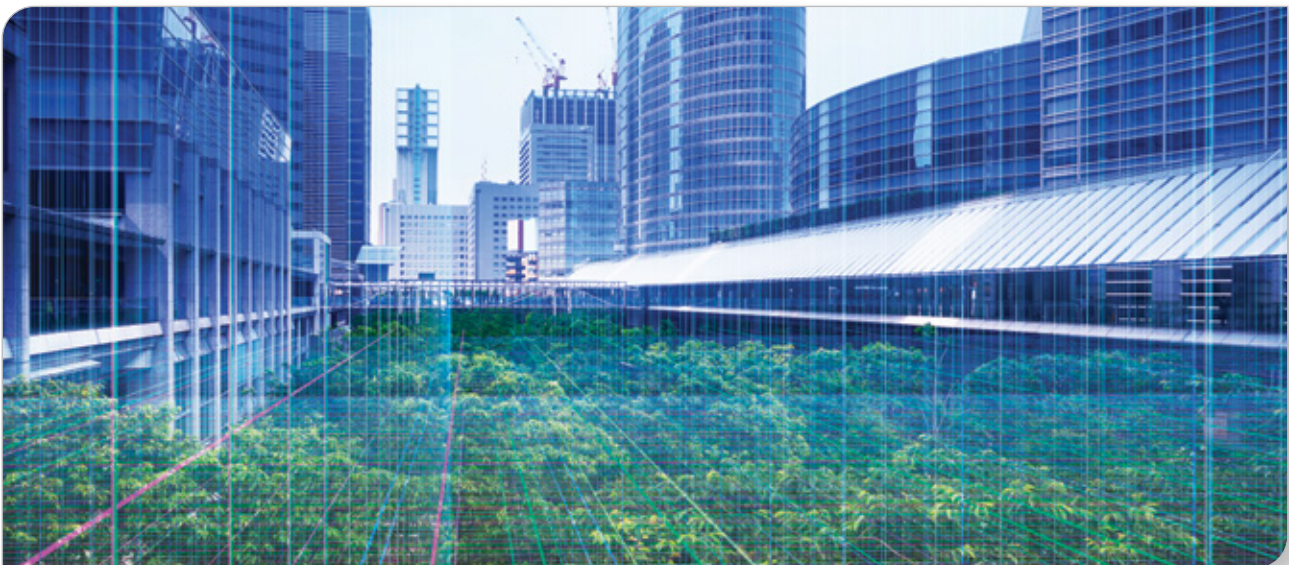
Unigel's Sustainability Department keeps track of every sustainability-related opportunity and project at Unigel and develops studies on the future impacts that are inherent to the company's activities, so that we can implement and elaborate solutions to mitiga-

“

The Sustainability Department at Unigel manages and promotes the development of sustainability-related projects and initiatives.

te, control, and eliminate risk. Our purpose is to play a key role in generating shared value by aligning the company's strategic goals with the multiple demands of our stakeholders.

We also participate in strategic discussions at the company and contribute to the design of industry-wide projects alongside important associations and entities.



Participation in Associations and Entities [102-13]

- **Brazilian Plastic Industry Association (ABIPLAST):** participated in discussions in 2020
- **Cooperation Network for Plastics:** participated in discussions in 2020 on Packaging Design, Public Policy, and Communication
- **Sustainability Committee at the Brazilian Packaging Association (ABRE):** participated in discussions in 2020
- **Sustainable Development Committee at ABIQUIM:** participated in discussions on carbon pricing and collaborated in the preparation of the report Contributions of the Brazilian Chemical Industry to the SDGs

From the start, the Sustainability Department at Unigel has been working extensively on measuring impacts and identifying possibilities to enhance the sustainability of our operations.

Having a sustainability-focused department in place was a key driver for the company to formulate action plans and implement measures that earned it the EcoVadis gold medal in 2020, as part of the Together for Sustainability (TfS) program. It also allowed us to enroll in new systems for evaluating sustainability, including the CDP, to which we submitted our first report also in 2020.

The department also publishes the company's Sustainability Report, released for the first time in 2020 with data from 2018 and 2019 and applying the Global Reporting Initiative (GRI) standards.



○ Employees at Unigel's Polystyrene Plant (São José dos Campos/SP) celebrate Pink October.



○ Employees at Unigel Corporate Office commemorate Blue November.

Together for Sustainability/ EcoVadis [102-12]



In 2014, we began reporting sustainability data to EcoVadis — the world's leading provider of business sustainability ratings — as

part of a program proposed by the TfS initiative, whose membership includes 30 multinational chemical companies. In 2020, in light of our improvements in environmental, social, and governance practices, EcoVadis awarded us a gold medal and we entered the narrow ranks of just 5% of companies to earn that recognition. Our ambition had been to achieve gold-medal status by 2025.

In 2021, we are engaged in building a sustainability agenda with defined targets and action plans to continue the pursuit of excellence in our practices.

The agenda will be finalized by 2022 and, from there, we will work to align the company to the United Nations Sustainable Development Goals (SDGs) in an effort to further develop the objectives that dovetail with our business model.

Materiality Matrix

Having identified the importance of focusing on high-priority topics for the establishment and implementation of sustainability-focused management, we identified priorities in accordance with the GRI guidelines, supported by the Dom Cabral Foundation (FDC). The outcome was Unigel's Materiality Matrix.

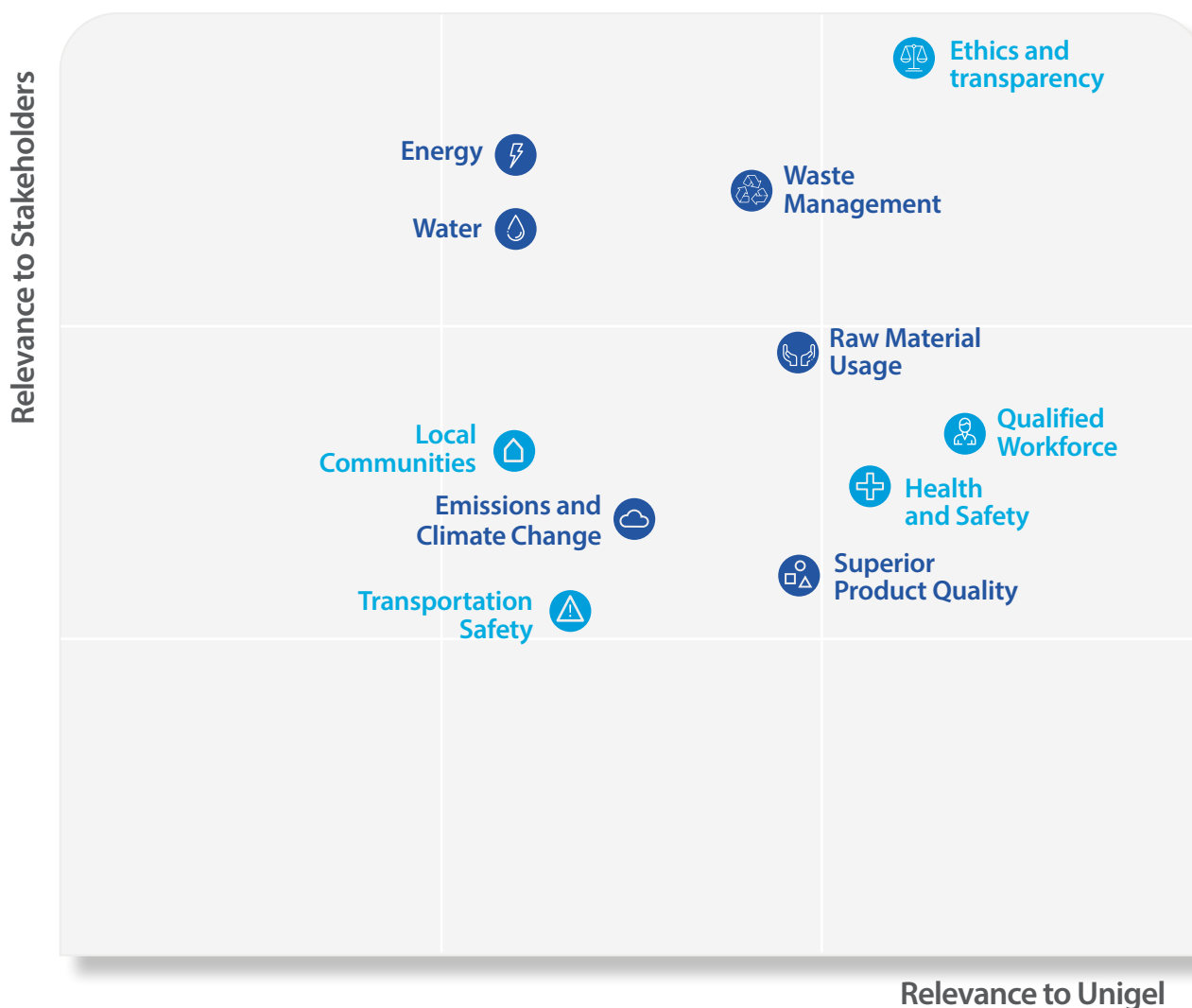
The process began with a review of the sustainability reports released by the leading companies in our sector, both in Brazil and worldwide. Starting with an extensive list of relevant topics, we initially

elected four material topics for chemical industry stakeholders in Brazil: Ethics; Transparency and Corruption; Waste Management; and Raw Material Usage.

The next step was to conduct interviews and a workshop with senior management at the company, aiming to identify the levels of importance attributed internally and by stakeholders to the issues raised. During this process, we expanded the number of material topics to 11.

The identified external stakeholders (Y-axis of the matrix) were the

same ones determined during the certification processes for ISO 9001, 14001, and 45001 and for Responsible Care®: clients; representatives from regulators and government agencies; suppliers, service providers; employees; members of the community; trade association members; industry associations and trade unions; and shareholders and members of the Board of Directors. The Materiality Matrix will be revised in 2021 after direct consultations with these external stakeholders. [102-40, 102-42]



The list of material topics was also the basis used to define the contents of this report. In addition to this listing of topics, we conducted e-mail interviews and 11 individu-

al remote interviews with all of Unigel’s C-level officers. **[102-46]**

The material topics were correlated to the GRI Standards topics

whenever possible and, from there, we selected the topic-specific disclosures to be reported. **[102-46]**

102-47

Material Topic	Related Topics and Disclosures		Description
Ethics and Transparency	Anticorruption	205-1	Key operating principles are especially important in a corporate context, given that Brazilian companies face the challenge of continuously proving their observance of laws and regulations and their non-involvement with controversies and investigations. From an international perspective, good governance is an essential requirement to attract investors.
		205-2	
		205-3	
	Economic performance	201-1	
Waste Management	Waste	306-1	The issue of waste at Unigel can be divided into two parts: waste generated by the company's manufacturing processes and waste generated post-consumption. We apply environmental management processes focusing on eco-efficiency and promoting the circular economy, aiming to reinsert post-consumption waste into our production chain.
		306-2	
		306-3	
Raw Material Usage	Materials	301-1	In our production process, we use inputs that require great care, and we address this according to the most rigorous environmental and safety standards on the market. To maintain our competitiveness, we focus on sustainability through actions that reduce the consumption of inputs by our activities or maximize the transformation of raw materials into products and not waste.

Material Topic	Related Topics and Disclosures		Description
Social Action	Indirect Economic Impacts	203-2	We understand that a company can only succeed by operating within a healthy and sustainable community. Therefore, we seek to contribute by investing in ever-green education initiatives, and we support social projects within the communities surrounding our operations.
	Local Communities	413-1	
Qualified Workforce	Employment	401-1	The success of our company is only possible due to the excellent work of our employees. Therefore, investing in qualification is a key, continuous, and disseminated practice that enables the entire workforce at Unigel to pursue personal development and success and to contribute to the organization's results.
	Training and Education	404-1	
		404-2	
	Diversity and Equal Opportunity	405-1	
Health and Safety	Occupational Health and Safety	403-1	Given the specifics of our business, health and safety are a part of Unigel's DNA and a guiding principle in all our initiatives, projects, and strategies. Our internal and external actions are governed by risk prevention and mitigation of impacts on employee health and safety.
		403-2	
		403-3	
		403-4	
		403-5	
		403-6	
		403-7	
		403-8	
		403-9	

Material Topic	Related Topics and Disclosures		Description
Product Differentiation Through Sustainability	Organizational Profile	102-2	We invest constantly in research and development to offer the best solutions and products in the chemical and petrochemical market, incorporating the key tenets of sustainability.
		102-6	
Water	Water Withdrawal	303-1	Although water is a renewable natural resource, the water stress caused by the demands of a growing population and economy makes this a priority topic in our operations.
		303-2	
		303-3	
Emissions and Climate Change	Emissions	305-1	Climate change is a topic of increasing global concern. Our operations that emit greenhouse gases must be adapted to assure the sustainability of our business.
		305-2	
		305-4	
Energy	Energy	302-1	In connection with our strategy towards climate change, our approach to energy consumption and favoring the use of renewable energy sources are a relevant factor for the future of all industries.
		302-3	
Transportation Safety	No direct correspondence with GRI Standards topics	(based on Unigel's own indicators)	Just as we need to ensure the safety of our employees at our industrial plants, we must also guarantee the safety of our products to make sure they reach their destination with high quality and without causing environmental damage.

Seeking to maintain alignment between the material topics and the different groups of stakeholders in our relationship network, we conduct engagement initiatives with our different audiences in a consistent effort to understand their needs and clarify our strategies and expectations. Some examples of this interaction include satisfaction surveys conducted every two years with our clients; internal releases on our in-house channel (Uniweb); annual performance evaluations for our logistics providers; and social media communications directed at the general public. **[102-43]**

Sustainability and Innovation in Products

Raw Material Usage and Focus on Waste Transformation

47

Investments in Technology and New Business

53

Raw Material Usage and Focus on Waste Transformation

[103 | 301]

Our key principles include a rigid monthly control of fixed and variable costs, in addition to periodic stock-taking. We also avoid waste by having clear specifications of raw material amounts needed for the manufacture of each product, and we have operating procedures in place for product manufacture, stock management, and handling, as well as production planning.


Daily control of production and production coefficients are validated periodically, and any divergences must be justified. We are committed to consuming materials based on defined production indexes.

With regard to controlled materials, we rigorously control the adequate documentation, which includes having Material Safety Data Sheets (MSDS) on hand and

issuing documents and control reports to the pertinent authorities.

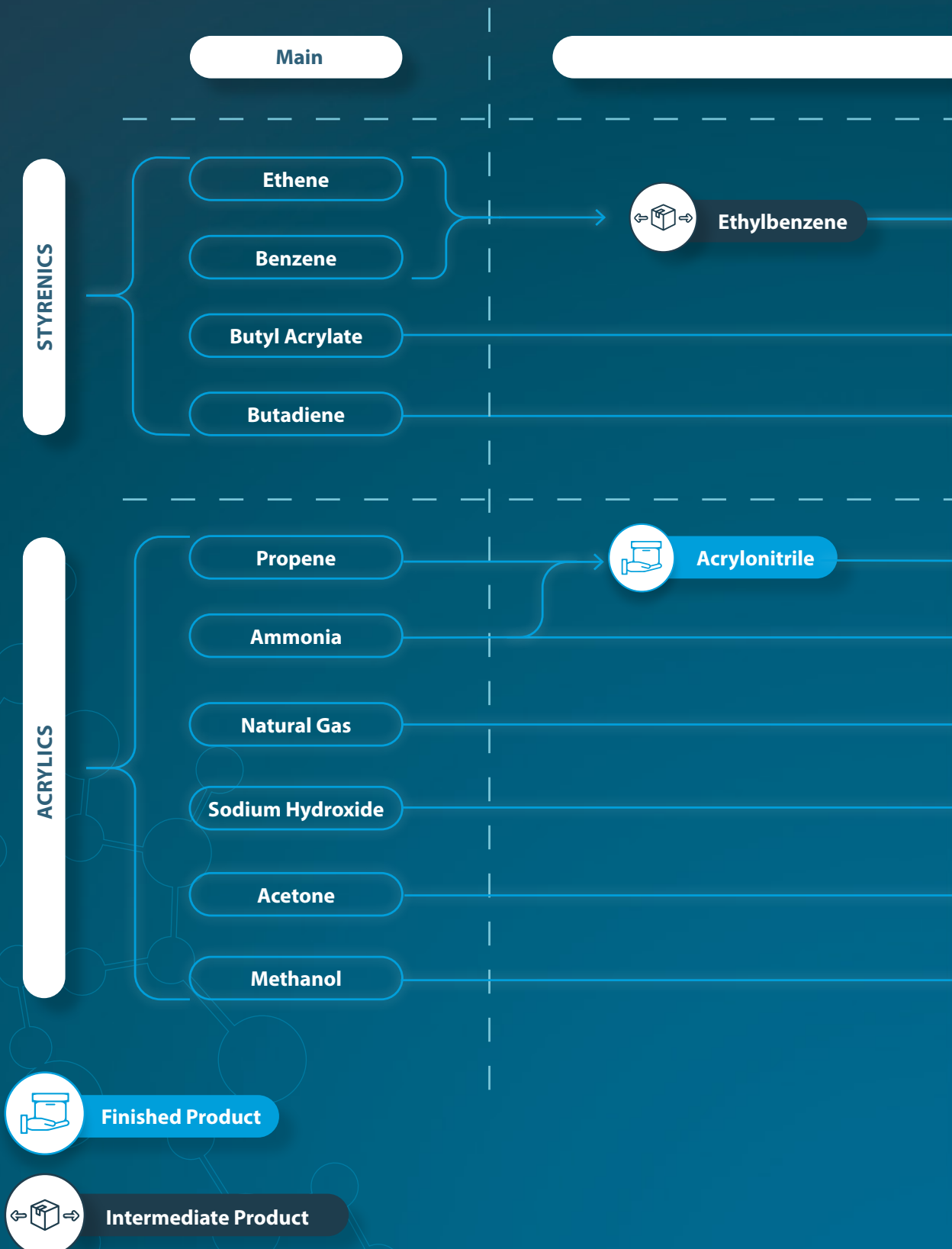
Being a vertically integrated company, we produce important inputs for our own consumption. The main products manufactured by Unigel and their integration into our value chain are shown in the flowchart on the following page.



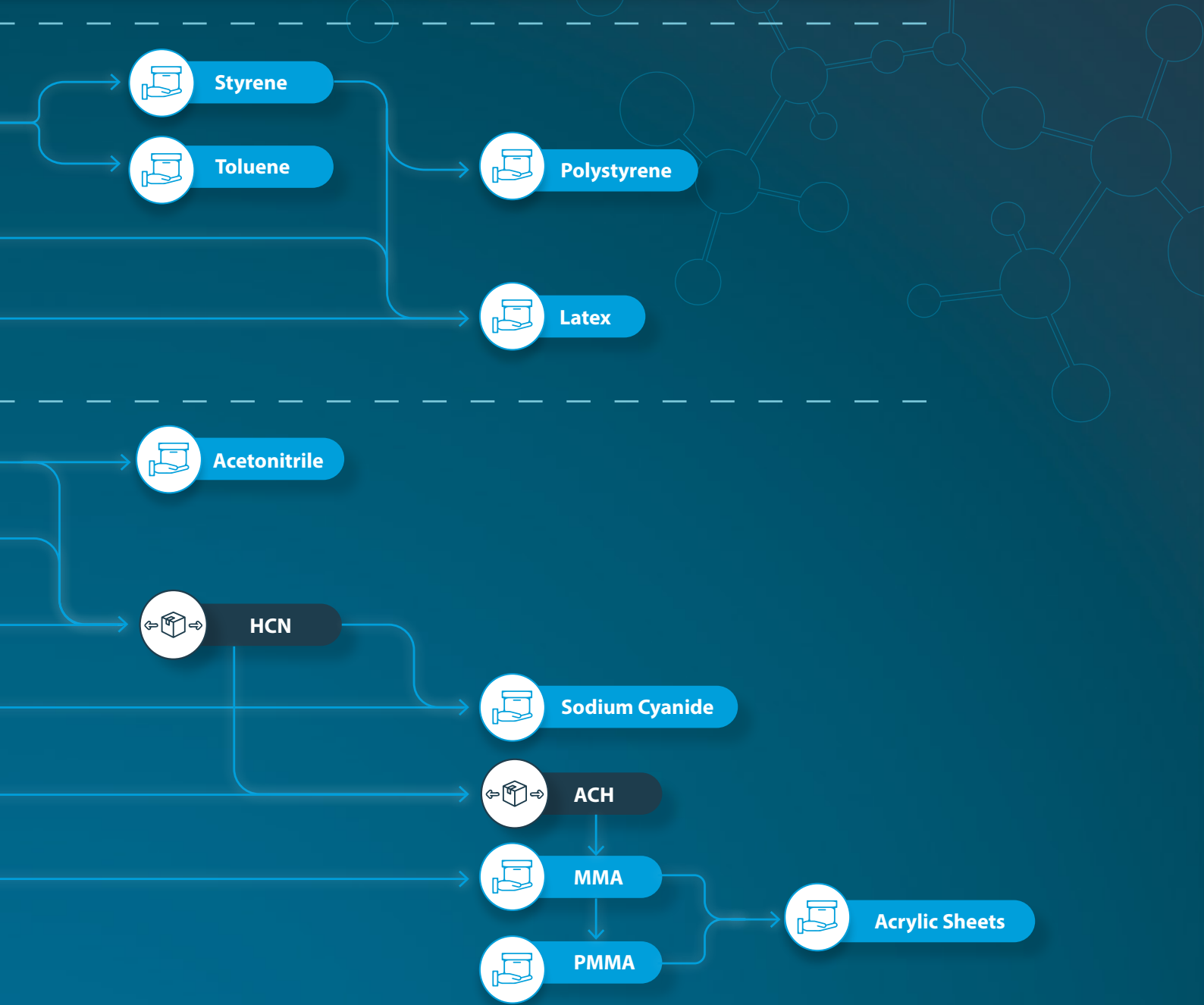
 Representation of recycled polystyrene (darker pellets) being reused with virgin polystyrene. [Learn more on page 56 \(Ecogel\)](#)

Raw Material Flowchart

Being a vertically integrated company, we produce important inputs for our own consumption. The main products manufactured by Unigel and their integration into our value chain are shown in the flowchart below.



Value Chain Interaction



Reverse Logistics and Recycling Initiatives

As a consequence of the COVID-19 pandemic, some reverse logistics and recycling initiatives managed by Unigel were impacted. These include *Operação Aterro Zero* (Operation Zero Landfill) and the *Brasil Mais Produtivo* Program (More Productive Brazil), which had their contracts suspended. We are monitoring the evolution of the pandemic scenario and considering the possibilities for resuming these initiatives.

Supporting the Circular Economy

We established a partnership with *Indústria e Comércio de Molduras Santa Luzia* to support the circular economy and the reinsertion of waste from the production process into the production chain. Through this project, the waste materials generated by the polystyrene manufacturing process at our plants in Guarujá (SP) and São José dos Campos (SP) are sent to Proecologic in the city of Taubaté (SP), where they are processed and transformed into raw materials for the baseboard moldings manufactured by Santa Luzia. [102-12]

In 2020, a total of 238 tonnes of polystyrene waste was repurposed by Santa Luzia. From the start of the project in November 2019, over 298 tonnes have been included in the partnership. Each tonne of recycled polystyrene makes it possible to produce approximately 640 eight-foot baseboard moldings.

Disposable Cup Recycling Program

Another noteworthy initiative by Unigel was our participation in the Disposable Cup Recycling Program conceived by Braskem and *Dinâmica Ambiental*. [102-12]

The program supports the circular economy and stimulates the correct disposal of post-consumer plastics by collecting disposable cups from participating companies. After collection, sorting, storage, and batching, the polystyrene cups are sent to recycling facilities ratified by the program, where they are transformed into new products, continuing the usage cycle of plastic.

Isopor® Amigo Project

We also participate in the *Isopor® Amigo Project* (*Isopor®* being a trademarked polystyrene foam in Brazil), an initiative conceived by disposable goods manufacturers led by ABIPLAST and operationalized by *ODNUM Design & Engenharia*. [102-12]

The project aims to promote reverse logistics for plastic products made from polystyrene foam and stimulate segregation and cleaning of trays and packaging made from this material.

The initial phase of the project began in October 2020 at Perini Business Park in Joinville (SC), which houses 240 companies, and one

campus of the Federal University of Santa Catarina. Despite impacts on the project timeline due to the COVID-19 pandemic, over 42 kg of polystyrene foam have been recycled.

Zero Pellet¹¹ Program

The Zero Pellet program was based on Operation Clean Sweep (OCS®), an international initiative. The project is coordinated by Plastivida and was launched in Brazil by the Plastics Sectorial Forum – For a Clean Ocean. The program's key objective is to promote initiatives to prevent ocean contamination by pellets — the main commercial form of thermoplastic resins. To that end, the program acts directly on various links in the production chain, including petrochemical companies, transformation companies, and plastic recyclers, distributors, and logistics providers.

Upon joining the Zero Pellet program in October 2020, we committed to implementing the initiatives prescribed by the pertinent good practice manuals at our polystyrene plants in Guarujá (SP) and São José dos Campos (SP). We will also work to engage our partner companies in the logistics service industry. [102-12]

11 The Zero Pellet program is licensed by Plastivida jointly with ABIPLAST.

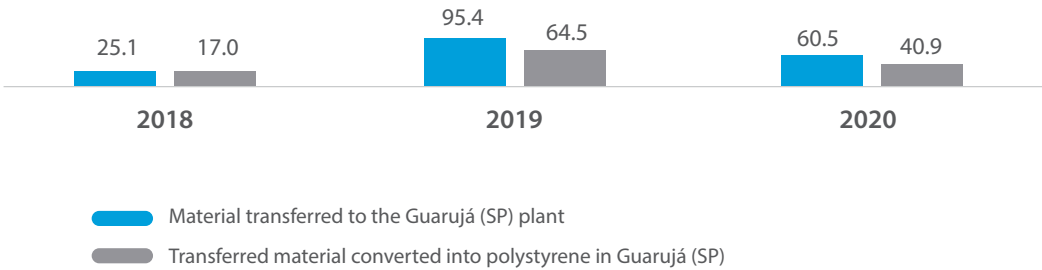
Repurposing of Raw Materials

We are constantly acting to identify opportunities within our operating plants, especially those involving new uses for unconverted materials. One example of this can be found at our plant in São José

dos Campos (SP), where part of the styrene monomer that is not converted into finished product is transferred to the plant in Guarujá (SP). At the Guarujá plant, over

60% of this material is converted into polystyrene and the unconverted remainder becomes furnace fuel or is fed back into the production process.

**Styrene monomer transferred from São José dos Campos (SP) to Guarujá (SP)
(in tonnes)**



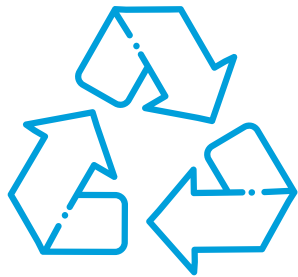
Chemical Recycling

In Mexico, we chemically recycle acrylic sheets to produce MMA. Through this process, different waste materials from our acrylic sheet manufacturing in Brazil and Mexico get recycled — including waste acrylic, shavings, and off-spec product.

In addition to recycling the waste from our operations, we also purchase production waste from

other sources, including our clients and specialized plastic collecting companies.

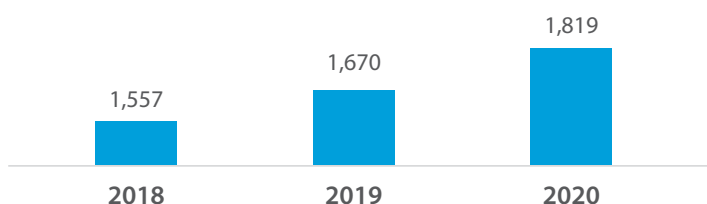
Since the project started in 2015, we have already recycled over 13,000 tonnes of waste acrylic, which were transformed into raw materials and fed back into our own supply chain. The results obtained in the past three years are shown in the following table.



Tonnes of Waste Recycled Per Year

Year		2018	2019	2020
Unigel Operations	A	411	644	626
Clients	B	1,693	1,851	903
Third parties	C	397	434	836
Total	A+B+C	2,501	2,929	2,365

MMA produced with recycled content (t)



“

In 2020, we produced 1,819 tonnes of MMA containing recycled material, 9% more than in the previous year.

Process Steam Reuse

In addition to solid waste, we also reuse the excess steam generated by hydrogen cyanide production at our plant in Candeias (BA), optimizing energy efficiency by eliminating steam loss and reducing the consumption of raw materials as energy sources.

The excess steam is used to produce technical-grade ammonium sulfate for the fertilizer industry, a high value-added product.



○ Lateral view of Unigel's hydrogen cyanide production process in Candeias/BA.

Investments in Technology and New Business

We invest continually in innovation, developing proprietary technologies that allow us to enhance our competitiveness and serve new markets with differentiated products. We also encourage revisions to the production process in an effort to mitigate loss and reduce waste generation as much as possible.

The Unigel Innovation and Technology Center (CITU) was created in 2011 with laboratories and pi-

lot-scale facilities to support the research and development of new processes and products, as well as to enhance our current portfolio products in partnership with clients and observing the opportunities and demands in the market. Having access to cutting-edge technology and a highly qualified team, CITU is a key factor of differentiation at Unigel — integrated and synergistic with our organization's core areas.

“

Having access to cutting-edge technology and a highly qualified team, CITU is a key factor of differentiation at Unigel, integrated and synergistic with our organization's core areas.



○ Lateral view of Unigel's methacrylates production process in Candeias/BA.

Glacial Methacrylic Acid (GMAA) [102-2]

In 2020, we started up production of GMAA at our acrylics plant in Candeias (BA), with an annual production capacity of 5,000 tonnes. In 2020, the plant operated at pilot scale and was able to meet all product specifications, delivering

a purity level of 99.7%. The plant is expected to enter operation at full capacity in 2021.

CITU was at the head of development for our GMAA production process, starting with construc-

tion of the production facility in 2019. Production startup at our GMAA plant created approximately 100 new direct and indirect job positions, supporting regional income growth and economic development.

Ecogel® [102-2]



Created as part of an effort to support the circular economy and minimize the impacts of inadequate plastic disposal, Unigel launched its Ecogel® line focusing on products developed with post-consumer plastic for upcycling into durable goods.

Ecogel® rolled out in October 2020 offering two types of high-

-impact polystyrene resin (HIPS) containing recycled material, i.e., ECO8878 and ECO8875. We are committed to making these products with up to 30% of recycled content.

Using materials collected by recycling co-ops, our supplying partner incorporates the recycled resin into virgin resin, observing the quality parameters established by Unigel.

The end consumer is the main link in this chain, as efficient circularity is only possible when recyclable materials are adequately sent for disposal.

At this initial stage, Ecogel® products are used mainly in compo-

nents for home appliances. However, we work continually with our clients to develop new eco-friendly products that will meet their needs.

“

The end consumer is the main link in this chain, as efficient circularity is only possible when recyclable materials are adequately sent for disposal.



○ **Wendel Oliveira de Souza**
Chief Commercial Officer

Reinforcing our commitment to the circular economy, ECOGEL® products contain certain types of polystyrene that can be infinitely recycled without losing quality. Disposing of this valuable material correctly is also a key part of its cycle.



Ecogel®



Post-consumer material collected from co-op



Recycling company cleans, grinds, and extrudes material

A

Engagement with programs in the market aiming to encourage the recovery of post-consumer plastic materials



B

C

D

Material is sold to clients to be used in manufacture of durable goods



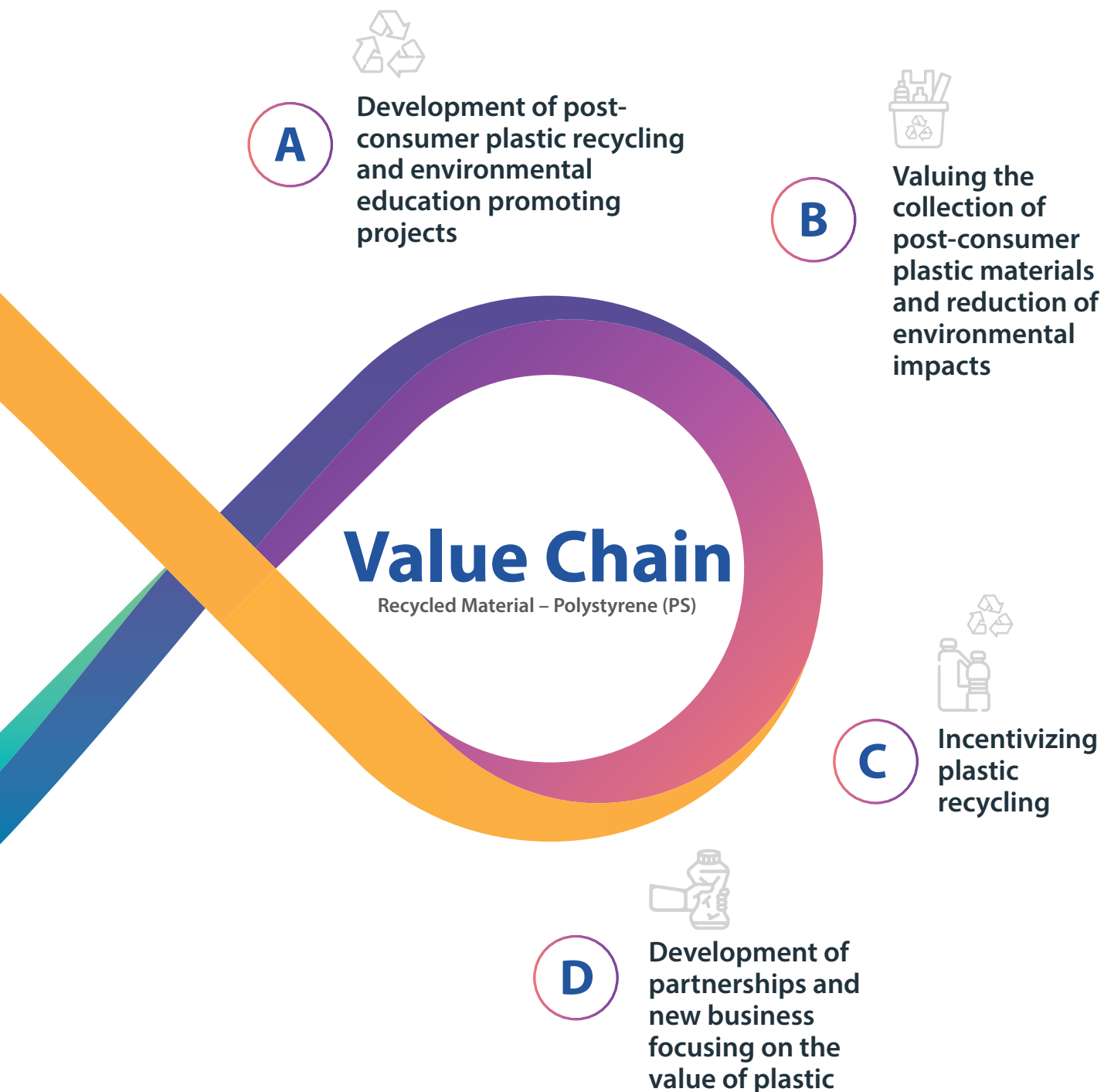
ECOGEL® Polystyrene Cycle

Recycled Material – Polystyrene (PS)

- **What is Ecogel®?**
A brand of sustainable products launched by Unigel in October 2020.

- **What is the first Ecogel® product line?**
ECOGEL® polystyrene.

- **What is its composition?**
Up to 30% recycled material and 70% virgin resin.



- Purpose:

To produce polystyrene resin from post-consumer materials, reintroducing it as new resin for use in durable goods.
- Examples of Durable Goods:

Electronics, including television and computer components; household utensils and school supplies; home appliances; inner walls and door panels for refrigerators and freezers.

Environmental Performance

Energy	60
Water	62
Greenhouse Gas Emissions	64
Solid Waste	66

We believe that environmental responsibility is a key component of long-term management for any business. So, we have committed to become ever more sustainable and environmentally correct.

Our environmental management guidelines are those provided by the Integrated Management System, based on international standards including ISO 9001 (Quality), ISO 14001 (Environment), ISO 45001 (Health and Safety), and the Responsible Care® Program. We also follow and are certified by the International Cyanide Management Code¹².

Our business management operates under a commitment to protect the environment, which includes preventing pollution. Our commitment for 2021 is to work toward identifying the best indicators to be monitored for environmental management, including energy and water consumption, effluent disposal, GHG emission reduction, and waste generation.

“

We are structuring our indicators as part of a commitment to protect the environment and keep a close eye on this topic.



¹² The International Cyanide Management Code is a voluntary program created for companies operating in the gold production chain, such as gold miners, producers, and companies involved in cyanide storage and transportation. The program strives for better practices in production, environment, health, and safety involving this chemical.

Responsible Care Program®

In 2012, we joined the Responsible Care Program®, a global initiative disseminated by ABIQUIM in Brazil to support the chemical industry in environment, health and safety (EHS) management. The program lays out the chemical industry's approach towards proactivity, transparency, and dialog with industry stakeholders, as well as its commitment to sustainability within the Brazilian chemical industry.

Environmental Certifications¹³

- **ISO 14001** – Plants in São Paulo State
- **Industria Limpia (Clean Industry certification issued by the Attorney General for Environmental Protection)** – Plants in Mexico
- **Polo Award – Gold Category** – Plants in Bahia State

Energy

[103 | 302]

Energy is an essential input for Unigel's production processes. An inefficient energy supply can result in losses or downtime, not to mention potential damage to our assets. Our energy management follows the pertinent Brazilian regulating standards — including NR 10 and NR 13 — and we deliver the necessary training to our employees, ensuring they are prepared to correctly handle this topic. We also perform preventive maintenance to improve the energy efficiency of our operations.

In our activities, energy consumption is directly associated with production volume, as our equipment consumes the same amount of energy simply by

being on. For that reason, the more we produce, the lower our energy intensity and the more efficient our process. Conversely, when we operate at lower equipment loads, energy intensity increases, and the process becomes less efficient.

From January to June 2020, we reduced our production volumes and, consequently, our total consumption of energy, due in great part to the drop in global demand as a consequence of the COVID-19 pandemic. From July onward, the market began to recover and production output at our plants increased. As a result, our energy intensity in 2020 was lower than in 2019.

“

Energy is an essential input for Unigel's production processes. We follow rigorous regulatory standards.

On the following page, we present our energy consumption and energy intensity indicators for the past three years. The conversion factors used in the calculation were taken from the National Energy Balance (BEN2019) and the Brazil GHG Protocol Program.

13 To view Unigel's full list of certifications, please see Attachment A.

[302-1]

Total Energy Consumed (in GJ)		2018	2019	2020
Fuels from renewable sources (biodiesel and ethanol)	A	3,083.62	3,270.90	4,111.08
Fuels from non-renewable sources ¹⁴	B	2,568,244.35	3,039,284.79	2,676,063.94
Energy consumed (electrical and steam)	C	1,603,491.99	1,611,185.89	1,449,601.53
Energy sold (excess process steam)	D	38,608.69	32,007.42	81,165.27
Total	(A+B+C) – (D)	4,136,211.28	4,621,734.16	4,048,611.29

[302-3]

Energy Intensity		2018	2019	2020
Total energy consumption within the organization (GJ)	A	4,136,211.28	4,621,734.16	4,048,611.29
Total company-wide production (t)	B	1,186,346.98	1,147,060.41	1,075,823.00
Energy intensity (GJ/t produced)	A/B	3.49	4.03	3.76



“

We perform preventive maintenance on an ongoing basis to improve the energy efficiency of our operations.

¹⁴ The following were considered fuels from non-renewable sources: diesel oil, gasoline, liquefied petroleum gas (LPG), natural gas, vehicular natural gas (VNG), natural gas liquids (NGL), low sulfur oils (LSC), fuel oils, and other petroleum products.

Water

[103 | 303]

Water is an essential resource in our operation. Water scarcity could bring a direct impact via losses or production downtime. Therefore, correct handling of aspects related to water consumption and wastewater emissions are included in our Code of Ethics and Conduct, as well as in our Corporate EHS Policy and specific operating procedures.

By correctly managing water consumption and disposal, we comply with the requirements of ISO 14001 and the wastewater disposal requirements set out by Brazilian laws and regulations and determined by overseeing authorities.

Unigel receives its water supply from third-party companies, with a small portion coming from wells and rivers. We measure and re-

cord our consumption on a daily basis and respond as needed if any anomalies emerge. Utility processes, cooling towers for process temperature control, and steam production account for most of the company's total water consumption. Some water is also used in specific projects like construction, washing of floors and parts used in mechanical maintenance, and in the administrative facilities.

[303-1]

By having monitoring procedures in place to ensure that legal and in-house standards are observed, we achieve a low risk of non-conformities. Some of our sites treat their own wastewater, including Cubatão (SP) and Candeias (BA). At these sites, we have specialist teams in charge of laboratory testing and then adequately treating

wastewater before final disposal. Our plants in Guarujá (SP), São José dos Campos (SP), and Camaçari (BA) are located within industrial condominiums, and so, their wastewater is treated by specific companies that serve all of the plants located within those specific complexes. [303-1, 303-2]

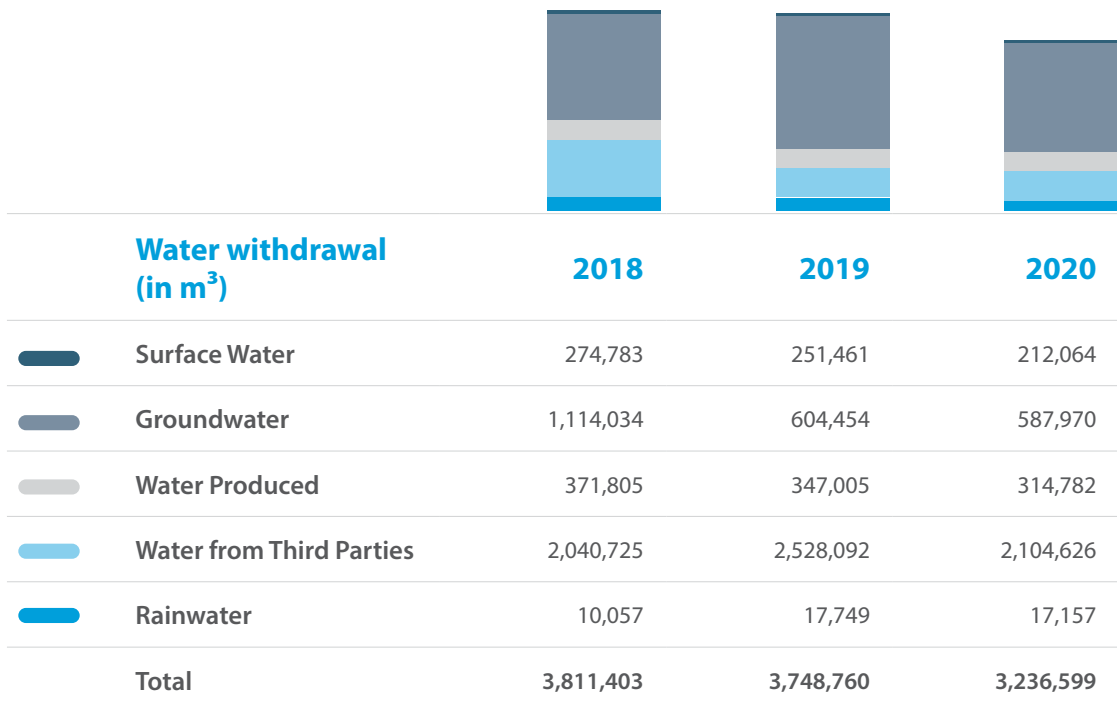
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Correct handling of water consumption and wastewater emissions are included in our Code of Ethics and Conduct and in our corporate policy.



○ Aerial view of Unigel's industrial complex in the city of Candeias (Brazil), site of Proquigel Química and Unigel Plásticos.

Our water withdrawal data referring to the past three years is shown below. [303-3]



In 2020, we saw a 5.7% decline in water intensity when compared with the indicator reported in the previous year. This is also related to the impact of the COVID-19 pandemic on our operations. [303-3]

Water Indicators		2018	2019	2020
Total water withdrawn (in m3)	A	3,811,403	3,748,760	3,236,599
Total water disposal (in m3)	B	1,110,344	1,433,483	1,188,117
Water consumed by the organization (in m3)	C = (A-B)	2,701,059	2,315,277	2,048,481
Total company-wide production (t)	D	1,186,347	1,599,339	821,437
Water intensity (m3/t produced)	E = (C/D)	2.28	2.02	1.90

Greenhouse Gas Emissions

[103 | 305]

At Unigel, the topic of GHG emissions is addressed by the Corporate Policy for Environment, Health, Safety and Quality (EHSQ), which is based on standards established by the Responsible Care Program®, ISO 14001, and emissions monitoring in the state of São Paulo according to the São Paulo

State Environmental Protection Agency (CETESB) and in the state of Bahia by the Brazilian Federal Environmental Agency (CONAMA).

Going beyond our environmental responsibility and our com-

mitment to continuous improvement, GHG emission management enables us to prevent reputational and regulatory risks brought by the potential implementation of new carbon pricing instruments, legislation, or taxes.

CDP [102-12]

In light of growing demand from different stakeholders, in 2020 we issued the first Unigel CDP report on Climate Change and Water Security. Our score placed us at Awareness level, in line with the chemical in-

dustry average and better than the regional score assigned to South America. We are committed to reducing our GHG emissions and improving our performance year after year.

“

2020 marked our first CDP report on Climate Change and Water Security.



○ Lateral view of Unigel's acrylonitrile plant in Camaçari/BA.

Based on the methodology issued by the Brazil GHG Protocol Program, we prepare an inventory of GHG emissions and submit it annually to CETESB and CONAMA. The sources of emission factors and global warming potential used are those given

by the GHG Protocol, and our chosen consolidation approach for emissions is operational control. The results are reviewed on a yearly basis, confronting the indicators from the current year to the one before, without a specific basis year for comparison. **[305-1, 305-2]**

We observed a reduction in GHG emissions in 2020. This was due mainly to production downtime in the second quarter of the year on account of the pandemic. As a result, our consumption of steam and other electricity sources decreased and, consequently, so did our indirect emissions.

[305-1, 305-2]

Greenhouse Gas Emissions		2018	2019	2020
Scope 1 Direct Emissions				
Stationary combustion	A	146,610.61	160,764.52	152,946.06
Mobile combustion	B	718.67	648.44	640.74
Fugitive emissions	C	62.64	76.37	124.21
Total Scope 1	D = A+ B+ C	147,391.92	161,489.33	153,681.00
Biogenic emissions	E	217.31	245.07	307.13
Scope 2 Indirect Emissions				
Purchased electricity and steam	F	110,349.97	111,244.04	97,530.66
Scope 1 and 2				
Total	G= D+F	257,741.89	272,733.37	251,211.66

The table below shows a 1.8% reduction in GHG emission intensity, explained by the decline in total emissions and change in production levels. **[305-4]**

GHG Emissions Intensity		2018	2019	2020
Scope 1 and 2 emissions	A	257,741.89	272,733.37	251,211.66
Total company-wide production (t)	B	1,186,346.98	1,147,060.41	1,075,823.00
GHG emission intensity (tCO ₂ /t produced)	C = (A/B)	0.22	0.24	0.23

Addition of ARLAGEL into Product Portfolio

With the startup of Unigel Agro, we will be able to produce and commercialize ARLAGEL, an aqueous solution that reduces the emission of nitrogen oxides (NO_x) by vehicles equipped with Selec-

tive Catalytic Reduction (SCR) technology.

Emissions are reduced by the reaction between ARLAGEL and NO_x, which generates water vapor and nitrogen gas. The solu-

tion therefore contributes directly to a reduction in engine pollutant emissions.

The product also promotes fuel savings and is a safe chemical, as it is not flammable, toxic, or explosive.

Solid Waste

[103 | 306]

Our solid waste management is based on recognized standards, including the Brazilian National Policy for Solid Waste (PNRS), ISO 19001, ISO 45001, ISO 14001, and Responsible Care®. Internally, this topic is addressed by our Corporate Policy for EHSQ and our Code of Ethics and Conduct, which covers responsible environmental management.

Waste management at Unigel is handled internally by the EHSQ department according to the hierarchy established by the PNRS, which prescribes reduction of generated waste as a top priority. **[306-2]**

Therefore, we established a waste reduction plan based on the identification of improvement opportunities taking into accou-

nt why the waste is generated, the characteristics of the industrial process, the implementation costs of improvements, the financial returns, and the significance of the environmental impact. We also believe that reducing generated waste should be a consideration at every stage of development and implementation for new industrial projects. **[306-2]**

All generated waste is stored in warehouses and open-top dumpsters. Waste transportation is cleared through a specific invoice. Based on these invoices, we report the information to management. Waste disposal is controlled according to the final disposal certificates for each type of waste and the truck manifest provided by the disposal service provider. **[306-2, 306-3]**

At present, our biggest impact is caused by Class 1 (hazardous)

waste sent to landfill, either generated by our own activities or by the value chain. **[306-1]**

Over the past three years, we observed that Class 1 waste generation remained stable. On the other hand, Class 2 (non-hazardous) waste generation increased by 55% between 2018 and 2019. The causes for this include a maintenance shutdown at the Cubatão (SP) plant in 2019, which led to increased amounts of metal scrap being generated due to the repla-

cement of catalytic converters, in addition to certain Class 1 wastes, mainly consisting of contaminated materials. We also dismantled an idle ethylbenzene plant. Intensified housekeeping at our plants in Bahia State also led to an increase in waste generation.

We also observed a 13.2% increase in Class 2 waste generated in 2020, explained mainly by the reopening of three acrylic sheet production plants in Candeias (BA).



Hazardous (Class 1) Waste Generated, in Tonnes (t)

Type of waste		2018	2019	2020
Spent oils	A	14.66	25.39	11.84
Light bulbs	B	1.58	2.27	2.24
Technological waste	C	1.09	0.97	4.55
Contaminated materials and packaging	D	350.97	580.68	881.43
Medical waste	E	0.01	0.03	0.09
Production process waste	F	2,368.08	2,288.29	2,110.19
Treatment, filtering, and cleanup waste	G	273.75	135.26	112.34
Total	H = A + B + C + D + E+ F+ G	3,010.14	3,032.88	3,122.67

Non-Hazardous (Class 2) Waste Generated, in Tonnes (t)

Type of waste		2018	2019	2020
Metal	A	263.97	213.60	337.16
Plastic	B	119.67	143.07	23.13
Paper/Cardboard	C	262.16	381.21	82.64
Glass	D	6.57	11.00	26.40
Organics	E	176.24	142.74	218.20
Treatment, filtering, and cleanup waste	F	40.26	983.08	271.52
Miscellaneous	G	136.63	376.43	1,633.81
Total	H = A + B + C + D + E+ F+ G	1,005.50	2,251.12	2,592.86

Waste Diverted from Landfill

Whenever possible, we avoided sending waste to landfill, i.e., higher priority was given to other forms of disposal and treatment of production waste; contaminated materials and packaging; treatment, filtering, and cleanup waste; spent oils; light bulbs; technological waste; and organic and medical waste.

Our greatest achievement in that regard is having recycled 100% of

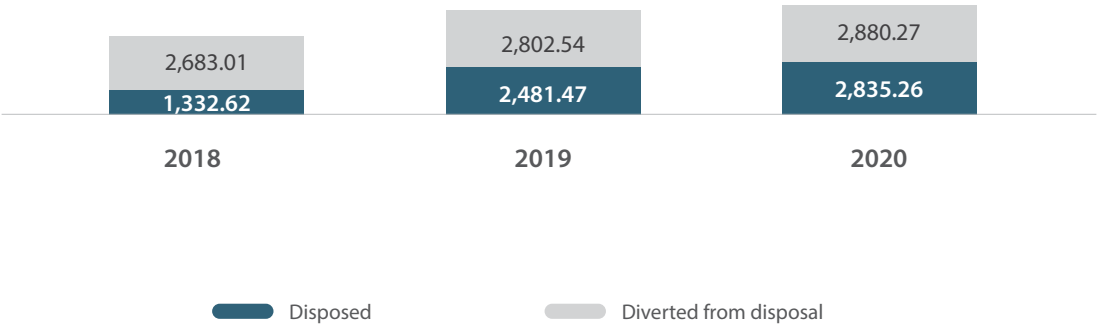
all waste metals, paper/cardboard, plastics, and glass. [306-3]

In addition, we successfully diverted from disposal 50.4% of all waste generated in 2020 through processes including recycling — especially of Class 2 non-hazardous waste — and repurposing, re-refinement, treatment, co-processing, neutralization, biological treatment, and pro-

cessing of Class 1 hazardous waste. [306-3]

The increase shown in the disposal volumes chart below is due to events including the maintenance shutdown at our plant in Cubatão (SP) in 2019 and intensified housekeeping at our plants in Bahia State, as mentioned earlier.

Solid Waste Disposal, in Tonnes [306-3] (t)



Social Action

Workforce and Labor Practices

71

Health & Safety Assurance

80

Community Commitment

87

Workforce and Labor Practices

[103 | 401, 103 | 404, 103 | 405]

Unigel’s employees are essential to the success of our business. So, we care for their well-being and safety and also promote initiatives for skill-learning and engagement. We want them all to take pride in being part of our history.

Our personnel management aims to ensure a productive and healthy environment. We are supported by a Recruiting and Selection policy that values internal recruiting, as well as by our Vacation and Severance policies, individual employment contracts, and Quality of Life Program.

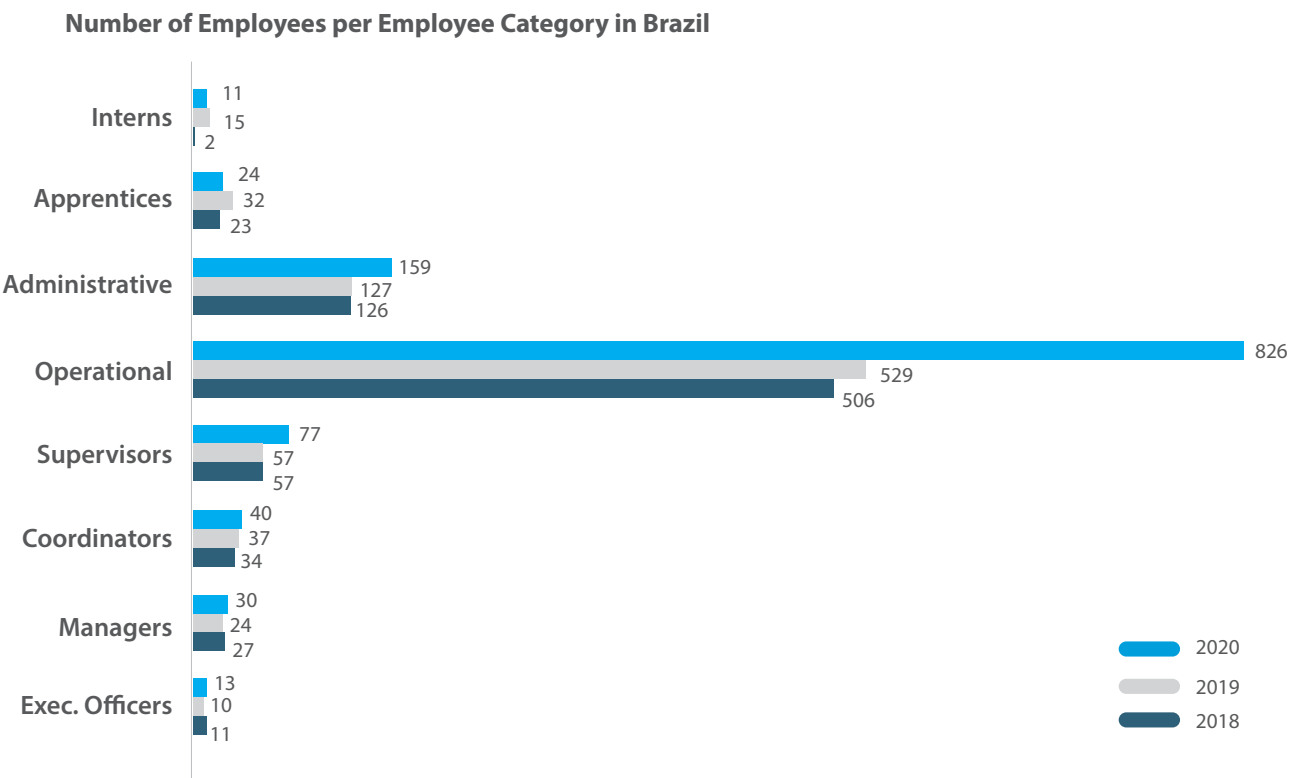
We are also committed to following the applicable labor regulations.

Unigel hires its employees on a full-time basis except for interns and youth apprentices, who are required by law to work shorter hours. In Brazil in 2018, the proportion of that employee category was approximately 3.2% of all positions at the company, of which 52.0% were men and 48% women. In 2019, that figure rose to 5.66%, maintaining the same gender ratio — 51.1% men and 48.9% women. In 2020, 3.0% of

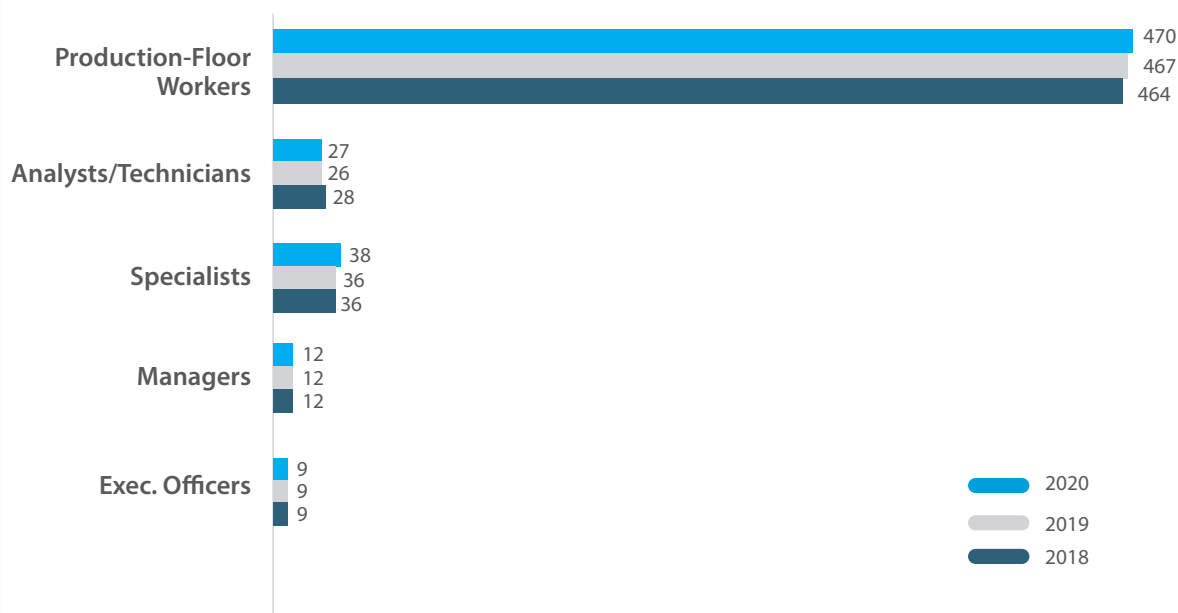
“
Our management is focused on the well-being and safety of our employees. We want them all to take pride in being part of our history.

our employees were interns and youth apprentices, with 77.1% of them being women. In Mexico, 100% of our workforce is employed on a full-time basis [102-8]

Our employees are distributed as follows, by employee category:



Number of Employees per Employee Category in Mexico¹⁵



Concerned with labor relations and the trends in that sector, our Human Resources department uses specialized tools to manage employee information.

It is also affiliated to the Chemical and Petrochemical Industry Union (SINPEQ), the Camaçari Industry Support Committee (COFIC), ABIQUIM, and the São

Paulo State Union of Industries Producing Chemicals for Industrial Use and Petrochemicals (SINPROQUIM). [102-13]

New Hires and Turnover

Impacts of the Pandemic on our Workforce

The advent of the COVID-19 pandemic somewhat impacted us in the first half of the year. As a result, in the second quarter, we made the difficult decision to establish shorter workdays associated with pay cuts to administrative staff earning more than R\$4,000

per month at our Brazilian sites. Some employees at our styrene and acrylics plants were placed on mandatory vacation time or, in some cases, furloughed. In Mexico, it was necessary to hire temporary staff to cover the absence of employees infected by COVID-19.

In the second semester, with the increase in demand for our products and preparations to start up Unigel Agro, the need for new employees allowed us to call back our furloughed staff and resume hiring.

¹⁵ In addition to the positions described, there were 14 apprentices in Mexico in 2018 and 2019; in 2020, there were 13.

We know that people are the key to achieving business results. So, our hiring process is well-structured to recruit the very best talent. After admission, our focus is on promoting an organizational structure that allows employees

to develop, with actions including performance evaluations and ongoing feedback, in addition to a constant concern with the corporate climate.

Our employee headcount in 2020 was 1,736 people, a 25.7% increase of our workforce when compared to 2019. This was due mainly to our new hires in Brazil for Unigel Agro in the states of Bahia and Sergipe, as well as for the resumption of operations at our acrylic sheet plants in Candeias (BA). **[102-8]**

Total Headcount								
2018			2019			2020		
Brazil	Mexico	Total	Brazil	Mexico	Total	Brazil	Mexico	Total
786	549	1,335	831	550	1,381	1,180	556	1,736

In addition to our direct employees, we also rely on nearly 500 service providers.¹⁶ **[102-8]**

Total Service Providers								
2018			2019			2020		
Brazil	Mexico	Total	Brazil	Mexico	Total	Brazil	Mexico	Total
374	52	426	508	52	560	414	51	465

The rate of new hires was highest for employees under 30 years old, and the highest number of new hires was in the 30-to-50 age group. **[401-1]**

Total Number and Rate of New Hires by Region ¹⁷						
Região	2018		2019		2020	
	Total Number	Rate	Total Number	Rate	Total Number	Rate
Brazil	152	19.3%	105	12.6%	455	38.6%
Mexico	131	23.9%	161	29.3%	159	28.6%
Total	283	21.2%	266	19.3%	614	35.4%

16 The Brazil headcount includes interns and youth apprentices. The providers presented in this table are managed by HR, which does not include temporary contractors in the calculations.

17 Rate of New Hires = (Total New Hires in Category / Total Number of Employees in Category)

The total rate of new hires was 35.4%, 16.1 percentage points above the figure reported in 2019. **[401-1]**

Total Number and Rate of New Hires by Age Group

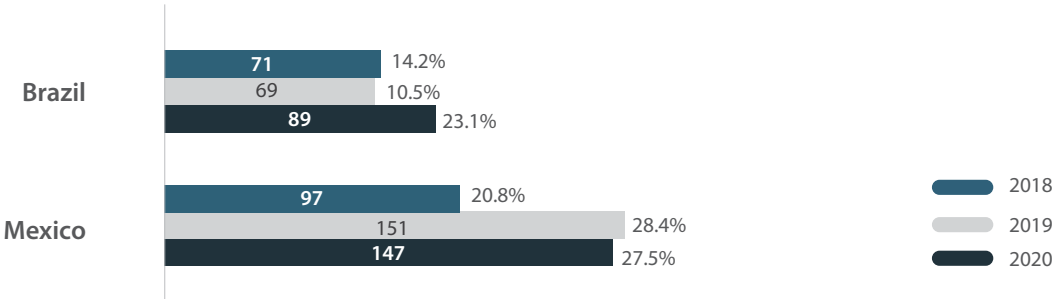
Age Group	2018		2019		2020	
	Total Number	Rate	Total Number	Rate	Total Number	Rate
Below 30	127	41.8%	141	42.5%	164	46.5%
30 to 50	130	17.3%	119	15.7%	374	36.7%
Over 50	26	9.3%	6	2.1%	76	20.9%
Total	283	21.2%	266	19.3%	614	35.4%

Over the years, we have maintained a near-even gender ratio among new hires. **[401-1]**

Total Number and Rate of New Hires by Gender

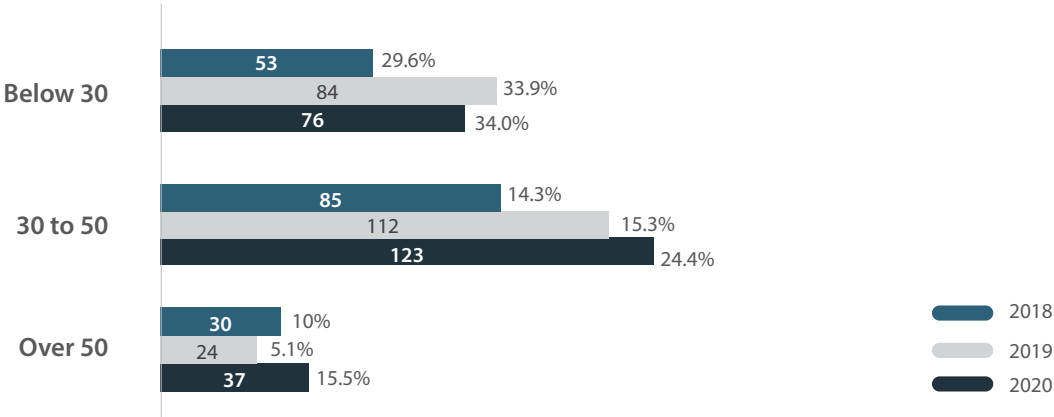
Gender	2018		2019		2020	
	Total Number	Rate	Total Number	Rate	Total Number	Rate
Women	47	20.5%	49	19.9%	104	33.4%
Men	236	21.3%	217	19.1%	510	35.8%
Total	283	21.2%	266	19.3%	614	35.4%

NúmeroTotal Departing Direct Employees and Turnover Rate¹⁸



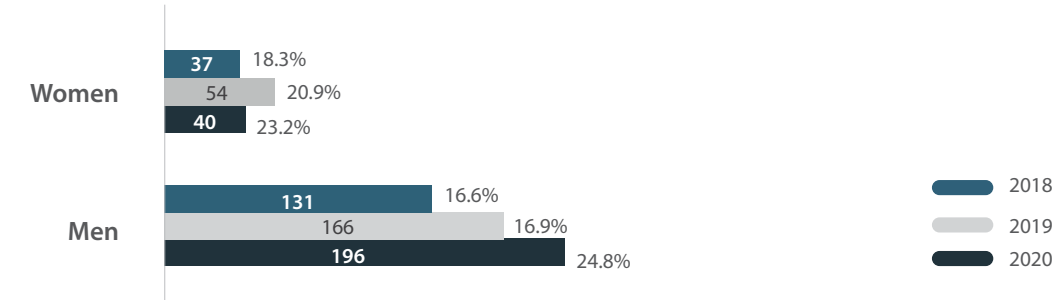
The highest turnover is in the below-30 age group. **[401-1]**

Total Departing Direct Employees and Turnover Rate
Age group



Similar turnover rates are observed for men and women. **[401-1]**

Total Departing Direct Employees and Turnover Rate
Gender



18 Turnover Rate = (Total Severances + Total New Hires in Category) / 2 / Total Number of Employees in Category



Diversity and Inclusion

Unigel respects diversity and repudiates any kind of restriction to hiring. We are working to create an increasingly equitable structure within our organization, offering equal opportunities to all

employees and acting exclusively on meritocratic criteria.

In addition to following the applicable regulatory standards, our Code of Ethics and Conduct

prohibits any and all prejudiced or discriminatory behavior. An open hotline (Canal Aberto) is also available to employees who wish to report discriminatory practices.

A prejudice-free environment creates a healthier organizational climate and a stronger sense of belonging and engagement among employees.

Recognition for Diversity

Recognition for Corporate Social Responsibility and Workplace Inclusion from the Government of Mexico.

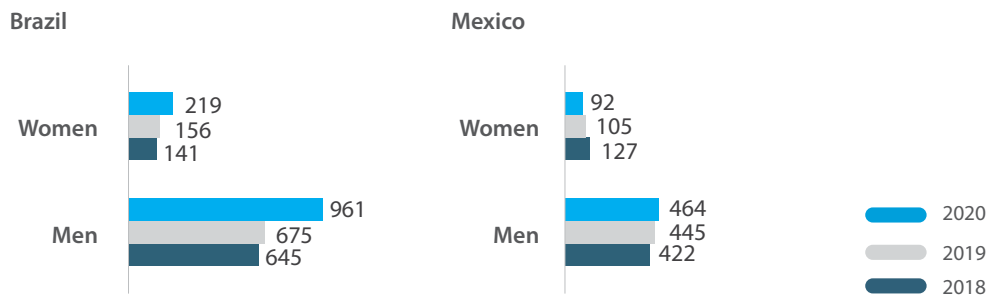
At our Mexican sites, this commitment is also formalized in our policies for Good Practice in Labor Inclusion and Social Responsibility, assuring equal employment opportunities without discrimination.

Our workforce includes 18 people with declared disabilities, all of them holding operational and administrative positions in Brazil.

The difference in number of men and women is due to our manu-

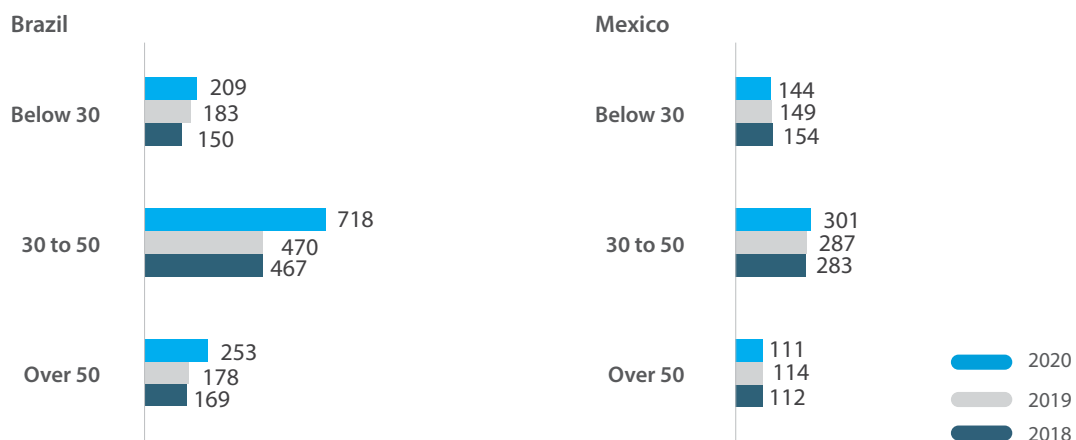
facturing operations, in which male workers are more prevalent. On the other hand, this difference is hardly noticeable at our corporate office in São Paulo, with 51 women comprising 43.6% of all employees alongside 66 men.

Direct Employees by Gender and Region



In terms of age groups, the largest share of our workforce consists of employees ages 30 to 50, which make up 58.7% of our total headcount.

Employees by Age Group



On our premises, different generations work together. We are focused on attracting and retaining younger generations to make sure they are prepared to take on future positions of leadership at the company.

We have also implemented programs in Mexico to hone the skills of employees who have performed well and have chosen to retire. To that end, we call in a company specializing in professional outplace-

ment to support these workers in redefining their professional goals, whether that means seeking new employment, entering active retirement, or undertaking other initiatives. **[404-2]**

Qualification and Training

Qualifying and training our employees — whether they are working in a technical, administrative, or management capacity — is essential to enable them to adequately carry out their roles and achieve the objectives and targets established at the beginning of each year.

These actions are required and supported by the Responsible Care® certification and by national standards. In Mexico, we also apply the Terms and Procedures for Personnel Qualification and Development and the Personnel Development Criteria Procedure. Our Corporate Policy for EHSQ provides guiding objectives and targets related to the implemen-

tation of our training plan. In Brazil, we are also supported by the skill matrix and an Annual Training Plan that specifies all of the mandatory training for each job title. **[404-2]**

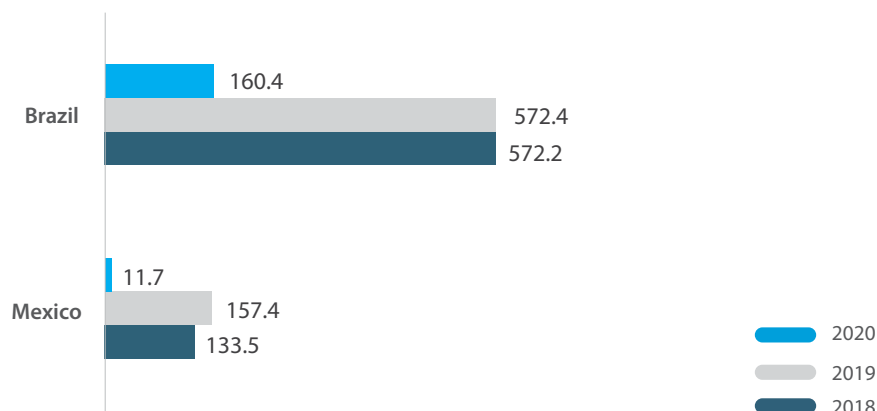
In 2020, for the first time, we conducted our performance and skills evaluation in a digital format in Mexico, using the *Avaliar* platform. In total, 95% of our employees performed well in every evaluated aspect. Based on the evaluation, we revised the objectives and targets for each job title and established a Training Program for the coming year.

In the past year, each employee received an average of 10.01 hours of training, 13.35 percentage points below the 2019 average. On ave-

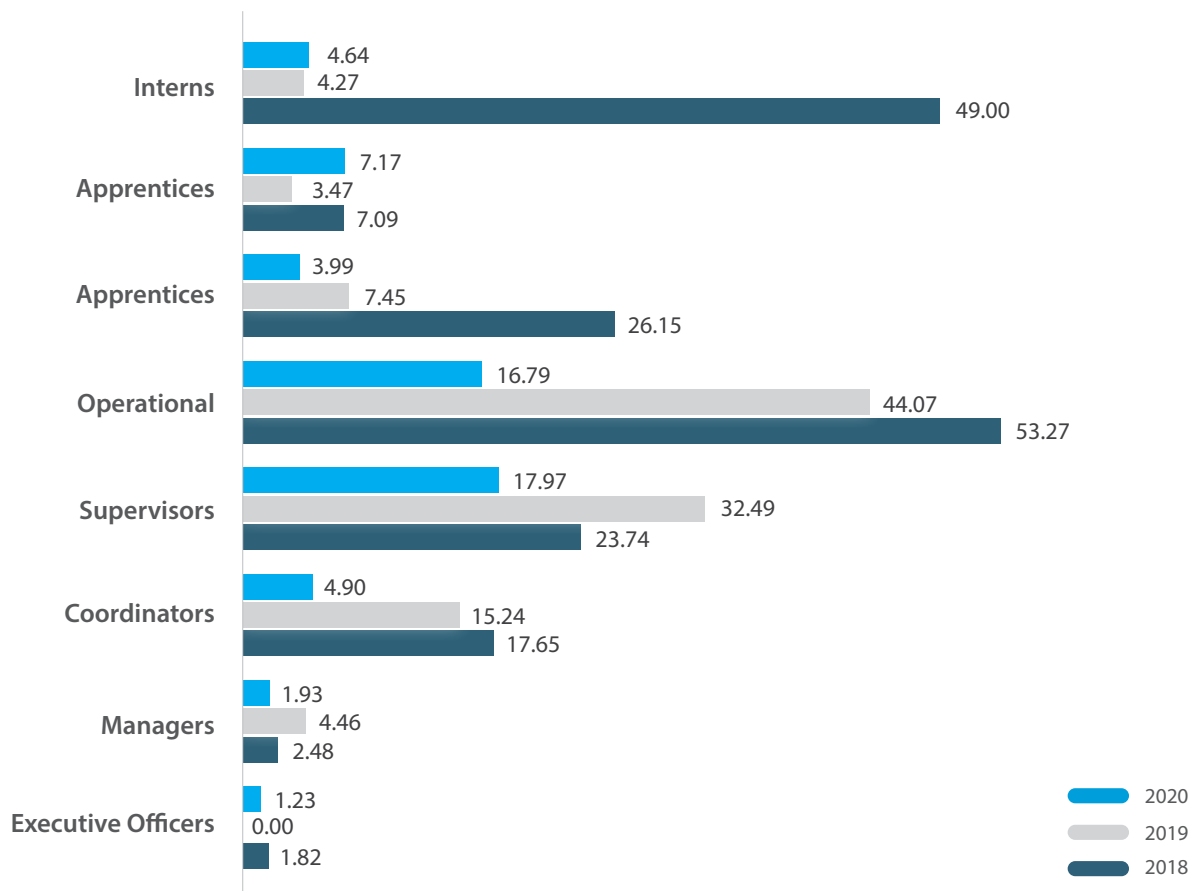
rage, men received 11.32 hours of training; women received 3.99 hours. This gender-based difference is due to the prevalence of male workers in operational roles at our production plants, requiring a higher number of training sessions on account of the specifics of each task. **[404-1]**

The decrease in average hours of training per employee was due to the suspension of training and qualification programs. This decision was made on account of the high number of employees working remotely due to the COVID-19 pandemic. Investment in training was also substantially lower in 2020 for the same reasons. **[404-1]**

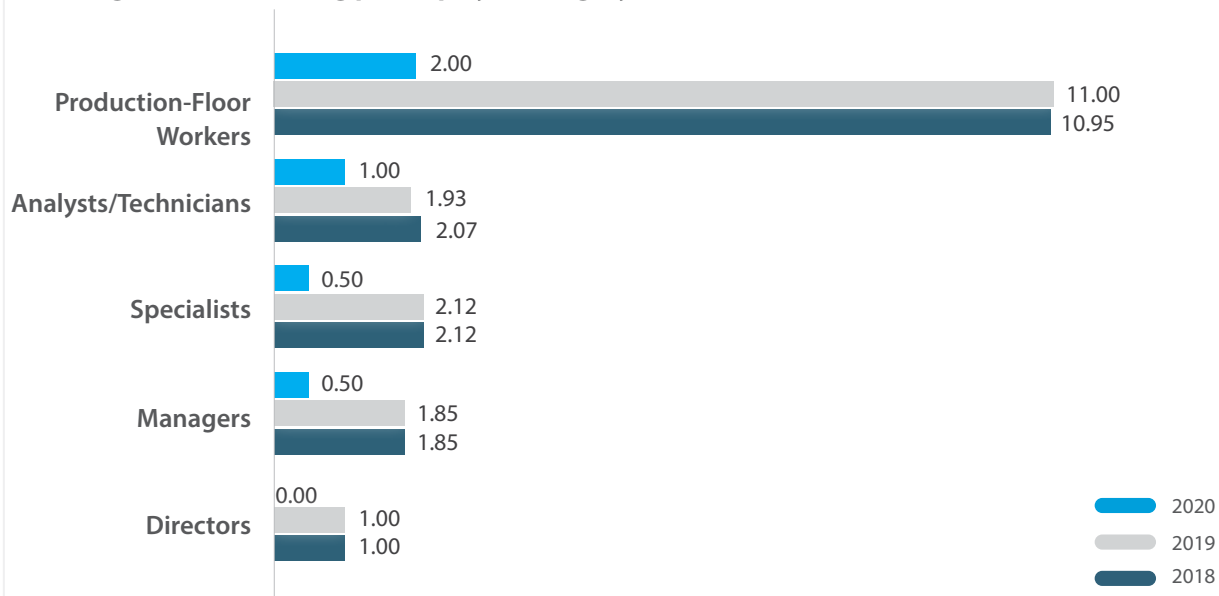
Investment in Training by Region



Average Hours of Training per Employee Category in Brazil



Average Hours of Training per Employee Category in Mexico¹⁹



¹⁹ The Brazil headcount includes interns and youth apprentices. In Mexico, interns and apprentices do not receive training.

Health and Safety Assurance

[103 | 403]

At Unigel, we are committed to making sure that our activities are safe, so they won't impact the environment or damage the health of our employees, service providers, and society in nearby areas.

This work is guided by a Corporate Policy for EHSQ that specifies goals and targets related to this topic, in terms of reducing occupational accidents and complying with legal requirements.

The Corporate Policy for EHSQ also provides guidelines for our Health and Safety Management System. We also have an EHS operating plan in Mexico that follows specific guidelines for operating in that country, including a housekeeping system, work procedures, and an emergency plan. **[403-1, 403-7, 403-8]**

All of Unigel's service providers are covered by the occupational

health and safety management system. When it comes to our direct employees, 95% of them are covered by this system. Looking at Brazil alone, 100% of them are covered. The system applies to all work environments within the organization, including distribution centers, and it undergoes periodic internal and external audits to ensure the continuous improvement of our processes. **[403-1, 403-8]**

The Unigel Health and Safety Management System complies with all applicable legal requirements²⁰ and is also based on Brazilian and international reference standards, including ISO 45001, Brazilian Regulating Standards NR-10, NR-20, NR-23, NR-33, and NR-35, the International Cyanide Management Code, the Responsible Care® Program, and the Polo Award for En-

vironment, Health and Safety²¹. Our system also follows the guidelines of international standards ISO 9001 and ISO 14001. At our Mexican sites, we also follow the Official Mexican Standards (NOM) and the standards issued by the National Chemical Industry Association. **[403-1]**

In 2020, the main actions to manage employee and contractor health and safety at Unigel were related to COVID-19 prevention, as will be discussed on page 85. **[403-1]**

We strive to uphold responsible relations and we take part in the industry's transformation by participating in different external initiatives. We are members of the Community Consulting Council in the regions where we operate, the Responsible Care® program committee, and the technical committees at ABIQUIM, CIESP, and COFIC. **[102-13]**

Certifications earned by Unigel²²

- **Responsible Care® Program**
– Plants in Bahia State
- **ISO 9001** – Plants in São Paulo and Bahia States (Brazil) and in Mexico
- **International Cyanide Management Code** – Plants in Bahia State
- **ISO 45001**
– Plants in São Paulo State
- **Polo Award Gold Category**
– Plants in Bahia State
- **Empresa Segura (Safe Company)**
– Plants in Mexico

20 CONAMA Resolutions; Federal-, State-, and Municipal-Level Environmental Law, and Normative Instructions.

21 The Polo Award is a reference for Environment, Health and Safety (EHS) that stimulates improvements in performance within member companies of the Camaçari Industry Support Committee (COFIC). To know more, visit: <https://www.coficpolo.com.br/>.

22 To view Unigel's full list of certifications, please see Attachment A.

We conduct annual internal audits to ensure the continuous improvement of our processes. We also undergo external audits to maintain or re-certify our compliance with the relevant standards, in addition to welcoming periodic audits from clients and trade unions. **[403-8]**

To ensure that our health and safety policies and systems are enforced, we promote employee engagement through ongoing training.

Our employees are trained at all stages, from initial onboarding to operations training (on the correct use of PPE and management tools) and even qualification training on the applicable Brazilian Regulatory Standards (*Normas Regulamentadoras*). We also hold an annual Workplace Accident Prevention Week. **[403-5]**

In addition, we uphold worker participation and consultation through

our Internal Committee for Accident Prevention (CIPA), which is responsible for disseminating any changes to the systems currently in effect. Employees are also invited for interviews during audits conducted by trade unions, TfS, and the Health and Safety Commission in Mexico. Surveys and suggestion boxes are available at some sites. **[403-4]**

Health and Safety Committees **[403-4]**

In addition to all the structures presented above, two of our committees engage in transversal discussions related to employee health and safety:

- Environment, Health and Safety (EHS) Committee/ Health and Safety Committee:** monthly meetings to process all submitted improvement requests related to reported accidents, to follow up on the evolution of mitigatory action plans;
 - Risk Committee:** composed of Operations, EHS, Logistics, and Compliance officers and managers, this committee meets when occupational H&S accidents or related legal action take place.

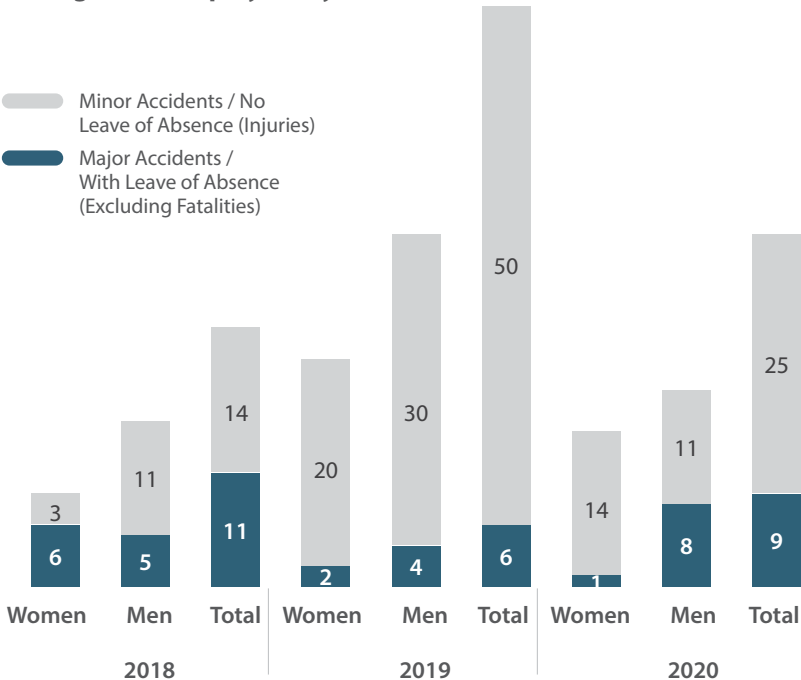
Results in 2020

Our initiatives and controls enabled us to achieve a 39% lower number of accidents in 2020.

In the past three years, we had no fatal accidents. The data were compiled using internal tools designed to monitor statistics and standards.

The highest impact from this indicator is found at our Mexican sites, where accidents reported in 2020 were 4.6 times higher than in Brazil. In 2019, the indicator in Mexico was 7.8 times higher. This is due to specific operational characteristics.

Injury Types and Frequency Rate Among Direct Employees by Gender



a. Injury Types and Frequency Rate Among Direct Employees by Gender

	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Major Accidents / With Leave of Absence (Excluding Fatalities)	6	5	11	2	4	6	1	8	9
Minor Accidents / No Leave of Absence (Injuries)	3	11	14	20	30	50	14	11	25

Considering the total number of hours worked during the year and the number of accidents reported, the total accident frequency rate was 5.37 and the total severity rate was 55.63. These numbers represent a significant reduction when compared to 2019, when we had a total frequency rate of 19.74 and total severity rate of 121.99.

For service providers, the total accident frequency rate in 2020 was 4.60 and the total severity rate was 17.47. **[403-9]**

The severity and frequency rate calculations were based on one million work hours. Lost workdays are estimated based on consecutive days because, in Brazil, counting starts from the first day after

leave; in Mexico, counting begins on the day following the accident. **[403-9]**

Major accidents are related mainly to falls, burns, and chemical poisoning. Light sprains, wounds, falls, burns, and chemical poisoning are classified as minor injuries and accidents. **[403-9]**



○ An employee performing an emergency simulation at a Proquigel Química industrial site.

Risk Identification and Control

We have specific procedures in place to identify aspects, impacts, hazards, and damage related to health and safety. These procedures are carried out by duly qualified personnel and are overseen and reviewed by the EHS department. **[403-2, 403-7]**

For each identified risk, we establish control and mitigation measures against accidents and incidents, which are monitored using tools to compute their occurrence. Our procedures are periodically reviewed to ensure that all significant risks have safeguards in place to guarantee their control and mitigation. The efficiency of these processes is assessed during

audits, critical review meetings, or jointly with CIPA. **[403-2, 403-7]**

Going beyond the identification of risks, when an incident or accident occurs, a root cause investigation is performed to not only assess the event but also determine the necessary corrective and preventive actions, the individuals responsible for completing them, and the respective deadlines. In Mexico, improvement measures are determined by the Health and Safety Committee as established by the applicable laws and regulation. **[403-2, 403-7]**

All occurrences in Brazil are recorded in the Integrated System for

Continuous Improvement (SIMC). In Mexico, they are recorded in incident investigation reports. **[403-2]**

All employees at Unigel are guaranteed the right to refuse any task involving risk, as established by the pertinent collective labor agreements. The job clearance process includes obtaining consent from the individuals involved. At that occasion, if all of the aspects involved in assuring safe work are not addressed, employees are entitled to refuse the work and request a review before the task is cleared to begin. **[403-2, 403-7]**

Risk Reporting Channels **[403-2]**

Risks and non-conformities related to occupational health and safety can be reported through the following channels:



Accident and Incident Report



CIPA Meetings



Continuous Improvement Management System



Reporting hotline (anonymous, if requested)

Occupational Health

Health and safety management at Unigel is based on risk assessments to identify workplace hazards and risks. Based on these assessments, measures are put in place to control these risks and hazards effectively, ensuring that they will not bring damage to workers, assets, services, or other related aspects. **[403-7]**

To encourage employees to see an occupational physician regularly, our sites in Brazil are equipped with medical clinics where employees can come in, request consultations, and perform clinical exams, as well as some periodic exams. The consulting rooms are private to ensure medical con-

fidentiality. Our EHS team includes an occupational physician and a nurse technician to manage the occupational health of our employees. We also promote periodic vaccination campaigns. **[403-3, 403-7]**

At our sites in Mexico, we offer eye care services and promote vaccination and healthcare programs, offering periodic medical exams for specific diseases and to control chronic illnesses. Some personnel have also been trained to administer first aid. **[403-3]**

We have occupational health programs in place such as the Pro-

gram for Medical Control of Occupational Health (PCMSO) and the Occupational Benzene Exposure Prevention Program (PPEOB) at the applicable sites. **[403-7]**

We also send out periodic communications encouraging workers to seek medical guidance and healthcare services. These materials provide content on specific campaigns carried out throughout the year, as well as tips for creating healthy habits to promote well-being and good mental health. Unigel has also partnered with Gympass²³, which provides access to fitness centers in the regions where we operate. **[403-6, 403-7]**



²³ Gympass is a corporate platform focusing on quality of life, health, and well-being by providing access to fitness centers, studios, and live classes through a single monthly fee.

Preventive Measures to Contain the Pandemic

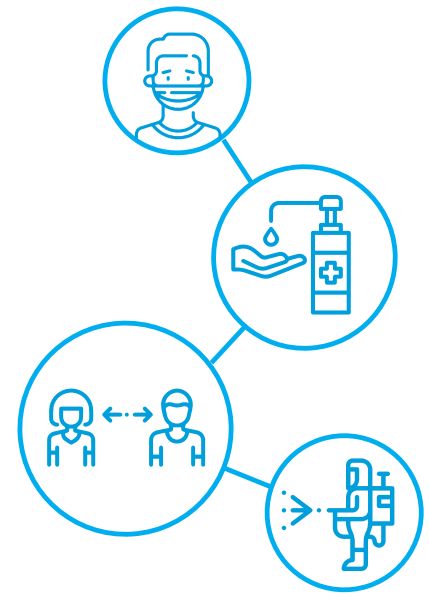
The occupational health efforts and structure already in place at Unigel allowed us to act with agility and efficiency in face of the unexpected event that was the COVID-19 pandemic.

At the onset of the pandemic, our actions to ensure the safety of our employees and their families included the Communicate to Prevent project, which regularly

sends out emails with pertinent information, in addition to content posted on murals, banners, and signage for employees who don't have access to digital tools. Our awareness-raising efforts also play an important role in helping to contain the pandemic. A wide range of measures were applied to fight the spread of the virus on a daily basis at our sites. These include:

- **Development of an Internal Health Protocol** to disseminate knowledge about COVID-19, establish specific actions to prevent contagion, and treat suspected cases;
- **Suspension of in-person activities at the corporate office and reduced staffing at production plants**, with implementation of a remote work model for administrative staff and high-risk groups;
- **Suspension of meetings and events**, and moving primarily to an audiovideo-based conferencing model;
- **Installation of a new entry control system**, including temperature checks and health questionnaires at all entry points to each industrial site;
- **Enforcement of two-meter social distancing**;
- **Distribution and mandatory use of face masks** and face shields;
- **Frequent sanitizing and disinfection of environments and surfaces**;
- **Easy availability of alcohol-based hand sanitizer and 70% alcohol spray bottles** in various settings;
- **Rearranged cafeteria, with reduced number of chairs**, arranged in an alternating pattern and separated by acrylic barriers;
- **Tele-monitoring channel for suspect cases of COVID-19**, through the medical coverage provided by our health insurance plan;
- **Dissemination of anti-COVID prevention protocols and RT-PCR testing of suspected cases**, and direct contacts;
- **Delivery of face masks to all dependents of our employees**.

Once the necessary measures to prevent contamination had been determined, we prepared to resu-



me in-person work in the second half of 2020. To ensure a safe work environment, we hired technical consultancy services from the highly renowned Hospital Israelita Albert Einstein to diagnose and establish an action plan for our corporate office. As a result, Unigel became a reference for back-to-work plans in Brazil. This made it possible to resume our administrative activities in July 2020 with fewer in-person staff, team rotations, a newly installed purifier for our central air-conditioning system, and acrylic barriers on desks, among other measures implemented at our sites and recommended by our consultants.

When the pandemic became more severe in mid-December 2020, all administrative staff returned to a remote work model.



Public Health Safety Recognition

In 2020, we received two awards from the Mexican Social Security Institute, granted to companies that comply with all of the public health measures established by the government related to the COVID-19 pandemic.



Ethics in Business Award

Our actions during the pandemic earned us the Ethics in Business Award by the Brazilian Institute of Ethics in Business, in the categories Social Responsibility and Anti-Pandemic Action.



○ COVID protocol: Regular disinfection of office spaces.

Community Commitment

[103 | 203, 103 | 413]

We acknowledge that a company as large as Unigel can reach millions of individuals. So, we are committed to act responsibly and with a long-term perspective, extending our concern for people's well-being beyond our plants and offices and cementing a friendly and positive relationship with society.

Our initiatives involving local communities are based on our Code of Ethics and Conduct and on the instructions set out by the Responsible Care® Program. [413-1]

When hiring, we give higher priority to professionals from the region in which our plants are installed. By doing this, we indirectly support economic development in the vicinity of our sites, generating local employment and maintaining

transparent communications. On a national level, we contribute not only by paying taxes but also by increasing the country's exports. By investing in new products or increasing our existing production capacity, we develop the industries and production chains within which we operate. [203-2]

Likewise, the health and safety management initiatives at Unigel protect not only our own employees but also the entire local community from losses and damage that could pose a potential risk to human health and to the environment. [203-2]

By 2023, we have a goal of completing ongoing risk evaluations for a formal assessment of our potential impacts on society. At present, we participate in Communi-

ty Consulting Councils within our local communities, as well as the Community Defense Center (NUDEC), which, in partnership with COFIC, analyzes the needs of local communities and collects funding from local companies according to the initiatives defined for the year. [413-1]

Our plants in Mexico were certified as Socially Responsible Companies in 2020



- Students at the Gisella Tygel Education Center attending classes in person before the pandemic. The school has been sponsored by Unigel for over 15 years.

Read on to learn more about our main initiatives developed with local communities near our operations:

Support for Education and Research

[413-1]

Centro de Educação Gisella Tygel

For over 15 years, we have been investing in the Gisella Tygel Education Center in the city of Candeias, state of Bahia, Brazil. The school serves approximately 750 students ages 2 to 11, offering pedagogical and psychological support alongside high-quality learning, as confirmed by the Basic Education Development Index (IDEB). It offers 16 classrooms, a playground, laboratory, library, and cafeteria, and is equipped to serve up to 800 children. The school also teaches music, musical instruments, singing, and choir.

In 2020, we promoted donations of food baskets and food vouchers to teachers and employees of the school, amounting to R\$280.00 per month each.

Escola Técnica XIV de Agosto

Our support for XIV de Agosto Technical School began with the renovation of its physical premises in 2018, which included building a laboratory for the Chemistry trade school and structuring of trade school programs in Chemistry and Occupational Safety. The school serves approximately 550

students ages 12 to 15 and is equipped with complete classrooms, a chemical testing laboratory, library, cafeteria, and music room, with a maximum capacity of 700 students.

In addition to supporting their education, we offer internships and employment to graduating students. By doing this, we support both education and income capacity simultaneously, contributing toward social development in the region. In 2020, we promoted monthly donations of R\$280.00 in food baskets and food vouchers to teachers and employees of the school.

Environmental Education Handbook

Unigel's environmental awareness program aims to promote environmental education within local communities to raise awareness and change community attitudes toward environmental preservation, as well as to reduce and control the generation of waste.

In 2020, we created and distributed 1,000 environmental education handbooks in Candeias (BA) and 1,500 in Cubatão (SP).

Partnership with SENAI

In November, we began a training program for New Operators, administered by Unigel in partnership with the Industrial Education Service (SENAI) in the states of Bahia and Sergipe. The course consisted of remote and in-person lessons, with content developed in partnership with SENAI.

The students were youths ages 18 and over with a trade school background in chemistry, petrochemistry, oil and gas, and other areas correlating with Unigel's operations. The best-performing students are selected to work as Trainee Operators at our sites. By doing this, we simultaneously promote personal development and acquire new talent for the company.

Support for Research

Our founder and Chairman of the Board, Dr. Henri Armand Slezynger, made an important donation to the Department of Chemical Engineering at the Massachusetts Institute of Technology (MIT). The donation will accelerate research for the advancement of pharmaceutical discoveries through Chemical Engineering.

“

Our commitment to responsible care goes beyond everyday activities at our plants and offices; it also involves society and our audiences of concern.

Support for Income

[413-1]

Acrylic Workshop

With sustainability in mind, we support an acrylic recycling project at a workshop in Candeias (BA). At the workshop, we periodically offer training courses on the production of acrylic objects such as

chairs, photo frames, and plates, using excess acrylic generated during Unigel's production process. The workshop also restores desks and chairs used at the Gisella Tygel and XIV de Agosto schools.

In 2020, the workshop supplied acrylic barriers to Unigel's facilities and also filled orders from some local institutions.

Job Creation During the Pandemic

The resumption of activities at the three previously idle acrylic sheet manufacturing plants in Candeias (BA) promoted economic development within the city of approximately 87,000 inhabitants, initially creating 250 direct and indirect job openings. Hiring priority was given to local residents to support the local economy.

Community Support and Involvement

[413-1]

Ver de Dentro Program

Ver de Dentro ("inside view") is a program for the communities in Bahia State where Unigel operates, offering guided visits to our premises. Our goal is to show local communities and students the everyday routines of our employees, as well as the main processes related to production and safety at our plants.

Exceptionally in 2020, these guided visits were suspended on account of COVID-19 restrictions.

We participated in the Community Defense Center with the communities of Camaçari and Dias D'Ávila (BA) and promoted events with unemployment support associations in Cubatão (SP) and Candeias (BA).

Fishing Colony

The Z54 Fishing Colony in Candeias (BA) promotes initiatives

to support artisanal fishing, with the intent to improve income and quality of life for families that live off of this traditional occupation.

We have a formal agreement with the Fishing Colony, which monitors the quality of water in the São Paulo River for Unigel on a biweekly basis. All payment for this work is reverted back to the colony.

Christmas Programs

Through the Solidarity Tree program, Unigel employees are encouraged to sponsor children from partner institutions to receive donated gifts and clothes at Christmas. Due to the impacts of the pandemic, this initiative could not be carried out in 2020.

In light of this and wishing to maintain our positive impact on the community, we made a donation on behalf of our employee-

es to Lar São Vicente de Paulo, a retirement home with 35 seniors under its care. The donation included Christmas presents, personal hygiene kits, food baskets, and an afternoon tea. We also donated 1,000 food baskets to the families of students at the Gisella Tygel and XIV de Agosto schools, and to the Fishing Colony.

These contributions in 2020 amounted to a total donation of R\$87.800.

Support for Breast Cancer Prevention and Treatment

Since 2011, we have donated 25kg of polystyrene annually to the Cancer Treatment Encouragement and Solidarity Group (GESTO). GESTO is a not-for-profit entity that produces external breast prostheses for women who have undergone a mastectomy and cannot afford breast reconstruction surgery.



- Delivery of 1,500 incubators to the São Paulo Municipal Health Department Learn more in the upcoming section: Preventive measures to minimize the impacts of the pandemic.

Preventive Measures to Minimize the Impacts of the Pandemic

In addition to readjusting our business to the new global reality, we felt that it was necessary to enhance our contribution to society. In total, we invested over R\$1.4 million in social responsibility initiatives to minimize impacts related to the pandemic.

Our actions aimed to protect the most vulnerable populations while also helping to alleviate the economic hardships that emerged during this period. During the course of the year, we:

- **Donated over 2,300 food baskets** to the families of students at our sponsored schools in Candeias (BA) and communities in Cubatão (SP), amounting to a total of R\$120,000;
- **Donated two imported respirators** to public hospitals in Salvador (BA) in a coordinated effort with the Bahia State Federation of Industries (FIEB), investing R\$270,000;
- **Donated 30 tonnes of MMA**, worth R\$420,000 in total, which were transformed by our partners into 6,000 intubation domes. Of these, 1,500 were donated to the São Paulo Municipal Health Department, which distributed them to 21 reference hospitals for use with 8,000 beds designated for COVID-19 patients in the city. Unigel took part in this initiative in partnership with acrylic sheet manufacturers (*Acrimax, Castcrl, Central do Acrílico, Cristal e Cores, and Dacril*) and transformers (*Original Acessórios, Elite Comunicação Visual, Acriresinas, Bilateral, VP Máquinas, Mult Acrílicos, and Visão*), with additional support from the National Institute for the Development of Acrylics (Indac);
- **Donated five tonnes of polystyrene to be used in the production of disposable cups** for hospital use, in a donation of R\$43,500;
- **Donated two tonnes of polystyrene**, worth a total of R\$17,500, to the government of Bahia for the manufacture of food-grade packaging to be used in aid packages for vulnerable populations;
- **Donated 68 tonnes of acrylic sheets to public hospitals** and to be used on the premises of the São Paulo State Symphony Orchestra (OSESP), worth R\$440,000 in total;
- **Donated 1,000 rapid test kits** to the government of Bahia, a donation worth R\$120,000;
- **Donated 849 PFF2 face masks** to partner co-ops and recycling companies in the state of São Paulo, a donation of R\$3,000.

Management Focus

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Corporate Governance

In 2015, Unigel created a Consulting Council to support its Shareholders and Executive Officers in decision-making. In November 2019, the Consulting Council was dismissed and replaced with a Board of Directors set up in accordance with the Brazilian Corporations Act.

“
The Board of Directors is the highest governance body at Unigel and is responsible for decision-making.

Since then, our administrative structure has been organized as follows. [102-18]

- (i) **Board of Directors;**
- (ii) **Executive Officers;**
- (iii) **Audit Committee;**
- (iv) **Finance Committee;**
- (v) **Strategy Committee**

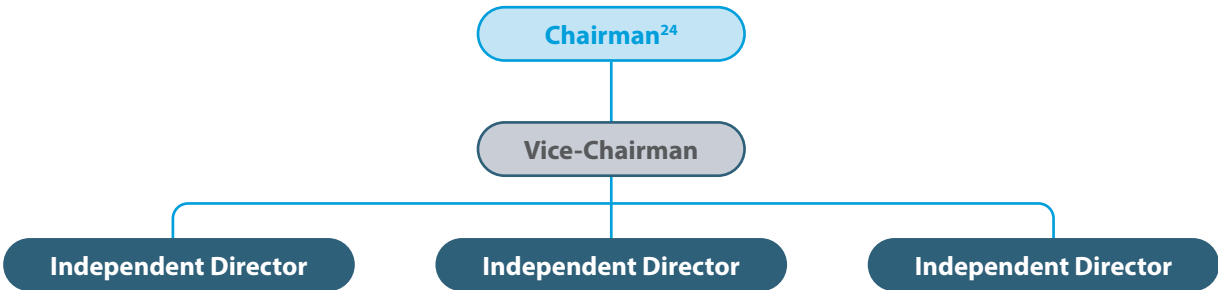
Board of Directors

The Board of Directors is our highest governance body, responsible for joint decision-making, supervising the management activities of our Executive Officers, and establishing our general business policies and guidelines, among other attributions. [102-26]

With regard to its structure, the Board must be composed of at least three and no more than seven members, all of them

elected for a unified two-year term. Reelection is permitted. Any member may be removed from the Board by decision of a General Shareholders’ Meeting. [102-22]

Our Board of Directors currently has five sitting members, none of which holds any administrative positions within the company and three of which have no family ties to the controlling shareholder.



[102-18, 102-22, 102-23]

The Board of Directors meets on a monthly basis and calls extraordinary meetings as needed according to the established in-house guidelines. [102-18]

24 Mr. Slezzynger is our founder. He also controls Cigel Participações S.A, our direct parent company, and is the Chairman of the Board of Directors.

Executive Officers

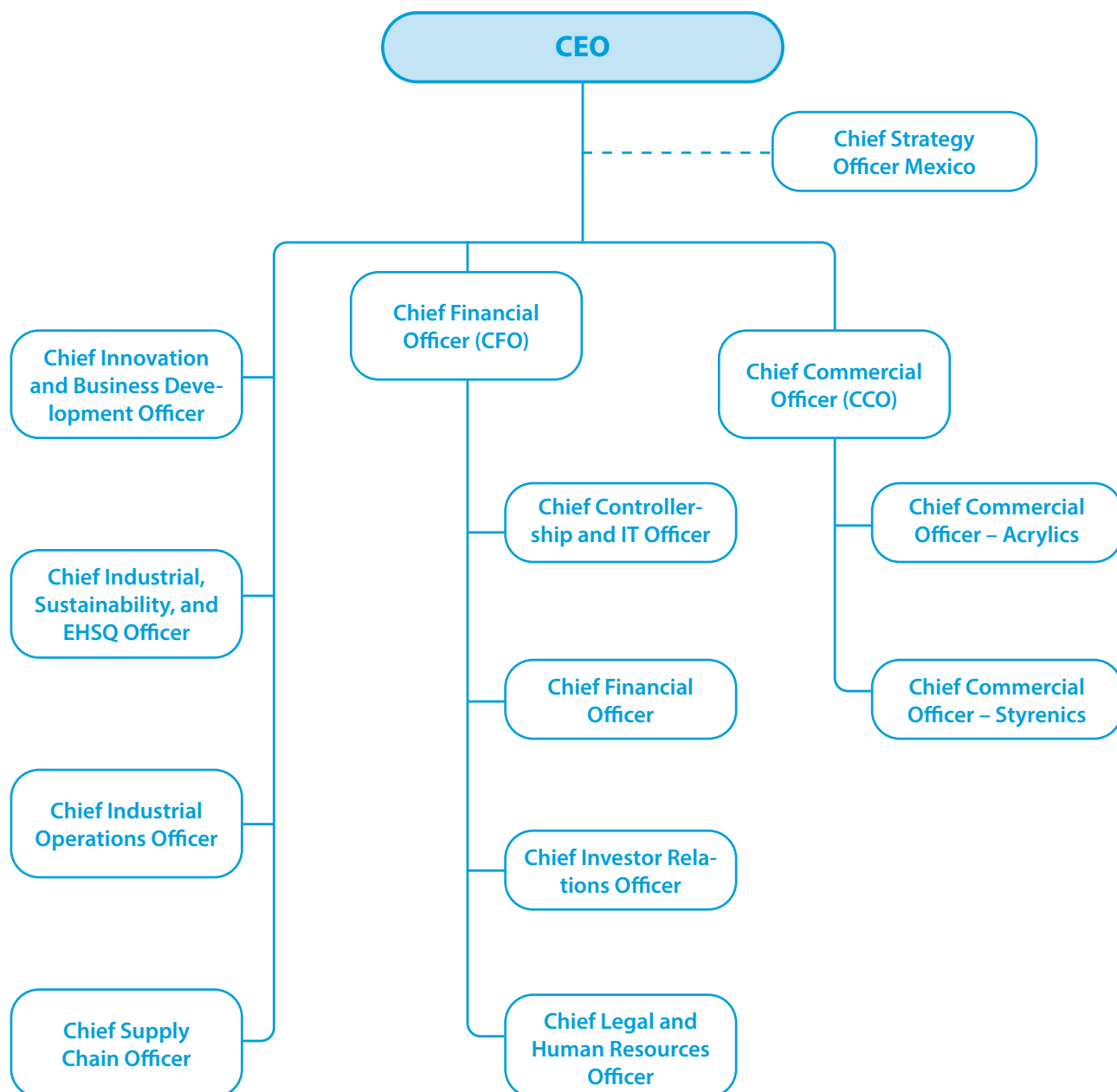
Our executive officers are the legal representatives of Unigel, responsible for our internal organization, daily operations, and implementation of the general policies and guidelines established for the company. [102-18]

The executive officers are elected by the Board of Directors and/or

a General Shareholders' Meeting. Under our articles of incorporation, executive officers may or may not be shareholders of the company, and they serve two- or three-year terms with the possibility of reelection. All executive officers may be removed by the Board of Directors and/or by a

General Shareholders' Meeting. [102-18]

In the period from 2019 to 2020, we included new members in our list of executive officers. The full list of executive officers at Unigel as of December 31, 2020, is presented in the organization chart below. [102-18]



Final approval for this report was given by our most senior officer — our CEO, Roberto Noronha Santos. Upon approval, the document was submitted to the Board of Directors and other internal and external audiences. [102-32]

To support the activities of the Board of Directors and the Executive Officers, the following committees have been structured at Unigel: Finance Committee, Strategy Committee, and Audit Committee.

“
Committees are in place to advise our Board of Directors and Executive Officers on major business topics.

Advisory Committees

Finance Committee [102-18, 102-20, 102-22]

The Finance Committee advises Unigel to ensure soundness in financial statements and internal controls, compliance with financial policies, and performance at subsidiary companies, as well as to establish targets and budgets in line with our strategy, among other topics.

The committee is currently composed of seven members, including our CEO, CFO, and the Chairman of the Board. All committee members are profoundly knowledgeable in the field, with specializations from such institutions as the Harvard Business School, INSEAD, and Carnegie Mellon University, among others.

Strategy Committee [102-18, 102-20, 102-22]

The Strategy Committee enforces our corporate governance practices and policies and is responsible for preparing business strategies and long-term plans. It also advises our senior management on matters related to mergers, acquisitions, consolidations, commercial partnerships, and other forms of corporate reorganization. The Strategy Committee supports our risk management and helps monitor the company’s compliance with internal guidelines and regulatory requirements.

The committee currently has eight members, including our CEO, Mexico Chief Strategy Officer, Chief Innovation Officer, and Chairman of the Board. The team members have specialized in executive management at institutions such as Carnegie Mellon University and INSEAD.

Audit Committee [102-18, 102-22]

The Audit Committee advises the Board of Directors, assesses and monitors the company’s exposure to risk, and oversees the internal audits and compliance tasks related to the main risks relevant to the company, among other attributions. Its goal is to enhance our internal controls and risk management and to bolster the reliability of our financial and accounting statements, as well as the information used by the Board of Directors.

The committee shows our senior management’s commitment to a culture of ethics and transparency and is currently composed of three members: a coordinator — an independent member with vast experience in auditing, risk management, and internal controls — and two members of our Board of Directors, who are also independent and have relevant experience in the subject.

Commitment to Ethics

[103 | 205]

In line with the evolution of our governance, we are structuring a dedicated Compliance Department at the company. At present, we already have an Ethics Committee in place, in addition to our Code of Ethics and Conduct and a reporting hotline.

Engagement with Ethics in 2020 [102-17, 205-2]

Our planning for 2020 included in-person ethics training sessions, but with the advent of the pandemic, we chose to promote online engagements:

- **Training of personnel at all Brazilian production sites about the Unigel Code of Ethics and Conduct**, as well as development of a monthly communication plan on topics related to Compliance, to be sent via email and social networks;
- **Distribution of the Code of Ethics and Conduct to all suppliers in Mexico** via email;
- **Dissemination of the good practice of reading the Code of Ethics during daily safety briefings** a practice already applied at our plants in São Paulo State and now replicated at our Bahia sites;
- **Development of online training for suppliers** and service providers, to be applied during the onboarding process;
- **Code of Ethics and Conduct training for all new employees at our Mexican sites** and an annual refresher on company values and policies for all employees.

Anti-Corruption Measures

Guided by the Code of Ethics and Conduct and further reinforced through training programs, we treat the fight against corruption with the utmost austerity.

The risks inherent to our business are related to payments outside the approval flow, misappropriation of materials, and conflicts of interest. Also, we apply rigorous approval procedures to make sure our donations and sponsorships are not used as a masked form of bribery. [205-1]

In 2020, we assessed corruption-related risk at all our Brazilian sites. The risk assessment for our Mexican sites is conducted across all areas of the company by an external audit, during which no corruption incidents were identified. [205-1]

Throughout the year, we received a single report of product misappropriation at one plant in Brazil. The applicable corrective measures were applied to the individuals

involved. No public lawsuits related to corruption have been filed against Unigel or our employees. [205-3]

For 2021, we are working on implementing a background check that will enable us to identify senior managers, clients, and suppliers with any records — whether of a personal or legal nature — that go against Unigel's values, including any criminal record or association with slave labor. [205-3]

Code of Ethics and Conduct

To uphold ethical behavior among our employees, we have synthesized our organizational culture and the professional conduct expectations at Unigel into a Code of Ethics and Conduct. The document is managed by the Audit Committee and has 12 basic principles.

“
To underline our commitment to ethical conduct, Unigel has guidelines, regulations, and a reporting hotline in place and is currently setting up a dedicated Compliance Department.

12 Principles of the Code of Ethics [102-16]

- **Uplift Unigel**, its brand and image, in every action and initiative;
 - **Fight corruption** and be a reference in protecting confidentiality;
 - **Respect and protect** human rights;
 - **Act proactively** to eradicate child and forced labor;
 - **Position yourself with ethics** and honesty;
 - **Encourage collaboration and transparency** in all internal processes;
- **Promote initiative, results-focused behavior, and constructive and objective interaction** across employees, industries, suppliers, clients, communities, and governments in an ethical manner that promotes effective societal development;
 - **Provide a wholesome environment** for professional advancement;
 - **Be responsible and honest and keep a preventive mindset** when engaging in actions that have socio-environmental impact;
- **Seek excellence in workplace safety** and process safety;
 - **Promote the protection of natural resources** and the use of renewable sources;
 - **Raise awareness and engage in recycling** and/or reuse in all processes.
- For more information, please visit [this link](#).

For our operations in Mexico, we have a Corporate Governance Manual describing the risks involved in conflicts of interest with different audiences. In Brazil, the topic of conflict of interest is handled on a case-by-case basis, based on reviews of our purchase orders.

Reporting Hotline and Ethics Committee

Canal Aberto Hotline

To promote increasingly responsible, ethical, honest, and transparent relationships, we have the Canal Aberto, an anonymous reporting tool available to all audiences who wish to report inappropriate behavior, provide suggestions or positive feedback, or file complaints. **[102-17]**

Follow-up on the reports filed through the hotline is handled by a third-party company, to guarantee impartiality during the appraisal and resolution process. Problem resolution is coordinated internally by an Ethics Committee. **[102-17]**

Since the hotline's launch in 2016, we have been working constantly

to improve our ticket resolution performance. In 2020, a total of 117 tickets were opened. We ended 2020 with 17 pending cases, although these were still within the 30-day target time frame for investigation and resolution. **[102-17, 205-3]**

In Mexico, 100% of all reports received in the past two years were successfully resolved. No reports were filed in 2018. **[205-3]**

The Canal Aberto hotline is available 24/7 by calling 0800 601 865, visiting the website at www.contatoseguro.com.br/unigel, or via mobile app (available for Android and iOS). **[102-17]**

Reports Received in Brazil	2018	2019	2020
Cases resolved (validated or dismissed)	60%	67%	58%
Cases pending resolution	39%	30%	15%
Inconclusive	0%	3%	0%
Not applicable to the channel ²⁵	1%	0%	27%

Ethics Committee

To further consolidate our reporting hotline and adequately serve all parties involved, we created an Ethics Committee consisting of our

HR Manager, CEO, CLO, and Compliance Manager, who meet on a monthly basis to guarantee impartiality in all actions taken. **[102-17]**



²⁵ In 2020, we are considering as not applicable those reports referring to questions, suggestions, or requests for commercial contacts.

Economic Performance

[103 | 201]

Our economic performance essentially derives from the production and sale of products manufactured at our sites in Brazil and Mexico. The

key economic-financial indicators are managed and controlled to support the company in achieving its short-term cash generation profi-

tability targets and ensuring the long-term execution of our strategy plan, which has been designed for business sustainability.

Unigel's Competitive Advantages

- **Leading manufacturer of acrylics and styrenics** for a broad and expanding Latin American market;
- **Vertically integrated and flexible business model**, with high barriers to entry of new market players;
- **Strong relationships with suppliers and clients**;
- **Attractive and balanced mix of exports and sales in the domestic market**, associated with a diversified portfolio of products;
- **Intense financial discipline**, focusing on leverage reduction;
- **Experienced executive management.**

To know more [click here](#).

2020 Earnings

In 2020, despite the operational difficulties faced especially in the second quarter of the year as a result of COVID-19, Unigel earned a net revenue of R\$ 3.2 billion, a year-over-year (YOY) reduction of just 3%. Our adjusted EBITDA was R\$ 551 million, a 31% YOY increase. **[201-1]**

The company's net debt at year-end 2020 was 3.18 times

the adjusted EBITDA for the year, showing a reduction of financial leverage compared to the previous year (3.34x). **[201-1]**

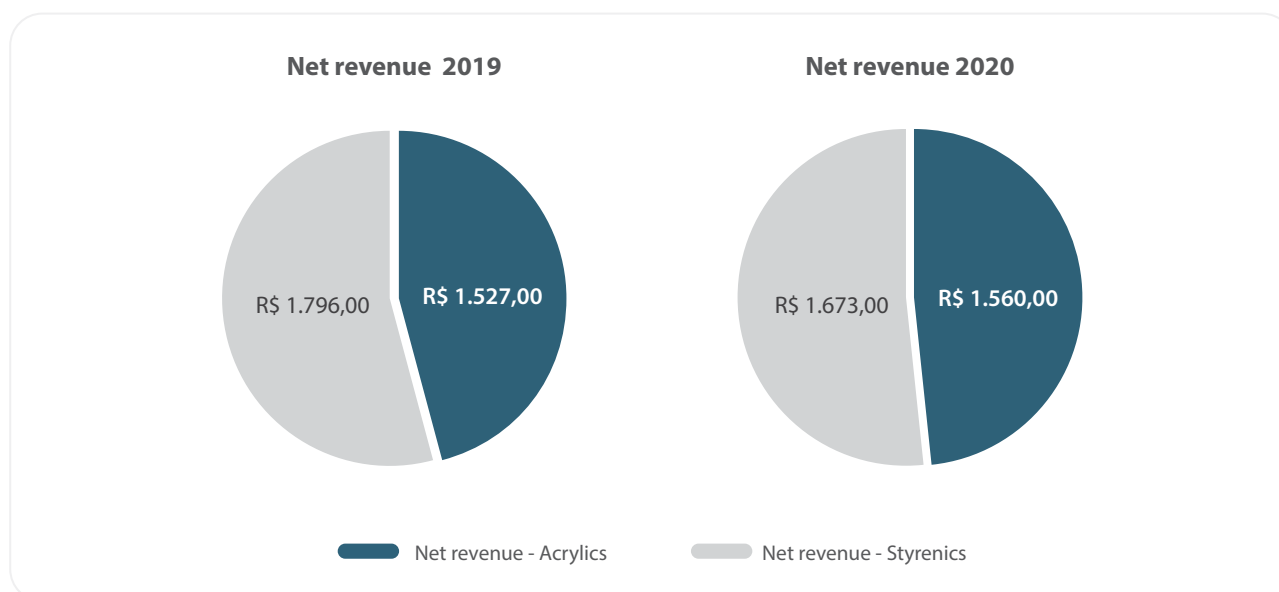
Distributed economic value also remained in line with previous years, with a slight reduction of 1.08% due to the aforementioned impacts. **[201-1]**

Even in a pandemic scenario, we were able to keep generating eco-

nomical value at levels similar to those achieved through normal operation. Our distributed economic value has increased over the years, reflecting an improvement to margins. Tax management was also improved, and our levels of expenditure on personnel and on returns on third-party capital have remained very similar to those of previous years. **[201-1]**

Distributed economic value (million R\$)		2018	2019	2020
Operating Costs	A	2,919	3,102	2,884
Depreciation	B	114	176	149
Employee wages and benefits	C	190	173	211
Payments to capital providers	D	362	295	389
Payments to government	E	226	- 29	44
Total	F = A + B + C + D + E	3,811	3,717	3,677
Retained economic value (million R\$)		2018	2019	2020
"generated economic value" - "distributed economic value"	G = Total Revenues - F	-32	27	14

Our consolidated net revenue across all business units was R\$3,233 million, a 2.71% reduction due to the aforementioned impacts. [201-1]



Funding

In 2020, Unigel raised additional funds via the local banking system with a view to strengthening its cash position amid the COVID-19 pandemic. Two 1-year loans were obtained, i.e., R\$95 million from Caixa Econômica Federal and R\$50 million from Banco do Nordeste do Brasil S.A.

In January 2021, to accelerate the resumption of activities at our Unigel Agro fertilizer plants, we raised US\$110 million by issuing new bonds (debt securities issued on the international market). Half of these resources will be invested in the fertilizer

plants, including investments in the procurement of raw materials (natural gas). The remaining amount will be used to amortize debts undertaken in 2020 and to improve the company's capital structure and amortization schedule.



An abstract graphic of a molecular structure, composed of circles of various sizes connected by lines, resembling a network or a chemical structure. It is rendered in a light blue color against a darker blue background. The structure is spread across the entire page, with a higher density in the top-left and bottom-right corners.

GRI Summary

GRI Standard	Disclosure	Page / Response	Omission
General Disclosures			
Organizational Profile			
GRI 102: General Disclosures 2016	102-1 Name of organization	11	-
	102-2 Activities, brands, products, and services	23 e 24	-
	102-3 Location of headquarters	12	-
	102-4 Location of operations	12	-
	102-5 Ownership and legal form	11	-
	102-6 Markets served	34	-
	102-7 Scale of the organization	11	-
	102-8 Information on employees and other workers	In 2020, approximately 1% of our employees in Mexico began working under fixed-term contracts, due to the hiring of temporary workers during the pandemic.	-
	102-9 Supply chain	34	-
	Significant changes to the organization and its supply chain	There were no significant changes to our supply chain.	-
	102-11 Precautionary Principle or approach	06	-
	102-12 External initiatives	9, 41, 50, 64	-

GRI Standard	Disclosure	Page / Response	Omission
GRI 102: General Disclosures 2016	102-13 Membership of associations	<p>In addition to the associations mentioned, we also maintain relationships with associations related to commercial distribution in each segment of our operation:</p> <p>Styrenics:</p> <p>-ABIQUIM (Industry Committees: EPS, COBOR, COPLAST Committee)</p> <p>-ABIPLAST (Industry Committee: Disposable Goods Council)</p> <p>Acrylics:</p> <p>-INDAC SINPROQUIM (chemicals in general)</p> <p>Fertilizers:</p> <p>-SINPRIFERT</p> <p>Our legal department is also an external participant in ABIQUIM, CIESP/CIDE, FIESP, and CNI.</p>	-

Strategy

GRI 102: General Disclosures 2016	102-14 Statement from senior decision-maker	06	-
	102-15 Key impacts, risks, and opportunities	06	-

Ethics and integrity

GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behavior	97	-
	102-17 Mechanisms for advice and concerns about ethics	96, 98	-

Governance

GRI 102: General Disclosures 2016	102-18 Governance structure	95, 96, 97	-
	102-20 Executive-level responsibility for economic, environmental,	95	-

GRI Standard	Disclosure	Page / Response	Omission
GRI 102: General Disclosures 2016	102-22 Composition of the highest governance body and its committees	Unigel supports inclusion and diversity across all social segments but, at present, none of the members of our corporate governance structure are part of under-represented groups. The members of our corporate governance structure are all stakeholders belonging to our shareholder group.	-
	1102-23 Report whether the chair of the highest governance body is also an executive officer in the organization	Dr. Henri Slezynger stepped down as Unigel's CEO in December 2020.	-
	102-26 Role of highest governance body in setting purpose, values, and strategy	93	-
	102-32 Highest governance body's role in sustainability reporting	95	-

Stakeholder Engagement

GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	42	-
	102-41 Collective bargaining agreements	In 2020, 92.3% of our work force was covered by collective bargaining agreements.	-
	102-42 Identifying and selecting stakeholders	42	-
	102-43 Approach to stakeholder engagement	45	-

GRI Standard	Disclosure	Page / Response	Omission
Reporting Practice			
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	All entities of Unigel Brazil and Mexico are included in the financial statements.	-
	102-46 Defining report content and topic Boundaries	43	-
	102-47 List of material topics	43	-
	102-48 Restatements of information	All data collected for the 2020 report have been restated and may differ from the data presented in the 2018/2019 report.	-
	102-49 Changes in reporting	None.	-
	102-50 Reporting period	09	-
	102-51 Date of most recent report	2018-2019 Biannual Sustainability Report	-
	102-52 Reporting cycle	09	-
	102-53 Contact point for questions regarding the report	09	-
	102-54 Claims of reporting in accordance with the GRI Standards	09	-
	102-55 GRI content index	103	-
	102-56 External assurance	The report has not been externally assured.	-

GRI Standard	Disclosure	Page / Response	Omission
Material Topics			
Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	99	-
	103-2 The management approach and its components	99	-
	103-3 Evaluation of the management approach	99	-
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	99 and 100	Not applicable. Revenue data were not presented because it is strategic information for the company.
	201-2 Financial implications and other risks and opportunities due to climate change	64	Not available. We plan to implement, by 2023, a tool to calculate the financial implications or costs related to climate change.
Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	87	-
	103-2 The management approach and its components	87	-
	103-3 Evaluation of the management approach	87	-
GRI 203: Indirect Economic Impacts 2016	203-2 Significant Indirect Economic Impacts	87	-
Anticorruption			
GRI 103: Management Approach 106	103-1 Explanation of the material topic and its Boundary	96	-
	103-2 The management approach and its components	96	-
	103-3 Evaluation of the management approach	96	-

GRI Standard	Disclosure	Page / Response	Omission
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	96	-
	205-2 Communication and training about anti-corruption policies and procedures	96	-
	205-3 Confirmed incidents of corruption and actions taken	96 e 98	-
Materials			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	47	-
	103-2 The management approach and its components	47	-
	103-3 Evaluation of the management approach	47	-
GRI 301: Materials 2016	301-1 Materials used by weight or volume		Business sensitive information.
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	60	-
	103-2 The management approach and its components	60	-
	103-3 Evaluation of the management approach	60	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	61	-
	302-3 Energy intensity	61	-

GRI Standard	Disclosure	Page / Response	Omission
Water and Effluents			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	62	-
	103-2 The management approach and its components	62	-
	103-3 Evaluation of the management approach	62	-
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	62	Not available. We intend to complete a formal assessment of water stress and water balance across all of our production sites by 2023.
	303-2 Management of water discharge-related impacts	62	Not applicable. All Unigel operations are located in regions with requirements in place for water disposal. Information on receiving water body characteristics and water quality standards or guidelines is sensitive information. Unigel seeks to meet all applicable regional legal requirements.
	303-3 Water withdrawal	63	Not available. No information on water risks is available. Unigel intends to complete a water risk assessment by 2023.
Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	64	-
	103-2 The management approach and its components	64	-
	103-3 Evaluation of the management approach	64	-
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	65	-
	305-2 Energy indirect (Scope 2) GHG emissions	65	-
	305-4 GHG emissions intensity	66	-

GRI Standard	Disclosure	Page / Response	Omission
Waste			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	66	-
	103-2 The management approach and its components	66	-
	103-3 Evaluation of the management approach	66	-
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	67	-
	306-2 Management of significant waste-related impacts	67	-
	306-3 Waste generated	67, 69	-
Employment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	71	-
	103-2 The management approach and its components	71	-
	103-3 Evaluation of the management approach	71	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	73, 74, 75	-
Occupational Health & Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	80	-
	103-2 The management approach and its components	80	-
	103-3 Evaluation of the management approach	80	-

GRI Standard	Disclosure	Page / Response	Omission
GRI 403: Occupational Health & Safety 2018	403-1 Occupational safety and health management system	80	-
	403-2 Hazard identification, risk assessment, and incident investigation	83	-
	403-3 Occupational health services	84	-
GRI 403: Occupational Health & Safety 2018	403-4 Worker participation, consultation, and communication on OHS	81	-
	403-5 Worker training on occupational health and safety	81	-
	403-6 Promotion of worker health	86	-
	403-7 Prevention and mitigation of OHS impacts directly linked by business relationships	80, 83, 84	-
	403-8 Workers covered by an occupational health and safety management system	80, 81	-
	403-9 Work-related injuries	82	-

Training and Education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	71	-
	103-2 The management approach and its components	71	-
	103-3 Evaluation of the management approach	71	-

GRI Standard	Divulgação	Página / Resposta	Omissão
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	78	-
	404-2 Programs for upgrading employee skills and transition assistance programs	78	-

Diversity and Equal Opportunity

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	71	-
	103-2 The management approach and its components	71	-
	103-3 Evaluation of the management approach	71	-
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	The company supports inclusion and diversity across all social segments. We are constantly evolving on this topic; however, the company's current corporate governance structure is 100% composed by men, and none of its members belongs to under-represented groups.	Not available. Diversity data by employee category could not be presented in 2020. For the coming years, we will work on standardizing this information across sites. With regard to racial diversity, we do not have this information available. Our planning for the coming years includes enhanced HR databases to provide reliable ethnic and racial information.

Local Communities

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	87	-
	103-2 The management approach and its components	87	-
	103-3 Evaluation of the management approach	87	-
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	87, 88, 89, 90	-

SASB Index

Topics	Metrics	Page
Gas Emissions	Scope 1 emissions	65
	Management strategy setting	66
Energy Management	Total energy consumed (GJ), % energy from grid, % renewable energy, total energy generated (GJ)	61
Water Management	Water withdrawal, total water consumed, % withdrawn and consumed in water-stressed regions	63
	Number of non-conformities related to use permits, quality standards, and regulation	Business sensitive information.
	Description of company's water risk management and the mitigation strategies applied	Unigel intends to complete a water risk assessment by 2023.
Management of Hazardous Waste	Total hazardous waste generated and % recycled	46, 50 e 68
Community Relations	Description of company's process for engagement and for managing risks and opportunities associated with its relations with the community	87
Occupational Health and Safety	Rate of accidents, fatality rates of direct employees and workers	81 e 82
	Description of company's monitoring and actions taken related to chronic health risks	81 e 85
Operating Safety, Preparation, and Emergency Response	Number of transportation accidents	34 e 36

Know Our Certifications

Certification	Type	Scope	Internal Audit	External Audit
Responsible Care Program®	Chemical industry-specific	Plants in Bahia State (Brazil)	Annual	Triennial
ISO 45001	Health and safety	Plants in São Paulo State	Annual	Annual
ISO 9001	Quality	Plants in São Paulo and Bahia States (Brazil) and in Mexico	Annual	Annual
ISO 14001	Environment	Plants in São Paulo State	Annual	Annual
Polo Award – Gold Category	Specific for COFIC associates	Plants in Bahia State (Brazil)	Annual	Biennial
International Cyanide Management Code	Specific for cyanide producers	Plants in Bahia State (Brazil)	Annual	Triennial
<i>Empresa Segura</i> (Safe Company)	Safety	Plants in Mexico	Annual	Annual
<i>Responsabilidad Integral</i> (Integral Responsibility)	Chemical industry-specific	Plants in Mexico	Annual	Annual
<i>Industria Limpia</i> (Clean Industry)	Environment	Plants in Mexico	Biannual	Biannual

Certification	Type	Scope	Internal Audit	External Audit
<i>Empresa Socialmente Responsable</i> (Socially Responsible Company)	Social	Plants in Mexico	Annual	Annual
Solid Surface Manufacturer (ISFA)	Industry-specific	Plants in Mexico	-	Annual
Bullet-Resistant Acrylic Sheet Level 1 (UL-752)	Industry-specific	Plants in Mexico	-	Annual
<i>Certificación Lámina Acrílica para Alimentos</i> (NSF) (food-grade acrylic sheets certification)	Industry-specific	Plants in Mexico	-	Annual
Flammability Level Certification – Acrylic Sheets (UL-94)	Industry-specific	Plants in Mexico	-	Annual



Credits

General Project Management

Unigel Sustainability, Investor Relations, and Corporate
Communication Departments

GRI Consulting and Copywriting

Green Domus Desenvolvimento Sustentável

Desktop Publishing

Approach Comunicação

Photography

Unigel image bank

Getty Images



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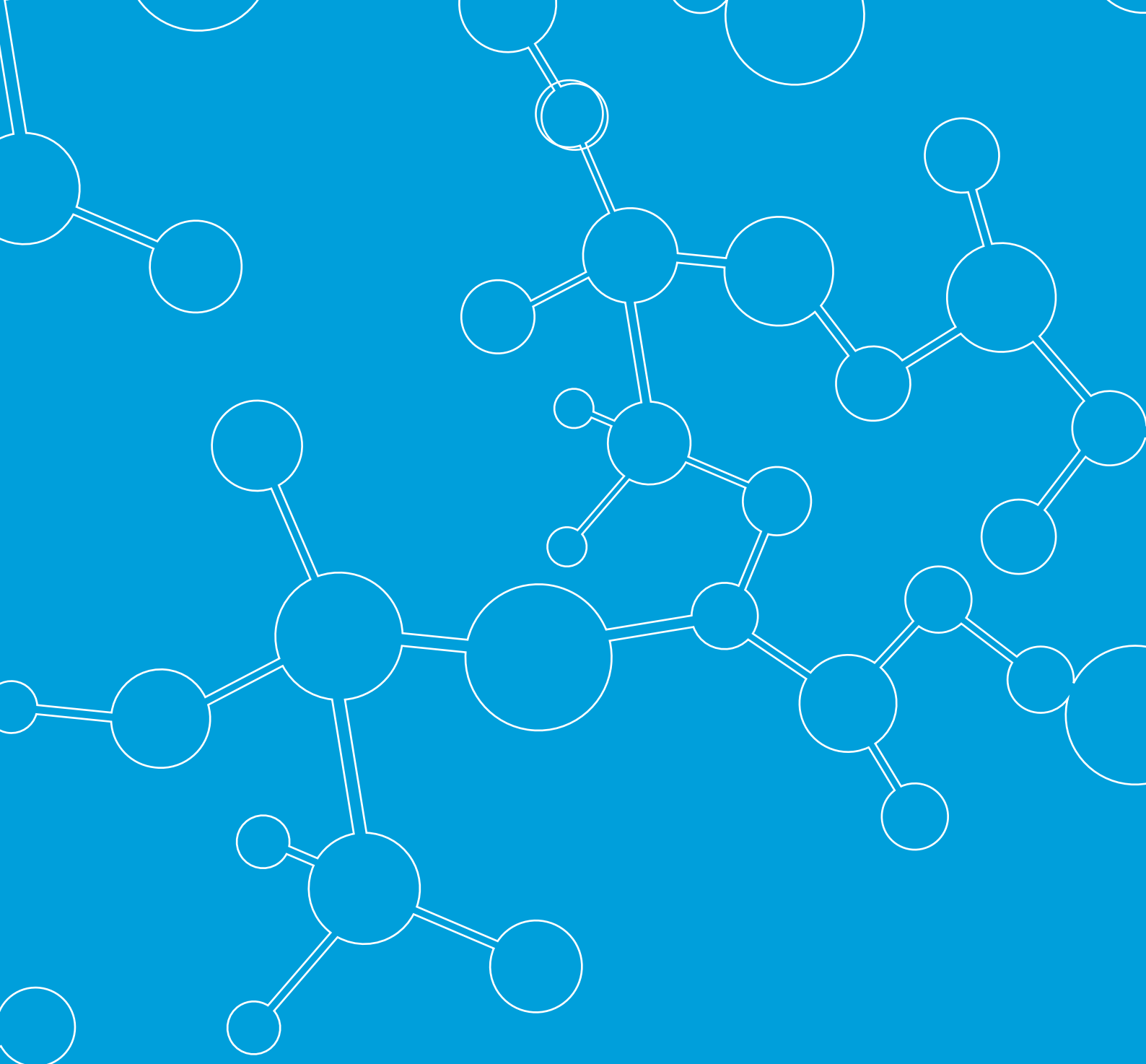
Related websites

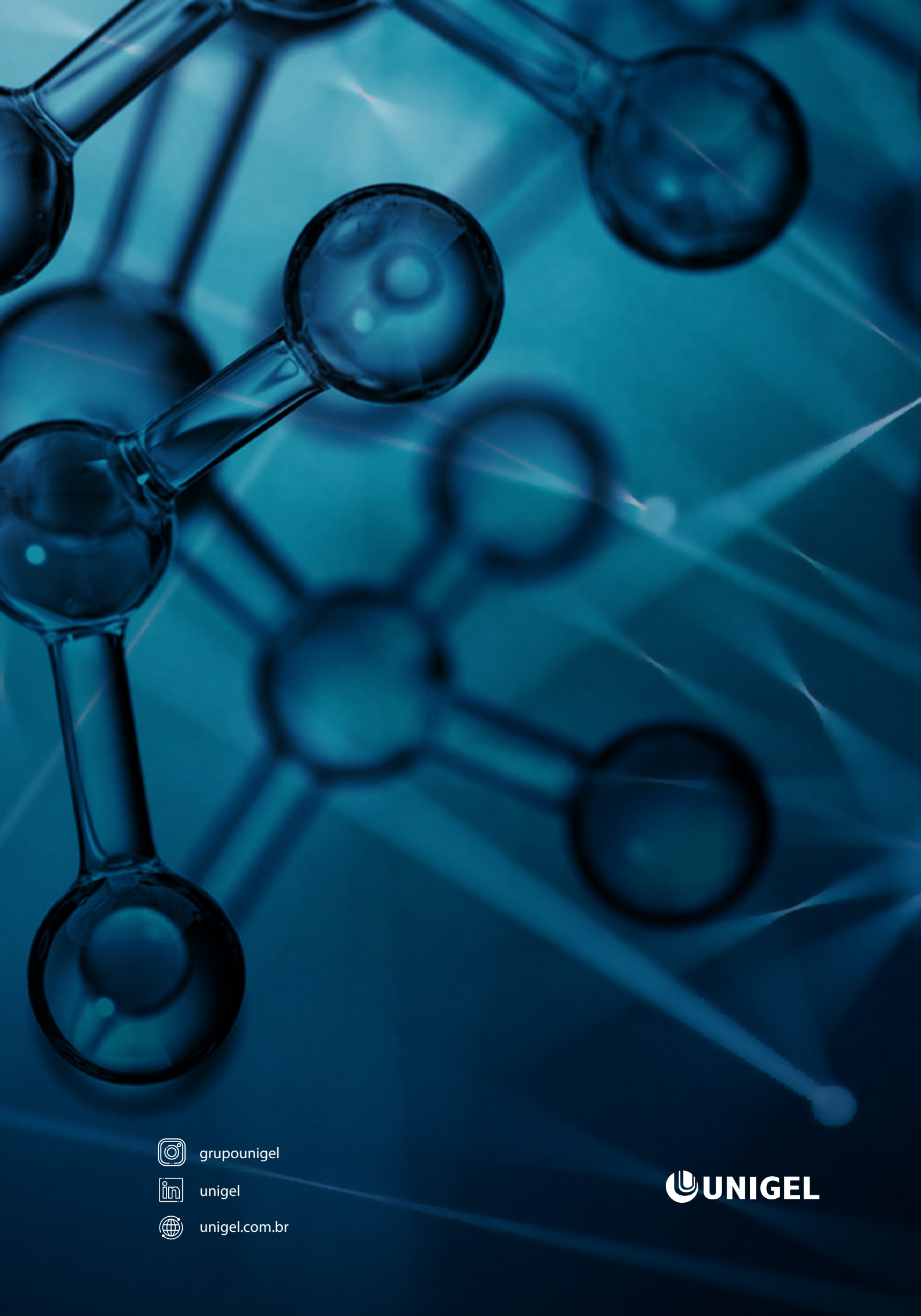
www.unigel.com.br

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