

United States Securities and Exchange Commission

Washington, DC 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-16091

Avient Corporation

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction
of incorporation or organization)

33587 Walker Road,

Avon Lake, Ohio

(Address of principal executive offices)

34-1730488

(I.R.S. Employer Identification No.)

44012

(Zip Code)

Registrant's telephone number, including area code (440) 930-1000

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Shares, par value \$.01 per share	AVNT	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's outstanding common shares held by non-affiliates on June 30, 2020, determined using a per share closing price on that date of \$26.23, as quoted on the New York Stock Exchange, was \$2.4 billion.

The number of shares of common shares outstanding as of February 5, 2021 was 91,293,388.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K incorporates by reference certain information from the registrant's definitive Proxy Statement with respect to the 2021 Annual Meeting of Shareholders.

AVIENT CORPORATION

PART I

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

In this Annual Report on Form 10-K, statements that are not reported financial results or other historical information are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give current expectations or forecasts of future events and are not guarantees of future performance. They are based on management's expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. You can identify these statements by the fact that they do not relate strictly to historic or current facts. They use words such as “will,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and other words and terms of similar meaning in connection with any discussion of future operating or financial condition, performance and/or sales. In particular, these include statements relating to future actions; prospective changes in raw material costs, product pricing or product demand; future performance; estimated capital expenditures; results of current and anticipated market conditions and market strategies; sales efforts; expenses; the outcome of contingencies such as legal proceedings and environmental liabilities; and financial results. Factors that could cause actual results to differ materially from those implied by these forward-looking statements include, but are not limited to:

- disruptions, uncertainty or volatility in the credit markets that could adversely impact the availability of credit already arranged and the availability and cost of credit in the future;
- the effect on foreign operations of currency fluctuations, tariffs and other political, economic and regulatory risks;
- the current and potential future impact of the COVID-19 pandemic on our business, results of operations, financial position or cash flows;
- changes in polymer consumption growth rates and laws and regulations regarding plastics in jurisdictions where we conduct business;
- fluctuations in raw material prices, quality and supply, and in energy prices and supply;
- production outages or material costs associated with scheduled or unscheduled maintenance programs;
- unanticipated developments that could occur with respect to contingencies such as litigation and environmental matters;
- an inability to achieve the anticipated financial benefit from initiatives related to acquisition and integration, working capital reductions, cost reductions and employee productivity goals;
- our ability to pay regular quarterly cash dividends and the amounts and timing of any future dividends;
- information systems failures and cyberattacks;
- our ability to consummate and successfully integrate acquisitions;
- amounts for cash and non-cash charges related to restructuring plans that may differ from original estimates, including because of timing changes associated with the underlying actions; and
- other factors described in this Annual Report on Form 10-K under Item 1A, “Risk Factors.”

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. You are advised, however, to consult any further disclosures we make on related subjects in our reports on Forms 10-Q, 8-K and 10-K filed with the Securities and Exchange Commission (SEC). You should understand that it is not possible to predict or identify all risk factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

ITEM 1. BUSINESS

Business Overview

We are a premier provider of specialized and sustainable material solutions that transform customer challenges into opportunities, bringing new products to life for a better world. Our products include specialty engineered materials, advanced composites, color and additive systems and polymer distribution. We are also a highly specialized developer and manufacturer of performance enhancing additives, liquid colorants and fluoropolymer and silicone colorants. When used in this Annual Report on Form 10-K, the terms “we,” “us,” “our,” “Avient” and the “Company” mean Avient Corporation and its consolidated subsidiaries.

Avient was formed as PolyOne Corporation on August 31, 2000 from the consolidation of The Geon Company (Geon) and M.A. Hanna Company (Hanna). In 1948, B.F. Goodrich created a vinyl plastic division that was subsequently spun off through a public offering in 1993, creating The Geon Company, a separate publicly-held company. Hanna was formed in 1885 as a privately-held company and became publicly-held in 1927. In the mid-1980s, Hanna began to divest its historic mining and shipping businesses to focus on polymers. Hanna purchased its first polymer company in 1986 and completed its 26th polymer company acquisition in 2000. On July 1, 2020, the Company completed its acquisition of the equity interests in the global masterbatch business of Clariant AG, a corporation organized and existing under the laws of Switzerland (Clariant), and the masterbatch assets in India of Clariant Chemicals (India) Limited, a public limited company incorporated in India and an indirect majority owned subsidiary of Clariant (Clariant India). The business and assets are collectively referred to as Clariant MB and the acquisitions are collectively referred to as the Clariant MB Acquisition. In connection with the completion of the Clariant MB Acquisition and effective as of June 30, 2020, the Company amended its existing Articles of Incorporation to change its name to Avient Corporation. In conjunction with its rebranding and new name, the Company also changed its ticker symbol from “POL” to “AVNT”, effective at the start of trading on July 13, 2020.

Avient Corporation is incorporated in Ohio and headquartered in Avon Lake, Ohio. We currently have 103 manufacturing sites and eight distribution facilities in North America, South America, Europe, the Middle East, Asia, and Africa. In 2020, we had sales of \$3.2 billion (\$3.8 billion on a pro forma basis to include Clariant MB), approximately 50% of which were to customers outside the United States.

Using our formulation expertise and operational capabilities, we create an essential link between large chemical producers (our raw material suppliers) and designers, assemblers and processors of plastics (our customers). We believe that our role in the value chain continues to become more vital as our customers increasingly need reliable suppliers with a global reach and increasingly effective material-based solutions to improve their products' sustainability appeal, performance, differentiation, profitability and competitive advantage. Our goal is to provide customers with specialized and sustainable materials and solutions through our global footprint, broad market knowledge, technical expertise, product breadth, manufacturing operations, a fully integrated information technology network and raw material procurement leverage. Our end markets include healthcare, transportation, packaging, consumer, building and construction, industrial, energy and telecommunications.

Polymer Industry Overview

Polymers are a class of organic materials that are generally produced by converting natural gas or crude oil derivatives into monomers, such as ethylene, propylene, and styrene. These monomers are then polymerized into chains called polymers, or plastic resin, such as polyethylene and polypropylene, in their most basic forms. Large petrochemical companies, including some in the petroleum industry, produce a majority of the monomers and base resins because they have direct access to the raw materials needed for production. Monomers make up the majority of the variable cost of manufacturing the base resin. As a result, the cost of a base resin tends to move in tandem with the industry market prices for monomers and the cost of raw materials and energy used during production. Resin selling prices can move in tandem with costs, but are largely driven by supply and demand.

Thermoplastic polymers make up a substantial majority of the resin market and are characterized by their ability to be reshaped repeatedly into new forms after heat and pressure are applied. Thermoplastics offer versatility and a wide range of applications. The major types of thermoplastics include polyethylene, polypropylene, polystyrene, polyester and a range of specialized engineering resins. Each type of thermoplastic has unique qualities and characteristics that make it appropriate for use in a particular application. Thermoplastic composites include these base resins, but are combined with a structural filler such as glass, wood, carbon or polymer fibers to enhance strength, rigidity and structure. Further performance can be delivered through an engineered thermoplastic sheet or thick film, which may incorporate more than one resin formulation or composite in multiple layers to impart additional properties such as gas barrier, structural integrity and lightweighting.

Thermoplastics and polymer composites are found in a variety of end-use products and markets, including packaging, building and construction, wire and cable, transportation, medical, furniture and furnishings, durable

goods, outdoor high performance equipment, electrical and electronics, adhesives, inks and coatings and fiber. Each type of thermoplastic resin has unique characteristics (such as flexibility, strength or durability) suitable for use in a particular end-use application. The packaging industry requires plastics that help keep food fresh and free of contamination while providing a variety of options for product display, and offering advantages in terms of weight and user-friendliness. In the wire and cable industry, thermoplastics and composites serve to protect by providing electrical insulation, flame resistance, durability, water resistance, water swelling and color coding to engineered fibers, yarn products, wire coatings and connectors. In the transportation industry, plastic has proven to be durable, lightweight and corrosion resistant while offering fuel savings, design flexibility and high performance, often replacing traditional materials such as metal and glass. In the medical industry, plastics are used for a vast array of devices and equipment, including blood and intravenous bags, medical tubing, catheters, lead replacement for radiation shielding, clamps and connectors to bed frames, curtains and sheeting, electronic enclosures and equipment housings. In the outdoor high performance industry, plastic applications are used for components and colorants for all terrain vehicles and reinforced polymers are used for various outdoor equipment and gear. In the electronics industry, plastic enclosures and connectors not only enhance safety through electrical insulation, but thermally and electrically conductive plastics provide heat transferring, cooling, anti-static, electrostatic discharge, and electromagnetic shielding performance for critical applications including integrated circuit chip packaging.

Various additives can be formulated with a base resin and further engineered into a structure to provide them with greater versatility and performance. Polymer formulations and structures have advantages over metals, wood, rubber, glass and other traditional materials, which have resulted in the replacement of these materials across a wide spectrum of applications. These specialized polymers offer advantages compared to traditional materials that include design freedom, processability, weight reduction, chemical resistance, flame retardance and lower cost. Plastics are renowned for their durability, aesthetics, ease of handling and recyclability.

Avient Segments

We operate in three reportable segments: (1) Color, Additives and Inks; (2) Specialty Engineered Materials; and (3) Distribution. Previously, Avient had four reportable segments. However, as a result of the divestiture of the Performance Products and Solutions segment (PP&S) on October 25, 2019, we have removed PP&S as a separate operating segment and its results are presented as discontinued operations. Historical information has been retrospectively adjusted to reflect these changes. Please see Note 3, *Discontinued Operations*, to the accompanying consolidated financial statements for additional information.

Our segments are further detailed in Note 15, *Segment Information*, to the accompanying consolidated financial statements.

Competition

The production of plastics and the manufacturing of custom and proprietary formulated color and additives systems for the plastics industry are highly competitive. Competition is based on service, performance, product innovation, product recognition, speed, delivery, quality and price. The relative importance of these factors varies among our products and services. We believe that we are the largest independent formulator of plastic materials and producer of custom and proprietary color and additive systems in the United States and Europe, with a growing presence in Asia, South America and Africa. Our competitors range from large international companies with broad product offerings to local independent custom producers whose focus is a specific market niche or product offering.

The distribution of polymer resin is also highly competitive. Speed, service, reputation, product line, brand recognition, delivery, quality and price are the principal factors affecting competition. We compete against other national independent resin distributors in North America, along with other regional distributors. Growth in the polymer distribution market is highly correlated with growth in the base polymer resins market. We believe that the strength of our company name and reputation, the broad range of product offerings from our suppliers and our speed and responsiveness, combined with the quality of products and agility of our distribution network, allow us to compete effectively.

Raw Materials

The primary raw materials used by our manufacturing operations are polyolefin and other thermoplastic resins, TiO₂, inorganic and organic pigments, all of which we believe are in adequate supply. See the discussion of risks associated with raw material supply and costs in Item 1A, "Risk Factors."

Patents and Trademarks

We own and maintain a number of patents and trademarks in the United States and other key countries that contribute to our competitiveness in the markets we serve because they protect our inventions and product names against infringement by others. Patents exist for 20 years from filing date, and trademarks have an indefinite life based upon continued use. While we view our patents and trademarks to be valuable because of the broad scope of our products and services and brand recognition we enjoy, we do not believe that the loss or expiration of any single patent or trademark would have a material adverse effect on our results of operations, financial position or cash flows. Nevertheless, we have management processes designed to rigorously protect our inventions and trademarks.

Seasonality and Backlog

Sales of our products and services are typically seasonal, as demand has historically been slower in the first and fourth calendar quarters of the year. However, the COVID-19 pandemic led to irregular quarterly demand patterns in 2020. Because of the nature of our business, we do not believe that our backlog is a meaningful indicator of the level of present or future business.

Working Capital Practices

Our products are generally manufactured with a short turnaround time, and the scheduling of manufacturing activities from customer orders generally includes enough lead time to assure delivery of an adequate supply of raw materials. We offer payment terms to our customers that are competitive. We generally allow our customers to return merchandise if pre-agreed quality standards or specifications are not met; however, we employ quality assurance practices that seek to minimize customer returns. Our customer returns are immaterial.

Significant Customers

No customer accounted for more than 3% of our consolidated revenues in 2020 and we do not believe we would suffer a material adverse effect to our consolidated financial statements if we were to lose any single customer.

Research and Development

We have substantial technology and development capabilities. Our efforts are largely devoted to developing new product formulations to satisfy defined market needs by providing quality technical services to evaluate alternative raw materials, assuring the continued success of our products for customer applications, providing technology to improve our products, processes and applications and providing support to our manufacturing plants for cost reduction, productivity and quality improvement programs. We operate research and development centers that support our commercial development activities and manufacturing operations. These facilities are equipped with state-of-the-art analytical, synthesis, polymer characterization and testing equipment, along with pilot plants and polymer manufacturing operations that simulate specific production processes that allow us to rapidly translate new technologies into new products. Our investment in product research and development was \$59.8 million in 2020, \$50.6 million in 2019, and \$49.6 million in 2018.

Methods of Distribution

We sell products primarily through direct sales personnel, distributors, including our Distribution segment, and commissioned sales agents. We primarily use truck carriers to transport our products to customers, although some customers pick up product at our manufacturing facilities or warehouses. We also ship some of our manufactured products to customers by rail.

Human Capital Resources

"People" is the first of Avient's four cornerstones of sustainability (People, Products, Planet and Performance), which, together with our core values and our four-pillar strategy, form the framework of our company culture. The success and growth of our business depend in large part on our ability to attract, develop and retain a diverse population of talented and high-performing employees at all levels of our organization, including the individuals who comprise our global workforce as well as our executive officers and other key personnel.

We have developed key recruitment and retention strategies, objectives and measures that guide our human capital management approach as part of the overall management of our business. These strategies, objectives and measures are advanced through a number of programs, policies and initiatives, as described below. From safety to training to community engagement, our people are at the forefront of everything that we do. We are dedicated to building a high-performing and inclusive culture and investing in our people so that our most valuable resource has the skills and confidence to lead Avient and deliver value for our customers and stakeholders.

As of December 31, 2020, Avient employed approximately 8,400 people, 33% of which are located in the U.S. and Canada, 35% are located in Europe, Middle East, and Africa, 25% are located in Asia, and 7% are located in Latin America.

Safety and Health

The top priority at Avient is safety and our ultimate goal is to operate injury free. Progress toward this goal is measured at the business unit and regional levels, communicated globally, and linked to a number of recognition mechanisms. In 2020, we maintained world-class performance for our industry, with a recordable incident rate of 0.50 per 100 full-time workers per year as compared to industry average of 3.70 in 2019. We continue to set high standards for our operations as we strive to achieve our goal of zero recordable injuries.

In response to the COVID-19 pandemic, we quickly began implementing changes in our business designed to protect the health and well-being of our employees, customers and communities, and to support appropriate physical distancing and other health and safety protocols. We implemented remote, alternate and flexible work arrangements where possible, including split shifts at facilities and remote work options for non-essential on-site functions. We mobilized regional COVID task forces and collaboratively developed health and safety protocols, including enhanced cleaning and sanitary procedures, domestic and international travel restrictions, and return-to-work and visitor screening procedures. We also postponed or canceled hosting or attending large events. As the pandemic continues, we are consistently monitoring and adhering to local government requirements and conditions everywhere we operate. We are working vigilantly to prioritize the health and safety of our associates first, while still continuing to operate and serve the essential and emerging needs around the world through our products and services.

Employee Recruitment

We actively recruit and seek the best and the brightest talent through numerous channels, including job fairs, online talent networks, industry associations, referrals and campus recruiting. We recruit at more than 25 leading universities around the world and hire approximately 140 new graduates each year as full-time, co-ops or interns. We have launched seven highly coveted rotational development roles—from marketing to operational excellence to finance to IT—where newly hired associates rotate through various departments and jobs for up to two years, contributing their skills while also building diverse, well-rounded knowledge of our Company and its many stakeholders. We leverage global processes and systems to create a positive candidate experience with opportunities for entry level and experienced hires.

Training and Development

Training and development of our workforce is crucial for Avient, as it influences our “great place to work” culture while enabling our teams to accomplish business goals. Training and development opportunities are provided to all full-time and part-time associates through global programs and technology, to ensure a consistent and high-quality experience for all associates. Examples of training and development opportunities available to our employees include: regular performance feedback, career development discussions with managers, training and professional development courses through Avient Academy, and access to the global eLearning platform, LinkedIn Learning.

Avient also offers nomination-based leadership development programs, such as NextGen, PolyMasters, Lean Six Sigma Master Blackbelt, as well as Core Leadership, an open-enrollment program for leaders of people globally. In 2019, we sought to improve engagement and our culture of learning in our manufacturing locations. With the launch of our Engage program, we brought classroom experiences focused on our products and customers to our production associates. Some of the topics covered by our training programs include: leadership development, safety, Lean Six Sigma concepts, technical and operational skills, and ethics and compliance. Leaders at Avient play a key role in our approach to training and development. Executive leaders serve as facilitators in our leadership programs, and NextGen graduates lead the Engage training sessions.

Diversity and Inclusion

At Avient, we recognize the immense benefits that a diverse team brings to our organization, including delivering better business outcomes. Our talented people leverage their diverse backgrounds and skills toward a common goal: meeting the needs of the present without compromising the ability of future generations to do the same. This spirit of inclusive collaboration can be felt throughout our Company. It drives the innovation that earns us leadership positions in the markets we serve and underpins the high level of respect we show each other every day.

Our commitment to diversity begins at the highest levels of our organization, as evidenced by our “Winning” distinction from the 2020 Women on Boards organization for having 30% female board members, exceeding that

organization's criteria of 20%. The board is currently exploring adding an additional board member who is from an underrepresented minority. From a management perspective, 60% of our CEO's direct reports are female or minority which we believe sets the right tone and expectation for diversity and inclusion within the Company.

More broadly within the Company, our diversity and inclusion approach is fostered by multiple Employee Resource Groups that are driving improvements and opening opportunities throughout our organization. The vision that guides our collective efforts is consistent and unwavering: to be the company of choice for all. It is from this vision that our Employee Resource Groups were born and flourish today. Each group has its own mission and supporting activities, and their efforts coalesce to help educate and inspire our global workforce and fortify sustainable business practices.

Our Employee Resource Groups include: PRIDE at Avient (which is working to create a safe and accepting environment that enables LGBTQ+ associates to perform to their fullest potential and contribute to the success of our company), HYPE (which stands for Harnessing Young Potential Energy and is building a collaborative network of Avient's young professionals), and LEAD by Women (which promotes diversity and inclusion by increasing access to the tools and resources necessary to build leadership skills and accelerate careers).

The executive leadership team manages our diversity and inclusion program, which ensures that we have leadership accountability in advancing our diversity and inclusion strategy. In addition to bi-annual reviews with the leadership team, Avient has implemented recruiting guidelines to expand our diverse talent pipeline, with at least one-third of candidates being female or a U.S. minority.

Additionally, PRIDE at Avient continues to lead best practices and meaningful programming to improve experiences of LGBTQ+ employees in our workplace. Their efforts were instrumental in our achievement of earning the distinction of a "Best Place to Work" on the Corporate Equality Index with a perfect score of 100% in 2020 and 2021.

Other initiatives, including Mentoring at Avient and campus partnerships are vital for progress in our diversity and inclusion journey. We require equality of opportunity for all qualified individuals in accordance with applicable laws. Decisions on hiring, promotion, development, compensation or advancement are based solely on a person's qualifications, abilities, experience and performance, except where local law requires us to take actions to increase employment opportunities for a specific group. The Avient Ethics Hotline serves as a mechanism for associates to anonymously report any perceived concerns regarding these topics.

Compensation and Benefits Programs

We strive to remain competitive in the global marketplace and provide foundational rewards to attract and retain top talent. In general, our overall philosophy on compensation encompasses the following principles:

- provide all levels of associates with a compensation package that aligns Avient's and the associates' interests through the use of base and annual incentive pay programs;
- maintain a competitive pay program that serves to attract, retain, motivate and reward associates, and;
- award individual pay commensurate with experience, level of responsibility, and marketability.

Associate Benefits: Awards and Recognition Programs

Our ongoing associate feedback is highly valued, discussed, and most importantly, acted upon to make improvements. This includes our culture and unique benefits we offer. In 2019, we offered Flex Fridays, an adapted schedule that allows associates to have up to six Fridays off work during the summer without using vacation time. Associates work with their supervisor to create a flexible schedule that will allow them to complete their work hours. In 2020, we embraced and directed other workplace flexibility and work from home arrangements to combat the spread of COVID-19 and protect our people.

In addition, we continue to offer our global benefit of community service hours, where each associate is provided 16 hours of paid time off each year to participate in activities to support and help create more sustainable communities. Activities can be done as a group of fellow Avient associates or individually. These hours are used during a normally scheduled work day. Since 2018, Avient associates have performed more than 10,000 hours of community service through this program.

We celebrate, reward and share our associates' great work through our recognition programs, some of which are listed below and available globally:

- **You Made a Difference Awards** - Recognizes associates who go above and beyond their job responsibilities on a project or task.
- **Spotlight Awards** - Recognizes associates for their extra efforts on a project or task that has a significant impact on the organization.
- **Chairman's Awards**
 - **Associate** - Our Chairman's Achievement Award recognizes excellence in the execution of Avient's four-pillar strategy. It's the highest honor a non-sales associate can receive at our company.
 - **Sales** - Our Chairman's Club Award recognizes our top 25 sellers and one sales manager for their outstanding performance and living our values of Collaboration, Innovation and Excellence.
 - **Leadership** - Our Chairman's Leadership Award recognizes our top performing General Manager for performance, culture and inspirational leadership.

A Great Place to Work®

With all the time, effort and resources we invest to build our culture and support our associates, we have been honored to receive awards that showcase our company and people. Back in 2018, we were very proud to earn our first Great Place to Work® certification by the Great Place to Work Institute in the U.S. We conducted a pulse engagement survey in 2019. This shorter, more focused survey was intended to provide actionable insights to managers in key focus areas. We mapped these survey questions back to core areas of prior surveys, and achieved improvements in critical areas such as trusting in our managers and team collaboration.

In 2020, for the first time, we included all associates from Clariant MB in our employee engagement survey. Associates in over 40 countries and nearly 170 locations participated, providing actionable feedback to support our employee engagement efforts. Our results showed exceptional feedback from our associates, and we were certified again as a Great Place to Work® in 2020.

Environmental, Health and Safety

We are subject to various environmental laws and regulations that apply to the production, use and sale of chemicals, emissions into the air, discharges into waterways and other releases of materials into the environment, and the generation, handling, storage, transportation, treatment and disposal of waste material. We endeavor to ensure the safe and lawful operation of our facilities in the manufacture and distribution of products, and we believe we are in material compliance with all applicable laws and regulations.

We maintain a disciplined environmental and occupational safety and health compliance program and conduct periodic internal and external regulatory audits at our facilities to identify and correct potential environmental exposures, including compliance matters and operational risk reduction opportunities. This effort can result in process or operational modifications, the installation of pollution control devices or cleaning up grounds or facilities. We believe that we are in material compliance with all applicable requirements.

We are strongly committed to safety as evidenced by our record-low injury incidence rate of 0.50 per 100 full-time workers per year in 2020 and 0.56 in 2019. The 2019 average injury incidence rate for our NAICS Code (326 Plastics and Rubber Products Manufacturing) was 3.70. We hold the American Chemistry Council's certification as a Responsible Care Management System® (RCMS) company. Certification was granted based on Avient's conformance to the RCMS's comprehensive environmental health, safety and security requirements. The RCMS certification affirms the importance Avient places on having world-class environmental, health, safety and security performance.

In January 2019, Avient, along with 29 other member companies, joined together as founding members of the Alliance to End Plastic Waste (AEPW). The AEPW has thus far committed over \$1.5 billion to help end plastic waste in the environment through investment in infrastructure, innovation, education, and clean-up activities. The AEPW intends to enable and bring to scale solutions to minimize and manage plastic waste and promote solutions for used plastics that move towards a circular economy. Our commitment to AEPW confirms the importance we place on being a global leader in all aspects of how we define sustainability: People, Products, Planet and performance. We have invested and are making important contributions in each, which are discussed in depth in our Sustainability Report.

In our operations, we must comply with product-related governmental law and regulations affecting the plastics industry generally and also with content-specific law, regulations and non-governmental standards. We believe that compliance with current governmental laws and regulations and with non-governmental content-specific standards will not have a material adverse effect on our financial position, results of operations or cash flows. The risk of

additional costs and liabilities, however, is inherent in certain plant operations and certain products produced at these plants, as is the case with other companies in the plastics industry. Therefore, we may incur additional costs or liabilities in the future. Other developments, such as increasingly strict environmental, safety and health laws, regulations and related enforcement policies, including those under the European Union Restriction of the Use of Certain Hazardous Substances Directive (RoHS), Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), the Dodd-Frank Wall Street Reform and Consumer Protection Act (covering Conflict Minerals), and the Consumer Product Safety Improvement Act, the implementation of additional content-specific standards, discovery of unknown conditions, and claims for damages to property, persons or natural resources resulting from plant emissions or products, could also result in additional costs or liabilities.

We expect 2021 cash environmental expenditures to approximate \$20 million. Refer to Note 12, *Commitments and Contingencies*, to the accompanying consolidated financial statements for discussion of environmental investigation and remediation matters.

International Operations

Our international operations are subject to a variety of risks, including currency fluctuations and devaluations, exchange controls, currency restrictions and changes in local economic conditions. While the impact of these risks is difficult to predict, any one or more of them could adversely affect our future operations. For more information about the noted risks, see Item 1A. "Risk Factors." For more information about our international operations, see Note 15, *Segment Information*, to the accompanying consolidated financial statements.

Where You Can Find Additional Information

Our principal executive offices are located at 33587 Walker Road, Avon Lake, Ohio 44012, and our telephone number is +1 (440) 930-1000. We are subject to the information reporting requirements of the Securities Exchange Act of 1934 (the Exchange Act), and, in accordance with these requirements, we file annual, quarterly and other reports, proxy statements and other information with the SEC relating to our business, financial results and other matters.

Our internet address is www.avient.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available, free of charge, on our website (select [Investors](#) and then [SEC Filings](#)) or upon written request, as soon as reasonably practicable after we electronically file or furnish them to the SEC. The contents of our website are not part of this Annual Report on Form 10-K, and the reference to our website does not constitute incorporation by reference into this Form 10-K of the information contained at that site. Our sustainability report is posted under the Sustainability tab of our website.

ITEM 1A. RISK FACTORS

The following are certain risk factors that could affect our business, results of operations, financial position or cash flows. These risk factors should be considered along with the forward-looking statements contained in this Annual Report on Form 10-K because these factors could cause our actual results or financial condition to differ materially from those projected in forward-looking statements. The following discussion is not an all-inclusive listing of risks, although we believe these are the more material risks that we face. If any of the following occur, our business, results of operations, financial position or cash flows could be adversely affected.

COVID-19 Risks

The COVID-19 pandemic has had, and may continue to have, an adverse impact on our business.

We are closely monitoring the impact of the COVID-19 pandemic on all aspects of our business, including how it impacts our customers, employees, supply chain, and distribution network. In response to the pandemic, we implemented changes in our business designed to protect the health and well-being of our employees and customers and to support appropriate physical distancing and other health and safety protocols. We implemented remote, alternate and flexible work arrangements where possible, including implementing split shifts at facilities and remote work options for non-essential on-site functions, enhanced cleaning and sanitary procedures, implemented domestic and international travel restrictions, implemented return to work and visitor screening protocols, and postponed or canceled hosting or attending large events. While these measures have been necessary and appropriate, they have resulted in additional costs, which we expect will continue in 2021 as we work to address employee safety. We have experienced some challenges in connection with the COVID-19 pandemic, including lower demand for certain products in North America and Europe. The extent to which our business, results of operations, financial position or cash flows may ultimately be impacted by the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning the severity of the outbreak and transmission rates of the virus, the timing and effectiveness of vaccination efforts in the markets where we do business, actions by government authorities to contain the outbreak or treat its impact, and the nature and scope of government economic recovery measures.

The situation surrounding the COVID-19 pandemic remains fluid, and the continued spread of COVID-19 could negatively impact our business, financial condition and results of operations in a number of ways in the future, including but not limited to:

- shutdowns or slowdowns of our production facilities;
- disruptions in our supply chain and our ability to obtain raw materials, packaging and other sourced materials due to labor shortages, governmental restrictions or the failure of our suppliers, distributors or manufacturers to meet their obligations to us;
- increases in raw material and commodity costs;
- the inability of a significant portion of our workforce, including our management team, to work as a result of illness or government restrictions; and
- reduced liquidity of customers, which could negatively impact the collectability of outstanding receivables and our cash flows.

The impact of the COVID-19 pandemic may also exacerbate other risks and uncertainties described in this "Risk Factors" section, any of which could have a material effect on us.

Global Operating Risks

Our operations could be adversely affected by various risks inherent in conducting operations worldwide.

We conduct a substantial portion of our business outside the U.S., with approximately 50% of our sales in foreign countries. We currently have many facilities located outside the U.S., as detailed in *Item 2. "Properties."* Accordingly, our business is subject to risks related to the differing legal, political, social and regulatory requirements, and economic conditions of many jurisdictions. Risks inherent in international operations include, but are not limited to, the following:

- changes in local government regulations and policies including, but not limited to, duty or tariff restrictions, foreign currency exchange controls or monetary policy, repatriation of earnings, expropriation of property, investment limitations and tax policies;

- political and economic instability and disruptions, including labor unrest, withdrawal or renegotiation of trade agreements, natural disasters, major public health issues, pandemics, civil strife, acts of war, insurrection and terrorism;
- legislation that regulates the use of chemicals;
- disadvantages of competing against companies from countries that are not subject to U.S. laws and regulations, including the Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act;
- compliance with international trade laws and regulations, including export control and economic sanctions;
- difficulties in staffing and managing multi-national operations;
- limitations on our ability to enforce legal rights and remedies;
- reduced protection of intellectual property rights;
- other risks arising out of foreign sovereignty over the areas where our operations are conducted; and
- increasingly complex laws and regulations concerning privacy and data security, including, but not limited to, the European Union's General Data Protection Regulation.

We could be adversely affected by violations of the FCPA, UK Bribery Act and similar worldwide anti-bribery laws, as well as export controls and economic sanction laws. The FCPA, UK Bribery Act and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. Our policies mandate compliance with these laws. We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We cannot assure you that our internal controls and procedures will always protect us if reckless or criminal acts are committed by our employees or agents. If we are found to be liable for FCPA, UK Bribery Act, export control or sanction violations, we could suffer from criminal or civil penalties or other sanctions, including loss of export privileges or authorization needed to conduct aspects of our international business, which could have a material adverse effect on our business.

Any of these risks could have an adverse effect on our international operations by reducing demand for our products.

Business Risks

Demand for and supply of our products and services may be adversely affected by several factors, some of which we cannot predict or control.

Several factors may affect the demand for and supply of our products and services, including:

- economic downturns or other volatility in the significant end markets that we serve;
- product obsolescence or technological changes that unfavorably alter the value/cost proposition of our products and services;
- competition from existing and unforeseen polymer and non-polymer based products;
- declines in general economic conditions or reductions in industrial production growth rates, both domestically and globally, which could impact our customers' ability to pay amounts owed to us;
- changes in environmental regulations that would limit our ability to sell our products and services in specific markets;
- changes in laws and regulations regarding plastic materials; and
- inability to obtain raw materials or supply products to customers due to factors such as supplier work stoppages, supply shortages, plant outages or regulatory changes that may limit or prohibit overland transportation of certain hazardous materials and exogenous factors, like severe weather.

If any of these events occur, the demand for and supply of our products and services could suffer and potentially lead to asset impairment or otherwise adversely affect our results.

Our manufacturing operations are subject to hazards and other risks associated with polymer production and the related storage and transportation of raw materials, products and wastes.

The occurrence of an operating problem at our facilities (e.g., an explosion, a mechanical failure, a chemical spill or a discharge of toxic or hazardous substances) may have a material adverse effect on the productivity and profitability of a particular manufacturing or distribution facility or on our operations as a whole, during and after the period of these operating difficulties. Operating problems may cause personal injury and/or loss of life, customer attrition and severe damage to or destruction of property and equipment and environmental damage. We are subject to present claims and potential future claims with respect to workplace exposure, workers' compensation and other matters. Our property and casualty insurance, which we believe are of the types and in the amounts that are customary for the industry, may not fully insure us against all potential hazards that are incident to our business or otherwise could occur.

Environmental, health and safety laws and regulations impact our operations and financial statements.

Our operations on, and ownership of, real property are subject to environmental, health and safety laws and regulations at the national, state and local governmental levels (including, but not limited to, the Restriction of Hazardous Substances (RoHS) and the Consumer Product Safety Improvement Act of 2008). The nature of our business exposes us to compliance costs and risks of liability under these laws and regulations due to the production, storage, transportation, recycling or disposal and/or sale of materials that can cause contamination and other harm to the environment or personal injury if they are improperly handled and released. Environmental compliance requirements imposed on us and our vendors may significantly increase the costs of these activities involving raw materials, energy, finished products and wastes. We may incur substantial costs, including fines, criminal or civil sanctions, damages, and remediation costs, or experience interruptions in our operations for violations of these laws.

Natural gas, electricity, fuel, logistics and raw material costs could cause volatility in our results.

The cost of our natural gas, electricity, fuel, logistics and raw materials may not correlate with changes in the prices we receive for our products, either in the direction of the price change or in absolute magnitude. Natural gas and raw materials costs represent a substantial part of our manufacturing costs. Most of the raw materials we use are commodities and the price of each can fluctuate widely for a variety of reasons, including changes in availability because of major capacity additions or reductions or significant facility operating problems. Other external factors beyond our control can also cause fluctuations in raw materials prices, which could negatively impact demand for our products and cause volatility in our results.

We face competition from other companies.

We encounter competition in price, payment terms, delivery, service, performance, product innovation, product recognition and quality, depending on the product involved.

We expect that our competitors will continue to develop and introduce new and enhanced products, which could cause a decline in the market acceptance of our products. In addition, our competitors could cause a reduction in the selling prices of some of our products as a result of intensified price competition. Competitive pressures could also result in the loss of customers.

Cybersecurity breaches, global information systems security threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks and products, which could harm our business.

We depend on integrated information systems to conduct our business, including communicating with employees and customers, ordering and managing materials from suppliers, shipping products to customers, and analyzing and reporting results of operations. In addition, we store sensitive data, including proprietary business information, intellectual property and confidential employee or other personal data, on our servers and databases. Cybersecurity breaches, global information systems security threats and more sophisticated and targeted computer crime pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data and communications. We continue to update our infrastructure, security tools, employee training and processes to protect against security incidents, including both external and internal threats, and to prevent their recurrence; however, our systems, networks and products may nevertheless be vulnerable to advanced persistent threats or other types of system failures. Depending on their nature and scope, such threats and system failures could potentially lead to the compromising of confidential information and communications, improper use of our systems and networks, manipulation and destruction of data, defective products, production downtimes and operational disruptions, which in turn could cause customers to cancel orders or otherwise adversely affect our reputation, competitiveness and results of operations.

Capital and Credit Risks

Disruptions in the global credit, financial and/or currency markets could limit our access to credit or otherwise harm our financial results, which could have a material adverse impact on our business.

Global credit and financial markets experience volatility, including volatility in security prices, liquidity and credit availability, declining valuations of certain investments and significant changes in the capital and organizational structures of certain financial institutions. Market conditions may limit our ability to access the capital necessary to grow and maintain our business. Accordingly, we may be forced to delay raising capital, issue shorter tenors than we prefer or pay unattractive interest rates, which could increase our interest expense, decrease our profitability and significantly reduce our financial flexibility.

We are exposed to fluctuations in foreign currency exchange rates. Any significant change in the value of the currencies of the countries in which we do business against the U.S. dollar, whether precipitated by governmental monetary policy or otherwise, could affect our ability to sell products competitively and control our cost structure, which could have a material adverse effect on our business, financial condition and results of operations. For additional detail related to this risk, see Item 7A, "Quantitative and Qualitative Disclosures About Market Risk."

The agreements governing our debt, including our revolving credit facility, term loan and other debt instruments, contain various covenants that limit our ability to take certain actions and in certain circumstances require us to meet financial maintenance tests, failure to comply with which could have a material adverse effect on us.

The agreements governing our senior secured revolving credit facility and our senior secured term loan, and the indentures and credit agreements governing our other debt, contain a number of customary restrictive covenants that, among other things, limit our ability to: sell or otherwise transfer assets, including in a spin-off, incur additional debt or liens, consolidate or merge with any entity or transfer or sell all or substantially all of our assets, pay dividends or make certain other restricted payments, make investments, enter into transactions with affiliates, create dividend or other payment restrictions with respect to subsidiaries, make capital investments and alter the business we conduct.

In addition, our revolving credit facility requires us to comply under certain circumstances with specific financial tests, under which we are required to achieve certain or specific financial and operating results. Our ability to comply with these provisions may be affected by events beyond our control. A breach of any of these covenants would result in a default under such agreements and instruments, which in certain circumstances could be a default under all of these agreements and instruments. In the event of any default, our lenders could elect to declare all amounts borrowed under the agreements, together with accrued interest thereon, to be due and payable. In such event, we cannot assure that we would have sufficient assets to pay debt then outstanding under the agreements governing our debt.

Furthermore, certain of these agreements condition our ability to obtain additional borrowing capacity, engage in certain transactions or take certain other actions, on our achievement of certain or specific financial and operating results, although our failure to achieve such results would not result in a default under such agreements. Any future refinancing of our senior secured revolving credit facility or other debt may contain similar restrictive covenants.

To service our indebtedness, we will require a significant amount of cash.

Our ability to pay interest on our debt and to satisfy our other debt obligations will depend in part upon our future financial and operating performance and that of our subsidiaries, and upon our ability to renew or refinance borrowings. Prevailing economic conditions and financial, business, competitive, legislative, regulatory and other factors, many of which are beyond our control, will affect our ability to make these payments. While we believe that cash flow from our current level of operations, available cash and available borrowings under our revolving credit facility provide adequate sources of liquidity, a significant drop in operating cash flow resulting from economic conditions, competition or other uncertainties beyond our control could create the need for alternative sources of liquidity. If we are unable to generate sufficient cash flow to meet our debt service obligations, we will have to pursue one or more alternatives, such as reducing or delaying capital or other expenditures, refinancing debt, selling assets, or raising equity capital.

We have a significant amount of goodwill, and any future goodwill impairment charges could adversely impact our results of operations.

As of December 31, 2020, we had goodwill of \$1,308.1 million. The future occurrence of a potential indicator of impairment, such as a significant adverse change in business climate, an adverse action or assessment by a regulator, unanticipated competition, a material negative change in relationships with customers, strategic decisions made in response to economic or competitive conditions could result in goodwill impairment charges, which could adversely impact our results of operations. Based on our 2020 goodwill impairment test, performed as of October 1, 2020, no reporting units were identified as being at risk of future impairment. For additional information, see Note 4, *Goodwill and Intangible Assets*, to the accompanying consolidated financial statements and “Critical Accounting Policies and Estimates” included in Item 7, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*.”

Clariant MB Acquisition Risks

We may not realize the cost synergies that are anticipated from the Clariant MB Acquisition.

The benefits that are expected to result from the Clariant MB Acquisition will depend, in part, on our ability to integrate and achieve cost synergies. There can be no assurance that we will successfully or cost-effectively integrate Clariant MB. The failure to do so could have an adverse effect on our business, financial condition, results of operations and cash flow.

Moreover, we may incur substantial expenses in connection with the integration. While it is anticipated that certain expenses will be incurred to achieve cost synergies, such expenses are difficult to estimate accurately and may exceed current estimates. Accordingly, the benefits from the Clariant MB Acquisition may be offset by costs incurred or delays in integration.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Headquartered in Avon Lake, Ohio, we operate globally with principal locations consisting of 103 manufacturing sites and eight distribution facilities in North America, South America, Europe, the Middle East, Asia, and Africa. We own the majority of our manufacturing sites and lease our distribution facilities. We believe that the quality and production capacity of our facilities is sufficient to maintain our competitive position for the foreseeable future. The following table identifies the principal facilities of our segments:

Specialty Engineered Materials		Color, Additives and Inks		Distribution
1. Birmingham, Alabama	1. Glendale, Arizona	30. Toronto, Canada	60. Butterworth, Malaysia	1. Rancho Cucamonga, California
2. Englewood, Colorado	2. & 3. Phoenix, Arizona (c)	31. Maipu, Chile	61. Santa Clara, Mexico	2. Chicago, Illinois
3. Montrose, Colorado	4. Bethel, Connecticut	32. Chuzhou, China	62. Toluca, Mexico	3. Eagan, Minnesota
4. North Haven, Connecticut	5. Dalton, Georgia	33. Guangzhou, China	63. Eindhoven, Netherlands	4. Edison, New Jersey
5. McHenry, Illinois	6. Kennesaw, Georgia	34. Pudong, China	64. Auckland, New Zealand	5. Statesville, North Carolina
6. Winona, Minnesota	7. Elk Grove Village, Illinois	35., 36. & 37. Shanghai, China (d)	65. Karachi, Pakistan	6. Elyria, Ohio
7. Hickory, North Carolina	8. West Chicago, Illinois	38. Suzhou, China	66. Lahore, Pakistan	7. La Porte, Texas
8. Avon Lake, Ohio	9. La Porte, Indiana	39. Tianjin, China	67. Lima, Peru	8. Brampton, Ontario, Canada
9. Hatfield, Pennsylvania	10. Lewiston, Maine	40. Cota, Colombia	68. Konstantynow, Poland	(8 Distribution Facilities)
10. Changzhou, China	11. Holden, Massachusetts	41. Aland, Finland	69. Kutno, Poland	
11. Shenzhen, China	12. Albion, Michigan	42. Cergy, France	70. Jeddah, Saudi Arabia	
12. Suzhou, China	13. Minneapolis, Minnesota	43. Saint-Jeoire, France	71. Riyadh, Saudi Arabia	
13. Gaggenau, Germany	14. St. Louis, Missouri	44. Tossiat, France	72. Yanbu, Saudi Arabia	
14. Melle, Germany	15. Lockport, New York	45. Ahrensburg, Germany	73. Randburg, South Africa	
15. Leeuwarden, Netherlands	16. Mooresville, North Carolina	46. Diez, Germany	74. Alicante, Spain	
16. Barbastro, Spain	17. Berea, Ohio	47. Lahnstein, Germany	75. Barcelona, Spain	
17. Istanbul, Turkey	18. Massillon, Ohio	48. Guatemala City, Guatemala	76. Pamplona, Spain	
18. Leek, United Kingdom	19. North Baltimore, Ohio	49. Gyor, Hungary	77. Sant Andreu, Spain	
Shanghai, China (b)	20. Norwalk, Ohio	50. Kalol, India	78. Malmoe, Sweden	
Pune, India (a)	21. Lehigh Valley, Pennsylvania	51. Pune, India	79. Taoyuan, Taiwan	
Pamplona, Spain (a)	22. Mountain Top, Pennsylvania	52. Rania, India	80. Bangkok, Thailand	
(18 Manufacturing Plants)	23. Vonore, Tennessee	53. Vashere, India	81. Phan Thong, Thailand	
	24. Winchester, Virginia	54. Tangerang, Indonesia	82. Gazientep, Turkey	
	25. Lomas de Zamora, Argentina	55. Naas, Ireland	83. Gebze, Turkey	
	26. Assesse, Belgium	56. Lomagna, Italy	84. Knowsley, United Kingdom	
	27. Louvain-La-Nueve, Belgium	57. Merate, Italy	85. Thuan An, Vietnam	
	28. Iтуева, Brazil	58. Milan, Italy	(85 Manufacturing Plants)	
	29. Suzano, Brazil	59. Pogliano, Italy		

(a) Facility is not included in manufacturing plants total as it is also included as part of another segment.

(b) Facility is not included in manufacturing plants total as it is a design center/lab.

(c) There are two manufacturing plants located in Phoenix, Arizona.

(d) There are three manufacturing plants located in Shanghai, China.

ITEM 3. LEGAL PROCEEDINGS

Information regarding certain legal proceedings can be found in Note 12, *Commitments and Contingencies*, to the accompanying consolidated financial statements and is incorporated by reference herein.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Executive officers are elected by our Board of Directors to serve one-year terms. The following table lists the name of each person serving as an executive officer of the Company, their age, and position with the Company as of February 5, 2021.

Name	Age	Position
Robert M. Patterson	48	Chairman, President and Chief Executive Officer
Jamie A. Beggs	44	Senior Vice President, Chief Financial Officer
Cathy K. Dodd	55	Senior Vice President, President of Distribution
Michael A. Garratt	57	Senior Vice President, President Color, Additives and Inks, EMEA
Lisa K. Kunkle	52	Senior Vice President, General Counsel and Secretary
M. John Midea, Jr.	56	Senior Vice President, Global Operations and Process Improvement
Woon Keat Moh	47	Senior Vice President, President of Color, Additives and Inks, Americas and Asia
Chris L. Pederson	54	Senior Vice President, President of Specialty Engineered Materials
Joel R. Rathbun	48	Senior Vice President, Mergers & Acquisitions
João José San Martin Neto	60	Senior Vice President, Chief Human Resources Officer

Robert M. Patterson: Chairman, President and Chief Executive Officer, May 2016 to date. President and Chief Executive Officer, May 2014 to May 2016. Executive Vice President and Chief Operating Officer, March 2012 to May 2014. Executive Vice President and Chief Financial Officer, January 2011 to March 2012. Senior Vice President and Chief Financial Officer, May 2008 to January 2011. Vice President and Treasurer of Novelis, Inc. (an aluminum rolled products manufacturer) from 2007 to May 2008. Vice President, Controller and Chief Accounting Officer of Novelis from 2006 to 2007. Mr. Patterson served as Vice President and Segment Chief Financial Officer, Thermal and Flow Technology Segments of SPX Corporation (a multi-industry manufacturer and developer) from 2005 to 2006 and as Vice President and Chief Financial Officer, Cooling Technologies and Services of SPX from 2004 to 2005.

Jamie A. Beggs: Senior Vice President, Chief Financial Officer, August 2020 to date. Senior Vice President and Chief Financial Officer of Hunt Consolidated, Inc. (a diversified holding company focused primarily in the energy industry) from January 2017 through December 2019. Vice President and Treasurer at Celanese Corporation (a global technology leader in the production of specialty materials and chemical products) from 2015 to 2017. Chief Financial Officer, Material Solutions at Celanese Corporation from 2011 to 2015. Prior to 2011, Ms. Beggs worked in various roles of increasing responsibility at Celanese in both business and finance from May 2007.

Cathy K. Dodd: Senior Vice President, President of Distribution, October 2020 to date. Senior Vice President, Chief Commercial Officer from April 2020 to October 2020. Vice President, Marketing from February 2014 to April 2020. Director of Downstream Engagement and Design and Strategic Account Executive, Retail at Eastman Chemical Company (a global specialty chemical company that produces a broad range of advanced materials, additives and functional products, specialty chemicals, and fibers) from 2010 to 2014.

Michael A. Garratt: Senior Vice President, President Color, Additives and Inks, EMEA, April 2020 to present. Senior Vice President, Chief Commercial Officer, April 2016 to March 2020. Senior Vice President, President of Performance Products and Solutions, September 2013 to April 2016. President, Marmon Utility (a manufacturer of medium-high voltage utility, subsea and down-hole power cables and molded insulator systems) from March 2011 to September 2013. Chief Operating Officer, Excel Polymers (a custom thermoset rubber formulator) from November 2009 to December 2010. Vice President and General Manager - Americas Compounding and Performance Additives, Excel Polymers from March 2009 to November 2009. Vice President and General Manager - Industrial and Consumer, Excel Polymers from December 2005 to March 2009. From April 1996 to June 2005, Mr. Garratt worked for DuPont Dow Elastomers, a joint venture of Dupont and Dow (global manufacturers of engineered thermoset rubber and thermoplastic elastomer materials) in market development and product management positions, culminating in a regional commercial leadership role for Europe, the Middle East and Africa.

Lisa K. Kunkle: Senior Vice President, General Counsel and Secretary, May 2015 to date. Vice President, General Counsel and Secretary, August 2007 to May 2015, Assistant General Counsel February 2007 to August 2007. Partner, Jones Day (a global law firm) from January 2006 to February 2007. Associate, Jones Day from August 1995 to January 2006.

M. John Midea, Jr.: Senior Vice President, Global Operations and Process Improvement, February 2015 to date. President and Chief Executive Officer, Resco Products (a refractory products company) from August 2012 to October 2014. President and Chief Operating Officer, Ennis Traffic Safety Solutions (a traffic safety and infrastructure company) from June 2008 to July 2012. Vice President, North American - General Industrial, Valspar

Corporation (a manufacturer of paints and coatings) from June 2007 to May 2008. Vice President and General Manager, Power Coatings, Valspar Corporation from February 2002 to June 2007.

Woon Keat Moh: Senior Vice President, President Color, Additives and Inks, Americas and Asia, April 2020 to date. Senior Vice President, President of Color, Additives and Inks, January 2020 to March 2020. Vice President of Asia, January 2019 to December 2019. General Manager of Specialty Engineered Materials Asia, December 2014 to December 2018. Sales Director of Color and Additives Asia, February 2011 to November 2014. Business Development Manager, Color and Additives Asia, February 2010 to January 2011. From October 1999 to January 2010, Mr. Moh worked for Clariant AG (a global manufacturer of color and additives masterbatch) in various roles of increasing responsibility, culminating in a commercial leadership role in Southeast Asia. He also served as a technical sales executive for Bayer AG (a manufacturer of pigments, dyestuffs, additives, chemical auxiliaries for textile, leather, paper and plastic industry) with its Specialty Products division from 1997 to 1999.

Chris L. Pederson: Senior Vice President, President of Specialty Engineered Materials, November 2018 to date. Vice President, Strategy, Hexcel Corporation (a global leader in advanced composites technology) from March 2017 to November 2018. Vice President, Aerospace of Cytec Engineered Materials (a producer of specialty bonding adhesives and composite materials) from November 2009 to February 2016. Vice President, Research and Development of Cytec from January 2004 to November 2009. Mr. Pederson served as a Senior Engineer at Boeing (a global aerospace company) from 1992 to 2001.

Joel R. Rathbun: Senior Vice President, Mergers and Acquisitions, January 2016 to date. General Manager, Specialty Engineered Materials North America, February 2013 to January 2016. Vice President, Mergers and Acquisitions, June 2011 to February 2013. Mr. Rathbun served as Senior Vice President, Mergers and Acquisitions, Moelis & Company (an American global independent investment bank) from January 2008 to June 2011. He also served as Executive Director, Mergers and Acquisitions of CIBC World Markets (an investment bank in the domestic and international equity and debt capital markets) from 2006 to 2008.

João José San Martin Neto: Senior Vice President, Chief Human Resources Officer, November 2016 to date. Senior Director, Human Resources, Color, Additives and Inks, February 2013 to November 2016. Group Global Director, Human Resources, Engineered Products and Solutions from November 2012 to February 2013. Vice President Human Resources, Alcoa Power and Propulsion (a business unit of Alcoa Inc. specializing in titanium and aluminum castings) from May 2009 to October 2012. Vice President Human Resources, Alcoa Electrical & Electronic Solutions (a business unit of Alcoa Inc. specializing in the design, development and production of electrical and electronic distribution systems) from August 2003 to April 2009.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common shares, \$0.01 par value per share, are traded on the New York Stock Exchange under the symbol "AVNT."

As of February 5, 2021, there were 1,632 holders of record of our common shares.

We currently have an authorized common share repurchase program. For the full year 2020, we repurchased 1.25 million common shares at a weighted average share price of \$22.28. During the three months ended December 31, 2020, we repurchased 250,000 common shares as shown in the table below.

Period	Total Number of Shares Purchased	Weighted Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program ⁽¹⁾
October 1 to October 31	—	\$ —	—	1,107,472
November 1 to November 30	150,000	\$ 31.85	150,000	957,472
December 1 to December 31	100,000	\$ 40.05	100,000	5,857,472
Total	250,000	\$ 35.59	250,000	

(1) Our Board of Directors approved a common share repurchase program authorizing Avient to purchase its common shares in August 2008, which share repurchase authorization has been subsequently increased from time to time. On December 9, 2020, we announced that we would increase our share buyback by an additional 5 million shares. As of December 31, 2020, approximately 5.9 million shares remained available for purchase under these authorizations, which have no expiration. Purchases of common shares may be made by open market purchases or privately negotiated transactions and may be made pursuant to Rule 10b5-1 plans and accelerated share repurchases.

ITEM 6. SELECTED FINANCIAL DATA

Not required.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is designed to provide information that is supplemental to, and should be read together with, our consolidated financial statements and the accompanying notes contained in this Annual Report on Form 10-K. Information in this Item 7 is intended to assist the reader in obtaining an understanding of our consolidated financial statements, the changes in certain key items in those financial statements from year to year, the primary factors that accounted for those changes, and any known trends or uncertainties that we are aware of that may have a material effect on our future performance, as well as how certain accounting principles affect our consolidated financial statements. Unless otherwise noted, the discussion that follows includes a comparison of our results of operations, liquidity and capital resources, and cash flows for fiscal years 2020 and 2019. For a discussion of changes from fiscal year 2018 to fiscal year 2019, refer to Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 19, 2020.

The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in "*Cautionary Note on Forward-Looking Statements*" and Item 1A, "*Risk Factors*."

Our Business

We are a premier provider of specialized and sustainable material solutions that transform customer challenges into opportunities, bringing new products to life for a better world. Our products include specialty engineered materials, advanced composites, color and additive systems and polymer distribution. We are also a highly specialized developer and manufacturer of performance enhancing additives, liquid colorants and fluoropolymer and silicone colorants. Headquartered in Avon Lake, Ohio, with 2020 sales of \$3.2 billion (\$3.8 billion on a pro forma basis to include Clariant MB), we have manufacturing sites and distribution facilities around the globe, with 69% and 44% of our respective Color, Additives and Inks and Specialty Engineered Materials segments' sales outside the United States. We provide value to our customers through our ability to link our knowledge of polymers and formulation technology with our manufacturing and supply chain capabilities to provide value-added solutions to designers, assemblers and processors of plastics.

Strategy and Key Trends

To achieve our vision, we have implemented a strategy with four core components: specialization, globalization, operational excellence and commercial excellence. Specialization differentiates us through products, services, technology and solutions that add value. Globalization allows us to service our customers with consistency wherever their operations might be around the world. Operational excellence empowers us to respond to the voice of the customer while focusing on continuous improvement. Commercial excellence enables us to deliver value to customers by supporting their growth and profitability with superior customer service.

We are also committed to sustainability through our four cornerstones of People, Products, Planet, and Performance. We have invested in and are making important contributions to each, which are discussed in depth in our most recent Sustainability Report.

In the short term, we will maintain our focus on sales growth with expanding margins, with a goal of offsetting economic headwinds in certain end markets and geographies, raw material volatility and logistics cost inflation. Longer term, we will continue to focus on accelerating the launch of new products and collaborating with our customers to develop new and unique solutions for their benefit while focusing on our four cornerstones of sustainability named above to ensure the growth we achieve is sustainable for us and our customers. Capital expenditures will be focused primarily to support sales growth, investment in recent acquisitions, and other strategic investments. We also continue to consider acquisitions and other synergy opportunities that complement our core platforms. These actions will ensure that we continue to invest in our core capabilities and continue to support growth in key markets and product offerings.

We will continue our enterprise-wide Lean Six Sigma program directed at improving margin, profitability and cash flow by applying proven management techniques and strategies to key areas of the business, such as pricing, supply chain and operations management, productivity and quality. Long-term trends that currently provide opportunities to leverage our strategy and commitment to sustainability include improving health and wellness, protecting the environment, globalizing and localizing and increasing energy efficiency. Examples of how our

strategy supports these trends can be found in numerous initiatives: active participation in the medical device market, leveraging our global footprint to deliver consistent solutions globally, light weighting and metal replacement and development of solutions that respond to ever-changing market needs by offering alternatives to traditional materials.

Recent Developments

COVID-19

We are closely monitoring the impact of the COVID-19 pandemic on all aspects of our business, including how it will impact our employees, customers, supply chain and distribution network. Although we are unable to predict the ultimate impact of the COVID-19 outbreak at this time, the pandemic has adversely affected, and is expected to continue to adversely affect our business. While we concluded there were no indicators of impairment as of December 31, 2020, any significant sustained adverse change in financial results or macroeconomic conditions could result in future impairments of long-lived assets. The extent to which our operations may continue to be impacted by the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and actions by government authorities to contain the outbreak or treat its impact.

Clariant MB Acquisition

On July 1, 2020, the Company completed the Clariant MB Acquisition. The Clariant MB Acquisition increased the Company's scale, product depth and geographic reach in its Color, Additives and Inks segment. Clariant MB has leading portfolios of solid and liquid masterbatches that include sustainable solutions for alternative energy, and reduced material requirements for packaging and light weighting. In connection with the completion of the Clariant MB Acquisition and effective as of June 30, 2020, the Company amended its existing Articles of Incorporation to change its name to Avient Corporation. In conjunction with its rebranding and new name, the Company also changed its ticker symbol from "POL" to "AVNT", effective at the start of trading on July 13, 2020.

Total consideration paid by the Company to complete the Clariant MB Acquisition was \$1.4 billion net of cash and debt. To finance the purchase of Clariant MB, the Company used \$496.1 million net proceeds from the issuance of common shares in an underwritten public offering completed in February 2020 and \$640.5 million in net proceeds from a senior unsecured notes offering completed in May 2020, and funded the balance using the net proceeds of the October 2019 sale of PP&S.

Highlights and Executive Summary

A summary of Avient's sales, operating income, income from continuing operations, net of income taxes and net income from continuing operations attributable to Avient common shareholders is included in the following table:

(In millions)	2020	2019	2018
Sales	\$ 3,242.1	\$ 2,862.7	\$ 2,881.0
Operating income	189.3	156.8	178.6
Net income from continuing operations, net of income taxes	133.8	75.7	87.4
Net income from continuing operations attributable to Avient common shareholders	132.0	75.5	87.7

Results of Operations

(Dollars in millions, except per share data)	Variances — Favorable (Unfavorable)						
	2020 versus 2019		2019 versus 2018				
	Change	% Change	Change	% Change	Change	% Change	
Sales	\$ 3,242.1		\$ 2,862.7		\$ 2,881.0		
Cost of sales	2,457.8		2,205.5		2,256.2		
Gross margin	784.3		657.2		624.8		
Selling and administrative expense	595.0		500.4		446.2		
Operating income	189.3		156.8		178.6		
Interest expense, net	(74.6)		(59.5)		(62.8)		
Debt extinguishment costs	—		—		(1.1)		
Other income (expense), net	24.3		12.1		(12.9)		
Income from continuing operations before income taxes	139.0		109.4		101.8		
Income tax expense	(5.2)		(33.7)		(14.4)		
Net income from continuing operations	\$ 133.8		\$ 75.7		\$ 87.4		
(Loss) income from discontinued operations, net of income taxes	(0.4)		513.1		72.1		
Net income	133.4		588.8		159.5		
Net (income) loss attributable to noncontrolling interests	(1.8)		(0.2)		0.3		
Net income (loss) attributable to Avient common shareholders	\$ 131.6		\$ 588.6		\$ 159.8		

Earnings (loss) per share attributable to Avient common shareholders - basic:

Continuing operations	\$ 1.47	\$ 0.98	\$ 1.10
Discontinued operations	(0.01)	6.64	0.91
Total	\$ 1.46	\$ 7.62	\$ 2.01

Earnings (loss) per share attributable to Avient common shareholders - diluted:

Continuing operations	\$ 1.46	\$ 0.97	\$ 1.09
Discontinued operations	(0.01)	6.61	0.90
Total	\$ 1.45	\$ 7.58	\$ 1.99

nm - not meaningful

Sales

Sales increased \$379.4 million, or 13.3%, in 2020 compared to 2019, as a result of the Clariant MB Acquisition which was partially offset by COVID related demand weakness.

Cost of sales

As a percent of sales, cost of sales decreased from 77.0% in 2019 to 75.8% in 2020, primarily as a result of improved mix, lower raw material costs and cost containment.

Selling and administrative expense

These costs include selling, technology, administrative functions, corporate and general expenses. Selling and administrative expense in 2020 increased \$94.6 million compared to 2019, primarily driven by the Clariant MB Acquisition.

Interest expense, net

Interest expense, net increased \$15.1 million in 2020 compared to 2019 as a result of interest expense related to our senior unsecured notes offering completed in May 2020 and \$10.1 million of committed financing fees related to the Clariant MB Acquisition. These costs were offset by lower average outstanding variable debt balances as well as interest income earned on cash and cash equivalents from our equity issuance completed in February 2020 along with the divestment of PP&S in October 2019.

Other income (expense), net

Other income (expense), net increased \$12.2 million in 2020 as compared to 2019 as a result of actuarial gains and losses recognized on our pension and other post-employment benefit obligations (see Note 11, *Employee Benefit Plans*) to the accompanying condensed consolidated financial statements. All components of net periodic benefit cost, except for service costs, are presented herein.

Income taxes

The Company is subject to taxation in the U.S. and numerous international jurisdictions. In determining the effective income tax rate, the Company analyzes various factors, including annual earnings, the laws of taxing jurisdictions in which the earnings were generated, the impact of state and local income taxes, the ability to use tax credits, net operating loss carryforwards, and available planning alternatives. Discrete items, including the effect of changes in tax laws, statutory tax rates, and valuation allowances or other non-recurring tax adjustments are reflected in the period in which they occur as an addition to, or reduction from, the tax provision.

We recognize the resulting tax on global intangible low-taxed income (GILTI) and the deduction of foreign-derived intangible income (FDII) as a period expense in the period in which the tax is incurred.

A reconciliation of the applicable U.S. federal statutory tax rate to the consolidated effective income tax rate from continuing operations along with a description of significant or other reconciling items is included below.

(In millions)	Twelve Months Ended December 31,		
	2020	2019	2018
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
Tax on GILTI and FDII	3.1	(0.1)	2.9
International tax on certain current and prior year earnings	2.0	1.6	9.4
Net impact of non-deductible acquisition earnouts and transaction cost	1.8	2.8	0.2
Tax on one-time gain from sale of other assets	—	6.0	—
U.S. tax reform	—	0.2	(3.3)
Research and development credit	(2.1)	(2.8)	(0.8)
Domestic production activities deduction	—	—	(1.1)
One-time U.S. tax benefit from internal reorganization of international subsidiaries	(13.1)	—	—
State and local tax, net	(3.4)	4.2	2.3
International tax rate differential	(2.7)	(8.9)	(12.1)
International permanent items	(5.2)	7.5	(1.6)
Net impact of uncertain tax positions	1.0	(2.4)	(0.6)
Changes in valuation allowances	0.5	1.7	(3.4)
Other	0.8	—	1.2
Effective income tax rate	3.7 %	30.8 %	14.1 %

2020 compared to 2019

For 2020, we recognized a one-time U.S. tax benefit of \$18.2 million (13.1%) from an internal reorganization of international subsidiaries.

For 2020, the State and local tax, net line totaled a benefit of \$4.7 million (3.4%) which included favorable tax return to prior year tax provision adjustments and a one-time state tax benefit from an internal reorganization of international subsidiaries. This was more favorable than 2019 as 2019 included unfavorable state audit decisions and higher domestic earnings in 2020.

International permanent items line included the favorable tax effect of notional interest deductions, favorable tax treatment of foreign exchanges losses, offset by non-deductibility of interest expense related to the receipt of tax-exempt dividends, which caused a net favorable tax impact of \$7.2 million (5.2%). For 2019, International permanent items line included a higher tax effect of non-deductibility of interest expense related to the receipt of tax-

exempt dividends, which was partially offset by the tax impact of other net favorable permanent items resulting in a net unfavorable impact of \$8.3 million (7.5%).

Segment Information

Operating income is the primary measure that is reported to our chief operating decision maker for purposes of making decisions about allocating resources to the segments and assessing their performance. Operating income at the segment level does not include: corporate general and administrative costs that are not allocated to segments; intersegment sales and profit eliminations; charges related to specific strategic initiatives, such as the consolidation of operations; restructuring activities, including employee separation costs resulting from personnel reduction programs, plant closure and phase-in costs; costs incurred directly in relation to acquisitions or divestitures; integration costs; executive separation agreements; share-based compensation costs; environmental remediation costs and other liabilities for facilities no longer owned or closed in prior years; actuarial gains and losses associated with our pension and post-retirement benefit plans; and certain other items that are not included in the measure of segment profit or loss that is reported to and reviewed by our chief operating decision maker. These costs are included in *Corporate and eliminations*.

Avient has three reportable segments: (1) Color, Additives and Inks; (2) Specialty Engineered Materials; and (3) Distribution. Our segments are further discussed in Note 15, *Segment Information*, to the accompanying consolidated financial statements.

Sales and Operating Income

(Dollars in millions)	2020	2019	2018	2020 versus 2019		2019 versus 2018	
				Change	% Change	Change	% Change
Sales:							
Color, Additives and Inks	\$ 1,502.9	\$ 1,003.8	\$ 1,046.5	\$ 499.1	49.7 %	\$ (42.7)	(4.1)%
Specialty Engineered Materials	708.8	745.7	645.8	(36.9)	(4.9)%	99.9	15.5 %
Distribution	1,110.3	1,192.2	1,265.4	(81.9)	(6.9)%	(73.2)	(5.8)%
Corporate and eliminations	(79.9)	(79.0)	(76.7)	(0.9)	(1.1)%	(2.3)	(3.0)%
Sales	<u>\$ 3,242.1</u>	<u>\$ 2,862.7</u>	<u>\$ 2,881.0</u>	<u>\$ 379.4</u>	<u>13.3 %</u>	<u>\$ (18.3)</u>	<u>(0.6)%</u>
Operating income:							
Color, Additives and Inks	\$ 180.8	\$ 147.4	\$ 158.5	\$ 33.4	22.7 %	\$ (11.1)	(7.0)%
Specialty Engineered Materials	94.4	83.7	72.3	10.7	12.8 %	11.4	15.8 %
Distribution	69.5	75.4	71.5	(5.9)	(7.8)%	3.9	5.5 %
Corporate and eliminations	(155.4)	(149.7)	(123.7)	(5.7)	(3.8)%	(26.0)	(21.0)%
Operating income	<u>\$ 189.3</u>	<u>\$ 156.8</u>	<u>\$ 178.6</u>	<u>\$ 32.5</u>	<u>20.7 %</u>	<u>\$ (21.8)</u>	<u>(12.2)%</u>
Operating income as a percentage of sales:							
Color, Additives and Inks	12.0 %	14.7 %	15.1 %	(2.7)%	points	(0.4)%	points
Specialty Engineered Materials	13.3 %	11.2 %	11.2 %	2.1 %	points	— %	points
Distribution	6.3 %	6.3 %	5.7 %	— %	points	0.6 %	points
Total	5.8 %	5.5 %	6.2 %	0.3 %	points	(0.7)%	points

Color, Additives and Inks

Sales increased \$499.1 million, or 49.7%, as a result of the Clariant MB Acquisition. Organic sales decreased by 4.5% in 2020 compared to 2019 as a result of the combination of lower sales due to the COVID-19 pandemic, partially offset by strong demand in healthcare and packaging end markets.

On a pro forma basis to include Clariant MB in all periods, sales decreased by 3.7% in 2020 compared to 2019, as gains in the healthcare end market, as well as improved pricing and mix, were more than offset by weakness in sales due to the COVID-19 pandemic.

Operating income increased \$33.4 million, or 22.7%, driven by the Clariant MB Acquisition partially offset by lower sales due to the COVID-19 pandemic. Organic operating income decreased by 7% due to lower sales, including weakness in our higher margin Specialty Inks business.

On a pro forma basis to include Clariant MB in all periods, operating income increased by 2.5% as the demand decline as a result of the COVID-19 pandemic was more than offset by favorable mix, lower raw material input costs and the benefit of expanded margins driven by early capture of integration synergies.

Specialty Engineered Materials

Sales decreased by \$36.9 million, or 4.9%, in 2020 compared to 2019, largely driven by lower demand in North America and Europe due to the COVID-19 pandemic, which offset improvements in composites demand.

Operating income increased by \$10.7 million in 2020 compared to 2019 as lower raw material costs, improved mix and lower discretionary spending more than offset the negative volume impact of the COVID-19 pandemic.

Distribution

Sales declined \$81.9 million, or 6.9%, in 2020 compared to 2019 driven primarily by raw material deflation which subsequently resulted in lower selling prices. Operating income declined \$5.9 million, or 7.8%, in 2020 compared to 2019 primarily as a result of lower sales.

Corporate and Eliminations

Corporate and eliminations operating income increased \$5.7 million in 2020 compared to 2019 due to costs associated with the Clairant MB Acquisition, offset by lower acquisition earn-out adjustments related to PlastiComp and Fiber-Line, and lower discretionary spending.

Liquidity and Capital Resources

Our objective is to finance our business through operating cash flow and an appropriate mix of debt and equity. By ladder the maturity structure, we avoid concentrations of debt maturities, reducing liquidity risk. We may from time to time seek to retire or purchase our outstanding debt with cash and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. We may also seek to repurchase our outstanding common shares. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved have been and may continue to be material.

The following table summarizes our liquidity as of December 31, 2020:

(In millions)		
Cash and cash equivalents	\$	649.5
Revolving credit availability		279.9
Liquidity	\$	929.4

As of December 31, 2020, approximately 72% of the Company's cash and cash equivalents resided outside the United States.

Based on current projections, we believe that we will be able to continue to manage and control working capital, discretionary spending and capital expenditures and that cash provided by operating activities, along with available borrowing capacity under our revolving credit facilities, will allow us to maintain adequate levels of available capital to fund our operations, meet debt service obligations, continue paying dividends, and opportunistically repurchase outstanding common shares.

Expected sources of cash needed to satisfy cash requirements in 2021 include our cash on hand, cash from operations and available liquidity under our revolving credit facility, if needed. Expected uses of cash in 2021 include integration costs related to the Clariant MB Acquisition, interest payments, cash taxes, dividend payments, share

repurchases, environmental remediation costs, capital expenditures and debt repayment. Capital expenditures are currently estimated to be approximately \$95.0 million in 2021, primarily to support sales growth, our continued investment in recent acquisitions and other strategic investments.

Cash Flows

The following table summarizes our cash flows from operating, investing and financing activities:

(In millions)	2020	2019	2018
Cash provided by (used by):			
Operating Activities	\$ 221.6	\$ 300.8	\$ 253.7
Investing Activities	(1,431.6)	611.9	(170.3)
Financing Activities	982.0	(218.3)	(148.1)
Effect of exchange rate on cash	12.8	(0.6)	(8.0)
Net increase (decrease) in cash and cash equivalents	\$ (215.2)	\$ 693.8	\$ (72.7)

Operating activities

In 2020, net cash provided by operating activities was \$221.6 million as compared to \$300.8 million in 2019, primarily due to payments in 2020 for earnout liabilities of \$38.1 million and a \$142.0 million payment of taxes associated with the gain on sale of PP&S. These payments partially offset the benefit from lower working capital.

Investing Activities

Net cash used by investing activities during 2020 of \$1,431.6 million primarily reflects \$1,380.2 million related to the Clariant MB Acquisition and capital expenditures of \$63.7 million.

Financing Activities

Net cash provided by financing activities in 2020 primarily reflects \$496.1 million of net proceeds received from the issuance of common shares in an underwritten public offering that we completed in February 2020 and \$640.5 million of net proceeds from the senior unsecured notes offering completed in May 2020, offset by \$71.3 in dividends paid, repurchases of our outstanding common shares of \$22.4 and the payment of acquisition date earnout liabilities of \$50.8 million.

Total Debt

The following table summarizes debt as presented at December 31, 2020 and 2019.

(In millions)	December 31, 2020	December 31, 2019
Senior secured revolving credit facility due 2022	\$ —	\$ —
5.25% senior notes due 2023	597.5	596.3
5.75% senior notes due 2025	641.2	—
Senior secured term loan due 2026	610.0	614.7
Other Debt	23.9	18.3
Total Debt	\$ 1,872.6	\$ 1,229.3
Less short-term and current portion of long-term debt	18.6	18.4
Total long-term debt, net of current portion	<u>\$ 1,854.0</u>	<u>\$ 1,210.9</u>

The Company maintains a senior secured revolving credit facility, which matures on February 24, 2022 and provides a maximum borrowing facility size of \$450.0 million, subject to a borrowing base with advances against certain U.S. and Canadian accounts receivable, inventory and other assets as specified in the agreement. On June 28, 2019, the Company amended and restated its senior secured revolving credit facility to, among other things, add a European line of credit, up to the euro equivalent of \$50.0 million, subject to a borrowing base with advances against certain European accounts receivable. Advances under the U.S. portion of our revolving credit facility bear interest, at the Company's option, at a Base Rate or a LIBOR Rate plus an applicable margin. The Base Rate is a fluctuating rate equal to the greater of (i) the Federal Funds Rate plus one-half percent, (ii) the prevailing LIBOR Rate plus one percent, and (iii) the prevailing Prime Rate. The applicable margins vary based on the Company's

daily average excess availability during the previous quarter. As of December 31, 2020, we had no borrowings outstanding under our revolving credit facility, which had remaining availability of \$278.2 million. As of December 31, 2019, we had no borrowings under our revolving credit facility, which had remaining availability of \$279.4 million.

On April 11, 2018, the Company entered into a fifth amendment to its senior secured term loan. Under the terms of the amended senior secured term loan, the margin was reduced by 25 basis points to 175 basis points. At the Company's discretion, interest is based upon (i) a margin rate of 75 basis points plus a Prime Rate, subject to a floor of 175 basis points. On November 9, 2018, the Company entered into a sixth amendment to its senior secured term loan, which extended the maturity to 2026. Repayments in the amount of one percent of the aggregate principal amount as of August 3, 2016 are payable annually, while the remaining balance matures on January 30, 2026. The total principal repayments for the year ended December 31, 2020 were \$6.5 million.

The agreements governing our revolving credit facility and our senior secured term loan, and the indentures and credit agreements governing other debt, contain a number of customary financial and restrictive covenants. As of December 31, 2020, we were in compliance with all customary financial and restrictive covenants pertaining to our debt.

As of both December 31, 2020 and 2019, the Company maintained a credit line of \$12.0 million with Saudi Hollandi Bank. The credit line has an interest rate equal to the Saudi Arabia Interbank Offered Rate plus a fixed rate of 0.85% and is subject to annual renewal. Borrowings under the credit line were primarily used to fund capital expenditures related to the manufacturing facility in Jeddah, Saudi Arabia. As of December 31, 2020, letters of credit under the credit line were immaterial and borrowings were \$10.3 million with a weighted average annual interest rate of 1.85%. As of December 31, 2019, letters of credit under the credit line were immaterial and borrowings were \$10.3 million with a weighted average annual interest rate of 3.14%. As of December 31, 2020 and 2019, there was remaining availability on the credit line of \$1.7 million and \$1.7 million, respectively.

For additional information regarding our debt, please see Note 6, *Financing Arrangements* to the accompanying condensed consolidated financial statements.

Letters of Credit

Our revolving credit facility provides up to \$50.0 million for the issuance of letters of credit, \$12.1 million of which was used at December 31, 2020. These letters of credit are issued by the bank in favor of third parties and are mainly related to insurance claims.

Contractual Cash Obligations

The following table summarizes our obligations under debt agreements, operating leases, interest obligations, pension and other post-retirement plan obligations and purchase obligations as of December 31, 2020.

(In millions)	Payment Due by Period				
	Total	2021	2022 & 2023	2024 & 2025	Thereafter
Total debt (1)	\$ 1,891.9	\$ 18.6	\$ 617.2	\$ 667.3	\$ 588.8
Operating leases	91.1	28.0	36.4	13.4	13.3
Interest on long-term debt obligations (2)	375.4	90.4	172.7	109.2	3.1
Pension and post-retirement obligations (3)	83.2	8.9	16.9	16.7	40.7
Purchase obligations (4)	52.4	33.9	17.4	1.1	—
Total	\$ 2,494.0	\$ 179.8	\$ 860.6	\$ 807.7	\$ 645.9

(1) Total debt includes both the current and long-term portions of debt and capital lease obligations.

(2) Represents estimated contractual interest payments for all outstanding debt.

(3) Pension and post-retirement obligations relate to our U.S. and international pension and other post-retirement plans. The expected payments associated with these plans represent an actuarial estimate of future assumed payments based upon retirement and payment patterns for a 10 year period. Due to uncertainties regarding the assumptions involved in estimating future required contributions to our pension and non-pension postretirement benefit plans, including: (i) interest rate levels, (ii) the amount and timing of asset returns and (iii) what, if any, changes may occur in pension funding legislation, the estimates in the table may differ materially from actual future payments.

(4) Purchase obligations are primarily comprised of service agreements related to telecommunication, information technology, utilities and other manufacturing plant services and certain capital commitments.

Critical Accounting Policies and Estimates

Significant accounting policies are described more fully in Note 1, *Description of Business and Summary of Significant Accounting Policies*, to the accompanying consolidated financial statements. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires us to make estimates and assumptions about future events that affect the amounts reported in our consolidated financial statements and accompanying notes. We base our estimates on historical experience and assumptions that we believe are reasonable considering the related facts and circumstances. The application of these critical accounting policies involves the exercise of judgment and use of assumptions for future uncertainties. Accordingly, actual results could differ significantly from these estimates. We believe that the following discussion addresses our most critical accounting policies, which are those that are the most important to the portrayal of our financial condition and results of operations and require our most difficult, subjective and complex judgments.

Description	Judgments and Uncertainties	Effect if Actual Results Differ from Assumptions
Environmental Liabilities		
<ul style="list-style-type: none">Based upon our estimates, we had an undiscounted accrual of \$119.7 million at December 31, 2020 for probable future environmental expenditures. Any such provision is recognized using the Company's best estimate of the amount of loss incurred, or at the lower end of an estimated range, when a single best estimate is not determinable.With respect to the former Goodrich Corporation Calvert City site, the United States Environmental Protection Agency (USEPA) issued its Record of Decision (ROD) in September 2018, selecting a remedy consistent with our accrual assumptions. In April 2019, the respondents signed an Administrative Settlement Agreement and Order on Consent with the USEPA to conduct the remedial design. In October 2019, the USEPA sent a Special Notice Letter to Avient, Westlake Vinyls, and Goodrich Corporation, inviting negotiation of a Consent Decree to perform the remedial actions at the site. In 2020, the three companies, USEPA, and the US Department of Justice signed the agreed Consent Decree, which is currently under Federal Court review.Franklin-Burlington, a subsidiary of Avient, is listed as a cooperating party along with approximately 70 other companies. The cooperating parties are working with the EPA on the lower Passaic River Study Area. Based on currently available information as of December 31, 2020, we have not identified evidence that Franklin-Burlington contributed materially to the contamination into the lower Passaic River and that the best estimate of any liability that may be assigned to Franklin-Burlington will not be material to the consolidated financial statements.In some cases, the Company recovers a portion of the costs relating to these obligations from insurers or other third parties; however, the Company records such amounts only when they are collected.	<ul style="list-style-type: none">This accrual represents our best estimate of the remaining probable costs based upon information and technology currently available. Depending upon the results of future testing, the ultimate remediation alternatives undertaken, changes in regulations, new information, newly discovered conditions and other factors, it is reasonably possible that we could incur additional costs in excess of the amount accrued. However, such additional costs, if any, cannot currently be estimated. Our estimate of this liability may be revised as new regulations or technologies are developed or additional information is obtained.	<ul style="list-style-type: none">If further developments or resolution of these matters are not consistent with our assumptions and judgments, we may need to recognize a significant adjustment in a future period.As we progress through certain benchmarks such as completion of the remedial investigation and feasibility study, issuance of a record of decision and remedial design, additional information will become available that may require an adjustment to our existing reserves.

Description	Judgments and Uncertainties	Effect if Actual Results Differ from Assumptions
Pension and Other Post-retirement Plans		
<ul style="list-style-type: none"> We account for our defined benefit pension plans and other post-retirement plans in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASC) Topic 715, <i>Compensation — Retirement Benefits</i>. We immediately recognize actuarial gains and losses in our operating results in the year in which the gains or losses occur. In 2020, we recognized a \$17.2 million benefit as a result of the recognition of these actuarial gains, which favorably impacted net income (loss), comprehensive income (loss) and the funded status of our pension plans, primarily the result of actual asset returns that were higher than our assumed returns and mortality assumptions. Partially offsetting these gains was a decrease in our discount rate. 	<ul style="list-style-type: none"> Asset returns and interest rates significantly affect the value of future assets and liabilities of our pension and post-retirement plans and therefore the funded status of our plans. It is difficult to predict these factors due to the volatility of market conditions. To develop our discount rate, we consider the yields of high-quality corporate bonds with maturities that correspond to the timing of our benefit obligations, referred to as the bond matching approach. To develop our expected long-term return on plan assets, we consider historical and forward looking long-term asset returns and the expected investment portfolio mix of plan assets. The weighted-average expected long-term rate of return on plan assets was 5.05% for 2020, 5.68% for 2019 and 5.09% for 2018. Life expectancy is a significant assumption that impacts our pension and other post-retirement benefits obligation. During 2020, we adopted the MP-2020 mortality improvement scale which was issued by the Society of Actuaries in October 2020. 	<ul style="list-style-type: none"> The weighted average discount rates used to value our pension liabilities as of December 31, 2020 and 2019 were 3.19% and 4.11%, respectively, post-retirement liabilities were 3.06% and 3.98%, respectively. As of December 31, 2020, an increase/decrease in the discount rate of 50 basis points, holding all other assumptions constant, would have increased or decreased pre-tax income and the related pension and post-retirement liability by approximately \$19.4 million. An increase/decrease in the discount rate of 50 basis points as of December 31, 2020 would result in a change of approximately \$1.3 million in the 2021 net periodic benefit cost. The expected long-term return on plan assets utilized as of January 1, 2020 and 2019 was 5.05% and 5.68%, respectively. An increase/decrease in our expected long-term return on plan assets of 50 basis points as of December 31, 2020, would result in a change of approximately \$2.2 million to 2021 net periodic benefit cost.
Income Taxes		
<ul style="list-style-type: none"> We account for income taxes using the asset and liability method under ASC Topic 740. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In addition, deferred tax assets are also recorded with respect to net operating losses and other tax attribute carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Valuation allowances are established when realization of the benefit of deferred tax assets is not deemed to be more likely than not. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. We recognize net tax benefits under the recognition and measurement criteria of ASC Topic 740, <i>Income Taxes</i>, which prescribes requirements and other guidance for financial statement recognition and measurement of positions taken or expected to be taken on tax returns. We record interest and penalties related to uncertain tax positions as a component of income tax expense. 	<ul style="list-style-type: none"> The ultimate recovery of certain of our deferred tax assets is dependent on the amount and timing of taxable income that we will ultimately generate in the future and other factors such as the interpretation of tax laws. We have provided valuation allowances as of December 31, 2020, aggregating to \$20.7 million primarily against certain international and state net operating loss carryforwards based on our current assessment of future operating results and other factors. At December 31, 2020, the gross liability for unrecognized income tax benefits, including interest and penalties, totaled \$10.6 million. Undistributed and indefinitely reinvested earnings for certain consolidated non-U.S. subsidiaries were approximately \$456 million as of December 31, 2020. No tax provision was made on these earnings as APB 23 provides guidance that U.S. companies do not need to recognize tax effects on international earnings that are indefinitely reinvested. Additionally, no deferred income taxes were recorded on taxable outside basis differences as it was not practicable to determine the tax provision impact. 	<ul style="list-style-type: none"> Although management believes that the estimates and judgments discussed herein are reasonable, actual results could differ, which could result in income tax expense or benefits that could be material.

Description	Judgments and Uncertainties	Effect if Actual Results Differ from Assumptions
Goodwill		
<ul style="list-style-type: none"> Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired companies. We follow the guidance in ASC 350, <i>Intangibles — Goodwill and Other</i>, including subsequent updates, and test goodwill for impairment at least annually, absent a triggering event that would warrant an impairment assessment. On an ongoing basis, absent any impairment indicators, we perform our goodwill impairment testing as of the first day of October of each year. 	<ul style="list-style-type: none"> We have identified our reporting units at the operating segment level, or in most cases, one level below the operating segment level. Goodwill is allocated to the reporting units based on the estimated fair value at the date of acquisition. We estimated fair value using the best information available to us, including market information and discounted cash flow projections using the income approach. The income approach requires us to make assumptions and estimates regarding projected economic and market conditions, growth rates, operating margins and cash expenditures. Sensitivity analyses were performed around these assumptions in order to assess the reasonableness of the assumptions and the resulting estimated fair values. Goodwill related to our acquisition of Clariant MB as of December 31, 2020 was determined on a preliminary basis. The final valuation of the acquisition and related goodwill balance will be completed in 2021, and actual results could differ from our estimates. 	<ul style="list-style-type: none"> If actual results are not consistent with our assumptions and estimates, we may be exposed to goodwill impairment charges. The fair value of the reporting unit is based on a number of subjective factors including: (a) appropriate consideration of valuation approaches, (b) the consideration of our business outlook and (c) weighted average cost of capital (discount rate), growth rates and market multiples for our estimated cash flows. Based on our 2020 annual impairment test performed on October 1st, we determined there were no reporting units considered to be at risk of impairment. We believe that the current assumptions and estimates are reasonable, supportable and appropriate. The business could be impacted by unforeseen changes in market factors or opportunities, which could impact our existing assumptions used in our impairment test. As such, there can be no assurance that these estimates and assumptions made for the purposes of the goodwill impairment test will prove to be accurate predictions of future performance.
Indefinite-lived Intangible Assets		
<ul style="list-style-type: none"> Indefinite-lived intangible assets represent trade names associated with acquired companies. 	<ul style="list-style-type: none"> We estimate the fair value of trade names using a "relief from royalty payments" approach. This approach involves two steps: (1) estimating reasonable royalty rate for the trade name and (2) applying this royalty rate to a net sales stream and discounting the resulting cash flows to determine fair value. Fair value is then compared with the carrying value of the trade name. 	<ul style="list-style-type: none"> If actual results are not consistent with our assumptions and estimates, we may be exposed to impairment charges related to our indefinite lived trade name Based on our 2020 annual impairment test, no trade names were considered at risk.

Recent and Future Adoption of Accounting Standards

Information regarding recent and future adoption of accounting standards can be found in Note 1, *Description of Business and Summary of Significant Accounting Policies*, to the accompanying consolidated financial statements and is incorporated by reference herein.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks as part of our ongoing business operations, including risks from changes in interest rates on debt obligations and foreign currency exchange rates that could impact our financial condition, results of operations and cash flows. We manage our exposure to these and other market risks through regular operating and financing activities, including the use of derivative financial instruments. We intend to use these derivative financial instruments as risk management tools and not for speculative investment purposes.

Interest rate exposure — Interest on our revolving credit facility and senior secured term loan is based upon a Prime rate or LIBOR, plus a margin. Interest on the credit line with Saudi Hollandi Bank is based upon SAIBOR plus a fixed rate of 0.85%. There would be no material impact on our interest expense or cash flows from either a 10% increase or decrease in market rates of interest on our outstanding variable rate debt as of December 31, 2020.

Foreign currency exposure — We enter into intercompany transactions that are denominated in various foreign currencies and are subject to financial exposure from foreign exchange rate movement from the date a loan is recorded to the date it is settled or revalued. To mitigate this risk, we may enter into foreign exchange forward contracts and derivative instruments. Gains and losses on these contracts generally offset gains and losses on the assets and liabilities being hedged.

We face translation risks related to the changes in foreign currency exchange rates. Amounts invested in our foreign operations are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. The resulting translation adjustments are recorded as a component of *Accumulated other comprehensive loss* in the Shareholders' equity section of the accompanying Consolidated Balance Sheets. Net sales and expenses in our foreign operations' foreign currencies are translated into varying amounts of U.S. dollars depending upon whether the U.S. dollar weakens or strengthens against other currencies. Therefore, changes in exchange rates may either positively or negatively affect our net sales and expenses from foreign operations as expressed in U.S. dollars.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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MANAGEMENT'S REPORT

The management of Avient Corporation is responsible for preparing the consolidated financial statements and disclosures included in this Annual Report on Form 10-K. The consolidated financial statements and disclosures included in this Annual Report fairly present in all material respects the consolidated financial position, results of operations, shareholders' equity and cash flows of Avient Corporation as of and for the year ended December 31, 2020.

Management is responsible for establishing and maintaining disclosure controls and procedures designed to ensure that the information required to be disclosed by the Company is captured and reported in a timely manner. Management has evaluated the design and operation of the Company's disclosure controls and procedures at December 31, 2020 and found them to be effective.

Management is also responsible for establishing and maintaining a system of internal control over financial reporting that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes policies and procedures that provide reasonable assurance that: Avient Corporation's accounting records accurately and fairly reflect the transactions and dispositions of the assets of the Company; unauthorized or improper acquisition, use or disposal of Company assets will be prevented or timely detected; the Company's transactions are properly recorded and reported to permit the preparation of the Company's consolidated financial statements in conformity with generally accepted accounting principles; and the Company's receipts and expenditures are made only in accordance with authorizations of management and the Board of Directors of the Company.

Management has assessed the effectiveness of Avient's internal control over financial reporting as of December 31, 2020 and has prepared Management's Annual Report On Internal Control Over Financial Reporting contained on page 68 of this Annual Report, which concludes that as of December 31, 2020, Avient's internal control over financial reporting was effective and that no material weaknesses were identified.

Management's assessment of internal control over financial reporting as of December 31, 2020 excludes internal control over financial reporting related to Clariant MB (acquired July 1, 2020), which constituted approximately 41.6% of the Company's total assets (inclusive of acquired intangible assets) as of December 31, 2020, and approximately 16.8% of the Company's net sales for the year ended December 31, 2020.

/s/ ROBERT M. PATTERSON

Robert M. Patterson
Chairman, President and Chief Executive Officer

/s/ JAMIE A. BEGGS

Jamie A. Beggs
Senior Vice President and Chief Financial Officer

February 25, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Avient Corporation

Opinion on Internal Control over Financial Reporting

We have audited Avient Corporation's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control -Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Avient Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

As indicated in the accompanying Management's Annual Report on Internal Control, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Clariant MB, which is included in the 2020 consolidated financial statements of the Company and constituted 41.6% of total assets as of December 31, 2020, and 16.8% of sales for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Clariant MB.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Avient Corporation as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity for each of the three years in the period ended December 31, 2020, and the related notes of Avient Corporation and our report dated February 25, 2021, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Cleveland, Ohio

February 25, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Avient Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Avient Corporation (the Company) as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 25, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Environmental Accrued Liabilities

Description of the Matter

As described in Note 12 to the consolidated financial statements, the environmental accrued liability as of December 31, 2020 is approximately \$119.7 million and is comprised primarily of the cost estimate for the Calvert City location of \$106.4 million. The Company records an accrual for probable future environmental remediation projects on an undiscounted basis which represents management's best estimate of probable future costs based upon currently available information and technology and management's view of the most likely remedy.

Auditing the determination of the accrual involved a high degree of subjectivity as estimates underlying the determination of the accrual were based on assumptions unique to the affected site and subject to various laws and regulations governing the protection of the applicable environment. Actual costs incurred in future periods could differ from amounts estimated and future changes to environmental laws and regulations could increase the extent of remediation work required, therefore the calculation is complicated due to uncertainty in determining the probable future costs and the extent of the remediation efforts.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process to establish the environmental accrued liability, including management's review and evaluation of the information included in the Calvert City Record of Decision and the Administrative Settlement Agreement and Order on Consent issued by the United States Environmental Protection Agency (USEPA). For example, we tested controls over management's review of the estimation and the significant assumptions used to develop future cost estimates. We also tested management's controls to validate that the data used in the accrual estimate was complete and accurate.

With the assistance of our specialist, we tested the balance of the environmental accrued liability and the disclosure of the expected cost to remediate. Our audit procedures included, among others, making inquiries of internal general counsel, obtaining internal general counsel's representation and external communications used in determining the environmental accrued liability. This included an evaluation of externally available information and a comparison of management's cost estimates to the estimates published in the Record of Decision by the USEPA. We tested the significant assumptions used by management by comparing those assumptions to accepted industry practice and information included in the Record of Decision issued by the USEPA. We examined historical costs for recurring items and compared those amounts to future projections for similar costs.

Quantitative Impairment Assessment of Goodwill

Description of the Matter

At December 31, 2020, the Company's goodwill was approximately \$1,294.9 million. As discussed in Note 1 to the consolidated financial statements, goodwill is tested for impairment at least annually at the reporting unit level or at an interim date if potential impairment indicators are present. The Company's goodwill is initially assigned to its reporting units as of the acquisition date. Goodwill is tested for impairment, quantitatively or qualitatively, at the reporting unit level. As it relates to the quantitative approach, the Company uses an income approach to estimate the fair value of the reporting units using a combination of internal forecasts, external market information and discounted cash flow projections.

Auditing the impairment assessment of the quantitative goodwill assessment for a certain reporting unit is complex as the income approach requires the Company to make assumptions and estimates regarding projected economic and market conditions, growth rates, operating margins and cash expenditures. The fair value of the reporting unit is based on a number of subjective factors including; (a) appropriate consideration of valuation approaches, (b) the consideration of the Company's business outlook, and (c) weighted average cost of capital (discount rate), annual and terminal growth rates.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the quantitative impairment assessment of goodwill, including controls over management's review of the significant assumptions described above.

To test the estimated fair value of the Company's reporting units, we performed audit procedures that included, among others, assessing methodologies and testing the significant assumptions discussed above and the underlying data used by the Company in its analyses. We compared the significant assumptions used by management to current industry and economic trends. We assessed the historical accuracy of management's estimates and performed sensitivity analyses of significant assumptions to evaluate the changes in the fair value of the reporting units that would result from changes in the assumptions. We also utilized our specialist to assist in the review of the methodology, weighted average cost of capital, terminal growth rates used by the Company and the reconciliation of the aggregate estimated fair value of the reporting units to the market capitalization of the Company.

Accounting for the Clariant Masterbatch Business Combination

Description of the Matter

As discussed in Note 2 to the consolidated financial statements, on July 1, 2020 the Company completed its acquisition of the equity interests in the global masterbatch business of Clariant AG and the masterbatch assets in India of Clariant Chemicals (India) Limited. The business and assets are collectively referred to as Clariant MB and the acquisitions are collectively referred to as the Clariant MB Acquisition. Total consideration paid by the Company to complete the Clariant MB Acquisition was approximately \$1.4 billion, net of cash and debt. The acquisition is being accounted for under the acquisition method of accounting.

Auditing the Company's accounting for the preliminary allocation of the purchase price to the identifiable assets and liabilities for the Clariant MB Acquisition was complex due to the significant estimation in determining the preliminary fair value of identifiable intangible assets, which principally consisted of customer relationships and developed technology. The Company used the relief from royalty and multi-period excess earnings method to determine the fair value of developed technology and customer relationships, respectively. The purchase price allocation, including the fair value estimates of the identifiable intangible assets, were recorded on a preliminary basis. The high degree of subjectivity was primarily due to the sensitivity of the respective fair values to underlying assumptions about the future performance of the acquired business. The significant assumptions used to estimate the value of the intangible assets included discount rates and certain assumptions that form the basis of the forecasted results including revenue growth rates, profitability, and royalty rates.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the determination of the preliminary fair value of the identifiable intangible assets. This included testing controls over management's review of the fair value methodologies and significant assumptions described above.

To test the preliminary estimated fair values of the acquired intangible assets, our audit procedures included, among others, assessing methodologies and testing the significant assumptions discussed above and the underlying data used by the Company. We compared the significant assumptions used by management to current industry and economic trends. We performed sensitivity analyses of significant assumptions to evaluate the changes in the fair value that would result from changes in the assumptions. We utilized our specialist in assessing the methodologies applied and evaluating significant assumptions. Furthermore, we assessed the appropriateness of the disclosures in the consolidated financial statements regarding the acquisition.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as Avient Corporation's auditor since 1993.

Cleveland, Ohio

February 25, 2021

Consolidated Statements of Income

(In millions, except per share data)	Year Ended December 31,		
	2020	2019	2018
Sales	\$ 3,242.1	\$ 2,862.7	\$ 2,881.0
Cost of sales	2,457.8	2,205.5	2,256.2
Gross margin	784.3	657.2	624.8
Selling and administrative expense	595.0	500.4	446.2
Operating income	189.3	156.8	178.6
Interest expense, net	(74.6)	(59.5)	(62.8)
Debt extinguishment costs	—	—	(1.1)
Other income (expense), net	24.3	12.1	(12.9)
Income from continuing operations before income taxes	139.0	109.4	101.8
Income tax expense	(5.2)	(33.7)	(14.4)
Net income from continuing operations	133.8	75.7	87.4
Income (loss) from discontinued operations, net of income taxes	(0.4)	513.1	72.1
Net income	133.4	588.8	159.5
Net (income) loss attributable to noncontrolling interests	(1.8)	(0.2)	0.3
Net income attributable to Avient common shareholders	\$ 131.6	\$ 588.6	\$ 159.8
Earnings per share attributable to Avient common shareholders - Basic:			
Continuing operations	\$ 1.47	\$ 0.98	\$ 1.10
Discontinued operations	(0.01)	6.64	0.91
Total	\$ 1.46	\$ 7.62	\$ 2.01
Earnings per share attributable to Avient common shareholders - Diluted:			
Continuing operations	\$ 1.46	\$ 0.97	\$ 1.09
Discontinued operations	(0.01)	6.61	0.90
Total	\$ 1.45	\$ 7.58	\$ 1.99
Weighted-average shares used to compute earnings per common share:			
Basic	90.1	77.2	79.7
Plus dilutive impact of share-based compensation	0.5	0.5	0.7
Diluted	90.6	77.7	80.4
Anti-dilutive shares not included in diluted common shares outstanding			
	0.8	0.6	—
Cash dividends declared per share of common stock	\$ 0.820	\$ 0.788	\$ 0.720

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Comprehensive Income

(In millions)	Year Ended December 31,		
	2020	2019	2018
Net income	\$ 133.4	\$ 588.8	\$ 159.5
Other comprehensive income (loss), net of tax:			
Translation adjustments and related hedging instruments	110.6	2.2	(27.6)
Cash flow hedges	(1.6)	(2.5)	(1.3)
Other	—	—	(0.4)
Total other comprehensive income (loss)	109.0	(0.3)	(29.3)
Total comprehensive income	242.4	588.5	130.2
Comprehensive (income) loss attributable to noncontrolling interests	(1.8)	(0.2)	0.3
Comprehensive income attributable to Avient common shareholders	\$ 240.6	\$ 588.3	\$ 130.5

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Balance Sheets

(In millions, except par value per share)	Year Ended December 31,	
	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 649.5	\$ 864.7
Accounts receivable, net	516.6	330.0
Inventories, net	327.5	260.9
Other current assets	108.5	57.7
Total current assets	1,602.1	1,513.3
Property, net	694.9	407.4
Goodwill	1,308.1	685.7
Intangible assets, net	1,008.5	469.3
Operating lease assets, net	80.9	63.8
Other non-current assets	176.0	133.8
Total assets	\$ 4,870.5	\$ 3,273.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term and current portion of long-term debt	\$ 18.6	\$ 18.4
Accounts payable	471.7	287.7
Current operating lease obligations	25.1	21.0
Accrued expenses and other current liabilities	285.6	375.4
Total current liabilities	801.0	702.5
Non-current liabilities:		
Long-term debt	1,854.0	1,210.9
Pension and other post-retirement benefits	115.0	56.6
Deferred income taxes	140.0	63.5
Non-current operating lease obligations	56.0	42.8
Other non-current liabilities	192.8	144.3
Total non-current liabilities	2,357.8	1,518.1
SHAREHOLDERS' EQUITY		
Common Shares, \$0.01 par, 400.0 shares authorized, 122.2 shares issued	1.2	1.2
Additional paid-in capital	1,513.3	1,175.2
Retained earnings	1,057.4	1,001.2
Common shares held in treasury, at cost, 30.9 shares in 2020 and 45.3 shares in 2019	(901.2)	(1,043.1)
Accumulated other comprehensive income (loss)	26.4	(82.6)
Avient shareholders' equity	1,697.1	1,051.9
Noncontrolling interest	14.6	0.8
Total equity	1,711.7	1,052.7
Total liabilities and equity	\$ 4,870.5	\$ 3,273.3

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

(In millions)	Year Ended December 31,		
	2020	2019	2018
Operating activities			
Net income	\$ 133.4	\$ 588.8	\$ 159.5
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of business, net of tax	—	(457.7)	—
Depreciation and amortization	111.8	87.5	88.5
Accelerated depreciation and fixed asset charges associated with restructuring activities	3.2	—	3.0
Deferred income tax benefit	(1.7)	(3.2)	(4.8)
Debt extinguishment costs	—	—	1.1
Share-based compensation expense	11.3	11.6	10.9
Changes in assets and liabilities, net of the effect of acquisitions:			
(Increase) decrease in accounts receivable	(4.6)	29.7	(11.3)
Decrease (increase) in inventories	40.2	40.2	(10.6)
Increase (decrease) in accounts payable	78.4	(22.7)	7.9
Increase (decrease) in pension and other post-retirement benefits	30.7	(19.7)	4.8
Increase in post-acquisition earnout liabilities	1.0	36.4	0.7
(Decrease) increase in accrued expenses and other assets and liabilities - net	(2.0)	9.9	4.0
Taxes paid on gain on sale of business	(142.0)	—	—
Payment of post-acquisition date earnout liability	(38.1)	—	—
Net cash provided by operating activities	221.6	300.8	253.7
Investing activities			
Capital expenditures	(63.7)	(81.7)	(76.0)
Business acquisitions, net of cash acquired	(1,380.2)	(119.6)	(98.6)
Net proceeds from divestiture	7.1	761.8	—
Net proceeds from other assets	5.2	51.4	4.3
Net cash (used) provided by investing activities	(1,431.6)	611.9	(170.3)
Financing activities			
Debt offering proceeds	650.0	—	—
Borrowings under credit facilities	—	963.4	1,152.9
Repayments under credit facilities	—	(1,083.9)	(1,090.3)
Purchase of common shares for treasury	(22.4)	(26.9)	(123.0)
Cash dividends paid	(71.3)	(60.3)	(56.1)
Repayment of other debt	—	(1.8)	(16.4)
Repayment of long-term debt	(7.8)	(6.5)	(6.5)
Payments on withholding tax on share awards	(2.3)	(2.1)	(4.1)
Debt financing costs	(9.5)	(0.2)	(4.6)
Equity offering proceeds, net of underwriting discount and issuance costs	496.1	—	—
Payment of acquisition date earnout liability	(50.8)	—	—
Net cash provided (used) by financing activities	982.0	(218.3)	(148.1)
Effect of exchange rate changes on cash	12.8	(0.6)	(8.0)
Increase (decrease) in cash and cash equivalents	(215.2)	693.8	(72.7)
Cash and cash equivalents at beginning of year	864.7	170.9	243.6
Cash and cash equivalents at end of year	\$ 649.5	\$ 864.7	\$ 170.9

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

(In millions)	Common Shares		Shareholders' Equity							
	Common Shares	Common Shares Held in Treasury	Common Shares	Additional Paid-in Capital	Retained Earnings	Common Shares Held in Treasury	Accumulated Other Comprehensive Income (Loss)	Total Avient shareholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2018	122.2	(41.3)	\$ 1.2	\$ 1,161.5	\$ 387.1	\$ (898.3)	\$ (53.0)	\$ 598.5	\$ 0.9	\$ 599.4
Net income (loss)	—	—	—	—	159.8	—	—	159.8	(0.3)	159.5
Other comprehensive loss	—	—	—	—	—	—	(29.3)	(29.3)	—	(29.3)
Cash dividends declared ⁽¹⁾	—	—	—	—	(57.5)	—	—	(57.5)	—	(57.5)
Repurchase of common shares	—	(3.4)	—	—	—	(123.0)	—	(123.0)	—	(123.0)
Share-based compensation and exercise of awards	—	0.2	—	5.4	—	2.6	—	8.0	—	8.0
Other ⁽²⁾	—	—	—	—	(16.5)	—	—	(16.5)	—	(16.5)
Balance at December 31, 2018	122.2	(44.5)	\$ 1.2	\$ 1,166.9	\$ 472.9	\$ (1,018.7)	\$ (82.3)	\$ 540.0	\$ 0.6	\$ 540.6
Net income	—	—	—	—	588.6	—	—	588.6	0.2	588.8
Other comprehensive loss	—	—	—	—	—	—	(0.3)	(0.3)	—	(0.3)
Cash dividends declared ⁽¹⁾	—	—	—	—	(60.3)	—	—	(60.3)	—	(60.3)
Repurchase of common shares	—	(1.0)	—	—	—	(26.9)	—	(26.9)	—	(26.9)
Share-based compensation and exercise of awards	—	0.2	—	8.3	—	2.5	—	10.8	—	10.8
Balance at December 31, 2019	122.2	(45.3)	\$ 1.2	\$ 1,175.2	\$ 1,001.2	\$ (1,043.1)	\$ (82.6)	\$ 1,051.9	\$ 0.8	\$ 1,052.7
Net income	—	—	—	—	131.6	—	—	131.6	1.8	133.4
Other comprehensive income	—	—	—	—	—	—	109.0	109.0	—	109.0
Noncontrolling interest activity	—	—	—	—	—	—	—	—	(0.8)	(0.8)
Cash dividends declared ⁽¹⁾	—	—	—	—	(75.1)	—	—	(75.1)	—	(75.1)
Repurchase of common shares	—	(1.0)	—	—	—	(22.4)	—	(22.4)	—	(22.4)
Common shares equity offering	—	15.3	—	334.8	—	161.3	—	496.1	—	496.1
Share-based compensation and exercise of awards	—	0.1	—	3.3	—	3.0	—	6.3	—	6.3
Acquisitions/other	—	—	\$ —	\$ —	(0.3)	—	—	(0.3)	\$ 12.8	\$ 12.5
Balance at December 31, 2020	122.2	(30.9)	\$ 1.2	\$ 1,513.3	\$ 1,057.4	\$ (901.2)	\$ 26.4	\$ 1,697.1	\$ 14.6	\$ 1,711.7

⁽¹⁾ Dividends declared per share were \$0.820, \$0.788, and \$0.720 for the years ended December 31, 2020, 2019, and 2018, respectively.

⁽²⁾ In October 2016, the FASB issued ASU 2016-16, *Income Taxes* (Topic 740), *Intra-Entity Transfers of Assets Other than Inventory* (ASU 2016-16), which requires companies to recognize the income tax effects of intercompany sales or transfers of assets, other than inventory, in the income statement as income tax expense or benefit in the period the sale or transfer occurs. We recognized an adjustment of \$17.0 million to beginning retained earnings upon adoption of this standard on January 1, 2018 from transactions completed as of December 31, 2017.

The accompanying notes to the consolidated financial statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

We are a premier provider of specialized and sustainable material solutions that transform customer challenges into opportunities, bringing new products to life for a better world. Our products include specialty engineered materials, advanced composites, color and additive systems and polymer distribution. We are also a highly specialized developer and manufacturer of performance enhancing additives, liquid colorants, and fluoropolymer and silicone colorants. Headquartered in Avon Lake, Ohio, we have employees at sales, manufacturing and distribution facilities across North America, South America, Europe, the Middle East, Asia, and Africa. We provide value to our customers through our ability to link our knowledge of polymers and formulation technology with our manufacturing and supply chain to provide value added solutions to designers, assemblers and processors of plastics. When used in these notes to the consolidated financial statements, the terms “we,” “us,” “our,” “Avient” and the “Company” mean Avient Corporation and its consolidated subsidiaries.

Our operations are reported in three reportable segments: Color, Additives and Inks; Specialty Engineered Materials; and Distribution. See Note 15, *Segment Information*, for more information.

Accounting Standards Adopted

On January 1, 2020, the Company adopted Financial Accounting Standards Board (FASB) Account Standards Update (ASU) 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). ASU 2016-13 changed the impairment model for most financial instruments. Previous guidance required the recognition of credit losses based on an incurred loss impairment methodology that reflects losses once the losses are probable. Under ASU 2016-13, the Company is required to use a current expected credit loss (CECL) model that immediately recognizes an estimate of credit losses that are expected to occur over the life of the financial instruments that are in the scope of the update, including trade receivables. The CECL model uses a broader range of reasonable and supportable information in the development of credit loss estimates. The adoption of ASU 2016-13 resulted in a cumulative-effect adjustment to beginning retained earnings that was not material.

On January 1, 2019, the Company adopted FASB Accounting Standards Codification (ASC) 842, *Leases* (ASC 842). ASC 842 was issued to increase transparency and comparability among entities by recognizing right-of-use assets and lease liabilities on the balance sheet and disclosing key information about lease arrangements.

We elected to transition to ASC 842 using the option to apply the standard on its effective date, January 1, 2019. There was not a material cumulative-effect adjustment to our beginning retained earnings as a result of adopting ASC 842. We elected to not reassess prior conclusions related to the identification, classification and accounting for initial direct costs for leases that commenced prior to January 1, 2019. Additionally, we elected to not use hindsight to determine lease terms and to not separate non-lease components within our lease portfolio.

Accounting Standards Not Yet Adopted

ASU 2019-12, *Income Taxes (ASC 740) - Simplifying the Accounting for Income Taxes*, simplifies the accounting for income taxes by removing certain exceptions to the general principles in ASC 740 is effective for fiscal years beginning after December 15, 2020. Depending on the amendment, adoption may be applied on the retrospective, modified retrospective or prospective basis. The Company is currently evaluating the impact of adopting this standard on our consolidated financial statements and disclosures.

ASU 2020-04 “Reference Rate Reform” provides optional guidance for a limited period of time to ease potential accounting impacts associated with transitioning away from reference rates that are expected to be discontinued, such as LIBOR. The amendments in ASU 2020-04 apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued. The amendments in ASU 2020-04 are effective through December 31, 2022. The Company is currently evaluating the impact of adopting this standard on our consolidated financial statements and disclosures.

Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of Avient and its subsidiaries. All majority-owned affiliates over which we have control are consolidated. Transactions with related parties, including joint ventures, are in the ordinary course of business.

Historical information has been retrospectively adjusted to reflect the classification of discontinued operations. Discontinued operations are further discussed in Note 3, *Discontinued Operations*.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements and notes. Actual results could differ from these estimates.

Cash and Cash Equivalents

We consider all highly liquid investments purchased with a maturity of less than three months to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value.

Allowance for Doubtful Accounts

We evaluate the collectability of receivables based on a combination of factors, each of which are adjusted if specific circumstances change. We reserve for amounts determined to be uncollectible based on a specific customer's inability to meet its financial obligation to us. We also record a general reserve based on the age of receivables past due, current conditions and forecasted information, the credit risk of specific customers, economic conditions and historical experience. In estimating the allowance, we take into consideration the existence of credit insurance.

Inventories

Raw materials and finished goods are carried at lower of cost or market using either the weighted average cost or the the first-in, first-out (FIFO) method. The inventory reserve totaled \$22.5 million and \$18.2 million at December 31, 2020 and 2019, respectively.

Long-lived Assets

Property, plant and equipment is carried at cost, net of depreciation and amortization that is computed using the straight-line method over the estimated useful lives of the assets, which generally ranges from three to 15 years for machinery and equipment and up to 40 years for buildings. We depreciate certain assets associated with closing manufacturing locations over a shortened life (through the cease-use date). Software is amortized over periods not exceeding 10 years. Property, plant and equipment is generally depreciated on accelerated methods for income tax purposes. We expense repair and maintenance costs as incurred. We capitalize replacements and improvements that increase the estimated useful life of an asset.

We retain fully depreciated assets in property and accumulated depreciation accounts until we remove them from service. In the case of sale, retirement or disposal, the asset cost and related accumulated depreciation balance is removed from the respective account, and the resulting net amount, less any proceeds, is included as a component of income from continuing operations in the accompanying Consolidated Statements of Income.

We account for operating and finance leases under the provisions of ASC 842.

Finite-lived intangible assets, which consist primarily of customer relationships, patents and technology are amortized over their estimated useful lives. The useful lives range up to 20 years.

We assess the recoverability of long-lived assets when events or changes in circumstances indicate that we may not be able to recover the assets' carrying amount. We measure the recoverability of assets to be held and used by a comparison of the carrying amount of the asset to the expected future undiscounted cash flows associated with the asset. We measure the amount of impairment of long-lived assets as the amount by which the carrying value of the asset exceeds the fair value of the asset, which is generally determined based on projected discounted future cash flows or appraised values. No such impairments were recognized during 2020, 2019 or 2018.

Goodwill and Indefinite Lived Intangible Assets

In accordance with the provisions of FASB ASC Topic 350, *Intangibles — Goodwill and Other*, we assess the fair value of goodwill, quantitatively or qualitatively, on an annual basis or at an interim date if potential impairment indicators are present. Goodwill is the excess of the purchase price paid over the fair value of the net assets of the acquired business. Goodwill is tested for impairment, quantitatively or qualitatively, at the reporting unit level. Our reporting units have been identified at the operating segment level, or in most cases, one level below the operating segment level. Goodwill is allocated to the reporting units based on the estimated fair value at the date of acquisition.

Our annual measurement date for testing impairment of goodwill and indefinite-lived intangibles is October 1. We completed our testing of impairment as of October 1, noting no impairment in 2020, 2019 or 2018. There are no reporting units identified as at-risk of impairment. The future occurrence of a potential indicator of impairment would require an interim assessment for some or all of the reporting units prior to the next required annual assessment on October 1, 2021.

We test our goodwill either quantitatively or qualitatively for impairment. For our quantitative approach, we use an income approach to estimate the fair value of our reporting units. The income approach uses a reporting unit's projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that is determined based on current market conditions. The projection uses management's best estimates of economic and market conditions over the projected period including growth rates in sales, costs and number of units, estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, terminal value margin rates, future capital expenditures and changes in future working capital requirements. We validate our estimates of fair value under the income approach by considering the implied control premium and conclude whether the implied control premium is reasonable based on other recent market transactions.

A qualitative approach for both goodwill and indefinite-lived intangible assets is performed if the last quantitative test exceeded certain thresholds. During our qualitative approach, we assess whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events and circumstances, we determine it is more likely than not that the fair value is less than carrying value, a quantitative impairment test is performed for each asset, as described above.

Indefinite-lived intangible assets primarily consist of the GLS, ColorMatrix, Gordon Composites, and Fiber-Line trade names. Indefinite-lived intangible assets are tested, quantitatively or qualitatively, for impairment annually at the same time we test goodwill for impairment. For our quantitative approach, the implied fair value of indefinite-lived intangible assets is determined based on significant unobservable inputs, as summarized below. The fair value of the trade names is calculated using a "relief from royalty" methodology. This approach involves two steps (1) estimating reasonable royalty rates for the trade name and (2) applying this royalty rate to a net sales stream and discounting the resulting cash flows to determine fair value using a weighted-average cost of capital that is determined based on current market conditions. This fair value is then compared with the carrying value of the trade name.

Litigation Reserves

FASB ASC Topic 450, *Contingencies*, requires that we accrue for loss contingencies associated with outstanding litigation, claims and assessments for which management has determined it is probable that a loss contingency exists and the amount of loss can be reasonably estimated. We recognize expense associated with professional fees related to litigation claims and assessments as incurred. Refer to Note 12, *Commitments and Contingencies*, for further information.

Derivative Financial Instruments

FASB ASC Topic 815, *Derivative and Hedging*, requires that all derivative financial instruments, such as foreign exchange contracts, be recognized in the financial statements and measured at fair value, regardless of the purpose or intent in holding them.

We are exposed to foreign currency changes and to changes in cash flows due to changes in our contractually specified interest rates (e.g., LIBOR) in the normal course of business. We have established policies and procedures that manage this exposure through the use of financial instruments. By policy, we do not enter into these instruments for trading purposes or speculation. We formally assess, designate and document, as a hedge of an underlying exposure, the qualifying derivative instrument that will be accounted for as an accounting hedge at inception. Additionally, in accordance with ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted*

Improvements to Accounting for Hedging Activities, we assess at inception whether the financial instruments used in the hedging transaction are highly effective at offsetting changes in either the fair values or cash flows of the underlying exposures. If highly effective, any subsequent test may be done qualitatively.

The net interest payments accrued each month for effective instruments designated as a hedge are reflected in net income as adjustments of interest expense and the remaining change in the fair value of the derivatives is recorded as a component of *Accumulated Other Comprehensive Income (Loss) (AOCI)*. Instruments not designated as hedges are adjusted to fair value at each period end, with the resulting gains and losses recognized in the accompanying Consolidated Statements of Income immediately.

Refer to Note 16, *Derivatives and Hedging*, for more information.

Pension and Other Post-retirement Plans

We account for our pensions and other post-retirement benefits in accordance with FASB ASC Topic 715, *Compensation — Retirement Benefits*. We immediately recognize actuarial gains and losses in our operating results in the year in which the gains or losses occur. Refer to Note 11, *Employee Benefit Plans*, for more information.

Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) in 2020, 2019 and 2018 were as follows:

(In millions)	Cumulative Translation Adjustment and Related Hedging Instruments	Pension and other post-retirement benefits	Cash Flow Hedges	Other	Total
Balance at January 1, 2018	\$ (58.6)	\$ 5.2	\$ —	\$ 0.4	\$ (53.0)
Translation Adjustments	(25.6)	—	—	—	(25.6)
Unrealized losses	(2.0)	—	(1.3)	—	(3.3)
Other	—	—	—	(0.4)	(0.4)
Balance at December 31, 2018	(86.2)	5.2	(1.3)	—	(82.3)
Translation Adjustments	(6.9)	—	—	—	(6.9)
Unrealized losses	9.1	—	(2.5)	—	6.6
Other	—	—	—	—	—
Balance at December 31, 2019	(84.0)	5.2	(3.8)	—	(82.6)
Translation Adjustments	110.6	—	—	—	110.6
Unrealized gains (losses)	—	—	(1.6)	—	(1.6)
Other	—	—	—	—	—
Balance at December 31, 2020	\$ 26.6	\$ 5.2	\$ (5.4)	\$ —	\$ 26.4

Fair Value of Financial Instruments

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, requires disclosures of the fair value of financial instruments. The estimated fair values of financial instruments were principally based on market prices where such prices were available and, where unavailable, fair values were estimated based on market prices of similar instruments.

Foreign Currency Translation

Revenues and expenses are translated at average currency exchange rates during the related period. Assets and liabilities of foreign subsidiaries are translated using the exchange rate at the end of the period. The resulting translation adjustments are recorded as accumulated other comprehensive income or loss. Gains and losses resulting from foreign currency transactions, including intercompany transactions that are not considered long-term investments, are included in *Other income (expense), net*.

Revenue Recognition

We recognize revenue once control of the product is transferred to the customer, which typically occurs when products are shipped from our facilities.

Shipping and Handling Costs

Shipping and handling costs are included in cost of sales.

Research and Development Expense

Research and development costs of \$59.8 million in 2020, \$50.6 million in 2019 and \$49.6 million in 2018 are charged to expense as incurred.

Environmental Costs

We expense costs that are associated with managing hazardous substances and pollution in ongoing operations on a current basis. Costs associated with environmental contamination are accrued when it becomes probable that a liability has been incurred and our proportionate share of the cost can be reasonably estimated. Any such provision is recognized using the Company's best estimate of the amount of loss incurred, or at the lower end of an estimated range, when a single best estimate is not determinable. In some cases, the Company may be able to recover a portion of the costs relating to these obligations from insurers or other third parties; however, the Company records such amounts only when they are collected.

Share-Based Compensation

We account for share-based compensation under the provisions of FASB ASC Topic 718, *Compensation - Stock Compensation*, which requires us to estimate the fair value of share-based awards on the date of grant. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the accompanying Consolidated Statements of Income. As of December 31, 2020, we had one active share-based employee compensation plan, which is described more fully in Note 14, *Share-Based Compensation*.

Income Taxes

Deferred income tax liabilities and assets are determined based upon the differences between the financial reporting and tax basis of assets and liabilities and are measured using the tax rate and laws currently in effect. In accordance with FASB ASC Topic 740, *Income Taxes*, we evaluate our deferred income taxes to determine whether a valuation allowance should be established against the deferred tax assets or whether the valuation allowance should be reduced based on consideration of all available evidence, both positive and negative, using a "more likely than not" standard. See Note 13, *Income Taxes*, for additional detail.

Note 2 — BUSINESS COMBINATIONS

On July 1, 2020, we completed our acquisition of the equity interests in the global masterbatch business of Clariant AG, a corporation organized and existing under the law of Switzerland (Clariant), and the masterbatch assets in India of Clariant Chemicals (India) Limited, a public limited company incorporated in India and an indirect majority owned subsidiary of Clariant (Clariant India). The business and assets are collectively referred to as Clariant MB and the acquisitions are collectively referred to as the Clariant MB Acquisition. The Clariant MB Acquisition increased our scale, product depth and geographic reach in the Color, Additives and Inks segment. Clariant MB has leading portfolios of solid and liquid masterbatches that include sustainable solutions. In connection with the completion of the Clariant MB Acquisition and effective as of June 30, 2020, the Company amended its existing Articles of Incorporation to change its name to Avient Corporation. In conjunction with our rebranding and new name, we also changed our ticker symbol from "POL" to "AVNT", effective at the start of trading on July 13, 2020.

Total consideration paid by the Company to complete the Clariant MB Acquisition was \$1.4 billion, net of cash and debt. To finance the purchase of Clariant MB, the Company used \$496.1 million in net proceeds from the issuance of common shares in an underwritten public offering completed in February 2020 and \$640.5 million in net proceeds from a senior unsecured notes offering completed in May 2020, and funded the balance using the net proceeds of the October 2019 sale of our Performance Products and Solutions business segment (PP&S). For additional details related to the sale of PP&S and the senior unsecured notes offering, refer to Note 3, *Discontinued Operations* and Note 9, *Financing Arrangements*, respectively.

The Clariant MB Acquisition is being accounted for under the acquisition method of accounting. As of December 31, 2020, the purchase accounting for the Clariant MB Acquisition is preliminary and the amounts recognized in the financial statements for the Clariant MB Acquisition are provisional. The purchase price allocation adjustments will be made throughout the measurement period, which is not to exceed one year from the acquisition date. During the measurement period, we will continue to obtain information to assist in finalizing the fair value of assets acquired and liabilities assumed, which may differ materially from the preliminary estimates. We are in the ongoing process of conducting a valuation of the assets acquired and liabilities assumed related to the acquisition, including the personal and real property, lease obligations, pension and other post-retirement liabilities, deferred taxes, and intangible assets. The provisional measurements and preliminary allocation of consideration transferred and determination of fair values of assets acquired and liabilities assumed, reflect estimates, judgments and

assumptions made by management. These estimates, judgments and assumptions are subject to change upon final valuation.

The summarized preliminary purchase price allocation is as follows:

	July 1, 2020
Cash and cash equivalents	\$ 145.1
Accounts receivable	170.8
Inventories	99.0
Other current assets	56.9
Property	267.6
Goodwill	569.0
Intangible assets:	
Customer relationships	221.9
Trade names and trademarks	32.0
Patents, technology and other	273.9
Operating lease assets	30.1
Other long-term assets	1.3
Short term debt	(0.4)
Accounts payable	(92.7)
Current operating lease obligations	(2.8)
Accrued expenses and other current liabilities	(81.2)
Long-term debt	(6.7)
Non-current operating lease obligations	(25.8)
Deferred tax liabilities	(60.7)
Pension and other post-retirement benefits	(53.8)
Other long-term liabilities	(5.4)
Non-controlling interests	(12.8)
Total purchase price consideration	\$ 1,525.3

The intangible assets that have been acquired are being amortized over a period of 18 to 20 years.

Goodwill of \$569.0 million was recorded and allocated to the Color, Additives and Inks segment. The goodwill recognized is primarily attributable to the expected synergies to be achieved from the business combination. We expect a portion of goodwill to be deductible for tax purposes.

The amounts of revenue and income from continuing operations before income taxes of Clariant MB since the acquisition date included in the consolidated income statement for 2020 are \$544.2 million and \$32.7 million, respectively. Had the Clariant MB Acquisition occurred as of the beginning of fiscal 2019, sales and income from continuing operations before income taxes on a pro forma basis would have been as follows:

	(Unaudited) Year Ended December 31,	
	2020	2019
Sales	\$ 3,782.5	\$ 3,981.3
Income from continuing operations before income taxes	204.2	98.9

The unaudited pro forma financial information has been calculated after applying our accounting policies and adjusting the historical results with pro forma adjustments that assume the acquisition occurred on January 1, 2019. These unaudited pro forma results do not represent financial results realized, nor are they intended to be a projection of future results. In preparation of the pro forma financial information, we eliminated certain historical allocations made by Clariant as they do not represent the stand alone operations of Clariant MB and replaced them

with costs more likely to occur as a part of Avient. This elimination removed expense of \$6.6 million and \$12.7 million during 2020 and 2019, respectively. The amortization of inventory step-up from the preliminary purchase price allocation was \$9.7 million, and is reflected in *Cost of sales*. Additionally, we incurred \$10.1 million of costs related to committed financing which are reflected in *Interest expense, net*. The amounts associated with the amortization of inventory step-up and costs related to committed financing were removed from 2020, and presented in the pro forma financial information.

Costs incurred in connection with the Clariant MB Acquisition were \$19.2 million in 2020. These fees were charged to *Selling and Administrative expense*.

Other Acquisitions

Our acquisitions of PlastiComp, Inc. (PlastiComp) on May 31, 2018 and Fiber-Line, LLC (Fiber-Line) on January 2, 2019 involved contingent earnout consideration. The PlastiComp earnout had a ceiling of \$35.0 million that was reached during the first quarter of 2020 and paid in the third quarter of 2020. The Fiber-Line earnout was based on two annual earnout periods, with the second earnout period target based on year-one results. The second earnout period ended on December 31, 2020. A payment of \$53.9 million associated with the first Fiber-Line earnout period was made in the first quarter of 2020 and no additional payments are expected to be made. During the twelve months ended December 31, 2020 and 2019, the Company recorded charges of \$1.0 million and \$36.4 million, respectively, associated with the earnouts within *Selling and administrative expense* that were primarily attributable to improved earnings from the acquisitions.

Note 3 — DISCONTINUED OPERATIONS

On October 25, 2019, we divested the Performance Products and Solutions segment (PP&S) for \$782.1 million cash. The sale resulted in the recognition of an after-tax gain of \$457.7 million, which is reflected within *Income (loss) from discontinued operations, net of income taxes*.

The Company has continuing involvement with the former PP&S business following the close of the transaction. The Company entered into a four-year distribution agreement with the former PP&S business to be the exclusive distributor for certain products, under terms that were similar prior to the disposal transaction. The Company and the former PP&S business have also entered into contract manufacturing and supply agreements for certain products for a two-year period. For the twelve months ended December 31, 2020, our net cash outflow related to the agreements was approximately \$65.0 million.

The following table summarizes the discontinued operations primarily associated with PP&S for the years ended December 31, 2020, 2019 and 2018.

(In millions)	2020	2019	2018
Sales	\$ —	\$ 488.9	\$ 652.4
Cost of sales	—	(390.1)	(532.3)
Selling and administrative expense	(0.9)	(28.0)	(24.7)
Gain on sale	—	591.2	(1.8)
Pretax (loss) income of discontinued operations	(0.9)	662.0	93.6
Income tax expense	0.5	(148.9)	(21.5)
Income from discontinued operations, net of taxes	\$ (0.4)	\$ 513.1	\$ 72.1

The following table presents the depreciation, amortization, and capital expenditures of our discontinued operations for the twelve months ended December 31, 2020, 2019 and 2018. There were no other significant operating or investing non-cash items for the twelve months ended December 31, 2020, 2019 and 2018.

(In millions)	Year Ended December 31,		
	2020	2019	2018
Depreciation and amortization	\$ —	\$ 9.4	\$ 15.9
Capital Expenditures	—	14.1	19.5

Note 4 — GOODWILL AND INTANGIBLE ASSETS

The total purchase price associated with acquisitions is allocated to the fair value of assets acquired and liabilities assumed based on their fair values at the acquisition date, with excess amounts recorded as goodwill.

Goodwill as of December 31, 2020 and 2019 and changes in the carrying amount of goodwill by segment were as follows:

(In millions)	Specialty Engineered Materials	Color, Additives and Inks	Distribution	Total
Balance at January 1, 2019	\$ 188.9	\$ 448.6	\$ 1.6	\$ 639.1
Acquisition of businesses	47.9	—	—	47.9
Currency translation	(0.5)	(0.8)	—	(1.3)
Balance at December 31, 2019	236.3	447.8	1.6	685.7
Acquisition of businesses	—	569.0	—	569.0
Currency translation	1.5	51.9	—	53.4
Balance at December 31, 2020	\$ 237.8	\$ 1,068.7	\$ 1.6	\$ 1,308.1

Indefinite and finite-lived intangible assets consisted of the following:

As of December 31, 2020				
(In millions)	Acquisition Cost	Accumulated Amortization	Currency Translation	Net
Customer relationships	\$ 508.7	\$ (109.8)	\$ 23.8	\$ 422.7
Patents, technology and other	549.9	(102.4)	28.8	476.3
Indefinite-lived trade names	109.5	—	—	109.5
Total	\$ 1,168.1	\$ (212.2)	\$ 52.6	\$ 1,008.5

As of December 31, 2019				
(In millions)	Acquisition Cost	Accumulated Amortization	Currency Translation	Net
Customer relationships	\$ 286.8	\$ (89.1)	\$ (1.0)	\$ 196.7
Patents, technology and other	244.0	(79.6)	(1.3)	163.1
Indefinite-lived trade names	109.5	—	—	109.5
Total	\$ 640.3	\$ (168.7)	\$ (2.3)	\$ 469.3

Amortization of finite-lived intangible assets included in continuing operations for the years ended December 31, 2020, 2019 and 2018 was \$43.5 million, \$29.5 million and \$25.5 million, respectively.

We expect finite-lived intangibles amortization expense for the next five years as follows:

(In millions)	2021	2022	2023	2024	2025
Expected Amortization Expense	\$ 56.4	\$ 54.3	\$ 52.0	\$ 51.9	\$ 51.6

Note 5 — EMPLOYEE SEPARATION AND RESTRUCTURING COSTS

As part of our integration efforts associated with the Clariant MB Acquisition, we are engaged in a restructuring plan. The restructuring plan is expected to enable us to better serve customers, improve efficiency and deliver anticipated synergy-related cost savings. We expect to incur costs for exit and disposal activities under generally accepted accounting principles when actions associated with the restructuring plan are approved and announced. The costs recorded in *Cost of sales* during 2020 included \$0.4 million related to fixed asset disposals and \$0.2 million related to severance. The costs recorded in *Selling and administrative expense* include \$6.4 million of severance and \$0.2 million of other costs. We expect that the full restructuring plan will be implemented through 2023 and anticipate that we will incur approximately \$75 million of charges in connection with the restructuring plan.

We also initiated other restructuring activities in 2020 primarily associated with streamlining operations of our Specialty Inks business. The expense recognized in *Cost of sales* associated with these other activities in 2020 consisted of \$3.2 million of accelerated depreciation and lease amortization, and \$0.4 million of expense related to severance. The total costs recorded in *Selling and administrative expense* include \$7.6 million of severance and \$1.2 million of other costs. Future costs associated with these other restructuring activities are not expected to be material.

Line item in the Consolidated Statement of Income in which the costs above are included:

(in millions)	Year ended December 31, 2020	
Cost of goods sold	\$	4.2
Selling and administrative expenses		15.4
Total employee separation and restructuring charges	\$	19.6

Note 6 — FINANCING ARRANGEMENTS

For each of the periods presented, total debt consisted of the following:

As of December 31, 2020 (in millions)	Principal Amount	Unamortized discount and debt issuance cost	Net Debt	Weighted average interest rate
Senior secured revolving credit facility due 2022	\$ —	\$ —	\$ —	— %
5.25% senior notes due 2023	600.0	2.5	597.5	5.25 %
5.75% senior notes due 2025	650.0	8.8	641.2	5.75 %
Senior secured term loan due 2026	618.0	8.0	610.0	2.36 %
Other Debt	23.9	—	23.9	
Total Debt	\$ 1,891.9	\$ 19.3	\$ 1,872.6	
Less short-term and current portion of long-term debt	18.6	—	18.6	
Total long-term debt, net of current portion	\$1,873.3	\$19.3	\$1,854.0	

As of December 31, 2019 (in millions)	Principal Amount	Unamortized discount and debt issuance cost	Net Debt	Weighted average interest rate
Senior secured revolving credit facility due 2022	\$ —	\$ —	\$ —	3.90 %
5.25% senior notes due 2023	600.0	3.7	596.3	5.25 %
Senior secured term loan due 2026	624.5	9.8	614.7	4.01 %
Other Debt	18.3	—	18.3	
Total Debt	\$ 1,242.8	\$ 13.5	\$ 1,229.3	
Less short-term and current portion of long-term debt	18.4	—	18.4	
Total long-term debt, net of current portion	\$ 1,224.4	\$ 13.5	\$ 1,210.9	

The Company maintains a senior secured revolving credit facility, which matures on February 24, 2022 and provides a maximum borrowing facility size of \$450.0 million, subject to a borrowing base with advances against

certain U.S. and Canadian accounts receivable, inventory and other assets as specified in the agreement. On June 28, 2019, the Company amended and restated its senior secured revolving credit facility to, among other things, add a European line of credit, up to the euro equivalent of \$50.0 million, subject to a borrowing base with advances against certain European accounts receivable. Advances under the U.S. portion of our revolving credit facility bear interest, at the Company's option, at a Base Rate or a LIBOR Rate plus an applicable margin. The Base Rate is a fluctuating rate equal to the greater of (i) the Federal Funds Rate plus one-half percent, (ii) the prevailing LIBOR Rate plus one percent, and (iii) the prevailing Prime Rate. The applicable margins vary based on the Company's daily average excess availability during the previous quarter. As of December 31, 2020, we had no borrowings outstanding under our revolving credit facility, which had remaining availability of \$278.2 million. As of December 31, 2019, we had no borrowings under our revolving credit facility, which had remaining availability of \$279.4 million.

On May 13, 2020, the Company entered into an indenture (the Indenture) with U.S. Bank National Association, as trustee (the Trustee), relating to the issuance by the Company of \$650 million aggregate principal amount of 5.75% Senior Notes due 2025 (the Notes). The Notes were sold on May 13, 2020 in a private transaction exempt from the registration requirements of the Securities Act of 1933 (the Securities Act), have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act. The Company received net proceeds of \$640.5 million from the Notes offering, net of debt issuance costs, which were recorded on the balance sheet and are being amortized into *Interest expense, net* over the term of the debt. Also included in *Interest expense, net* for the year ended December 31, 2020, are costs associated with committed financing of \$10.1 million related to the Clariant MB acquisition.

On April 11, 2018, the Company entered into a fifth amendment to its senior secured term loan. Under the terms of the amended senior secured term loan, the margin was reduced by 25 basis points to 175 basis points. At the Company's discretion, interest is based upon (i) a margin rate of 75 basis points plus a Prime Rate, subject to a floor of 175 basis points. On November 9, 2018, the Company entered into a sixth amendment to its senior secured term loan, which extended the maturity to 2026. Repayments in the amount of one percent of the aggregate principal amount as of August 3, 2016 are payable annually, while the remaining balance matures on January 30, 2026. The total principal repayments for the year ended December 31, 2020 were \$6.5 million.

The agreements governing our revolving credit facility and our senior secured term loan, and the indentures and credit agreements governing other debt, contain a number of customary financial and restrictive covenants that, among other things, limit our ability to: sell or otherwise transfer assets, including in a spin-off, incur additional debt or liens, consolidate or merge with any entity or transfer or sell all or substantially all of our assets, pay dividends or make certain other restricted payments, make investments, enter into transactions with affiliates, create dividend or other payment restrictions with respect to subsidiaries, make capital investments and alter the business we conduct. As of December 31, 2020, we were in compliance with all covenants.

As of both December 31, 2020 and 2019, the Company maintained a credit line of \$12.0 million with Saudi Hollandi Bank. The credit line has an interest rate equal to the Saudi Arabia Interbank Offered Rate plus a fixed rate of 0.85% and is subject to annual renewal. Borrowings under the credit line were primarily used to fund capital expenditures related to the manufacturing facility in Jeddah, Saudi Arabia. As of December 31, 2020, letters of credit under the credit line were immaterial and borrowings were \$10.3 million with a weighted average annual interest rate of 1.85%. As of December 31, 2019, letters of credit under the credit line were immaterial and borrowings were \$10.3 million with a weighted average annual interest rate of 3.14%. As of December 31, 2020 and 2019, there was remaining availability on the credit line of \$1.7 million and \$1.7 million, respectively.

The estimated fair value of Avient's debt instruments at December 31, 2020 and 2019 was \$1,955.9 million and \$1,271.8 million, respectively, compared to carrying values of \$1,872.6 million and \$1,229.3 million as of December 31, 2020 and 2019, respectively. The fair value of Avient's debt instruments was estimated using prevailing market interest rates on debt with similar creditworthiness, terms and maturities and represent Level 2 measurements within the fair value hierarchy.

Aggregate maturities of the principal amount of debt for the next five years and thereafter are as follows:

(In millions)		
2021	\$	18.6
2022		8.5
2023		608.7
2024		8.6
2025		658.7
Thereafter		588.8
Aggregate maturities	\$	<u>1,891.9</u>

Included in *Interest expense, net* for the years ended December 31, 2020, 2019 and 2018 was interest income of \$19.9 million, \$11.0 million, and \$3.1 million, respectively. Total interest paid on debt was \$70.8 million in 2020, \$67.0 million in 2019 and \$61.0 million in 2018.

Note 7 — LEASING ARRANGEMENTS

We lease certain manufacturing facilities, warehouse space, machinery and equipment, vehicles and information technology equipment under operating leases. The majority of our leases are operating leases. Finance leases are immaterial to our condensed consolidated financial statements. Operating lease assets and obligations are reflected within *Operating lease assets, net*, *Current operating lease obligations*, and *Non-current operating lease obligations*, respectively.

Lease expense for these leases is recognized on a straight-line basis over the lease term, with variable lease payments recognized in the period those payments are incurred. The components of lease cost from continued operations recognized within our Condensed Consolidated Statements of Income were as follows:

(In millions)	Year Ended December 31,	
	2020	2019
Cost of sales	\$ 11.9	\$ 10.9
Selling and administrative expense	19.1	13.1
Total Operating lease cost	<u>\$ 31.0</u>	<u>\$ 24.0</u>

We often have options to renew lease terms for buildings and other assets. The exercise of lease renewal options are generally at our sole discretion. In addition, certain lease arrangements may be terminated prior to their original expiration date at our discretion. We evaluate renewal and termination options at the lease commencement date to determine if we are reasonably certain to exercise the option on the basis of economic factors. The weighted average remaining lease term for our operating leases as of December 31, 2020 and 2019 was 5.4 years and 4.0 years, respectively. The non-cash net increase in operating lease liabilities was \$10.5 million and \$11.3 million for the years ended December 31, 2020 and 2019, respectively.

The discount rate implicit within our leases is generally not determinable and, therefore, the Company determines the discount rate based on its incremental borrowing rate. The incremental borrowing rate for our leases is determined based on lease term and currency in which lease payments are made, adjusted for impacts of collateral. The weighted average discount rate used to measure our operating lease liabilities as of December 31, 2020 and 2019 were 3.9% and 7.9%, respectively.

Future minimum lease payments under non-cancelable operating leases with initial lease terms longer than one year as of December 31, 2020 are as follows:

Maturity Analysis of Lease Liabilities:

(in millions)	Operating leases	
	As of December 31, 2020	
2021	\$	28.0
2022		21.4
2023		15.0
2024		8.7
2025		4.7
Thereafter		13.3
Total	\$	91.1
Less amount of lease payment representing interest		(10.0)
Total present value of lease payments	\$	81.1

(in millions)	Operating leases	
	As of December 31, 2019	
2020	\$	24.0
2021		16.0
2022		11.3
2023		8.1
2024		4.5
Thereafter		7.8
Total	\$	71.7
Less amount of lease payment representing interest		(7.9)
Total present value of lease payments	\$	63.8

Note 8 — INVENTORIES, NET

Components of *Inventories, net* are as follows:

(In millions)	December 31,	
	2020	2019
Finished products	\$ 171.7	\$ 157.6
Work in process	16.6	8.0
Raw materials and supplies	139.2	95.3
Inventories, net	\$ 327.5	\$ 260.9

Note 9 — PROPERTY, NET

Components of *Property, net* are as follows:

(In millions)	December 31,	
	2020	2019
Land and land improvements	\$ 95.7	\$ 32.8
Buildings	333.5	231.8
Machinery and equipment	948.2	748.9
Property, gross	1,377.4	1,013.5
Less accumulated depreciation	(682.5)	(606.1)
Property, net	\$ 694.9	\$ 407.4

Depreciation expense from continuing operations was \$68.2 million in 2020, \$48.6 million in 2019 and \$47.1 million in 2018.

Note 10 — OTHER BALANCE SHEET LIABILITIES

Other liabilities at December 31, 2020 and 2019 consist of the following:

(in millions)	Accrued expenses and other current liabilities		Other non-current liabilities	
	December 31,		December 31,	
	2020	2019	2020	2019
Employment costs	\$ 142.7	\$ 68.6	\$ 6.1	\$ 20.5
Earnouts payable	—	87.9	—	—
Environmental liabilities	20.3	11.2	99.4	100.8
Accrued taxes	49.0	165.4	—	—
Pension and other post-employment benefits	6.7	4.8	—	—
Accrued interest	14.1	10.0	—	—
Dividends payable	19.4	15.6	—	—
Unrecognized tax benefits	3.2	0.7	7.3	11.9
Net investment hedge	—	—	48.4	5.1
Other	30.2	11.2	31.6	6.0
Total	<u>\$ 285.6</u>	<u>\$ 375.4</u>	<u>\$ 192.8</u>	<u>\$ 144.3</u>

Note 11 — EMPLOYEE BENEFIT PLANS

We recognize actuarial gains and losses in our operating results in the year in which the gains or losses occur. These gains and losses are generally only measured annually as of December 31 and, accordingly, are recorded during the fourth quarter of each year. We recognized benefits of \$17.2 million and \$9.6 million in the fourth quarter of 2020 and 2019, respectively and a charge of \$15.6 million in the fourth quarter of 2018, related to the actuarial losses during the year.

All U.S. qualified defined benefit pension plans are frozen, no longer accrue benefits and are closed to new participants. We have foreign pension plans that accrue benefits. The plans generally provide benefit payments using a formula that is based upon employee compensation and length of service.

The following tables present the change in benefit obligation, change in plan assets and components of funded status for defined benefit pension and post-retirement health care benefit plans.

(in millions)	Pension Benefits		Health Care Benefits	
	2020	2019	2020	2019
Change in benefit obligation:				
Projected benefit obligation - beginning of year	\$ 478.0	\$ 462.7	\$ 7.1	\$ 7.4
Service cost	3.0	0.5	0.1	—
Interest cost	15.3	18.2	0.4	0.2
Actuarial loss	24.5	34.0	—	0.1
Benefits paid	(40.9)	(36.9)	(0.7)	(0.8)
Effect of settlement and/or curtailment	(23.0)	—	—	—
Acquired benefit obligation	137.3	—	11.3	\$ —
Other	7.8	(0.5)	0.1	\$ 0.2
Projected benefit obligation - end of year	602.0	478.0	18.3	7.1
Projected salary increases	(8.8)	(1.9)	\$ —	\$ —
Accumulated benefit obligation	\$ 593.2	\$ 476.1	\$ 18.3	\$ 7.1
Change in plan assets:				
Plan assets - beginning of year	\$ 469.1	\$ 434.4	\$ —	\$ —
Actual return on plan assets	60.5	67.4	—	—
Company contributions	5.4	4.4	0.7	0.8
Benefits paid	(40.9)	(36.9)	(0.7)	(0.8)
Effect of settlement and curtailment	(16.5)	—	—	—
Acquired plan assets	92.4	—	\$ —	\$ —
Other	3.6	(0.2)	\$ —	\$ —
Plan assets - end of year	\$ 573.6	\$ 469.1	\$ —	\$ —
Unfunded status at end of year	\$ (28.4)	\$ (8.9)	\$ (18.3)	\$ (7.1)

Amounts included in the accompanying Consolidated Balance Sheets as of December 31 are as follows:

(in millions)	Pension Benefits		Health Care Benefits	
	2020	2019	2020	2019
Non-current assets	\$ 75.0	\$ 45.4	\$ —	\$ —
Accrued expenses and other liabilities	5.4	4.0	1.3	0.8
Pension and other post-retirement benefits	98.0	50.3	17.0	6.3

As of December 31, 2020 and 2019, we had plans with total projected and accumulated benefit obligations in excess of the related plan assets as follows:

(in millions)	Pension Benefits		Health Care Benefits	
	2020	2019	2020	2019
Projected benefit obligation	\$ 149.5	\$ 58.9	\$ 18.3	\$ 7.1
Accumulated benefit obligation	122.8	57.0	18.3	7.1
Fair value of plan assets	74.9	4.6	—	—

Weighted-average assumptions used to determine benefit obligations at December 31:

	Pension Benefits		Health Care Benefits	
	2020	2019	2020	2019
Discount rate	2.95 %	3.19 %	2.66 %	3.18 %
Assumed health care cost trend rates at December 31:				
Health care cost trend rate assumed for next year	N/A	N/A	5.99 %	5.88 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	N/A	N/A	4.04 %	4.50 %
Year that the rate reaches the ultimate trend rate	N/A	N/A	2065	2027

The following table summarizes the components of net periodic benefit cost or gain that was recognized during each of the years in the three-year period ended December 31, 2020.

(in millions)	Pension Benefits			Health Care Benefits		
	2020	2019	2018	2020	2019	2018
Components of net periodic benefit costs (gains):						
Service Cost	\$ 3.0	\$ 0.5	\$ 0.6	\$ 0.1	\$ —	\$ —
Interest Cost	15.3	18.2	17.6	0.4	0.2	0.3
Expected return on plan assets	(25.3)	(23.7)	(23.8)	—	—	—
Mark-to-market actuarial net losses (gains)	(10.8)	(9.7)	16.2	—	0.1	(0.6)
Curtailment	(6.4)	—	(0.1)	—	—	—
Net periodic cost (benefit)	<u>\$ (24.2)</u>	<u>\$ (14.7)</u>	<u>\$ 10.5</u>	<u>\$ 0.5</u>	<u>\$ 0.3</u>	<u>\$ (0.3)</u>

In 2020, we recognized a \$17.2 million mark-to-market gain that was primarily the result of actual asset returns that were higher than our assumed returns and mortality assumptions. Partially offsetting the higher asset returns was the decrease in our year end discount rate from 3.19% to 2.95%. A component of the \$17.2 million mark-to-market gain was a \$6.4 million gain related to lump sum payments that were offered to certain eligible participants of our US Qualified Pension Plan in the second quarter of 2020 which resulted in a settlement of \$1.1 million, and a curtailment gain of \$5.3 million related to certain acquired pension plans during the fourth quarter of 2020.

In 2019, we recognized a \$9.6 million mark-to-market gain that was primarily a result of actual asset returns that were higher than our assumed returns and mortality assumptions. Partially offsetting the higher asset returns was the decrease in our year end discount rates from 4.11% to 3.19%.

In 2018, we recognized a \$15.6 million mark-to-market charge that was primarily a result of actual asset returns that were lower than our assumed returns. Partially offsetting the lower asset returns was the increase in our year end discount rates from 3.62% to 4.11%.

Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31:

	Pension Benefits			Health Care Benefits		
	2020	2019	2018	2020	2019	2018
Discount rate*	3.19 %	4.11 %	3.62 %	3.06 %	3.98 %	3.60 %
Expected long-term return on plan assets*	5.05 %	5.68 %	5.09 %	—	—	—
Assumed health care cost trend rates at December 31:						
Health care cost trend rate assumed for next year	N/A	N/A	N/A	6.16 %	6.09 %	6.29 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	N/A	N/A	N/A	4.14 %	4.50 %	4.50 %
Year that the rate reaches the ultimate trend rate	N/A	N/A	N/A	2054	2027	2027

*The mark-to-market component of net periodic costs is determined based on discount rates as of year-end and actual asset returns during the year.

The expected long-term rate of return on pension assets was determined after considering the historical and forward looking long-term asset returns by asset category and the expected investment portfolio mix.

Our pension investment strategy is to diversify the portfolio among asset categories to enhance the portfolio's risk-adjusted return as well as insulate it from exposure to changes in interest rates. Our asset mix considers the duration of plan liabilities, historical and expected returns of the investments, and the funded status of the plan. The pension asset allocation is reviewed and actively managed based on the funded status of the plan. Based on the current funded status of the plan, our pension asset investment allocation guidelines are to invest 83% in fixed income securities and 17% in equity securities. The plan keeps a minimal amount of cash available to fund benefit payments. These investments may include funds of multiple asset investment strategies and funds of hedge funds.

The fair values of pension plan assets at December 31, 2020 and 2019, by asset category, are as follows:

Fair Value of Plan Assets at December 31, 2020				
(In millions)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Investments (at Fair Value)
Asset category				
Cash	\$ 8.2	\$ —	\$ —	\$ 8.2
Bonds and Notes	53.4	—	—	53.4
Global Equity	4.5	—	—	4.5
Other	—	3.1	17.4	20.5
Total	\$ 66.1	\$ 3.1	\$ 17.4	86.6
Investments measured at NAV:				
Common collective funds:				
United States equity				35.2
International equity				34.0
Global equity				383.8
Fixed income				16.3
Balanced				17.7
Total common collective funds				\$ 487.0
Total investments at fair value				\$ 573.6

Fair Value of Plan Assets at December 31, 2019				
(In millions)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Investments (at Fair Value)
Asset category				
Cash	\$ 3.7	\$ —	\$ —	\$ 3.7
Other	—	—	4.6	4.6
Total	\$ 3.7	\$ —	\$ 4.6	8.3
Investments at NAV				
Common collective funds				
United States equity				31.7
International equity				31.9
Global equity				15.7
Fixed income				381.5
Total common collective funds				\$ 460.8
Total investments at fair value				\$ 469.1

Pension Plan Assets

Other assets are primarily insurance contracts for international plans. The U.S. equity common collective funds are predominately invested in equity securities actively traded in public markets. The international and global equity common collective funds have broadly diversified investments across economic sectors and focus on low volatility, long-term investments. The fixed income common collective funds consist primarily of publicly traded United States fixed interest obligations (principally investment grade bonds and government securities).

Level 1 assets are valued based on quoted market prices. Level 2 investments are valued based on quoted market prices and/or other market data for the same or comparable instruments and transactions of the underlying fixed

income investments. The insurance contracts included in the other asset category are valued at the transacted price. Common collective funds are valued at the net asset value of units held by the fund at year end. The unit value is determined by the total value of fund assets divided by the total number of units of the fund owned.

One of the foreign plans that was acquired with the Masterbatch transaction was in-process to receive statutory approval to transfer the assets that funded the plan to an Avient trust. As we had legal right to the assets but did not receive regulatory approval for the asset transfer until January 7, 2021, we have recognized the related \$16.8 million as a receivable, noting that the underlying assets are mutual funds that would otherwise qualify for the NAV disclosure practical expedient.

The estimated future benefit payments for our pension and health care plans are as follows:

(In millions)	Pension Benefits	Health Care benefits
2021	\$ 47.5	\$ 1.3
2022	42.5	1.3
2023	42.5	1.3
2024	40.9	1.3
2025	39.8	1.3
2026 through 2030	184.0	5.7

We currently estimate that 2021 employer contributions will be \$8.2 million to all qualified and non-qualified pension plans and \$1.3 million to all healthcare benefit plans.

The Company sponsors various voluntary retirement savings plans (RSP). Under the provisions of the plans, eligible employees receive defined Company contributions and are eligible for Company matching contributions based on their eligible earnings contributed to the plan. In addition, we may make discretionary contributions to the plans for eligible employees based on a specific percentage of each employee's compensation.

Following are our contributions to the RSP:

(In millions)	2020	2019	2018
Retirement savings match	\$ 9.9	\$ 10.4	\$ 10.1
Retirement savings contribution	0.6	—	—
Total contribution	\$ 10.5	\$ 10.4	\$ 10.1

Note 12 — COMMITMENTS AND CONTINGENCIES

Environmental — We have been notified by federal and state environmental agencies and by private parties that we may be a potentially responsible party (PRP) in connection with the environmental investigation and remediation of certain sites. While government agencies frequently assert that PRPs are jointly and severally liable at these sites, in our experience, the interim and final allocations of liability costs are generally made based on the relative contribution of waste. We may also initiate corrective and preventive environmental projects of our own to ensure safe and lawful activities at our operations. We believe that compliance with current governmental regulations at all levels will not have a material adverse effect on our financial position, results of operations or cash flows.

In September 2007, the United States District Court for the Western District of Kentucky (Court) in the case of Westlake Vinyls, Inc. v. Goodrich Corporation, et al., held that we must pay the remediation costs at the former Goodrich Corporation Calvert City facility (now largely owned and operated by Westlake Vinyls, Inc. (Westlake Vinyls)), together with certain defense costs of Goodrich Corporation. The rulings also provided that we can seek indemnification for contamination attributable to Westlake Vinyls.

Following the rulings, the parties to the litigation agreed to settle all claims regarding past environmental costs incurred at the site. The settlement agreement provides a mechanism to pursue allocation of future remediation costs at the Calvert City site to Westlake Vinyls. We will adjust our accrual, in the future, consistent with any such future allocation of costs. Additionally, we continue to pursue available insurance coverage related to this matter and recognize gains as we receive reimbursement.

The environmental obligation at the site arose as a result of an agreement between The B.F. Goodrich Company (n/k/a Goodrich Corporation) and our predecessor, The Geon Company, at the time of the initial public offering in 1993. Under the agreement, The Geon Company agreed to indemnify Goodrich Corporation for certain environmental costs at the site. Neither the Company nor The Geon Company ever operated the facility.

Since 2009, the Company, along with respondents Westlake Vinyls, and Goodrich Corporation, have worked with the United States Environmental Protection Agency (USEPA) on the investigation of contamination at the site as well as the evaluation of potential remedies to address the contamination. The USEPA issued its Record of Decision (ROD) in September 2018, selecting a remedy consistent with our accrual assumptions. In April 2019, the respondents signed an Administrative Settlement Agreement and Order on Consent with the USEPA to conduct the remedial actions at the site. In February 2020, the three companies signed the agreed Consent Decree and remedial action Work Plan, which received Federal Court approval in January 2021. Our current reserve of \$106.4 million is consistent with the USEPA's estimates contained in the ROD.

On March 13, 2013, the Company acquired Spartech Corporation (Spartech). One of Spartech's subsidiaries, Franklin-Burlington Plastics, Inc. (Franklin-Burlington), operated a plastic resin compounding facility in Kearny, New Jersey, located adjacent to the Passaic River. The USEPA requested that companies located in the area of the lower Passaic River, including Franklin-Burlington, cooperate in an investigation of contamination of approximately 17 miles of the lower Passaic River Study Area (LPRSA). In response, Franklin-Burlington and approximately 70 other companies (collectively, the Cooperating Parties) agreed, pursuant to an Administrative Order on Consent with the USEPA, to assume responsibility for development of a Remedial Investigation and Feasibility Study of the LPRSA. Franklin-Burlington has not admitted to any liability or agreed to bear any other costs for remediation or natural resource damage.

In 2015, the Cooperating Parties submitted to the USEPA a remedial investigation report and feasibility study for the LPRSA, and are currently engaged in technical discussions with the USEPA regarding those documents. Neither of those documents contemplates who is responsible for remediation or how such costs might be allocated to PRPs. In March 2016, the USEPA issued a ROD selecting a remedy for an eight-mile portion of the LPRSA at an estimated and discounted cost of \$1.4 billion. On March 31, 2016, the USEPA sent a Notice of Potential Liability to over 100 companies, including Franklin-Burlington, and several municipalities for this eight-mile portion. In September 2016, the USEPA reached an agreement with Occidental Chemical Corporation (OCC), which orders OCC to conduct the remedial design for the lower eight mile portion of the Passaic River. In September 2017, the USEPA sent a letter to over 80 companies, including Franklin-Burlington, indicating that the USEPA would engage the recipients in an allocation process for the lower eight miles of the LPRSA, and has engaged a third-party allocator as part of that process. Along with other parties, Franklin-Burlington is participating in the development of this allocation process with the allocator retained by the USEPA, and this process is expected to continue into 2021. On June 30, 2018, OCC, independent of the USEPA, filed suit against 100 named entities, including Franklin-Burlington, seeking contribution for past and future costs associated with the remediation of the lower eight-mile portion of the LPRSA.

Based on the currently available information, we have not identified evidence that Franklin-Burlington contributed materially to the contamination into to the lower Passaic River. A timeline as to when an allocation of the remedial costs may be determined is not yet known and any final allocation to Franklin-Burlington has not been determined. Based upon the information provided to it as part of the allocation process for the lower eight miles of the LPRSA, Franklin-Burlington has determined that the current best estimate of any allocation of the liability that may be assigned to Franklin-Burlington will not be material to the consolidated financial statements.

Our Consolidated Balance Sheets include accruals totaling \$119.7 million and \$112.0 million as of December 31, 2020 and 2019, respectively, based on our estimates of probable future environmental expenditures relating to previously contaminated sites. These undiscounted amounts are included in *Accrued expenses and other current liabilities* and *Other non-current liabilities* on the accompanying Consolidated Balance Sheets. The accruals represent our best estimate of probable future costs that we can reasonably estimate, based upon currently available information and technology and our view of the most likely remedy. Depending upon the results of future testing, completion and results of remedial investigation and feasibility studies, the ultimate remediation alternatives undertaken, changes in regulations, technology development, new information, newly discovered conditions and other factors, it is reasonably possible that we could incur additional costs in excess of the amount accrued at December 31, 2020. However, such additional costs, if any, cannot be currently estimated.

The following table details the changes in the environmental accrued liabilities:

(in millions)	2020	2019	2018
Balance at beginning of the year	\$ 112.0	\$ 111.9	\$ 114.8
Environmental expenses	20.4	10.2	23.1
Net cash payments	(12.7)	(10.3)	(26.0)
Currency translation and other	—	0.2	—
Balance at the end of year	\$ 119.7	\$ 112.0	\$ 111.9

The environmental expenses noted in the table above are included in *Cost of sales* as are insurance recoveries received for previously incurred environmental costs. We received insurance recoveries of \$8.7 million, \$4.5 million, and \$4.3 million in 2020, 2019 and 2018, respectively. Such insurance recoveries are recognized as a gain when received.

Other Litigation — Avient is subject to a broad range of claims, administrative and legal proceedings such as lawsuits that relate to contractual allegations, tax audits, product claims, personal injuries, and employment related matters. Although it is not possible to predict with certainty the outcome or cost of these matters, the Company believes our current reserves are appropriate and these matters will not have a material adverse effect on the condensed consolidated financial statements.

Note 13 — INCOME TAXES

Income from continuing operations, before income taxes is summarized below based on the geographic location of the operation to which such earnings are attributable.

Income from continuing operations, before income taxes consists of the following:

(In millions)	2020	2019	2018
Domestic	\$ 19.6	\$ 41.2	\$ 4.1
International	119.4	68.2	97.7
Income from continuing operations, before income taxes	<u>\$ 139.0</u>	<u>\$ 109.4</u>	<u>\$ 101.8</u>

A summary of income tax expense from continuing operations is as follows:

(In millions)	2020	2019	2018
Current income tax expense (benefit):			
Domestic	\$ (25.8)	\$ 24.8	\$ (0.4)
International	32.7	21.9	22.0
Total current income tax expense	<u>\$ 6.9</u>	<u>\$ 46.7</u>	<u>\$ 21.6</u>
Deferred income tax (benefit) expense:			
Domestic	\$ 17.2	\$ (12.5)	\$ 11.1
International	(18.9)	(0.5)	(18.3)
Total deferred income tax benefit	<u>\$ (1.7)</u>	<u>\$ (13.0)</u>	<u>\$ (7.2)</u>
Total income tax expense	<u>\$ 5.2</u>	<u>\$ 33.7</u>	<u>\$ 14.4</u>

As of December 31, 2018, we completed our accounting for the tax effects of the enactment of the 2017 Tax Cuts and Jobs Act (TCJA). In compliance with the one-year measurement period of the SEC's Staff Accounting Bulletin 118 (SAB 118) (issued December 22, 2017), we finalized in 2018 the effects of the TCJA on our existing deferred income tax balances, the one-time transition tax assessed for 2017 or 2018 based on the year end of international corporate subsidiaries for US tax purposes, and, as discussed below, the impact the TCJA had on our indefinite reinvestment assertion pursuant to Accounting Principles Board 23 (APB 23). These finalized effects are included as components of income tax expense from continuing operations and are noted in the following tabular reconciliation. We also elected to recognize the resulting tax on global intangible low-taxed income (GILTI) and foreign-derived intangible income (FDII) as a period expense in the period in which the tax is incurred.

As of December 31, 2018, we completed our analysis with respect to the impact of the TCJA on our continuing assertion that our international earnings are indefinitely reinvested pursuant to APB 23. APB 23 provides guidance that US companies do not need to recognize tax effects on international earnings that are indefinitely reinvested. Our assertion changed with respect to prior year earnings of certain international affiliates, which resulted in a recognition of tax liabilities. For all other international affiliates, we did not change our assertion and no tax provision was made on these investments. For the years ended December 31, 2020, 2019, and 2018, see the following tabular reconciliation for the impact of International tax on certain current and prior year earnings.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted. The CARES Act includes certain provisions for the amount of interest expense that can be deducted. The Company expects to be able to deduct all U.S. interest expense incurred in 2020 pursuant to the CARES Act.

A reconciliation of the applicable U.S. federal statutory tax rate to the consolidated effective income tax rate from continuing operations along with a description of significant or unusual reconciling items is included below.

	Twelve Months Ended December 31,		
	2020	2019	2018
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
International tax rate differential:			
Asia	0.5	0.7	0.4
Europe	(4.4)	(10.3)	(11.6)
North and South America	1.2	0.7	(0.9)
Total international tax rate differential	(2.7)	(8.9)	(12.1)
Tax on GILTI and FDII	3.1	(0.1)	2.9
International tax on certain current and prior year earnings	2.0	1.6	9.4
Net impact of non-deductible acquisition earnouts and transaction cost	1.8	2.8	0.2
Tax on one-time gain from sale of other assets	—	6.0	—
U.S. tax reform	—	0.2	(3.3)
Research and development credit	(2.1)	(2.8)	(0.8)
Domestic production activities deduction	—	—	(1.1)
One-time U.S. tax benefit from internal reorganization of international subsidiaries	(13.1)	—	—
State and local tax, net	(3.4)	4.2	2.3
International permanent items	(5.2)	7.5	(1.6)
Net impact of uncertain tax positions	1.0	(2.4)	(0.6)
Changes in valuation allowances	0.5	1.7	(3.4)
Other	0.8	—	1.2
Effective income tax rate	3.7 %	30.8 %	14.1 %

The effective tax rates for all periods differed from the applicable U.S. federal statutory tax rate as a result of permanent items, state and local income taxes, differences in international tax rates and certain other items. Permanent items primarily consist of income or expense not taxable or deductible. Significant or other items impacting the effective income tax rate are described below.

2020 Significant items

For 2020, we recognized a one-time U.S. tax benefit of \$18.2 million (13.1%) from an internal reorganization of international subsidiaries.

For 2020, the State and local tax, net line totaled a benefit of \$4.7 million (3.4%) which included favorable tax return to prior year tax provision adjustments and a one-time state tax benefit from an internal reorganization of international subsidiaries.

International permanent items line included the favorable tax effect of notional interest deductions, favorable tax treatment of foreign exchanges losses, offset by non-deductibility of interest expense related to the receipt of tax-exempt dividends, which caused a net favorable tax impact of \$7.2 million (5.2%).

2019 Significant items

The State and local tax, net line included the result from an unfavorable state tax audit decision combined with higher domestic earnings in 2019.

International permanent items line included the tax effect of non-deductibility of interest expense related to the receipt of tax-exempt dividends, which caused an unfavorable tax effect of \$10.3 million (9.4%) partially offset by the tax impact of other net favorable permanent items of \$2.0 million (1.9%).

Net impact of uncertain tax positions line resulted from the expiration of statute of limitations and favorable tax settlements.

Changes in valuation allowances line in 2019 resulted from international operational losses.

2018 Significant items

State and local tax, net line was unfavorably impacted by a state tax audit decision.

International permanent items line included a favorable tax treatment of an international intellectual property transaction.

The benefit reflected in the Changes in valuation allowances line resulted primarily from the realizability of a deferred tax asset of one international entity.

Components of our deferred tax assets (liabilities) as of December 31, 2020 and 2019 were as follows:

(In millions)	2020	2019
Deferred tax assets:		
Employment costs	24.9	20.5
Environmental reserves	29.7	27.9
Net operating loss carryforwards	55.6	45.3
Operating leases	16.6	18.0
Other, net	43.9	40.1
Gross deferred tax assets	\$ 170.7	\$ 151.8
Valuation allowances	(20.7)	(16.2)
Total deferred tax assets, net of valuation allowances	\$ 150.0	\$ 135.6
Deferred tax liabilities:		
Property, plant and equipment	\$ (47.6)	\$ (25.9)
Goodwill and intangibles	(144.9)	(95.1)
Operating leases	(17.0)	(18.0)
Other, net	(2.4)	(9.2)
Total deferred tax liabilities	\$ (211.9)	\$ (148.2)
Net deferred tax (liabilities) assets	\$ (61.9)	\$ (12.6)
Consolidated Balance Sheets:		
Non-current deferred income tax assets	\$ 78.1	\$ 50.9
Non-current deferred income tax liabilities	\$ (140.0)	\$ (63.5)

As of December 31, 2020, we had gross state net operating loss carryforwards of \$38.6 million that expire between 2021 and 2040 or that have indefinite carryforward periods. Various international subsidiaries have gross net operating loss carryforwards totaling \$208.3 million that expire between 2021 and 2038 or that have indefinite carryforward periods. Total tax valuation allowances increased \$4.5 million from the prior year primarily due to a valuation allowance associated with certain assets acquired in the acquisition of Clariant Masterbatch. We have provided valuation allowances of \$11.0 million against certain international and state net operating loss carryforwards that are expected to expire prior to utilization.

As of December 31, 2020, no tax provision has been made on approximately \$456 million of undistributed earnings of certain non-U.S. subsidiaries as these amounts continue to be indefinitely reinvested consistent with our policy. The ending balance of our international tax on certain current and prior year earnings accrual as of December 31, 2020 and 2019 is included in the above Other, net deferred tax liabilities line (\$9.2 million and \$6.7 million respectively) above.

We made worldwide income tax payments of \$188.8 million and received refunds of \$9.9 million in 2020. We made worldwide income tax payments of \$45.7 million and \$40.5 million in 2019 and 2018, respectively, and received refunds of \$20.0 million and \$29.9 million in 2019 and 2018, respectively.

The Company records tax provisions for uncertain tax positions in accordance with ASC Topic 740, *Income Taxes*. A reconciliation of unrecognized tax benefits is as follows:

(In millions)	Unrecognized Tax Benefits		
	2020	2019	2018
Balance as of January 1,	\$ 11.2	\$ 16.4	\$ 17.8
Increases as a result of positions taken during current year	0.6	1.1	1.3
Increases as a result of positions taken for prior years	0.6	0.4	1.1
Reductions for tax positions of prior years	—	(0.7)	(2.6)
Decreases as a result of lapse of statute of limitations	(0.5)	(5.0)	(0.2)
Decreases relating to settlements with taxing authorities	(2.8)	—	(0.5)
Other, net	0.4	(1.0)	(0.5)
Balance as of December 31,	<u>\$ 9.5</u>	<u>\$ 11.2</u>	<u>\$ 16.4</u>

We recognize interest and penalties related to uncertain tax positions in the tax provision. As of December 31, 2020 and 2019, we had \$1.1 million and \$1.4 million accrued for interest and penalties, respectively.

Although the timing and outcome of tax settlements are uncertain, it is reasonably possible that during the next twelve months a reduction in unrecognized tax benefits may occur up to \$1.7 million based on the outcome of tax examinations and the expiration of statutes of limitations.

If all unrecognized tax benefits were recognized, the net impact on the tax provision would be a benefit of \$8.7 million.

The Company is currently being audited by state and international taxing jurisdictions. With limited exceptions, we are no longer subject to U.S. federal, state and international tax examinations for periods preceding 2017.

For the income tax impact associated with PP&S, refer to Note 3, *Discontinued Operations*.

Note 14 — SHARE-BASED COMPENSATION

Share-based compensation cost is based on the value of the portion of share-based payment awards that are ultimately expected to vest during the period. Share-based compensation cost recognized in the accompanying Consolidated Statements of Income includes compensation cost for share-based payment awards based on the grant date fair value estimated in accordance with the provision of FASB ASC Topic 718, *Compensation — Stock Compensation*. Share-based compensation expense is based on awards expected to vest and therefore has been reduced for estimated forfeitures.

Equity and Performance Incentive Plans

In May 2020, our shareholders approved the Avient Corporation 2020 Equity and Incentive Compensation Plan (2020 EICP). This plan replaced the PolyOne Corporation 2017 Equity and Incentive Compensation Plan (2017 EICP). The 2017 EICP was frozen upon the approval of the 2020 EICP. The 2020 EICP reserved 2.5 million common shares for the award of a variety of share-based compensation alternatives, including non-qualified stock options, incentive stock options, restricted stock, restricted stock units (RSUs), performance shares, performance units and stock appreciation rights (SARs). It is anticipated that all share-based grants and awards that are earned and exercised will be issued from Avient common shares that are held in treasury.

Share-based compensation is included in *Selling and administrative expense*. A summary of compensation expense by type of award follows:

(In millions)	2020	2019	2018
Stock appreciation rights	\$ 4.4	\$ 4.8	\$ 4.2
Performance shares	0.2	0.3	0.4
Restricted stock units	6.7	6.5	5.6
Total share-based compensation	<u>\$ 11.3</u>	<u>\$ 11.6</u>	<u>\$ 10.2</u>

Stock Appreciation Rights

During the years ended December 31, 2020, 2019 and 2018, the total number of SARs granted was 0.5 million, 0.6 million and 0.3 million, respectively. Awards vest in one-third increments upon the later of the attainment of time-based vesting over a three-year service period and stock price targets. Awards granted in 2020, 2019 and 2018 are subject to an appreciation cap of 200% of the base price. SARs have contractual terms of ten years from the date of the grant.

The SARs were valued using a Monte Carlo simulation method as the vesting is dependent on the achievement of certain stock price targets. The SARs have time and market-based vesting conditions but vest no earlier than their three year graded vesting schedule. The expected term is an output from the Monte Carlo model and is derived from employee exercise assumptions that are based on Avient historical exercise experience. The expected volatility was determined based on the average weekly volatility for our common shares for the contractual life of the awards. The expected dividend assumption was determined based upon Avient's dividend yield at the time of grant. The risk-free rate of return was based on available yields on U.S. Treasury bills of the same duration as the contractual life of the awards. Forfeitures were estimated at 3% per year based on our historical experience.

The following is a summary of the weighted average assumptions related to the grants issued during 2020, 2019 and 2018:

	2020	2019	2018
Expected volatility	33.0%	40.0%	41.0%
Expected dividends	2.57%	2.47%	1.67%
Expected term (in years)	6.9	6.6	6.5
Risk-free rate	1.56%	2.78%	3.06%
Value of SARs granted	\$8.11	\$10.13	\$14.82

A summary of SAR activity for 2020 is presented below:

(In millions, except per share data)	Shares	Weighted-Average Exercise Price per Share	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic value
Outstanding as of January 1, 2020	2.2	\$ 32.04	6.6	\$ 12.3
Granted	0.5	31.48		
Exercised	(0.1)	17.95		
Forfeited or expired	—	33.40		
Outstanding as of December 31, 2020	2.6	\$ 32.43	6.4	\$ 20.7
Vested and exercisable as of December 31, 2020	1.3	\$ 30.60	4.9	\$ 13.0

The total intrinsic value of SARs exercised during 2020, 2019 and 2018 was \$1.8 million, \$0.4 million and \$6.5 million, respectively. As of December 31, 2020, there was \$2.6 million of total unrecognized compensation cost related to SARs, which is expected to be recognized over the weighted average remaining vesting period of 22 months.

Restricted Stock Units

RSUs represent contingent rights to receive one common share at a future date provided certain vesting criteria are met.

During 2020, 2019 and 2018, the total number of RSUs granted was 0.3 million, 0.2 million and 0.2 million, respectively. In 2020, there were 0.2 million RSUs exercised. These RSUs, which generally vest on the third anniversary of the grant date, were granted to executives and other key employees. Compensation expense is measured on the grant date using the quoted market price of our common shares and is recognized on a straight-line basis over the requisite service period.

As of December 31, 2020, 0.6 million RSUs remain unvested with a weighted-average grant date fair value of \$32.86. Unrecognized compensation cost for RSUs at December 31, 2020 was \$7.2 million, which is expected to be recognized over the weighted average remaining vesting period of 23 months.

Note 15 — SEGMENT INFORMATION

Operating income is the primary measure that is reported to our chief operating decision maker (CODM) for purposes of allocating resources to the segments and assessing their performance. Operating income at the segment level does not include: corporate general and administrative expenses that are not allocated to segments; intersegment sales and profit eliminations; charges related to specific strategic initiatives such as the consolidation of operations; restructuring activities, including employee separation costs resulting from personnel reduction programs, plant closure and phase-in costs; executive separation agreements; share-based compensation costs; asset impairments; environmental remediation costs, along with related gains from insurance recoveries, and other liabilities for facilities no longer owned or closed in prior years; gains and losses on the divestiture of joint ventures and equity investments; actuarial gains and losses associated with our pension and other post-retirement benefit plans; and certain other items that are not included in the measure of segment profit or loss that is reported to and reviewed by our CODM. These costs are included in *Corporate and eliminations*.

Segment assets are primarily customer receivables, inventories, net property, plant and equipment, intangible assets and goodwill. Intersegment sales are generally accounted for at prices that approximate those for similar transactions with unaffiliated customers. *Corporate and eliminations* assets and liabilities primarily include cash, debt, pension and other employee benefits, environmental liabilities, retained assets and liabilities of discontinued operations, and other unallocated corporate assets and liabilities. The accounting policies of each segment are consistent with those described in Note 1, *Description of Business and Summary of Significant Accounting Policies*.

Avient has three reportable segments. The following is a description of each reportable segment.

Color, Additives and Inks

Color, Additives and Inks, which is an aggregation of the legacy PolyOne and Clariant MB operating segments, is a leading provider of specialized custom color and additive concentrates in solid and liquid form for thermoplastics, dispersions for thermosets, as well as specialty inks. Color and additive solutions include an innovative array of colors, special effects and performance-enhancing and sustainable solutions. When combined with polymer resins, our solutions help customers achieve differentiated specialized colors and effects targeted at the demands of today's highly design-oriented consumer and industrial end markets. Our additive concentrates encompass a wide variety of performance and process enhancing characteristics and are commonly categorized by the function that they perform, including UV light stabilization and blocking, antimicrobial, anti-static, blowing or foaming, antioxidant, lubricant, oxygen and visible light blocking and productivity enhancement. Of growing importance is our portfolio of additives that enable our customers to achieve their sustainability goals, including improved recyclability, reduced energy use, light weighting, and renewable energy applications. Our colorant and additives concentrates are used in a broad range of polymers, including those used in medical and pharmaceutical devices, food packaging, personal care and cosmetics, transportation, building products, wire and cable markets. We also provide custom-formulated liquid systems that meet a variety of customer needs and chemistries, including polyester, vinyl, natural rubber and latex, polyurethane and silicone. Our offerings also include proprietary inks and latexes for diversified markets such as recreational and athletic apparel, construction and filtration, outdoor furniture and healthcare. Our liquid polymer coatings and additives are largely based on vinyl and are used in a variety of markets, including building and construction, consumer, healthcare, industrial, packaging, textiles, appliances, transportation, and wire and cable. Color, Additives and Inks has manufacturing, sales and service facilities located throughout North America, South America, Europe, Middle East, Asia, and Africa.

Specialty Engineered Materials

Specialty Engineered Materials is a leading provider of specialty and sustainable polymer formulations, services and solutions for designers, assemblers and processors of thermoplastic materials across a wide variety of markets and end-use applications. Our product portfolio, which we believe to be one of the most diverse in our industry, includes specialty formulated high-performance polymer materials that are manufactured using thermoplastic resins and elastomers, which are then combined with advanced polymer additives, reinforcement, filler, colorant and/or biomaterial technologies. We also have what we believe is the broadest composite platform of solutions, which include a full range of products from long glass and carbon fiber technology to thermoset and thermoplastic composites. These solutions meet a wide variety of unique customer requirements for sustainability, in particular light weighting. Our technical and market expertise enables us to expand the performance range and structural properties of traditional engineering-grade thermoplastic resins to meet evolving customer needs. Specialty Engineered Materials has manufacturing, sales and service facilities located throughout North America, Europe, and Asia. Our product development and application reach is further enhanced by the capabilities of our Innovation Centers in the United States, Germany and China, which produce and evaluate prototype and sample parts to help

assess end-use performance and guide product development. Our manufacturing capabilities are targeted at meeting our customers' demand for speed, flexibility and critical quality.

Distribution

The Distribution business distributes more than 4,000 grades of engineering and commodity grade resins, including Avient-produced solutions, principally to the North American, Central American and Asian markets. These products are sold to over 6,500 custom injection molders and extruders who, in turn, convert them into plastic parts that are sold to end-users in a wide range of industries. Representing over 25 major suppliers, we offer our customers a broad product portfolio, just-in-time delivery from multiple stocking locations and local technical support. Expansion in Central America and Asia have bolstered Distribution's ability to serve the specialized needs of customers globally.

Financial information by reportable segment is as follows:

Year Ended December 31, 2020 (In millions)	Sales to External Customers	Intersegment Sales	Total Sales	Operating Income	Depreciation and Amortization	Capital Expenditures
Color, Additives and Inks	\$ 1,497.0	\$ 5.9	\$ 1,502.9	\$ 180.8	\$ 75.1	\$ 30.5
Specialty Engineered Materials	644.1	64.7	708.8	94.4	30.0	14.2
Distribution	1,087.4	22.9	1,110.3	69.5	0.7	1.4
Corporate and eliminations	13.6	(93.5)	(79.9)	(155.4)	9.2	17.6
Total	\$ 3,242.1	\$ —	\$ 3,242.1	\$ 189.3	\$ 115.0	\$ 63.7

Year Ended December 31, 2019 (In millions)	Sales to External Customers	Intersegment Sales	Total Sales	Operating Income	Depreciation and Amortization	Capital Expenditures
Color, Additives and Inks	\$ 998.2	\$ 5.6	\$ 1,003.8	\$ 147.4	\$ 42.7	\$ 21.5
Specialty Engineered Materials	689.6	56.1	745.7	83.7	29.5	23.3
Distribution	1,172.9	19.3	1,192.2	75.4	0.5	1.6
Corporate and eliminations	2.0	(81.0)	(79.0)	(149.7)	5.4	21.2
Total	\$ 2,862.7	\$ —	\$ 2,862.7	\$ 156.8	\$ 78.1	\$ 67.6

Year Ended December 31, 2018 (In millions)	Sales to External Customers	Intersegment Sales	Total Sales	Operating Income	Depreciation and Amortization	Capital Expenditures
Color, Additives and Inks	\$ 1,040.6	\$ 5.9	\$ 1,046.5	\$ 158.5	\$ 44.3	\$ 22.9
Specialty Engineered Materials	593.6	52.2	645.8	72.3	23.2	25.2
Distribution	1,246.8	18.6	1,265.4	71.5	0.7	0.1
Corporate and eliminations	—	(76.7)	(76.7)	(123.7)	4.4	8.3
Total	\$ 2,881.0	\$ —	\$ 2,881.0	\$ 178.6	\$ 72.6	\$ 56.5

Our sales are primarily to customers in the United States, Canada, Mexico, Europe, South America and Asia, and the majority of our assets are located in these same geographic areas. The following is a summary of sales and long-lived assets based on the geographic areas where the sales originated and where the assets are located:

(In millions)	2020	2019	2018
Sales:			
United States	\$ 1,619.7	\$ 1,560.4	\$ 1,543.1
Canada	107.6	140.6	142.2
Mexico	236.2	261.2	296.5
South America	51.4	27.8	20.0
Europe	729.8	556.2	547.4
Asia	497.4	316.5	331.8
Total Sales	<u>\$ 3,242.1</u>	<u>\$ 2,862.7</u>	<u>\$ 2,881.0</u>
(In millions)	2020	2019	
Total Assets:			
Color, Additives and Inks	\$ 3,018.7	\$ 1,215.8	
Specialty Engineered Materials	728.1	774.0	
Distribution	244.9	235.6	
Corporate and eliminations	878.8	1,047.9	
Total	<u>\$ 4,870.5</u>	<u>\$ 3,273.3</u>	
(In millions)	2020	2019	
Property, net:			
United States	\$ 261.8	\$ 220.0	
Canada	1.4	0.1	
Mexico	8.9	5.5	
South America	20.1	6.4	
Europe	224.5	98.1	
Asia	178.2	77.3	
Total Long lived assets	<u>\$ 694.9</u>	<u>\$ 407.4</u>	

Note 16 — DERIVATIVES AND HEDGING

We are exposed to market risks, such as changes in foreign currency exchange rates and interest rates. To manage the volatility related to these exposures we may enter into various derivative transactions. We formally assess, designate and document, as a hedge of an underlying exposure, the qualifying derivative instrument that will be accounted for as an accounting hedge at inception. Additionally, we assess both at inception and at least quarterly thereafter, whether the financial instruments used in the hedging transaction are effective at offsetting changes in either the fair values or cash flows of the underlying exposures and that ongoing assessment will be done qualitatively for highly effective relationships.

Net Investment Hedge

During October and December 2018, as a means of mitigating the impact of currency fluctuations on our Euro investments in foreign entities, we executed a total of six cross currency swaps, in which we will pay fixed-rate interest in Euros and receive fixed-rate interest in U.S. dollars with a combined notional amount of 250.0 million Euros and which mature in March 2023. In August and September 2020, we executed an additional five cross currency swaps, which are structured similarly to those executed in 2018. These swaps have a combined notional amount of 677.0 million Euros, which mature in May 2025. This effectively converts a portion of our U.S. Dollar denominated fixed-rate debt to Euro denominated fixed-rate debt. That conversion resulted in gains of \$10.4 million and \$8.3 million for the years ended December 31, 2020 and 2019, respectively, which was recognized within *Interest expense, net*.

We designated the swaps as net investment hedges of our net investment in our European operations and applied the spot method to these hedges. The changes in fair value of the derivative instruments that are designated and qualify as hedges of net investments in foreign operations are recognized within *Accumulated Other Comprehensive Income (Loss) (AOCI)* to offset the changes in the values of the net investment being hedged. For the years ended

December 31, 2020 and 2019, a loss of \$41.7 million and a gain of \$9.1 million, respectively, were recognized within translation adjustments in AOCI, net of tax.

Derivatives Designated as Cash Flow Hedging Instruments

In August 2018, we entered into two interest rate swaps with a combined notional amount of \$150.0 million to manage the variability of cash flows in the interest rate payments associated with our existing LIBOR-based interest payments, effectively converting \$150.0 million of our floating rate debt to a fixed rate. We began to receive floating rate interest payments based upon one month U.S. dollar LIBOR and in return are obligated to pay interest at a fixed rate of 2.732% until November 2022. The net interest payments accrued each month for these highly effective hedges are reflected in net income as adjustments of interest expense and the remaining change in the fair value of the derivatives is recorded as a component of AOCI. The amount of expense recognized within *Interest expense, net*, associated with interest rate swaps was \$3.2 million and \$0.7 million for the years ending December 31, 2020 and 2019, respectively. The amount of loss recognized in AOCI, net of tax was \$1.6 million and \$2.5 million for the years ended December 31, 2020 and 2019, respectively.

All of our derivative assets and liabilities measured at fair value are classified as Level 2 within the fair value hierarchy. We determine the fair value of our derivatives based on valuation methods, which project future cash flows and discount the future amounts present value using market based observable inputs, including interest rate curves and foreign currency rates. The fair value of derivative financial instruments recognized in the Condensed Consolidated Balance Sheets is as follows:

(In millions)	Balance Sheet Location	December 31, 2020		December 31, 2019	
Assets					
Cross Currency Swaps (Net Investment Hedge)	Other non-current assets	\$	—	\$	14.7
Liabilities					
Cross Currency Swaps (Net Investment Hedge)	Other non-current liabilities	\$	41.1	\$	—
Interest Rate Swap (Fair Value Hedge)	Other non-current liabilities	\$	7.3	\$	5.1

Note 17 — SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

(In millions, except per share data)	2020 Quarters				2019 Quarters			
	Fourth	Third	Second	First	Fourth	Third	Second	First
Sales	\$ 997.0	\$ 924.5	\$ 609.1	\$ 711.5	\$ 658.6	\$ 705.3	\$ 748.2	\$ 750.6
Gross Margin	252.9	210.2	149.7	171.5	153.3	160.5	175.3	168.1
Operating Income	65.0	33.5	38.0	52.8	20.5	43.1	46.1	47.1
Net income (loss) from continuing operations	74.7	2.6	23.4	33.1	6.4	23.6	23.2	22.5
Net income from continuing operations attributable to Avient Shareholders	74.2	1.7	23.0	33.1	6.4	23.5	23.2	22.4
Income (loss) from discontinued operations, net of income taxes	0.1	—	(0.2)	(0.3)	458.9	19.5	18.9	15.8
Net income (loss) attributable to Avient common shareholders	\$ 74.3	\$ 1.7	\$ 22.8	\$ 32.8	\$ 465.3	\$ 43.0	\$ 42.1	\$ 38.2
Earnings (loss) per share from continuing operations attributable to Avient shareholders: ⁽¹⁾								
Basic earnings per share	\$ 0.81	\$ 0.02	\$ 0.25	\$ 0.38	\$ 0.08	\$ 0.31	\$ 0.30	\$ 0.29
Diluted earnings per share	\$ 0.81	\$ 0.02	\$ 0.25	\$ 0.38	\$ 0.08	\$ 0.30	\$ 0.30	\$ 0.29
Earnings (loss) per share from discontinued operations: ⁽¹⁾								
Basic earnings per share	\$ —	\$ —	\$ —	\$ —	\$ 5.97	\$ 0.25	\$ 0.24	\$ 0.20
Diluted earnings per share	\$ —	\$ —	\$ —	\$ —	\$ 5.92	\$ 0.25	\$ 0.24	\$ 0.20
Total earnings (loss) per share attributable to Avient shareholders: ⁽¹⁾								
Basic earnings per share	\$ 0.81	\$ 0.02	\$ 0.25	\$ 0.38	\$ 6.05	\$ 0.56	\$ 0.54	\$ 0.49
Diluted earnings per share	\$ 0.81	\$ 0.02	\$ 0.25	\$ 0.38	\$ 6.00	\$ 0.56	\$ 0.54	\$ 0.49

(1) Per share amounts for each quarter and the full year have been computed separately. The sum of the quarterly amounts may not equal the annual amounts presented because of the differences in average shares outstanding during each period.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure controls and procedures

Avient's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of Avient's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2020. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2020.

The Company completed the Clariant MB Acquisition on July 1, 2020 and has not yet included Clariant MB in its assessment of the effectiveness of its internal control over financial reporting. The Company is currently integrating Clariant MB into its operations, compliance programs and internal control processes. Accordingly, pursuant to the SEC's general guidance that an assessment of a recently acquired business may be omitted from the scope of an assessment in the year of acquisition, the scope of our assessment of the effectiveness of our disclosure controls and procedures does not include Clariant MB. Clariant MB constituted approximately 41.6% of the Company's total assets (inclusive of acquired intangible assets) as of December 31, 2020, and approximately 16.8% of the Company's net sales for the year ended December 31, 2020.

Management's Annual Report On Internal Control Over Financial Reporting

The following report is provided by management in respect of Avient's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act):

1. Avient's management is responsible for establishing and maintaining adequate internal control over financial reporting.
2. Under the supervision of and with participation of Avient's management, including the Chief Executive Officer and the Chief Financial Officer, we conducted an evaluation of the effectiveness of internal control over financial reporting as of December 31, 2020 based on the guidelines established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2013 Framework). Management believes that the 2013 Framework is a suitable framework for its evaluation of financial reporting because it is free from bias, permits reasonably consistent qualitative and quantitative measurements of Avient's internal control over financial reporting, is sufficiently complete so that those relevant factors that would alter a conclusion about the effectiveness of Avient's internal control over financial reporting are not omitted and is relevant to an evaluation of internal control over financial reporting. Management's assessment of internal control over financial reporting as of December 31, 2020 excludes internal control over financial reporting related to Clariant MB (acquired July 1, 2020), which constituted approximately 41.6% of the Company's total assets (inclusive of acquired intangible assets) as of December 31, 2020, and approximately 16.8% of the Company's net sales for the year ended December 31, 2020.
3. Based on the results of our evaluation, management has concluded that such internal control over financial reporting was effective as of December 31, 2020. There were no material weaknesses in internal control over financial reporting identified by management. The results of management's assessment were reviewed with our Audit Committee.
4. Ernst & Young LLP, who audited the consolidated financial statements of Avient for the year ended December 31, 2020, also issued an attestation report on Avient's internal control over financial reporting under Auditing Standard No. 2201 of the Public Company Accounting Oversight Board. This attestation report is set forth on page 32 of this Annual Report on Form 10-K and is incorporated by reference into this Item 9A.

Changes in internal control over financial reporting

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations in internal control over financial reporting

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information regarding Avient's directors, including the identification of the audit committee and audit committee financial experts, is incorporated by reference to the information contained in Avient's Proxy Statement with respect to the 2021 Annual Meeting of Shareholders (2021 Proxy Statement). Information concerning executive officers is contained in Part I of this Annual Report on Form 10-K under the heading "Information About Our Executive Officers."

The information regarding Section 16(a) beneficial ownership reporting compliance is incorporated by reference to the material under the heading "Delinquent Section 16(a) Reports" in the 2021 Proxy Statement.

The information regarding any changes in procedures by which shareholders may recommend nominees to Avient's Board of Directors is incorporated by reference to the information contained in the 2021 Proxy Statement.

Avient has adopted a code of ethics that applies to its principal executive officer, principal financial officer and principal accounting officer. Avient's code of ethics is posted under the Corporate Governance tab of the Investor Relations page of its website at www.avient.com. Avient will post any amendments to, or waivers of, its code of ethics that apply to its principal executive officer, principal financial officer and principal accounting officer on its website.

ITEM 11. EXECUTIVE COMPENSATION

The information regarding executive officer and director compensation is incorporated by reference to the information contained in the 2021 Proxy Statement.

The information regarding compensation committee interlocks and insider participation and the compensation committee report is incorporated by reference to the information contained in the 2021 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾ (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) ⁽²⁾ (c)
Equity compensation plans approved by security holders	2,548,083	\$32.43	3,060,250
Equity compensation plans not approved by security holders	—	—	—
Total	2,548,083	\$32.43	3,060,250

⁽¹⁾ This amount represents shares underlying SAR awards that have been previously granted but not yet exercised.

⁽²⁾ In addition to options, warrants and rights, the Avient Corporation 2020 Equity and Incentive Compensation Plan (the 2020 EICP) authorizes the issuance of restricted stock, restricted stock units, performance shares and awards to Non-Employee Directors. This amount represents shares remaining available for future awards under the EICP. The 2020 EICP limits the total number of shares that may be issued as one or more of these types of awards to 3.1 million.

The information regarding security ownership of certain beneficial owners is incorporated by reference to the information contained in the 2021 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information regarding certain relationships and related transactions and director independence is incorporated by reference to the information contained in the 2021 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information regarding fees paid to and services provided by Avient's independent registered public accounting firm and the pre-approval policies and procedures of the audit committee is incorporated by reference to the information contained in the 2021 Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements:

The following consolidated financial statements of Avient Corporation are included in Item 8:

Consolidated Statements of Income for the years ended December 31, 2020, 2019 and 2018

Consolidated Statements of Comprehensive Income for the years ended December 31, 2020, 2019 and 2018

Consolidated Balance Sheets at December 31, 2020 and 2019

Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2020, 2019 and 2018

Notes to Consolidated Financial Statements

All other schedules for which provision is made in Regulation S-X of the SEC are not required under the related instructions or are inapplicable and, therefore, have been omitted.

(a)(3) Exhibits:

Exhibit No.	Exhibit Description
2.1†	Equity Purchase Agreement dated June 29, 2017, by and among PolyOne Corporation, PolyOne Designed Structures and Solutions LLC and NLIN Plastics, LLC (incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, SEC File No. 1-16091)
2.2†	Asset Purchase Agreement, dated August 16, 2019, by and among PolyOne Corporation and SK Echo Group S.à r.l. (incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, SEC File no. 1-16091)
2.3†	Share Purchase Agreement, dated December 19, 2019, by and between PolyOne Corporation and Clariant AG (incorporated by reference to Exhibit 2.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, SEC File No. 1-16091)
3.1**	Amended and Restated Articles of Incorporation of Avient Corporation (as amended through June 30, 2020)
3.2**	Amended and Restated Code of Regulations, effective June 30, 2020
4.1	Indenture, dated February 28, 2013, between PolyOne Corporation and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 5, 2013, SEC File No. 1-16091)
4.2	Indenture, dated May 13, 2020, between PolyOne Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on May 15, 2020, SEC File No. 1-16091)
4.3	Description of Securities (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, SEC File No. 1-16091)
10.1	Third Amended and Restated Credit Agreement, dated June 28, 2019, by and among PolyOne Corporation, the subsidiaries of PolyOne Corporation party thereto, Wells Fargo Capital Finance, LLC, as administrative agent, and the various lenders and other agents party thereto (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, SEC File No. 1-16091)
10.2	Credit Agreement, dated November 12, 2015, by and among PolyOne Corporation, as borrower, Citibank, N.A., as administrative agent, each of Citigroup Global Markets Inc., Wells Fargo Securities LLC, Goldman, Sachs & Co., HSBC Securities (USA) Inc. and Morgan Stanley & Co. LLC, as joint-lead arrangers and joint-book managers, Jefferies Finance LLC, KeyBanc Capital Markets Inc. and SunTrust Robinson Humphrey, Inc., as co-managers, and several other commercial lending institutions that are parties thereto (incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, SEC File No. 1-16091)
10.3	Amendment Agreement No. 1 to the Credit Agreement, dated as of June 15, 2016, among the Company, certain subsidiaries of the Company, Citibank, N.A., as administrative agent, and the additional lender party thereto (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, SEC File No. 16091)
10.4	Amendment Agreement No. 2, dated August 3, 2016, by and among PolyOne Corporation, the subsidiaries of PolyOne Corporation party thereto, Citibank, N.A., as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 5, 2016, SEC File No. 1-16091)
10.5	Amendment Agreement No. 3, dated January 24, 2017, by and among PolyOne Corporation, the subsidiaries of PolyOne Corporation party thereto, Citibank, N.A., as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, SEC File No. 1-16091)
10.6	Amendment Agreement No. 4, dated August 15, 2017, by and among PolyOne Corporation, the subsidiaries of PolyOne Corporation party thereto, Citibank, N.A., as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, SEC File No. 1-16091)

<u>10.7</u>	<u>Amendment Agreement No. 5, dated April 11, 2018, by and among PolyOne Corporation, the subsidiaries of PolyOne Corporation party thereto, Citibank, N.A., as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, SEC File No. 1-16091)</u>
<u>10.8</u>	<u>Amendment Agreement No. 6, dated November 9, 2018, by and among PolyOne Corporation, the subsidiaries of PolyOne Corporation party thereto, Citibank, N.A., as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 13, 2018, SEC File No. 1-16091)</u>
<u>10.9+</u>	<u>Form of 2011 Award Agreement under the 2010 Equity and Performance Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, SEC File No. 1-16091)</u>
<u>10.10+</u>	<u>Amended and Restated Avient Corporation 2010 Equity and Performance Incentive Plan (incorporated by reference to Appendix B to the Company's definitive proxy statement on Schedule 14A filed on April 3, 2015, SEC File No. 1-16091)</u>
<u>10.11+</u>	<u>First Amendment to the Avient Supplemental Retirement Benefit Plan (As Amended and Restated Effective January 1, 2014), dated as of March 16, 2016; Amendment No. 2 to the Avient Supplemental Retirement Benefit Plan (As Amended and Restated Effective January 1, 2014), dated as of December 19, 2018; and Amendment No. 3 to the Avient Supplemental Retirement Benefit Plan (As Amended and Restated Effective January 1, 2014), dated as of April 18, 2019 (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8, filed on May 6, 2019, SEC File No. 333-231236)</u>
<u>10.12+</u>	<u>Avient 2017 Equity and Incentive Compensation Plan (incorporated by reference to Appendix B to the Company's definitive proxy statement on Schedule 14A filed on March 31, 2017, SEC File No. 1-16091)</u>
<u>10.13+</u>	<u>Amended and Restated Deferred Compensation Plan for Non-Employee Directors (as amended and restated effective May 20, 2014) (incorporated by reference to Exhibit 10.7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, SEC File No. 1-16091)</u>
<u>10.14+</u>	<u>Form of Management Continuity Agreement for Executive Officers prior to 2011 (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, SEC File No. 1-16091)</u>
<u>10.15+</u>	<u>Form of Management Continuity Agreement for Executive Officers after 2011 (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, SEC File No. 1-16091)</u>
<u>10.16+**</u>	<u>Schedule of Executive Officers with Management Continuity Agreements</u>
<u>10.17+</u>	<u>Avient Supplemental Retirement Benefit Plan (As Amended and Restated Effective January 1, 2014) (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, SEC file No. 1-16091)</u>
<u>10.18</u>	<u>Assumption of Liabilities and Indemnification Agreement, dated March 1, 1993, amended and restated by Amended and Restated Assumption of Liabilities and Indemnification Agreement, dated April 27, 1993 (incorporated by reference to Exhibit 10.14 to The Geon Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, SEC File No. 1-11804)</u>
<u>10.19+</u>	<u>Executive Severance Plan, as amended and restated effective May 15, 2014 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, SEC File No. 1-16091)</u>
<u>10.20+</u>	<u>Form of 2012 Award Agreement under the Avient Corporation 2010 Equity and Performance Incentive Plan, as amended (incorporated by reference to Exhibit 10.38 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, SEC File No. 1-16091)</u>
<u>10.21+</u>	<u>Form of 2013 Award Agreement under the Avient Corporation 2010 Equity and Performance Incentive Plan, as amended (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, SEC File No. 1-16091)</u>
<u>10.22+</u>	<u>Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 5, 2006, SEC File No. 1-16091)</u>
<u>10.23+</u>	<u>Form of 2014 Award Agreement under the Avient Corporation 2010 Equity and Performance Incentive Plan, as amended (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, SEC File No. 1-16091)</u>
<u>10.24+</u>	<u>Avient Corporation 2020 Equity and Incentive Compensation Plan (incorporated by reference to Appendix B to the Company's definitive proxy statement on Schedule 14A filed on March 30, 2020, SEC File No. 1-16091)</u>
<u>10.25+**</u>	<u>Form of 2021 Award Agreement under the Avient Corporation 2020 Equity and Incentive Compensation Plan</u>

Exhibit No.	Exhibit Description
<u>21.1**</u>	<u>Subsidiaries of the Company</u>
<u>23.1**</u>	<u>Consent of Independent Registered Public Accounting Firm - Ernst & Young LLP</u>
<u>31.1**</u>	<u>Certification of Robert M. Patterson, Chairman, President and Chief Executive Officer, pursuant to SEC Rules 13a-14(a) and 15d-14(a), adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>31.2**</u>	<u>Certification of Jamie A. Beggs, Senior Vice President and Chief Financial Officer, pursuant to SEC Rules 13a-14(a) and 15d-14(a), adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>32.1**</u>	<u>Certification pursuant to 18 U.S.C. § 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as signed by Robert M. Patterson, Chairman, President and Chief Executive Officer</u>
<u>32.2**</u>	<u>Certification pursuant to 18 U.S.C. § 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as signed by Jamie A. Beggs, Senior Vice President and Chief Financial Officer</u>
101 .INS**	Inline XBRL Instance Document
101 .SCH**	Inline XBRL Taxonomy Extension Schema Document
101 .CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101 .LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document
101 .PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101 .DEF**	Inline XBRL Taxonomy Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

+ Indicates management contract or compensatory plan, contract or arrangement in which one or more directors or executive officers of the Registrant may be participants

† Certain exhibits and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K and will be provided to the Securities and Exchange Commission upon request.

** Filed herewith.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AVIENT CORPORATION

February 25, 2021

BY: /S/ JAMIE A. BEGGS

Jamie A. Beggs Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated and on the dates indicated.

Signature and Title		
<u>/S/ ROBERT M. PATTERSON</u> Robert M. Patterson	Chairman, President and Chief Executive Officer (Principal Executive Officer)	February 25, 2021
<u>/S/ JAMIE A. BEGGS</u> Jamie A. Beggs	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 25, 2021
<u>/S/ ROBERT E. ABERNATHY</u> Robert E. Abernathy	Director	February 25, 2021
<u>/S/ RICHARD H. FEARON</u> Richard H. Fearon	Director	February 25, 2021
<u>/S/ GREGORY J. GOFF</u> Gregory J. Goff	Director	February 25, 2021
<u>/S/ WILLIAM R. JELLISON</u> William R. Jellison	Director	February 25, 2021
<u>/S/ SANDRA BEACH LIN</u> Sandra Beach Lin	Director	February 25, 2021
<u>/S/ KIM ANN MINK</u> Kim Ann Mink	Director	February 25, 2021
<u>/S/ KERRY J. PREETE</u> Kerry J. Preete	Director	February 25, 2021
<u>/S/ PATRICIA VERDUIN</u> Patricia Verduin	Director	February 25, 2021
<u>/S/ WILLIAM A. WULFSOHN</u> William A. Wulfsohn	Director	February 25, 2021

AMENDED AND RESTATED ARTICLES OF INCORPORATION OF
AVIENT CORPORATION

(As amended through June 30, 2020)

FIRST: The name of the Corporation is: Avient Corporation.

SECOND: The place in the State of Ohio where the principal office of the Corporation shall be located is in the City of Avon Lake, County of Lorain.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be formed under the General Corporation Law of the State of Ohio as from time to time in effect.

FOURTH: The total authorized capital stock of the Corporation shall be four hundred forty million (440,000,000) shares consisting of four hundred million (400,000,000) common shares, par value \$.01 per share (the "Common Shares"), and forty million (40,000,000) preferred shares, par value \$.01 per share (the "Series Preferred Shares").

The preferences, relative, participating, optional or other special rights, qualifications, limitations, restrictions, voting powers and privileges of each class of the Corporation's capital stock shall be as follows:

I. COMMON SHARES

- (a) *Issuance.* Common Shares may be issued from time to time in such amounts and for such purposes as shall be determined by the Board of Directors of the Corporation.
- (b) *Voting Rights.* Except as otherwise required by law and the provisions of these Articles of Incorporation and except as provided by the resolution or resolutions of the Board of Directors creating or amending any series of the Series Preferred Shares, the holders of the Common Shares of the Corporation possess full voting power for the election of directors and for all other purposes.
- (c) *Dividends.* Subject to the requirements of law, these Articles of Incorporation, as amended from time to time, and the resolution or resolutions of the Board of Directors creating or modifying any series of the Series Preferred Shares, the holders of Common Shares shall, after payment in full of all dividends to which holders of the Series Preferred Shares shall be entitled, be entitled to receive such dividends as and when the same may be declared from time to time by the Board of Directors of the Corporation out of funds legally available therefor.
- (d) *Liquidation.* Subject to the requirements of law, these Articles of Incorporation as amended from time to time, and the resolution or resolutions of the Board of Directors creating or modifying any series of the Series of Preferred Shares, the holders of the Common Shares shall, in the event of any liquidation, dissolution or other winding up of the Corporation, whether voluntary or involuntary, and after all holders of the Series of Preferred Shares shall have been paid in full the amounts to which they respectively shall be entitled, be entitled to receive all the remaining assets of the Corporation of whatever kind, such assets to be distributed pro rata to the holders of the Common Shares.

II. SERIES PREFERRED SHARES

- (a) *Issuance.* The Series Preferred Shares may be issued in one or more series as shall from time to time be created and authorized to be issued by the Board of Directors as hereinafter provided.
- (b) *Authority Of the Board Of Directors.* The Board of Directors is hereby expressly authorized, by resolution or resolutions from time to time adopted to amend these Articles of Incorporation to provide for the issuance of any series of the Series Preferred Shares and to determine, to the extent not otherwise provided by law, the designations, powers, preferences and relative, participating, optional and other special rights, if

any, of the shares of each series of the Series Preferred Shares, and the qualifications, limitations and restrictions thereof, including (but without limiting the generality of the foregoing) any of the following:

- (i) the number of shares to constitute such series (which number may at any time, or from time to time, be increased or decreased by the Board of Directors, notwithstanding that shares of the series may be outstanding at the time of such increase or decrease, unless the Board of Directors shall have otherwise provided in creating such series) and the distinctive name and serial designation thereof;
- (ii) the annual dividend rate or rates and the date on which the first dividend on shares of such series shall be payable and all subsequent dividend payment dates;
- (iii) whether dividends are to be cumulative or non-cumulative, the participating or other special rights, if any, with respect to the payment of dividends and the date from which dividends on all shares of such series issued prior to the record date for the first dividend shall be cumulative (such dividends shall be cumulative only if and to the extent set forth in a certificate filed pursuant to law);
- (iv) whether any series shall be subject to redemption and, if so, the manner of redemption and the redemption price or prices for such series, which may consist of a redemption price or scale of redemption prices applicable only to redemption for a sinking fund (which terms as used in this clause shall include any fund or provisions for the periodic purchase or retirement of shares), and a different redemption price or scale of redemption prices applicable to any other redemption;
- (v) whether or not the shares of such series shall be subject to the operation of a purchase, retirement or sinking fund, and, if so, whether such purchase, retirement or sinking fund shall be cumulative or non-cumulative, the extent to and the manner in which such fund shall be applied to the purchase or redemption of the shares of such series for retirement or for other corporate purposes and the terms and provisions relative to the operation thereof;
- (vi) the terms, if any, upon which shares of such series shall be convertible into, or exchangeable for, or shall have rights to purchase or other privileges to acquire shares of any other class or of any other series of the same or any other class, including the price or prices or the rate or rates of conversion, exchange, purchase or acquisition and the terms of adjustment, if any;
- (vii) the limitations and restrictions, if any, to be effective while any shares of such series are outstanding *upon* the payment of dividends or making of other distributions on, and upon the purchase, redemption, or other acquisition of, the Common Shares or any other series or class of stock of the Corporation ranking junior to the shares of such series, either as to dividends or upon liquidation;
- (viii) the conditions or restrictions, if any, upon the creation of indebtedness of the Corporation or upon the issuance of any additional shares of any class (including additional shares of such series of the Series Preferred Shares) ranking on a parity with or prior to the shares of such series either as to dividends or upon liquidation; and
- (ix) the voting rights of any such series, if any, which may be full, limited, or denied.

FIFTH: The business of the Corporation shall be managed under the direction of the Board of Directors except as otherwise provided by law. The number of Directors of the Corporation shall be fixed from time to time by or in the manner provided in, the Code of Regulations. Election of Directors need not be by written ballot unless the Code of Regulations of the Corporation shall so provide.

SIXTH:

- (a) A Director of the Corporation shall under no circumstances have any personal liability to the Corporation or its Shareholders for monetary damages for breach of fiduciary duty as a Director except for those breaches and acts or omissions with respect to which the General Corporation Law of the State of Ohio, as from time to time amended, expressly provides that this provision shall not eliminate or limit such personal liability of Directors. Neither the modification nor repeal of this paragraph (a) of this Article SIXTH nor any amendment to the General Corporation Law of the State of Ohio that does not have retroactive application shall limit the right of Directors hereunder to exculpation from personal liability for any act or omission occurring prior to such amendment, modification or repeal.
- (b) The Corporation shall indemnify each Director and Officer of the Corporation to the fullest extent permitted by applicable law, except as may be otherwise provided in the Code of Regulations of the

Corporation. Neither the modification nor repeal of paragraph (b) of this Article SIXTH nor any amendment to the General Corporation Law of the State of Ohio that does not have retroactive application shall limit the right of Directors and Officers hereunder to indemnification with respect to any act or omission occurring prior to such modification, amendment or repeal.

SEVENTH: Except as may be otherwise provided in any designation of the terms of Series Preferred Shares, Shareholders of the Corporation shall not have the right to vote cumulatively in the election of Directors.

EIGHTH: Except as may be otherwise provided in any designation of the terms of Series Preferred Shares, Shareholders of the Corporation shall not have the pre-emptive right, by reason of their status as Shareholders, to purchase securities offered or sold by the Corporation.

NINTH: The Corporation, by action of its Board of Directors, and without action by its Shareholders, may, from time to time, purchase its own shares of any class in accordance with the provisions of the General Corporation Law of the State of Ohio; and such purchase may be made either in the open market, or at public or private sales, in such manner and amounts, from such holder or holders of outstanding shares of the Corporation and at such price as the Board of Directors shall, from time to time, determine.

TENTH: The Corporation reserves the right to amend, alter, change or repeal any provisions contained in these Articles of Incorporation in the manner now or hereafter prescribed by statute, and all rights conferred upon Shareholders herein are granted subject to this reservation. Notwithstanding anything to the contrary contained in these Articles of Incorporation, the affirmative vote of the holders of at least three-quarters of the voting power of the Corporation, voting together as a single class, shall be required to amend or repeal, or adopt any provision inconsistent with Article FIFTH, Article SEVENTH, Article EIGHTH, Article NINTH, or this¹ Article TENTH; provided, however, that this Article TENTH shall not alter the voting entitlement of shares that, by virtue of any Preferred Share Designation, are expressly entitled to vote on any amendment to these Articles of Incorporation.

ELEVENTH: Any and every statute of the State of Ohio hereafter enacted, whereby the rights, powers or privileges of corporations or of the Shareholders of corporations organized under the laws of the State of Ohio are increased or diminished or in any way affected, or whereby effect is given to the action taken any number, less than all, of the Shareholders of any such corporation, shall apply to the Corporation and shall be binding not only upon the Corporation but upon every Shareholder of the Corporation to the same extent as if such statute had been in force at the date of filing these Articles of Incorporation in the office of the Secretary of State of Ohio.

AVIENT CORPORATION REGULATIONS

SHAREHOLDERS' MEETINGS

1. *Time and Place of Meetings.* All meetings of the Shareholders for the election of Directors or for any other purpose will be held at such time and place, within or without the State of Ohio, as may be designated by the Board or, in the absence of such designation, by the Chairman, the President, or the Secretary, and stated in the notice of the meeting. Notwithstanding the foregoing, the Board may, in its sole discretion, determine that any annual or special meeting of Shareholders will not be held at any place, but may instead be held by means of communications equipment, including through the use of a virtual or telephonic meeting, subject to such guidelines and procedures as the Board may adopt from time to time. The Board may postpone and reschedule any previously scheduled annual or special meeting of the Shareholders.

2. *Annual Meeting.* An annual meeting of the Shareholders will be held at such date and time as may be designated from time to time by the Board, at which the Shareholders will elect by a plurality vote the Directors to succeed those whose terms expire at such meeting and will transact such other business as may properly be brought before the meeting in accordance with Regulation 8.

3. *Special Meetings.* (a) Special meetings of the Shareholders may be called only by (i) the Chairman, (ii) the President, (iii) the Secretary within 10 calendar days after receipt of the written request of a majority of the total number of Directors that the Corporation would have if there were no vacancies (the "Whole Board") or (iv) any person or persons who hold not less than 50% of all the shares entitled to be voted at such meeting. Any such request by a majority of the Whole Board must be sent to the Chairman and the Secretary and must state the purpose or purposes of the proposed meeting. Special meetings of holders of the outstanding Preferred Shares, if any, may be called in the manner and for the purposes provided in the resolution or resolutions providing for the issuance of such Preferred Shares (collectively, a "Preferred Share Designation").

(b) Upon written request by any person or persons entitled to call a special meeting of Shareholders pursuant to Regulation 3(a) delivered in person or by registered mail to the Chairman, the President or the Secretary, such Officer shall forthwith cause notice of the meeting to be given to the Shareholders entitled to notice of such meeting in accordance with Regulation 4. If such notice shall not be given within 60 days after the delivery or mailing of such request, the person or persons requesting the meeting may fix the time of the meeting and give, or cause to be given, notice in the manner provided in Regulation 4.

4. *Notice of Meetings.* Except as otherwise provided by law, written notice of every meeting of Shareholders, stating the place (if any), date and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by mail, overnight delivery service or any other means of communication authorized by the Shareholder to whom the notice is given, not less than 7 nor more than 60 calendar days before the date of the meeting to each Shareholder of record entitled to notice of such meeting. If such notice is mailed or sent by overnight delivery service, it shall be addressed to the Shareholder at the Shareholder's address as it appears on the stock ledger of the Corporation, and notice shall be deemed to have been given on the day so mailed or sent. If sent by another means of communication authorized by the Shareholder, the notice shall be sent to the address furnished

by the Shareholder for those transmissions. When a meeting is adjourned to another place (if any), date, or time, written notice need not be given of the adjourned meeting if the place (if any), date, and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the adjournment is for more than 30 calendar days, or if after the adjournment a new record date is fixed for the adjourned meeting, written notice of the place (if any), date, and time of the adjourned meeting must be given in conformity herewith. At any adjourned meeting, any business may be transacted which properly could have been transacted at the original meeting.

5. *Inspectors.* The Board shall appoint one or more inspectors of election to act at each meeting of Shareholders and to make a written report thereof. The Board may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of Shareholders, the presiding Officer of the meeting shall appoint one or more substitute inspectors.

6. *Quorum.* Except as otherwise provided by law or in a Preferred Share Designation, the holders of a majority of the shares issued and outstanding and entitled to vote thereat, present in person or represented by proxy, will constitute a quorum at all meetings of the Shareholders for the transaction of business thereat. If, however, a quorum is not present or represented at any meeting of Shareholders, the holders of a majority of the voting shares represented at such meeting will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented.

7. *Voting.* Except as otherwise provided by law, by the Articles of Incorporation, or in a Preferred Share Designation, each Shareholder will be entitled at every meeting of the Shareholders to one vote for each share having voting power standing in the name of such Shareholder on the books of the Corporation on the record date for the meeting and such votes may be cast either in person or by proxy. A Shareholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by revoking the proxy or by a later appointment of another proxy. The vote upon election of any Director shall be by ballot. The vote upon any other question brought before the meeting of Shareholders may be by voice vote, unless otherwise required by the Articles of Incorporation or the Regulations or unless the Chairman or the holders of a majority of the outstanding shares of all classes entitled to vote thereon present in person or by proxy at such meeting otherwise determine. Every vote taken by written ballot will be counted by the inspectors of election. When a quorum is present at any meeting, the affirmative vote of the holders of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter, and which has actually been voted, will be the act of the Shareholders, except in the election of Directors or as otherwise provided in these Regulations, the Articles of Incorporation, a Preferred Share Designation, or by law. An abstention shall not represent a vote cast.

8. *Order of Business.* (a) The Chairman, or such other Officer of the Corporation designated by a majority of the Whole Board, will call meetings of the Shareholders to order and will act as the presiding Officer thereof. Unless otherwise determined by the Board prior to the meeting, the presiding Officer of the meeting of the Shareholders will also determine the order of business and have the authority in his or her sole discretion to regulate the conduct of any such meeting, including without limitation by imposing restrictions on the persons (other than Shareholders of the Corporation or their duly appointed proxies) who may attend any such Shareholders' meeting, by ascertaining whether any Shareholder or his or her proxy may be excluded from any meeting of the Shareholders based upon any determination by the presiding Officer, in his or her sole discretion, that any such person has unduly disrupted or is likely to

disrupt the proceedings thereat, and by determining the circumstances in which any person may make a statement or ask questions at any meeting of the Shareholders.

(b) At an annual meeting of the Shareholders, only such business (other than the nomination of candidates for election as Directors of the Corporation, which is governed by Regulation 12) will be conducted or considered as is properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given in accordance with Regulation 4; (ii) otherwise properly brought before the meeting by the presiding Officer or by or at the direction of a majority of the Whole Board; or (iii) otherwise properly requested to be brought before the meeting by a Shareholder of the Corporation pursuant to timely notice in proper written form to the Secretary in compliance with the procedures set forth in Regulation 8(c).

(c) For business to be properly requested by a Shareholder to be brought before an annual meeting, the Shareholder must (i) be a Shareholder of the Corporation of record at the time of the giving of the notice for such annual meeting provided for in these Regulations, (ii) be entitled to vote at such meeting, and (iii) have given timely notice thereof in writing to the Secretary. To be timely, a Shareholder's notice must be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation not less than 60 nor more than 90 calendar days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of Shareholders; provided, however, that in the case of any annual meeting where the date of the annual meeting is delayed by more than 60 calendar days after the anniversary of the preceding year's annual meeting, then notice by the Shareholder to be timely must be so delivered not later than the close of business on the later of the 90th calendar day prior to such annual meeting or the 10th calendar day following the day on which public announcement of the date of such meeting is first made. To be in proper written form, a Shareholder's notice to the Secretary must set forth (A) as to each matter the Shareholder proposes to bring before the annual meeting: (1) a description in reasonable detail of the business desired to be brought before the annual meeting; (2) the text of the proposal or business (including the text of any resolutions proposed for consideration and, if the business includes a proposal to amend these Regulations or the Articles of Incorporation, the language of the proposed amendment); and (3) the reasons for conducting the business at the meeting; and (B) as to each Shareholder giving the notice and any Shareholder Associate (as defined below): (1) the name and address of the Shareholder, as they appear on the Corporation's stock ledger, and, if different, the current name and address of the Shareholder, and the name and address of any Shareholder Associate; (2) a representation that at least one of these persons is a holder of record or beneficially of securities of the Corporation entitled to vote at the meeting and intends to remain so through the date of the meeting and to appear in person or by proxy at the meeting to present the business stated in the Shareholder's notice; (3) the class, series and number of any securities of the Corporation that are owned of record or beneficially by each of these persons as of the date of the Shareholder's notice; (4) a description of any material interests of any of these persons in the business proposed and of all agreements, arrangements and understandings between these persons and any other person (including their names) in connection with the proposal of the business by the Shareholder; (5) a description of any proxy, contract, arrangement, understanding or relationship pursuant to which any of these persons has a right to vote any shares of any securities of the Corporation; (6) a description of any derivative positions related to any class or series of securities of the Corporation owned of record or beneficially by the Shareholder or any Shareholder Associate; (7) a description of whether and the extent to which any hedging, swap or other transaction or series of transactions has been entered into by or

on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of securities) has been made, the effect or intent of which is to mitigate loss to, or manage risk of stock price changes for, or to increase the voting power of, the Shareholder or any Shareholder Associate with respect to any securities of the Corporation; and (8) a representation that after the date of the Shareholder's notice and up to the date of the meeting, each of these persons will provide written notice to the Secretary of the Corporation as soon as practicable following a change in the number of securities of the Corporation held as described in response to subclause (3) above that equals 1% or more of the then-outstanding shares of the Corporation, and/or entry, termination, amendment or modification of the agreements, arrangements or understandings described in response to subclause (6) above that results in a change that equals 1% or more of the then-outstanding shares of the Corporation or in the economic interests underlying those agreements, arrangements or understandings; and (C) a representation as to whether the Shareholder giving notice and any Shareholder Associate intends, or intends to be part of a group that intends: (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal; and/or (2) otherwise to solicit proxies from Shareholders in support of the proposal. For purposes of this Regulation 8(c) and Regulation 12, (x) "public announcement" means disclosure in a press release reported by the Dow Jones News Service or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or furnished to Shareholders, and (y) "Shareholder Associate" of any Shareholder means (1) any person controlling, directly or indirectly, or acting in concert with, the Shareholder; (2) any beneficial owner of securities of the Corporation owned of record or beneficially by the Shareholder; and (3) any person controlling, controlled by or under common control with the Shareholder Associate. Notwithstanding the foregoing provisions of this Regulation 8(c), in order for a Shareholder to submit a proposal for inclusion in the Corporation's proxy statement for an annual meeting of Shareholders, the Shareholder must comply with all applicable requirements of the Exchange Act, including Rule 14a-8 (or any comparable successor rule or regulation under the Exchange Act), and the rules and regulations thereunder. The provisions of this Regulation 8(c) will not be deemed to prevent a Shareholder from submitting proposals for inclusion in the Corporation's proxy statement pursuant to those rules and regulations.

(d) At a special meeting of Shareholders, only such business may be conducted or considered as is properly brought before the meeting. To be properly brought before a special meeting, business must be (i) specified in the notice of the meeting (or any supplement thereto) given in accordance with Regulation 4 or (ii) otherwise properly brought before the meeting by the presiding Officer or by or at the direction of a majority of the Whole Board.

(e) The determination of whether any business sought to be brought before any annual or special meeting of the Shareholders has been timely and properly brought before such meeting in accordance with this Regulation 8 will be made by the presiding Officer of such meeting. If the presiding Officer determines that any business has not been timely and properly brought before such meeting, he or she will so declare to the meeting and any such business will not be conducted or considered.

DIRECTORS

9. *Function.* The business and affairs of the Corporation will be managed under the direction of its Board.

10. *Number, Election and Terms of Directors.* (a) The Board or the Shareholders may from time to time, in the manner set forth below in this Section 10(a), fix or change the size of the Board to a total number of no fewer than six Directors and no more than 18 Directors. The Board may, subject to the limitations contained in the immediately preceding sentence regarding the number of Directors, fix or change the number of Directors by the affirmative vote of two-thirds of the Whole Board. The Shareholders may, subject to the limitations contained in the first sentence of this paragraph regarding the number of Directors, fix or change the number of Directors at a meeting of the Shareholders called for the purpose of electing Directors (i) by the affirmative vote of the holders of shares entitling them to exercise three-quarters of the voting power of the Corporation represented at the meeting and entitled to elect Directors or (ii) if the proposed change in the number of Directors is recommended by two-thirds of the Whole Board, by the affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of the Corporation represented at the meeting and entitled to elect Directors. No reduction in the number of Directors shall of itself have the effect of shortening the term of any incumbent Director. If the Board increases the number of Directors, it may fill the vacancy or vacancies created by the increase in the number of Directors for the respective unexpired terms in accordance with the provisions of Regulation 13. If the Shareholders increase the number of Directors and fail to fill the vacancy or vacancies created thereby, the Board may fill such vacancy or vacancies for the respective unexpired terms in accordance with the provisions of Regulation 13.

(b) Directors shall hold office until their successors are elected and qualified, or until their earlier death, retirement, resignation, or removal.

(c) The foregoing provisions of this Regulation 10 are subject to the provisions of any Preferred Share Designation to the contrary that may be adopted with the approval of three-quarters of the Whole Board.

11. *Chairman of the Board, Chairman of the Executive Committee, and Chairmen of Other Committees.* The Board may from time to time select from its members one or more individuals to serve as Chairman of the Board, Chairman of the Executive Committee (if the Board appoints an Executive Committee), and Chairman of any of the other committees of the Board. The positions of Chairman of the Board, Chairman of the Executive Committee, and Chairman of any other committee of the Board are not Officer positions (and the Corporation shall have no Officer position known as Chairman of the Board), but are strictly Director positions, the sole authority and responsibility of which is to preside at meetings of the Shareholders, the Board, or the applicable committee, as the case may be. The Chairman of the Board shall, if present, preside (i) at meetings of the Shareholders unless another Officer of the Corporation has been designated as the presiding Officer of any meeting of Shareholders pursuant to Regulation 8(a), and (ii) at meetings of the Board. In the absence of the Chairman of the Board at a Board meeting, the President shall preside at such Board meeting.

12. *Nominations.* (a) Only individuals who are nominated in accordance with the procedures of this Regulation 12 shall be eligible for election as Directors. Subject to the provisions of any Preferred Share Designation, nominations for the election of Directors may be made at an annual meeting or a special meeting duly called for that purpose only: (i) by the affirmative vote of two-thirds of the Whole Board; or (ii) by any Shareholder who is a Shareholder of record at the time of giving of notice of a meeting of Shareholders who is entitled to vote for the election of Directors at such meeting and who makes the nomination pursuant to timely notice in proper written form to the Secretary in compliance with the procedures set forth in this Regulation 12.

(b) For nominations of persons for election as Directors at an annual meeting, to be timely, a Shareholder's notice must be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation not less than 60 nor more than 90 calendar days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of Shareholders; provided, however, that in the case of any annual meeting where the date of the annual meeting is delayed by more than 60 calendar days after the anniversary of the preceding year's annual meeting, then notice by the Shareholder to be timely must be so delivered not later than the close of business on the later of the 90th calendar day prior to such annual meeting or the 10th calendar day following the day on which public announcement of the date of such meeting is first made. For nominations of persons for election as Directors at a special meeting duly called for that purpose, a Shareholder's notice must be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation not less than 90 calendar days nor more than 120 calendar days prior to the special meeting; provided, however, that in the event that less than 75 days' notice or prior public disclosure of the date of the meeting is given or made to Shareholders, notice by the Shareholder must be so delivered not later than the close of business on the 15th calendar day following the day on which public announcement of the date of such meeting is first made.

(c) To be in proper written form, a Shareholder's notice must set forth:

(i) as to each person who is not an incumbent Director of the Corporation whom the Shareholder proposes to nominate for election as a Director, (A) the name, age, business address and residence address of such person; (B) the principal occupation or employment of such person; (C) the class, series and number of securities of the Corporation that are owned of record or beneficially by such person; (D) the date or dates the securities were acquired and the investment intent of each acquisition; (E) any other information relating to such person that is required to be disclosed in solicitations for proxies for election of Directors pursuant to Regulation 14A under the Exchange Act (or any comparable successor rule or regulation under the Exchange Act); and (F) any other information relating to such person that the Board of Directors or any nominating committee of the Board of Directors reviews in considering any person for nomination as a Director, as will be provided by the Secretary of the Corporation upon request;

(ii) as to the Shareholder giving the notice and any Shareholder Associate, (A) the name and address of the Shareholder, as they appear on the Corporation's stock ledger, and, if different, the current name and address of the Shareholder, and the name and address of any Shareholder Associate; (B) a representation that at least one of these persons is a holder of record or beneficially of securities of the Corporation entitled to vote at the meeting and intends to remain so through the date of the meeting and to appear in person or by proxy at the meeting to nominate the person or persons specified in the Shareholder's notice; (C) the class, series and number of securities of the Corporation that are owned of record or beneficially by each of these persons as of the date of the Shareholder's notice; (D) a description of any material relationships, including legal, financial and/or compensatory, among the Shareholder giving the notice, any Shareholder Associate and the proposed nominee(s); (E) a description of any derivative positions related to any class or series of securities of the Corporation owned of record or beneficially by the Shareholder or any Shareholder Associate; (F) a description of whether and the extent to which any hedging, swap or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of securities) has been made, the effect

or intent of which is to mitigate loss to, or manage risk of stock price changes for, or to increase the voting power of, the Shareholder or any Shareholder Associate with respect to any securities of the Corporation; and (G) a representation that after the date of the Shareholder's notice and up to the date of the meeting each of these persons will provide written notice to the Secretary of the Corporation as soon as practicable following a change in the number of securities of the Corporation held as described in response to subclause (C) above that equals 1% or more of the then-outstanding shares of the Corporation, and/or entry, termination, amendment or modification of the agreements, arrangements or understandings described in response to subclause (F) above that results in a change that equals 1% or more of the then-outstanding shares of the Corporation or in the economic interests underlying these agreements, arrangements or understandings;

(iii) a representation as to whether the Shareholder giving notice and any Shareholder Associate intends, or intends to be part of a group that intends: (A) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the proposed nominee; and/or (B) otherwise to solicit proxies from Shareholders in support of the proposed nominee; and

(iv) a written consent of each proposed nominee to serve as a Director of the Corporation, if elected, and a representation that the proposed nominee (A) does not or will not have any undisclosed voting commitments or other arrangements with respect to his or her actions as a Director; and (B) will comply with these Regulations and all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

(d) Notwithstanding the foregoing provisions of this Regulation 12, in order for a Shareholder to submit a nomination for inclusion in the Corporation's proxy statement for an annual meeting of Shareholders, the Shareholder must comply with all applicable requirements of the Exchange Act, including Rule 14a-8 (or any comparable successor rule or regulation under the Exchange Act), and the rules and regulations thereunder. The provisions of this Regulation 12 will not be deemed to prevent a Shareholder from submitting proposals for inclusion in the Corporation's proxy statement pursuant to those rules and regulations.

(e) The determination of whether a nomination of a candidate for election as a Director of the Corporation has been timely and properly brought before such meeting in accordance with this Regulation 12 will be made by the presiding officer of such meeting. If the presiding officer determines that any nomination has not been timely and properly brought before such meeting, he or she will so declare to the meeting and such defective nomination will be disregarded.

13. Newly Created Directorships and Vacancies. Subject to the rights, if any, of the holders of any series of Preferred Shares to elect additional Directors under circumstances specified in a Preferred Share Designation, newly created directorships resulting from any increase in the number of Directors and any vacancies on the Board resulting from death, resignation, disqualification, removal, or other cause will be filled solely by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board, or by a sole remaining Director. Any Director elected in accordance with the preceding sentence will hold office until such Director's successor is elected and qualified, or until such Director's earlier death, retirement, resignation, or removal. No decrease in the number of Directors constituting the Board will shorten the term of an incumbent Director.

14. Resignation; Removal. Any Director may resign at any time by giving notice of his or her resignation to the Chairman or the Secretary. Any resignation will be effective upon

actual receipt by any such person or, if later, as of the date and time specified in such notice. Except as may be otherwise provided in any Preferred Stock Designation, Directors may be removed from the Board of Directors by the Shareholders only for cause. For purposes of this Regulation 14, cause for removal shall exist only if it is proved by clear and convincing evidence in a court of competent jurisdiction that a Director's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Corporation or undertaken with reckless disregard for the best interests of the Corporation.

15. *Regular Meetings.* Regular meetings of the Board may be held immediately after the annual meeting of the Shareholders and at such other time and place either within or without the State of Ohio as may from time to time be determined by the Board. Notice of regular meetings of the Board need not be given.

16. *Special Meetings.* Special meetings of the Board may be called by the Chairman or the President on one day's notice to each Director by whom such notice is not waived, given either personally or by mail, overnight delivery service, telephone, telecopier, email or similar medium of communication, and will be called by the Chairman or the President in like manner and on like notice on the written request of five or more Directors. Special meetings of the Board may be held at such time and place either within or without the State of Ohio as is determined by the Board or specified in the notice of any such meeting.

17. *Quorum.* At all meetings of the Board, a majority of the total number of Directors then in office will constitute a quorum for the transaction of business. Except for actions to be taken by committees of the Board designated as provided in these Regulations and except for actions required by these Regulations or the Articles of Incorporation to be taken by a majority or some greater proportion of the Whole Board, the act of a majority of the Directors present at any meeting at which there is a quorum will be the act of the Board. If a quorum is not present at any meeting of the Board, the Directors present thereat may adjourn the meeting from time to time to another place, time or date, without notice other than announcement at the meeting, until a quorum is present. The provisions of this Regulation 17 notwithstanding, the Board may not approve, or take any action that would otherwise constitute, a "Change of Control" as that term is defined in Regulation 41, unless such action is approved by at least three-quarters of the Whole Board.

18. *Participation in Meetings by Telephone Conference.* Members of the Board or any committee designated by the Board may participate in a meeting of the Board or any such committee, as the case may be, by means of telephone or video conference or similar means by which all persons participating in the meeting can hear each other, and such participation in a meeting will constitute presence in person at the meeting.

19. *Board Committees.* The provisions of this Regulation 19 shall be subject to the provisions of Regulation 11 with respect to any Executive Committee that may be established by the Board. Subject to those provisions, the Board may designate one or more committees, each to consist of one or more Directors. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all documents which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) filling vacancies on the Board or on any committee of the Board, (ii) approving or adopting, or recommending to the Shareholders, any action or matter expressly required by the Ohio General Corporation Law to be submitted to

Shareholders for approval, or (iii) adopting, amending, or repealing any Regulation of the Corporation.

20. *Compensation.* The Board may establish the compensation and reimbursement policies for Directors with respect to membership on the Board and on committees of the Board, attendance at meetings of the Board or committees of the Board, and for other services by Directors to the Corporation or any of its subsidiaries.

21. *Bylaws.* The Board may adopt bylaws, that are not inconsistent with the Articles of Incorporation or these Regulations, for the conduct of meetings and the oversight of the management of the business and affairs of the Corporation.

NOTICES

22. *Generally.* Except as otherwise provided by law, these Regulations or the Articles of Incorporation, whenever by law or under the provisions of these Regulations or the Articles of Incorporation notice is required to be given to any Director or Shareholder, it will not be construed to require personal notice, but such notice may be given in any manner permitted by law and these Regulations.

23. *Waivers.* Whenever any notice is required to be given by law or under the provisions of these Regulations or the Articles of Incorporation, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time of the event for which notice is to be given, will be deemed equivalent to such notice. Attendance of a person at a meeting will constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

OFFICERS

24. *Number and Term of Office.* The Corporation shall have a Chief Executive Officer, a President, a Treasurer, and a Secretary, and may have a Chief Operating Officer, one or more Vice Presidents, one or more of whom may be designated as Executive or Senior Vice Presidents or by similar titles, and such other Officers or agents, subordinate to the Chief Executive Officer and the President, with such titles as the Board may from time to time determine, each to have such authority, functions, or duties as in these Regulations provided or as the Board may from time to time determine, and each to hold office for such term as may be prescribed by the Board and until his or her successor shall have been chosen and shall qualify or until his or her death, retirement, resignation, or removal as provided in Regulation 27 or 28. One person may hold and perform the duties of any two or more of offices but no Officer shall execute, acknowledge, or verify any instrument in more than one capacity if the instrument is required by law, the Articles of Incorporation, or these Regulations to be executed, acknowledged, or verified by two or more Officers.

25. *Responsibilities of Chief Executive Officer.* The Chief Executive Officer shall have the general management and control of the affairs and business of the Corporation, subject to the Board of Directors. Subject to action by the Board of Directors, he or she may appoint and discharge agents and employees and fix their compensation, and he or she shall see that all orders and resolutions of the Board of Directors are carried into effect. He or she shall have the power to execute bonds, mortgages and other contracts, agreements and instruments of the Corporation, and shall do and perform such other duties as are incident to his or her office or as from time to time may be assigned to him by the Board of Directors or which are or may at any time be authorized or required by law.

In the absence or disability of the Officer designated as Chief Executive Officer, the Chairman of the Board, Vice Chairman of the Board, or President, if any, as determined by the

Board of Directors, shall perform any and all of the duties of the Chief Executive Officer. Subject to limitations or procedures established by the Board of Directors, the Chief Executive Officer may delegate from time to time his or her authority to act.

26. *Authority and Duties of Officers.* Subject to the provisions of Regulation 25, the Officers of the Corporation shall have such authority and shall perform such duties as are customarily incident to their respective offices, or as may be determined by the Board, regardless of whether such authority and duties are customarily incident to such offices.

27. *Removal.* Any Officer may at any time be removed, either with or without cause, by the Board or any authorized committee thereof, or, except in the case of any Officer elected by the Board or an authorized committee thereof, by any superior Officer upon whom such power may be conferred by the Board or any authorized committee thereof, in any case without prejudice to the contract rights, if any, of such Officer.

28. *Resignation.* Any Officer may resign at any time by giving notice to the Board, the Chief Executive Officer, the President, or the Secretary of the Corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

29. *Vacancies.* A vacancy in any office because of death, retirement, resignation, removal, or any other cause may be filled in the manner prescribed in these Regulations for election to such office.

30. *Compensation.* Subject to the respective contractual rights of any person under any employment agreements presently or hereafter in effect between any person and the Corporation, the compensation of the Chief Executive Officer, President, Chief Operating Officer, and agents of the Corporation who are also Directors of the Corporation will be fixed by the Board or a committee of the Board delegated that responsibility by the Board. The Board may fix, or delegate the power to fix, the compensation of other Officers to a committee of the Board or an Officer of the Corporation.

INDEMNIFICATION

31. *Actions by Others.* The Corporation (1) shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a Director or an Officer of the Corporation and (2) except as otherwise required by Regulation 32, may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, employee, agent of, or participant in another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the

Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

32. *Actions by or in the Right of the Corporation.* The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a Director or Officer of the Corporation, and the Corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation as a Director, Officer, employee, agent of, or participant in another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation unless and only to the extent that the court of common pleas or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court of common pleas or such other court shall deem proper.

33. *Successful Defense.* To the extent that a person who is or was a Director, Officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Regulations 31 or 32, or in defense of any claim, issue, or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

34. *Specific Authorization.* To obtain indemnification under Regulations 31 through 42 (the "Indemnification Regulations"), a claimant shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Any indemnification under Regulations 31 or 32 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Director, Officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in said Regulations 31 and 32. Such determination shall be made by (a) the Shareholders, (b) the Board by a majority vote of a quorum consisting of Disinterested Directors, or (c) (1) even if such quorum is not obtainable, if a quorum of Disinterested Directors so directs or (2) if a Change of Control shall have occurred, by an Independent Counsel in a written opinion, which Independent Counsel shall be selected by a majority vote of a quorum of Disinterested Directors or, if a Change of Control shall have occurred, by the claimant. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within 10 days after such determination.

35. *Suit Against Corporation.* If a claim under the Indemnification Regulations is not paid in full by the Corporation within 30 days after a written claim pursuant to Regulation 31 has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a

defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standard of conduct which makes it permissible under the Ohio General Corporation Law or the Indemnification Regulations for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board, Independent Counsel or Shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Ohio General Corporation Law or the Indemnification Regulations, nor an actual determination by the Corporation (including its Board, Independent Counsel or Shareholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

36. *Corporation Bound.* If a determination shall have been made pursuant to Regulation 31 that the claimant is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding commenced pursuant to Regulation 32.

37. *Preclusion.* The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to Regulation 32 that the procedures and presumptions of the Indemnification Regulations are not valid, binding, and enforceable and shall stipulate in such proceeding that the Corporation is bound by all the provisions of the Indemnification Regulations.

38. *Right of Indemnity Not Exclusive.* The indemnification and advancement of expenses provided by the Indemnification Regulations shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Regulation, agreement, vote of Shareholders or disinterested Directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, Officer, employee or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

39. *Insurance.* The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, employee, or agent of or participant in another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of the Indemnification Regulations, Section 1701.13(E) of the Ohio General Corporation Law or otherwise.

40. *Invalidity of any Provisions of this Article; Amendment.* (a) The invalidity or unenforceability of any provision of the Indemnification Regulations shall not affect the validity or enforceability of the remaining provisions of the Indemnification Regulations, and, to the fullest extent possible, such provisions of the Indemnification Regulations (including, without limitation, each such portion of any of the Indemnification Regulations containing any such provision held to be invalid, illegal, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal, or unenforceable.

(b) No amendment, termination or repeal of any Indemnification Regulations shall adversely affect or impair in any way the rights of any current or former Director or Officer of the Corporation to indemnification pursuant to the Indemnification Regulations with respect to

any action, suit or proceeding arising out of, or relating to, any actions, transactions or facts occurring prior to the final adoption of such amendment, termination or repeal.

41. *Definitions.* For purposes of the Indemnification Regulations:

(A) “Change of Control” means:

(1) the acquisition by any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of voting securities of the Corporation where such acquisition causes such Person to own 20% or more of the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of Directors (the “Outstanding Corporation Voting Securities”); provided, however, that for purposes of this paragraph (1), the following acquisitions shall not be deemed to result in a Change of Control: (i) any acquisition directly from the Corporation, (ii) any acquisition by the Corporation, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any corporation controlled by the Corporation, or (iv) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii), and (iii) of paragraph (3) below; provided, further, that if any Person’s beneficial ownership of the Outstanding Corporation Voting Securities reaches or exceeds 20% as a result of a transaction described in clause (i) or (ii) above, and such Person subsequently acquires beneficial ownership of additional voting securities of the Corporation, such subsequent acquisition shall be treated as an acquisition that causes such Person to own 20% or more of the Outstanding Corporation Voting Securities; and provided, further, that if at least a majority of the members of the Incumbent Board (as defined below) determines in good faith that a Person has acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of the Outstanding Corporation Voting Securities inadvertently, and such Person divests as promptly as practicable a sufficient number of shares so that such Person beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act) less than 20% of the Outstanding Corporation Voting Securities, then no Change of Control shall have occurred as a result of such Person’s acquisition; or

(2) Individuals who, as of the Effective Time, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a Director subsequent to the Effective Time, whose election, or nomination for election by the Corporation’s Shareholders, was approved by a vote of at least a majority of the Directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, except that, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be considered a member of the Incumbent Board; or

(3) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Corporation or the acquisition of assets of another corporation (“Business Combination”); excluding, however, such a Business Combination pursuant to which (i) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Corporation Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding common shares and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of Directors, as the case may be, of the Corporation resulting from such Business Combination (including,

without limitation, a corporation that as a result of such transaction owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Corporation Voting Securities, (ii) no Person (excluding any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding common shares of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of Directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(4) approval by the Shareholders of the Corporation of a complete liquidation or dissolution of the Corporation.

(B) "Disinterested Director" means a Director of the Corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(C) "Independent Counsel" means a law firm, a member of a law firm, or an independent practitioner, experienced in matters of corporation law that or who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Corporation or the claimant in an action to determine the claimant's rights under the Indemnification Regulations.

42. *Notice.* Any notice, request, or other communication required or permitted to be given to the Corporation under the Indemnification Regulations shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail, or courier service, or certified or registered mail, postage prepaid, return receipt requested to the Secretary of the Corporation and shall be effective only upon receipt by the Secretary.

SHARES

43. *Certificates.* The shares of stock of the Corporation will be represented by certificates, provided that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its shares shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board, every holder of shares represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of, the Corporation by the Chairman of the Board, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number and class of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any Officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed on a certificate shall have ceased to be such Officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or it were such Officer, transfer agent, or registrar at the date of issue.

44. *Classes of Shares.* The designations, preferences, and relative participating, optional or other special rights of the various classes of shares or series thereof, and the qualifications, limitations, or restrictions thereof, will be set forth in full or summarized on the face or back of the certificates which the Corporation issues to represent its shares or, in lieu

thereof, such certificates will set forth the office of the Corporation from which the holders of certificates may obtain a copy of such information.

45. *Lost, Stolen or Destroyed Certificates.* The Secretary may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen, or destroyed, upon making of an affidavit of that fact, satisfactory to the Secretary, by the person claiming the share certificate to be lost, stolen or destroyed. As a condition precedent to the issuance of a new certificate or certificates, the Secretary may require the owners of such lost, stolen, or destroyed certificate or certificates to give the Corporation a bond in such sum and with such surety or sureties as the Secretary may direct as indemnity against any claims that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen, or destroyed or the issuance of the new certificates.

46. *Record Dates.* (a) In order that the Corporation may determine the Shareholders entitled to notice of or to vote at any meeting of Shareholders or any adjournment thereof, the Board may fix a record date, which will not be more than 60 calendar days before the date of such meeting. If no record date is fixed by the Board, the record date for determining Shareholders entitled to notice of or to vote at a meeting of Shareholders will be at the close of business on the calendar day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the calendar day next preceding the day on which the meeting is held. A determination of Shareholders of record entitled to notice of or to vote at a meeting of the Shareholders will apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the Shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the Shareholders entitled to exercise any rights in respect of any change, conversion or exchange of shares, or for the purpose of any other lawful action, the Board may fix a record date, which record date will not be more than 60 calendar days prior to such action. If no record date is fixed, the record date for determining Shareholders for any such purpose will be at the close of business on the calendar day on which the Board adopts the resolution relating thereto.

(c) The Corporation will be entitled to treat the person in whose name any share is registered as the owner thereof for all purposes, and will not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Corporation has notice thereof, except as expressly provided by applicable law.

GENERAL

47. *Fiscal Year.* The fiscal year of the Corporation will be the calendar year or such other fiscal year as may be fixed from time to time by the Board.

48. *Seal.* The corporate seal shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Ohio". The corporate seal of the Corporation may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

49. *Reliance Upon Books, Reports, and Records.* Each Director, each member of a committee designated by the Board, and each Officer of the Corporation will, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports, or statements presented to the Corporation by any of the Corporation's Officers or employees, or committees of the Board, or by any other person or entity as to matters the Director, committee member, or Officer believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

50. *Amendments.* Except as otherwise provided by law or by the Articles of Incorporation or these Regulations, these Regulations or any of them may be amended in any respect or repealed at any time (i) by the Shareholders at a meeting held for that purpose, provided notice of the proposed amendment or repeal be contained in the notice of the meeting, by the affirmative vote of the holders of shares entitling them to exercise two-thirds of the voting power of the Corporation on the proposal, (ii) by the written consent of the holders of shares entitling them to exercise two-thirds of the voting power of the Corporation on the proposal, or (iii) to the extent permitted by Chapter 1701 of the Ohio General Corporation Law, by the Directors. The provisions of this Regulation 50 notwithstanding, the Shareholders may not modify any of Regulations 10 and 12 while those provisions remain in effect pursuant to their terms without the affirmative vote of the holders of shares entitling them to exercise three-quarters of the voting power of the Corporation on the proposal.

SCHEDULE OF EXECUTIVES WITH MANAGEMENT CONTINUITY AGREEMENTS

<u>Title</u>	<u>Name</u>	<u>Years / Comp*</u>	<u>Excise Tax Gross Up?</u>
Chairman, President and Chief Executive Officer	Robert M. Patterson	3	Y
Senior Vice President, Chief Financial Officer	Jamie A. Beggs	2	N
Senior Vice President, President of Distribution	Cathy K. Dodd	2	N
Senior Vice President, President, Color, Additives and Inks, EMEA	Michael A. Garratt	2	N
Senior Vice President, General Counsel and Secretary	Lisa K. Kunkle	3	Y
Senior Vice President, Global Operations and Process Improvement	M. John Midea, Jr.	2	N
Senior Vice President, President of Color, Additives and Inks, Americas and Asia	Woon Keat Moh	2	N
Senior Vice President, President of Specialty Engineered Materials	Christopher L. Pederson	2	N
Senior Vice President, Mergers & Acquisitions	Joel R. Rathbun	2	N
Senior Vice President, Chief Human Resources Officer	João José San Martin Neto	2	N

* Years of compensation payable upon change of control



THIS AGREEMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE COMMON SHARES OF THE COMPANY ARE LISTED ON THE NEW YORK STOCK EXCHANGE.

February 8, 2021

Avient Corporation

AVIENT CORPORATION INCENTIVE AWARDS

Dear _____:

Subject to the terms and conditions of the PolyOne Corporation (n/k/a Avient Corporation) 2020 Equity and Incentive Compensation Plan (the "Plan"), and this letter agreement (this "Agreement"), the Compensation Committee of the Board of Directors (the "Committee") of Avient Corporation ("Avient") has granted to you, as of February 8, 2021, the following award(s) (collectively, the "Incentive Awards"):

- Stock-Settled Stock Appreciation Rights ("SARs") in respect of an aggregate of _____ common shares of Avient, having a par value of US\$0.01 per share (the "Common Shares"). The price (the "Base Price") to be used as the basis for determining the Spread (as defined on Schedule A) upon exercise of the SAR is US\$[•], the Market Value per Share on February 8, 2021. The SARs shall become exercisable in accordance with the terms set forth on Schedule A attached hereto.
- _____ restricted stock units (the "Restricted Stock Units"), which shall vest in accordance with the terms set forth on Schedule B attached hereto. Each Restricted Stock Unit shall represent one hypothetical Common Share and shall at all times be equal in value to one Common Share.
- _____ performance units (the "Performance Units"), with each such Performance Unit being equal in value to US\$1.00, payment of which depends on Avient's performance as set forth on Schedule C attached hereto and in your Statement of Performance Goals.

A copy of the Plan is available for your review through the Corporate Secretary's office. Unless otherwise indicated, the capitalized terms used in this Agreement (including the Schedules attached hereto) shall have the same meanings as set forth in the Plan.

1. Non-Assignability. The Incentive Awards are personal to you and are not transferable by you other than by will or the laws of descent and distribution. Any purported transfer or encumbrance in violation of the provisions of this Section 1 shall be void, and the other party to any such purported transaction shall not obtain any right to or interest in such Incentive Awards.

2. Adjustments. In the event of any extraordinary cash dividend, stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of Avient, merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or any other corporate transaction or event having an effect similar to any of the foregoing, the Committee shall make or provide for such adjustments in the number of and kind of Common Shares covered by the SARs and Restricted Stock Units then held by you, and in other award terms, as the Committee, in its sole discretion, exercised in good faith, determines is equitably required to prevent dilution or enlargement of your rights in connection with such transaction or event. If any such transaction or event occurs or in the event of a Change of Control, the Committee may provide in substitution for outstanding Incentive Awards such alternative consideration (including, without limitation, in the form of cash, securities or other property) as it may determine to be equitable in the circumstances and shall require in connection therewith the surrender of the Incentive Awards subject to this Agreement. No adjustment provided for in this Section 2 or Section 12 of the Plan will require Avient to issue any fractional shares.

3. Responsibility for Taxes.

- (a) Regardless of any action Avient takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax related withholdings ("Tax Related Items"), you acknowledge that the ultimate liability for all Tax Related Items legally due by you is and remains your responsibility and that Avient (i) make no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the Incentive Awards, including the grant, vesting or exercise (if applicable) of the Incentive Awards, the subsequent sale of Common Shares acquired pursuant to the exercise of the SARs and the vesting of the Restricted Stock Units, and the receipt of any dividends, and (ii) does not commit to structure the terms of the grant or any aspect of the Incentive Awards to reduce or eliminate your liability for Tax Related Items.
- (b) (i) To the extent that Avient is required to withhold taxes in connection with your exercise of the SARs, Avient will withhold Common Shares with an aggregate Market Value per Share equal to the amount of such taxes from the payment. In no event will you be entitled to acquire a fraction of one Common Share pursuant to this Agreement.
- (ii) To the extent that Avient is required to withhold taxes in connection with the vesting of your Restricted Stock Units, Avient will withhold Common Shares with a value equal to the amount of these taxes from the payment, and such Common Shares will be valued at an amount equal to the fair market value of such Common Shares on the date of payment.
- (iii) To the extent that Avient is required to withhold any federal, state, local or foreign taxes in connection with the payment of the Performance Units in cash, Avient will withhold the amount of these taxes from the payment.

4. Miscellaneous.

- (a) The contents of this Agreement are subject in all respects to the terms and conditions of the Plan as approved by the Board and the shareholders of Avient, which are controlling. The interpretation and construction by the Board and/or the Committee of any provision of the Plan or this Agreement shall be final and conclusive upon you, your estate, executor, administrator, beneficiaries, personal representative and guardian and Avient and its successors and assigns.
- (b) Any absence or leave approved by a duly constituted officer of Avient or any of its Subsidiaries will not be considered an interruption or termination of your service under this Agreement.
- (c) The grant of the Incentive Awards is discretionary and will not be considered to be an employment contract or a part of your terms and conditions of employment or of your salary or compensation. Information about you and your participation in the Plan, including, without limitation, your name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in Avient, and details of the Incentive Awards or other entitlement to shares of stock awarded, cancelled, purchased, exercised, vested, unvested or outstanding in your favor may be collected, recorded, held, used and disclosed by Avient and any of its Subsidiaries and any non-Avient entities engaged by Avient to provide services in connection with this grant (a "Third Party Administrator"), for any purpose related to the administration of the Plan. You understand that Avient and its Subsidiaries may transfer such information to Third Party Administrators, regardless of whether such Third Party Administrators are located within your country of residence. Please refer to the Avient Global Associate Processing Notice, a copy of which has been provided or otherwise made available to you, for more information about the personal information that Avient collects about you and the purposes for which Avient uses such data. If you are a California resident, such notice is intended to satisfy Avient's requirements under the California Consumer Protection Act.
- (d) Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. The terms and conditions of this Agreement may not be modified, amended or waived, except by an instrument in writing signed by a duly authorized executive officer at Avient. Notwithstanding the foregoing, no amendment shall adversely affect your rights under this Agreement without your consent.
- (e) It is a condition to your receipt of the Incentive Awards that you execute and agree to the terms of Avient or a Subsidiary's current and applicable Employee Agreement (the "Employee Agreement"). If you do not sign and return the Employee Agreement to Avient Human Resources within 30 days of your receipt of this grant of Incentive Awards, this grant of Incentive Awards and any rights to the Incentive Awards will terminate and become null and void.

- (f) By electronically accepting this Agreement, you acknowledge that you have either entered into an Employee Agreement with Avient or a Subsidiary as of the date of acceptance or will enter into such agreement by the deadline set forth in Section 4(e). You understand that, as set forth in the Employee Agreement, you have agreed not to engage in certain prohibited practices in competition with Avient following the termination of your employment (hereinafter referred to as the “Covenant Not to Compete”). You further acknowledge that as consideration for your agreement to the Covenant Not to Compete, Avient is providing you the opportunity to participate in these grants of Incentive Awards under the Plan (or any successor long-term incentive plan) and receive the Incentive Awards evidenced by this Agreement. You understand that eligibility for participation in the Plan was conditioned upon your agreement to the Covenant Not to Compete. You further understand and acknowledge that you would have been ineligible to participate in the Plan and receive the Incentive Awards had you decided not to agree to the Covenant Not to Compete. You understand that the acknowledgment contained in this sub-section shall be deemed a part of the Employee Agreement and is to be interpreted in a manner consistent with its terms.
- (g) Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement prevents you from providing, without prior notice to Avient, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purposes of clarity you are not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.
5. Notice. All notices under this Agreement to Avient must be delivered personally or mailed to Avient Corporation at Avient Center, 33587 Walker Road, Avon Lake, Ohio 44012, Attention: Corporate Secretary. Avient’s address may be changed at any time by written notice of such change to you. Also, all notices under this Agreement to you will be delivered personally or mailed to you at your address as shown from time to time in Avient’s records.
6. Compliance with Section 409A of the Code.
- (a) To the extent applicable, it is intended that this Agreement (including the Schedules attached hereto) and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to you. This Agreement and the Plan shall be administered in a manner consistent with this intent.
- (b) Reference to Section 409A of the Code will also include any regulations or other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

7. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed to be an original and both of which taken together shall constitute one and the same agreement.
8. Severability. If one or more of the provisions of this Agreement (including the Schedules attached hereto) is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.
9. Governing Law. This Agreement shall be governed by and construed with the internal substantive laws of the State of Ohio without giving effect to any principle of law that would result in the application of the law of any other jurisdiction.
10. Binding Effect. This Agreement (including the Schedules attached hereto and the Statement of Performance Goals), and the terms and conditions of the Plan, shall bind, and inure to the benefit of you, your estate, executor, administrator, beneficiaries, personal representative and guardian and Avient and its successors and assigns.

Very Truly Yours,

AVIENT CORPORATION



By: _____
João José San Martin Neto
Senior Vice President, Chief Human Resources Officer

Accepted:

(Date)

SCHEDULE A – SARs

1. Vesting and Exercise of SARs.

- (a) Subject to the provisions of the Plan and the Agreement (including this Schedule A), the SARs will expire on February 8, 2031. Subject to Sections 2 and 3 of this Schedule A, vesting of the SARs will occur as follows, provided that you have been in the continuous employ of Avient or a Subsidiary on each such vesting date specified below (each set of performance-based SARs vesting on a specific date shall be called a “Tranche”):
- (i) One-third of the SARs shall vest on the later of (A) February 8, 2022 (the “Tranche I Time-Vesting Hurdle”) and (B) the first trading day immediately following the first thirty consecutive trading day period during which the Market Value per Share reaches a minimum of US\$[•] for each trading day after February 8, 2021, but prior to February 8, 2031 (the “Tranche I Performance-Vesting Hurdle”).
 - (ii) An additional one-third of the SARs shall vest on the later of (A) February 8, 2023 (the “Tranche II Time-Vesting Hurdle”) and (B) the first trading day immediately following the first thirty consecutive trading day period during which the Market Value per Share reaches a minimum of US\$[•] for each trading day after February 8, 2021, but prior to February 8, 2031 (the “Tranche II Performance-Vesting Hurdle”).
 - (iii) The remaining one-third of the SARs shall vest on the later of (A) February 8, 2024 (the “Tranche III Time-Vesting Hurdle”, and together with the Tranche I Time-Vesting Hurdle and the Tranche II Time-Vesting Hurdle, the “Time-Vesting Hurdles”) and (B) the first trading day immediately following the first thirty consecutive trading day period during which the Market Value per Share reaches a minimum of US\$[•] for each trading day after February 8, 2021, but prior to February 8, 2031 (the “Tranche III Performance-Vesting Hurdle”, and together with the Tranche I Performance-Vesting Hurdle and the Tranche II Performance-Vesting Hurdle, the “Performance-Vesting Hurdles”).
- (b) Vested SARs may be exercised as provided in this Section 1(b) of this Schedule A as long as each exercise covers at a minimum the lesser of the number of fully vested SARs or 1,000 SARs. To exercise the SARs, you must follow the exercise procedures established by Avient, which may change periodically. You will be notified of any such changes. Upon exercise, Avient will issue you the number of Common Shares determined under Section 1(c) of this Schedule A.
- (c) The number of Common Shares to be issued will be determined by calculating the product of (i) the difference between (A) the Market Value per Share on the

date of exercise (the “Transaction Price”) and (B) the Base Price (the “Spread”), multiplied by (ii) the number of SARs exercised; provided, however, that if the Transaction Price exceeds US\$[•] (the “SAR Cap”), the Spread for purposes of calculating the number of Common Shares to be issued under this Section 1 of this Schedule A shall be US\$[•]. The result of this calculation will then be divided by the lesser of (I) the Transaction Price and (II) the SAR Cap to determine the number of Common Shares to be issued, rounded down to the nearest whole share. In no event will you be entitled to acquire a fraction of one Common Share pursuant to this Schedule A.

(d) Unless otherwise determined by the Committee or provided in this Schedule A and so long as it does not violate applicable law, if (i) the Market Value per Share reaches the SAR Cap at any time prior to February 8, 2031, (ii) all or a portion of the SARs have vested, but remain unexercised when the Market Value per Share reaches the SAR Cap, and (iii) the SARs have not expired when the Market Value per Share reaches the SAR Cap, any vested SARs will be deemed to have been exercised by you on the date on which the Market Value per Share first reaches the SAR Cap. In such event, Avient will issue you a number of Common Shares in accordance with Section 1(c) of this Schedule A.

(e) The SARs are exercisable during your lifetime only by you or by your guardian or legal representative.

2. Vesting Upon a Change of Control. If a Change of Control occurs during the term of the SARs, the SARs, to the extent not previously fully vested, will become immediately vested in full.

3. Retirement, Disability or Death. (a) If your employment with Avient or a Subsidiary terminates before the expiration of the SARs due to (i) retirement at age 55 or older with at least 10 years of service, (ii) retirement at age 58 or older with at least 5 years of service, (iii) permanent and total disability (as defined under the relevant disability plan or program of Avient or a Subsidiary in which you then participate), or (iv) death, then:

A. a pro-rata portion of the number of SARs for which the Performance-Vesting Hurdles have not been satisfied on or prior to the date of the termination of your employment, regardless of whether the Time-Vesting Hurdles have been satisfied (such number, the “Special Vested SARs – Future Performance”), shall remain eligible to vest and be exercised in whole or in part when the applicable Performance-Vesting Hurdles have been satisfied prior to the end of their term, but in no event beyond February 8, 2031, after which, subject to Section 1(d) of this Schedule A, such Special Vested SARs – Future Performance will terminate; and

B. a pro-rata portion of the number of SARs for which the Performance-Vesting Hurdles have been satisfied, but for which the Time-Vesting Hurdles have not been satisfied on or prior to the

date of the termination of your employment (such number, the “Special Vested SARs – Past Performance”), shall remain eligible to exercise in whole or in part prior to the end of their term, but in no event beyond February 8, 2031, after which, subject to Section 1(d) of this Schedule A, such Special Vested SARs – Past Performance will terminate.

- (b) Each pro-rata portion of a Tranche that remains eligible to vest or to be exercised in accordance with Section 3(a) of this Schedule A shall be determined by calculating the product of (i) the Special Vested SARs – Future Performance or the Special Vested SARs – Past Performance, as applicable, for such Tranche, multiplied by (ii) a fraction, the numerator of which is the number of days that you were employed by Avient or a Subsidiary during the period commencing on February 8, 2021 and continuing through the date of your termination pursuant to one of the events described in Section 3(a)(i), (ii), (iii) or (iv) above, and the denominator of which is 365 (for Tranche I Performance-Vesting Hurdle or Time-Vesting Hurdle), 730 (for Tranche II Performance-Vesting Hurdle or Time-Vesting Hurdle) and 1,095 (for Tranche III Performance-Vesting Hurdle or Time-Vesting Hurdle).
- (c) All SARs that have become vested under Section 1 of this Schedule A as of the time of the termination of your employment due to retirement, disability or death, but have not been exercised as of the time of the termination of your employment, may be exercised in whole or in part for the remainder of their term, but in no event beyond February 8, 2031, after which, subject to Section 1(d) of this Schedule A, such SARs will terminate.

4. Termination Following Change of Control.

- (a) Subject to Section 1(d) of this Schedule A, if your employment with Avient or a Subsidiary terminates within one year following a Change of Control because (i) your employment is involuntarily terminated without “Cause” (as defined below), or (ii) you terminate your employment for “Good Reason” (as defined below), notwithstanding anything herein to the contrary, any SARs that have become vested under Sections 1 and 2 of this Schedule A at the time of the termination of your employment without Cause or for Good Reason, but have not been exercised as of the time of the termination of your employment without Cause or for Good Reason, may be exercised in whole or in part at any time and from time to time for the remainder of their term, but in no event beyond February 8, 2031, after which the SARs will terminate.
- (b) For purposes of Section 4(a) above:
 - (i) If you are a party to a Management Continuity Agreement with Avient or a Subsidiary, “Cause” shall mean “Cause” and “Good Reason” shall mean “Good Reason,” each as defined in your Management Continuity Agreement;

- (ii) If you are not a party to a Management Continuity Agreement, “Cause” shall mean: (A) the willful and continued failure by you to substantially perform your duties with Avient or a Subsidiary, which failure causes material and demonstrable injury to Avient or a Subsidiary (other than any such failure resulting from your incapacity due to physical or mental illness), after a demand for substantial performance is delivered to you by Avient or a Subsidiary which specifically identifies the manner in which you have not substantially performed your duties, and after you have been given a period (hereinafter known as the “Cure Period”) of at least thirty (30) days to correct your performance, or (B) the willful engaging by you in other gross misconduct materially and demonstrably injurious to Avient or a Subsidiary. For purposes of this Section 4(b)(ii) of this Schedule A, no act, or failure to act, on your part shall be considered “willful” unless conclusively demonstrated to have been done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interests of Avient or a Subsidiary; and
- (iii) If you are not a party to a Management Continuity Agreement, “Good Reason” shall mean, without your express written consent: (A) your permanent assignment to a new work location that would either increase your routine one-way commute by fifty (50) or more miles, measured by the shortest commonly traveled routes between your then-current residence and new reporting or work location, or make your routine one-way commute sixty (60) or more miles, or (B) a reduction in your base salary, target annual incentive amount or employer-provided benefits, if immediately after the reduction the aggregate total of your base salary, target annual incentive amount and value of employer-provided benefits is less than eighty percent (80%) of the aggregate total of your salary, target annual incentive amount and the value of employer-provided benefits immediately prior to the Change of Control.

5. Other Termination. If your employment with Avient or a Subsidiary terminates before the expiration of the SARs for any reason other than as set forth in Sections 3 or 4 above, any SARs that have become vested under Section 1 of this Schedule A at the time of the termination of your employment, but have not been exercised as of the time of the termination of your employment, may be exercised at any time within ninety (90) days of your termination of employment, but in no event beyond February 8, 2031, after which the SARs will terminate. All unvested SARs shall be forfeited.

SCHEDULE B – Restricted Stock Units

1. Vesting of Restricted Stock Units.

- (a) Subject to the provisions of the Plan and the Agreement (including this Schedule B) and provided that you have been in the continuous employ of Avient or a Subsidiary from February 8, 2021 until February 8, 2024 (the “Restriction Period”), the Restricted Stock Units shall vest in full on February 8, 2024 (the “Vesting Date”).
- (b) Notwithstanding the provisions of Section 1(a) of this Schedule B, (i) all of the Restricted Stock Units shall immediately vest if a Change of Control occurs, and (ii) a pro-rata portion of the Restricted Stock Units shall immediately vest if your employment terminates prior to February 8, 2024 due to (A) your retirement at age 55 or older with at least 10 years of service, (B) your retirement at age 58 or older with at least 5 years of service, (C) your permanent and total disability (as defined under the relevant disability plan or program of Avient or a Subsidiary in which you then participate, or if there is no such plan or program, such condition provided in any applicable governmental statute or regulation that constitutes a disability), or (D) your death. The proration will be based on the portion of the Restriction Period during which you were employed (including your date of termination) by Avient or a Subsidiary. The remaining portion of the Restricted Stock Units will be forfeited.
- (c) Notwithstanding the provisions of Sections 1(a) and 1(b) of this Schedule B and to the extent permitted by applicable law, a number of Restricted Stock Units may vest and become payable prior to the Vesting Date or other vesting event described in Section 1(b) of this Schedule B in an amount that is sufficient to cover any employment tax that becomes payable by you with respect to the Restricted Stock Units prior to the Vesting Date or other vesting event, as applicable.

2. Other Termination. If your employment with Avient or a Subsidiary terminates before the Vesting Date for any reason other than as set forth in Section 1(b)(ii) of this Schedule B and before a Change of Control occurs, the Restricted Stock Units will be forfeited.

3. Payment of Restricted Stock Units.

- (a) The Restricted Stock Units that vest pursuant to Section 1 of this Schedule B will be paid in Common Shares transferred to you within 30 business days following the Vesting Date, provided, however, that, subject to Section 3(b) of this Schedule B, (i) in the event a Change of Control occurs prior to the Vesting Date or (ii) in the event your employment terminates on account of the reasons set forth in Section 1(b)(ii) of this Schedule B prior to the Vesting Date, the Restricted Stock Units will be

paid within 30 business days following such Change of Control or the date of the termination of your employment, whichever applies.

- (b) If the event triggering the right to payment under Section 3(a) of this Schedule B does not constitute a permitted distribution event under Section 409A(a)(2) of the Code, then notwithstanding anything herein to the contrary, the payment of Common Shares will be made to you, to the extent necessary to comply with Section 409A of the Code, on the earliest of (i) your “separation from service” with Avient or a Subsidiary (determined in accordance with Section 409A) that occurs after the event giving rise to payment; (ii) the Vesting Date; or (iii) your death. In addition, if you are a “key employee” as determined pursuant to procedures adopted by Avient in compliance with Section 409A of the Code and any payment of Common Shares made pursuant to this Schedule B is considered to be a “deferral of compensation” (as such phrase is defined for purposes of Section 409A of the Code) that is payable upon your “separation from service” (within the meaning of Section 409A of the Code), then the payment date for such payment shall be as soon as administratively practicable on or after the first business day of the seventh month following the date of your “separation from service” with Avient or a Subsidiary (determined in accordance with Section 409A of the Code), but in no event later than the last day of the seventh month following your “separation from service.”

4. Dividend, Voting and Other Rights. You shall have no rights of ownership in the Restricted Stock Units or the Common Shares underlying the Restricted Stock Units and you shall have no right to vote the underlying Common Shares until the date on which any Common Shares are transferred to you pursuant to Section 3 of this Schedule B. While the Restricted Stock Units are still outstanding, on the date that Avient pays a cash dividend to holders of Common Shares generally, you shall be entitled to a number of additional whole Restricted Stock Units determined by dividing (a) the product of (i) the dollar amount of the cash dividend paid per Common Share on such date and (ii) the total number of Restricted Stock Units (including dividend equivalents paid thereon) previously credited to you as of such date, by (b) the Market Value per Share on such date; provided, however that if the six-month delay described in Section 3(b) of this Schedule B applies to you, no dividend equivalents issued during such six-month period shall be credited to your outstanding Restricted Stock Units. Any dividend equivalents credited hereunder shall be subject to the same terms and conditions and shall be settled or forfeited in the same manner and at the same time as the Restricted Stock Units to which the dividend equivalents were credited.

SCHEDULE C – Performance Units

1. Performance Units.

- (a) Subject to the provisions of the Plan and the Agreement (including this Schedule C), your right to receive all or any portion of the Performance Units will be contingent upon the achievement of certain management objectives (the “Management Objectives”), as set forth in your Statement of Performance Goals. The achievement of the Management Objectives will be measured with respect to four performance periods (each, a “Performance Period”) as set forth in the table below and 25% of the Performance Units may be earned with respect to each Performance Period in accordance with the terms below.

Performance Period	Allocation of Performance Units
Performance Period #1: January 1, 2021 to December 31, 2021	25%
Performance Period #2: January 1, 2022 to December 31, 2022	25%
Performance Period #3: January 1, 2023 to December 31, 2023	25%
Performance Period #4: January 1, 2021 to December 31, 2023	25%

- (b) The Management Objectives for each Performance Period will be based solely on achievement of performance goals relating to Avient’s Adjusted Earnings per Share (“Adjusted EPS”), as defined in your Statement of Performance Goals.

2. Earning of Performance Units.

- (a) Twenty-five percent (25%) of the Performance Units may be earned with respect to each of the four Performance Periods defined in Section 1(a) of this Schedule C and shall be earned as follows:
- (i) If, upon the conclusion of a Performance Period, Adjusted EPS equals the threshold level, as set forth in the Performance Matrix contained in your Statement of Performance Goals, then 50% of the Performance Units allocated to such Performance Period shall become earned.

- (ii) If, upon the conclusion of a Performance Period, Adjusted EPS equals the target level, as set forth in the Performance Matrix contained in your Statement of Performance Goals, then 100% of the Performance Units allocated to such Performance Period shall become earned.
 - (iii) If, upon the conclusion of a Performance Period, Adjusted EPS equals or exceeds the maximum level, as set forth in the Performance Matrix contained in your Statement of Performance Goals, then 200% of the Performance Units allocated to such Performance Period shall become earned.
 - (iv) If, upon the conclusion of a Performance Period, Adjusted EPS is greater than the threshold level, but less than the target level, or greater than the target level, but less than the maximum level, as set forth in the Performance Matrix contained in your Statement of Performance Goals, then a proportionate percentage of the Performance Units allocated to such Performance Period shall become earned, as determined by mathematical interpolation and rounded up to the nearest whole unit.
- (b) In no event shall any Performance Units allocated to a Performance Period become earned if actual performance for such Performance Period falls below the threshold level for Adjusted EPS or if the Committee does not certify that the Management Objectives have been satisfied for such Performance Period.
- (c) If the Committee determines that a change in the business, operations, corporate structure or capital structure of Avient, the manner in which it conducts business or other events or circumstances render the Management Objectives to be unsuitable, the Committee may modify such Management Objectives or the related levels of achievement, in whole or in part, as the Committee deems appropriate.
- (d) Subject to the provisions of Sections 3 and 4 of this Schedule C, your right to receive any Performance Units is contingent upon your remaining in the continuous employ of Avient or a Subsidiary through the payment date, which shall be a date in 2024 determined by the Committee (or its authorized delegatee) and shall occur no later than March 15, 2024 (the "Payment Date").
- (e) Notwithstanding the provisions of Section 4 of this Schedule C and to the extent permitted by applicable law, a number of Performance Units may become non-forfeitable and payable prior to the Payment Date in an amount that is sufficient to cover any employment tax that becomes payable by you with respect to the Performance Units prior to the Payment Date.

3. Change of Control. Subject to Section 6,

(a) if a Change of Control occurs prior to the end of Performance Period #4, Avient shall pay to you as soon as administratively practicable after, but in all events no later than 30 days following the Change of Control, the sum of:

(i) the actual number of Performance Units earned with respect to all Performance Periods completed as of the date of the consummation of the Change of Control pursuant to Section 2(a) of this Schedule C; and

(ii) the number of Performance Units granted for which the Performance Period(s) have not been completed as of the date of the consummation of the Change of Control.

(b) if a Change of Control occurs after the end of Performance Period #4, but on or prior to the Payment Date, Avient shall pay to you the actual number of Performance Units earned pursuant to Section 2 of this Schedule C as soon as administratively practicable after, but in all events no later than 30 days following, the Change of Control.

4. Retirement, Disability or Death. Subject to Section 6 of this Schedule C, if your employment with Avient or a Subsidiary terminates prior to the Payment Date due to (a) retirement at age 55 or older with at least 10 years of service, (b) retirement at age 58 or older with at least 5 years of service, (c) permanent and total disability (as defined under the relevant disability plan or program of Avient or a Subsidiary in which you then participate), or (d) death, Avient shall pay to you or your executor or administrator, as the case may be, on the Payment Date, the sum of:

(i) the actual number of Performance Units earned as of the Payment Date pursuant to Section 2 of this Schedule C with respect to each Performance Period for the entirety of which you were employed by Avient or a Subsidiary; and

(ii) the product of (A) the actual number of Performance Units you would have earned as of the Payment Date pursuant to Section 2 of this Schedule C with respect to each Performance Period had you remained in the continuous employ of Avient or a Subsidiary for the entirety of such Performance Periods, multiplied by (B) a fraction, the numerator of which is the number of days during each Performance Period commencing on the first day of such Performance Period and extending through the date of your termination pursuant to one of the events described in Section 4(a), (b), (c) or (d) above, and the denominator of which is 365 (for Performance Period #1, #2 and/or #3, as applicable) and 1,095 (for Performance Period #4).

5. Other Termination. If your employment with Avient or a Subsidiary terminates before the Payment Date for any reason other than as set forth in Section 4 above and before a Change of Control, the Performance Units will be forfeited.

6. Payment of Performance Units.

- (a) Payment of any Performance Units that become earned as set forth herein will be made in the form of cash. The amount of the cash payment to be made shall be determined by multiplying (i) the number of Performance Units earned pursuant to Sections 2, 3 or 4 above by (ii) US\$1.00. Except as provided in Sections 3 and 6(b) of this Schedule C, payment will be made no later than the next regularly scheduled payroll date immediately following the Payment Date.
- (b) If the event triggering the right to payment under Section 3 or 4 above does not constitute a permitted distribution event under Section 409A(a)(2) of the Code, then notwithstanding anything herein to the contrary, the cash payment will be made to you, to the extent necessary to comply with Section 409A of the Code, on the earliest of (i) your “separation from service” with Avient or a Subsidiary (determined in accordance with Section 409A) that occurs after the event giving rise to payment; (ii) the Payment Date; or (iii) your death. In addition, if you are a “key employee” as determined pursuant to procedures adopted by Avient in compliance with Section 409A of the Code and any payment made pursuant to this Schedule C is considered to be a “deferral of compensation” (as such phrase is defined for purposes of Section 409A of the Code) that is payable upon your “separation from service” (within the meaning of Section 409A of the Code), then the Payment Date for such payment shall be as soon as administratively practicable on or after the first business day of the seventh month following the date of your “separation from service” with Avient or a Subsidiary (determined in accordance with Section 409A of the Code), but in no event later than the last day of the seventh month following your “separation from service.”

SUBSIDIARIES OF THE COMPANY

Name	Formation Jurisdiction
ACP Solutions Southern Africa (PTY) LTD	South Africa
Altona Properties Pty Ltd. (37.4% owned)	Australia
Auseon Limited	Australia
Avient Colorants Belgium SA (f/k/a Clariant Plastics & Coatings SA)	Belgium
Avient Colorants Italy Srl (f/k/a Clariant Plastics & Coatings (Italia) S.p.A.)	Italy
Avient Colorants Spain S.A. (f/k/a Clariant Plastics & Coatings (Ibérica) S.A.)	Spain
Avient Colorants Sweden AB (f/k/a Clariant Plastics & Coatings (Nordic) AB)	Sweden
Avient Colorants Switzerland AG (f/k/a Performance Masterbatches Switzerland AG)	Switzerland
Avient Finland OY (f/k/a Clariant Plastics & Coatings (Finland) OY)	Finland
Avient Luxembourg S.à r.l. (f/k/a PolyOne Luxembourg S.à r.l.)	Luxembourg
Avient Pakistan (Private) Limited (f/k/a Clariant Chemical Pakistan (Pvt) Ltd.	Pakistan
Avient Puerto Rico, LLC (f/k/a PolyOne Puerto Rico, LLC)	Puerto Rico
Avient Switzerland GmbH (f/k/a Clariant Plastics & Coating AG)	Switzerland
Braspenco Indústria de Compostos de Plásticos Ltda.	Brazil
Burton Rubber Company	Delaware
Butler Brothers, Inc. (49% owned)	Minnesota
Chromatics, Inc.	Connecticut
Clariant (Guatemala) S.A.	Guatemala
Clariant (New Zealand) Ltd.	New Zealand
Clariant Turkey Plastik, Boya ve Kimyevi Maddeler Sanayi	Turkey
Clariant (Vietnam) Ltd.	Vietnam
Clariant Masterbatches (Malaysia) Sdn Bhd	Malaysia
Clariant Masterbatches (Saudi Arabia) Ltd.	Saudi Arabia
Clariant Masterbatches (Shanghai) Ltd.	China
Clariant Material Science (Guangzhou) Ltd.	China
Clariant Plastics & Coatings (Argentina) S.A.	Argentina
Clariant Plastics & Coatings (Colombia) S.A.S.	Colombia
Clariant Plastics & Coatings (France)	France
Clariant Plastics & Coatings (Ireland) Ltd.	Ireland
Clariant Plastics & Coatings (Italia) S.p.A.	Italy
Clariant Plastics & Coatings (Polska) Sp. z.o.o.	Poland
Clariant Plastics & Coatings (Taiwan) Co., Ltd.	Taiwan
Clariant Plastics & Coatings (Thailand) Ltd.	Thailand
Clariant Plastics & Coatings (The Netherlands) B.V.	Netherlands
Clariant Plastics & Coatings (UK) Ltd.	United Kingdom
Clariant Plastics & Coatings Brasil Indústria Química Ltda.	Brazil
Clariant Plastics & Coatings Canada Inc.	Canada
Clariant Plastics and Coatings FZE	United Arab Emirates
Clariant Plastics and Coatings (RUS) LLC	Russia
Clariant Plastics & Coatings USA LLC	Delaware
Colorant Chromatics AB	Finland
Colorant Chromatics AG	Switzerland
Colorant Chromatics Europe B.V.	Netherlands
Colorant Chromatics Trading Shanghai, Ltd.	China
Colorant GmbH	Germany
ColorMatrix Argentina S.A.	Argentina

<u>Name</u>	<u>Formation Jurisdiction</u>
ColorMatrix Asia Limited	Hong Kong
ColorMatrix-Brazil, LLC	Ohio
ColorMatrix Corporation, The	Ohio
ColorMatrix do Brasil Indústria e Comércio de Pigmentos e Aditivos Ltda.	Brazil
ColorMatrix Europe BV	Netherlands
ColorMatrix Europe Limited	United Kingdom
ColorMatrix Group, Inc.	Delaware
ColorMatrix Holdings, Inc.	Delaware
ColorMatrix Plastic Colorant (Suzhou) Co. Ltd.	China
ColorMatrix Russia LLC	Russia
ColorMatrix South Africa (Pty) Ltd.	South Africa
ColorMatrix UK Holdings Limited	United Kingdom
ColorMatrix UK Limited	United Kingdom
COMPTEK Kunststoffverarbeitung GmbH	Germany
Conexus, LLC	Nevada
Fiber-Line Asia Pacific B.V.	Netherlands
Fiber-Line Asia Pacific (Changzhou) Co., Ltd.	China
Fiber-Line Asia Pacific (Shanghai) Co., Ltd.	China
Fiber-Line Holding B.V.	Netherlands
Fiber-Line International B.V.	Netherlands
Fiber-Line, LLC	Delaware
Fiber-Line Management, Inc.	Delaware
Franklin-Burlington Plastics, Inc.	Delaware
Glasforms, Inc.	California
GLS Hong Kong Limited	Hong Kong
GLS International, Inc.	Illinois
GLS Thermoplastic Alloys (Suzhou) Co., Ltd.	China
GLS Trading (Suzhou) Co., Ltd.	China
GSDI Specialty Dispersions, Inc.	Ohio
Hanna France S.à r.l.	France
Hanna-Itasca Company	Delaware
Hanna Proprietary Limited	Delaware
Hansand Steamship Company (33% owned)	Delaware
IQAP Czech, s.r.o.	Czech Republic
IQAP Masterbatch Group, S.L.	Spain
Juffali-PolyOne Master Batches Company (51% owned)	Saudi Arabia
Kimberly Iron (14% owned)	Michigan
Laconian Holding Company	Missouri
L. E. Carpenter & Company	Delaware
MAG International (50% owned)	Delaware
Magenta Master Fibers S.r.l.	Italy
Magenta Master Fibers (Shanghai) Co., Ltd.	China
M.A. Hanna Asia Holding Company	Delaware
M.A. Hanna Export Services Corp.	Barbados
M.A. Hanna Plastic Group, Inc.	Michigan
NEU Specialty Engineered Materials, LLC	Ohio

<u>Name</u>	<u>Formation Jurisdiction</u>
O'Sullivan Plastics, LLC	Nevada
Paramont Coal Company (50% owned)	Virginia
Performance Masterbatches (Chile) S.p.A.	Chile
Performance Masterbatches (Japan) K.K.	Japan
Performance Masterbatches Austria GmbH	Austria
Performance Masterbatches Germany GmbH	Germany
Performance Masterbatches MX, S.A. de C.V.	Mexico
Performance Masterbatches Serv, S. de R.L. de C.V.	Mexico
Performance Masterbatches Singapore Pte. Ltd.	Singapore
Pilot Knob Pellet Co. (50% owned)	Missouri
PlastiComp Europe GmbH	Germany
PlastiComp, Inc.	Minnesota
POL Development, Inc. (f/k/a Geon Development, Inc.)	Ohio
POL Laconian de Mexico Holding Company, S de R.L. de C.V.	Mexico
POL Luxembourg Holding Company, S.a r.l	Luxembourg
POL Mexico Holdings, LLC	Missouri
Polymer Diagnostics, Inc.	Ohio
PolyOne Belgium S.A.	Belgium
PolyOne Canada ULC	Canada
PolyOne Canada-Australia S.à r.l.	Luxembourg
PolyOne Chuzhou Co., Ltd.	China
PolyOne Color and Additives Germany, GmbH	Germany
PolyOne Company Australia Limited, The (f/k/a The Geon Company Australia Limited)	Australia
PolyOne Corporation UK Limited	United Kingdom
PolyOne Costa Rica S.A.	Costa Rica
PolyOne CR s.r.o.	Czech Republic
PolyOne de Mexico Distribution, S. de R.L. de C.V.	Mexico
PolyOne de Mexico S.A. de C.V.	Mexico
PolyOne Deutschland, GmbH	Germany
PolyOne Distribution Trading (Shanghai) Co. Ltd.	China
PolyOne Engineered Films, LLC	Virginia
PolyOne España, S.L.	Spain
PolyOne Europe Inc. (duly incorporated with PolyOne Europe S.à r.l.)	Delaware
PolyOne Europe Finance S.à r.l.	Luxembourg
PolyOne Europe Logistics S.A.	Belgium
PolyOne Europe S.à r.l. (duly incorporated with PolyOne Europe Inc.)	Luxembourg
PolyOne Finance Ltd.	Cyprus
PolyOne France S.A.S.	France
PolyOne Funding Corporation	Delaware
PolyOne Global S.à r.l.	Luxembourg
PolyOne Hong Kong Holding Limited	Hong Kong
PolyOne Hungary, Ltd.	Hungary
PolyOne Intellectual Property Ltd.	Cyprus
PolyOne International Finance Unlimited Company	Ireland
PolyOne International Ltd.	British Virgin Islands
PolyOne International Real Estate Corporation	Ohio
PolyOne International S.à r.l.	Luxembourg
PolyOne International Trading (Shanghai) Co., Ltd.	China

<u>Name</u>	<u>Formation Jurisdiction</u>
Polyone Italy S.r.l.	Italy
PolyOne Japan K.K.	Japan
PolyOne Korea, Ltd.	Korea
PolyOne Limited	Cyprus
PolyOne LLC	Delaware
PolyOne Management (Shanghai) Co. Ltd.	China
PolyOne Poland Manufacturing, Sp.z.o.o.	Poland
PolyOne Polimeks Plastik Tic. ve San. A.Ş	Turkey
PolyOne Polymer (Tianjin) Co., Ltd.	China
PolyOne Polymers India Pvt. Ltd.	India
PolyOne S.à r.l.	Luxembourg
PolyOne (Shanghai) Co., Ltd. (a/k/a PolyOne Shanghai, China)	China
PolyOne Shenzhen Co. Ltd.	China
PolyOne Singapore Pte Ltd	Singapore
PolyOne Suzhou, China	China
PolyOne Sweden, A.B.	Sweden
PolyOne Tekno Polimer Mühendislik Plastikleri San. ve Tic. A.S.	Turkey
PolyOne Tekno Ticaret Mühendislik Plastikleri San. ve Tic. A.S.	Turkey
PolyOne Termoplásticos do Brasil Ltda.	Brazil
PolyOne Th. Bergmann GmbH	Germany
PolyOne (Thailand) Co., Ltd.	Thailand
PolyOne UK Finance Limited	United Kingdom
P.T. Clariant Plastics and Coating Indonesia	Indonesia
RA Products, Inc.	Michigan
Regalite Plastics, LLC	Massachusetts
Rutland DCC Inc Manufacturing Private Limited (50 % owned)	India
Rutland Europe Limited	United Kingdom
Rutland Group, Inc.	Delaware
Rutland Holding Company	Delaware
Rutland Intermediate Holding Company	Delaware
Rutland International Limited	United Kingdom
Rutland Plastics, Inc.	Florida
Seola ApS	Denmark
Servicios Factoria Barbastro, S.A. (50% owned)	Spain
Shanghai Colorant Chromatics Co., Ltd.	China
Shawnee Holdings, LLC	Virginia
SilCoTec, Inc.	Indiana
Sociedad Quimica Alemana S.A.	Peru
Spartech, S.A.S.	France
Uniplen Indústria de Polimeros Ltda.	Brazil

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-238246) pertaining to the PolyOne Corporation 2020 Equity and Incentive Compensation Plan;
- (2) Registration Statement (Form S-8 No. 333-231236) pertaining to the PolyOne Supplemental Retirement Benefit Plan (As Amended and Restated Effective January 1, 2014);
- (3) Registration Statement (Form S-8 No. 333-217879) pertaining to the PolyOne Corporation 2017 Equity and Incentive Compensation Plan;
- (4) Registration Statement (Form S-8 No. 333-205919) pertaining to the Amended and Restated PolyOne Corporation 2010 Equity and Performance Incentive Plan;
- (5) Registration Statement (Form S-8 No. 333-181787) pertaining to the PolyOne Corporation 2010 Equity and Performance Incentive Plan;
- (6) Registration Statement (Form S-8 No. 333-166775) pertaining to the PolyOne Corporation 2010 Equity and Performance Incentive Plan;
- (7) Registration Statement (Form S-8 No. 333-157486) pertaining to the PolyOne Retirement Savings Plan;
- (8) Registration Statement (Form S-8 No. 333-47796) pertaining to Post-Effective Amendment No. 3 on Form S-8 to Form S-4 pertaining to the Geon Company 1993 Incentive Stock Plan, the Geon Company 1995 Incentive Stock Plan, the Geon Company 1998 Interim Stock Award Plan, the Geon Company 1999 Incentive Stock Plan, the PolyOne Corporation Deferred Compensation Plan for Non-Employee Directors and the M.A. Hanna Company Long-Term Incentive Plan;
- (9) Registration Statement (Form S-8 No. 333-141029) pertaining to the PolyOne Retirement Savings Plan and the DH Compounding Company Savings and Retirement Plan and Trust; and
- (10) Registration Statement (Form S-3 No. 333-236116) of PolyOne Corporation of our reports dated February 24, 2021, with respect to the consolidated financial statements of Avient Corporation and the effectiveness of internal control over financial reporting of Avient Corporation, included in this Annual Report (Form 10-K) of Avient Corporation for the year ended December 31, 2020.

of our reports dated February 25, 2021, with respect to the consolidated financial statements of Avient Corporation and the effectiveness of internal control over financial reporting of Avient Corporation, included in this Annual Report (Form 10-K) of Avient Corporation for the year ended December 31, 2020.

/s/ Ernst & Young LLP

Cleveland, Ohio
February 25, 2021

CERTIFICATION

I, Robert M. Patterson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Avient Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Robert M. Patterson

Robert M. Patterson
Chairman, President and Chief Executive Officer

February 25, 2021

AVIENT CORPORATION

CERTIFICATION

I, Jamie A. Beggs, certify that:

1. I have reviewed this Annual Report on Form 10-K of Avient Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jamie A. Beggs

Jamie A. Beggs
Senior Vice President and Chief Financial Officer

February 25, 2021

AVIENT CORPORATION

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Avient Corporation (the "Company") for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert M. Patterson, Chairman, President and Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Robert M. Patterson

Robert M. Patterson
Chairman, President and Chief Executive Officer

February 25, 2021

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

AVIENT CORPORATION

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Avient Corporation (the "Company") for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jamie A. Beggs, Senior Vice President and Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Jamie A. Beggs

Jamie A. Beggs
Senior Vice President and Chief Financial Officer

February 25, 2021

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

AVIENT CORPORATION