

Orbia Announces Fourth Quarter and Full Year 2020 Financial Results

Mexico City, February 24, 2021 – Orbia Advance Corporation, S.A.B. de C.V. (BMV: ORBIA*) (“the Company” or “Orbia”) today released unaudited results for the fourth quarter and full year of 2020.

Q4 2020 Financial Highlights

(All metrics are compared to Q4 2019 unless otherwise noted)

Strong recovery continues as revenue, EBITDA and free cash flow reached the highest levels of the year, exceeding the prior year’s quarterly financial performance for the first time post-COVID-19.

- Net revenues of \$1.7 billion increased 6%, driven by strong PVC prices in Vestolit and continuous demand recovery in Wavin and Dura-Line;
- EBITDA of \$383 million increased 30%, propelled by the recovery of the construction sector. Vestolit delivered solid performance amidst a tightening PVC market while Wavin continued to show strong performance in EMEA and LatAm. EBITDA margin reached 22%, increasing 401 basis points;
- Free cash flow of \$304 million increased 38% as a result of sound profitability and working capital optimization, with an improved conversion rate of 79.2%.

Full Year 2020 Financial Highlights

(All metrics are compared to FY 2019 unless otherwise noted)

Amidst the worldwide impact of the COVID-19 pandemic, Orbia’s resilient business model delivered strong profitability and a robust free cash flow generation.

- Net revenues of \$6.4 billion decreased only 8%, as the impact from the COVID-19 pandemic in Q2 was not fully offset by the strong second half rebound;
- EBITDA of \$1.3 billion decreased 3%, after declining nearly 30% in Q2. EBITDA margin of 21% increased 100 basis points;
- Consolidated net income of \$319 million decreased 2%;
- Free cash flow of \$552 million was driven by effective working capital management and contained CAPEX deployment, reflected in a 41.9% conversion rate;
- Strong financial health supported by a leverage ratio of 2.1x with a reduction in total net debt of \$114 million;
- Dividend payments of \$230¹ million and share repurchases of \$42 million made.

“At Orbia, resilience has played a central role in our transformation over the past two years. Our aim is to provide innovative solutions that help us fulfill our purpose to advance life around the world. We could not imagine the disruption we would face with COVID-19. But the most difficult times can be the ones in which the true bravery and grit of people emerges. In 2020, we saw both as we became more resilient in going the extra mile for our stakeholders. I must first thank and pay tribute to Orbia’s 22,000+ employees who have worked hard to keep our operations running smoothly and serve our customers. Everyone has given their all. We worked diligently to protect the health, safety and well-being of our team by applying strict COVID-19 protocols,” said Sameer Bharadwaj, CEO of Orbia.

¹ Including a \$50 million extraordinary dividend

Bharadwaj continued, “We acted quickly at the onset of the pandemic, mobilizing our people, aggressively preserving capital and increasing connectivity with our customers, which resulted in strong earnings recovery and margin expansion as well as robust free cash flow. At the same time, we prioritized growth and critical efficiency investments while further strengthening our balance sheet through debt reduction. Our diversified portfolio of market-leading businesses and increased focus on value-added solutions supported our resiliency and will position us well for 2021. We are focused on executing our growth strategy underpinned by strong sector trends in 5G, infrastructure and sustainable solutions while capturing global demand across our businesses. The extent of the economic impact of COVID-19 is still uncertain. But by staying true to our purpose and in working bravely, responsibly, and innovatively to meet global needs, we can keep contributing to sustainable development as we create value for all.”

Q4 and Full Year 2020 Consolidated Financial Information²

(All metrics are compared to Q4 2019 unless otherwise noted)

mm US\$	Fourth quarter			January - December		
	2020	2019	%Var.	2020	2019	% Var.
Financial Highlights						
Net sales	1,742	1,636	6%	6,420	6,987	-8%
Operating income	201	155	30%	720	823	-13%
EBITDA	383	294	30%	1,318	1,365	-3%
EBITDA margin	22.0%	18.0%	401 bps	20.5%	19.5%	100 bps
EBT	166	91	82%	479	533	-10%
Income (loss) from continuing operations	98	30	227%	328	327	0%
Consolidated net income (loss)	96	30	220%	319	327	-2%
Net majority income	66	(2)	N/A	195	207	-6%
Minority interest	30	32	-6%	124	120	3%
Cash generation	390	312	25%	871	766	14%
CapEx	(70)	(71)	-1%	(228)	(261)	-13%
Free cash flow	304	221	38%	552	413	34%
Cash balance	875	586	49%	875	586	49%

Net revenues of \$1,742 million increased \$106 million, or 6%, mainly driven by higher sales in the Vestolit, Wavin and Dura-Line businesses. Vestolit benefited from sustained increases in PVC prices due to the global supply-demand imbalance. Wavin experienced continued recovery in both EMEA and LatAm, despite

² Unless noted otherwise, all figures in this release are derived from the Interim Consolidated Financial Statements of the Company as of December 31, 2020 and are prepared in accordance with International Accounting Standards 34 “Interim Financial Reporting” of the International Financial Reporting Standards (IFRS), which have been published in the Bolsa Mexicana de Valores (BMV). [See Notes and Definitions](#) at the end of this release for further explanation of terms used herein.

traditionally low seasonality in the fourth quarter. Dura-Line top-line improvement was driven by higher demand in the U.S. and Canada.

In 2020 overall, net revenues of \$6,420 million decreased 8% as compared to 2019 levels due to the negative impact of COVID-19, particularly in Q2.

Operating expenses of \$342 million include \$64 million non-recurring charges of which \$43 million are non-cash, mainly related to the accelerated depreciation of IT licenses. Other non-recurring charges include write-offs associated with footprint optimization at Wavin and Dura-Line and legal claims settlements. In Q4 2019, we recorded a \$25 million one-off related to the Vestolit settlement in Germany.

EBITDA of \$383 million increased 30%, driven largely by a strong performance in Vestolit and Wavin. Vestolit benefitted from higher prices of PVC and specialty products. Wavin enjoyed favorable market conditions while successfully introducing new products.

EBITDA margin of 22.0% expanded 401 basis points, primarily driven by a better price environment in Vestolit and operational excellence initiatives across all businesses.

In 2020 overall, EBITDA of \$1,318 million was only 3% below 2019 levels due to a sustained recovery starting in Q3 led by Vestolit and Wavin, which was complemented with cost management initiatives across all businesses. EBITDA margin increased 100 basis points, reaching 20.5%.

Financial costs were \$34 million in the quarter, down \$30 million or 47%. The decrease was due to a positive mix of factors such as lower overall leverage in a depressed interest rate environment and FX gains resulting from the appreciation of the Mexican Peso and Brazilian Real.

For full year 2020, financial costs were \$242 million, down 18% from 2019. This reduction was mainly due to more efficient financing strategy in terms of costs, lower leverage at the end of 2020 and a significant reduction in rates since the COVID-19 crisis started, together with the absence of one-off charges related to existing financing lines that Orbia reflected in 2019.

Taxes were \$69 million, up 11% reflecting a higher tax rate mostly due to impact of Mexican Peso appreciation on USD denominated debt (taxable profit).

For full year 2020, taxes of \$151 million decreased 27% in comparison to 2019.

Net income to majority shareholders was \$66 million in the quarter, a significant increase from a \$2 million loss. In 2020 overall, Orbia posted \$195 million in net majority income, equivalent to a 6% annual decrease. Annual earnings per share² (EPS) were \$0.097.

² Earnings per share are calculated excluding the shares that Orbia has in its share buyback program. As of December 31, 2020, we had 2,016,795,733 shares outstanding.

Q4 and Full Year 2020 Revenues by Region

(All metrics are compared to Q4 2019 unless otherwise noted)

Region	Fourth Quarter 2020		
mm US\$	2020	% Var. Y/Y	% Revenue
Europe	560	7%	32%
North America	542	9%	31%
South America	410	10%	24%
Asia	182	-3%	10%
Africa and others	48	-9%	3%
Total	1,742	6%	100%

Region	Full Year 2020		
mm US\$	2020	% Var. Y/Y	% Revenue
Europe	2,169	-9%	34%
North America	2,081	-3%	32%
South America	1,254	-13%	20%
Asia	707	-10%	11%
Africa and others	208	-14%	3%
Total	6,420	-8%	100%

Q4 and Full Year 2020 Financial Performance by Business Group

(All metrics are compared to Q4 2019 unless otherwise noted)

Netafim (Precision Agriculture, 15% of Revenues)

Netafim's leading-edge irrigation systems, services and digital farming technologies enable stakeholders to achieve significantly higher and better-quality yields while using less water, fertilizer and other inputs. By helping farmers grow more with less, Netafim is enabling feeding the planet more efficiently and sustainably. Netafim is the world leader in the production and sale of intelligent precision agriculture solutions.

mm US\$	Fourth quarter			January - December		
	2020	2019	%Var.	2020	2019	% Var.
Netafim						
Total revenue	270	269	0%	972	1,063	-9%
Operating income	29	26	12%	89	92	-3%
EBITDA	53	49	8%	181	179	1%

For the quarter, net revenues of \$270 million were flat, as a rebound across most major markets in North America, Europe, the Middle East, Africa, and Asia offset continued COVID-19-related challenges in LatAm. Key agricultural prices for crops such as sugar, cotton, almonds, and coffee improved during Q4.

Q4 EBITDA of \$53 million increased 8%. EBITDA margin of 19.5% improved 150 basis points, supported by operational efficiencies in spite of unfavorable FX and raw material costs.

For the year, net revenues of \$972 million decreased 9%, mainly due to the impact of COVID-19, particularly during the first half of the year which was partly offset by solid growth in the U.S., Middle East, Africa, China and Australia.

2020 EBITDA of \$181 million increased 1%, primarily driven by higher gross margins, reflecting commercial and operational excellence initiatives and lower operating expenses. EBITDA margin of 18.6% expanded 178 basis points.

Dura-Line (Data Communications, 11% of Revenues)

Dura-Line believes that every organization, every community, and every person around the world deserves a chance to make the most of modern technology. The company annually produces more than 400 million meters of essential and innovative infrastructure—conduit, cable-in-conduit and accessories that create physical pathways for fiber and other network technologies that connect cities, homes, and people. Dura-Line is the leading global producer of conduits and a global leader in HDPE products for cable and fiber optics, as well as natural gas pressurized piping and solutions.

mm US\$	Fourth quarter			January - December		
	2020	2019	%Var.	2020	2019	% Var.
Dura-Line						
Total revenue	176	162	9%	732	749	-2%
Operating income	26	25	4%	140	116	21%
EBITDA	34	34	0%	173	149	16%

For the quarter, net revenues of \$176 million increased 9%, mainly driven by higher order volume in the U.S. and Canada, partly offset by lower volume in Europe, the Middle East, Africa and LatAm as the pace of recovery was slower in these regions.

Q4 EBITDA of \$34 million was flat and includes non-recurring restructuring costs of \$3 million. A more favorable mix shift toward higher-margin advanced products and accessories was partly offset by higher raw material costs. EBITDA margin was 19.3%, a decrease of 149 basis points. Excluding restructuring costs, EBITDA margin would have been 21.3%, up 46 basis points.

For the year, net revenues of \$732 million decreased 2%, reflecting COVID-19-related project delays in Europe, India, the Middle East and LatAm, partly offset by higher sales in the U.S. and Canada.

2020 EBITDA of \$173 million increased 16%, driven by a favorable product mix and lower raw material costs in the first half of the year. EBITDA margin of 23.7% expanded 381 basis points.

Wavin (Building & Infrastructure, 32% of Revenues)

Wavin is redefining today's pipes and fittings industry by creating innovative solutions that last longer and require less labor to install. Serving customers in five continents, Wavin is also developing sustainable technologies around water management and indoor climate systems. Wavin is a leading producer of above- and below-ground solutions in LatAm and Europe.

mm US\$	Fourth quarter			January - December		
	2020	2019	%Var.	2020	2019	% Var.
Wavin						
Total revenue	582	521	12%	2,071	2,239	-8%
Operating income	46	19	142%	127	142	-11%
EBITDA	88	52	69%	261	269	-3%

For the quarter, net revenues of \$582 million increased 12%, reflecting a continued recovery since June and improving positioning in key markets. The increase was driven by strong demand in several countries across Europe (Germany, France, and the Nordics) as well as LatAm (Mexico, Ecuador, Brazil, and Argentina).

Q4 EBITDA of \$88 million increased 69%, amidst a significant sales recovery, delayed impact of higher raw material costs and a positive mix shift to value-added products. EBITDA margin of 15.1% expanded 526 basis points.

For the year, net revenues of \$2,071 million decreased 8% on the back of severe COVID-19-related impacts in the second quarter, which partially reversed in the second half of 2020.

2020 EBITDA of \$261 million decreased 3% while EBITDA margin of 12.6% increased 58 basis points. Second-half EBITDA performance was better year-over-year as compared to 2019, driven by cost savings, effective price management and a continued mix shift to value-added products.

Koura (Fluorinated Solutions, 11% of Revenues)

Koura provides fluorine and downstream products that support modern living in a vast number of ways. Koura operates the world's largest fluorspar mine and produces intermediates, refrigerants and propellants that serve automotive, infrastructure, semiconductor, health, medicine, climate control, food cold chain, energy storage, computing and telecommunications applications. Koura is the leading global producer of fluorspar and the world's largest producer of integrated hydrofluoric acid.

mm US\$	Fourth quarter			January - December		
	2020	2019	%Var.	2020	2019	% Var.
Koura						
Total revenue	182	187	-3%	698	805	-13%
Operating income	40	58	-31%	193	267	-28%
EBITDA	58	75	-23%	254	325	-22%

For the quarter, net revenues reached \$182 million, a 3% reduction versus Q4 2019 amidst the continued impact of COVID-19 on key markets and partly offset by strong fluorspar shipments in December.

Q4 EBITDA was \$58 million, a 23% decrease versus prior year due primarily to the continued impact of COVID-19 on prices and volumes. Q4 results include an increase in provisions for \$13 million (one-off) related to commercial legal issues. EBITDA margin of 32.0% decreased by 833 basis points.

For the year, net revenues were \$698 million, a 13% reduction versus prior year due to the full year impact of illegal imports on the refrigerants business in Europe and the impact of COVID-19 on global volumes and prices.

2020 EBITDA was \$254 million, a reduction of 22% versus 2019. EBITDA margin of 36.4% decreased by 389 basis points. Throughout the year, the business made significant operational improvements and closely managed costs to offset challenging market conditions.

Vestolit & Alphagary (Polymer Solutions, 34% of Revenues)

Vestolit and Alphagary focus on PVC general and specialty resins and PVC and zero-halogen specialty compounds with a wide variety of applications in solutions that undergird everyday life, including pipes, cables, flooring, auto parts, household appliances, clothing, packaging and medical devices. Vestolit and Alphagary are leading global vinyl players, with strong positions in the Americas and Europe.

mm US\$	Fourth quarter			January - December		
	2020	2019	%Var.	2020	2019	% Var.
Vestolit						
Total revenue*	617	549	12%	2,171	2,334	-7%
Operating income	103	26	296%	224	210	7%
EBITDA	158	85	86%	462	443	4%

*Intercompany sales were \$66 million and \$38 million in 4Q20 and 4Q19, respectively. And as of December 2020 and 2019 were \$174 million and \$144 million, respectively.

For the quarter, net revenues of \$617 million increased 12%, amidst high PVC prices driven by the global supply-demand imbalance.

Q4 EBITDA of \$158 million increased 86%, with all PVC sites operating at full capacity. EBITDA margin of 25.7% increased 1,020 basis points, driven by higher PVC margins and significant energy cost savings. Of note, Q4 2019 included non-recurring charges of \$25.4 million.

For the year, net revenues of \$2,171 million decreased 7%, amidst lower volume due to earlier COVID-19 impacts and VCM availability, partly offset by increased derivatives volume mainly in sanitation markets.

2020 EBITDA of \$462 million increased 4%. EBITDA margin of 21.3% expanded 229 basis points, due to higher PVC margins primarily in the last quarter as well as lower electricity costs.

Balance Sheet, Liquidity and Capital Allocation

Orbia generated strong free cash flow of \$304 million in the fourth quarter and \$552 million in the year. In December 2020, the Company fully repaid the remaining \$600 million outstanding of its \$1 billion revolving credit facility, which will remain available until June 2024.

As of year-end, Orbia's net debt was \$2,751 million, comprising total debt of \$3,626 million plus cash and cash equivalents of \$875 million. Orbia's Net Debt-to-EBITDA ratio was 2.09x, while the Company's interest

coverage ratio was 6.26x. Orbia will seek to maintain a strong balance sheet and investment grade status. Management is comfortable with a debt level at 2.1x, which is within the targeted range.

In 2020, the Company paid \$230 million in dividends and repurchased \$42 million under the share repurchase program. On February 24, 2021, Orbia's Board of Directors agreed to propose for approval at the Annual Shareholders Meeting convened on March 30, 2021 an ordinary dividend of \$0.10 per share to be paid in four installments in 2021.

Full year CAPEX of \$228 was down 13%, reflecting a conservative investment approach in response related to the COVID-19 pandemic. CAPEX was directed mostly toward critical maintenance of facilities and—beginning in Q3—selected strategic growth investments.

2021 Business Outlook

Assuming no significant unexpected disruptions related to COVID-19, Orbia expects EBITDA to increase in the range of 4% to 7% in 2021 driven by recovery in demand in several businesses. Orbia is also expecting CAPEX in the range of \$350 million to \$400 million for next year.

Conference Call Details

Orbia will host a conference call to discuss Q4 2020 results on February 25, 2021 at 10:00 am Central Time (CT; Mexico City)/11:00 am Eastern Time (ET; New York). To access the call, please dial 001-855-817-7630 (Mexico), 1-888-339-0721 (United States) or 1-412-317-5247 (International).

Participants may pre-register for the conference call [here](#).

The live webcast can be accessed [here](#).

A recording of the webcast will be posted several hours after the call is completed on Orbia's [website](#). For all company news, please visit [Orbia's newsroom](#).

Consolidated Income Statement

USD in millions	Fourth Quarter			January - December		
	2020	2019	%	2020	2019	%
Income Statement						
Net sales	1,742	1,636	6%	6,420	6,987	-8%
Cost of sales	1,200	1,176	2%	4,574	5,029	-9%
Gross profit	542	460	18%	1,846	1,958	-6%
Operating expenses	342	305	12%	1,126	1,135	-1%
Operating income (loss)	201	155	30%	720	823	-13%
Financial Cost, net	34	64	-47%	242	295	-18%
Equity in income of associated entity	(0)	0	N/A	(1)	(4)	-75%
Income (loss) from continuing operations before income tax	166	91	82%	479	533	-10%
Income tax	69	62	11%	151	206	-27%
Income (loss) from continuing operations	98	30	227%	328	327	0%
Discontinued operations	(1)	1	N/A	(10)	(0)	N/A
Consolidated net income (loss)	96	30	220%	319	327	-2%
Minority stockholders	30	32	-6%	124	120	3%
Majority Net income (loss)	66	(2)	N/A	195	207	-6%
EBITDA	383	294	30%	1,318	1,365	-3%

Consolidated Balance Sheet

	USD in millions	
Balance sheet	2020	2019
Total assets	10,211	10,057
Current assets	3,156	2,852
Cash and temporary investments	875	586
Receivables	1,093	1,158
Inventories	861	834
Others current assets	326	274
Non current assets	7,055	7,205
Property, plant and equipment, Net	3,186	3,349
Right of use Fixed Assets, Net	323	337
Intangible assets and Goodwill	3,225	3,257
Long term assets	320	262
Total liabilities	7,032	6,963
Current liabilities	2,588	2,577
Current portion of long-term debt	495	322
Suppliers	1,326	1,264
Short-term leasings	82	78
Other current liabilities	684	913
Non current liabilities	4,444	4,386
Long-term debt	3,131	3,129
Long-term employee benefits	274	229
Long-Term deferred tax liabilities	314	335
Long-term leasings	263	267
Other long-term liabilities	463	426
Consolidated shareholders' equity	3,180	3,094
Minority shareholders' equity	687	719
Majority shareholders' equity	2,493	2,375
Total liabilities & shareholders' equity	10,211	10,057

Operating Cash Flow

mm US\$	Fourth quarter			January - December		
	2020	2019	%Var.	2020	2019	% Var.
Cash Flow						
EBITDA	383	294	30.3%	1,318	1,365	-3.4%
Taxes paid, net	(86)	(52)	65.4%	(264)	(233)	13.3%
Net interest / Bank commissions	(18)	(28)	-35.7%	(196)	(261)	-24.9%
Change in trade working capital	89	120	-25.8%	32	(112)	N/A
Others (Other assets - provisions, Net)	(28)	(21)	33.3%	4	36	-88.9%
CTA and FX	49	(1)	N/A	(24)	(29)	-17.2%
Cash generation	390	312	25.0%	871	766	13.7%
CapEx	(70)	(71)	-1.4%	(228)	(261)	-12.6%
Leasing payments	(16)	(19)	-15.8%	(90)	(92)	-2.2%
Free cash flow	304	221	37.6%	552	413	33.7%
<i>FCF conversion (%)</i>	<i>79.2%</i>	<i>75.2%</i>	<i>406 Bps</i>	<i>41.9%</i>	<i>30.3%</i>	<i>1,159 bps</i>
Dividends to Shareholders	(45)	(59)	-23.7%	(230)	(218)	5.5%
Buy-back shares program	-	(1)	-100.0%	(42)	(41)	2.4%
New debt (paid)	(597)	(127)	370.1%	178	(125)	N/A
Minority interest payments	(26)	(42)	-38.1%	(141)	(151)	-6.6%
Others	(5)	-	N/A	(27)	8	N/A
Net change in cash	(369)	(8)	4512.5%	289	(114)	N/A
Initial cash balance	1,245	594	109.6%	586	700	-16.3%
Cash balance	875	586	49.3%	875	586	49.3%

Note: Change in trade working capital includes certain other receivables for proper comparison purposes

Notes and Definitions

The results contained in this release have been prepared in accordance with International Financial Reporting Standards (“NIIF” or “IFRS”) having U.S. Dollars as the functional and reporting currency. Figures are presented in millions, unless specified otherwise.

Since Q1 2019, Business Group EBITDAs are being reported inclusive of corporate charges; comparable prior year figures have been adjusted accordingly.

Reflective of Orbia’s continuous efforts to better inform the market and become a more customer-centric organization, beginning in Q1 2020, the Company is presenting the revenues, operating incomes and EBITDAs of each of its five businesses: Wavin (Building & Infrastructure), Dura-Line (Data Communications), Netafim (Precision Agriculture)—all of which previously were presented as Fluent (for reporting purposes only)—Vestolit and Alphagary (Polymer Solutions) and Koura (Fluorinated Solutions).

Figures and percentages have been rounded and may not add up.

About Orbia

Orbia is a community of companies united by a shared purpose: to advance life around the world. The Orbia companies have a collective focus on ensuring food security, reducing water scarcity, reinventing the future of cities and homes, connecting communities to data infrastructure, and expanding access to health and wellness with advanced materials. Orbia operates in the Precision Agriculture, Building and Infrastructure, Fluorinated Solutions, Polymer Solutions and Data Communications sectors. The Company has commercial activities in more than 110 countries and operations in over 50, with global headquarters in Mexico City, Boston, Amsterdam, and Tel Aviv. To learn more, please visit orbia.com.

Prospective Information

In addition to historical information, this press release contains “forward-looking” statements that reflect management’s expectations for the future. The words “anticipate,” “believe,” “expect,” “hope,” “have the intention of,” “might,” “plan,” “should” and similar expressions generally indicate comments on expectations. The final results may be materially different from current expectations due to several factors, which include, but are not limited to, global and local changes in politics, the economy, business, competition, market and regulatory factors, cyclical trends in relevant sectors as well as other factors that are highlighted under the title “Risk Factors” in the annual report submitted by Orbia to the Mexican National Banking and Securities Commission (CNBV). The forward-looking statements included herein represent Orbia’s views as of the date of this press release. Orbia undertakes no obligation to revise or update publicly any forward-looking statement for any reason unless required by law.”

Orbia has implemented a Code of Ethics that helps define our obligations to and relationships with our employees, clients, suppliers, and others. Orbia’s Code of Ethics is available for consulting in the following link: http://www.Orbia.com/Codigo_de_etica.html. Additionally, according to the terms contained in the Mexican Securities Exchange Act No 42, the Orbia Audit Committee has established a “hotline” system permitting any person who is aware of a failure to adhere to applicable operational and accounting records guidelines, internal controls or the Code of Ethics, whether by the Company itself or any of its controlled subsidiaries, to file a complaint (including anonymously). This system is operated by an independent third-party service provider. The system may be accessed via telephone in Mexico, at <http://www.ethic-line.com/Orbia> or via e-mailing Orbia@ethic-line.com. Orbia’s Audit Committee has oversight responsibility for ensuring that all such complaints are appropriately investigated and resolved.