

# Corporate Governance Guidelines

## ORBIA ADVANCE CORPORATION S.A.B. DE C.V.

### CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “Board”) of Orbia Advance Corporation S.A.B. de C.V. (the “Company”) has adopted the following Corporate Governance Guidelines (the “Guidelines”) to assist the Board in the exercise of its responsibilities and to serve the interests of the Company and its stockholders. These Guidelines should be interpreted in the context of all applicable laws and the Company’s articles of incorporation, bylaws and other corporate governance documents. These Guidelines acknowledge the leadership exercised by the Board’s standing committees and their chairs and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. The Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate and in the best interests of the Company and its stockholders or as required by applicable laws and regulations.

#### **I. THE BOARD**

##### **A. Director Qualification Standards and Additional Selection Criteria**

The Corporate Practices Committee, in recommending director candidates, and the Board, in nominating director candidates, will evaluate candidates in accordance with the qualification standards set forth in Attachment A to these Corporate Governance Guidelines. In addition, the Corporate Practices Committee and the Board may also consider the additional selection criteria listed in Attachment A.

##### **B. Director Orientation and Continuing Education**

Management will provide an orientation process for new directors, including background material on the Company and its business. As appropriate, management will provide opportunities for additional educational sessions for directors on matters relevant to the Company and its business.

##### **C. Service on Other Boards**

The Board does not believe that its members should be prohibited from serving on boards of other organizations and has not adopted any specific limits on such activities. However, the Corporate Practices Committee may take into account the nature of and time involved in a director’s service on other boards and/or committees in evaluating the suitability of individual director candidates and current directors. Prior to accepting any position on the board of directors of any organization, whether for-profit or not-for-profit, current directors should notify the Chairman of the Board and the Chairman of the Corporate Practices Committee. The Corporate Practices Committee shall review the proposed board membership to ensure compliance with applicable laws and policies.

Service on other boards and/or committees should be consistent with the Company’s conflict of interest policies.



D. Directors Who Resign or Materially Change Their Current Positions With Their Own Company or Become Aware of Circumstances that May Adversely Reflect upon the Director or the Company

When a director, including any director who is currently an officer or employee of the Company, resigns or materially changes his or her position with his or her employer or becomes aware of circumstances that may adversely reflect upon the director or the Company, such director should notify the Corporate Practices Committee of such circumstances. The Corporate Practices Committee will consider the circumstances, and may in certain cases recommend that the Board request that the director submit his or her resignation from the Board if, for example, continuing service on the Board by the individual is not consistent with the criteria deemed necessary for continuing service on the Board.

E. Director Age of Retirement

The Board believes there is value in Board refreshment and turnover and that it is optimal for a Board to have directors with varied tenure, so that the mix of directors yields a Board that is as strong as possible from year to year. Accordingly, the Corporate Practices Committee shall determine whether to re-nominate each sitting director using the same criteria it would use to assess an outside candidate each year. For example, when considering whether to recommend that the Board re-nominate a sitting director, the Corporate Practices Committee would consider (i) whether the number of other boards on which he or she serves, or his or her age or health, impact the energy and time needed for active participation on the Board; (ii) whether his or her experience in a key area has become stale or is no longer relevant given the anticipated future work of the Board; and (iii) whether the length and nature of his or her work on the Board has diminished his or her independence.

As a result, the Board has determined that it will not re-nominate any director for election to an additional term of service on the Board who is (or who would be, as of the commencement of such additional term) over the age of 75. Notwithstanding the foregoing, because each director is periodically subject to election by stockholders, the Board does not believe it is in the best interests of the Company to establish term limits at this time. Additionally, such term limits may cause the Company to lose the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company's business and therefore can provide an increasingly significant contribution to the Board.

F. Director Responsibilities

The business and affairs of the Company will be managed by or under the direction of the Board, including through one or more of its committees. Each director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. These include:

- exercising their business judgment in good faith;
- acting in what they reasonably believe to be the best interest of all stockholders;
- becoming and remaining well-informed about the Company's business and operations and general business and economic trends affecting the Company; and
- ensuring that the business of the Company is conducted so as to further the long-term interests of its stockholders.

## G. Compensation

The Board believes that director compensation should fairly pay directors for work required in a business of the Company's size and scope, and that compensation should align directors' interests with the long-term interests of stockholders. The Corporate Practices Committee will review and make recommendations to the Board regarding the cash and equity compensation of directors. The Company's executive officers do not receive additional compensation for their service as directors.

## H. Stock Ownership

The Company encourages directors to own shares of the Company's stock and requires that all non-employee directors must hold an equity interest (including unvested awards) in the Company with a value equal to at least three times their annual cash compensation for service as a director within the later of five years following 2020 or their initial appointment to the board of directors.

## I. Board Access to Senior Management

The Board will have complete access to Company management in order to ensure that directors can ask any questions and receive all information necessary to perform their duties. Directors should exercise judgment to ensure that their contact with management does not distract managers from their jobs or disturb the business operations of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Chairman of the Board, or if neither is available or neither is appropriate, directly by the director. To the extent appropriate, such contact, if in writing, should be copied to the Chief Executive Officer of the Company.

## J. Board Access to Independent Advisors

The Board committees may hire independent advisors. The Board as a whole shall have access to any independent advisor retained by the Company, and the Board may hire any independent advisor it considers necessary to discharge its responsibilities.

## K. Self-Evaluation

The Corporate Practices Committee will oversee an annual assessment of the Board and its committees.

## II. **BOARD MEETINGS**

### A. Frequency of Meetings

The Board will meet in person at least four (4) times annually. In addition, special meetings may be called from time to time as determined by the needs of the business. It is the responsibility of the directors to attend meetings.

## B. Director Attendance

A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. Accordingly, a director is expected to regularly prepare for and attend meetings of the Board and all committees on which the director sits, with the understanding that, on occasion, a director may be unable to attend a meeting. A director who is unable to attend a meeting of the Board or a committee of the Board is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting, and, whenever possible, participate in such meeting via teleconference in the case of an in-person meeting.

## C. Attendance of Non-Directors

The Board encourages the Chairman of the Board or of any committee to invite Company management and outside advisors or consultants from time to time to participate in Board and/or committee meetings to (i) provide insight into items being discussed by the Board which involve the manager, advisor or consultant, (ii) make presentations to the Board on matters which involve the manager, advisor or consultant, and (iii) bring managers with high potential into contact with the Board. Attendance of non-directors at Board meetings is at the discretion of the Board.

## D. Advance Receipt of Meeting Materials

Information regarding the topics to be considered at a meeting is essential to the Board's understanding of the business and the preparation of the directors for a productive meeting. To the extent feasible, the meeting agenda and any written materials relating to each Board meeting will be distributed to the directors sufficiently in advance of each meeting to allow for meaningful review of such agenda and materials by the directors. Directors are expected to have reviewed and be prepared to discuss all materials distributed in advance of any meeting.

## III. COMMITTEE MATTERS

The Board currently has three (3) standing committees: (i) the Audit Committee, (ii) the Corporate Practices Committee and (iii) the Finance Committee. Each committee will perform its duties as assigned by the Board in compliance with the Company's bylaws and the committee's charter. It is the responsibility of the directors to attend the meetings of the committees on which they serve.

## IV. SUCCESSION PLANNING

The Board (or a committee delegated by the Board) will (i) work on a periodic basis with the Chief Executive Officer to evaluate the Company's succession plans upon the Chief Executive Officer's retirement and in the event of an unexpected occurrence, and (ii) periodically review the performance of the Chief Executive Officer.

## V. CODE OF ETHICS

The Board expects directors to act ethically at all times and to adhere to the Company's Code of Ethics and other applicable policies. A waiver of the Code of Conduct for directors and executive officers will only be granted by the Board under extraordinary circumstances.

## VI. CONFLICTS OF INTEREST

Directors shall avoid any situation that may give rise to a conflict of interest or the appearance of a conflict of interest. If an actual or potential conflict of interest arises, the director

shall promptly inform the Company's General Counsel and the chairman of the Corporate Practices Committee and shall recuse himself or herself from any Board deliberations or decisions related to the matter that is the subject of the conflict of interest. The Company's General Counsel and the chairman of the Corporate Practices Committee shall further discuss the potential conflict of interest with the Chairman of the Board and the CEO as necessary. The Corporate Practices Committee shall promulgate and periodically review a policy governing related- person transactions and shall consider whether a proposed transaction is conflicted in accordance with such policy.

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## **Attachment A**

### **Director Qualification Standards and Additional Selection Criteria**

Director Qualification Standards:

The Corporate Practices Committee, in recommending director candidates for election to the Board, and the Board, in nominating director candidates, will consider candidates who have a high level of personal and professional integrity, strong ethics and values and the ability to make mature business judgments.

*Additional Selection Criteria:*

In evaluating director candidates, the Corporate Practices Committee and the Board may also consider the following criteria as well as any other factor that they deem to be relevant:

- A. The candidate's experience in corporate management, such as serving as an officer or former officer of a publicly held company;
- B. The candidate's experience as a board member of another publicly held company;
- C. The candidate's professional and academic experience relevant to the Company's industry;
- D. The strength of the candidate's leadership skills;
- E. The candidate's experience in finance and accounting and / or executive compensation practices; and
- F. Whether the candidate has the time required for preparation, participation and attendance at Board meetings and committee meetings, if applicable.

In addition, the Board will consider whether there are potential conflicts of interest with the candidate's other personal and professional pursuits.

The Board should monitor the mix of specific experience, qualifications and skills of its directors in order to assure that the Board, as a whole, has the necessary tools to perform its oversight function effectively in light of the Company's business and structure.

Board appointments will consider the human quality, drive, skills, experience, independence, and knowledge which the Board as a whole requires to be effective. Orbia also recognizes that diversity among the members of its Board of Directors, reflecting differences in perspectives, skills, international, and industry experience, background, ethnicity, gender and other attributes, improves decision-making and governance.

Accordingly, the value of and need for diversity will be considered in determining the optimum composition of the Board.