

Our approach to tax and transparency

Orbia Management and the Board of Directors have developed a comprehensive tax policy emphasizing transparency, compliance, and responsible tax practices. At Orbia we are committed to complying with all applicable tax laws, rules and regulations. We aim to maintain trust with our stakeholders, contribute to the economies in which we operate, and fulfill our broader responsibilities towards society.

Compliance with Laws and Regulations: We are committed to strict compliance with all applicable tax laws, rules, and regulations in the jurisdictions in which we operate. We strive to accurately determine and comply with our tax obligations, including all reporting and payment requirements. We work closely with our internal and external tax advisors to stay updated on changes to tax legislation and implement any necessary adjustments in our compliance processes.

Tax Planning and Risk Management: While striving for compliance, we also recognize the importance of responsible tax planning within the boundaries of the law. Tax planning aims to maximize efficiency while minimizing risks. Our tax planning activities prioritize economic substance over artificial structures, and we engage in legitimate tax planning strategies to ensure that we utilize available incentives, deductions, and credits while considering long-term implications. However, we will not engage in aggressive tax planning that lacks economic substance or seeks to exploit tax loopholes.

Transparency and Disclosure: We are committed to maintaining a high level of transparency in our tax practices. We recognize the growing demand for transparency regarding tax and financial information. We voluntarily disclose relevant tax-related data in accordance with international standards, including country-by-country reporting. In addition, we ensure that all relevant tax information is accurately disclosed in our financial statements and reports in compliance with applicable accounting standards and regulations. This enables stakeholders to assess our tax practices, contributions to economies, and compliance with tax obligations in various jurisdictions.

Tax in ESG: We believe tax plays a critical role in our approach to compliance and transparency in the areas of environmental, social, and governance (ESG). Tax is an accelerator in reaching our ESG goals by serving as a crucial tool for incentivizing sustainable practices and responsible corporate behavior. Orbia is a purpose-driven organization, and our sustainable approach to taxes enables our organization to innovate by being eco-friendly, addressing social issues, and promoting transparent corporate governance. By aligning our tax governance framework with sustainability, we integrated ESG into our tax strategy, fostering a sustainable organization.

Ethical and Social Responsibility: We conduct our tax activities in an ethical manner, ensuring alignment with our broader corporate values. We acknowledge our responsibility to contribute to the societies in which we operate by paying our fair share of taxes. We do not engage in tax evasion, aggressive tax planning, or any artificial structures that lack commercial substance. Our tax activities are consistent with our sustainability initiatives, supporting environmental protection and social development.

Relationship with authorities: We seek to develop cooperative relationships with tax authorities based on trust and mutual respect. We actively cooperate with tax authorities and respond to their inquiries promptly and transparently. Our aim is to foster an open dialogue and build constructive relationships with tax authorities in a straightforward and timely manner where both parties engage proactively in discussions related to Orbia's tax compliance good standing, tax planning strategy, transfer pricing policy, and significant business transactions. In addition, we seek to enter into early dialogue with tax authorities to resolve misunderstandings, disagreements, and material uncertainties about the tax rules and regulations that apply to our operations. Finally, we will not bribe or otherwise induce tax officials or government officials with the aim of obtaining beneficial outcomes with respect to Orbia tax matters.

Governance and Accountability: Our tax function and tax policy are driven by a robust tax governance framework. Effective governance ensures accountability, clear roles and responsibilities, and regular monitoring of tax compliance and reporting. Our commitment does not stop here; we seek feedback and perform benchmarking analysis. We regularly review and update our tax policy to ensure its alignment with best practices and ever-changing regulatory environments.



Public Country by Country Reporting

In line with tax transparency global demands, the Public Country by Country Reporting (PCbCR) below is being disclosed for Orbia's 2023 calendar year, from select data filed by our parent entity Controladora GEK SAPI de CV.

Amounts in USD\$ '000	Third party revenue	Interco revenue	Total Revenue	Profit Before Tax	Income Tax Paid [A]	Income Tax Accrued [B]	Difference [B-A]	Employees	Tangible assets	Retained Earnings	Main Business Activity(ies)											
											Research and Development	Holding / Managing IP	Purchasing / Procurement	Manufacturing / Production	Sales, Marketing or Distribution	Admin, Mgmt or Support Services	Services to Unrelated Parties	Internal Group Finance	Holding Shares / Other Equity	Dormant	Other	
Significant non-EU countries																						
Brazil	487,775	132,553	620,328	38,891	12,558	10,509	(2,049)	2,555	195,711	40,299			X	X	X	X						
Colombia	535,368	270,272	805,640	17,153	11,069	10,620	(449)	1,825	249,039	102,112			X	X	X	X						
Israel	89,600	307,838	397,437	(81,758)	243	37	(206)	1,004	207,774	3,518	X		X	X	X					X		
Mexico	1,724,121	1,404,993	3,129,114	(205,299)	176,103	153,613	(22,491)	4,176	1,120,106	(3,726,221)	X	X	X	X	X	X		X	X			
United States	1,800,229	1,353,636	3,153,865	460,632	95,993	91,849	(4,145)	2,600	1,666,782	1,675,365	X	X	X	X	X	X		X	X			
United Kingdom	589,757	113,177	702,934	119,682	24,928	24,777	(151)	1,322	249,780	271,000	X	X	X	X	X	X		X	X			
EU countries																						
Austria	2,652	-	2,653	(33)	2	-	(2)	3	43	(900)												X
Belgium	34,822	688	35,511	259	3	6	3	54	4,130	(9,701)					X							
Czech Republic	82,519	19,007	101,526	2,687	1,027	722	(305)	320	31,804	17,986	X		X	X	X							
Denmark	104,055	32,887	136,941	7,063	1,562	1,326	(235)	269	37,984	(3,487)					X							
Finland	17,058	1,053	18,111	(146)	97	-	(97)	51	3,796	4,628				X	X							
France	122,333	19,063	141,396	(4,933)	372	872	500	268	26,051	2,493				X	X	X						
Germany	849,546	113,351	962,897	(12,227)	7,509	1,103	(6,406)	1,246	308,197	178,611	X		X	X	X							
Greece	-	-	-	-	-	-	-	3	-	-												X
Hungary	23,751	14,507	38,258	5,605	870	870	-	85	6,747	11,599				X	X							
Ireland	39,492	825	40,318	6,657	160	857	696	68	7,671	21,140				X	X							
Italy	91,410	18,398	109,808	9,191	2,543	2,495	(47)	255	26,016	50,606				X	X							
Lithuania	21,189	589	21,778	4,098	815	815	-	36	2,999	12,192				X	X							
Netherlands	307,885	447,835	755,720	27,432	3,381	1,089	(2,292)	687	100,371	(45,996)	X	X	X	X	X	X	X	X	X			
Poland	93,516	136,091	229,607	5,747	505	475	(30)	815	74,514	66,955				X	X	X						
Slovakia	8,300	178	8,478	575	146	146	-	16	566	3,413				X	X							
Spain	21,253	13,700	34,953	1,224	3	329	326	54	16,232	6,167				X	X							
Sweden	52,850	21,480	74,330	(833)	-	-	-	95	20,721	(11,409)				X	X	X						



Polymer Solutions

Building & Infrastructure

Precision Agriculture

Connectivity Solutions

Fluor & Energy Materials

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EU Black List																					
Panama	14,092	341	14,432	237	119	106	(14)	14	8,826	5,302		X	X	X							
Russia	192	-	192	(1,461)	-	9	9	24	20	(3,603)									X		
EU Gray List																					
Turkey	168,726	15,495	184,221	(8,453)	1,048	1,706	659	438	44,736	(28,727)			X	X							
Vietnam	-	4	4	1	-	-	-	-	-	39			X	X							
Other countries																					
Australia	56,392	4,062	60,453	392	798	171	(627)	128	14,159	16,866			X	X				X			
Switzerland	13	8	21	(6,688)	-	-	-	53	13,714	(4,036)				X							
Singapore	7,381	1,942	9,322	(2,414)	-	-	-	9	830	(7,324)				X	X			X		X	
Other investments	51,613	9,791	61,403	2,590	239	3	(236)	735	1,103,623	526,382				X	X			X		X	
Rest of the world	1,240,673	259,633	1,500,306	72,829	33,852	32,333	(1,519)	5,619	620,101	417,671	X	X	X								
Total	8,638,562	4,713,396	13,351,958	458,699	375,945	336,838	(39,107)	24,827	6,163,042	(407,062)											

Note: The effective tax rate may not be indicative of the actual taxes paid during the reporting period. This is due to several factors, including non-consolidation of entities and impact of losses. The effective tax rate calculation is based on consolidated financial information. However, certain entities or operations may not be consolidated for tax purposes, leading to differences between the effective tax rate and the taxes paid. The effective tax rate may also be influenced by the recognition of tax losses or loss carryforwards, which can reduce taxable income and consequently, the taxes paid. These losses may not align with the financial reporting period or the jurisdictional tax rules, further impacting the relationship between the effective tax rate and the actual tax payments.