INEOS Quattro Holdings Limited

Annual report and financial statements

Registered number 09922632

Year ended – 31 December 2021

INEOS QUATTRO HOLDINGS LIMITED

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Section 1 – Strategic Report and Directors' Report

INEOS QUATTRO HOLDINGS LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their strategic report of INEOS Quattro Holdings Limited (the "Company") and its subsidiary undertakings (together the "Group") for the year ended 31 December 2021.

Results for the year

The results of the Group are set out in the consolidated income statement on page 24 which shows a profit for the year of €1,576.1 million (2020: €207.0 million).

Review of the business

Acquisition of the BP businesses and formation of the INEOS Quattro group.

On 31 December 2020, pursuant to an acquisition agreement dated 29 June 2020 between INEOS Holdings AG and BP, certain subsidiaries of the Group agreed to purchase the Aromatics and Acetyls businesses from certain subsidiaries of BP (the "BP Acquisition" or the "BP Petrochemicals Business"), including shares in seven jointly-controlled joint ventures and the assets owned and used in relation to the Aromatics and Acetyls businesses. The total purchase price for the BP Petrochemicals business was $4,990.0 million (€4,178.3 million equivalent), subject to a completion accounts settlement process. The completion accounts settlement process was finalised in 2021 leading to a cash inflow of €85.8 million from BP. Cash of €88.3 million was acquired with the Aromatics and Acetyls businesses.

On 31 December 2020, the Group acquired 94.9% of the shares in INOVYN Limited, a fellow subsidiary of INEOS Limited, pursuant to a contribution agreement dated 24 July 2020 between INEOS Group Investments Limited, INEOS Industries Limited, INEOS Industries Holdings Limited, the Company and INEOS Quattro Financing Limited, a subsidiary undertaking of the Company. The Company issued two ordinary shares in exchange for the INOVYN business. The difference between the consideration of €3,416.4 million and the nominal value of the share capital issued was recorded in share premium. Cash of €118.4 million was acquired with the INOVYN business.

See note 3 of the financial statements for further details.

The INEOS Quattro group of companies was formed from 31 December 2020, headed by the Company. The INEOS Quattro group comprises four businesses: the heritage Styrolution business, the INOVYN business, the Aromatics business and the Acetyls business.

The only trading within the Group prior to 31 December 2020 related solely to the Styrolution business.

Financing arrangements

On 29 January 2021, the Group issued €800.0 million 2½% Euro Senior Secured Notes due 2026, $500.0 million (€406.5 million equivalent) 3⅜% Dollar Senior Secured Notes due 2026 and €500.0 million 3¾% Euro Senior Notes due 2026. In addition, the Group entered into a new Dollar Term Loan B Facility of $2,000.0 million (€1,626.0 million equivalent) and a new Euro Term Loan B Facility of €1,500.0 million. The gross proceeds received under these borrowings were used to:

(i) repay the amounts outstanding under:

- the Bridge Facilities of $2,450.0 million and €870.0 million;
- the Five-Year Euro Term Loan A Facility of €180.0 million;
- the Senior Secured Term Loan B Facility that was acquired with the INOVYN business of €1,064.3 million; and
- repay the Equity Bridge Contribution of $1,000.0 million previously made by the Company's immediate parent undertaking.

(ii) to pay certain fees and expenses related to these transactions.

On 28 June 2021, the Group renegotiated its historic trade receivables securitisation programme that was in the Styrolution business. A further three banks have joined the programme, with the total number of lending banks now at 5. The maximum amount available under the securitisation programme will increase from €450.0 million to €600.0 million as soon as three new selling entities from the Aromatics and Acetyls business join the programme, anticipated in May 2022. The facility now matures on 28 June 2024. For drawn amounts, the revised facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.95% (previously the margin was between 0.80% and 0.95%). For undrawn amounts, the facility bears interest of 0.5%.

Review of the business (continued)

Financing arrangements (continued)

On 28 June 2021, the Group renegotiated its trade receivables securitisation programme that was acquired with the INOVYN business. The maximum amount available under the securitisation programme remained the same at €240.0 million. The facility now matures on 30 June 2024. The interest rates were also reduced and, for drawn amounts, the revised facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.95% (previously the margin was 1.1%), except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is SONIA/SOFR plus 0.95% (previously the margin was 1.1%). For undrawn amounts, the facility bears interest of 0.5%.

On 13 September 2021, the Revolving Credit Facility was terminated.

Subsequent to the year end, on 21 January 2022, INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd. entered into a new term loan agreement with Bank of China and ICBC to provide a RMB 3,300.0 million financing for the construction of the new 600 kilo tonne ABS plant in Ningbo, China. The term loan facility matures in 2032 and bears interest at a rate equal to the China Loan Prime Rate minus a rate of 0.65% per annum.

See note 17 of the financial statements for further details.

Review of trading results

The only trading and other activity within the Group prior to 31 December 2020 related solely to the Styrolution business.

Revenue from continuing operations was €14,932.2 million for the year ended 31 December 2021 (2020: €3,955.1 million) and earnings before interest, tax, impairment, depreciation, amortisation and exceptional items and after the share of profit/(loss) of associated undertakings and joint ventures using the equity accounting method ("EBITDA before exceptional items") was €3,039.1 million for the year ended 31 December 2021 (2020: €645.6 million). A reconciliation of EBITDA before exceptional items to profit before tax can be found in note 2 to the financial statements.

The Styrolution business' revenue increased by €1,934.6 million or 48.9% from €3,955.1 million in 2020 to €5,889.7 million in 2021. Polymer sales volumes were higher, compared to 2020, with 2020 revenue impacted by the COVID-19 pandemic. There was high demand for durable products, mainly in the household, construction and electronic industries. Limited polymer imports from Asia led to top of cycle conditions across the globe. Styrene monomer sales volumes decreased, partially as a result of Storm Uri on the US Gulf Coast in February 2021 which led to outages in the US plants, reducing product availability but increasing average sales prices and margins. In addition, styrene monomer product was consumed internally as polymer demand was higher. Overall, average sales prices increased for styrene monomer, polystyrene, ABS and styrenic specialties due to tighter polymer markets and higher feedstock costs. EBITDA before exceptional items increased by €534.7 million or 82.8%, from €645.6 million in 2020 to €1,180.3 million in 2021. Margins increased across all product groups, showing top-of-cycle conditions, mainly in durable goods, Asian markets and electronics and household industries. The higher sales prices compensated the increase in feedstock costs, and the higher energy prices in the second half of the year were to a large extent passed onto customers.

Revenue for the INOVYN business was €4,225.6 million for the year (2020: €2,878.2 million, although this was pre-acquisition and so €nil was recorded in the 2020 consolidated financial statements of the Group). There was worldwide tightness in the PVC market, as supply was limited by planned and unplanned maintenance both in the US and in Europe. Average sales prices also increased due to a greater proportion of sales were made in European markets. Average sales prices for general purpose PVC reached record levels in the second half of the year, due to high demand, global supply shortages and low imports into Europe. Global demand for specialty PVC was strong with good volumes and prices achieved. In contrast, caustic soda markets were long, although demand had largely recovered to pre-COVID levels in the second half of 2021. Significant price increases were implemented in the final quarter of 2021, driven by higher and volatile energy prices. EBITDA before exceptional items was €974.4 million for the year (2020: €602.6 million, although this was pre-acquisition and so €nil was recorded in the 2020 consolidated financial statements of the Group). Business performance was exceptional driven by the extremely tight global market for general purpose PVC, which pushed margins over ethylene to record levels in domestic markets. Global demand for specialty PVC was also strong, with tightness in these markets also leading to high margins in both export and domestic markets. These positive factors were partially offset by lower pricing of caustic soda and higher energy costs. The final quarter of 2021 was characterised by volatile, high energy prices, with unprecedented levels for both electricity and gas. Caustic soda quarterly contract prices increases were implemented and then further increases were sought, driven by historically high electricity prices across Europe impacting costs.

Review of the business (continued)

Review of trading results (continued)

Revenue for the Acetyls business was €1,219.0 million for the year (2020: €743.8 million, although this was pre-acquisition and so €nil was recorded in the 2020 consolidated financial statements of the Group). Demand was good in all regions recovering from the COVID-19 pandemic and there were supply issues throughout the year, leading to tight market conditions. In the first half of 2021, there were supply outages in China and the US, the latter a result of Storm Uri. Supply outages continued throughout 2021, particularly in China where competitors faced unplanned shutdowns and a new energy policy in some provinces in China which restricted energy availability and reduced production. In the US, markets were tight with production and logistics issues and low inventory levels. This led to a particularly tight market throughout the year with high prices for products. Sales prices also increased on the back of higher methanol and gas prices in the second half of the year. EBITDA before exceptional items was €622.0 million for the year (2020: €88.2 million, although this was pre-acquisition and so €nil was recorded in the 2020 consolidated financial statements of the Group). Acetyls' performance was strong, driven by exceptionally strong margin environment across all regions due to the tight supply market and strong demand. European business saw some specific competitive pressures due to the high gas prices in the UK in 2021, which did disadvantage the UK plant relative to other regions. In Asia, the joint venture operations and sales were able to take advantage of the strong demand and record margins. The Methanol joint venture in Trinidad performed well with solid margin environments and a record production year. Total share of profit from joint ventures was €462.5 million for the year

Revenue for the Aromatics business was €3,683.2 million for the year (2020: €2,819.3 million, although this was pre-acquisition and so €nil was recorded in the 2020 consolidated financial statements of the Group). Aromatics volumes recovered from the COVID-19 pandemic lows. Production and sales volumes of Aromatics were driven by strong demand in the US, resulting in the Cooper River plant producing high volumes. There was an unplanned outage in the Texas plant in early 2021 and volumes were impacted by Storm Uri, but demand strength in the region meant that lost volumes were more than recovered through prices. In Europe, market demand was strong, and all available volumes were sold, although available volumes were impacted by outage at the plant in Geel, Belgium. In Asia, production and sales volumes was lower than planned but all available volumes were sold. Raw materials and product costs increased throughout the year against the backdrop of a rising crude oil environment. This delivered increased revenue across all regions. EBITDA before exceptional items was €262.4 million for the year (2020: €84.7 million, although this was pre-acquisition and so €nil was recorded in the 2020 consolidated financial statements of the Group). In Asia, the China PTA margin was highly volatile with PTA markets impacted by energy shortages and government-imposed restrictions on industrial output, but Indonesia had good margins, particularly in the second half of the year. In Europe, the margin environment was mixed, the assets ran well and were able to capture good margins in the first half of the year but the increase in energy costs and supply chain issues in the second half of the year, resulted in margin reduction. In the US region, PTA margins were good, driven by strong demand for domestically produced PTA in response to supply chain issues impacting the ability to reliably import material into the US. In addition, some unplanned outages at competitors' plants in the US supported sales. The PX market in the US benefitted from strong benzene pricing in the first half of the year but then fell in the second half of the year.

The Acetyls and Aromatics businesses delivered significant reduction in cash fixed costs during the year, which was driven by applying the INEOS toolkit post acquisition. The main savings derived from the implementation of new approval processes for spend, and savings from organisation cutover and restructuring. Further savings are expected in 2022.

As at 31 December 2021, the Group has total equity of €3,312.6 million (2020: €2,743.2 million). Net debt at 31 December 2021 was €5,348.9 million (2020: €4,973.4 million).

Key exceptional items

Net exceptional charges of €250.6 million have been recognised in 2021 (2020: €34.4 million).

Plant closure costs of €19.0 million were charged in the year. A charge of €14.0 million has been recognised for the closure of the sulphur chemicals plant at Runcorn, United Kingdom. This charge includes a provision of €11.9 million made for the cost of exiting certain commercial agreements and the safe decommissioning of the plant and €2.1 million for redundant stock write-downs. In addition, €5.0 million has also been provided for costs associated with the waste water plant at the Group's site in Wilhelmshaven, Germany.

Environmental costs of €121.6 million have been recognised relating to the following provisions that have been made in the year:

- Following a full review and assessment of scope in 2021, a provision of €25.8 million was recognised for the demolition of the Group's mercury cellroom in Runcorn, United Kingdom, including safe disposal of hazardous waste and elemental mercury.
- Provisions of €9.1 million have been provided for the dismantling costs associated with the sulphur chemicals plant in Runcorn, United Kingdom.

Review of the business (continued)

Key exceptional items (continued)

- Dismantling provisions of €22.6 million have been provided for the Weston Point Power Station in Runcorn, United Kingdom.
- The Group approved plans in 2021 for the dismantling of the previously closed mercury cell room in Wilhelmshaven, Germany, after atmospheric and groundwater mercury levels exceeded permissible limits, and have provided for €25.0 million for the dismantling costs.
- In 2020, the Group recognised a provision for the costs associated with the construction of a sealed cell for a sedimentation basin and a pilot plant for the treatment of contaminated ground water. Having successfully demonstrated the feasibility and operational aspects of this project during 2021, the scope of the project was extended to include an industrial scale waste water treatment plant and the sealing of further sedimentation basins. A further provision of €21.8 million was recognised for these costs. Grants receivable of €3.3 million have been offset against these exceptional costs.
- Further exceptional charges of €20.6 million (€23.4 million of new provisions less €2.8 million of grants receivable) were created in 2021 at the Group's sites at Lillo, Belgium, Zandvliet, Belgium Tavazzano, Italy. Ferrara, Italy, Tavaux, France and Runcorn, United Kingdom for various remediation related projects mostly associated with mercury contamination.

Further acquisition-related professional fees of €4.1 million have been incurred in relation to the acquisition of the Aromatics and Acetyls businesses from certain subsidiaries of BP.

Reorganisation costs of €37.8 million have been recognised for manpower reorganisations and various IT-related costs following the cessation of the IT transitional service agreement with BP.

On 29 January 2021, the Group repaid its Five-Year Euro Term Loan A Facility, the Bridge Facilities and the INOVYN Senior Secured Term Loan B Facility and €52.7 million was written off to exceptional finance costs of unamortised debt issue costs. In addition, there was a finance charge of €16.2 million from a related party in respect of funding provided for the BP acquisition.

For further details of exceptional items, refer to note 4 of the financial statements.

Principal risks and uncertainties

The management of the business and execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are set out below:

- The chemical industry is cyclical – changing market demands and prices may negatively affect the Group's operating margins and impair its cash flow which, in turn, could affect its ability to make payments on its debt or to make further investments in the business.
- Raw materials and suppliers — if the Group is unable to pass on increases in raw material prices, or to retain or replace its key suppliers, its results of operations may be negatively affected.
- International operations and currency fluctuations — the Group is exposed to currency fluctuation risks as well as to economic downturns and local business risks in several different countries that could adversely affect its profitability.
- Competition — significant competition in the Group's industries, whether through efforts of new and current competitors or through consolidation of existing customers, may adversely affect its competitive position, sales and overall operations.
- Inability to maximise utilisation of assets — the Group may be adversely affected if it is unable to implement its strategy to maximise utilisation of assets.
- Synergies — the Group may not realise anticipated revenue and cost synergies, benefit from anticipated business opportunities or experience anticipated growth from any of its acquisitions.
- Outbreaks of disease — the outbreak of contagious diseases may have a negative impact on the Group's business and performance, and an adverse impact on the global economy generally. During the course of 2021 and into 2022, the Group has managed the outbreak of the COVID-19 coronavirus by implementing various measures to ensure the safety of employees and the ongoing operation of the plants.
- Substantial debt — the Group's substantial debt could adversely affect its financial position and prevent it from fulfilling its debt obligations.
- Cyber security — a cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss.

Principal risks and uncertainties (continued)

- Climate change – existing and proposed regulations to address climate change by limiting greenhouse gas emissions may cause us to incur significant additional operating and capital expenses.
- Regulation – the Group is highly regulated and may have substantial obligations and liabilities arising from health, safety, security and environmental ("HSSE") laws, regulations and permits applicable to its operations.
- Customers — the Group is subject to the risk of loss resulting from non-payment or non-performance by its customers. The credit procedures and policies may not be adequate to minimise or mitigate customer credit risk. The Group's customers may experience financial difficulties, including bankruptcies, restructurings and liquidations.
- Employees — the success of the Group depends on the continued service of certain key personnel and on good relations with its workforce as any significant disruption could adversely affect the Group.
- Joint ventures — some of the Group's petrochemical facilities are owned and operated in joint ventures with third parties. The Group does not control these joint ventures, and actions taken by its joint venture partners in respect of these joint ventures could materially adversely affect The Group's business.

Section 172(1) statement

The Directors have the duty under section 172 to promote the success of the Company for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers, investors and the environment. In considering the position of the Company, the directors have also considered the position of the Group as a whole. In the performance of its duty to promote the success of the Company and fairness in decision making the Board have regard (amongst other matters) for:

a) the likely consequences of any decision in the long term;
b) the interests of the company's employees;
c) the need to foster the Company's business relationships with suppliers, customers and others;
d) the impact of the Company's operations on the community and the environment;
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly as between members of the Company.

The Company's governance and processes are operated to ensure that all relevant matters are considered by the Board in its principal decision-making, as a means of contributing to the delivery of the Company's long-term success, which are discussed below.

Long term factors(a)

The Company's principal objectives are to maintain its position as a key global supplier of its products and to increase the value of the Group by generating strong, sustainable and growing cash flows across industry cycles. To achieve these objectives, the Company has the following key strategies:

a) Maintain health, safety, security and environmental excellence
b) Maintain and grow the Company's leadership positions to enhance competitiveness;
c) Reduce costs and realise synergies;
d) Maximise utilisation of assets;
e) Access advantaged feedstock and energy opportunities; and
f) Develop and implement a sustainable business.

The Company aims to operate and develop its business in a way that supports both the current and future needs, taking into account relevant economic, environmental and social factors. This enables the Company to sustain the business for the long term. The Directors strongly believes that sustainable business management and practices will contribute to long-term business success and will strengthen the Company's leading position in the market and also in a circular world. The Directors ensure that the Company has sufficient resources to support its long-term growth strategy and to fund its investments. An important element is the Company's long term cash and operational planning in relation to the capital requirements needed to grow and to extend the life span of the assets. The Directors consider available and required funds as a basis for any dividend under its distribution policy.

Section 172(1) statement (continued)

Stakeholder considerations (b – e)

Engaging stakeholders and developing meaningful partnerships is essential for long-term business success. The Company engages in regular, open and proactive dialogue with all relevant stakeholders as this is needed to understand their perspectives, expectations, concerns and needs. In this way, the Company is able to integrate stakeholder's considerations into business decision-making processes. Dialogue with stakeholders gives the Company the opportunity to explain its clear and committed approach to sustainability as well as the value of the Company's work, products and services for society.

Key stakeholders contribute to the Company's economic, social and environmental performance. Stakeholders include customers, suppliers, employees, investors, financial experts and rating agencies, local communities, industry associations, NGOs, scientific institutions, universities, government and value chain partners. The Company is very conscious of changing attitudes to climate change, and monitors its impact on the environment, including emissions arising from operation of its assets, use of power and feedstocks and the potential impacts of climate change on its business, whether arising from regulatory change, changing weather patterns or other factors. These matters are considered by the Directors in making decisions and in assessing the long-term viability of the business.

The Company is committed to maintaining a workplace that is safe, professional and supportive of teamwork and trust. The Company is committed to creating and sustaining a work environment of mutual trust where all employees are treated with respect and dignity, compensated fairly based on local market conditions, and are entitled to adequate working hours. The Company value diversity of its people and each of its employees is recognised as an important member of the team.

The Company is committed to protecting and maintaining the quality of the environment and to promoting the health and safety of its employees, contractors, suppliers, customers, visitors and the communities in which it operates. Compliance with all legislation intended to protect people, property and the environment is one of the Group's fundamental priorities and applies to its products as well as to its processes. Management lead by example and allocate the required resources to achieve excellence in SHE performance.

The need to act fairly as between members of the Company (f)

The Company has a single shareholder and a single ultimate controlling party. Their interests are taken into account by the Directors to promote fairness in decision making.

Principal decisions

Each of the Group's four businesses made a number of principal decisions in the year ended 31 December 2021, including:

- the undertaking of a refinancing project;
- investment in capital and sustainability projects such as the investment in Europe's first polystyrene advanced recycling pilot plant, investment in a demonstration polymerisation plant for production of ABS plastic from recycled feedstock, a new mechanical vapour recompression unit in France to deliver improvements in energy efficiency and upgrade of the Indonesia PTA plant; and
- launch of new products such as specialty styrenics products offering lower greenhouse gas emissions, post-consumer specialty ABS solutions and the production of bio-attributed epichlorohydrin from renewable feedstock.

The principal decisions are defined to be decisions taken in the Group that are of a strategic nature and significant to any of the Group's key stakeholder groups. The Directors have engaged with key shareholder and stakeholder groups through a variety of means and stakeholder interests were considered in decision-making.

Streamlined Energy and Carbon Reporting

The Group is classified as a large unquoted group due to its size and shareholding structure. Disclosures under the Streamlined Energy and Carbon Reporting requirements for the Group are contained in the Streamlined Energy and Carbon Reporting in the Strategic Report of the consolidated financial statements of INEOS Industries Limited, an intermediate parent undertaking. This reporting covers the Group's UK operations. The consolidated financial statements of INEOS Industries Limited are available to the public and may be obtained from the Company Secretary at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

Key performance indicators

The Group uses a number of financial and non-financial key performance indicators ("KPIs") to measure performance, which are monitored against budget and the prior year.

The main financial KPI for the business is earnings before interest, taxation, depreciation, amortisation and exceptional items ("EBITDA before exceptional items"). EBITDA before exceptional items for the Group for the year ending 31 December 2021 was €3,039.1 million (2020: €645.6 million). The Group also closely monitors fixed costs against budget and prior year.

The Group uses a number of other non-financial key performance indicators to measure performance including health, safety and environmental ("SHE") metrics such as Occupational Safety and Health Administration ("OSHA") incident and injury rates to measure the safe working of employees and contractors. Other KPIs include monitoring the reliability of operating assets and working capital ratios of the Group.

Strategic future developments

The Group's corporate strategy is to continue growing profitability and cash flows by optimising the cost base of the businesses, increasing the focus on high margin products and further product diversification, leveraging existing resources to expand sales and keeping the overall management structure of the Group simple and decentralised.

The Group will also continue to focus on the integration of the newly acquired Aromatics and Acetyls businesses.

Approved by the Board and signed on its behalf by

M J Maher
Director
25 April 2022

The Directors present their report and the audited consolidated financial statements of INEOS Quattro Holdings Limited (the "Company") and its subsidiary undertakings (together the "Group") for the year ended 31 December 2021.

Principal activities

The principal activities of the Group are the manufacture and sale of a range of chemicals used in a variety of applications. The principal activity of the Company is to act as a holding company.

Dividends

The Equity Bridge Contribution received from the Company's immediate parent undertaking as part of the BP Acquisition was repaid in January 2021 via a return of capital of €824.9 million.

Interim dividends of €393.3 million were declared and paid during the year (2020: €369.3 million). The Directors do not recommend the payment of a final dividend (2020: €nil).

Future developments

Future developments are discussed in the Strategic Report.

COVID-19 coronavirus

The Company and its subsidiaries continue to implement contingency plans for the COVID-19 pandemic, with the primary objective of maintaining the safety of personnel and the reliable operation of the Group's plants.

The chemical industry is deemed as essential, critical infrastructure by governments across the world. Throughout the pandemic all of the Company's and its subsidiaries' plants have continued to operate fully and supply chains have operated without significant disruption. Protecting employees and ensuring that they remain healthy has been the first priority of the Company and its subsidiaries. All plants have sufficient resources and have implemented measures to ensure that this remains the case throughout the pandemic.

Whilst there is still uncertainty due to the COVID-19 pandemic the Directors have undertaken a rigorous assessment of the potential impact of COVID-19 on demand for the Group's products and services and the impact on margins for the next 12 months and the Directors do not expect a material impact on the Group's ability to operate as a going concern.

Going concern

The Group financial statements have been prepared on a going concern basis and approved by the Board of Directors in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom ("Adopted IFRSs") effective 31 December 2021 and with the Companies Act as applicable to companies using Adopted IFRSs.

The Group is compliant with its debt covenant as at 31 December 2021 and meets its day to day working capital requirements through its intercompany loan and external financing facilities, along with cash generated by its subsidiaries' operations. The Group held cash balances of €1,291.3 million at 31 December 2021 (2020: €805.6 million) and gross loans and borrowings of €6,640.2 million at 31 December 2021 (2020: €5,779.0 million). The Directors have considered the Group's projected future cash flows and working capital requirements and are confident that the Group has sufficient cashflows to meet its working capital requirements for the next twelve months from the date of signing the financial statements. In particular, the Directors have stress tested the forecasts through taking account of reasonable possible changes in trading performance on the impact on EBITDA before exceptional items, cash flow and debt. The stress tests show that the Group will be compliant with its debt covenants and will still have sufficient cash flow to meet all of its obligations as they fall due within the next 12 months from the date of signing the financial statements.

On the basis of this assessment together with net assets of €3,312.6 million as at 31 December 2021 (2020: €2,743.2 million) the Directors have concluded that the Group can operate within its current facilities for a period of at least 12 months from the date of this report. Therefore, these financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Research and development

The Group's research and development team develops new applications for its higher margin and less cyclical specialty chemicals, provides support to the Group's customers and seeks to improve the efficiency of the Group's manufacturing processes. The research and development team also leads the Group's efforts with respect to the development and capacity expansions of the plants and maintaining and improving safety and environmental standards. The Group spent approximately €43.7 million (2020: €12.8 million) on research and development during the year, of which €42.6 million (2020: €12.8 million) was expensed to the income statement.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Donations

The Group made no political contributions (2020: €nil).

Financial risks

The Group's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, currency fluctuation risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group where appropriate. The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the cost of managing exposure to such risk exceeds any potential benefits. The Group manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. The Group's exposure to market risk for changes in interest rates relates primarily to its term loan borrowings upon which interest is paid at variable rates and its cash resources which are invested at variable rates. Again, the cost of managing exposure to such risk exceeds any potential benefits. This policy is continually reviewed.

Directors

The directors who held office during the year, and up to the date of signing the financial statements, were as follows:

K McQuade	(resigned 12 January 2021)
M Fieseler	(resigned 12 January 2021)
G W Leask	
J F Ginns	
A C Currie	(resigned 12 January 2021)
S M Harrington	(resigned 12 January 2021)
M J Maher	(appointed 17 March 2021)

Employees

The Group places considerable importance on communication with employees. This is to ensure that employees at all levels of the organisation are kept aware of key business developments, and in particular financial performance, so as to focus attention on key performance metrics. Town Hall sessions, virtual in 2020 and 2021 and in the future at each site, once the COVID pandemic allows travel, are held at various points in the year that are hosted by members of the Executive Committee, regional leadership teams and site management. Business news items are also communicated in local language to the organisation either via cascade or direct to individuals via email, Bulletin Boards and Intranet facilities. Work groups in the manufacturing areas have daily "toolbox talks" that cover SHE, critical operational items for the day and business developments. The Group undertakes employee surveys on a regular basis and there are action plans in place to address issues arising. INEOS is committed to an environment where open, honest communications are the expectation, not the exception. There is encouragement to discuss issues with line managers or other managers. In addition, there is an "INEOS Speak Up!" service for those employees wishing to report more serious unethical or improper behaviour. The Group has regard to employees' interests and take employee views into account when making decisions.

The Group operates in full accordance with prevailing employment legislation including information and consultation with employees and their representatives on matters affecting their interests. Outside of any necessary formal consultation process, there are regular briefings between the Company and the Works Councils/Trade Union bodies in each region.

Employees (continued)

The Group facilitates a number of schemes designed to encourage employees to deliver key business targets. This includes a discretionary Short-Term Incentive Plan and a Long-Term Incentive Plan, both of which are designed to focus attention on key areas of performance such as SHE, EBITDA before exceptionals, working capital, plant reliability and fixed costs.

It is the Group's practice to give full and fair consideration to applications for employment received from disabled persons, subject to the Group's requirements and to the qualifications, ability and aptitude of the individual in each case. In the event of employees becoming disabled, every effort is made to ensure their continued employment with the Group and to provide suitable adjustments to the workplace where appropriate.

The Group continually strives to meet, and where possible, exceed all relevant legal requirements applying to safety, health and the environment. It is committed to continuous improvement in all aspects of its operations. Through its Safety, Health, Environment and Quality ("SHEQ") Policy, the Group aims to be amongst the chemical industry leaders in health, safety, environmental protection and customer satisfaction, ensuring that products meet society's increasing environmental requirements. Specifically the Group works to two guiding principles. The first being to protect the health and safety of its employees; the communities in which it operates; and the users of its products. Secondly, the Group seeks to minimise the effects on the environment from its operations; storage; transport; use and disposal of its products. The Group manages Safety, Health and the Environment ("SHE") as an integral part of its activities through a formal management system that sets clear SHE standards/targets and monitors performance against them. It requires all members of staff (and others who work on its behalf) to adhere to the standard in the SHE Management System and to exercise personal responsibility to prevent harm to themselves, others and the environment. Comprehensive SHE information and training is provided to all employees, with SHE objectives set for every individual each year through the performance appraisal process. SHE targets also feature in the Group's discretionary Business Bonus Scheme. Appropriate SHE information and training is also provides to other who work for the Group, handle its products or operate its technologies. The Group also participates in industry wide responsible care and sustainable development activities.

Health and safety

The Group's facilities and operations are subject to a wide range of health, safety, security and environmental ("HSSE") laws and regulations in all of the jurisdictions in which it operates. These requirements govern, among other things, the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, wastewater discharges, air emissions (including GHG emissions), noise emissions, human health and safety, process safety and risk management and the clean-up of contaminated sites. Many of the Group's operations require permits and controls to monitor or prevent pollution. The Group has incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future HSSE laws, regulations and permits or the more stringent enforcement of such requirements.

The Group's operations are currently in material compliance with all HSSE laws, regulations and permits. The Group actively addresses compliance issues in connection with its operations and properties and believe that it has systems in place to ensure that environmental costs and liabilities will not have a material adverse impact on the Group.

Sustainability

Following the Paris Climate Agreement of 2015, many nation states have set the goal to achieve a Net Zero Emission Economy by 2050, and are adopting regulations and legislation to support this.

In response, INEOS Limited, the ultimate parent company of the Group, has announced a target to be climate neutral by 2050. INEOS's businesses have put in place roadmaps to achieve this while staying ahead of evolving regulations and legislation, and remaining profitable by seizing the new business opportunities arising. INEOS has already undertaken actions and improvements are already in hand. On a like-for-like basis, as compared to 2019, INEOS aims to reduce GHG emissions by 10% by no later than 2025, investing as required to achieve this. By 2030, INEOS aims to meet the EU's target of a 55% reduction in GHG emissions compared to 1990. As part of this effort, INEOS is also investing in new products and technologies to drive the industry to a circular economy in which materials are re-used to the maximum extent, and no products, once used, enter the natural environment.

INEOS believes that the products it makes are essential for a myriad of applications on which society relies. That is why Governments worldwide regard the industry as a critical industry, as it has been seen during the recent pandemic.

Sustainability (continued)

The range of applications includes the following:

- health and medical devices;
- clean water;
- food conservation and preservation;
- renewable energy technologies;
- lighter energy saving materials for transport and mobility;
- affordable clothing and apparel;
- construction and transmission of water and gases;
- electrical insulation; and
- household and electrical goods.

The products are essential for these applications because, based on performance, affordability, and environmental footprint, they are the best available materials for the applications concerned. In some cases, especially in the medical sphere, they are the only available materials. It has been estimated that if polymers and plastics were to be replaced to the maximum extent in applications where they can be substituted, overall life-cycle GHG emissions in Europe would increase by more than 50%.

Product recycling

The Aromatics business has developed Infinia, an enhanced chemical recycling technology, capable of processing currently unrecyclable forms of PET plastic waste by breaking the PET down into its two monomers from which high-quality recycled PET can be produced again. The unique feature of Infinia is that, unlike mechanically recycled PET which degrades at the molecular level when recycled, the PET produced by the Aromatics business' new process will be chemically the same as virgin PET. A pilot plant is currently being commissioned at the Aromatics business' technology centre in Naperville, USA ahead of the construction of the first commercial plant.

The INOVYN business continues to have a pivotal role in the European-wide VinylPlus® voluntary industry initiative. In 2020, VinylPlus achieved 731 kilo tonnes PVC recycling, slightly down on the original target of 800 kilo tonnes which was largely due to the impact of Covid which provoked disruption to recycling markets. ,Over 6.5 million tonnes of PVC have now been recycled since the start of the PVC industry voluntary commitments over a 20-year horizon. In 2021 INOVYN was a signatory to VinylPlus Pathways 2030, the new 10 year voluntary commitment of the European PVC value chain. The commitment consists of 3 Pathways; Circularity, Decarbonisation and minimisation of the environmental footprint and Partnerships. Each Pathway has its own set of priorities which consists of 12 action areas and 39 targets. In line with the European Circular Plastics Alliance, which commits to recycle 10 million tonnes of plastics by 2025, VinylPlus commits to 900 kilo tonnes PVC recycling by 2025 which is proportional to the PVC demand versus other plastics in Europe. INOVYN also plans to make key investments to address difficult-to-recycle PVC which cannot be easily recycled by mechanical means.

In 2019, the Styrolution business introduced INEOS Styrolution ECO, a new family of sustainable products. It comprises products made from post-consumer recycled material as well as renewable feedstock and complements the existing portfolio of styrenics standard products and specialties. The Styrolution business has demonstrated the advanced recycling capabilities of polystyrene with the first production of polystyrene from styrene monomer made only of depolymerised material. This technology facilitates a full recycling loop for plastics, which is expected to be applicable even to food applications. For ABS standard, the Styrolution business has developed mechanically recycled grades containing 50% or 70% comprising post-consumer recycled material that are commercially available today. These products meet the performance and quality levels of virgin materials. It has also established co-operations to secure high quality waste for polystyrene and ABS feedstock.

Improving energy efficiency in existing operations

INEOS is working aggressively across all its business and sites to make important reductions in energy use and associated GHG emissions. In addition, each of INEOS' sites is measured against previous emission years, other production sites in the business, and its profile in a country. Emissions data for each business are compared against all INEOS businesses. The data also makes it possible to compare sites and units, suggest reduction pathways, prioritise at source or end of pipe solutions, set targets and track roadmap progress. Moreover, site optimisation plans are made and discussed on a regular basis and result in reduction measures.

The INOVYN business is making key investments in decarbonisation, such as at the site in Tavaux, France. The results of which will see an emission reduction equivalent to taking 40,000 cars off the road each year. The Aromatics business' PTA technology has allowed the latest PTA plant in Zhuhai to reduce GHG emissions by 65%, water discharge by 75% and solid waste disposal by 95% compared to conventional technologies.

Sustainability (continued)

Investing in new manufacturing assets.

The hallmark of a sustainable business is the ability to invest in new state of the art manufacturing assets to create a step change improvement in efficiency and environmental footprint.

The recent launch of a new clean hydrogen business allows the Group to use its existing capabilities to facilitate the use of hydrogen as a key part of the transition to net-zero. The recently announced commitment of €2 billion from INEOS Group will be coordinated by the newly created Hydrogen Business Function within the INOVYN business. The first plants will be built in Norway, Germany and Belgium in the next 10 years with investment also planned in the UK and France. INOVYN, is already Europe's largest existing operator of electrolysis, the critical technology necessary to produce green hydrogen for power generation, transportation, and industrial use. The Group also has extensive experience in the storage and handling of hydrogen which puts the Group in a unique position to drive progress towards a carbon-free future based on hydrogen. The first unit to be built will be a 20MW electrolyser to produce clean hydrogen through the electrolysis of water, powered by zero-carbon electricity in Norway. This project will lead to a minimum reduction of an estimated 22,000 tonnes of CO2 per year by reducing the carbon footprint of INEOS' operations at Rafnes and serving as a hub to provide hydrogen to the Norwegian transport sector.

In 2017, the Acetyls business invested in TVUK, which as a consortium will build and operate the world's first Tricoya® wood elements acetylation plant in Hull, United Kingdom. The co-location of the TVUK plant with the Acetyl business' acetic acid and acetic anhydride manufacturing plants creates synergies as the Tricoya technology consumes acetic anhydride and produces a side stream of acetic acid. The wood acetylation plant will manufacture acetylated Tricoya wood chips that are treated with acetic anhydride produced by the Acetyls business in Hull. In turn, the Tricoya wood chips are used to produce sustainable, high performance panel products such as medium density fibreboard and particle-board. Start up of the unit is expected in the third quarter of 2022.

Using renewable bio-sourced feedstocks

The Styrolution business offers the integration of integration of renewable feedstock as a replacement for fossil fuel in upstream existing petrochemical installations. In 2020, it launched the world's first specialty styrenics materials made using renewable feedstock within the value chain. This feedstock does not compete with food and does not compete with land use. The renewable feedstock sources are certified by the Roundtable for Sustainable Biomaterials or the International Sustainability and Carbon Certification to assess that they are managed and attributed in accordance with their sustainability criteria.

In 2021, INOVYN doubled the number of sites from two to four audited to the highly accredited Roundtable for Sustainable Biomaterials Standard to produce BIOVYN™. This is the world's first bio-attributed PVC and represents a paradigm shift for the PVC industry. BIOVYN™ delivers a greenhouse gas saving of over 90%, moving the INOVYN business towards a carbon-neutral, circular economy and offers customers an immediate choice should they wish to invest in a PVC resin with an almost zero carbon footprint. The feedstock from BIOVYN™ is derived from second generation biomass from the timber industry. This has the advantage of not competing with the food chain. A wide range of INOVYN customers are now taking delivery of BIOVYN™ feedstock for use in pipes, flooring, automotive as well as a wide range of other applications.

Developing alternative low emission energy sources

Most of INEOS' sites use clean energy according to the local electricity mix. Some of these clean energy sources include: own investments in green power, such as wind turbines and solar panels (for example, at INOVYN's site at Jemeppe, Belgium, the Group is investing in a new solar farm that will provide 44GWh/year of renewable energy), the use of biomass or landfill gas as fuel for power plants, the purchase of bio-based steam or refuelling with hydrogen. In addition, sites have invested in electrical site cars to promote low-carbon energy sources.

Capture, utilisation or storage of carbon dioxide

While the goal is to cut emissions at their sources, INEOS recognises that carbon capture and storage will still play an important role in mitigating GHG emissions in the short run, as will utilising captured carbon in the long run. As such, INEOS has been operating carbon capture at several of its sites.

INEOS believes that this package of actions will bring substantial benefits to its customers, to the communities in which it operates, and to all its stakeholders, and help ensure that its businesses remain competitive and sustainable in transition to Net Zero Emission Economy by 2050.

Sustainability (continued)

EcoVadis Gold Award

The Styrolution business, the INOVYN business and the INEOS Group as a whole have all undergone sustainability assessments by EcoVadis, the global independent assessor and sustainability rating provider. These are detailed assessments focussed on environment, ethics, labour and human rights, and sustainable procurement. The Styrolution business was awarded Silver Merit status in 2015 in an assessment of its Corporate Social Responsibility programme by EcoVadis. Since then, it has improved its EcoVadis score, reaching Gold Merit in 2017 and Platinum Merit in the two most recent assessments. The INOVYN business was awarded Gold Merit status in 2021 for a third consecutive year in relation to EcoVadis's independent assessment of environmental and labour practices, ethics and supplier sustainability.

Governance

Safety, health and environment ("SHE") is governed at an INEOS group level and implemented by each business. Each business determines its own sustainability strategy. Group-wide, this is coordinated through the climate and energy network ("CEN"). The CEN works with all of the INEOS group's businesses on climate and energy matters. CEN 'issue teams' work at the policy and advocacy level, sharing best practice, new business opportunities and innovation. The network covers greenhouse gas (GHG) emissions, heat and power, sustainability, innovation, policy, advocacy and more. Updates from the CEN and SHE performance are both shared at the half-yearly meetings bringing together the CEOs of all of INEOS's businesses. Every year, the CEO of each of its businesses ensures the compliance of each of their manufacturing sites with the INEOS group's highest operational and financial standards.

In addition, INEOS has developed a science base to calculate carbon footprints and prepare consistent emission reduction roadmaps. The science base is a robust method for emissions accounting in carbon dioxide equivalent (CO2-eq) terms aligned with the Greenhouse Gas Protocol. The data collection is managed centrally through the CEN, using a shared online platform. The reporting is in line with the Global Reporting Initiative (GRI) guidelines, which are set by an international independent standard organisation and which aim to enable third parties to assess environmental impact from the activities of the company and its supply chain. Furthermore, INEOS has completed the CDP climate change survey in order to gain external validation for its initiatives.

INEOS's efforts are aligned with 10 of the United Nations Sustainable Development Goals (United Nations SDGs), with particular emphasis on the following areas: good health and wellbeing, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry, innovation and infrastructure, sustainable cities and communities, responsible consumption and production, climate action, life below water and partnerships for the goals. In addition to the United Nations SDGs, INEOS also supports the 10 principles of the United Nations Global Compact.

INEOS also engages with key stakeholders to understand sustainability topics relating to the business that are important to them. In 2020, INEOS performed a formal materiality assessment in which 19 topics were assessed across nine stakeholder groups and ranked relative to stakeholder interest. The results of the assessment are reviewed periodically with key stakeholders to maintain relevance and where practical INEOS sets quantitative targets for these priorities to help measure and report upon future performance.

In addition, INEOS has also made strides in its approach to product stewardship. INEOS carries out a comprehensive technical and safety audit of each potential customer before deliveries commence. This check ensures that equipment, safety protocols and procedures meet stringent standards, and INEOS works together to be sure deliveries can be safely received, stored and handled. INEOS also audits safety standards at all the major transport hubs that its products pass through, such as ports, terminals and warehouses.

INEOS is also a signatory to the International Council of Chemical Associations' (ICCA) Responsible Care Global Charter. By following the guidelines and measures of Responsible Care INEOS commits to safely conducting its business in an ethical and environmentally responsible manner and providing the foundation for development and capital investments. INEOS is committed to fulfilling the REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) obligations which ensures that companies manage the risks associated with their products and provide customers with the information they need to handle them in a safe and sustainable way. INEOS is also a signatory of Operation Clean Sweep, a voluntary stewardship program of the Plastics Industry Association (PLASTICS) and the American Chemistry Council. INEOS applies this commitment to achieve zero pellet, flake and powder loss across its sites and supply chain. INEOS is committed to keeping this material out of the marine environment.

Sustainability (continued)

Governance (continued)

Safe handling and containment of chemicals and products is of critical importance to INEOS. To monitor its performance, INEOS has developed a measure to give early warning of any risks and opportunities to improve. Each of the materials INEOS uses has a maximum legally permitted level at which its leakage into the environment is tolerated. However, leakage of materials to that level is extremely rare. INEOS's processes, operating procedures and working practices are all designed to secure containment of all products and raw materials. The loss of containment of any materials is extremely rare but each has a level that is legally reportable to the authorities. INEOS closely monitors all systems and it has internal reporting systems that trigger full internal investigation and reporting where there is any loss of containment that is 10% of the reportable level.

Business relationships

The business relationships with suppliers and customers are of strategic importance to the Directors of the Group and their decision-making process. The business relationships of the Group are described in the Section 172(1) statement in the Strategic Report

Branches outside the United Kingdom

Branches of the Group have been established in Austria, Belgium, China, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain and Sweden.

Subsequent events

The Group does not have operations in Belarus, Russia or Ukraine. During 2021 revenue generated in these countries was not material to the Group. The Group is not currently experiencing any material disruption to its operations and does not foresee any direct impact as a result of the conflict, but will continue to monitor the evolving situation closely. The conflict has led to a significant increase in energy prices; however the Group is currently attempting to manage these increases by passing them onto customers through higher prices. Therefore the Group is not expecting any material indirect impact on its operations or performance as a result of the conflict, but is monitoring this closely.

On 21 January 2022, INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd. entered into a new term loan agreement with Bank of China and ICBC to provide a RMB 3,300.0 million financing for the construction of the new 600 kilo tonne ABS plant in Ningbo, China. The term loan facility matures in 2032 and bears interest at a rate equal to the China Loan Prime Rate minus a rate of 0.65% per annum.

On 22 April 2022, the Group sold 13.8% of its shareholding in INEOS Styrolution India Ltd for consideration of approximately $23.0 million. The Group's shareholding reduced from 75.0% to 61.2% as a result with control being retained.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Statement of directors' responsibilities (continued)

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in international accounting standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

The directors confirm that as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and that they have taken all steps necessary as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Independent auditors

In accordance with Section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Deloitte LLP as auditor of the Company.

Registered address
INEOS Quattro Holdings Limited
Bankes Lane Office
Bankes Lane
PO Box 9
Runcorn
Cheshire
WA7 4JE
United Kingdom

Approved by the Board and signed on its behalf by:

M J Maher
Director
25 April 2022

Section 2 – Consolidated Financial Statements

INEOS QUATTRO HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INEOS QUATTRO HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of INEOS Quattro Holdings Limited (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the consolidated related notes 1 to 32 and parent company related notes 1-12.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation, IFRS and FRS 101, as well as laws and regulations prevailing in each country in which we identified a full-scope component and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's operating licences and environmental regulations.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions, and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Occurrence of non-routine revenue transactions.

Our specific procedures performed to address the occurrence of non-routine revenue transactions include the following procedures:

- assessed the design and implementation of the key controls in place around the revenue recognition process;
- substantive testing of manual adjustments to revenue through agreement to supporting evidence that verifies the occurrence of the revenue.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and tax authorities.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Leigh FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
25 April 2022

INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		€m	
Revenue	2	**14,932.2**	**3,955.1**
Cost of sales before exceptional items		(11,821.5)	(3,149.0)
Exceptional cost of sales	4	(140.6)	-
Total cost of sales		(11,962.1)	(3,149.0)
Gross profit		**2,970.1**	**806.1**
Distribution costs		(814.5)	(222.0)
Administrative expenses before exceptional items		(440.0)	(187.7)
Exceptional administrative expenses	4	(41.1)	(34.4)
Total administrative expenses		(481.1)	(222.1)
Operating profit	5	**1,674.5**	**362.0**
Share of profit of associates and joint ventures using the equity method	12	462.0	-
Dividends received from other investments		2.5	-
Impairment of investments	12	(1.0)	-
Profit on disposal of property, plant and equipment		4.3	0.3
Profit before net finance costs		**2,142.3**	**362.3**
Finance income	8	101.8	3.8
Finance costs before exceptional items	8	(273.1)	(77.4)
Exceptional finance costs	4, 8	(68.9)	-
Total finance costs		(342.0)	(77.4)
Net finance costs		(240.2)	(73.6)
Profit before tax		**1,902.1**	**288.7**
Tax charge	9	(326.0)	(81.7)
Profit for the year		**1,576.1**	**207.0**
Profit attributable to:			
- Owners of the parent		1,545.8	203.5
- Non-controlling interest		30.3	3.5
		1,576.1	**207.0**

All activities of the Group relate to continuing operations.

The notes on pages 30 to 104 are an integral part of these consolidated financial statements.

INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		€m	
Profit for the year		**1,576.1**	**207.0**
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	20	54.8	(5.0)
Deferred taxes on remeasurement of post-employment benefit obligations	14	(9.6)	1.6
Items that may be subsequently reclassified to profit or loss			
Foreign exchange translation differences of subsidiaries		202.9	(120.2)
Total other comprehensive income/(expense) for the year, net of tax		**248.1**	**(123.6)**
Total comprehensive income for the year		**1,824.2**	**83.4**
Total comprehensive income attributable to:			
- Owners of the parent		1,784.7	82.5
- Non-controlling interest		39.5	0.9
Total comprehensive income for the year		**1,824.2**	**83.4**

The notes on pages 30 to 104 are an integral part of these consolidated financial statements.

INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	2021	2020
		€m	
Non-current assets			
Property, plant and equipment	10	4,972.2	4,533.2
Intangible assets	11	2,265.2	2,279.7
Investments in equity-accounted investees	12	1,530.9	1,163.3
Other investments	12	18.1	17.3
Other financial assets	13	2.1	2.0
Other receivables	16	52.5	62.0
Employee benefits	20	69.0	33.0
Deferred tax assets	14	202.9	207.4
Total non-current assets		**9,112.9**	**8,297.9**
Current assets			
Inventories	15	1,548.9	908.4
Trade and other receivables	16	2,377.9	1,564.3
Tax receivables for current tax		54.7	35.8
Cash and cash equivalents	26	1,291.3	805.6
Total current assets		**5,272.8**	**3,314.1**
Total assets		**14,385.7**	**11,612.0**
Equity attributable to owners of the parent			
Share capital	23	0.3	0.3
Share premium reserve		-	6,620.4
Merger reserve	24	(4,526.9)	(4,526.9)
Retained earnings		7,551.5	603.5
Other reserves		213.5	(25.4)
Total shareholders' funds		**3,238.4**	**2,671.9**
Non-controlling interest		74.2	71.3
Total equity		**3,312.6**	**2,743.2**
Non-current liabilities			
Interest-bearing loans and borrowings	17	6,436.4	2,829.7
Lease liabilities	18	226.6	234.4
Trade and other payables	19	146.9	130.5
Employee benefits	20	233.3	298.9
Provisions	21	185.3	94.5
Deferred tax liabilities	14	404.9	419.8
Total non-current liabilities		**7,633.4**	**4,007.8**
Current liabilities			
Interest-bearing loans and borrowings	17	133.9	2,881.6
Lease liabilities	18	72.6	77.9
Trade and other payables	19	2,978.5	1,769.7
Tax liabilities for current tax		146.0	88.8
Other financial liabilities	22	53.4	13.0
Provisions	21	55.3	30.0
Total current liabilities		**3,439.7**	**4,861.0**
Total liabilities		**11,073.1**	**8,868.8**
Total equity and liabilities		**14,385.7**	**11,612.0**

The notes on pages 30 to 104 are an integral part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 25 April 2022 and were signed on its behalf by:

M J Maher
Director
INEOS Quattro Holdings Limited
Registered number: 09922632

INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share capital	Share premium reserve	Merger reserve	Retained earnings	Other reserves	Total shareholders' funds	Non-controlling interest	Total equity
						€m			
Balance at 1 January 2020		0.3	2,389.7	(1,281.2)	769.3	95.6	1,973.7	16.1	1,989.8
Profit for the year		-	-	-	203.5	-	203.5	3.5	207.0
Other comprehensive (expense)/income:									
Remeasurement of post-employment benefit obligations	20	-	-	-	-	(5.0)	(5.0)	-	(5.0)
Deferred taxes on remeasurement of post-employment benefit obligations	14	-	-	-	-	1.6	1.6	-	1.6
Foreign exchange translation differences of subsidiaries		-	-	-	-	(117.6)	(117.6)	(2.6)	(120.2)
Total other comprehensive expense		-	-	-	-	**(121.0)**	**(121.0)**	**(2.6)**	**(123.6)**
Transactions with owners, recorded directly in equity:									
Issue of shares	23	-	4,230.7	-	-	-	4,230.7	-	4,230.7
Acquisition of businesses under common control	3	-	-	(3,245.7)	-	-	(3,245.7)	-	(3,245.7)
Acquisition of non-controlling interest	3	-	-	-	-	-	-	54.3	54.3
Dividends	23	-	-	-	(369.3)	-	(369.3)	-	(369.3)
Transactions with owners, recorded directly in equity		-	**4,230.7**	**(3,245.7)**	**(369.3)**	-	**615.7**	**54.3**	**670.0**
Balance at 31 December 2020		**0.3**	**6,620.4**	**(4,526.9)**	**603.5**	**(25.4)**	**2,671.9**	**71.3**	**2,743.2**
Profit for the year		-	-	-	1,545.8	-	1,545.8	30.3	1,576.1
Other comprehensive income/(expense):									
Remeasurement of post-employment benefit obligations	20	-	-	-	-	53.7	53.7	1.1	54.8
Deferred taxes on remeasurement of post-employment benefit obligations	14	-	-	-	-	(9.4)	(9.4)	(0.2)	(9.6)
Foreign exchange translation differences of subsidiaries		-	-	-	-	194.6	194.6	8.3	202.9
Total other comprehensive income		-	-	-	-	**238.9**	**238.9**	**9.2**	**248.1**
Transactions with owners, recorded directly in equity:									
Reduction of share premium	23	-	(6,620.4)	-	6,620.4	-	-	-	-
Repayment of Equity Bridge Contribution	23	-	-	-	(824.9)	-	(824.9)	-	(824.9)
Dividends	23	-	-	-	(393.3)	-	(393.3)	(36.6)	(429.9)
Transactions with owners, recorded directly in equity		-	**(6,620.4)**	-	**5,402.2**	-	**(1,218.2)**	**(36.6)**	**(1,254.8)**
Balance at 31 December 2021		**0.3**	-	**(4,526.9)**	**7,551.5**	**213.5**	**3,238.4**	**74.2**	**3,312.6**

The notes on pages 30 to 104 are an integral part of these consolidated financial statements.

INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Analysis of other reserves:

	Note	Translation reserve	Actuarial reserve	Total other reserves
			€m	
Balance at 1 January 2020		106.9	(11.3)	95.6
Remeasurement of post-employment benefit obligations	20	-	(5.0)	(5.0)
Deferred taxes on remeasurement of post-employment benefit obligations	14	-	1.6	1.6
Foreign exchange translation differences of subsidiaries		(117.6)	-	(117.6)
Balance at 31 December 2020		**(10.7)**	**(14.7)**	**(25.4)**
Remeasurement of post-employment benefit obligations	20	-	53.7	53.7
Deferred taxes on remeasurement of post-employment benefit obligations	14	-	(9.4)	(9.4)
Foreign exchange translation differences of subsidiaries		194.6	-	194.6
Balance at 31 December 2021		**183.9**	**29.6**	**213.5**

The notes on pages 30 to 104 are an integral part of these consolidated financial statements.

INEOS QUATTRO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		€m	
Cash flows from operating activities			
Profit for the year		1,576.1	207.0
Adjustments for:			
Depreciation and impairment	10	595.5	187.0
Amortisation and impairment	11	122.9	62.2
Net finance costs	8	240.2	73.6
Share of profit of joint ventures and associated undertakings	12	(462.0)	-
Dividends received from other investments		(2.5)	-
Profit on disposal of property, plant and equipment		(4.3)	(0.3)
Impairment of investments	12	1.0	-
Tax charge	9	326.0	81.7
(Increase)/decrease in trade and other receivables		(789.4)	26.3
(Increase)/decrease in inventories		(589.2)	87.8
Increase in trade and other payables		1,032.0	29.4
Increase/(decrease) in provisions and employee benefits		70.0	(34.4)
Tax paid		(291.1)	(95.7)
Net cash from operating activities		**1,825.2**	**624.6**
Cash flows from investing activities			
Interest and other finance income received		5.0	2.4
Repayment of loans made to related parties		6.7	-
Dividends received from joint ventures	12	188.7	-
Dividends received from other investments		2.5	-
Disposal of businesses, net of cash disposed of		-	0.6
Proceeds from sales of property, plant and equipment		6.8	0.7
Acquisition of businesses, net of cash acquired	3	85.8	(3,971.6)
Acquisition of other investments		(0.7)	-
Acquisition of intangible assets		(3.5)	(1.0)
Acquisition of property, plant and equipment		(750.2)	(366.4)
Net cash used in investing activities		**(458.9)**	**(4,335.3)**
Cash flows from financing activities			
Proceeds from external borrowings	17	4,832.5	4,487.0
Repayment of external borrowings		(4,185.4)	(559.8)
Debt issue costs		(63.0)	(67.2)
Interest paid		(187.7)	(39.1)
Capital element of lease payments	18	(95.8)	(23.8)
Issue of share capital	23	-	814.3
Repayment of Equity Bridge Contribution to the owners of the Company	23	(824.9)	-
Dividend paid attributable to the owners of the Company	23	(393.3)	(369.3)
Dividend paid attributable to non-controlling interest		(10.3)	-
Net cash (used in)/from financing activities		**(927.9)**	**4,242.1**
Net increase in cash and cash equivalents	26	438.4	531.4
Cash and cash equivalents at 1 January	26	805.6	289.7
Effect of exchange rate fluctuations on cash held		47.3	(15.5)
Cash and cash equivalents at 31 December	26	**1,291.3**	**805.6**

The notes on pages 30 to 104 are an integral part of these consolidated financial statements.

1 ACCOUNTING POLICIES

1.1 Overview

INEOS Quattro Holdings Limited ("the Company") is a private company, limited by shares, incorporated in the United Kingdom, registered in England and Wales, and has its registered office at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom.

The Company was incorporated on 18 December 2015, as a subsidiary of INEOS Industries Holdings Limited.

1.2 Basis of accounting

These financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associated undertakings and recognise its joint arrangements as joint operations or joint ventures. The parent company financial statements present information about the Company as a separate entity and not about its Group.

The Group financial statements have been prepared on a going concern basis and approved by the Board of Directors in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom ("Adopted IFRSs") effective 31 December 2021 and with the Companies Act as applicable to companies using Adopted IFRSs.

The Group is compliant with its debt covenant as at 31 December 2021 and meets its day to day working capital requirements through its intercompany loan and external financing facilities, along with cash generated by its subsidiaries' operations. The Group held cash balances of €1,291.3 million at 31 December 2021 (2020: €805.6 million) and gross loans and borrowings of €6,640.2 million at 31 December 2021 (2020: €5,779.0 million). The Directors have considered the Group's projected future cash flows and working capital requirements and are confident that the Group has sufficient cashflows to meet its working capital requirements for the next twelve months from the date of signing the financial statements. In particular, the Directors have stress tested the forecasts through taking account of reasonable possible changes in trading performance on the impact on EBITDA before exceptional items, cash flow and debt. The stress tests show that the Group will be compliant with its debt covenants and will still have sufficient cash flow to meet all of its obligations as they fall due within the next 12 months from the date of signing the financial statements.

On the basis of this assessment together with net assets of €3,312.6 million as at 31 December 2021 (2020: €2,743.2 million) the Directors have concluded that the Group can operate within its current facilities for a period of at least 12 months from the date of this report. Therefore, these financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom in response to the IAS regulation (EC 1606/2002) effective as of 31 December 2021 and have been approved for issuance by the Board of Directors on 25 April 2022.

The notes below provide a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

1.3 Measurement convention

The financial statements are prepared on the historical cost basis except for derivative financial instruments classified at fair value through the profit or loss.

1.4 Functional and presentation currency

The presentational currency of the Group is the Euro, which is the functional currency of the majority of operations. The Group's primary products are sold in an international commodities market which is priced and invoiced primarily in euros.

1.5 Changes in accounting policies

The Group financial statements have been prepared using accounting policies that are consistent with those of the previous financial year. The Group has adopted the following amendments to accounting standards for the first time in 2021, with effect from 1 January 2021, although there has been no material effect on the Group's financial statements:

- Amendment to IFRS 16- COVID-19- Related Rent Concessions - beyond 30 June 2021 (effective date 1 April 2021). The amendment introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19.
- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 has been adopted and has been applied retrospectively. The amendments introduce a practical expedient relating to modifications of financial instruments and lease contracts and specific hedge accounting requirements which is triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate. The details of the accounting policies are disclosed in Note 1 - "Derivative financial instruments and hedging."

1.6 Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations, except acquisitions under common control which are outside the scope of IFRS 3. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination of a subsidiary or joint venture is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in the profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.6 Basis of consolidation (continued)

Special purpose entities ("SPE")

A SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. The Group has established three SPE's, INEOS Styrolution Receivables Finance Designated Activity Company, Deutsche Bank Mexico F/1787 and INEOS Norway Finance Ireland Limited, for debt securitisation programmes. The Group does not have any direct or indirect shareholdings in these SPE's. The SPE's are controlled by the Group as they have been established under terms that impose strict limitations on the decision-making powers of the SPE's management that result in the Group receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to the majority of risks arising from the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE's and their assets. INEOS Styrolution Receivables Finance Designated Activity Company, Deutsche Bank Mexico F/1787 and INEOS Norway Finance Ireland Limited are therefore regarded as SPE's and have been consolidated in these financial statements.

Associated undertakings

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint arrangements

Under IFRS 11 "*Joint Arrangements*", investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be either joint operations or joint ventures.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or loses and movements in other comprehensive income. When the Group's share of losses on a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

1.6 Basis of consolidation (continued)

Joint arrangements (continued)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the polices adopted by the Group.

1.7 Foreign exchange

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign exchange are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, euros, at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at exchange rates prevailing at the dates of the transactions. The Group applies an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are taken directly to the translation reserve. They are recycled into the consolidated income statement upon disposal.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. Foreign exchange differences arising on the retranslation of a borrowing designated as a hedge of a net investment in a foreign operation are recognised directly in OCI, in the translation reserve, to the extent that the hedge is effective. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

1.8 Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) They include no contractual obligation upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in debt and equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

1.8 Classification of financial instruments issued by the Group (continued)

Trade and other receivables

Trade and other receivables are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition they are tested for classification as per IFRS 9. If the trade receivables satisfy the criteria for cash flow characteristics test and business model test as per IFRS 9, then they are recognised at amortised cost. If they do not qualify for being recognised at amortised cost they are recognised at fair value through profit or loss or at fair value through other comprehensive income.

Trade and other payables

Trade and other payables are recognised initially at fair value less transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in debt securities are measured at amortised cost if they meet both of the following conditions and are not designated as a fair value through profit and loss:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income only if it meets both of the following conditions and is not designated as a fair value through profit and loss:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For investment in equity securities that are not held for trading, the Group may irrevocably elect to present subsequent changes to fair value in other comprehensive income. The Group makes this election on an investment-by-investment basis.

All other financial assets, including derivatives, are classified as measured at fair value through profit and loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement. Where no reliable measurement of fair value is available, investments are stated at historic acquisition cost.

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits.

Cash flows entered into by a third party on behalf of the Group (as it's 'agent') are presented 'gross'. These are typically cash flows arising from financing activities, undertaken by agent banks.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Debt restructuring

The Group derecognises financial liabilities in accordance with the provisions in IFRS 9. When debt is modified, the Group analyses the modifications from both a quantitative and qualitative perspective to determine if the modifications are substantial and meet the IFRS requirements for de-recognition, in which case the debt is treated as extinguished. All fees paid in connection with a debt extinguishment are expensed immediately. When a modification is accounted for as a non-substantial modification, associated fees incurred are deferred as an adjustment to the carrying value of the liability and amortised using the original effective interest rate.

1.8 Classification of financial instruments issued by the Group (continued)

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value. The gain or loss on subsequent remeasurement to fair value is recognised immediately in the consolidated income statement as finance income or expense. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in hedging reserve is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of the hedge is recognised immediately in the consolidated income statement as finance income or expense.

Where the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss, e.g. when interest income or expense is recognised.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and included in the consolidated income statement as an adjustment to revenue and cost of sales in the same period or periods during which the hedged forecast transaction affects revenue and cost of sales in the consolidated income statement.

When a hedging instrument expires, is sold, terminated, exercised, or the hedge no longer meets the criteria for hedge accounting, hedge accounting is discontinued prospectively. The cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the consolidated income statement immediately.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may include the cost of materials, labour and other costs directly attributable to bringing the assets to a working condition for their intended use. Cost may also include the cost of dismantling and removing items and restoring the site on which they are located.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation commences from the date an asset is brought into service. Land and assets in the course of construction are not depreciated. The estimated useful lives are as follows:

• Buildings	10 to 50 years
• Plant and Equipment	
- Major items of plant	3 to 30 years
- Major plant overhauls	2 to 4 years
- Motor vehicles	5 years
- Computer hardware and major software	2 to 4 years
- Fixtures and fittings	3 to 40 years

1.9 Property, plant and equipment (continued)

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, the Group makes an estimate of the recoverable amount, which is the higher of the asset's fair value less cost to sell and value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated income statement in the period in which the item is derecognised.

1.10 Business combinations, goodwill and intangible assets

All business combinations are accounted for by applying the Acquisition method, except acquisitions under common control which are outside the scope of IFRS 3. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures.

Acquisitions under common control are accounted for at book value. The difference in the book value of the assets acquired and consideration paid is recognised in retained earnings within a distributable merger reserve. The Group has elected not to include the results of businesses acquired under common control transactions within the Group income statement for any periods prior to the date of acquiring control.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to groups of cash-generating units and is not amortised but is tested annually for impairment. The cash generating units within the Group are predominately business units. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Negative goodwill arising on an acquisition is recognised immediately in the consolidated income statement.

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses. These intangible assets principally comprise intellectual property rights, customer relationships, non-compete agreements and license fees.

Intangible assets acquired separately from a business are carried initially at cost. The initial cost is the aggregate amount paid and the fair value of other consideration given to acquire the assets. An intangible asset acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Amortisation

Amortisation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Customer relationships 3 – 12 years
- Intellectual property rights 10 – 15 years
- Non-compete agreements life of the agreement
- Licenses up to 15 years

These intangible assets are tested for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying value may not be recoverable. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

1.11 Research and development

Expenditure on research activities is recognised in the consolidated income statement as an expense as incurred.

1.11 Research and development (continued)

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Where regulatory and other uncertainties are such that the criteria are not met, the expenditure is recognised in the income statement. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1.12 Impairment

Impairment of financial assets

A financial asset not classified at fair value through profit and loss is assessed at each reporting date to determine whether there is evidence that it is impaired.

Trade and other receivables

The Group applies the simplified approach when providing for expected credit losses prescribed by IFRS 9 for its trade receivables and contract assets. This approach requires the Group to recognise the lifetime expected loss provision for all trade receivables taking in consideration historical as well as forward-looking information.

Where the Group has assessed the probability of default of a financial asset to be low, the loss allowance is considered immaterial.

The Group assesses on a forward looking basis the expected credit losses associated with the financial assets classified at amortised cost at each balance sheet date and adjusts the allowance accordingly.

Investments in debt and equity securities

Impairment of equity securities classified as FVOCI are not tested for impairment under IFRS 9. If the fair value of a debt instrument classified as FVOCI increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through profit or loss.

Impairment of non-financial assets excluding inventories and deferred tax assets

The carrying amounts of the Group's non –financial assets, other than inventories and deferred tax assets are assessed at the end of the reporting period to determine whether there is any indication of impairment.

For goodwill and other intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at the end of the reporting period.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

1.12 Impairment (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Inventories

Inventories (excluding engineering stocks and maintenance spares) are stated at the lower of cost, using the first-in first-out or average cost method, and net realisable value which is defined as the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Provision is made for obsolete, slow-moving or defective items where appropriate.

Items owned by the Group that are held on consignment at another entity's premises are included as part of the Group's inventory.

Engineering stocks and maintenance spares are valued at moving average price. Catalysts, which are part of the chemical reaction and are consumed in the production process, are held as raw materials and consumables within inventories. These are consumed over a certain period, depending on their renewal cycles, according to normal production levels.

Cost of sales includes direct costs of raw material, distribution and handling costs.

1.14 Commodities

Contracts that are entered into and continue to be held for the purpose of receipt or delivery of non-financial items in accordance with the Group's expected purchase, sale or usage requirements (own-use contracts) are not accounted for as derivative financial instruments, but rather as executory contracts.

1.15 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16 *Leases*.

Group as a lessee

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

1.15 Leases (continued)

The lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date), amounts expected to be paid under residual value guarantees less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are expensed in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments a change in the assessment of whether the Group is reasonably certain to exercise an option to purchase the underlying asset, a change in future lease payments arising from a change in an index or rate, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee.

When the lease liability is remeasured in this way and there has been no change in the scope of the lease, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to all leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group also applies the lease of low-value assets recognition exemption to leases of assets that are valued below €10,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1.16 Government grants and similar deferred income

Government grants and similar deferred income are shown in the balance sheet as deferred income. This income is amortised on a straight-line basis over the same period as the tangible fixed asset to which it relates or the life of the related project.

1.17 Employee benefits

The Group operates a number of defined contribution plans and funded and unfunded defined benefit pension schemes. The Group also provides unfunded early retirement benefits, long service awards and an incentive plan for certain employees.

The Group provides health care insurance to eligible retired employees and their dependants, primarily in the United States.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement as incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The liability discount rate is the yield at the reporting date on AA credit rated bonds denominated in the currency of, and that have maturity dates approximating to the terms of, the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are amended or curtailed, the portion of the increased or decreased benefit relating to past service by employees is recognised as an expense immediately in the consolidated income statement.

1.17 Employee benefits (continued)

Defined benefit plans (continued)

Where the calculation results in a benefit to the Group, the asset recognised is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full.

The movement in the scheme surplus/deficit is split between:

- cost of sales and administrative expenses;
- net finance costs and,
- in net expense recognised directly in equity, the remeasurements of post employment benefit obligations.

Certain of the Group's pension plans include multi-employer schemes for employees of the Group and other INEOS or third-party companies. The method used to split the results between the Group and the other participating employers is as follows:

- Most members are allocated to a specific company, but where this was not possible members are allocated to the largest employer within the Group.
- Active scheme liabilities are allocated pro-rata based on the relative value of accrued pensions for active members. Deferred and pensioner members are allocated to the largest employer within the Group.
- Total assets and cash flows are allocated in proportion to accrued pensions.
- The allocation of total scheme liabilities is based on data collected at the last valuation date and this proportionate split has been applied consistently in the calculations.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.18 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change. Provisions are determined by discounting the expected future cash flows at risk free pre-tax rates based on country specific government bond yields which match the maturity of the expected future cash flows. The unwinding of the discount is recognised in finance costs.

Estimated direct costs to be incurred in connection with restructuring measures are provided for when the Group has a constructive obligation, which is generally the same as the announcement date. The announcement date is the date on which the plan is announced in sufficient detail such that employees have valid expectations that the restructuring will be carried out.

The Group is exposed to environmental and remediation liabilities relating to its past operations. Provision for these costs is made when the Group has a legal or constructive obligation to carry out remediation works and costs can be estimated within a reasonable range of possible outcomes.

1.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

1.20 Revenue

Revenue represents the invoiced value of products and services sold or services provided to third parties net of sales discounts, value added taxes and duties. Contracts for goods and services are analysed to determine the distinct performance obligations against which revenue should be recognised. The amount to be recognised is determined from the standalone selling prices for goods and services, allocated to the performance obligations. Revenue is recognised when (or as) the performance obligations are satisfied by transferring a promised good or service to a customer.

The timing of the satisfaction of a performance obligation varies depending on the individual terms of the sales agreement. Payment terms vary across the Group dependent on geographical location of each operating company. Transfer of control can occur when the product is received at the customer's warehouse, or loading the goods onto the relevant carrier, or when the product leaves the production site, depending on the international shipping terms that the product is sold under.

The pricing for products sold is determined by market prices (market contracts and arrangements) or is linked by a formula to published raw material prices plus an agreed additional amount (formula contracts). Revenue arising from the sale of goods is recognised when the goods are dispatched or delivered depending on the relevant delivery terms and point at which the control of the good or service is transferred to the customer.

The Group applies the five-step model for revenue recognition, introduced by IFRS 15 Revenue from Contracts with Customers. This model allows the Group to identify the contract with a customer; to determine the performance obligations in the contract; to establish the transaction price, which is later allocated to the performance obligations in the contract; and to recognise revenue when, or as, the entity satisfies a performance obligation, that is, that the control of the asset is transferred to the customer.

The Group has a small number of contracts that include distinct performance obligations. This results, in a limited number of cases, that revenue for certain performance obligations (being primarily separate shipping obligations) is recognised later in time. Additionally, certain customer contracts offer various forms of volume or early payment discount. These variable considerations might have as a consequence timing differences, but since the majority of contracts have terms of less than one year, the differences are solved within the period. Revenue is recognised to the extent that it is highly likely that a significant reversal in the amount of cumulative revenue recognised will not occur.

Additionally, certain customer contracts offer various forms of variable consideration in the form of early settlement discount or retrospective volume discounts. If it is highly probable that an early settlement discount will be taken and the amount is not expected to reverse when the variability is resolved, the discount is recognised as a reduction of revenue as the sales are recognised. If a volume discount applies retrospectively to all sales under the contract once a certain threshold is achieved, an estimate of the volumes to be sold and the resulting discount is calculated in determining the transaction price and this calculation is updated throughout the term of the contract.

Certain time and location swap contracts with third parties for commodities and finished goods are excluded from turnover and cost of sales.

Services provided to third parties include administrative and operational services provided to other companies with facilities on the Group's sites. Revenue is recognised at a point in time or over-time depending on whether the over-time revenue recognition criteria is met.

No assets related to costs to obtain or fulfil a contract have been recognised. Its impact, if any, is deemed immaterial.

1.21 Finance income and costs

Interest income and interest expense are recognised in the consolidated income statement as it accrues, using the effective interest method. Dividend income is recognised in the consolidated income statement on the date the entity's right to receive payments is established. Foreign exchange gains and losses are reported on a net basis.

Finance costs comprise interest payable, finance charges on leases, unwinding of the discount on provisions, net fair value losses on derivatives, net interest on employee benefit liabilities and net foreign exchange losses that are recognised in the consolidated income statement (see foreign exchange accounting policy).

Finance income comprises interest receivable on funds invested and from related party loans, net fair value gains on derivatives and net foreign exchange gains.

1.22 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are offset if it is possible that there is a legally enforceable right to offset current tax liabilities and assets because they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.23 Segmental analysis

The Group determines its operating segments in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments. The chief operating decision-makers are the members of the Executive Committees of each business who report into the shareholder.

The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure and the aggregation criteria set out in IFRS 8.

Segment results that are reported to the chief operating decision-makers include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Details of the Group operating segments and the segmental analysis of revenue and EBITDA before exceptionals are shown in note 2.

1.24 Exceptional items

In order to provide readers with a clear and consistent presentation of the underlying operating performance of the Group's ongoing business it separately identifies those profits and losses which because of their size or nature, are outside the normal course of business so are expected to be non-recurring. This may include the disposal of businesses, the impairment of non-current assets, the cost of restructuring acquired or existing businesses, the impact of one off events such as legal settlements or finance costs relating to call premia and write-off of unamortised debt issue costs following substantial modification or redemption of debt as exceptional items.

1.25 Emissions Trading schemes

The Group participates in the EU and UK Emissions Trading Schemes. The Scheme encourages companies to reduce carbon emissions by offering financial incentives if they achieve their annual reduction targets. If a company reduces emissions beyond their target then the surplus may be traded in the form of emissions permits.

The incentive money due from the EU and UK Emissions Trading Schemes are recognised in the consolidated income statement within cost of sales as a reduction of energy costs once the reduction targets have been met. The emissions permits allocated under the Scheme are at nil cost. Any additional emission permits that are purchased are recognised as intangible assets. The Group recognises the revenue from such permits upon their sale to third parties.

The Group accrues for emissions produced. The accrual is measured at the carrying amount of the emission rights held (nil if granted, otherwise at cost) or, in the case of a shortfall, at the current fair value of the emission rights needed.

1.26 Accounting standards not applied

A number of new standards and amendments are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The impact of their adoption is being assessed and is not expected to have a material impact on the Group's financial statements in the period of initial application. The new standards and amendments are as follows:

- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract (effective date 1 January 2022).
- Amendments to References to the Conceptual Framework in IFRS 3 (effective date 1 January 2022).
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use (effective date 1 January 2022).
- Annual Improvements to IFRS Standards 2018-2020 (effective date 1 January 2022).
- IFRS 17 Insurance Contracts (effective date 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date 1 January 2023).
- Amendments to IAS 12: Income taxes—deferred tax related to assets and liabilities arising from a single transaction (effective date 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (effective date 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (effective date 1 January 2023).

2 OPERATING SEGMENTS

Revenue and EBITDA before exceptional items are key measures used by the chief operating decision makers of the Group to assess the performance of the business segments.

The Group divides its operations into four segments:

- *Styrolution*, consisting of a portfolio of styrene monomer, polystyrene and acrylonitrile butadiene styrene ("ABS") and a number of other styrene derivatives under the category of "Specialties" such as ABS specialty and copolymers.
- *INOVYN*, consisting of general purpose and specialty suspension PVC, emulsion PVC, caustic soda, caustic potash, chlorine and chlorine by-products, brine and water, salt, hydrochloric acid, chlorinated paraffins, chlorinated solvents, allylics and epichlorohydrin.
- *Acetyls*, consisting of a variety of organic compounds, including acetic acid, acetic anhydride, methanol, ethyl acetate and vinyl acetate.
- *Aromatics*, consisting of a variety of aromatic chemical compounds, including paraxylene, purified terephthalic acid, benzene and metaxylene.

The revenue and EBITDA before exceptional items attributable to each business segment was as follows:

	Revenue		**EBITDA before exceptional items**	
	2021	**2020**	**2021**	**2020**
		€m		
Styrolution	5,889.7	3,955.1	1,180.3	645.6
INOVYN	4,225.6	-	974.4	-
Acetyls	1,219.0	-	622.0	-
Aromatics	3,683.2	-	262.4	-
Eliminations	(85.3)	-	-	-
	14,932.2	**3,955.1**	**3,039.1**	**645.6**

2 OPERATING SEGMENTS (continued)

EBITDA before exceptional items for the year ended 31 December 2021 is stated having taken into account fair value adjustments in relation to the BP acquired businesses of €51.5 million. Of this adjustment, €33.4 million relates to additional depreciation and amortisation charges for the year ended 31 December 2021 that arise as a result of the fair value of the assets in investments in joint ventures being uplifted. It should be noted that these additional charges do not impact the ability of the joint ventures to distribute dividends to shareholders. In addition, there are other adjustments of €18.1 million for the year ended 31 December 2021 most of which relates to an uplift in the acquired value of finished goods inventory, that have the effect of reducing the reported EBITDA. This adjustment was non-recurring in nature and will not impact future results.

Reconciliation of earnings before operating exceptional items, interest, taxation, impairment, depreciation and amortisation and after the share of profit/loss of associated undertakings and joint ventures using the equity accounting method ("EBITDA before exceptionals") to profit before tax:

	2021	2020
	€m	
EBITDA before exceptional items	3,039.1	645.6
Depreciation, amortisation and impairment charges	(718.4)	(249.2)
Exceptional items within operating profit (note 4)	(181.7)	(34.4)
Impairment of investments (note 12)	(1.0)	-
Profit on disposal of property, plant and equipment	4.3	0.3
Net finance costs (note 8)	(240.2)	(73.6)
Profit before tax	**1,902.1**	**288.7**

Geographical analysis - revenues

Geographical information by location of customers	2021	2020
	€m	
Europe	6,694.6	1,133.4
North Americas	2,963.8	1,092.5
Rest of World	5,273.8	1,729.2
Total	**14,932.2**	**3,955.1**

Geographical information by location of trading legal entity	2021	2020
	€m	
Europe	7,434.1	1,245.1
North Americas	3,155.1	1,129.0
Rest of World	4,343.0	1,581.0
Total	**14,932.2**	**3,955.1**

In presenting information on the basis of geographic analysis of segments, segment revenue is based on the geographical location of customers and registered address of the Group's trading legal entities.

3 ACQUISITION OF BUSINESSES

Acquisitions in the prior year – BP Petrochemicals

On 31 December 2020, pursuant to an acquisition agreement dated 29 June 2020 between INEOS Holdings AG and BP, certain subsidiaries of the Group agreed to purchase the Aromatics and Acetyls businesses from certain subsidiaries of BP (the "BP Acquisition" or the "BP Petrochemicals Business"), including shares in seven jointly-controlled joint ventures and the assets owned and used in relation to the Aromatics and Acetyls businesses.

The Aromatics business produces a variety of aromatic chemical compounds, including paraxylene, purified terephthalic acid, benzene and metaxylene, which may be used in the production of a variety of products including polyester fibres, PET resins and polyester film and used in a variety of end markets such as textiles, upholstery, household items, food packaging, flexible films and industrial products.

The Acetyls business produces a variety of organic compounds, including acetic acid, acetic anhydride, methanol. Ethyl acetate and vinyl acetate, which are used in a variety of end market applications including building and construction materials, paints and coatings, automotive glass, polyester fibre, PET bottles, surface coatings, inks and solvents, washing powders, wood acetylation and herbicides and pesticides.

The acquisition is a good fit with INEOS' existing asset base, reintegrating the Hull, United Kingdom, site and expanding the existing INEOS footprint at Geel, Belgium.

Cash of €88.3 million was acquired with the Aromatics and Acetyls businesses on 31 December 2020.

The total purchase price for the BP Petrochemicals business of $4,990.0 million (€4,178.3 million equivalent) was subject to a completion accounts settlement process. During 2021, the completion accounts settlement process was finalised, leading to a €85.8 million cash inflow from BP.

The consolidated financial statements in 2020 included a preliminary allocation of purchase price, an initial view of the outcome of the completion accounts settlement process (which was being negotiated with BP) and provisional fair values assigned to the identifiable assets and liabilities. During the year ended 31 December 2021 the Group reviewed these provisional fair values and the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill was updated in 2021 as shown in the table below. Following the clarification of certain terms of the sale and purchase agreement with BP, additional liabilities were recognised in relation to employees' compensation costs triggered at the acquisition date for €23.8 million and transfer to BP of a tax refund received by PT INEOS Aromatics Indonesia for €6.4 million. The balance sheet as at 31 December 2020 has not been restated to reflect the above as the impact is not material.

3 ACQUISITION OF BUSINESSES (continued)

Acquisitions in the prior year – BP Petrochemicals (continued)

	2020				2021	
	Book value on acquisition	Accounting policy alignment	Fair value adjustments	Provisional fair value on acquisition	Revaluation updates	Final values recognised on acquisition
			€m			
Acquiree's net assets at acquisition date:						
Property, plant and equipment	1,726.2	29.4	(41.9)	1,713.7	-	1,713.7
Intangible assets	3.4	-	558.7	562.1	-	562.1
Investments in equity accounted investees	789.1	-	390.3	1,179.4	-	1,179.4
Other non-current financial assets	2.0	-	-	2.0	-	2.0
Other investments	12.6	-	-	12.6	-	12.6
Other non-current receivables	1.6	-	-	1.6	-	1.6
Deferred tax assets	8.3	-	18.2	26.5	-	26.5
Inventories	322.2	(29.4)	(4.6)	288.2	-	288.2
Trade and other receivables	455.4	-	(33.6)	421.8	-	421.8
Cash and cash equivalents	88.3	-	-	88.3	-	88.3
Current and non-current interest-bearing loans and borrowings	(17.2)	-	-	(17.2)	-	(17.2)
Current and non-current lease liabilities	(85.4)	-	-	(85.4)	-	(85.4)
Current and non-current trade and other payables	(404.2)	-	(4.0)	(408.2)	(30.2)	(438.4)
Employee benefits	(2.4)	-	(0.1)	(2.5)	-	(2.5)
Current and non-current provisions	(2.9)	-	(1.5)	(4.4)	-	(4.4)
Deferred tax liabilities	(82.4)	-	17.2	(65.2)	-	(65.2)
Net identifiable assets and liabilities acquired	**2,814.6**	**-**	**898.7**	**3,713.3**	**(30.2)**	**3,683.1**
Non-controlling interest				(45.1)	-	(45.1)
Net assets				**3,668.2**	**(30.2)**	**3,638.0**
Consideration paid:						
Cash consideration				4,178.3	-	4,178.3
Completion accounts settlement adjustment				(66.0)	(19.8)	(85.8)
Effect of movements in foreign exchange				-	0.9	0.9
Difference between consideration and net assets acquired				444.1	11.3	455.4

The difference between consideration and net assets acquired has been recognised within intangible assets in note 11. Goodwill is not expected to be deductible for income tax purposes.

In the year ended 31 December 2020, the Group incurred acquisition related costs of €34.4 million relating to legal, accounting, human resources, industry specialists, environmental specialists and other consultancy costs. A further €4.1 million of acquisition related costs were incurred in the year ended 31 December 2021. These costs have been treated as exceptional administrative expenses in the Group's consolidated income statement during the years ended 31 December 2020 and 2021 (see note 4).

The fair value of acquired external trade receivables was €357.8 million. The trade receivables comprise gross contractual amounts of €361.5 million, of which €3.7 million was expected to be uncollectable at the date of acquisition.

Goodwill acquired reflects the expected synergies from combining operations and intangible assets that do not qualify for separate recognition.

If the acquisition had occurred on 1 January 2020, revenue of the Group for the year ended 31 December 2020 would have increased by €3,563.0 million less inter-company revenues of €14.0 million, and EBITDA before exceptional items of the Group for 2020 would have increased by €172.9 million respectively, after charging €116.7 million of BP corporate costs. These figures are unaudited.

3 ACQUISITION OF BUSINESSES (continued)

Acquisitions in the prior year – INOVYN

On 31 December 2020, the Group acquired 94.9% of the shares in INOVYN Limited, pursuant to a contribution agreement dated 24 July 2020 between INEOS Group Investments Limited, INEOS Industries Limited, INEOS Industries Holdings Limited, the Company and INEOS Quattro Financing Limited, a subsidiary undertaking of the Company. The Company issued two ordinary shares in exchange for the INOVYN business. The difference between the consideration of €3,416.4 million and the nominal value of the share capital issued was recorded in share premium. Cash of €118.4 million was acquired with the INOVYN business.

The INOVYN business offers a portfolio of vinyls products of a number of industries, including general purpose suspension PVC, emulsion PVC and specialty suspension PVC. In addition, this business produces caustic soda, caustic potash, chlorine and chlorine by-products, brine and water, salt and hydrochloric acid. Various chlorine derivatives are also produced including chlorinated paraffins, chlorinated solvents, allylics and epichlorohydrin.

The purpose of the acquisition was to create a new financing group to bring together the established Styrolution and INOVYN businesses under the same financing umbrella as the newly acquired Acetyls and Aromatics businesses.

The Group and INOVYN Limited are controlled by the same ultimate parent undertaking, both before and after the acquisition date. The transaction has therefore been accounted for at book value since the acquisition involves two parties under common control. The difference between the consideration paid of €3,416.4 million and the book value of the assets and liabilities acquired has been recognised within the merger reserve.

	2020
	Book value
	€m
Acquiree's net assets at acquisition date:	
Property, plant and equipment	1,439.3
Intangible assets	40.1
Investments in equity accounted investees	15.0
Other investments	4.9
Other non-current receivables	38.8
Deferred tax assets	138.3
Employee benefits	33.3
Inventories	250.5
Trade and other receivables	517.3
Cash and cash equivalents	118.4
Current and non-current interest-bearing loans and borrowings	(1,097.0)
Current and non-current lease liabilities	(88.2)
Current and non-current trade and other payables	(789.3)
Employee benefits	(220.7)
Current and non-current provisions	(95.6)
Deferred tax liabilities	(83.3)
Tax liabilities for current tax	(30.5)
Other financial liabilities	(11.4)
Net identifiable assets and liabilities	**179.9**
Non-controlling interest	(9.2)
Net assets	**170.7**
Consideration paid:	
Issue of share capital	3,416.4
Difference between consideration and net assets acquired recognised in merger reserve	**3,245.7**

The Group did not incur significant acquisition related costs on legal fees and due diligence costs.

3 ACQUISITION OF BUSINESSES (continued)

Acquisitions in the prior year – INOVYN (continued)

The fair value of acquired external trade receivables was €350.4 million. The trade receivables comprise gross contractual amounts due of €357.8 million, of which €7.4 million was expected to be uncollectable at the date of acquisition.

If the acquisition had occurred on 1 January 2020, revenue and EBITDA before exceptional items of the Group for 2020 would have increased by €2,878.2 million and €602.6 million respectively.

4 EXCEPTIONAL ITEMS

	2021	2020
	€m	
Exceptional items included in cost of sales:		
Plant closure costs(1)	19.0	-
Environmental costs(2)	121.6	-
	140.6	-
Exceptional items included in administrative expenses:		
Acquisition costs(3)	4.1	34.4
Reorganisation costs(4)	37.8	-
Other(5)	(0.8)	-
	41.1	**34.4**
Exceptional items excluding finance costs	**181.7**	**34.4**
Exceptional finance costs:		
Charge on early settlement of debt(6)	68.9	-
Total exceptional expenses	**250.6**	**34.4**

Exceptional cost of sales and administrative expenses:

(1) In March 2021, the Group announced the closure of the sulphur chemicals plant at Runcorn, United Kingdom and its withdrawal from the UK sulphur chemicals market. As a consequence, exceptional provisions of €11.9 million were recognised to cover the cost of exiting certain commercial agreements and the safe decommissioning of the plant. A further exceptional charge of €2.1 million was incurred in respect of redundant stock write-downs. Moreover, included in depreciation for the year ended 31 December 2021 is €12.5 million of impairment charges in respect of the closed plant (see note 10).

Remediation activities are continuing at Wilhelmshaven, Germany following the closure of INOVYN's mercury cell room in 2013. In 2021, a further provision of €5.0 million was made in 2021 to cover the extended operation of the waste water treatment plant until the demolition of the cell room is completed (see below).

4 EXCEPTIONAL ITEMS (continued)

(2) In 2016, INOVYN's mercury cellroom at Runcorn, United Kingdom ceased production. Following a full review and assessment of scope and the availability of reliable cost estimates an exceptional provision of €25.8 million was recognised in 2021 to cover the demolition of the cellroom, including the safe disposal of hazardous waste and elemental mercury.

A €22.6 million provision was made by the Group's site in Runcorn, United Kingdom in relation to the demolition of the redundant Weston Point Power Station after management approved plans in 2021 for the removal of asbestos from the structure. Moreover, a dismantling provision of €9.1 million was recognised at Runcorn in relation to the aforementioned closure of the sulphur chemicals plant.

The Group also approved plans in 2021 for the dismantling of the mercury cell room at Wilhelmshaven, Germany and related infrastructure in 2021, after atmospheric and groundwater mercury levels exceeded permissible limits, with total provisions of €25.0 million being recognised.

At the Group's site at Tavaux, France, an exceptional charge of €18.5 million (€21.8 million of new provisions less €3.3 million of grants receivable) was incurred in order to comply with the obligations of the EU Water Directive, specifically in relation to an industrial scale waste water treatment plant and the sealing of sedimentation basins.

In addition to the above, further exceptional charges of €20.6 million (€23.4 million of new provisions less €2.8 million of grants receivable) were created in 2021 at the Group's sites at Lillo, Belgium; Zandvliet, Belgium; Tavazzano, Italy; Ferrara, Italy; Tavaux, France; and Runcorn, United Kingdom for various remediation related projects mostly associated with mercury contamination.

(3) In 2020, certain subsidiaries of the Group acquired the Aromatics and Acetyls businesses from certain subsidiaries of BP. Acquisition-related professional fees relating to legal, accounting, human resources, industry specialists, environmental specialists and other consultancy costs were incurred in 2020 and 2021.

(4) In 2021, the Aromatics and Acetyls businesses incurred €37.8 million of exceptional charges in respect of manpower reorganisations and various IT-related costs following the cessation of the IT transitional service agreement with BP.

(5) The exceptional credit of €0.8 million relates to the release of provisions made in prior years for legal claims and commercial disputes.

Exceptional finance costs:

(6) Exceptional finance costs of €52.7 million relate to the write off of unamortised debt issue costs associated with the Five-Year Euro Term Loan A Facility, the Bridge Facilities and the INOVYN Senior Secured Term Loan B Facility that were repaid on 29 January 2021. In addition, there was a finance charge of €16.2 million from a related party in respect of funding provided for the BP acquisition.

There is no material effect on the tax charge due to exceptional items.

5 OPERATING PROFIT

Included in operating profit are the following:

	2021	2020
	€m	
Research and development costs expensed as incurred	42.6	12.8
Amortisation of intangible assets	122.9	62.2
Expenses relating to short-term leases	5.4	1.4
Expenses relating to leases of low value assets	2.1	0.2
Expenses relating to variable lease payments not included in the measurement of the lease liability	19.7	0.8
Depreciation and impairment of property, plant and equipment - within cost of sales, distribution costs and administrative expenses		
Owned assets - depreciation	450.5	160.8
Right-of-use assets - depreciation	88.7	26.2
	539.2	187.0
Owned assets - impairment	56.3	-
	595.5	**187.0**

	2021	2020
	€m	
Auditor's remuneration		
Audit of these financial statements	0.7	0.5
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	4.1	1.2
Non-audit services	0.9	0.3
	5.7	**2.0**

The auditors' remuneration disclosed above in 2020 relates to the fees charged to the income statement for the Styrolution business only. Auditors' remuneration of €1.2 million was incurred in 2020 by the INOVYN business for the audit of financial statements and non-audit fees of €0.2 million were also incurred in 2020. Auditors' remuneration was €2.5 million for 2020 for the newly acquired Aromatics and Acetyls businesses.

The audit fee above includes the audit fee of €10,300 (2020: €10,000) for the parent Company.

6 STAFF NUMBERS AND COSTS

The monthly average number of persons including directors employed by the Group (including any divestitures up to the date of disposal and any acquisitions from the date of acquisition) during the year, analysed by category, was as follows:

	2021	2020
	Number	
Research and development	289	108
Administration	1,795	993
Operations	7,120	2,441
	9,204	**3,542**

In terms of the acquired businesses, the INOVYN business had a monthly average of 4,049 persons during 2020; the Aromatics business had a monthly average of 1,275 persons during 2020; and the Acetyls business had a monthly average of 384 persons during 2020.

6 STAFF NUMBERS AND COSTS (continued)

The aggregate payroll costs of these persons were as follows:

	2021	2020
	€m	
Wages and salaries	821.6	299.2
Social security costs	111.7	20.9
Contributions to defined contribution plans	39.1	18.1
Items related to defined benefit plans:		
Current service cost	24.9	7.8
Past service credit	(0.2)	(0.2)
	997.1	**345.8**

7 DIRECTORS' REMUNERATION

	2021	2020
	€m	
Salaries and other short-term benefits	1.6	2.4
Company contributions to money purchase schemes	-	0.1
Other long-term benefits	-	1.1
	1.6	**3.6**

Highest paid director	2021	2020
	€m	
Aggregate emoluments	**1.6**	**2.3**

One director has benefits accrued under defined benefit schemes (2020: nil). No directors have benefits accruing under defined contribution schemes (2020: three).

8 FINANCE INCOME AND COSTS

	2021	2020
	€m	
Finance income		
Interest receivable from banks and short-term deposits	1.9	1.8
Interest receivable from associated undertakings	2.0	-
Other interest income	3.3	1.6
Total interest income on financial assets not at fair value through profit or loss	7.2	3.4
Net exchange movements	94.4	-
Unwind of discount on provisions	0.2	-
Net fair value gain on derivatives	-	0.4
Total finance income	**101.8**	**3.8**
Finance costs		
Interest payable on Term Loans	119.5	22.2
Interest payable on Bridge Facilities	8.3	-
Interest payable on bank loans and overdrafts	-	0.4
Interest payable on Senior Secured Notes and Senior Notes	62.4	12.4
Interest payable on securitisation facility	3.5	2.4
Interest payable on revolving credit facility	1.5	-
Interest payable to related parties	1.7	-
Amortisation of debt issue costs	15.9	2.6
Interest payable on right-of-use assets	11.6	7.4
Net fair value loss on derivatives	40.8	-
Net exchange movements	-	27.3
Interest expense on pension schemes	2.1	1.2
Other interest expense	5.8	1.5
Total finance costs before exceptional items	**273.1**	**77.4**
Exceptional finance costs (note 4)	68.9	-
Total finance costs	**342.0**	**77.4**
Net finance costs	**240.2**	**73.6**

The exchange movements reflect foreign exchange gains or losses associated with short term intra group funding.

Net gains and losses on financial instruments are included in note 25.

9 TAX CHARGE

Taxation recognised in the consolidated income statement

	2021	2020
	€m	
Current tax expense		
Current tax expense	348.1	106.1
Adjustments in respect of prior years	14.2	(4.7)
Current tax expense	**362.3**	**101.4**
Deferred tax credit		
Origination and reversal of temporary differences	(0.7)	(20.8)
Change in tax rates applied to temporary differences	(27.9)	-
Adjustments in respect of prior years	(7.7)	1.1
Deferred tax credit (see note 14)	**(36.3)**	**(19.7)**
Total tax charge	**326.0**	**81.7**

9 TAX CHARGE (continued)

Reconciliation of effective tax rate	**2021**	**2020**
	€m	
Profit before taxation	1,902.1	288.7
Tax using the UK corporation tax rate of 19.0% (2020: 19.0%)	361.4	54.9
Effect of tax rates in foreign jurisdictions	32.9	8.6
Non-deductible expenses	37.4	11.6
Change in tax rate	(28.2)	(0.3)
Adjustments in respect of prior years	6.5	(3.6)
Non-taxable joint venture income	(87.9)	-
Other	3.9	10.5
Total tax charge	**326.0**	**81.7**

Deferred taxes in the United Kingdom were measured at 19% at 31 December 2020, following the decision to maintain the main corporation tax rate at 19% was substantively enacted on 17 March 2020. The Finance Bill 2021 which increased the rate of corporation tax to 25% on profits over £250,000 from April 2023 was substantively enacted on 24 May 2021. As a result, deferred taxes in the United Kingdom at 31 December 2021 are measured at 25%. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Taxation recognised in other comprehensive income/(expense)

	2021			**2020**		
	Gross	**Tax**	**Net**	**Gross**	**Tax**	**Net**
			€m			
Remeasurement of post-employment benefit obligations net of taxes	54.8	(9.6)	45.2	(5.0)	1.6	(3.4)
Foreign exchange translation differences of subsidiaries	202.9	-	202.9	(120.2)	-	(120.2)
	257.7	**(9.6)**	**248.1**	**(125.2)**	**1.6**	**(123.6)**

10 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment, fixtures and fittings, and vehicles	Assets under construction	Right-of-use assets	Total
			€m			
Cost						
At 1 January 2020	94.4	161.6	1,501.0	293.7	169.9	2,220.6
Acquisitions	182.2	243.0	2,523.6	345.2	212.5	3,506.5
Additions	-	1.6	75.2	289.2	20.3	386.3
Lease modifications and reassessments	-	-	-	-	6.6	6.6
Reclassification	-	4.1	99.3	(102.1)	-	1.3
Disposals	-	(0.2)	(84.0)	(0.2)	(4.0)	(88.4)
Effects of movements in foreign exchange	(9.2)	(6.7)	(87.3)	(32.9)	(11.0)	(147.1)
At 31 December 2020	**267.4**	**403.4**	**4,027.8**	**792.9**	**394.3**	**5,885.8**
Additions	-	5.1	93.3	647.5	48.9	794.8
Lease modifications and reassessments	-	-	-		23.9	23.9
Reclassification	2.7	47.2	375.2	(440.1)	-	(15.0)
Aborted capital expenditure	-	-	-	(1.2)	-	(1.2)
Early termination of right-of-use assets	-	-	-	-	(0.9)	(0.9)
Disposals	(5.0)	(2.4)	(357.5)	-	(16.5)	(381.4)
Effects of movements in foreign exchange	17.4	10.6	186.5	61.7	15.5	291.7
At 31 December 2021	**282.5**	**463.9**	**4,325.3**	**1,060.8**	**465.2**	**6,597.7**
Accumulated depreciation and impairment						
At 1 January 2020	0.7	64.7	845.3	0.3	27.5	938.5
Acquisitions	0.6	36.6	271.7	-	44.6	353.5
Depreciation charge for the year	0.5	9.8	150.5	-	26.2	187.0
Reclassification	-	0.1	(0.1)	-	-	-
Disposals	-	(0.2)	(83.7)	-	(3.8)	(87.7)
Effects of movements in foreign exchange	-	(2.5)	(33.2)	-	(3.0)	(38.7)
At 31 December 2020	**1.8**	**108.5**	**1,150.5**	**0.3**	**91.5**	**1,352.6**
Depreciation charge for the year	1.7	22.6	426.2	-	88.7	539.2
Impairment charge for the year	1.5	-	54.8	-	-	56.3
Reclassification	0.1	0.3	(9.4)	(0.3)	-	(9.3)
Disposals	-	(1.7)	(356.7)	-	(16.5)	(374.9)
Effects of movements in foreign exchange	0.2	2.9	53.8	-	4.7	61.6
At 31 December 2021	**5.3**	**132.6**	**1,319.2**	**-**	**168.4**	**1,625.5**
Net book value						
At 31 December 2020	265.6	294.9	2,877.3	792.6	302.8	4,533.2
At 31 December 2021	**277.2**	**331.3**	**3,006.1**	**1,060.8**	**296.8**	**4,972.2**

Impairment charge for the year

An impairment charge of €12.5 million was incurred following the Group's decision to close the sulphur chemicals plant and business at its site in Runcorn, United Kingdom (see note 4). A project to investigate the economic viability of a cellroom conversion utilising membrane technology at Martorell, Spain was aborted in 2021, resulting in an impairment charge of €9.1 million. Further impairment charges of €34.7 million were made, the majority of which was in relation to the write-down of basic engineering works and equipment associated with an own-build new steam generator unit in Bayport, US after the project was abandoned in favour of entering into a long-term supply agreement with a third party. The proposed construction of new world-class styrene monomer plant in the US Gulf Coast was also aborted after new capacity announcements in China led to a re-evaluation of project economics.

10 PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment under construction

In the year ended 31 December 2021, the Group acquired €647.5 million of property, plant and equipment under construction.

In the Styrolution business, the most significant expenditures in 2021 related to a new 100 kilo ton ASA plant at Bayport, Texas (completion expected late 2022), a new 600 kilo ton ABS facility at Ningbo, China (completion expected late 2023) and the conversion of a polystyrene line to a mass ABS line at Wingles, France. There were also multiple turnarounds in all regions.

In the INOVYN business, the most significant expenditures consisted of a 78 kilo ton SPVC capacity expansion project at Jemeppe, Belgium, a brine borehole drilling program at Northwich, UK, initial spend on a new mechanical vapour recompression salt plant at Tavaux, France, turnarounds at Tavaux, Jemeppe, Belgium and Runcorn, UK and a new office complex at Runcorn.

In the Acetyls business, the most significant capital expenditure project related to the turnaround of the A4 acetic acid plant at Hull, UK which also consisted of reformer tube, boiler and turbine replacements.

In the Aromatics business, the largest expenditures related to the turnaround event at the Merak facility in Indonesia, the implementation of the Cakra Donya project at Merak and compressor repairs at the Texas City site following the extreme freeze in February.

Investments in property, plant and equipment in the year ended 31 December 2020 mainly related to the new ASA Specialties plant at Houston, US and the conversion of a Polystyrene line to mass ABS line at Wingles, France.

Right-of-use assets

	Land	Buildings	Plant and equipment, fixtures and fittings, and vehicles	Total
			€m	
At 1 January 2020	2.1	75.6	92.2	169.9
Acquisitions	8.4	8.8	195.3	212.5
Additions	-	3.3	17.0	20.3
Lease modifications and remeasurements	-	2.2	4.4	6.6
Disposals	(0.2)	(1.7)	(2.1)	(4.0)
Effects of movement in foreign exchange	(0.1)	(1.1)	(9.8)	(11.0)
At 31 December 2020	**10.2**	**87.1**	**297.0**	**394.3**
Additions	-	1.6	47.3	48.9
Lease modifications and remeasurements	-	2.9	21.0	23.9
Early termination of right-of-use assets	-	-	(0.9)	(0.9)
Disposals	-	(1.3)	(15.2)	(16.5)
Effects of movement in foreign exchange	0.3	1.9	13.3	15.5
At 31 December 2021	**10.5**	**92.2**	**362.5**	**465.2**
At 1 January 2020	0.3	7.7	19.5	27.5
Acquisitions	0.6	0.8	43.2	44.6
Depreciation charge for the year	0.1	6.9	19.2	26.2
Disposals	(0.2)	(1.6)	(2.0)	(3.8)
Effects of movement in foreign exchange	-	(0.4)	(2.6)	(3.0)
At 31 December 2020	**0.8**	**13.4**	**77.3**	**91.5**
Depreciation charge for the year	0.5	7.7	80.5	88.7
Disposals	-	(1.3)	(15.2)	(16.5)
Effects of movement in foreign exchange	-	0.6	4.1	4.7
At 31 December 2021	**1.3**	**20.4**	**146.7**	**168.4**
Net book value				
At 31 December 2020	9.4	73.7	219.7	302.8
At 31 December 2021	**9.2**	**71.8**	**215.8**	**296.8**

10 PROPERTY, PLANT AND EQUIPMENT (continued)

The Group mainly leases tanks, railcars, vessels, storage and transportation infrastructure, machinery, production buildings, administrative offices, motor vehicles and land, which are classified as right-of-use assets. Rental contracts are usually made for periods between 1 to 20 years, but may also include extension options. Extension options are included only if the lease term is reasonably certain to be extended and the decision of extending is mainly up to the Group (as a lessee).

See note 18 for lease obligations related to right-of-use assets.

11 INTANGIBLE ASSETS

	Goodwill	Customer relationships	Intellectual property rights	Environ-mental certificates	Licence fees	Other	Total
			€m				
Cost							
At 1 January 2020	721.7	707.4	285.2	7.3	8.7	-	1,730.3
Acquisitions	444.1	351.9	211.6	29.4	19.1	10.0	1,066.1
Additions	-	-	0.2	0.6	0.1	-	0.9
Disposals	-	-	-	-	(0.1)	-	(0.1)
Effect of movements in foreign exchange	(41.1)	(32.9)	(14.5)	(0.6)	-	-	(89.1)
At 31 December 2020	**1,124.7**	**1,026.4**	**482.5**	**36.7**	**27.8**	**10.0**	**2,708.1**
Acquisitions	11.3	-	-	-	-	-	11.3
Reclassifications	-	-	(0.6)	-	3.8	-	3.2
Additions	-	-	1.5	0.3	0.6	1.1	3.5
Disposals	-	-	(22.1)	(25.2)	-	-	(47.3)
Effect of movements in foreign exchange	57.7	44.1	24.0	0.6	0.5	-	126.9
At 31 December 2021	**1,193.7**	**1,070.5**	**485.3**	**12.4**	**32.7**	**11.1**	**2,805.7**
Accumulated amortisation and impairment							
At 1 January 2020	-	238.7	112.0	-	6.8	-	357.5
Acquisitions	-	-	1.0	-	14.4	4.4	19.8
Amortisation for the year	-	47.9	13.5	-	0.8	-	62.2
Disposals	-	-	-	-	(0.1)	-	(0.1)
Effect of movements in foreign exchange	-	(8.4)	(2.5)	-	(0.1)	-	(11.0)
At 31 December 2020	-	**278.2**	**124.0**	-	**21.8**	**4.4**	**428.4**
Amortisation for the year	-	81.0	38.2	-	2.5	1.2	122.9
Disposals	-	-	(22.1)	-	-	-	(22.1)
Effect of movements in foreign exchange	-	8.0	3.2	-	0.1	-	11.3
At 31 December 2021	-	**367.2**	**143.3**	-	**24.4**	**5.6**	**540.5**
Net book value							
At 31 December 2020	1,124.7	748.2	358.5	36.7	6.0	5.6	2,279.7
At 31 December 2021	**1,193.7**	**703.3**	**342.0**	**12.4**	**8.3**	**5.5**	**2,265.2**

Other intangible assets mainly relate to development costs, purchases for pipeline access rights and electricity grid capacity fees.

11 INTANGIBLE ASSETS (continued)

Separable intangible assets for customer relationships and intellectual property rights were recognised on 31 December 2020 as part of the acquisition of the Aromatics and Acetyls businesses. These represent value attributed to customer relationships arising from contractual rights and non-contractual relationships (€351.9 million) and to intellectual property mainly in relation to the right to use patents (€211.6 million). The remaining customer life or the acquired customer relationships range between 8 and 14 years and for the acquired intellectual property rights the remaining useful lives range between 6 and 15 years.

Other customer relationship intangible assets relate to prior acquisitions and are split into ABS, Specialities and Polystyrene sectors. The remaining useful lives range between 3 and 17 years. Other intellectual property rights intangible assets relate to production technology and brands from prior acquisitions. The remaining useful lives range between 9 and 15 years.

Environmental certificates are in respect of costs associated with the purchase of EU and UK Emissions Trading Scheme allowances and the nitrogen oxides emission scheme in the US. The emissions allowances are subject to impairment under the indefinite lived intangible asset impairment model.

Amortisation

The amortisation charge is recognised in administrative expenses in the consolidated income statement.

Goodwill impairment testing

Goodwill has been allocated to cash generating units ("CGUs") or groups of cash generating units as follows:

	2021	2020
	€m	
Polymers EMEA	252.2	252.2
Polymers Asia	98.6	96.1
Polymers Americas	184.5	170.0
Styrene Monomer	178.1	168.2
Styrolution Total	713.4	686.5
Aromatics	120.2	120.0
Acetyls	360.1	318.2
	1,193.7	1,124.7

The Polymers EMEA, Polymers Asia, Polymers Americas and Styrene Monomer CGU's relate to the Styrolution business.

No impairment charge has been recorded in these financial statements as a result of the annual impairment test.

For the Styrolution business' CGUs, the Group determined the recoverable amount based on value in use. The recoverable amount is calculated on a long-term business plan for the CGUs with a detailed planning period of three years and a consistent terminal growth rate of 0.5% for each unit for the period thereafter. The key assumption on which management based its cash flow projection is a decrease of EBITDA before exceptionals over the detailed three year planning period, which is seen as the most important performance indicator and the basis for cash flow estimates used to determine the value in use. The assumption is based on detailed project plans to decrease revenues and profitability. The Group expects to continue the EBITDA before exceptionals growth in the years after the detailed planning period. The terminal growth rate of 0.5% reflects the expected economic growth rates of countries in which the Group is operating. The main assumptions for the preparation of the three-year-business plan are the economic growth developments in the main customer regions and industries of the Styrolution business. These assumptions are based on external market data as well as internal assessments. The expected demand that is derived from the growth assumptions is compared with the supply balance of its product groups. The Styrolution business expects its Specialties and ABS Standards products groups to continue to grow, especially in its key focus industries. The Group also invests in these product groups and is increasing capacity to meet the growing demand. Polystyrene demand is expected to slightly decline in line with lower demand especially from the packaging industry. New Styrene Monomer capacities came on stream in China in 2020. Consequently, gross margin levels are expected to be at low-cycle levels. For the main foreign currencies, a fixed exchange rate is expected. This means that profitability and cash flows are not materially affected by exchange rate changes.

11 INTANGIBLE ASSETS (continued)

For the acquired Aromatics and Acetyls businesses, the acquisition was negotiated in total and the consideration was considered in the context of the whole transaction. The Aromatics and Acetyls businesses reports separately to the Group, and decisions around resource allocation and monitoring of performance consider the Acetyls and Aromatics businesses separately. Each business has its own independent management structure. The carrying amount of goodwill resulting from the acquisition has therefore been allocated between the Acetyls and Aromatics segments. The recoverable amount, being value in use, is calculated on a long-term business plan for the CGUs with a detailed planning period of between three and five years and a consistent terminal growth rate of 2.0% for each unit for the periods thereafter. The terminal growth rate of 2.0% represents the average expected growth rates in the countries in which the Group is operating. The main assumptions for the preparation of the three-year business plans are the production volumes and margins, and dividend income from the joint ventures. The margin assumptions are based on external market data as well as internal assessments. The volume assumptions are based on historical run rates of the assets and approved increase of production projects.

None of the goodwill is expected to be deductible for income tax purposes. The following discount rates were applied per cash generating unit to determine the cash flow projection before taxes:

	Polymers EMEA	Polymers Asia	Polymers Americas	Styrene Monomer	Aromatics	Acetyls
Post-tax discount rate	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%

12 INVESTMENTS

12(a) Investments in subsidiary undertakings

As at 31 December 2021, the Group has the following investments in subsidiaries:

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2021	Ownership 2020	Registered office reference
INEOS Quattro Financing Limited[#]	UK	Holding company	Ordinary	100%	100%	(38)
INEOS Quattro Finance 1 plc[#]	UK	Financing company	Ordinary	100%	100%	(38)
INEOS Quattro Finance 2 plc	UK	Financing company	Ordinary	100%	100%	(38)
INEOS Styrolution Finance GmbH[(a)]	Germany	Holding company	Ordinary	100%	-	(2)
INEOS Styrolution Investment GmbH	Germany	Holding company	Ordinary	100%	100%	(2)
INEOS Styrolution Holding GmbH	Germany	Holding company	Ordinary	100%	100%	(2)
INEOS Styrolution America LLC	USA	Manufacture of styrene monomer and polymers, selling, distribution	Members interest	100%	100%	(3)
INEOS Styrolution Belgium NV	Belgium	Manufacture of styrene monomer and polymers	Ordinary	100%	100%	(4)
INEOS Styrolution Belgium Services bvba	Belgium	Sales office	Ordinary	100%	100%	(5)
INEOS Styrolution Canada Ltd	Canada	Manufacture of styrene monomer	Common	100%	100%	(6)
INEOS Styrolution (China) Investment Co. Ltd	China	Financing company	Registered capital	100%	100%	(7)
INEOS Styrolution do Brasil Polimeros Ltda.	Brazil	Sales office	Equity /Ordinary	100%	100%	(8)
INEOS Styrolution Hong Kong Company Limited.	Hong Kong	Sales office	Ordinary	100%	100%	(33)
INEOS Styrolution Europe GmbH	Germany	Distribution company	Ordinary	100%	100%	(2)
INEOS Styrolution France SAS	France	Manufacture of polymers	Ordinary	100%	100%	(10)
INEOS Styrolution France Services SAS	France	Sales office	Ordinary	100%	100%	(11)

12 INVESTMENTS (continued)

12(a) Investments in subsidiary undertakings (continued)

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2021	Ownership 2020	Registered office reference
INEOS Styrolution Group GmbH.	Germany	Holding company	Ordinary	100%	100%	(2)
INEOS Styrolution Iberia S.L.	Spain	Sales office	Ordinary	100%	100%	(12)
INEOS Styrolution India Limited[(b)].	India	Manufacture of polymers	Equity	75%	75%	(13)
INEOS Styrolution Switzerland SA.	Switzerland	Distribution company	Ordinary	100%	100%	(14)
INEOS Styrolution Italia S.r.L.	Italy	Sales office	Ordinary	100%	100%	(15)
INEOS Styrolution Kimyasal Ürünler Ticaret Limited Sirketi.	Turkey	Sales office	Ordinary	100%	100%	(16)
INEOS Styrolution Köln GmbH.	Germany	Manufacture of polymers	Ordinary	100%	100%	(17)
INEOS Styrolution Korea Ltd.	South Korea	Manufacture of polymers	Common	100%	100%	(18)
KR Copolymer Co. Ltd.	South Korea	Manufacture of K-Resin	Ordinary	100%	100%	(19)
INEOS Styrolution Ludwigshafen GmbH.	Germany	Manufacture of polymers	Ordinary	100%	100%	(2)
INEOS Styrolution Mexicana, S.A. de C.V.[(c)]	Mexico	Manufacture of polymers	Ordinary	100%	100%	(20)
INEOS Styrolution Netherlands B.V.	Netherlands	Sales office	Ordinary	100%	100%	(21)
INEOS Styrolution OOO.	Russia	Sales office	Charter capital	100%	100%	(22)
INEOS Styrolution Poland Sp. z o.o.	Poland	Sales office	Ordinary	100%	100%	(23)
INEOS Styrolution Polymers (Foshan) Co. Ltd.	China	Manufacture of polymers	Registered capital	100%	100%	(24)
INEOS Styrolution Polymers (Ningbo) Co. Ltd.	China	Manufacture of polymers	Registered capital	100%	100%	(25)
INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd.	China	Manufacture of ABS (under construction)	Registered capital	100%	100%	(26)
INEOS Styrolution Polymers (Shanghai) Co. Ltd.	China	Sales office	Registered capital	100%	100%	(27)
INEOS Styrolution Schwarzheide GmbH	Germany	Manufacture of polymers	Ordinary	100%	100%	(30)
INEOS Styrolution Servicios, S.A. de C.V.[(c)]	Mexico	Service company	Ordinary	-	100%	(20)
INEOS Styrolution APAC Pte Ltd.	Singapore	Sales office	Ordinary	100%	100%	(31)
INEOS Styrolution UK Limited.	UK	Sales office	Ordinary	100%	100%	(1)
INEOS Styrolution US Holding LLC.	USA	Holding company	Member interest	100%	100%	(3)
INEOS Styrolution Verwaltungsgesellschaft mbH.	Germany	Financing company	Ordinary	100%	100%	(2)
INEOS Styrolution (Thailand) Co., Ltd.	Thailand	Manufacture of polymers	Ordinary	100%	100%	(34)
INEOS Styrolution Vietnam Co., Ltd.	Vietnam	Sales office	Charter Capital	100%	100%	(35)
Deutsche Bank Mexico F/1787 Styrolution.	Mexico	Securitisation vehicle	n/a	n/a	n/a	(37)
INEOS Styrolution Receivables Finance Designated Activity Company.	Ireland	Securitisation vehicle	n/a	n/a	n/a	(51)
INEOS Quattro Holdings UK Limited	UK	Holding company	Ordinary	100%	100%	(1)
INEOS Acetyls UK Limited	UK	Production of acetic acid and other acetyls products	Ordinary	100%	100%	(1)

12 INVESTMENTS (continued)

12(a) Investments in subsidiary undertakings (continued)

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2021	Ownership 2020	Registered office reference
INEOS Acetyls International Limited	UK	Holding company	Ordinary	100%	100%	(1)
INEOS US Petrochem LLC	USA	Holding company	Ordinary	100%	100%	(3)
INEOS US Petrochem II LLC[d]	USA	Non-trading company	Ordinary	-	100%	n/a
INEOS US Chemicals Company	USA	Production of purified terephthalic acid and paraxylene	Common	100%	100%	(3)
INEOS 179 Limited	UK	Holding company	Ordinary	100%	100%	(1)
INEOS Aromatics and Acetyls Trading (Shanghai) Company Limited	China	Sales office	Registered capital	100%	100%	(29)
INEOS Acetyls Japan KK	Japan	Sales office	Ordinary	100%	100%	(36)
INEOS Acetyls Investments Limited	UK	Holding company	Ordinary	100%	100%	(1)
INEOS Aromatics Asia Limited	Hong Kong	Sales office	Ordinary	100%	100%	(33)
INEOS Acetyls (Malaysia) Sdn Bhd	Malaysia	Production of acetic acid and other acetyls products	Ordinary	100%	100%	(68)
INEOS Acetyls (Korea) Limited	UK	Sales office	Ordinary	100%	100%	(1)
INEOS Acetyls Americas Limited	UK	Holding company	Ordinary	100%	100%	(1)
INEOS Aromatics Holdings Limited	UK	Holding company	Ordinary	100%	100%	(1)
INEOS Aromatics Limited	UK	Production of purified terephthalic acid and paraxylene	Ordinary	100%	100%	(1)
INEOS World-Wide Technical Services Limited	UK	Licensing services	Ordinary	100%	100%	(1)
INEOS Aromatics Holding Company	USA	Holding company	Common	100%	100%	(3)
INEOS Zhuhai Chemical Company Limited (formerly BP Zhuhai Chemical Company Ltd)[e]	China	Production of purified terephthalic acid and paraxylene	Member interest	91.9%	91.9%	(66)
INEOS Aromatics Indonesia Holdings Ltd	USA	Holding company	Common	100%	100%	(64)
INEOS Aromatics Belgium NV	Belgium	Production of purified terephthalic acid and paraxylene	Ordinary	100%	100%	(71)
INEOS Aromatics Belgium Holdings LLC	USA	Holding company	Common	100%	100%	(3)
PT INEOS Aromatics Indonesia	Indonesia	Production of purified terephthalic acid and paraxylene	Ordinary	100%	100%	(72)
INOVYN Limited[f]	UK	Holding company	Ordinary	94.9%	94.9%	(38)
INOVYN Holdings Limited[g]	UK	Holding company	Ordinary	100%	100%	(38)
INOVYN Finance Limited	UK	Holding company	Ordinary	100%	100%	(38)
INOVYN Group Treasury Limited	UK	Holding company	Ordinary	100%	100%	(38)

12 INVESTMENTS (continued)

12(a) Investments in subsidiary undertakings (continued)

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2021	Ownership 2020	Registered office reference
INOVYN Europe Limited	UK	Holding company	Ordinary	100%	100%	(38)
INOVYN Norge AS	Norway	Manufacture of chemicals and PVC	Ordinary	100%	100%	(39)
INOVYN Sverige AB	Sweden	Manufacture of chemicals and PVC	Ordinary	100%	100%	(40)
INEOS ChlorVinyls Holdings BV	Netherlands	Holding company	Ordinary	100%	100%	(41)
INOVYN Newton Aycliffe Limited	UK	Non-trading	Ordinary	100%	100%	(38)
INEOS Newton Aycliffe Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(38)
INOVYN Services Limited	UK	Service company	Ordinary	100%	100%	(38)
INOVYN Enterprises Limited	UK	Extraction and supply of brine and water	Ordinary	100%	100%	(38)
INOVYN ChlorVinyls Holdings Limited	UK	Holding company	Ordinary	100%	100%	(38)
INOVYN Newco 2 Limited	UK	Holding company	Ordinary	100%	100%	(38)
INOVYN ChlorVinyls Limited	UK	Manufacture of chemicals and PVC	Ordinary	100%	100%	(38)
INEOS Enterprises Group Limited	UK	Manufacture of salt and sulphur chemicals	Ordinary	100%	100%	(38)
Keuper Gas Storage Limited	UK	Gas storage	Ordinary	100%	100%	(38)
INEOS Chlor Atlantik GmbH	Germany	Non-trading	Ordinary	100%	100%	(42)
INOVYN Americas Inc	USA	Purchase and resale of chemicals	Ordinary	100%	100%	(43)
INOVYN Sales International Limited[(s)]	UK	Non-trading	Ordinary	100%	100%	(38)
INEOS Chlor Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(38)
INEOS Vinyls UK Ltd[(s)]	UK	Non-trading	Ordinary	100%	100%	(38)
INEOS Vinyls GmbH & Co KG	Germany	Holding company	Ordinary	100%	100%	(42)
INOVYN Schkopau GmbH	Germany	Non trading	Ordinary	100%	100%	(42)
INOVYN Sales GmbH	Germany	Non trading	Ordinary	100%	100%	(42)
EVC Pension Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(38)
INOVYN Energy Limited	UK	Holding company	Ordinary	100%	100%	(38)
Kerling Newco 1 Limited	UK	Holding company	Ordinary	100%	100%	(38)
Kerling Newco 2 Limited	UK	Holding company	Ordinary	100%	100%	(38)
INOVYN Deutschland GmbH	Germany	Manufacture of chemicals and PVC	Ordinary	100%	100%	(42)
INOVYN Espana S.L.	Spain	Manufacture of chemicals and PVC	Ordinary	100%	100%	(44)
INOVYN Osterreich GmbH.	Austria	Sales office	Ordinary	100%	100%	(45)
INOVYN Belgium SA	Belgium	Manufacture of chemicals	Ordinary	100%	100%	(46)
INOVYN Olefines France SAS.	France	Operation of ethylene cracker	Ordinary	100%	100%	(47)
INOVYN Portugal Lda	Portugal	Sales office	Ordinary	100%	100%	(48)

12 INVESTMENTS (continued)

12(a) Investments in subsidiary undertakings (continued)

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2021	Ownership 2020	Registered office reference
INOVYN Trade Services SA	Belgium	Purchase and resale of chemicals	Ordinary	100%	100%	(46)
INOVYN Manufacturing Belgium SA	Belgium	Manufacture of chemicals and PVC	Ordinary	100%	100%	(46)
INOVYN France SAS	France	Manufacture of chlorine products	Ordinary	100%	100%	(47)
INOVYN Italia S.p.A.	Italy	Commercial services	Ordinary	100%	100%	(49)
INOVYN Produzione Italia S.p.A.	Italy	Manufacture of chemicals	Ordinary	100%	100%	(50)
INOVYN Quimica Espana S.L.	Spain	Waste treatment	Ordinary	100%	100%	(44)
Vinyloop Ferrara S.p.A[(g)]	Italy	PVC Recycling	Ordinary	100%	100%	(49)
TTE Training Limited	UK	Training company	Limited by Guarantee	100%	100%	(52)
TTE Apprenticeship Training Agency Limited	UK	Apprenticeship company	Limited by Guarantee	100%	100%	(52)
INEOS Norway Finance Ireland Limited	Ireland	Securitisation vehicle	n/a	n/a	n/a	(51)

\# Shares held directly by INEOS Quattro Holdings Limited. All other subsidiaries listed are held indirectly.

(a) INEOS Styrolution Finance GmbH was incorporated on 13 December 2021.

(b) Portion of ownership interests held by non-controlling interests is 25%. Profit attributable to the non-controlling interest is €10.7 million (2020: profit of €3.5 million). Accumulated non-controlling interests are €19.6 million (2020: €17.0 million).

(c) On 1 August 2021 INEOS Styrolution Servicios, S.A. de C.V. was merged into INEOS Styrolution Mexicana, S.A. de C.V.

(d) INEOS US Petrochem II LLC was dissolved on 27 January 2021.

(e) Portion of ownership interests held by non-controlling interests is 8.1%. The subsidiary was acquired on 31 December 2020. Loss attributable to the non-controlling interest is €3.1 million (2020: €nil). Accumulated non-controlling interests are €46.6 million (2020: €45.1 million).

(f) Portion of ownership interests held by non-controlling interests is 5.1%. The subsidiary was acquired on 31 December 2020. Profit attributable to the non-controlling interest is €22.7 million (2020: €nil). Accumulated non-controlling interests are €5.7 million (2020: €9.2 million)

(g) In the process of being liquidated.

12(b) Investments in equity-accounted investees, joint operations and other investments

Details of the Group's investments in equity-accounted investees, joint operations and other investments:

Investment	Country of registration or incorporation	Principal activity	Class/ percentage of shares held	Registered office reference
Associated undertakings:				
INEOS Runcorn (TPS) Holdings Limited	UK	Thermal Power Station operator	Ordinary/ 60%[1]	(38)
Joint ventures:				
INEOS PCG Acetyls Sdn. Bhd.	Malaysia	Production of acetic acid and other acetyls products	Ordinary/ 70%	(67)
Yangtze River Acetyls Co. Ltd	China	Production of acetic acid and other acetyls products	Member interest/ 51%	(69)
LOTTE INEOS Chemical Co. Ltd	Korea	Production of acetic acid and other acetyls products	Ordinary/ 50.94%	(70)
Formosa INEOS Chemicals Corp	Taiwan	Production of acetic acid and other acetyls products	Common/50%	(73)
Tricoya UK Limited	UK	Production of acetic acid and other acetyls products	Ordinary/35.6%	(63)
INEOS YPC Acetyls Company (Nanjing) Ltd	China	Production of acetic acid and other acetyls products	Member interest/ 50%	(74)
Atlas Methanol Company Unlimited	Trinidad	Methanol production	Ordinary/36.9%	(75)
China American Petrochemical Company Ltd	Taiwan	Production of acetic acid and other acetyls products	Ordinary/61.36%	(65)
Joint operations:				
Runcorn MCP Limited	UK	Cell room operator	Ordinary/ 50%	(38)
GIE Cancel-Bresse	France	Brine solution mining services	Ordinary/ 50%	(59)
Other investments:				
Tricoya Technologies Limited	UK	Production of acetic acid and other acetyls products	Preferred/ 9%	(63)
Akra Polyester SA de CV	Mexico	Manufacture of polyester filaments and polymers	Ordinary/6.65%	(28)
Tereftaltos Mexicanos SA de CV	Mexico	Production of purified terephthalic acid	Ordinary B/8.55%	(32)
IndustriEI AS	Norway	Energy consultancy	Ordinary/ 12.5%	(53)
Sociedad Española de Materiales Plasticos SEMAP S.A	Spain	Plastic waste management	Ordinary/8%	(54)
Societe Intercommunale D'Amenagement et d'Equipement Economique	Belgium	Economic development of province of Namur	Ordinary/0.17%	(55)
BKV GmbH	Germany	Plastic recycling association	Ordinary/2.0%	(56)
VSR GmbH	Germany	Fire protection of Rheinberg site	Ordinary/30.0%	(57)
API PVC - u. Umweltberatung GesmbH	Austria	PVC technology solutions	Ordinary/73.2%	(58)
Hållbar Kemi i Stenungsund	Sweden	Sustainable production association	Ordinary/20.0%	(60)
Energy For Growth Societa' Consortile A Responsabilita' Limitata	Italy	Energy consortium	Ordinary/7.3%	(61)
Power to Methanol Antwerp B.V.	Belgium	Sustainable methanol production consortium	Ordinary/14.3%	(62)

(1) The Group owns shares entitling it to 60% of the voting rights but only 25% of the economic benefits.

12(b) Investments in equity-accounted investees, joint operations and other investments

None of the above other investments are held directly by INEOS Quattro Holdings Limited.

Investments in associated undertakings, joint ventures and other investments

	Joint ventures	Associated undertakings	Equity-accounted investees	Other investments	Total
			€m		
At 1 January 2020	-	-	-	-	-
Acquisitions	1,179.4	15.0	1,194.4	17.5	1,211.9
Effect of movements in exchange rates	(31.0)	(0.1)	(31.1)	(0.2)	(31.3)
At 31 December 2020	**1,148.4**	**14.9**	**1,163.3**	**17.3**	**1,180.6**
Share of retained earnings	462.5	(0.5)	462.0	-	462.0
Additions	-	-	-	0.7	0.7
Dividends received	(188.7)	-	(188.7)	-	(188.7)
Impairments	-	-	-	(1.0)	(1.0)
Effect of movements in exchange rates	94.4	(0.1)	94.3	1.1	95.4
At 31 December 2021	**1,516.6**	**14.3**	**1,530.9**	**18.1**	**1,549.0**

All joint ventures and associated undertakings were acquired via business combination on 31 December 2020 (see note 3). Joint ventures and other investments acquired with the Acetyls and Aromatics businesses were fair valued at this date.

Summarised balance sheet and income statement

Set out below is the summarised financial information of the Group's material joint ventures as at 31 December 2020 and 2021.

	2021							
	Atlas Methanol Company Unlimited	LOTTE INEOS Chemical Co. Ltd	INEOS PCG Acetyls Sdn. Bhd.	Formosa INEOS Chemicals Corp	Yangtze River Acetyls Co. Ltd	INEOS YPC Acetyls Company (Nanjing) Ltd	Tricoya UK Limited	Total
				€m				
Current assets	75.3	240.0	97.0	103.1	94.7	82.1	3.1	695.3
Non-current assets	115.3	448.1	157.6	208.9	111.0	109.6	25.6	1,176.1
Current liabilities	(30.9)	(136.2)	(32.3)	(23.7)	(9.8)	(9.8)	(1.4)	(244.1)
Non-current liabilities	(44.8)	(30.5)	(31.1)	(0.2)	(0.4)	(0.1)	(3.6)	(110.7)

	2020							
	Atlas Methanol Company Unlimited	LOTTE INEOS Chemical Co. Ltd	INEOS PCG Acetyls Sdn. Bhd.	Formosa INEOS Chemicals Corp	Yangtze River Acetyls Co. Ltd	INEOS YPC Acetyls Company (Nanjing) Ltd	Tricoya UK Limited	Total
				€m				
Current assets	46.4	80.3	43.9	27.9	34.4	26.0	3.5	262.4
Non-current assets	110.4	490.3	174.9	231.2	108.4	131.8	23.6	1,270.6
Current liabilities	(31.9)	(30.3)	(13.3)	(8.8)	(8.4)	(18.5)	(3.1)	(114.3)
Non-current liabilities	(33.2)	(130.6)	(50.6)	(24.6)	(9.0)	(21.5)	(0.8)	(270.3)

12 INVESTMENTS (continued)

12(c) Registered office addresses of investments

The registered office addresses of the investments disclosed in this note are:

Reference	Registered office address
(1)	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom
(2)	Mainzer Landstrasse 50, 60325 Frankfurt, Germany
(3)	1209 Orange Street, Wilmington DE 19801, Delaware, USA
(4)	Haven 725, Scheldelaan 600, 2040 Antwerp, Belgium
(5)	2070 Zwijndrecht, Nieuwe Weg 1, 1053 Haven, Mechelen, Belgium
(6)	872 Tashmoo Avenue, Sarnia ON N7T 8A3 Ontario, Canada
(7)	Room 2502, 567 Langao Road, Putuo District, Shanghai, China
(8)	Rua Quintana 887 3° andar, conjuntos 33 e 34, Ciudade Moncoes, São Paulo 04569-011
(9)	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom
(10)	Rue Albert Duplat, F-62410 Wingles. France
(11)	95 rue la Boétie, F-75008 Paris, France
(12)	Ronda General Mitre 28-30, 08017 Barcelona, Spain
(13)	5th Floor, OHM House - II, OHM Business Park, Ellora Park (East), Subhanpura, 390023 Vadodara Gujarat, India
(14)	Avenue des Uttins 3, CH-1180 Rolle, Switzerland
(15)	Via Caldera 21, 20153 Milano Cesano Maderno, Italy
(16)	Büyükdere Cad. Meydan sok., Spring Giz Plaza K. 13 N.11, Maslak Sariyer, Istanbul, Turkey
(17)	Alte Strasse 201, 50769 Cologne, Germany
(18)	Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan, South Korea
(19)	14th Floor, 92 Tongil-ro (Soonhwa-dong) Jung-gu, Seoul, 04517, Korea
(20)	Avenida Insurgentes Sur No. 859, Piso 11, Oficina 1102, Colonia Nápoles, 03810, Mexico City, Mexico
(21)	Strawinskylaan 411, NL-1077 XX Amsterdam, The Netherlands
(22)	Bldg. 3, 18 Pyatnitskaya St., 115035 Moscow, Russian Federation
(23)	ul. Wołoska 9, 02-583 Warszawa, Poland
(24)	No. 61, Jinben Industry Avenue, Xinan Sub-district, Sanshui District, Foshan, Guangdong Province, China
(25)	No.2388, Minghai North Road, Ningbo Petrochemical Economy & Technology Development Zone, Ningbo, Zhejiang, China
(26)	Building No. 3 Unit 1-10, 266 Beihai Road, Ningbo Petrochemical Zone, Zhenhai District, Ningbo, China
(27)	Central Towers, Suite 2501&2503, 567 Langao Road, 200333 Shanghai, China
(28)	Avenida Adolfo Ruiz Cortines y Priv. Roble S/N, Col. San Pedro Lozano, Monterrey, Nuevo León, 64299, Mexico
(29)	Room 368, Part 302, No. 211 Fute North Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, China
(30)	Schipkauer Strasse 1, 01987 Schwarzheide, Germany
(31)	111 Somerset Road, #14-16 to 21 TripleOne Somerset, Singapore 238164, Singapore
(32)	Av. Ricardo Margáin Zozaya 444, Torre Equus IZA Sur, Colonia Valle del Campestre, San Pedro Garza García, Nuevo León, 66265, Mexico
(33)	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
(34)	No. 4/2, I-8 Road, T. Map Ta Phut, A Muang, 2115 Rayong, Thailand
(35)	11th Floor, Lotte Center Hanoi, 54 Lieu Giai Street Hanoi, Vietnam
(36)	1-25-1 Nishi-Shinjuku, Shinjuku-ku, (35F, Shinjyuku Center Building), Tokyo 1630635, Japan
(37)	Torre Virreyes, Pedregal 24, Piso 20, Colonia Molino del Rey, 11040, Mexico City, Mexico
(38)	Bankes Lane Office, Bankes Lane, Runcorn, Cheshire, WA7 4JE, United Kingdom
(39)	Rafnes Industriomrade, 3966 Stathelle, Norway
(40)	444-83 Stenungsund, Sweden
(41)	Luna Arena, Herikerbergweg 238, Amsterdam, The Netherlands, 1101 CM
(42)	Ludwigstrasse 12, 47495 Rheinberg, Germany
(43)	2036 Foulk Rd, Suite 204, Wilmington, Delaware 19801, USA
(44)	Calle Marie Curie 1-3-5, 08760 Martorell, Barcelona, Spain
(45)	Schottengasse 1, 4. Stock, 1010 Wien, Austria
(46)	Avenue des Olympiades 20, 1140 Brussels, Belgium
(47)	2 Avenue de la République, 39500 Tavaux, France
(48)	Rua do Centro Cultural n° 5 – R/C, sala 8, 1700-106 Lisboa, Portugal
(49)	Via Marconi 73, 44122 Ferrara (FE), Italy
(50)	Rosignano Marittimo (LI), Via Piave 6 CAP 57016, Italy
(51)	Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland
(52)	New Horizons House, New Bridge Road, Ellesmere Port, Cheshire, CH65 4LT
(53)	Postboks 1367 – Vika, 0114 Oslo, Norway
(54)	Calle Principe de Vergara 204 – Primero C – 28002, Madrid, Spain
(55)	Rue de la Religion, 10, 1400 Nivelles, Belgium
(56)	Mainzer Landstraße 55, 60329 Frankfurt am Main, Germany

12 INVESTMENTS (continued)

12(c) Registered office addresses of investments (continued)

(57)	Xantener Str. 237, 47495 Rheinberg, Germany
(58)	Paniglgasse 24/I/19°, A-1040 Wien, Austria
(59)	12 Rue Raoul Nordling CS 7001, 92270 Bois Colombes, France
(60)	Fregatten 3, 444-30 Stenungsund, Sweden
(61)	Via Giovanni Da Procida, 11, 20149, Milan, Italy
(62)	Scheldelaan 480, 2040 Antwerpen, Belgium
(63)	Brettenham House, 19 Lancaster Place, London, England, WC2E 7EN
(64)	2711 Centerville Road,Suite 400, Wilmington DE 19808, United States
(65)	6th Floor, No. 413 Section 2 Ti-Ding Blvd., Neihu, Taipei, 11493,Taiwan
(66)	Da Ping Harbour, Lin Gang Industrial Zone, Zhuhai City, Guangdong Province, China
(67)	12th Floor, Menara Symphony No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
(68)	Level 9, Tower 5, Avenue 7, The Horizon Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia
(69)	97 Weijiang Road (in the Petrochemical Park), Changshou District, Chongqing, China
(70)	6 3-15 Sanggae-ro, Cheongnyang-myeon, Uljugun, Ulsan, 44987, Korea
(71)	Amocolaan 2 2440 Geel, Belgium
(72)	20th Floor Summitmas II Jl., Jend. Sudirman Kav. 61 – 62, Jakarta, Selatan, Indonesia
(73)	No. 1-1Formosa Industrial Comples, Mailiao, Yunlin Hsien, Taiwan
(74)	9# Huo Ju Road, Liu He District, Nanjing, Jiangsu Province, China
(75)	Maracaibo Drive, Point Lisas Industrial Estate, Point Lisas, Trinidad and Tobago

13 OTHER FINANCIAL ASSETS

	2021	2020
	€m	
Non-current		
Other receivables	**2.1**	**2.0**

14 DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2021	2020	2021	2020
	Assets		Liabilities	
		€m		
Property, plant and equipment	58.5	81.1	(229.3)	(216.1)
Investments	-	-	(41.2)	(38.0)
Intangible assets	0.3	2.4	(158.0)	(177.1)
Employee benefits	51.3	71.5	(9.0)	(4.8)
Tax value of loss carry-forwards	83.8	72.1	-	-
Other	77.0	56.3	(35.4)	(59.8)
Set off of tax	(68.0)	(76.0)	68.0	76.0
Net tax assets/(liabilities)	**202.9**	**207.4**	**(404.9)**	**(419.8)**

14 DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movement in deferred tax during the year

	2021					
	1 January	Recognised in income statement	Reclassification	Recognised in equity – translation exchange	Recognised in equity – actuarial	31 December
			€m			
Property, plant and equipment	(135.0)	(1.1)	(27.4)	(7.3)	-	(170.8)
Investments	(38.0)	-	-	(3.2)	-	(41.2)
Intangible assets	(174.7)	18.3	1.0	(2.3)	-	(157.7)
Employee benefits	66.7	(12.8)	(2.0)	-	(9.6)	42.3
Tax value of loss carry-forwards	72.1	23.4	(7.1)	(4.6)	-	83.8
Other	(3.5)	8.5	35.5	1.1	-	41.6
	(212.4)	36.3	-	(16.3)	(9.6)	(202.0)

	2020					
	1 January	Recognised in income statement	Recognised in equity – translation exchange	Recognised in equity – actuarial	Acquisitions	31 December
			€m			
Property, plant and equipment	(117.3)	2.7	5.9	-	(26.3)	(135.0)
Investments	(41.7)	-	3.7	-	-	(38.0)
Intangible assets	(175.5)	14.7	5.8	-	(19.7)	(174.7)
Employee benefits	28.6	2.5	(0.3)	1.6	34.3	66.7
Tax value of loss carry-forwards	0.4	7.2	(0.4)	-	64.9	72.1
Other	44.1	(7.4)	(3.3)	-	(36.9)	(3.5)
	(261.4)	19.7	11.4	1.6	16.3	(212.4)

In assessing the Group's ability to realise deferred tax assets, management considers whether it is probable that some portion of all of the deferred tax assets will not be realised. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax strategies in making this assessment.

In order to fully realise the deferred tax asset, the Group will need to generate future taxable income in the countries where the net operating losses were incurred. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Group will realise the aforementioned benefits.

The Group did not recognise gross deductible temporary differences of €275.4 million (2020: €355.7 million), the majority of which relates to tax losses.

15 INVENTORIES

	2021	2020
	€m	
Raw materials and consumables	562.8	380.6
Work in progress	213.7	124.5
Finished goods	772.4	403.3
	1,548.9	**908.4**

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to €12,183.0 million (2020: €2,435.1 million). The write-down of inventories to net realisable value amounted to €20.8 million (2020: €3.7 million). The reversal of previous write-downs of inventories to net realisable value amounted to €4.3 million (2020: €5.8 million).

16 TRADE AND OTHER RECEIVABLES

	2021	2020
	€m	
Current		
Trade receivables	1,788.0	1,188.2
Amounts owed by related parties and associated undertakings	93.6	48.1
Other receivables	407.3	275.4
Prepayments and accrued income	89.0	52.6
	2,377.9	**1,564.3**
Non-current		
Amounts owed by related parties and associated undertakings	30.8	50.8
Other receivables	20.2	8.2
Prepayments and accrued income	1.5	3.0
	52.5	**62.0**

Included in current other receivables in 2020 is €68.9 million due from BP as part of the completion accounts settlement process for the acquisition of the Aromatics and Acetyls businesses. No balance is included at 31 December 2021 as a result of the finalisation of the completions accounts settlement process (see note 3).

Credit quality of financial assets and impairment losses

The ageing of trade receivables at the end of the reporting period and the expected credit loss rate (ECLR) was:

	2021			2020		
	Gross	Impairment	ECLR	Gross	Impairment	ECLR
	€m	€m	%	€m	€m	%
Not past due	1,699.2	(0.3)	-	1,111.6	(0.3)	-
Past due 0 – 30 days	81.4	(0.2)	0.2%	57.5	(0.2)	0.3%
Past due 31 – 90 days	8.0	(0.1)	1.3%	15.4	(0.4)	2.6%
Past due more than 90 days	13.6	(13.6)	100.0%	18.2	(13.6)	74.7%
	1,802.2	**(14.2)**	**0.8%**	**1,202.7**	**(14.5)**	**1.2%**

There were no allowances made against amounts owed by related parties and other receivables during the year (2020: €nil).

The amounts receivable not yet due after impairment losses as of the end of the reporting period are deemed to be collectible on the basis of established credit management processes such as regular analyses of the credit worthiness of customers and external credit checks where appropriate for new customers (see note 25(c)). At 31 December 2020 and 2021 there were no significant trade, related party or other receivable balances classified as "not past due" that were subsequently impaired.

16 TRADE AND OTHER RECEIVABLES (continued)

Due to the global activities and diversified customer structure of the Group, the management considers that there is no significant concentration of credit risk (2020: nil).

During 2020 and 2021 there were no significant trade balances that were subject to material renegotiation of terms.

Trade receivable balances totalling €552.5 million (2020: €556.8 million) have been pledged as security against amounts drawn under the Securitisation Facility, totalling €nil (2020: €nil). In accordance with IFRS 9 *"Financial Instruments"* the trade receivable balances pledged as security do not qualify for derecognition and are included within the trade receivable balances above.

The movement in the allowance for impairment in respect of trade receivables (as per this note) during the year was as follows:

	2021	2020
	€m	
Balance at 1 January	(14.5)	(6.4)
Acquisitions	-	(11.1)
Impairment loss recognised	-	(0.4)
Utilised	0.7	3.2
Effects of movement in foreign exchange	(0.4)	0.2
Balance 31 December	**(14.2)**	**(14.5)**

The allowance account for trade receivables is used to record any impairment losses unless the Group is satisfied that no recovery of the amount owing is probable; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

The Group applies the forward-looking 'expected credit loss' (ECL) model in line with IFRS 9 in assessing the recoverability of trade receivables. The ECL is calculated considering past experiences and management's estimate of future developments. Management expects no significant change in the future market situation. Consequently, the future credit losses in the ECL model are in the same range as the credit losses experienced in the past years. This is regarded as the future expectation of the inherent credit risk of the not impaired trade and other receivables outstanding. The Group reviews the assumptions of the ECL model on a yearly basis.

Credit risk of trade receivables

	2021	2020
	€m	
Low	1,692.8	1,087.3
Medium	78.0	65.6
High	31.4	49.8
Impairment allowance	(14.2)	(14.5)
	1,788.0	**1,188.2**

The credit risk grade is based on the analysis on both the quantitative and qualitative factors as detailed below:

- High: Customers under significant financial difficulty and customers for whom there is an uncertainty of payment based on knowledge of factors like insolvency, dispute. Any receivable more than 180 days past due should also be classified in this category.
- Medium: Any receivable between 90 and 180 days past due should be classified as medium risk unless qualitative factors indicate a higher credit risk.
- Low: Any receivable less than 90 days past due should be classified as low risk unless qualitative factors indicate a higher credit risk.

During the year the Group has not experienced a significant deterioration in the quality of receivable balances due to the current economic conditions.

There were no allowances made against amounts due from other receivables during the year (2020: €nil).

There were no allowances made against amounts due from related parties during the year (2020: €nil).

17 INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk see note 25(e).

	2021	2020
	€m	
Non-current liabilities		
Senior Secured Notes due 2026	1,241.3	-
Senior Notes due 2026	500.0	-
Term Loan B Facilities due 2026	3,238.6	-
Term Loan A Facilities due 2023	60.9	175.3
Term Loan A Facilities due 2025	185.3	350.7
Term Loan B Facilities due 2027	623.6	611.6
Senior Secured Notes due 2027	600.0	600.0
INOVYN Term Loan B Facility	-	1,064.3
Loan from related party	39.8	38.0
Other loans	0.2	8.7
Gross borrowings	**6,489.7**	**2,848.6**
Less: unamortised finance costs	(53.3)	(18.9)
Net borrowings	**6,436.4**	**2,829.7**
Current liabilities		
Term Loan B Facilities due 2026	17.7	-
Term Loan A Facilities due 2023	121.8	58.5
Bridge Facilities	-	2,861.9
Term Loan B Facilities due 2027	1.8	1.6
External bank loan	9.2	8.4
Gross borrowings	**150.5**	**2,930.4**
Less: unamortised finance costs	(16.6)	(48.8)
Net borrowings	**133.9**	**2,881.6**

Gross debt and issue costs	**2021**		
	Gross loans and borrowings	**Issue costs**	**Net loans and borrowings**
		€m	
Senior Secured Notes due 2026	1,241.3	(17.5)	1,223.8
Senior Notes due 2026	500.0	-	500.0
Term Loan B Facilities due 2026	3,256.3	(39.8)	3,216.5
Term Loan A Facilities due 2023	182.7	(2.8)	179.9
Term Loan A Facilities due 2025	185.3	(1.9)	183.4
Term Loan B Facilities due 2027	625.4	(3.9)	621.5
Senior Secured Notes due 2027	600.0	(3.7)	596.3
Securitisation facilities	-	(0.3)	(0.3)
Loan from related party	39.8	-	39.8
Other loans	9.4	-	9.4
	6,640.2	**(69.9)**	**6,570.3**

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Gross debt and issue costs

	2020		
	Gross loans and borrowings	Issue costs	Net loans and borrowings
		€m	
Bridge Facilities	2,861.9	(45.0)	2,816.9
Term Loan A Facilities due 2023	233.8	(4.2)	229.6
Term Loan A Facilities due 2025	350.7	(3.9)	346.8
Term Loan B Facilities due 2027	613.2	(4.5)	608.7
Senior Secured Notes due 2027	600.0	(4.4)	595.6
INOVYN Term Loan B Facility	1,064.3	(5.6)	1,058.7
Securitisation facilities	-	(0.1)	(0.1)
Loan from related party	38.0	-	38.0
Other loans	17.1	-	17.1
	5,779.0	(67.7)	5,711.3

Terms and debt repayment schedule as at 31 December 2021

	Currency	Nominal interest rate	Year of maturity
Euro Senior Secured Notes due 2026	€	2.50%	2026
Dollar Senior Secured Notes due 2026	$	3.375%	2026
Senior Notes due 2026	€	3.75%	2026
Dollar Term Loan B Facility due 2026	$	USD LIBOR (floor of 0.5%) + 2.75%	2026
Euro Term Loan B Facility due 2026	€	EURIBOR (floor of 0.0%) + 2.75%	2026
Three-Year Dollar Term Loan A Facility due 2023	$	USD LIBOR (floor of 0.5%) + 1.75%	2023
Five-Year Dollar Term Loan A Facility due 2025	$	USD LIBOR (floor of 0.5%) + 2.25%	2025
Three-Year Euro Term Loan A Facility due 2023	€	EURIBOR (floor of 0.0%) + 1.75%	2023
Euro Term Loan B Facility due 2027	€	EURIBOR (floor of 0.5%) + 2.00%	2027
Dollar Term Loan B Facility due 2027	$	USD LIBOR (floor 0.0%) + 2.00%	2027
Senior Secured Notes due 2027	€	2.25%	2027
Securitisation facilities	$/€/£	Variable	2024

Summary

To facilitate the financing of the acquisition of the Aromatics and Acetyls businesses of BP, the Group entered into a $400.0 million Deposit Facility made available to INEOS Quattro Financing Limited (formerly INEOS Styrolution Financing Limited) pursuant to a credit agreement dated 29 June 2020. The full $400.0 million (€361.8 million equivalent) available under the Deposit Facility was drawn on the same date, which was used to pay the purchase price deposit payable upon the signing of the BP Acquisition Agreement.

On 31 July 2020, the Group's subsidiaries, INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) and INEOS US Petrochem LLC, entered into a $2,450.0 million and €870.0 million Bridge Credit Agreement with a number of lenders (the "Bridge Facilities").

On 31 July 2020, the Group's subsidiaries, INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) entered into a Term Loan A Agreement and INEOS Quattro Financing Limited (formerly INEOS Styrolution Financing Limited) entered into a Revolving Credit Agreement.

On 31 December 2020, $2,450.0 million (€2,050.6 million equivalent) and €870.0 million was drawn under the Bridge Facilities. In addition, the following was drawn under the Term Loan A Facilities on the same day:

- $140.0 million under a dollar Term Loan A facility (the "Three-Year Dollar Term Loan A Facility") (€117.2 million equivalent);
- $210.0 million under a dollar Term Loan A facility (the "Five Year Dollar Term Loan A Facility") (€175.8 million equivalent);
- €120.0 million under the euro Term Loan A facility (the "Three-Year Euro Term Loan A Facility"); and
- €180.0 million under the euro Term Loan A facility (the "Five Year Euro Term Loan A Facility").

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Summary (continued)

The Group also received $1,000.0 million contribution by the Company's immediate parent undertaking (the "Equity Bridge Contribution"). The proceeds of the Bridge Facilities, the Term Loan A Facilities and the Equity Bridge Contribution were used to (i) pay the purchase price consideration for the BP Acquisition and certain fees and expenses and (ii) repay the amounts outstanding under the Deposit Facility. The Revolving Credit Facility of $300.0 million remained undrawn during 2020 and 2021, until it was terminated on 13 September 2021.

On 29 January 2021, the Group issued €800.0 million 2½% Euro Senior Secured Notes due 2026, $500.0 million (€406.5 million equivalent) 3⅜% Dollar Senior Secured Notes due 2026 and €500.0 million 3¾% Euro Senior Notes due 2026. In addition, the Group entered into a new Dollar Term Loan B Facility of $2,000.0 million (€1,626.0 million equivalent) and a new Euro Term Loan B Facility of €1,500.0 million (the "Term Loan B Facilities due 2026"). The gross proceeds received under these borrowings were used to (i) repay the amounts outstanding under the Bridge Facilities, the Five-Year Euro Term Loan A Facility, the Senior Secured Term Loan B Facility that was acquired with the INOVYN business and repay the Equity Bridge Contribution and (ii) to pay certain fees and expenses related to these transactions.

Senior Secured Notes due 2026

On 29 January 2021, INEOS Quattro Finance 2 Plc, a subsidiary undertaking, issued €800.0 million aggregate principal amount 2½% Senior Secured Notes due 2026 (the "Euro Senior Secured Notes due 2026") and $500.0 million aggregate principal amount 3⅜% Senior Secured Notes due 2026 (the "Dollar Senior Secured Notes due 2026") under an indenture dated January 29, 2021, among INEOS Quattro Finance 2 Plc as the issuer, various guarantors named therein and HSBC Corporate Trustee Company (UK) limited, as trustee and Barclays Bank PLC, as security agent. On 29 April 2021, HSBC Corporate Trust Company (UK) Limited succeeded Barclays Bank PLC as security agent.

The Senior Secured Notes are listed on the Euro MTF - Luxembourg stock exchange. The Euro Senior Secured Notes bear interest at a rate of 2½% per annum. The Dollar Senior Secured Notes bear interest at a rate of 3⅜% per annum. Interest on the Euro Senior Secured Notes and the Dollar Senior Secured Notes is payable semi-annually in arrears on 15 January and 15 July of each year, beginning 15 July 2021. The Euro Senior Secured Notes and the Dollar Senior Secured Notes will mature on 15 January 2026.

The Euro Senior Secured Notes and the Dollar Senior Secured Notes are jointly and severally guaranteed on a senior secured basis by certain of the Group's subsidiaries. The Euro Senior Secured Notes and the Dollar Senior Secured Notes and the related guarantees are secured by first priority liens (subject to certain exceptions) on the same assets that secure the obligations under the Credit Facility Agreements, the Senior Secured Notes due 2027, and certain hedging obligations and cash management arrangements.

At any time prior to 15 January 2023, INEOS Quattro Finance 2 Plc may redeem all or part of the Euro Senior Secured Notes at a redemption price equal to 100% of the principal amounts of the Euro Senior Secured Notes redeemed plus the greater of (1) 1.0% of the principal amount of such Euro Senior Secured Notes; and (2) the excess of (a) the present value at such redemption date of the redemption price of such Euro Senior Secured Notes at 15 January 2023, plus all required interest payments that would otherwise be due to be paid on such Euro Senior Secured Notes during the period between the redemption date an 15 January 2023, excluding accrued but unpaid interest, computed using a discount rate equal to the Bund rate at such redemption date plus 50 basis points, over (b) the principal amount of such Euro Senior Secured Notes.

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Senior Secured Notes due 2026 (continued)

The Euro Senior Secured Notes are subject to redemption at any time on or after 15 January 2023, at the option of INEOS Quattro Finance 2 Plc, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on 15 January of the year indicated below:

Year	Euro Senior Secured Notes Redemption Price
2023	101.250%
2024	100.625%
2025 and thereafter	100.000%

together with certain additional amounts, if applicable, and accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

At any time prior to 15 January 2023, INEOS Quattro Finance 2 Plc may redeem all or part of the Dollar Senior Secured Notes at a redemption price equal to 100% of the principal amounts of the Dollar Senior Secured Notes redeemed plus the greater of (1) 1.0% of the principal amount of such Dollar Senior Secured Notes; and (2) the excess of (a) the present value at such redemption date of the redemption price of such Dollar Senior Secured Notes at 15 January 2023, plus all required interest payments that would otherwise be due to be paid on such Dollar Senior Secured Notes during the period between the redemption date and 15 January 2023, excluding accrued but unpaid interest, computed using a discount rate equal to the Treasury rate at such redemption date plus 50 basis points, over (b) the principal amount of such Dollar Senior Secured Notes.

The Dollar Senior Secured Notes are subject to redemption at any time on or after 15 January 2023, at the option of INEOS Quattro Finance 2 Plc, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on 15 January of the year indicated below:

Year	Dollar Senior Secured Notes Redemption Price
2023	101.6875%
2024	100.84375%
2025 and thereafter	100.000%

together with certain additional amounts, if applicable, and accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Euro Senior Secured Notes and the Dollar Senior Secured Notes contain a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Senior Notes due 2026

On 29 January 2021, INEOS Quattro Finance 1 Plc issued €500.0 million aggregate principal amount 3¾% Senior Notes due 2026 (the "Senior Notes due 2026") under an indenture dated 29 January 2021, among INEOS Quattro Finance 1 Plc , as the issuer, HSBC Corporate Trustee Company (UK) Limited, as trustee, and Barclays Bank PLC as security agent. On 29 April 2021, HSBC Corporate Trustee Company (UK) Limited succeeded Barclays Banks PLC as security agent.

The Senior Notes are listed on the Euro MTF - Luxembourg stock exchange. The Senior Notes bear interest at a rate of 3¾% per annum. Interest on the Senior Notes is payable semi-annually in arrears on 15 January and 15 July of each year, beginning 15 July 2021. The Senior Notes will mature on 15 July 2026.

The Senior Notes are jointly and severally guaranteed on a senior subordinated basis by the guarantors (other than the parent, which guarantees the Senior Notes on a senior basis). The Senior Notes and the related guarantees are secured by second-ranking security interests (subject to certain exemptions) over the shares of the capital stock of the Company and the loan made by INEOS Quattro Finance 2 Plc to the Company of the proceeds of the Senior Notes. These security interests rank behind the security interests granted over those assets in favour of the creditors of certain other indebtedness, including under the Senior Secured Notes due 2027, the Senior Secured Notes due 2026 and the Credit Facility Agreements.

At any time prior to 15 January 2023, INEOS Quattro Finance 1 Plc may redeem all or part of the Senior Notes at a redemption price equal to 100% of the principal amounts of the Senior Notes redeemed plus the greater of (1) 1.0% of the principal amount of such Senior Notes; and (2) the excess of (a) the present value at such redemption date of the redemption price of such Senior Notes at 15 January 2023, plus all required interest payments that would otherwise be due to be paid on such Senior Notes during the period between the redemption date and 15 January 2023, excluding accrued but unpaid interest, computed using a discount rate equal to the Bund rate at such redemption date plus 50 basis points, over (b) the principal amount of such Senior Notes.

The Senior Notes are subject to redemption at any time on or after 15 January 2023, at the option of INEOS Quattro Finance 1 Plc, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on 15 January of the year indicated below:

Year	Senior Notes Redemption Price
2023	101.875%
2024	100.9375%
2025 and thereafter	100.000%

together with certain additional amounts, if applicable, and accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

At any time prior to 15 January 2023, INEOS Quattro Finance 1 Plc, at its option, may redeem up to 40% of the initial aggregate principal amount of the sum of the initial aggregate principal amount of the Senior Notes originally issued on 29 January 2021 with the net cash proceeds of certain public equity offerings at 103.750% of the aggregate principal amount of the Senior Notes plus certain additional amounts, if applicable, and accrued and unpaid interest, if any, to, but not including, the redemption date, if at least 50% of the sum of the originally issued aggregate principal amount of the Senior Notes remains outstanding.

The Senior Notes contain a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

Bridge Facilities

On 31 July 2020, the Group's subsidiaries, INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) and INEOS US Petrochem LLC, entered into a $2,450.0 million and €870.0 million bridge credit facility (the "Bridge Facilities") and all amounts were drawn on 31 December 2020.

The Bridge Facilities and the existing capital market debt shared the same security package. The newly acquired businesses of INOVYN, Acetyls and Aromatics were subsequently brought into this security package. In addition, per the Bridge Credit Agreement, the Group had to adhere to certain affirmative and negative covenants.

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Bridge Facilities (continued)

The Bridge Facilities bore interest on drawn amounts and was calculated as follows: EURIBOR (for the Euro portion) and USD LIBOR (for the US dollar portion) plus a margin of 3.25% for the period 1 to 90 days after closing of the Bridge Credit Agreement, margin of 3.50% for the period 91 to 180 days after closing and 3.75% for 181 to 270 days after closing.

The Bridge Facilities were repaid and terminated on 29 January 2021.

Term Loan A Facilities due 2023 and 2025, Term Loan B Facilities due 2026 and Revolving Credit facility

On 31 July 2020, the Group' subsidiaries, INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) and INEOS Quattro Financing Limited (formerly INEOS Styrolution Financing Limited), entered into a Term Loan and Revolving Credit Agreement with Barclays Bank plc, Citigroup Global Markets Limited and J.P. Morgan Securities plc, as joint global coordinators, joint bookrunners and joint lead arrangers along with a consortium of other banks.

The Term Loan and Revolving Credit Facility Agreement provided:

(i) Term loans maturing in 2023 to INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) denominated in dollars and denominated in euro, in aggregate principal amount of $140.0 million (the "Three-Year Dollar Term Loan A Facility") and €120.0 million (the "Three-Year Euro Term Loan A Facility"), respectively, (together, the "Term Loan A Facilities due 2023");

(ii) Term loans maturing in 2025 to INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) denominated in dollars and denominated in euro, in an aggregate principal amount of $210.0 million (the "Five Year Dollar Term Loan A Facility") and €180.0 million (the "Five Year Euro Term Loan A Facility"), respectively, (together, the "Term Loan A Facilities due 2025");

(iii) A revolving credit facility maturing in 2023 to INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) and any other borrowers as may be designated from time to time under the Term Loan and Revolving Credit Agreement, available in dollars and euro, in an aggregate amount of $300.0 million. This revolving credit facility was terminated on 13 September 2021; and

(iv) Term loans maturing in 2026 to INEOS US Petrochem LLC and INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) denominated in dollars (the "Dollar Term Loan B Facility") and to INEOS Quattro Holdings UK Limited (formerly INEOS 226 Limited) denominated in euro (the "Euro Term Loan B Facility"), in an aggregate principal amount of $2,000.0 million and €1,500.0 million, respectively, (together, the "Term Loan B Facilities due 2026").

As at 31 December 2021, $105.0 million was drawn under the Three-Year Dollar Term Loan A Facility (€92.7 million equivalent) (2020: $140.0 million or €117.2 million equivalent); $210.0 million was drawn under the Five Year Dollar Term Loan A Facility (€185.3 million equivalent) (2020: $210.0 million or €175.8 million equivalent); €90.0 million was drawn under the Three-Year Euro Term Loan A Facility (2020: €120.0 million); $1,990.0 million was drawn under the Dollar Term Loan B Facility (€1,756.2 million equivalent) (2020: €nil); and €1,500.0 million was drawn under the Euro Term Loan B Facility (2020: €nil). The €180.0 million outstanding principal amount of the Five-Year Euro Term Loan A Facility was repaid on 29 January 2021 (2020: €180.0 million). The Revolving Credit Facility was terminated on 13 September 2021.

Interest

The Term Loans that are denominated in dollars and any revolving credit facility drawings denominated in dollars bear interest at a rate per annum equal to USD LIBOR divided by 100% minus the USD LIBOR Reserve percentage (as defined in the Term Loan and Revolving Credit Facility Agreement) (subject to a floor of 0.5% per annum) plus 1.75% for the Three-year Dollar Term Loan A Facility and the revolving credit facility drawings denominated in dollars, 2.25% for the Five-Year Dollar Term Loan A Facility, and 2.75% for the Dollar Term Loan B Facility.

The Term Loans that are denominated in euros and any revolving credit facility drawings denominated in euro bear interest at a rate per annum equal to EURIBOR (subject to a floor of 0% per annum) plus 1.75% for the Three-Year Euro Term Loan A Facility, 3.5% for the Five-Year Term Loan A Facility and 2.75% for the Euro Term Loan B Facility.

Following the delivery of financial statements and a compliance certificate for each fiscal quarter, commencing with the fiscal quarter ended 31 March 2021, the Applicable ABR Margin and the Applicable Eurocurrency Margin for the A Term Loans and the Revolving Loans will be subject to adjustment on a quarterly basis based on the Consolidated Total Net Leverage Ratio (as defined in the Term Loan and Revolving Credit Facility Agreement) as of the end of such fiscal quarter.

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Term Loan A Facilities due 2023 and 2025, Term Loan B Facilities due 2026 and Revolving Credit facility (continued)

There was also a commitment fee payable on the daily unused amount of the commitments under the Revolving Credit Facility, which was terminated on 13 September 2021.

Security and Guarantees

The obligations under the Term Loans and the Revolving Credit Facility are jointly and severally guaranteed on a senior basis by the certain of the Group's subsidiaries.

Covenants

The Term Loan and Revolving Credit Agreement contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Term Loan and Revolving Credit Facility Agreement contains a financial covenant based on a maximum Consolidated Total Net Leverage Ratio (as defined in the Term Loan and Revolving Credit Facility Agreement).

Repayment

The Five-Year Dollar Term Loan A Facility are to be repaid in quarterly instalments beginning on 30 September 2023, in aggregate principal amounts equal to certain fixed percentages of the original aggregate principal amount. The balance of the Five-Year Term Loan A Facilities are payable, subject to certain exceptions, on 31 July 2025.

The Three-Year Term Loan A Facilities are to be repaid in quarterly instalments beginning on 30 June 2021, in aggregate principal amounts equal to certain fixed percentages of the original aggregate principal amount. The balance of the Three-Year Term Loan A Facilities are payable, subject to certain exceptions, on 31 July 2023.

The Dollar Term Loan B Facility are to be repaid in quarterly instalments beginning on 30 September 2021, in aggregate principal amounts equal to 0.25% of the original aggregate principal amount of the Dollar Term Loan B Facility. The Euro Term Loan B Facility and the balance of the Dollar Term Loan B Facility are payable, subject to certain exemptions, on 15 January 2026.

Term Loan B Facilities due 2027

On 7 November 2014, INEOS Styrolution Group GmbH and INEOS Styrolution US Holding LLC entered into a Credit Agreement with Barclays Bank PLC as Administrative Agent and Security Agent (the "Term Loan B Facilities Agreement"). Subsequently, the Credit Agreement was extended and amended multiple times.

On 31 January 2020, the Group successfully completed an amend-and-extend transaction of the existing term loans increasing the principal amount of the Euro Term Loan B borrowings to €450.0 million and the Dollar Term Loan B borrowings remained at $202.3 million.

The new Term Loan B Facilities Agreement provides terms loans to INEOS Styrolution US Holding LLC denominated in dollars (the "Dollar Term Loan B Facility due 2027") and to INEOS Styrolution Group GmbH denominated in euros (the "Euro Term Loan B Facility due 2027") in aggregate principal amount of $202.3 million and €450.0 million, respectively, (together, the "Term Loan B Facilities due 2027"). The Term Loan B Facilities due 2027 were made in a single drawing on 31 January 2020. As at 31 December 2021, €450.0 million remained drawn under the new Euro Term Loan B Facility due 2027 (2020: €450.0 million) and $198.7 million (€175.4 million equivalent) (2020: $200.8 million or €162.3 million equivalent) remained drawn under the Dollar Term Loan B Facility due 2027.

Interest

From 31 January 2020, the new Dollar Term Loan B Facility due 2027 bears interest at a rate per annum equal to USD LIBOR divided by 100% minus the USD LIBOR Reserve Percentage (as defined in the Term Loan B Facilities Agreement) (subject to a floor of 0% per annum) plus:

- in the case of new Dollar Term Loan B Facility due 2027 bearing interest at a rate determined by reference to USD LIBOR, 2.00%;
- in the case of new Dollar Term Loan B Facility due 2027 bearing interest at a rate determined by reference to Alternate Base Rate, 1.00%; and

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Term Loan B Facilities due 2027 (continued)

From 31 January 2020, the new Euro Term Loan B Facility due 2027 bears interest at a rate per annum equal to EURIBOR (subject to a floor of 0.50% per annum) plus 2.00%.

Security and guarantees

The obligations under the Term Loan B Facilities due 2027 and the Revolving Credit Facility are jointly and severally guaranteed on a senior basis by the certain of the Group's subsidiaries.

Covenants

The Term Loan B Facilities due 2027 contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Term Loan B Facilities due 2027 do not contain any financial maintenance covenants.

Repayment

Up until 31 January 2020, the maturity date for both the Dollar Term Loan B Facility and the Euro Term Loan Facility was 30 March 2024. From 31 January 2020, the new Dollar Term Loan B Facility due 2027 is to be repaid in equal instalments, in aggregate annual amounts equal to 1% of the original principal amount of the new Dollar Term Loan B Facility due 2027. The new Euro Term Loan Facility due 2027 and the balance of the new Dollar Term Loan B Facility due 2027 are payable on 31 January 2027.

Senior Secured Notes due 2027

On 31 January 2020, INEOS Styrolution Group GmbH issued €600.0 million aggregate principal amount 2¼% Senior Secured Notes due 2027 (the "Senior Secured Notes due 2027"). The Senior Secured Notes are listed on the Euro MTF - Luxembourg stock exchange and bear interest at 2¼% per annum, payable semi-annually in arrears on 15 January and 15 July of each year, beginning 15 July 2020. Unless previously redeemed as noted below, the Senior Secured Notes will be repaid by the Group at their principal amount on 16 January 2027.

At any time prior to 15 January 2023, INEOS Styrolution Group GmbH may redeem all or part of the Senior Secured Notes at a redemption price equal to 100% of the principal amount of the Senior Secured Notes redeemed plus the greater of (1) 1.0% of the principal amount of such Senior Secured Notes; and (2) the excess of (a) the present value at such redemption date of the redemption price of such Senior Secured Notes at 15 January 2023, plus all required interest payments that would otherwise be due to be paid on such Senior Secured Notes during the period between the redemption date and 15 January 2023, excluding accrued but unpaid interest, computed using a discount rate equal to the Bund rate at such redemption date plus 50 basis points, over (b) the principal amount of such Senior Secured Notes.

The Senior Secured Notes are subject to redemption at any time on or after 15 January 2023 in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on 15 January of the year indicated below:

Year	Senior Secured Notes due 2027 Redemption Price
2022	101.1250%
2023	100.5625%
2024 and thereafter	100.0000%

together with certain additional amounts, if applicable, and accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

At any time prior to 15 January 2023, INEOS Styrolution Group GmbH may redeem up to 40% of the initial aggregate principal amount of the sum of the initial aggregate principal amount of the Senior Secured Notes originally issued on 31 January 2020 with the net cash proceeds of certain public equity offerings at 102.250% of the aggregate principal amount of the Senior Secured Notes, and accrued and unpaid interest, if any, to, but not including, the redemption date, if at least 60% of the issued aggregate principal amount of the Senior Secured Notes remains outstanding.

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Senior Secured Notes due 2027 (continued)

The Senior Secured Notes due 2027 are jointly and severally guaranteed on a senior secured basis by INEOS Styrolution Group GmbH and certain of its subsidiaries. They are secured by first priority liens (subject to certain exceptions) on the same assets that secured the obligations under the Term Loan B Facilities due 2027, the Term Loan and Revolving Credit Facility Agreement and certain hedging obligations and cash management arrangements.

The Senior Secured Notes due 2027 contain a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

INOVYN Term Loan B Facility

On 13 May 2016, INOVYN Finance Limited (formerly INOVYN Finance plc) entered into a Credit Agreement with, inter alia, J.P. Morgan Europe Limited as Administrative Agent, The Bank of New York Mellon, London Branch as Security Agent and J.P. Morgan Limited as Global Coordinator.

Under the terms of this Credit Agreement, INOVYN Finance Limited (formerly INOVYN Finance plc) fully drew down on 13 May 2016 the Initial Tranche B Euro Term Commitment of €535.0 million in the form of Senior Secured Term Loans.

The interest rate payable on the INOVYN Term Loan B Facility was EURIBOR (with a floor of 0.50%) plus a margin of 2.00%, payable in arrears on the last day of each interest period, or every three months for interest periods greater than three months.

The maturity date was 9 March 2027 and a single payment of the full amount was due on this date.

The obligations under the INOVYN Term Loan B Facility were guaranteed by INOVYN Limited and certain of its subsidiaries on a senior secured basis. The Credit Agreement contained a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments. The INOVYN Term Loan B Facility was maintenance covenant free.

On 29 January 2021, the aggregate principal amount of INOVYN Term Loan B Facility outstanding of €1,064.3 million plus accrued interest was repaid in full using the proceeds from the refinancing on 29 January 2021.

Securitisation facilities

INEOS Styrolution Group GmbH and certain other Group companies are party to a trade receivables securitisation programme (the "Styrolution Securitisation Programme") with HSBC Bank PLC and Landesbank Hessen-Thüringen (Helaba) who act as lenders, liquidity providers and program agents. On 28 June 2021, the Group renegotiated its Styrolution Securitisation Programme. A further three banks have joined the programme, with the total number of lending banks now at 5. The Styrolution Securitisation Programme now matures on 28 June 2024.

Up until 28 June 2021, the maximum amount available under the Styrolution Securitisation Programme was €450.0 million, subject to a borrowing limit that is adjusted periodically based on the amount of eligible trade receivables at that time. The maximum amount available under the Styrolution Securitisation Programme will increase from €450.0 million to €600.0 million as soon as three new selling entities from the Aromatics and Acetyls business join the programme, anticipated in May 2022. The facility is secured on certain of the Styrolution business' trade receivables.

Up until 28 June 2021, for drawn amounts, the Styrolution Securitisation Programme bore interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.89% except that if any lending was funded other than by issuing Commercial Paper then the applicable interest rate was EURIBOR / LIBOR plus 0.89%. For undrawn amounts, the Styrolution Securitisation Programme bore interest of 0.5%. From 28 June 2021, for drawn amounts, the revised facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.95% (previously the margin was between 0.80% and 0.95%). For undrawn amounts, the facility bears interest of 0.5%.

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

Securitisation facilities (continued)

INOVYN Group Treasury Limited and certain other INOVYN business' companies are party to a trade receivables securitisation programme (the "INOVYN Securitisation Programme") with Barclays Bank PLC, ING Belgium N.V. and HSBC Bank PLC who act as lenders, liquidity providers and programme agents. On 28 June 2021, the Group renegotiated its INOVYN Securitisation Programme. The maximum amount available under the INOVYN Securitisation Programme remained the same at €240.0 million. The facility now matures on 30 June 2024. The facility is secured on certain of the INOVYN business' trade receivables.

The maximum amount available under the INOVYN Securitisation Programme is €240.0 million subject to a borrowing limit that is adjusted periodically based on the amount of eligible trade receivables at that time.

Up until 28 June 2021, for drawn amounts, the INOVYN Securitisation Programme facility bore interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 1.1%, except that if any lending was funded other than by issuing Commercial Paper then the applicable interest rate was EURIBOR / LIBOR plus 1.1%. For undrawn amounts, the facility bore interest of 0.5%. From 28 June 2021, for drawn amounts, the revised facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.95% (previously the margin was 1.1%), except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is SONIA/SOFR plus 0.95% (previously the margin was 1.1%). For undrawn amounts, the facility bears interest of 0.5%.

Other facilities

The Group acquired an external bank loan with the acquisition of the Aromatics business of €17.2 million. This is a loan between INEOS Zhuhai Chemical Company Ltd (formerly BP Zhuhai Chemical Company Ltd) and the Bank of China Zhuhai branch. Repayments are made every six months, with the final repayment due on 27 August 2022. The loan bears interest at Chinese LPR +0.25%. The loan is secured by the minority shareholders, Zhuhai Port Co. Ltd. As at 31 December 2021, this external bank loan was €8.9 million (2020: €16.8 million).

The Group has several short term credit facilities with different local banks to fund working capital requirements up to a total aggregate amount of €194.8 million equivalent as of 31 December 2021 (2020: €409.9 million equivalent) in China, India, Singapore, South Korea, Thailand, and United Kingdom. The available amount under the working capital facilities at 31 December 2021 amounted to €151.2 million equivalent (2020: €392.5 million equivalent), with €43.6 million (2020: €5.9 million) of certain trade finance facilities being utilised in China and India.

The Group also has letter of credit facilities in China, India, Indonesia, Mexico, Singapore, South Korea, Thailand, and United Kingdom. As of 31 December 2021, the drawn amount under all letter of credit facilities was €23.1 million equivalent (2020: €11.2 million equivalent). The letters of credit are generally secured by current assets. The facilities also provide for a limited number of other financial services, such as bank guarantees and foreign exchange hedging lines. The facilities, which are at an agreed margin or the state bank advance rate, contain customary covenants and representations as well as termination events.

Subsequent to the year end, on 21 January 2022, INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd. entered into a new term loan agreement with Bank of China and ICBC to provide RMB 3,300.0 million of financing for the construction of the new 600 kilo tonne ABS plant in Ningbo, China. Bank of China acted as the Administrative Agent and Security Agent. The term loan facility matures in 2032 and has a straight-line semi-annual amortisation over the lifetime commencing after the start of operations. The first utilisation of the credit facility in the amount of RMB 65 million equivalent was made on 24 February 2022. The term loan bears interest at a rate equal to the China Loan Prime Rate minus a rate of 0.65% per annum.

18 LEASE OBLIGATIONS

Analysed as:	2021	2020
	€m	
Current lease liabilities	72.6	77.9
Non-current lease liabilities	226.6	234.4
	299.2	**312.3**

Maturity analysis – contractual undiscounted cash flows:	2021	2020
	€m	
Less than one year	82.3	86.4
Between one and five years	144.8	153.5
More than five years	143.5	137.8
Total undiscounted lease liabilities at 31 December	**370.6**	**377.7**

Amounts recognised in the statement of cash flows:	2021	2020
	€m	
Lease capital payments	95.8	23.8
Lease interest payments	11.7	7.2
Short-term leases	5.4	1.4
Leases of low value assets	2.1	0.2
Total cash outflow for leases	**115.0**	**32.6**

The Group has entered into a number of significant lease arrangements relating to off-site storage capacity, rail cars, land and buildings, and air separation plants used for the generation of industrial gases.

19 TRADE AND OTHER PAYABLES

	2021	2020
	€m	
Current		
Trade payables	1,737.0	1,041.9
Amounts owed to related parties	428.8	191.6
Accruals	522.8	332.6
Deferred income	7.4	6.8
Other payables	282.5	196.8
	2,978.5	**1,769.7**
Non-current		
Accruals	33.6	27.3
Deferred income	112.1	100.6
Other payables	1.2	2.6
	146.9	**130.5**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 25.

20 EMPLOYEE BENEFITS

The Group operates a number of pension and post-retirement medical plans throughout the world, devised in accordance with local conditions and practices. The plans are generally of the defined benefit type and those that are funded are done so by payments to separately administered funds or insurance companies. The principal funded plans are in Belgium, Canada, France, Germany, India, South Korea, Mexico, Switzerland, USA, Norway, Austria, Spain and the United Kingdom.

The Group also operates a number of unfunded defined benefit pension schemes in the Indonesia, Canada, South Korea, Thailand, USA, Germany and Italy.

The most recent full valuations of the significant defined benefit plans were carried out as follows:

Plan	Country	Valuation date
All Plans	Belgium	31 December 2021
All Plans	Canada	31 December 2020
All Plans	France	31 December 2021
All Plans	Germany	31 December 2020
All Plans	India	31 December 2021
All Plans	South Korea	31 December 2021
All Plans	Mexico	31 December 2021
All Plans	Switzerland	31 December 2021
All Plans	Thailand	31 December 2020
All Plans	USA	01 January 2021
All Plans	Indonesia	31 December 2021
All Plans	United Kingdom	05 April 2019
All Plans	Norway	31 December 2021
All Plans	Italy	31 December 2020
All Plans	Spain	31 December 2021
All Plans	Austria	31 December 2021

Where the most recent full valuations were carried out prior to the balance sheet date, these have been updated to 31 December 2021 by independent qualified actuaries.

The Group's pension schemes have been disclosed on a geographical basis as those schemes in Europe, United Kingdom, North America and Rest of the World.

The European pension arrangements are a mix of final salary, career average, unit benefit and cash balance plans in nature, and the majority are closed to new entrants. The majority of the plans are funded via insurance policies and there are also a number of unfunded German and Italian plans.

The UK defined benefit pension plans were historically final salary in nature, with a normal retirement age of 60, and are both closed to new entrants and future accrual. The plans operate under trust law and are managed and administered by Trustees in accordance with the terms of each plan's Trust Deed and Rules and relevant legislation. The contributions paid to the UK plans are set every three years based on a funding agreement between the company and Trustee after taking actuarial advice.

The North Americas pension arrangements consists of three funded plans in the USA (all of which are closed to future accrual) and one funded plan in Canada (which is closed to new entrants and to future accrual). All pension plans, except one, are final salary defined benefit in nature, and the plans' liabilities are valued regularly in line with statutory funding requirements.

The Rest of the World pension arrangements are comprised of the Group's pension plans in India, South Korea, Mexico, Thailand and Indonesia.

The Group also operates a number of post-retirement healthcare plans in North Americas and the United Kingdom, which provide employees with other post-retirement benefits in respect of healthcare. The plans are unfunded and the liability is assessed by qualified independent actuaries under the projected unit method.

20 EMPLOYEE BENEFITS (continued)

Pension plan assumptions

The major actuarial assumptions (expressed as weighted averages or ranges) at year end were as follows:

	European		United Kingdom		North America		Rest of the World	
	2021	2020	2021	2020	2021	2020	2021	2020
				%				
Price inflation	1.00 – 2.00	1.00 – 1.75	3.20	2.80	0.00 – 2.00	0.00 – 2.00	0.00 – 3.50	0.00 – 3.50
Discount rate for scheme liabilities	0.25 – 2.25	-0.50 – 2.00	1.90	1.60	2.75	2.50	2.00 – 9.50	1.25 – 8.00
Rate of increase in pensionable salaries	0.00 – 4.50	0.00 – 4.25	n/a	n/a	0.00 – 3.00	0.00 – 2.50	4.00 – 8.00	0.00 – 8.00
Rate of increase in pensions in payment	-2.90 – 2.00	-3.86 – 1.75	2.20 – 3.70	2.00 – 3.60	0.00 – 0.50	0.00 – 0.50	n/a	n/a
Rate of increase for deferred pensioners	0.00 – 2.00	0.00 – 1.75	2.90 – 3.20	2.40 -2.80	n/a	n/a	n/a	n/a
Healthcare medical trend rate (initial)	2.00	1.75	5.40	5.36	5.48 – 6.00	5.56 – 6.25	n/a	n/a
Healthcare medical trend rate (ultimate)	2.00	1.75	5.40	4.80	4.50 – 5.00	4.50 – 5.00	n/a	n/a

The assumptions relating to longevity underlying the pension liabilities at the reporting date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	European		United Kingdom		North America		Rest of the World	
	2021	2020	2021	2020	2021	2020	2021	2020
				(Years)				
Longevity at age 65 for current pensioners	20.4 – 24.9	20.3 – 23.5	21.8 – 22.2	20.5 – 22.2	21.1 – 22.2	20.9 – 22.1	n/a	n/a

The following table presents the sensitivity of the defined benefit obligation to each significant actuarial assumption:

	2021			
	European	United Kingdom	North America	Rest of the World
		€m		
Discount rate: 1% decrease	79.9	325.5	9.8	1.8
Rate of inflation: 0.5% increase[(1)]	24.1	110.8	1.2	-
Mortality: 1 year increase in longevity for a member currently aged 65	12.5	57.3	1.6	-

	2020			
	European	United Kingdom	North America	Rest of the World
		€m		
Discount rate: 1% decrease	90.9	310.0	9.6	1.9
Rate of inflation: 0.5% increase[(1)]	26.1	105.3	1.3	-
Mortality: 1 year increase in longevity for a member currently aged 65	13.6	54.3	1.5	-

[(1)] The sensitivity to the inflation assumption change includes corresponding changes to the future salary increase and future pension increase assumptions where these assumptions are set to be linked to the inflation assumption.

20 EMPLOYEE BENEFITS (continued)

Pension assets (schemes in surplus)

The disclosures relating to the net pension assets are disclosed below. The amounts recognised in the balance sheet are as follows:

	2021		
	European	United Kingdom	Total
		€m	
Equities	36.5	89.5	126.0
Bonds	15.0	961.8	976.8
Property	5.0	14.0	19.0
Other	1.4	317.6	319.0
Fair value of plan assets	**57.9**	**1,382.9**	**1,440.8**
Present value of funded obligations	(45.8)	(1,326.0)	(1,371.8)
Net pension asset	**12.1**	**56.9**	**69.0**

	2020		
	European	United Kingdom	Total
		€m	
Equities	-	43.0	43.0
Bonds	-	349.4	349.4
Property	-	3.2	3.2
Other	-	102.4	102.4
Fair value of plan assets	**-**	**498.0**	**498.0**
Present value of funded obligations	-	(465.0)	(465.0)
Net pension asset	**-**	**33.0**	**33.0**

Other investments largely consist of quoted instruments. There are no plans which hold investments in the Group's own financial instruments, or hold assets or property which are used by the Group.

The amounts recognised in the income statement are as follows:

	2021	2020	2021	2020	2021	2020
	European		United Kingdom		Total	
			€m			
Current service cost[(1)]	(4.3)	-	(0.9)	-	(5.2)	-
Expected return on plan assets[(2)]	0.2	-	8.2	-	8.4	-
Interest cost on obligation[(2)]	(0.2)	-	(7.6)	-	(7.8)	-
Total	**(4.3)**	**-**	**(0.3)**	**-**	**(4.6)**	**-**

[(1)] Included within operating profit
[(2)] Included within finance costs.

20 EMPLOYEE BENEFITS (continued)

Pension assets (schemes in surplus) (continued)

Reconciliation of present value of scheme liabilities:

	European	United Kingdom	Total
		€m	
At 1 January 2020	-	-	-
Acquisitions	-	(469.4)	(469.4)
Exchange adjustments	-	4.4	4.4
At 31 December 2020	-	**(465.0)**	**(465.0)**
Current service cost	(4.3)	(0.9)	(5.2)
Interest cost	(0.2)	(7.6)	(7.8)
Reclassification from pension liabilities	(45.5)	(829.0)	(874.5)
Benefits paid	1.2	26.0	27.2
Actuarial gain/(loss) - experience	0.7	(0.7)	-
Actuarial gain/(loss) - assumptions	2.3	(5.4)	(3.1)
Exchange adjustments	-	(43.4)	(43.4)
At 31 December 2021	**(45.8)**	**(1,326.0)**	**(1,371.8)**

Reconciliation of fair value of scheme assets:

	European	United Kingdom	Total
		€m	
At 1 January 2020	-	-	-
Acquisitions	-	502.7	502.7
Exchange adjustments	-	(4.7)	(4.7)
At 31 December 2020	-	**498.0**	**498.0**
Expected return on scheme assets	0.2	8.2	8.4
Employer contributions	4.0	8.7	12.7
Reclassification from pension liabilities	45.3	841.2	886.5
Benefits paid	(1.2)	(26.0)	(27.2)
Actuarial gain	9.6	6.9	16.5
Exchange adjustments	-	45.9	45.9
At 31 December 2021	**57.9**	**1,382.9**	**1,440.8**

Pension liabilities (schemes in deficit)

The disclosures relating to the net pension liabilities are disclosed below. The amounts recognised in the balance sheet are as follows:

	2021				
	European	United Kingdom	North America	Rest of the World	Total
			€m		
Equities	95.4	-	4.6	0.3	100.3
Bonds	95.6	1.2	55.4	0.6	152.8
Property	8.8	-	-	-	8.8
Other	47.9	0.7	0.5	8.3	57.4
Fair value of plan assets	**247.7**	**1.9**	**60.5**	**9.2**	**319.3**
Present value of funded obligations	(340.2)	(2.4)	(53.7)	(12.0)	(408.3)
Present value of unfunded obligations	(112.5)	(0.5)	(11.7)	(19.6)	(144.3)
Net pension liability	**(205.0)**	**(1.0)**	**(4.9)**	**(22.4)**	**(233.3)**

20 EMPLOYEE BENEFITS (continued)

Pension liabilities (schemes in deficit) (continued)

	2020				
	European	**United Kingdom**	**North America**	**Rest of the World**	**Total**
			€m		
Equities	83.9	158.5	4.5	0.3	247.2
Bonds	89.7	477.9	56.5	0.5	624.6
Property	7.3	9.0	-	-	16.3
Other	89.1	126.3	0.5	7.9	223.8
Fair value of plan assets	**270.0**	**771.7**	**61.5**	**8.7**	**1,111.9**
Present value of funded obligations	(390.9)	(799.0)	(55.7)	(11.9)	(1,257.5)
Present value of unfunded obligations	(118.4)	(0.5)	(12.9)	(21.5)	(153.3)
Net pension liability	**(239.3)**	**(27.8)**	**(7.1)**	**(24.7)**	**(298.9)**

The majority of the assets invested in property are unquoted. All other investments are largely in quoted instruments. Equities comprise of well-diversified holdings over a wide range of global markets.

There are no plans which hold investments in the Group's own financial instruments, or hold assets or property which are used by the Group. At 31 December 2021, within one of the pension plans in the United Kingdom, the Group held €nil (2020: €24.3million) of bonds issued by INEOS Group Holdings S.A., which is a related party.

The amounts recognised in the income statement are as follows:

	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	European		**United Kingdom**		**North America**		**Rest of World**		**Total**	
					€m					
Current service cost[1]	(15.1)	(5.0)	(1.7)	-	(0.9)	(0.8)	(2.0)	(2.0)	(19.7)	(7.8)
Past service credit[1]	0.2	0.1	-	-	-	-	-	0.1	0.2	0.2
Expected return on plan assets[2]	1.6	1.2	13.0	-	1.6	1.7	0.2	0.3	16.4	3.2
Interest cost on obligation[2]	(3.4)	(1.6)	(13.2)	-	(1.7)	(2.0)	(0.8)	(0.8)	(19.1)	(4.4)
Total	**(16.7)**	**(5.3)**	**(1.9)**	**-**	**(1.0)**	**(1.1)**	**(2.6)**	**(2.4)**	**(22.2)**	**(8.8)**

(1) Included within operating profit

(2) Included within finance costs.

20 EMPLOYEE BENEFITS (continued)

Pension liabilities (schemes in deficit) (continued)

Reconciliation of present value of scheme liabilities:

	European	United Kingdom	North America	Rest of the World	Total
			€m		
At 1 January 2020	(140.4)	-	(69.3)	(34.8)	(244.5)
Acquisitions	(350.8)	(807.1)	-	(2.4)	(1,160.3)
Current service cost	(5.0)	-	(0.8)	(2.0)	(7.8)
Past service credit	0.1	-	-	0.1	0.2
Interest cost	(1.6)	-	(2.0)	(0.8)	(4.4)
Benefits paid	1.2	-	3.1	3.6	7.9
Actuarial gain - experience	2.8	-	0.7	0.2	3.7
Actuarial (loss)/gain - assumptions	(15.1)	-	(5.6)	0.5	(20.2)
Exchange adjustments	(0.5)	7.6	5.3	2.2	14.6
At 31 December 2020	**(509.3)**	**(799.5)**	**(68.6)**	**(33.4)**	**(1,410.8)**
Transfers in	(0.8)	-	-	(0.1)	(0.9)
Current service cost	(15.1)	(1.7)	(0.9)	(2.0)	(19.7)
Past service credit	0.2	-	-	-	0.2
Employee contributions	(0.3)	-	-	-	(0.3)
Interest cost	(3.4)	(13.2)	(1.7)	(0.8)	(19.1)
Reclassification to pension assets	45.5	829.0	-	-	874.5
Benefits paid	15.2	51.6	6.5	4.0	77.3
Actuarial (loss)/gain - experience	(5.8)	1.2	1.6	(0.7)	(3.7)
Actuarial gain/(loss) - assumptions	20.1	(17.0)	3.2	1.6	7.9
Exchange adjustments	1.0	(53.3)	(5.5)	(0.2)	(58.0)
At 31 December 2021	**(452.7)**	**(2.9)**	**(65.4)**	**(31.6)**	**(552.6)**

Reconciliation of fair value of scheme assets:

	European	United Kingdom	North America	Rest of the World	Total
			€m		
At 1 January 2020	100.4	-	60.8	9.2	170.4
Acquisitions	158.1	779.0	-	-	937.1
Expected return on scheme assets	1.2	-	1.7	0.3	3.2
Employer contributions	5.4	-	0.9	3.4	9.7
Employee contributions	0.3	-	-	-	0.3
Benefits paid	(1.2)	-	(3.1)	(3.6)	(7.9)
Actuarial gain	5.8	-	5.7	-	11.5
Exchange adjustments	-	(7.3)	(4.5)	(0.6)	(12.4)
At 31 December 2020	**270.0**	**771.7**	**61.5**	**8.7**	**1,111.9**
Expected return on scheme assets	1.6	13.0	1.6	0.2	16.4
Employer contributions	23.4	32.7	1.0	4.1	61.2
Employee contributions	0.3	-	-	-	0.3
Reclassification to pension assets	(45.3)	(841.2)	-	-	(886.5)
Benefits paid	(15.2)	(51.6)	(6.5)	(4.0)	(77.3)
Actuarial gain/(loss)	14.1	25.0	(2.0)	0.1	37.2
Exchange adjustments	(1.2)	52.3	4.9	0.1	56.1
At 31 December 2021	**247.7**	**1.9**	**60.5**	**9.2**	**319.3**

20 EMPLOYEE BENEFITS (continued)

Depending on prevailing exchange rates, the Group expects to contribute approximately €59.7 million to its defined pension plans in 2022.

21 PROVISIONS

	Onerous contracts	Severance and restructuring	Environmental	Plant closures	Other provisions	Total
			€m			
At 1 January 2021	1.9	1.7	83.6	11.9	25.4	124.5
Charged/(credited) to the consolidated income statement	-	2.3	127.7	16.9	(0.6)	146.3
Reclassifications		0.4	10.1	(10.5)	(3.4)	(3.4)
Utilised in the year	(0.5)	(0.9)	(20.7)	(5.6)	(0.5)	(28.2)
Discount unwinding	-	-	(0.2)	-	-	(0.2)
Effects of movement in foreign exchange	0.1	-	1.4	0.1	-	1.6
At 31 December 2021	**1.5**	**3.5**	**201.9**	**12.8**	**20.9**	**240.6**

	Onerous contracts	Severance and restructuring	Environmental	Plant closures	Other provisions	Total
Non-current	0.2	0.8	69.1	3.0	21.4	94.5
Current	1.7	0.9	14.5	8.9	4.0	30.0
At 31 December 2020	**1.9**	**1.7**	**83.6**	**11.9**	**25.4**	**124.5**
Non-current	-	0.3	161.4	6.2	17.4	185.3
Current	1.5	3.2	40.5	6.6	3.5	55.3
At 31 December 2021	**1.5**	**3.5**	**201.9**	**12.8**	**20.9**	**240.6**

Onerous contracts

Provisions relates to unfavourable supply contracts and contract termination costs with related parties recognised in a prior year's business combination. Cash of €0.5 million was spent in the year. The remaining provision is expected to be fully utilised by the end of 2022.

Severance and restructuring

Provisions of €1.7 million were acquired as part of the INOVYN acquisition in respect of supply chain and commercial teams reorganisation costs. In 2021, the newly acquired Aromatics and Acetyls businesses recognised provisions of €2.3 million in respect of manpower reorganisations. Cash of €0.9 million was spent in the year. The remaining provision of €3.5 million is expected to be fully utilised by 2023.

Environmental

Environmental provisions represent the expected cost of remediation works where there is a legal or constructive obligation for the works to be carried out and a reasonable estimate of the cost can be made. The majority of the provisions recognised in prior years relate to obligations associated with the remediation of mercury-based cell rooms at the Group's sites in Belgium, France, Sweden, Spain and Italy.

In order to comply with the obligations of the EU Waste Water Directive, the INOVYN business recognised a €10.4 million provision at Tavaux, France in 2020 to cover costs associated with the construction of a sealed cell for a sedimentation basin and a pilot plant for the treatment of contaminated ground water. Having successfully demonstrated the feasibility and operational aspects of the project using the pilot plant and sealed cell technology during 2021, the scope of the project was subsequently increased to include an industrial scale waste water treatment plant and the sealing of further sedimentation basins resulting in the recognition of further exceptional provisions of €21.8 million in 2021.

In December 2016, the INOVYN business announced the closure of the last remaining mercury electrolysis plant at Runcorn and a provision was created to cover the decommissioning of the facility. Following a full review and assessment of scope and the availability of reliable cost estimates an exceptional provision of €25.8 million was recognised in 2021 to cover the demolition of the cellroom, including the safe disposal of elemental mercury.

21 PROVISIONS (continued)

Environmental (continued)

During 2021, the Group provided €22.6 million for the demolition of the redundant Weston Point Power Station at Runcorn, United Kingdom after management approved plans for the removal of asbestos from the structure.

In March 2021, the Group announced the closure of its Sulphur Chemicals business based at Runcorn and its withdrawal from the UK sulphur chemicals market. A provision of €9.1 million was recognised for the dismantling of the plant.

Remediation activities are continuing at Group's site at Wilhelmshaven, Germany following the closure of the mercury cell room in 2013. Further provisions of €25.0 million were made in 2021 after management approved plans for the dismantling of the cellroom after atmospheric and groundwater mercury levels exceeded permissible limits.

In addition to the above, further miscellaneous environmental-related provisions were made by the Group in the year ended 31 December 2021 totalling €23.4 million at the sites at Zandvliet, Belgium; Lillo, Belgium; Martorell, Spain; Tavazzano, Italy; Ferrara, Italy; and Tavaux, France.

In total €20.7 million was spent on environmental-related provisions in the year and the remaining provisions of €201.9 million is expected to be utilised by 2047.

Plant closures

Provisions of €11.9 million at 1 January 2021 were in respect of the INOVYN business, of which €10.5 million was reclassified to the Environmental and Severance and Restructuring categories in 2021. Further provisions of €11.9 million were made by the Group in 2021 for decommissioning and the cost of exiting certain commercial agreements relating to its Sulphur Chemicals business based at Runcorn, United Kingdom. As at 31 December 2021, €4.8 million had already been spent on this provision and the remaining provision is expected to be utilised by 2024.

Other plant closure provisions mainly relate to activities at Group's site at Wilhelmshaven, following the closure of the mercury cell room in 2013. Further provisions of €5.0 million were made in 2021 to cover the extended operation of the waste water treatment plant until the completion of the cellroom demolition (see above). The provision is expected to be fully utilised by 2029.

Other provisions

Other provisions mainly relate to various legal and customer claims, including a liability to the Styrolution business' previous shareholder, BASF under prior legal agreements. There was a reclassification of €3.4 million to short-term accruals during 2021 as the amounts and timing of payment became more certain. The provision is expected to be fully utilised by 2027.

22 OTHER FINANCIAL LIABILITIES

	2021	2020
	€m	
Current		
Derivative commodity contracts designated as fair value through the profit or loss (note 25)	53.4	13.0

23 SHARE CAPITAL AND DIVIDENDS

Share capital

	2021	2020
	€m	
200,100 (2020: 200,100) issued Ordinary shares (pounds sterling) of £1.00 (2020: £1.00) each	0.3	0.3
4 (2020: 6) issued Ordinary shares (Euro) of €1.00 (2020: €1.00) each	-	-
	0.3	**0.3**

As the reporting currency of the Company is the Euro, share capital has been converted to Euros at the effective rate of exchange ruling at the date of issuance.

The Company issued two ordinary shares (Euro) on 31 December 2020 to INEOS Industries Holdings Limited in exchange for shares in INOVYN Limited. In addition, the Company issued a further two ordinary shares (Euro) on 31 December 2020, in exchange for equity funding of €814.3 million. Share premium of €4,230.7 million was recorded on these transactions.

On 15 January 2021, the Company undertook a capital reduction exercise of its full share premium account of €6,620.4 million which was transferred to retained earnings. Two ordinary shares (Euro) were also cancelled.

Dividends

The following dividends were recognised during the year:

	2021	2020
	€m	
Repayment of Equity Bridge Contribution	824.9	-
Other dividends declared	393.3	369.3
	1,218.2	**369.3**

The Equity Bridge Contribution received from the Company's immediate party undertaking as part of the BP Acquisition was repaid in January 2021 via a return of capital of €824.9 million.

Interim dividends of €393.3 million were declared and paid during the year (2020: €369.3 million). The Directors do not recommend the payment of a final dividend (2020: €nil).

The dividend declared equates to €6,087.8 per Ordinary share (2020: €1,845.7 per Ordinary share).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

24 MERGER RESERVE

On 31 December 2020, the Group acquired 94.9% of the shares in INOVYN Limited, pursuant to a contribution agreement dated 24 July 2020 between INEOS Group Investments Limited, INEOS Industries Limited, INEOS Industries Holdings Limited, the Company and INEOS Quattro Financing Limited, a subsidiary undertaking of the Company in exchange for €3,416.4 million. On 31 December 2020, €3,245.7 million was debited to a merger reserve, being the difference between the book value of the net assets acquired and the total consideration paid.

A difference of €1,281.2 million between the predecessor value of the Group and the fair value recognised as the investment has been debited to a merger reserve for other prior year acquisitions.

25 FINANCIAL INSTRUMENTS

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk (including currency and interest rate risk)

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. They are responsible for developing and monitoring the Group's risk management policies. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

25(a) Fair values of financial instruments

Trade and other receivables

The carrying amount of trade and other receivables generally approximates to fair value due to their short maturities. Where settlement is not due in the short-term and where the effect is material, fair value is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

Trade and other payables

The carrying amount of trade and other payables generally approximates to fair value due to their short maturities. Where settlement is not due in the short-term and where the effect is material, fair value is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

The fair value of the interest-bearing loans (excluding the securitisation facility, lease liabilities and related party loans) is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. The fair value of the securitisation facilities is the same as the carrying value excluding debt issue costs. The fair value of lease liabilities is determined by reference to market rates for similar lease agreements. The fair value of the related party loans is the same as the carrying value.

Derivative financial instruments

The Group has entered into derivative financial instruments and the fair value is based on market or broker quotes.

25 FINANCIAL INSTRUMENTS (continued)

25(a) Fair values of financial instruments (continued)

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the consolidated balance sheet are as follows:

	2021 Carrying amount	2021 Fair value	2020 Carrying amount	2020 Fair value
	€m			
Financial assets held for trading at fair value through profit or loss:				
Derivative commodity contracts	-	-	-	-
Financial assets held at amortised cost:				
Trade receivables	1,788.0	1,788.0	1,188.2	1,188.2
Amounts due from related parties and associated undertakings	124.4	124.4	98.9	98.9
Other receivables (excluding prepayments and tax)	429.6	429.6	285.6	285.6
Other investments	18.1	18.1	17.3	17.3
Cash and cash equivalents	1,291.3	1,291.3	805.6	805.6
Total financial assets	**3,651.4**	**3,651.4**	**2,395.6**	**2,395.6**

	2021 Carrying amount	2021 Fair value	2020 Carrying amount	2020 Fair value
	€m			
Financial liabilities held at fair value through profit or loss:				
Derivative commodity contracts	53.4	53.4	13.0	13.0
Financial liabilities carried at amortised cost:				
Bridge Facilities	-	-	2,816.9	2,861.9
Senior Secured Notes due 2026	1,223.8	1,236.9	-	-
Senior Notes due 2026	500.0	502.2	-	-
Term Loan B Facilities due 2026	3,216.5	3,237.2	-	-
Term Loan A Facilities due 2023	179.9	182.7	229.6	233.8
Term Loan A Facilities due 2025	183.4	185.3	346.8	350.7
Term Loan B Facilities due 2027	621.5	612.4	608.7	608.6
Senior Secured Notes due 2027	596.3	584.3	595.6	578.5
INOVYN Senior Secured Term Loan B Facility	-	-	1,058.7	1,059.0
Securitisation facilities	(0.3)	-	(0.1)	-
Loan from related party	39.8	39.8	38.0	38.0
Other loans	9.4	9.4	17.1	17.1
Trade payables	1,737.0	1,737.0	1,041.9	1,041.9
Amounts due to related parties	428.8	428.8	191.6	191.6
Accruals and other payables (excluding deferred income)	840.1	840.1	559.3	559.3
Lease liabilities	299.2	299.2	312.3	312.3
Total financial liabilities	**9,928.8**	**9,948.7**	**7,829.4**	**7,865.7**

25 FINANCIAL INSTRUMENTS (continued)

25(a) Fair values of financial instruments (continued)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels, determined in accordance with IFRS 13 "*Fair Value Measurement*", have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	2021			
		Level		
	Fair value	1	2	3
	€m			
Net financial assets and liabilities designated as fair value through profit or loss				
Derivative commodity contracts	(53.4)	-	(53.4)	-
	(53.4)	**-**	**(53.4)**	**-**

	2020			
		Level		
	Fair value	1	2	3
	€m			
Net financial assets and liabilities designated as fair value through profit or loss				
Derivative commodity contracts	(13.0)	-	(11.5)	(1.5)
	(13.0)	**-**	**(11.5)**	**(1.5)**

The derivative commodity contracts have been assigned to Level 2 and 3 since there are no market prices available. The fair value of derivatives is the value that the Group would receive or have to pay if the financial instrument were transferred to an external party at the reporting date.

There have been no transfers from one level to another during 2020 and 2021.

25(b) Net gains and losses from financial instruments

Net gains and losses from financial instruments comprise the results of valuations, the amortisation of debt issue costs, the recognition and derecognition of impairment losses, results from the translation of foreign currencies, interest, dividends and all effects on profit or loss of financial instruments.

Net gains from financial assets measured at amortised cost relate primarily to recognition and derecognition of impairment losses, results from the translation of foreign currencies and interest income.

25 FINANCIAL INSTRUMENTS (continued)

25(b) Net gains and losses from financial instruments (continued)

Net losses from financial liabilities measured at amortised cost relate primarily to amortisation of debt issue costs, results from the translation of foreign currencies, interest expense and other financing related expenses.

The item 'financial instruments at fair value through profit or loss' comprise valuation gains and losses, and only includes gains and losses from instruments which are not designated as hedging instruments as defined by IFRS 9.

	2021		
	Financial assets at amortised cost	**Fair value recognised in profit or loss**	**Financial liabilities at amortised cost**
		€m	
Gains from financial instruments			
Interest income	7.2	-	-
Foreign exchange gains	151.3	-	-
Net result	**158.5**	**-**	**-**
Carrying value at 31 December	**3,651.4**	**-**	**-**
Losses from financial instruments			
Interest cost	-	-	(214.3)
Amortisation of debt issue costs	-	-	(68.6)
Net fair value loss on derivatives	-	(40.8)	-
Foreign exchange losses	-	-	(56.9)
Net result	**-**	**(40.8)**	**(339.8)**
Carrying value at 31 December	**-**	**(53.4)**	**(9,875.4)**

	2020		
	Financial assets at amortised cost	**Fair value recognised in profit or loss**	**Financial liabilities at amortised cost**
		€m	
Gains from financial instruments			
Interest income	3.4	-	-
Foreign exchange gains	39.2	-	-
Net result	**42.6**	**-**	**-**
Carrying value at 31 December	**2,395.6**	**-**	**-**
Losses from financial instruments			
Interest cost	-	-	(46.3)
Amortisation of debt issue costs	-	-	(2.6)
Net fair value gains on derivatives	-	0.4	-
Foreign exchange losses	-	-	(66.5)
Net result	**-**	**0.4**	**(115.4)**
Carrying value at 31 December	**-**	**(13.0)**	**(7,816.4)**

25 FINANCIAL INSTRUMENTS (continued)

25(c) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, deposits with financial institutions and amount owed to Group undertakings.

The Group's treasury policy and objectives in relation to credit risk is to minimise the likelihood that the Group will experience financial loss due to counterparty failure and to ensure that in the event of a single loss, the failure of any single counterparty would not materially impact the financial wellbeing of the Group.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Management considers that there is no geographical concentration of credit risk. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered or are adjusted accordingly. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. No single customer accounts for more than 5% of revenue.

Investments, cash and cash equivalents

Surplus cash investments are only made with banks with which the Group has a relationship. Occasionally deposits are made with banking counterparties that provide financing arrangements, reducing the credit exposure of the Group.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the reporting date was the carrying amount of financial assets. Further details on the Group's exposure to credit risk, and the associated impairments recognised, are given in note 16.

25(d) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group. The Group's exposure to liquidity risk is limited by the fact that it operates with significant cash resources, it maintains the most appropriate mix of short, medium and long-term borrowings from the Group's lenders and has significant headroom on the securitisation facilities (see note 17).

The Group is reliant on committed funding from a variety of sources at Group and subsidiary company level to meet the anticipated needs of the Group for the period covered by the Group's budget.

The Group forecasts on a regular basis the expected cash flows that will occur on a weekly and monthly basis. This information is used in conjunction with the weekly reporting of actual cash balances at bank in order to calculate the level of funding that will be required in the short and medium term. On a monthly basis the level of headroom on existing facilities is reported and forecast forward until the end of the financial year.

25 FINANCIAL INSTRUMENTS (continued)

25(d) Liquidity risk (continued)

Financial risk management (continued)

The maturity profile of the Group's undrawn committed facilities at 31 December 2021 and 2020 was as follows:

	2021 Undrawn facilities	2020 Undrawn facilities
	€m	
In less than one year	-	690.0
In more than one year, but not more than two years	-	-
In more than two years, but not more than five years	690.0	243.9
	690.0	**933.9**

The undrawn committed facilities of €690.0 million (2020: €690.0 million) are in respect of the unused securitisation facilities. The maturity date of the securitisation facilities is 30 June 2024 for the INOVYN securitisation facility and 28 June 2024 for the Styrolution securitisation facility. The undrawn committed facilities of €243.9 million in the prior year are in respect of the $300.0 million Revolving Credit Facility which was terminated on 13 September 2021.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2021					
	Carrying amount	Contractual cash flows	1 year or less	1 to 2 years	2 to 5 years	5 years and over
			€m			
Non-derivative financial liabilities						
Senior Secured Notes due 2026	1,223.8	(1,398.3)	(34.9)	(34.9)	(1,328.5)	-
Senior Notes due 2026	500.0	(593.9)	(18.8)	(18.8)	(556.3)	-
Term Loan B Facilities due 2026	3,216.5	(3,659.2)	(116.9)	(116.8)	(3,425.5)	-
Term Loan A Facilities due 2023	179.9	(185.9)	(124.5)	(61.4)	-	-
Term Loan A Facilities due 2025	183.4	(199.8)	(5.2)	(39.4)	(155.2)	-
Term Loan B Facilities due 2027	621.5	(702.0)	(16.9)	(16.9)	(668.2)	-
Senior Secured Notes due 2027	596.3	(674.3)	(13.5)	(13.5)	(647.3)	-
Securitisation facilities	(0.3)	(8.8)	(3.5)	(3.5)	(1.8)	-
Loan from related party	39.8	(49.6)	-	-	-	(49.6)
Other loans	9.4	(9.9)	(9.7)	(0.1)	(0.1)	-
Trade payables	1,737.0	(1,737.0)	(1,737.0)	-	-	-
Amounts due to related parties	428.8	(428.8)	(428.8)	-	-	-
Accruals and other payables (excluding deferred income)	840.1	(840.1)	(805.3)	(29.2)	(3.7)	(1.9)
Lease obligations	299.2	(370.6)	(82.3)	(55.6)	(89.2)	(143.5)
Derivative financial liabilities						
Commodity contracts	53.4	(53.4)	(53.4)	-	-	-
	9,928.8	**(10,911.6)**	**(3,450.7)**	**(390.1)**	**(6,875.8)**	**(195.0)**

25 FINANCIAL INSTRUMENTS (continued)

25(d) Liquidity risk (continued)

Financial risk management (continued)

	2020					
	Carrying amount	Contractual cash flows	1 year or less	1 to 2 years	2 to 5 years	5 years and over
			€m			
Non-derivative financial liabilities						
Bridge Facilities	2,816.9	(2,870.2)	(2,870.2)	-	-	-
Term Loan A Facilities due 2023	229.6	(245.2)	(64.8)	(120.9)	(59.5)	-
Term Loan A Facilities due 2025	346.8	(402.4)	(11.9)	(11.5)	(379.0)	-
Term Loan B Facilities due 2027	608.7	(703.4)	(16.8)	(16.7)	(50.0)	(619.9)
Senior Secured Notes due 2027	595.6	(681.0)	(13.5)	(13.5)	(40.5)	(613.5)
Revolving Credit facility	-	(5.3)	(2.2)	(2.0)	(1.1)	-
INOVYN Senior Secured Term Loan B Facility	1,058.7	(1,231.3)	(27.0)	(27.1)	(80.9)	(1,096.3)
Securitisation facilities	(0.1)	(1.7)	(1.7)	-	-	-
Loan from related party	38.0	(47.4)	-	-	-	(47.4)
Other loans	17.1	(18.5)	(9.4)	(8.9)	(0.2)	-
Trade payables	1,041.9	(1,041.9)	(1,041.9)	-	-	-
Amounts due to related parties	191.6	(191.6)	(191.6)	-	-	-
Accruals and other payables (excluding deferred income)	559.3	(559.3)	(529.4)	(19.3)	(9.3)	(1.3)
Lease obligations	312.3	(377.7)	(86.4)	(62.7)	(90.8)	(137.8)
Derivative financial liabilities						
Commodity contracts	13.0	(13.0)	(13.0)	-	-	-
	7,829.4	**(8,389.9)**	**(4,879.8)**	**(282.6)**	**(711.3)**	**(2,516.2)**

25(e) Market risk

Financial risk management

Market risk reflects the possibility that changes in market prices, such as foreign exchange rates, interest rates, crude oil, key feedstocks and raw materials will adversely affect the value of the Group's assets, liabilities or expected future cash flows. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Market risk - Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Sterling, Norwegian Krone and Swedish Krona. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

A substantial portion of the Group's revenue is generated in, or linked to, Sterling, US dollars and the Euro. Product prices, certain feedstock costs and most other operating costs are denominated in US Dollar, Sterling, Euro, Norwegian Krone and Swedish Krona. In the US petrochemical and specialty chemicals businesses, product prices, raw materials costs and most other costs are primarily denominated in US Dollars.

25 FINANCIAL INSTRUMENTS (continued)

25(e) Market risk (continued)

(i) Market risk - Foreign currency risk (continued)

The group applies hedge accounting to foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation. When the settlement of a monetary item receivable from or payable to a foreign operations is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary items is considered to form part of a net investment in a foreign operation and changes to the fair value are recognised directly within equity.

The Group generally does not enter into foreign currency exchange instruments to hedge foreign currency transaction exposure, although the Group may do so in the future.

The Group benefits from natural hedging, to the extent that currencies in which net cash flows are generated from the Group's operations, are matched against long-term indebtedness.

The foreign currency exposure where the Group's financial assets / (liabilities) are not denominated in the functional currency of the operating unit involved is shown below. Foreign exchange differences on retranslation of these assets and liabilities are taken to the income statement of the Group.

	2021	2020
	€m	
Euros	154.9	9.7
Pounds Sterling	20.6	5.8
US Dollars	33.6	97.3
Norwegian Krone	18.8	4.4
Others	(76.6)	(27.5)
	151.3	**89.7**

Sensitivity analysis

A 10% per cent weakening of the following currencies at 31 December 2020 and 31 December 2021 would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the reporting date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for the comparative year.

	2021	2020	2021	2020
	Equity		Profit or loss	
	€m			
Euros	-	-	(14.1)	16.1
Pounds Sterling	-	-	(1.8)	4.4
Norwegian Krone	-	-	(1.7)	(0.3)
US Dollars	-	-	(3.1)	(8.8)
Other	-	-	6.7	2.6

A 10% per cent strengthening of the above currencies against the Euro at 31 December 2020 and 31 December 2021 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

25 FINANCIAL INSTRUMENTS (continued)

25(e) Market risk (continued)

(ii) Market risk – Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2021	2020
	€m	
Fixed rate instruments		
Financial liabilities	(2,659.1)	(945.9)
	(2,659.1)	**(945.9)**
Variable rate instruments		
Financial assets	1,291.3	805.6
Financial liabilities	(4,210.4)	(5,077.7)
	(2,919.1)	**(4,272.1)**

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the reporting date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates and financial instrument at fair value through profit or loss. The analysis is performed on the same basis for 2021 and 2020.

Profit or (loss)	2021	2020
	€m	
Increase in interest rates by 1%	(29.2)	(42.7)

A 1% change in the opposite direction of the above interest rates at 31 December 2020 and 31 December 2021 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(iii) Market risk – Commodity price risk

This section discusses the Group's exposure to the commodity contracts which are not covered under the own use exemption and are recognised as derivative instruments.

The Group is exposed to commodity price risk through fluctuations in raw material prices and sales of products. The raw material exposures result primarily from the price of feedstocks, electricity and base chemicals linked to the price of crude. The sales price exposures are primarily related to petrochemicals where prices are in general linked to the market price of crude oil.

The Group enters into contracts to supply or acquire physical volumes of commodities at future dates during the normal course of business that may be considered derivative contracts. Where such contracts exist and are in respect of the normal purchase or sale of products to fulfil the Group's requirements, the own use exemption from derivative accounting is applied.

The Group in some circumstances enters into swap contracts to acquire physical volumes of commodities at future dates which are not covered under the own use exemption and are recognised as derivative instruments. Derivative commodity contracts designated as fair value through profit or loss are disclosed in notes 13 and 22.

The Group operates within procedures and policies designed to ensure that risks, including those relating to the default of counterparties, are minimised.

25 FINANCIAL INSTRUMENTS (continued)

25(f) Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines its capital employed of €8,587.3 million (2020: €7,645.3 million) as equity attributable to the owners of the Company of €3,238.4 million (2020: €2,671.9 million) and net debt (total gross loans and borrowings less cash and cash equivalents) of €5,348.9 million (2020: €4,973.4 million).

The principal sources of debt available to the Group at 31 December 2021 are described in note 17 along with the key operating and financial covenants that apply to these facilities.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, raise new debt or sell assets to reduce debt. The ability of the Group to pay dividends and provide appropriate facilities to the Group is restricted by the terms of principal financing agreements to which members of the Group are party.

26 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2021	2020
	€m	
Increase in cash and cash equivalents in the year	438.4	531.4
Cash outflow from change in debt financing	(647.1)	(3,927.2)
Change in net debt resulting from cash flow	(208.7)	(3,395.8)
Acquisitions	-	(1,119.9)
Other net non-cash transactions	(166.8)	68.9
Movement in net debt in the year	**(375.5)**	**(4,446.8)**

	1 January 2021	Cash flow	Foreign exchange and other non-cash changes	31 December 2021
		€m		
Cash at bank and in hand	805.6	438.4	47.3	1,291.3
Debt due within one year	(2,930.4)	2,925.6	(145.7)	(150.5)
Debt due after more than one year	(2,848.6)	(3,572.7)	(68.4)	(6,489.7)
Total external borrowings	(5,779.0)	(647.1)	(214.1)	(6,640.2)
Net debt before issue costs	**(4,973.4)**	**(208.7)**	**(166.8)**	**(5,348.9)**

26 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (continued)

	1 January 2020	Cash flow	Acquisitions*	Foreign exchange and other non-cash changes	31 December 2020
			€m		
Cash at bank and in hand	289.7	531.4	-	(15.5)	805.6
Debt due within one year	(14.8)	(2,971.0)	(8.7)	64.1	(2,930.4)
Debt due after more than one year	(801.5)	(956.2)	(1,111.2)	20.3	(2,848.6)
Total external borrowings	(816.3)	(3,927.2)	(1,119.9)	84.4	(5,779.0)
Net debt before issue costs	**(526.6)**	**(3,395.8)**	**(1,119.9)**	**68.9**	**(4,973.4)**

* Excludes cash

Following the application of IFRS 16 *Leases* on 1 January 2019, all lease liabilities have been excluded from the definition of net debt.

27 CAPITAL COMMITMENTS

Outstanding capital expenditure on property, plant and equipment authorised by the directors of Group companies and for which contracts had been placed as at 31 December 2021 by the Group amounted to approximately €575.5 million (2020: €166.3 million).

28 CONTINGENCIES

The Group companies are and may from time to time be involved in proceedings or litigation arising in the ordinary course of business. Management does not believe that the ultimate resolution of these matters will materially affect the Group's financial condition or results of operations.

29 RELATED PARTIES

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS Quattro Holdings Limited group
- Entities controlled by the shareholders of INEOS Limited, the ultimate parent company of INEOS Quattro Holdings Limited
- Key management personnel
- Jointly controlled entities and associated undertakings held by INEOS Limited (and their subsidiaries)
- Jointly controlled entities and associated undertakings held within the INEOS Quattro Holdings Limited group.

Mr J A Ratcliffe, Mr A C Currie and Mr J Reece are shareholders in INEOS Limited.

29 RELATED PARTIES (continued)

Parent entities and their subsidiaries not included within the INEOS Quattro Holdings group

Material trading and non-trading transactions by the Group with the entities controlled by INEOS Limited are as follows:

	2021		2020	
	Transaction value – income/(expense)	Balance outstanding	Transaction value – income/(expense)	Balance outstanding
		€m		
Sale of products	323.6	-	53.6	-
Purchase of raw materials	(1,229.3)	-	(235.2)	-
Cost recoveries	89.3	-	7.0	-
Services received	(139.7)	-	(41.8)	-
Net interest	(1.7)	-	-	-
Trade and other receivables	-	62.1	-	59.5
Trade and other payables	-	(264.4)	-	(131.8)
Interest-bearing loans and borrowings	-	(39.8)	-	(38.0)

Included within services above is a management fee paid to INEOS Limited of €55.3 million (2020: €11.3 million). No amounts remained outstanding as at 31 December 2021 (2020: €nil).

In general, all outstanding balances with INEOS companies are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date, with the exception of the interest-bearing loans and borrowings. None of the balances are secured. The transactions were made on terms equivalent to those that prevail in arm's length transactions. There were no provisions for doubtful debt related to these entities as at 31 December 2021 (2020: €nil).

The interest bearing loan is an unsecured loan due to INEOS Enterprises Holdings Limited. The loan bears interest at a rate of 4.5%. There is no formal repayment date under the loan agreement.

Entities controlled by the shareholders of INEOS Limited

The shareholders of INEOS Limited own a controlling interest in the share capital of INEOS Limited and Screencondor Limited. During the year ended 31 December 2021, the Group made no sales or purchases with these companies (2020: €nil). As at 31 December 2021, amounts owed by Screencondor Limited were €1.2 million (2020: €1.2 million).

Jointly controlled entities and associated undertakings held within the INEOS Limited group and jointly controlled entities and associated undertakings held within the INEOS Quattro Holdings Limited group.

Material trading and non-trading transactions with these entities during the period were as follows:

	2021		2020	
	Transaction value – income/(expense)	Balance outstanding	Transaction value – income/(expense)	Balance outstanding
			€m	
Sale of products	79.8	-	-	-
Purchase of raw materials	(570.5)	-	-	-
Cost recoveries	191.5	-	-	-
Services received	-	-	-	-
Net interest	2.0	-	-	-
Trade and other receivables	-	46.7	-	20.3
Loans receivable	-	14.4	-	17.9
Trade and other payables	-	(164.4)	-	(59.8)

29 RELATED PARTIES (continued)

In general, all outstanding balances with these related parties are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date with the exception of the interest-bearing loans and borrowings. None of the balances are secured. The transactions were made on terms equivalent to those that prevail in arm's length transactions. There were no provisions for doubtful debt related to these entities as at 31 December 2021 (2020: €nil).

Transactions with key management personnel

The Group define key management as the Directors of the Company. Details of Directors' remuneration are given in note 7.

30 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company of the Company is INEOS Industries Holdings Limited.

The ultimate parent undertaking of the Company is INEOS Limited, a company incorporated in the Isle of Man. The directors regard Mr J A Ratcliffe as the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The smallest and largest group in which the results of the Company are consolidated is that headed by INEOS Industries Limited. Copies of the financial statements can be obtained from the company secretary at the registered office, INEOS Industries Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

31 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group prepares its consolidated financial statements in accordance with adopted IFRSs, which require management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods.

Critical judgements in applying the Group's accounting policies

No areas are considered to involve a significant degree of judgement.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

31 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

Fair value measurement on business combination

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets and liabilities acquired. The determination of the fair value of the acquired assets and liabilities is to a considerable extent based upon management's judgement, and estimates and assumptions made.

Allocation of the purchase price affects the results of the Group as intangible assets are amortised over their estimated useful lives, whereas goodwill, is not amortised. This could lead to differing amortisation charges based on the allocation to indefinite and finite lived intangible assets.

On acquisition of a business, the identifiable intangible assets may include customer contracts, customer relationships and preferential supply contracts. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. The use of different estimates and assumptions for the expectations of future cash flows and the discount rate would change the valuation of these intangible assets.

The carrying amount of intangibles is disclosed in note 11.

Post-retirement benefits

The Group operates a number of defined benefit post-employment schemes. Under IAS 19 Revised Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of each of the defined benefit schemes. The costs and year end obligations under defined benefit schemes are determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- Future rate of increase in salaries;
- Inflation rate projections;
- Discount rate for scheme liabilities;
- Expected rates of return on the scheme assets;
- Mortality levels.

Details of post-retirement benefits are set out in note 20.

Provisions

Provisions are recognised for the cost of remediation works where there is a legal or constructive obligation for such work to be carried out. Where the estimated obligation arises upon initial recognition of the related asset, the corresponding debit is treated as part of the cost of the related asset and depreciated over its estimated useful life.

Other provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change.

Estimates of the amounts of provisions recognised are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

The nature and amount of provisions as well as the key assumptions are included within the financial statements are detailed in note 21. The discount rate applied to reflect the time value of money in the carrying amount of provisions requires estimation. The discount rate applied is reviewed regularly and adjusted following changes in market rates. If the estimated discount rate, one of the key assumptions in determining the environmental provisions, used in the calculation had been 1% higher than management's estimate, the carrying amount of the environmental provisions would have been €5.4 million lower.

31 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

Impairment tests for goodwill and other non-financial assets

Goodwill impairment testing is performed annually or of there is an indication of impairment. Goodwill impairment tests are based on cash generating units and compare the recoverable amount of the unit with the respective carrying amount. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs of disposal and its value in use. The value in use is determined using a discounted cash flow method, considering earnings forecast of the unit. The management of the Group identified the operating segments as cash generating units ("CGUs") for the purposes of testing goodwill for impairment. Each unit or group of units to which goodwill is allocated to shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. The goodwill is internally monitored at the level of business units.

Intangible assets other than goodwill assets and property, plant and equipment are generally valued at cost less amortisation. Impairment losses on intangible assets and property, plant and equipment are recognised when the recoverable amount of the cash generating unit which includes the asset is lower than the respective carrying amount. In accordance with the definition of a cash generating unit under IAS 36, the individual production plants generally do not represent separate cash generating units, but are part of larger asset groups that form the cash generating units.

Since assessment whether goodwill or a non-financial asset is impaired is based on long-term business plans for the cash generating units and the determination of an appropriate discount rate, management uses significant estimates and assumptions in making these assessments. Details on the estimates used for the goodwill impairment test are disclosed in note 11.

Determination of the lease term of contracts with renewal options

The Group determines the lease terms as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew.

32 SUBSEQUENT EVENTS

The Group does not have operations in Belarus, Russia or Ukraine. During 2021 revenue generated in these countries was not material to the Group. The Group is not currently experiencing any material disruption to its operations and does not foresee any direct impact as a result of the conflict, but will continue to monitor the evolving situation closely. The conflict has led to a significant increase in energy prices; however the Group is currently attempting to manage these increases by passing them onto customers through higher prices. Therefore the Group is not expecting any material indirect impact on its operations or performance as a result of the conflict, but is monitoring this closely.

On 21 January 2022, INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd. entered into a new term loan agreement with Bank of China and ICBC to provide a RMB 3,300.0 million financing for the construction of the new 600 kilo tonne ABS plant in Ningbo, China. The term loan facility matures in 2032 and bears interest at a rate equal to the China Loan Prime Rate minus a rate of 0.65% per annum.

On 22 April 2022, the Group sold 13.8% of its shareholding in INEOS Styrolution India Ltd for consideration of approximately $23.0 million. The Group's shareholding reduced from 75.0% to 61.2% as a result with control being retained.

Section 3 – Company Financial Statements

INEOS QUATTRO HOLDINGS LIMITED
COMPANY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		€m	
Administrative expenses		(0.1)	(0.3)
Operating loss	2	(0.1)	(0.3)
Income from shares in group undertakings	4	1,218.2	369.7
Profit before taxation		**1,218.1**	**369.4**
Tax on profit	5	0.2	-
Profit for the financial year		**1,218.3**	**369.4**

All activities of the Company relate to continuing operations.

The Company has no recognised other comprehensive income and therefore no separate statement of other comprehensive income has been presented.

INEOS QUATTRO HOLDINGS LIMITED
COMPANY BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	2021	2020
		€m	
Fixed assets			
Investments	6	6,620.8	6,620.8
Current assets			
Debtors: amounts due within one year	7	0.2	-
Debtors: amounts due after more than one year	7	-	16.2
Cash and cash equivalents		0.3	0.4
Total current assets		**0.5**	**16.6**
Current liabilities			
Interest-bearing loans and borrowings	8	(0.1)	(0.1)
Trade and other payables	9	(0.1)	(0.1)
Total current liabilities		**(0.2)**	**(0.2)**
Net current assets		**0.3**	**16.4**
Total assets less current liabilities		**6,621.1**	**6,637.2**
Non-current liabilities			
Interest-bearing loans and borrowings	8	-	(16.2)
Net assets		**6,621.1**	**6,621.0**
Capital and reserves			
Called up share capital	10	0.3	0.3
Share premium account	10	-	6,620.4
Profit and loss account		6,620.8	0.3
Total shareholder's funds		**6,621.1**	**6,621.0**

The financial statements on pages 106 to 119 were approved by the Board of Directors on 25 April 2022 and were signed on its behalf by:

M J Maher
Director

INEOS Quattro Holdings Limited
Registered number: 09922632

INEOS QUATTRO HOLDINGS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Called up share capital	Share premium account	Profit and loss account	Total shareholder's funds
				€m	
Balance at 1 January 2020		0.3	2,389.7	0.2	2,390.2
Profit and total comprehensive income for the financial year		-	-	369.4	369.4
Transactions with owners, recorded directly in equity:					
Issue of shares	10	-	4,230.7	-	4,230.7
Dividends	10	-	-	(369.3)	(369.3)
Total contributions by and distributions to owners		**-**	**4,230.7**	**(369.3)**	**3,861.4**
Balance at 31 December 2020		**0.3**	**6,620.4**	**0.3**	**6,621.0**
Profit and total comprehensive income for the financial year		-	-	1,218.3	1,218.3
Transactions with owners, recorded directly in equity:					
Reduction of share premium	10	-	(6,620.4)	6,620.4	-
Repayment of Equity Bridge Contribution	10	-	-	(824.9)	(824.9)
Dividends	10	-	-	(393.3)	(393.3)
Total contributions by and distributions to owners		**-**	**(6,620.4)**	**5,402.2**	**(1,218.2)**
Balance at 31 December 2021		**0.3**	**-**	**6,620.8**	**6,621.1**

1 ACCOUNTING POLICIES

INEOS Quattro Holdings Limited ("the Company") is a private company, limited by shares, incorporated in the United Kingdom, registered in England and Wales and has its registered office at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, United Kingdom, WA7 4JE.

These financial statements present information about the Company as an individual undertaking and not about its group.

1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, on a going concern basis and under the historical cost accounting rules.

The Company financial statements have been prepared on a going concern basis and approved by the Board of Directors in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") and the Companies Act 2006.

The Company is compliant with its debt covenant as at 31 December 2021 and meets its day to day working capital requirements through its intercompany loan, along with cash generated by its subsidiaries' operations. The Company held cash balances of €0.3 million at 31 December 2021 (2020: €0.4 million) and loans and borrowings of €0.1 million at 31 December 2021 (2020: €16.3 million). The Directors have considered the Company's projected future cash flows and working capital requirements and are confident that the Company has sufficient cashflows to meet its working capital requirements for the next twelve months from the date of signing the financial statements. In particular, the directors have stress tested the forecasts through taking account of reasonable possible changes in trading performance on the impact on EBITDA, cash flow and debt. The stress tests show that the Company will be compliant with its debt covenants and will still have sufficient cash flow to meet all of its obligations as they fall due within the next 12 months from the date of signing the financial statements.

On the basis of this assessment together with net assets of €6,621.1 million as at December 31, 2021 (2020: €6,621.0 million) the Directors have concluded that the Company can operate within its current facilities for a period of at least 12 months from the date of this report. Therefore, these financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The consolidated financial statements of INEOS Quattro Holdings Limited are prepared in accordance with International Financial Reporting Standards. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- Disclosures in relation to the impairment of assets as required by IAS 36;
- Financial instrument disclosures as required by IFRS 7;
- The effects of new but not yet effective IFRSs;
- Comparative information for fixed asset reconciliations; and
- Disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Company financial statements.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis. No assets or liabilities are stated at fair value.

1.3 Functional and presentation currency

The Company financial statements are presented in Euros, which is also its functional currency.

1.4 Investments

Investments in subsidiary undertakings are carried at the cost to the Company (being the fair value of the shares acquired) less any impairment.

1 ACCOUNTING POLICIES (continued)

1.5 Impact of new standards and interpretations

There are no amendments to accounting standards that are effective for the year ended 31 December 2021 which have had a material impact on the Company.

1.6 Foreign currency

Foreign currency transactions are translated into the local currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when deferred in reserves as qualifying net investment hedges.

1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits with maturities of three months or less from the acquisition date and money market funds that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Pledged balances on accounts used for payment transactions related to the securitisation of receivables are classified as cash. The amount of these balances is disclosed in the notes.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in loans and receivables are stated at amortised cost less impairment.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Share capital (ordinary shares)

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

1.8 Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1 ACCOUNTING POLICIES (continued)

1.9 Expenses

Finance cost

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following timing differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the timing difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 OPERATING LOSS

The audit fee for the parent company for the year ended 31 December 2021 was €10,300 (2020: €10,000) and was borne by a fellow group undertaking.

3 STAFF NUMBERS AND COSTS

The Company had no employees, other than the Directors, during the year ended 31 December 2021 (2020: none).

No Directors received any fees or remuneration in respect of their services as a director of the Company during the year ended 31 December 2021 (2020: €nil).

4 INCOME FROM SHARES IN GROUP UNDERTAKINGS

During 2021 the Company received dividends of €824.9 million (2020: €nil million) from INEOS Quattro Financing Limited to enable the Company to repay the Equity Bridge Contribution received from the Company's immediate party undertaking as part of the BP Acquisition.

In addition, the Company received further dividends of €393.3 million (2020: €369.7 million) from INEOS Quattro Financing Limited.

5 TAX ON PROFIT

Recognised in the profit and loss account

	2021	2020
	€m	
UK Corporation tax:		
Current tax expense	(0.1)	-
Adjustment in respect of prior years	(0.1)	-
Total current tax credit	**(0.2)**	-

Reconciliation of effective tax rate

	2021	2020
	€m	
Total tax credit	(0.2)	-
Profit before taxation	1,218.1	369.4
Tax using the UK corporation tax rate of 19.0% (2020: 19.0%)	231.4	70.2
Adjustment in respect of prior years	(0.1)	-
Tax exempt income	(231.5)	(70.2)
Total tax credit	**(0.2)**	-

The Finance Bill 2020 was substantively enacted on 17 March 2020 and included legislation to maintain the main rate of corporation tax in the UK at 19%. On 11 March 2021, the Finance Bill 2021 was announced in the United Kingdom, which increased the rate of corporation tax to 25% on profits over £250,000 from April 2023.

6 INVESTMENTS

Cost and net book value	**Shares in group undertakings**
	€m
At 1 January 2020	2,390.0
Acquisitions	4,230.8
At 31 December 2020 and 2021	**6,620.8**

The Company has the following investments in subsidiaries:

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2021	Ownership 2020	Registered office reference
INEOS Quattro Financing Limited[#]	UK	Holding company	Ordinary	100%	100%	(38)
INEOS Quattro Finance 1 plc[#]	UK	Financing company	Ordinary	100%	100%	(38)
INEOS Quattro Finance 2 plc	UK	Financing company	Ordinary	100%	100%	(38)
INEOS Styrolution Finance GmbH[(a)]	Germany	Holding company	Ordinary	100%	-	(2)
INEOS Styrolution Investment GmbH	Germany	Holding company	Ordinary	100%	100%	(2)
INEOS Styrolution Holding GmbH	Germany	Holding company	Ordinary	100%	100%	(2)
INEOS Styrolution America LLC	USA	Manufacture of styrene monomer and polymers, selling, distribution	Members interest	100%	100%	(3)

6 INVESTMENTS (continued)

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2021	Ownership 2020	Registered office reference
INEOS Styrolution Belgium NV	Belgium	Manufacture of styrene monomer and polymers	Ordinary	100%	100%	(4)
INEOS Styrolution Belgium Services bvba	Belgium	Sales office	Ordinary	100%	100%	(5)
INEOS Styrolution Canada Ltd	Canada	Manufacture of styrene monomer	Common	100%	100%	(6)
INEOS Styrolution (China) Investment Co. Ltd	China	Financing company	Registered capital	100%	100%	(7)
INEOS Styrolution do Brasil Polimeros Ltda.	Brazil	Sales office	Equity /Ordinary	100%	100%	(8)
INEOS Styrolution Hong Kong Company Limited.	Hong Kong	Sales office	Ordinary	100%	100%	(33)
INEOS Styrolution Europe GmbH.	Germany	Distribution company	Ordinary	100%	100%	(2)
INEOS Styrolution France SAS.	France	Manufacture of polymers	Ordinary	100%	100%	(10)
INEOS Styrolution France Services SAS	France	Sales office	Ordinary	100%	100%	(11)
INEOS Styrolution Group GmbH.	Germany	Holding company	Ordinary	100%	100%	(2)
INEOS Styrolution Iberia S.L.	Spain	Sales office	Ordinary	100%	100%	(12)
INEOS Styrolution India Limited[b]	India	Manufacture of polymers	Equity	75%	75%	(13)
INEOS Styrolution Switzerland SA.	Switzerland	Distribution company	Ordinary	100%	100%	(14)
INEOS Styrolution Italia S.r.L.	Italy	Sales office	Ordinary	100%	100%	(15)
INEOS Styrolution Kimyasal Ürünler Ticaret Limited Sirketi.	Turkey	Sales office	Ordinary	100%	100%	(16)
INEOS Styrolution Köln GmbH.	Germany	Manufacture of polymers	Ordinary	100%	100%	(17)
INEOS Styrolution Korea Ltd.	South Korea	Manufacture of polymers	Common	100%	100%	(18)
KR Copolymer Co. Ltd.	South Korea	Manufacture of K-Resin	Ordinary	100%	100%	(19)
INEOS Styrolution Ludwigshafen GmbH	Germany	Manufacture of polymers	Ordinary	100%	100%	(2)
INEOS Styrolution Mexicana, S.A. de C.V[c].	Mexico	Manufacture of polymers	Ordinary	100%	100%	(20)
INEOS Styrolution Netherlands B.V.	Netherlands	Sales office	Ordinary	100%	100%	(21)
INEOS Styrolution OOO.	Russia	Sales office	Charter capital	100%	100%	(22)
INEOS Styrolution Poland Sp. z o.o.	Poland	Sales office	Ordinary	100%	100%	(23)
INEOS Styrolution Polymers (Foshan) Co. Ltd.	China	Manufacture of polymers	Registered capital	100%	100%	(24)
INEOS Styrolution Polymers (Ningbo) Co. Ltd.	China	Manufacture of polymers	Registered capital	100%	100%	(25)
INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd.	China	Manufacture of ABS (under construction)	Registered capital	100%	100%	(26)
INEOS Styrolution Polymers (Shanghai) Co. Ltd.	China	Sales office	Registered capital	100%	100%	(27)
INEOS Styrolution Schwarzheide GmbH	Germany	Manufacture of polymers	Ordinary	100%	100%	(30)
INEOS Styrolution Servicios, S.A. de C.V[c].	Mexico	Service company	Ordinary	-	100%	(20)
INEOS Styrolution APAC Pte Ltd.	Singapore	Sales office	Ordinary	100%	100%	(31)
INEOS Styrolution UK Limited.	UK	Sales office	Ordinary	100%	100%	(1)

6 INVESTMENTS (continued)

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2021	Ownership 2020	Registered office reference
INEOS Styrolution US Holding LLC.	USA	Holding company	Member interest	100%	100%	(3)
INEOS Styrolution Verwaltungsgesellschaft mbH.	Germany	Financing company	Ordinary	100%	100%	(2)
INEOS Styrolution (Thailand) Co., Ltd.	Thailand	Manufacture of polymers	Ordinary	100%	100%	(34)
INEOS Styrolution Vietnam Co., Ltd.	Vietnam	Sales office	Charter Capital	100%	100%	(35)
Deutsche Bank Mexico F/1787 Styrolution.	Mexico	Securitisation vehicle	n/a	n/a	n/a	(37)
INEOS Styrolution Receivables Finance Designated Activity Company.	Ireland	Securitisation vehicle	n/a	n/a	n/a	(51)
INEOS Quattro Holdings UK Limited	UK	Holding company	Ordinary	100%	100%	(1)
INEOS Acetyls UK Limited	UK	Production of acetic acid and other acetyls products	Ordinary	100%	100%	(1)
INEOS Acetyls International Limited	UK	Holding company	Ordinary	100%	100%	(1)
INEOS US Petrochem LLC	USA	Holding company	Ordinary	100%	100%	(3)
INEOS US Petrochem II LLC[(d)]	USA	Non-trading company	Ordinary	100%	100%	n/a
INEOS US Chemicals Company	USA	Production of purified terephthalic acid and paraxylene	Common	100%	100%	(3)
INEOS 179 Limited	UK	Holding company	Ordinary	100%	100%	(1)
INEOS Aromatics and Acetyls Trading (Shanghai) Company Limited	China	Sales office	Registered capital	100%	100%	(29)
INEOS Acetyls Japan KK	Japan	Sales office	Ordinary	100%	100%	(36)
INEOS Acetyls Investments Limited	UK	Holding company	Ordinary	100%	100%	(1)
INEOS Aromatics Asia Limited	Hong Kong	Sales office	Ordinary	100%	100%	(33)
INEOS Acetyls (Malaysia) Sdn Bhd	Malaysia	Production of acetic acid and other acetyls products	Ordinary	100%	100%	(54)
INEOS Acetyls (Korea) Limited	UK	Sales office	Ordinary	100%	100%	(1)
INEOS Acetyls Americas Limited	UK	Holding company	Ordinary	100%	100%	(1)
INEOS Aromatics Holdings Limited	UK	Holding company	Ordinary	100%	100%	(1)
INEOS Aromatics Limited	UK	Production of purified terephthalic acid and paraxylene	Ordinary	100%	100%	(1)
INEOS World-Wide Technical Services Limited	UK	Licensing services	Ordinary	100%	100%	(1)
INEOS Aromatics Holding Company	USA	Holding company	Common	100%	100%	(3)
BP Zhuhai Chemical Company Ltd[(e)]	China	Production of purified terephthalic acid and paraxylene	Member interest	91.9%	91.9%	(53)

6 INVESTMENTS (continued)

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2021	Ownership 2020	Registered office reference
INEOS Aromatics Indonesia Holdings Ltd	USA	Holding company	Common	100%	100%	(28)
INEOS Aromatics Belgium NV	Belgium	Production of purified terephthalic acid and paraxylene	Ordinary	100%	100%	(55)
INEOS Aromatics Belgium Holdings LLC	USA	Holding company	Common	100%	100%	(3)
PT INEOS Aromatics Indonesia	Indonesia	Production of purified terephthalic acid and paraxylene	Ordinary	100%	100%	(32)
INOVYN Limited[f]	UK	Holding company	Ordinary	94.9%	94.9%	(38)
INOVYN Holdings Limited[g]	UK	Holding company	Ordinary	100%	100%	(38)
INOVYN Finance Limited	UK	Holding company	Ordinary	100%	100%	(38)
INOVYN Group Treasury Limited	UK	Holding company	Ordinary	100%	100%	(38)
INOVYN Europe Limited	UK	Holding company	Ordinary	100%	100%	(38)
INOVYN Norge AS	Norway	Manufacture of chemicals and PVC	Ordinary	100%	100%	(39)
INOVYN Sverige AB	Sweden	Manufacture of chemicals and PVC	Ordinary	100%	100%	(40)
INEOS ChlorVinyls Holdings BV	Netherlands	Holding company	Ordinary	100%	100%	(41)
INOVYN Newton Aycliffe Limited	UK	Non-trading	Ordinary	100%	100%	(38)
INEOS Newton Aycliffe Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(38)
INOVYN Services Limited	UK	Service company	Ordinary	100%	100%	(38)
INOVYN Enterprises Limited	UK	Extraction and supply of brine and water	Ordinary	100%	100%	(38)
INOVYN ChlorVinyls Holdings Limited	UK	Holding company	Ordinary	100%	100%	(38)
INOVYN Newco 2 Limited	UK	Holding company	Ordinary	100%	100%	(38)
INOVYN ChlorVinyls Limited	UK	Manufacture of chemicals and PVC	Ordinary	100%	100%	(38)
INEOS Enterprises Group Limited	UK	Manufacture of salt and sulphur chemicals	Ordinary	100%	100%	(38)
Keuper Gas Storage Limited	UK	Gas storage	Ordinary	100%	100%	(38)
INEOS Chlor Atlantik GmbH	Germany	Non-trading	Ordinary	100%	100%	(42)
INOVYN Americas Inc	USA	Purchase and resale of chemicals	Ordinary	100%	100%	(43)
INOVYN Sales International Limited[g]	UK	Non-trading	Ordinary	100%	100%	(38)
INEOS Chlor Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(38)
INEOS Vinyls UK Ltd[g]	UK	Non-trading	Ordinary	100%	100%	(38)
INEOS Vinyls GmbH & Co KG	Germany	Holding company	Ordinary	100%	100%	(42)
INOVYN Schkopau GmbH	Germany	Non trading	Ordinary	100%	100%	(42)
INOVYN Sales GmbH	Germany	Non trading	Ordinary	100%	100%	(42)
EVC Pension Trustees Limited	UK	Pension trustee	Ordinary	100%	100%	(38)
INOVYN Energy Limited	UK	Holding company	Ordinary	100%	100%	(38)

6 INVESTMENTS (continued)

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2021	Ownership 2020	Registered office reference
Kerling Newco 1 Limited	UK	Holding company	Ordinary	100%	100%	(38)
Kerling Newco 2 Limited	UK	Holding company	Ordinary	100%	100%	(38)
INOVYN Deutschland GmbH	Germany	Manufacture of chemicals and PVC	Ordinary	100%	100%	(42)
INOVYN Espana S.L.	Spain	Manufacture of chemicals and PVC	Ordinary	100%	100%	(44)
INOVYN Osterreich GmbH.	Austria	Sales office	Ordinary	100%	100%	(45)
INOVYN Belgium SA	Belgium	Manufacture of chemicals	Ordinary	100%	100%	(46)
INOVYN Olefines France SAS.	France	Operation of ethylene cracker	Ordinary	100%	100%	(47)
INOVYN Portugal Lda	Portugal	Sales office	Ordinary	100%	100%	(48)
INOVYN Trade Services SA	Belgium	Purchase and resale of chemicals	Ordinary	100%	100%	(46)
INOVYN Manufacturing Belgium SA	Belgium	Manufacture of chemicals and PVC	Ordinary	100%	100%	(46)
INOVYN France SAS	France	Manufacture of chlorine products	Ordinary	100%	100%	(47)
INOVYN Italia S.p.A.	Italy	Commercial services	Ordinary	100%	100%	(49)
INOVYN Produzione Italia S.p.A	Italy	Manufacture of chemicals	Ordinary	100%	100%	(50)
INOVYN Quimica Espana S.L.	Spain	Waste treatment	Ordinary	100%	100%	(44)
Vinyloop Ferrara S.p.A[(g)]	Italy	PVC Recycling	Ordinary	100%	100%	(49)
TTE Training Limited	UK	Training company	Limited by guarantee	100%	100%	(52)
TTE Apprenticeship Training Agency Limited	UK	Apprenticeship company	Limited by guarantee	100%	100%	(52)
INEOS Norway Finance Ireland Limited	Ireland	Securitisation vehicle	n/a	n/a	n/a	(51)

#	Shares held directly by INEOS Quattro Holdings Limited. All other subsidiaries listed are held indirectly.
(a)	INEOS Styrolution Finance GmbH was incorporated on 13 December 2021.
(b)	Portion of ownership interests held by non-controlling interests is 25%.
(c)	On 1 August 2021 INEOS Styrolution Servicios, S.A. de C.V. was merged into INEOS Styrolution Mexicana, S.A. de C.V..
(d)	INEOS US Petrochem II LLC was dissolved on 27 January 2021.
(e)	Portion of ownership interests held by non-controlling interests is 8.1%.
(f)	Portion of ownership interests held by non-controlling interests is 5.1%.
(g)	In the process of being liquidated.

The registered office addresses of the investments disclosed in this note are:

Reference	Registered office address
(1)	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom
(2)	Mainzer Landstrasse 50, 60325 Frankfurt, Germany
(3)	1209 Orange Street, Wilmington DE 19801, Delaware, USA
(4)	Haven 725, Scheldelaan 600, 2040 Antwerp, Belgium
(5)	2070 Zwijndrecht, Nieuwe Weg 1, 1053 Haven, Mechelen, Belgium
(6)	872 Tashmoo Avenue, Sarnia ON N7T 8A3 Ontario, Canada
(7)	Room 2502, 567 Langao Road, Putuo District, Shanghai, China
(8)	Rua Quintana 887 3° andar, conjuntos 33 e 34, Ciudade Moncoes, São Paulo 04569-011
(9)	Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom
(10)	Rue Albert Duplat, F-62410 Wingles. France
(11)	95 rue la Boétie, F-75008 Paris, France

6 INVESTMENTS (continued)

Reference	Registered office address
(12)	Ronda General Mitre 28-30, 08017 Barcelona, Spain
(13)	5th Floor, OHM House - II, OHM Business Park, Ellora Park (East), Subhanpura, 390023 Vadodara Gujarat, India
(14)	Avenue des Uttins 3, CH-1180 Rolle, Switzerland
(15)	Via Caldera 21, 20153 Milano Cesano Maderno, Italy
(16)	Büyükdere Cad. Meydan sok., Spring Giz Plaza K. 13 N.11, Maslak Sariyer, Istanbul, Turkey
(17)	Alte Strasse 201, 50769 Cologne, Germany
(18)	Sanggae-ro 143 (Sanggae-dong), Nam-gu, Ulsan, South Korea
(19)	14th Floor, 92 Tongil-ro (Soonhwa-dong) Jung-gu, Seoul, 04517, Korea
(20)	Avenida Insurgentes Sur No. 859, Piso 11, Oficina 1102, Colonia Nápoles, 03810, Mexico City, Mexico
(21)	Strawinskylaan 411, NL-1077 XX Amsterdam, The Netherlands
(22)	Bldg. 3, 18 Pyatnitskaya St., 115035 Moscow, Russian Federation
(23)	ul. Wołoska 9, 02-583 Warszawa, Poland
(24)	No. 61, Jinben Industry Avenue, Xinan Sub-district, Sanshui District, Foshan, Guangdong Province, China
(25)	No.2388, Minghai North Road, Ningbo Petrochemical Economy & Technology Development Zone, Ningbo, Zhejiang, China
(26)	Building No. 3 Unit 1-10, 266 Beihai Road, Ningbo Petrochemical Zone, Zhenhai District, Ningbo, China
(27)	Central Towers, Suite 2501&2503, 567 Langao Road, 200333 Shanghai, China
(28)	2711 Centerville Road,Suite 400, Wilmington DE 19808, United States
(29)	Room 368, Part 302, No. 211 Fute North Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, China
(30)	Schipkauer Strasse 1, 01987 Schwarzheide, Germany
(31)	111 Somerset Road, #14-16 to 21 TripleOne Somerset, Singapore 238164, Singapore
(32)	20th Floor Summitmas II Jl., Jend. Sudirman Kav. 61 – 62, Jakarta, Selatan, Indonesia
(33)	Level 54,HopewellCentre, 183 Queen's Road East, Hong Kong
(34)	No. 4/2, I-8 Road, T. Map Ta Phut, A Muang, 2115 Rayong, Thailand
(35)	11th Floor, Lotte Center Hanoi, 54 Lieu Giai Street Hanoi, Vietnam
(36)	1-25-1 Nishi-Shinjuku, Shinjuku-ku, (35F, Shinjyuku Center Building), Tokyo 1630635, Japan
(37)	Torre Virreyes, Pedregal 24, Piso 20, Colonia Molino del Rey, 11040, Mexico City, Mexico
(38)	Bankes Lane Office, Bankes Lane, Runcorn, Cheshire, WA7 4JE, United Kingdom
(39)	Rafnes Industriomrade, 3966 Stathelle, Norway
(40)	444-83 Stenungsund, Sweden
(41)	Luna Arena, Herikerbergweg 238, Amsterdam, The Netherlands, 1101 CM
(42)	Ludwigstrasse 12, 47495 Rheinberg, Germany
(43)	2036 Foulk Rd, Suite 204, Wilmington, Delaware 19801, USA
(44)	Calle Marie Curie 1-3-5, 08760 Martorell, Barcelona, Spain
(45)	Schottengasse 1, 4. Stock, 1010 Wien, Austria
(46)	Avenue des Olympiades 20, 1140 Brussels, Belgium
(47)	2 Avenue de la République, 39500 Tavaux, France
(48)	Rua do Centro Cultural nº 5 – R/C, sala 8, 1700-106 Lisboa, Portugal
(49)	Via Marconi 73, 44122 Ferrara (FE), Italy
(50)	Rosignano Marittimo (LI), Via Piave 6 CAP 57016, Italy
(51)	Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland
(52)	New Horizons House, New Bridge Road, Ellesmere Port, Cheshire, CH65 4LT
(53)	Da Ping Harbour, Lin Gang Industrial Zone, Zhuhai City, Guangdong Province, China
(54)	Level 9, Tower 5, Avenue 7,The Horizon Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia
(55)	Amocolaan 2 2440 Geel, Belgium

7 DEBTORS

	2021	2020
	€m	
Amounts falling due within one year		
Group relief balance owed by group undertakings	0.2	-
Amounts falling due after more than one year		
Amounts owed by group undertakings	-	16.2

The amounts owed by group undertakings in the prior year was an unsecured non-interest bearing loan owed by the Company's immediate parent undertaking measured at amortised cost. The loan was settled in January 2021.

8 INTEREST-BEARING LOANS AND BORROWINGS

	2021	2020
	€m	
Non-current		
Amounts owed to group undertakings	-	16.2
Current		
Amounts owed to group undertakings	0.1	0.1

The non-current amounts owed to group undertakings is an unsecured non-interest-bearing loan owed to a subsidiary undertaking, which is measured at amortised cost. The loan was settled in January 2021.

9 TRADE AND OTHER PAYABLES

	2021	2020
	€m	
Accruals	0.1	0.1

10 CAPITAL AND RESERVES

Share capital

	As at 31 December 2021	As at 31 December 2020
	€m	
200,100 (2020: 200,100) issued Ordinary shares (pounds sterling) of £1.00 (2020: £1.00) each	0.3	0.3
4 (2020: 6) issued Ordinary shares (Euro) of €1.00 (2020: €1.00) each	-	-
	0.3	0.3

As the reporting currency of the Company is the Euro, share capital has been converted to Euros at the effective rate of exchange ruling at the date of issuance.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Company issued two ordinary shares (Euro) on 31 December 2020 to INEOS Industries Holdings Limited in exchange for shares in INOVYN Limited. In addition, the Company issued a further two ordinary shares (Euro) on 31 December 2020 in exchange for equity funding of €814.3 million. Share premium of €4,230.7 million was recorded on these transactions.

On 15 January 2021, the Company undertook a capital reduction exercise of its full share premium account of €6,620.4 million which was transferred to retained earnings. Two ordinary shares (Euro) were also cancelled.

10 CAPITAL AND RESERVES (continued)

Dividends

The following dividends were recognised during the year:

	2021	2020
	€m	
Repayment of Equity Bridge Contribution	824.9	-
Other dividends declared	393.3	369.3
	1,218.2	**369.3**

The Equity Bridge Contribution received from the Company's immediate party undertaking as part of the BP Acquisition was repaid in January 2021 via a return of capital of €824.9 million.

Interim dividends of €393.3 million were declared and paid during the year (2020: €369.3 million). The Directors do not recommend the payment of a final dividend (2020: €nil).

The dividend declared equates to €6,087.8 per Ordinary share (2020: €1,845.7 per Ordinary share).

11 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company of the Company is INEOS Industries Holdings Limited.

The ultimate parent undertaking of the Company is INEOS Limited, a company incorporated in the Isle of Man. The directors regard Mr J A Ratcliffe as the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The smallest group in which the results of the Company are consolidated is that headed by INEOS Quattro Holdings Limited. The smallest and largest group in which the results of the Company are consolidated is that headed by INEOS Industries Limited. Copies of the financial statements can be obtained from the company secretary at the registered office: INEOS Industries Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

12 ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company prepares its financial statements in accordance with FRS 101, which requires management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods. There is no area within the financial statements that involve a significant degree of judgement or estimation.