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## INTRODUCTION

### Dear reader,

Braskem's 2010 Annual and Sustainability Report presents the progress of its business strategy aligned with the establishment of a sustainable development model. The chapters of this report will feature details related to the progress made by management, successful transactions, new product launches, key indicators, and the lessons contributing to Braskem's continuous evolution.

This report was prepared in accordance with the guidelines established by the Global Reporting Initiative (GRI), an organization headquartered in Amsterdam, the Netherlands, which includes representatives from the government, companies and civic entities. The quality standards set forth by this model are: balance, comparability, accuracy, timeliness, clarity and reliability. In addition, the contents of this report were also defined in accordance with the GRI guidelines (see the chapter About the Report for a better understanding).

The biggest news related to this 2010 report is the adoption of a multiplatform approach, wherein the contents are presented through a variety of media. The full version of the report is available at Braskem's

website, including its text, charts, pictures and videos (cases), while the printed version presents a summary of the year's highlights and the Company's key messages.

Enjoy your reading!

### QUESTIONS, SUGGESTIONS OR COMMENTS

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The Braskem's website ([www.braskem.com.br](http://www.braskem.com.br)) includes a satisfaction survey for the **2010 Annual and Sustainability Report**. The result of this survey will be used to guide the preparation of the 2011 report.

# INTRODUCTION

## 2020 VISION

In 2010, Braskem redefined its long-term vision, formalizing the incorporation of sustainable development principles into its strategy. The Company has established the following goals to be achieved in Brazil and abroad by the end of the decade:

**To become the global leader in sustainable Chemistry+, innovating to better serve people.**

To achieve this vision, Braskem has defined three main pillars grounded in sustainability:

- make its operations and resources increasingly sustainable;

- strengthen its product portfolio to make it increasingly sustainable by increasing the share of products made from renewable raw materials, for example;
- develop even more useful resins, through research and innovation, as well as new applications of plastics that contribute to a higher quality of life and sustainability.

For a better understanding of the 2020 Vision and its relationship with Braskem's growth strategy, please refer to the chapter Business and Sustainable Development.

# GROWTH AND ENTREPRENEURSHIP

Braskem began 2010 as the leading petrochemical company in Brazil, and ended the year as the leading petrochemical company in the Americas and in the global production of biopolymers, which are resins from renewable and/or biodegradable raw materials, replacing crude oil derivatives. In the first half of 2010, following the acquisition of Quattor Participações S.A. ("Quattor") in Brazil and the polypropylene assets of Sunoco Chemicals in the United States, the Company reached a scale of production and a level of competitiveness that enabled it to meet the domestic demand and assume a prominent position in the

global market. In September, through a pioneering initiative, Braskem launched the largest biopolymer operation in the world, with capacity to produce 200,000 tons of sugarcane ethanol-derived plastic per year, instead of using crude oil derivatives. With this initiative, the Company has positioned itself at the forefront of the global chemical industry, with innumerable opportunities for the development of products and applications that improve people's lives and are friendlier to the environment.

All these achievements are in line with Braskem's commitment to continuously improving its service to Clients and

## A MESSAGE FROM MANAGEMENT

strengthening the petrochemical and plastics production chains in Brazil and in the countries where the Company operates, in addition to contributing to the well-being of society as whole.

Braskem benefited from Brazil's favorable economic scenario and global chemistry market. The Brazilian economy grew at one of its highest rates ever, with Brazil's GDP growth reaching 7.5% in 2010, according to the Brazilian Institute of Geography and Statistics (IBGE). This growth resulted in an increase in income, consumption and industrial activity, which in turn drove up the domestic demand for thermoplastic

resins by 15% in relation the previous year. In the international market, higher chemical product prices also contributed to the Company's good results.

We successfully integrated the teams and professionals of the acquired companies. The units of Quattor and Braskem America – the name given to the polypropylene assets of Sunoco Chemicals – became more efficient, which can be seen in the results at the end of the year: at Quattor, we were able to nearly double the EBITDA in comparison to 2009, reaching R\$984 million; our U.S. operations in turn registered an EBITDA of US\$114 million, a 73% increase year on year. The expectation for 2011 is that, with Braskem management in place for an entire year, these operations will be further enhanced.

With reference to the acquisition of Quattor, which represented a new stage in the consolidation of the Brazilian petrochemical industry, the operation was fully and unanimously approved by the Brazilian Anti-Trust Commission (CADE) on February 23, 2011 in a decision that confirms the global nature of the relevant market for the sector, in terms of competition. In 2010, more than 200 members were involved in identifying and shaping opportunities for synergy on four fronts: industrial, logistics, supplies and finance. In 2010, these synergies reached the EBITDA in the amount of R\$170 million, annual and recurring. For 2011, a variety of steps were taken to capture an additional R\$207 million, totaling R\$377 million, on an annual and recurring basis.

To operate on the global market in a more efficient and coordinated manner, in the beginning of 2011 Braskem brought together operations management and new project development outside of Brazil under the International Business Unit. Prime

among them, as mentioned above, was the creation of Braskem America, which added 950,000 annual tons to the polypropylene production capacity, in addition to being located in the United States, one of the world's largest consumer markets. Through this transaction, Braskem became the third largest global polypropylene producer, with capacity to produce 3 million tons per year.

Another highlight in the international market was the joint venture between Braskem and the Mexican group Idesa, through which we will participate in the Ethylene XXI project, with investments estimated at US\$2.5 billion for the production of 1 million tons of polyethylene, from an equal volume of ethylene, which is obtained from natural gas. Located in the state of Veracruz, the new project is scheduled to start operating in the beginning of 2015. In addition to supplying the Mexican market, it will play an important role in Braskem's strategy to grow in North America.

Braskem has also strengthened its international presence by opening new offices in Singapore and Colombia. Other projects are under way in the international market: a petrochemical complex in Peru and two projects undergoing feasibility studies in Venezuela. These initiatives are in line with the Company's strategy to consolidate its leadership in the South and North America, while diversifying its raw material matrix with a higher share of natural gas derivatives.

Taking into account its operations in Brazil, Mexico and the United States, Braskem invested a total of R\$1.8 billion in 2010, excluding acquisitions, twice as much as last year. A substantial portion of these investments were in modernizing assets and expanding capacity, which includes not only the inauguration of the green ethylene unit, but also the

start of construction on a new PVC plant in Marechal Deodoro (Alagoas), which will require a total investment of R\$900 million and will have a capacity of 200,000 tons/year, with operations scheduled to begin in 2012. The strategy is to strengthen the Company's presence in the PVC segment, keeping in pace with the growth of the domestic demand, which is currently being met, in part, through imports. Braskem also made progress in its analyses carried out in conjunction with Petrobras to participate in the Rio de Janeiro Petrochemical Complex (COMPERJ) project, where it is responsible for the petrochemical division.

All these investments will allow Braskem to continue to grow in the coming years, in line with the principle of financial discipline and supporting the Company's cash generation capacity, once again evident in 2010. We ended the year with R\$34.7 billion in revenue<sup>1</sup> and a net revenue of R\$27.8 billion, increases of 22% and 23%, respectively, in relation to 2009. The Company's consolidated EBITDA increased by 27%, reaching R\$4.1 billion. The net debt at the end of the fiscal year was R\$9.8 billion, down 14% from December 2009. The financial leverage, as measured by the ratio of net debt to EBITDA, which was 3.59x in 2009, ended the year at 2.43x, due to the drop in net debt for the year and the higher operating income, measured by the EBITDA.

The stock market recognized Braskem's performance and potential for creating value, as well as the sector's growth projections for the coming years. The Company's Class "A" preferred stock, traded on the São Paulo Stock Exchange (BM&FBovespa) under the ticker BRKM5, experienced some of the highest increases on the Ibovespa and ended the year with an appreciation of 45%. Partly due to the appreciation of the Brazilian real against the U.S. dollar,

<sup>1</sup> The amounts are presented on a pro-forma basis, as if the acquisition of Quattor and the polypropylene assets from Sunoco Chemicals (now Braskem America) had taken place on January 1, 2010.

Braskem's (BAK) American Depositary Receipts (ADRs) traded on the New York Stock Exchange rose by 53%, while the Class „A“ preferred stocks traded on the Labitex (XBRK) rose by 61% in the period.

### New vision

“To become the global leader in sustainable Chemistry, innovating to better serve people” is Braskem's 2020 Vision. It means producing more while consuming less natural resources, dreaming the dreams of our Clients and strategic stakeholders in order to identify and meet their needs, and increasingly investing in research and innovation in order to introduce more products and applications featuring increased efficiency and lower environmental impact.

Since its creation in 2002, Braskem has taken steps to increase the efficiency of its operations. Using eco-indicators, we track the Company's progress in terms of its internal management, in order to reduce the consumption of natural resources and the generation of waste and emissions. In 2010, despite having taken on units whose practices differ from ours, we were able to improve the eco-indicators in comparison with the results from 2009, especially with the 4% reduction of greenhouse gas (GHG) emissions and the 6% reduction in energy consumption. Water consumption proved to be the exception.

Our occupational safety and health indicators also showed improvements in 2010, except in terms of the severity rate+, which had a significant increase, causing us to redouble our focus on that aspect, simply because it has a direct impact on the safety and well-being of our Members.

We believe that the expertise of our teams will allow us to continually achieve better results. In line with

this belief, in 2010 Braskem invested R\$8.2 million in training, including the Introduction to Odebrecht Enterprise Technology (TEO) program. The program trained more than 170 Quattor and Braskem America Members, in addition to professionals hired in 2010, through a total of 6,000 hours of activities.

Our human capital is also a fundamental part of Braskem's aim of becoming one of the most innovative companies in Brazil. To achieve this objective, the Company began to increase investments in attracting and training scientists, as well as in partnerships with research institutes. In 2010, our Innovation and Technology team grew from 190 to 240 researchers, and we established a partnership with the National Bioscience Laboratory (LNBio) to install a new biopolymer research unit in Campinas (São Paulo), in addition to our partnerships with other institutions such as the University of Campinas (UNICAMP), the São Paulo State Research Support Foundation (FAPESP) and the Petrobras Research Center (CENPES).

Plastic resins have traditionally had beneficial applications, from a social standpoint, by attending to people's everyday needs, as well as from an environmental standpoint, by substituting products that are heavier or whose production processes require high water and energy consumption. In 2010, Braskem carried out some product launches that are examples of advantageous substitution: polypropylene paint buckets reduce the weight of the product, allow for better use of the paint, do not rust or bend, and are easy to reuse; polyethylene silo bags reduce storage costs and the loss of grains, fertilizers, silage for livestock feed, as well as other products and by-products from the agro-industrial chain.

The segment of biopolymers, of which Braskem became the world leader in 2010, also stands out in the innovation criterion, since biopolymers are thermoplastic resins from renewable raw materials that offer many benefits, including environmental ones, given that biomass captures CO<sub>2</sub> during the photosynthesis process. Carbon is subsequently sequestered in the plastics produced by the industry, which also contributes to a reduction in greenhouse gas emissions, responsible for the global warming.

In September, an ethanol-derived ethylene plant was inaugurated at the Triunfo Petrochemical Complex, in Rio Grande do Sul, which absorbed investments of approximately R\$500 million, with an annual production capacity of 200,000 tons of green polyethylene (PE). We opted for sugarcane because of its productive efficiency and because Brazil's ethanol industry is already well-developed. At the end of the year, we announced our decision to build a new plant to produce green propylene from sugarcane. The plant's location is still undetermined.

All Braskem's investments and achievements will benefit our Clients in Brazil and the other countries in which we operate. In Brazil, given our leadership position, we understand the responsibility that we have in developing the sector's productive chain, which justifies our emphasis on innovation and partnerships with Clients and Suppliers. We want to foster the emergence of new solutions, which help other Brazilian companies compete at the global level and contribute towards positioning the country as an exponent of the new “green economy” that is currently flourishing (read more about this concept in the chapter Business and Sustainable Development).

Another 2010 highlight was the Company's investments in social and environmental projects, which totaled R\$16.3 million<sup>2</sup>, aimed at simultaneously promoting economic growth, environmental protection and inclusion in society. Among the most important initiatives are the Parque da Amizade, in Paulínia (São Paulo), which is a public use and environmental education space for residents, as well as recycling incentive initiatives. Currently, Braskem is investing in the development of a recycling program in municipalities located in São Paulo, Rio de Janeiro, Rio Grande do Sul, Alagoas and Bahia, promoting the distribution of income and social inclusion.

These and other initiatives are part of the Braskem strategy for conducting its business in a socially and environmentally responsible manner, in line with each of its commitments publicly made, including the UN's Global Compact, to which the Company has been a signatory since 2007.

#### **Outlook**

Braskem will maintain its long-term strategy based on three main pillars: meeting the domestic demand for plastics, which tends to continue to grow, with increasing competitiveness; to reaffirm its leadership position in the Americas through international projects; and to increase the production of biopolymers by developing new production processes. Based on these pillars, our top priority is to find new opportunities to continue generating value for our shareholders and society as a whole.

According to the latest International Monetary Fund's projection, published last April, the global GDP will grow by 4.4% in 2011. It is our belief that the recovery of U.S. economy and continuous growth of emerging countries will play an essential role in the materialization of this global GDP projection, which is mainly jeopardized by the possible slowdown of the Chinese economy, the worsening of the issues associated with the sovereign debt in the Euro Zone, as well as of the social tensions in the Arab world. We are operating under the assumption that Brazil will grow approximately 4.5% in 2011, above the 4% rate disclosed in April by Brazil's Central Bank, which should reflect in a 10% increase in the demand for thermoplastic resins. In this context, Brazil needs to stimulate domestic industrial competitiveness, removing the constraints imposed by the tax policy, the bottlenecks caused by logistics and infrastructure, and other aggravating factors such as the overvalued exchange rate, as well as investing more and more effectively in the training of skilled professionals.

Braskem's priorities in 2011 are: 1) strengthening and increasing the competitiveness of the petrochemical and plastics chain, especially through partnerships with Clients and research institutes; 2) maintaining investments in new capacities and expanding the current ones, as well as in the modernization and reliability of industrial assets to keep pace with the market's growth. We plan to invest R\$1.6 billion in 2011.

We would like to thank our Clients for trusting in Braskem, since this partnership is what moves us to continuously strive for excellence. We also would like to extend our gratitude to our Shareholders, especially Odebrecht and Petrobras, for their boundless support to strategic projects that have strengthened the Company. And finally, we would like to thank our Suppliers and Members for their dedication and competence, which are paramount in achieving our results.

**Carlos Fadigas**  
*CEO of Braskem*

<sup>2</sup> The amounts are presented on a pro-forma basis, as if the acquisition of Quattor had taken place on January 1, 2010, and they do not include Braskem America.

# A NEW MILESTONE IN PETROCHEMICALS

The creation of Braskem, in 2002, was the milestone that consolidated the presence of Odebrecht in the petrochemical sector, where it has operated since 1979. In almost 10 years of operations, Braskem has played an essential role in the Brazilian and Latin American petrochemical company and has contributed for Odebrecht to become a global organization, composed of knowledgeable people, committed to sustainable development, and a leader in the segments and countries in which it operates.

In 2010, among other initiatives, Braskem acquired Quattor, the resins sector of the American company Sunoco Chemicals, and inaugurated its first green ethylene plant in the Triunfo Complex (Rio Grande do Sul).

Since the Organization's creation, sustainable development, which is increasingly important in all aspects of life, has been a part of the Odebrecht Entrepreneurial Technology, having continuously improved over the years. Today, guided by our Sustainability Policy, our teams strive to master business practices and competences, aiming to contribute to the sustainability of the countries and regions in which they operate.

- **Economic:** through the generation of results for Clients, Shareholders, Members and the communities in which we operate;
- **Social:** through the creation of opportunities related to education, work and income generation for employees, partners and the populations of the communities in which we operate;

- **Environmental:** through the development of more sustainable products and services, saving natural resources, using clean technology and renewable resources, preserving biodiversity, recycling waste and controlling GHG emissions;
- **Political:** through the active cooperation with governments and representatives from society in the establishment of participative public policies and other initiatives promoting sustainable development.
- **Cultural:** through respect for ethnic and cultural diversity and support to artistic initiatives and the preservation of cultural heritage.

In order to act in a more efficient and coordinated manner on the global market, at the beginning of 2011 Braskem brought together the management of its operations and the development of new projects outside of Brazil under the International Business Unit. Prime among them, as mentioned above, was the creation of Braskem America, which added 950,000 tons to the annual polypropylene production capacity, in addition to offering a strategic location in the United States, one of the world's largest consumer markets. Through this operation, Braskem became the world's third largest polypropylene producer, with capacity to produce 3 million tons per year.

Another highlight in the international market was the joint venture

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between Braskem and the Mexican group Idesa, through which we will participate in the Ethylene XXI project, with investments estimated at US\$2.5 billion for the production of 1 million tons of polyethylene, from an equal volume of ethylene, which is obtained from natural gas. Located in the state of Veracruz, the new project is scheduled to start operating in the beginning of 2015. In addition to supplying the Mexican market, it will play an important role in Braskem's strategy to grow in North America.

As the largest petrochemical company in Brazil, Braskem's permanent challenge is to increase the sustainability of its operations and resources, as well as the portfolio of products and solutions that, together with its Clients, it offers to society.

With relationships guided by the satisfaction of its Clients, Shareholders and all other stakeholders, Braskem strives to improve the qualifications of its Members and Suppliers, as well as to strengthen its partnerships with Clients to develop integrated and innovative solutions that can add value to each of the links in the productive chain, and to promote sustainable development.

**Marcelo Odebrecht**  
*Chairman of Braskem's  
Board of Directors*

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## PROFILE

With its capability of producing 15 million tons of chemicals a year, Braskem is active in five Brazilian states and the U.S.

Braskem is the largest producer of thermoplastic resins in the Americas, with a focus on polyethylene, polypropylene and PVC, and the eighth largest petrochemical company in the world (see the ranking in the chapter *Financial and Economic Dimensions*). Its current standing came about through the acquisition of its primary competitor in Brazil, Quattor, as well as of the polypropylene assets of Sunoco Chemicals in the United States, currently Braskem America, both of which in 2010. Today the company has units across five states in the South, Southeast and Northeast regions of Brazil, and three states in the United States, where one of the three units of its Technology and Innovation Center is also located.

With capacity to produce more than 15 million tons per year of chemical products, Braskem has clients in more than 60 countries across five continents, supplying products that, after being processed, are transformed into goods daily used by individuals from a wide range of cultures and backgrounds. Automobiles, household utensils, cleaning and personal hygiene products, flexible packaging (shaped in accordance with the packaged product), home appliances, and even buildings are examples of products made with thermoplastic resins.

At the end of 2010, a group of 6,750 Members (which is how we refer to our employees) made up the workforce directly connected

to Braskem, including researchers, managers, engineers and other professionals who, in partnership with advanced research centers of the academy, government agencies, and client companies, develop solutions to improve people's lives. These efforts resulted in many achievements, including the operational start-up of the first plant producing ethylene made from sugarcane ethanol for the production of green polyethylene (PE) in 2010. The product shows the innovation capacity of the Company and its chemical industry partners, and its commitment to sustainable development (see table in this chapter).

Braskem's current size and leadership position have allowed it to reinforce its international presence in 2010 through the opening of offices in Colombia and Singapore and the implementation of the Ethylene XXI project in Mexico (see tables in this chapter), and decide to make new investments in the development of its technological competence, as the Company intends to double its research and development (R&D) efforts by 2016. To strengthen its productive chain in Brazil, Braskem provides technical, logistics, legal and financial support to its Clients, in addition to adopting a business policy that encourages exports.

Braskem continuously invests to make its operations more efficient, posting a significant improvement in its eco-indicators, including

The largest petrochemical enterprise in the Americas and third largest polypropylene producer in the world, the Company's strategic cornerstones are competitiveness and technological autonomy, allied to its commitment to fostering sustainable development.



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## PROFILE

consumption of water, energy and materials, and waste generation (see the chapter entitled *Environmental, Health and Safety Dimensions*). In addition to contributing to increase skilled labor in Brazil, which is one of the greatest challenges for the country's sustainable development, the Company also invests in social projects that benefit many communities of various Brazilian regions (for more information, see the chapter *Social Dimension*).

A publicly-held company listed on the stock exchanges of São Paulo (BM&Fbovespa), New York and Madrid, Braskem is committed to good corporate governance practices, including a transparent relationship with the capital markets and the creation of value to shareholders. In 2010, for the sixth consecutive year the Company was included in BM&FBovespa's 2011 Corporate Sustainability Index (ISE) (read more in the chapter *Corporate Governance*).

### OPERATIONS BUSINESS MODEL

Braskem's operations are based on three business units that coordinate the industrial, commercial, marketing, logistics, procurement, exports, human resources, planning and controllership. Each unit has decision-making autonomy to carry out its activities in the segment:

- **Basic Petrochemicals Unit (Unib):** This unit is responsible for the first generation of petrochemicals, it produces ethylene, propylene, chemical intermediates and aromatics. Ethylene is used to produce polyethylene and PVC, for example, while propylene serves as the raw material for polypropylene. The Unib plants are located in Bahia (Camaçari), Rio de Janeiro (Duque de Caxias), Rio Grande do Sul (Triunfo), and São Paulo (Mauá).
- **Polymers Unit:** This unit consists of the second-generation operations in the petrochemical chain, producing polyethylene, polypropylene and PVC, as well as chlorine and soda. Its plants are located in the five Brazilian states where Braskem operates: Alagoas (Maceió and Marechal Deodoro), Bahia (Camaçari), São Paulo (Paulínia, Mauá and Cubatão), Rio de Janeiro (Duque de Caxias) and Rio Grande do Sul (Triunfo).
- **International Business Unit:** This unit is responsible for Braskem's international expansion, including the management of Braskem America and the Green Business area, whose purpose is to consolidate opportunities related to renewable raw materials and biopolymers.

## OUR PRODUCTS

**Polyethylene (PE):** raw material for bags, films and packaging for the industries of food, and personal hygiene and cleaning products. There are many types: High Density Polyethylene (HDPE), Low-Density Polyethylene (LDPE), Linear Low-Density Polyethylene (LLDPE) and Ultra-High Molecular Weight Polyethylene (UHMW).

**Polypropylene (PP):** resin with intensive application in flexible and rigid packaging, in single-use products such as disposable cups and diapers, household items, bags (raffia), in the automobile industry and agro-industry, etc.

**PVC:** mainly used in construction for pipes, but also in footwear, clothing and upholstery, IV and blood bags, and other applications.

**Soda/Chlorine derivatives:** raw materials used to manufacture soap, paper, pulp, aluminum and other products, in addition to water purification.

**Basic petrochemicals:** products such as turpentine, benzene, ethylene and propylene for the chemical industry.

### STRATEGY

#### QUATTOR ACQUISITION

In January 2010, Braskem concluded negotiations for the acquisition of Quattor by entering into an Investment Agreement with Odebrecht, Petrobras, Braskem and Unipar. The agreement enabled Petrobras to consolidate its interests in Brazil's petrochemical sector into Braskem, which became the preferred vehicle of Petrobras for its activities in the petrochemical sector, and to expand the strategic alliance

between the companies, with the consequent increase in its stake in the Company.

The consolidation of the petrochemical interests enabled Braskem to strengthen its position in the Americas as the leader in thermoplastic resin production, placing the Company at a new level of scale and efficiency to overcome the challenges of the international market. The industrial complex comprises

31 plants, with annual production capacity of 6.5 million tons of resins.

In February 2011, the operation was fully approved by the Administrative Council of Economic Defense (CADE), the antitrust authority that analyzes mergers and acquisitions, aiming to maintain a competitive environment. Braskem agreed to regularly provide CADE with confidential information regarding its resin import and sale contracts containing exclusivity clauses.

### NEW FRONTIER

#### BIOPOLYMER LEADERSHIP

On September 24, 2010, Braskem inaugurated the Triunfo Petrochemical Complex, located in Triunfo, state of Rio Grande do Sul, the largest plant in the world producing ethylene from sugarcane ethanol. The plant, with an annual production capacity of 200 ktons of green ethylene, will enable Braskem to supply the market with resin made from renewable sources, advancing its strategy to become the world leader in sustainable Chemistry with diversified and competitive raw material sources. The project, which absorbed investments of almost R\$500 million, was based on the company's own technology.

The initiative is a landmark for Braskem, turning the company into a leader in the pioneering field of polymers from renewable raw

materials. Green plastics (developed from polyethylene obtained from sugarcane ethanol) are exceptionally eco-friendly, since the process used to produce each ton of polyethylene from the primary raw material removes 2.5 tons of carbon dioxide from the atmosphere. Since 2009, the Company has established several partnerships to supply green polyethylene to domestic and international clients who have adopted sustainable development as a pillar of their market strategy. This pioneering group of companies includes Tetra Pak, Brinquedos Estrela, Toyota Tsusho, Natura, Johnson & Johnson, Acinplas, and Procter & Gamble. Some of the first applications of the new product include food packaging, toys and household items.

The polymerization process, which converts ethylene into resin, is carried out at Braskem's existing units at the Triunfo Complex (Rio Grande do Sul). The final product has exactly the same properties and characteristics as conventional polyethylene and can be processed by clients' equipment without the need for any adjustments.

Braskem's next step in the development of biopolymers was announced in October: the construction of a green propylene (PP) plant, with US\$100 million in investments (*read more in the chapter Business and Sustainable Development*), which is still in the early stages of development. The new plant will be able to produce yet another renewable source resin: polypropylene.

### GLOBAL MARKET

#### NEW INTERNATIONAL BUSINESS

With teams established in Argentina, Chile, Venezuela, the Netherlands and the United States, Braskem took some larger steps towards becoming a global operation. In 2010, in addition to opening business offices in Colombia and Singapore, the Company acquired the polypropylene assets of Sunoco Chemicals in the United States, currently Braskem America, and formalized the creation of a joint venture with one of the main petrochemical groups in Mexico, where it already has a dedicated team.

In partnership with Idesa, Braskem will lead the implementation of an integrated petrochemical project in Mexico. The two companies won the auction held by Pemex Gás and Petroquímica Básica for the acquisition of 66,000 barrels a day of ethane, which will be used as a raw material at the petrochemical complex to be built in Coatzacoalcos, in the Mexican state of Veracruz. The project involves the production of 1 million tons per year of

ethylene and polyethylene at three polymerization plants, with operations expected to begin in 2015 and a fixed investment of US\$2.5 billion. The initiative represents the largest direct investment by a Brazilian company in Mexico and the most significant contribution to Mexico's petrochemical sector in the last 20 years.

In the United States, Braskem concluded, in April 2010, the acquisition of the polypropylene (PP) division of Sunoco Chemicals. The Company invested US\$350 million in the acquisition, in line with its strategy to establish an industrial base in the U.S., which will play an important role in the expansion of the Company's international business. Braskem's U.S. operations have a production capacity of 950,000 tons of PP per year, representing 13% of the local installed production capacity. With the acquisition of these assets, the Company is reinforcing its global expansion strategy, becoming the world's third largest polypropylene producer, with capacity to produce 3 million tons per year.

#### BRASKEM'S FIGURES IN 2010

**6,750**

Members

**R\$34.7**

billion in consolidated gross revenue

**R\$4.1**

billion in EBITDA

**28 industrial**

units in Brazil

**3 industrial**

units in the United States

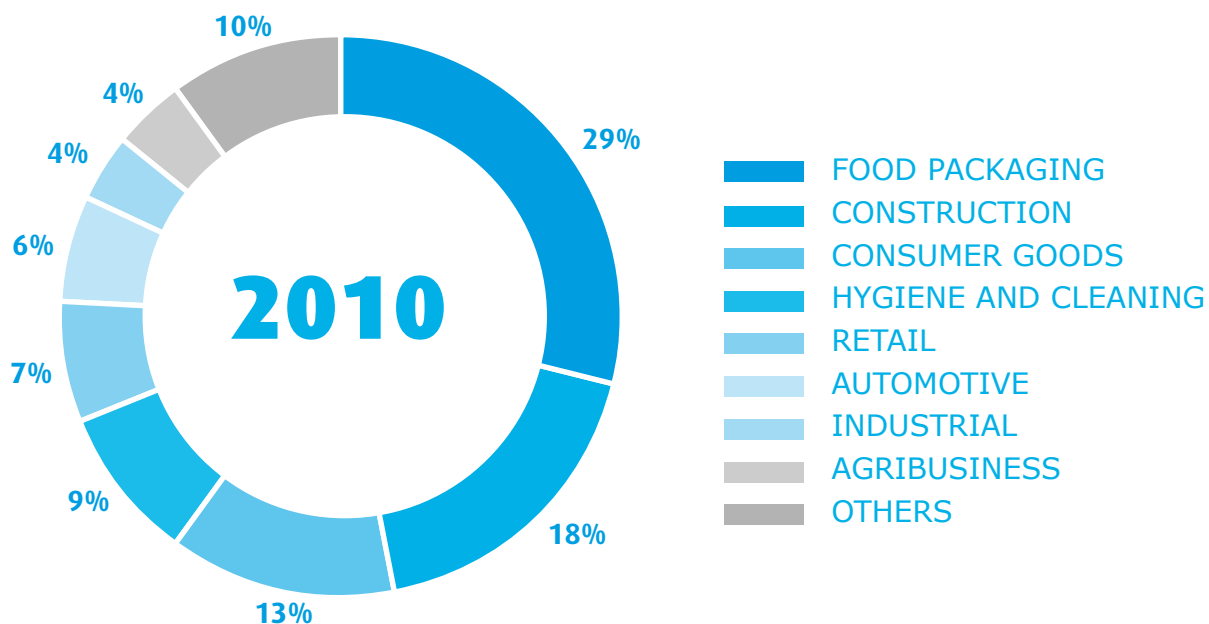
**3 units**

Technology and Innovation Center

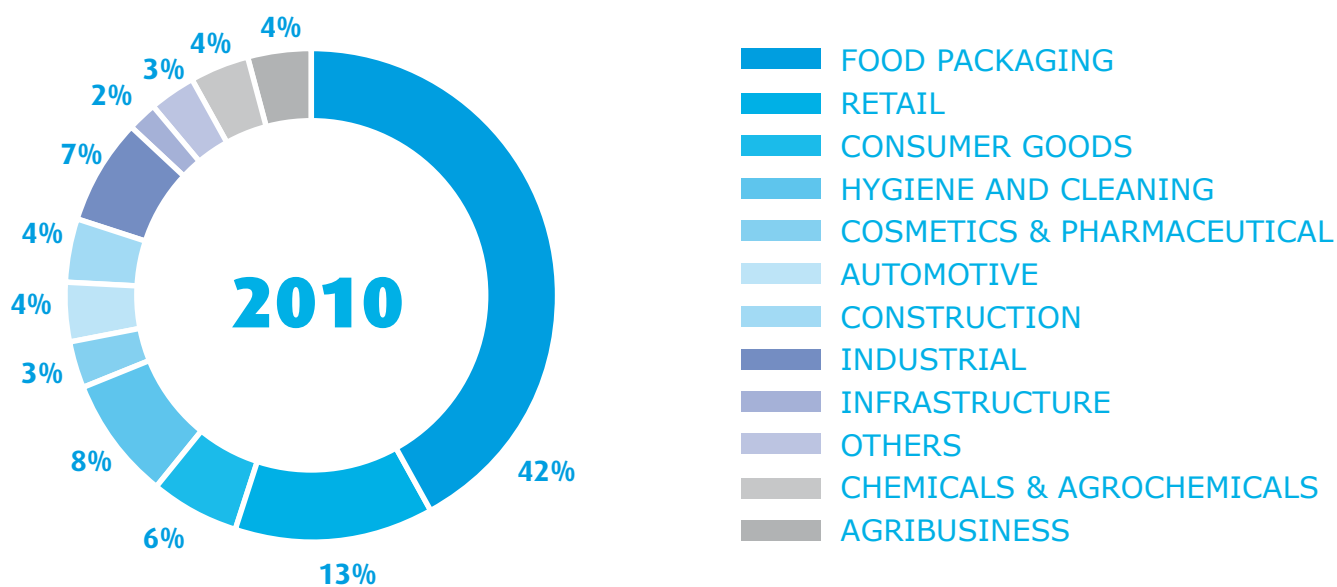
**15 million**

tons per year of thermoplastic resins and other chemical products per year

## BRASKEM SALES DISTRIBUTION – 2010 (% OF VOLUME)



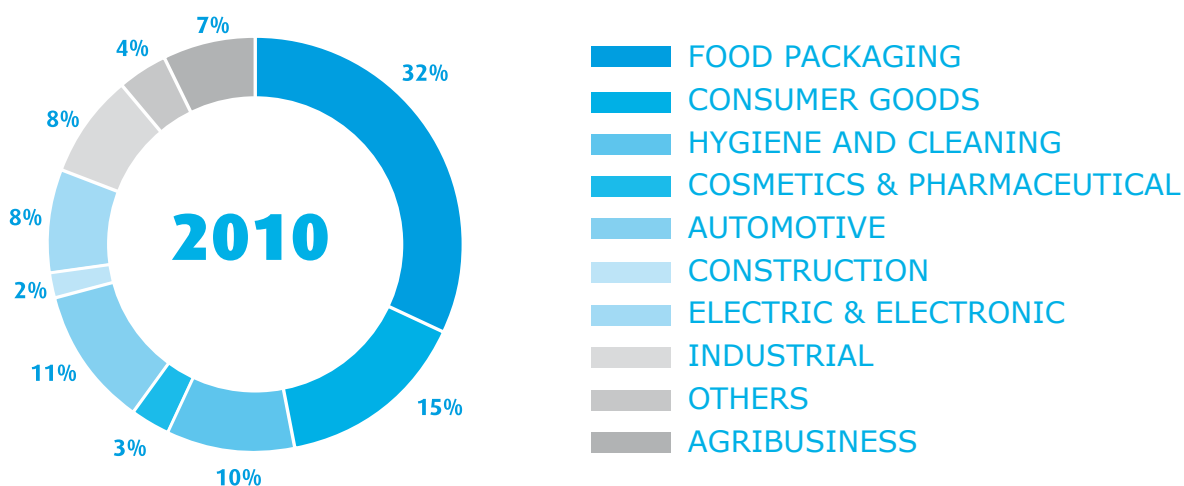
## POLYETHYLENE



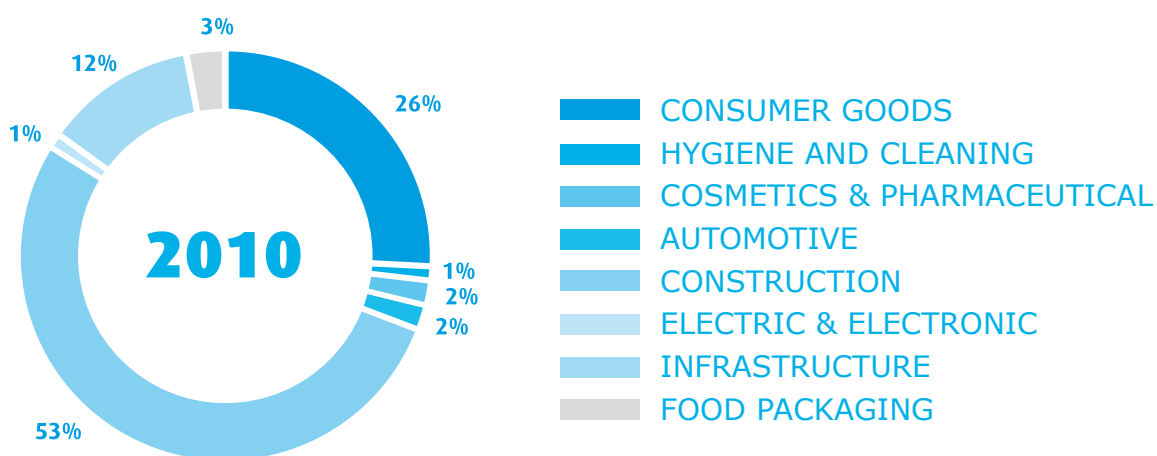
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## PROFILE

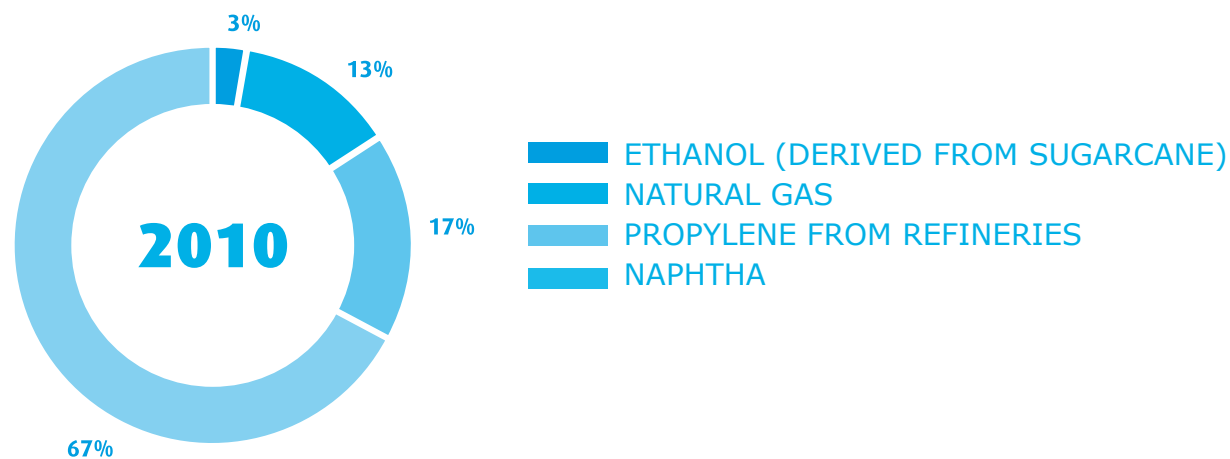
### POLYPROPYLENE



### PVC



### MAIN RAW MATERIALS USED BY BRASKEM



## INNOVATIVE POLYETHYLENE SOLUTIONS

- **Rotomolded manholes\*** - a substitute for conventional concrete manholes, using sealed pieces manufactured with rotomolded polyethylene. This solution is innovative in Brazil, despite being already used in Europe and Israel. The market potential is estimated to be 1.7 million new manholes to be installed, plus a 1% replacement rate per year. The main benefits are: the elimination of spills, preventing groundwater contamination; the absence of leaks, reducing the cost of sewage treatment; since its weight corresponds to only 8% of concrete's weight, the product allows for a reduction in polluting gas emissions during transport; it is 100% recyclable, while concrete becomes rubble; it can be installed six times more rapidly, reducing the gases emitted by backhoes, and immediately delivering the social benefits of the project.

- **Silo bags** – an alternative solution for storing grains, fertilizers, silage for animal feed and other products and by-products from the agro-industrial chain, directed at a market that produces around 143 million tons of grain in Brazil, which has an estimated storage deficit between 10 million to 40 million tons. A 110kg silo can store more than 200 tons of soybeans, for example. In July 2010, the first domestic production unit of silo bags entered into operation, created and development through a partnership between Braskem and one of its clients, with the capacity to produce approximately 4,000 tons of polyethylene per year. The main benefits are: higher

storage capacity and less food losses; a drop in the cost to the producer; a reduction in truck traffic for transporting the harvest.

- **Fuel tanks** - an alternative to replace metal tanks in automobiles with plastic tanks. The project was designed for the automaker Fiat and its main advantage is that the plastic tank weights less than the metal one.

\* Installations (normally urban) that allow access to the network of underground services, including sewage, telephone lines and power lines.

### Innovative polypropylene solutions

- **Pack less** – the product represents an alternative to traditional wooden pallets, used in the unitization and shipping of cargo, at a significantly reduced weight. Because it is 100% composed of polypropylene, pack less is recyclable. CO<sub>2</sub> emissions during the product's lifecycle can be up to 85% less than that of wooden pallets.

- **Polypropylene paint bucket** – replacing metal with polypropylene in the buckets provides a variety of benefits: it significantly reduces the weight of the final product; it provides better use of the paint, because the lack of „dead spots“ where the product can collect; it does not rust or dent, which reduces the transportation-related loss rates (it is also estimated that it reduces the release of greenhouse gases by 60%); it facilitates reuse by the consumer.

- **BubbleDeck** – the product, which is a lighter alternative for the concrete slabs used in construction that do not have structural functions, allows for a significant reduction in the use of materials, this contributing to a reduction in greenhouse gas (GHG) emissions. The advantages in comparison with concrete: it reduces by up to 35% the weight of the slab in comparison to the conventional system; 3.5 kg of plastic can be used to replace 14.31 kg of concrete; a savings of 0.05 m<sup>3</sup> of wood, which means that for every 10,000 m<sup>2</sup> carried out, 166.6 trees are saved.

### AWARDS AND RECOGNITION

In 2010, Braskem was recognized by renowned institutions and important media outlets. The honors included:

- Selected as a model business in the Exame magazine 2010 Sustainability Guide.
- 2010 Polo Award for Excellence in Health, Safety and the Environment. Excellence for PE-1 and UNIB-BA and Stars for PE-2, PE-3, CS BA and PVC BA.
- TOP Environmental Award, given by the Brazilian Association of Sales and Marketing Directors (ADVB).
- Environmental Standout Award, given by the Rio Grande do Sul Chemical Industries Union (SINDIQUIM), the Regional Chemistry Council (CRQ) and the Brazilian Association of Chemical Engineering (ABEQ-RS).
- 2010 ABPA Award, for Health Safety and the Environment in the Chemical sector.
- XIV National Quality of Life Award for UNIB-BA, for their implementation of the Sempre Saúde (Forever Health) program.
- Best Quality of Life Case from Proteção magazine, for Unib-BA.
- Listed among the 100 Best Companies for Corporate Citizenship from the RH & Gestão (HR & Management) Publishing House.
- Standout in the Petroleum & Gas, Chemical & Petrochemical sector in terms of value creation during the triennium 2007-2009, from the Abrasca ranking.
- M&A of the year from Latin Finance magazine.
- 2009 Transparency Trophy - XIII Anefac Awards.

### BRASKEM INTERNATIONAL CERTIFICATIONS

UNIT	ISO 9001:08	ISO 14001:04	OHSAS 18001:07
Support (Corporate)	X	X	X
UNIB1 BA*	X	X	X
TEGAL (UNIB1-BA)	X	X	
UNIB2 RS	X	X	X
UNIB3 ABC	X	X	X
UNIB4 DCX	X		
UNPOL (PE1 BA /PE2 BA)	X	X	
UNPOL (PE3 BA)	X	X	X
UNPOL (PE4 RS)	X	X	
UNPOL (PE4 RS-Spherilene)	X	X	
UNPOL (PE5 RS/ PP2 RS)	X	X	
UNPOL (CS1 AL,CS2 BA)	X	X	
UNPOL (PVC 1 BA, PVC 2 AL)	X	X	
UNPOL (PE6 RS)	X		
UNPOL (PE7 ABC)	X	X	X
UNPOL (PE8 CUB)	X		
UNPOL (PE9 DCX)	X		
UNPOL(PP1 RS)	X	X	
UNPOL (PP3 PLP)	X	X	
UNPOL (PP4 ABC)	X	X	X
UNPOL (PP5 DCX)	X	X	X
UNPOL (PP6 BA)	X	X	X
UNPOL (PP7 NEAL)	X		
UNPOL (PP8 LA PORT)	X		
UNPOL (PP9 M.HOOK)	X		

\*Includes the Gas and Liquids Terminal (TEGAL) and the Raw Materials Terminal (TMP).



## HISTORY - TIMELINE

### 1970s

Odebrecht, a traditional company specializing in construction, enters into the petrochemical sector in 1979, a year after the inauguration of the Camaçari Petrochemical Complex (Bahia). The first step for initiating its petrochemical activities was the purchase of one third of the voting capital of the Camaçari Petrochemical Company (CPC), which produces PVC.

### 1980s

Odebrecht acquires a stake in Salgema, a manufacturer of chlorine-soda located in the state of Alagoas, as well as in the following companies: Poliolefinas (polyethylene producer), PPH (polypropylene producer) and Unipar (petrochemical holding company).

Odebrecht Química S.A. is created to manage the group's interests and investments in the sector.

### 1990s

The government initiates a privatization of the petrochemical sector. Odebrecht joins the group controlling the Raw Materials Center of the Rio Grande do Sul Petrochemical Complex (COPESUL). From that point forward, a variety of new acquisitions, carried out under the National Privatization Program (PND), increased Odebrecht's presence in the petrochemicals sector. The company acquires control of PPH, Poliolefinas, Salgema and CPC. Odebrecht integrates PPH and Poliolefinas, creating OPP Petroquímica S.A. It also integrates Salgema and CPC, creating Trikem S.A., Brazil's first vertical integration in the sector.

### 2001

In partnership with Grupo Mariani, Odebrecht acquires control of Copene (Camaçari Petrochemical Complex) and begins an unprecedented process of first and second generation asset integration in Brazil.

### 2002

Braskem is created from the integration of six companies: Copene, OPP, Trikem, Nitrocarbono, Proppet and Polialden.

### 2006

The Company acquires control of Politeno, a polyethylene producer in Camaçari.

The process of integrating Politeno into Braskem begins.

### 2007

An Investment Agreement is signed with Petrobras, which increases its interest in Braskem by transferring petrochemical assets.

### 2008

Braskem launches the world's first green polyethylene (PE) certified by Beta Analytic, which verifies the percentage of renewable raw materials utilized in the product.

The Company inaugurates its polypropylene plant in Paulínia (São Paulo).

### 2009

The Company incorporates Petroquímica Triunfo, in Rio Grande do Sul.

### 2010

The Company acquires the polypropylene assets of Sunoco Chemicals, in the United States, and Quattor, in Brazil.

The new green ethylene plant is inaugurated in Triunfo (Rio Grande do Sul).

Braskem creates its first joint venture with Mexico's Idesa group, joining the Ethylene XXI project, which will receive investments of US\$2.5 billion for the production of 1 million tons of polyethylene from ethane, a raw material derived from natural gas.



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Alert to current challenges, Braskem invests in research and innovation, building up new partnerships in the productive chain, focusing on sustainability.

Braskem is aware of the challenges lying in the way to sustainable development, both at its plants and along the entire production chain. In the 2009 Annual and Sustainability Report, six key factors were chosen to highlight these challenges: hazardous chemicals, greenhouse gas emissions, water consumption in the production processes, use of non-renewable raw materials (oil and gas), disposal of plastic waste, and

strengthening its relationship with stakeholders (*read more about the definition of the materiality process in the chapter About this Report*).

The analysis that was previously carried out, and described in Chapter 5 of the 2009 report, remains valid. Today there is a new approach to this issue, which is becoming increasingly relevant for the business community: the so-called "green economy".

## THE GREEN ECONOMY

The perception that environmental and social problems lack a solution has not changed. The minor advances seen at the Conference of the Parties to the United Nations Framework Convention on Climate held in Copenhagen in 2009 (COP-15) and in Cancun (COP-16) in 2010, confirm this vision. In an attempt to obtain a negotiated solution, the UN Commission for Sustainable Development decided to focus on strengthening the role of private initiative and of the economy in the quest for sustainability, choosing the green economy as one of the possible themes to advance this debate at Rio+20, the next UN conference on sustainable development, to be held in Rio de Janeiro in 2012.

To support this discussion, the UN Environment Program (UNEP) released

the report *Towards a Green Economy* in February 2011. The publication conceptualizes the green economy in the following manner: "the economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities" and as "low carbon, resource efficient and socially inclusive." In summary, it is an economy that promotes sustainable development.

The report also includes a specific chapter on the contribution of industry, given that it has "a major material impact on the economy and the environment." In that respect, it considers companies to be part of the solution, highlighting their possible contributions to sustainable



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development, suggesting the following priorities:

### Improved use of resources:

- Improved use of mineral reserves, as well as oil and gas;
- Reduced waste generation;
- Use of a product lifecycle approach;
- Structuring of production systems in cycles, encouraging reuse (remanufacturing) and recycling of materials;
- Improved efficiency in water use;
- Longer useful life of materials;
- Use of renewable sources of raw materials;
- Improved energy efficiency;
- Combined generation of heat and energy.

### Generating “green jobs”:

- Primarily in the remanufacturing and recycling chains.

Encouraging innovation, with a focus on cleaner, more socially-inclusive technologies;

Increasing customer involvement by providing information on issues related to sustainability, so that an informed choice can be made.

These topics and the approach of the six aspects discussed in 2010 overlap, underlining the importance of the chemical industry’s contribution to sustainable development.

### HOW TO OPERATE IN THIS SCENARIO?

The year of 2010 marked the end of a cycle for Braskem. The Company went from being one of the largest petrochemical companies in Brazil to being the leading resin producer in the Americas and one of the largest companies in the global petrochemical industry. With the acquisition of Quattor, an operation that contributed to consolidate Brazil’s petrochemical industry, the acquisition of the polypropylene assets of Sunoco Chemicals, currently Braskem America, and the start-up of the biopolymer production, the Company defined its strategic vision: to become the global leader in sustainable Chemistry by 2020, with a focus on innovating to better serve people (see *box*).

The 2020 Vision combines two of Braskem’s ambitions. The first one is to expand its international operations, making use of its solid capital structure to seize business opportunities focused on the Americas, becoming an increasingly important global player in the chemical industry. The other ambition of the Company is to advance in its strategy to establish itself as a reference in sustainable Chemistry (see *box in this chapter*) by improving the eco-efficiency of its operations, responsibly generating wealth for its stakeholders, and continually and increasingly investing in innovation (see *box in this chapter*) to further the introduction of solutions that improve people’s quality of life. For Braskem, these two aspects – business and sustainability – are intrinsically related, given that the market already values, and, as time goes on, will tend to increasingly value companies that are innovative, ethical and committed to sustainable development.



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**BRASKEM'S SEVEN MACRO  
OBJECTIVE GROWTH STRATEGIES**

MACRO OBJECTIVE	BRASKEM'S INITIATIVES IN 2010	BRASKEM'S INITIATIVES TO 2015	2020 VISION
<b>CHEMICAL SAFETY</b>	<ul style="list-style-type: none"> <li>Registered its products in the European REACH (Registration, Evaluation, Authorization and Restriction of Chemical Substances) system.</li> <li>Led Latin America, of the GPS (Global Product Strategy) project of the ICCA (International Council of Chemical Associations) in order to promote the recognition and dissemination of the risks to people and the environment due to the use of chemicals.</li> <li>Carried out the preparation and adjustment of material safety data sheets (MSDS) in accordance with NBR 1425/2009, with a warning about the dangers of some of Braskem's substances, in order to meet the guidelines of the GHS (Globally Harmonized System for the Classification and Labeling of Chemicals), in Brazil.</li> </ul>	<p><b>2011-2015:</b> lead the Latin American implementation of the Global Product Strategy.</p> <p><b>2011 – 2015:</b> promote the continuous improvement of the company's Risk Rating, which is a process safety rating established by insurance companies, in order to achieve a minimum of 90 points, considering the average of all Braskem's plants rated "above standard."</p> <p><b>2011 – 2014:</b> replace cell houses with Hg and asbestos</p> <p><b>2011 – 2015:</b> maintain waste generation stable and remain as reference in its sector.</p>	<ul style="list-style-type: none"> <li>Braskem as a leader in the worldwide use and production of chemical products.</li> <li>Neither use nor produce substances included in global blacklists.</li> </ul>



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MACRO OBJECTIVE	BRASKEM'S ACTIVITIES IN 2010	BRASKEM'S ACTIVITIES TO 2015	VISION 2020
<b>GREENHOUSE GASES (GHG)</b>	<ul style="list-style-type: none"> <li>• Achieved an 11.6% reduction in the GHG emissions intensity indicator since 2008.</li> <li>• Began using sugarcane as raw material for the production of ethylene, which will reduce CO<sub>2</sub> emissions by up to 750,000 tons per year.</li> </ul>	<p><b>2011- 2015:</b> progress on the transparency and result dimensions of the CDP;</p> <p><b>2011 – 2015:</b> reduce emission intensity</p> <p><b>2011 – 2013:</b> obtain the first carbon credits.</p>	<ul style="list-style-type: none"> <li>• Achieve the same GHG emission intensity as the world's best large-scale chemical companies.</li> <li>• Sequester considerable amounts of indirect GHG emissions through the use of renewable raw materials.</li> </ul>
<b>WATER EFFICIENCY</b>	<ul style="list-style-type: none"> <li>• Reduced the generation of effluents by 12% since last year. Between 2002 and 2010, there was a 36% reduction in the generation of effluents.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce water consumption by 23% and the generation of effluents by 20% (in comparison with 2010), with the adoption of reuse projects.</li> <li>• Continue remediation projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Braskem as a reference in its sector in use of water, reusing 100% of the water in water stress areas.</li> </ul>
<b>ENERGY EFFICIENCY</b>	<ul style="list-style-type: none"> <li>• Reduced its energy consumption level by 6% since 2009.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue reducing energy consumption levels.</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve the same energy consumption level as the world's best large-scale chemical companies.</li> <li>• Become an important user of recyclable-source power.</li> </ul>



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MACRO OBJECTIVE	BRASKEM'S ACTIVITIES IN 2010	BRASKEM'S ACTIVITIES TO 2015	VISION 2020
<b>RENEWABLE RAW MATERIALS</b>	<ul style="list-style-type: none"> <li>• Began using sugarcane-based ethanol as a raw material in the production of ethylene, with the inauguration of the green ethylene plant in Triunfo (Rio Grande do Sul).</li> <li>• Announced the construction of a green propylene plant.</li> <li>• Defined a code of conduct for its ethanol Suppliers and implemented it in 70% of the supply.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue research into alternative technologies for renewable raw materials.</li> <li>• Implement, by 2013, the sustainable development management process in 90% of ethanol Suppliers.</li> </ul> <p><b>2011:</b> define the feasibility of new green investments.</p> <p><b>2013:</b> operational start-up of the first green polypropylene plant.</p>	<ul style="list-style-type: none"> <li>• Become the most important global player in biopolymer production.</li> </ul>
<b>POST-CONSUMPTION</b>	<ul style="list-style-type: none"> <li>• Invested in development of technical support for 38 mechanical sorting and recycling centers for plastics, in Rio Grande do Sul.</li> <li>• Was one of the founders of the Instituto Socioambiental Plastivida, which promotes recycling.</li> <li>• Launched actions to implement recycling-based social insertion programs in the states of Alagoas, Bahia, Rio de Janeiro and São Paulo.</li> </ul>	<ul style="list-style-type: none"> <li>• Define a business and partnership model for Brazil's first energy recycling plant.</li> <li>• Strengthen the recycling chain in the states in which we operate (Rio Grande do Sul, São Paulo, Rio de Janeiro, Bahia and Alagoas).</li> </ul>	<ul style="list-style-type: none"> <li>• Braskem as an important player in solving the problem of plastic waste.</li> <li>• Reach levels similar to those in developed countries, currently of around 35%, with the mechanical recycling of plastics.</li> <li>• Make energy recycling of urban solid waste a reality.</li> </ul>



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<b>MACRO OBJECTIVE</b>	<b>BRASKEM'S ACTIVITIES IN 2010</b>	<b>BRASKEM'S ACTIVITIES TO 2015</b>	<b>VISION 2020</b>
<b>PEOPLE</b>	<ul style="list-style-type: none"><li>• Launched training programs for its Members.</li><li>• Carried out private social investment.</li><li>• Prioritized relations with the communities surrounding its plants.</li><li>• Began the implementation of the System of Excellence in Safety, Health and the Environment (SEMPRE) at the plants acquired from Sunoco Chemicals and Quattor.</li></ul>	<ul style="list-style-type: none"><li>• Complete the implementation phase of SEMPRE in recently acquired assets.</li><li>• Include social responsibility in SEMPRE, based on the Corporate Social Responsibility Standard ISO26000.</li><li>• Expand nationwide the social insertion program through the strengthening of the mechanical plastics recycling chain.</li><li>• Reduce accident and new occupational illness rates, continuing to be a reference in its sector.</li><li>• Review Private Social Investment (PSI) programs, in order to align them with Braskem's contributions to improving the HDI, the Global Compact and the Millennium Development Goals in the locations where the company operates.</li></ul>	<ul style="list-style-type: none"><li>• Braskem is perceived as an engaged company that contributes to improving human development in its projects' locations.</li><li>• Braskem is recognized as the industry's best workplace.</li></ul>



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### Growth Strategies

Through its financial capacity and the opportunities arising in the business scenario, Braskem will use the following drivers to grow in the coming years:

- to grow in Brazil, making the investments necessary to keep pace with the domestic demand, including the strengthening of the plastics chain;
- internationalization, with special efforts towards the development of the Ethylene XXI Project in Mexico, and the constant evaluation of opportunities to invest in competitive raw materials and synergistic operations in the Americas;
- implementation of a biopolymer investment strategy, prioritizing a portfolio of short-term initiatives, new product research and development, and new routes to sustainable Chemistry;
- new businesses mainly based on increasing the value of some of their products through downstream integrations.

Currently, Braskem's largest investments in its production capacity are the integrated ethylene and polyethylene plants in Mexico (see box in this chapter), and the new PVC plant in Marechal Deodoro (Alagoas), with operations scheduled to begin in 2012, which will require approximately R\$900 million in capital and will create 2,000 temporary jobs during the peak phase of its construction. Braskem also began to develop the project for a new plant producing butadiene, an input used to

make tires and rubbers in general, in Rio Grande do Sul. The plant is expected to absorb R\$300 million in investments and to come on stream at the end of 2012.

The Company's plans also include new projects in Peru and Venezuela, as well as its participation in Comperj, an integrated petrochemical complex under construction in Rio de Janeiro. In light of the National Pact for the Chemical Industry, introduced in 2010 by the Brazilian Chemical Manufacturers' Association (Abiquim), Braskem and other companies in the industry estimate the need for an overall investment of R\$167 billion by 2017 to keep in pace with Brazil's growth and encourage the replacement of imports (see box in this chapter).

Therefore, Braskem reiterates its commitment to the competitiveness of the petrochemical and plastics production chains in the Brazilian market. In addition to investing in its production capacity and establishing partnerships with Clients to develop products and markets, the Company seeks to consolidate Brazil as one of the countries with the greatest potential to meet the world's demand for green plastics, combining biopolymer technology, whose efficiency has been proven, with the established efficiency and maturity of Brazil's ethanol production chain. This perspective was outlined during the 16th edition of Conference of the Parties of the United Nations Framework Convention on Climate Change held in Cancun, Mexico (COP-16), from November 29 to December 10, where the successful Brazilian experience in the field was presented.

### CHALLENGES FOR 2011

- **Improve the performance of all eco-indicators.**
- **Conclude the integration of Quattor and capture the synergies of this process.**
- **Continue to invest in technological research and development.**
- **Develop the green polypropylene project.**
- **Reinforce the development of people.**





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With reference to conventional plastics, which are produced from fossil energy sources, Braskem takes part in many initiatives to promote its products, pointing out their environmental advantages in relation to their substitutes, in addition to carrying out educational campaigns and supporting recycling initiatives that aim to minimize the problems arising from their use and improper disposal. Over the last two years, for example, the Company invested R\$3.5 million in the Quality and

Responsible Consumption of Plastic Bags program developed by the National Plastics Institute (INP), the Social-Environmental Institute for Plastics (Plastivida), and the Brazilian Association for the Flexible Plastic Packaging Industry (Abief).

Additionally, the Company seeks to reinforce the image of plastics and its contribution to sustainable development, with the consequent improvement in the quality of life, to the reduction in greenhouse

gas emissions, to a more efficient management of water and energy resources, and to social inclusion. Bearing this in mind, the initiatives to be implemented in the coming years include: (1) instituting a new decision-making process based on life-cycle analysis and the product and market technological development processes by 2013, and (2) developing a program to strengthen the image of plastics, involving the first, second and third generations of the production chain, by 2015.

## CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

Braskem has developed an agenda guided by evaluating its practices and results in terms of economic, social and environmental responsibility to establish its corporate sustainability policy and redefine its programs related to the topic. These initiatives aim to acknowledge the value of people, minimize risks, increase efficiency, create competitive advantages, innovate products and processes, and to reveal new business opportunities.

Braskem's sustainable development agenda involves the entire production chain, and not just its plants. The Company's main challenges are associated with the following factors: hazardous chemicals, greenhouse

gas emissions, water and energy consumption in the production processes, use of non-renewable raw materials (oil and gas), disposal of plastic waste, and strengthening its relationship with its stakeholders (see *the table Braskem's Progress in its Macro Objectives*).

As a signatory to the UN Global Compact since 2007, Braskem also joined the management, in 2010, of the Global Compact's Brazilian Commission, of which it became a member in 2008. The Global Compact initiatives aim to promote corporate social responsibility principles worldwide, advocating a set of values in the areas of human rights, labor standards, the environment



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and anti-corruption. The voluntary commitments undertaken by the Company encompass all its operations in Brazil and abroad.

To reinforce the contribution of Brazilian entrepreneurs to sustainable development, in 2010 Braskem became responsible for some activities of the Brazilian Business Council for Sustainable Development (CEBDS), which was created in 1997, having the Company as one of its founders. Braskem also took on leadership functions on the Board of Directors of the Brazilian Chemical Manufacturers' Association (Abiquim), coordinating and participating in a number of its

committees, including the Responsible Action Program, which aims to promote sustainable development principles in Brazil's chemical sector. In addition, Braskem took a more active role in international debates of the global chemical industry, through the International Council of Chemical Associations (ICCA), particularly in the Executive Leadership Group and the workgroups on energy, climate change and chemical safety.

Braskem's efforts to be recognized as a global reference in the sector by 2020 for its contribution to sustainable development include: to issue an annual and sustainability report at the

### COMMITMENT

#### NATIONAL PACT FOR THE CHEMICAL INDUSTRY

In June 2010, the Brazilian Chemical Manufacturers' Association, of which Braskem is a member, disclosed the National Pact for the Chemical Industry. The goal is to position Brazil's chemical industry among the five largest in the world, and turn Brazil into a surplus producer and leader in the so-called "green chemistry", which has a low environmental impact. The pact involves a set of commitments by the chemical industry to innovation and Brazil's economic and social development, in addition to establishing conditions favorable to investments in the industry, as Brazil's stronger presence on the global market depends on issues such as access to raw materials that are competitive in terms of price, availability and volume, simplification of product taxation and arbitration in order to facilitate

imports, and tax incentives for companies that invest in innovation and technology. The industry's growing incorporation of sustainable development principles is connected with these efforts.

This report includes investment projections by chemical and petrochemical companies for the next ten years. By 2020, companies in the industry expect to invest US\$167 billion – the amount needed for the chemical and petrochemical industries to meet demand in this period, wiping out the commercial balance deficit, which closed 2010 at approximately US\$20.6 billion. Braskem contributed to a reduction in this amount by singlehandedly reaching export revenues of US\$4.2 billion, a 56% increase from 2009.



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B+ Application Level of the Global Reporting Initiative (GRI), version G3 (2006) guidelines, in 2011, and at the A+ Application Level by 2015, and to better comply with the requirements of the BM&FBovespa's Corporate Sustainability Index (ISE).

### Sustainable Chemistry vs. Green Chemistry

Sustainable chemistry and green chemistry are two different concepts that are not always fully understood. For Braskem, sustainable chemistry is based on the management of three different categories of impacts (both positive and negative): environmental, social and economic, while green chemistry, which is a widely-publicized term, has a more restrictive definition, with a focus on products from renewable raw materials, in addition to aspects such as the minimization of waste and toxicity and more eco-efficient and safer processes.

In this field, although there is room for the continuous development of solutions with reduced environmental impact, Braskem is already positioned a global leader, especially after the start-up of its green ethylene plant and the launch of the green propylene production project, both of which are derived from sugarcane ethanol. Many other innovative products launched by the Company, as well as the improvement, year after year, of its eco-indicators (*more information is available in the chapter Environmental, Health and Safety Dimensions*), indicate that reducing environmental impacts is already part of its Members' daily routines.

### GUARANTEE

## I'M GREEN™: RENEWABLE RESOURCES SEAL

In the first half of 2010, in anticipation of the start of green polyethylene (PE) production, Braskem launched the I'm Green™ seal. The objective is to create value for the product upon which it is affixed and identify polymers from renewable raw materials – the next will be green polypropylene, whose production will start in 2013 (see *the box in this chapter*).

The seal's use is contingent upon compliance with certain rules, which take into account transparency in communication and meeting international guidelines for green seals. The main objective of these criteria is to create a strong identity that transmits credibility to the end consumer, avoiding the association of any products using Braskem green plastic with the practice of greenwashing.

The seal was created to offer simple and direct communication to a variety of audiences. Its use

emphasizes the identity of the products that have an essential connection with nature, as well as transferring value to the brand and consumers seeking to include the practice of sustainable consumption to their daily life. In accordance with Company regulations, whenever the seal is used on products or their final application, it should include the percentage of resin from renewable sources and the verification method that was used, i.e. the inscription "verified by ASTM D6866", an international guideline issued by Beta Analytic, a world leader in the analysis of carbon isotopes. To use the seal, the product should contain more than 51% renewable content.

The initiative reinforces Braskem's commitment to creating value for the production chain in which it operates, for its Clients and society, while also contributing to a reduction in greenhouse gas emissions.

The greatest challenge of Braskem related to its vision to become a global leader by 2020 lies in the field of sustainable Chemistry, as this goal requires that the Company looks at the productive chain as a whole. Its search

for balance on environmental, social and economic matters must be present from the beginning of the chain up to the recycling and disposal of products, and not only in the industrial plants.



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For Braskem, being a leader in sustainable Chemistry also means to actively participate in the development of Brazil's entire production chain (see box in this chapter). Internally, the Company relies on the engagement of its corporate leaders, who are prepared to provide guidance, listen and implement the initiatives of the other Members, encouraging them to reflect and showing them new ways of working. However, due to the wide range of social and environmental aspects, there must be a prioritization. For this reason, Braskem has defined three main pillars of action, aimed to make its operations, resources and product portfolio more sustainable, while improving people's lives by offering new solutions to society. Seven macro objectives have been established to make the adoption of these pillars more effective (see in this chapter the table *Braskem's Progress in its Macro Objectives*).

### INNOVATION GREEN POLYPROPYLENE

After becoming, in September 2010, the largest producer of green polyethylene (PE) in the world, manufactured using sugarcane-derived ethanol (see chapter entitled *Profile*), Braskem took another step towards establishing itself as a global innovator in the production of biopolymers. In October, the Company announced the conclusion of the conceptual phase of the project to build a green polypropylene plant, which is expected to require an investment of approximately US\$100 million and offer a minimum production capacity of 30,000 tons of the product per year.

In 2011, the basic engineering studies will be completed. Once the final approval has been obtained, the implementation of the project will begin, with the plant scheduled to become operational in the second half of 2013. The green polypropylene produced by Braskem will utilize technology that has already been lab tested, using ethanol, which allowed for the production of resin samples free of fossil raw

materials, in accordance with the international certification obtained by the Company. The final product will offer the same technical properties, processability and performance provided by the polypropylene produced using traditional means.

The preliminary eco-efficiency study of the product was favourable, in view of the environmental benefits of green ethylene. The study was carried out in partnership with the Espago Eco Foundation and was based on conceptual engineering data. For every ton of green polypropylene produced, approximately 2.3 tons of CO<sub>2</sub> are expected to be sequestered.

Polypropylene, the second most-used plastic in the world, has characteristics that are unique among polymers, such as the excellent balance of physical properties, the possibility of high transparency, impact resistance at low temperatures, low density – providing low weight per piece – and highly versatile applications.



## BUSINESS AND SUSTAINABLE DEVELOPMENT

# FOCUS ON INNOVATION

Being recognized among the Brazilian companies that invest most heavily in innovation, which is currently the case, is not enough for Braskem. In 2010, the organization made further progress, by sharpening its focus on development and the research into new solutions as an essential attribute of 2020 Vision. The permanent challenge in this field consists of continually adding value to products, developing new applications that diminish potential negative environmental impacts stemming from the incorrect use of the product, while enhancing the social and environmental benefits. In order to accomplish this, the company revised its innovation and technology strategy, changing the focus and providing more support to the team, more investments in training its professionals, the establishment or strengthening of partnerships with research institutes and clients, and a gradual increase in the consumption of renewable raw materials.

Developing its own technologies, or collaborating with research institutes, is also a central aspect of Braskem's vision of becoming the global leader in sustainable chemistry. Until recently, prior to the incorporation of Quattor and the polypropylene assets from Sunoco Chemicals, Braskem was acquiring a considerable amount of technology from other companies. The company's new reality, presently one of the largest worldwide in the industry and in the process of expanding internationally, requires an extra

effort to increase the technological autonomy of its productive processes, alongside its research activities and the development of new products and applications.

As such, the first step involved an internal reorganization. In 2010, the strategic importance of the corporate vice president dedicated to the area was strengthened, acting more closely with the innovation teams of the basic petrochemical and polymers areas, focused on short-term results, and further strengthened by the integration of the research and development unit of Braskem America, in Pittsburgh, Pennsylvania. If the focus had previously been on product development, the strategy now consists of seeking out opportunities through the development of new production processes, such as the one that allows for the transformation of ethanol into plastic resin. By year end, the company had registered more than 400 patents.

Braskem believes that innovation is fundamentally associated with ideas, and, therefore, with people. As such, it prioritized the ongoing establishment of partnerships with research organizations and, internally, accepted the challenge of exponentially increasing the training and recruitment of scientists. In 2010 alone, the number of researchers working for Braskem leapt from 190 to 240. Other research and innovation highlights include the registration of 30 patents, 13 of which were related to new



## BUSINESS AND SUSTAINABLE DEVELOPMENT

developments and 17 of which were extensions of existing patents, in other areas, as well as the incorporation of the patent portfolio inherited from Sunoco Chemicals.

In terms of financial capital, the company intends to significantly increase, by 2016, its investments in innovation and technology and, as such, be counted among the industry players that stand out in this regard.

### Research Partners

To achieve its goal of being one of the most innovative companies in the global chemical industry, developing the entirety of the sector's production chain, Braskem maintains partnerships with public and private research institutes throughout Brazil. The year 2010 brought many new agreements, which are expected to lead to the introduction of creative solutions in plastic in the coming years.

In August, the São Paulo State Research Support Foundation (FAPESP) and Braskem issued the second call for proposals for the Agreement on Scientific and Technological Cooperation that they signed in February 2008. The aim is to support cooperative research projects on the synthesis of chemical products obtained from renewable sources, such as sugars, ethanol and biomass.

Each party will contribute with R\$5 million for the selected research projects, which accounts for one fifth of the total to be invested through

the partnership. The deadline for the submission of research proposals was November 16, and they will be evaluated according to their potential to offer new and creative solutions to the domestic and global markets.

In September, the Company entered into partnership with the Brazilian National Biosciences Laboratory (LNBio), in Campinas, for the installation of a laboratory to be used by a team of researchers from the Company. In addition to the physical space, Braskem will have complementary access to the latest LNBio equipment. The initiative is aimed at carrying out research in biotechnology, seeking to develop products that are both economically competitive and friendly to the environment, with an emphasis on the use of raw materials from renewable sources.

The partnership with the laboratory includes the initial use of a 50 m<sup>2</sup> space, which will be expanded to 200 m<sup>2</sup> before the end of the year. In the near term, the project will involve an estimated group of 40 Braskem researchers. This team will have access to cutting-edge laboratory facilities connected to the Ministry of Science and Technology.

In November, a project involving nanotechnology and the use of renewable resources was launched in partnership with the Brazilian Agricultural Research Corporation (EMBRAPA), an agency linked to the

Ministry of Agriculture, Livestock and Food Supply. The cooperation agreement on science and technology aims to identify more productive and biodegradable cellulose nanofibers from different plant-based sources for use by industry. The project has the support of FAPESP and the Foundation for Industrial Research and Advancement (FIPAI).

With a three year timetable and R\$500,000 in resources – R\$248,000 of which was invested by Braskem – the program is aimed at financially supporting cooperative research projects to be established with public and private higher education and research institutions in the state of São Paulo. The focus is on the study of sugarcane bagasse, coconut husks, specific varieties of colored cotton, sisal, curaua and agricultural waste.

Lastly, in December, Braskem and the state of Bahia established a partnership for the development of technology with a focus on sustainability. The first project from this partnership is UTEC® fiber – manufactured using ultra-high molecular weight polyethylene – in a pioneering initiative featuring 100% Brazilian technology. Its primary use will be in pre-salt oil drilling platforms and in bulletproof vests for personal safety use. The project, which also has the support of the Financiadora de Estudos e Projetos (FINEP) – a public agency that provides support for research – will receive US\$10 million in investments and is expected to be produced in 2013.



## **STRATEGIC CONSOLIDATION**

The ongoing reorganization of the petrochemical industry in Brazil, of which the acquisition of Quattor by Braskem, at the beginning of 2010, is just the most recent step, has strengthened the entire domestic industry and its financial capacity, encouraging new long-term investments to accompany the growth of the Brazilian economy. In addition, the industry's consolidation has made Braskem more prepared to compete in the international petrochemicals market, where geographic and cultural barriers no longer inhibit activities by companies.

Petrochemical pricing obeys the law of supply and demand on the global market, as frequently occurs in capital-intensive industries. Petrochemical products, for the most part, particularly thermoplastic resins, are easily transported from one side of the globe to another and are not subject to any major commercial barriers that might impede their circulation. As a result, no country is able to impose artificially high prices in relation to those found on the international market.

Brazil accounts for less than 4% of the global production of thermoplastic resins. Presently, between 20% and 30% of domestic demand has been met through imports, which negatively affects Brazil's trade balance. In 2010 alone, the deficit between exports and imports in the chemical sector reached US\$20.6 billion (according to information from the Ministry of Development, Industry and Foreign Trade, Brazil's resin imports grew in volume by approximately 26% from 2009). On the other hand, during the same period, Braskem's exports grew by 56%, reaching US\$4.2 billion, largely due to the increase in petrochemical prices on the global market. These numbers confirm the petrochemical market's global scale.

One of Braskem's ongoing commitments is the constant improvement of competitiveness in the entire production chain. To that end, the company has programs in place to support its Clients, in order to grow together and become stronger, both in the domestic and international markets. The Company

plays an important role in providing credit to its Clients - both domestic and internationally - with the total portfolio averaging R\$3.5 billion. The importance of this system became apparent during the global economic crisis that began in 2008, when the lines of credit from the financial system were no longer available and Braskem increased the resources available to its Clients to finance working capital, maintain liquidity throughout the plastics production chain, which allowed the industry to overcome this moment of turbulence and maintain its process of growth.

In order to increase the competitiveness of its Clients on the international market, Braskem also engages in Sales with Export Incentives, in which special prices are offered for the portion of production that is destined for international customers. In 2010, sales of manufactured goods with export incentives represented 10% of the total volume of polypropylene and 4% of the volume of polyethylene traded on the domestic market, totalling 115,000 tons sold with incentives.



## CORPORATE GOVERNANCE

Braskem is advancing with the challenge of incorporating a broader vision of entrepreneurial strategy, oriented by the principles of sustainable development.

Braskem's governance practices and processes are aimed at ensuring the observance of ethics, transparency and respect to Clients, Shareholders, Members, Suppliers and other stakeholders, in order to deliver value to the Shareholders, making payments on their capital and protecting their assets. The values and principles of governance observed by the Company are the following:

- Guarantee that ethical integrity permeates all systems of governance dealing with the Company's internal and external relations.
- Ensure that the available information is transparent, going beyond the minimum obligations to promote free, frank, precise and rapid communication.
- Offer all stakeholder fair and equitable treatment.
- Require that governance agents (Managers, Fiscal Council Members and Auditors) fully respond for their actions while exercising their mandates to those who elected them.
- Guarantee that governance agents look after the long-term health of the Company, incorporating a broad business strategy and taking

into account the principles of sustainable development.

- Adhere to regulatory, legal, statutory and procedural guidelines.

In keeping with these values, Braskem's accountability includes the publication of the Annual and Sustainability Report, as well as quarterly earnings reports, with analysis of key economic indicators. The Company also holds regular meetings with analysts and investors.

Braskem regularly sends information to the Securities and Exchange Commission of Brazil (CVM) and the stock exchanges of São Paulo (BF&MBovespa) and New York (NYSE), through reports, standardized financial statements, earnings releases, annual and quarterly reports, Form 20-F, minutes, notices, announcements and material facts. In order to facilitate access to this information by Shareholders and the financial community, the Company offers a website featuring additional information, such as: quarterly fact sheets, quarterly valuation books, annual sustainability reports, important information on industrial plants, information on subsidiaries and affiliates, industry information, prices and stock price charts from the BM&FBovespa and NYSE, among others.





## CORPORATE GOVERNANCE

# CORPORATE SUSTAINABILITY INDEX

Braskem has spent six consecutive years on the BM&FBovespa's Corporate Sustainability Index (ISE), which reflects the performance of a portfolio of actions by companies with a recognized commitment, in the normal course of business, to best practices in governance, social responsibility and sustainability. The new portfolio,

announced in November 2010, brings together 47 papers of 38 companies, representing 18 industries and R\$1.17 trillion in market cap. The index runs from January 3 to December 29, 2011.

Braskem's permanence on the ISE reflects the Company's stance and its new 2020 Vision, whose objective is

to now become the world leader in sustainable chemistry through growing investments in innovations aimed at better serving the public.

The selected companies stand out by maintaining formal commitments to sustainable development in their business strategies.

### PRINCIPLES CODE OF CONDUCT

Braskem's Code of Conduct establishes ethical principles and standards of conduct for guiding the internal and external relations of all of Company Members, independent of their roles and responsibilities, confirming its commitment to ethical, responsible and consistent behaviour with all of the Company's audiences. The document, like all of the Company's corporate policies, also applies to operations outside of Brazil.

Braskem's Code of Conduct establishes the following principles:

- Relationship with Members: there will be no discrimination based on religion, political or philosophical belief, nationality, origin, sex, age, color, sexual preference, marital status, or mental or physical disability;
- Responsibility in Business: Members are responsible for carrying out their activities and conducting Braskem's business in a transparent

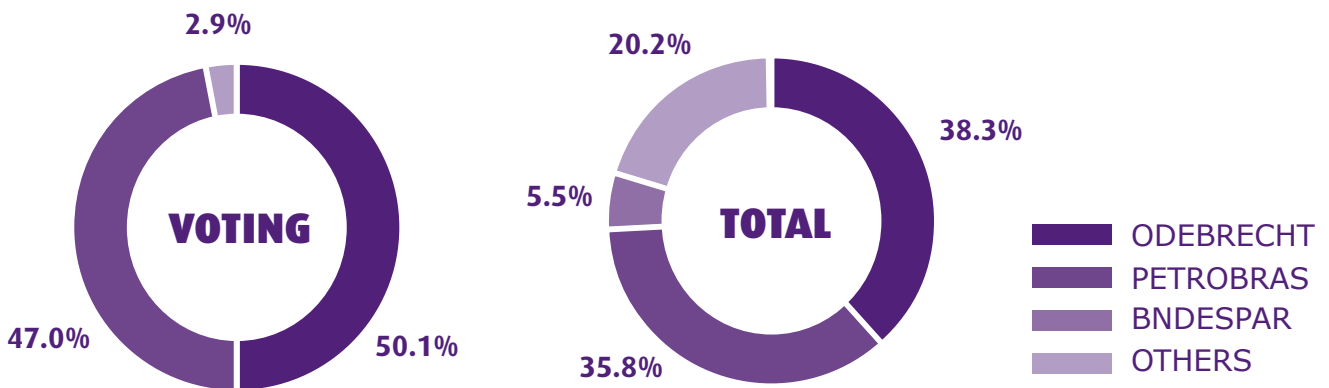
manner and in strict accordance with the law, Company principles and Company guidelines;

- Business Relationships with Clients, Suppliers and the Government: Braskem instructs and expects its member to carry out business relationships in accordance with the laws and legal practices of the market, and, particularly, in accordance with the domestic and international regulations on economic order and in defense of competition;
- Handling of Insider Information and Conflicts of Interest: Braskem's Members must ensure that their actions do not conflict with the interests of the Company nor cause harm to its image or reputation;
- Relationship with Shareholders and Stakeholders: the treatment given to Shareholders does not depend on the quantity of shares that they own, subject to legal restrictions. All will be afforded equal access to the flow of information;

- Use and Conservation of Braskem's Assets: it is the responsibility of Members to ensure the conservation of Braskem's assets, which include facilities, machines, equipment, furniture, vehicles, valuables, etc.;
- Accounting and Financial Transparency: transparency is essential to allowing the market to correctly evaluate Braskem;
- Environment: maintaining the environmental balance and preserving nature are of fundamental importance to Braskem's business activities;
- Slave and Child Labor: Braskem does not tolerate, does not allow and does not condone the employment of slave labor or child labor in any process related to the Company's operations.



## OWNERSHIP STRUCTURE\*



\*Does not include shares held in treasury (0.2% of total capital).

Odebrecht and Petrobras have direct and indirect stakes in Braskem. Indirectly, both own shares in the Company through the holding

company BRK Investimentos, which is controlled by Odebrecht S.A., with a 53.8% share, and the other 46.2% owned by Petrobras.

## TOTAL SHARES

Common Shares	451,669,063
Class A Preferred Shares	349,004,561
Class B Preferred Shares	593,818
<b>Total</b>	<b>801,267,442</b>



## CORPORATE GOVERNANCE

# GOVERNANCE STRUCTURE

Braskem has been part of the Level 1 Special Corporate Governance Segment on the BM&FBovespa since December 2003 and meets the standards set by Law 6,404/76 (Brazilian Corporate Law), the rules of the Brazilian Securities and Exchange Commission and the Bovespa's rules regarding Differentiated Corporate Governance Practices, as well as its own bylaws.

Braskem also meets to the requirements set by Level 2 and the Novo Mercado segment, namely:

- Disclosure of financial statements in accordance with international standards (US GAAP and IFRS, the latter still in preparation);
- Board of Directors with, at minimum, five members and a

unified term of up to two years, with reelection permitted and, at least 20% of the board composed of independent members;

- tag along for 100% of the shares in the event of a change in the controlling interest.

In 2005, nearly one year before it was required, Braskem met the requirements established by the Sarbanes-Oxley Act (SOX). Since then, every year it has been certified in compliance by external auditors from PricewaterhouseCoopers (PwC) and been recognized for the adjustment of its corporate governance practices. Internationally, the Company's shares are listed on the NYSE and the Latibex, the Latin American listing segment of the Madrid Stock Exchange.

The Braskem governance model is composed of a Board of Directors, Standing Committees that support the Board of Directors, an Fiscal Council and an Ethics Committee. Braskem's corporate governance is supported by the Corporate Security area, which carries out the roles of internal auditor, advisor for the management of business risks, responsible for compliance with regulations and laws, such as the SOX and the FCPA, as well as managing the "Ethics Line" complaint channel, carrying out the evaluation, investigation and monitoring of reported violations of the Braskem Code of Conduct.

The governance model for the relationships between Shareholders, Board Members, Management and Independent Auditors is organized in the following manner:



**CORPORATE  
GOVERNANCE**

**SHAREHOLDERS, DIRECTORS,  
BOARD AND INDEPENDENT AUDITORS**

ENTITIES	PARTICIPANTS	OBJECTIVES
BOARD OF DIRECTORS	Shareholder representatives	<ul style="list-style-type: none"> <li>• Macro-objectives and strategies</li> <li>• Targeting for negotiations and strategies</li> <li>• Monitoring performance</li> <li>• Approval of basic policies</li> <li>• Resolutions contained in the bylaws</li> </ul>
STANDING COMMITTEES THAT SUPPORT THE BOARD	Committee members elected according to their specialties	<ul style="list-style-type: none"> <li>• Recommendations to the Board of Directors based on analyses of information, aimed at improving the quality and speed of the deliberative process</li> <li>• Monitoring decisions as assigned by the Board of Directors</li> </ul>
<ul style="list-style-type: none"> <li>• Finance and Investments</li> <li>• Strategy and Communication</li> <li>• People and Organization</li> </ul>		
FISCAL COUNCIL	Shareholder representatives	<ul style="list-style-type: none"> <li>• Supervisory role over the actions of Braskem’s managers, in order to ensure compliance with their legal and statutory duties</li> <li>• Has broad functions, sometimes instituting an Audit Committee</li> </ul>
AUDITORS	<ul style="list-style-type: none"> <li>• External auditors</li> <li>• Corporate security</li> </ul>	<ul style="list-style-type: none"> <li>• Issuance of independent opinions on financial statements, in accordance with prevailing legislation</li> <li>• Audit Program focused on Risks and Compliance with laws like the SOX</li> </ul>
ETHICS COMMITTEE	Head of Legal, Head of Corporate Governance, Head of People and Organization (P&O) and Head of Institutional Relations (IR)	<ul style="list-style-type: none"> <li>• Adoption and continual updating of the Code of Conduct</li> <li>• Assessment and referral of solutions to the reports received through the Ethics Line</li> </ul>



**CORPORATE  
GOVERNANCE**

**COMPOSITION OF THE GROUPS RESPONSIBLE  
FOR CORPORATE GOVERNANCE AT BRASKEM\***

	GENDER		AGE GROUP		
	WOMEN	MEN	UNDER 30	BETWEEN 30 AND 50	OVER 50
<b>2008</b>	0	16 (100%)	0	2 (12%)	14 (88%)
<b>2009</b>	0	16 (100%)	0	3 (19%)	13 (81%)
<b>2010</b>	1 (6%)	15 (94%)	0	3 (19%)	13 (81%)

\*As of: 30/04/2011.

Note: Members of the Board of Directors (11) and the Fiscal Council (5).

**Board of Directors**

The Board of Directors represents Braskem's Shareholders and serves as the Company's deliberative (non-executive) body. It operates independently, providing accountability to the Shareholders, the other stakeholders and to society as a whole with respect to the tangible and intangible assets used in conducting the Company's business.

Some of the main duties of the Board of Directors include:

- setting the general direction of the business;
- guaranteeing Braskem's adoption of a corporate governance system that adheres to the market's best practices;
- approving the CEO's action plan.

- approving the matters set forth in the statutes and policies proposed by the CEO;
- submitting to the Shareholders' Meeting the matters for which it is responsible, as defined in the bylaws;
- monitoring the CEO's Action Plan through monthly reports;
- hiring the registered independent auditing company, under the terms set forth in the Brazilian Corporate Law.

In accordance with the bylaws, Braskem's Board of Directors is composed of 11 members and their respective alternates, Shareholders, residents or non-residents of the country, subject to election or being removed at any time by the Shareholders' Meeting,

which will also define, from among the members of the Board, the Chairman and Vice-chairman, who can also be replaced at any time. During the absence or temporary disability of a sitting member, he/she will be replaced by the respective alternate.

In response to a corporate governance requirement regarding the independence of the Board of Directors, it is important to note that no Board Member, sitting or alternate, including the Chairman, is a member of Braskem's management. In 2010, there were two board members as sitting members on Braskem's Board. The Board Member's independence is based on the following concepts:

- not having any connection with the Company, except for a possible interest;



## CORPORATE GOVERNANCE

- not being a controlling Shareholder, a member of the controlling group, or a spouse or relative to the second degree of any such person, nor maintain connections with any organizations related to the controlling Shareholder;
- not having been employed by or served as Executive Officer of the Company or any of its subsidiaries during the prior three years;
- not being the spouse or relative up to the second degree of any of the company's Executive Officers or Managers;
- not receiving other compensation from the Company, besides the Board Member fees.

There is no formal channel of direct communication between Braskem's Members and the Board of Directors. In accordance with the bylaws, the Board's demands are sent directly to the Company's CEO, who has the responsibility of acting on the issues discussed during the meetings. Beyond this, there is no other direct form of communication between the Board and Company Members.

The mandate for members of the Board of Directors is two years, with reelection permitted. The term in office for the Chairman and Vice Chairman is one year, with reelection permitted.

The Board meets regularly at least four times per year, as well as in special meetings when called by the Chairman, Vice Chairman or by two members. In 2010, there were 21 ordinary and special meetings. Resolutions require a quorum of the majority of the Board members and are adopted with a majority vote, subject to the Braskem Shareholder Agreement in force.

## MEMBERS OF THE BOARD OF DIRECTORS\*

SITTING MEMBERS	ALTERNATES
Marcelo Bahia Odebrecht – Chairman	Cláudio Melo Filho
Paulo Roberto Costa – Vice Chairman	Antonio Aparecida de Oliveira
Alfredo Lisboa Ribeiro Tellechea	André Amaro da Silveira
Almir Guilherme Barbassa	Pedro Augusto Bonesio
Álvaro Fernandes da Cunha Filho	Felipe Montoro Jens
Eduardo Rath Fingerl	Marcos Luiz Abreu de Lima
Francisco Pais	Andrea Damiani Maia
José Carlos Grubisich Filho	José de Freitas Mascarenhas
Maria das Graças Silva Foster	Arão Dias Tisser
Newton Sérgio de Souza	Mônica Bahia Odebrecht
Luciano Nitrini Guidolin	Carla Gouveia Barretto

\*As of: 30/04/2011.



## CORPORATE GOVERNANCE

### Support Committees

The Rules of Operation of Braskem's Board of Directors establishes basic roles and responsibilities for the Board's Support Committees, as well as basic guidelines for their establishment and operation. As was stated herein, the committees can be permanent or formed on an ad hoc basis. The Permanent Committees are those that deal with issues whose nature and objectives remain unchanged over time.

The Permanent Committees are a part of Braskem's Corporate Governance structure and their aim is to advise the Board of Directors on predetermined topics. Each Committee is coordinated by a member of the Board and is made up exclusively by sitting and/or alternate members. Qualified Braskem executives who have involvement with or knowledge of the issue can take part in these meetings, invited as guests, or at the request of the Coordinating Board Member.

In their advisory and supportive roles, committees are to support the decisions of the Board of Directors, through non-deliberative recommendations based on specialized analysis of specific issues that seek to improve the quality and speed of the deliberative process.

- Committee on People and Organization (CPO): has the task of evaluating new policies, as well as the monitoring and review of existing policies related to People and Organization. It is also responsible for supporting the Board in the decisions under its jurisdiction, in accordance with the Company's bylaws.
- Committee on Finance and Investments (CFI): evaluated new policies, monitors and analyses existing policies related to financial management, insurance and guarantees, and integrated risk management, among others. It is also responsible for recommending

investment decisions, as well as monitoring the investments and contracts with related parties approved by the Board.

- Committee on Strategy and Communication (CEC): In terms of the company's strategic objectives, it continually evaluates the planning goals, which are the basis of Braskem's Business Plan. With respect to communication, it evaluates new policies, as well as monitoring and analysing existing corporate policies for capital markets and social responsibility.

## THE COMPOSITION OF THE BOARD'S SUPPORT COMMITTEES, AS OF APRIL 30, 2011, WAS AS FOLLOWS:

COMMITTEES	COORDINATOR	PARTICIPATING MEMBER	PARTICIPATING MEMBER	PARTICIPATING MEMBER
FINANCE AND INVESTMENTS	Luciano Nitrini Guidolin	Felipe Montoro Jens	Paulo Roberto Costa	Eduardo Rath Fingerl
PEOPLE AND ORGANIZATION	Maria das Graças Silva Foster	André Amaro da Silva	Carla Gouveia Barretto	Álvaro Fernandes da Cunha Filho
STRATEGY AND COMMUNICATION	Newton Sérgio de Souza	Francisco Pais	Almir Guilherme Barbassa	Alfredo Lisboa Ribeiro Tellechea



## CORPORATE GOVERNANCE

### Fiscal Council

The Brazilian Corporate Law requires the establishment of a permanent or non-permanent Fiscal Council (FC). Braskem's bylaws provide for the establishment of a permanent FC, composed of five sitting members and five alternates. It is a corporate entity that operates independently from management and the independent auditing companies, whose primary responsibility is to review the activities of Management and the financial statements, as well as render accounts to Braskem's shareholders.

The members of the Fiscal Council are elected by the Shareholders at the Annual Shareholders' Meeting for a one-year term and they may stand

for reelection. The mandates expire at the subsequent Annual Shareholders' Meeting. In accordance with the law, members of the Board of Directors or the Executive Board of the companies cannot participate as members of Fiscal Council. Employees, spouses and relatives of members of the management are also prohibited from participating. The FC regularly meets every three months and in special meetings, when necessary.

As is the case with Braskem's Board of Directors, the Fiscal Council also has an exclusive information channel that can be accessed through the Braskem website ([www.braskem.com.br](http://www.braskem.com.br)). The composition of the FC, as of April 30, 2011, was as follows:

## FISCAL COUNCIL

SITTING MEMBERS	ALTERNATES
Maria Alice Ferreira Deschamps Cavalcanti	Carlos Alberto Siqueira Gomes
Aluizio da Rocha Coelho Neto	Jayme Gomes da Fonseca Júnior
Antônio Luiz Vianna de Souza	Marcílio José Ribeiro Júnior
Ismael Campos de Abreu	Afonso Celso Florentino de Oliveira
Manoel Mota Fonseca	Ana Patrícia Soares Nogueira





## CORPORATE GOVERNANCE

### Executive Board

The Executive Board is managerial body of the Company. According to Braskem's bylaws, the Executive Board is composed of the CEO and three to nine other statutory executive officers. The members of the Executive Board,

except the CEO (Business Leader) and the Chief Financial and Investor Relations Officers, do not have specific titles and are known only as "executive officers." As of April 30, 2011, the members of the Executive Board were the following:

## EXECUTIVE BOARD

NAME	JOB POSITION
Carlos Fadigas	CEO
Marcela Aparecida Drehmer Andrade	Chief Financial and Investor Relations Officer
Décio Fabrício Oddone da Costa	Executive Officer
Edmundo José Correia Aires	Executive Officer
Maurício Roberto de Carvalho Ferro	Executive Officer
Manoel Carnaúba Cortez	Executive Officer
Patrick Horbach Fairon	Executive Officer

The statutory executive officers are elected by the Board of Directors for a two-year term, corresponding to the terms of the members of the Board of Directors, with reelection permitted. The current term of all of the statutory executive officers expires at the 2012 Annual Shareholders' Meeting. The Board of Directors can remove an executive officer at any time. The same law specifies that the executive officers must be residents of Brazil, but need not be shareholders.

Continuing the process of succession in the Company's

business leadership, the Board of Directors approved, in December 2010, the nomination of Carlos Fadigas to the position of Braskem's CEO. He actively participated in the negotiations that led to the acquisitions of Quattor and the Sunoco Chemicals assets in the United States, and, since the beginning of 2010, he has been in charge of business at Braskem America. He will continue the implementation of Braskem's growth strategy, with a focus on 2020 Vision's goal of becoming a global leader in sustainable chemistry,

as well as the company's robust investment program, both in Brazil and in the international market.

The choice of this particular executive to take over as CEO is part of the strategy of leadership renovation and succession within the Odebrecht Organization, in which the processes are ongoing and occur naturally, as a result of new challenges and business dynamics. In addition, this decision addresses the company's desire to constantly improve its corporate governance process.



## CORPORATE GOVERNANCE

### Executive Committee

Braskem's executive body is the responsibility of the CEO, supported by the Executive Committee, made up by the leaders of the Business Units and Support Units. The meetings are called by the CEO and

take place, in principle, on a monthly basis. In 2010, 13 meetings were held. The Committee is composed of the CEO and his executive officers, as shown in the table below, based on information from April 30, 2011:

### EXECUTIVE COMMITTEE

NAME	POSITION (OR AREA OF RESPONSIBILITY)
<b>Carlos Fadigas de Souza</b>	CEO
<b>Marcela Aparecida Drehmer Andrade</b>	Finance and Investor Relations
<b>Marcelo Lyra do Amaral</b>	Institutional Relations and Sustainable Development
<b>Manoel Carnaúba Cortez</b>	Basic Petrochemicals Unit
<b>Rui Chammas</b>	Polymers Unit
<b>Mauricio Roberto de Carvalho Ferro</b>	Legal and Corporate Governance
<b>Fernando Musa</b>	Business Planning and Development
<b>Décio Fabrício Oddone da Costa</b>	Investments
<b>Edmundo José Correia Aires</b>	Corporate Innovation and Technology
<b>Patrick Horbach Fairon</b>	COMPERJ Project
<b>Luiz de Mendonça</b>	International Business Unit
<b>Marcelo Arantes</b>	People and Organization



## CORPORATE GOVERNANCE

### **Ethics Committee**

Deliberative and consultative body, responsible for guaranteeing the understanding of Braskem's ethical principles, issuing opinions and applying disciplinary sanctions in cases of transgression of the values described in the Company's Code of Conduct.

The Ethics Committee is composed of at least four members: the head of the legal department, the head of Corporate Security, a leader from People and Organization and another member appointed by the legal specialist. The members regularly meet four times a year and hold special meetings when necessary, for which minutes are kept. In 2010, the Committee held three meetings.

### **Ethics Line**

Braskem's Ethics Line is a communication channel accessible by all, through email, toll free telephone or by a regular mail PO box, which exists to receive complaints related to violations of the Company's Code

of Conduct. Braskem's Corporate Security department is responsible for confidentially analyzing all reports, with the help of a specialized outsourced company. All of the cases reported and the results of their respective analyses are presented to and discussed by the Company's Ethics Committee.

The communication channel is also responsible for establishment of best practices in Corporate Governance (an initiative that meets Section 301 of the Sarbanes-Oxley Act), contributing to the maintenance and dissemination of Braskem's Ethical Principles and Code of Conduct, in accordance with the levels on transparency required by the market.

The Company has no formal mechanisms for Members to make recommendations or provide guidelines to the Board of Directors. As such, any and all communications addressed by them to that forum is handled by the Corporate Security department.

## INTERNAL CONTROL REVIEW

Braskem's Corporate Security department is developing a permanent process evaluation program in order to identify business risks and propose alternatives to company leaders in order to manage them. The procedure also guarantees the increased efficiency of internal

processes, making leaders aware of the importance of the ongoing evaluation and improvement of risk management and the internal control of the Company's business processes, promoting adherence to internal rules and market regulations, while minimizing the occurrence of fraud.



## CORPORATE GOVERNANCE

# EXECUTIVE COMMITTEE

### **Carlos Fadigas de Souza**

Elected Braskem's business leader on December 7, 2010, Carlos Fadigas was responsible for Braskem's Finance and Investor Relations area from 2007 to 2010, and served as the CFO of Construtora Norberto Odebrecht from 2002 to 2006, as well as having occupied a variety of positions at OPP and Trikem, companies that were merged during the formation of Braskem. He received his degree in Business Administration from Salvador University (UNIFACS) and earned an MBA from the Institute for Management and Development (IMD), in Switzerland.

### **Marcela Drehmer**

Head of Finance and Investor Relations at Braskem, Marcela Drehmer was the Company's chief financial officer from 2005 to 2010, and managed Structured Operations between 2002 and 2005. She also served as the head of Structured Operations and Planning at OPP Petroquímica, from 1994 to 1999, when she joined Odebrecht S.A. and began working directly with the Vice President in charge of Investments for the holding company. In 2000, she took part in the Corporate Finance Internship Program at Credit Suisse First Boston, in New York. She received her degree in Business Administration from Salvador University (UNIFACS) and her MBA in Finance from IBMEC, in São Paulo.

### **Marcelo Lyra do Amaral**

Head of Institutional Relations and Sustainable Development at Braskem, from 2000 to 2003, he served as the an executive officer at Rede Globo Television in São Paulo, in charge of Relations with Affiliated Stations. He also held positions at Rede Bahia

de Comunicação on two separate occasions, first as a commercial officer and, more recently, from 2003 to 2007, as the director of Business and Media. He received his degree in Electrical Engineering from the Federal University of Bahia (UFBA) and holds a graduate degree in Marketing from Salvador University (UNIFACS), as well as additional training in General Management from the Harvard Business School.

### **Manoel Carnaúba Cortez**

Executive Vice President of the Basic Petrochemicals Unit, he has held a variety of positions at Braskem, having been the Executive Vice President of the Vinyls Unit in 2008, the Vice President of the Basic Petrochemicals Unit from 2007 to 2008, an Industrial Officer in the Basic Petrochemicals Unit from 2004 to 2007, and an Industrial Officer in the Vinyls Unit from 2003 to 2004. He is President of the Chemical and Petrochemical Product Industries Union (SINPEQ) and oversees the Committee for Industrial Development (COFIC). He received his degree in Chemical Engineering from the Federal University of Bahia and holds an MBA in Business Management from the Getulio Vargas Foundation (FGV).

### **Rui Chammás**

Current Executive Vice President of the Polymers Unit, he has held a variety of positions at Braskem, beginning, in 2002, as the chief of PVC in what was then known as the Vinyls Unit. He then went on to lead the Polypropylene business and, more recently, the Polyethylene business. He began his career in Rhodia, where he remained until 2002. He received his degree in Aeronautical Infrastructure Engineering from the Instituto Tecnológico da

Aeronáutica (ITA) and holds a graduate degree in Business Administration from the Getulio Vargas Foundation (FGV).

### **Mauricio Roberto de Carvalho Ferro**

Head of the Legal and Corporate Governance Department at Braskem, he also serves as Vice Chairman of the Board of Directors at Politeno, member of the Board of Directors at Poliaden and alternate member of the Board of Directors at Petroflex. He worked as an attorney at the law firm of Carlos Eduardo Paladini Cardoso in 1989 and as an attorney at the law firm Bulhões Pedreira, Bulhões Carvalho e Advogados Associados from 1991 to 1995. He received his law degree from the Pontifícia Universidade Católica do Rio de Janeiro (PUC-Rio) and his Masters from the University of London and the London School of Economics.

### **Luiz de Mendonça**

Head of the International Business Unit, he is also in charge of Braskem America and the renewable raw materials businesses. Until the beginning of 2011, he was the Executive Vice President at Quattor and, prior to that, Executive Vice President of Braskem's Basic Petrochemicals Unit and Executive Vice President of the Polyolefins Unit. He spent 15 years at Rhodia S.A., where he served as the general manager of production, supply, finance and marketing, executive officer in the chemicals division (Latin America) and Vice President of Rhodia USA. He received his degree in Production Engineering from the Polytechnic School at the University of São Paulo (Poli-USP) and earned an MBA from INSEAD, in France.



## CORPORATE GOVERNANCE

### **Fernando Musa**

Head of Planning and Productivity at Braskem, he was the Vice President of Quattor in 2010. He received his degree in Mechanical Engineering from the Instituto Tecnológico da Aeronáutica (ITA), and assumed leadership roles in Strategic Planning at companies such as Dow Chemicals, McKinsey, Editora Abril and Monitor Group. He earned an MBA from INSEAD, in France.

### **Décio Fabrício Oddone da Costa**

Head of Investments at Braskem, he served as the CEO of Petrobras Energia S.A. from 2008 to 2010 and chaired the Board of Directors from 2006 to 2008. He was a member of the Board of Directors at Innova S.A. and several other companies within the Petrobras System. He held a variety of management positions at Petrobras and its international subsidiaries, serving as the chief executive officer at Petrobras Bolívia S.A., as well as managing the operations of Petrobras in the Southern Cone. He received his degree in Electrical Engineering from the Federal University of Rio Grande do Sul (UFRS) and holds a graduate degree in Petroleum Engineering

from Petrobras, with training from the Advanced Management Program at the Harvard Business School, as well as the Advanced Management Program at INSEAD, in France. He also received an Honorary Doctor of Education degree from Aquino University, in Bolivia.

### **Edmundo José Correia Aires**

Head of Technology and Innovation at Braskem, he was a member of Braskem's Board of Directors between 2008 and 2010 and was an alternate member of the Company's Board of Directors from 2001 to 2008. He also chaired the Board of Directors at Petroquímica Triunfo from 2005 to 2008, and was a member of the Board of Directors at Fábrica Carioca de Catalisadores (FCC) and Ipiranga Petroquímica. He also served as the coordinator of the Board of Investments at Petroquisa, and has held a variety of executive positions at Petrobras and Petroquisa since 1980. He received his degree in Chemical Engineering from the Federal University of Rio de Janeiro (UFRJ).

### **Patrick Horbach Fairon**

Head of the Company's COMPERJ Project, he was a member of the

Board of Directors at Copesul, Quattor, Petroquímica Suape and Refap, as well as a member of the Board of Directors at Braskem from 2004 to 2007. He also served as the Holdings' director at Petrobras Química S.A., CFO at Downstream Participações S.A. and General Manager of Business Development at Petrobras. He received his degree in Electrical Engineering from the Federal University of Rio de Janeiro, has a graduate degree in Management from Pontifícia Universidade Católica do Rio de Janeiro (PUC-Rio) and an MBA in Finance from COPPEAD-UFRJ.

### **Marcelo Arantes**

Head of People and Organization at Braskem, he joined the Company in 2010, after two years as the HR director of Latin America at Fiat do Brasil. He served as the director of Human Relations at Reckitt Benckiser, from 2005 to 2008, and was in charge of Human and Organizational Development at Intelig Comunicações for five years. He received his degree in Business Administration from Faculdade UNA, in Minas Gerais, and earned his executive MBA from the Dom Cabral Foundation (FDC).



## ECONOMIC AND FINANCIAL DIMENSIONS

With the acquisition of Quattor and Sunoco Chemicals, 2010 was marked by the thoroughness of controls of losses and performance indicators.

The year 2010 offered favorable conditions for Braskem's operations, with an increase in domestic demand for thermoplastic resins and, at the same time, an increase in the price of petrochemical products on the international market.

In the resins segment, taking into account only three items - polypropylene, polyethylene and PVC - the Company's domestic sales reached 3.4 million tons, an 11% increase over 2009. Internationally, sales volume fell by 11%, as a result of rerouting to the Brazilian market, which was offset by the increase in resin prices on the international market. The total produced by Braskem for the year reached 5.4 million tons, 6% higher than in the previous year.

In the basic petrochemicals segment, international prices experienced an average increase of 56% on the year. While ethylene and propylene sales increased by 6%, BTX revenues increased by 5% and cumene, 20%, the latter due to an increase in activity in the textile sector and an increase in capacity at the São Paulo Basic Petrochemicals Unit (in Mauá, in the ABCD region).

From an operational point of view, the strategy was to seek out operations with the lowest possible losses, in order to improve on all of the indicators - a challenge which became even greater with the acquisition of Quattor and Sunoco Chemicals, now Braskem America, which had completely different

management systems. In 2010, average plant utilization reached 87%, an increase of one percentage point over 2009 (the calculation includes the addition of new assets).

On the other hand, in terms of financial management, the priorities were to equalize the debt inherited from Quattor - objective fully achieved - and generate a safe level of cash flow in order to ensure against low liquidity risks and support the operations of a company that had expanded in size, with growing investment needs.

These efforts, taken together, allowed Braskem to end 2010 with financial results that exceeded projections and greater profitability at Quattor and Braskem America, as well as to regain its stock price and carry out new ventures, which will allow the Company to maintain its growth over the medium term. Among the primary initiatives of 2010, beyond the acquisition of new assets in Brazil and the United States, were: the inauguration of the largest green ethylene plant in the world, at the Trinfo Petrochemical Complex (Rio Grande do Sul); the start of efforts to double capacity at the PVC plant, in the city of Marechal Deodoro (Alagoas); and the agreement to develop an integrated petrochemical project in Mexico, as well as other investments in Brazil and abroad. Whereas Braskem was the 12th largest company in the industry in 2009, the Company began 2011 ranked

8th with respect to the production of polymers, assuming a strategically important role in Brazil.

According to information from the Ministry of Development, Industry and Foreign Trade, the volume of Brazilian resin imports grew 26% from 2009 to 2010. At the same time, revenue from Braskem's exports increased more than 56%, jumping from US\$2.7 billion to US\$4.2 billion. The numbers confirm that the petrochemical market operates on a global scale.

The Company's pioneering efforts with renewable raw materials (sugarcane-derived ethanol) place it among the innovators in the industry and allow for greater competitiveness in a market that increasingly values a commitment to sustainable development. The expectation is that this differentiating factor will generate more value for the Company in the future.

Despite the high level of investment in the current cycle, the Company's Management proposed a distribution of R\$666 million in dividends at the Annual Shareholder's Meeting.

Braskem sets performance targets that include the Company's the lowest levels of management. The Finance and Strategic Planning Department is in charge of compliance with the performance objectives. The Company's financial policy, which is publicly available, applies to Braskem and all of its subsidiaries, in Brazil and abroad.



## ECONOMIC AND FINANCIAL DIMENSIONS

# MAIN FINANCIAL AND OPERATIONAL RESULTS

### SALES AND PRODUCTION PERFORMANCE: 2008 - 2010

Thermoplastic resins (Consolidated)	2008 (t)	2009 (t)	2010 (t)	Variation (%) 2010/2009
<b>TOTAL SALES</b>				
PEs	1,557,388	2,430,896	2,498,153	3
PP	742,266	2,383,757	2,404,125	1
PVC	514,740	497,691	504,974	1
<b>Total resins</b>	<b>2,814,394</b>	<b>5,312,343</b>	<b>5,407,252</b>	<b>2</b>
<b>PRODUCTION</b>				
PEs	1,586,963	2,369,726	2,536,776	7
PP	731,506	2,305,863	2,437,643	6
PVC	522,441	479,077	475,559	(1)
<b>Total resins</b>	<b>2,840,910</b>	<b>5,154,666</b>	<b>5,449,978</b>	<b>6</b>

### TOTAL SALES PERFORMANCE: 2008 - 2010

Basic petrochemicals *	2008 (t)	2009 (t)	2010 (t)	Variation (%) 2010/2009
Ethylene	252,502	498,731	517,260	4
Propylene	370,644	383,048	414,443	8
Cumene**	-	239,806	288,890	20
BTX*	782,405	1,070,373	1,121,010	5
<b>Production</b>				
Ethylene	2,116,924	3,086,103	3,276,626	6
Propylene	1,032,376	1,429,812	1,520,142	6
Cumene	-	243,940	286,284	17
BTX***	845,102	1,249,111	1,310,545	5

\* Main products.

\*\* The acquisition of Quattor in 2010 was behind the significant increase in sales during this period.

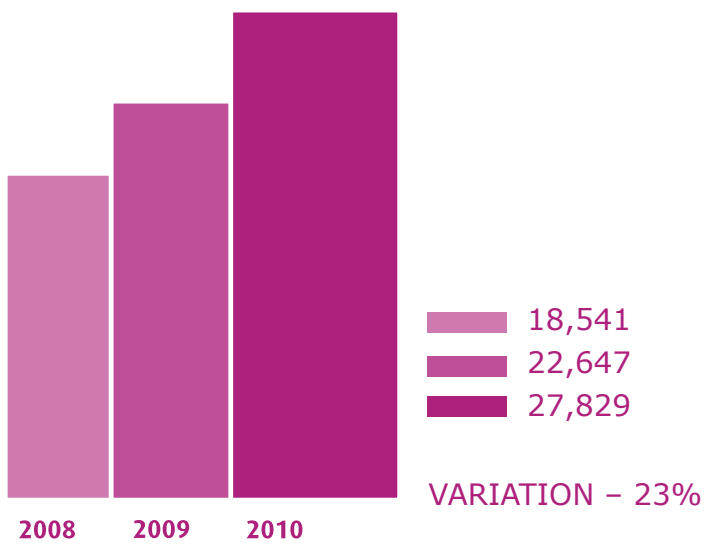
\*\*\* BTX: benzene, toluene, orthoxylene and paraxylene.



## ECONOMIC AND FINANCIAL DIMENSIONS

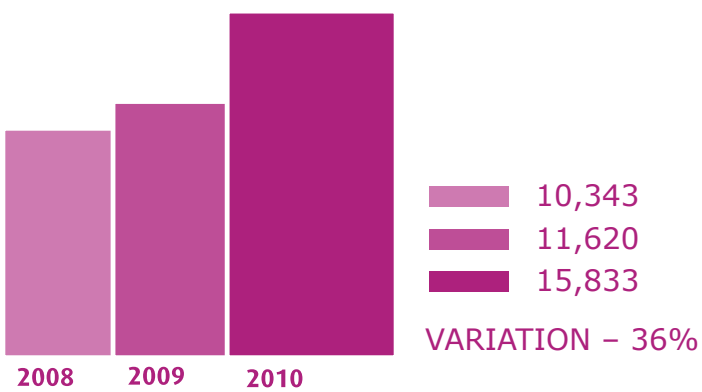
### NET REVENUE (R\$ MILLION)

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### NET REVENUE (US\$ MILLION)

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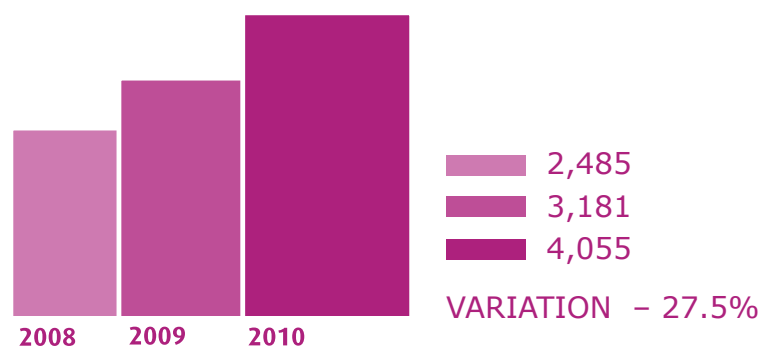






## ECONOMIC AND FINANCIAL DIMENSIONS

### EBITDA (R\$ MILLION)



### FINANCIAL RESULTS: 2007 - 2010

Stakeholder distribution	2007	2008	2009 (IFRS)*	2010 (IFRS)*
Government	1072	539	2,499	1,781
Tax discounts or subsidies (incentives)	1072	539	2,499	1,781
Employees	589	561	473	787
Salaries (personnel and managers)	393	439	348	631
Benefits**	196	122	125	156
Creditors	172	4,445	(493)	1,872
Third-party capital	172	4,445	(493)	1,872
Minority interests	390	39	-	(6)
Shareholders	671	(2,492)	399	1,895
Interest on equity and dividends	278	-	-	415
Retained earnings/losses for the year	393	(2,492)	399	1,480
<b>Total distributed</b>	<b>2,894</b>	<b>1,642</b>	<b>2,878</b>	<b>6,329</b>

\*The financial statements for fiscal years 2009 and 2010 are in accordance with the new accounting standard issued by the International Finance Report Standards (IFRS).

\*\*The benefits include the Government Severance Indemnity Fund for Employees (FGTS).



## ECONOMIC AND FINANCIAL DIMENSIONS

### DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (R\$ MILLION): 2008 - 2010

PERIOD	2008	2009	2010*
<b>(+) Direct economic value generated</b>	17,960	16,136	25,495
a) Revenue	17,960	16,136	25,495
<b>(-) Economic value distributed</b>	<b>20,659</b>	<b>15,977</b>	<b>25,825</b>
b) Operational costs	15,141	13,530	21,412
c) Employee salaries and benefits <sup>1</sup>	524	433	742
d) Payments to capital providers	4,445	(493)**	1,872
e) Payments to government	539	2,499	1,781
f) Community investments***	10.6	7.5	16.4
<b>(=) Accumulated economic value</b>	<b>(2,700)</b>	<b>159</b>	<b>(330)</b>

<sup>1</sup> Benefits do not include the FGTS.

\*The increase in relation to previous years is justified by the acquisition of Quattor and the assets of Sunoco Chemical in the United States, now Braskem America.

\*\*The amount is composed of financial performance coupled with the exchange rate variation. As a result, it may oscillate, including negatively.

\*\*\*Includes private social investment, environmental compensations agreed upon with creditors, donations to the Odebrecht Foundation and other types of donation. The values are based on pro-forma figures, as if the acquisition of Quattor had occurred on January 1, 2010, and do not include Braskem America. In 2010, new temporary projects were considered, particularly new investments such as Parque da Amizade in Paulínia (São Paulo) and Projeto Acreditar in Alagoas.



## ECONOMIC AND FINANCIAL DIMENSIONS

### SIGNIFICANT FINANCIAL ASSISTANCE RECEIVED FROM THE GOVERNMENT\*

	2008	2009	2010
<b>Fiscal incentives / credits</b>	<b>R\$77,542,000</b>	<b>R\$107,765,000</b>	<b>R\$19,885,255</b>
Subsidies	0.00	0.00	-
Subsidies for investments, research and development and other relevant types of concession programs	0.00	0.00	R\$ 1,400,900
Premiums	0.00	0.00	-
<i>Royalties</i>	0.00	0.00	-
ECAs (financial assistance from exportation credit agencies)	0.00	0.00	-
Financial incentives	0.00	0.00	-
Other financial benefits received or receivable from any government for any operation	0.00	0.00	-
<b>Total**</b>	<b>R\$77,542,000</b>	<b>R\$107,765,000</b>	<b>R\$21,286,155</b>

\*Does not include amounts related to the operations of Braskem America.

\*\*The annual amounts vary depending on the recovery of taxes in 2008 and 2009, as reported in the 2008 Financial Statements (note 25) and 2009 Financial Statements (note 27).



## ECONOMIC AND FINANCIAL DIMENSIONS

### Advance payment of debts

The consolidation of the Brazilian petrochemical industry, further cemented with the acquisition of Quattor, has created excellent prospects for Braskem, but also introduced enormous challenges. Associated with the purchase of assets, the Company inherited a short term debt, concentrated in the banking sector, of around R\$7.4 billion. Part of the debt was liquidated by the R\$3.7 billion increase in capital, with \$1 billion contributed by Odebrecht, R\$2.5 billion contributed by Petrobras and the remainder from the other Shareholders. In order to manage the remainder of this liability and change its profile, the strategy was to negotiate advance payment to the bank at the lowest possible cost, which took place because of the Company's credibility and its long history with the financial sector. Another important aspect was the liquidation of the project finance for the Integrated Polyethylene Unit located in Duque de Caixias (Rio de Janeiro), formerly known as RioPol, freeing Braskem of certain commercial obligations that were compromising the Company's competitiveness.

In October, the Company was able to change its debt profile, with the average debt term increasing from seven to 12 years, improving the share division between three types of lenders: banks, capital markets and funding agencies, such as the Brazilian Development Bank (BNDES). A total of R\$1.2 billion was obtained from the capital markets, at a highly competitive cost.

From an operational standpoint, the plants inherited from Quattor began 2010 with a reduced capacity utilization rate. This was mainly due to problems related to raw material supply, which were overcome, over the course of the year, under new management. The operations that already belonged to Braskem maintained their quest for efficiency and innovation. In partnership with its Clients, efforts were focused on generating higher added value, which happened with the development of innovative products - the new silo bag, fuel tank, paint bucket and similar products, made from plastic (see *the chapter entitled Profile*).

### Investment policy

In order to optimize resource management, Braskem updated its investment policy in 2010. During this time, the Company invested a total of R\$1.8 billion, which represents a 99% increase on the R\$894 million disbursed during the previous year. As shown in the chart below, a large part of this amount was directed towards the new operations that were integrated during the course of the year: the new green ethylene plant, at the Triunfo Complex (Rio Grande do Sul); Quattor; Braskem America; and the Ethylene XXI project, in Mexico. Other significant contributions were made to increase production capacity, which was the case at the PVC plant in the city of Marechal Deodoro (Alagoas), in health, safety and the environment, in maintenance downtime and in the replacement of equipment.

In 2011, Braskem plans to invest R\$1.6 billion, between maintenance downtime (R\$390 million), operational investments (R\$660 million) and increasing capacity (R\$500 million).



## ECONOMIC AND FINANCIAL DIMENSIONS

### INVESTMENTS: 2008 – 2010 (R\$ MILLION)

ALLOCATION	2008	2009	2010
Increasing capacity	195	207*	109
Equipment replacement	238	188	230
Safety, health and the environment (HSE)	161	102	103
Technology	91	55	-
Productivity	202	68	66
Maintenance downtime	407	187	365
Information systems	55	50	-
Education/training (internal and external)	9	7	8**
Community programs	11	7	16
Quality/Other	25	23	-
Braskem America	-	-	32
Quattor	-	-	352
Mexico	-	-	47
Green polyethylene	-	-	343
Quantic	-	-	6
Other (includes reliability, IT, commercial and others)	-	-	123***
<b>Total</b>	<b>1,394</b>	<b>894</b>	<b>1,800</b>

\* Of the total, R\$183 million went to the Green Polyethylene project.

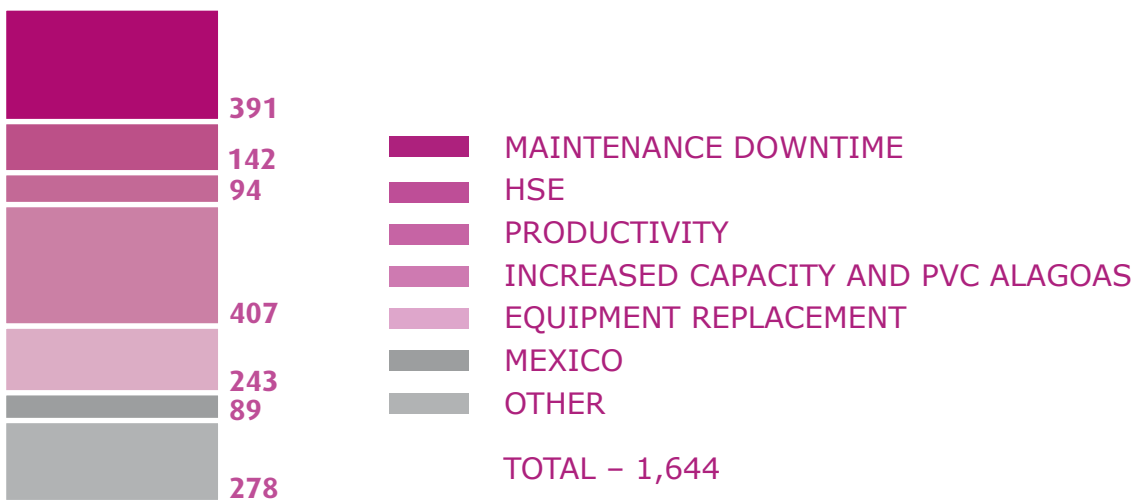
\*\* Does not include investments in Quattor and Braskem America.

\*\*\* Includes investments in technology, information systems and quality.



## ECONOMIC AND FINANCIAL DIMENSIONS

### PROJECTED INVESTMENTS FOR 2011 (R\$ MILLION)



#### Prospects for Growth

Given its current scale and level of competitiveness, with its solid balance sheet structure, good governance practices and good innovative capacity, Braskem sees many value-adding opportunities for growth in Brazil's and abroad. The Company is prepared to take

advantage of these opportunities through new investments in the expansion of productive capacities, new acquisitions and agreements with other companies. The favorable macroeconomic scenario in Brazil and other emerging economies only serves to reinforce this optimistic outlook.



## ECONOMIC AND FINANCIAL DIMENSIONS

### INVESTOR RELATIONS

In 2010, Braskem's financial policy was updated and approved by the Board of Directors, with the aim of improving its business practices. The new document reflects the Company's size and offers clear guidance on important aspects, such as: raising capital, taking on debt, and financial investments, among others. Alongside the positive changes in governance, the positive results obtained through management of the Quattor and Braskem America assets, together with the rapid return to the leverage levels held prior to the acquisitions, were well received by the financial market, which was reflected in the share valuation over the course of the year.

Some steps taken by the Investor Relations department were decisive in improving the perception of the Company. Particularly fruitful endeavors in this regard include the effort made to improve communication with the market, with improved earnings releases, and the return, after an absence of a few years, of „Braskem Day,” which places financial analysts in direct contact with executives from the areas of Investments, Polymers, Quattor, International Businesses, Basic Petrochemicals and Braskem America. Another step was seeking out greater approximation with the sell side+ analysts, helping them better understand Braskem's current situation and its perspectives for growth.

### MEETING DEMAND

Now united under the same Company, Braskem and Quattor have the capacity to meet the demands of the domestic market and export its excess production, contributing to an improvement in Brazil's balance of trade. The annual polyethylene (PE) production capacity is now at 3 million tons, while domestic demand is a little lower than 2.4 million tons per year; the Company also produces 2 million tons of polypropylene (PP) per year, which more than meets the annual demand of 1.4 million tons. With PVC, Braskem is capable

of producing 510,000 tons per year – the installed capacity in Brazil is 785,000 tons per year – to attend to a demand that can reach 1.1 million tons and is met with regular imports from Argentina and Colombia, as well as 17 other countries.

With the goal of turning the country self-sufficient, Braskem initiated an investment of R\$900 million to build a new PVC plant, in Marechal Deodoro (Alagoas), with an annual capacity of 200,000 tons. The plant is expected to be completed by 2012.



## SOCIAL DIMENSION

In its Vision 2020, Braskem calls for economic development, hand-in-hand with preservation of the environment and social equity.

Braskem's commitment to personal development is clearly expressed in its Vision 2020 and its Social Responsibility Policy, which seeks to simultaneously promote economic growth, environmental preservation and social equity. The Company has sought to fulfill its corporate promise in this respect, offering Clients high quality, high yield products and services, while maintaining strong ethical principles. The Company generates resources for the State, through the collection of taxes; it offers job opportunities and professional development; it distributes part of the revenue to its Members and Shareholders; it reinvests a substantial portion of the revenue; it develops economically and socially sustainable businesses; it protects the

environment; and it respects the local laws wherever it operates. Braskem also supports social, environmental and cultural initiatives as part of its Private Social Investment Program (ISP).

Another important aspect of Braskem's social responsibility can be found in its strategy aimed at strengthening the relationship between its Members, Suppliers, Clients and the communities in which it operates. In 2010, the Company began a program of structured dialogue with each of these audiences, in an initiative that is expected to improve its management in the near future. The first step taken in this direction was the consultation on the Annual and Sustainability Report (learn more about this initiative in the chapter entitled About this Report).

Internally, Braskem established an operational strategy for the 2011-2015 cycle, revised its trainee program and strengthened personal development programs as a way to meet the growing demands of a company that now has industrial operations on the international market. Externally, the Company maintained its dialogue with the communities that are receiving new projects, steering investments through prior consultation; it created a code of conduct specifically for ethanol suppliers; it provided technical assistance to client companies; and it increased the resources allotted to supported social projects. This chapter features some of the initiatives carried out in 2010.

## TALENT MANAGEMENT

For the Vice President of People and Organization, who has the responsibility of supporting people management at Braskem, 2010 was a period of great challenges and many accomplishments. The goal of turning the Company into one of the best places to work – one of the Vision 2020 macro objectives – included not just the ongoing international expansion, but also the definition of new strategies for the 2011-2015 cycle, with the review of certain initiatives, such as the Odebrecht MBA and the trainee program, and a greater emphasis on recruiting talent and training scientists in order to

support the innovation boom expected in the coming years (*find out more in the chapter entitled Business and Development*). The year was also marked by the integration of the companies that were acquired at the beginning of the year: Quattor and Braskem America. In these cases, 400 senior executives received training based on the Company's culture. Over the course of 2010, Braskem invested R\$8.2 million in actions aimed at developing competencies.

In the case of the Quattor integration, the cultural alignment also gave priority to the transmission of

Braskem's values. The prevailing guideline during this process was: open communication with new Members, with all significant changes presented to each of the teams at least 60 days in advance.

At the same time, there was a considerable effort made to reconcile 55 conflicting people management practices. By the end of the year all of the practices had been reconciled. In terms of the layoff of Quattor Members, which occurred primarily in the administrative areas, given that the overlap was much lower in the industrial area, the total





## SOCIAL DIMENSION

accounted for between 4% and 5% of the overall workforce.

Recruiting new talent and training Members are essential components of the Company's future development, since its international expansion plans and focus on innovation demand a high number of qualified professionals. Braskem estimates that it will need to integrate 600 people into its research and development team by 2015, a challenge that will be met through a greater approximation with academia, through a search for students from foreign universities and the Company's direct participation in training researchers – by broadening the support for research and academic grants, for example.

Another priority for Braskem includes developing the management capacity of its Members, with a focus on sustainable development. To do so, a training program focused on sustainability was launched at the beginning of 2011. The program features the participation of members of the technical and support staffs, as well as certain stakeholders, such as Clients, Suppliers, NGOs and banks. The initiative, developed in partnership with the Fundação Instituto de Administração (FIA) at the University of São Paulo (USP), will offer a total of 460 hours of content to a group of 36 people.

### Strategy

During the strategic planning event, carried out in 2010, a group of 81 Members from the People and Organization team created the vision statement for the department: „To be a leader in the development of knowledgeable people who can assure the Organization's sustainable development, guarantee the perpetuation of the culture and promote a happy work environment.“ In order to achieve this, it defined

the pillars that will support Braskem's strategy: Education and Development; Culture; Environment and Image; Positive Feedback and Recognition; Excellence in Service.

Based on the results of this meeting, on studies dealing with the challenges of growth in Brazil, and on the need to train human resources, priority was given to strengthening the Company's image and reputation, to the recruitment and development of new talents, to supporting the internationalization process through global practices, to the ongoing improvement of the internal workplace, to strengthening corporate culture, to Odebrecht Enterprise Technology (TEO), to a compensation policy based on the current challenges, to inclusion of workers issues in the political and strategic agenda and to contributions towards development of partner companies.

One example from among the variety of proposed initiatives for meeting the needs of Clients was the work carried out in 2010 with Embrasa, a packaging manufacturer (sacks and big bags). Braskem helped the company implement and develop an integrated planning approach, which established and tracked specific goals. The process took place parallel to the family succession underway at the Embrasa businesses.

### Solid culture

The principles and concepts behind TEO, which is practiced by all companies controlled by the Odebrecht Organization, guide the activities of Braskem's Members. The role of the leader is fundamental, because they serve as the educator, responsible for the professionalism in their area, maintaining a positive work environment and training their successors. Braskem places its trust in people and believes that through

planned and responsible delegation, it can form better leaders who are more committed to further improving the Company's results.

Based on the Company's strategic vision, which defines the required skills, coupled with the necessary knowledge base and expected attitude, all Braskem Members are evaluated by the Leaders, working together to build the Individual Development Plan (PDI), created and agreed upon by the leader and their subordinate, based on the opportunities for improvement seen during the evaluation period. The PDI lists the development goals that can be achieved through educational initiatives offered by, or related to, the subordinate's job.

In 2010, more than 170 Quattor and Braskem Members, as well as the new Members hired during the course of the year, participated in a total of 6,000 hours of activities (training) related to the TEO, included as part of their Introduction to the Culture.

### Odebrecht Organization MBA

In 2010, a group of 23 Braskem Members participated in the Odebrecht Organization's Executive MBA, a specialization program directed at a group of the Organization's executives, which is in its first edition under the current format, with the participation of all of the group's companies, offered in partnership with the Instituto de Ensino e Pesquisa (Insper).

With a total course load of 528 hours, 480 of which are spent in the classroom, the course focuses on current trends in the market and includes, among other topics: supply chain management, opportunities for innovation and process improvement; market tendencies; risk management; values and culture; and people management. One of its unique



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characteristics is the inclusion of sustainability in business, management and social actions, with an emphasis on relationships with the broad range of shareholders.

### Trainee Program updates

Braskem's new size, process of internationalization and focus on innovation, coupled with the reality of the labor market, with its increasingly intense competition for top talent, led the Company to remodel its Trainee Program in 2010.

With the primary objective of becoming part of the strategy of training and developing future Company leaders, the new program's major innovation is its division into two basic profiles: one technical, for the industrial area, and one generalist, for the administrative and support areas (commercial, finance, legal, among others).

Other significant changes included the lengthening of the course, which went from 12 to 18 months, and new criteria for offering slots in the program: the leadership succession plans and Braskem's growth. Nearly 13,000 applications were received for Braskem's 2011 Trainee Program. The 27 selected candidates will begin their careers at the Company in February.

### Desired profile

Beyond the technical qualifications and the preparation needed to perform their functions, Braskem is seeking professionals who are aligned with its corporate culture. The primary characteristics valued among Members are:

- humility, simplicity and a spirit of service;
- openness to positive relationships with leaders, subordinates and all other colleagues;

- commitment to sustainable development;
- autonomy to set their own goals and pursue them as if they owned the business;
- focus on results.

### Salaries and benefits

Braskem's Compensation Policies and Practices establish that total the compensation offered to its Members (salary, benefits and bonuses) be situated in the market's third quartile (25% above average). Annually, the Company carries out a salary review cycle in which it applies the concept of meritocracy to all of its Members, comparing individual placement with the market averages and regional averages that Braskem seeks to position itself against. The objectives are: reduce variations to a fixed compensation (with respect to market practices and positioning among salary averages) and apply meritocracy as a form of individual recognition.

All Members have an Action Plan (PA) that defines their individual goals to be met during the fiscal year, which are reflected in their share of the Company's results, in the form of bonuses. The policy does not take gender into account, and the compensation criteria are applied equally among men and women, based on merit and performance.

### Union relations

Braskem's Code of Conduct does not permit discrimination of any kind, including due to affiliations with organized labor. The principles that guide the relationship with unions and workers are:

- recognition of labor unions and institutions that legally represent workers;

- respect for freedom of expression;
- respect for Members' decision to affiliate themselves with union organizations;
- dialogue and understanding are the preferred means, at Braskem, to solve potential labor and union issues;

Braskem's principles and values are non-negotiable;

- the physical integrity of the organization's people and property must be maintained.

### Competencies and learning

Braskem's Members are evaluated on the basis of Competencies, which includes: characteristics of the Braskem Member; Braskem competencies; technical competencies. The first two items reflect the organization's culture and the third, the abilities and understanding required of working professionals. In order to align the competencies, attitudes and values of Members with the competencies required by the Company, the Individual Development Plan (PDI) has been adopted, which is agreed upon by the leader and the subordinate, based on opportunities for improvement that were observed during the evaluation phase. The PDI lists the development goals that can be achieved through educational initiatives offered by, or related to, the subordinate's job.

The Horizons Program, created and developed by Braskem in 2010 in order to facilitate the transition process to retirement, identifying productive (post-career) opportunities, seeks to support Members in better planning for this moment in their career, as well as guaranteeing the transfer of knowledge through generations.



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The initiative, which is based on three primary aspects – appreciation, recognition and personal orientation – covers all retired Members or those within one year of full retirement (for time served) who wish to leave the Company, as retirees, within a year.

The program, which lasts 12 months, includes four workshops that motivate awareness and planning, with a focus on reflections about life, career, the transmission of knowledge and the life projects of individual Members. In two workshops, Members are invited to bring their husbands/wives in order to share the knowledge that they have gained, allowing for greater exchange and integration, as well as a sense of group identity at an important and decisive moment in their lives.

### **Combatting discrimination**

Braskem has structured a rigorous process, with internal management mechanisms, that has contributed to the maintenance of non-discrimination measures in the workplace. The Company considers

discrimination to be any behavior that disrespects a human being, including physical and verbal aggression. None of the cases discussed below are classified on the basis of gender, race, color, religion, political opinions, nationality or social origin.

Discrimination cases are identified by the Ethics Line, a regularly audited, open channel of communication for Members, Suppliers, Clients and other stakeholders. Braskem adopts specific procedures for dealing with reported complaints and all of them are investigated.

The cases are evaluated by the Ethics Committee, which decides what action is to be taken. Incidents involving workplace discrimination can be treated in two different ways:

a) Inclusion or intensification of the Member's participation in professional development programs, monitored by P&O leaders and team members. Progress with respect to the Member's behavior should be included in his

annual qualitative evaluation, which plays a role in determining bonuses. Every 12 months, the Member's qualitative analysis is analyzed by Corporate Security in order to establish whether there has been, in fact, progress in the workplace.

b) Termination of the Member's employment.



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**TOTAL NUMBER OF DISCRIMINATION CASES  
AND THE MEASURES TAKEN\*: 2008 – 2010**

	<b>2008<sup>1</sup></b>	<b>2009<sup>2</sup></b>	<b>2010<sup>3</sup></b>
Substantiated cases	2	1	1
Unsubstantiated cases	3	5	3
<b>Total</b>	<b>5</b>	<b>6</b>	<b>4</b>

\*Incidents reported to the Ethics Line that are not based on race, color, sex, religion, political opinion, nationality or social origin, as defined by the International Labor Organization (ILO), or other relevant forms of discrimination involving internal and/or external stakeholders in Company operations.

**Resolution of  
substantiated cases**

<sup>1</sup> The Member accused of harassing another Member was transferred from the department and began being monitored by his supervisors. During a period of regular feedback, he showed significant improvement in his conduct, without any repetition of the inappropriate conduct.

<sup>1</sup> The Member received feedback from leadership, and was placed under observation with ongoing qualitative evaluations. Under this

arrangement, his behavior in front of his colleagues improved significantly.

<sup>2</sup> Braskem requested that a Supplier remove an employee who worked at one of the Company's facilities and did not maintain cordial relations with others.

<sup>3</sup> The Member received feedback from leadership, and was placed under observation with ongoing evaluations. Under this arrangement, his behavior improved significantly, without repeating the inappropriate behavior.



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## SOCIAL PERFORMANCE INDICATORS

### DISTRIBUTION OF MEMBERS BY GENDER AND AGE GROUP – 2010

<b>BRASKEM E QUATTOR</b>	<b>FEMALE</b>	<b>MALE</b>	<b>TOTAL PER AGE</b>	<b>FEMALE (%)</b>	<b>MALE (%)</b>
Under 30	445	883	1,328	34%	66%
Between 30 and 50	777	3,166	3,943	20%	80%
Over 50	122	921	1,043	12%	88%
<b>Total per gender</b>	<b>1,344</b>	<b>4,970</b>	<b>6,314</b>		

<b>BRASKEM AMERICA</b>	<b>FEMALE</b>	<b>MALE</b>	<b>TOTAL PER AGE</b>	<b>FEMALE (%)</b>	<b>MALE (%)</b>
Under 30	12	19	31	39%	61%
Between 30 and 50	36	217	253	14%	86%
Over 50	24	129	153	16%	84%
<b>Total per gender</b>	<b>72</b>	<b>365</b>	<b>437</b>		

\*Data unavailable for 2008 and 2009 due to the integration of the data systems, which took place in 2010, with the acquisition of the Quattor and Braskem America operations.



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**MEMBER DISTRIBUTION BY  
WORK CONTRACT AND REGION – 2010**

<b>Região</b>	<b>Members</b>	<b>Outsourced</b>
Northeast	2,328	10,896
Southeast	2,241	6,118
South	1,745	5,082
<b>Total</b>	<b>28,410</b>	

\*Data unavailable for 2008 and 2009 due to the integration of the data systems, which took place in 2010, with the acquisition of the Quattor and Braskem America operations.

**MEMBERS BY OCCUPATIONAL LEVEL**

<b>CATEGORIES</b>	<b>2010</b>	
	<b>FEMALE</b>	<b>MALE</b>
Operational	250	2,229
Administrative	756	1,057
Technical	343	1,679
Total per gender	1,349	4,965
<b>Overall total</b>	<b>6,314</b>	

\*Data unavailable for 2008 and 2009 due to the integration of the data systems, which took place in 2010, with the acquisition of the Quattor and Braskem America operations.



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**INVESTMENTS IN EDUCATION AND TRAINING\*  
2008 - 2010**

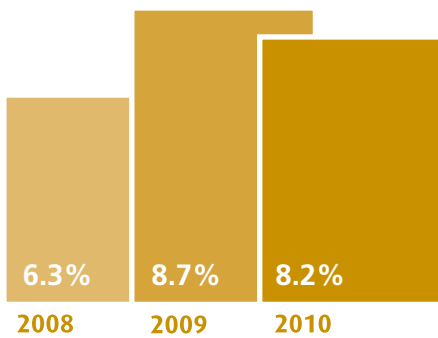
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\*In relation to the total revenue obtained by the Company each year.

**PROFESSIONAL TURNOVER\* 2008 - 2010**

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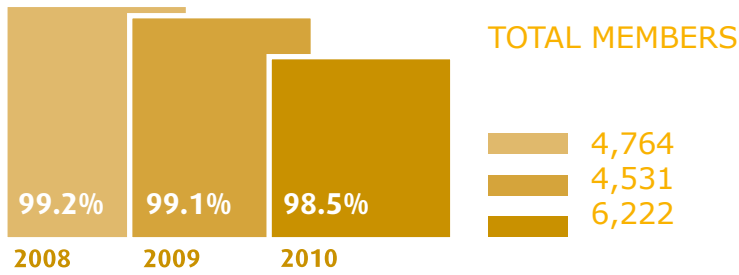
\*Turnover.

\*\*In 2010, a year in which the Company dismissed 585 Members, the percentage includes the Braskem, Quattor and Braskem America plants.



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**PERCENTAGE OF EMPLOYEES COVERED  
BY COLLECTIVE BARGAINING AGREEMENTS\***



\*Does not include Braskem America.

**BASE SALARY RATIO BETWEEN MEN AND WOMEN  
BY JOB CATEGORY\***

Job category	Salary ratio (Women/Men)
Operational	3/4
Administrative <sup>2</sup>	3/5
Technical	1

\*Does not include information from Braskem America.

Notes:

<sup>1</sup> With a greater number of men in the workforce, they account for more time served, which also elevates their compensation.

<sup>2</sup> The number of men is higher in leadership positions, united under the Administrative category.





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### COLLECTIVE COMMITMENT

Braskem's Code of Conduct is periodically revised, in order to assure its continual improvement. The review process includes the participation of Members of the respective areas of interest and the Board of Directors (representing the Shareholders). Currently, the Code of Conduct for Suppliers is also in the process of being reviewed.

Upon entry into the Organization, new Members receive a copy of the Code of Conduct. Every two years, the Company carries out awareness and publicity campaigns for each aspect contained in the document, which provides an opportunity for Members to reacquaint themselves with its contents. The most recent campaign took place in December 2009.

#### Partnerships with suppliers

Braskem maintains and encourages long-term relationships with its Suppliers, offering training and spreading its values and its commitment to sustainability. The criteria used for selecting business partners includes technical and commercial competence, as well as a financial evaluation carried out by a qualified company.

All suppliers are periodically evaluated, in order to guarantee their qualifications and allow for the ongoing improvement of the processes and services they provide. During the evaluation phase, verifications are carried out on customer service and the supplied materials, the certifications regarding quality and the environment (NBR ISO 9001 e NBR ISO 14001) and the compliance with Braskem's Code of Conduct. The result of this analysis is used to produce the Supplier Performance Index (IDF), which ranges from 0 to 100 points. Based on the grade that is received, an analysis of performance for the period

is issued, which is used to define the opportunities for improvement and create an Action Plan.

In addition, in order to support them in structuring and increasing the competitiveness of their businesses, the Company relies on the Braskem+ Parceiros program, which includes the following goals:

- strengthening the chain of Braskem suppliers;
- maximizing the levels of quality and productivity when contracting goods and services;
- mapping the factors that impact the competitiveness of supplier processes and the consequences in Braskem contracts;
- improving the management of Health, Safety and the Environment at partner companies;
- training the supplier in quality concepts, HSE and management tools.



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### PRODUCTIVE CHAIN BEST PRACTICES IN THE ETHANOL PRODUCTION CHAIN

With the launch of the green ethylene plant, in Triunfo (Rio Grande do Sul), Braskem increased its demand for sugarcane-derived ethanol. In order to orient the companies supplying this raw material and establish good environmental and social practices along the entire production chain, the Company created the Code of Conduct for Ethanol Suppliers, in September 2010.

The document represents the formalization of a partnership between Braskem and its ethanol suppliers for the sustainable development of the production chain, from the origin of the raw material to the final product. Among the topics covered by the current code are the steps taken with respect to controlled burns, the protection of biodiversity, good environmental practices, human rights, workers' rights and the analysis of the product's lifecycle.

The Company is the largest industrial consumer of ethanol in Brazil, utilizing approximately 700 million liters per year, for the production of green polyethylene (PE) and ETBE – a

bioadditive for fuels. The majority of this demand is supplied through contracts with the main ethanol suppliers of Brazil.

The main references used to create the code were Brazilian law and principles taken from the São Paulo State Agro-Environmental Protocol, the Global Compact, the UN, the Agro-Ecological Sugarcane Zoning (which guides ethanol production in Brazil) and the National Commitment to Improve Labor Conditions on Sugarcane Plantations. These documents seek to guarantee basic rights, a better quality of life for sugarcane plantation workers and control of the primary environmental impacts along the ethanol production chain.

Since the Code's introduction, 70% of Braskem's ethanol demand in 2010 was met by plants that were committed to its policies and guidelines. The supplier's commitment is placed in writing and signed by a representative and/or the director of the supplying plant.

In order to monitor compliance with the obligations taken on through the Code of Conduct, Braskem carries out periodic visits to its Suppliers' plants.

### PARTNERSHIPS THE 20 LARGEST BRASKEM SUPPLIERS\*

- Akzo Nobel Ltda.
- Arkema Química Ltda.
- Bahiagás – Cia. de Gás da Bahia
- Bulktrade AG
- Chesf – Cia. Hidroelétrica do São Francisco
- Companhia de Gás do Estado do Rio Grande do Sul
- Construtora Norberto Odebrecht S/A
- Gás de Alagoas S/A
- Latina Distribuidora de Petróleo Ltda.
- M&G Polímeros Brasil
- Opip – Odebrecht Plantas Industriais e Participações S/A
- Petrobras Distribuidora S/A
- Petrobras Petróleo Brasileiro
- Refap S/A
- Refinaria de Petróleo Riograndense S/A
- Shell Western Supply and Trading Li
- Standard Chartered Trade Services
- Sojitz Corporation
- Trafigura Behher B V Amsterdam
- White Martins Gases Industriais Ltda.

\*In alphabetical order.



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# COMMUNITY RELATIONS

Environmental protection and the productive social inclusion of the communities in which it operates are some of the sustainable development principles that guide Braskem's actions. The company makes every effort to maintain good relations with its neighbors, seeking to understand their main problems, train local workers and contribute towards strengthening the production chain, as well as contributing to the generation of new jobs.

The city of Marechal Deodoro, in Alagoas, for example, will receive a new industrial PVC plant, which will receive approximately R\$900 million in investments. The project includes the creation of 2,000 direct jobs while under construction, and another 480 indirect jobs following its opening. And the project's benefits extend even further, given that in recent years at least ten plastics processing companies have established themselves in the region and others have announced their intention to do the same, motivated by Braskem's project.

Through the Acreditar Project, the community of Marechal Deodoro was involved in preparing for the launch of project operations, including a workforce training program to fill new job openings. A total of 680 openings were reserved for members of the population over 18 years of age, divided into 12 courses with an average classroom time of 20 hours per week. The students receive a behavior assessment on a weekly basis.

Another similar example was seen at the Triunfo Petrochemical Complex, in Rio Grande do Sul, during the construction of the green ethylene plant. Creating partnerships with governments and civil institutions is part of the Company's plans to enter and operate in this and other locations in which it directly operates.

### Management of social investments

Braskem's corporate culture calls for valuing human beings through education and work. All that is needed is the willingness to serve, the capacity and the desire to progress and the

commitment to improving results. This corporate mission's reach goes beyond the Company and includes the communities in which it operates, with its traditions and culture, which are part of a rich intangible heritage that must be preserved and protected. Private social investment in programs aligned with its principles and values represents one of the ways to reach these objectives. In 2010 alone, the Company invested a total of R\$9.2 million in different Private Social Investment Projects, as well as the R\$7.1 million invested in social and environmental projects associated with new investments, some of which are described in this chapter. In 2009, the investments reached R\$7.5 million.

The choice of supported projects is based on the Social Responsibility Policy, which declares that the Company's investments in this area must prioritize social inclusion, environmental education or cultural promotion. In 2010, Braskem did not utilize fiscal incentive resources in its Private Social Investment projects.



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### Social and environmental projects

Braskem's commitment to contribute to the development of the communities in which it operates goes beyond economic issues to cover social and economic issues, as well. As such, in 2010 R\$16.3 million was invested in different social and environmental projects. Some of the projects supported by the Company include:

#### LAGOA VIVA ENVIRONMENTAL EDUCATION PROGRAM

Started in 2001, in the neighborhood of Pontal da Barra, which is home to the community neighboring the Braskem Chloro-Soda Industrial Plant, in Maceió (Alagoas), the project gained momentum and alternate sources of income by encouraging sustainable practices. Classes in music, English, hydroponics, beekeeping and continuing studies, among others, provided training and a diversity of occupations that wound up promoting social mobility within the community. Currently, the initiative brings together 28 groups engaged in ongoing environmental education training, in 35 municipalities of Alagoas, where they carry out activities such as presentations, regional meetings, congresses, courses and training sessions. Yet, the Company has not carried out a quantitative survey or evaluation of the impacts of these activities.

#### CINTURÃO VERDE (GREENBELT)

This Environmental Preservation Area (APP), created in 1987, constitutes a 50 hectare ecological reserve located in the coastal forest of the Pontal da Barra neighborhood, between the Atlantic Ocean and the Mundaú Lagoon, in Maceió (Alagoas). The aim is to achieve the growth and natural reproduction of local flora and fauna, transforming the area into an ecological refuge. Cinturão Verde has already been visited by more than 175,000 people, including students

from all over the state of Alagoas and the surrounding community. The reserve includes 280,000 planted seedlings, 200 conserved plant species, 400 varieties of wild Brazilian fauna – introduced and reproduced onsite – as well as the discovery of the "Alagoas Red Propolis," which may receive a geographic identification seal (origin name). Due to these results, Cinturão Verde has received a number of special recognitions, including: Atlantic Forest Biosphere Reserve (UNESCO), Environmental Education Center (UNESCO) and Flora and Fauna Conservation Area (IBAMA).

#### RECYCLING PROJECTS

Braskem is investing in the development of a unique recycling project for the municipalities of certain regions in São Paulo, Rio de Janeiro, Rio Grande do Sul, Alagoas and Bahia. In Rio Grande do Sul, the project is in an advanced development phase. It was carried out by the Rio Grande do Sul State Department of Justice and Social Development and led by the Fundação Vonpar, with the participation of the Fundação Banco do Brasil, the Centro de Assessoria Multiprofissional (CAMP), Maxiquirem and professors from the Sapucaia do Sul campus of the Sul-Rio-Grandense Federal Institute (IFSUL). The project seeks to include recycling materials collectors in productive society and to strengthen recycling units by providing technological support to the recycling centers. Presently, the project includes 38 warehouses, throughout the state, with investments in improving the facilities, sorting equipment and workplace safety, management training and the productive process. The initiative promotes social inclusion, with the participation of approximately 180 recyclers, who benefit from greater income and the proper destination of municipal solid waste, which contributes to environmental conservation.

In the other states, the same project in 2010 began diagnoses of the social situation of the recycling materials collectors and the quality of the recycling warehouses operating in each location. Using these analysis, training and development phases will be implemented in 2011 for the recycling materials collectors, as well as investments in equipment and technology to improve the warehouses, guaranteeing an increase the income and social inclusion of these professionals.

#### FOREST FACTORY

This is a project that promotes the production and planting of native species seedlings along the Costa dos Coqueiros Ecological Corridor and the Forest Ring region, in the northern coastal region of the state of Bahia, in order to restore the Atlantic Forest, with an emphasis on the reforestation of natural springs and riparian buffer zones that extend from the Camaçari Industrial Complex to the Sauípe Eco Park. One hundred and fifty thousand seedling were planted in 2010, which contributed to the restoration of 100 hectares. There was also preparation training offered to 120 people and another 500,000 seedlings will be planted in 2011.

#### PROGRAM OF INTEGRATED AND SUSTAINABLE DEVELOPMENT OF THE MOSAIC OF APAS IN SOUTHERN BAHIA (PDIS)

The challenge involves making a depressed rural area, with extensive environmental heritage, dynamic and prosperous, by placing young talents in the field. The pursuit of this common goal, which revolves around the sustainable development of the Pratigi Environmental Protection Area (APA), a single initiative, are the eight Millenium Development Goals (MDGs) proposed by the United Nations (UN) and agreed upon by 192 countries. The actions favor the young and their interaction with their



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families, in an attempt to transform the reality of rural communities. The PDIS was recognized by the UN with a 2010 UN Public Service Award in the category „Fostering participating in policy-making decisions through innovative management.“ Issued by the Division for Public Administration and Development, the awards highlight institutions that have contributed to improving the effectiveness of public service. In 2010, Braskem contributed R\$4.6 million to the program through the Odebrecht Foundation.

### PARQUE DA AMIZADE (FRIENDSHIP PARK)

Inaugurated in January 2011, the Parque da Amizade, located in Paulínia (São Paulo), received R\$6.5 million in investments from Braskem. In a 300,000m<sup>2</sup> area of remnants of the Atlantic Forest, within a Permanent Preservation Area (APP), there are approximately ten springs and five kilometers of streams. The project was launched in 2009 and conceived of as an integrated unit for promoting initiatives involving environmental preservation, leisure, sports, cultural and educational activities, as well as training activities based on citizenship, income generation and social inclusion.

The implementation of Parque da Amizade was carried out by the non-governmental organization (NGO) Grupo de Aplicação Interdisciplinar à Aprendizagem (Gaia). The organization was created 20 years ago, with headquarters in Campinas (São Paulo), and it specializes in joint enterprises between companies and governments, in order to benefit the population. The park was built with resources donated by Braskem during the installation of its polypropylene unit in Paulínia, as an environmental compensation measure.

Approximately 10,000 people live in the areas surrounding the park, in the neighborhoods of Jardim Amélia, Jardim Leonor, Alto de Pinheiros, Morro Alto, Parque das Árvores and Chácara São Domingos. The objectives of the project included improving the quality of life of those who live in the region through theme-based formative activities monitored by Gaia. Over the course of 17 months, the NGO carried out a number of formative activities on the management and sustainability of the park, as well as income generation, entrepreneurship and craftsmanship, social and professional qualification and articulation of the employability network, environmental and audiovisual education, institutional development and project design.

A total of 10 programs were offered, in addition to social and educational actions and workshops that directly involved more than 1,100 people from the community, as well as institutional representatives. The process of articulation and the establishment of partnerships in order to organize the workshops were two important aspects of the project, which resulted in the engagement of 182 founding partners. 55% of the 82 young people who received training were able to enter the job market.

With the aim of reducing the environmental impact caused by the use of natural resources, certain technologies were used in the park: rainwater collection, which can be reused to irrigate the landscaping or be used for cleaning; the adoption of shed-type roofs that enable natural ventilation and light; the use of sun shades on front windows, which also helps cooling the rooms; a thermal layer and white roofing tiles to reflect the heat of the sun, eliminating the need for air conditioning; outdoor furniture made of plastic wood, a

resistant material made from recycled plastic waste; and PVC concrete masonry, which renders the use of finishing material unnecessary. The projects, which began in July 2010, were largely carried out by workers from the surrounding communities.

**Braskem Theater Awards (PBT)**  
Created in 1994, this award recognizes the best theatre productions in Bahia state in ten categories with the aim of valuing and awarding professionals in the performing arts, helping pave the way for new talent. The selections are made by a commission of judges specializing in cultural activities.

### BRASKEM THEATER AWARD – PBT

Created in 1994, to reward, in ten categories, the best theater productions of the State of Bahia, to recognize and encourage theater professionals and to pave the way for new talents. The nominations are made by a jury of culture experts.

### BRASKEM ON STAGE AWARD

The “Porto Alegre on Stage” festival is recognized as one of the leading theater festivals in Latin America. During its 17 years of existence, the festival has brought to the city of Porto Alegre major national and international names in theater, music and dance. Braskem has sponsored the festival’s last four editions. The company also sponsors the Braskem on Stage Award, which recognizes the best productions in Rio Grande do Sul state in the following categories: Best Production, Best Director, Best Actor, Best Actress and the People’s Choice Award for Best Production. The awards ceremony takes place at the close of the “Porto Alegre on Stage” festival.



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### **BRASKEM FRONTIERS OF THOUGHT**

Held exclusively in the city of Porto Alegre, the capital of Rio Grande do Sul, with ten scheduled meetings per year, the project places major international minds in direct contact with the public, giving them a chance to hear and discuss issues of major importance from several fields of knowledge. Since its launch, it has showcased 40 national and international speakers from a wide range of specialized backgrounds, at 26 different events.

### **STARCH COOPERATIVE ALLIANCE PROJECT (ACA)**

In 2010, Braskem introduced support for the Starch Cooperative Alliance Project (ACA). It is a sustainable development project that seeks social inclusion and an improvement in the quality of life of the “family units” that are members of the Bahia State Cassava Starch Producers Cooperative (Coopamido). The initiative was

conceived and funded by the Odebrecht Foundation with the objective of: establishing families in the countryside, bringing together the latest technology and family farming; socially including members of the cooperative, turning them into a new rural middle class; distributing income based on productivity and work; reaching the eight UN Millennium Development Goals; among other objectives. One of the focus points of the support from Braskem/Ideom (an innovation and technology company created by Braskem in December 2008) is the development of the market and applications for cassava starch, seeking to add greater value to the product and thereby enhance family incomes in the region. The project, which is still in the implementation phase, already includes 13 cooperative producers. The expectation is that the benefits will reach at least 400 families. More information can be found on the website <[www.bahiamido.com.br](http://www.bahiamido.com.br)>.



## ENVIRONMENTAL, HEALTH AND SAFETY DIMENSIONS

Integrated management ensures continuous monitoring to avoid losses and prevent accidents, fostering alignment with the Company's policies and practices.

Like all organizations that experience a rapid growth process, in 2010 Braskem faced a series of challenges related to the environment, health and safety. In most cases, the outcomes were positive: energy efficiency was increased; green plastic production was introduced, incorporating the primary raw material (sugarcane) into its matrix; Reach (Registration Evaluation and Authorization of Chemicals) system certification was obtained for chemicals, which clears the way for the Company's products in Europe; the greenhouse gas emission inventory was updated; the post-consumption structuring strategy was initiated; and investments to promote the health of its Members, education and environmental protection were maintained (see the box entitled GHG Methodology Protocol).

The management of these areas was carried out through the Sempre (Excellence in Safety, Health and the Environment) program, integrally developed and instituted in 2005, with the objective of minimizing and preventing losses. In 2010, one of Braskem's primary concerns was mapping the situation with its newly acquired assets, among them Quattor and Braskem America, and promoting

an alignment with the Company's policies and practices.

With the integration of Quattor and Braskem America, the indicators regarding eco-efficiency, as well as process and workplace safety improved, except for the severity rate+ and water consumption (see charts). In terms of process safety, four plants were audited and all of them obtained improvements in their Risk Rating. With respect to chemical safety, 28 of the 33 substances used by Braskem that are expected to be marketed to the European Community and submitted to the European Chemicals Agency have already been approved. In the area of health management, the actions involved activities to promote Members' well-being, from the prevention of occupational illnesses to early detection of diseases.

In the environmental realm, Braskem obtained, in 2010, its best results since its inception (2002) on all of the eco-efficiency indicators, as a result of continuous investments in modernization, technological upgrades and the maintenance of industrial assets, with the exception of the water consumption index. The Company also completed the inventory of greenhouse gas (GHG) emissions from all of its

plants, based on 2010. The results show that the intensity of the emissions dropped by 11.6% from 2008, which allowed it to achieve the goal set for 2013 well ahead of schedule (see the tables relative to the GRI EN16 and EN18 indicators, contained in this chapter).

One negative aspect of Braskem's performance in 2010 was the occurrence of a fatal accident at the Basic Petrochemicals Unit, in Camaçari (BA), which stands in stark contrast to the Company's historical performance, which puts it among the global leaders in this regard, within the industry. The victim was an outsourced worker who climbed on to a piece of scaffolding in order to carry out an inspection, when the tube broke. Based on the evaluation of the Company's management, the leaders intensified behavioral dialogues with their teams and took steps to accelerate the adoption of the 285 Sempre requirements at all units, including those that were recently acquired. In a message circulated internally about the incident, the president of Braskem at the time, Bernardo Gradin, reminded everyone that no amount of profit is justified when people's lives are at risk. In 2011, investments in this area will grow and are expected to reach an estimated R\$142 million.



## ENVIRONMENTAL, HEALTH AND SAFETY DIMENSIONS

### COLLECTIVE AGREEMENTS

In addition to the clauses regarding wages, working conditions and social obligations, the collective agreements signed with the workers' unions during the period from 2009 to 2011 include topics related to health, safety and the environment (HSE).

Examples of clauses agreed upon in the collective bargaining process include:

- authorizing the union doctor to have access to biological control information;
- commitment to carrying out a group of technical seminars on HSE, gender and bullying;
- annual presentation of the Health Safety and Environment Policy to the labor union;
- in the event of an accident at work, assurance of the participation of a representative from the Internal Accident Prevention Commission (Cipa) in the Workplace Accident Investigation Committees of the area in which the accident occurred;

- presentation of a technical lecture at the Internal Accident Prevention Week (Sipat);
- assurance of access to the plants by union leaders who have taken leave at the request of the union, upon prior arrangement with the Company's management, or its designated representative, with a clearly defined objectives, dates, locations and durations.

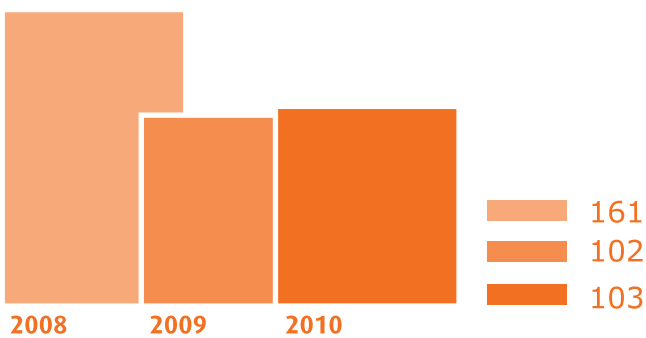
Similarly, in addition to the clauses regarding workplace safety set out in the collective agreements, Braskem's Code of Conduct provides for an anonymous complaint system through the Ethics Channel. The Member should discontinue any operation they are carrying out when they understand that their life and physical integrity, or that of their colleagues, are in grave and imminent risk due to a lack of proper protective measures. It is recommended that the fact be immediately communicated to a superior, or, in their absence, to the Safety department, so that the situation can be duly analyzed.





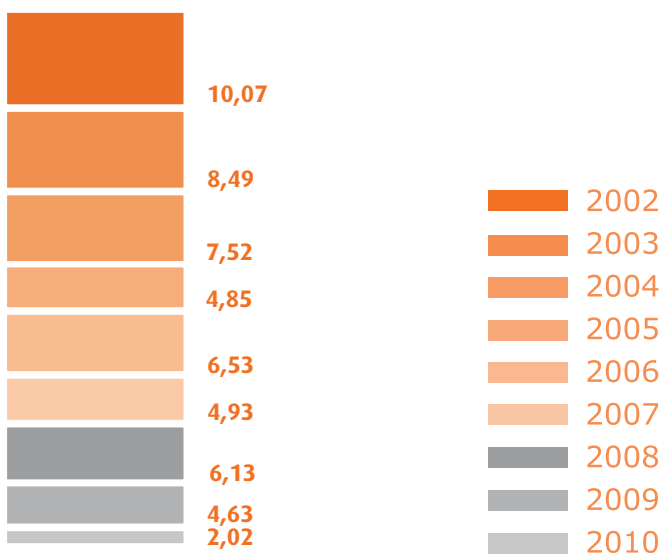
**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**INVESTMENTS IN HEALTH, SAFETY AND THE ENVIRONMENT, HSE (R\$ MILLION)\***



\*The amounts do not include investments in health, safety and the environment (HSE) by the Quattor and Braskem American plants. The reduction in investments in 2009 was due to the decision to apply more capital resources towards strengthening the long term sustainability strategy, such as with the development of green polyethylene.

**ACCIDENT FREQUENCY, WITHOUT AND WITH LOST WORK TIME (SAF + CAF), PER 1,000,000 MAN-HOURS\***



\*Pro forma indicator. The data include the Braskem, Quattor and Braskem American industrial plants.



**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**RATES OF INJURIES, OCCUPATIONAL ILLNESSES, DAYS LOST,  
ABSENTEEISM AND WORK-RELATED FATALITIES, BY REGION**

		<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Indicator</b>
<b>Injury rate (TL)</b>	Members <sup>1</sup>	0.84	0.59	0.73	Accident rate with lost work time (CAF)
	Service providers	0.61	1.26	0.57	
	<b>Total</b>	<b>0.66</b>	<b>1.05</b>	<b>0.62</b>	
<b>Days lost (TDP)</b>	Members <sup>2</sup>	3.85	3.27	2.20	Accident rate with and without lost work time (CAF + SAF)
	Service providers	6.77	5.53	1.94	
	<b>Total</b>	<b>6.13</b>	<b>4.79</b>	<b>2.02</b>	
<b>Occupational illness registry</b>	Members	23.97	26.60	304.05	Rate of days lost (workplace accidents and occupational illnesses) <sup>3</sup>
	Service providers	34.41	71.17	225.97	
	<b>Total</b>	<b>32.11</b>	<b>56.59</b>	<b>249.61</b>	
		One case of noise-induced hearing loss (NIHR) at PE4, with zero days lost, because it was discovered during the Member's dismissal exam.	Three accounts of occupational illnesses – one at PE6 and one at PP1, due to noise-induced hearing loss (NIHL), both without any days lost, because the illnesses were discovered during the Members' dismissal exams and one at PE2, identified as a worsening of a preexisting musculoskeletal disease, with 66 days lost.	One case: removal due to a clinical illness of a Member of the CS BA maintenance department, with a history of back problems, whose crisis of neck pain was classified as a Musculoskeletal Occupational Illness by INSS, without the possibility of denial by the company, due to the nonexistence of counter evidence in the form of ergonomic evaluations.	Registry of new occupational illnesses <sup>5</sup>
	<b>Total (only Members)</b>	<b>0.02</b>	<b>0.07</b>	<b>0.02</b>	



## ENVIRONMENTAL, HEALTH AND SAFETY DIMENSIONS

		2008	2009	2010	Indicator
<b>Rate of Absenteeism (TA)<sup>6</sup></b>	Members	0.028	0.073	0.041	Rate of absenteeism (Members)
	Service providers	-	-	-	
	<b>Total</b>	<b>0.028</b>	<b>0.073</b>	<b>0.041</b>	
<b>Deaths<sup>7</sup></b>	Members	0	0	0	Number of deaths for the year
	Service providers	0	0	1	
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	

Basis for calculations

<sup>1</sup>No. of CAF accidents/man-hours worked\* 1,000,000

<sup>2</sup>No. of SAF + CAF accidents/man-hours worked\* 1,000,000

<sup>3</sup>No. days lost + debited/man-hours worked\* 1,000,000

<sup>4</sup>No. illnesses \* 1,000,000/man-hours worked (considering incidence).

<sup>5</sup>No. of new cases of occupational disease registered during the period.

<sup>6</sup>No. of days \* 100/man-hours worked (considering incidence).

<sup>7</sup>No. of deaths in the year.

Note: Pro forma indicator. Occupational illnesses and absentee rate of Service Providers is not monitored.

Includes UNIB-RS, PE5, PP2, PE6 and PE3 beginning in 2002, and PP3 beginning in 2008. In 2009, the green ethylene plant was included (Triunfo-RS); does not include Cinal.

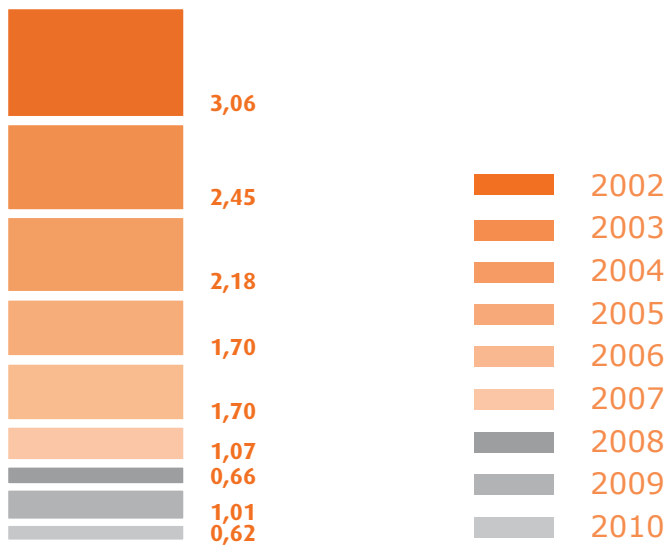
## ACCIDENT FREQUENCY RATE WITHOUT AND WITH LOST WORK TIME (SAF + CAF) PER 1,000,000 MAN-HOURS

Region/Plant	2008	2009	2010
Alagoas	0.84	0.85	0.26
Bahia	1.65	0.96	1.02
São Paulo	10.15	12.23	2.70
Rio Grande do Sul	3.83	0.87	0.53
Rio de Janeiro	11.83	9.15	2.91
Braskem America	5.44	2.72	7.68



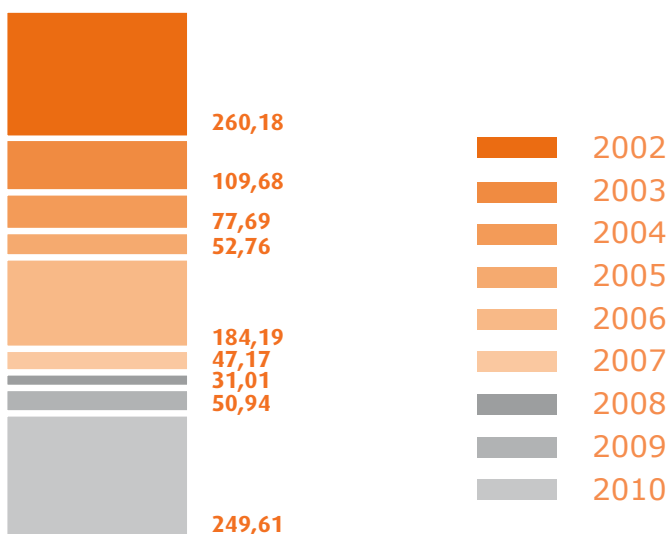
**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**ACCIDENT FREQUENCY RATE WITH LOST WORK  
TIME (CAF) PER 1,000,000 MAN-HOURS**



\*Pro forma indicator. These data include the Braskem, Quattor and Braskem America industrial units.

**SEVERITY RATE\*  
(1 MILLION MAN-HOURS)\*\***



\*Time computed per million man-hours of exposure to the risk during a specific period.

\*\*Pro forma indicator. These data include the Braskem, Quattor and Braskem America industrial units.



**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**RATE OF ABSENTEEISM  
PER REGION: 2008 - 2010**

<b>Region</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Alagoas	0,105	0,142	0,023
Bahia	0,109	0,091	0,013
São Paulo	0,005	0,024	0,016
Rio Grande do Sul	0,005	0,078	0,025

**RATE OF DAYS LOST\*  
BY REGION (1,000,000 MAN-HOURS): 2008 - 2010**

<b>State/Unit</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Alagoas	17,90	0,00	0,00
Bahia	17,95	1,18	402,21
Rio de Janeiro	35,77	128,15	6,18
São Paulo	33,39	202,82	520,07
Rio Grande do Sul	41,50	28,19	28,61
Braskem America	177,94	0,00	104,61

\*Due to workplace accidents and/or occupational illnesses.



**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**TRANSPORT  
ACCIDENTS AND  
CHEMICAL SPILLS**

**TOTAL FINISHED PRODUCT TRANSPORT  
ACCIDENTS\* - 2010**



\* These data do not include Quattor and Braskem America.

**NUMBER AND TOTAL VOLUME OF SIGNIFICANT SPILLS**

INCIDENTS	2008	2009	2010
Quantity	1	1	2
Volume	-	-	1,300 liters
Loss (in US\$)	US\$18 million	US\$8,5 million	US\$280,000

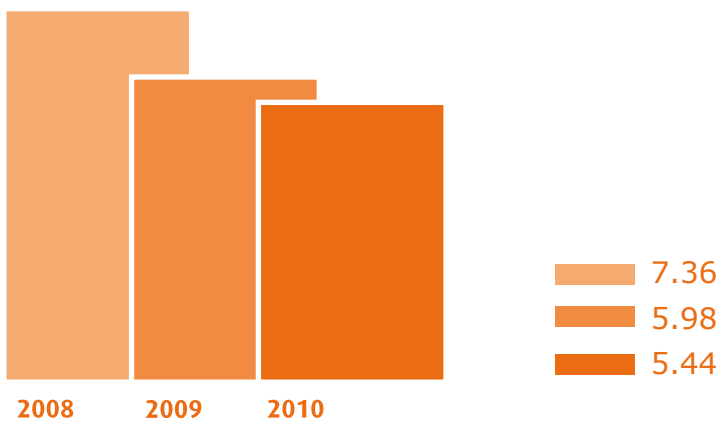
There have been no reports of spills during the period coinciding with financial statements issued since 2007.



**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**SOLID PRODUCT TRANSPORT  
ACCIDENT RATE\* (%)**

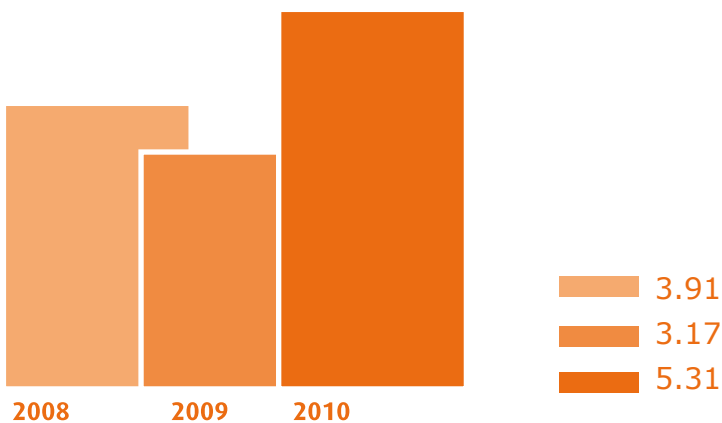
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\*Number of accidents/quantity of trips/10,000.

**LIQUID PRODUCT TRANSPORT  
ACCIDENT RATE\* (%)**

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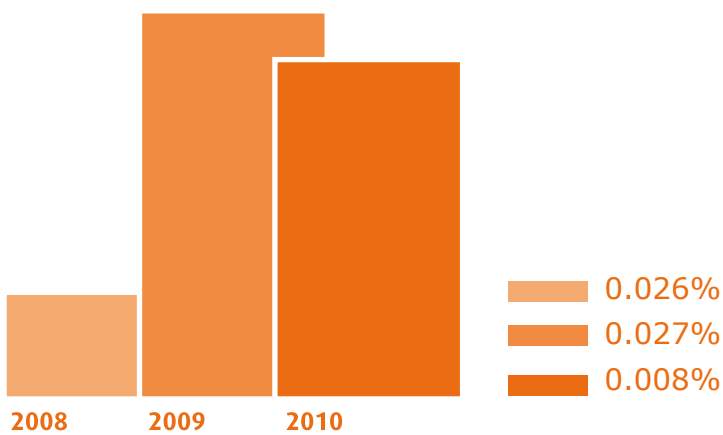


\* Number of accidents/quantity of product spilled/1,000,000.  
Note: these data do not include Quattor and Braskem America.



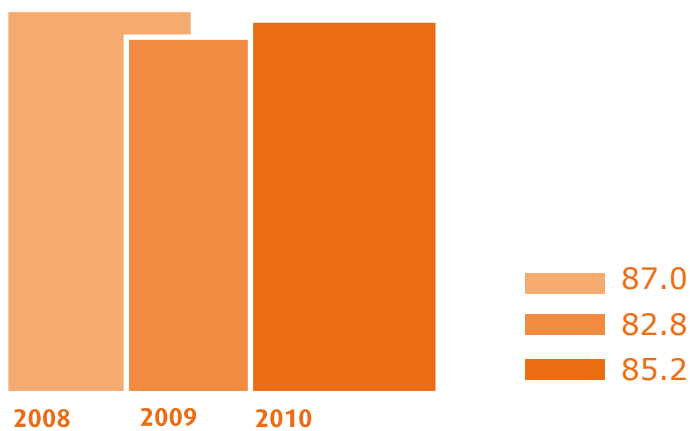
## ENVIRONMENTAL, HEALTH AND SAFETY DIMENSIONS

### RESIN THEFT PERCENTAGE BY TRANSPORTED VOLUME\*



\*Quantity of stolen product versus quantity of transported product.  
Note: These data do not include Quattor and Braskem America.

### BRASKEM RISK RATING\*



\*These data include all of the Braskem, Quattor and Braskem America industrial plants.

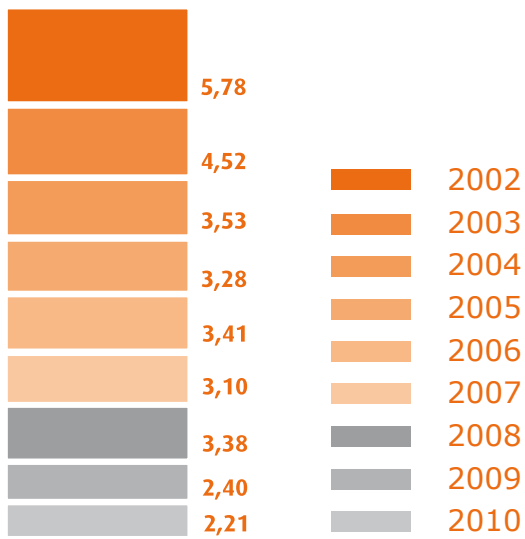




ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS

## WASTE DISPOSAL AND TREATMENT

### GENERATION OF WASTE (KG/T)\*



\*Pro forma indicator. These data include the Braskem, Quattor and Braskem America industrial units.



**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**TOTAL WEIGHT OF WASTE BY DISPOSAL TYPE  
AND METHOD: 2008-2010**

**QUANTITY (KG)**

**HAZARDOUS WASTE**

	<b>2008</b>	<b>2009</b>	<b>2010</b>
Composting	0	0	0
Reuse	0	0	9,52
Recycling	2,919,109	2,086,160	1,819,892,483
Recovery	0	0	2,93
Incineration (or use as fuel)	215,09	134,62	111,86
Landfill	434,53	163,65	12,83
Underground waste injection	0	0	0
Onsite storage	0	0	0
Other	1,423,93	234,899	1,897,11

**NON-HAZARDOUS WASTE**

	<b>2008</b>	<b>2009</b>	<b>2010</b>
Composting	0	0	0
Reuse	250,950	436,530	85,920
Recycling	0	0	1,370
Recovery	0	0	0
Incineration (or use as fuel)	1,182,490	1,570,640	1,551,050
Landfill	0	0	1,318
Underground waste injection	0	0	0
Onsite storage	1,346,380	278,520	313,010
Other	0	0	0



**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**WEIGHT OF WASTE THAT IS TRANSPORTED, IMPORTED,  
EXPORTED OR TREATED THAT IS CONSIDERED HAZARDOUS  
UNDER THE BASEL CONVENTION\* (IN KG)\*\***

	2008	2009	2010
<b>Transported***</b>	24,314,855	20,315,539	12,496,443
<b>Imported</b>	NA	NA	NA
<b>Exported</b>	NA	NA	NA
<b>Treated***</b>	<b>24,458,775</b>	<b>20,376,739</b>	<b>12,752,029</b>

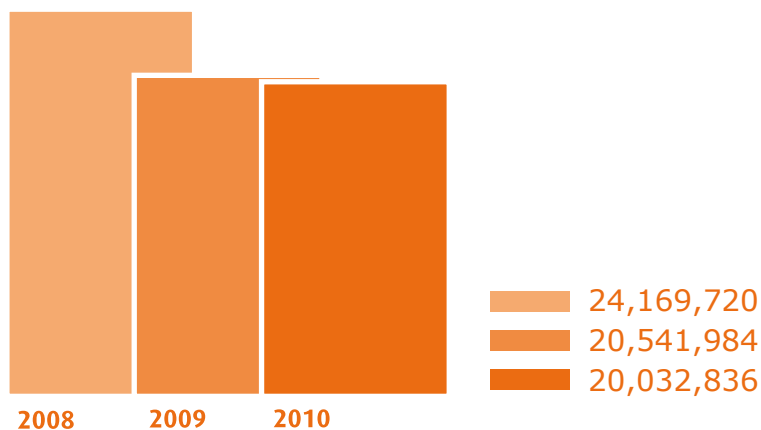
\*Read more about this initiative in the glossary.

\*\*These data do not include Braskem America and Quattor.

\*\*\*The difference between the weight of transported and treated waste is due to the treatment carried out at the generating plant.

NA – Not Applicable.

**PRODUCTION OF HAZARDOUS  
WASTE (IN KG)\***

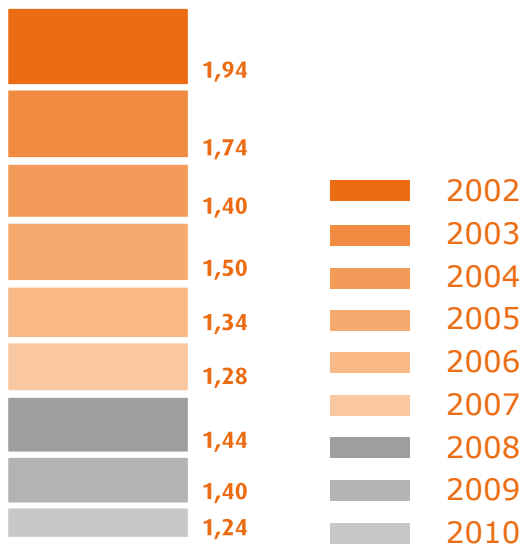


\* These data do not include Quattor and Braskem America.



**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

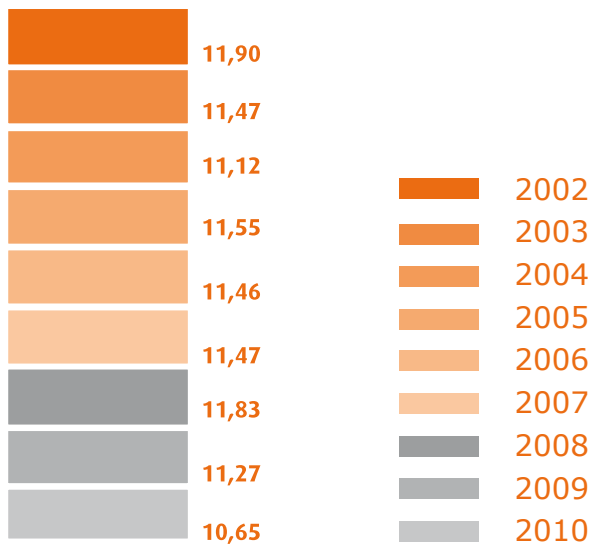
**EFFLUENT GENERATION (M<sup>3</sup>/T)\***



\*Pro forma indicator. These data include the Braskem, Quattor and Braskem America industrial units.

**ENERGY**

**ENERGY  
CONSUMPTION (GJ/T)\***



\*Pro forma indicator. These data include the Braskem, Quattor and Braskem America industrial units.



**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**DIRECT ENERGY CONSUMPTION  
BY PRIMARY ENERGY SOURCE (GJ)\***

<b>Non-renewable sources of direct energy</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Coal	-	-	-
Natural gas	-	-	-
Crude oil distillate fuel, including gasoline, diesel, LPG, CNG, LNG, butane, propane, ethane, etc.	80,544,055	85,912,951	109,054,289
Electricity	1,475,861	1,764,357	1,902,752
Steam	-	-	-
	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Renewable sources of direct energy</b>			
Bio-fuels	-	-	-
Ethanol			
Hydrogen	1,286,187	1,193,875	1,195,538
<b>Total</b>	<b>125,334,475</b>	<b>130,584,282</b>	<b>168,718,267</b>

\*These data do not include Braskem America.

**TOTAL ENERGY CONSUMPTION - 2010**

	<b>THERMAL CONSUMPTION (GJ)</b>	<b>ELECTRICITY CONSUMPTION (GJ)</b>	<b>TOTAL (GJ)</b>	<b>RENEWABLE ENERGY (%)</b>
<b>2010 (Braskem)</b>	112,496,536	15,608,483	128,105,018	9%
<b>2010 (Braskem + Quattor)</b>	150,745,273	17,842,923	168,588,197	8%



**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**ENERGY SAVED DUE TO IMPROVEMENTS  
IN CONSERVATION AND EFFICIENCY\***

	<b>2009</b>	<b>2010</b>
<b>Non-renewable sources of direct energy (GJ)</b>		
Coal	(254,689)	1,851,295
Natural gas	9,389,731	3,500,128
Crude oil distillate fuel, including gasoline, diesel, LPG, CNG, LNG, butane, propane, ethane, etc,**	(909,290)	(3,623,791)
Electricity (coal-based)	-	-
Steam	514,813	823,702
<b>Total saved (non-renewable)</b>	<b>(1,163,979)</b>	<b>(3,623,791)</b>
<b>Renewable sources of direct energy (GJ )</b>		
Electricity (hydroelectric)	3,187,698	473,071
Bio-fuels	-	-
Ethanol	-	-
Hydrogen	(133,494)	42,915
<b>Total saved (renewable)</b>	<b>(133,494)</b>	-
<b>Total (renewable + non-renewable)</b>	<b>(1,297,473)</b>	<b>(3,623,791)</b>

\*These data do not include Braskem America,

\*\*Including only diesel, LPG and fuel oil,

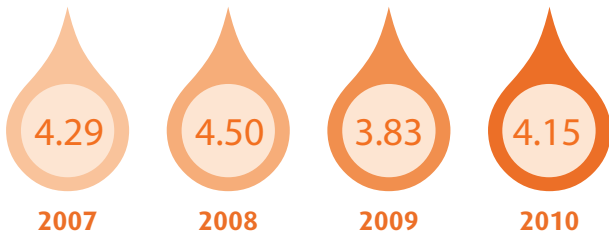
Note: Quattor's energy data was not included in 2009, The amounts highlighted in orange indicate that a reduction in energy consumption did not occur.



ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS

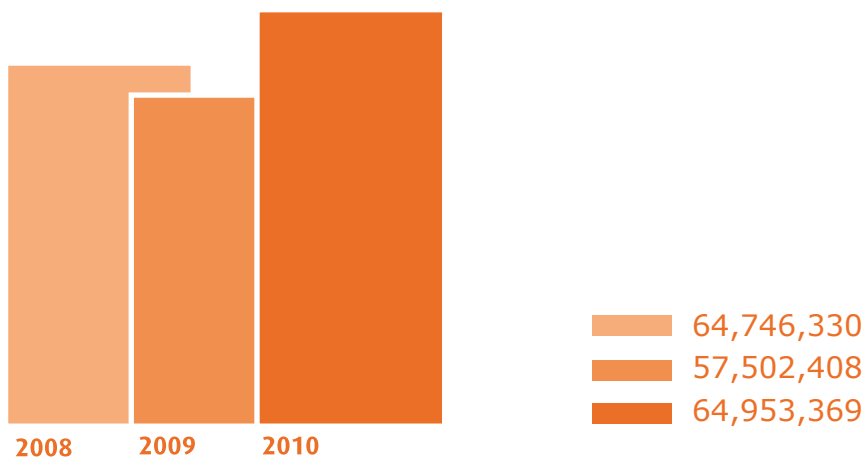
## WATER RESOURCES

### WATER CONSUMPTION (M<sup>3</sup>/T)\*



\*Pro forma indicator. These data include the Braskem, Quattor and Braskem America industrial units.

### VOLUME OF WATER WITHDRAWN (M<sup>3</sup>)\*





**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**WITHDRAWN WATER TOTALS BY SOURCE\* (M<sup>3</sup>)**

<b>ORIGIN OF THE WITHDRAWAL AND/OR SUPPLY</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>All sources**</b>	64,746,330	57,502,408	64,953,369
<b>Surface (wetlands, rivers, lakes, oceans)</b>	30,545,071	28,959,083	50,285,423
<b>Groundwater</b>	14,258,256	9,393,225	16,324,193
<b>Rainwater (directly collected and stored)</b>	459,944	1,225,203	0
<b>Effluents collected from another organization</b>	186,137	329,544	593,715
<b>Municipal supply or other collections</b>	12,931,453	12,599,776	16,121,036

\*These data do not include Braskem America.

\*\*The total withdrawn is the sum of all of the water taken to the Company limits from a variety of sources (surface, groundwater, rainwater, and the municipal water supply) for any use, during the period covered by the report.

**VOLUME AND PERCENTAGE OF RECYCLED  
AND REUSED WATER (M<sup>3</sup>)**

<b>2008</b>	<b>2009</b>	<b>2010</b>
1,687,800	1,684,058	13,457,018
2.6%	2.9%	20.7%

\*The data from 2007 to 2009 do not include Braskem America and Quattor.





**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**BIODIVERSITY**

**PROTECTED  
AREAS**

**PROTECTED OR RESTORED HABITATS**

<b>OPERATION</b>	<b>Protected Areas</b>	<b>Size (hectares)</b>	<b>Location</b>	<b>Comments</b>
Alagoas	Atlantic Forest Reserve	904	Maceió (Alagoas), in an area located between the municipalities of Marechal Deodoro and Coqueiro Seco	This is an area owned by Braskem, without external certification. To this end, it was requested in 2010 that the National Council of the Atlantic Forest Biosphere Reserve (CNRBMA) recognize it as a "Posto Avançado da Reserva da Mata Atlântica" (Outpost of the Atlantic Forest Reserve). The request is still being analyzed. There are no partners on the project.
Rio Grande do Sul	Cinturão Verde (Greenbelt) Environmental Station (preservation area)	68	Rio Grande do Sul, in the municipality of Triunfo, 1km from Unib-RS. Located on the margins of the Rio Caí, within the Petrochemical Complex preservation area	Our partner in monitoring the flora and fauna of the preservation area is Fundação Zoobotânica of Rio Grande do Sul, which an entity connected to the Department of the Environment.  It is an unenclosed area, where animals are free to roam. Braskem has partnered with local police to prevent hunters from entering. The Company is also engaged in biological monitoring projects at the Environmental Station ( <i>more information is available in the 2009 Annual and Sustainability Report – Protected Areas</i> ).
<b>Total</b>		<b>972</b>		



**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**BIODIVERSITY**

**REHABILITATED  
AREAS**

**PROTECTED OR RESTORED HABITATS**

<b>Operation</b>	<b>Rehabilitated Areas</b>	<b>Size (hectares)</b>	<b>Location</b>	<b>Comments</b>
Bahia	Forest Ring at Camaçari Complex	Not Available (ND)	Camaçari	The plantings have already been visited and approved, in 2010, by specialists from the Escola Superior de Agricultura Luiz de Queiroz (Esalq). They are currently in the process of resuming activities. The Ring was restored by the Forest Factory Project, and the restoration process is still underway. The area has not been used for operational activities or affected by the Company ( <i>see also the 2009 Annual and Sustainability Report – Protected Areas</i> ).
Alagoas	Cinturão Verde (Greenbelt) Environmental Station	50*	Maceió (Alagoas)  Pontal da Barra Neighborhood (around the factory)	The area was restored by Braskem. It currently is classified as a “Reserva da Biosfera da Mata Atlântica” (Atlantic Forest Biosphere Reserve) by Unesco and the National Council of the Atlantic Forest Biosphere Reserve (CNRBMA), and “Criadouro Conservacionista da Fauna e Flora” (Flora and Fauna Conservation Area) by Ibama.  The initiative to restore Cinturão Verde is mainly due to the effort to contain the encroachment of development on the area surrounding the Operation ( <i>see also the 2009 Annual and Sustainability Report – Protected Areas</i> ).
<b>Total</b>		<b>50</b>		

\*The 2009 Annual and Sustainability Report incorrectly listed it as 150 hectares.  
ND – Not Available.



## ENVIRONMENTAL, HEALTH AND SAFETY DIMENSIONS

## EMISSIONS CONTROL

Braskem completed its inventory of greenhouse gas (GHG) emissions, covering all of its industrial plants and corporate centers, based on the year 2010. The updated survey includes: CO<sub>2</sub> (carbon dioxide); CH<sub>4</sub> (methane gas); N<sub>2</sub>O (nitrous oxide); and HFC 134 (hydrofluorocarbon, a fluid refrigerant).

In 2010, direct emissions (scope 1) totaled 9,233,668 tCO<sub>2</sub>e, which represents a slight decline of 1% from 2009, while indirect emissions (scope 2), due to purchased energy consumption (electricity and steam), reached 337.294 tCO<sub>2</sub>e, increasing over the previous year due to the grid factor, which practically doubled during the period due to the national energy matrix. In terms of scope 3 (other indirect emissions), the tally reached 5,871,747 tCO<sub>2</sub>e, through an increase in the reporting of these emissions, covering 100% of the units.

The decrease in the volume of gases emitted by the Company (scope 1 + scope 2) resulted in a 4% real

reduction in the intensity of these emissions, reaching a level of 0.646 tCO<sub>2</sub>e/t of produced product, in line with the 2020 goal of 0.6 tCO<sub>2</sub>e/t of produced product.

By carrying out the emissions inventory, Braskem is putting into practices one of the guidelines of its public commitment "*É preciso amadurecer para ser verde*" (You Have to Mature to Be Green) (link web). In that document, which was published in August 2009, the Company committed to continually improving the intensity of its GHG emissions, improving its energy efficiency initiatives and identifying new technological opportunities. In addition, among other measures, Braskem is reaffirming its strategic decision to increase the use of renewable raw materials in its operations.

In a comparison between 2008 and 2010, the indicator that measures Braskem's emissions dropped by 11.6% (see chart).

### REFERENCE GHG PROTOCOL METHODOLOGY

Braskem's Greenhouse Gas (GHG) Inventory was developed using the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard – Revised Edition, published by the World Resources Institute (WRI) and by the World Business Council for Sustainable Development (WBCSD), and features guidelines for the quantification and presentation of GHG emissions that are internationally recognized. GHG emissions are usually represented by the amount of carbon dioxide equivalent (CO<sub>2</sub>e) emitted by the Organization. CO<sub>2</sub>e emissions are calculated by weighed sum of the GHGs and their respective Global Warming Potential (GWP). The Global Warming Potential (GWP) consists of a measure of how a certain amount of greenhouse gases contributes to global warming. It is a relative value, which compares the emitted gas with the same quantity of carbon dioxide (whose potential is arbitrarily defined as 1).



## ENVIRONMENTAL, HEALTH AND SAFETY DIMENSIONS

### TOTAL DIRECT AND INDIRECT EMISSIONS OF GREENHOUSE GASES, BY WEIGHT\*

Emission source	2008**	tCO <sub>2</sub> e 2009	2010
Combustion emissions	7,154,989	9,242,794	9,130,730
Fugitive emissions (refrigerant gas lines)	75,785	76,053	88,059
Fugitive emissions (insulating gas lines)	NA	1,195	311
Fugitive emissions (CH <sub>4</sub> e CO <sub>2</sub> lines)	12,504	3,443	3,365
Ventilation process emissions	302,087	46,295	11,202
<b>Total – scope 1</b>	<b>7,545,365</b>	<b>9,369,780</b>	<b>9,233,668</b>
Purchase of energy	248,408	214,712	337,294
<b>Total – scope 2</b>	<b>248,408</b>	<b>214,712</b>	<b>337,294</b>
<b>Total (scope 1 + scope 2)</b>	<b>7,793,773</b>	<b>9,584,492</b>	<b>9,570,962</b>

\*These data do not include Braskem America.

\*\*In 2008, the emissions data does not include the operations of the former Quattor.

NA – not applicable.

### INITIATIVES TO REDUCE GHG EMISSIONS AND THE REDUCTIONS ACHIEVED

#### Reduction of Braskem + Quattor emissions\* (tCO<sub>2</sub>e)

Emission - Scope	Sources	2008*	2009	2010
Direct emissions <b>(Scope 1)</b>	Combustion emissions	(652,006)	-	(108,411)
	Fugitive emissions (refrigerant gas lines)	-	-	-
	Fugitive emissions (insulating gas lines)	-	-	(884)
	Fugitive emissions (CH <sub>4</sub> e CO <sub>2</sub> lines)	-	(9,061)	(78)
	Ventilation process emissions	(72,821)	(255,792)	(35,093)
	<b>Total – scope 1</b>	<b>(724,828)</b>	<b>(264,853)</b>	<b>(144,466)</b>
Indirect emissions <b>(Scope 2)</b>	Purchase of energy	-	(33,696)	-
	<b>Total – scope 2</b>	<b>-</b>	<b>(33,696)</b>	<b>-</b>
	<b>Total (scope 1 + scope 2)</b>	<b>(724,828)</b>	<b>(298,549)</b>	<b>(144,466)</b>

\*The 2008 emissions data does not include Quattor.

Note: The blanks (with dashes) indicate that there was no reduction in CO<sub>2</sub>e emissions.



**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**GREENHOUSE GAS EMISSION INTENSITY: 2008-2010**

	<b>2008*</b>	<b>2009</b>	<b>2010</b>
Production (t)	<b>13,531,049</b>	14,191,837	14,825,796
Intensity of the emissions (tCO <sub>2</sub> e/t of produced product)	<b>0,73</b>	0,68	0,65

\*The 2008 Quattor emissions were estimated using emissions data presented in the 2009 inventory. This extrapolation was designed to permit an appropriate comparison of the Braskem + Quattor emissions on the same basis in subsequent years.

**EMISSIONS OF SUBSTANCES THAT DEplete  
THE OZONE LAYER, BY WEIGHT\***

	<b>HFC 134a</b>	<b>HCFC 22</b>	<b>HCFC 141b</b>	<b>CFC 12</b>	<b>CTC</b>	<b>Potentially damaging to the ozone layer (CFC-11 equivalent)</b>
<b>2008**</b>	68,63	25,55	4,55	0	23,92	28,35
<b>2009</b>	90	26,97	0	0	0	1,88
<b>2010</b>	91,12	41,18	0,12	0	0	2,48

\*Does not include the Braskem America units.

\*\*In 2008, the data include only the Braskem units.

**Units in 2008** – PE1, CS (BA), PVC (BA), PE2, PE3, UNIB (RS), PP1 (RS), PE4 (RS), PE5/PP2 (RS), CS (AL), PVC (AL), UNIB (BA) e CPL (BA).

**Units in 2009** – PE1, CS (BA), PVC (BA), CPL (BA), CS (AL), PVC (AL), PE2 (BA), PE3 (BA), UNIB (RS), PP1 (RS), PE4 (RS), PE5 (RS), PP2 (RS), QB (ABC), PE (ABC), PP (ABC), QB (DCX), PP (DCX), PE (CUB) e PP (CAM).

**Units in 2010** – UNIB (BA), CPL (BA), CS (BA), PVC (BA), PE1 (BA), PE2 (BA), PE3 (BA), UNIB (RS), PE4 (RS), PE5 (RS), PE6 (RS), PP1 (RS), PP2 (RS), CS (AL), PVC (AL), PP3 (SP), QB (ABC), PE (ABC), PP (ABC), QB (DCX), PP (DCX), PE (CUB) e PP (CAM).

**Comments:**

- Ozone destroying substances contained within products or emitted by them during their use or disposal are not included.
- Includes substance emissions covered by Appendices A, B, C and E of the Montreal Protocol on substances that deplete the ozone layer.
- Emissions = production + import – export of substances.
- Production = substances produced – substances destroyed by technology – substances completely used as feedstock (raw material) in the manufacture of other chemical substances.
- Recycled ozone-depleting substances are not considered to be part of production.



**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**EXPENSES AND  
ENVIRONMENTAL INVESTMENTS**

**TOTAL INVESTMENT AND SPENDING IN ENVIRONMENTAL  
PROTECTION, BY TYPE\* – (R\$)**

Items	2008	2009	2010	2010**
Environmental licenses	27,613	136,232	226,460	302,556
Atmospheric emissions management	1,124,578	1,809,504	1,554,553	2,019,852
Groundwater management	2,201,925	544,628	87,678	459,143
Other environmental monitoring	2,623,591	1,994,739	5,175,196	3,356,166

\*Does not include Braskem America.

\*\*Consolidated data – Braskem + Quattor.

**COSTS ASSOCIATED WITH WASTE DISPOSAL, TREATMENT  
AND MITIGATION OF EMISSIONS\* – (R\$ THOUSAND)**

Expenses	2008** (Braskem)	2009 (Braskem)	2010 (Braskem + Quattor)
Variable production services (variable cost)***	113,718,303	120,294,507	128,747,301
Atmospheric emissions management	1,124,578	1,809,504	2,019,852
Groundwater management	2,201,925	544,628	459,143
Administrative energy and water	324,267	1,549,510	3,686,458
Other environmental monitoring	2,623,591	1,994,739	3,356,166
Environmental investments	24,000,000	28,694,862	41,400,000
<b>Total</b>	<b>-</b>	<b>154,887,750</b>	<b>179,668,920</b>

\*Does not include Braskem America.

\*\*Estimated.

\*\*\*Treatment of liquid effluents, solid waste disposal, packaging recovery and other.



**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

**COSTS OF PREVENTION AND  
ENVIRONMENTAL MANAGEMENT – (R\$ THOUSAND)\***

	<b>2008** (Braskem)</b>	<b>2009 (Braskem)</b>	<b>2010 (Braskem + Quattor)</b>
<b>Staff employed for education and training</b>	-	-	-
<b>Environmental licenses</b>	27,613	136,232	302,556
<b>Atmospheric emissions management</b>	1,124,578	1,809,504	2,019,852
<b>Groundwater management</b>	2,201,925	544,628	459,142
<b>Other environmental monitoring</b>	2,623,591	1,994,739	3,356,166

\*Does not include Braskem America.

\*\*Estimated.

**TOTAL EXPENDITURE ON  
ENVIRONMENTAL PROTECTION\* – (R\$ THOUSAND)**

	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Environmental liabilities**</b>	14,260,000	11,412,936	19,419,839
<b>Prevention and environmental management costs</b>	29,977,706	33,779,966	45,643,887

\*These data do not include Braskem America.

\*\*In 2010, Quattor and Braskem America presented no environmental liabilities.



**ENVIRONMENTAL,  
HEALTH AND SAFETY  
DIMENSIONS**

## HSE LEGAL REQUIREMENTS

Braskem is structured to monitor and accompany the applicable legislation, through qualified teams at all of its sites, with the support of ongoing management and consulting, which updates on a monthly basis all of the new bills related to Braskem's business, as well as all of the changes to current, relevant and applicable legislation. There is a procedure in place to orient the process and define the operational and strategic indicators.

The system is audited annually, internally and externally, with respect to 100% of the applicable laws. Braskem identifies, analyzes and deals with all of the requirements applicable to its business.

In order to respond to new bills and the alteration of existing laws, action plans are defined that aim for synergy in the homogenization of practices among different plants.

### INVESTMENTS IN HEALTH, SAFETY AND THE ENVIRONMENT – 2010\*

	<b>Total (R\$ million)</b>	<b>Projects</b>
<b>Health</b>	13,7	28
<b>Safety</b>	50,7	197
<b>Environment</b>	38,6	48

\*Does not include figures from Quattor and Braskem America.





## ENVIRONMENTAL, HEALTH AND SAFETY DIMENSIONS

# NEW PROJECTS IN THE PRODUCTIVE CHAIN

In 2010, in partnership with Suppliers and Clients, Braskem continued some existing projects and developed new initiatives that offer environmental benefits and are aligned with the Company's commitment to sustainable development. These include:

### SUBSTITUTION OF WOODEN PALLETS IN THE LOGISTICS CHAIN

- Benefits: cost optimization and reduction of environmental impacts through the return of 175,000 pallets in 2010.
- Financial impact: Braskem saved R\$1.5 million in 2010.
- Preservation of approximately 53,000 trees per year.

### PROJECT: 1,500KG PALLET

- Benefits: 3% reduction in the number of trucks, reduction of packaging waste, 8% optimization of the storage area, savings of 156,000 pallets per year.
- Financial impact: R\$5.7 million per year.

- Preservation of approximately 39,000 trees per year.

**Note:** Regardless of the time period, whenever the volume is increased from 24.75 tons to 25.5 tons, there is a 3% gain per truck, which results in a 3% reduction in the number of trucks needed to carry the same volume.

### PROJECT: BULK

- Benefits: reduction of 49,000 pallets per year and a savings of 29,000 big bags and 113,000 sacks per year, as well reducing the number of transport trucks by 24%. These savings are obtained using a platform for bulk delivery, by container, which allows for a reduction in logistical costs.
- Financial impact: savings of R\$2.7 million per year.
- Preservation of approximately 12,250 trees per year.

# GREATER REUSE OF WATER

Braskem has partnered with Foz do Brasil – an environmental engineering firm with the Odebrecht Group – and the Sanitation Company of São Paulo (Sabesp) to supply 433 liters per second of reused industrial water, thereby becoming the largest customer of the Aguapolo project, which will begin operations in 2013. It is the largest initiative for the reuse of treated sewage in the Southern

Hemisphere and the fifth-largest in the world, with a production capacity of 1,000 liters per second.

In addition to meeting the needs of other industrial customers, Aguapolo will offer benefits the distribution carried out by Sabesp, since the volume of first-use water that will no longer be consumed by companies will be enough to supply up to 600,000 people.

## COMPANY BRASKEM'S RECYCLING GRAND PRIX

In November 2010, Braskem carried out an unprecedented campaign, with the objective of mobilizing the population of São Paulo to dispose of plastics at specific collection posts located in five municipal parks, as well as the Interlagos Racetrack during the three days of the Brazilian stage of the Formula 1 races. A total of 13.5 tons of plastic waste was collected and subsequently donated to recycling cooperatives.

An equivalent volume of recycled plastic material was transformed into 500 units of urban furniture (flower beds and garbage cans), that were subsequently donated by Braskem to the City of São Paulo during the celebration of the 486th anniversary of the city's founding, on January 25, 2011. Plásticos Suzuki – one of Braskem's clients, is headquartered in Estância Velha (Rio Grande do Sul), and develops plastic wood technology - manufactured all of the furniture with recycled material.

The action was the result of a partnership between Braskem, the City of São Paulo and the Plastivida Institute, with the participation of five recycling cooperatives to sort the materials and weight the plastic waste. The selected cooperatives were: Cooperativa da Capela do Socorro; Corpore Centro; União de Itaquera; Central do Tietê; and Cooperviva Bem. Each of them was responsible for collecting the waste in their respective region. Coopercaps was responsible for collecting the waste disposed of at the Interlagos Racetrack. Braskem's Recycling Grand Prix campaign included the participation of racecar driver Emerson Fittipaldi as its spokesperson and received considerable exposure during the Brazilian stage of the Formula 1 competition – held on November 5-7 at the Interlagos Racetrack, in the southern region of the city of São Paulo – where Braskem and Plásticos Suzuki displayed a miniature recycling plant for the public.



## ABOUT THIS REPORT

New round of consultations with stakeholders, in Brazil, marks the 2010 reporting process and contributes to Braskem's advances in rendering accounts to society.

## IMPORTANT ISSUES FOR BRASKEM

The materiality principle is one of the most important guidelines issued by the Global Reporting Initiative (GRI). Based on this premise, many companies have oriented their practices and other communication initiatives regarding relevant issues, both internally and for their stakeholders, to include the economic, social and environmental impacts of their activities.

In 2009, Braskem defined its Vision 2020 for sustainable development, with seven macro objectives: people, greenhouse gases, energy efficiency, post-consumption, renewable raw materials, chemical safety and water efficiency. It was forged in the context of strategic planning for the next ten years, and was based on the environmental, economic and social issues and aspects that have an impact on managing for sustainable development at the Company. As a result, this report was based on materiality published in 2009, which was updated during the course of 2010 through a new round of consultations. It is a process of stakeholders reflection on aspects that are essential for the Company.

The previous definition of materiality was based on an internal survey, which included the participation of leaders and teams from the areas of Health, Safety and Environment, Institutional Relations and Sustainable Development. Complemented with bibliographical studies, material issues were used to define the seven Vision 2020 macro objectives. In 2010, the process of defining material issues evolved through a new round

of consultations, carried out with stakeholders in Brazil, with the objective of supporting the decision regarding the report's structure and content, including the main issues from the representatives of eight stakeholder categories.

In order to identify the main issues related to the sustainability of Braskem's Brazilian operations, 24 stakeholder representatives were interviewed, three from each of the eight stakeholder categories: Clients, Shareholders, Members, Suppliers, Governments, Funding Agencies and Academia. The process also involved consultation with communities located in São Paulo, Bahia and Alagoas and the local governments of Alagoas, Rio de Janeiro and Bahia. The identification of these audiences was based on the closeness of the relationship with the Company, the level of influence and the impact that the Company had on them and their capacity to interfere with decisions made by the Organization. The consultations also sought to include the opinion of stakeholders regarding public information, as well as sustainability management and performance.

The responses were organized into 87 topics, according to the degree of relevance of each issue. The results were prioritized in order to identify the issues of interest that Braskem should seek to address, taking into account external and internal factors, as well as stakeholder perception. The following table shows the issues of interest, grouped by topic and allocated sustainability dimensions (see *table*).



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**STAKEHOLDER CONSULTATION**

<b>TOPICS</b>	<b>STAKEHOLDERS</b>	<b>ISSUES OF INTEREST</b>	<b>LOCATION IN THE REPORT</b>
<b>Communication and relationship management with stakeholders</b>	Clients Funding Agencies Members	<ul style="list-style-type: none"> <li>• Actions of Clients and Braskem regarding the image of the petrochemical company</li> </ul>	<b>Growth Strategy</b>
<b>Economic and financial performance</b>	Shareholders Members Government Suppliers	<ul style="list-style-type: none"> <li>• Financial impact of Braskem investments</li> <li>• Increase in Braskem productivity</li> <li>• Braskem Performance / Growth</li> <li>• Current financial and economic results and future prospects</li> </ul>	<b>Profile Economic and Financial Dimensions</b>
<b>Environmental Management</b>	Shareholders Suppliers Funding Agencies Government Community	<ul style="list-style-type: none"> <li>• Production processes (disposal, recycling, cleaner production, internal processes)</li> <li>• Use of natural resources (water and energy)</li> <li>• Monitoring and reduction of water consumption and the emission of greenhouse gases</li> <li>• Evolution of environmental practices that accompany the company's growth</li> <li>• General environmental indicators</li> <li>• Management of environmental aspects</li> <li>• Braskem environmental impact</li> <li>• Use of best environmental techniques and practices</li> <li>• Environmental protection</li> <li>• Braskem's contribution to combatting global warming</li> </ul>	<b>Environmental, Health and Safety Dimensions</b>



**ABOUT THIS REPORT**  
**GLOBAL COMPACT**  
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<b>TOPICS</b>	<b>STAKEHOLDERS</b>	<b>ISSUES OF INTEREST</b>	<b>LOCATION IN THE REPORT</b>
<b>Value chain management</b>	Members Suppliers Clients	<ul style="list-style-type: none"> <li>• Management of third parties in commercial relationships</li> <li>• Management of the chain of suppliers – impacts on the value chain</li> <li>• Braskem’s role in the production chain (from the producer to the end customer)</li> <li>• Impacts of Braskem regulations on the work methods of contracted companies</li> </ul>	<b>Social Dimension</b>  <b>Partnerships with suppliers</b>
<b>People</b>	Members	<ul style="list-style-type: none"> <li>• Member training</li> <li>• Employee integration</li> </ul>	<b>Social Dimension</b>  <b>People and Organization</b>
<b>Innovation</b>	Academy Government Clients Suppliers Funding Agencies	<ul style="list-style-type: none"> <li>• Plans for the future</li> <li>• Green chemistry (the use of renewable raw materials)</li> <li>• Partnership in the development of new products and market research to meet current and future needs. (examples: products made from renewable raw materials)</li> <li>• Innovation: development of new products, partnerships with universities, R&amp;D / possibility for partnerships in the development of new equipment, technical projects and social projects</li> </ul>	<b>Business and Sustainable Development</b>
<b>Health and safety</b>	Members Community	<ul style="list-style-type: none"> <li>• Commitment to the health and safety of people who work at the Company and live in the community</li> <li>• Safety of Company facilities</li> </ul>	<b>Environmental, Health and Safety Dimensions</b>



## ABOUT THIS REPORT GLOBAL COMPACT GRI INDEX

Within the social dimension, the issues considered to be most important were health and safety, the management of employees and the management of products and services. From that perspective, important issues arose regarding Braskem's communications with its stakeholders, such as its commitment to the safety of people and facilities, the need to inform the community about safety measures and the management of workplace safety. The issues of interest related to the topic included employee training and integration, monitoring corporate mood and integration strategies, engagement, compensation, people management and talent retention. Those relating to products and services referred to evaluations of the life cycle and supply of the product, as well as the development of green polyethylene (partnerships, information about the product, environmental performance, etc.).

For the economic dimension, the recurring topics were: cumulative positive and negative impacts, competitive markets and transparency/financial results. Among the issues of interest mentioned by stakeholders within this topic were the development of logistics and infrastructure for ports and industrial complexes (suppliers and clients) in the states where Braskem operates, employment opportunities

for local workers, income generation, tax payment and purchase policies. Also cited as important issues were information about the market environment, the value creation strategy and long term growth, as well as the financial results of the activities.

From an environmental perspective, the predominant topics were related to environmental management, such as production processes (disposal, recycling, cleaner production, internal processes, etc.), to the use of natural resources (water and energy) and to the monitoring and reduction of the consumption of these resources. Also highlighted were issues such as an interest in protecting the environment - control of greenhouse gas (GHG) emissions, the use of better environmental practices and techniques, performance indicators, management of environmental impacts and aspects, contingency plans, and environmental impact risks.

In 2011, Braskem's challenge will consist of defining the material issues from the intersection of different visions: social and environmental issues, identified as important by our public (external realm), and their importance for the Company (internal realm), in accordance with its strategy, its risks and opportunities.



## ABOUT THIS REPORT GLOBAL COMPACT GRI INDEX

### 2010 REPORTING CYCLE

Our Annual and Sustainability report, published annually, qualifies for the Global Reporting Initiative's (GRI) B+ Application Level. The report covers the period from January 1 to December 31, 2010, and includes a three year historical perspective. The information includes Braskem's activities in Brazil, including, whenever possible, the Company's operations in the United States (Braskem America), as well as the former Quattor, which was acquired at the beginning of the fiscal year. The differences in the thresholds of the GRI indicators are detailed in the index. Any significant changes with respect to previous years, such as alterations to the calculation base or indicator measurement techniques, are reported throughout the text.

With the aim of improving the management and collection of indicators, in 2011 an external consultant was hired to support the processing of obtaining and reporting information. The Company remains committed to improving the management system and its sustainability information. Currently, part of the data is taken from the consolidated database in SAP, while the rest are still tracked on spreadsheets.

In order to improve data management, Braskem has invested in mapping the flow of information and identifying partial indicators,

a process which is expected to be consolidated only in 2012. Among the challenges that the Company is facing are the incorporation onto a common platform of its indicators regarding strategic management and information systematization, as a result of its most recent acquisitions: the assets of the former Quattor and of Sunoco Chemicals in the United States, which is now Braskem America. Because the integration of these operations took place over the course of 2010, the information related to their respective histories will be drafted over the course of three years and presented in the coming reports.

Braskem understands the importance of moving forward and continuing with the reporting process so that the stakeholders can evaluate the Company's performance, with consistent and comparable information, presented in a balanced manner that reflects the organization's actual performance. In addition, as it continues, the reporting process will guarantee, in the future, improvements in the monitoring of indicators.

External verification of the Portuguese version of the Sustainability Report was carried out by Det Norske Veritas (DNV) in accordance with the GRI G3 Guidelines, in compliance with all of the requirements for a B+ Application Level, declared by Braskem.



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# GLOBAL COMPACT

The 2010 Annual and Sustainability Report also includes initiatives related to the Ten Principles of the Global Compact, to which Braskem is a signatory (see *index*). The UN initiative

brings together companies, workers and civil society in order to promote sustainable growth and citizenship. For more information, visit the website <[www.pactoglobal.org.br](http://www.pactoglobal.org.br)>.

## CHAPTERS AND GRI INDICATORS THAT SHOW BRASKEM RESULTS RELATED TO THE GLOBAL COMPACT

**PRINCIPLE 1**  
**Respect and protect human rights**

**BUSINESS AND SUSTAINABLE DEVELOPMENT**  
**CORPORATE GOVERNANCE**  
**BRASKEM EVOLUTION STRATEGIES IN SEVEN MACRO OBJECTIVES**  
**SOCIAL DIMENSION**  
 • Workplace discrimination  
**LA7 / LA9 / LA13 / LA14 / HR5**

**PRINCIPLE 2**  
**Prevent human rights violations**

**BUSINESS AND SUSTAINABLE DEVELOPMENT**  
**CORPORATE GOVERNANCE**  
**BRASKEM EVOLUTION STRATEGIES IN SEVEN MACRO OBJECTIVES**  
**SOCIAL DIMENSION**  
 • Partnerships with suppliers  
**HR4 / HR5**

**PRINCIPLE 3**  
**Support freedom of association in the workplace**

**SOCIAL DIMENSION**  
 • Collective Agreements  
**HR5**



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**PRINCIPLE 4**

**Abolish  
forced labor**

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**CORPORATE GOVERNANCE**

**SOCIAL DIMENSION**

- Partnerships with suppliers
- 

**PRINCIPLE 5**

**Abolish child labor**

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**CORPORATE GOVERNANCE**

**SOCIAL DIMENSION**

- Partnerships with suppliers
- 

**PRINCIPLE 6**

**Eliminate  
workplace  
discrimination**

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**CORPORATE GOVERNANCE**

**SOCIAL DIMENSION**

- People Management

**LA2 / LA13 / LA14 / HR4 / HR5**

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**PRINCIPLE 7**

**Support an  
precautionary  
approach to  
environmental  
challenges**

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**BUSINESS AND SUSTAINABLE DEVELOPMENT**

**BRASKEM EVOLUTION STRATEGIES IN SEVEN MACRO OBJECTIVES**

**ENVIRONMENTAL, HEALTH AND SAFETY DIMENSIONS**

**EC2 / EN5 / EN6 / EN7 / EN18 / EN30**

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**PRINCIPLE 8**

**Promote  
environmental  
responsibility**

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**BUSINESS AND SUSTAINABLE DEVELOPMENT**

**BRASKEM EVOLUTION STRATEGIES IN SEVEN MACRO OBJECTIVES**

**ENVIRONMENTAL, HEALTH AND SAFETY DIMENSIONS**

**EN3 / EN5 / EN6 / EN7 / EN8 / EN13 / EN18 / EN19 / EN22 /  
EN23 / EN24 / EN28 / EN30**

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**PRINCIPLE 9**

**Encourage  
environmentally  
friendly technologies**

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**BUSINESS AND SUSTAINABLE DEVELOPMENT**

**BRASKEM EVOLUTION STRATEGIES IN SEVEN MACRO OBJECTIVES**

**ENVIRONMENTAL, HEALTH AND SAFETY DIMENSIONS**

**EN10 / EN18 / EN30**

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**PRINCIPLE 10**

**Combat corruption  
in all of its forms,  
including extortion  
and bribery**

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**BUSINESS AND SUSTAINABLE DEVELOPMENT**

**CORPORATE GOVERNANCE**

**BRASKEM EVOLUTION STRATEGIES IN SEVEN MACRO OBJECTIVES**





# GRI INDEX

## PROFILE DISCLOSURES

### 1. Strategy and Analysis

	Description of the primary impacts, risks and opportunities	Location in the report / response
1.1	Statement of the most senior decision-maker of the organization (such as the CEO, Chairman of the Board of Directors, or similar post) regarding the importance of sustainability for the organization and its strategy	Directors' Message <ul style="list-style-type: none"> <li>• New petrochemicals milestone (<b>page 6</b>)</li> </ul>
1.2	Description of the primary impacts, risks and opportunities.	Business and Sustainable Development <ul style="list-style-type: none"> <li>• Contribution to sustainable development (<b>page 24</b>)</li> <li>• Braskem evolution strategies in seven macro objectives (<b>page 19</b>)</li> </ul>

### 2. Organizational Profile

2.1	Name of the organization.	Directors' Message <ul style="list-style-type: none"> <li>• New petrochemicals milestone (<b>page 6</b>)</li> </ul> Profile
2.2	Primary brands, products and/or services	Profile History <ul style="list-style-type: none"> <li>• Timeline (<b>page 16</b>)</li> <li>• New products (<b>page 8</b>)</li> <li>• Innovative polypropylene solutions (<b>page 13</b>)</li> </ul>



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<b>2.3</b>	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	History <ul style="list-style-type: none"><li>• Timeline (<b>page 16</b>)</li><li>• Business model (<b>page 8</b>)</li></ul>
<b>2.4</b>	Location of organization's headquarters.	Introduction ( <b>page 1</b> ) Corporate information
<b>2.5</b>	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Profile History <ul style="list-style-type: none"><li>• Timeline (<b>page 16</b>)</li><li>• Braskem's numbers in 2010 (<b>page 10</b>)</li></ul>
<b>2.6</b>	Nature of ownership and legal form.	Corporate Governance <ul style="list-style-type: none"><li>• Corporate Structure (<b>page 33</b>)</li></ul>
<b>2.7</b>	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	History <ul style="list-style-type: none"><li>• Timeline (<b>page 16</b>)</li><li>• New foreign businesses (<b>page 10</b>)</li><li>• Business model (<b>page 8</b>)</li></ul>



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<b>2.8</b>	Scale of the reporting organization.	Profile  History  <ul style="list-style-type: none"> <li>• Timeline <b>(page 16)</b></li> <li>• Braskem’s numbers in 2010 <b>(page 10)</b></li> <li>• Braskem’s sales distribution – 2010 <b>(page11)</b></li> </ul>
<b>2.9</b>	Significant changes during the reporting period regarding size, structure, or ownership, including: <ul style="list-style-type: none"> <li>• location and changes in operations, including the opening, closing or expanding of operational units;</li> <li>• changes in the capital structure or other capital formation, maintenance or alteration in operations (for private-sector organizations).</li> </ul>	Profile  History  <ul style="list-style-type: none"> <li>• Timeline <b>(page 16)</b></li> </ul>
<b>2.10</b>	Awards received in the reporting period.	History  <ul style="list-style-type: none"> <li>• Timeline <b>(page 16)</b></li> <li>• Awards and recognitions in 2010 <b>(page 14)</b></li> </ul>
<b>3. Report parameters</b>		
<b>3.1</b>	Reporting period (e.g., fiscal/calendar year) for information provided.	About this report  <ul style="list-style-type: none"> <li>• 2010 Reporting Cycle <b>(page 101)</b></li> </ul>
<b>3.2</b>	Date of most recent previous report (if any).	About this report  <ul style="list-style-type: none"> <li>• 2010 Reporting Cycle <b>(page 101)</b></li> </ul>
<b>3.3</b>	Reporting cycle (annual, biennial, etc.)	About this report  <ul style="list-style-type: none"> <li>• 2010 Reporting Cycle <b>(page 101)</b></li> </ul>
<b>3.4</b>	Contact point for questions regarding the report or its contents.	Introduction
<b>3.5</b>	Process for defining report content, including: determination of materiality; prioritization of topics in the report; identification of which stakeholders the organizations expects to use the report.	About this report  <ul style="list-style-type: none"> <li>• Braskem material issues <b>(pages 97 to 100)</b></li> </ul>
<b>3.6</b>	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	About this report  <ul style="list-style-type: none"> <li>• 2010 Reporting Cycle <b>(page 101)</b></li> </ul>



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3.7	Declaration of any specific limitations on the scope or boundary of the report.	About this report <ul style="list-style-type: none"> <li>• 2010 Reporting Cycle (<b>page 101</b>)</li> </ul>
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	About this report <ul style="list-style-type: none"> <li>• 2010 Reporting Cycle (<b>page 101</b>)</li> </ul>
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	About this report <ul style="list-style-type: none"> <li>• 2010 Reporting Cycle (<b>page 101</b>)</li> </ul>
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	About this report <ul style="list-style-type: none"> <li>• 2010 Reporting Cycle (<b>page 101</b>)</li> </ul>
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	About this report <ul style="list-style-type: none"> <li>• 2010 Reporting Cycle (<b>page 101</b>)</li> </ul>
3.12	<p>Table identifying the location of the Standard Disclosures in the report.</p> <p>Identification of the page numbers or links to Internet pages in which the following information can be found:</p> <ul style="list-style-type: none"> <li>• Strategy and analysis 1.1 and 1.2;</li> <li>• Organizational Profile 2.1 to 2.10;</li> <li>• Report parameters 3.1 to 3.13;</li> <li>• Governance, commitments and engagement 4.1 to 4.17;</li> <li>• Management processes, by category;</li> <li>• Essential performance indicators;</li> <li>• Any additional GRI indicators that were included;</li> <li>• Any indicators from the supplementary sections of the GRI that were included in the report.</li> </ul>	GRI Index ( <b>page 105</b> )
3.13	Policy and current practice with regard to seeking external assurance for the report. If the assurance was not included in the report, the scope and basis of any external assurance that was supplied must be provided, as well as the relationship between the reporting organization(s) and the auditor(s).	<b>DNV Guarantee Statement (pages 97 e 98)</b>



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**4. Governance, commitments and engagement**

4.1	<p>Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.</p>	<p>Corporate Governance</p> <ul style="list-style-type: none"> <li>• Governance Structure (<b>pages 34 to 38</b>)</li> </ul>
4.2	<p>Indication as to whether the Chair of the highest governance body is also an executive officer (and, if so, their functions within the administration of the organization and the reasons for such an arrangement).</p>	<p>Corporate Governance</p> <ul style="list-style-type: none"> <li>• Governance Structure (<b>pages 34 to 38</b>)</li> <li>• Board of Directors (<b>page 36</b>)</li> </ul>
4.3	<p>For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.</p>	<p>Corporate Governance</p> <ul style="list-style-type: none"> <li>• Governance Structure (<b>pages 34 to 38</b>)</li> </ul>
4.4	<p>Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.</p> <p>Include references to processes relative to:</p> <ul style="list-style-type: none"> <li>• use of shareholder deliberations or other mechanisms that allow minority shareholders to express their to top management;</li> <li>• information and consultations with employees about workplace relationships with formal representational entities, such as “worker committees” at the organizational level and employee representation at the highest level of governance.</li> </ul>	<p>Corporate Governance</p> <ul style="list-style-type: none"> <li>• Ethics Line (<b>pages 34, 35 and 42</b>)</li> </ul>
4.5	<p>Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization’s performance (including social and environmental performance).</p>	<p><i>No compensation (fixed or variable) or offered to members of the Board of directors that are wholly connected to the Company's economic, social and environmental performance.</i></p>
4.6	<p>Processes in place for the highest governance body to ensure conflicts of interest are avoided.</p>	<p><i>There is no conflict of interest resolution process at the Board of Director level.</i></p>
4.7	<p>Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.</p>	<p><i>There is no defined process for determining the qualifications and knowledge of members at the Board of Director level, but, historically, all Board Members have had proven qualifications and knowledge of the petrochemicals business.</i></p>



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<p><b>4.8</b></p>	<p>Internally developed statements of mission and values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. Explain to what point they:</p> <ul style="list-style-type: none"> <li>• are applied to the organization in different regions and departments/units;</li> <li>• relate to internationally recognized standards.</li> </ul>	<p>Corporate Governance</p> <ul style="list-style-type: none"> <li>• Code of Conduct <b>(page 32)</b></li> </ul>
<p><b>4.9</b></p>	<p>Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.</p>	<p>Corporate Governance</p> <ul style="list-style-type: none"> <li>• Board of Directors <b>(page 36)</b></li> </ul> <p><i>The identification, supervision and management of economic, social and environmental performance are activities provided for by the Company Bylaws and the Internal Regulations of the Board of Directors (BOD). This issue is also frequently discussed by the members of the BOD Strategy and Communication Support Committee, which meets at least three times a year.</i></p>
<p><b>4.10</b></p>	<p>Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.</p>	<p><i>There is no defined process for the Board of Directors to evaluate its own performance.</i></p>
<p><b>4.11</b></p>	<p>Explanation of whether and how the precautionary approach or principle is addressed by the organization.</p>	<p><i>In principle, Braskem does not produce, handle, use, sell, transport or dispose of any product unless it can be done in a safe manner with minimal impact to the environment.</i></p>
<p><b>4.12</b></p>	<p>Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.</p>	<p>Business and Sustainable Development</p> <ul style="list-style-type: none"> <li>• Contribution to sustainable development <b>(pages 24 e 25)</b></li> </ul>



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<p><b>4.13</b></p>	<p>Memberships in associations (such as industry associations) and/or national/international advocacy organizations:</p> <ul style="list-style-type: none"> <li>• membership in governance bodies;</li> <li>• membership in projects or committees;</li> <li>• contributes substantive funding beyond routine membership dues;</li> <li>• views membership as strategic</li> </ul>	<p>Business and Sustainable Development</p> <ul style="list-style-type: none"> <li>• Contribution to sustainable development <b>(pages 24 e 25)</b></li> </ul>
<p><b>4.14</b></p>	<p>List of stakeholder groups engaged by the organization.</p>	<p>Business and Sustainable Development</p> <ul style="list-style-type: none"> <li>• National Pact for the Chemical Industry <b>(page 25)</b></li> </ul>
<p><b>4.15</b></p>	<p>Basis for identification and selection of stakeholders with whom to engage. Includes the organization's process for defining its stakeholders and the groups with which to engage and not to engage.</p>	<p>About this report</p> <ul style="list-style-type: none"> <li>• Braskem material issues <b>(pages 99 to 102)</b></li> </ul>
<p><b>4.16</b></p>	<p>Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.</p>	<p>About this report</p> <ul style="list-style-type: none"> <li>• Braskem material issues <b>(pages 99 to 102)</b></li> </ul>
<p><b>4.17</b></p>	<p>Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.</p>	<p>About this report</p> <ul style="list-style-type: none"> <li>• Braskem material issues <b>(pages 99 to 102)</b></li> </ul>



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**ECONOMIC DIMENSION**

	<b>Description</b>	<b>Location in the report / response</b>	<b>Braskem Scope</b>	<b>Global Compact</b>
<b>Economic performance</b>				
<b>EC1</b>	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Business and Sustainable Development  • Direct economic value generated and distributed (R\$ million): 2008 – 2010	Braskem, Quattor and Braskem America	-
<b>EC2</b>	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Business and Sustainable Development  • Contribution to sustainable development • Sustainable Chemistry vs. Green Chemistry • Green Polypropylene  Environmental, Health and Safety Dimensions	Braskem, Quattor and Braskem America  Braskem, Quattor and Braskem America  Braskem, Quattor and Braskem America	7
<b>EC4</b>	Significant financial assistance received from government.	Social Dimension • Management of social investments	Braskem and Quattor	

**ENVIRONMENTAL DIMENSION**

<b>Energy</b>				
<b>EN3</b>	Direct energy consumption by primary energy source.	Environmental, Health and Safety Dimensions  • Direct energy consumption by primary energy source	Braskem and Quattor	8
<b>EN5</b>	Energy saved due to conservation and efficiency improvements.	Environmental, Health and Safety Dimensions  • Energy saved due to conservation and efficiency improvements	Braskem and Quattor	8 and 9





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**EN6**

Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.

**Energy efficiency**

*The reductions in energy consumption were the result of actions taken to optimize operational efficiency, projects applying six sigma tools, equipment substitution projects and initiatives to reduce operational losses.*

**UNIB2 RS**

- *Operating pyrolysis furnaces, with the minimum excess air. We still have furnaces with excess air higher than the technical minimum.*
- *Due to market limitations, some of the processed products are reprocessed. This reprocessing of products leads to a greater consumption of energy. If we were to sell these products, energy consumption would drop.*

**PVC1 BA**

- *The gases burned in the incinerator are released at a higher temperature and must be cooled. When carrying out this cooling, we produce more vapor than is needed for the MVC plant. In order to make better use of this steam, we began using it in the PVC plant, turning the MVC plant self-sufficient in medium-pressure steam. The 6 Sigma projects of incinerator operation and optimization allow for a greater operability of the system, with a resulting increase in internal steam generation.*

Braskem and Quattor

8 and 9



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**EN6**

Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.

**UNIB1 BA**

- *Energy conservation – The project aims to substitute all of the thermodynamic traps with free-floating traps, in order to reduce the loss of steam (240.000 GJ)*
- *Reduction in energy loss through the chimney of exhaust fumes from the superheaters, due to the installation of air pre-heaters, resulting in an energetic integration (450.000 GJ)*
- *Projects to improve combustion in the furnaces at UO1 – BA01106 (24.000 GJ) // Osmar Serra , Emerentino*
- *Reduction of Steam Lost in Distribution (61.600 GJ) – Reducing the number of leaks on the steam distribution lines for clients and the second generation*
- *Reduction in energy consumption at the BTX - Fase 2 extraction and fractioning units (30.800 GJ)*
- *Efficiency improvements at BA -701 A/B/C (67.760 GJ) - The A-700 furnaces are responsible for nearly 38% of the Paraxylene block's energy consumption. The increase in the efficiency of this equipment reduces the energy consumption of the Paraxylene Production Units, increasing the profitability of the Aromatics Units 1 business.*
- *Optimization of the A-300 Reactive Systems (46.200 GJ)*

Braskem e Quattor

8 e 9

**EN7**

Initiatives to reduce indirect energy consumption and reductions achieved.

Braskem is structuring the management of its initiatives to reduce the consumption of indirect energy. During the period covered by this report, it was not yet possible to identify the results. However, the monitoring of this indicator will be improved and the data is expected to be presented in the next report.

Braskem and Quattor

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**Water**

<b>EN8</b>	Total water withdrawn by source.	Environmental, Health and Safety Dimensions <ul style="list-style-type: none"> <li>• Water resources</li> </ul>	Braskem and Quattor	8
<b>EN10</b>	Percentage and total volume of water recycled and reused.	Environmental, Health and Safety Dimensions <ul style="list-style-type: none"> <li>• Water resources</li> </ul>	Braskem and Quattor	8 and 9

**Biodiversity**

<b>EN13</b>	Habitats protected or restored	Environmental, Health and Safety Dimensions <ul style="list-style-type: none"> <li>• Biodiversity</li> <li>• Protected areas</li> </ul>	Braskem and Quattor	8
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**Emissions, effluents and waste**

<b>EN16</b>	Total direct and indirect greenhouse gas emissions by weight.	Environmental, Health and Safety Dimensions <ul style="list-style-type: none"> <li>• Atmospheric emissions</li> </ul>	Braskem and Quattor	8
<b>EN18</b>	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Environmental, Health and Safety Dimensions <ul style="list-style-type: none"> <li>• Atmospheric emissions</li> </ul>	Braskem and Quattor	7, 8 and 9
<b>EN19</b>	Emissions of ozone-depleting substances, by weight.	Environmental, Health and Safety Dimensions <ul style="list-style-type: none"> <li>• Atmospheric emissions</li> </ul>	Braskem and Quattor	8
<b>EN22</b>	Total weight of waste by type and disposal method.	Environmental, Health and Safety Dimensions <ul style="list-style-type: none"> <li>• Waste management and treatment</li> </ul>	Braskem and Quattor	8
<b>EN23</b>	total number and volume of significant spills.	Environmental, Health and Safety Dimensions <ul style="list-style-type: none"> <li>• Cargo transport, accidents and spills</li> <li>• Total number and volume of significant spills</li> </ul>	Braskem	8



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<b>EN24</b>	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Environmental, Health and Safety Dimensions <ul style="list-style-type: none"> <li>• Waste disposal and treatment</li> </ul>	Braskem and Quattor	8
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**Compliance**

<b>EN28</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	<i>Braskem operates in accordance with the laws and regulations of the country. The company has not been definitively ordered to pay fines or comply with non-monetary sanctions in the period from 2007 to 2010.</i>  <i>The preparation of this report utilized the same materiality criteria as the Reference form, which was instituted by the Brazilian Securities and Exchange Commission (CVM) under the terms of Instruction CVM 480/2009.</i>	Braskem, Quattor and Braskem America	8
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**Geral**

<b>EN30</b>	Total environmental protection expenditures and investments by type.	<i>Environmental, Health and Safety Dimensions</i> <ul style="list-style-type: none"> <li>• Waste disposal and treatment</li> </ul>	Braskem and Quattor	7, 8 and 9
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**SOCIAL DIMENSION: LABOR PRACTICES AND DECENT WORK**

**Employment**

<b>LA1</b>	Total workforce by employment type, employment contract, and region.	<i>Social Dimension – People Management</i> <ul style="list-style-type: none"> <li>• Social Performance Indicators</li> </ul>	Braskem and Quattor	-
<b>LA2</b>	Total number and rate of employee turnover by age group, gender, and region.	<i>Social Dimension</i> <ul style="list-style-type: none"> <li>• People Management</li> <li>• Social Performance Indicators</li> </ul>	Braskem, Quattor and Braskem America	6
<b>LA3</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	<i>The benefits offered by the Company to Members working half time (6 hours) are the same as those offered to full-time Members, which include: life insurance; health insurance; disability coverage; maternity leave; retirement fund; meal ticket. (The report does not include Braskem America.)</i>	Braskem and Quattor	-

**Labor/Management Relations**



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<b>LA4</b>	Percentage of employees covered by collective bargaining agreements.	Social Dimension <ul style="list-style-type: none"> <li>• People Management</li> <li>• Social Performance Indicators</li> </ul>	Braskem, Quattor and Braskem America	1, 2 and 3
<b>Occupational health and safety</b>				
<b>LA7</b>	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Environmental, Health and Safety Dimensions <ul style="list-style-type: none"> <li>• Collective Agreements</li> </ul>	Braskem and Quattor	1
<b>LA9</b>	<i>Health and safety topics covered in formal agreements with trade unions.</i>	Environmental, Health and Safety Dimensions <ul style="list-style-type: none"> <li>• Collective Agreements</li> </ul>	Braskem and Quattor	1
<b>Training and education</b>				
<b>LA11</b>	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Social Dimension <ul style="list-style-type: none"> <li>- People Management</li> <li>- Social Performance Indicators</li> </ul>	Braskem and Quattor	-
<b>Diversity and equal opportunity</b>				
<b>LA13</b>	Composition of corporate governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Corporate Governance <ul style="list-style-type: none"> <li>- Governance Structure</li> </ul>	Braskem and Quattor	1 and 3
<b>LA14</b>	Ratio of basic salary of men to women by employee category.	Social Dimension <ul style="list-style-type: none"> <li>- People Management</li> <li>- Social Performance Indicators</li> </ul>	Braskem and Quattor	1, 2 and 3
<b>SOCIAL DIMENSION: HUMAN RIGHTS</b>				
<b>Non-discrimination</b>				
<b>HR4</b>	Total number of incidents of discrimination and actions taken.	Social Dimension <ul style="list-style-type: none"> <li>- Combatting discrimination</li> </ul>	Braskem, Quattor and Braskem America	1, 2 and 3
<b>Freedom of association and collective bargaining</b>				



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<b>HR5</b>	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	<i>No Braskem operation was found to pose a risk or obstacle to the rights of its Members to exercise their freedom of association or collective negotiation, during the period covered by the report.</i>	Braskem, Quattor and Braskem America	1, 2 and 3
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**SOCIAL DIMENSION: SOCIETY**

**Compliance**

<b>SO8</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	<i>Braskem operates in accordance with the laws and regulations of the country. The company has not been definitively ordered to pay fines or comply with non-monetary sanctions in the period from 2007 to 2010. The preparation of this report utilized the same materiality criteria as the Reference form, which was instituted by the Brazilian Securities and Exchange Commission (CVM) under the terms of CVM Instruction 480/2009.</i>	Braskem, Quattor and Braskem America	-
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**SOCIAL DIMENSION: PRODUCT RESPONSIBILITY**

**Consumer health and safety**

<b>PR1</b>	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	<i>All Braskem products are evaluated based on categories defined by indicator, covering the following stages: development of the product concept; research and development; certification; manufacture and production; marketing and promotion; storage, distribution and supply; use and service; disposal; reuse and recycling.</i>	Braskem, Quattor and Braskem America	-
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**Product and service labeling**



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**PR3**

Type of product and service information required by labeling procedures, and percentage of products and services subject to such information requirements.

*Business and Sustainable Development*

*– Braskem evolution strategies in seven macro objectives*

*The products marketed by Braskem require procedures regarding information and labeling, indicator categories, except in the case of the category “outsourcing product or service components,” for which there is no such requirement.*

Braskem, Quattor and Braskem America

Braskem, Quattor and Braskem America

# CREDITS

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English Version

**MZ**



