



2019 Materiality Assessment Results

Orbia is a purpose-led company, passionate about the challenges that define how people will live and thrive tomorrow. We hold a big vision to combine the strengths of our businesses so we can collectively add up to something greater. Because big, systemic issues require strategic, collaborative, and human-centered solutions.

By taking this approach, we are reinventing the future of cities and homes, reducing food and water scarcity, expanding access to healthcare with advanced materials, and connecting people around the world to global data infrastructure. And our journey has taught us this is only the beginning.

In Orbia, we consider that materiality is the principle of identifying the economic, environmental, and social topics that matter most to our business and that will substantively influence the assessments and decisions of our stakeholders.

In 2016, we conducted our first materiality assessment, and, with the transition from Mexichem to Orbia, and the renewal of our Sustainability Strategy, the review of our materiality assessment was crucial.

Our latest materiality assessment was conducted in 2019, in accordance with the requirements of the GRI Standards, offering an opportunity to evaluate strategic options and providing a backbone for Key Performance Indicators (KPI's) and reporting.

Sustainalize, consulting firm specialized in sustainability, supported Orbia with this process through the following phases:



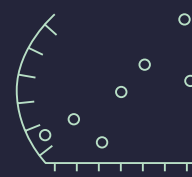
Phase 1 Selecting relevant topics

Desk research strategy and focus areas per business group.



Phase 2 Determining significance

Stakeholder ranking based on relevance + impact.



Phase 3 Concluding on materiality

Materiality matrix and implications or material topics.

Phase 1 – Selecting relevant topics

In the first phase, Orbia's internal and external context was scanned to identify the most relevant topics. This was done for each of the Business Groups at the time, including the following steps:

1: Assessing international standards, Sustainable Development Goals (SDGs), media, peers, sector trends and risk analysis.

The issues that are relevant for Orbia were determined by assessing our wider context and considering the following sources:

- Orbia internal documents and risks & opportunities assessments
- International sustainability standards and frameworks
- The United Nations Sustainable Development Goals (SDG Industry Matrix)
- Sustainability reporting by partners, clients, peers
- Topics covered in sector trends and the media

2: Consolidating core issues.

Outcomes of the above research were consolidated into 19 'core topics' and aligned with Orbia's identified risks and opportunities.

3: Defining issues specific to the organization.

The third step consisted of specifying, describing and aligning these topics with Orbia's activities.

The following list represents relevant topics, however does not reflect their order of importance:

#	Topic	Description
1	Energy & emissions	Managing energy use and emissions, for example by using renewable energy and through projects focused on energy efficiency.
2	Water use and discharge*	Reducing water use in our operations through water reuse equipment and closed loop systems.
3	Solutions for resilience	Designing solutions for effective water management, agriculture, sustainable infrastructure, and connectivity.
4	Waste management*	Preventing waste at source and divert waste from landfill as much as possible through recycling, composting, and closed loop 'circular' systems.
5	Diversity and inclusion	Creating an organization that embraces diversity and inclusion and encouraging the hiring of local employees.

#	Topic	Description
6	Employee development, engagement & retention	Attracting talented employees, developing their skills and competencies, engaging them, and stimulating internal growth.
7	Investments in local communities	Investing in local communities, amongst others in partnership with NGO's, to contribute to economic development and social empowerment.
8	Innovation	Creating innovative products contributing to climate resilient cities, climate smart agriculture, connectivity of society and a circular economy.
9	Health and safety	Managing health and safety as to prevent accidents from happening across all our operations, in logistics, and in the surrounding communities.
10	Cyber security*	Maintaining optimal cybersecurity measures to protect our IT systems against digital attacks and the breach of data privacy.
11	Quality and safety of products*	Designing our products to ensure safe manufacture, transportation and distribution, and installation and use by customers.
12	Governance	Ensuring responsible governance, compliance and risk management for business continuity and long-term value creation.
13	Sustainable sourcing	Managing sustainability risks and opportunities in the supply chain by engaging with suppliers on social and environmental aspects, as well as using local suppliers.
14	Circular economy*	Designing our products to be recyclable and using recycled materials in the manufacturing, also mitigating the longer-term risk of resource scarcity.
15	Women empowerment in agriculture*	Increasing women's empowerment through better agricultural technologies.
16	Farmer capacity building*	Building capacity through educational and skill building programs and knowledge sharing, as to help farmers achieve higher crop yields.
17	Innovative finance*	Providing financing solutions to smallholder farmers, in collaboration with partners.
18	Economic performance*	Contributing to local economic development.
19	Human rights*	Upholding and promoting basic rights and freedoms of every person working across the value chain and promote fair labor practices- and management relations.

Topics with * not included in all Phase 2 surveys, they were customized to each Business Group

Phase 2 – Determining Significance

As a global company, we need to understand Orbia stakeholders' priorities and expectations from different regions and groups. To take an inclusive approach and based on previous analysis, the following stakeholder groups were considered:

Stakeholder groups participating in the survey:



**Shareholders/
Investors**



Employees



Customers



**Suppliers/
Subcontractors**



**Associate/Joint
Venture Partners**



**Public Sector/
Authorities**



NGO/Civil Society



'Other'

Customized surveys, including the 19 relevant topics, were designed, and applied to internal and external stakeholders. Additionally, each Business Group applied surveys to their specific groups of interest and Orbia surveyed corporate level stakeholders, such as investors. Internally, a series of dialogues with the Business Group Presidents were held, as well as interviews with the Chairman, Chief Executive Officer, and Chief Financial Officer.

Consolidation of results

Each respondent scored their top 5 most relevant and significant topics and shared how they think Orbia could further contribute.

To consolidate different scores from different stakeholder groups, we calculated the average score per group and the average score for each topic. This served to mitigate any uneven influence of large (overly represented) stakeholder group.

Phase 3 – Concluding on materiality

Based on the results from phase 2, two sets of matrices were drawn up:

1. Materiality matrix per Business Group
2. Consolidated matrix for Orbia

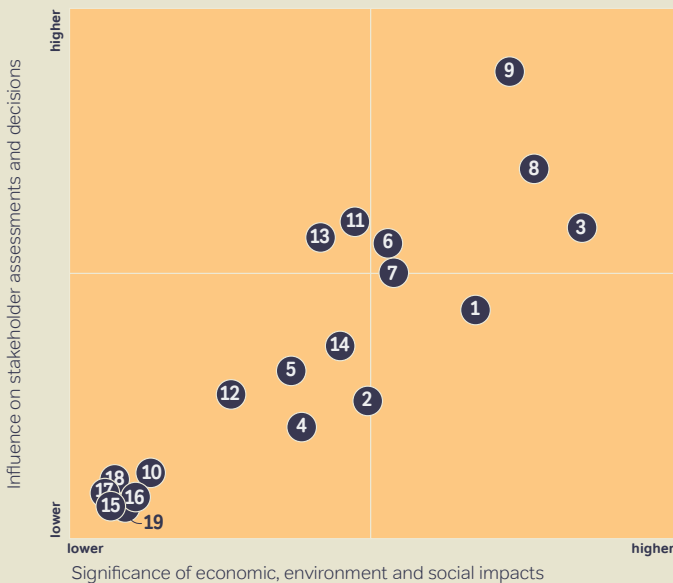
To aggregate all business groups and Orbia corporate topic scores into one average figure, both the internal and external scores were multiplied by a factor to arrive at a weighted average. This factor was calculated based on revenue figures (EBITDA).

The final scores were then represented in a grid, considering GRI recommended axes for materiality matrices, being “Significance of economic, environmental and social impacts” the horizontal axis and “Influence on stakeholder assessments & decisions” the vertical axis.

Orbia Materiality Matrix and Related Goals

Top material topics are those placed within the upper right quadrant of the matrix. However, all topics are relevant to Orbia and its Business Groups

Our Sustainability Goals to 2025 and 2050 are related to our top material topics:



by 2025

- 9 TRIR < 0.2 (employees and contractors)
- 4 100% of plants will send zero waste to landfill
- 1 Reduce SOx emissions by 60%
- 1 100% of sites certified with an environmental management system
- 2
- 4

by 2050

- 1 Achieve net zero carbon emissions

- | | | |
|--|--------------------------------------|--------------------------------------|
| 1. Emissions* | 7. Investments in local communities* | 14. Circular economy* |
| 2. Water use and discharge* | 8. Innovation* | 15. Women empowerment in agriculture |
| 3. Solutions for resilience* | 9. Health and safety* | 16. Farmer capacity building |
| 4. Waste management | 10. Cyber security | 17. Innovative finance |
| 5. Diversity and inclusion | 11. Quality and safety of products* | 18. Economic performance |
| 6. Employee development, engagement and retention* | 12. Governance | 19. Human Rights |
| | 13. Sustainable sourcing* | |

*Orbia's top ten material topics



Reporting on Material Topics

To learn more about our programs and performance on material topics, as well as how they are integrated in our sustainability strategy, please refer to our [yearly Sustainability Reports](#).