



► Sustainability Report

Road to GRI*

Construction Phase January 2013 – March 2016



*GRI: Global Reporting Initiative

Braskem Idesa

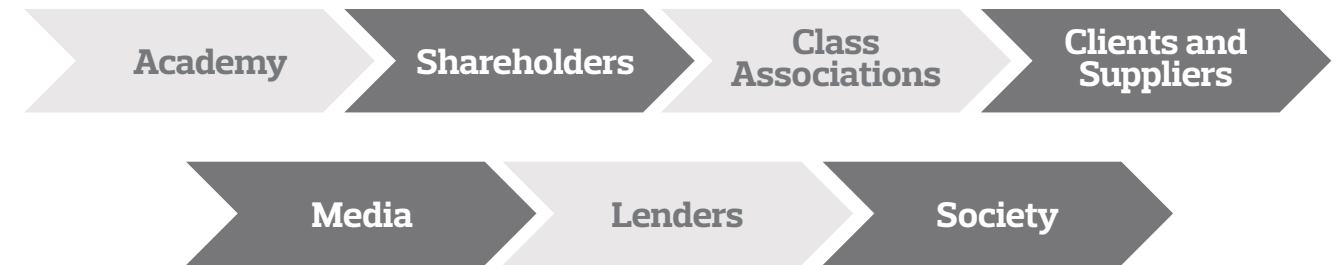
Created in 2010, Braskem Idesa is a Joint Venture between Braskem, Brazilian Petrochemical Leader in America; and Grupo Idesa, one of the main Mexican petrochemical groups. Together, the companies operate the Braskem Idesa Petrochemical Complex, located in Nanchital, Veracruz, which initiated operations in April 2016.

Relevant information:

- Total investment: 5,2 billion USD.
- Ethane supply contract for 20 years with Pemex Transformation Industrial.
- More than 23 thousand jobs generated during construction phase, and more than 3 thousand in operation permanent, between direct and indirect.
- We have a Social Investment Program, which benefits the nearby communities, seeking for sustainable development biodiversity and regional culture preservation.
- 1.05 million t/year of Polyethylene production and marketing capacity.

► Materiality Analysis

We considered the methodology recommended by GRI in its G4 version reporting on what is material to our company and our stakeholders:

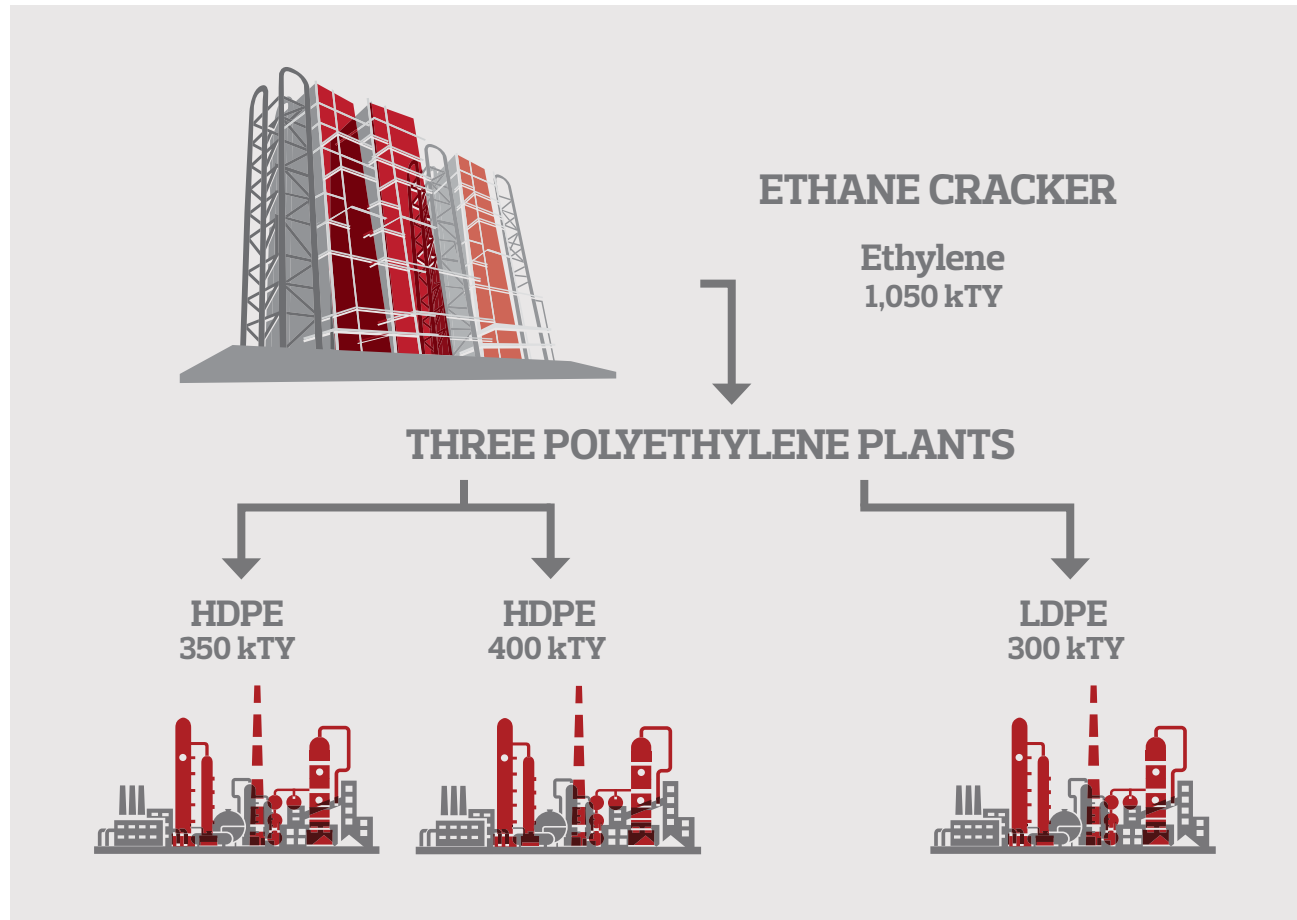


After the multicriteria analysis, the results of the construction phase are shown in the following graph, identifying 12 material aspects.



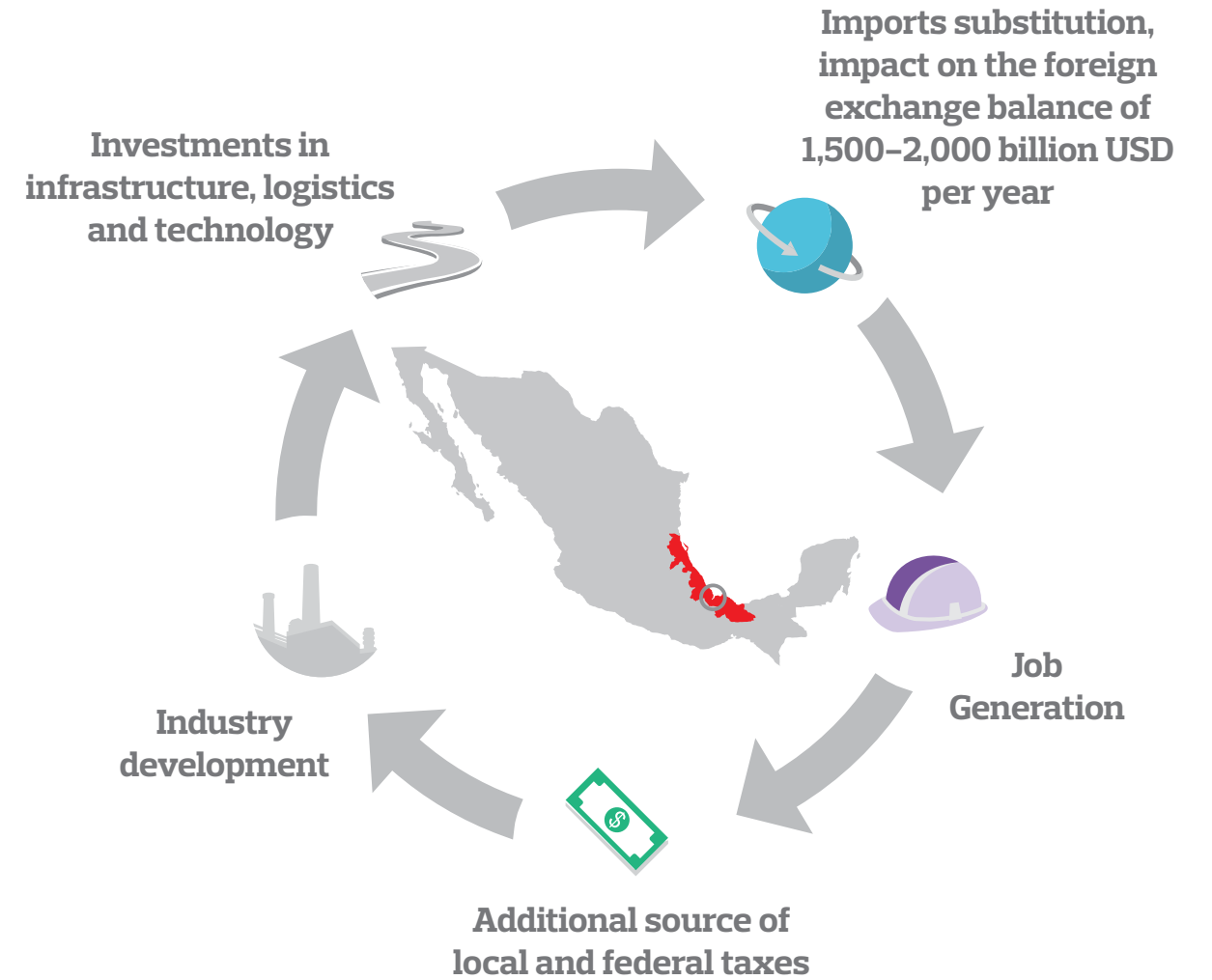
Economic Performance

With a total investment of 5.2 billion USD, this complex has a production capacity of 1.05 million tons of ethylene per year integrated into three polymerization units, as shown in the following picture:



► Project Benefits

Some benefits for Veracruz and Mexico are:



Environmental Performance and Regional Culture

► Biodiversity

During the construction phase, three programs were implemented to reduce impacts on biodiversity:

- I. Relocation and vegetation transport program.
- II. Wildlife Rescue and Relocation Program.
- III. Reforestation Program.



With the following results:

- Rescue and relocation of 331 individuals of the species *Ceratozamia Miqueliana*, increased by 5 times the total of the original population identified as a danger of extinction.
- Rescue and relocation of 529 individuals, amphibians, reptiles and mammals.
- Reforestation program in process with approximately 400 reforested hectares.

Of the 200 hectares of land acquired for the project, 30 hectares are being maintained as an environmental conservation area within the site. In addition, 100 hectares in Predio El Benjamín were acquired for reforestation activities.

► Water

Recognizing the importance of the vital liquid, from the planning of the Complex actions were executed in three main axes:

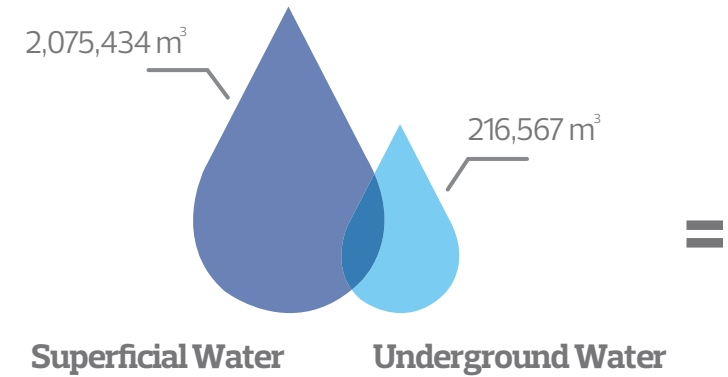
1.- Rainwater harvesting, to reduce the consumption of surface water and the use of rainwater.

2.- Water treatment, large investments in environmental protection will allow the discharge of water under even better conditions than it is extracted, creating a positive impact on the ecosystem and complying with the legislation that will be in force in 2018.

3.- Water recirculation, the high technology of the treatment process will allow to recirculate part of the water consumed, which will reduce our discharges and the consumption of fresh water in a volume equivalent to the annual consumption of a city like Nanchital with 30 thousand inhabitants.



Water consumption, construction phase in m³



Equivalent to:
Less than one day of water consumption in Veracruz (2,500,000 m³).



► Archaeological Findings

Committed to the sustainable exploitation, before the implementation of landfill work on various sites, INAH archaeologists have always inspected the surface to verify the existence of any archaeological remains and, if necessary, carry out patrimonial salvage tasks.

These works gave rise to important findings, which were published in the book "*Archaeological Finding in the Lower Basin of Coatzacoalcos*" in a joint effort by **CONACULTA, INAH** and **Braskem Idesa** in 2014, which presents the main pieces found, which are now part of the collection of the INAH-Veracruz Center.



Social Performance

► Health and Safety

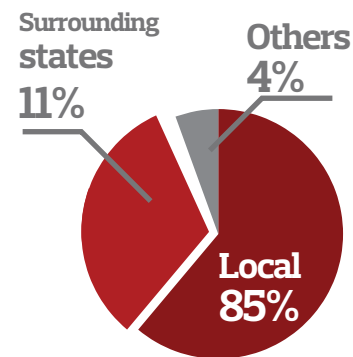
The implemented Health, Safety and Environment Management system allowed reducing risks due to exposure to unsafe conditions. The frequency rate of accidents in the construction phase were less than 1 accident per million man-hours worked.



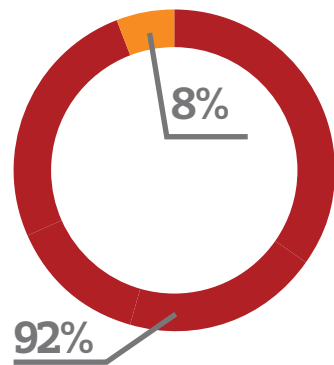
It is in this regard, that Braskem Idesa was recognized for its results in Wilmington, Delaware, USA, with the DuPont 2015 Industrial Safety and Sustainability Award. This award recognizes companies and organizations that demonstrate significant achievements in the field of Industrial Safety, Sustainability and Operational Excellence.

► Local Labor

Given such a large multicultural project, 85% of the workforce were local, 11% were from neighboring states and 4% were from other 24 different countries.



► Equal Opportunities

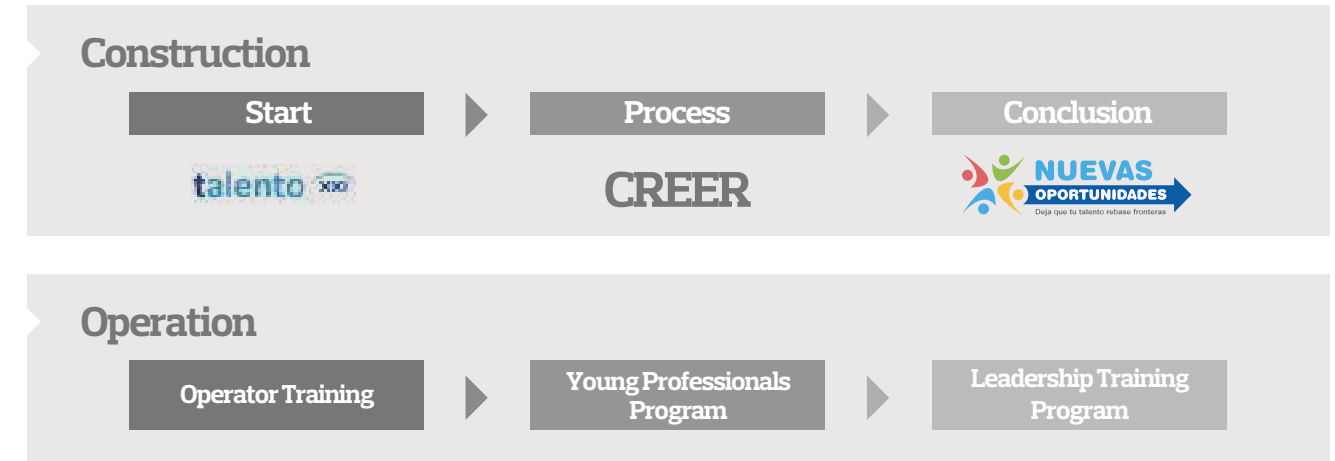


■ Men ■ Women

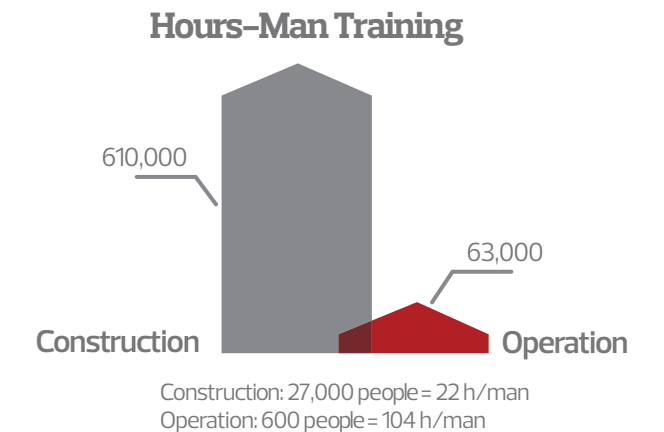
During construction, females make up 8% of the total workforce, which represent more than double women's participation in Mexico compared to the 3.5% national average.

► Training

At Braskem Idesa we believe in the development of human talent. This is reflected in the professional development programs for our members, in the construction and operation phase.



The evolution of these programs and the 673 thousand hours of training, led to the growth of our employees so they could certificate their skills, occupying better positions inside and new opportunities outside the company.

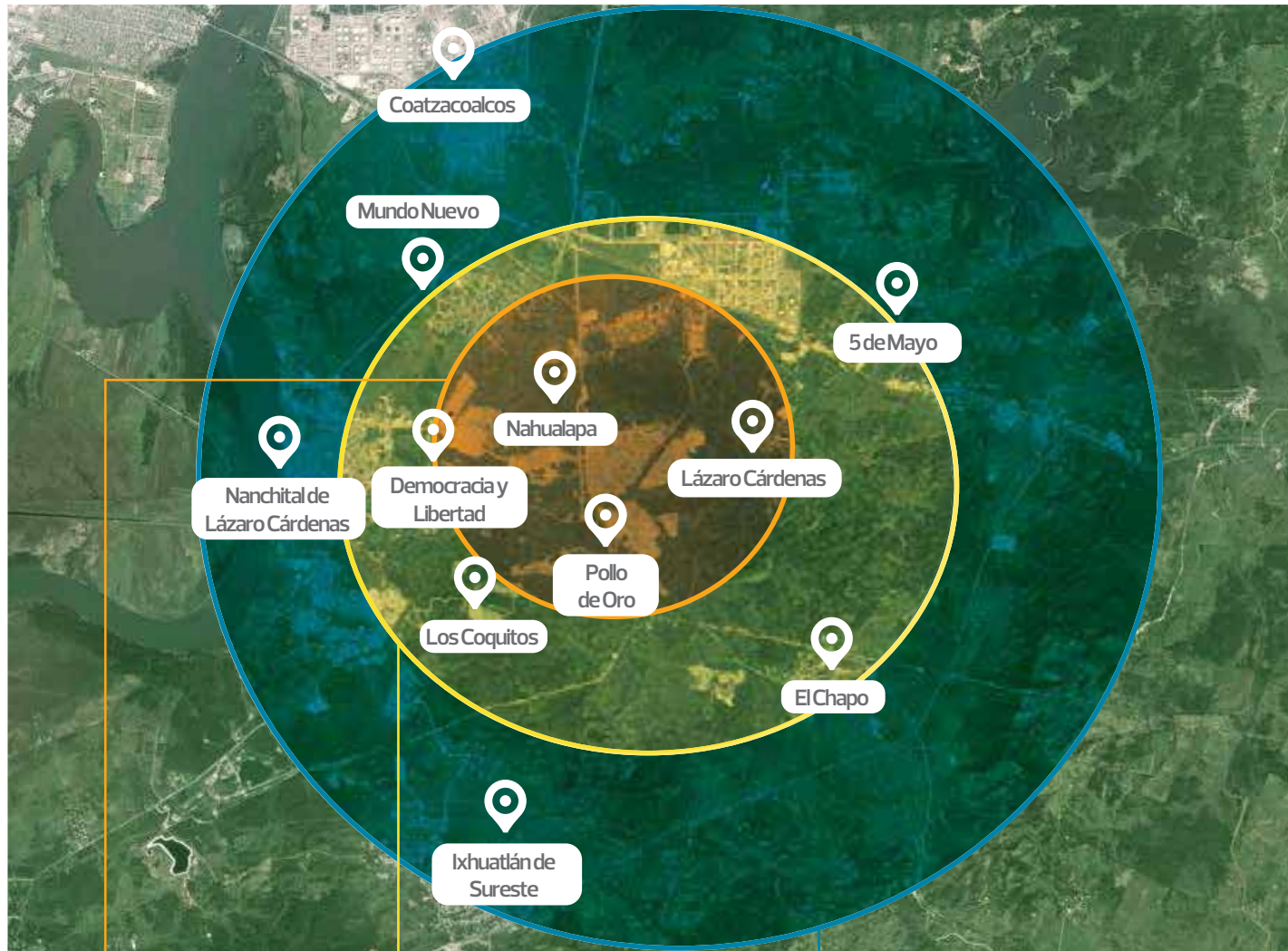


All of these actions have developed through the platform that our Safety, Health, Environment and Social Responsibility Management System (SEMPRE) provides, SEMPRE complies with the requirements and will allow us to obtain the certifications in ISO 14000, OHSAS 18000, SA 8000, in addition, it covers the requirements of good practices recommended by the International Development Bank and the International Finance Corporation. Achieving not only the legal compliance that applies to us, but also the implementation of international best voluntary practices.

► Relationship with Communities

When identifying our social influence area in Braskem Idesa, we work continuously with communities f1, f2 and f3, which are with eight communities and three municipal heads where the Social Management System was successfully implemented with excellent results:

► Social Influence Area



Influence zone f1
2 km radius
439 people
3 communities:
Nahualapa, Pollo de Oro
and Lázaro Cárdenas.

Influence zone f2
5 km radius
20,000 people
4 communities:
Ejido 5 de Mayo, Democracia y Libertad,
La Cangrejera (Coquitos) and El Chapo.

Influence zone f3
25 km radius
More than 250 thousand people
1 community and 3 municipal heads:
Coatzacoalcos, Mundo Nuevo, Nanchital
and Ixhuatlán.

► Social Management System

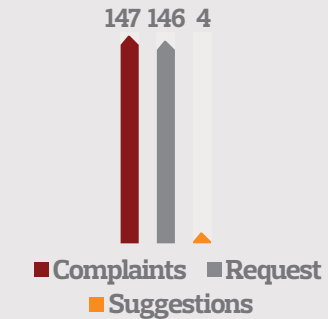
Relationship Program with Stakeholders:

Open Houses
[9 events + 2,729 participants]

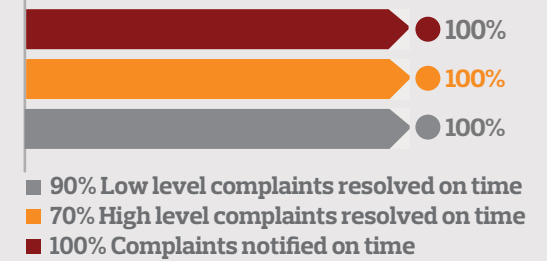
Community Meetings
[44 meetings + 1,000 participants]

Visits to Communities
[2,520 visits + 9,842 face to face interactions]

Grievance and Complaints Mechanism



KPI



Participative Environmental Monitoring

As part of the relationship, sampling of air, noise and water is carried out in the surrounding communities, generating a baseline of local conditions prior to plant start-up.

There have been 30 events with more than 340 members of the communities.

Social Investment Macro Plan

The Social Investment Macro Plan (PMIS for its acronym in Spanish) considers three short, medium, and long term portfolios, with the following:

1. Productive Projects in surrounding communities.
2. Development in the supply chain.
3. Industrial Park of Plastics.

The main results of Social Investment Plan are:

- Legal constitution of 11 cooperatives of 5 different projects (chicken farm, tilapia farm, uniform making, cleaning products, recycled products).
- More than 200 participants: 93% women and 7% men.
- Generation of extra income for their families.
- More than 150 people trained to supply chain.

Braskem IDESA



This report was generated with data from January 1st, 2013 to March 31st, 2016.

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