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# Responsible Business

Everything we do at Orbia is grounded in a strong foundation of ethical conduct and responsible, accountable and transparent business practices.

We recognize that trust in Orbia is dependent upon our trustworthy behavior and respect for the rights of all those we serve and engage with, and of the natural environment. We work to make values a foundational part of our culture, in the knowledge that values create value for all our stakeholders.



As a signatory to the United Nations Global Compact, and as a firm supporter of the UN Sustainable Development Goals, we strive to live up to the highest ethical standards every day. This section of the report covers our responsible business practices in the following areas:



## Ethics and Compliance



## Our People



## Environment



## Supply Chain



## Communities

**“Responsible business practices are critical to any business as they form the basis of trust. At Orbia, in aspiring to fulfil our purpose of advancing life around the world, we make thousands of decisions each day in every part of our business. Each of us at Orbia is responsible for ensuring that these decisions are both legally and ethically sound, so that everyone who has an association with the Company knows that we can be counted on.**

**Our individual reputations and our sense of ourselves as human beings are bound up with Orbia’s reputation as an ethical entity in the world committed to long-term success.”**



**Sheldon Hirt**

Senior Vice President, General Counsel, Orbia



# Ethics & Compliance

**At Orbia, we believe that ethical conduct, in full compliance with applicable law, is fundamental to our long-term success as a global business.**

This means more than rules and guidelines. We aim to instill a culture of personal accountability so that all members of our global workforce understand what is expected and are motivated to do what's right. Starting with our [Code of Ethics](#), we support our global teams with standards, policies and mechanisms that guide their daily actions in ways that continue to reinforce trust in our Company and our people.

**Our Code of Ethics guides our behavior and is a binding requirement for all Directors, executives, employees, contractors, temporary workers and business partners that work on our behalf.**

## Program Developments in 2020

Despite challenging circumstances caused by the global pandemic, we achieved several key milestones, while maintaining our ongoing compliance processes.

- **Ethics Survey:** In 2020, we conducted a comprehensive Ethics & Culture Survey for all office employees designed to help us understand their views on important topics such as tone at the top, awareness of the Code of Ethics and the Ethics Helpline. More than 7,100 employees participated, providing valuable insight into variations of perception, according to geography, tenure with the company, and other factors, in time to inform 2020 decisions. Insights that we gained from the Survey included that employees have a strong awareness of our Code of Ethics and a positive perception of our senior leadership's honesty. We also identified a key opportunity: while employees were well-aware of the Code of Ethics, we needed to improve awareness of the Ethics Helpline as an anonymous mechanism to seek guidance. During Ethics Month in 2020, we addressed this finding (see below). We will conduct the Ethics & Culture Survey again in 2021 to measure our progress.
- **Ethics Month:** We launched a month-long initiative to raise awareness of the newly renamed "Ethics Helpline," with the goal of maintaining an environment where everyone is comfortable asking questions and feels a responsibility to raise concerns if they see behavior that is inconsistent with our Code of Ethics. Leaders across Orbia actively participated by holding virtual townhalls

and delivering employee communications to reinforce Orbia's core values and the importance of acting with integrity. Employee engagement was high, with almost all eligible employees taking their annual Code of Ethics training by the deadline.

- **Risk assessment:** In 2020, we performed a compliance risk assessment. This assessment evaluated 20 compliance risk topics, including anti-corruption, antitrust, export controls, kickback/fraud and internal controls across all Business Groups. The results of the risk assessment informed our 2021 program initiatives and plans. For example, we plan to update our Code of Ethics and other key policies as part of our effort to continuously improve our compliance systems and processes.
- **Additional enhancements:** In 2020, we automated the process to disclose conflicts of interest through the introduction of an app that is readily accessible and simple to use. We also provided further guidance on hiring of external consultants or contractors, reemphasized the importance of compliance with antitrust and anti-corruption laws and reminded employees of the guidelines for giving and receiving gifts, as we do each year.



## Ethics Helpline

During Ethics Month and periodically throughout the year, we provided information and examples of anonymized real situations that emerged through use of the [Ethics Helpline](#), to reassure employees that it is safe and worthwhile to speak up. An Ethics Helpline webcast was attended by more than 1,700 employees.

Additionally, we ran a pilot program in Mexico to inform key suppliers of our Ethics Helpline, as well as reminding them of our gift policy. We believe this extended communication to our business partners helps reinforce our employees' confidence in our process and consistent approach to ethical conduct throughout our global operations.

**Antitrust compliance:** Orbia has zero tolerance for activities that breach of our antitrust policies. Over the last several years we have invested in improving the robustness of our antitrust program. In 2020, we announced the settlement and agreement to pay a fine in connection with a matter brought by the European Commission against four ethylene manufacturers, including Orbia, for competition law violations occurring prior to 2017. Orbia takes seriously its obligations to compete fairly and lawfully in the global marketplace and will continue to invest in its antitrust compliance program to make every effort to prevent a reoccurrence. For example, in 2021, all commercial and leadership teams will receive live antitrust training and this area will remain in focus.

## Sarbanes-Oxley Initiative

In 2020, we launched an initiative to achieve compliance with the procedures and disclosure requirements of the U.S. Sarbanes-Oxley (SOX) Act of 2002. Although this is not a requirement for a company incorporated in Mexico, we believe the rigor required by SOX will increase the trust of financial stakeholders in our business and will support our future expansion in North American markets, critical to our purpose of advancing life around the world.

## Information Security and Data Privacy

In 2020, we hired a highly experienced Chief Information Officer, and Orbia has continued to invest in information security and data privacy. We also recruited a seasoned leader to the new role of Chief Information Security Officer (CISO), whose role will include enhancing our enterprise systems, improving our coordinated response to cybersecurity threats, and supporting our ongoing digital expansion. With remote working becoming a new reality in 2020, and likely to continue at a certain level into the future, enhanced information security controls are even more critical.

Regarding data privacy, we completed a data privacy risk assessment, and safeguards to mitigate identified risks are being embedded in our operating procedures going forward. We also conducted specialized live training for our People and IT teams, and these topics will be included in our mandatory Code of Ethics training for all administrative employees in 2021.

## Ethics and Compliance Training

In 2020, 99.9% of managers, professional and administrative employees, representing approximately 55% of our total workforce, completed the mandatory annual online Code of Ethics training in 2020. The hour-long course covered important Code of Ethics topics, including ethical decision-making, protecting human rights, antitrust, anti-corruption, conflicts of interest, the importance of a "Speak Up" culture and Orbia's Non-Retaliation Policy. In addition, we delivered tailored live training by job group. For example, senior leaders in all Business Groups attended an hour's course on ethical leadership, and all commercial teams received antitrust training.

In 2021, employees in both administrative and operational roles will receive annual Code of Ethics training during Ethics Month 2021. Additionally, all managers of people will receive live Ethics & Compliance training.

## Ethics Helpline Reports in 2020

**179 total reports to the Ethics Helpline of which 45% related to human resources questions or concerns.**

The rate of anonymous reports to Orbia's Ethics Helpline was lower than a leading helpline benchmark, which is generally seen as a barometer that signals employees are comfortable speaking up.



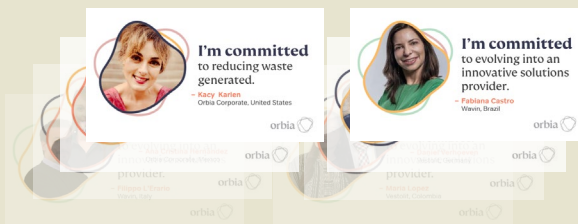
# Our People

At Orbia, on our exciting journey of advancing life around the world, we have one defining advantage: our people.

By bringing together our best and brightest minds, capabilities and individual experiences, we are creating a truly global culture of innovation, agility and collaboration that's driving new solutions to human needs for a sustainable future.

## Engaging our Colleagues in Making an Impact

During 2020, colleagues from around the world participated in our [ImpactMark](#) workshops and publicly pledged their commitments to advancing the impact indicators that inspire them to action. More than 9,000 colleagues participated in our ImpactMark Workshops led by one of more than 500 Transformation Ambassadors who were carefully selected and trained for this role.

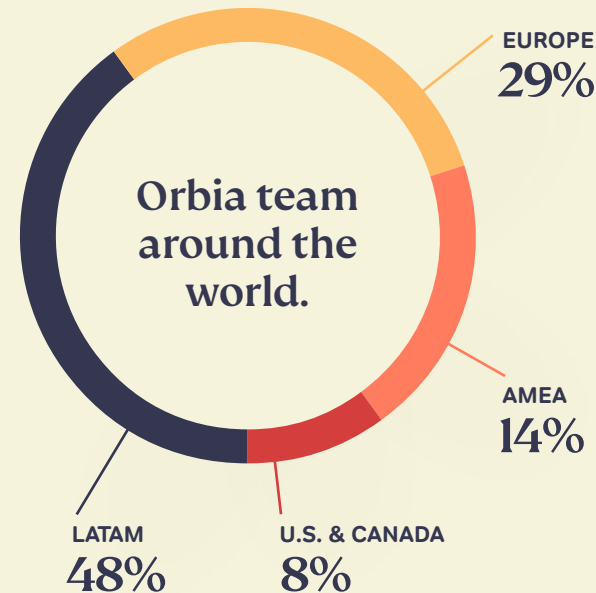


## Our Global Team in 2020

**21,688**  
colleagues in  
40+ countries

**>2,400**  
new colleagues hired

**>377,000**  
hours invested in learning  
and development ✓



Orbia team  
around the  
world.

Women are  
**19%**  
of our managers ✓

**29%**  
of our professionals

**23%**  
of colleagues are  
aged over 50



## People Strategy

During 2020, despite the challenges of travel and distancing restrictions, we continued to foster a diverse team and inclusive community spirit that harnesses the contributions of all employees in a unified mission. By working attentively and consistently to understand and address the needs of our employees, we are able to create a strong global platform of engagement, value creation and sustainable growth.

In 2020, we led several initiatives in each of our People Strategy pillars:

- **Fulfillment:** We [connected employees to our ImpactMark](#), reinforced a culture of diversity, equity and inclusion, and supported employees in joining initiatives to help communities thrive, through volunteering and local engagement.
- **Development:** We accelerated our culture of intrapreneurship and innovation with our LaunchPad platform, our Innovation Academy and invested in training and development through our eXP (experience, exposure and education) career development program and ongoing training initiatives.
- **Well-Being:** In this last year, in which COVID-19 dominated all considerations, we supported the health and well-being of our colleagues through the pandemic, providing medical, financial and psychological support, including through our new [Healthier Together](#) platform.

### Our People Strategy



#### Fulfillment

##### What makes me happy?

A culture where I can thrive and be myself

People who guide me to do my best work

Leaders who value my work and give me opportunities to grow

Being part of something that is bigger than myself



#### Development

##### What makes me grow?

A culture that values development

People who help me identify my future pathways

Leaders who recognize my potential

Having the time and space to grow my skills



#### Well-being

##### What makes me healthy?

A culture that embraces my wellness as a priority

Leaders who role-model

Having the freedom to balance my work and life in a way that allows me to contribute the most

Creating enduring experiences for our employees, made up of moments that matter.

#### Supported by

### Getting the Basics Right

Delivering fair and competitive compensation, offering attractive benefits, deploying the right individuals in the right roles, tailoring our recruitment processes to bring in diverse talent, fostering a values-based culture and upholding compliance with regulation and business standards.



## Training, Development and Performance Management

During 2020, we continued learning programs for employees at all levels as far as possible, with our Digital Learning Platform offering more than 260 courses in leadership, project management and more, becoming a critical channel in a year when many colleagues were working remotely for several months. We also continued our partnership with Harvard Business Publishing to provide online leadership and business skills training, benefiting more than 1,650 employees in 2020. Digital, innovation and leadership training increased to 3.35 hours per employee compared to 1.68 in 2019.

Additionally, we maintained our flagship year-long career development **e<sup>xp</sup> Program**. We adjusted the program to face our new reality under COVID-19 while also enhancing it to provide opportunities for a wider array of employees to join as either Participants, Mentors, Subject Matter Experts or Project Leaders. In this way, the experience of the participants became more collaborative through team-working to address important business challenges, while learning not only from the Mentors, Experts, Project Leaders, but also from each other.

In 2020, we maintained our Performance Management Process with 99.9% of managers and office-based employees participating in an annual performance evaluation and frequent feedback conversations over the year.

### e<sup>xp</sup> Program – 2020 cohort

51	Participants representing 15 nationalities	73	Mentors
45	Subject Matter Experts	27	Projects

**In 2020, we connected our managers more closely to our sustainability objectives by introducing a linkage between performance on ESG and executive compensation.**

The bonuses of all Business Group Presidents and Senior Managers now increase or reduce by up to 10% based on actual achievements across the critical social and environmental impact areas represented in our ImpactMark.

“e<sup>xp</sup> is a valuable program to give our high potentials an opportunity to work on challenging projects for personal and professional growth while providing a benefit to the business.”

**Edward Wysmierski**

e<sup>xp</sup> Mentor, Global Procurement Director, Dura-Line

“The e<sup>xp</sup> Program allowed me to access a wealth of knowledge outside of my Business Group. Working together with colleagues from different business groups has expanded my understanding of how Orbia’s other organizations run. Being placed with a project that is well outside of my typical job responsibilities taught me to expand my patience as well as my organizational skills.”

**Rachel Daley**

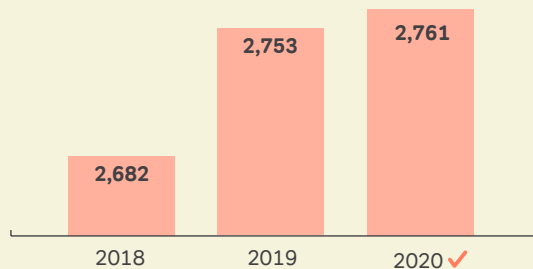
e<sup>xp</sup> Participant, Regulatory Affairs Manager, Vestolit



## Diversity & Inclusion

We are committed to creating an inclusive working environment, in which employees are able to fulfill their potential and maximize their contribution. During 2020, we focused our efforts on creating an environment of inclusion. For example, during 2020, following the success of a three-day U.S. leadership workshop focused on Women in STEM in 2019, Dura-Line created a cross-functional, global Women in STEM Employee Resource Group (ERG). Also, Dura-Line's Women in Leadership group hosted a series of webinars to spotlight current leadership roles held by women.

**Women in Management and Professional Roles**



For further information:



[Diversity and Inclusion Policy](#)

### An Award for Inclusion

In 2020, we were thrilled to be the recipient of the [Dov Lautman 2020 Diversity Award](#) granted by Maala and the Israeli Forum for Employment Diversity. The award was granted for Netafim's investment in employees aged 60+, following a focused effort by Netafim in Israel to prepare employees early enough (between the ages of 50 and 55) so that they can effectively plan for retirement, or, more importantly, continue their career until and often after full retirement age. The program prepares employees across financial, well-being and professional dimensions so that individuals can create options before reaching retirement age, by which time it is often too late to change course.

“Our initiative was based on two key insights: The overall shortage of qualified technical professionals in the market, and the understanding that older employees can continue to contribute significant value based on high motivation, knowledge and experience, and that legal retirement age does not need to be a career ending.”

**Hilit Kinreich**

Human Resources Manager, Netafim

### Integrating Refugees

During this year, we also joined the [TENT Partnership for Refugees](#), making a commitment to explore options to integrate refugees in some of our operations, expanding the efforts already made by Orbia in Sweden. We have identified priority markets in different regions and in Colombia we have initiated the process of hiring refugees.



“In November, we were thrilled to welcome Orbia to the TENT family—joining over 140 major companies around the world committed to integrating refugees. Orbia has already taken steps to support this vulnerable population, by hiring refugees in its manufacturing facility in Sweden. We are excited to continue working with Orbia to expand these efforts in Sweden and beyond, making an even greater impact on refugees' lives.”

**Gideon Maltz**

Executive Director, TENT Partnership for Refugees



## Nurturing Employee Well-Being

Much of our focus on well-being in 2020 was, of course, prompted by the unique conditions presented by the COVID-19 pandemic. We quickly developed an array of tailored initiatives to offer medical, financial and psychological support for our employees, in addition to food and other supplies where needed.

### Taking the pulse of employee well-being during the pandemic

Changes in work arrangements during the pandemic, both for those in essential roles onsite and for those working remotely have been significant and, in many cases, stressful. To better understand the effects of this disruption on our employees, we conducted a global pulse survey in our Wavin business, which employs more than 50% of the people in the Orbia Group. More than 5,600 employees responded to the survey, providing insights on how we might better support our employees, but also acknowledging our efforts so far with an overall 4.12 satisfaction score out of 5. As we move forward in 2021, additional surveys are in progress in other Business Groups.

As part of our response to employee feedback, during 2020, we held six Global Guided Meditation sessions, helping more than 3,400 employees who attended to manage stress during the pandemic.

### Healthier Together in Latin America

Almost half of Orbia colleagues are based in Latin America, a region that has been more severely hit by the COVID-19 pandemic than other regions of the world, with a sharper drop in GDP in 2020 and a slower predicted recovery rate in coming years<sup>7</sup>. To show solidarity with our employees and their families in the LATAM region, especially those in areas with the most fragile healthcare systems, we established a medical support remote network, called “**Healthier Together**”. Since April 2020, a team including our corporate doctor, 22 physicians, 5 nurses, and 6 health and safety engineers in the countries most affected by the pandemic have conducted the following programs:

- The telemedicine network, providing a direct and immediate response to the most pressing medical needs of our employees and their families. So far, more than 2,000 employees have received medical assistance.
- A health monitoring program that includes proactive outreach to our most vulnerable employees through a regular interview with their managers to monitor their health status.
- A daily online survey to ensure immediate updates of changing health status and needs.

- A range of local Employee Assistance Programs that complement the medical network including “Orbia contigo”, that offers free medical and psychological assistance for 7,500 employees and their families across LATAM, and “SANO”, a new wellness program for employees in Mexico with more than 1,500 employees engaging in wellness challenges and education programs and support through and a 24/7 helpline for employees.

**Throughout the region, Orbia joined forces with local organizations to provide support to the most vulnerable of our employees and to communities in need of basic supplies such as water, food, oxygen supplies and medicines.**

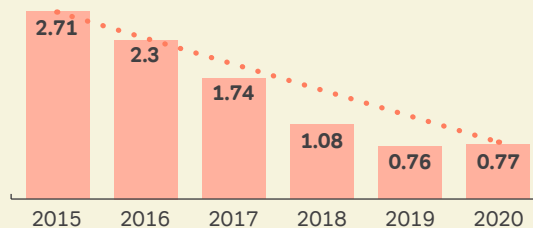
7. <https://www.csis.org/analysis/effects-covid-19-latin-americas-economy>



## Health and Safety

We aspire to create safe places to work throughout Orbia, with a community of individuals who are committed to implementing all our policies, standards and frameworks, supported by processes that enable them to do so. In this way, we make safety a habit that is consistently embedded in everything we do. No rule book can account for every eventuality, so we rely on a safety mindset and culture to complement the systems we have in place. While we must continue this work to achieve our vision of zero injuries, we are encouraged by a notable reduction in incident rates across the business over the past several years.

**71% Reduction in Employee TRIR 2015-2020** ✓  
(Total Recordable Incident Rate)



2020 was dominated by challenges related to COVID-19 and the need to maintain business continuity for our customers while assuring the safety of our employees, both those who maintained our essential production sites and those who transitioned to remote working.

### For further information:



See Section on  
[COVID-19 response](#)

## Life-Saving Rules (LSR)

In 2021, we will continue to roll out our internally developed 10 Life Saving Rules for Process Safety, that we introduced in 2020. We expect to have embedded the LSR across all our sites by the end of 2021.



## Safety Certifications

Across most of our chemicals operations, we implement the International Safety Rating System (ISRS) that is verified by Det Norske Veritas. For other operations we are implementing internationally recognized management systems to ensure a focus on continuous improvement. In 2020, around 44% of Orbia's sites were certified to international safety standards such as ISO 45001 or OHSAS 18001. Non-certified sites apply the same standards of care and will be preparing for certification in the coming years.

## A New Program to Improve Hand Safety

Misuse of hand tools (knives, hammers, spanners, screwdrivers etc.) has the potential to cause serious injury, not least because our familiarity with working with hand tools can cause complacency. In 2020, a new hand safety program was introduced at Netafim, since analysis showed that 97% of physical injuries were hand-related. Employees were encouraged to identify hand-related risks using a Hazard Identification Risk Assessment (HIRA) tool and Kaizen methodology to measure the effectiveness of risk identification and mitigation process. So far, this program has significantly increased awareness and safe hand practices; we expect to see positive results reflected in 2021 safety performance.



## Process Safety

We maintained our process safety programs during 2020, including risk assessments, training, ongoing improvements and optimization of process safety measures at our sites. Several core Process Safety Management (PSM) procedures were reviewed and revised with the support of our PSM engineers.

## Performance

We continue to improve our systems to measure process safety events, and in 2020, our total process safety event rate (PSER) was 0.054, which we believe compares very favorably within our industry. However, any unplanned event is one too many, and in 2020, incidents such as a small fire and explosion in our Cartagena, Colombia, facility and a serious burn to an operator in our Henry, U.S., facility, which occurred during a filter change with very hot material, remind us of the need to intensify our PSM programs and training to prevent all future incidents.

## Training

During 2020, we delivered several training programs online, including three certification courses that were attended by almost 300 participants, including Process Control and Instrumentation Technology, Incident Investigation Fundamentals and Process Hazard Analysis.

## Knowledge-sharing

We held 18 meetings for our chemical sites to review PSM procedures, incidents and lessons learned, offering the opportunity to engage and learn from each other. This has helped to improve the thoroughness of root cause analysis consistently across the Group as well as enhancing our collective process safety competency.

## Working with Safe Materials

We maintain compliance with key standards and good practices:

- **REACH:** We comply with the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) requirements for all substances produced or imported in Europe for all relevant operations.
- **SAICM:** We support and adhere to The Strategic Approach for International Chemicals Management (SAICM) of the United Nations Environmental Program (UNEP) which promotes the transparent exchange of data and information using a life-cycle approach.
- **Regulated substances:** We use no regulated substances of Very High Concern (SVHC) as defined by REACH legislation, or by the European Restriction of Hazardous Substances, or substances of international concern (RoHS) in our Dura-Line, Koura, and Vestolit businesses.



# Environment

**Orbia aspires to be a positive contributor to sustainable development by enhancing our positive environmental impacts and minimizing or eliminating negative impacts.**

This aspiration is central to our purpose of advancing life around the world, not only today, but also for future generations. Our approach to climate change mitigation, alleviation of water stress, advancing circularity, including the elimination of waste to landfill, are translated into practical actions that are embedded in our innovation, manufacturing, distribution and life-cycle approach, to everything we do. Many of our products positively contribute to sustainable development, such as our precision agriculture or stormwater management solutions (See Section on [Sustainable Solutions](#)), and alongside our product portfolio, we aim to operate at all times with the natural environment in mind.

## Environmental Management

Orbia operates to a global environment policy and our Environmental Management Systems, and in compliance with all applicable environmental laws and regulation. We pursue external quality and environmental certifications to support continuous improvement across our global operations.

**In 2020, 59% (71 of 120) of eligible sites were certified to ISO 14001 or equivalent external standards, and we have committed to achieving 100% certified sites by 2025.**



## In 2020, we worked with Enhesa, an organization that supports end-to-end health, safety and environment (HSE) compliance for global companies.

Enhesa will develop a system to provide continuously updated standardized regulatory information worldwide to all Orbia's 120 manufacturing facilities to update compliance requirements applicable to each location. Standardizing our HSE compliance processes for all Orbia manufacturing facilities will pave the way for enhanced compliance monitoring and strengthen our capabilities to fulfill HSE requirements everywhere that we manufacture.

### Enhesa standardizes processes across 10 key activity areas:

- |                                    |                                 |                              |
|------------------------------------|---------------------------------|------------------------------|
| • <b>Air Emission Management</b>   | • <b>General Environment</b>    | • <b>Occupational Health</b> |
| • <b>Water Management</b>          | • <b>Waste Management</b>       | • <b>Safety Management</b>   |
| • <b>Chemical Management</b>       | • <b>Emergency Preparedness</b> | • <b>HAZ-MAT Management</b>  |
| • <b>Facility/Technical Safety</b> |                                 |                              |

Overall, in 2020, we achieved significant improvement in absolute environmental impacts while maintaining overall production volumes across our sites, most of which remained fully operational through the COVID-19 pandemic.

### Environmental Impacts in 2020 ✓ (compared to 2019)

-4%	energy consumption	-19%	SOx emissions
-7%	GHG emissions	-14%	total waste
-2%	water withdrawal	-43%	hazardous waste



## Climate

We continue in line with our commitment to mitigating climate change through our operations and hope to achieve approval for our Science Based Targets in the coming months, aligned with a 1.5° C scenario. With an ambition to achieve net zero carbon emissions by 2050, and Scope 1+2 GHG emissions reduction of 47% by 2030<sup>8</sup>, together with a Scope 3 GHG emissions reduction target to be developed, we are planning to drive decarbonization through our business at a steady pace. Our key strategies to achieve this include:

- Optimizing operational processes to drive incremental energy efficiencies in manufacturing and logistics;
- Leveraging innovation to support low-carbon manufacturing;
- Increasing the use of renewable energy at our sites;
- Exploring carbon capture opportunities;
- Reviewing the energy mix in manufacturing operations and converting to fuels and gases with more favorable environmental profiles e.g., biofuels;
- Engaging in material recovery operations, for example, refrigerant recovery through our Koura brand and recycling end-of-life drip lines by Netafim;
- Increasing our use of recycled raw materials;
- Partnering with suppliers and industry organizations to drive best practice at Orbia, and
- Continuing employee education and engagement in sustainability initiatives.

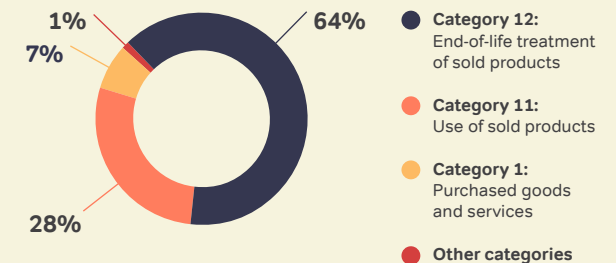
### Orbia's first Scope 3 Screening Inventory

In 2020, we completed our first Scope 3 GHG emissions screening, based on 2019 data. Overall, we calculate that our Scope 3 emissions are around 80 million tons CO<sub>2</sub> equivalent, covering all relevant categories of the Corporate Value Chain Accounting (Scope 3) and Reporting Standard<sup>9</sup>. We omit Category 10 (processing of sold products, which we are unable to calculate), Category 13 (downstream leased assets, as Orbia does not have such assets) and Category 14 (franchises, which is not applicable to Orbia).

In all other categories, we have made a highly comprehensive analysis. In line with our continued progress on this front, we expect to refine and improve our data capture processes and calculations as we move forward. In the meantime, our first assessment shows that the most significant Scope 3 category for Orbia is the way we manage end-of-life treatment of our products, followed by the use of sold products, purchased goods and services and raw materials. This provides a strong rationale for intensifying our work in these areas to reduce Scope 3 emissions through our value chain. We expect to report progress in coming years.

### GHG Emissions Scope 3

Orbia global assessment, using 2019 data



### For further information:

Following our first comprehensive Climate Risk Assessment that was prepared in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, we have also published a 2020 report covering the 11 disclosures. TCFD has become a prominent standard for climate disclosure, with more than 1,000 official supporters worldwide, including Orbia.



Please view our [TCFD-aligned disclosures on Orbia.com](https://www.orbia.com/tcf)

8. Pending submission to the Science Based Target initiative, and subsequent approval.

9. Corporate Value Chain (Scope 3) Accounting and Reporting Standard is published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).



## Climate change initiatives in 2020

During 2020, as can be seen from our energy and emissions performance, we continued to deliver on our commitment to improve our climate impacts.

Initiatives include:

- **Transition to renewable electricity:** We achieved a 61% increase in renewable electricity, primarily in our European plants, bringing our total purchased and generated renewable electricity to 5% of total electricity consumption. In 2020, we completed solar installations at our Dura-Line plants in Hyderabad (rooftop) and Neemrana (remote) in India. Further, we expanded our renewable electricity generation from solar arrays installed at three sites (Cartagena, Colombia; Fresno, U.S., and Hardenberg, Netherlands). Several new renewables projects are planned for 2021.

21

Orbia plants have incorporated renewable electricity since 2018.

- **Improving process energy efficiency:** Vestolit Mexico's Altamira resin plant reduced energy use and resulting GHG emissions by replacing cold water with a cooling tower water in reflux condensers. This change enabled a reduction of 24% in energy consumption and avoidance of approximately 19,000 tons CO<sub>2</sub>e per year.
- **Other efficiency initiatives:** Several sites have implemented energy saving initiatives such as replacing chillers with energy efficient models, motion sensors and waste heat recovery programs.

## Other Air Emissions

We continue to address sulfur oxides emissions in line with our target of 60% reduction by 2025. In 2020, we reached a 30% reduction against our 2018 baseline, following efforts at Matamoros, Mexico (Koura) to use a more efficient process catalyst, and at Henry, U.S. (Vestolit) with a move to a natural gas boiler from a coal-fired boiler during some months.

“Our collaboration with Wavin started in 2018 at their production plant in Hardenberg, the Netherlands. We were privileged to work with a very professional and motivated team, both from the Wavin production facility and the Group. So far we have been able to contribute to 1,500 MW of yearly solar power use by Wavin in the Netherlands.”

**Frans van Schoor**  
CEO, SolarAccess



## Circularity

**Our 2025 commitment of sending Zero Waste to Landfill<sup>10</sup> is an ambitious goal, but it is only one element of a more holistic approach to reducing the lifecycle impacts of our products.**

Our plans address reducing waste at source through design for sustainability principles, inclusion of recycled content in our products, recyclability of components, recycling programs and end-of-life take-back. By addressing all these dimensions of our product lifecycle, we advance a circular economy and improve the environmental impacts of our products overall. In 2020, we progressed several initiatives:

### Lifecycle analysis

Netafim progressed an inaugural lifecycle analysis of our irrigation systems in corn cultivation. We compared our drip irrigation system to the more traditional flood and sprinkler type irrigation systems in a corn farm in Turkey.

**The corn lifecycle analysis showed that drip releases at least 52% less carbon equivalent than flood and 38% less than sprinkler systems.**

Within our drip system, the use of fertilizers contributes 60-70% of the overall carbon impact in the use phase, far more than our drip irrigation equipment or other processes. An advantage of drip irrigation has always been its role in reducing fertilizer use, as drip lines offer controlled use of fertilizer only when needed. However, our lifecycle analysis now proves the need to focus even more efforts on systems that minimize fertilizer use while retaining all the benefits of drip irrigation – higher yields, water savings and lower carbon.

### Use of recycled content

We consider environmental criteria when selecting raw materials and for example, Wavin, Dura-Line and Netafim continue to target increased use of recycled raw materials in manufacturing of drip lines, pipes and conduits.

#### Wavin targets to increase recycled content in construction pipes and materials

from	to
<b>8%</b>	<b>25%</b>
in 2020	in 2025

#### Netafim targets to increase recycled content in drip lines for irrigation

from	to
<b>7.5%</b>	<b>45%</b>
in 2020	in 2030

10. Orbia adopts a definition of Zero Waste to Landfill which is 90% diversion of waste (including hazardous and non-hazardous waste).



## Recycling programs

We maintain a major recycling facility in California for customers of our Netafim irrigation systems in the region. We incentivize customers to return used drip lines, which we recycle to make new products. Following receipt of a \$2.01 million grant in 2019 from the California Department of Resources Recycling and Recovery, in 2020, we completed a major expansion of our recycling capacity, reaching an annual 12,000 tons per year. Netafim operates similar recycling operations in Israel and Australia and participates in a national takeback scheme in France. In 2021, Netafim plans to commission a new recycling plant in Mexico. Other Orbia operations maintain takeback programs for recycling, for example, Dura-Line's Reel Return program enables the return and recycling of conduit-carrying metal reels from customers in the U.S. In 2020, Dura-Line collected more than 97,000 used reels from customers (42%), enabling 19 million lbs. of metal reels to be recycled or repurposed.

## Refrigerant recovery

Our unique recovery facility in Japan continues to expand volumes of refrigerant recovery, to help reduce the global warming impact of older generation refrigerants.

Since 2018, we have increased recovered volumes by 70%, reaching 815 tons in 2020 which we estimate avoids around 1.5 million tons of CO<sub>2</sub> equivalent emissions per year.

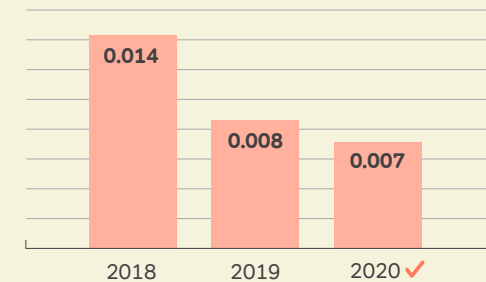
## Eliminating waste

All our sites are on a mission to reduce waste at source and divert unavoidable waste from landfill. Overall, waste generated on per ton basis has been consistently reducing, and our absolute volume of waste to landfill was 18% lower in 2020 than in 2018. Nonetheless, we must continue to drive solutions for waste diversion at all our sites.

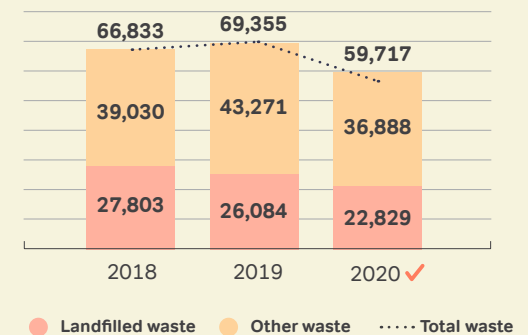
In 2020, we formed a cross-functional global Zero Waste to Landfill Working Group to help drive consistent progress towards this goal through standardization of methodologies across our Business Groups and share knowledge. Several sites improved their waste performance by switching waste management providers to those who offer reuse, recycling and composting alternatives or by optimizing other waste handling processes.

In 2020, Orbia plants reduced waste sent to landfill by **12%**

**Waste intensity**  
Tons/ton



**Total waste**  
Tons





## Water

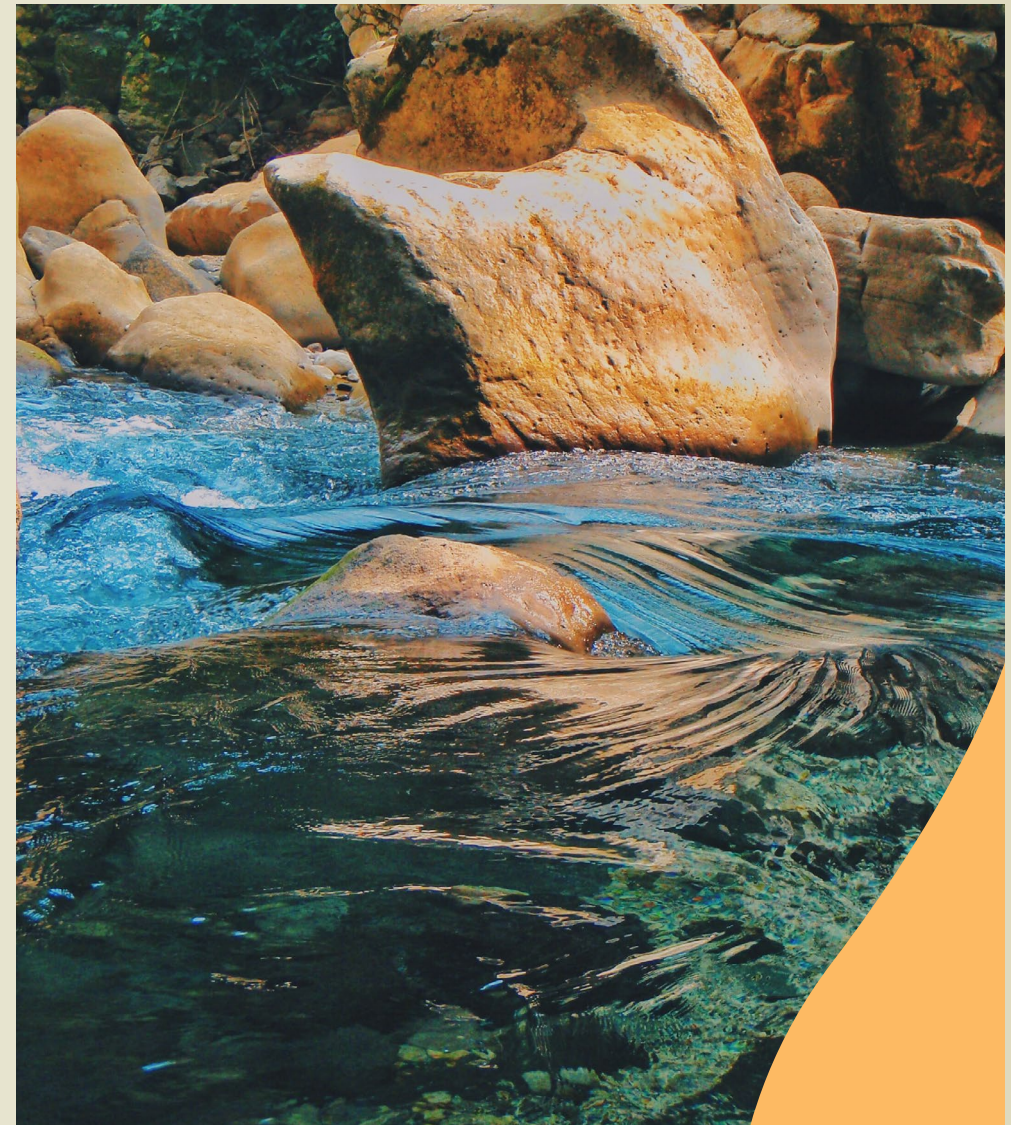
### We recognize the critical need to conserve water, particularly in areas of water stress.

Our manufacturing plants maintain water efficiency plans, and our extrusion plants (Wavin, Dura-Line and Netafim) maintain closed loop systems that minimize water withdrawal. In 2020, we improved our water performance both on an absolute basis and on a per ton basis.

Specifically, we monitor water use in areas of water stress. Based on our updated 2020 assessment using the World Resources Institute (WRI) Aqueduct Version 3.0 tool, 42 of our plants are in areas of high or extremely high water stress, representing 35% of our sites and 49% of our total water withdrawal.

Business Group	Number of sites in water-stressed areas	% of total sites* in water-stressed areas
Dura-Line	6	5%
Koura	5	4%
Netafim	13	11%
Vestolit/Alphagary	9	7.5%
Wavin	9	7.5%
<b>Total</b>	<b>42</b>	<b>35%</b>

\*Table includes only active sites.





## In 2020, a program of water risk assessments covering the full spectrum of watershed risks (physical, regulatory and community-related) was initiated.

We completed assessments for all five Vestolit resin plants in Mexico and Colombia (representing around 41% of Orbia's consumption and located in medium-high to high water stressed areas) and during 2021, we aim to use these results to establish context-based water targets for each of these sites. In the meantime, we have progressed water efficiency initiatives:

### Wastewater reuse

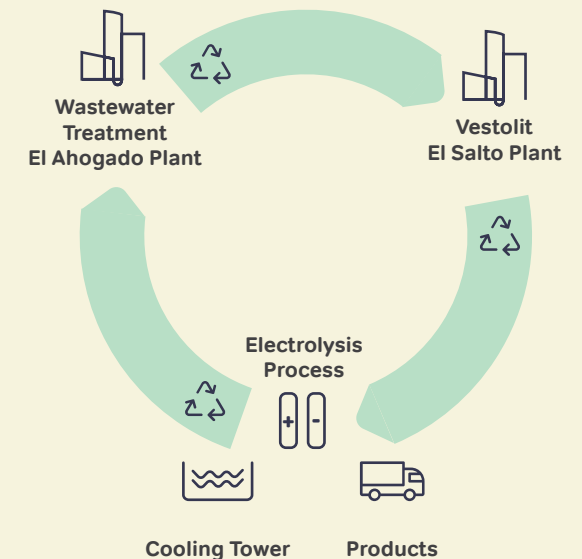
Our resin site in Cartagena, Colombia, an area of medium to high water stress, aimed to reduce its water impact by reusing wastewater that was typically discharged to the sea. To date, reuse of this water was not possible due to high conductivity, and with approximately 50% of processed water being discharged, this presented a significant opportunity. In 2020, we established a program for reuse of our wastewater by two neighboring companies. With a significant investment in a new pipeline to both plants (2.7 km in total), and securing of all the necessary government permits, we expect to be pumping water to these neighboring factories by the end of 2021. The benefits are numerous: local water stress is alleviated; local factories gain a sustainable water source for their production and an estimated population of 7,000 inhabitants benefit from water availability for household rather than industrial use.

### Wastewater Circularity

Our El Salto Plant near Guadalajara, in Mexico, an area of extremely high water stress, consumes more than 1,200 m<sup>3</sup> of water daily, mainly to produce chlorine. Our objective was to minimize withdrawal of valuable groundwater. To do this, we formed a partnership with the municipal water treatment plant to source treated water and return it for treatment after use in our production process.

Our investment involved construction of 6 km of water pipes between the two plants, additional pumps and engineering work. We expect that our closed-loop water cycle will be fully operational by end 2021, significantly relieving water stress in the region.

#### Wastewater Circularity Initiative at El Salto





## Biodiversity

**At our fluorspar mining operation in San Luis Potosi, Mexico, we continue efforts to protect biodiversity, including restoration of the natural habitats, relocation of species, reforestation and compensation for adverse effects based on the findings of environmental impact studies.**

We work closely with the National Forestry Commission of Mexico (CONAFOR) and provide shared funding for a program on payments for environmental services, for the conservation of around 2,000 hectares of Sierra de Alvarez, where common land rural owners (Ejido) from Santa Catarina will benefit from this private-public association. This includes support for a broad range of initiatives, including firewall protection, provision of cameras for monitoring of animal species and equipment for radio communication and forest firefighting and road maintenance.





# Supply Chain

Our responsible business practices do not start or stop at the gates of our factories; they apply across our entire value chain, and specifically, through engagement of our supply network and more than 29,000 suppliers who support our business around the world through the provision of raw materials, products, equipment and services. We expect our suppliers to operate to the highest of ethical standards and acknowledge their review and acceptance of [Orbia's Code of Ethics](#).

Across the Group in 2020, we began a program for supplier environmental assessment, monitoring and improvement. Our program adopts the EcoVadis framework, which evaluates suppliers across environment, labor, human rights, ethics and sustainable sourcing practices.

**“We have a purpose and we’re passionate about it. It is great to work with suppliers who share that passion!”**

**Peter Verkaaik**

Senior Director Procurement, Corporate Purchasing, Wavin

## Supplier engagement and assessment

We expect that our engagement with suppliers on environmental and social performance will:

- Minimize and help mitigate risks across Orbia's supply chain;
- Enable action to improve our supply chain impacts e.g. through targeted supplier selection and performance management;
- Increase transparency within our supply chain, which is of interest to key stakeholders, and;
- Add value to our suppliers (and the economies they operate in) as they can use the EcoVadis platform to support their own business development and sustainable growth.

Our implementation of this program adopts a risk-aligned, phased basis over three years, starting with Wavin in Europe and Dura-Line in 2020, covering suppliers that represent 80% of our total spend across these brand operations. We commenced our program with training for our procurement staff; in 2020, 36 buyers took the EcoVadis training and others will continue through 2021 and beyond.

**“We are bringing awareness and expectations to our supply base about Dura-Line’s sustainability initiatives by utilizing EcoVadis.”**

**Edward Wysmierski**

Global Procurement Director, Dura-Line

**In 2020, of the 300 suppliers invited to engage, about 55% agreed to complete the EcoVadis assessment with the remaining 45% still in process.**

During 2021, as we continue to expand the uptake of our supplier assessment program to our entire Group and will review risk mitigation measures needed to address gaps in supplier performance based on their initial assessment results.

Our objective is to work with suppliers in a collaborative and supportive way to deliver best outcomes for Orbia's business and for our suppliers.



# Helping Communities Thrive

At Orbia, we fulfill our purpose through our solutions for resilience that address the world's most pressing social and environmental challenges.

At the same time, we share a responsibility to contribute to improving the lives of the people in the communities where we do business. Our approach is based on helping alleviate urgent critical needs while contributing to strengthening communities through collaboration, partnership and the pursuit of longer term positive social impact.

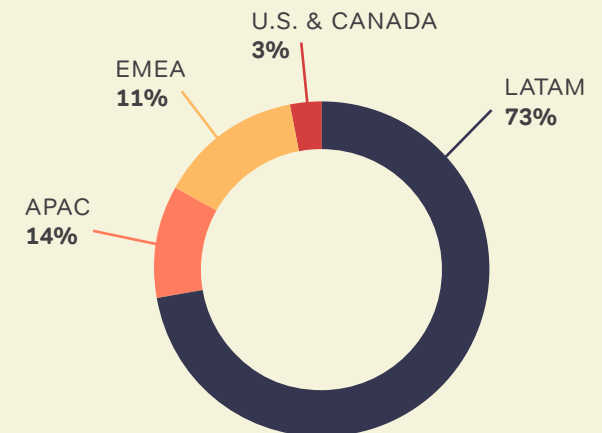
## Community engagement and investment during COVID-19

In 2020, we offered support by partnering with healthcare or humanitarian aid organizations to provide support where our resources and expertise could generate the optimum impact. Our response to the COVID-19 pandemic included engaging with partners such as UNICEF, CARE and Doctors without Borders as well as national and local health authorities. We provided financial support and in-kind donations to provide immediate solutions such as food, medicines, hygiene kits and face shields, as well as more permanent solutions such as handwashing stations, renovated infrastructure for access to water and construction of small hospitals. 2020 also witnessed an example of solidarity among Orbia colleagues. Employees around the world contributed to create the largest employee donation campaign in Orbia's history, supporting their most vulnerable colleagues and communities hardest hit by the pandemic in Latin America.

This donation was matched dollar-for-dollar by Orbia to achieve a total \$298,368 contribution. See the section [COVID-19 Response](#) for highlights.

In addition, the spirit of service of Orbia employees around the world was reflected in numerous initiatives to stay close to communities while maintaining physical distance in over 3,000 hours of volunteer time in 2020. This included online training sessions for plumbers, weekly phone calls to seniors, help with schoolwork for schoolchildren, delivering food and medical supplies and more.

## Community Investment by Region (2020)



## Community investment in 2020

Monetary donations

**\$873,162** (34%) ✓

In-kind giving

**\$1,522,070** (60%) ✓

Employee volunteering hours:

**>3,100 hours** ✓

Employee voluntary payroll deductions

**\$149,184** (6%)

**26 countries**  
with active community programs

Estimated impact:  
**>408,000 people**  
in our communities



## Details of our support for communities in 2020 included:

### Making handwashing accessible



We supported UNICEF's global response to the COVID-19 pandemic to expand efforts to keep children and their families safe from infection. Our donation of \$450,000 and \$55,000 in essential supplies, including water tanks and pipes manufactured by Orbia, helped address the urgent needs of nearly 300,000 people in schools, health centers, childcare facilities and other public venues. This was achieved through the installation of handwashing stations across Brazil, Colombia, Ecuador, Guatemala, India, Mexico, Peru and South Africa.



**Our support for UNICEF's campaign enabled almost 300,000 people to benefit from hygiene facilities through:**

**2,753**  
public handwashing  
station installations

**4,300**  
household handwashing  
station installations

**2**  
community water  
networks repaired

**3**  
health care facilities'  
water systems repaired

### Eco-healthcare units in Colombia



During the COVID-19 pandemic, Vestolit and partner companies transitioned the Tambo concept (a low-cost, low maintenance, modular, recycled PVC construction, with a rainwater harvesting system) to design outpatient and hospital centers to meet intermediate and intensive medical care needs for COVID-19 patients. The Tambo healthcare units are factory-made in less than four days and assembled where they are needed in just two days.



During 2020, the medical center of the District Health Department of Cartagena was fitted with a PVC module structure, allowing more than 30 patients to be treated simultaneously.



## Caring with CARE



In Europe and Latin America, we worked closely with the CARE organization and Doctors without Borders to distribute more than 130,000 Face Shields that we manufactured and donated to support communities in these regions.

“CARE is grateful to Orbia for the ingenuity and timely action during the pandemic to address an urgent and critical need by pivoting to making face shields. Thanks to Orbia’s generosity and partnership, CARE was able to distribute 32,000 face shields (12,000 in Peru and 20,000 in Ecuador) to vulnerable groups exposed to a high risk of contagion due to the type of work they do or where they live. Receiving face shields allowed individuals, such as, farm workers, domestic workers, and market vendors, to continue working, more safely, so they do not have to give up critical household income to protect their health. Access to face shields also helped high-risk populations, such as the elderly and people living with catastrophic illnesses, to carry out essential activities in safer conditions; for instance, going to medical centers or buying food.”

**Alexandra Moncada**

Country Director, CARE Ecuador



## Innovation for early COVID-19 detection



In the early days of the pandemic, Netafim partnered with Israeli startup NanoScent Labs, to develop and manufacture a coronavirus detection kit that uses scent sensors combined with a machine learning system. Netafim complements NanoScent’s technology with production components for the detection kit that offers a low-cost solution to detect COVID-19 in under 30 seconds. Following successful testing of the innovative COVID-19 detection kit in patient trials at a major Israeli hospital, and with more than a million tests conducted in early 2020, the kit is proving to be an effective solution for rapid mass screening that can help keep people safe from the coronavirus. See a video about the COVID-19 detection kit [here](#).



## Community Investment in a Range of Ways

Beyond our specific response to COVID-19, we continued to support several community programs, many of which have been part of our local contribution efforts for years.

### Advancing water security in Latin America



In 2020, Orbia continued its support to Agua Capital, Mexico City's Water Fund, through its board membership chaired by Juan Pablo del Valle, with the aim of promoting water security in the region. During the year, and with the support of key partners, the Water Fund:

- Installed handwashing stations and provided water supply in strategic areas of Mexico City to help face the COVID-19 pandemic, benefiting 775 people per day;
- Installed rainwater harvesting stations and handwashing facilities in schools, benefiting 850 students;
- Completed the first phases of the Water District project in Mexico City, which was selected to participate in World Water Week, and;
- Developed the first phase of a hydrogeological analysis of priority areas for infiltration and recharge of aquifers in the Metropolitan Area of Mexico City, with the support of the Inter-American Development Bank and the Latin American Alliance of Water Funds.

Since 2012, Orbia has partnered with the Latin American Water Funds Partnership, contributing funding, resources and expertise, amounting to an investment of more than \$469,000 to date.

## Water, sanitation and hygiene (WASH) programs



Given our expertise and focus on improving water conservation and sanitation infrastructure through our different brands, we leverage our expertise through a contribution to WASH initiatives:



- We maintain our Pavco Wavin Professional Plumber Program in Colombia which, since 2009, has been certifying plumbing professionals, following a 60-hour education program across all technical skills. To date, more than 7,000 plumbers have obtained certification in 13 different cities throughout the country. In 2020, the program received the [Xposable-Colsubsidio Award](#), recognizing the contribution of the Pavco Wavin program in raising the level of professional plumbing in the country. See our award video (in Spanish) [here](#).
- In Peru, Pavco Wavin embraced another initiative, to support access to clean drinking water for 90 families in a rural area of the Cajamarca province in Peru. Due to poor infrastructure, residents had limited supply of clean water. Pavco Wavin joined with the Government of Cajamarca Municipality, the NGO Agualimpia and the International Development Bank to support the creation of a new water system and train the local workforce in water management and sanitation skills.
- Water is a critical resource for agriculture and our expertise in drip irrigation through Netafim has for years been helping farmers around the world improve their yields and livelihoods. In 2020, despite the challenges of COVID-19, Netafim maintained its Nutrition Gardens initiative, through donation of irrigation systems and training for vegetable gardens in local communities. 30 new vegetable gardens and green walls were established in Turkey, Israel, Brazil and Mexico, providing fresh produce to nourish 200 families. Training in productive gardening was provided for 5,000 children.



## Resilient Cities and Housing



At Orbia, we believe that everyone should be able to live with dignity in a place they can call home. In 2020, we continued our efforts to make this reality for many.

- We maintained our partnership with Moradigna, a family-owned social enterprise whose mission is to transform lives in the São Paulo (Brazil) favelas by offering an all-inclusive renovation package that meets decent living standards and building and sanitation regulations. In 2020, two training sessions (including one specifically for women) were held for Moradigna's plumbers and fitters, with the help of Wavin employees. Overall, in 2020, Moradigna renovated 143 homes in low socio-economic communities in São Paulo, benefiting 576 people, bringing the total number of beneficiaries to date to more than 2,500 people.
- In November 2020, Hurricane Iota strongly impacted Cartagena, Colombia, leaving countless low-income families affected and homeless. In response, Vestolit, with its production plant in Cartagena, engaged partners Pavco Wavin, Azembla, the TRASO Foundation and Spradling Group to form the TAMBO Alliance, and provide emergency relief. Three PVC homes were provided to local families by the TAMBO Alliance.

## Attracting Youth to STEM



Orbia has been a long-time promoter of scientific, technological, engineering, mathematical (STEM) education, believing that fostering STEM skills, particularly in the youth, is essential to achieve our purpose and promote more equitable societies.

In particular, we aspire to attract more young women to technical professions and help open up opportunities for them to advance. In 2020, we were proud to award the annual Koura Alasdair Sinclair Scholarship, named in honor of a long-serving senior engineer at Koura in the UK, to student Melissa Pace, studying Mechanical Engineering at the University of Manchester. Melissa was granted a scholarship worth £2,250 per academic year and the chance to undertake a work placement at Koura's Cheshire plant to gain hands-on experience. Meet Melissa in [this video](#). In Germany, Vestolit's team in Marl partnered to host the regional round of the annual German Youth Research ([Jugend Forscht](#)) Competition that helps empower next-generation STEM innovators to explore ideas and projects that will change the world. Our Vestolit team worked with over 100 young innovators who presented more than 50 STEM projects, creating both a cadre of technical leaders and a host of ideas that are likely to improve the quality of life for many.

## Trees for Decarbonization



With its core deeply rooted in agriculture, Netafim promotes tree planting in several ways and advanced a tree planting program in marginal areas in cities, to improve the quality of urban life and help mitigate climate change. Netafim engaged with more than 80 municipalities in Israel and planted almost 2,000 trees by the end of 2020.