



1. Tax Strategy and Governance

Compliance

Braskem S.A. and its subsidiaries ("Braskem") acts responsibly concerning the tax management of their businesses, complying with applicable tax laws, rules and regulations, whether locally or internationally, in a timely manner. Thus, in complying with its tax obligations, Braskem undertakes to follow the spirit and intent of the laws applicable to the locations in which it operates, adopting an ethical, honest, and transparent posture, as established in its Code of Conduct. Braskem adopts internal procedures for the proper appraisal of the taxes due and paid, and it is periodically audited by the internal controls area and by an independent auditor, considering tax risks in its corporate risk management.

Tax Management and Corporate Structure

Braskem's tax management must be exercised with excellence, managing risks appropriately, through internal controls that minimize the occurrence of tax contingencies and contributing to increase the profitability of the business in Brazil and abroad. It must be guided by the impersonal relationship with government entities, partnership with the business areas, and efficiency and simplicity in the processes.

Aiming at strengthening the Company's business plan, Braskem seeks tax optimization in its economic and commercial activities mainly through the avoidance of double-taxations and the use of tax benefits foreseen in the applicable tax legislation. Braskem is committed to not adopt structures without economic purpose, as the tax analysis is only a variable among other aspects evaluated in the Company's decision-making process. In this sense, the creation and/or extinction of new corporate and business structures, within the scope of the Braskem Group, in locations where its companies operate or decide to operate, are always linked to commercial and business structure objectives.

Risk Management

The principles of the Company's tax management must, in addition to complying with the law: a) comply with the strategic objectives and best market practices; b) serve as guide to internal processes; and c) establish commitments to be observed by the entire Company, having a directive nature.

In case any activity of the Company is subject to tax interpretations, the negotiation of tax agreements, formal inquiries before tax authorities and opinions of external lawyers to support the procedures performed are adopted as a principle. In cases where uncertainty and financial risk cannot be eliminated, potential impacts are evaluated and recorded in Braskem's financial statements in accordance with the accounting standards.

Transfer Pricing and Tax Benefits

Braskem can sell products between companies of the group, in intercompany transactions, which are guided by the Policy on Transactions with Related Parties. In these cases, Braskem applies and complies with the respective transfer price laws and regulations for each country or region of domicile.

Thus, the Company ensures that transactions with related parties located abroad are carried out under the applicable transfer price rules, as well as those established by the OECD in transactions covering jurisdictions of member countries, considering the arm's length principle and relevant Base Erosion and Profit Shifting ("BEPS") action plans, in which prices and remuneration between related parties are defined based on the functions and risks assumed and assets used by each party.

Regarding tax benefits, incentives, and reduced tax rates, in compliance with the principles of tax management, Braskem uses tax incentives and exemptions provided in the legislation of the countries in which it operates, always complying with legal requirements.

2. Tax Reporting

Tax contributions per country

Braskem is committed to acting in a responsible, ethical, honest, and transparent manner in its tax approach. Thus, it provides information based on the countries in which it is a taxpayer.

Base year - 2020

Country (BRL Million)	Revenue ¹	Profit before tax ²	Income Tax/Social Contribution (IR/CS) expense ³
Brazil	40,794	(9,099)	2,397
Europe and USA	14,639	963	(125)
Mexico	4,001	(1,308)	423
Others	302	(240)	(26)
Total	59,736	(9,684)	2,668

¹ Sales per region include intercompany transactions, eliminations and reclassifications, and exclude the result from the corporate unit

² Profit before tax includes accounting adjustments

³ Income tax/social contribution expenses including deferred taxes

Actual Income Tax

The table below shows the average of the last two years of the actual tax reported:

Financial Statement (BRL Thousands)	FY 2019	FY 2020	Average Tax Rate
Profit before tax	(4,802,969)	(9,683,784)	
Reported tax	1,905,996	2,668,478	
Effective tax rate	39.7%	27.6%	33.6%

The nominal income tax rate in Brazil, the location of the Group's parent company, is 34% (considering 25% of Income Tax (IR) and surtax and 9% of Social Contribution on Profit (CSL)). However, the actual consolidated tax rate may be higher or lower depending on the tax adjustments made after the appraisal of net income, as shown below:

			(BRL thousands)
			Consolidated
			2020
			2019
Loss before IR and CSL			(9,683,784)
IR and CSL - calculated at a tax rate of 34%			3,292,487
Permanent adjustments to the IR and CSL calculation basis			
IR and CSL on equity in results of investees			6,595
Thin capitalization	(i)	(695,741)	(221,337)
Effect of the refund of Braskem America's tax benefit	(ii)	(737,841)	
Difference of rate applicable to each country	(iii)	(42,190)	293,647
Fine in leniency agreement			(142,530)
Other permanent adjustments			845,168
Effect of IR and CSL on results of operations			2,668,478
			1,905,996

Breakdown of IR and CSL:**Current IR and CSL expense**

Current year expense	(52,830)	(251,641)
Changes in estimates related to prior years		22,696
	(52,830)	(228,945)

Deferred IR and CSL expense

Origination and reversal of temporary differences	2,677,328	2,005,827
Tax losses (IR) and negative base (CSL)		129,114
Recognition of previously unrecognized temporary expenses	43,980	
	2,721,308	2,134,941
Total	2,668,478	1,905,996

Effective rate	27.6%	39.7%
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In 2019 and 2020, as shown in the table above, Braskem assessed a loss before the IR and CSL, generating an IR/CS calculated at a positive tax rate of 34%, being impacted by the main adjustments below:

2020: Lower effective tax rate - (i) includes the amount of interest adjustment on financial transactions with subsidiaries according to thin capitalization rules. (ii) Considering the Universal Basis Taxation ("TBU"), the impact of the tax refund promoted by the United States Government affects the calculation of taxes at Braskem S.A. arising from the offset of Corporate Income Tax (IRPJ)/Social Contribution on Net Profit (CSLL) in the years of use of the bonus depreciation benefit. As a result, an amount of BRL 738 million was appraised, recorded in current and non-current liabilities, under income tax and social contribution item. (iii) includes the impact of the difference between the Brazilian IR/CSL tax rate (34%) used to prepare this note and the tax rates of the countries where the subsidiaries are located.

2019: Higher effective tax rate – (i) includes the impact of the difference between the Brazilian IR/CSL tax rate (34%) used to prepare this note and the tax rates of the countries where the subsidiaries are located.